

28 May 2021

SECURITIES AND EXCHANGE COMMISSION (“SEC”)

PICC Secretariat Building

Philippine International Convention Center (PICC) Complex

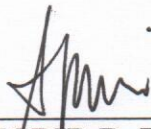
Roxas Boulevard, Pasay City

Gentlemen:

The undersigned respectfully submits herewith the attached Definitive Information Statement of Beneficial Life Insurance Company, Inc. with the information and/or required disclosures (as contained in the checklist) duly incorporated therein.

We trust that you will find everything in order. Thank you.

Very truly yours,



MA. SIGRID R. PINLAC

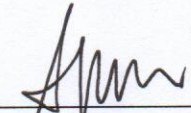
Corporate Secretary

CERTIFICATION

I, ATTY. MA. SIGRID R. PINLAC, the incumbent and duly elected Corporate Secretary of BENEFICIAL LIFE INSURANCE COMPANY, INC. with SEC registration number 16680 with principal office at Beneficial Life Building, 166 Salcedo St., Legaspi Village, Makati City, on oath state:

- 1) That on behalf of BENEFICIAL LIFE INSURANCE COMPANY, INC., I have caused the preparation and submission of this Definitive Information Statement;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That BENEFICIAL LIFE INSURANCE COMPANY, INC., will comply with the requirements set forth in SEC Notice dated for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of May 2021.

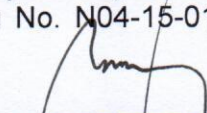


ATTY. MA. SIGRID R. PINLAC
Affiant

MAY 28 2021

SUBSCRIBED AND SWORN to before me this _____ day of May 2021 at Makati City, affiant exhibiting to me her Driver's License bearing No. N04-15-014787 and expiring on 01/22/2023.

Doc. No. 40 ;
Page No. 09 ;
Book No. 204 ;
Series of 2021.



ATTY. JOHN DOMINGO A. PONCE, JR.
NOTARY PUBLIC
APPOINTMENT No. M-88 / MAKATI CITY
UNTIL JUNE 30, 2021
(per Supreme Court En Banc Resolution
dated December 1, 2020)
PTR No. 8530267 / 01-04-2021 / MAKATI CITY
ISP No. 142544 / 01-04-2021 / RIZAL
MCLE COMPLIANCE No. VI-0027026 / 05-28-2019
ROLL NO. 36452 / TIN No. 100-099-102-000
Unit G-14 Makati Executive Tower 3
Sea. Gil Fuyat Avenue, Pio del Pilar,
Makati City, Metro Manila



Machine Validation:

OR# 1993819 May 20, 2021 09:56AM
OFELIA A. CAPISPISAN PHP7,575.00*****



Republic of the Philippines

DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307



PAYMENT ASSESSMENT FORM

No. 20210519-3458908

DATE 05/19/2021	RESPONSIBILITY CENTER CGFD
PAYOR: BENEFICIAL LIFE INSURANCE COMPANY INC. MAKATI CITY	

NATURE OF COLLECTION	QUANTITY	ACCOUNT CODE	AMOUNT
Information Statement (Reporting Co.)		4020199099 (678)	7,500.00
Legal Research Fee (A0823)		2020105000 (131)	75.00
----NOTHING FOLLOWS----			
TOTAL AMOUNT TO BE PAID			Php 7,575.00
Assessed by: vverano <i>Jinoverano</i>		Amount in words: SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100	
Remarks:			

Payment Options

- Online payment thru SEC Payment Portal
 - https://www.sec.gov.ph/apps/payment-portal
- Over the Counter Payments
 - SEC Cashier Office
 - Selected Landbank Branches

Breakdown Summary

FUND ACCOUNT	AMOUNT	ACCOUNT #
SEC SRC Current Account	7,500.00	0552-1052-57
BTR Account - LRF	75.00	see SEC clearing accounts
TOTAL	Php 7,575.00	

Notes:

- This form is valid for forty-five (45) calendar days from the date of Payment Assessment Form (PAF)
 - Accepted modes of payment at SEC Main Office, Pasay City:
 - Cash
 - Manager's/Cashier's Check
 - Postal Money Order
 - Accepted modes of payment at selected Landbank branches:
 - Cash
 - Manager's/Cashier's Check payable to the Securities and Exchange Commission
 - For check payment, please prepare separate checks per fund account as indicated on the breakdown summary. All checks must be payable to **Securities and Exchange Commission**
 - For over the counter payment at LandBank, preparation of oncoll payment or deposit slip shall be per fund account as indicated on the breakdown summary.
 - If fund code is BTR, use an oncoll payment slip.
 - If fund code is SRC or RCC, use a regular deposit slip.
 Send through email the copy of the machine-validated oncoll payment slip / deposit slip to the issuer of this PAF to confirm that payment has been made.
- F. ANY ALTERATIONS WILL INVALIDATE THIS FORM**

SEC Landbank Accounts

Landbank Region/Area	SEC Clearing Account	SEC Account
Region II, III-A, III-B, IV, Area IV-A, AREA IV-B, and Region VIII	3402-2319-20	Head Office / Tarlac
Region I	3402-2319-38	Baguio
Region V	3402-2319-46	Legaspi
Region VI	3402-2319-54	Iloilo / Bacolod
Region VII	3402-2319-62	Cebu
Region IX	3402-2319-70	Zamboanga
Region X	3402-2319-89	Cagayan De Oro
Region XI & XII	3402-2319-97	Davao

For National Capital Region (NCR), payments are only allowed thru the ff. Landbank branches:

Name of Branch	SEC Clearing Account
Edsa Greenhills	3402-2319-20
Edsa Congressional	
Araneta E.O.	
YMCA	
DOTC	
Ortigas E.O.	
Muntinlupa	
North Avenue	



OFFICIAL RECEIPT
 Republic of the Philippines
 DEPARTMENT OF FINANCE
 SECURITIES AND EXCHANGE COMMISSION
 Secretariat Building, PICC Complex
 Roxas Boulevard, Pasay City, 1307



Accountable Form No. 51 Revised 2006	ORIGINAL
DATE May 20, 2021	No. 1993819

PAYOR BENEFICIAL LIFE INSURANCE COMPANY INC.
 MAKATI CITY

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
Information Statement (Reporting Co.)	4020199099	CGFD (678)	7,500.00
Legal Research Fee (A0823)	2020105000	(131)	75.00

TOTAL PHP 7,575.00

AMOUNT IN WORDS
 SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100

<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Treasury Warrant <input type="checkbox"/> Check <input type="checkbox"/> Money Order	Received the Amount Stated Above OFELIA A. CAPISPISAN COLLECTING OFFICER
Treasury Warrant, Check, Money Order Number	
Date of Treasury Warrant, Check, Money Order	O.R. No. 1993819

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.

COVER SHEET

SEC Registration Number

1	6	6	8	0					
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Company Name

B	E	N	E	F	I	C	I	A	L	L	I	F	E	I	N	S	U	R	A	N	C	E	C	O	M	P
A	N	Y	,	I	N	C	.	A	N	D	S	U	B	S	I	D	I	A	R	I	E	S				

Principal Office (No./Street/Barangay/City/Town/Province)

7	T	H	F	L	O	O	R	B	E	N	E	F	I	C	I	A	L	L	I	F	E	B	U	I	L		
D	I	N	G	,	1	6	6	S	A	L	C	E	D	O	S	T	R	E	E	T	,	L	E	G	A		
S	P	I	V	I	L	L	A	G	E	,	M	A	K	A	T	I	C	I	T	Y							

Form Type

2	0	-	IS
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DEFINITIVE

Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

corpsec@benlife.com.ph

Company's Telephone Number/s

(+632) 8818 8671

Mobile Number

09992297694

No. of Stockholders

6808

Annual Meeting
Month/Day

June 24, 2021

Fiscal Year
Month/Day

DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

MA. SIGRID R. PINLAC

Email Address

corpsec@benlife.com.ph

Telephone Number/s

(+632)8818 8671

Mobile Number

09992297694

Contact Person's Address

7F Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City

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

**NOTICE AND AGENDA
OF ANNUAL STOCKHOLDERS' MEETING**

NOTICE IS HEREBY GIVEN that the Annual Stockholders' Meeting ("ASM") of BENEFICIAL LIFE INSURANCE COMPANY, INC. (the "Company") will be held through remote communication via <https://www.benlife.com.ph/benlife-2021-ASM/> on June 24, 2021, Thursday, at 3:00 o' clock in the afternoon.

The Agenda¹ of the ASM is as follows:

AGENDA

1. Call to Order
2. Certification of Notice of Meeting, Determination of Quorum, and Rules of Conduct and Procedures
3. Approval of the Minutes of the ASM Held on 15 October 2020
4. Approval of the 2020 Annual Report and Audited Financial Statements ("AFS")
5. Amendment of Article III Section 1 (Number of Members) and Article VI of the Company's Amended By-Laws and Amended Articles of Incorporation, respectively, to Reduce the Number of Directors of the Company from Eleven (11) to Nine (9) Directors
6. Amendment of Relevant Provisions of the Amended By-Laws of the Company Pursuant to and in Compliance with the SEC Directive (dated 10 February 2021) to the Company
7. Ratification and Confirmation of all Acts and Resolutions of the Board of Directors and its Committees, Officers and Management Since the 2020 ASM
8. Election of Members of the Board (including the Independent Directors)
9. Election of External Auditor
10. Consideration of Such Other Matters as May Properly Come During the Meeting
11. Adjournment

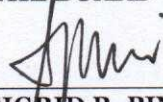
Only stockholders of record at the close of business hours on June 04, 2021 are entitled to notice and to vote at the ASM.

In view of current conditions and to protect the health and safety of everyone, **stockholders may only attend the meeting via remote communication.** Stockholders intending to participate in the meeting must register at <https://form.jotform.com/benlifemis.com.ph/2021-ASM-registration> on or before 21 June 2021. Stockholders may vote electronically *in absentia*, subject to validation procedures. The procedures for participation in the meeting through remote communication and for casting of votes *in absentia* are explained in the Information Statement.

Stockholders who intend to vote by proxy shall submit the duly accomplished proxies to the Office of the Corporate Secretary, 7th/F Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City or via email to corpsec@benlife.com.ph not later than 5:00 P.M. of June 14, 2021. Validation of proxies shall be held on June 18, 2021 at 2:00 p.m. WE ARE NOT SOLICITING PROXIES.

Given this 1st day of June 2021.

FOR THE BOARD OF DIRECTORS:



MA. SIGRID R. PINLAC
Corporate Secretary

¹ See next page for explanation for each agenda item for the stockholders' approval.

EXPLANATION OF AGENDA ITEMS FOR STOCKHOLDERS' APPROVAL

Approval of the Minutes of the Annual Stockholders Meeting Held on October 15, 2020

The Minutes of the ASM held on October 15, 2020 are available at the Company website, www.benlife.com.ph. The copies of the said Minutes will also be distributed to the stockholders before the 2021 ASM.

Remarks: A resolution on this agenda item must be approved by the majority of the votes of the stockholders present and eligible to vote.

Resolution:

***"RESOLVED**, as it is hereby resolved, that the Minutes of the Annual Stockholders' Meeting of the Company held on October 15, 2020 be, as the same is hereby, approved."*

Approval of the 2020 Annual Report and Audited Financial Statements (AFS)

The AFS as of December 31, 2020 will be presented for approval by the stockholders. Prior thereto, the President, Mr. Jaime C. Fernandez, will deliver a report to the stockholders on the performance of the Company in 2020 and the outlook for 2021. The AFS will be embodied in the Information Statement to be sent to the stockholders at least twenty-one (21) calendar days prior to the meeting.

Remarks: A resolution on this agenda item must be approved by the majority of the votes of the stockholders present and eligible to vote.

Resolution:

***"RESOLVED**, as it is hereby resolved, that the Audited Financial Statements ('AFS') of the Company for the year ended December 31, 2020 be, as the same are hereby, approved."*

Amendment of Article III Section 1 (Number of Members) and Article VI of the Company's Amended By-Laws and Amended Articles of Incorporation, respectively, to Reduce the Number of Directors of the Company from Eleven (11) to Nine (9) Directors

At the regular meeting of the Board of Directors of the Company held on April 06, 2021, the Board approved the further amendments to the relevant provisions of the Amended Articles of Incorporation and Amended By-Laws of the Company in order to reduce the number of directors from eleven (11) to nine (9)

Remarks: A resolution on this agenda item must be approved by the stockholders representing at least 2/3 of the outstanding capital stock.

Resolution:

***"RESOLVED**, as it is hereby resolved, that the stockholders representing at least 2/3 of the outstanding capital stock, ratified the resolution passed and approved by at least a majority of the members of the Board of Directors in its meeting held on April 06, 2021 amending Article III Section 1 (Number of Members) and Article VI of the Company's Amended By-Laws and Amended Articles of Incorporation, respectively, to read as follows:*

Article III Section of the Amended By-Laws:

"Article III
Board of Directors

Section 1. Number of Members

The number of directors of the Corporation shall be nine (9) including the independent directors as may be required by law."

Sixth Article of the Amended Articles of Incorporation:

"SIXTH – That the number of directors of said corporation shall be nine (9) who shall serve until their successors are elected and qualified as provided by the By-Laws; and the names, nationalities and residences of the first directors of the corporation are as follows:

Name	Citizenship	Residence
Vidal A. Tan	Filipino	2 Balete Drive, Quezon City
Sixto K. Roxas	Filipino	3 First St., Villamor Court, Tambo, Paranaque
Jose B. Fernandez, Jr.	Filipino	613 Lee St., Mandaluyong MM
Herminio Ozaeta	Filipino	141 G. Reyes, San Juan MM
Wellington Koo, Jr.	Filipino	3 Dama de Noche, Quezon City
Carlos Palanca, Jr.	Filipino	2674 Taft Avenue, Manila
Aurelio Montinola, Jr.	Filipino	11 Molave Road, Forbes Park, Makati, Metro Manila
Jose Y. Campos	Filipino	82 Mayflower St., Mandaluyong, Metro Manila
Francisco V. Del Rosario	Filipino	2240 Sta. Mesa Blvd., Manila"

Amendment of Relevant Provisions of the Amended By-Laws of the Company Pursuant to and in Compliance with the SEC Directive (dated 10 February 2021) to the Company

Pursuant to and in compliance with the SEC Directive (dated 10 February 2021) to the Company, the Board, in its regular meeting held on April 06, 2021, approved the further amendments to the relevant provisions of the Amended By-Laws.

Remarks: A resolution on this agenda item must be approved by the stockholders representing at least majority of the outstanding capital stock.

Resolution:

"RESOLVED, as it is hereby resolved, that the stockholders representing at least majority of the outstanding capital stock, ratified the resolution approved by at least a majority of the members of the Board of Directors in its meeting held on April 06, 2021 approving the further amendments to the following relevant provisions of the Amended By-Laws of the Company pursuant to and in compliance with the SEC Directive (dated 10 February 2021) to the Company, to wit:

a.

"Article I
Meeting of Stockholders
Section 1. Annual Meeting xxx

(B) Notice of Annual Meeting

At least twenty-one (21) calendar days prior to the day designated by Clause (A) of this Section for the holding of any annual meeting of stockholders, written notice of the time and place of such meeting shall be served by mail or by electronic mail (email), telegram, radiogram, cablegram and/or publication upon each stockholder entitled to vote at such meeting or delivered to him personally. xxx"

Section 2. Delayed Annual Meeting

(A) Holding of Delayed Annual Meeting

If for any reason the annual meeting of the stockholders shall not be held on the day designated by Clause (A) of Section 1 of this Article, or on any subsequent day to which it shall have been duly adjourned, the stockholders of record shall be notified of the new schedule of the regular meeting in accordance with Clause B of Section 1 of this Article.

(B) Notice of Delayed Annual Meeting

In case of delayed or postponement of stockholders' annual meeting, written notice thereof and the reason therefor shall be sent to all stockholders of record at least two (2) weeks prior to the date of the meeting as originally scheduled. The stockholders of record shall be notified of the new schedule of the regular meeting in accordance with Clause B of Section 1 of this Article. xxx

Section (6) Voting xxx

(D) Fixing record date for the determination of stockholders entitled to vote

The Board of Directors may designate, but shall not be required to designate in advance, a date, at least twenty (20) days for regular meetings and seven (7) days for special meetings before the scheduled date of the meeting, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividends, or any such allotment of rights, or to exercise the rights with respect to any such change, conversion, or exchange of capital stock, and if the date is so designated only stockholders of records on such date shall be entitled to such notice of, and to vote at, such meeting, or to receive payment of such dividends or allotment of rights, or to exercise such rights, as the case may be, and not withstanding any transfer of any stocks on the books of the Corporation after any such record date designated as aforesaid."

b.

"Article II

Meeting of the Board of Directors

xxx

Section 2. Regular Meeting

Regular meetings of the Board of Directors shall be held at such places, either within or without the Philippines, and at such times as the Board may determine from time to time.

Section 3. Special Meeting

Special meetings of the Board of Directors may be held at any time and place whenever called by the Chairman of the Board of Directors, by the President, by a Vice President, by the Secretary, or by any three or more directors.

Section 4. Notices of Meetings

(A) Notices Required

Notice of the time, place, and purpose of such meeting shall be served by mail, or by telegram, telephone, radiogram or cablegram upon each member of the Board or delivered to him personally at least two (2) business days prior to the day set for holding any regular or special meeting of the Board.

(B) Waiver of Notice

Notice of time, place or purpose of any meeting of the Board of Directors may be waived by a director either expressly or impliedly.

Section 5. Quorum

A majority of the directors as stated in the articles of incorporation shall constitute a quorum to transact corporate business."

c.

"Article III

Board of Directors

Section 5. Board Committees and Delegation of Powers

The Board shall have the following Committees: (i) Audit Committee, (ii) Corporate Governance Committee, and (iii) Board Risk Oversight Committee.

The Board of Directors may delegate from time to time to an officer or committee any duties that are authorized or required to be executed during the intervals between meetings of the Board; such officer or committee so delegated shall report to the Board when as required by the Board.

d.

"Article IV

Officers

Section 1. Enumeration of Officers

The officers of the Corporation shall be a chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a President, one or more Vice Presidents, a Treasurer, one or more Assistant Treasurers, a Secretary, one or more Assistant Secretaries, a Compliance Officer, and such other officers as from time to time shall be designated and elected by the Board of Directors. xxx

Section 4. Duties of Officers xxx

I. Compliance Officer

The Compliance Officer shall be in charge of the compliance function. xxx"

e.

"Article X

Amendment of By-Laws

These By-Laws may be amended, changed, altered, added to, or repealed at any annual or special meeting of the stockholders duly called for the purpose by a majority of the board of directors and the owners of at least a majority of the outstanding capital stock. The stockholders owning two-thirds (2/3) of the outstanding capital stock may delegate to the Board of Directors the power to amend or repeal the By-Laws or adopt new By-Laws: Provided, That any power delegated to the Board of Directors to amend or repeal the By-Laws or adopt new By-Laws shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting."

Ratification and Confirmation of All Acts and Resolutions of the Board of Directors and its Committees, Officers and Management Adopted Since the 2020 ASM

Ratification by the stockholders will be sought for all the acts and resolutions of the Board and all the acts of the management of the Company taken since the ASM on October 15, 2020. The acts and resolutions of the Board and its committees include approval of contracts and agreements, projects and investments, treasury matters, and acts and resolutions covered by disclosures to the Securities and Exchange Commission and the Insurance Commission. The acts of Management were those taken to implement the resolutions of the Board and/or its Committees, or taken in the general conduct of business.

Remarks: A resolution on this agenda item must be approved by the majority of the votes of the stockholders present and eligible to vote.

Resolution:

***“RESOLVED**, as it is hereby resolved, that the acts and resolutions of the Board and its Committees, as well as those of the Management, made and adopted since the last Annual Stockholders’ Meeting of the Company be, as the same are hereby, approved.”*

Election of Member of the Board (including Independent Directors)

In accordance with the Amended By-laws of the Company, the Manual on Corporate Governance and the SEC rules, any stockholder, including minority stockholders, may submit to the Corporate Governance Committee of the Company nominations to the Board prior to the ASM. The Corporate Governance Committee will determine whether the nominations for director, including the nominees for independent director, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profile of the nominees to the Board is in the Information Statement for distribution to the stockholders, and will be uploaded in the Company website for examination by the stockholders.

Remarks: The directors are elected by plurality votes using the cumulative voting method. The tally of votes will be reflected in the Minutes of the 2021 ASM.

Election of External Auditor

For the fiscal year 2021, the accounting firm of Reyes Tacandong & Co. was nominated to act as the external auditor of the Company. The profile of the external auditor will be provided in the Company website for examination by stockholders.

Remarks: A resolution on this agenda item must be approved by the majority of the votes of the stockholders present and eligible to vote.

Resolution:

***“RESOLVED**, that the election of Reyes Tacandong & Co. as external auditor of the Company for the year 2021 be, as it is hereby confirmed and approved.”*

Consideration of Such Other Matters as May Properly Come During the Meeting

The Chairman will open the floor for comments and questions from the stockholders. Stockholders may also propose to consider such other relevant matters or issues.

WE ARE NOT SOLICITING YOUR PROXY.

Stockholders who wish to cast their votes may do so via method provided for voting *in absentia* or by accomplishing the proxy form provided below. The detailed procedure for casting votes *in absentia* shall be sent securely to the stockholders. Stockholders who wish to vote by proxy shall send the proxies via email to corpsec@benlife.com.ph or hard copies to the Office of the Corporate Secretary at 7/F Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City on or before 5:00 P.M. of 14 June 2021. Validation of proxies shall be held on June 18, 2021 at 2:00 p.m. at the Office of the Corporate Secretary.

PROXY

The undersigned stockholder of **BENEFICIAL LIFE INSURANCE COMPANY, INC.** (the "Company") hereby appoints _____, or in his/her absence, the Chairman of the Board, as his/her attorney-in-fact and proxy, with power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the annual meeting of stockholders of the Company on June 24, 2021 and at any of the adjournments thereof for the purpose of acting on the following matters:

- | | |
|--|--|
| <p>1. Approval of Minutes of the Annual Stockholders' Meeting held on October 15, 2020
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>2. Approval of Annual Report and 2020 Audited Financial Statements
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>3. Amendment of Article III Section 1 (Number of Members) and Article VI of the Company's Amended By-Laws and Amended Articles of Incorporation, respectively, to Reduce the Number of Directors of the Company from Eleven (11) to Nine (9) Directors
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>4. Amendment of Relevant Provisions of the Amended By-Laws of the Company Pursuant to and in Compliance with the SEC Directive (dated 10 February 2021) to the Company</p> <p>5. Ratification of all acts and resolutions of the Board and its Committees, and Officers and Management adopted during the preceding year
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> | <p>7. Election of Reyes Tacandong & Company as External Auditor
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> <p>8. At their discretion, the proxy(ies) named above is (are) authorized to vote upon such other matters as may properly come before the meeting.
 <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain</p> |
|--|--|

Printed Name of Stockholder

Signature of Stockholder/
Authorized Signatory

Address of Stockholder

Contact Telephone Number

Date

6. Election of Directors

	No. of Votes		
	Yes	No	Abstain
Roberto C. Fernandez	_____	_____	_____
Jaime C. Fernandez	_____	_____	_____
Maria Elena C. Fernandez	_____	_____	_____
Santiago Gabriel Fernandez	_____	_____	_____
Paul P. Sagayo, Jr.	_____	_____	_____
<u>Independent Directors</u>			
Roberto F. De Ocampo	_____	_____	_____
Cesar O. Virtusio	_____	_____	_____
Jaime F. Panganiban	_____	_____	_____
John E. Huang	_____	_____	_____

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSES HIS INTENTION TO VOTE IN PERSON.

A PROXY SUBMITTED BY A CORPORATION SHOULD BE ACCOMPANIED BY A CORPORATE SECRETARY'S CERTIFICATE QUOTING THE BOARD RESOLUTION DESIGNATING A CORPORATE OFFICER TO EXECUTE THE PROXY. IN ADDITION TO THE ABOVE REQUIREMENT FOR CORPORATIONS, A PROXY FORM GIVEN BY A BROKER OR CUSTODIAN BANK IN RESPECT OF SHARES OF STOCK CARRIED BY SUCH BROKER OR CUSTODIAN BANK FOR THE ACCOUNT OF THE BENEFICIAL OWNER MUST BE ACCOMPANIED BY A CERTIFICATION UNDER OATH STATING THAT THE BROKER OR CUSTODIAN BANK HAS OBTAINED THE WRITTEN CONSENT OF THE ACCOUNT HOLDER.

NOTARIZATION OF THIS PROXY IS NOT REQUIRED.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATIONS CODE**

1. Check the appropriate box:

- Preliminary Information Statement
 Definitive Information Statement

2. Name of registrant as specified in its Charter:

BENEFICIAL LIFE INSURANCE COMPANY, INC.

3. Province, Country or other jurisdiction of incorporation or organization:

Metro Manila, Philippines

4. SEC Identification Number **16680**

5. BIR Tax Identification No. **000-883-987**

6. Address of Principal Office: **Beneficial Life Building, 166 Salcedo Street,
Legaspi Village, Makati City, 1229 Philippines**

7. Registrant's telephone number: **(632) 8818-8671**

8. Date, time and place of the meeting of the security holders:

Date: **June 24, 2021**

Time: **3:00pm**

Place:

Online web address/URL

Registration link: <https://form.jotform.com/benlifemis.com.ph/2021-ASM-registration>

For participation via remote communication: <https://www.benlife.com.ph/benlife-2021-ASM/>

For voting in absentia: <https://form.jotform.com/benlifemis.com.ph/2021-ASM-polls>

9. Approximate date on which the Information Statement is to be first sent or given to security holders:

June 01, 2021

10. In case of Proxy Solicitations: **N/A**

11. Securities registered pursuant to Sections 8 and 12 of the Code, or Sec. 4 and 8 of the RSA
(information on number of shares and amount of debt is applicable only to corporate registrants)

Title of each class

No. of shares of Common Stocks

Outstanding or Amount of Debt Outstanding

N/A

12. Are any or all of these securities listed on the Philippine Stock Exchange ("PSE").

Yes

No

INFORMATION REQUIRED IN THE INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time, and Place of the 2021 Annual Stockholders' Meeting

- a. Date : June 24, 2021
Time : 3:00pm
Place : 8/F Board Room Beneficial Life Building
166 Salcedo St., Legaspi Village
Makati City

Online web address/URL

For participation via remote communication: <https://www.benlife.com.ph/benlife-2021-ASM/>

For voting in absentia: <https://form.jotform.com/benlifemis.com.ph/2021-ASM-polls>

Registrant's Mailing Address: Beneficial Life Building, 166 Salcedo Street,
Lgeaspi Village, Makati City, 1229

- b. Approximate date when the Information Statement is to be first sent to the stockholders: June 01, 2021

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

Item 2. Dissenters' Right of Appraisal

Item 5 (b) in the Agenda pertains to the further amendment of the Registrant's Amended Articles of Incorporation, specifically Article VI thereof, from:

"SIXTH – That the number of directors of said corporation shall be eleven (11) and the names and residences of the directors of the corporation who are to serve until their successors are elected and qualified as provided by the By-Laws, are as follows:

<i>Name</i>	<i>Citizenship</i>	<i>Residence</i>
<i>Vidal A. Tan</i>	<i>Filipino</i>	<i>2 Balete Drive, Quezon City</i>
<i>Sixto K. Roxas</i>	<i>Filipino</i>	<i>3 First St., Villamor Court, Tambo, Paranaque</i>
<i>Jose B. Fernandez, Jr.</i>	<i>Filipino</i>	<i>613 Lee St., Mandaluyong MM</i>
<i>Herminio Ozaeta</i>	<i>Filipino</i>	<i>141 G. Reyes, San Juan MM</i>
<i>Wellington Koo, Jr.</i>	<i>Filipino</i>	<i>3 Dama de Noche, Quezon City</i>
<i>Carlos Palanca, Jr.</i>	<i>Filipino</i>	<i>2674 Taft Avenue, Manila</i>
<i>Aurelio Montinola, Jr.</i>	<i>Filipino</i>	<i>11 Molave Road, Forbes Park, Makati, Metro Manila</i>
<i>Jose Y. Campos</i>	<i>Filipino</i>	<i>82 Mayflower St., Mandaluyong, Metro Manila</i>
<i>Francisco V. Del Rosario</i>	<i>Filipino</i>	<i>2240 Sta. Mesa Blvd., Manila"</i>

to:

"SIXTH – That the number of directors of said corporation shall be nine (9) who shall serve until their successors are elected and qualified as provided by the By-Laws; and the names, nationalities and residences of the first directors of the corporation are as follows:

<i>Name</i>	<i>Citizenship</i>	<i>Residence</i>
<i>Vidal A. Tan</i>	<i>Filipino</i>	<i>2 Balete Drive, Quezon City</i>
<i>Sixto K. Roxas</i>	<i>Filipino</i>	<i>3 First St., Villamor Court, Tambo, Paranaque</i>
<i>Jose B. Fernandez, Jr.</i>	<i>Filipino</i>	<i>613 Lee St., Mandaluyong MM</i>
<i>Herminio Ozaeta</i>	<i>Filipino</i>	<i>141 G. Reyes, San Juan MM</i>
<i>Wellington Koo, Jr.</i>	<i>Filipino</i>	<i>3 Dama de Noche, Quezon City</i>
<i>Carlos Palanca, Jr.</i>	<i>Filipino</i>	<i>2674 Taft Avenue, Manila</i>
<i>Aurelio Montinola, Jr.</i>	<i>Filipino</i>	<i>11 Molave Road, Forbes Park, Makati, Metro Manila</i>
<i>Jose Y. Campos</i>	<i>Filipino</i>	<i>82 Mayflower St., Mandaluyong, Metro Manila</i>
<i>Francisco V. Del Rosario</i>	<i>Filipino</i>	<i>2240 Sta. Mesa Blvd., Manila”</i>

The foregoing proposed amendment has been approved by the Board in its April 06, 2021 regular meeting and shall likewise require further approval from the majority shareholders of the Registrant in its upcoming 2021 Annual Stockholders' Meeting.

There are no matters or proposed actions included in the Agenda of the 2021 Annual Stockholders' Meeting that may give rise to a possible exercise by stockholders of their appraisal rights. Generally, however, the stockholders of the Company have the right of appraisal in the following instances, as provided under the Revised Corporation Code: (1) in case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence; (2) in case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets; (3) in case of merger or consolidation; and (4) in case of investment of corporate funds for any purpose other than the primary purpose for which it was organized.

Any stockholder who wishes to exercise his/her appraisal right must have voted against the proposed corporate action. He/she must also make written demand on the Company, within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his/her shares. Failure to make the demand within such period shall be deemed a waiver of the exercise of the appraisal right. If the proposed corporate action is implemented or effected, the Company shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his/her shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the stockholder and the Company. The findings of the majority of the appraisers shall be final and their award shall be paid by the Company within thirty (30) days after such award is made. No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his/her shares to the Company.

OTHER THAN THE MATTERS RAISED ABOVE FOR CORPORATE ACTION, THERE ARE NO MATTERS THAT WILL BE PRESENTED FOR STOCKHOLDERS' APPROVAL DURING THE ANNUAL MEETING THAT MAY OCCASION THE EXERCISE OF THE RIGHT OF APPRAISAL.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- a. No current director, nominee for election as director, associate of the nominee or executive officer of the Company at any time since the beginning of the last fiscal year had any substantial interest, direct or indirect, by security holdings or otherwise, in any matters to be acted upon in the meeting, other than election to office.
- b. No director has informed the Company in writing that he intends to oppose an action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- a. Class of Voting Shares

The Company has six hundred twenty six million seven hundred fifty six thousand four hundred ninety four (626,756,494) outstanding common shares. There are approximately six thousand eight hundred eighty (6,808) stockholders as of April 30, 2021. Each common share shall be entitled to one (1) vote with respect to all matters to be taken up during the Annual Stockholders' Meeting.

Top 20 Shareholders as of April 30, 2021:

	<u>Shareholder</u>	<u>No. of Shares</u>	<u>Percentage</u>
1	FMF DEVELOPMENT CORP.	508,131,734	81.0732%
2	MERJE TRADING INC.	71,555,127	11.4167%
3	JCF INVESTMENT HOLDINGS, INC.	3,942,743	0.6291%
4	SAN BARTEL INVESTMENTS, INC.	2,817,753	0.4496%
5	IBANK T/A No.01-1MA-014	1,551,450	0.2475%
6	ROBERT P. AGNER	1,043,222	0.1664%
7	FEBTC A/C 4124-00006-5	734,372	0.1172%
8	FEBTC A/C 116-00006	325,563	0.0519%
9	TERESITA S. ELA AND/OR TEODORO S. ELA III	308,874	0.0493%
10	TEODORO M. ELA	294,977	0.0471%
11	LOLITA O. BORJA	276,960	0.0442%
12	BENITO LEGARDA, JR.	225,529	0.0360%
13	JOSE ANTON G. CACHO	220,578	0.0352%
14	HERMINIO S. OZAETA, JR.	211,746	0.0338%
15	JOSE ROMAN S. OZAETA	211,746	0.0338%
16	MA. CARMEN S. OZAETA	211,746	0.0338%
17	MA.NATIVIDAD S. OZAETA	211,746	0.0338%
18	MA. VICTORIA S. OZAETA	211,746	0.0338%
19	FRANK Y. HUANG	176,449	0.0282%
20	CARLOS S. MARTINEZ	176,449	0.0282%
21	MELITONA ESTATE, INC.	176,449	0.0282%
22	VARIOUS	33,739,535	5.3832%
	TOTAL	626,756,494	100.00%

b. Record Date

Stockholders of record as of June 04, 2021 are entitled to notice and to vote in the Annual Stockholders' Meeting.

c. Election of Directors, Manner of Voting, and Cumulative Voting Rights

Section 6 (A), (B) and (C) of the By-laws of the Company provide:

Section 6 (A) – At any meeting of the stockholders, if the chairman of the meeting so directs or if any stockholder present so request, the polls shall be opened and closed, the proxies and ballots shall be received and taken in charge, and all questions with respect to the qualifications of voters, the validity of proxies, and the acceptance or rejection of votes shall be decided by three (3) inspectors, to be appointed by the chairman of the meeting.

Section 6 (B) – Each stockholder shall have one (1) vote for each share of stock entitled to vote as provided in the Articles of Incorporation or otherwise by law and registered in his name on the books of the Corporation.

Section 6 (C) – At any meeting of the stockholders, each stockholder shall be entitled to vote either in person or by proxy appointed by instrument in writing subscribed by such stockholder or by his duly authorized attorney and delivered to the Secretary or to the inspectors at the meeting.

Pursuant to Sections 57 and 23 of the Revised Corporation Code, as well as the relevant Board Resolution which was passed and approved during the Regular Board Meeting held last on 06 April 2021, the Board has approved and allowed the stockholders' participation and voting by remote communication or in absentia in upcoming the 2021 Annual Stockholders' Meeting.

Election of Directors and Cumulative Voting Rights

In the election of directors, the number of votes to which each stockholder is entitled shall be equal to the number of shares he/she owns, multiplied by the number of directors to be elected. All stockholders have cumulative voting rights. Each stockholder may vote such number of shares for as many persons as there are directors to be elected or he/she may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his/her shares shall equal, or he/she may distribute them on the same principle among as many candidates as he/she shall see fit. The total number of votes cast by him/her shall not, however, exceed the number of shares owned by him/her, multiplied by the number of directors.

d. Security Ownership of Certain Record and Beneficial Owners and Management

(i). Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of April 30, 2021.

As of April 30, 2021, the Company knows of no one who beneficially owns in excess of five percent (5%) of its common stock except as set forth in the table below:

Title of Class	Name, address of record owner and relationship w/ issuer	Name of beneficial owner and relationship w/ record owner	Citizenship	No. of shares held	Percent
Common	FMF Development Corp. ("FMF") 3F Alpap I Bldg., 140 Leviste St. Salcedo Village, Makati City <i>Parent Company</i>	Roberto C. Fernandez (Chairman of the Board) and stockholder; Jaime C. Fernandez (President and Director) and Stockholder	Filipino	508,131,734 -	81.07%
Common	Merje Trading, Inc. ("Merje") 1381 Palm Avenue, Dasmariñas Village, Makati City <i>Related Party</i>	Jaime C. Fernandez (President and Director) and Stockholder	Filipino Filipino	71,555,127 -	11.42%

Both domestic corporations are the registered owners on record based on the corporate books of the Company. FMF, however, has approximately sixty eight thousand five hundred seventy seven (68,577) stockholders while Merje is a closely-held corporation.

FMF is represented by its Chairman, Mr. Roberto C. Fernandez. Merje, on the other hand, is represented by its President, Mr. Jaime C. Fernandez.

The officers and shareholders of Merje are members of the Fernandez family, which include Messrs. Enrique, Jaime, and Roberto Fernandez, and Ms. Maria Elena C. Fernandez.

(ii). Security Ownership of Management as of April 30, 2021.

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership (All Direct)</u>	<u>Percent of Class</u>
Common	Ma. Editha S. Paltongan	99,143	0.0158%
Common	Deborah Q. Dela Cruz	8,957	0.0014%
Common	Fernandez, Jaime C.	34,116	0.0054%
	All officers and directors as a group including qualifying shares	142,216	0.0227%

(iii). Voting Trust Holders of 5% or More

The Company knows of no person holding more than ten percent (10%) of common shares under a voting trust or similar agreement which may result in a change in control of the Company during the period covered by this report

(iv). Changes in Control

No change of control in the Company has occurred since the beginning of its last fiscal year.

e. Certain Relationships and Related Party Transactions

FMF is the parent company of the Registrant with 81% ownership of the total outstanding capital stock. The Registrant's financial statements are consolidated with that of the parent on an annual basis. The Registrant's wholly owned subsidiaries are Beneficial Financial Advisors, Inc. and Solana Investment Holdings Corp.

No other transaction was undertaken by the Registrant in which any director or executive officer was involved or had a direct or indirect material interest aside from the loans granted as disclosed under Notes 7 and 17 of the audited consolidated financial statements and Supplementary Schedule B.

Related party transactions shall be conducted at arm's-length and on terms that are at least comparable to normal commercial terms in order to safeguard the best interest of the Company, its policyholders, claimants and creditors. In all cases, the applicable and relevant provisions of the Insurance Code, as amended, and the Revised Corporation Code, shall be complied with by the Company.

Any related party transaction shall be disclosed fully by Management to the Board, and prior approval by the Board shall be obtained for all related party transactions which are material in nature. Moreover, the directors of the Board are required to report any dealings or transactions relating to the Company's shares within three (3) business days from occurrence thereof.

The Board shall then constitute a committee with majority members of which composed of independent directors to conduct a review of the material or significant related party transaction and to determine whether the subject transactions when entered into and executed will redound to the best interest of the Company.

Item 5. Directors and Executive Officers

a. Board of Directors

Article III, Sections 1 and 2 of the Amended By-Laws of the Company provide:

“The number of directors of the Corporation shall be eleven (11) including the independent directors as may be required by law.”

“Each director shall hold office for one (1) year and until his successor is duly elected and has qualified; provided however that any director may be removed from office, with or without cause, at any time by two-thirds (2/3) vote of the subscribed capital stock entitled to vote.”

The attendance of the directors at the meetings of the Board of Directors and of stockholders held during the year 2020 is as follows:

Directors	No. of Meetings Attended/Held	Present
Roberto C. Fernandez	4/4	100%
Jaime C. Fernandez	4/4	100%
Enrique C. Fernandez	4/4	100%
Jaime F. Panganiban (Independent Director)	4/4	100%
Cesar O. Virtusio (Independent Director)	4/4	100%
Roberto F. De Ocampo (Independent Director)	4/4	100%
Paul P. Sagayo, Jr.	4/4	100%
Maria Elena C. Fernandez*	2/2	100%
John E. Huang* (Independent Director)	2/2	100%
Florentino M. Herrera, III**	2/4	50%
Carl Anthony S. Palanca***	1/4	25%

*Elected as Board member effective 15 October 2020

**Board member until 15 October 2020

***Board member until 31 December 2020

b. Board Committees

The Board delegates and carries out its various responsibilities through its committees. Further, the Board delegates specific responsibilities to its respective committees that focus on relevant areas as allowed by applicable law and regulations. The different committees of the Board and its membership are as follows:

Name	Board Committees			
	Board Risk Oversight (fka Assets & Liabilities)	Audit	Corporate Governance (absorbed Nomination & Remuneration)	Related Party Transaction
Roberto C. Fernandez	M	M	M	M
Jaime C. Fernandez			M	
Enrique C. Fernandez				
Maria Elena C. Fernandez				
Roberto F. De Ocampo**	M	C	M	M
Jaime F. Panganiban*	C	M	M	M
Cesar O. Virtusio*	M	M	C	C
Paul P. Sagayo, Jr.	M	M		
John E. Huang*	AM		AM	M

C- Chairman; M-Member; AM- Alternate Member

*Independent Director

**Independent Lead Director

c. The Board of Directors/Nominees for Election at the Annual Stockholders' Meeting and Executive Officers

i. Current Board of Directors

Name	Age (as of 2021 ASM)	Citizenship
Roberto C. Fernandez	■	Filipino
Jaime C. Fernandez	■	Filipino
Enrique C. Fernandez	■	Filipino
Maria Elena C. Fernandez	■	Filipino
Roberto F. De Ocampo (Independent Director)	■	Filipino
Jaime F. Panganiban (Independent Director)	■	Filipino
Cesar O. Virtusio (Independent Director)	■	Filipino
John E. Huang (Independent Director)	■	Filipino
Paul P. Sagayo, Jr.	■	Filipino

The nominations for the election of all directors by the stockholders shall be submitted in writing to the Board of Directors of the Company (the “Board”) through the Corporate Secretary on or before the date that the Board may fix, provided that such date shall be prior to the Annual Stockholders’ Meeting. The nominees are formally nominated by shareholders to the Corporate Governance Committee, which pre-screens the qualifications of the nominees and ensures that all nominees in the final list (both regular Directors and Independent Directors) possess all the qualifications required by relevant laws, rules, regulations and Company’s Amended By-Laws and Revised Manual on Corporate Governance and no provision on disqualification would apply to any of them. Only nominees whose names appear on the final list of candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the Annual Stockholders’ Meeting.

Except for Mr. Santiago Gabriel O Fernandez who was nominated by a minority stockholder, Ms. Jocelyn Obispo, Ms. Teresita E. Ullegue, who is likewise a minority stockholder of the Company who is not related to any of the nominees including the nominees for independent director formally nominated the following:

ii. Nominees for Election to the Board of Directors for the Term 2021-2022

Name	Age (as of 2021 ASM)	Citizenship
Roberto C. Fernandez	■	Filipino
Jaime C. Fernandez	■	Filipino
Maria Elena C. Fernandez	■	Filipino
Santiago Gabriel O. Fernandez	■	Filipino
Roberto F. De Ocampo (Independent Director)	■	Filipino
Jaime F. Panganiban (Independent Director)	■	Filipino
Cesar O. Virtusio (Independent Director)	■	Filipino
John E. Huang (Independent Director)	■	Filipino
Paul P. Sagayo, Jr.	■	Filipino

Under the applicable rules and regulations of the IC and the SEC, the Company is required to have at least two (2) Independent Directors.

For the year 2021-2022, the Company will have four (4) independent directors. Messrs. Roberto F. De Ocampo, Jaime F. Panganiban, Cesar O. Virtusio, and John E. Huang have been nominated and are expected to be formally re-elected as independent directors during the Annual Stockholders’ Meeting. The nominated independent directors are not related to any of the members of the Corporate Governance Committee; they are neither officers nor employees of the Company or any of its affiliates, and do not have any relationship with the Company that would interfere with the exercise of independent judgment in carrying out the responsibilities of an independent director. They possess all the qualifications and none of the disqualifications for nomination and election as independent directors.

The positions of Chairman of the Board, President & Chief Executive Officer, Chief Investment Officer, Treasurer, Corporate Secretary, Compliance Officer, and other Key Executive Officers shall be elected at the first meeting of the Board after the annual election of directors, and shall hold office for one (1) year and/or until their respective successor shall have been elected and qualified. All Key Executive Officers of the Company are subject to removal at any time, with or without cause, by the affirmative vote of two-thirds (2/3) of the Board. Vacancies occurring among such officers shall be filled by the Board. However, the Board may, in its discretion, leave unfilled for such period as it may deem proper, any office except that of the President, Treasurer and Corporate Secretary.

The following is the list of Executive Officers of the Company:

Executive Officers			
Name	Rank/Title	Age	Citizenship
Jaime C. Fernandez	President and CEO	■	Filipino
Annette Marie M. Malixi	Chief Investment Officer	■	Filipino
Ma. Editha S. Paltongan	Treasurer & Controller	■	Filipino
Ma. Sigrid R. Pinlac	Corporate Secretary	■	Filipino
Kaima Via B. Velasquez	Compliance Officer	■	Filipino
Joy S. Vianzon	Vice President – Chief Accountant	■	Filipino
Danilo M. Mercado	Vice President for Sales	■	Filipino
Teresita E. Ullegue	Vice President – Policy Admin	■	Filipino
Juanito B. Tan	Deputy Head- Company Operations	■	Filipino
Glenn P. Abuzo	Asst. Vice President - MIS	■	Filipino
Maritess M. Llapitan	Asst. Vice President - Underwriting	■	Filipino
Devorah Q. Dela Cruz	Asst. Vice President – Credit & Collections	■	Filipino
Elizabeth T. Flores	Asst. Vice President - Healthcare	■	Filipino
John Jorge S. Orbe	Asst. Vice President - Facilities	■	Filipino

Please refer to attached Annex “A” for the brief background of the Directors/Nominees and Executive Officers of the Company.

d. Significant employees

All employees are expected to make reasonable contribution to the success of the business of the Company and to the fulfillment of its goals. There is no "significant employee" as defined in Part IV (A)(2) Rule 12 of the SRC (i.e. a person who is not an executive officer of the Company but who is expected to make a significant contribution to the business).

e. Family Relationships

The Chairman of the Board of the Directors, Mr. Roberto C. Fernandez, the President and CEO, Mr. Jaime C. Fernandez, and members of the Board, Mr. Enrique C. Fernandez and Maria Elena C. Fernandez, are all siblings.

f. Involvement in Certain Legal Proceedings

There are no material legal proceedings, bankruptcy petition, conviction by final judgment, order, judgment or decree or any violation of a securities or commodities law for the past five (5) years to which the Company is a party, or of which any of its material properties is subject in any court or administrative government agency.

To the knowledge and/or information of the Company as set forth in the records, none of the nominees for election as Directors, its current members of the Board, or its Executive Officers have been subject of the following legal proceedings during the last five (5) years:

- (i) bankruptcy petition filed by or against any business of which such director or officer was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (ii) conviction by final judgment in a criminal proceeding, domestic or foreign, or a pending criminal proceeding, domestic or foreign;
- (iii) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated; or

(iv) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction, the SEC or comparable foreign body, or a domestic or foreign exchange, which has not been reversed, suspended or vacated.

g. Resignation of Directors

No director has resigned or declined to stand for re-election to the Board since the date of the Company's last Annual Stockholders' Meeting because of a disagreement with the Company's management on any matter relating to its operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

a. Executive Compensation

Summary Compensation Table

Information as to the aggregate compensation paid or accrued during the last two (2) fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and three (3) other most highly compensated executive officers and all other officers/directors are as follows:

<u>Name/Position</u>	<u>FY</u>	<u>Salaries</u>	<u>Bonus</u>	<u>Others</u>
<i>Jaime C. Fernandez- President & CEO;</i>				
<i>Annette Marie M. Malixi-SVP and CIO;</i>				
<i>Ma. Editha S. Paltongan- SVP- Comptroller;</i>				
<i>Danilo L. Mercado- Head, MM Sales;</i>				
<i>Total</i>	<i>2021*</i>	<i>18,150,000</i>	<i>5,000,000</i>	<i>5,000,000</i>
	<i>2020</i>	<i>14,629,270</i>	<i>3,163,200</i>	<i>3,720,250</i>
<i>*estimate for 2021</i>	<i>2019</i>	<i>17,692,838</i>	<i>3,879,000</i>	<i>4,213,146</i>
<i>All other officers and directors as a group unnamed</i>	<i>2021*</i>	<i>13,000,000</i>	<i>8,250,000</i>	<i>6,500,000</i>
	<i>2020</i>	<i>12,120,995</i>	<i>7,588,620</i>	<i>5,019,608</i>
	<i>2019</i>	<i>13,573,351</i>	<i>7,648,750</i>	<i>3,399,787</i>

b. Compensation of Directors

All members of the Board are entitled to a maximum total share of five percent (5%) Directors' Bonus based on Net Income after tax of the preceding year. Each member receives a per diem of forty thousand pesos (Php40,000.00) per board meeting and twenty thousand pesos (Php20,000.00) per committee meeting.

There are no other arrangements or contracts pursuant to which any director of the Company was compensated or is to be compensated, directly or indirectly during the last fiscal year and the ensuing year.

c. Employment Contracts and Termination of Employment

All Executive Officers, except for the Chief Investment Officer, Vice President for Policy Administration & Services, and Deputy Head for Company Operations, who are on a retainer/consultancy fee basis, are under employment contracts and are entitled to a maximum total share of three percent (3%) Management Bonus based on Net Income after tax of the preceding year. They are also entitled to receive retirement benefits as required by law. There is no other compensatory plan or arrangement, other than retirement, which any executive officer shall receive in case of resignation or termination.

- d. There are no outstanding warrants or options held by any of the executive officers or directors.

Item 7. Independent Public Accountants

- a. The accounting firm of Reyes Tacandong & Co. (RT & Co.) was the Company's Independent Public Accountant for the completed calendar year 2020.

Mr. Darryll Reese Q. Salangad served as the Company's audit partner for the year 2020. Mr. Salangad assumed the responsibility as a signing partner starting year 2020 but he has been involved in the audit team since 2016 which makes him qualified to continue in the capacity as audit partner under the relevant provisions the SRC Rules should RT & Co. be elected during the Annual Stockholders' Meeting. The Company is thus compliant with the provisions of the relevant SRC Rule on the rotation of external auditors or signing partners and the cooling off period.

The stockholders elect the Company's external auditors during the Annual Stockholders' Meeting. The Audit Committee reviews the audit scope and coverage, strategy and results for the approval of the Board and ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. Likewise, the Audit Committee determines any non-audit work performed by external auditors, and ensures that such work will not conflict with external auditors' duties as such or threaten its independence. The members of the Audit Committee for the year 2020-2021 are as follows:

<i>Roberto F. De Ocampo</i>	-	<i>Chairman</i>
<i>Cesar O. Virtusio</i>	-	<i>Member</i>
<i>Jaime F. Panganiban</i>	-	<i>Member</i>
<i>Roberto C. Fernandez</i>	-	<i>Member</i>
<i>Paul P. Sagayo, Jr.</i>	-	<i>Member</i>

The accounting firm RT & Co. was nominated to act as external auditor of the Company for the year 2021. RT & Co. has accepted the Company's invitation to stand for re-election this year.

The nominee must be elected by majority vote during the Annual Stockholders' Meeting in order for it to act as the Company's independent public accountant for the year 2021.

- b. Representatives of RT & Co. will be present during the Annual Stockholders' Meeting and will be given the opportunity to make a statement if they so desire. They are also expected to respond to relevant questions if needed and to count and/or validate the votes, if needed, during the Annual Stockholders' Meeting.
- c. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There was no event during the last fiscal year covered by this report where the Company and RT & Co. or the audit/handling partner had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

- d. **Audit and Audit-Related Fees**
The Group paid RT & Co. Audit Fees in the amount of One Million Six Hundred Ninety, Three Hundred Sixty Pesos (P1,690,360.00) for the fiscal year 2020, versus the amount of One Million Six Hundred Two Thousand, Seven Hundred Twenty Pesos (P1,602,720.00) paid for the fiscal year 2019. The Audit Fees include compensation for audit services for the Company and its subsidiaries. There were no non-audit fees for other services not related to the audit of the annual financial statements.

Item 8. Compensation Plans

The Company's current compensation plan covers all regular employees and officers. Employees' or officers' participation in the Company's compensation plan accrues upon their attainment of regular status. The compensation plan covers gross compensation income and is subject to the outcome of annual performance appraisal, which is initiated by Management for position and salary upgrading.

No action is to be taken during the Annual Stockholders' Meeting with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken during the Annual Stockholders' Meeting with respect to authorization or issuance of any securities.

Item 10. Modification or Exchange of Securities – Not Applicable.

Item 11. Financial and Other Information

The Statement of Management's Responsibility for Financial Statements, Company's Consolidated Audited Financial Statements as of December 31, 2020, and other data related to the Company's financial information required under Item 11(a) of SEC Form 20-IS are attached hereto as Annex "B." The Schedules required under Part IV(c) of Rule 68 are included in the Annual Report (SEC Form 17-A).

Management's Discussion and Analysis of Financial Condition and Results of Operations for the Interim Period:

Despite the general economic slowdown which started in mid-March of 2020, Beneficial Life Insurance Co., Inc. (Registrant) and its subsidiaries, Beneficial Financial Advisors, Inc. (BFAI) and Solana Investment Holdings Corporation (SIHC), collectively known as the "Group", has managed to produce P424,138,109 total revenues for the first quarter of the year, which is lower by 4% as compared to the same period in 2020. Premiums, net of cessions, have slightly increased by 1% to P354,100,090 in 2021 from P349,963,798 in 2020. Investment and other income, however, decreased by 23% mainly as a result of the drop in yields as reflected in the 22% decrease in interest and dividend income. Bond prices of the securities booked at fair value through profit and loss (FVPL) have likewise decreased resulting in fair value losses at P5,471,231 incurred in 2021 versus the loss recorded in the same period in 2020 amounting to a much higher level at P56,073,298.

Benefits and claims incurred increased by 70% between the two comparative periods. Legal policy reserves due to the change in inforce policies decreased by P31,762,661 in 2021 as compared to an increase of P29,323,400 in 2020. Commissions and other direct expenses slightly increased by less than a percent between the two comparative periods.

About 35% of the Registrant's investible funds are in foreign currency denominated securities. Thus, a major component in the consolidated statement of comprehensive income is the foreign exchange gain or loss. The rates used as against USD1.00 were P48.53 as of March 31, 2021 versus P48.023 as of December 31, 2020; and P50.68 as of March 31, 2020 versus P50.635 as of December 31, 2019 based on closing rates found in the Phil. Dealing System (PDS)/Bankers Association of the Philippines (BAP). Realized and unrealized net foreign exchange gains were recorded in 2021 at P25,055,028 and loss in 2020 at P1,801,600.

The said gains/losses were the result of the mark-to-market valuation of foreign currency denominated financial assets at fair value through other comprehensive income (FVOCI) and bonds at FVPL.

For the first quarter of both 2021 and 2020, consolidated net income was earned mainly from premiums and interest income. BFAI registered a net income of P655,522, while SIHC contributed P1,033,633 net income for the first quarter of 2021. Earnings per share amounted to P0.0232 in 2021 as compared to P0.0487 in 2020.

The business of life insurance does not follow any particular seasonality cyclicity or trend as revenues are mainly dependent on the insurance requirements and capacity to pay of the insuring public, while most of the underwriting expenses depend on mortality rates and economic conditions. Taking the two comparative quarters, revenues are composed of the following:

	<u>2021</u>	<u>2020</u>
Ordinary	88,295,418	89,659,666
Group	271,277,263	262,782,821
Microinsurance	752,000	873,000
Inward reinsurance	196,287	-
	<u>360,520,968</u>	<u>353,315,487</u>
Premiums ceded	6,420,878	3,351,689
Premiums, net of reinsurance	<u><u>354,100,090</u></u>	<u><u>349,963,798</u></u>

The first quarter of 2021 shows decrease in ordinary and micro insurance lines while inward reinsurance and group business increased. The Registrant is still hoping that it can, at the very least, equal the premiums for the whole year of 2020 at P1.64Billion despite the difficulties due to the global pandemic.

No cycle, season or trend can also explain the amount of claims, surrenders and other benefits to be paid in any given period of time as these are mainly dependent on mortality rate and financial condition of the policyholders. This is the reason why the IC as the industry regulator, mandates its requirements on the issuer's minimum networth, capital investment, reserve investment and minimum RBC ratio. IC released CL 2014-42A on the Valuation Standards for Life Insurance Policy Reserves which provides a change in the basis of valuation of the life insurance policy reserves from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) which now considers other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation. This interim report reflects the said GPV calculations and the result as of the first quarter of 2021 is equivalent to a total net decrease amounting to P7,026,864.18. The legal policy reserves decreased by P31,762,661 due to change in inforce policies but increased by P24,735,793 due to changes in discount rates.

An uncertainty which will have a material impact on the operations of the issuer, is when death and policy benefits will be claimed all at the same time. As part of the compliance with IC's requirements on the effectivity of the GPV and the financial reporting framework, the Registrant submits its quarterly reports to the IC on the mandated submission dates per IC CL 2016-69.

Total consolidated assets as of the first quarter of 2021 amounted to P8,855,277,857 which is slightly lower by 1% than the total for the year ended December 31, 2020 at P8,975,822,039. The major composition of the asset portfolio as of the first quarter of 2021 is: cash and cash equivalents at 11%, investment securities at 65%, and loans and notes at 14%. On the Liabilities side, insurance contract liabilities comprise 82% of the total liabilities and premium deposit fund is at 5%.

Total stockholders' equity amounted to P2,830,084,992 as of the end-quarter 2021 which is lower than the P2,870,069,893 balance as of December 31, 2020 by 1%.

Other material changes (at least 5%) in the consolidated statement of financial position between the two comparative periods are as follows:

- a. Decrease in insurance receivables by 39% was due to the collections of premium receivables set up as of December 31, 2020.
- b. Decrease in accrued income by 25% was mainly due to lower yields of investments made during the year 2020 and up to the first quarter of 2021.
- c. Decrease in loans and notes by 8% was mainly due to the decrease in salary loan releases and the continuous shifting of various borrowers to the GSIS Financial Assistance Loan program.
- d. Decrease in property, plant and equipment by 8% due to depreciation and very minimal acquisitions in 2021.
- e. Payment of the fixed term loan by SIHC contributed to the 6% decrease in loans payable.
- f. Decrease in accounts payable and accrued expenses by 52% was due to payments of amounts due as of 2020 year end with settlement dates in 2021.
- g. Decrease in other liabilities by 17% was mainly due to the take up of deposits as insurance premiums during the first quarter of 2021.
- h. Decrease in appropriated retained earnings by 185% is the result of the GPV computation of legal policy reserves.
- i. Decrease in other comprehensive income by 42% is also the result of the GPV computation of legal policy reserves and the revaluation of debt and equity securities.

There are no changes in the composition of the registrant during the interim period, which include any business combination, additional acquisition of subsidiaries, restructuring or discontinuance of operations.

Provisions for the first quarter of 2021 were made for the contingent liabilities, which include the legal policy reserves and claims and losses payable, in accordance with IC requirements.

There are no other events other than the ordinary course of business that will trigger direct or contingent financial obligation that is material to the issuer, including any default or acceleration of an obligation. There are no other significant elements of income or loss that did not arise from the issuer's continuing operations.

The statements of cash flows present the sources and uses of funds for the two comparative periods. For the first half of 2021, the Registrant generated cash from its operations. This indicates that Group maintains its capacity to provide for its immediate cash requirements from its operations despite the increasing expenditures and investment activities. Short term funds are also available should there be an immediate need for significant amount of funds.

A large portion of the Retained Earnings account is unrestricted and the registrant declares and pays cash dividends based on the net income of the Group, subject to compliance with IC's requirements on dividend declarations. The Registrant's networth is compliant to the requirement of IC.

The Registrant will continue to rely mainly on its traditional distribution channel, which is the agency force, for tapping new markets in the individual/regular business using all possible technological means allowed by the IC. The Registrant is relying heavily on its corporate or institutionalized accounts for premium generation this year. Mall operations will still be continued but its operations will largely depend on the community quarantine restrictions. The Registrant introduced its microinsurance product called Benlife Shield during the last quarter of 2016. It is a single pay, micro personal accident no-lapse insurance plan that provides individual insurance coverage up to age 60.

Also, during the last quarter of the year 2016, the registrant offered its group insurance rider called Benlife Care. It is health care rider attached to group yearly renewable term that allows policyholders to avail of medical, hospitalization benefits through affiliated medical service providers subject to certain conditions and limitations. There are no plans to offer variable products during the year 2021. Management is hoping that the Registrant will, at least, equal its performance of 2020. The Registrant is continuously focusing on its technology enhancements that will allow non face-to-face selling, mobile applications and servicing, and various online and other payment options and improve work-from-home arrangements of its employees.

Funds shall be continually sourced internally for its insurance requirements and the Registrant does not foresee any uncertainty that has or is reasonably likely to have a material impact on the short or long term liquidity. The registrant will meet its due obligations on time. The registrant continues to seek higher yields for its investments through its subsidiary, SIHC. To maximize returns, any available and free cash will be invested in different investment outlets.

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity. The Group is hopeful that it will remain liquid during the prolonged economic slowdown.

The required minimum statutory net worth for Parent Company is P900.00 million as of December 31, 2020. The Registrant complied with the minimum statutory net worth capital and minimum paid-up capital required by the IC.

CL 2016-68 provides for the RBC2 framework for the life insurance industry which establishes the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks. Every life insurance company is annually required to maintain an RBC ratio of at least 100% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation. The Registrant remains compliant with this requirement.

Republic Act ("RA") No. 10001 reduced the premium tax from 5% to 2% (applicable on insurance policies issued after the effectivity of the said RA) and amended the DST to one-time payment based on the amount of insurance or coverage. RA 10963 or the Tax Reform for Acceleration and Inclusion ("TRAIN"), which became effective on January 1, 2018, increased the DST tax from the range of P10.00-P100.00 to P20.00-P200.00. Revenue Regulation ("RR") 4-2018 was issued wherein the new rates are listed under Section 10.

The Registrant, in close coordination with the IC and as mandated by the SEC, ensures adherence to its ASEAN Corporate Governance and Anti Money Laundering Operating Manual. The Registrant also complied with the requirements of The Foreign Account Tax Compliance Act (FATCA) in 2014 by registering as a Foreign Financial Institution. The Registrant is also compliant with the requirements of the Data Privacy Act.

There are no other material events subsequent to March 31, 2021 that have not been reflected in the financial statements or disclosed in the 17Q report (Annex D). There are no material commitments for material capital expenditures other than those required in the ordinary course of business.

Segment reporting is not applicable to the issuer.

The consolidated financial statements include those of the Registrant and wholly owned subsidiaries. There are no other material off-balance sheet transactions, arrangements, direct or contingent obligations and other relationships of the company with other persons created as of the first quarter of 2021.

Management’s Discussion and Analysis – 2020 vs. 2019:

The Registrant and its subsidiaries posted a decrease in gross premiums by 0.60% from P1.67Billion in 2020 to P1.66Billion in 2021. Net premiums also decreased by almost the same percentage between the two comparative years.

Taking the two comparative years, premiums, net of reinsurance, are composed of the following:

	<u>2020</u>	<u>2019</u>
Ordinary	325,111,456	374,285,200
Group	1,195,596,581	1,158,794,759
Microinsurance	2,798,750	6,636,000
Inward reinsurance	135,254,783	129,127,550
	<u>1,658,761,570</u>	<u>1,668,843,509</u>
Premiums ceded	15,258,231	16,953,935
Premiums, net of reinsurance	<u>1,643,503,339</u>	<u>1,651,889,574</u>

Premiums from the ordinary, group, and reinsurance lines all increased in 2019 as compared to 2018 while premiums from microinsurance business decreased.

As previously mentioned, no cycle, season or trend can also explain the amount of claims, surrenders and other benefits to be paid in any given period of time as these are mainly dependent on mortality rate and financial condition of the policyholders. This is the reason why the IC as the industry regulator, mandates its requirements on the issuer’s minimum networth, capital investment, reserve investment and minimum RBC ratio. Net insurance benefits and claims incurred on insurance contracts, which increased by 22% from 2018 to 2019 include death claim benefits on ordinary/individual and group businesses, maturities, health benefits, surrender values paid, dividends, and interests accruing on in force policies. There are still policyholders who opt to surrender their insurance policies, meaning, withdraw its cash value, due to financial needs, while other insurance policies have already matured during the year, at which time, the insured receives its maturity value. Death claims still comprise the significant portion of benefits and claims expensed at 58% in 2020 versus 60% in 2019. These insurance risks can be reasonably calculated and estimated, based on Actuarial studies, and thus, reserves and fund allocations are made by the Registrant. An uncertainty, therefore, which will have a material impact on the operations of the issuer, is when death benefits will be claimed all at the same time.

This is why the legal policy reserves should be enough to cover all the benefits due to the insured. The Registrant's annual legal policy reserves is certified by the Actuary and evaluated and reviewed by the IC. Total increase in legal policy reserves from 2019 to 2020 amounted to P690,372,782 which includes the effects of the change in inforce policies and in the discount rates used for the GPV valuation.

Year 2020 was marked by a significant decrease in investment and other income by 26% as compared to the 11% increase in 2019 over 2018. Investment income is composed of interests on investment securities, loans and notes, dividend income, gain on sale and fair value gains/losses. Interest earned on loans and notes, rental and other income are also included in this category. Total Impairment loss of P50Million was recognized in 2020 on investment securities and loans and notes, which is 89% higher than the 2019 impairment loss at P26Million.

On a year to year basis, the Peso appreciated to P48.023 in 2020 as against the US Dollar. The exchange rate as of year-end 2019 was at P50.635=USD1.00. This resulted in realized and unrealized foreign exchange loss amounting to P83.11Million in 2019 versus P112Million in 2020.

Commissions and other direct expenses decreased by 21% while general and administrative expenses increased by 5% from 2019 to 2020. Consolidated net income for the year ended 2020 amounted to P121Million as compared to the reinstated amount of P109Million in 2019 or an 11% increase. Basic and diluted earnings per share, consequently, increased to P0.19 per share in 2020 from P0.17 in 2019.

The consolidated statement of financial position shows an increase of 6% in total assets from P8.4Billion in 2019 to P8.98Billion in 2020. Investment securities comprise 63% of the total assets in 2020, as the Registrant and its subsidiaries continue to maximize its earning potentials with its holdings in various peso and foreign currency denominated securities. Adding this portfolio to the cash and cash equivalents at P972Million, short term investments of P63Million and accrued income of P73Million shows that the Registrant remains liquid and able to meet its obligations. Total assets of the subsidiaries amount to: SIHC, P152,920,935; and BFAI, P6,829,379.

The consolidated stockholders' equity portion reflects a total of P2.87Billion in 2020, which is lower by 10% than the P3.17Billion in 2019.

In addition to the reasons for the increase/decrease discussed in the preceding paragraphs, the following are the explanations for the changes in material items (increase/decrease equivalent to at least 5%) from year 2019 to year 2020:

- a. Decrease in cash and cash equivalents by 21% was contributed by the investing activities;
- b. Decrease in insurance receivables by 63% represent decrease in collectible premiums with due dates falling on or before the year end.
- c. Increase in accrued income by 14% was mainly due to the dividends due as of the end of the year but collected in January 2021.
- d. Decrease in loans and notes by 16% was mainly due to the decrease in salary loans portfolio.
- e. Increase in investment securities by 24% supports the efforts to maximize returns by continuously investing cash into short and long term issues.
- f. Decrease by 29% in the property and equipment at cost was due to depreciation and absence of material acquisitions during the year.
- g. Increase in Other noncurrent assets by 6% represents the installment payments made during the year for the acquisition of two condominium offices.
- h. Increase in insurance contract liabilities by 20% is mainly attributed to the increase in legal policy reserves.

- i. Increase in policyholders' dividends payable by 7% can be attributed to aging policies that are already earning dividends as provided in the insurance contracts.
- j. Decrease in loans payable by 25% was due to the payments of fixed term loans its subsidiary SIHC.
- k. Taxable investment income, which decreased due to the declining interest rates, mainly contributed to the decrease in income tax payable by 63%.
- l. Increase in accounts payable and accrued expenses by 22% to set up of amounts due as liability as of year end.
- m. Overall increase in net income by 11% was mainly due to the foreign exchange loss incurred during the year.

No action is to be taken during the Annual Stockholders' Meeting with respect to any matter specified in Items 9 or 10.

**Item 12. Mergers, Consolidations, Acquisitions and Similar Matters
– Not Applicable**

Item 13. Acquisition or Disposition of Property

No action is to be taken during the Annual Stockholders' Meeting with respect to acquisition or disposition of any property by the Company requiring stockholders' approval under the Revised Corporation Code.

Item 14. Restatement of Accounts

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the amendments to reference to the conceptual framework in Philippine Financial Reporting Standards ("PFRS") and amendments to PAS 1, Presentation of Financial Statements and PAS 8, Accounting Policies, changes in Accounting Estimates and Errors. Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect Group's financial statements.

The effects of the new and amended PFRS are fully disclosed under Note 2 – Summary of significant Accounting Policies in the Notes to Consolidated Financial Statements.

D. OTHER MATTERS

Item 15. Action with respect to Reports:

The following matters will be presented to the stockholders for approval by a majority vote at the Annual Stockholders' Meeting:

- a. Minutes of the Annual Stockholders' Meeting held last October 15, 2020.
 - Annual Report & Audited Financial Statements for the fiscal year ended December 31, 2019.
 - Amendment of Articles I and II of the Amended By-Laws
 - Increase in Director's Per Diem
 - Ratification of all acts of the Board of Directors, Board Committees, and Officers of the Company since the last Annual Stockholders' Meeting.
 - Election of Directors
 - Appointment of External Auditor for the year 2019.
- b. The 2020 Annual Report and Audited Consolidated Financial Statements for the year ended December 31, 2020

- c. Amendment of Article III Section 1 (Number of Members) and Article VI of the Company's Amended By-Laws and Amended Articles of Incorporation, respectively, to Reduce the Number of Directors of the Company from Eleven (11) to Nine (9)
- d. Amendment of Relevant Articles of the Amended By-Laws of the Company Pursuant to and in Compliance with the SEC Directive (dated 10 February 2021) to the Company
- e. Election of Directors for 2021-2022 (Including the Independent Directors)
- f. Election of External Auditors for the year 2021-2022

Item 16. Matters Not Required to be Submitted

Proofs of transmittal to stockholders of the required Notice of the Annual Stockholders' Meeting and of the presence of a quorum form part of the Agenda of the Annual Stockholders' Meeting but will not be submitted for approval by the stockholders.

Item 17. Amendment of Charter, By-Laws or Other Documents

At the regular meeting of the Board of Directors of the Company held on April 06, 2021, the Board approved the following further amendments to the Amended Articles of Incorporation and Amended By-Laws, respectively, to wit:

- (i) To reduce the number of members of Board from eleven (11) to nine (9), the following proposed amendments were approved:
 - a. Sixth Article of the Amended Articles of Incorporation:

“SIXTH – That the number of directors of said corporation shall be nine (9) who shall serve until their successors are elected and qualified as provided by the By-Laws; and the names, nationalities and residences of the first directors of the corporation are as follows:

<i>Name</i>	<i>Citizenship</i>	<i>Residence</i>
<i>Vidal A. Tan</i>	<i>Filipino</i>	<i>2 Balete Drive, Quezon City</i>
<i>Sixto K. Roxas</i>	<i>Filipino</i>	<i>3 First St., Villamor Court, Tambo, Paranaque</i>
<i>Jose B. Fernandez, Jr.</i>	<i>Filipino</i>	<i>613 Lee St., Mandaluyong MM</i>
<i>Herminio Ozaeta</i>	<i>Filipino</i>	<i>141 G. Reyes, San Juan MM</i>
<i>Wellington Koo, Jr.</i>	<i>Filipino</i>	<i>3 Dama de Noche, Quezon City</i>
<i>Carlos Palanca, Jr.</i>	<i>Filipino</i>	<i>2674 Taft Avenue, Manila</i>
<i>Aurelio Montinola, Jr.</i>	<i>Filipino</i>	<i>11 Molave Road, Forbes Park, Makati, Metro Manila</i>
<i>Jose Y. Campos</i>	<i>Filipino</i>	<i>82 Mayflower St., Mandaluyong, Metro Manila</i>
<i>Francisco V. Del Rosario</i>	<i>Filipino</i>	<i>2240 Sta. Mesa Blvd., Manila”</i>

- b. Article III Section of the Amended By-Laws:

*“Article III
Board of Directors
Section 1. Number of Members
The number of directors of the Corporation shall be nine (9) including the independent directors as may be required by law.”*

(ii) Pursuant to and in compliance with the SEC Directive (dated 10 February 2021) to the Company, the further amendments to the following provision of the Amended By-Laws were approved:

a. “Article I
Meeting of Stockholders

Section 1. Annual Meeting xxx

(B) Notice of Annual Meeting

At least twenty-one (21) calendar days prior to the day designated by Clause (A) of this Section for the holding of any annual meeting of stockholders, written notice of the time and place of such meeting shall be served by mail or by electronic mail (email), telegram, radiogram, cablegram and/or publication upon each stockholder entitled to vote at such meeting or delivered to him personally. xxx”

Section 2. Delayed Annual Meeting

(A) Holding of Delayed Annual Meeting

If for any reason the annual meeting of the stockholders shall not be held on the day designated by Clause (A) of Section 1 of this Article, or on any subsequent day to which it shall have been duly adjourned, the stockholders of record shall be notified of the new schedule of the regular meeting in accordance with Clause B of Section 1 of this Article.

(B) Notice of Delayed Annual Meeting

In case of delayed or postponement of stockholders’ annual meeting, written notice thereof and the reason therefor shall be sent to all stockholders of record at least two (2) weeks prior to the date of the meeting as originally scheduled. The stockholders of record shall be notified of the new schedule of the regular meeting in accordance with Clause B of Section 1 of this Article. xxx

Section (6) Voting

(D) Fixing record date for the determination of stockholders entitled to vote

The Board of Directors may designate, but shall not be required to designate in advance, a date, at least twenty (20) days for regular meetings and seven (7) days for special meetings before the scheduled date of the meeting, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividends, or any such allotment of rights, or to exercise the rights with respect to any such change, conversion, or exchange of capital stock, and if the date is so designated only stockholders of records on such date shall be entitled to such notice of, and to vote at, such meeting, or to receive payment of such dividends or allotment of rights, or to exercise such rights, as the case may be, and notwithstanding any transfer of any stocks on the books of the Corporation after any such record date designated as aforesaid.”

b. “Article II
Meeting of the Board of Directors

xxx

Section 2. Regular Meeting

Regular meetings of the Board of Directors shall be held at such places, either within or without the Philippines, and at such times as the Board may determine from time to time.

Section 3. Special Meeting

Special meetings of the Board of Directors may be held at any time and place whenever called by the Chairman of the Board of Directors, by the President, by a Vice President, by the Secretary, or by any three or more directors.

Section 4. Notices of Meetings

(A) Notices Required

Notice of the time, place, and purpose of such meeting shall be served by mail, or by telegram, telephone, radiogram or cablegram upon each member of the Board or delivered to him personally at least two (2) business days prior to the day set for holding any regular or special meeting of the Board.

(B) Waiver of Notice

Notice of time, place or purpose of any meeting of the Board of Directors may be waived by a director either expressly or impliedly.

Section 5. Quorum

A majority of the directors as stated in the articles of incorporation shall constitute a quorum to transact corporate business.”

c. “Article III
Board of Directors

Section 5. Board Committees and Delegation of Powers

The Board shall have the following Committees: (i) Audit Committee, (ii) Corporate Governance Committee, and (iii) Board Risk Oversight Committee.

The Board of Directors may delegate from time to time to an officer or committee any duties that are authorized or required to be executed during the intervals between meetings of the Board; such officer or committee so delegated shall report to the Board when as required by the Board.

d. “Article IV
Officers

Section 1. Enumeration of Officers

The officers of the Corporation shall be a chairman of the Board of Directors, a Vice Chairman of the Board of Directors, a President, one or more Vice Presidents, a Treasurer, one or more Assistant Treasurers, a Secretary, one or more Assistant Secretaries, a Compliance Officer, and such other officers as from time to time shall be designated and elected by the Board of Directors. xxx

Section 4. Duties of Officers xxx

I. Compliance Officer

The Compliance Officer shall be in charge of the compliance function. xxx”

e.

“Article X

Amendment of By-Laws

These By-Laws may be amended, changed, altered, added to, or repealed at any annual or special meeting of the stockholders duly called for the purpose by a majority of the board of directors and the owners of at least a majority of the outstanding capital stock. The stockholders owning two-thirds (2/3) of the outstanding capital stock may delegate to the Board of Directors the power to amend or repeal the By-Laws or adopt new By-Laws: Provided, That any power delegated to the Board of Directors to amend or repeal the By-Laws or adopt new By-Laws shall be considered as revoked whenever stockholders owning or representing a majority of the outstanding capital stock shall so vote at a regular or special meeting.”

The respective rationale behind the foregoing proposed amendments as approved by at least 2/3 of the members of the Board of Directors in a meeting duly called for such purpose, as well as the general effect of the same are as follows:

- (i) A nine-member Board allows for a better Board management in terms of meetings schedules and attendance; more streamlined and efficient discussion; and better quality participation and decision-making, while still maintaining an adequate number to represent the entire shareholders and meet the diversity and skill base expectations;
- (ii) The rest of the proposed amendments shall align the relevant provisions of the Registrant’s amended By-laws with the relevant provisions of the Revised Corporation Code and its implementing rules and regulations, to make them compliant thereof. In particular, these involve the prescribed notice period for regular and special stockholders’ and board meetings, required notice period in case of postponement of stockholders’ meetings, prescribed period in fixing the record date, requirement to elect a Compliance Officer, and establishment of mandatory Board Committees (Audit, Corporate Governance, and Board Risk Oversight).

Item 18. Other Proposed Action

Confirmation/ratification of all acts, resolutions, and proceedings of the Board of Directors, Board Committees, Corporate Officers and Management done/made in the regular course of business for the period covering the preceding year up to the date of the Annual Stockholders’ Meeting.

These include approval of the further amendments to the Amended By-Laws, Amended Articles of Incorporation, Revised Corporate Governance Manual, Money Laundering and Terrorist Financing Prevention Program Manual, Resolutions, contracts and transactions entered into by the Company, and all other acts of the Board, Board Committees, and Management passed or undertaken by them during the year covered by this report and for the day to day operations of the Company as contained or reflected in the minute books, annual report and financial statements which include but not limited to matters involving approval of budget for the current year, approval of investments, treasury matters involving opening of accounts and bank transactions, appointment of signatories and amendments thereof, engagement of consultants, sale of company vehicles and other matters the Board is required to act upon.

Item 19. Voting Procedures

- a. Section 5 of the Amended By-Laws of the Company states that at any meeting of the stockholders, the holders of majority of the issued and outstanding stock entitled to vote at such meeting, present in person or represented by proxy, shall constitute a quorum. Moreover, under the Amended By-Laws of the Company stockholders may either vote in person, or in absentia or by proxy.

Regarding the election of members to the Board, nominees who receive the highest number of votes shall be declared elected pursuant to Section 23 of the Revised Corporation Code.

Under the Revised Corporation Code, the affirmative vote of stockholders representing at least two thirds (2/3) of the outstanding capital stock of the Company shall be necessary for the approval of the proposed amendment to the Articles of Incorporation.

Except in cases provided above, or where the law provides otherwise, all matters subject to vote shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present. Stockholders of record are entitled to one (1) vote per share. For other matters submitted to the stockholders for approval, a vote by a majority of the shares present or represented during the meeting shall be necessary to approve the proposed action.

- b. Sections 23 and 57 of the Revised Corporation Code provides that the corporation may allow a stockholder to cast his vote *in absentia* via modes which the corporation shall establish, taking into account the corporation's scale, number of shareholders or members, structure and other factors consistent with the basic right of corporate suffrage.

Considering that the Annual Stockholders' Meeting will be held virtually and in accordance with SEC Memorandum No. 6, series of 2020, the Company made internal procedures, attached herewith as Annex D, describing the steps to be taken by stockholders for the latter to cast/submit their votes online. The stockholders shall be entitled to the same number of votes as described above. The Corporate Secretary shall record all the votes and proceedings of the stockholders and of the directors in a book kept for that purpose.

- c. Participation of Shareholders by Remote Communication

In support of the efforts to contain the spread of COVID-19 infection and to ensure the safety and welfare of its stockholders, directors, officers, and employees, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication through the linkⁱ created by the Company for such purpose.

In order for the Company to properly conduct validation procedures, stockholders who have not sent their proxies or registered on the voting *in absentia* websiteⁱⁱ who wish to participate via remote communication must register at <https://form.jotform.com/benlifemis.com.ph/2021-ASM-registration> on or before 21 June 2021. Please refer to Annex D for the detailed guidelines for participation via remote communication and the procedures for registration and casting of votes *in absentia*.

Item 20. Management Report (Annual Report) – Annex “A-1”

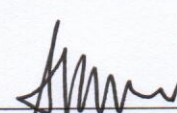
Item 21. Statement of Management’s Responsibility and Audited Financial Statements – Annex “B”

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on May 28, 2021.

BENEFICIAL LIFE INSURANCE COMPANY, INC.

By:



MA. SIGRID R. PINLAC
Corporate Secretary

MATERIALS ACCOMPANYING THIS INFORMATION STATEMENT

1. **Annex A** - The Company’s Directors and Executive Officers
2. **Annex A-1** - Annual Report for 2020 (SEC Form 17-A)
3. **Annex B** - Statement of Management’s Responsibility for Financial Statements and Audited Consolidated Financial Statements for 2020
4. **Annex C** - Unaudited Consolidated Financial Statements for the Interim Period Ended March 31, 2021 (SEC Form 17-Q)
5. **Annex D** - Registration Procedure for Voting *In Absentia* and Participation via Remote Communication

UNDERTAKING

Upon the written request of the stockholder, the Company undertakes to furnish said stockholder a copy of SEC Form 17-A, free of charge. Such written request should be addressed to:

BENEFICIAL LIFE INSURANCE COMPANY, INC.

Beneficial Life Bldg. 166 Salcedo St., Legaspi Village
Makati City 1229

Attention: **MA. SIGRID R. PINLAC**
Corporate Secretary

FEEDBACK

At Beneficial Life Insurance Company, Inc., we strive to provide you with the highest possible standards of service at all times. Should you have any complaints or concerns, you may bring it up through our website at www.benlife.com.ph, or you may call our Customer Service hotline at 8818-8671 (loc. 8573).

ⁱ <https://www.benlife.com.ph/benlife-2021-ASM/>

ⁱⁱ <https://form.jotform.com/benlifemis.com.ph/2021-ASM-polls>

**BENEFICIAL LIFE INSURANCE COMPANY, INC.
DIRECTORS AND OFFICERS**

I. DIRECTORS

A. The following are the incumbent Directors of the Company:

ROBERTO C. FERNANDEZ, age ■, *Filipino*, has been a Director since 1995. He is the duly elected and incumbent Chairman of the Board of the Registrant. He is also a member of its Audit Committee, Board and Risk Oversight Committee, Corporate Governance Committee, and Related Party Transaction Committee.

At present, Mr. R. Fernandez is likewise the Chairman and President of Manila Cordage Co., Chairman of FMF Development Corporation and Beneficial Advisors, Inc. He is the President of AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation), Manco Insurance Agents, Inc., Manco Synthetics Inc., Mancorealty, Inc., and Manco Farms, Inc.

Mr. R. Fernandez received both his Bachelor of Science degree, major in Business Management, and Bachelor of Arts degree, major in Interdisciplinary Studies, from the Ateneo de Manila University. He received his master’s degree in Management from JL Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois, USA.

JAIME C. FERNANDEZ, age ■, *Filipino*, is the Registrant’s President and Chief Executive Officer (“CEO”) effective June 06, 2018. He is also currently the Chairman of AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation) and ETC Forest Lawn. He is the President of Merje Trading Inc., and FMF Development Corporation. He is a Director and Treasurer of the Investment Planning Corp. of the Phils., and a director in Marilag Holdings, Inc. He is the Chairman of ETC Forest Lawn. He is also the President of Beneficial Financial Advisors, Inc. He also sits in the Board of Trustees of PLIA Inc.

Mr. J Fernandez graduated from the Ateneo de Manila University and has a Master in Finance degree from Golden Gate University.

ENRIQUE C. FERNANDEZ, age ■, *Filipino*, is a Director since 1984. He is also a Director and President of Eramen Minerals, Inc. His other directorships include Merje Trading Inc., and AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation)

Mr. E. Fernandez received his Bachelor of Science degree, major in Business Management, from the Ateneo de Manila University, and his Master of Business Management degree, major in Finance and Marketing, from JL Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois, USA.

MARIA ELENA C. FERNANDEZ, age ■, *Filipino* is a director in the Registrant’s Board. She is also currently a director in AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation), Merje Trading Inc., and FMF Development Corporation. She is presently a Private Consultant and Investor of Global Equity Portfolios and of Residential Single and Multi-Family Development.

She was a Senior Global Equity Analyst for Janus Capital, CO from 1995 to 2001 and was a Vice President – Senior Risk Manager for ING (U.S.) Capital Holding Inc., NY prior thereto.

Ms. M.E. Fernandez has a master's degree in Business Administration from Darden Graduate School of Business Administration-University of Virginia and a Bachelor of Arts degree major in Zoology and minor in Economics from Smith College.

ROBERTO F. DE OCAMPO, age ■, *Filipino*, is an Independent Director, Chairman of the Audit Committee, and member of the Board and Risk Oversight Committee, Corporate Governance Committee, and Related Party Transaction Committee of the Registrant.

Mr. de Ocampo also currently serves as the Chairman of Philippine Veterans Bank, Philam Asset Management, Inc., Hatch Asia, Inc., Stradcom Corporation, Tollways Association of the Philippines, Money Tree Publishing Corporation, Centennial Asia Advisors Pte Ltd.; the Vice-Chairman of the Tranzen Group, Montalban Methane Power Corporation, Agus 3 Hydro Power Corporation, and La Costa Development Corporation; a Director of Investment and Capital Corporation of the Philippines Group of Companies, PHINMA Corporation, Alaska Milk Corporation, Bankard, Inc., EEI Corporation, House of Investments, Robinson's Land Corporation, and Salcon Power Corporation; and a Member of the Board of Advisers of ARGOSY Fund, Inc. AES Corporation (Philippines) and the CIMB Group. Moreover, Mr. de Ocampo holds several vital positions in both prestigious international organizations as well as civic organizations.

Mr. de Ocampo graduated from the Ateneo de Manila University, received his MBA degree from the University of Michigan, holds a post-graduate diploma from the London School of Economics, and has 4 doctorate degrees (Honoris Causa). He is the recipient of many international awards, including Finance Minister of the Year, Philippine Legion of Honor, Association of Development Financing in Asia and the Pacific ("ADFIAP") Man of the Year, Chevalier of the Legion of Honor of France, Ten Outstanding Young Men Award (TOYM), several Who's Who Awards, and the 2006 Asian Human Resource Development ("HRD") Award. In June 2012, Mr. De Ocampo was awarded by Queen Elizabeth II with a medal for his appointment as an honorary officer of the Most Excellent Order of the British Empire.

JAIME F. PANGANIBAN, age ■, *Filipino*, was nominated as an Independent Director on May 19, 2014. He is the Chairman of the Board and Risk Oversight Committee, and member of the Audit Committee, Corporate Governance Committee, and Related Party Transaction Committee of the Registrant

Mr. Panganiban is also the Chairman and Chief Executive Officer ("CEO") of Lakes Shore CCY Inc. and BGP Asia Pacific Ltd. Inc.; the Chairman and President of JFP Assets Corp.; a Co-Chairman at Compont Networks, Inc.; and a Director of JP Latex Technology, Inc. In 2005, he served as the Advisor and Chief Financial Officer of Development Bank of the Philippines ("DBP") and undertook the take over and rehabilitation of Al-Amanah Islamic Investment Bank of the Philippines where he was eventually appointed Chairman and CEO in 2008. Mr. Panganiban is an accomplished senior bank executive with widely recognized expertise in treasury, capital markets, investment banking, trust, and wealth and risk management, built upon a foundation of exposures and postings in the Asia Pacific region.

Mr. Panganiban completed his Advanced Management Program ("AMP") at the Templeton College, University of Oxford, United Kingdom, and Financial Asset Management and Engineering at the FAME, University of Lausanne, Switzerland. He received his BSC degree, major in Accounting, from the Ateneo de Zamboanga and took his MBA units at the Ateneo de Manila University.

CESAR O. VIRTUSIO, age ■, *Filipino*, has been an Independent Director since 2006, presently the Chairman of the Corporate Governance Committee and Related Party Transaction Committee, and a member of the Audit Committee and Board and Risk Oversight Committee of the Registrant.

Mr. Virtusio was until recently the Managing Director of the Bankers Association of the Philippines (“BAP”) where he served for 8 years and held Board and Executive positions in BAP related entities. He sits as a board member of a European-related automotive general distribution company, and Amalgamated Investment Corporation. He used to be the Chief Representative and an Adviser to Dresdner Bank and Dresdner Kleinwort. He has been with the Dresdner Bank Group in Germany, Hong Kong, Singapore, and the Philippines for over 20 years in various management positions in corporate and investment banking. He also had a stint with Citibank Manila where he participated in the Executive Development Program and was a Manager in the Bank’s World Corporation Group.

Mr. Virtusio has a master’s in Business Administration with a major in International Business from the George Washington University, Washington DC.

JOHN E. HUANG, age ■, *Filipino* is an independent director and alternate member of the Board and Risk Oversight Committee and Related Party Transaction Committee of the Registrant. He is an experienced insurance and reinsurance professional. Before retiring in 2017, he was a Senior Vice President and the Head of Investments of National Reinsurance Corporation of the Philippines (NatRe) from 2014 and before that was the Senior Vice President, Chief Finance Officer, Treasurer and Head of Investments of NatRe. From 2004 to 2006, he was the Chief Finance Officer and Treasurer of Universal Malayan Reinsurance Corporation and the Chief Financial Officer and Director of C&P Homes, Inc. from 1995 to 1999. He was a First Vice President and Treasurer of the Boston Bank of the Philippines in 1989 and a Vice President for The First National Bank of Boston in Boston Mass when he left the same after 6 years in 1988.

Mr. Huang received his master’s degree in Business Administration from the Graduate School of Business Administration – Harvard University in 1982. His Bachelor of Arts degree, Economic Honors Program came from Ateneo De Manila University where he graduated magna cum laude.

ATTY. PAUL P. SAGAYO, JR., age ■, *Filipino*, was elected to the BOD on June 06, 2018. He is also a member of the Audit Committee, Board and Risk Oversight Committee, and Related Party Transaction Committee of the Registrant.

Atty. Sagayo has 20 years of progressive law practice with extensive exposure in court litigation and arbitration. He is a Partner in Sagayo Evangelista & Rebuella Law Offices. He also currently serves as a director in One Taipan Holdings, Inc., Calac High Power Corporation, Synergy Grid & Development Phils., Inc., ETC Realty Corporation, and Trinity University of Asia.

He graduated from Trinity College of Quezon City with a degree in Bachelor of Arts in Political Science. He received his Bachelor of Laws degree from San Beda College in 1992.

B. As of May 21, 2021, the following are the nominees eligible for election to the Board on the 2021 Annual Stockholders' Meeting of the Company:

ROBERTO C. FERNANDEZ	(see above-cited credentials)
JAIME C. FERNANDEZ	(see above-cited credentials)
MARIA ELENA C. FERNANDEZ	(see above-cited credentials)
ROBERTO F. DE OCAMPO	(see above-cited credentials)
JAIME F. PANGANIBAN	(see above-cited credentials)
CESAR O. VIRTUSIO	(see above-cited credentials)
JOHN E. HUANG	(see above-cited credentials)
PAUL P. SAGAYO, JR.	(see above-cited credentials)

SANTIAGO GABRIEL O. FERNANDEZ, age ■, Filipino, was elected and served as Director in the Registrant's Board from July 22, 2016 until his resignation in March 03, 2020. He was nominated to for election to the Board last May 20, 2021 by Ms. Jocelyn Obispo, a minority stockholder

He was a Full Time Associate in PricewaterhouseCoopers ("PWC") where he specialized in business enterprise valuation and financial model review of companies engaged in the shipping, tankering, integrated logistics, and renewable energy industries. He was also involved in the Support Bid and Financial Model Advisory for the Light Rail Transit 2 ("LRT2") and the Regional Airport Public-Private Partnership ("PPP") projects run by the PPP Center.

Mr. Santiago Fernandez received his Bachelor of Commerce degree, major in Economics and Finance (with Third Class Honours), from the University of Melbourne, Australia.

II. EXECUTIVE OFFICERS

The following are the incumbent Officers of the Company:

ROBERTO C. FERNANDEZ, Chairman (see credentials under "Directors")

JAIME C. FERNANDEZ, President and Chief Executive Officer (see credentials under "Directors")

ANNETTE MARIE M. MALIXI, age ■, Filipino, is the Chief Investment Officer. She is currently the Treasurer of Beneficial Financial Advisors, Inc. She is formerly the Vice President/Group Head in the Private Banking and Fixed Income Distribution Group of Unionbank of the Philippines from 2006 up to the second half of 2008. Her more than 20 years' experience in Treasury from International Exchange Bank, Asian Bank Corp., AB Capital and Investment Corp. and Private Development Corp. of the Phils. has honed her specialization in proprietary trading in domestic and foreign fixed income instruments, reserve and liquidity management, foreign exchange and swaps, derivatives, and risk management.

Ms. Malixi passed her Chartered Financial Analyst ("CFA") Level 1 exam in June 2008 and obtained her Bachelor of Science degree, major in Industrial Engineering, at the University of the Philippines.

MA. EDITHA S. PALTONGAN, age ■, *Filipino*, is the Senior Vice President and Comptroller. She worked with Sycip, Gorres, Velayo & Co. (“SGV & Co.”) from 1987 to 1991 as Senior Auditor, after which, she joined the Registrant. Ms. Paltongan is also a board member of Beneficial Financial Advisors, Inc.

Ms. Paltongan graduated Magna Cum Laude with a Bachelor of Science in Business Administration (“BSBA”) degree from University of the East and passed the CPA board examination in 1987.

JOY S. VIANZON, age ■, *Filipino*, is the Vice President / Chief Accountant. She re-joined the Registrant in August 2010 as Chief Accountant. She first joined the Registrant from 1995 to 2007. She was previously connected with IBM Business Services, Inc., Avida Corporation, HSBC, and SGV & Co. She is currently a Director of Beneficial Financial Advisors, Inc. She completed her BSC - Accounting degree at De La Salle University, and passed the CPA board examination in the same year.

ATTY. MA. SIGRID R. PINLAC, age ■, *Filipino*, is the Registrant’s Corporate Secretary and Head of Human Resources and Legal and Regulatory Affairs Department. Prior to joining the Registrant in February 2018, Atty. Pinlac worked as senior legal counsel of TPPH-FHCS, Inc. (Teleperformance), and Head of Corporate Services and Compliance Unit of Malayan Insurance Group of Companies. She was an associate lawyer in the Law Firm of Aquino Regino Arceo Palma Raagas & Associates.

Atty. Pinlac is an alumna of the University of Santo Tomas where she finished her degree in Bachelor of Science major in Biology. She received her Bachelor of Laws degree from the University of the East in 2003.

ATTY. KAIMA VIA B. VELASQUEZ, age ■, *Filipino*, is the Compliance Officer of the Registrant. Prior to joining the Registrant in November 2018, she was the Legal and Compliance Officer of the Philippine Rural Development Project – Luzon B under the Department of Agriculture. She served as senior manager in Teleperformance and handled contracts management and audit. Likewise, she was a lawyer for Malayan Insurance Company, Inc. with her last post being the Assistant Head for Claims Department.

Atty. Velasquez has a Diploma in Industrial Relations from the University of the Philippines – School of Labor and Industrial Relations, and is currently finishing her master’s degree in Industrial Relations major in Human Resource Development. She received her Bachelor of Laws degree from San Beda University, College of Law in 2008.

DANILO L. MERCADO, age ■, *Filipino*, is the Vice President for Metro Manila Sales Operations. He began his employment career with the Registrant in April 2013. Prior to his employment with the Registrant, Mr. Mercado was connected to First National Surety and Philippine Prudential Life.

Mr. Mercado received his degree in B.S.C Accountancy from Colegio de San Juan de Letran in 1982.

JUANITO B. TAN, age ■, *Filipino*, is the Deputy Head for Company Operations. Prior to joining the Registrant in 2012, held various key management positions in different insurance companies. He was AVP in Aetna Phil Ventures and CAP Life Insurance. He served as Director – Market Alliances in MetLife Philippines. He was likewise employed with United Coconut Planters Life, Sector Insurance Agency, and Insular Life.

Mr. Tan received his AB Economics degree from the University of the Philippines. He finished his post graduate degree on Management Processes & Practice in Asian Institute of Management.

TERESITA E. ULLEGUE, age ■, *Filipino*, is the Vice President and Head of Policy Administration and Services Department. She has been with the Registrant since 1989 and held various positions, initially from the rank of Supervisor in the Actuarial Department, then Manager of the same department, to AVP and then VP and Head of Policy Administration and Services Department.

Ms. Ullegue is an alumna of Lyceum of the Philippines with a degree in BS Marketing.

DEVORAH Q. DELA CRUZ, age 60, *Filipino*, is the Assistant Vice President for Credit and Collections. Ms. Dela Cruz joined the Registrant in June 1993. She is also currently the Accountant of Beneficial Financial Advisors, Inc.

Ms. Dela Cruz graduated with a BSBA – Accounting degree at the Pamantasan ng Lungsod ng Maynila and she passed the CPA board examination in 1985.

MARITESS M. LLAPITAN, age ■, *Filipino*, is the Assistant Vice President for Underwriting. Prior to joining the Registrant in July 2016, Ms. Llapitan was the Compliance Officer and Head of New Business and Underwriting and Licensing Department of the Philippine Prudential Life Co., Inc. She also worked as the Senior Manager of the New Business and Underwriting Department of Sunlife–Grepa Life Insurance Co./Great Pacific Life Assurance Co., Operations Director at Manulife Financial Business Processing Services, Group Life Manager at The Manufacture Life Insurance Company Philippine Branch, Underwriting Manager of Philam Equitable Life Assurance Co., Manager of the Underwriting, New Business and Policy Department of John Hancock Life Assurance Co., and Senior Underwriter at First Guarantee Life Assurance Company, Inc.

Ms. Llapitan received her Bachelor of Science degree, major in Medical Technology, from San Juan De Dios College, Pasay City, graduating as a Bronze Medalist and with academic citation for Clinical Excellence.

ELIZABETH T. FLORES, age ■, *Filipino*, is the Assistant Vice President for Health Care Services. She held the position of Senior Vice President for Administration in Star Healthcare Systems, Inc. prior to joining the Registrant in October 2016. She likewise worked with First Guarantee Life Assurance Co., Inc. and Corregidor Life Insurance.

Ms. Flores graduated from the Polytechnic University of the Philippines with a BSC-Economics degree. She has a master's degree in Business Administration from the same university.

GLENN P. ABUZO, age ■, *Filipino*, is the Assistant Vice President for Management Information System (MIS) of the Registrant. Before joining BenLife in 2016, he worked for several companies as an IT professional, the last of which was with IBM Solutions Delivery Inc. as an IT Specialist where he handled IBM Internal, Deutsche Bank and Shell Petroleum Inc. accounts among others.

Mr. Abuzo graduated from the Central Colleges of the Philippines in 1991 with a Bachelor of Science degree major in Computer Science in 1991.

JOHN JORGE S. ORBE, age ■, *Filipino*, is the Assistant Vice President for Facilities of the Registrant. He is a licensed Mechanical Engineer having passed the Professional Regulation Commission Licensure examination in 1994. His 26 year career as a Mechanical Engineer includes prior experience from EEI Corporation, LanDev Corporation and Quadrivier Energy Corporation (Energy Company of Ayala Corporation).

Mr. Orbe received his Bachelor of Science degree in Mechanical Engineering from the Central Philippine University in Iloilo City.

COVER SHEET

SEC Registration Number

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Company Name

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A	N	Y	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S				

Principal Office (No./Street/Barangay/City/Town/Province)

7	T	H		F	L	O	O	R		B	E	N	E	F	I	C	I	A	L		L	I	F	E		B	U	I	L
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S	P	I		V	I	L	L	A	G	E	,		M	A	K	A	T	I		C	I	T	Y						

Form Type

1	7	-	A
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

corpsec@benlife.com.ph

Company's Telephone Number/s

(+632) 8818 8671

Mobile Number

09992297694

No. of Stockholders

6808

Annual Meeting
Month/Day

Any Day in June

Fiscal Year
Month/Day

DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

MA. SIGRID R. PINLAC

Email Address

corpsec@benlife.com.ph

Telephone Number/s

(+632)8818 8671

Mobile Number

09992297694

Contact Person's Address

7F Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City

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

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, AS AMENDED**

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

1. For the fiscal year ended DECEMBER 31, 2020
2. SEC Identification Number 16680
3. BIR Tax Identification No. 000-883-987
4. Exact name of issuer as specified in its charter
BENEFICIAL LIFE INSURANCE COMPANY, INC.
5. MANILA, PHILIPPINES
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
Life Insurance
7. BENEFICIAL LIFE (BENLIFE) BLDG., 166 SALCEDO ST., LEGASPI VILLAGE, MAKATI CITY
Address of principal office Postal Code 1229
8. (02) 88188671
Issuer's telephone number, including area code
9. N/A
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the Revised Securities Act ("RSA"):

Title of each class	No. of shares of Common Stock Outstanding
COMMON STOCK shares	N/A
11. Are any or all of these securities listed on the Philippine Stock Exchange ("PSE").

Yes [] No []
12. Check whether the issuer:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [] No []
 - (b) has been subject to such filing requirements for the past 90 days:

Yes [] No []
13. State the aggregate market value of the voting stock held by non-affiliates of the registrant:

118,624,760 shares x P1.50 average bid/ask price = P177,937,140 market value

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

1.1 Business Development

BENEFICIAL LIFE INSURANCE COMPANY, INC. (the “Registrant”) is a domestic stock corporation established on March 16, 1960 with an initial authorized capitalization of P2.5Million. The primary purpose of the Registrant is to *undertake and write insurance upon the lives of individuals, and every insurance appertaining thereto or connected therewith, including reinsurance; to make contracts for insurance and reinsurance providing for all risks, hazards, guarantees and contingencies to which life, accident or health insurance is applicable; to compute endowments and grants, purchase or dispose of annuities; to procure reinsurance for its risks; to issue policies stipulated to be with or without participation in profits; and to purchase for its own benefit any policy of insurance or other obligation of the corporation as well as claims of policyholders.* The Registrant is under the regulation of the Insurance Commission (“IC”).

On April 10, 1997, the Philippine Securities and Exchange Commission (“SEC”) approved the increase in the Registrant’s authorized capital stock from P20Million to P70Million.

On July 15, 1996, the Registrant and Philippine National Bank (“PNB”) entered into a Memorandum of Agreement (“MOA”) whereby the latter bought equity in the former equal to 40% ownership. This partnership, however, was dissolved on May 30, 2008.

FMF Development Corporation (“FMF”) then acquired 50% of the said 40% equity of PNB, thus, increasing its shareholdings in the Registrant from 51% to 81%.

The SEC, effective October 06, 2009, approved the change in name of the Registrant from “Beneficial-PNB Life Insurance Company, Inc.” to “Beneficial Life Insurance Company, Inc.” and the extension of another 50 years of its corporate term.

On October 9, 2009, it was approved and resolved that the authorized capital stock of the Registrant be increased from P70Million, divided into 70,000,000 shares with par value of P1.00 per share to P500Million, divided into 500,000,000 shares with the same par value per share. The said increase was made in compliance with Department of Finance (“DOF”) Order 27-06, which was approved by the SEC on February 4, 2010.

The additional subscription on the increase in authorized capital stock of the Registrant shall be made by way of application of the 550% stock dividends declared on August 10, 2009.

On August 6, 2012, the Registrant’s Board of Directors (“BOD”) approved the increase in the Registrant’s authorized capital stock from P500Million, consisting of 500,000,000 common shares with P1.00 par value per share, to P1Billion, consisting of 1,000,000,000 common shares with the same par value per share. The application for the said increase in the authorized capital stock was submitted to the SEC on February 5, 2013.

Also, on August 6, 2012, the BOD approved the declaration of 58% stock dividend or a total of 188,584,808 shares to be taken from the Registrant’s unrestricted retained earnings as of December 31, 2011, and distributed to stockholders as of October 9, 2012. The full amount of P188,584,808 was previously presented as stock dividends for issuance under the stockholders’ equity in the statements of financial position pending the completion of the SEC requirements for the increase in authorized capital stock.

On April 10, 2014, the BOD approved the declaration of 22% stock dividend or a total of 113,020,283 shares to be taken from the Registrant’s unrestricted retained earnings as of December 31, 2013.

At least 25% of the increase in the authorized capital stock of P500Million, or the amount of P301,605,091 has been subscribed and fully paid up through the 58% and 22% stock dividend declarations.

The application for increase in the authorized capital stock that was initially submitted to the SEC on February 5,

2013 was re-filed on March 27, 2015. The SEC issued a certificate of approval to the said increase in capital stock on March 31, 2015.

During its 60 years in the life insurance industry, the Registrant has not undergone any bankruptcy, insolvency, receivership or similar proceeding.

1.2 Business of Issuer

DESCRIPTION OF THE REGISTRANT

Principal Product or Service:

Traditional LIFE INSURANCE POLICIES which may be grouped into Regular Plans, Term Plans, Special Corporate Plans and Product Mix Plans. The main business may be generally classified into 2, namely, ordinary/regular business which represents policies sold to individuals, and group business which is commonly known as term plans sold to groups, companies or institutions. Another business line is reinsurance wherein the Registrant accepts risk in consideration of premiums from institutional clients. The Registrant has also ventured into the microinsurance program in 2016. As of December 31, 2020, regular business accounts for 23% while group business accounts for 69% of the total gross premiums. Inward reinsurance makes up the remaining 8% of the total gross premiums.

Foreign Sales: NONE

Distribution Methods of Product/Service:

The Registrant has always used its agency force nationwide as the traditional distribution channel. In 2009, the Registrant ventured into alternative distribution channels, such as telemarketing, and teams were set up Cebu and Davao and different offices in Metro Manila to capture their respective markets. The Registrant also expanded its distribution channel to mall operations in 2013.

Status of Any Publicly Announced New Product or Service:

The Registrant introduced its microinsurance product called “Benlife Shield” during the last quarter of 2016. It is a single pay, micro personal accident no-lapse insurance plan that provides individual insurance coverage up to the age of 60. Also, during the last quarter of 2016, the Registrant offered its group insurance rider called “Benlife Care.” It is a health care rider attached to a group yearly renewable term that allows policyholders to avail of medical and hospitalization benefits through affiliated medical service providers, subject to certain conditions and limitations. These 2 products were approved by the IC prior to selling.

Competition:

As of the year ended December 31, 2020, there are 31 life insurance companies operating in the Philippines. Based on the unaudited figures released by the IC for 2018 (source: www.insurance.gov.ph), the Registrant ranks as follows:

According to Premium Income: 17th
According to Networth: 17th

The top 16 life insurance companies in terms of premium income are all selling variable products. The Registrant does not offer variable plans.

The major target markets of the Registrant belong to the socioeconomic classes C, D, and E nationwide. Many of the policyholders are teachers, firemen, policemen, government agency employees, bank employees and the like. Price is a major factor in competition followed by service. Since insurance is not considered a basic necessity, its marketability highly depends on the economic status of the insuring public.

Of all the life insurance companies, the Registrant believes that, in terms of business line and target markets, its major competitors are Fortune Life Insurance Co. and Paramount Life and Gen. Ins. Corp., which are both selling traditional insurance products and have no variable products like the Registrant. The Registrant believes that it can effectively compete with other companies, more specifically with its closest competitors, mainly because of its stability founded on 61 years of experience, skilled and numerous agency forces operating nationwide, financial strength assuring solvency and liquidity, and marked presence in major cities nationwide. The Registrant continues to build strong business relationships with its institutional clients.

Transactions with and/or Dependence on Related Parties:

The related parties of the Registrant include FMF and Beneficial Financial Advisors, Inc. (“BFAI”), which are domestic corporations, and another subsidiary, Solana Investment Holdings Corp. (“SIHC”), a foreign corporation.

FMF, the Registrant’s parent company, is its largest stockholder with 81% ownership of the outstanding shares of the Registrant, which is primarily engaged in direct equity investments in other companies, investments in fixed income securities and property leasing.

BFAI is primarily engaged in providing training and consultancy services related to any marketing activities and promotions, and the administration and property management of the Beneficial Life Bldg. in Makati City. Moreover, the Registrant assigned to BFAI the right to lease out vacant spaces of the properties owned by the former. This subsidiary previously handled the training and marketing requirements of the bancassurance operations of the Registrant with PNB. On April 24, 2015, the SEC approved the change in its corporate name from “Beneficial-PNB Financial Advisors, Inc.” to “Beneficial Financial Advisors, Inc.”

SIHC is a wholly owned subsidiary of the Registrant. It is an investment company with holdings in foreign securities and bonds.

Trademarks:

On April 29, 2015, the Registrant filed its trademark application forms with the Intellectual Property Office (“IPO”). These are for the registration of the Registrant’s trademark “Benlife” device and logo and the marketing slogan “Alagang Tunay. Alagang Benlife.” (the “Subject Marks”). Accordingly, the IPO issued the Certificates of Registration for the Subject Marks in favor of Registrant on November 5, 2015 and October 2, 2015, respectively. These Certificates of Registration of the Subject Marks have a term of 10 years. On account thereof, the Registrant has acquired the exclusive right to prevent any and all persons from using in the course of trade, identical or similar marks for goods or services which are identical or similar to those in respect of which the Subject Marks are registered, where such use would result in a likelihood of confusion.

License:

License no. 2019/31-R was issued by the IC to the Registrant on December 17, 2018, which took effect on January 1, 2019 and to expire on December 31, 2021.

Need for any Governmental Approval of Principal Products/Services:

All products/services are first approved by the IC, in compliance with the Amended Insurance Code of the Philippines, prior to selling.

Effect of Existing or Probable Governmental Regulations on the Business:

The operations of the Registrant are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., capitalization requirements, capital and reserve investments, risk based capital or “RBC” ratio requirements).

Tax regulations materially affect the cost of the product/service. Insurance premiums and policies are subject to premium tax and documentary stamp tax (“DST”), which are being passed on to the insured/client. These taxes are

additional costs, which make the product more expensive. Republic Act (“RA”) No. 10001 reduced the premium tax from 5% to 2% (applicable on insurance policies issued after the effectivity of the said RA) and amended the DST to one-time payment based on the amount of insurance or coverage. RA 10963 or the Tax Reform for Acceleration and Inclusion (“TRAIN”), which became effective on January 1, 2018, increased the DST tax from the range of P10.00-P100.00 to P20.00-P200.00. Revenue Regulation (“RR”) 4-2018 was issued wherein the new rates are listed under Section 10.

On August 5, 2013, the President of the Philippines approved RA No. 10607, also known as the “Amended Insurance Code R.A.10607” which provides the new capitalization requirements of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022. The following presents the amount of required net worth and the schedule of compliance per New Insurance Code:

Networth	Compliance Date
<i>P550,000,000.00</i>	<i>December 31, 2016</i>
<i>P900,000,000.00</i>	<i>December 31, 2019</i>
<i>P1,300,000,000.00</i>	<i>December 31, 2022</i>

On January 13, 2015, the IC issued the Circular Letter (“CL”) No. 2015-02-A, which provides for the clarification of minimum capital requirements under Sections 194, 197, 200 and 289 of the New Insurance Code. The said CL supersedes the Department Order Nos. 27-06 and 15-2012, and CL Nos. 22-2008 and 26-2008. The minimum networth requirements must remain unimpaired for the continuance of the Registrant’s license.

The required minimum statutory net worth for the Registrant is P900Million as of December 31, 2019. The Registrant has complied with the minimum statutory net worth capital and minimum paid-up capital required by the IC.

The Amended Insurance Code provides that the Commissioner may require the adoption of the RBC approach and other internationally accepted forms of capital framework. Together with the insurance industry, the IC is currently in the process of adopting a new RBC approach that would be more tailored to the Philippine insurance industry. In 2016, the IC issued CL 2016-68 regarding the Amended RBC framework to be known as “RBC2 Framework” which was effective starting January 1, 2017.

CL 2016-68 provides for the RBC2 framework for the life insurance industry which establishes the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks. Every life insurance company is annually required to maintain an RBC ratio of at least 100% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation.

The RBC ratio shall be calculated as total available capital (“TAC”) divided by the RBC requirement. TAC is the aggregate of Tier 1 and Tier 2 capital minus deductions, subject to applicable limits and determinations. Tier 1 Capital represents capital that is fully available to cover losses of the insurer at all times on a going-concern and winding up basis. Tier 2 Capital which includes reserve for appraisal increment and remeasurement gains or losses on retirement pension asset or obligation shall not exceed 50% of Tier 1 Capital. RBC requirement shall be computed based on the formula provided in the Circular and shall include asset default risk, insurance pricing risk, interest rate risk and general business risk.

Failure to meet the RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels. IC issued its Circular Letter no. 2017-30 dated May 2, 2017 wherein all insurance companies are required to take action in case its RBC ratio measures as follows:

<i>RBC Ratio (Y)</i>	<i>Event</i>	<i>Action</i>
<i>100% < Y < 125%</i>	<i>Trend Test</i>	<i>Registrant is required to submit linear extrapolation of the RBC ratio for the next period. If the RBC ratio based on the trend test falls below 100%, move to Company Action Event</i>
<i>75% < Y < 100%</i>	<i>Registrant Action</i>	<i>Registrant is required to submit RBC plan and financial projections and implement the plan accordingly.</i>
<i>50% < Y < 75%</i>	<i>Regulatory Action</i>	<i>IC is authorized to issue Corrective Orders.</i>
<i>Y < 50%</i>	<i>Authorized and Mandatory Control</i>	<i>IC is authorized and required to take control of the Registrant</i>

The final amount of the RBC ratio can be determined only after the accounts of the Company have been examined by the Insurance Commission specifically for the determination of admitted and non-admitted assets as defined under the Insurance Code. The Registrant reported RBC ratio of not less than 125% during the 2020 interim quarterly reports.

IC issued CL No. 2016-65 and 2015-29, Financial Reporting Framework (“FRF”) under Section 189 of the New Insurance Code. The FRF will adopt the economic valuation of assets and liabilities based on internationally accepted accounting, actuarial, and insurance core principles.

IC also released CL No. 2016-66, Valuation Standards for Life Insurance Policy Reserves, pursuant to Sections 216 and 423 of The Insurance Code. Where appropriate, the life insurance policy reserves shall be valued using the Gross Premium Valuation (GPV) considering other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation. IC decided to treat the change in the basis of valuation as a change in accounting policy and shall be retrospectively applied.

The full implementation of FRF and valuation standards has taken effect on January 1, 2017.

Total Number of Employees and Number of Full Time Employees as of December 31, 2020:

Employees: 252
Full time employees: 252
No. of anticipated employees for the ensuing year: 252

On February 12, 2018, the Collective Bargaining Agreement (“CBA”) has been signed and executed by the Registrant and the labor union which shall be valid and effective for a period of three (3) years and shall continue from year to year thereafter, unless otherwise terminated by either party pursuant to Article XVII, Section 1 thereof.

Training and Development:

The Registrant implements a training and development program where employees and officers are provided with the opportunity of attending relevant courses, conventions, and trainings provided by reputable entities, locally and abroad. The training and development program is designed to enhance the knowledge, skills, and competence of the Registrant’s employees and officers. For this purpose, the Registrant allocates on a yearly basis, a budget for such training and development. In 2020, the following seminars/trainings were taken by the Registrant’s appropriate employees and officers:

Corporate Governance and Legal Risk Management
 Anti-Money Laundering and Countering Terrorism
 Webinar on IFRS 17
 Accounting for Non Accountants

Introducing Update.It!

The Definitive Guide to Writing Templates

Update on Stimulsoft Reports And Dashboards!

Stimulsoft Reports And Dashboards Template!

Introducing Chrome Explorer!

Creating a Multi-App Solution

Remote workforce Solution

WordPress Training

FCORE Webinar Session: Workspace essentials for a productive work from home setup

Know Your Platform (facebook, twitter, instagram, youtube)

Social Media Domination: Content Planning & Quality

Citrix Webinar: Why you should also factor SD-WAN into your BCP now in time for a return to a new 'normal'

Creating SQL Table Scripts With DCT2SQL

Live Window WYSIWYG Design and PROPs Reflection

Webinar: Post-COVID19 Essential Workplace

Introducing Secwin 7! Access Control on Desktop

Introducing Secwin 7! Licensing

Live Webinar: Office 365 Security

Active Directory For Dummies!

Webinar: Re-Introduction to Twitter 2020

Secwin 7 For NetTalk 12 Server

TechJam - Webinar Event

Virtual Roundtable Session: Integrating a seamless data access in your system - empowering your digital workspace while ensuring employee privacy and security

Enterprise Data Standards

Avoiding Document Processing Delays

NewGen Webinar - Digital NXT in Insurance Customer Onboarding

Webinar: Application Performance Management Suite with Solarwinds

Clarion Live Webinar - An Overview of the RYB (Rub Your Business) Template Set!

IDC Conference: Financial Insight 2020 Philippines

Getting Started on Amazon Web Service

Philippine Insurance Industry Webinar Session 2 - Practical Advice in Securing your Digital Business Confirmation

Json To Clarion Code Conversion - It's like Magic!

Adobe DITAWORLD 2020 - The DITA Online Conference

Session 3 - Insurance Products of the Future Confirmation

Strategizing & Planning for Insurance Industry During and After COVID

How To Make A Custom Runtime Generated NetTalk Web App PDF Report!

Innovating LGUs with AWS Cloud

Deep End User Knowledge Management with Clarion EE Parts 1 & 2

Official NetTalk 12 Release!

Clarion Live Webinar - NetTalk 12 Released

PSIM @ 60: MATURING THRU THEORIES IN PRACTICE

How to Deal with Stress and Anxiety Amidst Health Crisis

Stress Management in the Time of COVID 19
Health and Safety in the Workplace
Healthy Lifestyle
Rapid Test

The New Norm in Life Underwriting
Underwriting Dilemma in Covid-19
COVID 19, the Story in Numbers

Accelerating the analytics Life Cycle with Moel Ops

Adobe Sign Demo – Adobe
Therefore™ 2020 – Canon
Optimizing the Functionalities of your PDF Software 0 Canon
Automation and Digitization using Canon Solutions Webinar – Canon

Risks:

The risk under an insurance contract is that an insured event may occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Registrant faces under such contract is that the actual claims and/or benefit payments exceed the carrying amount of insurance liabilities. Such risk is influenced by the frequency of claims, severity of claims, actual benefits paid in excess of that originally estimated, and subsequent development of long-term claims.

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing. The Registrant's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geographical locations, the use of medical screening in order to ensure that pricing takes account the current health conditions and medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting risks are brought about by a combination of mortality, morbidity, expense and policyholder decision risks. Underwriting limits are in place to enforce appropriate risk selection criteria.

The risks associated with the life, accident, and health products are underwriting and investment risks.

Operational risk arises from, among others, the Registrant's people and processes, threats to the security of its information technology ("IT") system facilities, personnel or data, business interruption risk, reputational risk, legal risks, and compliance obligations to regulatory or taxing authorities. Operational and IT risk management of the Registrant involves the formulation of policies, setting and monitoring of key risk indicators, and overseeing the thoroughness of insurance-wide risk, control self-assessments, and loss incident management; and in the process, creating and maintaining a sound business operating environment that ensures and protects the integrity of the Registrant's assets, transactions, reputation, records, data, and clients, the enforceability of the Registrant's claims, and compliance with all pertinent legal and regulatory requirements.

All required provisions and liabilities to cover these risks are being set up on a regular basis under the supervision and regulation of the IC.

Item 2. Properties

The Registrant is the absolute and registered owner of the following real estate properties:

- a. Real estate property located at Pendatun Ave., General Santos City;
- b. Real estate property located at A. Pichon Sr. St., Davao City;
- c. Condominium properties located at Cebu Holdings Center, Cebu Business Park, Mabolo, Cebu City;
- d. Condominium property located at Building VI, Europa Condominium Villas, Legard Rd. corner Marcos Highway, Baguio City;
- e. Real estate property located at 166 Salcedo St., Legaspi Village, Makati City.

There are no liens or encumbrances on any of the real estate properties listed above. The Registrant purchased two (2) condominium offices located One Vertis Plaza located at BagoBantay, Quezon City, the total cost of which does not exceed 5% of the consolidated total assets and payable in 6 years or until June 2024, which is also its completion date. Total costs of renovation of current office spaces and property acquired by the Registrant in settlement of mortgage loans are equivalent to less than 5% of the consolidated total assets.

Item 3. Legal Proceedings

There are no material pending legal proceedings with claims to damages exceeding 10% of the current assets, to which the Registrant is a party or of which any of its properties is the subject. The Registrant has no knowledge that its subsidiaries and parent company are presently involved in any material legal proceeding affecting themselves and/or their properties before any court of law or administrative body in the Philippines.

There were no proceedings that were terminated during the fourth quarter of 2020 with claims to damages exceeding 10% of the current assets.

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

Due to the Covid-19 pandemic and consequent government regulations that prevented the holding of in-person meetings, the regular annual stockholders' meeting of the Registrant for the year 2020 was postponed from any day in June as prescribed by the Registrant's Amended by-Laws to October 15, 2020. Such regular annual stockholders' meeting where no solicitation of proxies made was held in a virtual format and the following were submitted to a vote of security holders along with the results of the votation:

- a. Approval of the Minutes of the Annual Stockholders Meeting Held on June 20, 2019.
The stockholders' approved the Minutes and adopted Resolution No. ASM-2020-01 to wit:

“Resolved, as it is hereby resolved, that the Minutes of the Annual Stockholders' Meeting of the Company held on June 20, 2019 be, as the same are hereby approved.”

The final tabulation of votes for the approval of the Minutes and the adoption of Resolution No. ASM-2020-01 are as follows:

	For	Against	Abstain
No. of Voted Shares	586,586,760	0	0
% of Shares Voted	92.5122%	0	0

- b. Approval of the 2019 Annual Report and Audited Financial Statements (AFS)
The stockholders' noted the 2019 Annual Report, approved the AFS, and adopted Resolution No. ASM-2020-02 to wit:

“Resolved, as it is hereby resolved, that the Annual Report of the Company be, and is hereby noted, and the Audited Financial Statements of the Company as of December 31, 2019 be, as the same are hereby approved.”

The final tabulation of votes for the approval and adoption of Resolution No. ASM-2020-02 are as follows:

	For	Against	Abstain
No. of Voted Shares	586,586,760	0	0
% of Shares Voted	92.5122%	0	0

- c. Amendment of Articles I (Meeting of Stockholders) and II (Meetings of the Board of Directors) of the Company's Amended By-Laws to Incorporate and Adopt Provisions Allowing the Conduct of the Stockholders and Board Meetings Including the Casting of Votes through Remote Communication Consistent with the Relevant Laws and SEC Guidelines

In view of the current COVID-19 pandemic and its impact on the conduct of Stockholders and Board Meetings, there was a need to further amend the Company's Amended By-Laws in order to allow both the Stockholders and Board to participate and vote in such a meeting through remote communication. In this relation, the stockholders approved and adopted below Management-proposed Resolution No. ASM-2020-03, as follows:

Resolution No. ASM-2020-03

“Resolved, as it is hereby resolved, that the stockholders representing at least majority of the outstanding capital stock, ratified the resolution approved by at least a majority of the members of the Board of Directors in its meeting held on June 10, 2020 approving the further amendment of Articles I and II of the Company's Amended By-Laws to incorporate and adopt provisions allowing the conduct of Stockholders' and Board Meetings including the casting of votes through remote communication consistent with the relevant laws and SEC guidelines, to read as follows:

Article I

Meeting of the Stockholders

xxx

Section 7. Meeting through Remote Communication

Board may, in its sole discretion, determine that any meeting of stockholders shall be held solely by means of Remote Communications such as videoconferencing, teleconferencing, computer conferencing, audio conferencing, or other available technology as may be permitted under the Revised Corporation Code and relevant guidelines issued by the Securities and Exchange Commission or its equivalent regulatory body ("Law"). If any such means are utilized, the Corporation shall, to the extent required under the Law, implement reasonable measures to: (i) verify the identity of each person participating through such means as a stockholder; and (ii) provide the stockholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders. Participation of a stockholder in a meeting through remote communication pursuant to this Section 7 constitutes presence in the meeting for the purpose of attaining quorum.

Article II

Meeting of the Board of Directors

xxx

Section 6. Meeting through Remote Communication

Members of the Board or of any committee designated by the Board may participate in a meeting of the Board or such committee by any means of remote communications such as videoconferencing, teleconferencing, computer conferencing, audio conferencing, or other available technology as may be permitted under the Revised Corporation Code and relevant guidelines issued by the Securities and Exchange Commission or its equivalent regulatory body ("Law"). If any such means are utilized, the Corporation shall, to the extent required under

the Law, implement reasonable measures to (i) verify the identity of each person participating through such means as a director or member of the committee, as the case may be, and (ii) provide the directors or members of the committee a reasonable opportunity to participate in the meeting and to vote on matters submitted to the directors or members of the committee. Participation in a meeting pursuant to this Section 6 constitutes presence in the meeting for the purpose of attaining quorum."

xxx

The final tabulation of votes for the approval and adoption of Resolution No. ASM-2020-03 are as follows:

	For	Against	Abstain
No. of Voted Shares	586,586,760	0	0
% of Shares Voted	92.5122%	0	0

d. Increase in the Director's Per Diem

In order to attract and retain the services of qualified and competent directors, Management proposed to the stockholders the approval of below Resolution which sought the adjustment of the current director's per diem and increase the same and fixed anew at a reasonable amount equivalent to Forty Thousand Pesos (PhP40,000.00) per Board Meeting and Twenty Thousand Pesos (PhP20,000.00) per Committee Meeting:

Resolution No. ASM-2020-04

"Resolved, as it is hereby resolved, that the Management-proposed increase in the director's per diem be approved, as it is hereby approved."

The final tabulation of votes for the approval and adoption of Resolution No. ASM-2020-04 are as follows:

	For	Against	Abstain
No. of Voted Shares	586,576,444	4,359	8,957
% of Shares Voted	92.5122%	0.000743%	0.001527%

e. Ratification of All Acts and Resolutions of the Board and Management Adopted During the Preceding Year

The Board & Management sought ratification of all acts & resolutions of the Board and all Board Committees which were adopted from June 20, 2019 until October 15, 2020. Such acts & resolutions include the election of officers & members of the Board Committees, amendments to the amended By-Laws, contracts & transactions entered into by the Company, credit & loan transactions, projects & investments, manpower-related decisions, corporate governance-related actions & matters governed by disclosures to the Securities & Exchange Commission & the Insurance Commission. Stockholders' ratification for the acts of the Company's Officers to implement the resolutions of the Board or its Committees or made in the conduct of business was likewise sought during the regular stockholders' meeting. Below resolution, as proposed by Management, was approved and adopted by the stockholders based on the following voting results:

Resolution No. ASM-2020-05

"Resolved, as it is hereby resolved, that the acts and resolutions of the Board and its Committees, as well as those of the Management, made and adopted since the last Annual Stockholders' Meeting of the Company be, as the same are hereby approved, ratified and confirmed."

	For	Against	Abstain
No. of Voted Shares	586,586,760	0	0
% of Shares Voted	92.5122%	0	0

f. Election of Directors

In accordance with the Registrant's Amended By-Laws and Revised Manual on Corporate Governance, as well as relevant rules and regulations, the following stockholders were duly nominated and elected to serve as directors for the year 2020-2021 and until their successors are elected and qualified:

DIRECTORS	FOR		AGAINST	ABSTAIN
	No. of shares	% share		
Enrique C. Fernandez	586,586,760	<u>92.5122%</u>	0%	0%
Roberto C. Fernandez	586,586,760	<u>92.5122%</u>	0%	0%
Carl Anthony S. Palanca	586,586,760	<u>92.5122%</u>	0%	0%
Jaime C. Fernandez	586,586,760	<u>92.5122%</u>	0%	0%
Paul P. Sagayo Jr.	586,586,760	<u>92.5122%</u>	0%	0%
Malena C. Fernandez	586,586,760	<u>92.5122%</u>	0%	0%
John E. Huang	<u>586,582,401</u>	<u>92.5115%</u>	0%	<u>0.000695%</u>
Roberto F. De Ocampo	586,586,760	<u>92.5122%</u>	0%	0%
Jaime F. Panganiban	586,586,760	<u>92.5122%</u>	0%	0%
Cesar O. Virtusio	586,586,760	<u>92.5122%</u>	0%	0%

Messrs. De Ocampo, Virtusio, Panganiban, and Huang have been nominated as Independent Directors.

g. Election of External Auditor

The Audit Committee & the Board of Directors endorsed for stockholders' approval the re-election of Reyes, Tacandong & Co. as the Company's External Auditor for the fiscal year 2020, and adoption of below resolution:

Resolution No. ASM-2020-07

“Resolved, as endorsed by the Board of Directors, to approve the election of the accounting firm of Reyes Tacandong & Co., as the External Auditor of the Company for the fiscal year 2020”

The final tabulation of votes for the approval and adoption of Resolution No. ASM-2020-07 are as follows:

	For	Against	Abstain
No. of Voted Shares	586,586,760	0	0
% of Shares Voted	92.5122%	0	0

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

5.1 Market Information

The common share of the Registrant is not traded on the PSE. If there is any trading, it is a private transaction between stockholders and these are isolated cases. The reported price (inclusive of all the processing fees to effect the sale/transfer) at which the trading was done for the last 2 fiscal years are:

	2019	2020	2021
1st quarter	<i>P1.50</i>	<i>P1.50</i>	<i>P1.50</i>
2nd quarter	<i>P1.50</i>	<i>P1.50</i>	
3rd quarter	<i>P1.50</i>	<i>P1.50</i>	
4th quarter	<i>P1.50</i>	<i>P1.50</i>	

5.2 Holders

Number of stockholders as of December 31, 2020: **6,808**

Top 20 shareholders as of December 31, 2020:

	<u>Shareholder</u>	<u>No. of Shares</u>	<u>Percentage</u>
1	FMF DEVELOPMENT CORP.	508,131,734	81.0732%
2	MERJE TRADING INC.	71,555,127	11.4167%
3	JCF INVESTMENT HOLDINGS, INC.	3,942,743	0.6291%
4	SAN BARTEL INVESTMENTS, INC.	2,817,753	0.4496%
5	IBANK T/A No.01-1MA-014	1,551,450	0.2475%
6	ROBERT P. AGNER	1,043,222	0.1664%
7	FEBTC A/C 4124-00006-5	734,372	0.1172%
8	FEBTC A/C 116-00006	325,563	0.0519%
9	TERESITA S. ELA AND/OR TEODORO S. ELA III TEODORO S. ELA III AND/OR	308,874	0.0493%
10	TEODORO M. ELA	294,977	0.0471%
11	LOLITA O. BORJA	276,960	0.0442%
12	BENITO LEGARDA, JR.	225,529	0.0360%
13	JOSE ANTON G. CACHO	220,578	0.0352%
14	HERMINIO S. OZAETA, JR.	211,746	0.0338%
15	JOSE ROMAN S. OZAETA	211,746	0.0338%
16	MA. CARMEN S. OZAETA	211,746	0.0338%
17	MA. NATIVIDAD S. OZAETA	211,746	0.0338%
18	MA. VICTORIA S. OZAETA	211,746	0.0338%
19	FRANK Y. HUANG	176,449	0.0282%
20	CARLOS S. MARTINEZ	176,449	0.0282%
	MELITONA ESTATE, INC.	176,449	0.0282%
	VARIOUS	33,884,330	5.4133%
		<u>626,756,494</u>	<u>100.00%</u>

5.3 Dividend Policy and Dividends

REGISTRANT'S DIVIDEND POLICY STATEMENT

The Registrant complies and adopts as its policy, Section 201 of the Amended Insurance Code, which states that no domestic insurance corporation shall declare or distribute any dividend on its outstanding stocks unless it has met the minimum paid-up capital and net worth requirements, and except from profits attested in a sworn statement to the Commissioner by the president or treasurer to be remaining on hand after retaining unimpaired the entire paid-up capital stock, the solvency requirements, the legal reserve funds required by law, and the sum sufficient to pay all net losses and liabilities for expenses and taxes.

The Registrant recognizes the importance of providing a stable and sustainable dividend stream consistent with its commitment to its shareholders.

The BOD may, at its discretion and depending on the business results for the year, as well as the capital needs of the business, declare and approve the distribution of additional special dividends to all shareholders, normally announced at the Annual Stockholders' Meeting. The Registrant shall report to the IC any dividend declaration or distribution within 30 days after such declaration or distribution.

CASH DIVIDENDS DECLARED ON A PER SHARE BASIS ON COMMON EQUITY

JULY 24, 2017	P0.16/sh	(based on 12/31/2016 income)
JUNE 06, 2018	P0.16/sh	(based on 12/31/2017 income)
MARCH 21, 2019	P0.047/sh	(based on 12/31/2018 income)
*JUNE 10, 2020	P0.033/sh	(based on 12/31/2019 income)

In 2020, the Insurance Commission issued IC Circular Letter (CL) No. 2020-66 (Interim guidelines on the declaration and/or distribution of dividends with the end in view of conserving capital due to the projected economic impact of the Covid-19 Pandemic). This CL No. 2020-66 required insurance companies to secure prior approval from the Insurance Commission together with the submission of certain relevant documents subject for evaluation before they can declare and/or distribute dividends. In view thereof, the cash dividends declared by the Board on June 10, 2020 was subject to the approval of the Insurance Commission.

5.4 Recent Sales of Securities

There were no securities of the Registrant sold by it within the past 3 years which were not registered under the SRC. The common share of the Registrant is not traded on the PSE. If there is any trading, it is a private transaction between stockholders and these are isolated cases. As of the first quarter of 2021, the reported offering price per share remained at P1.50, inclusive of all processing fees to effect the sale/transfer. There were no sales or transfers reported for any consideration other than for cash.

Item 6. Management's Discussion and Analysis or Plan of Operation

Plan of Operations for 2021:

The Registrant was not spared by the global effects of the pandemic. Despite the overall negative outlook on the economy, the Registrant remains hopeful that it can, at least, equal its 2020 performance in terms of gross premiums. The Registrant is currently expediting its technology enhancements that will allow non face-to-face selling, mobile applications and servicing and various online and other payment options. Still, challenges are up for the Registrant because of competition and shifting priorities of the target markets. The Registrant will rely heavily on business relationships with institutions built over the years in order to generate the much needed premiums. The Registrant expects to retain the agencies and regional offices, as well as mall operations up to the end of the year.

The Registrant continues to push its sales of the microinsurance products and spot cash, and plans with short term endowments for the year 2021. The Registrant has no plans to offer variable products in the market. The Registrant does not foresee undergoing a bancassurance program in 2021.

The Registrant is hoping to further develop its established relationships with financial institutions for the credit life and mortgage redemption insurance, as well as with the cooperative and microfinancing industries.

The Registrant continues to adhere to the new policies on its Salary Loan Program to the Department of Education (“DepEd”). The Registrant continues to offer the same package to other offices and agencies of the government.

The Registrant is not expecting to significantly increase its investment and other income over the previous year given that the interest rates have been coming down and continuous appreciation of the Peso versus the US dollar as of the date of this report. The Registrant still aims to maximize its returns by continuously using its credit limit amounting to P150Million to be used in buying investment securities.

The Registrant continues to be an active member of the industry by involving itself in various industry issues through its membership in the Philippine Life Insurance Association (“PLIA”).

The Registrant, in close coordination with the IC and as mandated by the SEC, ensures adherence to its ASEAN Corporate Governance and Anti Money Laundering Operating Manual. The Registrant also complied with the requirements of The Foreign Account Tax Compliance Act (“FATCA”) in 2014 by registering as a Foreign Financial Institution. The Registrant will ensure strict compliance with the revised Anti-Money Laundering and Combating the Financing of Terrorism Guidelines, Data Privacy Act Implementing Rules and Regulations. The Registrant will focus on the preparation for the implementation of International Financial Reporting Standard (“IFRS”) 17 on Insurance Contracts which will become effective two years after its effective date as decided by the International Accounting Standards Board per CL 2020-62 issued by the IC.

As in the previous years, funds shall be continually sourced internally for its insurance requirements and the Registrant does not foresee any uncertainty that has, or is reasonably likely to, have a material impact on the short or long-term liquidity. There are no material capital expenditures expected within the next 12 months that will require funds equivalent to 5% of the consolidated total assets.

The Registrant is not expecting a significant increase in the number of its employees for the year 2021.

Management’s Discussion and Analysis – 2020 vs. 2019:

The Registrant and its subsidiaries posted a decrease in gross premiums by 0.60% from P1.67Billion in 2020 to P1.66Billion in 2021. Net premiums also decreased by almost the same percentage between the two comparative years.

The business of life insurance does not follow any particular seasonality or cyclicity as revenues are mainly dependent on the insurance requirements and capacity to pay of the insuring public, while most of the claims, benefits and underwriting expenses depend on mortality rates and economic conditions. Taking the two comparative years, premiums, net of reinsurance, are composed of the following:

	<u>2020</u>	<u>2019</u>
Ordinary (individual)	325,111,456	374,285,200
Group	1,195,596,581	1,158,794,759
Microinsurance	2,798,750	6,636,000
Inward reinsurance	135,254,783	129,127,550
	<u>1,658,761,570</u>	<u>1,668,843,509</u>
Less: Premiums ceded	15,258,231	16,953,935
Premiums, net of reinsurance	<u>1,643,503,339</u>	<u>1,651,889,574</u>

Premiums from the group, and reinsurance lines all increased in 2020 as compared to 2019 while premiums from microinsurance and ordinary businesses decreased.

No cycle, season or trend can also explain the amount of claims, surrenders and other benefits to be paid in any given period of time as these are mainly dependent on mortality rate and financial condition of the policyholders. This is the reason why the IC as the industry regulator, mandates its requirements on the issuer's minimum networth, capital investment, reserve investment and minimum RBC ratio. Net insurance benefits and claims incurred on insurance contracts, which decreased by 5% from 2019 to 2020 include death claim benefits on ordinary/individual and group businesses, maturities, health benefits, surrender values paid, dividends, and interests accruing on in force policies. There are still policyholders who opt to surrender their insurance policies, meaning, withdraw its cash value, due to financial needs, while other insurance policies have already matured during the year, at which time, the insured receives its maturity value. Death claims still comprise the significant portion of benefits and claims expensed at 58% in 2020 versus 60% in 2019. These insurance risks can be reasonably calculated and estimated, based on Actuarial studies, and thus, reserves and fund allocations are made by the Registrant. An uncertainty, therefore, which will have a material impact on the operations of the issuer, is when death benefits will be claimed all at the same time. This is why the legal policy reserves should be enough to cover all the benefits due to the insured. The Registrant's annual legal policy reserves is certified by the Actuary and evaluated and reviewed by the IC. Total increase in legal policy reserves from 2019 to 2020 amounted to P690,372,782 which includes the effects of the change in inforce policies and in the discount rates used for the GPV valuation.

Year 2020 was marked by a significant decrease in investment and other income by 26% as compared to the 11% increase in 2019 over 2018. Investment income is composed of interests on investment securities, loans and notes, dividend income, gain on sale and fair value gains/losses. Interest earned on loans and notes, rental and other income are also included in this category. Total Impairment loss of P50Million was recognized in 2020 on investment securities and loans and notes, which is 89% higher than the 2019 impairment loss at P26Million.

On a year to year basis, the Peso appreciated to P48.023 in 2020 as against the US Dollar. The exchange rate as of year-end 2019 was at P50.635=USD1.00. This resulted in realized and unrealized foreign exchange loss amounting to P83.11Million in 2019 versus P112Million in 2020.

Commissions and other direct expenses decreased by 21% while general and administrative expenses increased by 5% from 2019 to 2020. Consolidated net income for the year ended 2020 amounted to P121Million as compared to the reinstated amount of P109Million in 2019 or an 11% increase. Basic and diluted earnings per share, consequently, increased to P0.19 per share in 2020 from P0.17 in 2019.

The consolidated statement of financial position shows an increase of 6% in total assets from P8.4Billion in 2019 to P8.98Billion in 2020. Investment securities comprise 63% of the total assets in 2020, as the Registrant and its subsidiaries continue to maximize its earning potentials with its holdings in various peso and foreign currency denominated securities. Adding this portfolio to the cash and cash equivalents at P972Million, short term investments of P63Million and accrued income of P73Million shows that the Registrant remains liquid and able to meet its obligations. Total assets of the subsidiaries amount to: SIHC, P152,920,935; and BFAI, P6,829,379.

The consolidated stockholders' equity portion reflects a total of P2.87Billion in 2020, which is lower by 10% than the P3.17Billion in 2019.

In addition to the reasons for the increase/decrease discussed in the preceding paragraphs, the following are the explanations for the changes in material items (increase/decrease equivalent to at least 5%) from year 2019 to year 2020:

- a. Decrease in cash and cash equivalents by 21% was contributed by the investing activities;
- b. Decrease in insurance receivables by 63% represent decrease in collectible premiums with due dates falling on or before the year end.
- c. Increase in accrued income by 14% was mainly due to the dividends due as of the end of the year but collected in January 2021.
- d. Decrease in loans and notes by 16% was mainly due to the decrease in salary loans portfolio.
- e. Increase in investment securities by 24% supports the efforts to maximize returns by continuously investing cash into short and long term issues.
- f. Decrease by 29% in the property and equipment at cost was due to depreciation and absence of material acquisitions during the year.
- g. Increase in Other noncurrent assets by 6% represents the installment payments made during the year for the acquisition of two condominium offices.
- h. Increase in insurance contract liabilities by 20% is mainly attributed to the increase in legal policy reserves.
- i. Increase in policyholders' dividends payable by 7% can be attributed to aging policies that are already earning dividends as provided in the insurance contracts.
- j. Decrease in loans payable by 25% was due to the payment of fixed term loans by its subsidiary SIHC.
- k. Taxable investment income, which decreased due to the declining interest rates, mainly contributed to the decrease in income tax payable by 63%.
- l. Increase in accounts payable and accrued expenses by 22% to set up of amounts due as liability as of year end.
- m. Overall increase in net income by 11% was mainly due to the foreign exchange loss incurred during the year.

Management's Discussion and Analysis – 2019 vs. 2018:

The Registrant and its subsidiaries posted a significant increase in gross premiums by 24% from P1.349Billion in 2018 to P1.669Billion in 2019. Net premiums also increased by 25% between the two comparative years.

The performance of the Registrant in terms of gross and net premiums is summarized as follows:

	<u>2019</u>	<u>2018</u>
Ordinary (individual)	374,285,200	339,419,875
Group	1,158,794,759	930,996,070
Microinsurance	6,636,000	8,438,000
Inward reinsurance	129,127,550	70,266,474
	<u>1,668,843,509</u>	<u>1,349,120,419</u>
Less: Premiums ceded	<u>16,953,935</u>	<u>27,519,621</u>
Premiums, net of reinsurance	1,651,889,574	1,321,600,798

Premiums from the ordinary, group, and reinsurance lines all increased in 2019 as compared to 2018 while premiums from microinsurance business decreased.

Year 2019 was marked by an increase in investment and other income by 11% as compared to the 16% decrease in 2018 over 2017. Investment income is composed of interests on investment securities, loans and notes, dividend income, gain on sale and fair value gains/losses. Interest earned on loans and notes, rental and other income are also included in this category. Total Impairment loss of P26Million was recognized in 2019 on investment securities and loans and notes, which is 73% lower than the 2018 provision at P100Million.

On a year to year basis, the Peso appreciated to P50.635 in 2019 as against the US Dollar. The exchange rate as of year-end 2018 was at P52.58=USD1.00. This resulted in realized and unrealized foreign exchange loss amounting to P83.11Million in 2019 versus P106.04Million gain in 2018.

Commissions and other direct expenses increased by 27% while general and administrative expenses increased by 9% from 2018 to 2019. Consolidated net income for the year ended 2019 amounted to P109.33Million as compared to the reinstated amount of P148.8Million in 2018 or a 27% decrease. Basic and diluted earnings per share, consequently, decreased to P0.17 per share in 2019 from P0.24 in 2018.

The consolidated balance sheet shows an increase of 6% in total assets from P7.9Billion in 2018 to P8.4Billion in 2019. Investment securities comprise 54% of the total assets in 2019, as the Registrant and its subsidiaries continue to maximize its earning potentials with its holdings in various peso and foreign currency denominated securities. Adding this portfolio to the cash and cash equivalents at P1.225billion, short term investments of P60Million and accrued income of P63Million shows that the Registrant remains liquid and able to meet its obligations. Total assets of the subsidiaries amount to: SIHC, P156,783,530; and BFAI, P7,546,109.

The consolidated stockholders' equity portion reflects a total of P3.2Billion in 2019, which is higher by 11% than the P2.86Billion in 2018.

The following are the explanations for the changes in material items (increase/decrease equivalent to 5%) from year 2018 to year 2019:

- a. Increase in cash and cash equivalents by 27% and in short term investments by 19% were contributed by the operations (premiums) and investing activities (interest income);
- b. Increase in insurance receivables by 289% represent increase in collectible premiums with due dates falling on or before the year end.
- c. Decrease in accrued income by 7% was mainly due to the decrease in the salary loans portfolio of the Registrant.
- d. Decrease in loans and notes by 13% was mainly due to the decrease in salary loans portfolio.
- e. Decrease by 21% in the property and equipment at cost was due to depreciation.
- f. Increase in Property and Equipment at revalues amounts by 68% represents the appraisal increase on various properties currently in use as office spaces.
- g. Increase in Other noncurrent assets by 33% represents the installment payments made during the year for the acquisition of two condominium offices and the appraisal of property acquired through foreclosure under mortgage loans.
- h. Increase in insurance contract liabilities by 12% is mainly attributed to the increase in legal policy reserves.
- i. Increase in policyholders' dividends payable by 35% can be attributed to aging policies that are already earning dividends as provided in the insurance contracts.
- j. Decrease in insurance payables by 18% was brought about by the decrease in ceded premiums, coupled with the payments made during the year.
- k. Decrease in loans payable by 91% represent was due to the full payment of fixed term loans by the Registrant; only its subsidiary SIHC has outstanding loans payable as of year end.
- l. Decrease in accounts payable and accrued expenses by 38% was due to the overdraft of cash balances with investment banks in 2018; there was no overdraft in 2019.
- m. Increase in income tax liability by 25% represents the corporate income tax due for the year end.
- n. Increase in other liabilities by 15% represents the increase life insurance deposits collected and outstanding as of the year end.
- o. Increase in retirement liability by 18% is mainly due to set up of additional retirement expense based on the year end actuarial valuation.
- p. Increase in deferred tax liability by 118% was the effect of the appraisal of real estate properties.
- q. Overall decrease in net income by 27% was mainly due to the foreign exchange loss incurred during the year.

Item 7. Financial Statements

Please refer to EXHIBITS - FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES.

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

There were no disagreements with Reyes, Tacandong and Co., the external auditors of the Registrant, on any matter. Mr. Darryll Reese Q. Salangad is the partner in charge for the first time in 2020.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

The directors of the Registrant are elected at the Annual Stockholders' Meeting to hold office until the next succeeding annual meeting or until their respective successors have been elected or qualified.

The following persons are the Directors and Executive Officers of the Registrant as of **December 31, 2020**:

DIRECTORS:

ROBERTO C. FERNANDEZ	-	<i>Chairman of the BOD</i>
JAIME C. FERNANDEZ	-	<i>Director</i>
ENRIQUE C. FERNANDEZ	-	<i>Director</i>
MALENA C. FERNANDEZ	-	<i>Director</i>
ROBERTO F. DE OCAMPO	-	<i>Independent Director</i>
JOHN E. HUANG	-	<i>Independent Director</i>
JAIME F. PANGANIBAN	-	<i>Independent Director</i>
CESAR O. VIRTUSIO	-	<i>Independent Director</i>
PAUL U. SAGAYO, JR.	-	<i>Director</i>

EXECUTIVE OFFICERS:

JAIME C. FERNANDEZ	-	<i>President and Chief Executive Officer</i>
MA. EDITHA S. PALTONGAN	-	<i>Treasurer and Senior Vice President - Comptroller</i>
MA. SIGRID R. PINLAC	-	<i>Corporate Secretary</i>
KAIMA VIA B. VELASQUEZ	-	<i>Compliance Officer</i>
ANNETTE MARIE M. MALIXI	-	<i>Senior Vice President-Chief Investment Officer</i>
JUANITO B. TAN	-	<i>Deputy Head, Company Operations</i>
TERESITA E. ULLEGUE	-	<i>Head, Policy Administration</i>
JOY S. VIANZON	-	<i>Vice President – Chief Accountant</i>
DANILO L. MERCADO	-	<i>Vice President for Metro Manila Sales Division</i>
DEVORAH Q. DELA CRUZ	-	<i>Assistant Vice President – Credit and Collection</i>
MARITESS M. LLAPITAN	-	<i>Assistant Vice President – Underwriting</i>
ELIZABETH T. FLORES	-	<i>Assistant Vice President – Health Care Services</i>
GLENN P. ABUZO	-	<i>Assistant Vice President – Management Information Systems</i>
JOHN JORGE S. ORBE	-	<i>Assistant Vice President – Facilities Department</i>

DIRECTORS:

ROBERTO C. FERNANDEZ, age ■, *Filipino*, has been a Director since 1995. He is the duly elected and incumbent Chairman of the Board of the Registrant. He is also a member of its Audit Committee, Board and Risk Oversight Committee, tCorporate Governance Committee, and Related Party Transaction Committee.

At present, Mr. R. Fernandez is likewise the Chairman and President of Manila Cordage Co., Chairman of FMF Development Corporation and Beneficial Advisors, Inc. He is the President of AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation) Manco Insurance Agents, Inc., Manco Synthetics Inc., Mancorealty, Inc., and Manco Farms, Inc.

Mr. R. Fernandez received both his Bachelor of Science degree, Major in Business Management, and Bachelor of Arts degree, Major in Interdisciplinary Studies, from the Ateneo de Manila University. He received his Masters degree in Management from JL Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois, USA.

JAIME C. FERNANDEZ, age ■, *Filipino*, is the Registrant's President and Chief Executive Officer ("CEO") effective June 06, 2018. He is also currently the Chairman of AMSEC Holdings Corporation (formerly,

Amalgamated Securities Corporation) and ETC Forest Lawn. He is the President of Merje Trading Inc., and FMF Development Corporation. He is a Director and Treasurer of the Investment Planning Corp. of the Phils. a director in Marilag Holdings, Inc. He is the Chairman of ETC Forest Lawn. He is also the President of Beneficial Financial Advisors, Inc., He also sits in the Board of Trustees of PLIA Inc.

Mr. J Fernandez graduated from the Ateneo de Manila University and has a Masters in Finance degree from Golden Gate University.

ENRIQUE C. FERNANDEZ, age ■■■, Filipino, is a Director since 1984. He is also a Director and President of Eramen Minerals, Inc. His other directorships include Merje Trading Inc., and AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation)

Mr. E. Fernandez received his Bachelor of Science degree, major in Business Management, from the Ateneo de Manila University, and his Masters of Business Management degree, major in Finance and Marketing, from J.L. Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois, USA.

MARIA ELENA C. FERNANDEZ, age ■■■, Filipino is a director in the Registrant's Board. She is also currently a director in AMSEC Holdings Corporation (formerly, Amalgamated Securities Corporation), Merje Trading Inc., and FMF Development Corporation. She is presently a Private Consultant and Investor of Global Equity Portfolios and of Residential Single and Multi-Family Development.

She was a Senior Global Equity Analyst for Janus Capital, CO from 1995 to 2001 and was a Vice President – Senior Risk Manager for ING (U.S.) Capital Holding Inc., NY prior thereto. Ms. M.E. Fernandez has a Masters degree in Business Administration from Darden Graduate School of Business Administration-University of Virginia and a Bachelor of Arts Degree Major in Zoology and Minor in Economics from Smith College.

ROBERTO F. DE OCAMPO, age ■■■, Filipino, is an Independent Director, Chairman of the Audit Committee, and member of the Board and Risk Oversight Committee, Corporate Governance Committee, and Related Party Transaction Committee of the Registrant.

Mr. de Ocampo also currently serves as the Chairman of Philippine Veterans Bank, Philam Asset Management, Inc., Hatch Asia, Inc., Stradcom Corporation, Tollways Association of the Philippines, Money Tree Publishing Corporation, Centennial Asia Advisors Pte Ltd.; the Vice-Chairman of the Tranzen Group, Montalban Methane Power Corporation, Agus 3 Hydro Power Corporation, and La Costa Development Corporation; a Director of Investment and Capital Corporation of the Philippines Group of Companies, PHINMA Corporation, Alaska Milk Corporation, Bankard, Inc., EEI Corporation, House of Investments, Robinson's Land Corporation, and Salcon Power Corporation; and a Member of the Board of Advisers of ARGOSY Fund, Inc. AES Corporation (Philippines) and the CIMB Group. Moreover, Mr. de Ocampo holds several vital positions in both prestigious international organizations as well as civic organizations.

Mr. de Ocampo graduated from the Ateneo de Manila University, received his MBA degree from the University of Michigan, holds a post-graduate diploma from the London School of Economics, and has 4 doctorate degrees (Honoris Causa). He is the recipient of many international awards, including Finance Minister of the Year, Philippine Legion of Honor, Association of Development Financing in Asia and the Pacific ("ADFIAP") Man of the Year, Chevalier of the Legion of Honor of France, Ten Outstanding Young Men Award (TOYM), several Who's Who Awards, and the 2006 Asian Human Resource Development ("HRD") Award. In June 2012, Mr. De Ocampo was awarded by Queen Elizabeth II with a medal for his appointment as an honorary officer of the Most Excellent Order of the British Empire.

JAIME F. PANGANIBAN, age ■■■, Filipino, was nominated as an Independent Director on May 19, 2014. He is the Chairman of the Board and Risk Oversight Committee, and member of the Audit Committee, Corporate Governance Committee, and Related Party Transaction Committee of the Registrant

Mr. Panganiban is also the Chairman and Chief Executive Officer ("CEO") of Lakes Shore CCY Inc. and BGP Asia Pacific Ltd. Inc.; the Chairman and President of JFP Assets Corp.; a Co-Chairman at Compoinet Networks, Inc.; and

a Director of JP Latex Technology, Inc. In 2005, he served as the Advisor and Chief Financial Officer of Development Bank of the Philippines (“DBP”) and undertook the take over and rehabilitation of Al-Amanah Islamic Investment Bank of the Philippines where he was eventually appointed Chairman and CEO in 2008. Mr. Panganiban is an accomplished senior bank executive with widely recognized expertise in treasury, capital markets, investment banking, trust, and wealth and risk management, built upon a foundation of exposures and postings in the Asia Pacific region.

Mr. Panganiban completed his Advanced Management Program (“AMP”) at the Templeton College, University of Oxford, United Kingdom, and Financial Asset Management and Engineering at the FAME, University of Lausanne, Switzerland. He received his BSC degree, major in Accounting, from the Ateneo de Zamboanga and took his MBA units at the Ateneo de Manila University.

CESAR O. VIRTUSIO, age ■, *Filipino*, has been an Independent Director since 2006, presently the Chairman of the Corporate Governance Committee and Related Party Transaction Committee, and a member of the Audit Committee and Board and Risk Oversight Committee of the Registrant.

Mr. Virtusio was until recently the Managing Director of the Bankers Association of the Philippines (“BAP”) where he served for 8 years and held Board and Executive positions in BAP related entities. He sits as a board member of a European-related automotive general distribution company, and Amalgamated Investment Corporation. He used to be the Chief Representative and an Adviser to Dresdner Bank and Dresdner Kleinwort. He has been with the Dresdner Bank Group in Germany, Hong Kong, Singapore, and the Philippines for over 20 years in various management positions in corporate and investment banking. He also had a stint with Citibank Manila where he participated in the Executive Development Program and was a Manager in the Bank’s World Corporation Group.

Mr. Virtusio has a Masters degree in Business Administration with a major in International Business from the George Washington University, Washington DC.

JOHN E. HUANG, age ■, *Filipino* is an independent director and alternate member of the Board and Risk Oversight Committee and Related Party Transaction Committee of the Registrant. He is an experienced insurance and reinsurance professional. Before retiring in 2017, he was a Senior Vice President and the Head of Investments of National Reinsurance Corporation of the Philippines (NatRe) from 2014 and before that was the Senior Vice President, Chief Finance Officer, Treasurer and Head of Investments of NatRe. From 2004 to 2006, he was the Chief Finance Officer and Treasurer of Universal Malayan Reinsurance Corporation and the Chief Financial Officer and Director of C&P Homes, Inc. from 1995 to 1999. He was a First Vice President and Treasurer of the Boston Bank of the Philippines in 1989 and a Vice President for The First National Bank of Boston in Boston Mass when he left the same after 6 years in 1988.

Mr. Huang received his Masters Degree in Business Administration from the Graduate School of Business Administration – Harvard University in 1982. His Bachelor of Arts Degree, Economic Honors Program came from Ateneo De Manila University where he graduated magna cum laude.

ATTY. PAUL U. SAGAYO, JR, age ■, *Filipino*, was elected to the BOD on June 06, 2018. He is also a member of the the Audit Committee, Board and Risk Oversight Committee, and Related Party Transaction Committee.of the Registrant.

Atty. Sagayo has 20 years of progressive law practice with extensive exposure in court litigation and arbitration. He is a Partner in Sagayo Evangelista & Rebueta Law Offices. He also currently serves as a director in One Taipan Holdings, Inc., Calac High Power Corporation, Synergy Grid & Development Phils., Inc., ETC Realty Corporation, and Trinity University of Asia.

He graduated from Trinity College of Quezon City with a degree in Bachelor of Arts in Political Science. He received his Bachelor of Laws degree from San Beda College in 1992.

Section 437 of Republic Act No. 10607 otherwise known as the Amended Insurance Code and Circular Letter No. 2014-49 have specified the term limits of Independent Directors for life insurance companies.

For the year 2020, the Corporation had a total of 4 independent directors.

Messrs. Jaime F. Panganiban, Roberto F. De Ocampo and Cesar O. Virtusio, and John E Huang are the independent directors as defined under Section 38 of the Securities Regulation Code. It is expected that Messrs. Jaime F. Panganiban, and John E. Huang will be re-nominated and re-elected as independent directors during the annual stockholders' meeting to be held in June 2021. They possess the qualifications and none of the disqualifications of an independent director. On the other hand, Messrs. Cesar O. Virtusio (serving as an independent director since his election last November 29, 2006) Roberto F. De Ocampo (serving as independent director since October 30, 2008) are expected to be nominated and elected as regular directors in the 2021 annual stockholders' meeting.

EXECUTIVE OFFICERS:

ROBERTO C. FERNANDEZ, Chairman (see credentials under "Directors")

JAIME C. FERNANDEZ, President and Chief Executive Officer (see credentials under "Directors")

ANNETTE MARIE M. MALIXI, age ■■■, *Filipino*, is the Chief Investment Officer. She is currently the Treasurer of Beneficial Financial Advisors, Inc. She is formerly the Vice President/Group Head in the Private Banking and Fixed Income Distribution Group of Unionbank of the Philippines from 2006 up to the second half of 2008. Her more than 20 years' experience in Treasury from International Exchange Bank, Asian Bank Corp., AB Capital and Investment Corp. and Private Development Corp. of the Phils. has honed her specialization in proprietary trading in domestic and foreign fixed income instruments, reserve and liquidity management, foreign exchange and swaps, derivatives, and risk management.

Ms. Malixi passed her Chartered Financial Analyst ("CFA") Level 1 exam in June 2008 and obtained her Bachelor of Science degree, major in Industrial Engineering, at the University of the Philippines.

MA. EDITHA S. PALTONGAN, age ■■■, *Filipino*, is the Senior Vice President and Comptroller. She worked with Sycip, Gorres, Velayo & Co. ("SGV & Co.") from 1987 to 1991 as Senior Auditor, after which, she joined the Registrant. Ms. Paltongan is also a board member of Beneficial Financial Advisors, Inc.

Ms. Paltongan graduated Magna Cum Laude with a Bachelor of Science in Business Administration ("BSBA") degree from University of the East and passed the CPA board examination in 1987.

JOY S. VIANZON, age ■■■, *Filipino*, is the Vice President / Chief Accountant. She re-joined the Registrant in August 2010 as Chief Accountant. She first joined the Registrant from 1995 to 2007. She was previously connected with IBM Business Services, Inc., Avida Corporation, HSBC, and SGV & Co. She is currently a Director of Beneficial Financial Advisors, Inc. She completed her BSC - Accounting degree at De La Salle University, and passed the CPA board examination in the same year.

ATTY. MA. SIGRID R. PINLAC, age ■■■, *Filipino*, is the Corporate Secretary and Compliance Officer. Prior to joining the Registrant in February 2018, Atty. Pinlac worked as senior legal counsel of TPPH-FHCS, Inc. (Teleperformance), and Head of Corporate Services and Compliance Unit of Malayan Insurance Group of Companies. She was an associate lawyer in the Law Firm of Aquino Regino Arceo Palma Raagas & Associates.

Atty. Pinlac is an alumna of the University of Santo Tomas where she finished her degree in Bachelor of Science Major in Biology. She received her Bachelor of Laws degree from the University of the East in 2003.

JUANITO B. TAN, age ■■■, *Filipino*, is the Deputy Head for Company Operations. Prior to joining the Registrant in 2012, held various key management positions in different insurance companies. He was AVP in Aetna Phil Ventures and CAP Life Insurance. He served as Director – Market Alliances in MetLife Philippines. He was likewise employed with United Coconut Planters Life, Sector Insurance Agency, and Insular Life.

Mr. Tan received his AB Economics degree from the University of the Philippines. He finished his post graduate degree on Management Processes & Practice in Asian Institute of Management.

TERESITA E. ULLEGUE, age ■, Filipino, is the Vice President and Head of Policy Administration and Services Department. She has been with the Registrant since 1989 and held various positions, initially from the rank of Supervisor in the Actuarial Department, then Manager of the same department, to AVP and then VP and Head of Policy Administration and Services Department.

Ms. Ullegue is an alumna of Lyceum of the Philippines with a degree in BS Marketing.

DANILO L. MERCADO, age ■, Filipino, is the Vice President for Metro Manila Sales Operations. He began his employment career with the Registrant in April 2013. Prior to his employment with the Registrant, Mr. Mercado was connected to First National Surety and Philippine Prudential Life.

Mr. Mercado received his degree in B.S.C Accountancy from Colegio de San Juan de Letran in 1982.

DEVORAH Q. DELA CRUZ, age ■, Filipino, is the Assistant Vice President for Credit and Collections. Ms. Dela Cruz joined the Registrant in June 1993. She is also currently the Accountant of Beneficial Financial Advisors, Inc.

Ms. Dela Cruz graduated with a BSBA – Accounting degree at the Pamantasan ng Lungsod ng Maynila and she passed the CPA board examination in 1985.

MARITESS M. LLAPITAN, age ■, Filipino, is the Assistant Vice President for Underwriting. Prior to joining the Registrant in July 2016, Ms. Llapitan was the Compliance Officer and Head of New Business and Underwriting and Licensing Department of the Philippine Prudential Life Co., Inc. She also worked as the Senior Manager of the New Business and Underwriting Department of Sunlife–Grepalife Insurance Co./Great Pacific Life Assurance Co., Operations Director at Manulife Financial Business Processing Services, Group Life Manager at The ManufactureLife Insurance Company Philippine Branch, Underwriting Manager of Philam Equitable Life Assurance Co., Manager of the Underwriting, New Business and Policy Department of John Hancock Life Assurance Co., and Senior Underwriter at First Guarantee Life Assurance Company, Inc.

Ms. Llapitan received her Bachelor of Science degree, major in Medical Technology, from San Juan De Dios College, Pasay City, graduating as a Bronze Medalist and with academic citation for Clinical Excellence.

ELIZABETH T. FLORES, age ■, Filipino, is the Assistant Vice President for Health Care Services. She held the position of Senior Vice President for Administration in Star Healthcare Systems, Inc. prior to joining the Registrant in October 2016. She likewise worked with First Guarantee Life Assurance Co., Inc. and Corregidor Life Insurance.

Ms. Flores graduated from the Polytechnic University of the Philippines with a BSC- Economics degree. She has a Masters degree in Business Administration from the same university.

JOHN JORGE S. ORBE, age ■, Filipino, is the Assistant Vice President for Facilities of the Registrant. He is a licensed Mechanical Engineer having passed the Professional Regulation Commission Licensure examination in 1994. His 26 year career as a Mechanical Engineer includes prior experience from EEI Corporation, LanDev Corporation and Quadriver Energy Corporation (Energy Company of Ayala Corporation).

Mr. Orbe received his degree of BS Mechanical Engineering from the Central Philippine University in Iloilo City.

GLENN P. ABUZO, age ■, Filipino, is the Assistant Vice President for Management Information System (MIS) of the Registrant. Before joining BenLife in 2016, he worked for several companies as an IT professional, the last of which was with IBM Solutions Delivery Inc. as an IT Specialist where he handled IBM Internal, Deutsche Bank and Shell Petroleum Inc. accounts among others.

Mr. Abuzo graduated from the Central Colleges of the Philippines in 1991 with a Bachelor of Science Degree major in Computer Science in 1991.

ATTY. KAIMA VIA B. VELASQUEZ, age ■■■, Filipino, is the Compliance Officer of the Registrant. Prior to joining the Registrant in November 2018, she was the Legal and Compliance Officer of the Philippine Rural Development Project – Luzon B under the Department of Agriculture. She served as senior manager in Teleperformance and handled contracts management and audit. Likewise, she was a lawyer for Malayan Insurance Company, Inc. with her last post being the Assistant Head for Claims Department.

Atty. Velasquez has a Diploma in Industrial Relations from the University of the Philippines – School of Labor and Industrial Relations, and is currently finishing her Masters degree in Industrial Relations Major in Human Resource Development. She received her Bachelor of Laws degree from San Beda University, College of Law in 2008.

9.1 Significant Employees

All employees are expected to make reasonable contributions to the success of the business of the Registrant. There is no “significant employee” as defined in Part IV (A)(2) of SRC Rule 12 (i.e., a person who is not an executive officer of the Registrant but who is expected to make a significant contribution to the business).

9.2 Family Relationships

FMF is the parent company of the Registrant with 81.0732% ownership in the total outstanding capital stock. The Registrant’s financial statements are being consolidated with those of the parent company.

Merje Trading Inc. is the second major stockholder of the Registrant with 11.4167% shareholding. Roberto C. Fernandez and Jaime C. Fernandez are officers and directors also of Merje Trading Inc. Director Enrique C. Fernandez is also a Director of Merje Trading Inc. and the President of Eramen Minerals, Inc., a corporate borrower of the Registrant from year 2011 to 2018. Director Roberto C. Fernandez is also the Chairman and President of Manila Cordage Co., another corporate borrower of the Registrant.

No other transaction was undertaken by the Registrant in which any Director or Executive Officer was involved or had a direct or indirect material interest aside from the loans granted as disclosed under Notes 7 and 17 of the audited consolidated financial statements and Supplementary schedule B.

Chairman Roberto Fernandez, President & CEO Jaime Fernandez, Directors Enrique C. Fernandez and Maria Elena C. Fernandez are siblings.

9.3 Involvement in Certain Legal Proceedings

To the knowledge and/or information of the Registrant, none of its Directors or Executive Officers have been involved in any legal proceeding including, without limitation, being the subject of any: (a) bankruptcy petition; (b) conviction by final judgment in a criminal proceeding, or a pending criminal proceeding, domestic or foreign; (c) order, judgment or decree of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement in any type of business, securities, commodities or banking activities, which is not subsequently reversed, suspended or vacated; or (d) judgment of violation of a securities or commodities law or regulation by a domestic or foreign court of competent jurisdiction, the SEC (or comparable foreign body), or a domestic or foreign exchange, which has not been reversed, suspended or vacated, for the past 5 years that is material to the evaluation of their ability or integrity to hold the relevant positions in the Registrant.

Item 10. Executive Compensation

10.1 Summary Compensation Table

Information as to the aggregate compensation paid or accrued during the last 2 fiscal years and to be paid in the ensuing fiscal year to the Registrant's President and CEO and 4 other most highly compensated Executive Officers and all other officers/directors are as follows:

Name/Position	FY	Salaries	Bonus	Others
<i>Jaime C. Fernandez / President and CEO;</i>				
<i>Annette Marie M. Malixi/SVP and CIO;</i>				
<i>Ma. Editha S. Paltongan, SVP- Comptroller; Danilo L. Mercado Head, MM Sales;</i>				
<i>Total</i>	2021*	18,150,000	5,000,000	5,000,000
	2020	14,629,270	3,163,200	3,720,250
<i>*estimate for 2021</i>	2019	17,692,838	3,879,000	4,213,146
<i>All other officers and directors as a group unnamed</i>	2021*	13,000,000	8,250,000	6,500,000
	2020	12,120,995	7,588,620	5,019,608
	2019	13,573,351	7,648,750	3,399,787

10.2 Compensation of Directors

All members of the BOD are entitled to a maximum total share of 5% Directors' Bonus based on the Net Income after Tax of the preceding year. Each member receives a per diem of P40,000.00 per board meeting and P20,000.00 per committee meeting.

There are no other arrangements or contracts pursuant to which any Director of the Registrant was compensated or is to be compensated, directly or indirectly during the last fiscal year and the ensuing year.

10.3 Employment Contracts and Termination of Employment

All Executive Officers, except the Chief Investment Officer, VP for Policy Administration, and Deputy Head of Company Operations, who are on a retainer/consultancy fee basis, are under employment contracts and are entitled to a maximum total share of 3% Management Bonus based on Net Income after Tax of the preceding year. They are also entitled to receive retirement benefits as required by law. There is no other compensatory plan or arrangement, other than retirement, which any Executive Officer shall receive in case of resignation or termination.

There are no outstanding warrants or options held by any of the Executive Officers or Directors.

Item 11. Security Ownership of Certain Beneficial Owners and Management

11.1 Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2020, the Registrant knows of no one who beneficially owns in excess of 5% of its common stock except as set forth in the table below:

<u>Title of Class</u>	<u>Name and Address of beneficial owner</u>	<u>Amount of ownership*</u>	<u>Percent of class</u>
Common	FMF DEVELOPMENT CORP. 3F ALPAP Bldg., 140 Leviste St., Salcedo Village, Makati City	508,131,734	81.0732%

- do-	MERJE TRADING INC. 1381 Palm Avenue, Dasmariñas Village, Makati City	71,555,127	11.4167%
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Both domestic companies are the registered owners on record per books of the Registrant's stock and transfer agent. Merje Trading Inc. is a closely-held corporation while FMF has **68,557** stockholders as of December 31, 2020.

Both FMF Development Corp. and Merje Trading, Inc, as corporations, are represented by Mr. Jaime C. Fernandez as President.

The officers and shareholders of Merje Trading, Inc. are the Fernandez family, which include Messrs. Enrique, Jaime, and Roberto Fernandez.

11.2 Security Ownership of Management as of December 31, 2020:

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and nature of beneficial ownership (all direct)</u>	<u>Percent of class</u>
Common	Ma. Editha S. Paltongan	99,143	0.0158%
-do-	Teresita E. Ullegue	8,205	0.0013%
-do-	Deborah Q. dela Cruz	8,957	0.0014%
-do-	Fernandez, Jaime C.	3,294	0.0005%
	All officers and directors as group including qualifying shares	123,470	0.0197%
Voting trust holders of 10% or more		NONE	
Change in Control		NONE	

Item 12. Certain Relationships and Related Transactions

FMF is the parent company of the Registrant with 81% ownership of the total outstanding capital stock. The Registrant's financial statements are consolidated with that of the parent on an annual basis. The Registrant's wholly owned subsidiaries are Beneficial Financial Advisors, Inc. and Solana Investment Holdings Corp.

No other transaction was undertaken by the Registrant in which any Director or Executive Officer was involved or had a direct or indirect material interest aside from the loans granted as disclosed under Notes 7 and 17 of the audited consolidated financial statements and Supplementary Schedule B.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The IC, the primary regulator of the Registrant, requires the Registrant to adopt and comply with: (a) CLNo. 14-2013 dated July 1, 2013 (ASEAN Corporate Governance Scorecard); (b) CL No. 21-2009 dated August 12, 2009 (Corporate Governance Scorecard); (c) CL No. 9-2002 dated May 8, 2002 (Operating Manual against Money-Laundering for Insurance Commission Covered Institutions); (d) CL No. 11-2006 (Money Laundering Self-Rating Form); (e) CL No. 2018-48_Anti-Money Laundering and Combating the Financing of Terrorism Guidelines for Insurance Commission Regulated Entities and (f) CL No. 2015-02-A dated 13 January 2015 (Minimum Capitalization Requirement).

The evaluation by the Registrant to measure and determine the level of compliance of the BOD, the Executive Officers and top level management with its Manual on Corporate Governance (the “Manual”) is vested by the BOD on the Compliance Officer. The Compliance Officer is mandated to monitor compliance by all concerned with the provisions and requirements of the Manual.

The Registrant aims to create and sustain value for its stakeholders. To achieve this, the BOD, senior management, and employees must understand that compliance with regulations and best practice standards is everybody’s responsibility.

The Registrant commits to the highest standards of good corporate governance in realizing its vision and mission. The Registrant believes that sound corporate practice based on integrity, fairness, accountability, and transparency is essential in achieving growth and stability, as well as enhancing investors and stockholders’ confidence.

The Registrant’s Code of Ethics ensures that all employees adhere to the highest standards of honesty, transparency, and accountability. To further emphasize the Registrant’s commitment to integrity, employees are encouraged to report, in good faith, to higher management any misconduct within their respective departments/units.

Consistent with the foregoing policies and the provisions of the Manual, the Registrant has been continuously implementing the following:

Rights and Equitable Treatment of Stockholders:

The BOD acknowledges and respects the fundamental rights of shareholders to obtain adequate and timely information and commits not to act in a way that will violate the same.

The BOD will strive to achieve growth based on its potential and core competencies to ensure that shareholders, over the long term, will benefit from the productive performance and good operating results of the Registrant.

Policies on Employees Health and Safety:

The Registrant maintains the provisions for the health, safety and welfare benefits of its employees under the HealthCare Program being managed by the Registrant’s Health Care Department in coordination with the Human Resources Department. Under the foregoing, the Registrant’s employees throughout the country can go to any of the Registrant’s accredited medical clinics, laboratories and/or hospitals.

The Registrant is committed to promote the physical, social and mental well-being of its employees. It aims to provide and maintain a workplace free from all forms of discrimination and from all forms of physical, sexual or psychological abuse including harassment, bullying and intimidation. It is committed to maintain a positive, harmonious and professional work environment with due importance accorded to occupational health and safety of the employees and its clients transacting business at its various offices.

Policies and Activities on Customer Welfare:

The Registrant recognizes that its clients are the reason for its continued business, hence, the Registrant is committed to meet the needs of its clients by providing them with high quality customer service, as well as relevant products and services.

The Registrant is also committed to treat clients fairly by complying with the Policy Holder's Bill of Rights issued by the IC as well as implementing the following minimum service standards:

- a. Communications are fair and not misleading;
- b. Ensure that clients are given clear and accurate information on the services offered, including the risks involved, prior to the conclusion of any business transaction;
- c. Products and services are suitable and beneficial, taking into account the needs of the clients, their financial and risk profiles and objectives; and
- d. Complaints and concerns are handled and addressed promptly in a professional manner.

To ensure the effective implementation of the foregoing policies, the Registrant has a customer service desk to address the concerns and receive the complaints of clients.

Community Interaction Policy:

The Registrant considers its host community as its growth partner, and contributes to its social development agenda by paying appropriate taxes and complying with relevant laws, regulations, resolutions and ordinances.

Through its various branches nationwide, the Registrant also empowers the local communities where they operate by providing employment, livelihood opportunities, and basic services that will help improve their quality of life.

The Registrant's Community Principles:

This policy affirms the Registrant's commitment to the range of communities with whom it interacts, guided by the following principles: (a) compliance with all laws and regulations, (b) transparency, (c) sustainability, (d) respect for human rights, (e) diversity and (f) contribution to economic development.

The Registrant's Community Approach:

The Registrant's approach to its stakeholders is guided by the following:

- a. Building positive community relations by being an active player in the society;
- b. Identifying opportunities for partnership with the communities to create shared values;
- c. Investing in community developments that will benefit the community and be sustainable in the long run;
- d. Valuing the diversity of the stakeholders, respecting their culture and aspirations as we strive for local procurement and local employment; and
- e. Anti-corruption programs.

The Registrant adopts and institutionalizes the highest ethical standards by strict implementation of the provisions of its Code of Conduct. The Registrant is committed in complying with and strictly enforcing anti-corruption laws in all its offices. Bribery of any form is strictly prohibited.

Employees are strictly prohibited from receiving gifts from clients, suppliers or third persons to ensure that they remain objective and partial in the performance of their respective duties and responsibilities.

Pursuant to its commitment to good governance and business practice, the Registrant continues to review and strengthen its policies and procedures, giving due consideration to developments in the area of good governance, which it determines to be in the best interest of Registrant and its stockholders. The Registrant actively participates in industry discussions on good governance issues and concerns through the PLIA.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-A

14.1 Exhibits

- A. Statement of Management's Responsibility
- B. Audited Financial Statements and Supplementary Schedules:
 - Supplementary Schedule of Financial Soundness Indicators*
 - Schedule A: Financial Assets*
 - Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Stockholders other than related parties*
 - Schedule C: Amounts receivable from related parties which are eliminated during the consolidation of financial statements*
 - Schedule D: Intangible assets – other assets (Not Applicable)*
 - Schedule E: Long term debt (Not Applicable)*
 - Schedule F: Indebtedness to related parties (Not Applicable)*
 - Schedule G: Guarantees of securities of other issuers (Not Applicable)*
 - Schedule H: Capital Stock*

14.2 Reports on SEC Form 17-C filed during the last 6 months:


<u>Item Reported</u>	<u>Date filed</u>
1. <i>Annual Stockholders' Meeting and Organizational Board Meeting</i>	<i>October 20,2020</i>
2. <i>Resignation of Mr. Carl Anthony Sy Palanca</i>	<i>October 08, 2020</i>
3. <i>Report on Payment of IC-imposed penalty (for the late filing of Annual Statement)</i>	<i>September 02, 2020</i>
4. <i>Postponement of the 2020 Annual Stockholders Meeting (To be held on any day of June every year Per By-Laws)</i>	<i>June 11, 2020</i>

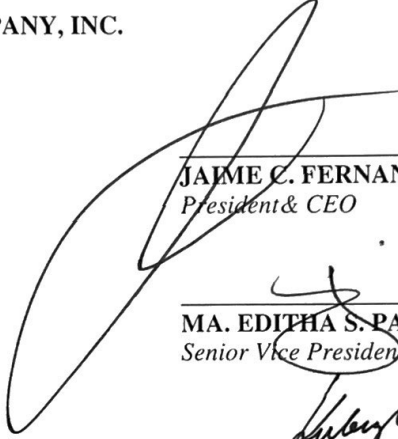
SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on May 10, 2021.

BENEFICIAL LIFE INSURANCE COMPANY, INC.


By:


ROBERTO C. FERNANDEZ
Chairman of the Board


JAIME C. FERNANDEZ
President & CEO


ATTY. MA. SIGRID R. PINLAC
Corporate Secretary


MA. EDITHA S. PALTONGAN
Senior Vice President, Comptroller


JOY S. VIANZON
Chief Accountant


ATTY. KAIMA VIA B. VELASQUEZ
Compliance Officer

MAY 12 2021

SUBSCRIBED AND SWORN to before me this ___ day of May 2021, affiants, personally known to me, exhibiting to me their government issued IDs, as follows:

Name(s)	Government Issued ID	Date and Place of Issue
JAIME C. FERNANDEZ	Passport No. P4426338B	01/17/20/DFA Manila
ROBERTO C. FERNANDEZ	Passport No. P5590221A	01/11/18/DFA NCR South
MA. SIGRID R. PINLAC	Passport No. EC7772711	05/21/16/ DFA NCR West
KAIMA VIA B. VELASQUEZ	Passport No. P1013829B	03/12/19/DFA Manila
MA. EDITHA S. PALTONGAN	Passport No. P2544046B	07/15/19/ DFA NCR South
JOY S. VIANZON	Passport No. P3823508A	07/27/17/DFA NCR West

ATTY. JOSHUA P. LAPUZ
 Notary Public Makati City
 -Until Dec. 31, 2021
 Appointed as **NOTARY PUBLIC** (2020-2021)
 PTR No. 8531012 Jan. 4, 2021 / Makati
 IBP Lifetime No. 04897 Roll No. 45790
 MCLE Compliance No. VI-0016565
 G/F Fedman Bldg., 199 Salcedo St.
 Legaspi Village, Makati City

Doc. No. 173
 Page No. 36
 Book No. 129
 Series of 2021.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management of **Beneficial Life Insurance Company Inc.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein for the years ended **December 31, 2020 and 2019**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


The Board of Directors is responsible in overseeing the Company'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 or members.

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


ROBERTO C. FERNANDEZ
Chairman of the Board


JAIME C. FERNANDEZ
President & Chief Executive Officer



MA. EDITHA S. PALTONGAN
Treasurer & SVP, Comptroller

Signed this 6th day of April 2021

SUBSCRIBED AND SWORN to before me this APR 30 2021, affiants exhibiting to me their Passport, as follows:

<u>Name</u>	<u>Passport</u>	<u>Issued at</u>	<u>Issued & Expiry Date</u>
Roberto C. Fernandez	P5590221A	NCR South	01/11/18 & 01/10/28
Jaime C. Fernandez	P4426338B	Manila	01/17/20 & 01/16/30
Ma. Editha S. Paltongan	P2544046B	NCR South	07/15/19 & 07/14/29

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Book no. 1
Series of 2021


ATTY GERVAZIO B. ORTIZ JR.
Notary Public City of Makati
Extended Until June 30, 2021
Per B.M No 3795
IBP No. 05729-Lifetime Member
MCLE Compliance No VI-0024312
Appointment No M 183-(2019-2020)
PTR No. 8531011 Jan. 4, 2021
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Mag. Pio del Pilar, Makati City

Beneficial Life Insurance Company, Inc.

166 Salcedo St. Legaspi Village, Makati City 1229 P.O. Box 1903
T (+632) 8818-8671 • F (+632) 8554-7529 to 30, (+632) 8554-7527

 **BenLife**
www.benlife.com.ph
Alagang tunay. Alagang BenLife.

**Beneficial Life Insurance Company, Inc.
and Subsidiaries**

Consolidated Financial Statements
December 31, 2020, 2019 and 2018

With independent auditors' report provided by



REYES TACANDONG & CO.

FIRM PRINCIPLES. WISE SOLUTIONS.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Beneficial Life Insurance Company, Inc.
Beneficial Life Building
166 Salcedo Street
Legaspi Village, Makati City

Opinion

We have audited the accompanying consolidated financial statements of Beneficial Life Insurance Company, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2020 and 2019, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2020, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement) and SEC Form 17-A for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 audits.

REYES TACANDONG & Co.


DARRYLL REESE Q. SALANGAD
Partner

CPA Certificate No. 107615

Tax Identification No. 227-770-760-000

BOA Accreditation No. 4782; Valid until August 15, 2021

IC Accreditation No. 107615-IC

Issued August 12, 2020

Valid for Financial Periods 2019 to 2023

SEC Accreditation No. 1788-A

Valid until October 14, 2022

BIR Accreditation No. 08-005144-016-2019

Valid until July 2, 2022

PTR No. 8534288

Issued January 5, 2021, Makati City

April 6, 2021

Makati City, Metro Manila

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
ASSETS			
Cash and cash equivalents	4	₱972,303,861	₱1,225,127,871
Short-term investments	4	62,796,981	60,500,000
Insurance receivables	5	33,538,391	89,693,714
Investment securities	6	5,682,055,270	4,578,348,114
Loans receivables	7	1,390,963,245	1,663,800,927
Accrued income	6	72,813,698	63,641,862
Property and equipment:	8		
At revalued amount		647,715,036	654,555,000
At cost		24,239,772	34,259,175
Deferred tax assets	23	248,976	248,089
Other assets		89,146,809	84,380,490
		₱8,975,822,039	₱8,454,555,242
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	9	₱4,912,423,179	₱4,097,224,154
Policyholders' dividends payable	10	142,208,734	133,430,815
Premium deposit fund	11	322,498,519	307,169,452
Insurance payables	12	94,278,156	90,978,607
Loans payable	13	23,286,209	31,081,586
Accounts payable and accrued expenses	14	161,204,052	131,663,238
Retirement liability	22	138,996,571	133,313,696
Deferred tax liabilities	23	90,917,944	130,470,731
Income tax payable		3,658,568	9,810,535
Other liabilities	15	216,280,214	216,639,049
Total Liabilities		6,105,752,146	5,281,781,863
Equity			
Capital stock		626,756,494	626,756,494
Additional paid-in capital		489,265,675	489,265,675
Retained earnings:	16		
Unappropriated		1,632,652,204	1,480,482,230
Appropriated		42,873,792	80,623,116
Other comprehensive income		78,521,728	495,645,864
Total Equity		2,870,069,893	3,172,773,379
		₱8,975,822,039	₱8,454,555,242

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2020	2019	2018
REVENUES				
Gross premiums on insurance contracts	18	₱1,658,761,570	₱1,668,843,509	₱1,349,120,419
Reinsurer's share of gross premiums on insurance contracts	18	(15,258,231)	(16,953,935)	(27,519,621)
Net insurance premiums		1,643,503,339	1,651,889,574	1,321,600,798
Interest income	4	327,209,477	431,700,468	432,576,304
Dividend income	6	28,052,375	20,584,189	22,521,215
Net fair value gain on financial assets at fair value through profit or loss (FVPL)	6	13,762,986	41,548,414	–
Gain on sale of investment securities	6	7,357,288	18,618,469	12,537,487
Rental income	24	3,469,090	4,563,986	4,500,278
Other income		16,965,580	17,071,220	10,278,301
		2,040,320,135	2,185,976,320	1,804,014,383
BENEFITS, CLAIMS AND EXPENSES				
Net benefits and claims incurred on insurance contracts	19	783,857,598	822,912,977	807,739,675
Net change in legal policy reserves	19	208,594,487	297,728,566	114,759,843
Net insurance benefits and claims		992,452,085	1,120,641,543	922,499,518
General and administrative expenses	20	488,407,306	465,778,035	425,690,505
Commission and other direct expenses	21	216,055,062	274,292,132	215,716,142
Finance costs and charges	21	35,477,979	35,910,878	25,057,969
Insurance taxes		31,268,931	31,340,762	26,289,319
Net fair value loss on financial assets at FVPL	6	–	–	22,261,505
		1,763,661,363	1,927,963,350	1,637,514,958
INCOME BEFORE FOREIGN EXCHANGE CHANGES AND IMPAIRMENT LOSSES		276,658,772	258,012,970	166,499,425
NET FOREIGN EXCHANGE GAIN (LOSS)		(111,880,062)	(83,119,139)	106,401,016
PROVISION FOR (REVERSAL OF) IMPAIRMENT LOSSES				
Loans receivables	7	38,998,407	35,541,595	93,930,036
Investment securities	6	10,985,211	(9,045,552)	5,978,230
		49,983,618	26,496,043	99,908,266
INCOME BEFORE INCOME TAX		114,795,092	148,397,788	172,992,175
INCOME TAX EXPENSE (BENEFIT)				
Final	23	24,507,310	24,657,771	14,086,597
Current		6,100,466	14,926,388	10,772,738
Deferred		(36,965,371)	(521,827)	(682,091)
		(6,357,595)	39,062,332	24,177,244
NET INCOME		₱121,152,687	₱109,335,456	₱148,814,931

(Forward)

	Note	Years Ended December 31		
		2020	2019	2018
NET INCOME		₱121,152,687	₱109,335,456	₱148,814,931
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>				
Change in revaluation reserves on investment securities (debt instruments classified as financial assets at fair value through other comprehensive income (FVOCI))	6	84,685,053	269,667,728	(60,624,834)
Cumulative translation adjustment		(6,130,889)	(5,598,080)	5,616,736
		78,554,164	264,069,648	(55,008,098)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement gain (loss) on legal policy reserves	9	(481,778,294)	(112,342,032)	224,296,576
Change in revaluation reserves on investment securities (equity securities classified as financial assets at FVOCI)	6	(7,860,631)	(57,437,705)	(72,753,892)
Remeasurement gain (loss) on retirement liability - net of deferred tax	22	(3,393,708)	(14,302,087)	8,844,543
Increase in revaluation surplus - net of deferred tax	8	–	184,222,750	–
		(493,032,633)	140,926	160,387,227
		(414,478,469)	264,210,574	105,379,129
TOTAL COMPREHENSIVE INCOME (LOSS)		(₱293,325,782)	₱373,546,030	₱254,194,060

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2020	2019	2018
CAPITAL STOCK - ₱1 par value				
Authorized - 1,000,000,000 shares				
Issued and outstanding - 626,756,494 shares				
		₱626,756,494	₱626,756,494	₱626,756,494
ADDITIONAL PAID-IN CAPITAL		489,265,675	489,265,675	489,265,675
RETAINED EARNINGS				
Appropriation for negative legal policy reserves				
	16			
Balance at beginning of year		80,623,116	112,561,902	110,755,783
Additional (reversal of) appropriation for negative legal policy reserves		(37,749,324)	(31,938,786)	1,806,119
Balance at end of year		42,873,792	80,623,116	112,561,902
Unappropriated				
Balance at beginning of year, as previously reported		1,480,482,230	1,390,529,020	1,203,015,810
Adjustment arising from transition to PFRS 9	6	–	–	137,207,469
Balance at beginning of year, as adjusted		1,480,482,230	1,390,529,020	1,340,223,279
Net income		121,152,687	109,335,456	148,814,931
Reversal of (additional) appropriation for negative legal policy reserves	16	37,749,324	31,938,786	(1,806,119)
Transfer from revaluation reserves on investment securities	6	(10,511,561)	(28,536,680)	–
Transfer of revaluation surplus	8	3,779,524	6,673,203	3,577,968
Dividend declaration	16	–	(29,457,555)	(100,281,039)
Balance at end of year		1,632,652,204	1,480,482,230	1,390,529,020
		1,675,525,996	1,561,105,346	1,503,090,922
OTHER COMPREHENSIVE INCOME (LOSS)				
Revaluation reserves on investment securities				
Balance at beginning of year, as previously reported		(124,555,731)	(336,785,754)	24,701,383
Adjustments arising from transition to PFRS 9	6	–	–	(228,108,411)
Balance at beginning of year, as adjusted		(124,555,731)	(336,785,754)	(203,407,028)
Change in revaluation reserves	6	76,824,422	212,230,023	(133,378,726)
Balance at end of year		(₱47,731,309)	(₱124,555,731)	(₱336,785,754)

(Forward)

		Years Ended December 31		
	Note	2020	2019	2018
Revaluation surplus on property and equipment - net of deferred tax				
	8			
Balance at beginning of year		₱333,344,244	₱153,792,736	₱156,297,314
Appraisal increase		-	184,222,750	-
Transfer of revaluation surplus		(2,645,667)	(4,671,242)	(2,504,578)
Balance at end of year		330,698,577	333,344,244	153,792,736
Cumulative remeasurement gain (loss) on legal policy reserves				
	9			
Balance at beginning of year		280,115,623	392,457,655	168,161,079
Remeasurement gain (loss) on legal policy reserves		(481,778,294)	(112,342,032)	224,296,576
Balance at end of year		(201,662,671)	280,115,623	392,457,655
Cumulative remeasurement gain (loss) on retirement liability - net of deferred tax				
	22			
Balance at beginning of year		(8,569,813)	5,732,274	(3,112,269)
Remeasurement gain (loss) on retirement liability		(3,393,708)	(14,302,087)	8,844,543
Balance at end of year		(11,963,521)	(8,569,813)	5,732,274
Cumulative translation adjustment				
Balance at beginning of year		15,311,541	20,909,621	15,292,885
Translation adjustment		(6,130,889)	(5,598,080)	5,616,736
Balance at end of year		9,180,652	15,311,541	20,909,621
		78,521,728	495,645,864	236,106,532
		₱2,870,069,893	₱3,172,773,379	₱2,855,219,623

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31		
		2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		₱114,795,092	₱148,397,788	₱172,992,175
Adjustments for:				
Interest income	4	(327,209,477)	(431,700,468)	(432,576,304)
Unrealized foreign exchange loss (gain)		99,621,598	71,600,123	(72,759,670)
Provision for (reversal of) impairment losses on:				
Loans receivables	7	38,998,407	35,541,595	93,930,036
Investment securities	6	10,985,211	(9,045,552)	5,978,230
Dividend income	6	(28,052,375)	(20,584,189)	(22,521,215)
Finance costs	21	27,406,267	25,652,335	15,288,840
Retirement benefits cost	22	23,078,622	18,186,486	15,705,389
Depreciation	8	22,684,704	28,455,993	24,338,609
Net fair value loss (gain) on financial assets at FVPL	6	(13,762,986)	(41,548,414)	22,261,505
Gain on sale of investment securities		(7,357,288)	(18,618,469)	(12,537,487)
Operating loss before working capital changes		(38,812,225)	(193,662,772)	(189,899,892)
Decrease (increase) in:				
Loans receivables		233,839,275	202,568,875	96,315,606
Insurance receivables		56,155,323	(66,663,175)	(6,771,965)
Short-term investments		(2,296,981)	(9,765,010)	1,603,599
Increase (decrease) in:				
Insurance contract liabilities		333,420,731	319,217,359	249,955,970
Policyholders' dividends payable		8,777,919	34,400,436	(18,538,366)
Insurance payables		3,299,549	(19,737,362)	17,233,030
Premium deposit fund		(10,432,815)	4,569,876	(7,676,308)
Accounts payable and accrued expenses		29,540,814	(79,312,028)	168,748,581
Other liabilities		(309,229)	27,129,182	4,647,556
Net cash generated from operations		613,182,361	218,745,381	315,617,811
Contributions to plan assets	22	(15,000,000)	(15,000,000)	(15,000,000)
Income tax paid		(12,252,435)	(12,862,113)	(21,157,552)
Benefits paid by the Group	22	(7,243,901)	(3,203,568)	(1,246,689)
Interest paid		(1,644,385)	(13,185,165)	(6,053,149)
Net cash provided by operating activities		₱577,041,640	₱174,494,535	₱272,160,421

(Forward)

		Years Ended December 31		
	Note	2020	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Investment securities	6	(₱3,817,451,516)	(₱1,684,627,404)	(₱1,950,786,519)
Property and equipment	8	(5,825,337)	(20,009,183)	(23,217,861)
Other assets		(4,766,319)	(20,920,880)	(17,791,228)
Proceeds from sale/maturities of investment securities	6	2,661,251,739	1,706,679,648	824,724,999
Interest received		315,545,608	424,128,929	443,402,603
Dividends received		27,559,748	24,451,216	22,521,220
Net cash provided by (used in) investing activities		(823,686,077)	429,702,326	(701,146,786)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan payments	13	(983,661,637)	(4,202,823,099)	(1,951,743,832)
Loan availments	13	977,531,670	3,883,765,938	2,298,842,831
Cash dividends paid	13	(49,606)	(27,661,338)	(93,887,619)
Net cash provided by (used in) financing activities		(6,179,573)	(346,718,499)	253,211,380
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(252,824,010)	257,478,362	(175,774,985)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,225,127,871	967,649,509	1,143,424,494
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱972,303,861	₱1,225,127,871	₱967,649,509

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Beneficial Life Insurance Company, Inc. (the Parent Company) was incorporated and registered with the Philippines Securities and Exchange Commission (SEC) on March 16, 1960 to engage and carry on the business of life insurance. The Parent Company extended its corporate life for another 50 years commencing on March 16, 2010. However, as prescribed by the Revised Corporation Code of the Philippines which became effective on February 23, 2019, the Group shall have perpetual existence. Also, the Parent Company is licensed to engage in the reinsurance business. The Parent Company's Certificate of Authority issued by the Insurance Commission (IC) is valid until December 31, 2021.

The Parent Company is 81%-owned by FMF Development Corporation (FMF or Ultimate Parent Company), a company incorporated in the Philippines engaged primarily to own, invest or manage properties such as buildings or other structures and shares of stock and other types of securities.

The consolidated financial statements include the accounts of the Parent Company and its wholly-owned subsidiaries (collectively referred to as the Group), as follows:

Name of Subsidiaries	Country of Incorporation	Nature of Business
Solana Investment Holdings Corporation (SIHC)	British Virgin Islands	Investment
Beneficial Financial Advisors, Inc. (BFAI)	Philippines	Consultancy and leasing

The registered office address of the Parent Company is Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City.

The consolidated financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issuance by the Board of Directors (BOD) on April 6, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All values represent absolute amounts unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which are carried at fair values, certain components of property and equipment which are carried at revalued amounts, and retirement liability which is carried at the present value of the defined benefit obligation less fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and consideration received for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 3: Significant Judgments, Accounting Estimates and Assumptions
- Note 6: Investment Securities
- Note 8: Property and Equipment
- Note 26: Risk Management Objectives and Policies

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the following amended PFRS which the Group adopted effective January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides an improved definition of a “business” which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, ‘an integrated set of activities and assets’ must include, at a minimum, ‘an input and a substantive process that together significantly contribute to the ability to create an output’. The clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.
- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Effective for annual periods beginning on or after June 1, 2020 -

- Amendments to PFRS 16, *Leases – Covid-19 Related Rent Concessions* – The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS, which are not yet effective as at December 31, 2020 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2025 -

- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter (CL) 2020-062, *Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation*, which provides a two year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Group, except for PFRS 17. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVPL or FVOCI, depending on the level of influence retained.

Current and Noncurrent Classification

The Group presents assets and liabilities in the consolidated statements of financial position based on liquidity. The current portion is presented in Note 27.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:

- Expected to be settled in its normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities, respectively.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Financial Assets

In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification and Measurement

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial instrument largely depends on the Group’s business model and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

The Group's cash and cash equivalents, short-term investments, insurance receivables, government securities assigned as investment deposit with the IC, private debt securities which are held primarily to collect contractual cash flows until maturity included under "Investment Securities" account in consolidated statements of financial position, loans receivables and accrued income are classified under this category.

Debt Securities at FVOCI. Debt securities shall be measured at FVOCI if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- b. the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt securities measured at FVOCI are recognized directly in profit or loss. Changes in the fair value of these securities are recognized in other comprehensive income and accumulated in equity. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

The Group's investments in private and government debt securities which are denominated in foreign currencies are classified under this category.

Equity Securities at FVOCI. On initial recognition, equity securities that are not held for trading may be irrevocably designated as a financial asset to be measured at FVOCI.

Dividends from equity securities held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

Changes in the fair value of these securities including those arising from foreign currency changes are recognized in other comprehensive income and presented in the equity section of the consolidated statements of financial position. The cumulative gains or losses will not be reclassified to profit or loss on disposal of the equity securities, instead, these will be transferred to retained earnings.

The Group's investments in quoted equity securities which are irrevocably designated as financial assets at FVOCI at initial recognition are included under this category.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt securities to be classified at amortized cost or at FVOCI, debt securities may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

The Group's investments in private debt securities held for trading and quoted equity securities are classified under this category.

Impairment

The Group recognizes an allowance for expected credit losses (ECL) for all debt securities not measured at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Group's financial assets at amortized cost and debt securities at FVOCI are subject to ECL using general approach. Under this approach, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Derecognition

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

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

Classification and Measurement

The Group classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost, and (b) financial liabilities at FVPL.

As at December 31, 2020 and 2019, the Group does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity securities.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Group's insurance contract liabilities, policyholders' dividends payable, premium deposit fund, insurance payables, loans payable, accounts payable and accrued expenses (excluding statutory payables) and other liabilities are classified under this category.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Derecognition

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Insurance Contracts

Product Classification

Insurance contracts are defined as those contracts under which the Group (the insurer) accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Group defines significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variables.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during a certain period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Insurance contracts are classified with and without Discretionary Participation Features (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on the following:
 - performance of a specified pool of contracts or a specified type of contract;
 - realized and/or unrealized investment returns on a specified pool of assets held by the issuer; or
 - the profit or loss of the Group, fund or other entity that issues the contract.

Conventional Long-term Insurance Contracts

These contracts ensure events associated with human life (for example, death or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Benefits are recognized as expense when they are incurred or when the policies reach maturity.

A liability for contractual benefits that is expected to be incurred in the future is recognized for policies that are in-force as at the reporting date. The liability is determined as the expected future discounted value of the benefit payments that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefit expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, reserve method, and interest rate approved by the IC.

Reinsurance Contracts

The Parent Company cedes insurance risk in the normal course of business to reinsurers. Balances due from reinsurance companies for its share in benefits and claims of policyholders are recognized as "Due from reinsurers" in the consolidated statements of financial position. Amounts due to reinsurers representing their share in premiums are presented under "Insurance payables" account in the consolidated statements of financial position.

An impairment review is performed at each reporting date or more frequently when there are indications of impairment during the reporting year. Impairment occurs when there is objective evidence that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is charged to profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance contracts. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Estimating amounts payable is consistent with the provisions of the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Property and Equipment

Property and equipment, other than land, buildings and office condominium, are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged against profit or loss during the financial period in which these were incurred.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

The Group's land, buildings and office condominium are stated at revalued amounts based on the valuation of an independent appraiser. Any increase in the value of property and equipment at revalued amounts is recognized under "Revaluation surplus on property and equipment" account in the equity section of the consolidated statements of financial position. Any decrease is first offset against an increase on earlier valuation in respect of the same class of property and is thereafter recognized as an expense. Annually, an amount from the revaluation surplus is transferred to retained earnings for the depreciation related to the revaluation surplus.

Upon the disposal of a revalued property, the relevant portion of the revaluation surplus realized in respect of previous valuation is released directly from the revaluation surplus to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Number of years
Building and office condominium	10 - 40
Transportation equipment	3 - 5
Office furniture and equipment	2 - 5

The assets' residual values, useful lives and depreciation method are reviewed periodically to ensure that the residual values, period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Impairment of Nonfinancial Assets

The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Insurance Contract Liabilities

Legal Policy Reserves

Legal policy reserves are liabilities for contractual benefits that are expected to be incurred in the future related to policies that are in-force as at the reporting date. The liability is calculated as the sum of the present value of future benefits and expenses, less the present value of future net premiums arising from the policy discounted at the appropriate risk-free discount rate. The liability is determined using best estimate assumptions with regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The Group has different assumptions for different products. However, liabilities for contractual benefits are computed to comply with statutory requirements, which require discount rates to be based on the schedule of spot rates published by IC and mortality and morbidity rates to be in accordance with the standard table of mortality. Reserves are computed per thousand of sum insured and depend on the issue age and policy duration.

Adjustments to the liabilities arising from changes in in-force policies are recorded in “Net change in legal policy reserves” account in profit or loss. Changes in liabilities arising from changes in discount rates are recorded in “Remeasurement gain (loss) on legal policy reserves” account in other comprehensive income.

Policy and Contract Claims

Policy and contract claims are liabilities for unpaid claims and benefits of policyholders as a result of death of the insured, surrenders and maturities. This also includes cost of claims incurred but not yet reported as at reporting date based on the Group’s experience and historical data.

Liability Adequacy Test

Liability adequacy tests are performed annually to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any deficiency is immediately charged against profit or loss initially by establishing a provision for losses arising from the liability adequacy tests.

Policyholders’ Dividends Payable

Policyholders’ dividends payable is a contractual right that gives policyholders the right to receive supplementary discretionary returns through participation in the surplus arising from participating business. These returns are subject to the discretion of the Group’s management and BOD and are within the constraints of the terms and conditions of the contract. The computation of the rate of dividends takes into consideration the differences of interests assumed in pricing and investments, differences in mortality rates assumed in pricing and reserves valuation and the increase in cash values between the current policy year and the previous policy year. Policyholders’ dividends payable for the year is computed per thousand of sum insured and depends on the issue age and policy duration.

Premium Deposit Fund

Premium deposit fund pertains to the premium deposits of the policyholders which earn interest at such rates as the Group declares but not less than the lowest interest rate prevailing on savings accounts of banks. The amount of premium deposits of the policyholders shall not exceed the future contractual premiums of the insurance contracts. If at any premium date, premiums remain unpaid, and provided that the fund balance is sufficient to pay such premiums in full, the premium due shall be paid from this fund.

Revenue Recognition

Premium Income. Gross recurring premiums from life insurance contracts are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date from which the policy becomes effective. For regular premium contracts, revenues are recognized at the date when payments are due.

Estimates of premiums due as at the reporting date but not yet received are assessed based on the estimates from underwriting or past experience and are included in premiums earned.

Interest Income. For interest-bearing financial instruments classified as financial assets at FVPL, financial assets at FVOCI and financial assets at amortized cost, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Dividend Income. Dividend income is recognized when the Group's right to receive the payment is established.

Rental Income. Rental income is recognized in profit or loss when earned.

Other Income. Other income includes policy issue fees, reversal of denied claims and other income that are recognized in profit or loss when earned.

Benefits, Claims and Expenses Recognition

Benefits and Claims. Benefits and claims consist of benefits and claims incurred during the period and changes in the valuation of legal policy reserves (including incurred but not reported losses) and reserve for policyholders' dividends. Death claims and surrenders are recorded on the basis of notifications received. Maturities are recorded when due.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are recognized as expense when incurred.

Commission and Other Direct Expenses. Commissions and other direct expenses are recognized when the insurance contracts are entered and the premiums are recognized.

Underwriting Expense. Underwriting expenses are related expenses for the acquisition of insurance contracts which are expensed as incurred.

Finance Costs and Charges. Finance costs and charges consist mainly of bank charges and interest expenses incurred by the Group. Interest expense is recognized in profit or loss as it accrues and is calculated using the effective interest method. Accrued interest is credited to the liability account every policy anniversary date.

Insurance Taxes. Insurance taxes pertain to premium taxes and documentary stamp taxes on life insurance policies which are expensed as incurred.

Employee Benefits

Short-term Benefits. The Group provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution and other short-term benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has a funded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes restructuring-related costs.

Net interest on the net retirement liability or asset is the change during the period in the net retirement liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net retirement liability or asset.

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 Group nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

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

The net defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the liabilities are to be settled directly. The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Final Tax. Final taxes are recognized for taxes paid on certain income payments. These are not creditable to income tax due on income subject to regular corporate income tax. The applicable tax rates differ depending on the particular income subject to final tax.

Current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate and tax laws enacted or substantively enacted at the reporting date.

Deferred tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward benefits of excess MCIT over RCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC). When the Parent Company issues shares in excess of par, the excess is recognized as APIC. Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC. Capital stock also includes stock dividends to be issued.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of any dividend declaration and prior period adjustments. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders while appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense (including items previously presented under equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income includes revaluation reserves on investment securities, remeasurement gain or loss on legal policy reserves, remeasurement gain or loss on net retirement liability and revaluation surplus on property and equipment. Other comprehensive income items that will be reclassified subsequently to profit or loss are presented separately from those items that will not be reclassified subsequently.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the lessee has both of the following:

- The right to obtain substantially the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

At the commencement date, the Group recognizes ROU asset and a lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

Contingent liabilities are not recognized but are disclosed in the notes to consolidated financial statements unless the probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's consolidated financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. These are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments

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

Identifying the Product Classification. The Group has determined that the policies it issues have significant insurance risk and therefore meets the definition of an insurance contract and are accounted for as such. Insurance contracts are those contracts when the Group has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts also transfer financial risk.

Classifying the Financial Instruments. Classification of financial assets depends on the results of the business model test and “sole payment of principal and interest” (SPPI) test performed by the Group. The Group exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

Definition of Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- a. Quantitative Criteria - the borrower is more than 1 year past due on its contractual payments, which is consistent with the Group’s definition of default.
- b. Qualitative Criteria - The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
 - The borrower is experiencing financial difficulty or is insolvent;
 - The borrower is in breach of financial covenants;
 - Concessions have been granted by the Group, for economic or contractual reasons relating to the borrower’s financial difficulty; or
 - It is probable that the borrower will enter bankruptcy or other financial reorganization.

The foregoing criteria have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to the determination of ECL.

Grouping of the Financial Assets for Measurement of ECL on a Collective Basis. For ECL provisions that are assessed on a collective basis, grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. For loans receivables, debtors are grouped based on the type of loan and debtors’ geographical location.

Determining the Lease Commitments - Group as a Lessee. The Group has lease agreements for its branches and regional offices. The Group has determined that it obtains substantially all of the economic benefits from use of the identified assets and the right to direct the use of such assets. Moreover, the Group assessed that these lease agreements qualify as leases of low value assets or short-term leases.

Rental expense arising from leases of low value assets and short-term leases amounted to ₱8.7 million, ₱10.5 million and ₱10.2 million in 2020, 2019 and 2018, respectively (see Note 24).

Determining the Lease Commitments - Group as a Lessor. The Group has lease agreements with third parties. The Group has determined that it retains all the risks and rewards of ownership over the leased asset. Accordingly, the agreements are accounted for as operating leases.

Rental income amounted to ₱3.5 million, ₱4.6 million and ₱4.5 million in 2020, 2019 and 2018, respectively (see Note 24).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Determining the Fair Value of Financial Instruments. The fair values of investments that are actively traded in organized financial markets are determined by reference to quoted market prices at the close of business on the reporting date.

In accordance with the amendments to PFRS 7, *Financial Instruments: Disclosures*, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the consolidated statements of financial position. The Group uses judgment in assessing the significance of a particular input to the fair value measurements in its entirety, considering factors specific to the asset or liability.

Estimating the Legal Policy Reserves. Reserves are set up as requirement pursuant to the provision and guidelines set by the IC, which should not be less than the reserves required. These are computed using assumptions that are based on the standard mortality and morbidity tables, interest rates, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation as required by the IC.

The carrying amount of legal policy reserves amounted to ₱3,740.9 million and ₱3,050.5 million as at December 31, 2020 and 2019, respectively (see Note 9).

Estimating the Claims Incurred but not Reported. Provision is made for the cost of claims incurred but not yet reported as at reporting date based on the Group's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in consolidated statements of comprehensive income of subsequent years.

The carrying amount of claims incurred but not reported included under policy and contract claims amounted to ₱251.5 million and ₱256.8 million as at December 31, 2020 and 2019, respectively (see Note 9).

Estimating the Allowance for ECL on Insurance Receivables, Loans Receivables and Accrued Investment Income. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition, in which case, ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the borrower.

No provision for impairment was recognized on insurance receivables and accrued investment income in 2020, 2019 and 2018.

The carrying amount of insurance receivables amounted to ₱33.5 million and ₱89.7 million as at December 31, 2020 and 2019, respectively (see Note 5).

The carrying amount of accrued investment income amounted to ₱72.8 million and ₱63.6 million as at December 31, 2020 and 2019, respectively (see Note 6).

Provision for doubtful accounts recognized on loans receivables amounted to ₱39.0 million, ₱35.5 million and ₱93.9 million in 2020, 2019 and 2018, respectively. The carrying amount of loans receivables amounted to ₱1,391.0 million and ₱1,663.8 million as at December 31, 2020 and 2019, respectively (see Note 7).

Estimating the Useful Lives of Property and Equipment. The useful life of each of the Group's property and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed at each financial yearend and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. However, it is possible that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation and decrease its carrying amounts.

There were no changes in the estimated useful lives of the Group's property and equipment at cost in 2020, 2019 and 2018. The carrying amount of property and equipment at cost amounted to ₱24.2 million and ₱34.3 million as at December 31, 2020 and 2019, respectively (see Note 8).

There were no changes in the estimated useful lives of the Group's property and equipment at revalued amounts in 2020, 2019 and 2018. The carrying amount of property and equipment at revalued amounts amounted to ₱647.7 million and ₱654.6 million as at December 31, 2020 and 2019, respectively (see Note 8).

Determining the Revalued Amount of Property and Equipment. The Group carries certain property and equipment at revalued amounts. The appraised values of land, buildings and office condominium were arrived using the market data approach and cost approach.

With market data approach, the values of the properties are based on sales and listings of comparable properties registered in the vicinity. The technique of this approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator and adjustment of the differences between the subject property and those actual sales and listings regarded as comparable. The comparison was premised on the factors of location, characteristics of the lot, time element, quality and prospective use.

Cost approach is evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character and utility of the property which is to be continued in its present use as part of a going concern but without specific relation to earnings.

The latest independent property valuation of land, building and office condominium was performed on February 3, 2020. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱184.2 million. The carrying amount of property and equipment at revalued amounts amounted to ₱647.7 million and ₱654.6 million as at December 31, 2020 and 2019, respectively.

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Determining such amount requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets.

No impairment loss was recognized in 2020, 2019 and 2018. The carrying amounts of nonfinancial assets are as follows:

Asset Type	Note	2020	2019
Property and equipment:	8		
At cost		₱24,239,772	₱34,259,175
At revalued amounts		647,715,036	654,555,000
Other assets		89,146,809	84,380,490

Determining the Retirement Liability. The determination of the obligation and cost of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 22 to the consolidated financial statements and include, among others, discount rate and salary increase rate. Actual results that differ from the Group's assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation.

The net retirement liability amounted to ₱139.0 million and ₱133.3 million as at December 31, 2020 and 2019, respectively (see Note 22).

Assessing the Realizability of Deferred Tax Assets. The Group's assessment of the recognition of deferred tax assets on deductible temporary differences is based on the Group's past results and future expectations on revenue and expenses. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized.

The Group's recognized deferred tax assets amounted to ₱129.2 million and ₱93.3 million as at December 31, 2020 and 2019, respectively (see Note 23).

4. Cash, Cash Equivalents and Short-term Investments

Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand	₱53,000	₱53,548
Cash in banks	794,813,873	703,891,417
Cash equivalents	177,436,988	521,182,906
	₱972,303,861	₱1,225,127,871

Cash and cash equivalents include cash in banks and short-term deposits which earn interest at the prevailing bank deposit rates. Cash equivalents are short-term deposits made for varying periods of up to three months from date of maturity, depending on the immediate cash requirements.

Short-term Investments

Short-term investments amounted to ₱62.8 million and ₱60.5 million as at December 31, 2020 and 2019, respectively. Short-term investments are short-term placements with maturities of more than three months but less than one year from date of acquisition. The effective annual interest rates of these investments range between 0.875% to 2.75% and 3.1% to 4.0% in 2020 and 2019, respectively.

Interest Income

Interest income recognized in the consolidated statements of comprehensive income follows:

	Note	2020	2019	2018
Loans receivables	7	₱108,630,387	₱205,197,740	₱269,791,524
Investment securities:	6			
Financial assets at amortized cost		103,024,123	88,411,448	45,980,416
Financial assets at FVOCI		70,931,610	82,292,112	77,709,919
Financial assets at FVPL		31,930,376	22,495,845	14,145,593
Cash and cash equivalents		7,369,040	12,158,508	8,678,269
Short-term investments		5,323,941	21,144,815	16,270,583
		₱327,209,477	₱431,700,468	₱432,576,304

5. Insurance Receivables

This account consists of:

	2020	2019
Premiums due and uncollected	P16,042,360	P30,814,430
Due from reinsurers	17,496,031	58,879,284
	P33,538,391	P89,693,714

Premiums due and uncollected pertain to uncollected premiums on written policies which are collectible within the Group's 30-day grace period.

Due from reinsurers pertain to claims recoverable from reinsurers. These receivables are due and demandable. Reinsurer's share in net benefits and claims amounted to P34.6 million, P15.0 million and P7.7 million in 2020, 2019 and 2018, respectively (see Note 19).

6. Investment Securities

Movements of this account are as follows:

	2020			Total
	Financial Assets			
	At FVPL	At FVOCI	At Amortized Cost	
Balance at beginning of year	P478,582,793	P2,402,350,510	P1,697,414,811	P4,578,348,114
Additions	709,545,100	1,210,973,291	1,896,933,125	3,817,451,516
Maturities and disposals	(459,335,857)	(789,490,775)	(1,412,425,107)	(2,661,251,739)
Fair value changes	13,762,986	72,413,370	-	86,176,356
Foreign exchange changes	(26,384,249)	(96,456,967)	-	(122,841,216)
Amortization	(321,647)	(12,440,394)	44,940	(12,717,101)
Provision for impairment loss	-	-	(3,110,660)	(3,110,660)
Balance at end of year	P715,849,126	P2,787,349,035	P2,178,857,109	P5,682,055,270

	2019			Total
	Financial Assets			
	At FVPL	At FVOCI	At Amortized Cost	
Balance at beginning of year	P463,242,478	P2,819,832,210	P1,158,967,433	P4,442,042,121
Additions	329,367,515	274,749,906	1,080,509,983	1,684,627,404
Maturities and disposals	(345,210,088)	(820,475,946)	(540,993,614)	(1,706,679,648)
Fair value changes	41,548,414	236,114,956	-	277,663,370
Foreign exchange changes	(10,779,934)	(91,860,525)	-	(102,640,459)
Amortization	414,408	(16,010,091)	(512,530)	(16,108,213)
Provision for impairment loss	-	-	(556,461)	(556,461)
Balance at end of year	P478,582,793	P2,402,350,510	P1,697,414,811	P4,578,348,114

The adoption of PFRS 9 beginning January 1, 2018 resulted to net increase in the opening balance of unappropriated retained earnings amounting to P137.2 million as a result of changes in classification of financial instrument and recognition of additional impairment for expected credit losses.

Financial Assets at FVPL

This account consists of:

	2020	2019
Private debt securities - foreign	₱715,849,126	₱376,582,793
Equity securities	-	102,000,000
	₱715,849,126	₱478,582,793

Private debt securities earn annual interest of 2.12% to 9.00% and 1.00% to 8.50% in 2020 and 2019, respectively. Interest income earned on these financial assets amounted to ₱31.9 million, ₱22.5 million and ₱14.1 million in 2020, 2019 and 2018, respectively, net of amortization of premium or discount amounting to ₱0.3 million, ₱0.4 million and ₱646 in 2020, 2019 and 2018, respectively (see Note 4).

Equity securities pertain to preferred shares which are listed in the Philippine Stock Exchange Index (PSEi). Dividend income earned on these financial assets at FVPL amounted to ₱4.5 million, ₱10.7 million and ₱10.5 million in 2020, 2019 and 2018, respectively.

Financial Assets at FVOCI

This account consists of:

	2020	2019
Debt securities:		
Government debt securities - foreign	₱1,155,056,170	₱730,508,537
Private debt securities - foreign	937,872,293	1,049,837,876
	2,092,928,463	1,780,346,413
Equity securities - local and foreign	694,420,572	622,004,097
	₱2,787,349,035	₱2,402,350,510

Private and government debt securities earn annual interest of 2.64% to 8.38% in 2020 and 2019. Interest income earned on these financial assets amounted to ₱70.9 million, ₱82.3 million and ₱77.7 million in 2020, 2019 and 2018, respectively, net of amortization of premium or discount amounting to ₱11.9 million, ₱16.0 million and ₱24.3 million in 2020, 2019 and 2018, respectively (see Note 4).

Equity securities pertain to investments in shares listed in the PSEi and other foreign stock exchange markets. Dividend income earned on these financial assets at FVOCI amounted to ₱23.6 million, ₱9.9 million and ₱12.0 million in 2020, 2019 and 2018, respectively.

Movements of revaluation reserves on investment securities are as follows:

	December 31, 2020			Total
	Fair Value Change	12-month ECL		
Balance at beginning of year	(P133,983,134)	P9,427,403		(P124,555,731)
Change in revaluation reserves:				
Fair value gain	72,413,370	–		72,413,370
Transfer to retained earnings	10,511,561	–		10,511,561
Foreign exchange changes	(6,617,772)	–		(6,617,772)
Transfers to profit or loss:				
Gain on sale	(7,357,288)	–		(7,357,288)
Impairment loss	–	7,874,551		7,874,551
	68,949,871	7,874,551		76,824,422
Balance at end of year	(P65,033,263)	P17,301,954		(P47,731,309)

	December 31, 2019			December 31, 2018
	Fair Value Change	12-month ECL	Total	
Balance at beginning of year, as previously reported	(P355,815,170)	P19,029,416	(P336,785,754)	P24,701,383
Adjustments arising from transition to PFRS 9:				
With impact to retained earnings	–	–	–	(168,532,376)
Without impact to retained earnings	–	–	–	(59,576,035)
Balance at beginning of year, as adjusted	(355,815,170)	19,029,416	(336,785,754)	(203,407,028)
Change in revaluation reserves:				
Fair value gain (loss)	236,114,956	–	236,114,956	(138,365,113)
Transfer to retained earnings	28,536,680	–	28,536,680	–
Foreign exchange changes	(24,201,131)	–	(24,201,131)	12,145,821
Transfers to profit or loss:				
Gain on sale	(18,618,469)	–	(18,618,469)	(12,537,487)
Reversal of impairment loss	–	(9,602,013)	(9,602,013)	5,378,053
	221,832,036	(9,602,013)	212,230,023	(133,378,726)
Balance at end of year	(P133,983,134)	P9,427,403	(P124,555,731)	(P336,785,754)

Movements of revaluation reserves on investment securities segregated for items that will be reclassified or not to profit or loss in subsequent periods follow:

	2020	2019
Balance at beginning of year	(P124,555,731)	(P336,785,754)
Items that will be reclassified to profit or loss	84,685,053	269,667,728
Items that will not be reclassified into profit or loss	(7,860,631)	(57,437,705)
Balance at end of year	(P47,731,309)	(P124,555,731)

Financial Assets at Amortized Cost

This account consists of:

	2020	2019
Government debt securities - local	P770,249,776	P709,855,529
Private debt securities - local	1,413,688,967	989,530,256
	2,183,938,743	1,699,385,785
Allowance for impairment loss (12-month ECL)	5,081,634	1,970,974
	P2,178,857,109	P1,697,414,811

Government and private debt securities earn annual interest of 2.50% to 5.13% and 5.13% to 8.51% in 2020 and 2019, respectively. Interest income earned on these financial assets amounted to P103.0 million, P88.4 million and P46.0 million in 2020, 2019 and 2018, respectively, net of amortization of premium or discount amounting to P44,940, P0.5 million and P4.9 million in 2020, 2019 and 2018, respectively (see Note 4).

Movements of allowance for impairment loss (12-month ECL) on financial assets at amortized cost in 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	P1,970,974	P1,414,513
Provision for impairment loss	3,110,660	556,461
Balance at end of year	P5,081,634	P1,970,974

Impairment Losses

Impairment losses (reversal of impairment loss) on investment securities recognized in the consolidated statements of comprehensive income follow:

	2020	2019	2018
Financial assets at FVOCI	P7,874,551	(P9,602,013)	P5,378,053
Financial assets at amortized cost	3,110,660	556,461	600,177
	P10,985,211	(P9,045,552)	P5,978,230

Dividend Income

Dividend income recognized in the consolidated statements of comprehensive income follows:

	2020	2019	2018
Financial assets at FVOCI	P23,578,145	P9,869,978	P12,045,036
Financial assets at FVPL	4,474,230	10,714,211	10,476,179
	P28,052,375	P20,584,189	P22,521,215

Accrued Investment Income

Accrued income consists of:

	2020	2019
Interest	P71,938,098	P63,258,889
Dividends	875,600	382,973
	P72,813,698	P63,641,862

Interest receivable pertains mainly to interest accrued from short-term investments, investment securities and loans receivables.

7. Loans Receivables

This account consists of:

	Note	2020	2019
Salary loans		₱1,135,054,047	₱1,325,256,427
Mortgage and collateral loans:			
Related party	17	140,625,000	150,000,000
Third parties		5,837,168	5,912,664
Policy loans		99,393,059	154,547,244
Due from related parties	17	49,028,578	59,028,578
Agents' balances		33,390,036	37,793,512
Notes receivables		8,843,668	8,280,955
Others		31,147,527	28,412,071
		1,503,319,083	1,769,231,451
Less allowance for impairment loss		112,355,838	105,430,524
		₱1,390,963,245	₱1,663,800,927

Movements in the allowance for impairment loss on loans receivables are as follows:

	2020		
	12-month ECL	Lifetime ECL	Total
Balance at beginning of year	₱29,122,870	₱76,307,654	₱105,430,524
Provision for impairment loss	38,998,407	–	38,998,407
Transfer from 12-month ECL to lifetime ECL	(55,992,396)	55,992,396	–
Write-off	–	(32,073,093)	(32,073,093)
Balance at end of year	₱12,128,881	₱100,226,957	₱112,355,838

	2019		
	12-month ECL	Lifetime ECL	Total
Balance at beginning of year	₱11,705,670	₱141,548,386	₱153,254,056
Provision for impairment loss	35,541,595	–	35,541,595
Transfer from 12-month ECL to lifetime ECL	(18,124,395)	18,124,395	–
Write-off	–	(83,365,127)	(83,365,127)
Balance at end of year	₱29,122,870	₱76,307,654	₱105,430,524

Salary loans consist of loans granted to the employees and teachers of Department of Education (DepEd). The Parent Company and DepEd entered into a Memorandum of Agreement (MOA) to provide interest-bearing loans to employees and teachers. The loans earn annual interest rate ranging from 7.50% to 9.66% with terms of one to five years. Salary loans also consist of interest-bearing loans granted to members and employees of Tarlac Public School Teachers Association and BPA Management Services, Inc. with interest rate of 12% per annum and term of one to five years.

Mortgage and collateral loans earn interest ranging from 5% to 9% per annum with a maximum maturity of ten (10) years.

Policy loans pertain to loans issued to policyholders. These loans are issued with the cash surrender value of the policyholder's insurance policy as collateral. Interest is charged at 10% per annum.

Agents' balances pertain to advances to agents that are liquidated or settled through regular deductions from commissions or outright payments. Interest rate is 18% per annum.

Notes receivables pertain to loans to employees that are paid through salary deduction. Interest rates range from 4% to 18% per annum.

Others pertain to receivables from life insurance pools and security fund.

Interest income on financial assets at amortized cost recognized in the consolidated statements of comprehensive follows (see Note 4):

	Note	2020	2019	2018
Salary loans		₱79,605,010	₱135,896,809	₱238,550,167
Policy loans		14,615,875	52,865,358	18,159,781
Mortgage and collateral loans		9,729,178	10,571,820	4,467,670
Due from related parties	17	1,143,999	1,344,658	1,290,121
Notes receivables		801,385	1,096,437	3,803,067
Agents' balances		941,260	1,077,273	1,047,824
Others		1,793,680	2,345,385	2,472,894
		₱108,630,387	₱205,197,740	₱269,791,524

8. Property and Equipment

Movements of property and equipment at cost are as follows:

	2020		
	Transportation Equipment	Office Furniture and Equipment	Total
Cost			
Balance at beginning of year	₱64,082,118	₱89,534,007	₱153,616,125
Additions	2,128,885	3,696,452	5,825,337
Balance at end of year	66,211,003	93,230,459	159,441,462
Accumulated Depreciation			
Balance at beginning of year	48,306,476	71,050,474	119,356,950
Depreciation	7,061,310	8,783,430	15,844,740
Balance at end of year	55,367,786	79,833,904	135,201,690
Carrying Amount	₱10,843,217	₱13,396,555	₱24,239,772

	2019		
	Transportation Equipment	Office Furniture and Equipment	Total
Cost			
Balance at beginning of year	₱61,349,818	₱82,594,293	₱143,944,111
Additions	2,732,300	6,939,714	9,672,014
Balance at end of year	64,082,118	89,534,007	153,616,125
Accumulated Depreciation			
Balance at beginning of year	40,111,561	60,268,454	100,380,015
Depreciation	8,194,915	10,782,020	18,976,935
Balance at end of year	48,306,476	71,050,474	119,356,950
Carrying Amount	₱15,775,642	₱18,483,533	₱34,259,175

The Group has fully depreciated property and equipment with cost amounting to ₱110.5 million and ₱47.2 million as at December 31, 2020 and 2019, respectively.

Movements of property and equipment at revalued amounts are as follows:

	2020			
	Land	Building	Office Condominium	Total
Cost				
Balance at beginning and end of year	₱535,237,999	₱258,892,091	₱125,403,453	₱919,533,543
Accumulated Depreciation				
Balance at beginning of year	–	193,507,826	71,470,717	264,978,543
Depreciation	–	237,182	6,602,782	6,839,964
Balance at end of year	–	193,745,008	78,073,499	271,818,507
Carrying Amount	₱535,237,999	₱65,147,083	₱47,329,954	₱647,715,036

	2019			
	Land	Building	Office Condominium	Total
Cost				
Balance at beginning of year	₱282,419,000	₱258,892,091	₱104,709,926	₱646,021,017
Appraisal increase	252,818,999	–	10,356,358	263,175,357
Additions	–	–	10,337,169	10,337,169
Balance at end of year	535,237,999	258,892,091	125,403,453	919,533,543
Accumulated Depreciation				
Balance at beginning of year	–	186,814,899	68,684,586	255,499,485
Depreciation	–	6,692,927	2,786,131	9,479,058
Balance at end of year	–	193,507,826	71,470,717	264,978,543
Carrying Amount	₱535,237,999	₱65,384,265	₱53,932,736	₱654,555,000

The latest independent property valuation of land, building and office condominium was performed on February 3, 2020. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱184.2 million.

The Management believes that there are no significant differences between the fair value as at reporting date and per valuation date.

The Group's property and equipment stated at appraised values are classified under level 3 in the fair value hierarchy.

Description of valuation techniques used and key inputs to valuation are as follows:

Location	Valuation techniques	Unobservable inputs used	Range (weighted average)
Legazpi Village, Barangay San Lorenzo, Makati City, Metropolitan Manila	Market approach for land and cost approach for improvements	Price per square meter for land; current materials and labor costs for improvements	₱625,053 to ₱800,000
Cebu Holdings Center, Cardinal Rosales Avenue, Cebu Business Park, Barangay Mabolo, Cebu City	Market approach for office condominium	Price per square meter	₱100,000
A. Pichon, Sr. Street, Barangay 39-D (Poblacion), Davao City	Market approach for land and cost approach for buildings and other land improvements	Price per square meter for land; current cost of labor and materials for building and other land improvements less accrued depreciation	₱59,392 to ₱68,300
Pendatun Avenue, Barangay Dadiangas North, General Santos City	Market approach for land and cost approach for buildings and other land improvements	Price per square meter for land; current cost of labor and materials for building and other land improvements less accrued depreciation	₱27,157 to ₱42,735
Mission Hills Boulevard and Monterey Street, Mission Hills Subdivision, Barangay San Roque, Antipolo City, Province of Rizal	Market approach for land	Price per square meter	₱17,391 to ₱19,220
St. Ignatius Street, San Jose Village, Barangay Cupang, Muntinlupa City, Metropolitan Manila	Market approach for land	Price per square meter	₱15,000 to ₱30,000

Details of the valuation techniques used in measuring fair values of the Group's property and equipment are as follows:

- Market data approach involves the comparison of the land to those that are more or less located within the vicinity of the appraised property and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element.
- Cost approach involves an analysis of the buildings by breaking them down into major components such as foundation, columns, beams, floorings, walls, and roofing, among others, by using workable units such as lineal meter, square meter, cubic meter or other appropriate basic unit. The unit costs for each component are developed on the basis of current costs of materials, labor, plant and equipment prevailing in the locality where the building is situated. Indirect costs such as contractor's profits, overhead, taxes and fees are also considered.

In relation to changes in unobservable inputs used, generally, increases or decreases in prices per square meter and current cost of labor and materials are directly proportional to the fair value measurement of property and equipment.

If land, building and office condominium and improvements were carried at cost less accumulated depreciation, the amounts would be as follows:

	2020			
	Land	Building	Office Condominium	Total
Cost	P95,963,906	P132,313,974	P42,323,078	P270,600,958
Accumulated depreciation	-	(70,242,727)	(25,069,736)	(95,312,463)
Carrying amount	P95,963,906	P62,071,247	P17,253,342	P175,288,495

	2019			
	Land	Building	Office Condominium	Total
Cost	P95,963,906	P132,313,974	P42,323,078	P270,600,958
Accumulated depreciation	-	(67,987,265)	(24,264,758)	(92,252,023)
Carrying amount	P95,963,906	P64,326,709	P18,058,320	P178,348,935

Transfer of revaluation surplus on property and equipment, net of deferred tax, amounted to P2.6 million, P4.7 million and P2.5 million in 2020, 2019 and 2018, respectively.

Depreciation expense on property and equipment charged to operations amounted to P22.7 million, P28.5 million and P24.3 million in 2020, 2019 and 2018, respectively (see Note 20).

Movements of cumulative revaluation surplus recognized in equity are as follows:

	2020		
	Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	P476,206,064	(P142,861,820)	P333,344,244
Transfer to retained earnings	(3,779,524)	1,133,857	(2,645,667)
Balance at end of year	P472,426,540	(P141,727,963)	P330,698,577

	2019		
	Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	P219,703,910	(P65,911,174)	P153,792,736
Appraisal increase	263,175,357	(78,952,607)	184,222,750
Transfer to retained earnings	(6,673,203)	2,001,961	(4,671,242)
Balance at end of year	P476,206,064	(P142,861,820)	P333,344,244

9. Insurance Contract Liabilities

This account consists of:

	2020	2019
Legal policy reserves for:		
Ordinary life policies	₱3,055,874,852	₱2,500,153,915
Group life policies	651,115,642	507,234,847
Accident and health riders	33,904,062	43,133,013
	3,740,894,556	3,050,521,775
Policy and contract claims:		
Claims payable	990,876,723	914,394,354
Maturities and surrenders payable	180,651,900	132,308,025
	1,171,528,623	1,046,702,379
	₱4,912,423,179	₱4,097,224,154

Claims payable include provision for claims incurred but not yet reported amounting to ₱251.5 million and ₱256.8 million as at December 31, 2020 and 2019, respectively.

Movements in legal policy reserves are as follows:

	Note	2020	2019
Balance at beginning of year		₱3,050,521,775	₱2,640,451,177
Recognized in:			
Profit or loss	19	208,594,487	297,728,566
Other comprehensive income		481,778,294	112,342,032
Balance at end of year		₱3,740,894,556	₱3,050,521,775

Movements of revaluation of legal policy reserves are as follows:

	2020	2019
Balance at beginning of year	₱280,115,623	₱392,457,655
Remeasurement loss due to change in discount rates	(481,778,294)	(112,342,032)
Balance at end of year	(₱201,662,671)	₱280,115,623

In compliance with IC CL No. 2017-30, the Group appropriated its retained earnings for negative legal policy reserves representing traditional life policies wherein the present value of gross premiums exceeds the present value of benefits and expenses. The appropriation for negative legal policy reserves amounted to ₱42.9 million and ₱80.6 million as at December 31, 2020 and 2019, respectively (see Note 16).

Movements in policy and contract claims are as follows:

	Note	2020	2019
Balance at beginning of year		₱1,046,702,379	₱1,025,213,586
Benefits and claims	19	783,857,598	822,912,977
Payments		(659,031,354)	(801,424,184)
Balance at end of year		₱1,171,528,623	₱1,046,702,379

10. Policyholders' Dividends Payable

Policyholders' dividends pertain to discretionary returns of policyholders through participation in the income of the Group.

Movements in policyholders' dividends payable are as follows:

	2020	2019
Balance at beginning of year	₱133,430,815	₱99,030,379
Acquisitions	16,347,765	48,354,453
Payments	(7,569,846)	(13,954,017)
Balance at end of year	₱142,208,734	₱133,430,815

11. Premium Deposit Fund

Premium deposit fund pertains to deposits of the policyholders which will be applied to future premiums. At the end of each year, interest is credited to this fund at such rates as the Group declares but not less than the lowest interest rate prevailing on savings accounts in banks.

Premium deposit fund amounted to ₱322.5 million and ₱307.2 million as at December 31, 2020 and 2019, respectively. Interest expense amounted to ₱25.8 million, ₱12.5 million and ₱9.2 million in 2020, 2019 and 2018, respectively (see Note 21).

12. Insurance Payables

Insurance payables pertain to amounts due to reinsurers arising from premiums ceded under the reinsurance contracts payable within 90 days.

The movements in this account are as follows:

	Note	2020	2019
Balance at beginning of year		₱90,978,607	₱110,715,969
Premiums ceded	18	15,258,231	16,953,935
Payments		(11,958,682)	(36,691,297)
Balance at end of year		₱94,278,156	₱90,978,607

13. Loans Payable

Loans payable pertain to the credit line facility established by the Group with Credit Suisse (CS). The maximum loan amount under the agreement is \$7.0 million and bears interest rate of 1.20% to 1.98% per annum. The loans are payable on a monthly basis. The credit facility is used to advance the funds needed by the Group in the acquisition of foreign investments.

Interest expense amounted to ₱1.6 million, ₱13.2 million and ₱6.1 million in 2020, 2019 and 2018, respectively (see Note 21).

The changes in liabilities arising from financing activities as at December 31, 2020 and 2019 follow:

		2020		
		Loans Payable	Dividends Payable (see Note 15)	Total
Balance at beginning of year		₱31,081,586	₱73,862,298	₱104,943,884
Changes from financing cash flows:				
Loan payments		(983,661,637)	-	(983,661,637)
Loan availments		977,531,670	-	977,531,670
Dividends paid		-	(49,606)	(49,606)
Noncash changes -				
Translation adjustment		(1,665,410)	-	(1,665,410)
Balance at end of year		₱23,286,209	₱73,812,692	₱97,098,901

		2019		
Note		Loans Payable	Dividends Payable (see Note 15)	Total
Balance at beginning of year		₱351,570,855	₱72,066,081	₱423,636,936
Changes from financing cash flows:				
Loan availments		3,883,765,938	-	3,883,765,938
Loan payments		(4,202,823,099)	-	(4,202,823,099)
Dividends paid		-	(27,661,338)	(27,661,338)
Noncash changes:				
Dividend declaration	16	-	29,457,555	29,457,555
Translation adjustment		(1,432,108)	-	(1,432,108)
Balance at end of year		₱31,081,586	₱73,862,298	₱104,943,884

14. Accounts Payable and Accrued Expenses

This account consists of:

	2020	2019
Accounts payable	₱94,899,435	₱80,381,144
Accrued expenses	44,415,588	33,932,300
Statutory payable	21,889,029	17,349,794
	₱161,204,052	₱131,663,238

Accounts payable pertain to unpaid service fees and Group's share in SSS, PhilHealth and HDMF benefits of the employees which are payable in 30 days.

Accrued expenses pertain to accruals for employee benefits, underwriting expenses, commissions, professional and legal fees, utilities, supplies, postage and shipping. These are generally payable within one year.

Statutory payable consist of withholding taxes, premium tax and documentary stamps tax that are payable on the next reporting period.

15. Other Liabilities

This account consists of:

	Note	2020	2019
Life insurance deposits		₱109,583,857	₱107,903,124
Dividends payable	13	73,812,692	73,862,298
Agents' fund		29,325,958	31,304,516
Others		3,557,707	3,569,111
		₱216,280,214	₱216,639,049

Life insurance deposits pertain to premiums received from policyholders with contracts that are still for processing and approval.

Dividends payable include amounts payable to the Parent Company's stockholders for their shares in the Parent Company's earnings. These are due and demandable.

Agents' fund consists of withheld commissions from agents for future liabilities that may be incurred by the agent to the Group.

Others include advance rentals and deposits amounting to ₱2.0 million as at December 31, 2020 and 2019 (see Note 24).

16. Retained Earnings

Unappropriated

Under the Philippine Corporation Code, stock corporations are generally prohibited from retaining surplus profits in excess of 100% of their paid up capital.

As at December 31, 2020, 2019 and 2018, the Parent Company's unappropriated retained earnings amounting to ₱1,632.7 million, ₱1,480.5 million and ₱1,390.5 million, respectively, is in excess of 100% of its paid-up capital. The retention of excess retained earnings is mainly due to the compliance requirements of the IC for minimum statutory net worth. Moreover, the Parent Company intends to use the excess retained earnings for future stock dividends and future business expansion projects.

Appropriated

On May 2, 2017, the IC issued CL No. 2017-30 requiring insurance companies to appropriate portion of retained earnings for negative legal policy reserves. These reserves pertain to traditional life policies wherein the present values of gross premiums exceed the present value of benefits and expenses.

Movements of retained earnings appropriated for negative reserves are as follows:

	2020	2019
Balance at beginning of year	₱80,623,116	₱112,561,902
Reversal of appropriation	(37,749,324)	(31,938,786)
Balance at end of year	₱42,873,792	₱80,623,116

Dividend Declaration

On June 10, 2020, the BOD approved the declaration of cash dividends to the stockholders of ₱0.033 per share or a total of ₱20.7 million, subject to, and payable upon approval of the Insurance Commission. The dividend declaration is pending for approval of the IC pursuant to IC CL No. 2020-66.

On March 21, 2019, the BOD approved the declaration of cash dividend to stockholders of ₱0.047 per share or a total of ₱29.5 million.

17. Related Party Transactions

The table below shows the Group's transactions and outstanding balances with its related parties.

	Note	Transactions During the Year		Balance at End of Year		Nature	Terms and Conditions
		2020	2019	2020	2019		
Due from related parties	7						
Entity under common control		₱-	₱-	₱26,162,424	₱36,162,424	Advances for working capital	2-5 years, 4%-7% interest, payable annually, unsecured, no impairment, payable in cash
		1,143,999	1,344,658	-	-	Interest income	Due and demandable
Key management personnel		-	450,000	22,866,154	22,866,154	Advances to officers	Non-interest bearing, unsecured, no impairment, payable in cash
				₱49,028,578	₱59,028,578		
Mortgage loan receivable	7						
Entity under common control		₱-	₱-	₱140,625,000	₱150,000,000	Mortgage loan	7% interest, payable in 6 years, no impairment, payable in cash
		9,682,962	10,556,629	1,714,469	-	Interest income	Due and demandable
				₱142,339,469	₱150,000,000		

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2020	2019	2018
Salaries and other employee benefits	₱41,589,485	₱44,849,948	₱41,653,311
Retirement expense	4,834,830	12,231,753	10,608,037
	₱46,424,315	₱57,081,701	₱52,261,348

18. Net Insurance Premiums

The gross premiums on insurance contracts consist of:

	2020	2019	2018
Direct:			
Group life insurance	P1,195,596,581	P1,158,794,760	P930,996,070
Ordinary life insurance	306,054,917	350,240,278	314,014,996
Accident and health	21,855,290	30,680,922	33,842,879
	1,523,506,788	1,539,715,960	1,278,853,945
Assumed -			
Group life insurance	135,254,782	129,127,549	70,266,474
	P1,658,761,570	P1,668,843,509	P1,349,120,419

The reinsurers' share of gross premiums on insurance contracts consists of:

	2020	2019	2018
Group life insurance	P14,745,003	P15,835,759	P26,227,592
Ordinary life insurance	410,758	972,507	1,101,036
Accident and health	102,470	145,669	190,993
	P15,258,231	P16,953,935	P27,519,621

19. Net Insurance Benefits and Claims

Net benefits and claims incurred on insurance contracts consist of:

	2020	2019	2018
Claims	P511,497,745	P561,296,822	P609,080,740
Maturities and surrenders	272,933,159	255,967,260	181,021,715
Experience refunds	34,074,689	20,609,332	25,305,571
Gross benefits and claims	818,505,593	837,873,414	815,408,026
Reinsurers' share	(34,647,995)	(14,960,437)	(7,668,351)
	P783,857,598	P822,912,977	P807,739,675

Net change in legal policy reserves consists of:

	2020		
	Gross change in legal policy reserves	Reinsurers' share of change in legal policy reserves	Net (see Note 9)
Ordinary life insurance	P47,424,384	P-	P47,424,384
Group life insurance	134,574,842	9,305,952	143,880,794
Accident and health	17,289,309	-	17,289,309
	P199,288,535	P9,305,952	P208,594,487

	2019		
	Gross change in legal policy reserves	Reinsurers' share of change in legal policy reserves	Net (see Note 9)
Ordinary life insurance	₱218,782,822	₱–	₱218,782,822
Group life insurance	72,427,484	(20,000,000)	52,427,484
Accident and health	26,518,260	–	26,518,260
	₱317,728,566	(₱20,000,000)	₱297,728,566

	2018		
	Gross change in legal policy reserves	Reinsurers' share of change in legal policy reserves	Net (see Note 9)
Ordinary life insurance	₱79,862,131	(₱52,466,156)	₱27,395,975
Group life insurance	35,402,476	(17,204,935)	18,197,541
Accident and health	(12,827,025)	81,993,352	69,166,327
	₱102,437,582	₱12,322,261	₱114,759,843

20. General and Administrative Expenses

This account consists of:

	Note	2020	2019	2018
Service fees		₱177,605,077	₱139,501,837	₱103,721,680
Personnel costs		140,397,225	138,373,601	133,095,996
Agency expenses		55,172,824	67,149,819	70,848,234
Depreciation	8	22,684,704	28,455,993	24,338,609
Professional fees		17,193,973	14,412,475	10,624,113
Outside services		12,302,424	10,148,000	10,124,405
Advertising and promotions		11,756,392	9,566,905	10,563,734
Taxes and licenses		9,994,174	4,682,491	4,908,191
Utilities		6,881,987	7,370,214	8,314,353
Repairs and maintenance		6,400,703	7,759,323	7,875,911
Supplies		6,090,610	6,977,212	6,867,380
Conferences and meetings		5,669,560	7,108,259	8,076,505
Transportation and travel		2,033,500	5,002,512	6,508,388
Entertainment, amusement and recreation		1,605,374	2,651,106	2,289,293
Insurance		1,390,318	1,465,953	1,563,076
Association dues and fees		1,259,830	983,080	1,425,271
Trainings and seminars		187,353	358,232	366,933
Others		9,781,278	13,811,023	14,178,433
		₱488,407,306	₱465,778,035	₱425,690,505

Personnel costs consist of:

	Note	2020	2019	2018
Salaries and wages		₱92,521,192	₱96,435,384	₱90,220,045
Retirement benefits cost	22	23,078,622	18,186,486	15,705,389
Other employee benefits		24,797,411	23,751,731	27,170,562
		₱140,397,225	₱138,373,601	₱133,095,996

Other employee benefits pertain to the Group's share in the statutory contributions of employees to various government agencies.

Agency expenses include rent expense, utilities and other expenses incurred in the operations of branches and agency offices. Rental expense amounted to ₱8.7 million, ₱10.5 million and ₱10.2 million in 2020, 2019 and 2018, respectively (see Note 24).

21. Commissions and Other Direct Expenses and Finance Costs and Charges

Commissions and Other Direct Expenses

This account consists of:

	2020	2019	2018
Commissions:			
Group	₱129,250,977	₱171,112,230	₱131,341,441
First year	34,776,173	52,128,531	48,708,553
Reinsurance	20,385,690	19,271,633	9,509,147
Renewal	4,353,673	6,024,030	4,112,148
Direct taxes	27,288,549	25,755,708	22,044,853
	₱216,055,062	₱274,292,132	₱215,716,142

Finance Costs and Charges

This account consists of:

	Note	2020	2019	2018
Interest expense on:				
Premium deposit fund	11	₱25,761,882	₱12,467,170	₱9,235,691
Loans payable	13	1,644,385	13,185,165	6,053,149
		27,406,267	25,652,335	15,288,840
Bank charges and other service fees		8,071,712	10,258,543	9,769,129
		₱35,477,979	₱35,910,878	₱25,057,969

Bank charges and other service fees represent warehousing fees on investments on treasury bonds and fees for other bank services.

22. Retirement Liability

The Group has a funded, non-contributory defined benefit plan providing retirement benefits for all of its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment. The latest actuarial report was made for the year ended December 31, 2020.

The components of retirement benefits cost recognized in the consolidated statements of comprehensive income are as follows:

	2020	2019	2018
Current service cost	₱20,449,706	₱11,006,622	₱10,280,333
Net interest expense	2,628,916	7,179,864	5,425,056
	₱23,078,622	₱18,186,486	₱15,705,389

The components of net retirement liability presented in the consolidated statements of financial position are as follows:

	2020	2019
Present value of defined benefit obligation	₱235,893,475	₱210,076,985
Fair value of plan assets	(96,896,904)	(76,763,289)
	₱138,996,571	₱133,313,696

Movements in the net retirement liability recognized in the consolidated statements of financial position are as follows:

	2020	2019
Balance at beginning of year	₱133,313,696	₱112,899,225
Current service cost	20,449,706	11,006,622
Actual contributions	(15,000,000)	(15,000,000)
Net remeasurement loss	4,848,154	20,431,553
Net interest expense	2,628,916	7,179,864
Benefits paid out of Group fund	(7,243,901)	(3,203,568)
Balance at end of year	₱138,996,571	₱133,313,696

Movements in the present value of defined benefit obligation are as follows:

	2020	2019
Balance at beginning of year	₱210,076,985	₱169,299,026
Current service cost	20,449,706	11,006,622
Interest cost	5,169,953	12,165,760
Remeasurement loss (gain) due to:		
Changes in financial assumptions	18,615,795	15,774,837
Experience adjustments	(11,175,063)	6,077,969
Changes in demographic assumptions	-	(1,043,661)
Benefits paid out of Company fund	(7,243,901)	(3,203,568)
Balance at end of year	₱235,893,475	₱210,076,985

Movements in the fair value of plan assets are as follows:

	2020	2019
Balance at beginning of year	₱76,763,289	₱56,399,801
Actual contributions	15,000,000	15,000,000
Remeasurement gain	2,592,578	377,592
Interest income	2,541,037	4,985,896
Balance at end of year	₱96,896,904	₱76,763,289

The Group expects to contribute ₱24.9 million to the plan assets in the next reporting period.

The distribution of the plan assets as at December 31 is as follows:

	2020	2019
Government securities	66%	71%
Corporate bonds, trust funds and mutual funds	34%	29%

The plan exposes the Group to the following risks:

- Salary Risk - any increase in the retirement plan participants' salary will increase the retirement plan's liability
- Longevity Risk - any increase in the plan participants' life expectancy will increase the retirement plan's liability
- Investment Risk - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise.
- Interest rate risk - a decrease in the bond interest rate will increase the present value of the retirement liability. However, partially counterbalanced by an increase in the return on the plan assets

The cumulative remeasurement loss (gain) on net retirement liability recognized in other comprehensive income is as follows:

	2020		
	Cumulative Remeasurement Loss	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱12,242,590	(₱3,672,777)	₱8,569,813
Remeasurement loss	4,848,154	(1,454,446)	3,393,708
Balance at end of year	₱17,090,744	(₱5,127,223)	₱11,963,521

	2019		
	Cumulative Remeasurement Loss (Gain)	Deferred Tax (see Note 23)	Net
Balance at beginning of year	(₱8,188,963)	₱2,456,689	(₱5,732,274)
Remeasurement loss	20,431,553	(6,129,466)	14,302,087
Balance at end of year	₱12,242,590	(₱3,672,777)	₱8,569,813

The principal assumptions used in determining net retirement liability are as follows:

	2020	2019
Discount rate	3.59%	4.85%
Salary increase rate	6.00%	5.00%

The sensitivity analysis of the retirement liability as at December 31, 2020 to changes in assumptions follows:

	Change in variable	Increase (decrease in defined benefit obligation)
Discount rate	4.59%	₱219,537,681
	2.59%	254,508,535
Salary increase rate	7.00%	254,817,786
	5.00%	221,144,398

The sensitivity analysis above has been determined based on a method that extrapolates the impact on retirement liability as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The maturity analysis of the undiscounted benefit payments follow:

Period	Amount
Less than 1 year	₱14,958,868
1 year to less than 5 years	42,268,262
5 years to less than 10 years	198,022,498
10 years to less than 15 years	69,939,265
15 years to less than 20 years	103,813,775
20 years and above	147,990,796

The average duration of the expected benefit payments at the end of the reporting period is 13.4 years.

23. Income Tax

The current income tax expense represents MCIT in 2020 and RCIT in 2019.

The components of net deferred tax assets of the subsidiaries presented in the consolidated statements of financial position are as follows:

	2020	2019
Deferred tax assets:		
Allowance for impairment losses	₱340,076	₱339,189
Unearned rental income	233,873	233,873
	573,949	573,062
Deferred tax liability -		
Rent receivable	324,973	324,973
Net deferred tax assets	₱248,976	₱248,089

The components of net deferred tax liabilities of the Parent Company are as follows:

	2020	2019
Deferred tax assets:		
Unrealized foreign exchange loss	₱51,366,516	₱21,480,037
Net retirement liability	41,698,971	39,994,109
Provision for impairment of loans and notes	33,366,675	31,289,969
Excess MCIT over RCIT	2,178,427	-
	128,610,589	92,764,115
Deferred tax liabilities:		
Revaluation surplus	141,727,963	142,861,820
Accrued interest using effective interest rate	74,902,125	77,474,581
Others	2,898,445	2,898,445
	219,528,533	223,234,846
Net deferred tax liabilities	₱90,917,944	₱130,470,731

The components of net deferred tax liabilities presented in other comprehensive income follow:

	Note	2020	2019
Revaluation surplus	8	₱141,727,963	₱142,861,820
Cumulative remeasurement loss on net retirement liability	22	(5,127,223)	(3,672,777)
		₱136,600,740	₱139,189,043

The presentation of net deferred tax assets (liabilities) is as follows:

	2020	2019
Through profit or loss	₱45,931,772	₱8,966,401
Through other comprehensive income	(136,600,740)	(139,189,043)
	(₱90,668,968)	(₱130,222,642)

The reconciliation between the income tax expense based on statutory tax rate and provision for income tax presented in the consolidated statements of comprehensive income is as follows:

	2020	2019	2018
Income tax expense at statutory income tax rate	₱32,880,688	₱41,916,409	₱50,989,965
Tax effects of:			
Interest and dividend income subjected to lower tax rates	(12,248,250)	(12,272,181)	(7,297,277)
Nontaxable income	(5,625,856)	(19,440,075)	(27,926,903)
Nondeductible expenses	4,654,647	5,638,411	12,252,847
Income exempt from tax	(4,538,787)	(2,369,379)	(3,841,388)
Others	(21,480,037)	25,589,147	-
Effective income tax	(₱6,357,595)	₱39,062,332	₱24,177,244

Others pertain to unrealized foreign exchange loss in 2019 realized in 2020 on long-term bonds.

On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) was approved and signed into law by the country’s President. Under the CREATE, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

Since the signing into law of CREATE is considered as a non-adjusting subsequent event for financial reporting, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

The table below summarizes the financial impact of the change in income tax rate to the Group’s financial statements had the CREATE been substantively enacted as at December 31, 2020:

	Audited Balances (Based on Old Income Tax Rate)	Balances Using Revised Income Tax Rate	Differences
Prepaid income tax	₱164,210	₱193,904	(₱29,694)
Net deferred tax assets	248,976	165,984	82,992
Net deferred tax liabilities	90,917,944	76,570,466	14,347,478
Income tax payable	3,658,568	2,177,992	1,480,576
Retained earnings	1,675,525,996	1,668,533,961	6,992,035
Other comprehensive income	78,521,728	101,288,519	(22,766,791)
Income tax expense - current	6,100,466	4,590,196	1,510,270
Income tax expense - deferred	(36,965,371)	(28,354,741)	(8,610,630)
Net income	121,152,687	114,052,327	7,100,360

24. Commitments and Contingencies

The Group as Lessor

The Group has various lease agreements with third parties. The lease periods vary from one (1) to ten (10) years. The lease agreements contain provisions including but not limited to escalation rate of 3% to 5% per year and early termination penalties. Rental income amounted to ₱3.5 million, ₱4.6 million and ₱4.5 million in 2020, 2019 and 2018, respectively.

Advance rentals and deposits amounted to ₱2.0 million as at December 31, 2020 and 2019 (see Note 15).

Future minimum rental receivables under non-cancellable operating leases are as follows:

	2020	2019
Within one year	₱3,225,092	₱4,961,648
After one year but not more than five years	6,639,697	8,429,517
More than five years	363,142	1,798,415
	₱10,227,931	₱15,189,580

The Group as Lessee

The Group has various lease agreements for its branches and agency offices. The lease periods vary from one (1) year to three (3) years with annual escalation of 5% to 10%. Rent expense included under "General and administrative expenses" account in the consolidated statements of comprehensive income amounted to ₱8.7 million, ₱10.5 million and ₱10.2 million in 2020, 2019 and 2018, respectively (see Note 20).

Future minimum lease payments under non-cancellable operating leases as at December 31, 2020 and 2019 are as follows:

	2020	2019
Within one year	₱8,570,538	₱7,636,967
After one year but not more than five years	2,373,374	3,873,296
	₱10,943,912	₱11,510,263

25. Capital Management and Regulatory Framework

Capital Management Framework

It is the Parent Company's objective that it remains in compliance with all regulatory requirements that would ensure safety and stability of its financial position and that shareholder value is optimized.

The Parent Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is usually higher than the minimum capital requirements set by the regulators and the amount computed under the Risk-based Capital (RBC) Model.

The Parent Company assesses its capital adequacy annually by adopting an internal capital measurement framework that reflects the regulatory capital definitions and the Parent Company's view of its exposure to risk. In 2020 and 2019, the Parent Company has complied with all externally required capital. In any event that the capital adequacy assessment falls below the minimum standard set, it is the Parent Company's policy to make capital calls and/or liquidate certain investments with substantial reserves.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintaining close vigil to ensure that the Parent Company is satisfactorily managing affairs for the policyholders' benefit. At the same time, the regulators are also interested in ensuring that the Parent Company maintains an appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Parent Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g., margin of solvency to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise, fixed capitalization requirements, RBC requirements).

Minimum Statutory Net Worth

On August 5, 2013, the President of the Philippines approved Republic Act No. 10607, also known as the "Amended Insurance Code" which provides for the new capitalization requirements of all existing insurance companies as follows:

Net Worth	Compliance Date
₱550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

On January 13, 2015, the IC issued CL No. 2015-02-A which provides for the clarification of minimum capital requirements under Sections 194, 197, 200 and 289 of the New Insurance Code. The said circular superseded Department Order Nos. 27-06 and 15-2012 and CL Nos. 22-2008 and 26-2008. The minimum net worth requirements must remain unimpaired for the continuance of the license.

Pursuant to Section 202 of The Insurance Code, the amount of non-admitted assets of the Parent Company as at December 31, 2020 and 2019 are as follows:

	2020	2019
Cash and cash equivalents	₱1,735,812	₱730,419
Insurance receivables	-	4,368,603
Financial assets at FVPL	581,214,954	365,493,557
Financial assets at FVOCI	663,468,348	990,501,894
Loans receivables	140,429,215	147,839,819
Accrued income	16,164,537	11,778,756
Property and equipment	445,239,357	413,461,455
Investment in subsidiaries	95,370,937	95,370,937
Other assets	35,792,450	58,596,706
	₱1,979,415,610	₱2,088,142,146

As at December 31, 2020 and 2019, the Parent Company's net worth and its excess over the requirement are as follows:

	2020	2019
Total assets	₱8,965,427,664	₱8,440,716,131
Total liabilities	6,078,310,984	5,246,638,645
Equity	2,887,116,680	3,194,077,486
Less: Non-admitted assets	1,979,415,610	2,088,142,146
Net worth	907,701,070	1,105,935,340
Less: Net worth requirement	900,000,000	900,000,000
Excess over net worth requirement	₱7,701,070	₱205,935,340

As at December 31, 2020 and 2019, the Parent Company is compliant with the minimum statutory net worth requirements of the IC.

RBC Requirements

The Insurance Code provides that the Commissioner may require the adoption of the RBC approach and other internationally accepted forms of capital framework. Together with the insurance industry, the IC is currently in the process of adopting a new RBC approach that would be more tailored to the Philippine insurance industry. In 2016, the IC issued CL No. 2016-68 regarding the Amended RBC framework to be known as "RBC2 Framework" which was effective starting January 1, 2017.

CL No. 2016-68 provides for the RBC2 framework for the insurance industry (life and nonlife) which establishes the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks.

Every insurance company is annually required to maintain a minimum RBC ratio of 100% and not fail the trend test. The trend test has failed, in the event that all have occurred:

- a. The RBC ratio is less than 125% but is not below 100%;
- b. The RBC ratio has decreased over the past year; and
- c. The difference between RBC ratio and the decrease in the RBC ratio over the past year is less than 100%.

Failure to meet the RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

The following table shows how the RBC ratio as at December 31, 2020 and 2019 was determined by the Parent Company based on its internal calculations:

	2020	2019
Total available capital	₱2,158,992,955	₱1,778,373,720
RBC requirement	1,308,741,320	1,003,431,382
RBC ratio	165%	177%

The final amount of the RBC ratio can be determined only after the accounts of the Parent Company have been examined by IC specifically for the determination of admitted and non-admitted assets as defined under The Insurance Code.

26. Risk Management Objectives and Policies

Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than the original estimate and subsequent development of long-term claims.

Terms and Conditions

The Group principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for pre-determined amount.

Life insurance contracts offered by the Group mainly include whole life, term insurance and endowment products.

Whole life and term insurance are conventional products where lump sum benefits are payable on death.

Endowment products are investments/savings products where lump sum benefits are payable after a fixed period or on death before the period is completed.

The risks associated with the life and accident and health products are considered as underwriting risk. Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing.

Underwriting risks are brought about by a combination of the following:

- Mortality risk - risk of loss due to policyholder death experience being different than expected.
- Morbidity risk - risk of loss due to policyholder health experience being different than expected.
- Expense risk - risk of loss arising from expense experience being different than expected.
- Investment return risk - risk of loss arising from actual returns being different than expected.
- Policyholder decision risk - risk of loss due to policyholder experiences (lapses and surrenders) being different than expected.

The Group generally limits its maximum underwriting exposure on life insurance of a single life to ₱2,000,000 of coverage by using yearly renewable term reinsurance. The Group is cognizant of the need to exercise good judgment in the selection and approval of both domestic and foreign companies participating in its reinsurance programs. While reinsurance arrangements do not relieve the Group from its direct obligations to its insured, an efficient and effective reinsurance program substantially limits the Group's exposure to potentially significant losses.

The table below sets out the Group's concentration of insurance risks based on sum insured:

	2020		2019	
	Number of Policies	Amount of Coverage	Number of Policies	Amount of Coverage
Whole life	79,705	₱10,508,760,603	78,702	₱10,415,410,347
Endowment	7,831	900,245,931	9,331	2,101,283,594
Term	7,213	982,084,761	5,980	785,422,536
Group life	481	216,847,730,409	243	158,441,382,959
	95,230	₱229,238,821,704	94,256	₱171,743,499,436

The table below sets out the concentration of legal policy reserves by type of contract (see Note 9):

	2020	2019
Ordinary life	₱3,055,874,852	₱2,500,153,915
Group life	651,115,642	507,234,847
Accident and health	33,904,062	43,133,013
	₱3,740,894,556	₱3,050,521,775

Key Assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate at inception of the contract and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are subject to the provisions of The Insurance Code and guidelines set by the IC. For insurance contracts, the Group determines the assumptions in relation to future deaths, illness or injury and investment returns at inception of the contract.

Subsequently, new estimates are developed at each reporting date and liabilities are tested to determine whether such liabilities are adequate in the light of the latest current estimates. The initial assumptions are not altered if the liabilities are considered adequate. If the liabilities are not adequate, the assumptions are altered to reflect the latest current estimates. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical. Improvements in estimates have no impact on the value of the liabilities and related assets, while significant enough deteriorations in estimates have an impact.

The key assumptions to which the estimation and adequacy testing of liabilities are particularly sensitive are as follows:

Mortality and Morbidity Rates. Assumptions are based on standard industry and national mortality and morbidity tables, according to the type of contract written and which may be adjusted, where appropriate, to reflect the Group's own experiences. Assumptions are differentiated by sex, underwriting class and contract type.

For life insurance policies, increased mortality and morbidity rates would lead to a larger number of claims and claims occurring sooner than anticipated, increasing the expenditure and reducing profits for the shareholders.

Discount Rates. Life insurance liabilities are determined as the sum of the discounted value of the expected benefits, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. The weighted average rate of return is derived based on model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for shareholders.

Investment Return. The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long-term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.

An increase in investment return would lead to an increase in profits for the shareholders.

Lapse and surrender rates. Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.

Expenses. Administrative expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for shareholders.

The assumptions that have the greatest effect on the consolidated statements of financial position and consolidated statements of comprehensive income are listed below.

	Mortality and Morbidity Rates		Discount Rates	
	2020	2019	2020	2019
Ordinary life	1980 CSO, 1959 ADB, and 1952 Disability	1941 CSO, 1958 CSO, 1980 CSO	1.6% to 4.6%	3.7% to 6.4%
Group life	Based on Experience	Based on Experience	Based on Experience	Based on Experience

Sensitivity Analysis

The analysis below is performed for reasonably possible changes in key assumptions, with all other assumptions held constant, on liabilities, income before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities. To demonstrate the impact due to changes in assumptions, sensitivity analysis has been performed based on the prescribed rate by IC for margin for adverse deviation.

Change in Assumptions	2020		
	Increase (Decrease) in Liabilities	Increase (Decrease) in Income Before Income Tax	Increase (Decrease) in Equity
+10%	(P58,892,920)	P58,892,920	P54,774,236
-10%	118,756,439	(118,756,439)	(150,836,204)
Change in Assumptions	2019		
	Increase (Decrease) in Liabilities	Increase (Decrease) in Income Before Income Tax	Increase (Decrease) in Equity
+10%	P295,134,581	(P295,134,581)	(P199,647,901)
-10%	(295,134,581)	295,134,581	199,647,901

Financial Risk

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or a combination of risks. Taking risk is core to the insurance business, and the operational risks are inevitable consequence of being in business. The Group's aim is to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date financial information. The Group regularly reviews its risk management policies to reflect changes in markets, products and emerging best practices.

The BOD provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange, interest rate, equity price, credit, liquidity and use of derivative and non-derivative financial instruments, among others.

The BOD is responsible for the management of market, credit and liquidity risks. Their objective is to minimize adverse impacts on the Group's financial performance due to the unpredictability of financial markets. The Internal Audit is also responsible for the independent review of risk assessment measures and procedures and the control environment.

Financial Instruments

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31, 2020 and 2019:

	2020		2019	
	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial Assets				
Cash and cash equivalents	₱972,250,861	₱972,250,861	₱1,225,074,323	₱1,225,074,323
Short-term investments	62,796,981	62,796,981	60,500,000	60,500,000
Insurance receivables	33,538,391	33,538,391	89,693,714	89,693,714
Investment securities	5,808,021,916	5,682,055,270	4,667,232,849	4,578,348,114
Loans receivables	1,528,438,740	1,390,963,245	1,837,833,752	1,663,800,927
Accrued income	72,813,698	72,813,698	63,641,862	63,641,862
	₱8,477,860,587	₱8,214,418,446	₱7,943,976,500	₱7,681,058,940
Financial Liabilities				
Insurance contract liabilities	₱4,912,423,179	₱4,912,423,179	₱4,097,224,154	₱4,097,224,154
Policyholders' dividends payable	142,208,734	142,208,734	133,430,815	133,430,815
Premium deposit fund	322,498,519	322,498,519	307,169,452	307,169,452
Insurance payables	94,278,156	94,278,156	90,978,607	90,978,607
Loans payable	23,286,209	23,286,209	31,081,586	31,081,586
Accounts payable and accrued expenses*	139,315,023	139,315,023	114,313,444	114,313,444
Other liabilities	216,280,214	216,280,214	216,639,049	216,639,049
	₱5,850,290,034	₱5,850,290,034	₱4,990,837,107	₱4,990,837,107

*Excluding statutory payables amounting to ₱21.9 million and ₱17.3 million as at December 31, 2020 and 2019, respectively.

Due to the short-term nature of cash and cash equivalents, short-term investments, insurance receivables, accrued income, insurance contract liabilities, policyholders' dividends payable, premium deposit fund, loans payable, insurance payables, accounts payable and accrued expenses and other liabilities, their carrying values approximate fair values at year end.

The fair value of financial assets at FVPL and financial assets at FVOCI that are actively traded in organized financial markets is determined by reference to quoted market prices at the close of business on the reporting date. For units in unit trust and shares in open ended investment companies, fair value is by reference to net asset value per unit provided by the counterparty. These financial assets are classified under level 1 of fair value hierarchy.

The fair value of the loans receivables is estimated using the discounted cash flow technique that makes use of risk-free interest rates. The estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk. The fair value of loans receivables is classified under level 2 of fair value hierarchy.

Credit Risk

Credit risk is the risk when a party to a financial instrument fails to discharge an obligation and cause the other party to incur a financial loss.

The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group; setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; guidelines on obtaining collateral and guarantees; reporting of credit risk exposures; monitoring compliance with credit risk policy; and review of credit risk policy for pertinence and changing environment.

Although the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The Group selects only domestic and foreign companies with strong financial standing and excellent track records which are allowed to participate in the Group's reinsurance programs.

The Group is also guided by the rulings of the IC to ensure admissibility of its investment securities.

The Group sets the maximum amounts and limits that may be advanced to/placed with individual corporate counterparties which are set by reference to their long-term ratings.

Credit risks associated with fixed income investments are managed by the Group by monitoring exposure against pre-established limits set by the regulators and the BOD. Provisions for impaired assets are charged against the carrying value of the asset.

The Group performs credit analysis and review for both retail and corporate financial products to ensure consistency in the risk assessment process. The BOD also ensures that the credit policies and procedures are adequate and constantly evolving to meet the changing demands of the industry.

For debt securities and other bills, external ratings such as Standard & Poor's, Moody's and Fitch's ratings or their equivalent are used by the Group for managing credit risk exposure. Investments in these securities and bills are viewed as a way to gain better credit quality mix and at the same time, maintain a readily available source to meet funding requirements.

With respect to credit risk arising from its financial assets, the table below shows the maximum exposure to credit risk of the following financial instruments in the consolidated statements of financial position before taking into consideration any credit enhancements:

	2020	2019
Cash in banks and cash equivalents	₱972,250,861	₱1,225,074,323
Short-term investments	62,796,981	60,500,000
Insurance receivables	33,538,391	89,693,714
Investment securities	5,682,055,270	4,578,348,114
Loans receivables	1,390,963,245	1,663,800,927
Accrued income	72,813,698	63,641,862
	₱8,214,418,446	₱7,681,058,940

The carrying amount of the financial assets represents the gross maximum exposure to credit risk at reporting date except for mortgage and collateral loans. The financial effect of collateral or credit enhancement amounted to ₱519.1 million and ₱574.3 million in 2020 and 2019, respectively. The Group holds cash surrender values of policyholder's insurance policy and Transfer Certificate of Title (TCT) for real properties as collaterals.

The Group has no significant concentration of credit risk on any single or group of counterparties.

The Group's financial assets are categorized based on the its collection experience with the counterparties and classified based on the following credit rating:

- a. High Grade - these are neither past due nor impaired with settlements obtained from counterparty following the terms of the contracts without much collection effort. The Group's cash in banks and cash equivalents, short-term investments and investment securities are classified under this category.
- b. Standard Grade - these are also neither past due nor impaired but some reminder follow-ups are performed to obtain settlement from the counterparty. The Group's insurance receivables, loans receivables and accrued income are classified under this category.

The following table summarizes the impairment analysis of the Group's financial assets as at December 31, 2020 and 2019. It indicates whether the financial assets were subjected to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

	December 31, 2020			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash in banks and cash equivalents	₱972,250,861	₱-	₱-	₱972,250,861
Short-term investments	62,796,981	-	-	62,796,981
Insurance receivables	33,538,391	-	-	33,538,391
Investment securities	5,682,055,270	-	-	5,682,055,270
Loans receivables	1,403,092,126	-	100,226,957	1,503,319,083
Accrued income	72,813,698	-	-	72,813,698
	₱8,226,547,327	₱-	₱100,226,957	₱8,326,774,284

December 31, 2019

	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Cash in banks and cash equivalents	₱1,225,074,323	₱-	₱-	₱1,225,074,323
Short-term investments	60,500,000	-	-	60,500,000
Insurance receivables	89,693,714	-	-	89,693,714
Investment securities	4,578,348,114	-	-	4,578,348,114
Loans receivables	1,692,923,797	-	76,307,654	1,769,231,451
Accrued income	63,641,862	-	-	63,641,862
	₱7,710,181,810	₱-	₱76,307,654	₱7,786,489,464

Liquidity Risk Management

The Group's primary source of funds is cash provided by collection of premiums and net investment income. These funds are used primarily to pay policy benefits, dividends to policyholders, claims, commissions, operating expenses, taxes and licenses and shareholder dividends. Cash flows generated from operating activities are generally invested to support future payment requirements.

The Group maintains a conservative liquidity position that exceeds all the liabilities payable on demand. To strengthen its liquidity further, the Group actively manages and monitors its capital levels, asset levels, matching position, diversification and credit quality of its investments and cash forecasts and actual amounts against established targets.

Based on the Group's historical cash flows, management believes that the cash flow from operating activities will continue to provide sufficient liquidity for the Group to satisfy all future obligations. The table below summarizes the financial liabilities of the Group which are due within one year based on remaining contractual undiscounted cash flows as at December 31, 2020 and 2019:

	2020	2019
Insurance contract liabilities	₱1,822,644,265	₱1,553,937,226
Policyholders' dividends payable	142,208,734	133,430,815
Premium deposit fund	322,498,519	307,169,452
Insurance payables	94,278,156	90,978,607
Loans payable	23,286,209	31,081,586
Accounts payable and accrued expenses*	139,315,023	114,313,444
Other liabilities	214,178,155	216,639,049
	₱2,758,409,061	₱2,447,550,179

*Excluding statutory payables amounting to ₱21.9 million and ₱17.3 million as at December 31, 2020 and 2019, respectively.

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (equity price risk), whether such change in prices is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Increasing market fluctuations may result in significant impact on the Group's equity, cash flows and profit. Its operating activities as well as its investing and financing activities are affected by changes in foreign exchange rates, interest rates and equity price risks. Market risks arise from foreign currency-denominated financial instruments, investments in debt securities, as well as from equity securities.

The Group manages its market risk by monitoring its exposure to capital markets against established risk tolerance levels.

The Group also has specific policies that allow it to maintain its strong financial position by ensuring that sufficient liquid assets are available to cover its potential funding requirements. The Group invests in various types of assets with a view to matching them with its liabilities of various durations.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's principal transactions are carried out in Philippine Peso (PHP) and its exposure to foreign currency risk arise primarily with respect to the Group's investments in foreign currency-denominated debt and equity securities and dealings with foreign reinsurers in its settlement of obligations and receipt of any claim reimbursements, which are denominated in the following currencies:

- United States Dollar (USD)
- Singaporean Dollar (SGD)
- Euro (EUR)
- Australian Dollar (AUD)
- Hong Kong Dollar (HKD)
- Great Britain Pound (GBP)
- Swiss Franc (CHF)

The table below summarizes the Group's exposure to currency risk on foreign currency-denominated assets and liabilities and total PHP equivalents.

2020									
	USD	SGD	EUR	BRL	AUD	HKD	GBP	CHF	TOTAL (PHP)
Assets									
Cash and cash equivalents	\$1,273,947	\$-	€2,276	R\$-	A\$197,624	HKD22,520	£-	SFR-	₱68,644,689
Loans and receivables	9,197	-	-	-	-	-	-	-	441,678
Investment securities	53,886,995	149,081	215,516	-	1,809,944	2,955,645	111,170	-	2,697,245,494
Accrued income	721,650	-	-	-	13,629	-	-	-	35,151,847
	55,891,789	149,081	217,792	-	2,021,197	2,978,165	111,170	-	2,801,483,708
Liabilities									
Accounts payable and accrued expenses	24,828	-	-	-	-	-	-	-	1,049,704
Insurance contract liabilities	1,403,944	-	-	-	-	-	-	-	67,421,585
Loans payable	23,286,229	-	-	-	-	-	-	-	23,286,229
Premium deposit fund	1,725	-	-	-	-	-	-	-	82,857
Other liabilities	5,592	-	-	-	-	-	-	-	268,556
	24,722,318	-	-	-	-	-	-	-	92,108,931
	\$31,169,471	\$149,081	€217,792	R\$-	A\$2,021,197	HKD2,978,165	£111,170	SFR-	₱2,709,374,777
2019									
	USD	SGD	EUR	BRL	AUD	HKD	GBP	CHF	TOTAL (PHP)
Assets									
Cash and cash equivalents	\$3,441,173	\$10,477	€10,859	R\$-	A\$327,519	HKD9,938	£1,843	SFR-	₱186,982,245
Loans and receivables	5,861	-	-	-	-	-	-	-	27,652,088
Investment securities	48,037,460	314,881	289,323	-	1,614,638	4,004,869	173,871	-	2,554,983,466
Accrued income	536,616	-	-	-	13,629	-	-	-	296,759
	52,021,110	\$325,358	300,182	-	1,955,786	4,014,807	175,714	-	2,769,914,558
Liabilities									
Accounts payable and accrued expenses	24,197	-	-	-	-	-	-	-	1,225,216
Insurance contract liabilities	1,274,993	-	-	-	-	-	-	-	64,559,291
Loans payable	613,836	-	-	-	-	-	-	-	31,081,586
Premium deposit fund	61	-	-	-	-	-	-	-	3,083
Other liabilities	6,085	-	-	-	-	-	-	-	308,110
	1,919,172	-	-	-	-	-	-	-	97,177,286
	\$50,101,938	\$325,358	€300,182	R\$-	A\$-	HKD4,014,807	£175,714	SFR-	₱2,672,737,272

For purposes of restating the outstanding balances of the Group's foreign currency-denominated financial assets and liabilities as at December 31, 2020 and 2019, the following exchange rates were applied:

	2020	2019
USD	₱48.02	₱50.64
SGD	36.12	37.49
EUR	58.69	56.35
AUD	36.40	35.26
HKD	6.19	6.52
GBP	64.62	65.99

The following table demonstrates the sensitivity to reasonably possible change in foreign exchange rate, with all other variables held constant, of the Group's income before tax as at December 31, 2020 and 2019:

	2020			2019		
	Increase/ Decrease in Exchange Rate	Effect on Income before Tax	Effect on Equity	Increase/ Decrease in Exchange Rate	Effect on Income before Tax	Effect on Equity
USD	-3.89%	(₱92,566,559)	(₱67,110,755)	-3.88%	(₱75,426,516)	(₱65,380,160)
	3.89%	92,566,559	67,110,755	3.88%	75,426,516	65,380,160
SGD	-4.11%	-	(923,716)	-3.42%	-	(798,970)
	4.11%	-	923,716	3.42%	-	798,970
EUR	-5.34%	-	(1,167,579)	-4.95%	-	(1,040,670)
	5.34%	-	1,167,579	4.95%	-	1,040,670
AUD	-5.69%	(1,306,898)	(3,410,624)	-5.97%	(1,327,051)	(3,009,254)
	5.69%	1,306,898	3,410,624	5.97%	1,327,051	3,009,254
HKD	-3.77%	-	(1,443,542)	-4.03%	-	(1,627,060)
	3.77%	-	1,443,542	4.03%	-	1,627,060
GBP	5.09%	-	(960,905)	5.09%	-	(1,427,673)
	-5.09%	-	960,905	-5.09%	-	1,427,673

Interest Rate Risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group's market risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities.

A critical element of the Group's risk management process consists of measuring and monitoring the risks associated with fluctuations in market interest rates on the Group's net interest income and ensuring that the exposure in interest rate is kept within acceptable limits.

An efficient matching policy of assets and liabilities arising from insurance and investment contracts are established to keep potential losses within acceptable levels.

The following tables show the information relating to the Group's financial instruments that are exposed to fair value interest rate risk presented by maturity profile.

	2020			
	Up to 1 year	1-3 years	3-5 years	Over 5 years
Financial assets at FVOCI	₱486,108,607	₱217,195,515	₱261,672,131	₱1,127,952,234
Financial assets at FVPL	19,259,144	29,058,237	57,708,279	609,823,466
	2019			
	Up to 1 year	1-3 years	3-5 years	Over 5 years
Financial assets at FVOCI	₱30,652,404	₱281,932,105	₱202,285,205	₱1,265,476,700
Financial assets at FVPL	–	20,414,007	41,316,641	347,838,146

The following table below presents the impact on income before tax and equity due to a reasonable possible change in the interest rate for the year ended December 31, 2020 and 2019:

	2020		
	Change in Variable	Impact on Income Before Tax	Impact on Equity
USD	5.2072%	₱26,889,473	₱21,404,647
	-5.2072%	(26,889,473)	(21,404,647)
AUD	5.1250%	–	2,348,565
	-5.1250%	–	(2,348,565)
PHP	2.1164%	–	2,193,205
	-2.1164%	–	(2,193,205)
	2019		
	Change in Variable	Impact on Income Before Tax	Impact on Equity
USD	5.4052%	₱344,970	₱65,106,340
	-5.4052%	(344,970)	(65,106,340)
AUD	4.6458%	–	5,426,927
	-4.6458%	–	(5,426,927)
SGD	4.1250%	–	1,172,865
	-4.1250%	–	(1,172,865)
PHP	5.2757%	–	253,179
	-5.2757%	–	(253,179)

The impact on the Group's equity, caused by changes in the market value of financial assets, already excludes the impact on transactions affecting the consolidated statements of comprehensive income. The impact on the Group's income before tax is caused by changes in the market value of financial assets at FVPL.

In 2020 and 2019, the Group determined the reasonably possible change in interest rates using the percentages changes in weighted average yield rates of outstanding securities for the past five years.

Equity Price Risk

Equity price risk is the risk that fair value of future cash flows will fluctuate because of changes in market prices of individual stocks and the changes in the level of PSEi and other foreign stock exchange indices.

The Group's equity price risk exposure relates to equity shares classified as financial assets at FVPL and FVOCI.

The table below shows the equity impact of reasonably possible change of PSEi and other foreign stock exchange indices as at December 31, 2020 and 2019:

Market Indices	2020		
	Change in Stock Index	Impact on Income Before Tax	Impact on Equity
Hang Seng Index (HSI)	10.36% (10.36%)	₱-- -	₱377,691 (377,691)
PSEi	3.60% (3.60%)	- -	489,855 (489,855)
Financial Times Stock Exchange (FTSE)	18.71% (18.71%)	- -	306,921 (306,921)
Standard and Poor's Index (SPX)	4.04% (4.04%)	- -	104,284 (104,284)
FTSE Straits Times Index (FSSTI)	10.64% (10.64%)	- -	572,903 (572,903)
Market Indices	2019		
	Change in Stock Index	Impact on Income Before Tax	Impact on Equity
Hang Seng Index (HSI)	17.29% -17.29%	₱-- -	₱915,115 (915,115)
PSEi	16.53% -16.53%	- -	2,040,005 (2,040,005)
Financial Times Stock Exchange (FTSE)	16.58% -16.58%	- -	460,973 (460,973)
Standard and Poor's Index (SPX)	1.93% -1.93%	- -	56,746 (56,746)
FTSE Straits Times Index (FSSTI)	18.13% -18.13%	- -	2,140,594 (2,140,594)

The effect on equity is caused by reasonably possible changes in the relevant market indices which lead to changes in the market value of investment securities classified as financial assets at FVOCI. The effect on income is caused by reasonably possible changes in the relevant market indices which lead to changes in the market value of investment securities classified as financial assets at FVPL.

The equity impact is arrived at using the reasonably possible change for the past five years of the relevant market indices and the specific adjusted beta of each stock the Group holds. Adjusted beta is the forecasted measure of the volatility of a security or a portfolio in comparison to the market as a whole.

The impact on the Group's equity already excludes the impact on transactions affecting the consolidated statements of comprehensive income.

27. Classification of Consolidated Statements of Financial Position Accounts

The current portions of the Group's assets and liabilities as at December 31, 2020 and 2019 are as follows:

	2020	2019
Current assets:		
Cash and cash equivalents	₱972,303,861	₱1,225,127,871
Short-term investments	62,796,981	60,500,000
Insurance receivables	33,538,391	89,693,714
Investment securities	1,030,859,989	879,127,413
Loans receivables	657,054,314	530,354,879
Accrued income	72,813,698	63,641,862
Other current assets	5,175,452	8,052,486
	₱2,834,542,686	₱2,856,498,225
Current liabilities:		
Insurance contract liabilities	₱1,822,644,265	₱1,553,937,226
Policyholders' dividends payable	142,208,734	133,430,815
Premium deposit fund	322,498,519	307,169,452
Insurance payables	94,278,156	90,978,607
Loans payable	23,286,209	31,081,586
Accounts payable and accrued expenses	161,204,052	131,663,238
Income tax payable	3,658,568	9,810,535
Other liabilities	214,178,155	216,639,049
	₱2,783,956,658	₱2,474,710,508

28. Other Matter

The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of mandated lockdowns all over the country. The continuing effect of the crisis on the Group's financial performance, however, cannot be reasonably determined as at report date. Nonetheless, the Group believes that it can remain as going concern given its access to short-term and long-term funding from banks and its stockholders.

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and Board of Directors
Beneficial Life Insurance Company, Inc.
Beneficial Life Building
166 Salcedo Street
Legaspi Village, Makati City

We have audited in accordance with the Philippine Standards on Auditing, the consolidated financial statements of the Beneficial Life Insurance Company, Inc. (the Parent Company) and Subsidiaries (collectively referred to as the Group) as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 and have issued our report thereon dated April 6, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules for the submission to the Securities and Exchange Commission are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of the Retained Earnings Available for Dividend Declaration of the Parent Company
- Schedules required by Part II of Securities Regulation Code (SRC) Rule 68, as Amended

These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & Co.



DARRYLL REESE Q. SALANGAD
Partner

CPA Certificate No. 107615
Tax Identification No. 227-770-760-000
BOA Accreditation No. 4782; Valid until August 15, 2021
IC Accreditation No. 107615-IC
Issued August 12, 2020
Valid for Financial Periods 2019 to 2023
SEC Accreditation No. 1788-A
Valid until October 14, 2022
BIR Accreditation No. 08-005144-016-2019
Valid until July 2, 2022
PTR No. 8534288
Issued January 5, 2021, Makati City

April 6, 2021
Makati City, Metro Manila

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2020 AND 2019

	2020	2019
CURRENT/LIQUIDITY RATIO		
Current assets	₱2,834,542,686	₱2,856,498,225
Current liabilities	2,783,956,658	2,474,710,508
	1.02	1.15
SOLVENCY RATIO		
Net income before depreciation	₱143,837,391	₱137,791,450
Total liabilities	6,105,752,146	5,281,781,863
	0.02	0.03
DEBT-TO-EQUITY RATIO		
Total liabilities	₱6,105,752,146	₱5,281,781,863
Total equity	2,870,069,893	3,172,773,379
	2.13	1.66
ASSET-TO-EQUITY RATIO		
Total assets	₱8,975,822,039	₱8,454,555,242
Total equity	2,870,069,893	3,172,773,379
	3.13	2.66
INTEREST-COVERAGE RATIO		
Earnings before interest and taxes	₱142,201,359	₱174,050,122
Interest expense	27,406,267	25,652,335
	5.19	6.78
PROFITABILITY RATIO		
Net income	₱121,152,687	₱109,335,455
Average equity	3,021,421,636	3,013,996,502
	4.01%	3.63%

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF THE RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY
DECEMBER 31, 2020

	<u>Amount</u>
Unappropriated retained earnings of the Parent Company at beginning of year	₱1,523,797,901
Adjustments for:	
Deferred tax assets	(89,091,338)
Unappropriated retained earnings, as adjusted to available for dividend distribution at beginning of year	1,434,706,563
Net income during the year closed to retained earnings	115,639,919
Adjustments for:	
Movement in deferred tax assets	(34,392,028)
Fair value adjustment on financial assets at FVPL during the year	(13,760,921)
Transfer of revaluation increment on property and equipment	3,779,524
Net income earned during the year	71,266,494
Unappropriated retained earnings available for dividend declaration at end of year	1,505,973,057
Reversal of appropriation	37,749,324
Unappropriated retained earnings available for dividend declaration at end of year	<u>₱1,543,722,381</u>

Under Section 194 of the Republic Act No. 10607 known as “The Insurance Code”, new domestic life or non-life insurance companies, organized as a stock corporation, shall have a paid-up capital of ₱1.0 billion. On the other hand, existing insurance companies shall comply with the net worth requirement of ₱1.3 billion on a staggered basis starting June 13, 2013 up to December 31, 2022. The minimum paid-up capital and net worth requirement must remain unimpaired for the continuance of the license.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULE AS REQUIRED BY PART II OF THE
REVISED SECURITIES REGULATION CODE RULE 68
DECEMBER 31, 2020

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D	Intangible Assets - Other Assets	N/A
E	Long-term Debt	N/A
F	Indebtedness to Related Parties	N/A
G	Guarantees of Securities of Other Issuers	N/A
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BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

A. FINANCIAL ASSETS

DECEMBER 31, 2020

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds and notes</i>	<i>Amount shown in the statements of financial position</i>	<i>Value based on market quotation at end of reporting period</i>	<i>Income received and accrued</i>
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)				
WACHOVIA CAP TRUST III 5.56975%	8,847,000	₱9,700,646	₱9,700,646	₱386,570
AEGON NV FRN PERPETUAL	8,918,000	7,931,959	7,931,959	151,458
HSBC HOLDINGS PLC 6.375%	9,265,000	10,469,014	10,469,014	632,693
CLOVERIE PLC FOR ZURICH INSURANCE CO 4.75% PERP	9,422,000	9,823,105	9,823,105	470,743
7.5% NOTES CREDIT SUISSE GROUP AG	10,707,000	10,481,980	10,481,980	739,956
HSBC HOLDINGS PLC VRN ECLEAR PERP	10,740,000	10,071,384	10,071,384	728,095
LLOYDS BANKING GROUP PLC 7.5%	10,792,000	11,009,273	11,009,273	747,710
NOTES SCOTIABANK PERU SAA 4.5%	10,036,000	10,105,845	10,105,845	427,982
NOTES SCOTIABANK PERU SAA 4.5%	10,154,000	10,105,845	10,105,845	413,015
6.875% NOTES CREDIT AGRICOLE SA	10,340,000	10,711,050	10,711,050	681,911
NOTES ELECTRICITE DE FRANCE SA	10,504,000	10,370,087	10,370,087	558,955
TBG GLOBAL PTE LTD 5.25%	10,420,000	9,607,001	9,607,001	503,447
LISTRINDO CAPITAL BV 4.95%U	10,420,000	9,950,366	9,950,366	525,838
COUNTRY GARDEN HLDGS 4.75%	10,421,000	9,796,692	9,796,692	500,828
5.875% ROYAL CAPITAL BV W/O FIXED MAT	10,526,000	9,784,686	9,784,686	587,779
NORDEA BANK AB VRN PERPU	10,373,000	9,806,297	9,806,297	521,239
TIMES PROPERTY HOLDINGS LTD 6.25%	10,180,000	9,629,572	9,629,572	539,716
HSBC HOLDINGS PLC 6.25% VRN PERPETUAL CALL 03/23/2023U	10,235,000	10,071,384	10,071,384	722,854
LMIRT CAPITAL PTE LTD 7.25%	10,222,000	9,694,883	9,694,883	651,551
COMMERZBANK AG VRN PERPETUAL	10,442,200	10,290,368	10,290,368	696,341
BANK OF EAST ASIA LTD PERPETUAL	10,436,000	9,865,845	9,865,845	556,868
COMMERZBANK AG VRN PERPETUAL	10,363,000	10,290,368	10,290,368	697,571
NORDEA BANK AB VRN PERP	10,358,000	9,806,297	9,806,297	520,569
BANCO BILBAO VIZCAYA ARGENTARIA VRN PERP	10,136,000	10,115,565	10,115,565	610,488
AGILE GROUP HOLDINGS LTD VRN PERP	10,122,000	10,135,734	10,135,734	784,339
<i>(Forward)</i>				

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds and notes</i>	<i>Amount shown in the statements of financial position</i>	<i>Value based on market quotation at end of reporting period</i>	<i>Income received and accrued</i>
BANCO BILBAO VIZCAYA ARGENTARIA VRN PERP	10,160,000	10,115,565	10,115,565	607,066
SUNAC CHINA HOLDINGS LTD 6.50%	20,264,000	19,814,290	19,814,290	1,258,895
TIMES PROPERTY HOLDINGS LTD 6.25%	10,203,000	9,629,572	9,629,572	418,177
NOTES JOLLIBEE WORLDWIDE PTE LTDU	10,196,000	9,244,428	9,244,428	365,952
6% NOTES YUZHOU PROPERTIES CO LTD	10,163,000	9,852,399	9,852,399	564,096
EASY TACTIC LTD 8.125%	10,163,000	8,766,118	8,766,118	675,703
SOFTBANK GROUP CORP VRN PERP	10,156,000	9,412,508	9,412,508	543,697
HUARONG FINANCE CO LTD 2017 FNMRY 4.0 PERP '22 FRN	10,300,000	9,772,681	9,772,681	309,812
SVENSKA HANDELSBANKEN AB 5.25%	10,119,000	9,652,623	9,652,623	348,788
NOTES HSBC HLDINGS PLC 2015 6.375%	10,152,000	10,529,523	10,529,523	394,607
NOTES ARGENTUM NETHERLANDS BV 2017 4.625%	10,092,000	9,760,195	9,760,195	291,693
PROMIGAS SA ESP PMGX 3.75%	10,122,000	10,228,899	10,228,899	228,083
CHINA OIL AND GAS GROUP	10,068,000	9,654,544	9,654,544	338,648
3.905% NOTES MALAYAN BANKING BHD MAYBANK	9,996,000	9,797,172	9,797,172	182,563
4.875% ROYAL CAPITAL BV 2016 PERP	9,996,000	9,792,370	9,792,370	247,281
6.125% EMIRATES NBD BANK PJSC W/O FIXED MAT	9,890,000	10,307,369	10,307,369	281,307
6.125% EMIRATES NBD BANK PJSC W/O FIXED MAT	9,875,000	10,307,369	10,307,369	265,999
BONDS ROYAL CAPITAL BV 2020-W/O FIXED MAT GUARANTEED FIXED/FLOATING RATE	9,875,000	9,929,235	9,929,235	221,113
NATWEST GROUP PLC FRN PERP DD 30JUN2020	4,936,500	4,658,231	4,658,231	26,951
NATWEST GROUP PLC FRN PERP DD 30JUN2020	4,937,500	4,658,231	4,658,231	26,982
UBS GROUP AG VRN PERP DD 31JAN2018	9,875,000	9,646,860	9,646,860	218,850
SVENSKA HANDELSBANKEN AB	9,768,000	9,652,623	9,652,623	196,303
WESTPAC BANKING CORP/NEW ZEALAND VRNECLEAR PERPETUAL DTD 9/21/2017	9,768,000	10,153,023	10,153,023	187,170
UBS GROUP AG VRN ECLEAR PERPETUAL DTD 31JAN2018	9,704,000	9,646,860	9,646,860	171,025
SOFTBANK GROUP CORP VRN ECLEAR PERPETUALDTD 19JUL2017	9,696,000	9,412,508	9,412,508	195,800
BONDS RIZAL COMMERCIAL BANKING CORP. 2020-WITHOUT FIXED MATURITY FIXED/VARIABLE RATE	24,315,000	24,321,248	24,321,248	562,814
HUARONG FINANCE FNMRY 4.50 PERP	9,678,000	9,784,686	9,784,686	101,887
DNB BANK ASA VRN ECLEAR PERP REGS	9,678,000	9,976,298	9,976,298	110,109
COUNTRY GARDEN HOLDINGS CO LTD 4.80%	9,678,000	10,324,945	10,324,945	99,764
BANGKOK BANK PCL/HONGONG VRN CLEAR	9,730,000	10,069,463	10,069,463	104,219
WESTPAC BANING CORP/NEW ZEALAND VRN CLEAR PERP	9,730,000	10,153,023	10,153,023	103,546
BANGKOK BANK PCL/HONGONG VRN CLEAR	9,696,000	10,069,463	10,069,463	92,102
DNB BANK ASA VRN ECLEAR PERP REGS	9,679,000	9,976,298	9,976,298	84,768
<i>(Forward)</i>				

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NATWEST GROUP PLC VRN ECLEAR PERP DD 04OCT2007	9,678,000	9,316,462	9,316,462	1,580
BONDS RE1 LIMITED 2020-24.09.80 REG S FLOATING RATE	9,730,000	10,027,202	10,027,202	95,632
MEDIUM TERM NOTES CENTRAL PLAZA DEVELOPMENT LTD 2019	9,671,000	9,505,557	9,505,557	125,665
BONDS TMB BANK PUBLIC COMPANY LTD 2019 FIXED/VARIABLE RATE	9,671,000	9,388,497	9,388,497	112,502
NOTES SMC GLOBAL POWER HOLDINGS CORP	18,462,300	18,709,521	18,709,521	252,798
NOTES SMC GLOBAL POWER HOLDINGS CORP	10,688,700	10,831,828	10,831,828	146,278
GENERAL ELECTRIC CO VRN	9,663,000	8,974,538	8,974,538	56,299
GENERAL ELECTRIC CO VRN	9,614,000	8,974,538	8,974,538	26,891
CENTRAL CHINA REAL ESTATE GROUP CHINA CO LTD CNTCN 7.25%	9,662,000	9,580,589	9,580,589	115,006
PETROLEOS MEXICANOS PEMEX 6.49 01/23/27U	9,662,000	10,113,644	10,113,644	110,241
Banco de Brasil (Cayman) 9%	9,604,600	10,721,615	10,721,615	865,223
LLOYDS BANKING GROUP PLC 7.50 PERP	9,604,600	11,009,273	11,009,273	718,344
Total Financial Assets at FVPL		₱715,849,130	₱715,849,130	₱26,810,745
FINANCIAL ASSETS AT AMORTIZED COST				
Corporate Bonds (PHP):				
AYALA LAND INC 5.9203% due 2028	30,000,000	₱30,000,000	₱34,263,639	₱1,776,090
SM PRIME HOLDINGS INC SERIES H 5.663%	10,000,000	10,043,223	10,180,827	547,949
SM PRIME HOLDINGS INC SERIES I 6.0804%	10,000,000	10,078,552	10,841,133	591,821
NLEX CORP 6.90% SERIES B DUE 2028	15,000,000	15,000,000	16,718,332	1,035,000
NLEX CORP 6.6407% SERIES A DUE 2025	8,800,000	8,800,000	9,053,574	584,382
NLEX CORP 6.90% SERIES B DUE 2028	3,000,000	3,000,000	3,343,666	207,000
NLEX CORP 6.6407% SERIES A DUE 2025	10,000,000	10,000,000	10,288,152	664,070
SMC GLOBAL POWER HOLDINGS CORP SERIES G 6.75%	35,000,000	35,000,000	36,600,655	2,362,500
PETRON CORP SERIES C 7.8183% 2024	17,500,000	17,500,000	18,827,848	1,368,203
PETRON CORP SERIES D 8.0551% 2025	25,000,000	25,000,000	27,240,800	2,013,775
ABOITIZ POWER CORP SERIES C 10YR BONDS 8.5091%	7,300,000	7,300,000	8,447,100	621,164
SMC GLOBAL POWER HOLDINGS CORP SERIES H 6.835%	15,000,000	15,000,000	15,361,467	1,025,250
SMC GLOBAL POWER HOLDINGS CORP SERIES J 7.60%	50,000,000	50,000,000	55,640,426	3,800,000
SM PRIME HOLDINGS 6.2223% SERIES J 3Y FIXED RATE BONDS	50,000,000	50,000,000	50,702,270	3,111,150
UNIONBANK 6% SERIES B SENIOR FIXED RATE BONDS 2022	50,000,000	50,000,000	52,039,554	3,000,000
PETRON PREFERRED SHARES SERIES 3A 6.8713% 25K SHARES	25,000,000	25,000,000	25,250,000	–
PETRON PREFERRED SHARES SERIES 3B 7.1383% 25K SHARES	25,000,000	25,000,000	27,850,000	–
<i>(Forward)</i>				

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CHINA BANKING CORPORATION 5.70% 18-MONTH FIXED RATE BONDS DUE 2021	100,000,000	100,000,000	100,353,239	5,700,000
ROBINSONS BANK 5.125% FIXED RATE PHP BONDS DUE 08/12/2021	22,300,000	22,300,000	22,722,707	1,142,875
AYALA CORP CLASS "B" PREFERRED SHARES 4.8214% 142,570 SH @ P500/SH	71,285,000	71,285,000	73,494,835	–
BDO SERIES "1" BONDS 4.408% DUE 2022	50,000,000	50,000,000	50,000,000	2,001,967
SAN MIGUEL FOOD AND BEVERAGE INC. 5.05% DUE 2025	34,000,000	34,000,000	33,421,304	1,387,908
ARTHALAND FIXED RATE ASEAN GREEN BONDS 6.3517% DUE 2025	50,000,000	50,000,000	50,081,687	2,867,087
UNIONBANK UNSECURED SUBORDINATED NOTES 5.25% DUE 2024MAY30	100,000,000	100,000,000	103,911,728	4,477,083
ABOITIZ POWER CORPORATION SERIES E BONDS 3.125% DUE 2022	50,000,000	50,000,000	50,586,345	763,889
ROBINSONS LAND CORPORATION SERIES C BONDS 3.683% DUE 2023	50,000,000	50,000,000	51,056,510	383,646
SECURITY BANK 3.125% DUE 2022	50,000,000	50,000,000	50,532,893	694,444
CIRTEK HOLDINGS PHILS CORP C3 CPS 4.75% 2/18/2021	100,000,000	99,382,192	99,503,106	1,576,039
ABOITIZ EQUITY VENTURES SERIES C BOND DUE 2023 2.8403%	200,000,000	200,000,000	200,340,936	710,075
FILINVEST LAND INC 3.3353% 3Y bonds due 2023	100,000,000	100,000,000	100,418,259	398,383
DEVELOPMENT BANK OF THE PHILIPPINES SERIES 2 BONDS 2022	50,000,000	50,000,000	50,063,771	72,917
Government Bonds (PHP):				
PIBD2023B048 1	2,000,000	₱2,117,721	₱2,372,600	₱212,486
PIBD2023J068 1	1,000,000	1,038,573	1,204,481	102,313
PIBD2023J068 1	7,000,000	7,270,011	8,431,369	716,190
PIBD2024F075 1	3,000,000	3,212,794	3,810,082	321,192
PIBD2024F075 1	5,770,000	6,179,220	7,328,058	617,772
PIBD2025J116 1	4,000,000	4,327,757	5,409,829	433,860
PIBD2026A122 1	30,000,000	30,522,317	38,875,417	2,998,114
PIBD2026A122 1	40,000,000	40,696,422	51,833,889	3,997,485
PIBD2026A122 1	20,000,000	20,348,211	25,916,944	1,998,742
PIBD2026L139 1	30,000,000	27,708,178	37,113,720	2,674,461
PIBD2026L139 1	20,000,000	18,472,119	24,742,480	1,782,974
PIBD2026L139 1	20,000,000	18,472,119	24,742,480	1,782,974
PIBD2531A032 1	5,000,000	5,265,864	7,935,226	548,030
PIBD2531J042	20,000,000	18,747,275	29,508,783	1,936,321
PIBD2531J042	15,311,002	14,351,978	22,590,452	1,482,351
<i>(Forward)</i>				

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PIID0522L114 1	50,000,000	50,000,000	52,093,858	2,312,500
PIID0321F092	30,000,000	30,000,000	30,366,695	1,462,500
PIID0524C129	30,000,000	30,000,000	33,216,031	1,875,000
PIBD0726B627	9,750,000	10,363,220	11,154,133	506,016
PIID0323B101	87,087,000	87,087,000	90,749,870	3,386,717
PIID0323B101	50,000,000	50,000,000	52,102,995	1,944,444
PIBD1021D531	30,000,000	30,433,951	30,416,038	296,973
PIBD0321A236	25,000,000	25,037,590	25,041,082	193,959
PIBD0321A236	50,000,000	50,085,860	50,082,164	387,533
PIBD0721C574	50,000,000	50,187,518	50,201,702	373,663
PIID0525H130	20,000,000	20,000,000	20,083,325	202,708
PIID0321F092	20,000,000	20,278,452	20,244,463	129,364
PIBL1220A017	30,000,000	29,991,693	29,994,755	236,738
PIBL1220B070	3,000,000	2,994,487	2,995,924	15,391
PIBL1220D176	20,000,000	19,894,006	19,916,876	115,875
PIBL1220B070	20,000,000	19,963,448	19,972,827	98,233
PIBL1220B089	15,100,000	15,067,771	15,076,469	74,421
PIBL1220F245	10,200,000	10,134,222	10,135,649	5,908
Total Financial Assets at Amortized Cost		₱2,183,938,744	₱2,304,797,429	₱80,107,875
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)				
Government Bonds (USD):				
6.375% BOND REPUBLIC OF THE PHILIPPINES	387,690,400	₱558,132,845	₱558,132,845	₱17,233,003
REPUBLIC OF THE PHILIPPINES 7.75%	105,177,750	162,701,924	162,701,924	4,886,989
Government Bonds (PHP):				
PIBL1220F254	30,000,000	₱29,798,888	₱29,798,888	₱145,349
PIBL1220F236	30,000,000	29,821,655	29,821,655	135,769
PIBL1220B070	35,000,000	34,953,437	34,953,437	116,578
PIBL1220C097	17,500,000	17,465,057	17,465,057	82,300
PIBL1220D167	30,000,000	29,886,503	29,886,503	158,157
PIBL1220C104	10,000,000	9,979,933	9,979,933	47,285
PIBL1220B089	30,000,000	29,954,100	29,954,100	139,033
PIBD0721C574 (1.675%)	30,000,000	30,120,147	30,120,147	156,438
PIBL1220C113	4,750,000	4,739,546	4,739,546	22,047
<i>(Forward)</i>				

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PIBL0620I182	5,300,000	5,287,510	5,287,510	23,348
PIBL1220D149	6,800,000	6,781,128	6,781,128	25,483
PIBL1220E219	40,000,000	39,774,024	39,774,024	21,489
PIBD0523C752 (1.985%)	50,000,000	53,005,675	53,005,675	38,611
PIBL1220K445	40,000,000	39,458,977	39,458,977	14,328
PIID0522L114 (1.85%)	40,000,000	41,668,616	41,668,616	6,492
PIBL1220J438 (1.585%)	32,000,000	31,581,296	31,581,296	4,171
Private Debt Securities:				
COLOMBIA, REPUBLIC OF 8.375%	8,350,000	₱ 11,199,156	₱ 11,199,156	₱ 612,577
PERTH AIRPORT PTY LTD 5.5%	10,061,340	11,036,778	11,036,778	396,624
AUST & NZ BANKING GROUP 4.75%	9,899,820	11,383,130	11,383,130	458,285
COMISION FEDERAL DE ELECTRICIDAD 4.875%	9,330,000	10,668,309	10,668,309	411,932
SSG RESOURCES LTD 4.25%	9,222,000	10,054,576	10,054,576	344,096
MEGAWORLD CORP 4.25%	9,462,000	9,921,552	9,921,552	417,794
OVERSEA-CHINESE BANKING 4.25%	9,436,000	10,489,088	10,489,088	343,415
CHINA CLEAN ENERGY DEV LTD 4%	9,426,000	10,587,151	10,587,151	326,746
4.125% NOTES RELIANCE INDUSTRIES LTD	11,560,000	13,330,585	13,330,585	437,126
4.625% MEDIUM TERM NOTES BPCE SA	9,367,000	10,731,940	10,731,940	439,712
COMMONWEALTH BANK OF AUSTRALIA 4.5%	11,655,000	13,753,187	13,753,187	459,095
3.15% NOTES HASBRO INC	11,615,000	12,069,657	12,069,657	268,994
SAUDI ELEC GLOBAL SUKUK 4%	11,655,000	13,050,971	13,050,971	406,306
4% MEDIUM TERM NOTES NATIONWIDE BUILDING SOCIETY	11,868,750	13,318,579	13,318,579	487,594
3.95% NOTES STANDARD CHARTERED PLC	11,972,500	12,496,185	12,496,185	492,999
3% NOTES AT&T INC	7,278,000	7,450,528	7,450,528	184,801
HUARONG FINANCE II CO LTD 4.625%	12,071,250	13,380,408	13,380,408	483,562
BOC AVIATION PTE LTD 3.875%	12,092,500	13,111,119	13,111,119	440,441
4.5% NOTES LLOYDS BANKING GROUP PLC SUBORD	12,455,000	13,427,891	13,427,891	532,034
EURASIAN DEVELOPMENT BANK 4.767%	12,581,250	12,636,052	12,636,052	488,331
4% AFRICAN EXPORT-IMPORT BANK NOTES	12,543,750	12,160,024	12,160,024	464,815
3.625% MEDIUM TERM NOTES ABU DHABI NATIONAL ENERGY COMPANY GLOBAL SERIES	9,935,000	9,755,392	9,755,392	290,234
2.63567% GOLDMAN SACHS GROUP INC	12,481,250	12,628,668	12,628,668	338,611
3.95% GUARANTEED NOTES CHINA OVERSEAS FINANCE	9,972,000	10,041,129	10,041,129	331,898
5.196% NOTES OMGRID FUNDING LTD	9,936,000	9,700,166	9,700,166	504,413
<i>(Forward)</i>				

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GOHL CAPITAL LTD 4.25%	9,961,000	10,223,136	10,223,136	397,151
2.63567% GOLDMAN SACHS GROUP INC	7,515,000	7,577,201	7,577,201	198,806
4.125% NOTES BANCO SANTANDER (MEXICO) SA	10,069,000	10,143,898	10,143,898	327,466
CNAC HK FINBRIDGE CO LTD 3.5%	10,188,000	9,701,606	9,701,606	350,089
3.75% EURO MEDIUM TERM NOTES BANK MUSCAT	10,114,000	9,613,724	9,613,724	336,457
SGSP AUSTRALIA ASSETS PTY LTD 3.5%	10,181,000	10,649,129	10,649,129	329,978
MIRVAC GROUP FINANCE LTD 3.625%	10,142,000	10,373,640	10,373,640	360,878
3.625% MEDIUM TERM NOTES ABU DHABI NATIONAL ENERGY COMPANY GLOBAL SERIES	10,308,000	9,755,392	9,755,392	298,514
4.125% NOTES BANCO SANTANDER (MEXICO) SA	10,322,000	10,143,898	10,143,898	329,999
SINOCHEM INT DEV PTE LTD 3.125%	10,249,000	9,795,155	9,795,155	299,247
APICORP SUKUK LTD 3.141%	10,158,000	10,027,202	10,027,202	308,563
3% MEDIUM TERN NOTES KOREA RESOURCES CORP.	10,236,000	9,891,297	9,891,297	305,366
MEXICO CITY ARPT TRUST 4.25%	10,098,000	10,204,888	10,204,888	392,973
FPC TREASURY LTD 4.5%	10,141,000	9,945,563	9,945,563	404,399
ROYAL BANK OF SCOTLAND GRP PLC 3.875%	10,220,000	10,399,285	10,399,285	362,655
4.101% NOTES ANTHEM INC	10,423,000	11,369,637	11,369,637	403,881
3.45% MTN JOHN DEERE CAPITAL CORP.	10,400,000	10,785,197	10,785,197	342,475
4.25% NOTES AT&T INC	10,696,000	11,234,352	11,234,352	432,202
4.1% NOTES CVS HEALTH CORP	10,696,000	10,895,746	10,895,746	410,004
3.50% NOTES BLUESTAR FINANCE HOLDINGS	10,700,000	9,716,974	9,716,974	425,919
4.75% MEDIUM TERM NOTES WOORI BANK	10,700,000	10,603,478	10,603,478	474,524
4.346% NOTES FORD MOTOR CO.	10,702,000	10,176,074	10,176,074	445,345
4.90% NOTES HEWLETT PACKARD ENTERPRISE CO	10,706,000	11,250,375	11,250,375	454,112
5.35% MTN PETROLEOS MEXICANO PEMEX	10,570,000	9,476,379	9,476,379	591,348
4.50% NOTES PETROLEOS MEXICANOS PEMEX	10,570,000	9,619,007	9,619,007	541,778
5.375% MEDIUM TERM NOTES WESTWOOD GROUP HOLD LTD	10,685,000	10,369,126	10,369,126	576,696
SINO-OCEAN LAND TREASURE IV LD	16,060,500	14,407,620	14,407,620	462,724
4.75% BOND REPACK NOTE ARGENTUM CAP	13,505,000	10,718,734	10,718,734	1,364,423
BEICA 2.789% 4.33825 % 4.924% 4.47725% FRN	10,850,000	9,576,939	9,576,939	378,125
BONDS SINO-OCEAN LAND TREASURE IV FLOATING RATE	10,804,000	9,619,487	9,619,487	325,700
5.3% BONDS BEIJING ENVIRONMENT SANTIATION	10,740,000	9,836,551	9,836,551	520,674
ABOITIZ POWER SERIES D BONDS DUE 2026 5.2757%	50,000,000	52,878,000	52,878,000	2,637,850
BEAZLEY INSURANCE DAC 5.5%	10,452,000	10,400,821	10,400,821	519,118
BEAZLEY INSURANCE DAC 5.5%	10,328,000	10,400,821	10,400,821	506,464

(Forward)

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8.05% BONDS CFLD (CAYMAN) INVESTMENT LTD	10,160,000	7,995,830	7,995,830	786,681
RONSHINE CHINA HOLDINGS LTD 8.25%	10,203,000	9,652,623	9,652,623	516,714
CENTRAL CHINA REAL ESTATE LTD 6.50%	10,100,000	9,655,504	9,655,504	564,414
BANQUE OUEST AFRICAINE DE DEVELOPPEMENT BOAD 4.70 10/22/31	10,300,000	10,372,968	10,372,968	355,566
BANQUE OUEST AFRICAINE DE DEVELOPPEMENT BOAD 4.70 10/22/31	10,144,000	10,372,968	10,372,968	385,680
SEAZEN GROUP LTD 7.50%	10,158,000	9,649,742	9,649,742	387,795
4.25% NOTES PT PELABUHAN INDONESIA II	10,160,000	10,514,156	10,514,156	294,595
BKNET 3.50	10,160,000	9,844,715	9,844,715	367,005
AFRICAN EXPORT-IMP 4.125	10,134,000	10,259,153	10,259,153	341,098
4.75% NOTES SEAGATE HDD CAYMAN	10,168,000	10,453,359	10,453,359	303,224
BKNET 3.50	10,134,000	9,844,715	9,844,715	335,856
ADANI TRANSMISSION 4%	10,134,000	10,381,516	10,381,516	333,904
REC LTD 3.875% 07/07/27	10,080,000	10,229,091	10,229,091	328,364
4.375% NOTES ADANI PORTS & SPECIAL ECONOMIC ZONE LTS	10,112,000	10,436,839	10,436,839	359,838
3.733% MTN BANGKOK BANK PUBLIC CO LTD	10,112,000	10,023,361	10,023,361	273,005
3.875% MEDIUM TERM NOTES REC LTD	10,006,000	10,304,295	10,304,295	223,386
4.125% JGSH PHILIPPINES LTD	9,882,000	10,126,610	10,126,610	191,610
6.50% NOTES PETROLEOS MEXICANOS PEMEX GTD GLOBAL	9,873,000	9,938,552	9,938,552	312,405
4.375% NOTES MANILA WATER COMPANY INC	24,083,500	23,840,706	23,840,706	450,279
Foreign Debt Securities:	12,005,750	₱12,127,008	₱12,127,008	₱528,977
TRANSNET SOC LTD 4%	9,604,600	10,955,967	10,955,967	455,787
Myriad International Holdings BV 4.85%	9,604,600	10,061,011	10,061,011	396,630
Santos Finance Ltd 4.125%	9,604,600	10,601,077	10,601,077	382,049
Mexichem Sab de CV 4%	9,604,600	9,844,715	9,844,715	670,910
DAR AL ARKAN SUKUK CO LTD DAARR 6.875%	12,005,750	12,127,008	12,127,008	528,977
Local Equity Securities:				
ALLIANCE GLOBAL GROUP INC	2,600,000	₱27,560,000	₱27,560,000	—
ALSONS CONS. RESOURCES, INC.	5,000,000	6,800,000	6,800,000	100,000
ACR MINING CORP NON TRADEABLE	25,000	—	—	—
AREIT, INC. (WITH RECYCLING)	3,615,900	106,126,665	106,126,665	2,047,312
ASIA UNITED BANK CORP	15,225	683,603	683,603	30,450
<i>(Forward)</i>				

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds and notes</i>	<i>Amount shown in the statements of financial position</i>	<i>Value based on market quotation at end of reporting period</i>	<i>Income received and accrued</i>
AYALA LAND INC PREFERRED	795,000	–	–	3,775
BELLE CORPORATION	3,800,000	6,498,000	6,498,000	456,000
EMPERADOR, INC.	2,280,000	23,028,000	23,028,000	364,800
Lopez Holdings Corporation	3,500,000	13,020,000	13,020,000	350,000
MARCVENTURES HOLDINGS, INC.	4,115,000	6,007,900	6,007,900	–
NATIONAL REINSURANCE	2,680,000	1,795,600	1,795,600	–
NICKEL ASIA CORPORATION	2,592,000	14,515,200	14,515,200	777,600
PETRON CORP	3,839,300	15,318,807	15,318,807	383,930
PHIL LONG DISTANCE TEL CO "COMMON"	10,500	14,070,000	14,070,000	808,500
SSI GROUP, INC.	2,468,000	3,677,320	3,677,320	–
Foreign Equity Securities:				
CITIGROUP	399	₱1,182,070	₱1,182,070	₱40,358
CITIGROUP	659	1,950,771	1,950,771	66,603
Singapore Airlines Ltd	2,480	383,392	383,392	–
Singapore Airlines Ltd	32,352	5,001,412	5,001,412	–
GLENCORE INTL SHARES	4,600	703,329	703,329	–
BARRICK GOLD CORP	2,100	2,297,324	2,297,324	30,254
CREDIT SUISSE NOVA (LUX) SICAV	4,756	23,787,668	23,787,668	742,642
ISHARES SILVER TRUST	3,000	3,539,775	3,539,775	–
SPROTT PHYSICAL SILVER TRUST	12,100	5,427,271	5,427,271	–
JPMORGAN INVESTMENT FUNDS SICAV	3,667	23,400,468	23,400,468	1,051,815
EXXONMOBIL CORP NPV	510	1,009,549	1,009,549	87,459
HSBC HOLDINGS PLC USD 0.50	6,000	1,514,311	1,514,311	–
SCHLUMBERGER LTD	520	545,138	545,138	32,702
SANDS CHINA LTD	20,552	4,334,184	4,334,184	132,388
SCHLUMBERGER LTD	1,032	1,081,889	1,081,889	64,901
STANDARD CHARTERED PLC	5,600	1,686,035	1,686,035	–
ISHARES EURO STOXX BANKS DE	3,350	1,419,938	1,419,938	16,313
ORANGE SA	1,045	601,294	601,294	37,252
ORANGE SA	5,340	3,072,640	3,072,640	190,360
VALUE PARTNERS GROUP	70,000	1,773,199	1,773,199	100,731
BIOGEN INC COM	200	2,351,782	2,351,782	–
CREDIT SUISSE GROUP ZUERICH ADR	3,500	2,151,430	2,151,430	38,280
CHINA UNICOM HONG KONG LTD	79,200	2,182,837	2,182,837	82,764
<i>(Forward)</i>				

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds and notes</i>	<i>Amount shown in the statements of financial position</i>	<i>Value based on market quotation at end of reporting period</i>	<i>Income received and accrued</i>
CHINA UNICOM HONG KONG LTD	75,392	2,077,885	2,077,885	78,787
ISHARES EURO STOXX BANKS DE	3,650	1,547,097	1,547,097	17,774
MW EUREKA FUND USD RESTRICTED	1,768	34,065,302	34,065,302	–
CHINA LIFE INSURANCE CO LTD	60,650	6,423,372	6,423,372	273,130
STANDARD CHARTERED PLC	1,600	481,724	481,724	–
LLOYDS BANKING GROUP PLC	128,040	3,015,156	3,015,156	–
ISHARES EURO STOXX BANKS DE	8,324	3,528,228	3,528,228	40,535
BGF DYNAMIC HIGH INCOME A6	30,864	13,888,134	13,888,134	956,307
CS INVESTMENT FUNDS 13 CREDIT SUISSE (LUX) ASIA	1,987	9,744,847	9,744,847	357,933
DWS INVEST SICAV DWS INVEST ASIAN BONDS	2,060	9,829,135	9,829,135	466,657
FIDELITY FUNDS - ASIAN HIGH YIELD	38,231	14,741,047	14,741,047	926,086
FIDELITY FUNDS - ASIAN HIGH YIELD	25,265	9,741,706	9,741,706	612,010
CS INVESTMENT FUNDS 3 SICAV CREDIT SUISSE (LUX)	5,142	24,293,026	24,293,026	762,604
ASHMORE SICAV EMERGING MARKETS SHORT DURATION FUND	2,773	10,891,070	10,891,070	654,845
CS INVESTMENT FUNDS 3 SICAV - CREDIT SUISSE (LUX) FIXED MATURITY 2023 S-IV	5,000	22,926,176	22,926,176	765,892
UBS ASIAN BONDS SERIES 4 A	2,000	10,128,051	10,128,051	469,478
BLACKROCK GLOBAL FUNDS-ASIAN TIGER BOND FUND	43,564	18,012,189	18,012,189	712,581
FIDELITY ENHANCED RESERVE A MINCOME(G)	49,057	17,815,677	17,815,677	520,737
LM WA DIV GL CR FMB S3-A USD	5,000	23,728,164	23,728,164	1,067,918
BLACKROCK GLOBAL FUNDS-ASIAN TIGER BOND FUND	18,450	7,628,573	7,628,573	185,775
Non-listed Club Shares:				
Capitol Hills & Golf Country Club	–	₱75,000.00	₱75,000.00	–
Casino Español	–	200,000.00	200,000.00	–
Doble Vista	–	810,000.00	810,000.00	–
Manila Golf & Country Club	–	76,000,000.00	76,000,000.00	–
Phil Columbian	–	50,000.00	50,000.00	–
Tower Club	–	–	–	–
Other Shares (Unlisted/Suspended/Certificated):				
Unlisted shares	–	₱1,866,740.00	₱1,866,740.00	–
MANILA ELECTRIC CO. (certificated)	236	68,912.00	68,912.00	–
PETRON CORP (certificated)	–	–	–	–
NATIONAL REINSURANCE CORP (certified by issuer)	513,500	344,045.00	344,045.00	–
PLDT PREFERRED SERIES V (certificated)	200	–	–	–
<i>(Forward)</i>				

<i>Name of issuing entity and association of each issue</i>	<i>Number of shares or principal amount of bonds and notes</i>	<i>Amount shown in the statements of financial position</i>	<i>Value based on market quotation at end of reporting period</i>	<i>Income received and accrued</i>
REYNOLDS PHILS CORP	35,712	–	–	–
UNIWIDE	40,000	–	–	–
GOTESCO LAND A	440,000	–	–	–
METRO ALLIANCE HOLDINGS	5,000	9,650.00	9,650.00	–
PHIL. TELEGRAPH & TEL. CO.	2,000	–	–	–
SPI TECHNOLOGIES	216	–	–	–
STENIEL	30,000	–	–	–
UNI RIGHTFIELD	245,000	–	–	–
Total Financial Assets at FVOCI		₱2,759,317,010	₱2,759,317,010	₱77,416,195

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

**B. Amounts Receivable from Directors, Officers, Employees, Related Parties
and Principal Stockholders (Other than Related Parties)**

DECEMBER 31, 2020

<i>Name and designation of debtor</i>	<i>Balance at beginning of period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at end of period</i>
			<i>Amounts collected</i>	<i>Amounts written off</i>	<i>Current</i>	<i>Non current</i>	
Due from related parties							
Merje Trading, Inc.	₱36,162,424	₱-	₱10,000,000	₱-	₱26,162,424	₱-	₱26,162,424
Jaime C. Fernandez - President	22,866,154	-	-	-	22,866,154	-	22,866,154
Mortgage loan receivable							
Manila Cordage Company	150,000,000	-	9,375,000	-	-	140,625,000	140,625,000
	₱209,028,578	₱-	₱19,375,000	₱-	₱49,028,578	₱140,625,000	₱189,653,578

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

**C. Amounts Receivable from Related Parties which are Eliminated
During the Consolidation of the Financial Statements
DECEMBER 31, 2020**

<i>Name and designation of debtor</i>	<i>Balance at beginning of period</i>	<i>Additions</i>	<i>Deductions</i>		<i>Ending Balance</i>		<i>Balance at end of period</i>
			<i>Amounts collected</i>	<i>Amounts written off</i>	<i>Current</i>	<i>Not current</i>	
Beneficial Financial Advisors, Inc., <i>Subsidiary</i>	₱56,172,313	₱5,756,588	₱6,891,177	₱-	₱55,037,724	₱-	₱55,037,724

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

H. CAPITAL STOCK

DECEMBER 31, 2020

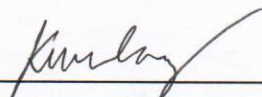
<i>Title of Issue</i>	<i>Number of shares authorized</i>	<i>Number of shares issued and outstanding as shown under the related statements of financial position caption</i>	<i>Number of shares reserved for options, warrants, conversion and other rights</i>	<i>Number of shares held by</i>		
				<i>Related parties</i>	<i>Directors, officers and employees</i>	<i>Others</i>
Capital Stock - ₱1 par value	1,000,000,000	626,756,494	–	508,131,734	131,412	118,493,348

CERTIFICATION

I, ATTY. KAIMA VIA B. VELASQUEZ, the incumbent and duly elected Compliance Officer of BENEFICIAL LIFE INSURANCE COMPANY, INC. with SEC registration number 16680 with principal office at Beneficial Life Building, 166 Salcedo St., Legaspi Village, Makati City, on oath state:

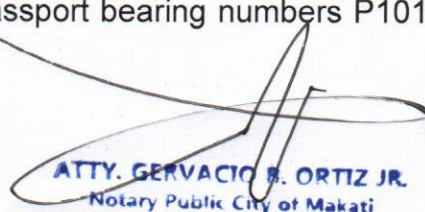
- 1) That on behalf of BENEFICIAL LIFE INSURANCE COMPANY, INC., I have caused this SEC 17-Q to be prepared;
- 2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;
- 3) That BENEFICIAL LIFE INSURANCE COMPANY, INC., will comply with the requirements set forth in SEC Notice dated for a complete and official submission of reports and/or documents through electronic mail; and
- 4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

IN WITNESS WHEREOF, I have hereunto set my hand this 12th day of May, 2021.


 ATTY. KAIMA VIA B. VELASQUEZ
 Affiant

SUBSCRIBED AND SWORN to before me this MAY 12 2021 day of May 2021 at Makati City, affiant exhibiting to me her Philippine Passport bearing numbers P1013829B issued by DFA Manila on March 12, 2019.

Doc. No. 341 ;
 Page No. 70 ;
 Book No. XI ;
 Series of 2021.


 ATTY. GERVACIO B. ORTIZ JR.
 Notary Public City of Makati
 Extended Until June 30, 2021
 Per B.M. No. 3795
 IBP No. 05729-Lifetime Member
 MCLC Compliance No. VI-0024312
 Appointment No. M-183-(2019-2020)
 PIR No. 8531011 Jan. 4, 2021
 Makati City Roll No. 40091
 101 Urban Ave. Campos Rueda Bldg.
 Brgy. Pio del Pilar, Makati City

Beneficial Life Insurance Co., Inc.

166 Salcedo St. Legaspi Village, Makati City 1229 P.O. Box 1903+
 T (+632) 818-8671 • F (+632) 554-7529 to 30, (+632) 554-7527

COVER SHEET

SEC Registration Number

1	6	6	8	0					
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Company Name

B	E	N	E	F	I	C	I	A	L		L	I	F	E		I	N	S	U	R	A	N	C	E		C	O	M	P
A	N	Y	,		I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S				

Principal Office (No./Street/Barangay/City/Town/Province)

7	T	H		F	L	O	O	R		B	E	N	E	F	I	C	I	A	L		L	I	F	E		B	U	I	L
D	I	N	G	,		1	6	6		S	A	L	C	E	D	O		S	T	R	E	E	T	,		L	E	G	A
S	P	I		V	I	L	L	A	G	E	,		M	A	K	A	T	I		C	I	T	Y						

Form Type

1	7	-	Q
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

corpsec@benlife.com.ph

Company's Telephone Number/s

(+632) 8818 8671

Mobile Number

09992297694

No. of Stockholders

6808

Annual Meeting
Month/Day

Any Day in June

Fiscal Year
Month/Day

DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

MA. SIGRID R. PINLAC

Email Address

corpsec@benlife.com.ph

Telephone Number/s

(+632)8818 8671

Mobile Number

09992297694

Contact Person's Address

7F Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarter period ended 31 MARCH 2021
2. Commission identification number 16680 3. BIR Tax Identification No. 000-883-987
4. Exact name of registrant as specified in its charter
BENEFICIAL LIFE INSURANCE COMPANY, INC.
5. Province, country or other jurisdiction of incorporation or organization PHILIPPINES
6. Industry Classification Code: (SEC Use Only)
7. Address of registrant's principal office Postal Code
7F BENEFICIAL LIFE BUILDING, 166 SALCEDO ST., LEGASPI VILLAGE, MAKATI CITY 1229
8. Registrant's telephone number, including area code (02) 88188671
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding
N/A	
11. Are any or all of the securities listed on the Philippine Stock Exchange?
Yes [] No []
12. Indicate by check mark whether the registrant:

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

Yes [] No []

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

Yes [] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

PLEASE REFER TO THE ATTACHED:

- Consolidated Statements of Financial Position as of current interim period (March 31, 2021) and a comparative balance sheet as of the end of the immediately preceding financial year (December 31, 2020).
- Consolidated Statements of Income for the current interim period (for the quarter ended March 31, 2021) with comparative income statements for the comparable interim period (for the quarter ended March 31, 2020).
- Consolidated Statements of Changes in Stockholders' Equity for the current financial year to date (as of March 31, 2021) with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (as of March 31, 2020).
- Consolidated Statements of Cash Flows for the current financial year to date (as of March 31, 2021) with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (March 31, 2020).
- Notes to Consolidated Financial Statements
- Top five (5) key performance indicators.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The global pandemic has affected the operations of the Registrant in terms of decreased new production and in the valuation of its investments. The declining interest rates and appreciation of the peso versus the US dollar have material impact on the revenues generated and valuation of its assets.

Despite the general economic slowdown which started in mid-March of 2020, Beneficial Life Insurance Co., Inc. (Registrant) and its subsidiaries, Beneficial Financial Advisors, Inc. (BFAI) and Solana Investment Holdings Corporation (SIHC), collectively known as the "Group", has managed to produce P424,138,109 total revenues for the first quarter of the year, which is lower by 4% as compared to the same period in 2020. Premiums, net of cessions, have slightly increased by 1% to P354,100,090 in 2021 from P349,963,798 in 2020. Investment and other income, however, decreased by 23% mainly as a result of the drop in yields as reflected in the 22% decrease in interest and dividend income. Bond prices of the securities booked at fair value through profit and loss (FVPL) have likewise decreased resulting in fair value losses at P5,471,231 incurred in 2021 versus the loss recorded in the same period in 2020 amounting to a much higher level at P56,073,298.

Benefits and claims incurred increased by 70% between the two comparative periods. Legal policy reserves due to the change in inforce policies decreased by P31,762,661 in 2021 as compared to an increase of P29,323,400 in 2020. Commissions and other direct expenses slightly increased by less than a percent between the two comparative periods.

About 35% of the Registrant's investible funds are in foreign currency denominated securities. Thus, a major component in the consolidated statement of comprehensive income is the foreign exchange gain or loss. The rates used as against USD1.00 were P48.53 as of March 31, 2021 versus P48.023 as of December 31, 2020; and P50.68 as of March 31, 2020 versus P50.635 as of December 31, 2019 based on closing rates found in the Phil. Dealing System (PDS)/Bankers Association of the Philippines (BAP). Realized and unrealized net foreign exchange gains were recorded in 2021 at P25,055,028 and loss in 2020 at P1,801,600. The said gains/losses were the

result of the mark-to-market valuation of foreign currency denominated financial assets at fair value through other comprehensive income (FVOCI) and bonds at FVPL.

For the first quarter of both 2021 and 2020, consolidated net income was earned mainly from premiums and interest income. BFAI registered a net income of P655,522, while SIHC contributed P1,033,633 net income for the first quarter of 2021. Earnings per share amounted to P0.0232 in 2021 as compared to P0.0487 in 2020.

The business of life insurance does not follow any particular seasonality cyclicity or trend as revenues are mainly dependent on the insurance requirements and capacity to pay of the insuring public, while most of the underwriting expenses depend on mortality rates and economic conditions. Taking the two comparative quarters, revenues are composed of the following:

	<u>2021</u>	<u>2020</u>
Ordinary	88,295,418	89,659,666
Group	271,277,263	262,782,821
Microinsurance	752,000	873,000
Inward reinsurance	196,287	-
	<u>360,520,968</u>	<u>353,315,487</u>
Premiums ceded	<u>6,420,878</u>	<u>3,351,689</u>
Premiums, net of reinsurance	<u><u>354,100,090</u></u>	<u><u>349,963,798</u></u>

The first quarter of 2021 shows decrease in ordinary and micro insurance lines while inward reinsurance and group business increased. The Registrant is still hoping that it can, at the very least, equal the premiums for the whole year of 2020 at P1.64Billion despite the difficulties due to the global pandemic.

No cycle, season or trend can also explain the amount of claims, surrenders and other benefits to be paid in any given period of time as these are mainly dependent on mortality rate and financial condition of the policyholders. This is the reason why the IC as the industry regulator, mandates its requirements on the issuer's minimum networth, capital investment, reserve investment and minimum RBC ratio. IC released CL 2014-42A on the Valuation Standards for Life Insurance Policy Reserves which provides a change in the basis of valuation of the life insurance policy reserves from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) which now considers other assumptions such as morbidity, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation. This interim report reflects the said GPV calculations and the result as of the first quarter of 2021 is equivalent to a total net decrease amounting to P7,026,864.18. The legal policy reserves decreased by P31,762,661 due to change in inforce policies but increased by P24,735,793 due to changes in discount rates.

An uncertainty which will have a material impact on the operations of the issuer, is when death and policy benefits will be claimed all at the same time. As part of the compliance with IC's requirements on the effectivity of the GPV and the financial reporting framework, the Registrant submitted its quarterly reports to the IC on the mandated submission dates per IC CL 2016-69.

Total consolidated assets as of the first quarter of 2021 amounted to P8,855,277,857 which is slightly lower by 1% than the total for the year ended December 31, 2020 at P8,975,822,039. The major composition of the asset portfolio as of the first quarter of 2021 is: cash and cash equivalents at 11%, investment securities at 65%, and loans and notes at 14%. On the Liabilities side, insurance contract liabilities comprise 82% of the total liabilities and premium deposit fund is at 5%. Total stockholders' equity amounted to P2,830,084,992 as of the end-quarter 2021 which is lower than the P2,870,069,893 balance as of December 31, 2020 by 1%.

Other material changes (at least 5%) in the consolidated statement of financial position between the two comparative periods are as follows:

- a. Decrease in insurance receivables by 39% was due to the collections of premium receivables set up as of December 31, 2020.
- b. Decrease in accrued income by 25% was mainly due to lower yields of investments made during the year 2020 and up to the first quarter of 2021.
- c. Decrease in loans and notes by 8% was mainly due to the decrease in salary loan releases and the continuous shifting of various borrowers to the GSIS Financial Assistance Loan program.
- d. Decrease in property, plant and equipment by 8% due to depreciation and very minimal acquisitions in 2021.
- e. Payment of the fixed term loan by SIHC contributed to the 6% decrease in loans payable.
- f. Decrease in accounts payable and accrued expenses by 52% was due to payments of amounts due as of 2020 year end with settlement dates in 2021.
- g. Decrease in other liabilities by 17% was mainly due to the take up of deposits as insurance premiums during the first quarter of 2021.
- h. Decrease in appropriated retained earnings by 185% is the result of the GPV computation of legal policy reserves.
- i. Decrease in other comprehensive income by 42% is also the result of the GPV computation of legal policy reserves and the revaluation of debt and equity securities.

On August 6, 2012, the Parent Company's Board of Directors (BOD) approved the increase in the Parent Company's authorized capital stock from ₱500,000,000 consisting of 500,000,000 common shares with ₱1 par value per share to ₱1,000,000,000 consisting of 1,000,000,000 common shares with the same par value per share. The increase in the capital stock, which were submitted on February 5, 2013, was still for completion of the requirements of the Securities and Exchange Commission (SEC) as of December 31, 2014.

Also on August 6, 2012, the BOD approved the declaration of 58% stock dividend or a total of 188,584,808 shares to be taken from the Registrant's unrestricted retained earnings as of December 31, 2011, and distributed to stockholders as of October 9, 2012.

On June 26, 2014, the BOD approved the declaration of 22% stock dividend or a total of 113,020,283 shares to be taken from the Registrant's unrestricted retained earnings as of December 31, 2013.

At least 25% of the increase in the authorized capital stock of ₱500,000,000 or the amount of ₱301,605,091 has been subscribed and fully paid up through the 58% and 22% stock dividend declarations.

The application for increase in the authorized capital stock that was initially submitted on February 5, 2013 and was re-filed on March 27, 2015 to the SEC. The SEC issued its certificate of approval of increase of capital stock on March 31, 2015.

During the meeting of the Board of Directors (the "Board") of the Registrant, held on 10 June 2020 at Beneficial Life Bldg., the Board declared a cash dividend of Php0.033 per share in favor of all its stockholders of record as of 10 June 2020, payable upon the approval of the Insurance Commission under Circular Letter 2020-66.

There are no changes in the composition of the registrant during the interim period, which include any business combination, additional acquisition of subsidiaries, restructuring or discontinuance of operations.

Provisions for the first quarter of 2021 were made for the contingent liabilities, which include the legal policy reserves and claims and losses payable, in accordance with IC requirements.

There are no other events other than the ordinary course of business that will trigger direct or contingent financial obligation that is material to the issuer, including any default or acceleration of an obligation. There are no other significant elements of income or loss that did not arise from the issuer's continuing operations. The Registrant is foreseeing an increase in surrenders of insurance policies and availment of policy loans because of the financial uncertainties brought about by the pandemic. The Registrant is solvent and liquid enough to pay these benefits.

The statements of cash flows present the sources and uses of funds for the two comparative periods. For the first quarter of 2021, the Group generated cash from its investing activities. This indicates that Group maintains its capacity to provide for its immediate cash requirements from its operations despite the increasing expenditures and investment and financing activities. Short term funds are also available should there be an immediate need for significant amount of funds. A large portion of the Retained Earnings account is unrestricted and the registrant declares and pays cash dividends based on the net income of the Group, subject to compliance with IC's requirements on dividend declarations. The Registrant's networth is compliant to the requirement of IC.

The Registrant will continue to rely mainly on its traditional distribution channel, which is the agency force, for tapping new markets in the individual/regular business using all possible technological means allowed by the IC. The Registrant is relying heavily on its corporate or institutionalized accounts for premium generation this year. Mall operations will still be continued but its operations will largely depend on the community quarantine restrictions. The Registrant introduced its microinsurance product called Benlife Shield during the last quarter of 2016. It is a single pay, micro personal accident no-lapse insurance plan that provides individual insurance coverage up to age 60. Also, during the last quarter of the year 2016, the registrant offered its group insurance rider called Benlife Care. It is health care rider attached to group yearly renewable term that allows policyholders to avail of medical, hospitalization benefits through affiliated medical service providers subject to certain conditions and limitations. There are no plans to offer variable products during the year 2021. Management is hoping that the Registrant will, at least, equal its performance of 2020. The Registrant is continuously focusing on its technology enhancements that will allow non face-to-face selling, mobile applications and servicing, and various online and other payment options and improve work-from-home arrangements of its employees.

Funds shall be continually sourced internally for its insurance requirements and the Registrant does not foresee any uncertainty that has or is reasonably likely to have a material impact on the short or long term liquidity. The registrant will meet its due obligations on time. The registrant continues to seek higher yields for its investments through its subsidiary, SIHC. To maximize returns, any available and free cash will be invested in different investment outlets.

There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity. The Group is confident that it will remain liquid during the prolonged economic slowdown.

On August 5, 2013, the President of the Philippines approved the Republic Act No. 10607 to be known as the "New Insurance Code" which provides the new capitalization requirements of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022. The following presents the amount of required net worth and the schedule of compliance per New Insurance Code:

Networth	Compliance Date
P550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

The required minimum statutory net worth for Parent Company is P900 million as of December 31, 2020. The Registrant complied with the minimum statutory net worth capital and minimum paid-up capital required by the IC.

On January 13, 2015, the IC issued the Circular letter (CL) No. 2015-02-A which provides for the clarifications of minimum capital requirements under Sections 194, 197, 200 and 289 of the New Insurance Code. The said CL supersedes the Department Order (DO) Nos. 27-6 and 15-201 and CL Nos. 22-2008 and 26-2008. The minimum net worth requirements must remain unimpaired for the continuance of the license.

In 2015, IC issued Circular Letter No. 2015-29, Financial Reporting Framework under Section 189 of the amended Insurance Code (RA No. 10607). Whereas, the FRF will adopt the economic valuation of assets and liabilities based on internationally accepted accounting, actuarial and insurance core principles. The new regulatory requirements took effect on January 1, 2017 based on IC Circular Letter 2016-69.

CL 2016-68 provides for the Risk-based capital (RBC2) framework for the life insurance industry which establishes the required amounts of capital to be maintained by the insurance companies in relation to their investment and insurance risks. Every life insurance company is annually required to maintain an RBC ratio of at least 100% and not to fail the trend test. Failure to meet the minimum RBC ratio shall subject the insurance company to regulatory intervention which could be at various levels depending on the degree of the violation. The Registrant remains compliant with this requirement.

Republic Act ("RA") No. 10001 reduced the premium tax from 5% to 2% (applicable on insurance policies issued after the effectivity of the said RA) and amended the DST to one-time payment based on the amount of insurance or coverage. RA 10963 or the Tax Reform for Acceleration and Inclusion ("TRAIN"), which became effective on January 1, 2018, increased the DST tax from the range of P10.00-P100.00 to P20.00-P200.00. Revenue Regulation ("RR") 4-2018 was issued wherein the new rates are listed under Section 10.

The Registrant, in close coordination with the IC and the SEC, ensures adherence to its ASEAN Corporate Governance under CL 2020-71 and Anti Money Laundering Act under Republic Act no. 11521. The registrant also complied with the requirements of The Foreign Account Tax Compliance Act (FATCA) in 2014 by registering as a Foreign Financial Institution. The Registrant is also compliant with the requirements of the Data Privacy Act.

There are no other material events subsequent to March 31, 2021 that have not been reflected in the financial statements or disclosed in this report. There are no material commitments for material capital expenditures other than those required in the ordinary course of business.

Segment reporting is not applicable to the issuer.

The consolidated financial statements include those of the Registrant and wholly owned subsidiaries. There are no other material off-balance sheet transactions, arrangements, direct or contingent obligations and other relationships of the company with other persons created as of the first quarter of 2021.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant BENEFICIAL LIFE INSURANCE COMPANY, INC.

Signature and Title JAIME C. FERNANDEZ
President & Chief Executive Officer
Date May 11, 2021

Signature and Title MA. EDITHA S. RALTONGAN
Senior Vice President - Comptroller
Date May 11, 2021

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Beneficial Life Insurance Company, Inc. and Subsidiaries

Consolidated Statements of Financial Position

(Amounts in Philippine Pesos)

	Interim/Unaudited March 31, 2021	Audited December 31, 2020
ASSETS		
Cash and cash equivalents	944,755,237	972,303,861
Short term investments	62,848,207	62,796,981
Insurance receivables	20,559,940	33,538,391
Accrued income	54,948,138	72,813,698
Investment securities	5,729,585,662	5,682,055,270
Loans and notes	1,281,756,729	1,390,963,245
Property and equipment :		
At cost	22,257,034	24,239,772
At revalued amounts	646,005,046	647,715,036
Net deferred tax assets	248,976	248,976
Other noncurrent assets	92,312,888	89,146,809
	8,855,277,857	8,975,822,039
LIABILITIES AND EQUITY		
Insurance contract liabilities	4,950,148,574	4,912,423,179
Policyholders' dividends payable	140,655,975	142,208,734
Premium deposit fund	320,290,318	322,498,519
Insurance payables	97,819,063	94,278,156
Loans payable	21,946,619	23,286,209
Accounts payable and accrued expenses	77,740,041	161,204,052
Investment derivative liability	1,368,091	0
Income tax liability	3,658,568	3,658,568
Other liabilities	179,151,100	216,280,214
Net retirement liability	141,496,571	138,996,571
Net deferred tax liabilities	90,917,945	90,917,944
Total Liabilities	6,025,192,865	6,105,752,146
	-	
Equity		
Capital stock	626,756,494	626,756,494
Additional paid-in capital	489,265,675	489,265,675
Retained earnings:		
Appropriated	(36,458,187)	42,873,792
Unappropriated	1,704,910,397	1,632,652,204
Other comprehensive income	45,610,613	78,521,728
Total Equity	2,830,084,992	2,870,069,893
	8,855,277,857	8,975,822,039

See accompanying Notes to Consolidated Financial Statements

Beneficial Life Insurance Company, Inc. and Subsidiaries**Consolidated Statements of Comprehensive Income**

(Amounts in Philippine Pesos)

	Interim / Unaudited - For the period ended	
	March 31, 2021	March 31, 2020
REVENUES		
Gross premiums on insurance contracts	360,520,968	353,315,487
Reinsurer's share of gross premiums on insurance contracts	(6,420,878)	(3,351,689)
Net insurance premiums	354,100,090	349,963,798
Interest income	61,435,735	78,914,005
Rental income	764,496	981,365
Dividend income	6,162,272	8,507,131
Gains on sale of financial assets	-	1,092,802
Other underwriting income	1,675,516	1,650,722
	424,138,109	441,109,823
	70,038,019	91,146,025
BENEFITS AND EXPENSES		
Net benefits and claims incurred on insurance contracts	285,552,942	167,945,533
Net change in legal policy reserves	(31,762,661)	29,323,400
Net insurance benefits and claims	253,790,282	197,268,933
Fair value loss on financial assets at FVPL	5,471,231	56,073,298
General and administrative expenses	62,093,601	55,402,957
Commission and other direct expenses	86,808,461	86,099,664
Finance costs	3,998,668	1,031,578
Insurance taxes	7,305,994	7,080,810
	419,468,236	402,957,240
INCOME BEFORE FOREIGN EXCHANGE GAINS AND IMPAIRMENT LOSS	4,669,873	38,152,584
FOREIGN EXCHANGE GAIN (LOSS) - Net	25,055,028	(1,801,600)
IMPAIRMENT LOSS		
Investment securities	9,320,673	-
	9,320,673	-
INCOME BEFORE INCOME TAX	20,404,228	36,350,984
PROVISION FOR INCOME TAX	5,851,792	5,826,246
NET INCOME	14,552,436	30,524,738
OTHER COMPREHENSIVE INCOME		
<i>Item that will be reclassified into profit or loss in subsequent periods:</i>		
Change in revaluation reserves on investment securities	(34,197,941)	(87,084,529)
Cumulative translation adjustment	6,437,431	112,896
	(27,760,510)	(86,971,633)
<i>Items that will not be reclassified into profit or loss in subsequent periods:</i>		
Change in legal policy reserves	(24,735,796)	-
Change in revaluation reserves on equity instruments	19,585,190	(67,408,914)
	(5,150,606)	(67,408,914)
	(32,911,116)	(154,380,547)
TOTAL COMPREHENSIVE INCOME	(18,358,680)	(123,855,810)
Earnings per share	0.0232	0.0487

Beneficial Life Insurance Company, Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

(Amounts in Philippine Pesos)

	Interim / Unaudited - For the period ended	
	March 31, 2021	March 31, 2020
CAPITAL STOCK - 1.00 par value		
Authorized - 1,000,000,000 shares		
Issued and outstanding		
Balance at beginning and end of year	626,756,494	626,756,494
ADDITIONAL PAID-IN CAPITAL	489,265,675	489,265,675
RETAINED EARNINGS		
Appropriation for negative legal policy reserves:		
Balance at beginning of year	42,873,792	80,623,116
Additional (reversal of) appropriation for negative legal policy reserves	(79,331,979)	-
Balance at end of quarter	(36,458,187)	80,623,116
Unappropriated:		
Balance at beginning of year	1,632,652,204	1,480,482,230
Adjustment arising from transition to PFRS 9	-	-
Balance at beginning of year	1,632,652,204	1,480,482,230
Net income	14,552,436	30,524,739
Transfer of revaluation reserves on investment securities	(21,626,222)	(12,945,889)
Reversal of (additional) appropriation for negative legal policy reserves	79,331,979	-
Balance at end of quarter	1,704,910,397	1,498,061,080
	1,668,452,210	1,578,684,196
OTHER COMPREHENSIVE INCOME		
Revaluation Reserves on Investment Securities		
Balance at beginning of year	(47,731,309)	(124,555,731)
Net change in revaluation reserves	(14,612,750)	(154,493,443)
Balance at end of quarter	(62,344,059)	(279,049,174)
Revaluation Increment on Property and Equipment		
Balance at beginning of year	330,698,577	333,344,244
Transfer of revaluation increment on property and equipment	-	-
Appraisal increase	-	-
Balance at end of quarter	330,698,577	333,344,244
Cumulative Remeasurement Gain (Loss) on Retirement Liability		
Balance at beginning of year	(11,963,521)	(8,569,813)
Remeasurement gain (loss) on retirement liability - net of deferred income tax	-	-
Balance at end of quarter	(11,963,521)	(8,569,813)
Cumulative Translation Adjustment		
Balance at beginning of year	9,180,652	15,311,541
Translation adjustment	6,437,432	112,896
Balance at end of quarter	15,618,084	15,424,437
Cumulative remeasurement gain (loss) on legal policy reserves		
Balance at beginning of year	(201,662,671)	280,115,623
Remeasurement gain (loss) on legal policy reserves	(24,735,796)	-
Balance at end of quarter	(226,398,467)	280,115,623
	45,610,613	341,265,317
	2,830,084,992	3,035,971,682

Beneficial Life Insurance Company, Inc. and Subsidiaries**Consolidated Statements of Cash Flows**

(Amounts in Philippine Pesos)

	Interim / Unaudited - For the period ended	
	March 31, 2021	March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	20,404,228	36,350,985
Adjustments for:		
Interest income	(61,435,735)	(78,914,006)
Impairment loss on:		
Investment securities	9,320,673	-
Unrealized foreign exchange loss (gain)	(24,071,775)	1,278,031
Gain on sale of:		
Investment securities	-	(1,092,802)
Dividend income	(6,162,272)	(8,507,131)
Depreciation and amortization	4,940,959	6,252,062
Retirement benefit cost	2,500,000	2,500,000
Fair value losses (gains) on financial assets at FVTPL	5,471,231	56,073,298
Finance cost	2,989,050	1,031,578
Operating loss (gain) before working capital changes	(46,043,641)	14,972,015
Decrease (increase) in:		
Insurance receivables	12,978,451	66,052,635
Loans and receivables	109,206,516	85,299,321
Short-term investments	(51,226)	-
Increase (decrease) in:		
Insurance contract liabilities	12,989,599	39,162,690
Policyholders' dividends payable	(1,552,759)	(2,714,925)
Premium deposit fund	(5,091,618)	2,722,654
Insurance payables	3,540,907	(5,042,053)
Accounts payable and accrued expenses	(83,464,011)	(99,159,357)
Other current liabilities	(37,129,114)	(5,516,981)
Net cash generated from (used for) operations	(34,616,896)	95,775,999
Interest paid	(105,632)	(52,346)
Net cash provided by (used in) operating activities	(34,722,528)	95,723,653
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	79,333,851	90,754,437
Dividends received	4,699,031	7,631,349
Acquisitions of:		
Investment securities	(721,348,091)	(897,854,603)
Property and equipment	(1,248,229)	(3,465,824)
Investment derivative liability	(1,368,091)	
Proceeds from sale of:		
Investment securities	650,549,260	850,929,234
Increase in other assets	(2,104,237)	(3,921,716)
Net cash provided by (used in) investing activities	8,513,494	44,072,877
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan availments	-	-
Loan payments	(1,339,590)	(1,676,928)
Cash dividends paid	-	(38,410)
Net cash provided by (used in) financing activities	(1,339,590)	(1,715,338)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,548,624)	138,081,192
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	972,303,861	1,007,710,998
CASH AND CASH EQUIVALENTS AT END OF QUARTER	944,755,237	1,145,792,190

BENEFICIAL LIFE INSURANCE COMPANY, INC. and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Interim/Unaudited as of March 31, 2021)

1. Corporate Information

Beneficial Life Insurance Company, Inc. (the Parent Company) was incorporated and registered with the Philippines Securities and Exchange Commission (SEC) on March 16, 1960 to engage and carry on the business of life insurance. The Parent Company extended its corporate life for another 50 years commencing on March 16, 2010. Also, the Parent Company is licensed to engage in the reinsurance business. However, as prescribed by the Revised Corporation Code of the Philippines which became effective on February 23, 2019, the Company shall have perpetual existence. The Parent Company's Certificate of Authority issued by the Insurance Commission (IC) is valid until December 31, 2021.

The Parent Company is 81%-owned by FMF Development Corporation (FMF or Ultimate Parent Company), a company incorporated in the Philippines engaged primarily to own, invest or manage properties such as buildings or other structures and shares of stock and other types of securities.

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries (collectively referred to as the Group), as follows:

Name of Subsidiaries	Country of Incorporation	Nature of Business	Effective Percentage of Ownership
Solana Investment Holdings Corporation (SIHC)	British Virgin Islands	Investment	100%
Beneficial Financial Advisors, Inc. (BFAI)	Philippines	Consultancy and leasing	100%

The registered office address of the Parent Company is 7th Floor Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City.

The consolidated financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issuance by the Board of Directors (BOD) on April 6, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All values represent absolute amounts unless otherwise stated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for certain components of financial assets which are carried at fair values and certain components of property and equipment which are carried at revalued amounts, and retirement liability which is carried at the present value of the defined benefit obligation less fair value of plan assets. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and consideration received for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Further information about the assumptions made in measuring fair value is included Note 3: Significant Judgments, Accounting Estimates and Assumptions.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the following amended PFRS which the Group adopted effective January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect on the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

New and Amended PFRS Issued But Not Yet Effective

Relevant new and amended PFRS, which are not yet effective as at March 31, 2021 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle -
 - Amendments to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other’s behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity’s right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2025 -

- PFRS 17, *Insurance Contracts* – This standard will replace PFRS 4, *Insurance Contracts*. It requires insurance liabilities to be measured at current fulfillment value and provides a more uniform measurement and presentation approach to achieve consistent, principle-based accounting for all insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. An amendment to the standard was issued to (i) reduce costs of transition by simplifying some requirements of the standard, (ii) make financial performance easier to explain, and (iii) ease transition by deferring the effectivity of the standard from 2021 to 2023 and by providing additional relief to reduce the effort required when applying PFRS 17 for the first time.

In response to the challenges brought by the Covid-19 pandemic, the Insurance Commission issued Circular Letter (CL) 2020-062, *Amendment of Section 1 of Circular Letter No. 2018-69, Deferral of IFRS 17 Implementation*, which provides a two year deferral on the implementation of the standard from the 2023 effectivity date. Therefore, all life and nonlife insurance companies in the Philippines shall adopt PFRS 17 for annual periods beginning on or after January 1, 2025.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the financial statements of the Company, except for PFRS 17. Additional disclosures will be included in the separate financial statements, as applicable.

Basis of Consolidation

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses, are eliminated in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVPL or FVOCI, depending on the level of influence retained.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at FVPL, includes transaction cost.

“Day 1” Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Financial Assets

In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification and Measurement

The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial instrument largely depends on the Group’s business model and its contractual cash flow characteristics.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. the contractual terms of the financial asset give rise, on specified dates, to cash flows that are

solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

The Group's cash and cash equivalents, short-term investments, insurance receivables, government securities assigned as investment deposit with the IC, private debt securities which are held primarily to collect contractual cash flows until maturity included under "Investment Securities" account in consolidated statements of financial position, loans receivables and accrued income are classified under this category.

Debt Securities at FVOCI. Debt securities shall be measured at FVOCI if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- b. the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt securities measured at FVOCI are recognized directly in profit or loss. Changes in the fair value of these securities are recognized in other comprehensive income and accumulated in equity. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

The Group's investments in private and government debt securities which are denominated in foreign currencies are classified under this category.

Equity Securities at FVOCI. On initial recognition, equity securities that are not held for trading may be irrevocably designated as a financial asset to be measured at FVOCI.

Dividends from equity securities held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

Changes in the fair value of these securities including those arising from foreign currency changes are recognized in other comprehensive income and presented in the equity section of the consolidated statements of financial position. The cumulative gains or losses will not be reclassified to profit or loss on disposal of the equity securities, instead, these will be transferred to retained earnings.

The Group's investments in quoted equity securities which are irrevocably designated as financial assets at FVOCI at initial recognition are included under this category.

Financial Assets at FVPL. Financial assets that do not meet the criteria for being measured at amortized cost or FVOCI are classified under this category. Specifically, financial assets at FVPL include

financial assets that are (a) held for trading, (b) designated upon initial recognition at FVPL, or (c) mandatorily required to be measured at fair value.

Financial assets are classified as held for trading if these are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless these are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model. Notwithstanding the criteria for debt securities to be classified at amortized cost or at FVOCI, debt securities may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are measured at fair value at each reporting date, with any fair value gains or losses recognized in profit or loss to the extent these are not part of a designated hedging relationship. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset.

The Group's investments in private debt securities held for trading and quoted equity securities are classified under this category.

Impairment

The Group recognizes an allowance for expected credit losses (ECL) for all debt securities not measured at FVPL. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

The Group's financial assets at amortized cost and debt securities at FVOCI are subject to ECL model. Under this approach, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date.

However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new gross carrying amount.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new gross carrying amount. Meanwhile, for a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Derecognition

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

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

Classification and Measurement

The Group classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost, and (b) financial liabilities at FVPL.

As at reporting date, the Group does not have financial liabilities measured at FVPL.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity securities.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

The Group's insurance contract liabilities, policyholders' dividends payable, premium deposit fund, insurance payables, loans payable, accounts payable and accrued expenses (excluding statutory payables) and other liabilities are classified under this category.

Derivative Instruments. The Group is a party to derivative transactions. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to net profit or loss for the period and included under the Investment income account in the consolidated statement of income.

Classification of Financial Instrument between Liability and Equity

A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Derecognition

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

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different

by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Group could raise debt with similar terms and conditions in the market. The difference between the carrying value of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Insurance Contracts

Product Classification

Insurance contracts are defined as those contracts under which the Group (the insurer) accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Group defines significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of price or rates, a credit rating or credit index or other variables.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during a certain period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Insurance contracts are classified with and without Discretionary Participation Features (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on the following:
 - performance of a specified pool of contracts or a specified type of contract;
 - realized and/or unrealized investment returns on a specified pool of assets held by the issuer;
 - or
 - the profit or loss of the Group, fund or other entity that issues the contract.

Conventional Long-term Insurance Contracts

These contracts ensure events associated with human life (for example, death or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Benefits are recognized as expense when they are incurred or when the policies reach maturity.

A liability for contractual benefits that is expected to be incurred in the future is recognized for policies that are in-force as at the reporting date. The liability is determined as the expected future discounted value of the benefit payments that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefit expenses based on the valuation assumptions used. The liability is based on assumptions as to mortality, reserve method, and interest rate approved by the IC.

Reinsurance Contracts

The Parent Company cedes insurance risk in the normal course of business to reinsurers. Balances due from reinsurance companies for its share in benefits and claims of policyholders are recognized as "Due from reinsurers" in the consolidated statements of financial position. Amounts due to reinsurers representing their share in premiums are presented under "Insurance payables" account in the consolidated statements of financial position.

An impairment review is performed at each reporting date or more frequently when there are indications of impairment during the reporting year. Impairment occurs when there is objective evidence that the Group may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Group will receive from the reinsurer can be measured reliably. The impairment loss is charged to profit or loss.

Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance contracts. Premiums and claims on assumed reinsurance are recognized as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Estimating amounts payable is consistent with the provisions of the associated reinsurance contract.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Property and Equipment

Property and equipment, other than land, buildings and office condominium, are stated at cost less accumulated depreciation and amortization and any impairment in value.

The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repairs and maintenance are charged against profit or loss during the financial period in which these were incurred.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation

and amortization and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

The Group's land, buildings and office condominium are stated at revalued amounts based on the valuation of an independent appraiser. Any increase in the value of property and equipment at revalued amounts is recognized under "Revaluation surplus on property and equipment" account in the equity section of the consolidated statements of financial position, unless and only to the extent it reverses a revaluation decrease of the same asset previously recognized as an expense, in which case it is recognized as income. Any decrease is first offset against an increase on earlier valuation in respect of the same class of property and is thereafter recognized as an expense. Annually, an amount from the revaluation surplus is transferred to retained earnings for the depreciation and amortization related to the revaluation surplus.

Upon the disposal of a revalued property, the relevant portion of the revaluation surplus realized in respect of previous valuation is released directly from the revaluation surplus to retained earnings.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful lives of the property and equipment as follows:

	Number of years
Building and office condominium	10 - 40
Transportation equipment	3 - 5
Office furniture and equipment	2 - 5

The assets' residual values, useful lives and depreciation and amortization method are reviewed periodically to ensure that the residual values, period and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Impairment of Nonfinancial Assets

The nonfinancial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount exceeds its estimated recoverable amounts, the asset is written down to its recoverable amount. The estimated recoverable amount of the asset is the higher of an asset's fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charge is adjusted in future years to allocate the asset's revised

carrying amount, on a systematic basis over its remaining useful life.

Insurance Contract Liabilities

Legal Policy Reserves

Legal policy reserves are liabilities for contractual benefits that are expected to be incurred in the future related to policies that are in-force as at the reporting date. The liability is calculated as the sum of the present value of future benefits and expenses, less the present value of future net premiums arising from the policy discounted at the appropriate risk-free discount rate. The liability is determined using best estimate assumptions with regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The Group has different assumptions for different products. However, liabilities for contractual benefits are computed to comply with statutory requirements, which require discount rates to be based on the schedule of spot rates published by IC and mortality and morbidity rates to be in accordance with the standard table of mortality. Reserves are computed per thousand of sum insured and depend on the issue age and policy duration.

Adjustments to the liabilities arising from changes in in-force policies are recorded in “Net change in legal policy reserves” account in profit or loss. Changes in liabilities arising from changes in discount rates are recorded in “Remeasurement gain (loss) on legal policy reserves” account in other comprehensive income.

Policy and Contract Claims

Policy and contract claims are liabilities for unpaid claims and benefits of policyholders as a result of death of the insured, surrenders and maturities. This also includes cost of claims incurred but not yet reported as at reporting date based on the Group’s experience and historical data.

Liability Adequacy Test

Liability adequacy tests are performed annually to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future contractual cash flows, claims handling and policy administration expenses are used. Any deficiency is immediately charged against profit or loss initially by establishing a provision for losses arising from the liability adequacy tests.

Policyholders’ Dividends Payable

Policyholders’ dividends payable is a contractual right that gives policyholders the right to receive supplementary discretionary returns through participation in the surplus arising from participating business. These returns are subject to the discretion of the Group’s management and BOD and are within the constraints of the terms and conditions of the contract. The computation of the rate of dividends takes into consideration the differences of interests assumed in pricing and investments, differences in mortality rates assumed in pricing and reserves valuation and the increase in cash values between the current policy year and the previous policy year. Policyholders’ dividends payable for the year is computed per thousand of sum insured and depends on the issue age and policy duration.

Premium Deposit Fund

Premium deposit fund pertains to the premium deposits of the policyholders which earn interest at such rates as the Group declares but not less than the lowest interest rate prevailing on savings

accounts of banks. The amount of premium deposits of the policyholders shall not exceed the future contractual premiums of the insurance contracts. If at any premium date, premiums remain unpaid, and provided that the fund balance is sufficient to pay such premiums in full, the premium due shall be paid from this fund.

Revenue Recognition

Premium Income. Gross recurring premiums from life insurance contracts are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date from which the policy becomes effective. For regular premium contracts, revenues are recognized at the date when payments are due.

Estimates of premiums due as at the reporting date but not yet received are assessed based on the estimates from underwriting or past experience and are included in premiums earned.

Interest Income. For interest-bearing financial instruments classified as financial assets at FVPL, financial assets at FVOCI and financial assets at amortized cost, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Once the recorded value of a financial asset or group of similar financial assets has been reduced due to an impairment loss, interest income continues to be recognized using the original effective interest rate applied to the new carrying amount.

Dividend Income. Dividend income is recognized when the Group's right to receive the payment is established.

Other Income. Other income includes policy issue fees, reversal of denied claims and other income that are recognized in profit or loss when earned.

Benefits, Claims and Expenses Recognition

Benefits and Claims. Benefits and claims consist of benefits and claims incurred during the period and changes in the valuation of legal policy reserves (including incurred but not reported losses) and reserve for policyholders' dividends. Death claims and surrenders are recorded on the basis of notifications received. Maturities are recorded when due.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are recognized as expense when incurred.

Commission and Other Direct Expenses. Commissions and other direct expenses are recognized when the insurance contracts are entered and the premiums are recognized.

Underwriting Expense. Underwriting expenses are related expenses for the acquisition of insurance contracts which are expensed as incurred.

Finance Costs and Charges. Finance costs and charges consist mainly of bank charges and interest expenses incurred by the Group. Interest expense is recognized in profit or loss as it accrues and is

calculated using the effective interest method. Accrued interest is credited to the liability account every policy anniversary date.

Insurance Taxes. Insurance taxes pertain to premium taxes and documentary stamp taxes on life insurance policies which are expensed as incurred.

Employee Benefits

Short-term Benefits. The Group provides short-term benefits to its employees in the form of basic pay, 13th month pay, bonuses, employer's share on government contribution and other short-term benefits. Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. The Group has a funded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognizes restructuring-related costs.

Net interest on the net retirement liability or asset is the change during the period in the net retirement liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net retirement liability or asset.

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 Group nor can they be paid directly to the Group. Fair value of plan assets is based on market price information.

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

The net defined benefit asset or liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets on which the liabilities are to be settled directly. The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Final Tax. Final taxes are recognized for taxes paid on certain income payments. These are not creditable to income tax due on income subject to regular corporate income tax. The applicable tax rates differ depending on the particular income subject to final tax.

Current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rate and tax laws enacted or substantively enacted at the reporting date.

Deferred tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward benefits of excess MCIT over RCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) in effect at the reporting date.

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

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC). When the Parent Company issues shares in excess of par, the excess is recognized as APIC. Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC. Capital stock also includes stock dividends to be issued.

Retained Earnings. Retained earnings represent the cumulative balance of net income, net of any dividend declaration and prior period adjustments. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders while appropriated retained earnings represent that portion which has been restricted and therefore is not available for any dividend declaration.

Other Comprehensive Income. Other comprehensive income comprises items of income and expense (including items previously presented under equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income includes revaluation reserves on investment securities, revaluation surplus on property and equipment, remeasurement gain or loss on legal policy reserves and remeasurement gain or loss on net retirement liability. Other

comprehensive income items that will be reclassified subsequently to profit or loss are presented separately from those items that will not be reclassified subsequently.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the lessee has both of the following:

- The right to obtain substantially the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

At the commencement date, the Group recognizes ROU asset and a lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the end of the reporting year. Foreign exchange differences are credited or charged directly to profit or loss.

Related Party Transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

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

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingencies

Contingent liabilities are not recognized but are disclosed in the notes to consolidated financial statements unless the probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's consolidated financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. These are based on management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

Judgments

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

Identifying the Product Classification. The Group has determined that the policies it issues have significant insurance risk and therefore meets the definition of an insurance contract and are accounted for as such. Insurance contracts are those contracts when the Group has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts also transfer financial risk.

Classifying the Financial Instruments. Classification of financial assets under PFRS 9 depends on the results of the business model test and "sole payment of principal and interest" (SPPI) test performed by the Group. The Group exercises judgment in determining the business model to be used in managing its financial instruments to achieve their business objectives.

Definition of Default and Credit-Impaired Financial Assets. The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- a. Quantitative Criteria - the borrower is more than 1 year past due on its contractual payments, which is consistent with the Company's definition of default.

- b. Qualitative Criteria - The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:
- The borrower is experiencing financial difficulty or is insolvent;
 - The borrower is in breach of financial covenants;
 - Concessions have been granted by the Company, for economic or contractual reasons relating to the borrower's financial difficulty; or
 - It is probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to the determination of ECL.

Grouping of the Financial Assets for Measurement of ECL on a Collective Basis. For ECL provisions that are assessed on a collective basis, grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. For loans receivables, debtors are grouped based on the type of loan and debtors' geographical location.

Determining the Lease Commitments - Group as a Lessee. The Group has lease agreements for its branches and regional offices. The Group has determined that it obtains substantially all of the economic benefits from use of the identified assets and the right to direct the use of such assets. Moreover, the Group assessed that these lease agreements qualify as leases of low value assets or short-term leases.

Determining the Lease Commitments - Group as a Lessor. The Group has lease agreements with third parties. The Group has determined that it retains all the risks and rewards of ownership over the leased asset. Accordingly, the agreements are accounted for as operating leases.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date, that have a risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Determining the Fair Value of Financial Instruments. The fair values of investments that are actively traded in organized financial markets are determined by reference to quoted market prices at the close of business on the reporting date.

In accordance with the amendments to PFRS 7, *Financial Instruments: Disclosures*, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the consolidated statements of financial position. The Group uses judgment in assessing the significance of a particular input to the fair value measurements in its entirety, considering factors specific to the asset or liability.

Estimating the Legal Policy Reserves. Reserves are set up as requirement pursuant to the provision and guidelines set by the IC, which should not be less than the reserves required. These are computed using assumptions that are based on the standard mortality and morbidity tables, interest rates, lapse and/or persistency, expenses, non-guaranteed benefits and margin for adverse deviation as required

by the IC.

The carrying amount of legal policy reserves amounted to ₱3,733.9 million and ₱3,740.9 million as at March 31, 2021 and December 31, 2020, respectively.

Estimating the Claims Incurred but not Reported. Provision is made for the cost of claims incurred but not yet reported as at reporting date based on the Group's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in consolidated statements of comprehensive income of subsequent years.

Estimating the Allowance for ECL on Insurance Receivables, Loans Receivables and Accrued Investment Income. The Company determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition, in which case, ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors: (a) actual or expected external and internal credit rating downgrade; (b) existing or forecasted adverse changes in business, financial or economic conditions; and (c) actual or expected significant adverse changes in the operating results of the borrower.

Estimating the Useful Lives of Property and Equipment. The useful life of each of the Group's property and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed at each financial yearend and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. However, it is possible that future financial performance could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation and amortization and decrease its carrying amounts.

There were no changes in the estimated useful lives of the Group's property and equipment at cost in 2021 and 2020. The carrying amount of property and equipment at cost amounted to ₱22.3 million and ₱24.2 million as at March 31, 2021 and December 31, 2020, respectively.

There were no changes in the estimated useful lives of the Group's property and equipment at revalued amounts in 2021. The carrying amount of property and equipment at revalued amounts amounted to ₱646.0 million and ₱647.7 million as at March 31, 2021 and December 31, 2020, respectively.

Determining the Revalued Amount of Property and Equipment. The Group carries certain property and equipment at revalued amounts. The appraised values of land, buildings and office condominium were arrived using the market data approach and cost approach.

With market data approach, the values of the properties are based on sales and listings of comparable properties registered in the vicinity. The technique of this approach requires the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator and adjustment of the differences between the subject property and those actual sales and listings regarded as comparable. The comparison was premised on the factors of location, characteristics of the lot, time element, quality and prospective use.

Cost approach is evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character and utility of the property which is to be continued in its present use as part of a going concern but without specific relation to earnings.

The latest independent property valuation of land, building and office condominium was performed on February 3, 2020. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱184.2 million in 2019.

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs. Determining such amount requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets.

No impairment loss was recognized in 2021 and 2020.

Determining the Retirement Liability. The determination of the obligation and cost of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions include, among others, discount rate and salary increase rate. Actual results that differ from the Group's assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation.

Assessing the Realizability of Deferred Tax Assets. The Group's assessment of the recognition of deferred tax assets on deductible temporary differences is based on the Group's past results and future expectations on revenue and expenses. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow all or part of the deferred tax assets to be utilized.

BENEFICIAL LIFE INSURANCE COMPANY, INC.**TOP FIVE INDICATORS**

Indicator	Interim F/S	Interim F/S	Audited F/S
	<u>03/31/2021</u>	<u>03/31/2020</u>	<u>12/31/2020</u>
1. Networth excess / (deficiency) in Php Millions	37.73	1,104.33	7.70
2. Non admitted assets to admitted assets ratio	20.74%	13.83%	22.35%
3. Claims ratio	80.63%	47.98%	44.66%
4. Underwriting expense ratio	26.95%	26.84%	32.64%
5. Investment income ratio	8.00%	16.85%	11.54%

NETWORTH

Networth per Registrant (in Millions of Pesos)	937.73	2,004.33	907.70
less: Required networth per R.A. 10607	900.00	900.00	900.00
Excess / (Deficiency)	<u>37.73</u>	<u>1,104.33</u>	<u>7.70</u>

The Registrant computes for its own admitted and non admitted assets and subject to the examination of the Insurance Commission on an annuwa basis. Compliance is required under Section 194 of Republic Act no. 10607 that the networth be equivalent to P900Million for the years 2019-2021. Networth is computed as total admitted assets less total liabilities.

NON-ADMITTED ASSETS TO ADMITTED ASSETS RATIO

Formula: Non-admitted Assets / Admitted assets all results <10%

This ratio measures the degrees to which the company has invested on non-admitted assets, which may represent either non-productive or risky investments, in line with the provisions of the Amended Insurance Code. The usual range for this ratio is 10% and below.

CLAIMS RATIO

Formula: Total claims / Total Premiums (net of reinsurance) X 100%

The claims ratio shows what percentage of pay outs are being settled with receipts. As per industry average, for years 2013 to 2015, the usual range falls between 20% to 60%.

UNDERWRITING EXPENSE RATIO

Formula: Underwriting expense (excluding insurance benefits) / Total premiums (net of reinsurance) x 100%

Underwriting expenses are the costs of obtaining new policies. The lower the underwriting expense ratio, the better as this means more profit to the company.

INVESTMENT INCOME RATIO

Formula: Net Investment Income / Total Income x 100%

Insurance companies have two main sources of revenue: premiums from underwriting activities and returns on investment income. Insurance companies invest premiums in order to generate a profit. Insurers invest in a wide array of assets and must balance the desire to earn a higher return through riskier investments with the need to maintain liquidity in order to cover the liabilities associated with claims made against the policies that they underwrite.

Note: With references to letters from IC re: results of submissions of FRF, RBC2 and GPV reports.

BENEFICIAL LIFE INSURANCE COMPANY, INC.
166 Salcedo Street, Legaspi Village
Makati City

**PARTICIPATION VIA REMOTE COMMUNICATION
AND PROCEDURE FOR VOTING *IN ABSENTIA* IN
2021 ANNUAL STOCKHOLDERS' MEETING**

The stockholders of record of Beneficial Life Insurance Company, Inc. (the “Company”) as of 04 June 2021 are entitled to attend, participate, and vote in absentia during the Annual Stockholders’ Meeting (ASM) on June 24, 2021 provided they comply with the following procedure:

I. VOTING IN ABSENTIA

The Company has established a designated website in order to facilitate the registration of and voting *in absentia* by stockholders at the ASM, as allowed under Sections 23 and 57 of the Revised Corporation Code.

1. Stockholders on record as of 04 June 2021 (the “Stockholder/s”) may register at the following web address: <https://form.jotform.com/benlifemis.com.ph/2021-ASM-registration>
The registration period is from June 04, 2021 to June 21, 2021.
2. Upon registration, Stockholders shall be asked to provide the below- enumerated information and upload the documents listed below (the file size should be no larger than 5MB):
 - a. For individual Stockholders:
 - i. First and Last Name
 - ii. Birthdate
 - iii. Residential Address
 - iv. Mobile Number
 - v. Phone Number
 - vi. Email address
 - vii. Current photograph of the Stockholder (with the face fully visible)
 - viii. Valid government-issued ID
 - ix. For Stockholders with joint accounts:
A scanned copy of an authorization letter signed by all Stockholders, identifying who among them is authorized to cast the vote for the account (to be uploaded under Other Documents)
 - b. For corporate/organizational Stockholders:
 - i. First and Last Name
 - ii. Residential Address
 - iii. Mobile Number
 - iv. Phone Number
 - v. Email address
 - vi. Current photograph of the individual authorized to cast the vote for the account (the “Authorized Voter”)
 - vii. Valid government-issued ID of the Authorized Voter
 - viii. A scanned copy of the Secretary's Certificate or other valid authorization in favor of the Authorized Voter (to be uploaded under Other Documents)

3. Registration shall be validated by the Office of the Corporate Secretary (in coordination with the Stock Transfer Agent of the Company). Once the Stockholder has been successfully validated, a username and password shall be generated for the Stockholder, which shall be sent to the email address indicated by the Stockholder on the registration form.
4. The registered Stockholder may then proceed to log in on the voting website: (<https://form.jotform.com/benlifemis.com.ph/2021-ASM-polls>) using the username and password provided and cast their votes. All items in the agenda for approval shall be shown one at a time and the registered Stockholder may vote Yes, No, or Abstain. The vote is considered cast for all the registered Stockholder's shares.
5. Once voting on all the agenda items is finished, the registered Stockholder shall be shown a summary of votes cast. The Stockholder can then proceed to submit the accomplished ballot by clicking the 'Submit' button. Before submission, the website will prompt the Stockholder to confirm the submission of the ballot.
6. Voting shall be open from June 04, 2021 at 12:01 a.m. to June 24, 2021 at 5:00 pm.
7. The Office of the Corporate Secretary shall tabulate all votes cast *in absentia* together with the votes cast by proxy, and an independent third party will validate the results.
8. Stockholders who register and vote on the website for voting *in absentia* are hereby deemed to have given their consent to the collection, use, storing, disclosure, transfer, sharing and general processing of their personal data by the Company and by any other relevant third party for the purpose of electronic voting *in absentia* for the ASM and for all other purpose for which the Stockholder can cast his/her vote as a stockholder of the Company.

II. PARTICIPATION VIA REMOTE COMMUNICATION

1. Stockholders may attend the meeting on June 24, 2021 via the following link: <https://www.benlife.com.ph/benlife-2021-ASM/>
2. Stockholders who have not sent their proxies or registered on the voting *in absentia* website (“Unregistered Stockholders”) may still attend the meeting. Unregistered Stockholders are requested to notify the Company by e-mail to corpsec@benlife.com.ph by 21 June 2021 of their intention to participate in the meeting via remote communication. For validation purposes, Unregistered Stockholders shall also provide the Company the following information in their notification email: (i) complete name; (ii) address; (iii) active phone number; and (iv) valid government-issued ID.
3. For purposes of quorum, only the following Stockholders shall be counted as present:
 - a. Stockholders who have registered and voted on the website for voting *in absentia* before the cut-off time;
 - b. Stockholders who have sent their valid proxies either to the Office of the Corporate Secretary or via email to corpsec@benlife.com.ph before the deadline;
 - c. Stockholders who have notified the Company of their intention to participate in the meeting by remote communication before the deadline;
4. Questions and comments on the items in the Agenda may be sent to corpsec@benlife.com.ph. Questions or comments received on or before 23 June 2021 may be responded to during the ASM.
5. Any questions not answered during the meeting shall be answered via email.