27 May 2022

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 necessary changes and additional 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

Machine Validation:

ORH 2136266 May 20, 2022 11:14AM
MARY JANE S. DOMINGUEZ 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. 20220519-5315081

DATE 05/19/2022	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: vvverano

Amount in words: SEVEN THOUSAND FIVE HUNDRED SEVENTY FIVE PESOS AND 00/100

Remarks:

Payment Options

1. Online payment thru SEC Payment Portal
   - https://espaysec.sec.gov.ph
2. Over the Counter Payments
   - SEC Cashier Office
   - Selected Landbank Branches

SEC BIR Accounts - DST

SEC Clearing Account	SEC Office
3752-1002-75	Head Office / NCR
0072-1178-59	Tarlac
0222-1003-48	Baguio
0132-1123-98	Legazpi
3302-1046-88	Iloilo
3162-1098-20	Bacolod
0142-1085-85	Cebu
0192-0639-30	Zamboanga
0152-1090-08	Cagayan De Oro
0162-1090-73	Davao

SEC BTR Accounts - LRF

SEC Clearing Account	SEC Office
3402-2319-20	Head Office / Tarlac
3402-2319-38	Baguio
3402-2319-46	Legaspi
3402-2319-54	Iloilo / Bacolod
3402-2319-62	Cebu
3402-2319-70	Zamboanga
3402-2319-89	Cagayan De Oro
3402-2319-97	Davao

Breakdown Summary

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

Notes:

A. This form is valid for forty-five (45) calendar days from the date of Payment Assessment Form (PAF)

B. Accepted modes of payment at SEC Main Office, Pasay City:
   1. Cash 2. Manager's/Cashier's Check 3. Postal Money Order

C. Accepted modes of payment at selected Landbank branches:
   1. Cash 2. Manager's/Cashier's Check payable to the Securities and Exchange Commission

D. 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

E. 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 BIR, REIT, 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. For National Capital Region, payments are only allowed through the following Landbank Branches: EDSA Greenhills, EDSA Congressional, Araneta EO, YMCA, DOTC, Ortigas EO, Muntinlupa, and North Avenue

G. ANY ALTERATIONS WILL INVALIDATE THIS FORM

OFFICIAL RECEIPT

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

REPUBLIKA NG PILIPINAS

Accountable Form No. 51 Revised 2006	**ORIGINAL**
DATE May 20,2022	No. 2136266

PAYOR BENEFICIAL LIFE INSURANCE COMPANY, INC.
MAKATI CITY

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
		CGFD	
Information Statement (Reporting Co.)	4020199099(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

Received [X] Cash [ ] Treasury Warrant [ ] Check [ ] Money Order	**Received the Amount Stated Above**
Treasury Warrant, Check, Money Order Number	MARY JANE S. DOMINGUEZ **COLLECTING OFFICER**
Date of Treasury Warrant, Check, Money Order	**O.R. No.** 2136266

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

CERTIFICATION

I, ATTY. MA. SIGRID R. PINLAC, with office address at 7th Floor, Beneficial Life Building, 166 Salcedo St., Legaspi Village, Makati City, 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 (the "Company"), on oath state that:

1) On behalf of the Company, I have caused this SEC Form 20-IS (Definitive Information Statement for the 2022 Annual Stockholders Meeting of the Company) to be prepared;

2) I have read and understood its contents which are true and correct of my own personal knowledge and/or based on true records;

3) That Company, will comply with the requirements set forth in SEC Notice dated May 12, 2021, for a complete and official submission of reports and/or documents through electronic mail;

4) 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 filing fee; and

5) The email account designated by the Company pursuant to SEC Memorandum Circular No. 28, series of 2020 shall be used by the company in its online submissions to the Corporate Governance and Finance Department of the SEC.

IN WITH WHEREOF, I have hereunto set my hand this 26th day of May 2022.

ATTY. MA. SIGRID R. PINLAC

SUBSCRIBED AND SWORN to before me this MAY 2 7 2022 of May 2022 at Makati City, affiant exhibiting to me her Philippine Passport P7167294B issued on 09 July 2021 in DFA Manila.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2022
IBP No. 05729-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-82-(2021-2022)
PTR No. 8852511 Jan. 3, 2022
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 391;
Page No. 80;
Book No. XVI;
Series of 2022.

COVER SHEET

SEC Registration Number

1	6	6	8	0							

Company Name

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

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

7TH FLOOR BENEFICIAL LIFE BUILDING, 166 SALCEDO STREET, LEGASPI VILLAGE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
20-IS	CGFD	

Definitive Information Statement

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
corpsec@benlife.com.ph	**(+632) 8818 8671**	**09992297694**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6808	**June 30, 2022**	**DECEMBER 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MA. SIGRID R. PINLAC	corpsec@benlife.com.ph	**(+632)8818 8671**	**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
2022 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-2022-ASM/** on June 30, 2022, Thursday, at 3:00 o' clock in the afternoon with the following:

AGENDA[1]

1. Call to Order
2. Certification of Notice of Meeting and Quorum
3. Approval of the Minutes of the Previous ASM Held on 24 June 2021
4. Presentation of Annual Report and Approval of the Audited Financial Statements ("AFS")
5. Ratification and Confirmation of all Acts and Resolutions of the Board of Directors and its Committees, Officers and Management Since the 2021 ASM
6. Election of Members of the Board (including the Independent Directors)
7. Election of External Auditor
8. Consideration of Such Other Matters as May Properly Come Before the Meeting
9. Adjournment

Only stockholders of record at the close of business hours on May 31, 2022 are entitled to notice of, and to vote at, this ASM.

In view of current circumstances and pursuant to and in accordance with the Company's Amended By-Laws, the Board of Directors during its Regular Meeting held on April 07, 2022, resolved that the Annual Stockholders' Meeting be held in a fully virtual format, thus, stockholders may only attend the ASM by remote communication, by voting *in absentia*, or by appointing the Chairman of the meeting as their proxy.

Stockholders intending to participate in the meeting by remote communication must register at https://form.jotform.com/benlifemis.com.ph/2022-ASM-registration on or before 24 June 2022. Stockholders may vote by remote communication, or *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 proxy 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 23, 2022. Validation of proxies shall be held on June 24, 2022 at 2:00 p.m. WE ARE NOT SOLICITING PROXIES.

All email communications should be sent to corpsec@benlife.com.phon or before the designated deadlines.

Given this 18th day of May 2022.

MA. SIGRID R. PINLAC
Corporate Secretary

[1] See next page for the explanation and rationale for each item in the Agenda

EXPLANATION AND RATIONALE OF AGENDA ITEMS

Call to Order
The Chairman will formally open the meeting at approximately 3:00 o'clock in the afternoon

Certification of Notice and Quorum
The Corporate Secretary will certify that written notice for the meeting was duly sent to stockholders and that a quorum exists for the transaction of business.

Approval of the Minutes of the Annual Stockholders Meeting Held on June 24, 2021

The Minutes of the ASM held on June 24, 2021 are available at the Company website, www.benlife.com.ph. A soft copy of the minutes will also be distributed to the stockholders after their registration for 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 Minutes of the Annual Stockholders' Meeting of the Company held on June 24, 2021 be, as the same is hereby, approved."*

Presentation of the 2021 Annual Report and Approval of the Audited Financial Statements (AFS)

The AFS as of December 31, 2021 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 2021 and the outlook for 2022. 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, 2021 be, as the same are hereby, approved."*

Ratification and Confirmation of All Acts and Resolutions of the Board of Directors and its Committees, Officers and Management Adopted Since the 2021 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 June 24, 2021. 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 Members 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 2022 ASM.

Election of External Auditor

For the fiscal year 2022, 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 2022 be, as it is hereby confirmed and approved."*

Consideration of Such Other Matters as May Properly Come Before 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 scanned copy of the proxy via email to corpsec@benlife.com.ph or hard copy thereof 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 23 June 2022. Validation of proxies shall be held on June 24, 2022 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 ____________________________, 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 30, 2022 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of Minutes of the Annual Stockholders' Meeting held on June 24, 2021

   ____ Yes ____ No ____ Abstain

2. Approval of Annual Report and 2021 Audited Financial Statements

   ____ Yes ____ No ____ Abstain

3. Ratification of all acts and resolutions of the Board and its Committees, and Officers and Management adopted during the preceding year

   ____ Yes ____ No ____ Abstain

4. Election of Directors

	No. of Votes		
	Yes	No	Abstain
Roberto C. Fernandez	____	____	____
Jaime C. Fernandez	____	____	____
Maria Elena C. Fernandez	____	____	____
Paul P. Sagayo, Jr.	____	____	____
Independent Directors			
Roberto F. De Ocampo	____	____	____
Jaime F. Panganiban	____	____	____
Cesar O. Virtusio	____	____	____
John E. Huang	____	____	____
Ernesto O. Severino	____	____	____

5. Election of Reyes Tacandong & Company as External Auditor

   ____ Yes ____ No ____ Abstain

6. At his/her discretion, the proxy named above is authorized to vote upon such other matters as may properly come before the meeting.

   ____ Yes ____ No ____ Abstain

____
Printed Name of Stockholder

____
Signature of Stockholder/
Authorized Signatory

____
Address of Stockholder

____
Contact Telephone Number

____
Date

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 CONSIDRED 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 30, 2022**
   Time: **3:00pm**
   Place:
   Online web address/URL
   Registration link: **https://form.jotform.com/benlifemis.com.ph/2022-ASM-registration**
   For participation via remote communication: **https://www.benlife.com.ph/benlife-2022-ASM/**
   For voting in absentia: **https://form.jotform.com/benlifemis.com.ph/2022-ASM-polls**

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

   June 08, 2022

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 2022 Annual Stockholders' Meeting

a. Date : June 30, 2022
Time : 3:00 o'clock in the afternoon
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-2022-ASM/
For voting *in absentia*: https://form.jotform.com/benlifemis.com.ph/2022-ASM-polls

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

b. Approximate date when the Information Statement
is to be first sent to the stockholders: June 08, 2022

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

Item 2. Dissenters' Right of Appraisal

There are no matters or proposed actions included in the Agenda of the 2022 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.

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, 2022. 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, 2022:

	Shareholder	No. of Shares	Percentage
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%
	MELITONA ESTATE, INC.	176,449	0.0282%
	VARIOUS	33,739,535	5.3832%
	TOTAL	626,756,494	100.00%

b. Record Date

Stockholders of record as of May 31, 2022 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 and Amended By-Laws, as well as the relevant Board Resolution which was passed and approved during the Regular Board Meeting held on 07 April 2022, the Board has approved and allowed the stockholders' participation and voting by remote communication or in absentia in upcoming the 2022 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, 2022.

As of April 30, 2022, 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 *Parent Company*	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, Dasmarinas Village, Makati City *Related Party*	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 Directors and Management (Executive Officers) as of April 30, 2022.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (All Direct)	Percent (of total outstanding shares)
Directors			
Common	Roberto C. Fernandez*	176	0.000028%
Common	Maria Elena C. Fernandez	16,462	0.0026%
Common	Paul P. Sagayo, Jr.	10	0.0000016%
Common	Roberto F. de Ocampo	10	0.0000016%
Common	Cesar O. Virtusio	10	0.0000016%
Common	John E. Huang	10	0.0000016%
President & CEO and Executive Officers			
Common	Jaime C. Fernandez**	34,116	0.0054%
Common	Ma. Editha S. Paltongan	99,143	0.0158%
Common	Deborah Q. Dela Cruz	8,957	0.0014%
Common	Teresita E. Ullegue	8,205	0.0013%
	All officers and directors as a group including qualifying shares	167,099	0.0266%

* *Mr. Roberto C. Fernandez indirectly owns 0.449% pursuant to SEC Memorandum Circular No. 15, series of 2019*

** *Mr. Jaime C. Fernandez indirectly owns 0.633% pursuant to SEC Memorandum Circular No. 15, series of 2019* (iii). Voting Trust Holders of 5% or More

The Company knows of no person holding more than five percent (5%) 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. As of December 31, 2021, the Registrant's wholly owned subsidiary is Beneficial Financial Advisors, Inc. ("BFAI"). Another subsidiary, Solana Investment Holdings Corp. ("SIHC") was dissolved based on the resolution and its approval during the Board and Stockholders' meeting held last October 21, 2021. SIHC was an investment company with holdings in foreign currency denominated securities. The transfer of the assets was completed in December 2021.

On October 21, 2021, the Board of Directors ("BOD") and stockholders of BFAI approved a resolution for the cessation of its business operations effective December 15, 2021 and shorten the company's term of existence until June 20, 2023. As at the date of this report, BFAI is still in the process of filing its Amended Articles of Incorporation with the SEC for the shortening of its corporate term.

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 nine (9) 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 2021 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*	1/2	50%
Maria Elena C. Fernandez	4/4	100%
Paul P. Sagayo, Jr.	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%
John E. Huang (Independent Director)	4/4	100%

**No longer re-nominated and elected as director in the 2021 ASM*

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	-
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	AM	AM

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 2022 ASM)**	**Citizenship**	**Percent Stockholdings** (of total outstanding Company shares)
Roberto C. Fernandez	[redacted]	Filipino	0.000028%
Jaime C. Fernandez	[redacted]	Filipino	0.0054%
Maria Elena C. Fernandez	[redacted]	Filipino	0.0026%
Roberto F. de Ocampo (Independent Director)	[redacted]	Filipino	0.0000016%
Jaime F. Panganiban (Independent Director)	[redacted]	Filipino	0.0000016%
Cesar O. Virtusio (Independent Director)	[redacted]	Filipino	0.0000016%
John E. Huang (Independent Director)	[redacted]	Filipino	0.0000016%
Paul P. Sagayo, Jr.	[redacted]	Filipino	0.0000016%

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.

ii. Nominees for Election to the Board of Directors for the Term 2022-2023

The following are the nominees (including the nominees for independent director) for the election to the Board in the coming 2022 Annual Stockholders' Meeting:

Name	Age (as of 2022 ASM)	Citizenship	Percent Stockholdings (of total outstanding Company shares)
Roberto C. Fernandez	[redacted]	Filipino	0.000028%
Jaime C. Fernandez	[redacted]	Filipino	0.0054%
Maria Elena C. Fernandez	[redacted]	Filipino	0.0026%
Roberto F. de Ocampo (Independent Director)*	[redacted]	Filipino	0.0000016%
Jaime F. Panganiban (Independent Director)	[redacted]	Filipino	0.0000016%
Cesar O. Virtusio (Independent Director)*	[redacted]	Filipino	0.0000016%
John E. Huang (Independent Director)	[redacted]	Filipino	0.0000016%
Paul P. Sagayo, Jr.	[redacted]	Filipino	0.0000016%
Ernesto O. Severino (Independent Director)**	[redacted]	Filipino	0.0000016%

Ms. Jocelyn Obispo who is a minority stockholder and not related to any of the nominees including the nominees for independent directors formally nominated all the incumbent directors.

** Mr. Jaime C. Fernandez has nominated Mr. Ernesto O. Severino as independent director. Mr. Severino accepted his nomination as such but the same is still subject to and pending confirmation from the Corporate Governance Committee.

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 2022-2023, the Company is expected to have five (5) independent directors with Messrs. Roberto F. de Ocampo, Jaime F. Panganiban, Cesar O. Virtusio, John E. Huang, and Ernesto O. Severino having been nominated and are expected to be formally re-elected as independent directors during the Annual Stockholders' Meeting.

**Messrs. De Ocampo's and Virtusio's expertise and length of experience have been invaluable to the management of the Company. In compliance with SEC Memorandum Circular (MC) No. 4, Series of 2017 which limits the term of independent directors to nine (9) years reckoned from 2012, the affirmative vote of stockholders representing majority of the Company's total outstanding capital stock for the election of Messrs. De Ocampo and Virtusio shall be deemed approval of the stockholders for them to serve as independent directors.

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 successors 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	[redacted]	Filipino
Ma. Editha S. Paltongan	SVP- Treasurer & Controller	[redacted]	Filipino
Rex Stewart Y. Cheung	VP- Chief Investment Officer	[redacted]	Filipino
Ma. Sigrid R. Pinlac	VP- Corporate Secretary & HRLRA Head	[redacted]	Filipino
Kaima Via B. Velasquez	AVP- Compliance Officer	[redacted]	Filipino
Joy S. Vianzon	Vice President – Chief Accountant	[redacted]	Filipino
Danilo M. Mercado	Vice President for Metro Manila Sales	[redacted]	Filipino
Teresita E. Ullegue	Vice President – Policy Admin	[redacted]	Filipino
Juanito B. Tan	Deputy Head- Company Operations	[redacted]	Filipino
Glenn P. Abuzo	Asst. Vice President - MIS	[redacted]	Filipino
Maritess M. Llapitan	Asst. Vice President - Underwriting	[redacted]	Filipino
Devorah Q. Dela Cruz	Asst. Vice President – Credit & Collections	[redacted]	Filipino
Elizabeth T. Flores	Asst. Vice President - Healthcare	[redacted]	Filipino
John Jorge S. Orbe	Asst. Vice President - Facilities	[redacted]	Filipino

Please refer to the attached ***Annex "A"*** for the brief profile 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 Director 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 three (3) fiscal years and to be paid in the ensuing fiscal year to the Company's Chief Executive Officer and two (2) other most highly compensated executive officers and all other officers/directors are as follows:

Name/Position	FY	Salaries	Bonus	Others
Jaime C. Fernandez- President & CEO; Rex Stewart Y. Cheung-SVP & CIO;and Ma. Editha S. Paltongan- SVP-Comptroller				
Total	*2022**	*18,500,000*	*7,500,00*	*6,000,000*
	2021	*16,597,619*	*5,895,462*	*4,945,770*
**estimate for 2022*	*2020*	*14,629,270*	*3,163,200*	*3,720,250*
All other officers and directors as a group unnamed	*2019*	*17,692,838*	*3,879,000*	*4,213,146*
	*2022**	*18,000,000*	*12,000,000*	*6,500,000*
	2021	*15,281,967*	*9,880,104*	*5,586,567*
	2020	*12,120,995*	*7,588,620*	*5,019,608*
	2019	*13,573,351*	*7,648,750*	*3,399,787*

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 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 2021.

Mr. Darryll Reese Q. Salangad served as the Company's Audit Partner for the year 2021. 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 2021-2022 are as follows:

Roberto F. de Ocampo	-	*Chairman*
Cesar O. Virtusio	-	*Member*
Jaime F. Panganiban	-	*Member*
Roberto C. Fernandez	-	*Member*
Paul P. Sagayo, Jr.	-	*Member*
John E. Huang	-	*Alternate Member*

The accounting firm RT & Co. was nominated to act as external auditor of the Company for the year 2022. RT & Co. has accepted the Company's invitation to stand for re-election this year.

The nominee must be elected by a majority vote during the Annual Stockholders' Meeting in order for it to act as the Company's independent public accountant for the year 2022.

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 Seven Hundred Six Thousand Three Hundred Twenty Pesos (Php1,706,320.00) for the fiscal year 2021, versus the amount of One Million Six Hundred Ninety, Three Hundred Sixty Pesos (P1,690,360.00)paid for the fiscal year 2020. 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, 2021, 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).

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 June 24, 2021.

   - Annual Report & Audited Financial Statements for the fiscal year ended December 31, 2020.
   - Amendment of Articles III Section 1 and VI of the Amended Articles of Incorporation
   - Amendment of Relevant Provisions of the Amended By-Laws pursuant to and in compliance with the SEC Directive date 10 February 2021
   - 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 2020.

b. The 2021 Annual Report and Audited Consolidated Financial Statements for the year ended December 31, 2021

c. Election of Directors for 2022-2023 (Including the Independent Directors)

d. Election of External Auditors for the year 2022-2023

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

None

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 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.

Item 20. Participation of Stockholders 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 link[i] 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* website[ii] who wish to participate via remote communication must register at https://form.jotform.com/benlifemis.com.ph/2022-ASM-registration on or before 24 June 2022. 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*.

Report to be Furnished to the Stockholders

MANAGEMENT REPORT

Audited Financial Statements

The Audited Financial Statements and Interim Financial Statements, in accordance with the Revised SRC Rules 68 are hereto attached as ***Annexes "B"*** and ***"C",*** respectively, which form as integral parts hereof.

Management's Discussion and Analysis (MD & A) or Plan of Operation (Required by Part III(A) of "Annex C, as amended")

With the easing of the alert levels by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), the Registrant is expecting that its agency force can return to its full time selling of individual policies. As of the end of the first quarter of the year, the Registrant managed to increase its gross premiums by 27% as compared to the same period in 2021. The Registrant is aiming for a total gross premiums of P1.85Billion for the year.

Total revenues for the first quarter of the year increased by 27% as compared to the same period in 2021. Premiums, net of cessions, have significantly increased by 27% to P451,373,283 in 2022 from P354,100,090 in 2021. Investment and other income likewise increased by 23% mainly as a result of the improved yields and acquisition of securities with higher returns. However, bond prices of the securities booked at fair value through profit and loss (FVPL) have decreased as of the quarter end, resulting in fair value losses at P76,526,045 incurred in 2022 versus the loss recorded in the same period in 2021 amounting to a much lower level at P5,471,231.

Benefits and claims incurred increased slightly by 2% between the two comparative periods. Legal policy reserves, however, increased by a total of P26,531,951 in contrast to its decrease in 2021 by P31,762,661. Commissions and other direct expenses increased by 7% between the two comparative periods since premiums generated also increased.

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 P51.74 as of March 31, 2022 versus P50.999 as of December 31, 2021; and P48.53 as of March 31, 2021 versus P48.023 as of December 31, 2020 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 2022 at P38,353,133 and in 2021 at P25,055,028. The unrealized foreign exchange gains 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 2022 and 2021, consolidated net income was earned mainly from premiums and interest income. In March 2021, BFAI registered a net income of P655,522, while SIHC contributed P1,033,633 net income. As of March 2022, BFAI's net loss was at P19,722. Earnings per share amounted to P0.0232 in 2021 as compared to P0.0193 in 2022.

The business of life insurance does not follow any particular seasonality cyclicality 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:

	2022	2021
Ordinary	74,072,232	88,295,418
Group	333,994,692	271,277,263
Microinsurance	527,250	752,000
Inward reinsurance	48,463,522	196,287
	457,057,696	360,520,968
Premiums ceded	5,684,413	6,420,878
Premiums, net of reinsurance	451,373,283	354,100,090

The first quarter of 2022 shows decrease in ordinary and micro insurance lines while inward reinsurance and group business increased. The Registrant is aiming for a total of P1.85Billion premiums for the year.

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 2022 is equivalent to a total net decrease amounting to P7,026,864. The legal policy reserves increased by P26,531,951 due to change in inforce policies but decreased by P97,662,245 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 2022 amounted to P9,235,874,129 which is lower by 3% than the total for the year ended December 31, 2021 at P9,477,809,184. The major composition of the asset portfolio as of the first quarter of 2022 is: cash and cash equivalents at 15%, investment securities at 63%, and loans and notes at 13%. On the Liabilities side, insurance contract liabilities comprise 83% of the total liabilities and premium deposit fund is at 5%.

Total stockholders' equity amounted to P3,418,960,590 as of the end-quarter 2022 which is lower than the P3,428,501,767 balance as of December 31, 2021 by less than a percent.

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

a. Increase in insurance receivables by 108% was due to the accrual of due inward reinsurance premiums, which was collected in April 2022.

b. Decrease in loans receivables by 8% was mainly due to collections on mortgage loans and salary loans.

c. Decrease in accrued investment income by 17% was due to collections during the first quarter of 2022. Net dispositions of investments also means that proceeds were not yet reinvested back in securities that will generate investment income as of the quarter end.

d. Increase in property and equipment at cost by 13% is attributed to the acquisition of company vehicles during the first quarter of 2022

e. Decrease in insurance payables by 19% was due to the payment of group reinsurance premium in January 2022

f. Decrease in accounts payable and accrued expenses by 68% was due to payments of amounts due as of 2021 year end with settlement dates in 2022.

g. Decrease in other liabilities by 18% was mainly due to the take up of deposits as insurance premiums during the first quarter of 2022.

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 the Registrant's operations. Please refer to Item 4e. Certain Relationships and Related Party Transactions regarding the cessation of business of subsidiary BFAI and the dissolution of SIHC.

Provisions for the first quarter of 2022 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 2022, 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 2022. Management is hoping that the Registrant will, at least, equal its performance of 2021. 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.

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. 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, 2021 and as of March 31, 2022. 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, 2022 that have not been reflected in the financial statements or disclosed in the 17Q 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 2022.

Management's Discussion and Analysis – 2021 vs. 2020:

The Registrant and its subsidiaries posted an increase in gross premiums by 6.18% from P1.66Billion in 2020 to P1.76Billion in 2021. Net premiums also increased by 4.73% between the two comparative years.

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

	2021	2020
Ordinary	350,710,709	325,111,456
Group	1,327,926,294	1,195,596,581
Microinsurance	3,704,000	2,798,750
Inward reinsurance	78,871,816	135,254,783
	1,761,212,819	1,658,761,570
Premiums ceded	39,897,729	15,258,231
Premiums, net of reinsurance	1,721,315,090	1,643,503,339

Premiums from the ordinary, group and microinsurance businesses increased in 2021 as compared to 2020 while premiums from reinsurance 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 significantly by 22% from 2020 to 2021 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 received its maturity value. Death claims still comprise the significant portion of benefits and claims expensed at 80% in 2021 versus 58% in 2020, which is reflective of the effects of the pandemic. 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 decrease in legal policy reserves from 2020 to 2021 amounted to P308,836,955 which includes the effects of the change in inforce policies and in the discount rates used for the GPV valuation.

Year 2021 was marked by a continued decrease in investment and other income by 5% as compared to the 26% decrease in 2020 over 2019. Investment income is composed of interests on investment securities, 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 P14.87Million was recognized in 2021 on investment securities and loans and notes, which is 70% lower than the 2020 impairment loss at P49.9Million.

On a year to year basis, the Peso depreciated to P50.999 in 2021 as against the US Dollar. The exchange rate as of year-end 2020 was at P48.023=USD1.00. This resulted in realized and unrealized foreign exchange gain amounting to P156.79Million in 2021 versus P111.88Million loss in 2020.

Commissions and other direct expenses decreased by 16% while general and administrative expenses increased by 3.85% from 2020 to 2021. Consolidated net income for the year ended 2021 amounted to P240.58Million as compared to the P121.15Million in 2020 or a 98% increase. Basic and diluted earnings per share, consequently, increased from P0.19 per share in 2020 to P0.38 in 2021.

The consolidated statement of financial position shows an increase of 5.59% in total assets to P9.48Billion in 2021 from P8.98Billion in 2020. Investment securities comprise 64% of the total assets in 2021, as the Registrant continues 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 P1.309Billion, short term investments of P11Million and accrued income of P64Million shows that the Registrant remains liquid and able to meet its obligations. Total assets of the subsidiary BFAI amount to P2,106,168.

The consolidated stockholders' equity portion reflects a total of P3.43Billion in 2021, which is higher by 19% than the P2.87Billion in 2020.

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 2020 to year 2021:

a. Increase in cash and cash equivalents by 35% was generated from operations;
b. Decrease in short term investments by 81% due to the shift to cash equivalents with maturities of less than 90days.
c. Increase in insurance receivables by 7% represent increase in collectible premiums with due dates falling on or before the year end.
d. Increase in investment securities by 6% was mainly due to the mark-to-market gain on foreign exchange.
e. Decrease in loans receivables by 9% was mainly due to the repayments of mortgage loan, decrease in salary loans portfolio and the set up of allowance for impairment loss.
f. Decrease in accrued income by 12% was mainly due to the decrease on interest collectible from salary loans.
g. Decrease by 7% in the property and equipment at cost was due to depreciation and absence of material acquisitions during the year.
h. Increase in Other assets by 7% represents the installment payments made during the year for the acquisition of two condominium offices.
i. Decrease in policyholders' dividends payable by 8% can be attributed to payments of previously accrued dividends.
j. Decrease in insurance payables by 9% represents payments made to reinsurers.
k. Decrease in loans payable by 79% was due to the payments of fixed term loans and less availments during the year.
l. Net retirement liability increased by 9% mainly because of increase in net remeasurement loss and lesser benefits paid out of the Group Fund.
m. Taxable investment income and foreign exchange loss from 2020, mainly contributed to the decrease in income tax payable by 85%.
n. Overall increase in net income by 98% was mainly due to the foreign exchange gain earned in 2021, coming from a loss incurred during the prior year.

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

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 17, 2022.

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 "B"*** - Statement of Management's Responsibility for Financial Statements and Audited Consolidated Financial Statements for 2021
3. ***Annex "C"*** - Interim Financial Statements
4. ***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-2022-ASM/
[ii] https://form.jotform.com/benlifemis.com.ph/2022-ASM-polls

ANNEX "A"

BENEFICIAL LIFE INSURANCE COMPANY, INC.
DIRECTORS AND OFFICERS

I. DIRECTORS

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

ROBERTO C. FERNANDEZ, *age* [redacted], *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* [redacted], *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.

MARIA ELENA C. FERNANDEZ, *age* [redacted], *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* [redacted] *Filipino*, is an Independent Director of the Company since October 30, 2008, 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. He is the former Secretary of Finance and former President of the Asian Institute of Management (AIM), one of Asia's leading international business management graduate schools based in the Philippines.

Mr. de Ocampo currently serves, among others, 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* [redacted] *Filipino*, has been an Independent Director of the Company since 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 Compoint 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* [redacted]*, Filipino*, has been an Independent Director since November 29, 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* [redacted]*, Filipino, is* an independent director of the Company since October 15, 2020 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.

PAUL P. SAGAYO, JR., *age* [redacted]*, 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 & Rebuelta 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 13, 2022, the following have been re-nominated and are eligible for election to the Board on the 2022 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)

Mr. Jaime C. Fernandez has nominated Mr. Ernesto O. Severino as an independent director. His nomination as such is still subject to and pending confirmation from the Corporate and Governance Committee. Below is the brief profile of Mr. Severino:

ERNESTO O. SEVERINO, age [redacted], Filipino, and is currently the CEO of The SGBI Management Service Group, Inc. He was appointed and served as President of Punongbayan & Araullo – Grant Thornton Philippines Inc. from 2010-2011.

Mr. Severino was a former First Vice-President for New Business and Information Technology (IT) in Urban Bank. He worked as an Executive Assistant to the CEO for Project Implementation, and also an Assistant Vice-President for Corporate Planning in Philippine Airlines from 1992-1994. He also worked as an Operations Manager of Intel Corporation (Santa Clara, California, USA) in 1982 up to 1992.

Mr. Severino graduated with a degree in B.S. Management Engineering from Ateneo De Manila University. He attended a Technology Management Course at the California Institute of Technology (Caltech). He also attended courses in Finance and Accounting at the Mesa Community College (Arizona, USA), and an exchange program at Sophia University in Tokyo, Japan.

* Messrs. de Ocampo's and Virtusio's expertise and length of experience have been invaluable to the management of the Company. In compliance with SEC Memorandum Circular (MC) No. 4, Series of 2017 which limits the term of independent directors to nine (9) years reckoned from 2012, the affirmative vote of stockholders representing majority of the Company's total outstanding capital stock for the election of Messrs. de Ocampo and Virtusio shall be deemed approval of the stockholders for them to serve as independent directors.

II. EXEUTIVE OFFICERS

The following are the incumbent Officers of the Company:

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

JAIME C. FERNANDEZ, President and CEO (see credentials under "Directors")

MA. EDITHA S. PALTONGAN, *age* [redacted], *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.

REX STEWART Y. CHEUNG, *age* [redacted], *Filipino,* is the new Chief Investment Officer. His appointment was on August 24, 2021. Prior to his appointment as Chief Investment Officer, he was an Investment Counsellor-Director in Bank of Singapore since 2008. He was in charge of the Portfolio Investment Management of the Meralco Foundation Incorporated from November 2003 to December 2007. He served as Senior Financial Analyst in Clemente Capital Consultant Inc. from December 1999 and 2003.

Mr. Cheung successfully passed Series 3 exam (National Commodity Futures Examinations) administered by NASD in 2005. He passed his Chartered Financial Analyst (CFA) Level I examinations in June 2002. He also successfully passed the Philippine Fixed Income Certification for Treasury Operations administered by the SEC in October 2008, and is a licensed (SEC-PSE) stock broker.

He graduated from De La Salle University in 1998 with a degree of Bachelor of Arts Major in Economics and Bachelor of Science in Commerce Major in Management of Financial Institution.

JOY S. VIANZON, *age* [redacted]*, 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* [redacted], *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* [redacted], *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 an in-house legal counsel of 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* [redacted]*, 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* [redacted], *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* [redacted] *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* [redacted], *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* [redacted], *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* [redacted], *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* [redacted], *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, Deutche 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.

JOHN JORGE S. ORBE, *age* [redacted], *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 of Bachelor of Science degree in Mechanical Engineering from the Central Philippine University in Iloilo City.

CERTIFICATE

I, **MA. SIGRID R. PINLAC**, of legal age, Filipino, and with office address at 7/F Beneficial Life Building, 166 Salcedo Street, Legaspi Village, do hereby certify that:

1. I am the duly elected and qualified Corporate Secretary of BENEFICIAL LIFE INSURANCE COMPANY, INC. (the "Company"), a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at the Beneficial Life Building, 166 Salcedo Street, Legaspi Village, Makati City;

2. There are no directors, independent directors, or officers of the Company who are currently appointed in any governmental agency or is an employee of any government agency.

ATTY. MA. SIGRID R. PINLAC
Corporate Secretary

SUBSCRIBED AND SWON to before me this 18 MAY 2022 in the City of Makati, Philippines, affiant exhibiting to me her Driver's License bearing No. N04-15-014787 expiring on 01/22/2023, as competent proof of her identity.

Notary Public

Doc. No. 120;
Page No. 25;
Book No. 216;
Series of 2022.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-239
NOTARY PUBLIC FOR MAKATI CITY
UNTIL JUNE 30, 2022 PER B.M. NO. 3795
11 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 171365/01-03-2022/Pasig City
PTR NO. MKT 8852502/01-03-2022/Makati City
MCLE Compliance No. VI-0007878/4-06-2018

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROBERTO F. DE OCAMPO**, Filipino, of legal age and a resident of [redacted] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Beneficial Life Insurance Company, Inc.** (the "Corporation"), and have been its Independent Director since October 30, 2008.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
RFO Center for Public Finance and Regional Economic Cooperation	Chairman of the Board of Advisors	June 10, 2006
Philippine Veterans Bank	Chairman and CEO	July 9, 2013
MoneyTree Publishing Inc.	Chairman	February 10, 2007
Stradcom Corporation	Chairman	March 10, 2004
Public Finance Institute of the Philippines	Chairman	August 3, 2007
Intervest Projects Inc. (IPI)	Chairman	September 30, 2013
New Rural Bank of Agoncillo (NAGON)	Chairman	June 30, 2016
British Alumni Association	Chairman	January 29, 2003
Libera International Advisory Board (London)	Chairman	July 5, 2013
Foundation for Economic Freedom	Chairman	April 18, 2012
BPI Investment Management Inc. (BIMI)	Chairman	October 8, 2014
Center for Philippines Futuristic Studies and Management	Chairman	March 1, 2014
La Costa Development	Vice-Chairman	July 9, 2007
Makati Business Club	Vice-Chairman	April 20, 2006
Centennial Group (Washington), D.C.	Founding Director	January 5, 1999
Emerging Markets Forum	Founding Director	August 1, 2005
Robinsons Land Corporation	Independent Director	May 8, 2003
Pacific Gaming Investments Pte. Ltd.	Independent Director	November 14, 2010
Bankard, Inc.	Independent Director	July 28, 2006
EEI Corporation	Independent Director	March 16, 2005
House of Investments	Independent Director	June 5, 2000
SPC Power Corporation	Independent Director	November 25, 2002
DFNN Inc.	Independent Director	June 14, 1999
Investment & Capital Corporation of the Philippines (ICCP)	Independent Director	July 27, 2011
South Forbes City College	Director	September 10, 2016
Business for Sustainable Development	Board Member	February 2, 2015
The Conference Board (New York)	Member, Global Advisory Board	May 7, 2004
Corporate Governance Institute of the Philippines	Member, Global Advisory Board	January 5, 2004
Philippine Cancer Society	Member, Global Advisory Board	April 6, 1998

Ramos Peace and Development Foundation	Member, Board of Trustees	February 3, 1999
SGV Foundation	Member, Board of Trustees	January 10, 1999
Trilateral Commission	Member, Asia Pacific Group Representing ASEAN	March 9, 2000
Philippine Quality & Production Movement Inc.	Member, Board of Advisers	August 15, 2012

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Beneficial Life Insurance Company, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of Beneficial Life Insurance Company, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding pending in court:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Beneficial Life Insurance Company, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 1 3 2022 day of __________, at Makati City.

ROBERTO F. DE OCAMPO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 1 3 2022 day of __________ at Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport bearing numbers P5685296B issued at DFA-NCR South on October 27, 2020.

Doc. No. 162;
Page No. 34;
Book No. I;
Series of 2022;

ATTY. MA. SIGRID R. PINLAC
NOTARY PUBLIC
FOR AND IN THE CITY OF MAKATI
Commission Appointment No. M-196
Until Dec. 31, 2022
Roll No. 49488 / Pangasinan Chapter
IBP No. 201302 Feb. 3, 2022
PTR No. 2271774 / Jan. 3, 2022
MCLE No. VI-0020386 / Mar. 7, 2019
166 Salcedo St. Legaspi Vill., Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JAIME F. PANGANIBAN**, Filipino, of legal age and a resident of [redacted] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Beneficial Life Insurance Company, Inc.** (the "Corporation"), and have been its Independent Director since May 19, 2014.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Lake Shore CCY, Inc.	Chairman & CEO	2009
JFP Assets Corporation	Chairman & CEO	1997
Quantum CCY Exchange Inc.	Chairman & CEO	2016
Titan Assets International LDA	Portugal Managing Partner	

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Beneficial Life Insurance Company, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of Beneficial Life Insurance Company, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding pending in court:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Beneficial Life Insurance Company, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 13 2022 day of ______________ at ________________.

JAIME F. PANGANIBAN
Affiant

SUBSCRIBED AND SWORN to before me this MAY 13 2022 day of ______________ at Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport bearing numbers P8096043A issued at DFA-NCR Central on July 26, 2018.

Doc. No. 163;
Page No. 34;
Book No. 1;
Series of 2022;

ATTY. MA. SIGRID R. PINLAC
NOTARY PUBLIC
FOR AND IN THE CITY OF MAKATI
Commission Appointment No. M-196
Until Dec. 31, 2022
Roll No. 49488 / Pangasinan Chapter
IBP No. 201302 / Feb. 3, 2022
PTR No. 2271774 / Jan. 3, 2022
MCLE No. VI-0020386 / Mar. 7, 2019
166 Salcedo St., Legaspi Village, Makati

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR O. VIRTUSIO**, Filipino, of legal age and a resident of [redacted], after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of **Beneficial Life Insurance Company, Inc.** (the "Corporation"), and have been its Independent Director since November 29, 2006.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
CATS Motors, Inc.	Advisor	2010 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Beneficial Life Insurance Company, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an independent director in ________________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 13 2022 day of ________________.

CESAR O. VIRTUSIO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 13 2022 day of ________ at Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport bearing numbers P5559125B, issued on September 25, 2020 at DFA Manila and expiring on September 24, 2030

Doc. No. 164;
Page No. 34;
Book No. 1;
Series of 2022

ATTY. MA. SIGRID R. PINLAC
NOTARY PUBLIC
FOR AND IN THE CITY OF MAKATI
Commission Appointment No. M-196
Until Dec. 31, 2022
Roll No. 49488 / Pangasinan Chapter
IBP No. 201302 Feb. 3, 2022
PTR No. 2271774 / Jan. 3, 2022
MCLE No. VI-0020386 / Mar. 7, 2019
166 Salcedo St. Legaspi Vill., Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOHN E. HUANG**, Filipino, of legal age and a resident of [redacted], after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for independent director of **Beneficial Life Insurance Company, Inc.** (the "Corporation"), and have been its Independent Director since October 15, 2020.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Reliable Electric Co., Inc.	Director	2017 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Beneficial Life Insurance Company, Inc.**, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A		

6. (For those in government service/affiliated with a government agency or GOCC) I have the required permission from the (head of the agency/department) to be an independent director in ____________________, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 1 3 day of 2022.

JOHN E. HUANG
Affiant

SUBSCRIBED AND SWORN to before me this MAY 1 3 day of 2022 at Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport bearing numbers P8640188A issued at DFA-NCR Central on September 06, 2018.

ATTY. MA. SIGRID R. PINLAC
NOTARY PUBLIC
FOR AND IN THE CITY OF MAKATI
Commission Appointment No. M-196
Until Dec. 31, 2022
Roll No. 49488 / Pangasinan Chapter
IBP No. 201302 Feb. 3, 2022
PTR No. 2271774 / Jan. 3, 2022
MCLE No. VI-0020386 / Mar. 7, 2019
166 Salcedo St. Legaspi Vill., Makati City

Doc. No. 165;
Page No. 34;
Book No. I;
Series of 2022.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, _**Ernesto O. Severino**_, Filipino, of legal age and a resident of [redacted], after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Beneficial Life Insurance Company, Inc.** (the "Corporation"), and have been its Independent Director since ____XXX____.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
The SBGI Mgt. Services Group	CEO	22 years
Kaleidoscope Kids Learning Center	Director	8 years

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **Beneficial Life Insurance Company, Inc.,** as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/officer/substantial shareholder of Beneficial Life Insurance Company, Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N.A.		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding pending in court:

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N.A.		

6. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

7. I shall inform the Corporate Secretary of Beneficial Life Insurance Company, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 24th day of May at Makati City.

Ernesto O. Severino

ERNESTO O. SEVERINO
Affiant

SUBSCRIBED AND SWORN to before me this MAY 2 5 2022 day of ____________ at Makati City, affiant personally appeared before me and exhibited to me his Senior Citizen bearing numbers 107469 issued on April 16, 2019.

Doc. No. 169;
Page No. 35;
Book No. 1;
Series of 2022;

ATTY. MA. SIGRID R. PINLAC
NOTARY PUBLIC
FOR AND IN THE CITY OF MAKATI
Commission Appointment No. M-196
Until Dec. 31, 2022
Roll No. 49488 / Pangasinan Chapter
IBP No. 201302 / Feb. 3, 2022
PTR No. 2271774 / Jan. 3, 2022
MCLE No. VI-0020386 / Mar. 7, 2019
166 Salcedo St., Legaspi Village, Makati City

ANNEX "B"

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, 2021 and 2020**, 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 7day of April 2022

SUBSCRIBED AND SWORN to before me this APR 29 2022, affiants exhibiting to me their Passport, as follows:

Name	Passport	Issued at	Issued & Expiry Date
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

Doc no. 469
Page no. 95
Book no. 119
Series of 2022

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M-019-(2022-2023)
PTR No. 8852510 Jan. 3, 2022 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Beneficial Life Insurance Company, Inc. and Subsidiaries
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, 2021 and 2020, 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, 2021, 2020 and 2019, 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, 2021 and 2020, and its consolidated financial performance and its cash flows for the years ended December 31, 2021, 2020 and 2019 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, 2021, 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, 2021 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 April 13, 2024
SEC Accreditation No. 1788-A
Valid until October 14, 2022
BIR Accreditation No. 08-005144-016-2019
Valid until July 2, 2022
PTR No. 8851719
Issued January 3, 2022, Makati City

April 7, 2022
Makati City, Metro Manila

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2021**	2020
ASSETS			
Cash and cash equivalents	4	**₱1,309,862,690**	₱972,303,861
Short-term investments	4	**11,880,219**	62,796,981
Insurance receivables	5	**36,080,607**	33,538,391
Investment securities	6	**6,024,903,376**	5,682,055,270
Loans receivables	7	**1,263,540,123**	1,390,963,245
Accrued investment income	6	**64,048,218**	72,813,698
Property and equipment:	8		
At revalued amount		**649,250,307**	647,715,036
At cost		**22,606,953**	24,239,772
Net deferred tax assets	23	**–**	248,976
Other assets		**95,636,691**	89,146,809
		₱9,477,809,184	₱8,975,822,039
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	9	**₱4,881,495,227**	₱4,912,423,179
Policyholders' dividends payable	10	**130,592,414**	142,208,734
Premium deposit fund	11	**311,114,991**	322,498,519
Insurance payables	12	**85,776,580**	94,278,156
Loans payable	13	**4,811,634**	23,286,209
Accounts payable and accrued expenses	14	**161,286,692**	161,204,052
Net retirement liability	22	**152,145,961**	138,996,571
Net deferred tax liabilities	23	**87,288,622**	90,917,944
Income tax payable		**560,325**	3,658,568
Other liabilities	15	**234,234,971**	216,280,214
Total Liabilities		**6,049,307,417**	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:	16		
Appropriated		**90,010,323**	42,873,792
Unappropriated		**1,865,227,773**	1,632,652,204
Other comprehensive income		**357,241,502**	78,521,728
Total Equity		**3,428,501,767**	2,870,069,893
		₱9,477,809,184	₱8,975,822,039

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2021**	2020	2019
REVENUES				
Gross premiums on insurance contracts	18	**₱1,761,212,819**	₱1,658,761,570	₱1,668,843,509
Reinsurer's share of gross premiums on insurance contracts	18	**(39,897,729)**	(15,258,231)	(16,953,935)
Net insurance premiums		**1,721,315,090**	1,643,503,339	1,651,889,574
Interest income	4	**295,364,458**	327,209,477	431,700,468
Dividend income	6	**33,280,478**	28,052,375	20,584,189
Net fair value gain on financial assets at fair value through profit or loss (FVPL)	6	**5,075,212**	13,762,986	41,548,414
Gain on sale of investment securities	6	**13,361,893**	7,357,288	18,618,469
Rental income	24	**2,362,288**	3,469,090	4,563,986
Other income		**28,837,311**	16,965,580	17,071,220
		2,099,596,730	2,040,320,135	2,185,976,320
BENEFITS, CLAIMS AND EXPENSES				
Net benefits and claims incurred on insurance contracts	19	**1,191,656,328**	783,857,598	822,912,977
Net change in legal policy reserves	19	**15,824,425**	208,594,487	297,728,566
Net insurance benefits and claims		**1,207,480,753**	992,452,085	1,120,641,543
General and administrative expenses	20	**507,231,953**	488,407,306	465,778,035
Commission and other direct expenses	21	**181,433,269**	216,055,062	274,292,132
Insurance taxes		**34,062,470**	31,268,931	31,340,762
Finance costs and charges	21	**22,761,628**	35,477,979	35,910,878
		1,952,970,073	1,763,661,363	1,927,963,350
INCOME BEFORE FOREIGN EXCHANGE CHANGES AND IMPAIRMENT LOSSES		**146,626,657**	276,658,772	258,012,970
NET FOREIGN EXCHANGE GAIN (LOSS)		**156,790,646**	(111,880,062)	(83,119,139)
PROVISION FOR (REVERSAL OF) IMPAIRMENT LOSSES				
Loans receivables	7	**9,991,075**	38,998,407	35,541,595
Investment securities	6	**1,002,230**	10,985,211	(9,045,552)
Other assets	3	**3,878,206**	–	–
		14,871,511	49,983,618	26,496,043
INCOME BEFORE INCOME TAX		**288,545,792**	114,795,092	148,397,788
INCOME TAX EXPENSE (BENEFIT)	23			
Current		**1,260,918**	6,100,466	14,926,388
Final		**23,201,226**	24,507,310	24,657,771
Deferred		**23,498,372**	(36,965,371)	(521,827)
		47,960,516	(6,357,595)	39,062,332
NET INCOME		**₱240,585,276**	₱121,152,687	₱109,335,456

(Forward)

	Note	2021	2020	2019
		Years Ended December 31		
NET INCOME		**₱240,585,276**	₱121,152,687	₱109,335,456
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified to profit or loss in subsequent periods:				
Change in revaluation reserves on investment securities [debt instruments classified as financial assets at fair value through other comprehensive income (FVOCI)]	6	**(44,925,470)**	84,685,053	269,667,728
Cumulative translation adjustment		**(9,180,652)**	(6,130,889)	(5,598,080)
		(54,106,122)	78,554,164	264,069,648
Items that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement gain (loss) on legal policy reserves	9	**324,661,380**	(481,778,294)	(112,342,032)
Change in revaluation reserves on investment securities (equity securities classified as financial assets at FVOCI)	6	**(2,266,495)**	(7,860,631)	(57,437,705)
Remeasurement loss on retirement liability - net of deferred tax	22	**(10,355,674)**	(3,393,708)	(14,302,087)
Increase in revaluation surplus - net of deferred tax	8	**–**	–	184,222,750
		312,039,211	(493,032,633)	140,926
		257,933,089	(414,478,469)	264,210,574
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱498,518,365**	(₱293,325,782)	₱373,546,030

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2021**	2020	2019
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		**42,873,792**	80,623,116	112,561,902
Appropriation for (reversal of) negative legal policy reserves		**47,136,531**	(37,749,324)	(31,938,786)
Balance at end of year		**90,010,323**	42,873,792	80,623,116
Unappropriated				
Balance at beginning of year		**1,632,652,204**	1,480,482,230	1,390,529,020
Net income		**240,585,276**	121,152,687	109,335,456
Reversal of (appropriation for) negative legal policy reserves	16	**(47,136,531)**	37,749,324	31,938,786
Transfer from revaluation reserves on investment securities	6	**35,347,300**	(10,511,561)	(28,536,680)
Transfer of revaluation surplus	8	**3,779,524**	3,779,524	6,673,203
Dividend declaration	16	**–**	–	(29,457,555)
Balance at end of year		**1,865,227,773**	1,632,652,204	1,480,482,230
		1,955,238,096	1,675,525,996	1,561,105,346
OTHER COMPREHENSIVE INCOME (LOSS)				
Revaluation reserves on investment securities				
Balance at beginning of year		**(47,731,309)**	(124,555,731)	(336,785,754)
Change in revaluation reserves	6	**(47,191,965)**	76,824,422	212,230,023
Balance at end of year		**(94,923,274)**	(47,731,309)	(124,555,731)
Revaluation surplus on property and equipment - net of deferred tax	8			
Balance at beginning of year		**330,698,577**	333,344,244	153,792,736
Appraisal increase		**–**	–	184,222,750
Transfer of revaluation surplus		**(2,834,643)**	(2,645,667)	(4,671,242)
Effect of change in income tax rate		**23,621,328**	–	–
Balance at end of year		**351,485,262**	330,698,577	333,344,244

(Forward)

	Note	2021	2020	2019
		Years Ended December 31		
Cumulative remeasurement gain (loss) on legal policy reserves	9			
Balance at beginning of year		**(₱201,662,671)**	₱280,115,623	₱392,457,655
Remeasurement gain (loss) on legal policy reserves		**324,661,380**	(481,778,294)	(112,342,032)
Balance at end of year		**122,998,709**	(201,662,671)	280,115,623
Cumulative remeasurement loss on retirement liability - net of deferred tax	22			
Balance at beginning of year		**(11,963,521)**	(8,569,813)	5,732,274
Remeasurement loss on retirement liability		**(9,501,137)**	(3,393,708)	(14,302,087)
Effect of change in income tax rate		**(854,537)**	–	–
Balance at end of year		**(22,319,195)**	(11,963,521)	(8,569,813)
Cumulative translation adjustment				
Balance at beginning of year		**9,180,652**	15,311,541	20,909,621
Translation adjustment		**(9,180,652)**	(6,130,889)	(5,598,080)
Balance at end of year		**–**	9,180,652	15,311,541
		357,241,502	78,521,728	495,645,864
		₱3,428,501,767	₱2,870,069,893	₱3,172,773,379

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱288,545,792**	₱114,795,092	₱148,397,788
Adjustments for:				
Interest income	4	**(295,364,458)**	(327,209,477)	(431,700,468)
Unrealized foreign exchange loss (gain)		**(53,084,477)**	99,621,598	71,600,123
Dividend income	6	**(33,280,478)**	(28,052,375)	(20,584,189)
Depreciation	8	**19,843,115**	22,684,704	28,455,993
Retirement benefits cost	22	**15,545,062**	23,078,622	18,186,486
Finance costs	21	**13,847,184**	27,406,267	25,652,335
Gain on sale of investment securities	6	**(13,361,893)**	(7,357,288)	(18,618,469)
Provision for impairment losses on:				
Loans receivables	7	**9,991,075**	38,998,407	35,541,595
Investment securities	6	**1,002,230**	10,985,211	(9,045,552)
Other assets	3	**3,878,206**	–	–
Net fair value loss on financial assets at FVPL	6	**(5,075,212)**	(13,762,986)	(41,548,414)
Operating loss before working capital changes		**(47,513,854)**	(38,812,225)	(193,662,772)
Decrease (increase) in:				
Short-term investments		**50,916,762**	(2,296,981)	(9,765,010)
Insurance receivables		**(2,542,216)**	56,155,323	(66,663,175)
Loans receivables		**117,432,047**	233,839,275	202,568,875
Increase (decrease) in:				
Insurance contract liabilities		**293,733,428**	333,420,731	319,217,359
Policyholders' dividends payable		**(11,616,320)**	8,777,919	34,400,436
Premium deposit fund		**(24,900,730)**	(10,432,815)	4,569,876
Insurance payables		**(8,501,576)**	3,299,549	(19,737,362)
Accounts payable and accrued expenses		**82,640**	29,540,814	(79,312,028)
Other liabilities		**18,008,316**	(309,229)	27,129,182
Net cash generated from operations		**385,098,497**	613,182,361	218,745,381
Income tax paid		**(27,560,387)**	(12,252,435)	(12,862,113)
Contributions to plan assets	22	**(12,000,000)**	(15,000,000)	(15,000,000)
Benefits paid	22	**(3,063,855)**	(7,243,901)	(3,203,568)
Interest paid		**(329,982)**	(1,644,385)	(13,185,165)
Net cash provided by operating activities		**342,144,273**	577,041,640	174,494,535

(Forward)

		Years Ended December 31		
	Note	**2021**	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Investment securities	6	**(₱2,203,229,311)**	(₱3,817,451,516)	(₱1,684,627,404)
Property and equipment	8	**(19,745,567)**	(5,825,337)	(20,009,183)
Other assets		**(10,368,088)**	(4,766,319)	(20,920,880)
Proceeds from sale/maturities of investment securities	6	**1,910,598,424**	2,661,251,739	1,706,679,648
Interest received		**302,531,154**	315,545,608	424,128,929
Dividends received		**34,156,078**	27,559,748	24,451,216
Net cash provided by (used in) investing activities		**13,942,690**	(823,686,077)	429,702,326
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan payments	13	**(249,750,840)**	(983,661,637)	(4,202,823,099)
Loan availments	13	**231,276,265**	977,531,670	3,883,765,938
Cash dividends paid	13	**(53,559)**	(49,606)	(27,661,338)
Net cash used in financing activities		**(18,528,134)**	(6,179,573)	(346,718,499)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**337,558,829**	(252,824,010)	257,478,362
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**972,303,861**	1,225,127,871	967,649,509
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱1,309,862,690**	₱972,303,861	₱1,225,127,871

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, 2024.

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

Composition of the Group

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
Beneficial Financial Advisors, Inc. (BFAI)	Philippines	Consultancy and leasing
Solana Investment Holdings Corporation (SIHC)	British Virgin Islands	Investment

On October 21, 2021, the Board of Directors (BOD) and stockholders of BFAI approved a resolution for the cessation of its business operations effective December 15, 2021, and shorten the Company's term of existence until June 30, 2023. Accordingly, BFAI changed its basis of accounting in the preparation of its 2021 financial statements from the going concern basis to liquidation basis. As at report date, BFAI is still in the process of filing its amended Articles of Incorporation with the SEC for the shortening of its corporate term.

Also in 2021, the BOD and stockholders of SIHC approved its dissolution and authorized the transfer of its net assets amounting to ₱143.7 million to the Parent Company. The transfer of the assets was completed in December 2021.

As a result of the dissolution of SIHC, the Group's consolidated statements of financial position as at December 31, 2021 is composed of the assets, liabilities and equity of the Parent Company and BFAI while its consolidated statements of comprehensive income for the year ended December 31, 2021 is composed of the income and expenses of the Group.

Approval and Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issuance by the BOD on April 7, 2022.

2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the consolidated financial statements are consistently applied to all the years presented, unless otherwise stated.

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.

In accordance with PAS 1, *Presentation of Financial Statement*, an entity shall prepare consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or cease operations.

As discussed in Note 1 to consolidated financial statements, the BOD and stockholders of BFAI approved a resolution for the cessation of its business operations effective December 15, 2021, and shorten the Company's term of existence until June 30, 2023. Accordingly, BFAI changed its basis of accounting in the preparation of its 2021 financial statements from the going concern basis to liquidation basis. Under the liquidation basis of accounting, assets are stated at estimated net realizable values and liabilities are stated at estimated settlement amounts. The estimated values may be different from the proceeds that may be ultimately received or payment that may be made.

There is no difference in the amounts presented in the consolidated financial statements as a result of the change in the basis of preparation of BFAI's financial statements from going concern basis to liquidation basis of accounting. BFAI's assets and liabilities mainly pertains to cash in banks, accounts and other payables, and advance rentals and deposits. These are all measured at amortized costs which approximate its net realizable values or net settlement amounts. Additional disclosures have been included as applicable.

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 (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) 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 adoption of the following amended PFRS -

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications 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, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

  Due to continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The 2021 amendment is mandatory for entities that elected to apply the previous amendment.

The adoption of the amended PFRS did not materially affect 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, 2021 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 will replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include 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 will ensure that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarified that an acquirer shall not recognize contingent assets acquired in a business combination. 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 applied the amendments.

- Amendments to PAS 37, *Provisions, Contingent Liabilities and Contingent Asset - 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 component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendments. Earlier application is permitted.

  - Amendment to PFRS 16 - *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, *Presentation of Financial Statements - 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.

- Amendments to PAS 1 and PFRS Practice Statement 2 - *Making Materiality Judgement*, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. 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 IC issued Circular Letter (CL) 2020-062, *Amendment of Section 1 of CL 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.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group, except 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 12 months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 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 12 months after the reporting period; or
- There is no unconditional right to defer settlement of the liability for at least 12 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, 2021 and 2020, 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.

<u>Insurance Contracts</u>

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.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

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.

Insurance Taxes. Insurance taxes pertain to premium taxes and documentary stamp taxes on life insurance policies 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.

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 net operating loss carryover (NOLCO) and 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.

The Group as a Lessor. Leases where the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Operating lease payments are recognized as revenue in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

The Group as a Lessee. At the commencement date, the Group recognizes ROU assets and lease liabilities 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.

Defining 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 ₱9.0 million, ₱8.7 million and ₱10.5 million in 2021, 2020 and 2019, 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 ₱2.4 million, ₱3.5 million and ₱4.6 million in 2021, 2020 and 2019, 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 ₱3,432.1 million and ₱3,740.9 million as at December 31, 2021 and 2020, 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 ₱538.9 million and ₱251.5 million as at December 31, 2021 and 2020, respectively (see Note 9).

Estimating the Allowance for ECL of Financial Assets at Amortized Cost. The Group 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.

The carrying amounts and allowance for ECL of the Group's financial assets at amortized cost are as follows:

		2021		2020	
	Note	**Carrying Amount**	**Allowance for ECL**	Carrying Amount	Allowance for ECL
Cash and cash equivalents	4	**₱1,309,862,690**	**₱–**	₱972,303,861	₱–
Short-term investments	4	**11,880,219**	**–**	62,796,981	–
Insurance receivables	5	**36,080,607**	**–**	33,538,391	–
Investment securities:	6				
Financial assets at FVOCI - debt securities		**2,273,386,423**	**21,458,988**	2,092,928,463	17,301,954
Financial assets at amortized cost		**2,032,634,640**	**1,926,830**	2,178,857,109	5,081,634
Loans receivables	7	**1,263,540,123**	**121,222,251**	1,390,963,245	112,355,838
Accrued income	6	**64,048,218**	**–**	72,813,698	–

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 2021, 2020 and 2019. The carrying amount of property and equipment at cost amounted to ₱22.6 million and ₱24.2 million as at December 31, 2021 and 2020, respectively (see Note 8).

There were no changes in the estimated useful lives of the Group's property and equipment at revalued amounts in 2021, 2020 and 2019. The carrying amount of property and equipment at revalued amounts amounted to ₱649.3 million and ₱647.7 million as at December 31, 2021 and 2020, 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 ₱649.3 million and ₱647.7 million as at December 31, 2021 and 2020, respectively (see Note 8). Management believes that there are no significant differences between the fair value as at December 31, 2021 and 2020 and at valuation date.

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 it 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.

In 2021, the Group recognized impairment loss on other assets amounting to ₱3.9 million. No impairment loss was recognized in 2020 and 2019. The carrying amounts of nonfinancial assets are as follows:

Asset Type	Note	**2021**	2020
Property and equipment:	8		
At revalued amounts		**₱649,250,307**	₱647,715,036
At cost		**22,606,953**	24,239,772
Other assets		**95,636,691**	89,146,809

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 ₱152.1 million and ₱139.0 million as at December 31, 2021 and 2020, 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 ₱95.0 million and ₱128.6 million as at December 31, 2021 and 2020, respectively (see Note 23).

The Group's unrecognized deferred tax assets amounted to ₱0.2 million as at December 31, 2021 (see Note 23). Management assessed that it is not probable that there will be sufficient future taxable profit against which these deferred tax assets can be utilized as a result of BFAI's on-going liquidation.

4. Cash, Cash Equivalents and Short-term Investments

Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand	**₱53,000**	₱53,000
Cash in banks	**1,122,603,254**	794,813,873
Cash equivalents	**187,206,436**	177,436,988
	₱1,309,862,690	₱972,303,861

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 ₱11.9 million and ₱62.8 million as at December 31, 2021 and 2020, 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 0.25% to 3.00% and 0.875% to 2.75% in 2021 and 2020, respectively.

Interest Income

Interest income recognized in the consolidated statements of comprehensive income are as follows:

	Note	**2021**	2020	2019
Loans receivables	7	**₱85,115,404**	₱108,630,387	₱205,197,740
Investment securities:	6			
Financial assets at amortized cost		**94,565,220**	103,024,123	88,411,448
Financial assets at FVOCI		**69,242,209**	70,796,285	82,292,112
Financial assets at FVPL		**40,148,511**	32,065,701	22,495,845
Cash and cash equivalents		**4,745,277**	11,541,080	12,158,508
Short-term investments		**1,547,837**	1,151,901	21,144,815
		₱295,364,458	₱327,209,477	₱431,700,468

5. Insurance Receivables

This account consists of:

	2021	2020
Premiums due and uncollected	**₱21,809,929**	₱16,042,360
Due from reinsurers	**14,270,678**	17,496,031
	₱36,080,607	₱33,538,391

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 ₱25.0 million, ₱34.6 million and ₱15.0 million in 2021, 2020 and 2019, respectively (see Note 19).

6. Investment Securities

Movements of this account are as follows:

	2021			
	Financial Assets			
	At FVPL	**At FVOCI**	**At Amortized Cost**	**Total**
Balance at beginning of year	**₱715,849,126**	**₱2,787,349,035**	**₱2,178,857,109**	**₱5,682,055,270**
Additions	**514,579,074**	**1,153,617,494**	**535,032,743**	**2,203,229,311**
Maturities and disposals	**(164,812,699)**	**(1,064,738,310)**	**(681,047,415)**	**(1,910,598,424)**
Fair value changes	**5,075,212**	**(45,589,795)**	**–**	**(40,514,583)**
Foreign exchange changes	**27,600,361**	**59,253,453**	**–**	**86,853,814**
Amortization	**(506,137)**	**4,591,922**	**(3,362,601)**	**723,184**
Reversal of impairment loss	**–**	**–**	**3,154,804**	**3,154,804**
Balance at end of year	**₱1,097,784,937**	**₱2,894,483,799**	**₱2,032,634,640**	**₱6,024,903,376**

	2020			
	Financial Assets			
	At FVPL	At FVOCI	At Amortized Cost	Total
Balance at beginning of year	₱478,582,793	₱2,402,350,510	₱1,697,414,811	₱4,578,348,114
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	₱715,849,126	₱2,787,349,035	₱2,178,857,109	₱5,682,055,270

Financial Assets at FVPL

This account consists of:

	2021	2020
Private debt securities - foreign	**₱729,635,080**	₱715,849,126
Equity securities	**368,149,857**	–
	₱1,097,784,937	₱715,849,126

Private debt securities earn annual interest of 1.44% to 9.00% and 2.12% to 8.13% in 2021 and 2020, respectively. Interest income earned on these financial assets amounted to ₱40.1 million, ₱32.1 million and ₱22.5 million in 2021, 2020 and 2019, respectively, net of amortization of premium or discount amounting to ₱0.5 million, ₱0.3 million and ₱0.4 million in 2021, 2020 and 2019, 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 ₱6.5 million, ₱4.5 million and ₱10.7 million in 2021, 2020 and 2019, respectively.

Financial Assets at FVOCI

This account consists of:

	2021	2020
Debt securities:		
Government debt securities - foreign	**₱1,390,789,643**	₱1,155,056,170
Private debt securities - foreign	**882,596,780**	937,872,293
	2,273,386,423	2,092,928,463
Equity securities - local and foreign	**621,097,376**	694,420,572
	₱2,894,483,799	₱2,787,349,035

Private and government debt securities earn annual interest of 1.05% to 8.38% in 2021 and 2020. Interest income earned on these financial assets amounted to ₱69.2 million, ₱70.8 million and ₱82.3 million in 2021, 2020 and 2019, respectively, net of amortization of premium or discount amounting to ₱4.6 million, ₱12.4 million and ₱16.0 million in 2021, 2020 and 2019, 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 ₱26.8 million, ₱23.6 million and ₱9.9 million in 2021, 2020 and 2019, respectively.

Movements of revaluation reserves on investment securities are as follows:

	December 31, 2021		
	Fair Value Change	**12-month ECL**	**Total**
Balance at beginning of year	**(₱65,033,263)**	**₱17,301,954**	**(₱47,731,309)**
Change in revaluation reserves:			
Fair value loss	**(45,589,795)**	**–**	**(45,589,795)**
Foreign exchange changes	**42,949,989**	**–**	**42,949,989**
Transfer to retained earnings	**(35,347,300)**	**–**	**(35,347,300)**
Transfers to profit or loss:			
Gain on sale	**(13,361,893)**	**–**	**(13,361,893)**
Impairment loss	**–**	**4,157,034**	**4,157,034**
	(51,348,999)	**4,157,034**	**(47,191,965)**
Balance at end of year	**(₱116,382,262)**	**₱21,458,988**	**(₱94,923,274)**

	December 31, 2020		
	Fair Value Change	12-month ECL	Total
Balance at beginning of year	(₱133,983,134)	₱9,427,403	(₱124,555,731)
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	(₱65,033,263)	₱17,301,954	(₱47,731,309)

	December 31, 2019		
	Fair Value Change	12-month ECL	Total
Balance at beginning of year	(₱355,815,170)	₱19,029,416	(₱336,785,754)
Change in revaluation reserves:			
Fair value gain	236,114,956	–	236,114,956
Transfer to retained earnings	28,536,680	–	28,536,680
Foreign exchange changes	(24,201,131)	–	(24,201,131)
Transfers to profit or loss:			
Gain on sale	(18,618,469)	–	(18,618,469)
Impairment loss	–	(9,602,013)	(9,602,013)
	221,832,036	(9,602,013)	212,230,023
Balance at end of year	(₱133,983,134)	₱9,427,403	(₱124,555,731)

Movements of revaluation reserves on investment securities segregated for items that will be reclassified or not to profit or loss in subsequent periods follow:

	2021	2020	2019
Balance at beginning of year	**(₱47,731,309)**	(₱124,555,731)	(₱336,785,754)
Items that will be reclassified to profit or loss	**(44,925,470)**	84,685,053	269,667,728
Items that will not be reclassified into profit or loss	**(2,266,495)**	(7,860,631)	(57,437,705)
Balance at end of year	**(₱94,923,274)**	(₱47,731,309)	(₱124,555,731)

Financial Assets at Amortized Cost

This account consists of:

	2021	2020
Government debt securities - local	**₱1,193,035,321**	₱770,249,776
Private debt securities - local	**841,526,149**	1,413,688,967
	2,034,561,470	2,183,938,743
Allowance for impairment loss (12-month ECL)	**1,926,830**	5,081,634
	₱2,032,634,640	₱2,178,857,109

0.80% to 13.00% and 2.50% to 5.13% in 2021 and 2020, respectively. Interest income earned on these financial assets amounted to ₱94.6 million, ₱103.0 million and ₱88.4 million in 2021, 2020 and 2019, respectively, net of amortization of premium or discount amounting to ₱3.4 million, ₱44,940 and ₱0.5 million in 2021, 2020 and 2019, respectively (see Note 4).

Movements of allowance for impairment loss (12-month ECL) on financial assets at amortized cost in 2021 and 2020 are as follows:

	2021	2020
Balance at beginning of year	**₱5,081,634**	₱1,970,974
Provision for (reversal of) impairment loss	**(3,154,804)**	3,110,660
Balance at end of year	**₱1,926,830**	₱5,081,634

Impairment Losses
Impairment losses (reversal of impairment loss) on investment securities recognized in the consolidated statements of comprehensive income follow:

	2021	2020	2019
Financial assets at FVOCI	**₱4,157,034**	₱7,874,551	(₱9,602,013)
Financial assets at amortized cost	**(3,154,804)**	3,110,660	556,461
	₱1,002,230	₱10,985,211	(₱9,045,552)

Dividend Income
Dividend income recognized in the consolidated statements of comprehensive income follows:

	2021	2020	2019
Financial assets at FVOCI	**₱26,772,969**	₱23,578,145	₱9,869,978
Financial assets at FVPL	**6,507,509**	4,474,230	10,714,211
	₱33,280,478	₱28,052,375	₱20,584,189

Accrued Investment Income
Accrued investment income consists of:

	Note	2021	2020
Interest:			
hird parties		**₱62,745,571**	₱70,223,629
elated parties	17	**1,302,647**	1,714,469
Dividends		**–**	875,600
		₱64,048,218	₱72,813,698

Interest receivable pertains mainly to interest accrued from short-term investments, investment securities and loans receivables.

7. Loans Receivables

This account consists of:

	Note	2021	2020
Salary loans		**₱1,049,317,599**	₱1,135,054,047
Mortgage and collateral loans:			
Related party	17	**103,125,000**	140,625,000
Third parties		**5,683,454**	5,837,168
Policy loans		**97,506,998**	99,393,059
Due from related parties	17	**39,129,078**	49,028,578
Agents' balances		**36,880,308**	33,390,036
Notes receivables		**7,769,336**	8,843,668
Others		**45,350,601**	31,147,527
		1,384,762,374	1,503,319,083
Less allowance for impairment loss		**121,222,251**	112,355,838
		₱1,263,540,123	₱1,390,963,245

Movements in the allowance for impairment loss on loans receivables are as follows:

	2021		
	12-month ECL	**Lifetime ECL**	**Total**
Balance at beginning of year	**₱12,580,921**	**₱99,774,917**	**₱112,355,838**
Provision for impairment loss	**9,991,075**	**–**	**9,991,075**
Transfer from 12-month ECL to lifetime ECL	**(8,843,510)**	**8,843,510**	**–**
Write-off	**(1,124,662)**	**–**	**(1,124,662)**
Balance at end of year	**₱12,603,824**	**₱108,618,427**	**₱121,222,251**

	2020		
	12-month ECL	Lifetime ECL	Total
Balance at beginning of year	₱29,574,910	₱75,855,614	₱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	₱12,580,921	₱99,774,917	₱112,355,838

Composition of allowance for impairment loss are as follows:

	2021	2020
Salary loans	**₱112,561,299**	₱102,561,299
Agents' balances	**4,999,651**	4,999,651
Notes receivables	**2,860,226**	3,014,842
Others	**801,075**	1,780,046
	₱121,222,251	₱112,355,838

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	**2021**	2020	2019
Salary loans		**₱68,775,908**	₱79,605,010	₱135,896,809
Policy loans		**6,014,197**	14,615,875	52,865,358
Mortgage and collateral loans:				
Related party	17	**5,944,777**	9,682,962	10,556,629
Third parties		**45,566**	46,216	15,191
Due from related parties	17	**709,589**	1,143,999	1,344,658
Notes receivables		**909,923**	801,385	1,096,437
Agents' balances		**332,539**	941,260	1,077,273
Others		**2,382,905**	1,793,680	2,345,385
		₱85,115,404	₱108,630,387	₱205,197,740

8. Property and Equipment

Movements of property and equipment at revalued amounts are as follows:

	2021			
	Land	**Building**	**Office Condominium**	**Total**
Revalued Amounts				
Balance at beginning of year	**₱535,237,999**	**₱376,268,089**	**₱49,709,031**	**₱961,215,119**
Additions	**–**	**8,546,813**	**–**	**8,546,813**
Balance at the end of year	**535,237,999**	**384,814,902**	**49,709,031**	**969,761,932**
Accumulated Depreciation				
Balance at beginning of year	**–**	**286,022,469**	**27,477,614**	**313,500,083**
Depreciation	**–**	**6,044,958**	**966,584**	**7,011,542**
Balance at end of year	**–**	**292,067,427**	**28,444,198**	**320,511,625**
Carrying Amount	**₱535,237,999**	**₱92,747,475**	**₱21,264,833**	**₱649,250,307**

	2020			
	Land	Building	Office Condominium	Total
Revalued Amounts				
Balance at beginning and end of year	₱535,237,999	₱376,268,089	₱49,709,031	₱961,215,119
Accumulated Depreciation				
Balance at beginning of year	–	280,149,089	26,511,030	306,660,119
Depreciation	–	5,873,380	966,584	6,839,964
Balance at end of year	–	286,022,469	27,477,614	313,500,083
Carrying Amount	₱535,237,999	₱90,245,620	₱22,231,417	₱647,715,036

The latest independent property valuation of land, building and office condominium was on February 3, 2020. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱184.2 million.

Management believes that there are no significant differences between the fair value as at December 31, 2021 and 2020 and at valuation date.

The Group's property and equipment stated at appraised values are classified under Level 3 in the fair value hierarchy.

Description of the 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.

Had the land, building and office condominium and improvements been carried at cost less accumulated depreciation, the amounts would have been as follows:

	2021			
	Land	**Building**	**Office Condominium**	**Total**
Cost	**₱95,963,907**	**₱140,860,787**	**₱42,323,078**	**₱279,147,772**
Accumulated depreciation	**–**	**(74,082,341)**	**(24,462,140)**	**(98,544,481)**
Carrying amount	**₱95,963,907**	**₱66,778,446**	**₱17,860,938**	**₱180,603,291**

	2020			
	Land	Building	Office Condominium	Total
Cost	₱95,963,907	₱132,313,974	₱42,323,078	₱270,600,959
Accumulated depreciation	–	(70,949,014)	(24,363,449)	(95,312,463)
Carrying amount	₱95,963,907	₱61,364,960	₱17,959,629	₱175,288,496

Transfer of revaluation surplus on property and equipment, net of deferred tax, amounted to ₱2.8 million, ₱1.1 million and ₱4.7 million in 2021, 2020 and 2019, respectively.

Depreciation expense on property and equipment charged to operations amounted to ₱19.8 million, ₱22.7 million and ₱28.5 million in 2021, 2020 and 2019, respectively (see Note 20).

Movements of cumulative revaluation surplus recognized in equity are as follows:

	2021		
	Revaluation Surplus	**Deferred Tax** (see Note 23)	**Net**
Balance at beginning of year	**₱472,426,540**	**(₱141,727,963)**	**₱330,698,577**
Transfer to retained earnings	**(3,779,524)**	**944,881**	**(2,834,643)**
Effect of change in income tax rate	**–**	**23,621,328**	**23,621,328**
Balance at end of year	**₱468,647,016**	**(₱117,161,754)**	**₱351,485,262**

	2020		
	Revaluation Surplus	Deferred Tax (see Note 23)	Net
Balance at beginning of year	₱476,206,064	(₱142,861,820)	₱333,344,244
Transfer to retained earnings	(3,779,524)	1,133,857	(2,645,667)
Balance at end of year	₱472,426,540	(₱141,727,963)	₱330,698,577

Movements of property and equipment at cost are as follows:

	2021		
	Transportation Equipment	**Office Furniture and Equipment**	**Total**
Cost			
Balance at beginning of year	**₱66,211,003**	**₱93,230,459**	**₱159,441,462**
Additions	**6,143,645**	**5,055,109**	**11,198,754**
Balance at end of year	**72,354,648**	**98,285,568**	**170,640,216**
Accumulated Depreciation			
Balance at beginning of year	**55,367,786**	**79,833,904**	**135,201,690**
Depreciation	**5,341,343**	**7,490,230**	**12,831,573**
Balance at end of year	**60,709,129**	**87,324,134**	**148,033,263**
Carrying Amount	**₱11,645,519**	**₱10,961,434**	**₱22,606,953**

	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

There are no temporary idle property and equipment, nor are there property and equipment items pledged as security for loans payable and other obligations.

The Group has fully depreciated property and equipment that are still in use with cost amounting to ₱129.3 million and ₱94.7 million as at December 31, 2021 and 2020, respectively.

9. Insurance Contract Liabilities

This account consists of:

	2021	2020
Legal policy reserves for:		
Ordinary life policies	**₱2,585,701,710**	₱3,055,874,852
Group life policies	**815,165,038**	651,115,642
Accident and health riders	**31,190,853**	33,904,062
	3,432,057,601	3,740,894,556
Policy and contract claims:		
Claims payable	**1,223,787,846**	990,876,723
Maturities and surrenders payable	**225,649,780**	180,651,900
	1,449,437,626	1,171,528,623
	₱4,881,495,227	₱4,912,423,179

Claims payable include provision for claims incurred but not yet reported amounting to ₱538.9 million and ₱251.5 million as at December 31, 2021 and 2020, respectively.

Movements in legal policy reserves are as follows:

	Note	**2021**	2020
Balance at beginning of year		**₱3,740,894,556**	₱3,050,521,775
Recognized in:			
Profit or loss	19	**15,824,425**	208,594,487
Other comprehensive income		**(324,661,380)**	481,778,294
Balance at end of year		**₱3,432,057,601**	₱3,740,894,556

Movements of revaluation of legal policy reserves are as follows:

	2021	2020
Balance at beginning of year	**(₱201,662,671)**	₱280,115,623
Remeasurement gain (loss) due to change in discount rates	**324,661,380**	(481,778,294)
Balance at end of year	**₱122,998,709**	(₱201,662,671)

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 ₱90.0 million and ₱42.9 million as at December 31, 2021 and 2020, respectively (see Note 16).

Movements in policy and contract claims are as follows:

	Note	**2021**	2020
Balance at beginning of year		**₱1,171,528,623**	₱1,046,702,379
Benefits and claims	19	**1,191,656,328**	783,857,598
Payments		**(913,747,325)**	(659,031,354)
Balance at end of year		**₱1,449,437,626**	₱1,171,528,623

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:

	2021	2020
Balance at beginning of year	**₱142,208,734**	₱133,430,815
Acquisitions	**397,609**	16,347,765
Payments	**(12,013,929)**	(7,569,846)
Balance at end of year	**₱130,592,414**	₱142,208,734

11. **Premium Deposit Fund**

Premium deposit fund pertains to deposits of the policyholders that will be applied against future premiums. At the end of each year, interest is credited to this fund at rates as the Group declares but not less than the lowest interest rate prevailing on the savings accounts.

Premium deposit fund amounted to ₱311.1 million and ₱322.5 million as at December 31, 2021 and 2020, respectively. Interest expense amounted to ₱13.5 million, ₱25.8 million and ₱12.5 million in 2021, 2020 and 2019, 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	**2021**	2020
Balance at beginning of year		**₱94,278,156**	₱90,978,607
Premiums ceded	18	**39,897,729**	15,258,231
Payments		**(48,399,305)**	(11,958,682)
Balance at end of year		**₱85,776,580**	₱94,278,156

13. **Loans Payable**

Loans payable pertain to the credit line facility established by the Group with a foreign bank. The maximum loan amount under the agreement is SGD0.1 million and US$7.0 million and bears interest rate of 1.42% to 1.55% and 1.20% to 1.98% per annum in 2021 and 2020, respectively. 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 ₱0.3 million, ₱1.6 million and ₱13.2 million in 2021, 2020 and 2019, respectively (see Note 21).

The changes in liabilities arising from financing activities as at December 31, 2021 and 2020 are as follow:

	2021		
	Loans Payable	**Dividends Payable** (see Note 15)	**Total**
Balance at beginning of year	**₱23,286,209**	**₱73,812,692**	**₱97,098,901**
Changes from financing cash flows:			
Loan availments	**231,276,265**	**–**	**231,276,265**
Loan payments	**(249,750,840)**	**–**	**(249,750,840)**
Dividends paid	**–**	**(53,559)**	**(53,559)**
Balance at end of year	**₱4,811,634**	**₱73,759,133**	**₱78,570,767**

	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 availments	977,531,670	–	977,531,670
Loan payments	(983,661,637)	–	(983,661,637)
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

14. **Accounts Payable and Accrued Expenses**

This account consists of:

	2021	2020
Accounts payable	**₱121,678,147**	₱94,899,435
Accrued expenses	**21,469,821**	44,415,588
Statutory payables	**18,138,724**	21,889,029
	₱161,286,692	₱161,204,052

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 payables 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	**2021**	2020
Life insurance deposits		**₱128,543,575**	₱109,583,857
Dividends payable	13	**73,759,133**	73,812,692
Agents' fund		**28,190,403**	29,325,958
Others		**3,741,860**	3,557,707
		₱234,234,971	₱216,280,214

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 ₱2.1 million as at December 31, 2021 and 2020 (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, 2021, 2020 and 2019, the Parent Company's unappropriated retained earnings amounting to ₱1,865.2 million, ₱1,632.7 million and ₱1,480.5 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:

	2021	2020
Balance at beginning of year	**₱42,873,792**	₱80,623,116
Additional (reversal of) appropriation	**47,136,531**	(37,749,324)
Balance at end of year	**₱90,010,323**	₱42,873,792

Dividend Declaration

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 summarizes the Group's transactions and outstanding balances with its related parties.

	Note	Transactions During the Year 2021	Transactions During the Year 2020	Balance at End of Year 2021	Balance at End of Year 2020	Nature	Terms and Conditions
Due from related parties	7						
Entity under common control		**(₱10,000,000)**	₱–	**₱16,162,424**	₱26,162,424	Advances for working capital	2-5 years, 4%-7% interest, payable annually, unsecured, no impairment, payable in cash
Key management personnel		**100,500**	–	**22,966,654**	22,866,154	Advances to officers	Non-interest bearing, unsecured, no impairment, payable in cash
				₱39,129,078	₱49,028,578		
Mortgage loan receivable							
Entity under common control	7	**(₱37,500,000)**	(₱9,375,000)	**₱103,125,000**	₱140,625,000	Mortgage loan	7% interest, payable in 6 years, no impairment, payable in cash
Accrued investment income	6						
Entities under common control		**₱6,654,366**	₱10,826,961	**₱1,302,647**	₱1,714,469	Interest income	Due and demandable

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2021	2020	2019
Salaries and other employee benefits	**₱44,640,410**	₱41,589,485	₱44,849,948
Retirement expense	**9,061,966**	4,834,830	12,231,753
	₱53,702,376	₱46,424,315	₱57,081,701

18. Net Insurance Premiums

The gross premiums on insurance contracts consist of:

	2021	2020	2019
Direct:			
Group life insurance	**₱1,327,926,294**	₱1,195,596,581	₱1,158,794,760
Ordinary life insurance	**332,133,091**	306,054,917	350,240,278
Accident and health	**22,281,618**	21,855,290	30,680,922
	1,682,341,003	1,523,506,788	1,539,715,960
Assumed -			
Group life insurance	**78,871,816**	135,254,782	129,127,549
	₱1,761,212,819	₱1,658,761,570	₱1,668,843,509

The reinsurers' share of gross premiums on insurance contracts consists of:

	2021	2020	2019
Group life insurance	**₱39,391,990**	₱14,745,003	₱15,835,759
Ordinary life insurance	**399,573**	410,758	972,507
Accident and health	**106,166**	102,470	145,669
	₱39,897,729	₱15,258,231	₱16,953,935

19. Net Insurance Benefits and Claims

Net benefits and claims incurred on insurance contracts consist of:

	Note	**2021**	2020	2019
Claims		**₱998,733,622**	₱511,497,745	₱561,296,822
Maturities and surrenders		**208,634,769**	272,933,159	255,967,260
Experience refunds		**9,308,292**	34,074,689	20,609,332
Gross benefits and claims		**1,216,676,683**	818,505,593	837,873,414
Reinsurers' share	5	**(25,020,355)**	(34,647,995)	(14,960,437)
		₱1,191,656,328	₱783,857,598	₱822,912,977

Net change in legal policy reserves consists of:

	2021		
	Gross change in legal policy reserves	**Reinsurers' share of change in legal policy reserves**	**Net** (see Note 9)
Ordinary life insurance	**(₱148,750,744)**	**₱–**	**(₱148,750,744)**
Group life insurance	**164,510,916**	**(461,520)**	**164,049,396**
Accident and health	**525,773**	**–**	**525,773**
	₱16,285,945	**(₱461,520)**	**₱15,824,425**

	2020		
	Gross change in legal policy reserves	Reinsurers' share of change in legal policy reserves	Net (see Note 9)
Ordinary life insurance	₱47,424,384	₱–	₱47,424,384
Group life insurance	134,574,842	9,305,952	143,880,794
Accident and health	17,289,309	–	17,289,309
	₱199,288,535	₱9,305,952	₱208,594,487

	2019		
	Gross change in legal policy reserves	Reinsurers' share of change in legal policy reserves	Net
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

20. General and Administrative Expenses

This account consists of:

	Note	**2021**	2020	2019
Service fees		**₱203,170,030**	₱177,605,077	₱139,501,837
Personnel costs		**128,729,504**	140,397,225	138,373,601
Agency expenses	24	**62,671,134**	55,172,824	67,149,819
Professional fees		**20,715,108**	17,193,973	14,412,475
Depreciation	8	**19,843,115**	22,684,704	28,455,993
Outside services		**14,856,516**	12,302,424	10,148,000
Taxes and licenses		**10,847,147**	9,994,174	4,682,491
Entertainment, amusement and recreation		**8,690,995**	1,605,374	2,651,106
Utilities		**7,582,420**	6,881,987	7,370,214
Advertising and promotions		**6,945,011**	11,756,392	9,566,905
Supplies		**5,606,875**	6,090,610	6,977,212
Repairs and maintenance		**5,173,786**	6,400,703	7,759,323
Conferences and meetings		**4,304,869**	5,669,560	7,108,259
Insurance		**1,268,400**	1,390,318	1,465,953
Transportation and travel		**791,420**	2,033,500	5,002,512
Association dues and fees		**714,024**	1,259,830	983,080
Trainings and seminars		**124,893**	187,353	358,232
Others		**5,196,706**	9,781,278	13,811,023
		₱507,231,953	₱488,407,306	₱465,778,035

Personnel costs consist of:

	Note	**2021**	2020	2019
Salaries and wages		**₱90,864,454**	₱92,521,192	₱96,435,384
Retirement benefits cost	22	**15,545,062**	23,078,622	18,186,486
Other employee benefits		**22,319,988**	24,797,411	23,751,731
		₱128,729,504	₱140,397,225	₱138,373,601

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 ₱9.0 million, ₱8.7 million and ₱10.5 million in 2021, 2020 and 2019, respectively (see Note 24).

21. Commissions and Other Direct Expenses and Finance Costs and Charges

Commissions and Other Direct Expenses

This account consists of:

	2021	2020	2019
Commissions:			
Group	**₱106,815,727**	₱129,250,977	₱171,112,230
First year	**30,943,987**	34,776,173	52,128,531
Reinsurance	**9,691,614**	20,385,690	19,271,633
Renewal	**3,909,816**	4,353,673	6,024,030
Direct taxes	**30,072,125**	27,288,549	25,755,708
	₱181,433,269	₱216,055,062	₱274,292,132

Finance Costs and Charges

This account consists of:

	Note	**2021**	2020	2019
Interest expense on:				
Premium deposit fund	11	**₱13,517,202**	₱25,761,882	₱12,467,170
Loans payable	13	**329,982**	1,644,385	13,185,165
		13,847,184	27,406,267	25,652,335
Bank charges and other service fees		**8,914,444**	8,071,712	10,258,543
		₱22,761,628	₱35,477,979	₱35,910,878

Bank charges and other service fees represent warehousing fees on investments in 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, 2021.

The components of retirement benefits cost recognized in the consolidated statements of comprehensive income are as follows:

	2021	2020	2019
Current service cost	**₱10,957,898**	₱20,449,706	₱11,006,622
Net interest expense	**4,587,164**	2,628,916	7,179,864
	₱15,545,062	₱23,078,622	₱18,186,486

The components of net retirement liability presented in the consolidated statements of financial position are as follows:

	2021	2020
Present value of defined benefit obligation	**₱262,044,645**	₱235,893,475
Fair value of plan assets	**(109,898,684)**	(96,896,904)
	₱152,145,961	₱138,996,571

Movements in the net retirement liability recognized in the consolidated statements of financial position are as follows:

	2021	2020
Balance at beginning of year	**₱138,996,571**	₱133,313,696
Current service cost	**10,957,898**	20,449,706
Net interest expense	**4,587,164**	2,628,916
Net remeasurement loss	**12,668,183**	4,848,154
Actual contributions	**(12,000,000)**	(15,000,000)
Benefits paid out of Group fund	**(3,063,855)**	(7,243,901)
Balance at end of year	**₱152,145,961**	₱138,996,571

Movements in the present value of defined benefit obligation are as follows:

	2021	2020
Balance at beginning of year	**₱235,893,475**	₱210,076,985
Current service cost	**10,957,898**	20,449,706
Interest cost	**8,244,322**	5,169,953
Remeasurement loss (gain) due to:		
Experience adjustments	**15,079,168**	(11,175,063)
Changes in financial assumptions	**(5,066,363)**	18,615,795
Benefits paid out of Group fund	**(3,063,855)**	(7,243,901)
Balance at end of year	**₱262,044,645**	₱235,893,475

Movements in the fair value of plan assets are as follows:

	2021	2020
Balance at beginning of year	**₱96,896,904**	₱76,763,289
Actual contributions	**12,000,000**	15,000,000
Interest income	**3,657,158**	2,541,037
Remeasurement gain (loss)	**(2,655,378)**	2,592,578
Balance at end of year	**₱109,898,684**	₱96,896,904

The Group expects to contribute ₱34.9 million to the plan assets in the next reporting period.

The distribution of the plan assets is as follows:

	2021	2020
Government securities	**88%**	66%
Corporate bonds, trust funds and mutual funds	**12%**	34%

The plan exposes the Group to the following risks:

- Salary Risk - any increase in the retirement plan participants' salary will increase the retirement
- Longetivity 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 on net retirement liability recognized in other comprehensive income is as follows:

	2021		
	Cumulative Remeasurement Loss	**Deferred Tax (see Note 23)**	**Net**
Balance at beginning of year	**₱17,090,744**	**(₱5,127,223)**	**₱11,963,521**
Remeasurement loss	**12,668,183**	**(3,167,046)**	**9,501,137**
Effect of change in income tax rate	**–**	**854,537**	**854,537**
Balance at end of year	**₱29,758,927**	**(₱7,439,732)**	**₱22,319,195**

	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

The principal assumptions used in determining net retirement liability are as follows:

	2021	2020
Discount rate	**4.89%**	3.59%
Salary increase rate	**6.00%**	6.00%

The sensitivity analysis of the retirement liability as at December 31, 2021 to changes in assumptions follows:

	Change in variable	Present value of defined benefit obligation
Discount rate	5.89%	₱245,410,350
	3.89%	280,897,998
Salary increase rate	7.00%	281,207,769
	5.00%	244,381,097

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	₱15,030,755
1 year to less than 5 years	211,753,711
5 years to less than 10 years	68,948,478
10 years to less than 15 years	94,902,705
15 years to less than 20 years	119,589,643
20 years and above	201,252,262

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 2021 and 2020.

The components of net deferred tax assets of the subsidiaries presented in the consolidated statements of financial position are as follows:

	2021	2020
Deferred tax assets:		
Allowance for impairment losses	**₱–**	₱340,076
Unearned rental income	**–**	233,873
	–	573,949
Deferred tax liability -		
Rent receivable	**–**	324,973
Net deferred tax assets	**₱–**	₱248,976

In 2021, the deferred tax asset amounting to ₱0.2 million which pertains to unearned rental income was not recognized as management assessed that it is not probable that there will be sufficient future taxable profit against which these deferred tax assets can be utilized as a result of BFAI's on-going liquidation.

The components of net deferred tax liabilities of the Parent Company are as follows:

	2021	2020
Deferred tax assets:		
Net retirement liability	**₱38,036,491**	₱41,698,971
Provision for impairment of loans and notes	**30,305,563**	33,366,675
Unrealized foreign exchange loss	**13,497,604**	51,366,516
NOLCO	**9,425,991**	–
Excess MCIT over RCIT	**3,753,982**	2,178,427
	95,019,631	128,610,589
Deferred tax liabilities:		
Revaluation surplus	**117,161,754**	141,727,963
Accrued interest using effective interest rate	**62,731,128**	74,902,125
Others	**2,415,371**	2,898,445
	182,308,253	219,528,533
Net deferred tax liabilities	**₱87,288,622**	₱90,917,944

The components of net deferred tax liabilities presented in other comprehensive income follow:

	Note	**2021**	2020
Revaluation surplus	8	**₱117,161,754**	₱141,727,963
Cumulative remeasurement loss on net retirement liability	22	**(7,439,732)**	(5,127,223)
		₱109,722,022	₱136,600,740

The presentation of net deferred tax assets (liabilities) is as follows:

	2021	2020
Through profit or loss	**(₱22,433,400)**	₱45,931,772
Through other comprehensive income	**109,722,022**	(136,600,740)
	₱87,288,622	(₱90,668,968)

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:

	2021	2020	2019
Income tax expense at statutory tax rate	**₱72,136,448**	₱34,438,528	₱44,519,336
Effect of change in income tax rates	**7,100,361**	–	–
Change in unrecognized deferred tax asset	**155,915**	–	–
Tax effects of:			
Nondeductible expenses	**17,499,192**	4,654,647	5,638,905
Nontaxable income	**(13,947,264)**	(5,625,856)	(19,440,075)
Interest and dividend income subjected to lower tax rates	**(5,708,644)**	(12,248,250)	(12,272,673)
Income exempt from tax	**(5,373,498)**	(4,538,787)	(2,369,381)
Effect of consolidation	**1,003,406**	(1,557,840)	(2,602,927)
Others	**(24,905,400)**	(21,480,037)	25,589,147
Effective income tax	**₱47,960,516**	(₱6,357,595)	₱39,062,332

Others pertain to unrealized foreign exchange loss in 2020 realized in 2021 on long-term bonds.

Details of the Group's MCIT which can be claimed as tax credit against future income tax due are as follows:

Year Incurred	Beginning Balance	Incurred	Expired	Impact of change in tax rate	Ending Balance	Expiry Date
2021	₱–	₱2,744,141	₱–	₱–	₱2,744,141	2026
2020	2,178,427	–	–	(1,168,586)	1,009,841	2025
	₱2,178,427	₱2,744,141	₱–	(₱1,168,586)	₱3,753,982	

Under the Republic Act No. 11494, also known as "Bayanihan to Recover as One Act" and Revenue Regulation No. 25-2020, the Group is allowed to carry-over its operating losses incurred for taxable years 2020 and 2021 for the next five (5) years immediately following the year of such loss. Consequently, NOLCO incurred in 2021 amounting to ₱37.7 million can be claimed as deduction from future taxable profit until 2026.

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 RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets and total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020.

The income tax rates used in preparing the financial statements as at and for the year ended December 31, 2021 are the transitional income tax rates of 25% and 1% for RCIT and MCIT, respectively.

The effect of the reduction in tax rates in 2020 was recognized as part of the 2021 income tax expense, as required by PAS 12, *Income Taxes*. Details of adjustments are as follows:

	Current	Deferred	Final	Total
Income tax expense	₱2,771,188	₱14,887,741	₱23,201,226	₱40,860,155
Effect of change in income tax rate	(1,510,270)	8,610,631	–	7,100,361
Adjusted income tax expense	₱1,260,918	₱23,498,372	₱23,201,226	₱47,960,516

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 ₱2.4 million, ₱3.5 million and ₱4.6 million in 2021, 2020 and 2019, respectively.

Advance rentals and deposits amounted to ₱2.1 million as at December 31, 2021 and 2020 (see Note 15).

Future minimum rental receivables under non-cancellable operating leases are as follows:

	2021	2020
Within one year	**₱3,469,964**	₱3,225,092
After one year but not more than five years	**369,364**	6,639,697
More than five years	**–**	363,142
	₱3,839,328	₱10,227,931

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 "Agency fees" in "General and administrative expenses" account in the consolidated statements of comprehensive income amounted to ₱9.0 million, ₱8.7 million and ₱10.5 million in 2021, 2020 and 2019, respectively (see Note 20). The Company assessed that these lease agreements qualify as leases of low value assets or short-term leases.

Future minimum lease payments under non-cancellable operating leases as at December 31, 2021 and 2020 are as follows:

	2021	2020
Within one year	**₱9,155,634**	₱8,570,538
After one year but not more than five years	**4,088,490**	2,373,374
	₱13,244,124	₱10,943,912

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 2021 and 2020, 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, 2021 and 2020 are as follows:

	2021	2020
Cash and cash equivalents	**₱9,420,636**	₱3,074,795
Insurance receivables	**3,383,813**	3,577,725
Financial assets at FVPL	**297,701,308**	663,956,182
Financial assets at FVOCI	**507,584,691**	833,314,570
Financial assets at amortized cost	**–**	1,158,947
Loans receivables	**308,211,366**	226,608,002
Accrued income	**9,069,255**	19,513,562
Property and equipment	**17,204,385**	20,072,383
Investment in subsidiaries	**–**	95,370,937
Other assets	**85,950,237**	75,417,940
	₱1,238,525,691	₱1,942,065,043

As at December 31, 2021 and 2020, the Parent Company's net worth and its excess over the requirement are as follows:

	2021	2020
Total assets	**₱9,475,408,563**	₱8,965,427,664
Total liabilities	**6,046,582,583**	6,078,310,984
Equity	**3,428,825,980**	2,887,116,680
Less: Non-admitted assets	**1,238,525,691**	1,942,065,043
Net worth	**2,190,300,289**	945,051,637
Less: Net worth requirement	**900,000,000**	900,000,000
Excess over net worth requirement	**₱1,290,300,289**	₱45,051,637

As at December 31, 2021 and 2020, 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, 2021 and 2020 was determined by the Parent Company based on its internal calculations:

	2021	2020
Tier 1	**₱2,981,632,178**	₱2,775,354,130
Tier 2	**452,164,777**	117,072,385
Deductions	**(222,159,059)**	(694,949,956)
Total available capital	**3,211,637,896**	2,197,476,559
RBC requirement	**1,275,251,724**	1,300,346,095
RBC ratio	**252%**	169%

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

<u>Insurance Risk</u>
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:

	2021		2020	
	Number of Policies	**Amount of Coverage**	Number of Policies	Amount of Coverage
Whole life	**76,588**	**₱10,140,923,964**	79,705	₱10,508,760,603
Endowment	**6,526**	**809,238,571**	7,831	900,245,931
Term	**11,003**	**1,451,475,203**	7,213	982,084,761
Accident and health	**7,964**	**1,544,972,508**	6,937	1,013,371,716
Group life	**618**	**398,656,814,649**	481	216,847,730,409
	102,699	**₱412,603,424,895**	102,167	₱230,252,193,420

The table below sets out the concentration of legal policy reserves by type of contract (see Note 9):

	2021	2020
Ordinary life	**₱2,585,701,710**	₱3,055,874,852
Group life	**815,165,038**	651,115,642
Accident and health	**31,190,853**	33,904,062
	₱3,432,057,601	₱3,740,894,556

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	
	2021	2020	**2021**	2020
Ordinary life	**2017 PICM, 1959 ADB, and 1952 Disability**	1980 CSO, 1959 ADB, and 1952 Disability	**2.0% to 5.3%**	1.6% to 4.6%
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.

	2021		
Change in Assumptions	**Increase (Decrease) in Liabilities**	**Increase (Decrease) in Income Before Income Tax**	**Increase (Decrease) in Equity**
+10%	**(₱97,055,490)**	**₱97,055,490**	**₱61,740,196**
-10%	**130,319,593**	**(130,319,593)**	**(119,720,455)**

	2020		
Change in Assumptions	Increase (Decrease) in Liabilities	Increase (Decrease) in Income Before Income Tax	Increase (Decrease) in Equity
+10%	(₱58,892,920)	₱58,892,920	₱54,774,236
-10%	118,756,439	(118,756,439)	(150,836,204)

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 estimated fair values and carrying values of financial assets and liabilities recognized as at December 31, 2021 and 2020:

	2021		2020	
	Fair Value	**Carrying Amount**	Fair Value	Carrying Amount
Financial Assets				
Cash and cash equivalents	**₱1,309,809,690**	**₱1,309,809,690**	₱972,250,861	₱972,250,861
Short-term investments	**11,880,219**	**11,880,219**	62,796,981	62,796,981
Insurance receivables	**36,080,607**	**36,080,607**	33,538,391	33,538,391
Investment securities	**6,106,524,052**	**6,024,903,376**	5,808,021,916	5,682,055,270
Loans receivables	**1,317,610,250**	**1,263,540,123**	1,528,438,740	1,390,963,245
Accrued income	**64,048,218**	**64,048,218**	72,813,698	72,813,698
	₱8,845,953,036	**₱8,710,262,233**	₱8,477,860,587	₱8,214,418,446
Financial Liabilities				
Insurance contract liabilities	**₱4,881,495,227**	**₱4,881,495,227**	₱4,912,423,179	₱4,912,423,179
Policyholders' dividends payable	**130,592,414**	**130,592,414**	142,208,734	142,208,734
Premium deposit fund	**311,114,991**	**311,114,991**	322,498,519	322,498,519
Insurance payables	**85,776,580**	**85,776,580**	94,278,156	94,278,156
Loans payable	**4,811,634**	**4,811,634**	23,286,209	23,286,209
Accounts payable and accrued expenses*	**143,147,968**	**143,147,968**	139,315,023	139,315,023
Other liabilities	**234,234,971**	**234,234,971**	216,280,214	216,280,214
	₱5,791,173,785	**₱5,791,173,785**	₱5,850,290,034	₱5,850,290,034

**Excluding statutory payables amounting to ₱18.1 million and ₱21.9 million as at December 31, 2021 and 2020, 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.

There were no transfers between fair value hierarchies in 2021 and 2020.

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:

	2021	2020
Cash in banks and cash equivalents	**₱1,309,809,690**	₱972,250,861
Short-term investments	**11,880,219**	62,796,981
Insurance receivables	**36,080,607**	33,538,391
Investment securities	**6,024,903,376**	5,682,055,270
Loans receivables	**1,263,540,123**	1,390,963,245
Accrued income	**64,048,218**	72,813,698
	₱8,710,262,233	₱8,214,418,446

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 ₱517.2 million and ₱519.1 million in 2021 and 2020, 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 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, 2021 and 2020. 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, 2021			
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
Cash in banks and cash equivalents	**₱1,309,809,690**	**₱–**	**₱–**	**₱1,309,809,690**
Short-term investments	**11,880,219**	**–**	**–**	**11,880,219**
Insurance receivables	**36,080,607**	**–**	**–**	**36,080,607**
Investment securities	**6,024,903,376**	**–**	**–**	**6,024,903,376**
Loans receivables	**1,276,143,947**	**–**	**108,618,427**	**1,384,762,374**
Accrued income	**64,048,218**	**–**	**–**	**64,048,218**
	₱8,722,866,057	**₱–**	**₱108,618,427**	**₱8,831,484,484**

	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

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, 2021 and 2020:

	2021	2020
Insurance contract liabilities	**₱2,264,602,663**	₱1,822,644,265
Policyholders' dividends payable	**130,592,414**	142,208,734
Premium deposit fund	**311,114,991**	322,498,519
Insurance payables	**85,776,580**	94,278,156
Loans payable	**4,811,634**	23,286,209
Accounts payable and accrued expenses*	**143,147,968**	139,315,023
Other liabilities	**232,132,912**	214,178,155
	₱3,172,179,162	₱2,758,409,061

**Excluding statutory payables amounting to ₱18.1 million and ₱21.9 million as at December 31, 2021 and 2020, 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)

The table below summarizes the Group’s exposure to currency risk on foreign currency-denominated assets and liabilities and total PHP equivalents.

	2021						
	USD	**SGD**	**EUR**	**AUD**	**HKD**	**GBP**	**Total (PHP)**
Financial Assets							
Cash and cash equivalents	**$3,183,784**	**SGD–**	**€8,996**	**AUD42,198**	**HKD85,811**	**£1,017**	**₱165,068,659**
Accrued investment income	**663,354**	**–**	**–**	**20,232**	**–**	**–**	**34,575,049**
Investment securities	**48,040,203**	**297,312**	**281,151**	**1,896,845**	**2,313,431**	**143,721**	**2,572,063,187**
Loans and receivables	**2,381**	**–**	**–**	**–**	**–**	**–**	**121,420**
	$51,889,722	**SGD297,312**	**€290,147**	**AUD1,959,275**	**HKD2,399,242**	**£144,738**	**₱2,771,828,315**
Financial Liabilities							
Accounts payable and accrued expenses	**$19,337**	**SGD –**	**€–**	**AUD –**	**HKD –**	**£–**	**₱986,174**
Insurance contract liabilities	**1,296,587**	**–**	**–**	**–**	**–**	**–**	**66,124,644**
Loans payable	**–**	**128,123**	**–**	**–**	**–**	**–**	**4,811,633**
Premium deposit fund	**1,931**	**–**	**–**	**–**	**–**	**–**	**98,458**
Other current liabilities	**5,592**	**–**	**–**	**–**	**–**	**–**	**285,199**
	$1,323,447	**SGD128,123**	**€–**	**AUD –**	**HKD –**	**£–**	**₱72,306,108**

	2020						
	USD	SGD	EUR	AUD	HKD	GBP	Total (PHP)
Financial Assets							
Cash and cash equivalents	$1,273,947	SGD–	€2,276	AUD197,624	HKD22,520	£–	₱68,644,689
Accrued investment income	721,650	–	–	13,629	–	–	35,151,847
Investment securities	53,886,995	149,081	215,516	1,809,944	2,955,645	111,170	2,697,245,494
Loans and receivables	9,197	–	–	–	–	–	441,678
	$55,891,789	SGD149,081	€217,792	AUD2,021,197	HKD2,978,165	£111,170	₱2,801,483,708
Financial Liabilities							
Accounts payable and accrued expenses	$24,828	SGD –	€–	AUD –	HKD –	£–	₱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 current liabilities	5,592	–	–	–	–	–	268,556
	$24,722,318	SGD –	€–	AUD –	HKD –	£–	₱92,108,931

For purposes of restating the outstanding balances of the Group's foreign currency-denominated financial assets and liabilities as at December 31, 2021 and 2020, the following exchange rates were applied:

	2021	2020
USD	**₱51.00**	₱48.02
SGD	**37.55**	36.12
EUR	**57.51**	58.69
AUD	**36.81**	36.40
HKD	**6.51**	6.19
GBP	**68.53**	64.62

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, 2021 and 2020:

	2021			2020		
	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	**3.64%**	**₱86,824,925**	**₱62,948,070**	-3.89%	(₱92,566,559)	(₱67,110,755)
	(3.64%)	**(86,824,925)**	**(62,948,070)**	3.89%	92,566,559	67,110,755
SGD	**4.31%**	**–**	**1,216,350**	-4.11%	–	(923,716)
	(4.31%)	**–**	**(1,216,350)**	4.11%	–	923,716
EUR	**6.42%**	**–**	**1,475,612**	-5.34%	–	(1,167,579)
	(6.42%)	**–**	**(1,475,612)**	5.34%	–	1,167,579
AUD	**5.38%**	**1,611,686**	**3,657,564**	-5.69%	(1,306,898)	(3,410,624)
	(5.38%)	**(1,611,686)**	**(3,657,564)**	5.69%	1,306,898	3,410,624
HKD	**3.53%**	**–**	**1,423,735**	-3.77%	–	(1,443,542)
	(3.53%)	**–**	**(1,423,735)**	3.77%	–	1,443,542
GBP	**5.09%**	**–**	**483,783**	5.09%	–	(960,905)
	(5.09%)	**–**	**(483,783)**	-5.09%	–	960,905

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.

	2021			
	Up to 1 year	**1-3 years**	**3-5 years**	**Over 5 years**
Financial assets at FVOCI	**₱757,742,278**	**₱253,352,944**	**₱197,763,011**	**₱1,064,528,190**
Financial assets at FVPL	**–**	**17,586,495**	**61,429,060**	**650,619,523**

	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

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, 2021 and 2020:

	2021		
	Change in Variable	**Impact on Income Before Tax**	**Impact on Equity**
USD	**5.3611%**	**₱7,029,285**	**₱166,391,684**
	(5.3611%)	**(7,029,285)**	**(166,391,684)**
AUD	**4.6667%**	**–**	**1,007,633**
	(4.6667%)	**–**	**(1,007,633)**

	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)

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 2021 and 2020, 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, 2021 and 2020:

	2021		
Market Indices	**Change in Stock Index**	**Impact on Income Before Tax**	**Impact on Equity**
Hang Seng Index (HSI)	**17.62%**	**₱–**	**₱491,957**
	(17.62%)	**–**	**(491,957)**
PSEi	**4.74%**	**1,554,309**	**2,103,626**
	(4.74%)	**(1,554,309)**	**(2,103,626)**
Financial Times Stock Exchange (FTSE)	**11.68%**	**–**	**258,360**
	(11.68%)	**–**	**(258,360)**
Standard and Poor's Index (SPX)	**1.18%**	**–**	**30,628**
	(1.18%)	**–**	**(30,628)**
FTSE Straits Times Index (FSSTI)	**2.63%**	**–**	**171,645**
	(2.63%)	**–**	**(171,645)**

	2020		
Market Indices	Change in Stock Index	Impact on Income Before Tax	Impact on Equity
Hang Seng Index (HSI)	10.36%	₱–	₱377,691
	(10.36%)	–	(377,691)
PSEi	3.60%	–	489,855
	(3.60%)	–	(489,855)
Financial Times Stock Exchange (FTSE)	18.71%	–	306,921
	(18.71%)	–	(306,921)
Standard and Poor's Index (SPX)	4.04%	–	104,284
	(4.04%)	–	(104,284)
FTSE Straits Times Index (FSSTI)	10.64%	–	572,903
	(10.64%)	–	(572,903)

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, 2021 and 2020 are as follows:

	2021	2020
Current assets:		
Cash and cash equivalents	**₱1,309,862,690**	₱972,303,861
Short-term investments	**11,880,219**	62,796,981
Insurance receivables	**36,080,607**	33,538,391
Investment securities	**1,223,738,800**	1,030,859,989
Loans receivables	**701,521,268**	657,054,314
Accrued income	**64,048,218**	72,813,698
Other current assets	**1,181,045**	5,175,452
	₱3,348,312,847	₱2,834,542,686
Current liabilities:		
Insurance contract liabilities	**₱2,264,602,663**	₱1,822,644,265
Policyholders' dividends payable	**130,592,414**	142,208,734
Premium deposit fund	**311,114,991**	322,498,519
Insurance payables	**85,776,580**	94,278,156
Loans payable	**4,811,634**	23,286,209
Accounts payable and accrued expenses	**161,286,692**	161,204,052
Income tax payable	**560,325**	3,658,568
Other liabilities	**232,132,912**	214,178,155
	₱3,190,878,211	₱2,783,956,658

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.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and Board of Directors
Beneficial Life Insurance Company, Inc. and Subsidiaries
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, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 and have issued our report thereon dated April 7, 2022. 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 April 13, 2024
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. 8851719
Issued January 3, 2022, Makati City

April 7, 2022
Makati City, Metro Manila

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

DECEMBER 31, 2021 AND 2020

	2021	2020
CURRENT/LIQUIDITY RATIO		
Current assets	**₱3,348,312,847**	₱2,834,542,686
Current liabilities	**3,190,878,211**	2,783,956,658
	1.05	1.02
SOLVENCY RATIO		
Net income before depreciation	**₱260,428,391**	₱143,837,391
Total liabilities	**6,049,307,417**	6,105,752,146
	0.04	0.02
DEBT-TO-EQUITY RATIO		
Total liabilities	**₱6,049,307,417**	₱6,105,752,146
Total equity	**3,428,501,767**	2,870,069,893
	1.76	2.13
ASSET-TO-EQUITY RATIO		
Total assets	**₱9,477,809,184**	₱8,975,822,039
Total equity	**3,428,501,767**	2,870,069,893
	2.76	3.13
INTEREST-COVERAGE RATIO		
Earnings before interest and taxes	**₱302,392,976**	₱142,201,359
Interest expense	**13,847,184**	27,406,267
	21.84	5.19
PROFITABILITY RATIO		
Net income	**₱240,585,276**	₱121,152,687
Average equity	**3,149,285,830**	3,021,421,636
	7.64%	4.01%

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF THE RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY

DECEMBER 31, 2021

	Amount
Unappropriated retained earnings of the Parent Company at beginning of year	₱1,670,455,107
Adjustments for:	
Deferred tax assets	123,483,366
Unrealized foreign exchange loss	99,621,598
Unappropriated retained earnings, as adjusted to available for dividend distribution at beginning of year	1,893,560,071
Net income during the year closed to retained earnings	203,106,586
Adjustments for:	
Unrealized foreign exchange loss – realized this year	(99,621,598)
Movement in deferred tax assets	(35,903,467)
Fair value adjustment on financial assets at FVPL during the year	(5,075,212)
Transfer of revaluation increment on property and equipment	3,779,524
Net income actually earned during the year	66,285,833
Unappropriated retained earnings available for dividend declaration at end of year	1,959,845,904
Reversal of appropriation	(47,136,531)
Unappropriated retained earnings available for dividend declaration at end of year	₱1,912,709,373

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, 2021

Table of Contents

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

A. FINANCIAL ASSETS

DECEMBER 31, 2021

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds and notes*	*Amount shown in the statements of financial position*	*Value based on market quotation at end of reporting period*	*Income received and accrued*
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)				
Corporate Bonds:				
UHSBC HOLDINGS PLC 6.375%	200,000	11,009,562	11,009,562	628,127
LLOYDS BANKING GROUP PLC 7.5%	200,000	11,537,606	11,537,606	734,308
LLOYDS BANKING GROUP PLC 7.50 PERP	200,000	11,537,606	11,537,606	193,837
LISTRINDO CAPITAL BV 4.95%	200,000	10,391,046	10,391,046	524,367
HUARONG FINANCE CO LTD 2017 FNMRY 4.0 PERP '22 FRN	200,000	10,110,552	10,110,552	391,141
PROMIGAS SA ESP PMGX 3.75%	200,000	10,096,782	10,096,782	387,635
HUARONG FINANCE FNMRY 4.50 PERP	200,000	10,189,600	10,189,600	436,641
CENTRAL CHINA REAL ESTATE GROUP CHINA CO LTD CNTCN 7.25%	200,000	6,323,876	6,323,876	764,521
PETROLEOS MEXICANOS PEMEX 6.49 01/23/27	200,000	10,867,887	10,867,887	731,234
MINERVA LUXEMBOURG SA BEEFC 4.375	200,000	9,766,309	9,766,309	102,602
BRF SA BRFSC 4.875 01/24/30	200,000	10,352,797	10,352,797	115,304
BANCO DE BRASIL PERP 9%	200,000	10,901,036	10,901,036	478,220
MEXICHEM SAB DE CV 4%	200,000	10,918,886	10,918,886	39,306
MYRIAD INTERNATIONAL HOLDINGS BV 4.85%	200,000	11,379,407	11,379,407	38,945
NOTES SCOTIABANK PERU SAA 4.5%	200,000	10,387,476	10,387,476	424,224
NOTES SCOTIABANK PERU SAA 4.5%	200,000	10,387,476	10,387,476	408,788
NOTES ELECTRICITE DE FRANCE SA	200,000	10,729,170	10,729,170	555,682
6% NOTES YUZHOU PROPERTIES CO LTD	200,000	3,248,636	3,248,636	598,406
NOTES HSBC HLDINGS PLC 2015 6.375%	200,000	11,003,544	11,003,544	628,160
NOTES ARGENTUM NETHERLANDS BV 2017 4.625%	200,000	10,238,049	10,238,049	460,396
BONDS ROYAL CAPITAL BV 2020-W/O FIXED MAT GUARANTEED FIXED/FLOATING RATE	200,000	10,813,318	10,813,318	489,215
BONDS RIZAL COMMERCIAL BANKING CORP. 2020-WITHOUT FIXED MATURITY FIXED/VARIABLE RATE	500,000	26,036,264	26,036,264	1,570,142
MEDIUM TERM NOTES CENTRAL PLAZA DEVELOPMENT LTD 2019	200,000	9,383,816	9,383,816	566,605
BONDS TMB BANK PUBLIC COMPANY LTD 2019 FIXED/VARIABLE RATE	200,000	10,255,899	10,255,899	489,333
NOTES SMC GLOBAL POWER HOLDINGS CORP	380,000	20,009,458	20,009,458	1,310,278
(Forward)				

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds and notes*	*Amount shown in the statements of financial position*	*Value based on market quotation at end of reporting period*	*Income received and accrued*
UNOTES SMC GLOBAL POWER HOLDINGS CORP	220,000	11,584,423	11,584,423	758,159
AEGON NV FRN PERPETUAL	200,000	9,513,353	9,513,353	(63,620)
6.875% NOTES CREDIT AGRICOLE SA	200,000	11,140,222	11,140,222	677,550
BONDS RE1 LIMITED 2020-24.09.80 REG S FLOATING RATE	200,000	10,684,291	10,684,291	472,215
NOTES CNP ASSURANCES 2021 W/O FIXED MAT, FR	200,000	10,421,136	10,421,136	296,087
NOTES CNP ASSURANCES 2021 W/O FIXED MAT, FR	200,000	10,421,136	10,421,136	279,015
HSBC HOLDINGS PLC VRN ECLEAR PERP	200,000	10,612,892	10,612,892	617,266
HSBC HOLDINGS PLC 6.25% VRN PERPETUAL CALL 03/23/2023	200,000	10,612,892	10,612,892	613,231
WESTPAC BANKING CORP/NEW ZEALAND VRNECLEAR PERPETUAL DTD 9/21/2017	200,000	10,650,122	10,650,122	491,838
WESTPAC BANKING CORP/NEW ZEALAND VRN CLEAR PERP	200,000	10,650,122	10,650,122	489,520
UBS GROUP AG VRN PERP DD 31JAN2018	200,000	10,230,399	10,230,399	500,392
UBS GROUP AG VRN ECLEAR PERPETUAL DTD 31JAN2018	200,000	10,230,399	10,230,399	501,003
DNB BANK ASA VRN ECLEAR PERP REGS	200,000	10,606,772	10,606,772	482,799
DNB BANK ASA VRN ECLEAR PERP REGS	200,000	10,606,772	10,606,772	483,462
BANGKOK BANK PCL/HONGONG VRN CLEAR	200,000	10,596,062	10,596,062	487,607
BANGKOK BANK PCL/HONGONG VRN CLEAR	200,000	10,596,062	10,596,062	487,824
GENERAL ELECTRIC CO VRN	200,000	10,077,402	10,077,402	351,754
GENERAL ELECTRIC CO VRN	200,000	10,077,402	10,077,402	346,227
EFG INTL AGVRN ECLEAR PERP 25JAN2021	200,000	10,560,873	10,560,873	492,498
ASAHI MUTUAL LIFE INSURANCE CO VRN	200,000	10,269,159	10,269,159	375,529
ASAHI MUTUAL LIFE INSURANCE CO VRN PERP	200,000	10,269,159	10,269,159	324,982
7.5% NOTES CREDIT SUISSE GROUP AG	200,000	10,769,969	10,769,969	735,338
4.875% ROYAL CAPITAL BV 2016 PERP	200,000	10,633,292	10,633,292	481,645
6.125% EMIRATES NBD BANK PJSC W/O FIXED MAT	200,000	10,710,300	10,710,300	604,075
6.125% EMIRATES NBD BANK PJSC W/O FIXED MAT	200,000	10,710,300	10,710,300	607,009
8% NOTES COUNTRY GARDEN HOLDINGS CO	200,000	10,286,498	10,286,498	527,397
7.5% NOTES CENTRAL CHINA REAL ESTATE LTD	200,000	6,409,044	6,409,044	763,463
GLOPM 4.2 PERP	200,000	10,484,374	10,484,374	66,445
4% NOTES SOFTBANK GROUP CORP.	200,000	9,975,914	9,975,914	69,825
6.7 NOTE PETROLEOS MEXICANOS PEMEX	181,000	9,321,466	9,321,466	7,651
6.7 NOTE PETROLEOS MEXICANOS PEMEX	104,000	5,355,980	5,355,980	4,396
LMIRT CAPITAL PTE LTD 7.25%	200,000	10,495,594	10,495,594	642,774
BANK OF EAST ASIA LTD PERPETUAL	200,000	10,315,058	10,315,058	552,868
COMMERZBANK AG VRN PERPETUAL	200,000	10,964,785	10,964,785	683,976
COMMERZBANK AG VRN PERPETUAL	200,000	10,964,785	10,964,785	684,948
(Forward)				

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds and notes*	*Amount shown in the statements of financial position*	*Value based on market quotation at end of reporting period*	*Income received and accrued*
AGILE GROUP HOLDINGS LTD VRN PERP	200,000	4,896,924	4,896,924	775,141
BANCO BILBAO VIZCAYA ARGENTARIA VRN PERP	200,000	10,823,008	10,823,008	602,713
BANCO BILBAO VIZCAYA ARGENTARIA VRN PERP	200,000	10,823,008	10,823,008	602,738
SUNAC CHINA HOLDINGS LTD 6.50%	400,000	12,968,026	12,968,026	1,266,826
EASY TACTIC LTD 8.125%	200,000	3,842,265	3,842,265	708,240
SOFTBANK GROUP CORP VRN PERP	200,000	10,151,861	10,151,861	594,466
SOFTBANK GROUP CORP VRN ECLEAR PERPETUALDTD 19JUL2017	200,000	10,151,861	10,151,861	598,077
NATWEST GROUP PLC FRN PERP DD 30JUN2020	100,000	5,080,520	5,080,520	161,165
NATWEST GROUP PLC FRN PERP DD 30JUN2020	100,000	5,080,520	5,080,520	160,412
NATWEST GROUP PLC VRN ECLEAR PERP DD 04OCT2007	200,000	10,161,041	10,161,041	300,049
AGILE GROUP HOLDINGS LTD VRN PERP	200,000	4,896,924	4,896,924	705,972
YUZHOU GROUP HOLDINGS CO LTD 7.375%	350,000	5,074,655	5,074,655	914,265
Local Equity Securities:				
JOLLIBEE FOOD CORP SERIES A PREF SH	6,500	6,500,000	6,500,000	–
JOLLIBEE FOOD CORP SERIES B PREF SH	29,230	29,317,690	29,317,690	–
FILINVEST REIT CORP	13,698,600	101,369,640	101,369,640	3,068,486
RL COMMERCIAL REIT, INC.	14,285,700	108,714,177	108,714,177	885,714
MREIT	6,205,500	122,248,350	122,248,350	1,489,320
Total Financial Assets at FVPL		**₱1,097,784,937**	**₱1,097,784,937**	**₱41,798,149**
FINANCIAL ASSETS AT AMORTIZED COST				
Corporate Bonds (PHP):				
AYALA LAND INC 5.9203% due 2028	30,000,000	30,000,000	33,833,892	1,776,090
SM PRIME HOLDINGS INC SERIES H 5.663%	10,000,000	10,023,858	10,167,596	546,935
SM PRIME HOLDINGS INC SERIES I 6.0804%	10,000,000	10,061,367	10,611,999	590,855
NLEX CORP 6.90% SERIES B DUE 2028	15,000,000	15,000,000	15,635,426	1,035,000
NLEX CORP 6.6407% SERIES A DUE 2025	8,800,000	8,800,000	9,687,657	584,382
NLEX CORP 6.90% SERIES B DUE 2028	3,000,000	3,000,000	3,127,085	207,000
NLEX CORP 6.6407% SERIES A DUE 2025	10,000,000	10,000,000	11,008,702	664,070
SMC GLOBAL POWER HOLDINGS CORP SERIES G 6.75%	35,000,000	35,000,000	35,676,107	2,362,500
PETRON CORP SERIES C 7.8183% 2024	17,500,000	17,500,000	18,106,254	1,368,203
PETRON CORP SERIES D 8.0551% 2025	25,000,000	25,000,000	27,582,489	2,013,775
ABOITIZ POWER CORP SERIES C 10YR BONDS 8.5091%	7,300,000	7,300,000	8,285,899	621,164

(Forward)

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds and notes*	*Amount shown in the statements of financial position*	*Value based on market quotation at end of reporting period*	*Income received and accrued*
SMC GLOBAL POWER HOLDINGS CORP SERIES H 6.835%	15,000,000	15,000,000	15,322,197	1,025,250
SMC GLOBAL POWER HOLDINGS CORP SERIES J 7.60%	50,000,000	50,000,000	54,761,555	3,800,000
SM PRIME HOLDINGS 6.2223% SERIES J 3Y FIXED RATE BONDS	50,000,000	50,000,000	50,418,714	3,111,150
UNIONBANK 6% SERIES B SENIOR FIXED RATE BONDS 2022	50,000,000	50,000,000	50,896,415	3,000,000
BDO SERIES "1" BONDS 4.408% DUE 2022	50,000,000	50,000,000	50,898,592	2,210,122
SAN MIGUEL FOOD AND BEVERAGE INC. 5.05% DUE 2025	34,000,000	34,000,000	34,949,330	1,717,000
ARTHALAND FIXED RATE ASEAN GREEN BONDS 6.3517% DUE 2025	50,000,000	50,000,000	50,063,206	3,175,850
UNIONBANK SERIES A UNSECURED SUBORDINATED NOTES 5.25% DUE 2024MAY30	100,000,000	100,000,000	103,334,903	5,250,000
ABOITIZ POWER CORPORATION SERIES E BONDS 3.125% DUE 2022	50,000,000	50,000,000	50,570,018	1,562,500
ROBINSONS LAND CORPORATION SERIES C BONDS 3.683% DUE 2023	50,000,000	50,000,000	51,331,791	2,312,106
SECURITY BANK 3.125% DUE 2022	50,000,000	50,000,000	50,533,686	1,562,500
ABOITIZ EQUITY VENTURES SERIES C BOND DUE 2023 2.8403%	200,000,000	200,000,000	199,981,120	5,680,600
FILINVEST LAND INC 3.3353% 3Y bonds due 2023	100,000,000	100,000,000	99,730,223	3,335,300
DEVELOPMENT BANK OF THE PHILIPPINES SERIES 2 BONDS 2022	50,000,000	50,000,000	50,247,025	1,246,528
AYALA CORP CLASS "B" PREFERRED SHARES 4.8214% 142,570 SH @ P500/SH	71,285,000	71,285,000	73,280,980	–
PETRON PREFERRED SHARES SERIES 3A 6.8713% 25K SHARES	25,000,000	25,000,000	25,000,000	–
PETRON PREFERRED SHARES SERIES 3B 7.1383% 25K SHARES	25,000,000	25,000,000	27,975,000	–
Government Bonds (PHP):				
PIBD2023B048 1	2,000,000	2,065,404	2,195,168	207,683
PIBD2023J068 1	1,000,000	1,025,991	1,124,813	101,168
PIBD2023J068 1	7,000,000	7,181,938	7,873,690	708,177
PIBD2024F075 1	3,000,000	3,157,667	3,531,235	316,124
PIBD2024F075 1	5,770,000	6,073,208	6,791,741	608,025
PIBD2025J116 1	4,000,000	4,271,409	4,966,885	428,652
PIBD2026A122 1	30,000,000	30,437,708	35,865,058	2,990,391
PIBD2026A122 1	40,000,000	40,583,610	47,820,077	3,987,188
PIBD2026A122 1	20,000,000	20,291,805	23,910,039	1,993,594
PIBD2026L139 1	30,000,000	28,009,980	34,150,546	2,701,802
PIBD2026L139 1	20,000,000	18,673,320	22,767,031	1,801,201
PIBD2026L139 1	20,000,000	18,673,320	22,767,031	1,801,201
PIBD2531A032 1	5,000,000	5,249,851	6,961,917	546,488
PIBD2531J042	20,000,000	18,815,110	25,888,225	1,942,835
PIBD2531J042	15,311,002	14,403,909	19,818,733	1,487,337
PIID0522L114 1	50,000,000	50,000,000	50,911,070	2,312,500

(Forward)

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds and notes*	*Amount shown in the statements of financial position*	*Value based on market quotation at end of reporting period*	*Income received and accrued*
PIID0524C129	30,000,000	30,000,000	31,693,404	1,875,000
PIBD0726B627	9,750,000	10,254,791	10,471,131	500,946
PIID0323B101	87,087,000	87,087,000	88,757,955	3,810,056
PIID0323B101	50,000,000	50,000,000	50,959,360	2,187,500
PIID0525H130	20,000,000	20,000,000	19,464,096	525,000
PIBD0523C752 (1.872%)	30,000,000	31,268,155	30,956,553	592,727
PIID0522L114 (1.88%)	40,000,000	41,005,627	40,728,856	758,372
PIID1023H046 (1.88%)	50,000,000	51,090,932	50,357,866	897,082
PIID1023H046 (1.89%)	9,040,000	9,235,783	9,104,702	162,531
PIID1023H046 (1.90%)	30,960,000	31,625,523	31,181,591	559,466
PIID0522L114 (1.76%)	20,000,000	20,525,197	20,364,428	339,183
PIID1023H046 (2.21%)	50,000,000	50,827,465	50,357,866	970,528
PIID0324C115 (auction)	50,000,000	50,000,000	49,722,679	963,194
PIBL1221E191 (1.54)	30,000,000	29,834,203	29,876,350	248,063
PIBL1221D156 (1.525)	30,000,000	29,870,747	29,907,181	247,213
PIBL1222A024 (1.36%)	30,000,000	29,986,495	29,990,181	196,942
Other investment	1,065,097	1,065,097	1,065,097	8,754
Total Financial Assets at Amortized Cost		**₱2,034,561,470**	**₱2,115,320,416**	**₱89,535,803**
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVOCI)				
Government Bonds (USD):				
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	493,510
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	499,966
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	502,669
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	501,382
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	508,704
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	533,228
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	534,433
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	546,930
REPUBLIC OF THE PHILIPPINES 6.375%	200,000	14,139,473	14,139,473	460,547
REPUBLIC OF THE PHILIPPINES 6.375%	250,000	17,674,341	17,674,341	111,461
REPUBLIC OF THE PHILIPPINES 7.75%	200,000	14,840,709	14,840,709	422,669
REPUBLIC OF THE PHILIPPINES 7.75%	200,000	14,840,709	14,840,709	424,509
REPUBLIC OF THE PHILIPPINES 7.75%	200,000	14,840,709	14,840,709	431,378

(Forward)

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
REPUBLIC OF THE PHILIPPINES 7.75%	250,000	18,550,886	18,550,886	512,726
REPUBLIC OF THE PHILIPPINES 7.75%	150,000	11,130,532	11,130,532	314,331
REPUBLIC OF THE PHILIPPINES 7.75%	250,000	18,550,886	18,550,886	522,955
REPUBLIC OF THE PHILIPPINES 7.75%	250,000	18,550,886	18,550,886	546,926
REPUBLIC OF THE PHILIPPINES 7.75%	250,000	18,550,886	18,550,886	560,956
REPUBLIC OF THE PHILIPPINES 7.75%	200,000	14,840,709	14,840,709	464,710
REPUBLIC OF THE PHILIPPINES 7.75%	250,000	18,550,886	18,550,886	214,959
6.375% BOND REPUBLIC OF THE PHILIPPINES	300,000	20,444,989	20,444,989	602,660
6.375% BOND REPUBLIC OF THE PHILIPPINES	200,000	13,629,993	13,629,993	379,893
6.375% BOND REPUBLIC OF THE PHILIPPINES	500,000	34,074,982	34,074,982	1,046,023
6.375% BOND REPUBLIC OF THE PHILIPPINES	400,000	27,259,985	27,259,985	912,807
6.375% BOND REPUBLIC OF THE PHILIPPINES	250,000	17,037,491	17,037,491	544,922
6.375% BOND REPUBLIC OF THE PHILIPPINES	250,000	17,037,491	17,037,491	544,922
6.375% BOND REPUBLIC OF THE PHILIPPINES	400,000	27,259,985	27,259,985	867,405
6.375% BOND REPUBLIC OF THE PHILIPPINES	150,000	10,222,495	10,222,495	330,682
6.375% BOND REPUBLIC OF THE PHILIPPINES	150,000	10,222,495	10,222,495	330,975
6.375% BOND REPUBLIC OF THE PHILIPPINES	160,000	10,903,994	10,903,994	357,558
6.375% BOND REPUBLIC OF THE PHILIPPINES	200,000	13,629,993	13,629,993	380,240
6.375% BOND REPUBLIC OF THE PHILIPPINES	300,000	20,444,989	20,444,989	683,020
6.375% BOND REPUBLIC OF THE PHILIPPINES	250,000	17,037,491	17,037,491	547,111
6.375% BOND REPUBLIC OF THE PHILIPPINES	100,000	6,814,996	6,814,996	219,170
6.375% BOND REPUBLIC OF THE PHILIPPINES	300,000	21,252,813	21,252,813	604,537
6.375% BOND REPUBLIC OF THE PHILIPPINES	200,000	14,168,542	14,168,542	400,466
6.375% BOND REPUBLIC OF THE PHILIPPINES	250,000	17,710,678	17,710,678	495,879
6.375% BOND REPUBLIC OF THE PHILIPPINES	250,000	17,710,678	17,710,678	502,371
6.375% BOND REPUBLIC OF THE PHILIPPINES	250,000	17,710,678	17,710,678	510,042
6.375% BOND REPUBLIC OF THE PHILIPPINES	500,000	35,421,355	35,421,355	1,061,563
6.375% BOND REPUBLIC OF THE PHILIPPINES	200,000	14,168,542	14,168,542	432,574
Government Bonds (PHP):				
PIBD0523C752 (1.985%)	50,000,000	51,594,255	51,594,255	1,060,819
PIID0522L114 (1.85%)	40,000,000	40,728,856	40,728,856	771,230
PIBL1221C102 (1.835%)	30,000,000	29,937,452	29,937,452	441,430
PIBL1221A042 (1.65%)	30,000,000	29,978,929	29,978,929	399,744
PIBL1221B078 (1.80%)	30,000,000	29,963,752	29,963,752	429,246
(Forward)				

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds and notes*	*Amount shown in the statements of financial position*	*Value based on market quotation at end of reporting period*	*Income received and accrued*
PIBL1221C111 (1.915%)	30,000,000	29,923,728	29,923,728	450,894
PIBL1221A015 (0.80%)	30,000,000	29,995,742	29,995,742	368,664
PIBD0522A747 (1.50%)	20,000,000	20,031,140	20,031,140	36,450
PIBD0522A747 (1.50%)	30,000,000	30,046,710	30,046,710	59,794
PIBD1022I570 (1.85%)	20,000,000	20,329,847	20,329,847	48,522
PIBL1221A042 (1.15%)	25,000,000	24,982,441	24,982,441	40,629
PIBL1221C111 (1.37%)	20,000,000	19,949,152	19,949,152	38,631
PIBL1221B069 (1.143%)	11,000,000	10,984,084	10,984,084	17,760
PIBL1221A033 (1.15%)	20,000,000	19,989,444	19,989,444	35,692
PIID0527L140 (4.625%)	20,000,000	20,134,118	20,134,118	74,514
PIID0323B101 (2.20%)	20,000,000	20,383,744	20,383,744	36,521
PIBL1221E191 (1.4451%)	20,000,000	19,916,422	19,916,422	22,337
PIID0522L114 (2.15%)	1,980,000	2,016,078	2,016,078	3,028
PIID0522L114 (2.10%)	20,000,000	20,364,428	20,364,428	29,891
PIBL1221D165 (1.3851%)	30,000,000	29,898,672	29,898,672	28,707
PIBL1221E191 (1.4355%)	14,564,000	14,503,139	14,503,139	12,122
PIBD1022H562 (1.75%)	18,000,000	18,267,604	18,267,604	16,400
PIBD0522A747 (1.45%)	20,000,000	20,031,140	20,031,140	14,499
PIBD1022G545 (1.30%)	50,000,000	50,101,720	50,101,720	11,372
PIBD0522A747 (1.325%)	50,000,000	50,077,850	50,077,850	6,006
PIID1023H046 (2.65%)	6,000,000	6,042,944	6,042,944	783
PIID1023H046 (2.65%)	10,000,000	9,995,258	9,995,258	–
Private Debt Securities:				
ABOITIZ POWER SERIES D BONDS DUE 2026 5.2757%	50,000,000	53,080,046	53,080,046	2,637,850
ALSONS CONSOLIDATED SERIES P COMML PAPER 3.75%	100,000,000	98,423,364	98,423,364	1,702,149
COLOMBIA, REPUBLIC OF 8.375%	200,000	12,418,257	12,418,257	586,186
AUST & NZ BANKING GROUP 4.75%	300,000	11,193,766	11,193,766	511,846
MEGAWORLD CORP 4.25%	200,000	10,633,292	10,633,292	414,996
OVERSEA-CHINESE BANKING 4.25%	200,000	10,846,263	10,846,263	338,514
COMMONWEALTH BANK OF AUSTRALIA 4.5%	250,000	13,981,758	13,981,758	452,335
SAUDI ELEC GLOBAL SUKUK 4%	250,000	13,489,745	13,489,745	400,954
BOC AVIATION PTE LTD 3.875%	250,000	13,552,857	13,552,857	436,170
EURASIAN DEVELOPMENT BANK 4.767%	250,000	13,164,117	13,164,117	481,239
SINOCHEM INT DEV PTE LTD 3.125%	200,000	10,259,979	10,259,979	297,125
APICORP SUKUK LTD 3.141%	200,000	10,390,026	10,390,026	306,456

(Forward)

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds and notes*	*Amount shown in the statements of financial position*	*Value based on market quotation at end of reporting period*	*Income received and accrued*
MEXICO CITY ARPT TRUST 4.25%	200,000	10,827,088	10,827,088	389,302
FPC TREASURY LTD 4.5%	200,000	10,542,105	10,542,105	400,117
ROYAL BANK OF SCOTLAND GRP PLC 3.875%	200,000	10,623,296	10,623,296	359,590
BANQUE OUEST AFRICAINE DE DEVELOPPEMENT BOAD 4.70 10/22/31	200,000	11,107,582	11,107,582	447,061
BANQUE OUEST AFRICAINE DE DEVELOPPEMENT BOAD 4.70 10/22/31	200,000	11,107,582	11,107,582	526,153
BKNET 3.50	200,000	10,381,662	10,381,662	533,508
AFRICAN EXPORT-IMP 4.125	200,000	10,686,024	10,686,024	500,111
BKNET 3.50	200,000	10,381,662	10,381,662	498,960
ADANI TRANSMISSION 4%	200,000	10,708,668	10,708,668	495,248
REC LTD 3.875% 07/07/27	200,000	10,671,541	10,671,541	490,083
TUPY OVERSEAS SA TUPYC 4.50 02/16/31	200,000	9,779,058	9,779,058	379,596
REPUBLIC OF SOUTH AFRICA 5.375%	200,000	9,651,255	9,651,255	314,525
GAZ FINANCE PLC GAZFI 3.50 07/14/31	200,000	9,852,395	9,852,395	163,847
NEMAK SAB DE CV NEMAK 3.625 06/28/31	200,000	9,919,306	9,919,306	151,993
AUST & NZ BANKING GROUP 4.75% 130527	250,000	9,328,138	9,328,138	183,728
SASOL FINANCING USA LLC SOLJ 5.50 03/18/31	200,000	10,225,300	10,225,300	236,333
WESTPAC BANKING CORP. 4.5% 110327	250,000	9,262,715	9,262,715	178,360
EGYPT, ARAB REPUBLIC OF (GOV) EGGV 5.80 09/30/27	200,000	9,807,108	9,807,108	101,508
DAR AL ARKAN SUKUK CO LTD DAARR 6.875% face $200k	200,000	10,505,794	10,505,794	56,790
4.625% MEDIUM TERM NOTES BPCE SA	200,000	10,906,136	10,906,136	436,223
3% NOTES AT&T INC	150,000	7,711,814	7,711,814	182,539
4.5% NOTES LLOYDS BANKING GROUP PLC SUBORD	250,000	13,711,081	13,711,081	527,256
3.95% GUARANTEED NOTES CHINA OVERSEAS FINANCE	200,000	10,379,826	10,379,826	327,642
2.63567% GOLDMAN SACHS GROUP INC	250,000	13,320,939	13,320,939	180,952
2.63567% GOLDMAN SACHS GROUP INC	150,000	7,992,563	7,992,563	142,589
CNAC HK FINBRIDGE CO LTD 3.5%	200,000	10,312,100	10,312,100	348,025
BEAZLEY INSURANCE DAC 5.5%	200,000	11,466,615	11,466,615	514,029
BEAZLEY INSURANCE DAC 5.5%	200,000	11,466,615	11,466,615	500,011
4.375% NOTES MANILA WATER COMPANY INC	490,000	25,969,099	25,969,099	1,071,580
5.8% NOTES HOPSON CAPITAL INTL GROUP CO LTD	200,000	10,118,202	10,118,202	528,015
COMISION FEDERAL DE ELECTRICIDAD 4.875%	200,000	10,839,327	10,839,327	403,602
CHINA CLEAN ENERGY DEV LTD 4%	200,000	10,847,487	10,847,487	321,576
4.125% NOTES RELIANCE INDUSTRIES LTD	250,000	13,645,420	13,645,420	431,906
4% MEDIUM TERM NOTES NATIONWIDE BUILDING SOCIETY	250,000	13,756,343	13,756,343	484,136
3.95% NOTES STANDARD CHARTERED PLC	250,000	13,066,581	13,066,581	490,168
HUARONG FINANCE II CO LTD 4.625%	250,000	13,162,204	13,162,204	476,810
(Forward)				

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
5.196% NOTES OMGRID FUNDING LTD	200,000	10,530,274	10,530,274	500,963
GOHL CAPITAL LTD 4.25%	200,000	10,540,983	10,540,983	393,781
4.125% NOTES BANCO SANTANDER (MEXICO) SA	200,000	10,461,425	10,461,425	322,594
4.125% NOTES BANCO SANTANDER (MEXICO) SA	200,000	10,461,425	10,461,425	325,113
4.101% NOTES ANTHEM INC	200,000	11,372,777	11,372,777	401,109
4.1% NOTES CVS HEALTH CORP	200,000	11,015,070	11,015,070	407,588
U4.25% NOTES AT&T INC	200,000	11,333,743	11,333,743	429,838
4.75% MEDIUM TERM NOTES WOORI BANK	200,000	10,916,846	10,916,846	471,736
4.346% NOTES FORD MOTOR CO.	200,000	11,142,772	11,142,772	442,856
4.90% NOTES HEWLETT PACKARD ENTERPRISE CO	200,000	11,320,656	11,320,656	450,156
4.75% BOND REPACK NOTE ARGENTUM CAP	250,000	4,041,671	4,041,671	396,848
4.25% NOTES PT PELABUHAN INDONESIA II	200,000	10,940,815	10,940,815	428,047
4.75% NOTES SEAGATE HDD CAYMAN	200,000	10,924,598	10,924,598	436,852
4.375% NOTES ADANI PORTS & SPECIAL ECONOMIC ZONE LTS	200,000	10,675,111	10,675,111	554,981
3.733% MTN BANGKOK BANK PUBLIC CO LTD	200,000	10,447,145	10,447,145	420,861
3.875% MEDIUM TERM NOTES REC LTD	200,000	10,676,131	10,676,131	413,555
4.125% JGSH PHILIPPINES LTD	200,000	10,755,689	10,755,689	399,940
6.50% NOTES PETROLEOS MEXICANOS PEMEX GTD GLOBAL	200,000	10,592,900	10,592,900	714,997
6.25% SULTANATE OF OMAN	200,000	11,165,723	11,165,723	543,747
RONSHINE CHINA HOLDINGS LTD 8.1%	400,000	7,806,927	7,806,927	1,189,896
Local Equity Securities:				
ALLIANCE GLOBAL GROUP INC	2,600,000	30,680,000	30,680,000	130,000
ALSONS CONS. RESOURCES, INC.	5,000,000	6,000,000	6,000,000	100,000
ASIA UNITED BANK CORP	15,225	658,481	658,481	30,450
BELLE CORPORATION	3,800,000	5,130,000	5,130,000	–
EMPERADOR, INC.	2,280,000	–	–	478,800
MARCVENTURES HOLDINGS, INC.	4,115,000	4,814,550	4,814,550	–
METRO ALLIANCE HOLDINGS	5,000	5,000	5,000	–
NATIONAL REINSURANCE	2,680,000	1,608,000	1,608,000	–
NICKEL ASIA CORPORATION	2,592,000	13,867,200	13,867,200	1,166,400
PETRON CORP	3,839,300	12,170,581	12,170,581	–
PHIL LONG DISTANCE TEL CO "COMMON"	10,500	19,026,000	19,026,000	861,000
SSi GROUP, INC.	2,468,000	2,764,160	2,764,160	–
SYNERGY GRID & DEVELOPMENT PHILS	4,166,000.00	54,657,920	54,657,920	–
(Forward)				

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
Foreign Equity Securities:				
CITIGROUP	399	1,229,468	1,229,468	40,130
CITIGROUP	659	2,028,992	2,028,992	66,227
Singapore Airlines Ltd	2,480	464,747	464,747	–
Singapore Airlines Ltd	32,352	6,062,699	6,062,699	–
BARRICK GOLD CORP	2,100	2,034,860	2,034,860	20,164
EXXONMOBIL CORP NPV	510	1,591,521	1,591,521	102,163
SCHLUMBERGER LTD	520	794,258	794,258	12,821
SCHLUMBERGER LTD	1,032	1,576,297	1,576,297	25,445
SANDS CHINA LTD	20,552	2,429,728	2,429,728	–
STANDARD CHARTERED PLC	5,600	1,720,934	1,720,934	31,468
CHINA UNICOM HONG KONG LTD	79,200	2,010,840	2,010,840	171,794
CHINA UNICOM HONG KONG LTD	75,392	1,914,157	1,914,157	163,534
STANDARD CHART ERED PLC	1,600	491,695	491,695	11,130
LLOYDS BANKING GROUP PLC	128,040	4,194,537	4,194,537	108,849
ING GROEP NV	5,529	3,892,738	3,892,738	–
SAVANNAH ENERGY ORD	146,600	2,260,617	2,260,617	–
GLENCORE INT L SHARES	4,600	1,182,066	1,182,066	36,281
ORANGE SA	1,045	565,719	565,719	40,840
ORANGE SA	5,340	2,890,850	2,890,850	208,695
CHINA LIFE INSURANCE CO LTD	60,650	5,101,301	5,101,301	269,783
HSBC HOLDINGS PLC USD 0.50	6,000	1,831,942	1,831,942	64,920
VALUE PARTNERS GROUP	70,000	1,772,700	1,772,700	147,198
BIOGEN INC COM	200	2,447,136	2,447,136	–
CREDIT SUISSE GROUP ZUERICH ADR	3,500	1,720,706	1,720,706	31,646
BGF DYNAMIC HIGH INCOME A6	30,864	15,299,701	15,299,701	859,536
BGF Dynamic High Income A6 40837.26 units	40,837	20,243,450	20,243,450	96,549
ISHARES SILVER TRUST	3,000	3,290,965	3,290,965	–
ISHARES EURO STOXX BANKS DE	3,350	1,928,183	1,928,183	14,898
ISHARES EURO STOXX BANKS DE	3,650	2,100,856	2,100,856	16,232
ISHARES EURO STOXX BANKS DE	8,324	4,791,104	4,791,104	37,018
FIDELITY FUNDS - ASIAN HIGH YIELD	38,231	12,737,726	12,737,726	749,418
FIDELITY FUNDS - ASIAN HIGH YIELD	25,265	8,417,800	8,417,800	495,257
UBS ASIAN BONDS SERIES 4 A	2,000	8,929,517	8,929,517	462,157
BGF-ASIAN TIGER BD-A8H AUD DIS	43,564	16,034,062	16,034,062	843,950

(Forward)

Name of issuing entity and association of each issue	*Number of shares or principal amount of bonds and notes*	*Amount shown in the statements of financial position*	*Value based on market quotation at end of reporting period*	*Income received and accrued*
BGF-ASIAN TIGER BD-A8H AUD DIS	18,450	6,790,792	6,790,792	317,027
FIDELITY ENHANCED RESERVE A MINCOME(G)	49,057	17,205,987	17,205,987	462,755
LM WA DIV GL CR FMB S3-A USD	5,000	23,972,080	23,972,080	861,591
Pictet Security 819.57136 units	820	17,253,098	17,253,098	–
AB Sustainable Glo Thm AX USD Acc 796.273 units	796	5,690,963	5,690,963	–
Legg Mason Clearbridge Global 1,922.338 units x 104.039976321	1,922	10,414,504	10,414,504	40,043
CS INVESTMENT FUNDS 13 CREDIT SUISSE (LUX) ASIA	1,987	9,650,649	9,650,649	327,296
DWS INVEST SICAV DWS INVEST ASIAN BONDS	2,060	10,072,695	10,072,695	445,670
CREDIT SUISSE NOVA (LUX) SICAV	4,756	25,727,497	25,727,497	610,537
JPMORGAN INVESTMENT FUNDS SICAV	3,667	26,146,521	26,146,521	992,273
MW EUREKA FUND USD RESTRICTED	1,768	40,908,122	40,908,122	–
ASHMORE SICAV EMERGING MARKETS SHORT DURATION FUND	2,773	8,912,801	8,912,801	534,845
CS INVESTMENT FUNDS 3 SICAV - CREDIT SUISSE (LUX) FIXED MATURITY 2023 S-IV	5,000	22,197,310	22,197,310	514,052
SPROTT PHYSICAL SILVER TRUST	12,100	4,949,045	4,949,045	–
KEPPEL DC REIT	50,000	4,638,005	4,638,005	118,210
Blackstone Real Estate Income Trust	200,000	10,199,800	10,199,800	–
Non Listed Club Shares				
Capitol Hills & Golf Country Club		75,000	75,000	–
Casino Español		200,000	200,000	–
Doble Vista		810,000	810,000	–
Manila Golf & Country Club		76,000,000	76,000,000	–
Phil Columbian		50,000	50,000	–
Other Shares (Unlisted/Suspended/Certificated):				
Unlisted		1,866,740	1,866,740	–
MANILA ELECTRIC CO. (certificated)	236	–	–	–
NATIONAL REINSURANCE CORP (certified by issuer)	513,500	–	–	–
PLDT PREFERRED SERIES V (certificated)	200	–	–	–
REYNOLDS PHILS CORP	35,712	–	–	–
UNIWIDE	40,000	–	–	–
GOTESCO LAND A	440,000	–	–	–
PHIL. TELEGRAPH & TEL. CO.	2,000	–	–	–
SPI TECHNOLOGIES	216	–	–	–
STENIEL	30,000	–	–	–
UNI RIGHTFIELD	245,000	–	–	–
Total Financial Assets at FVOCI		**₱2,894,483,799**	**₱2,894,483,799**	**₱70,423,656**

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, 2021

			Deductions		*Ending Balance*		
Name and designation of debtor	*Balance at beginning of period*	*Additions*	*Amounts collected*	*Amounts written off*	*Current*	*Non current*	*Balance at end of period*
Due from related parties							
Merje Trading, Inc.	₱26,162,424	₱–	₱10,000,000	₱–	₱16,162,424	₱–	₱16,162,424
Jaime C. Fernandez - President	22,866,154	100,500	–	–	22,966,654	–	22,966,654
Mortgage loan receivable							
Manila Cordage Company	140,625,000	–	37,500,000	–	–	103,125,000	103,125,000
	₱189,653,578	₱100,500	₱47,500,000	₱–	₱39,129,078	₱103,125,000	₱142,254,078

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, 2021

			Deductions		*Ending Balance*		
Name and designation of debtor	***Balance at beginning of period***	***Additions***	***Amounts collected***	***Amounts written off***	***Current***	***Not current***	***Balance at end of period***
Beneficial Financial Advisors, Inc., *Subsidiary*	₱55,037,724	₱9,476,302	₱9,111,003	₱55,403,023	₱–	₱–	₱–

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

H. CAPITAL STOCK

DECEMBER 31, 2021

				Number of shares held by		
Title of Issue	***Number of shares authorized***	***Number of shares issued and outstanding as shown under the related statements of financial position caption***	***Number of shares reserved for options, warrants, conversion and other rights***	***Related parties***	***Directors, officers and employees***	***Others***
Capital Stock - ₱1 par value	1,000,000,000	626,756,494	–	508,131,734	166,923	118,457,837

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From : eafs@bir.gov.ph Thu, May 12, 2022 08:20 PM
Subject : Your BIR AFS eSubmission uploads were received
To : ACCTG@BENLIFE.COM.PH
Cc : ESPALTONGAN@BENLIFE.COM.PH

Hi BENEFICIAL LIFE INSURANCE COMPANY, INC.,

Valid files

- EAFS000883987TCRTY122021-01.pdf
- EAFS000883987RPTTY122021.pdf
- EAFS000883987OTHTY122021.pdf
- EAFS000883987ITRTY122021.pdf
- EAFS000883987AFSTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-P1MR2V209AEG9LLDQMY2MN340P424ZWTQ**
Submission Date/Time: **May 12, 2022 08:20 PM**
Company TIN: **000-883-987**

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- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

ANNEX "C"

COVER SHEET

SEC Registration Number

0	0	0	0	0	0	1	6	6	8	0

Company Name

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARY

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

7TH FLOOR BENEFICIAL LIFE BUILDING, 166 SALCEDO STREET, LEGASPI VILLAGE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
corpsec@benlife.com.ph	**(+632) 8818 8671**	**09992297694**

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
6808	**Any Day in June**	**DECEMBER 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
MA. SIGRID R. PINLAC	corpsec@benlife.com.ph	**(+632)8818 8671**	**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.

Total No. of pages … 33…

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 2022

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, 2022) and a comparative balance sheet as of the end of the immediately preceding financial year (December 31, 2021).
- Consolidated Statements of Income for the current interim period (for the quarter ended March 31, 2022) with comparative income statements for the comparable interim period (for the quarter ended March 31, 2021).
- Consolidated Statements of Changes in Stockholders' Equity for the current financial year to date (as of March 31, 2022) with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (as of March 31, 2021).
- Consolidated Statements of Cash Flows for the current financial year to date (as of March 31 2022) with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (March 31, 2021).
- 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 Registrant hopes that with the easing of alert levels by the Inter Agency Task Force, its agency force can return full time to its face-to-face-selling, which is still being preferred by its target clients. With the return of the workforce to their jobs under the new normal, the Registrant hopes to be able to sell insurance again. There is a perceived renewed interest on insurance products given that many insureds were able to benefit during this pandemic, may it be in the form of claims (death, sickness) or financial assistance (policy loans).

Two years after the general economic slowdown brought out by the pandemic, Beneficial Life Insurance Co., Inc. (Registrant) and its subsidiary, Beneficial Financial Advisors, Inc. (BFAI), collectively known as the "Group", has managed to produce P537,497,132 total revenues for the first quarter of the year, which is higher by 27% as compared to the same period in 2021. Premiums, net of cessions, have increased by 27% to P451,373,282 in 2022 from P354,100,090 in 2021. Investment and other income likewise increased by 23% mainly as a result of the improved yields and acquisition of securities with higher returns. Fair value losses of P76.5Million were recorded as of the end of the first quarter.

Net insurance benefits and claims increased by 26% 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 P26,531,951 in 2022. Commissions and other direct expenses increased by 7% between the two comparative periods since premiums generated also increased.

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 P51.74 as of March 31, 2022 versus P50.999 as of December 31, 2021; and P48.53 as of March 31, 2021 versus P48.023 as of December 31, 2020 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 2022 at P38,353,133 and in 2021 at P25,055,028. The said gains/losses were the result of the mark-to-market valuation of foreign currency denominated cash and cash equivalents, financial assets at fair value through other comprehensive income (FVOCI) and bonds at FVPL.

For the first quarter of both 2022 and 2021, consolidated net income was earned mainly from premiums and interest income. BFAI registered a net loss of P19,720. Earnings per share amounted to P0.0194 in 2022 as compared to P0.0232 in 2021.

The business of life insurance does not follow any particular seasonality cyclicality 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:

	2022	2021
Ordinary	74,072,232	88,295,418
Group	333,994,692	271,277,263
Microinsurance	527,250	752,000
Inward reinsurance	48,463,522	196,287
	457,057,696	360,520,968
Premiums ceded	5,684,414	6,420,878
Premiums, net of reinsurance	451,373,282	354,100,090

The first quarter of 2022 shows decrease in ordinary and micro insurance lines while inward reinsurance and group business increased. The Registrant is budgeting a total of P1.85Billion net premiums for the year 2022.

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 2022 is equivalent to a total net decrease amounting to P71,130,297. The legal policy reserves increased by P26,531,951 due to change in inforce policies but decreased by P97,662,245 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 2022 amounted to P9,235,874,129 which is slightly lower by 3% than the total for the year ended December 31, 2021 at P9,477,809,184. The major composition of the asset portfolio as of the first quarter of 2022 is: cash and cash equivalents at 15%, investment securities at 63%, and loans and notes at 13%. On the Liabilities side, insurance contract liabilities comprise 83% of the total liabilities and premium deposit fund is at 5%. Total stockholders' equity amounted to P3,418,960,590 as of the end-quarter 2022 which is lower than the P3,428,501,767 balance as of December 31, 2021 by less than a percent.

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

a. Increase in insurance receivables by 108% was due to the accrual of due inward reinsurance premiums, which was collected in April 2022.
b. Decrease in loans receivables by 8% was mainly due to collections on mortgage loans and salary loans.
c. Decrease in accrued investment income by 17% was due to collections during the first quarter of 2022. Net dispositions of investments also means that proceeds were not yet reinvested back in securities that will generate investment income as of the quarter end.
d. Increase in property and equipment at cost by 13% is attributed to the acquisition of company vehicles during the first quarter of 2022.
e. Decrease in insurance payables by 19% was due to the payment of group reinsurance premium in January 2022.
f. Decrease in accounts payable and accrued expenses by 68% was due to payments of amounts due as of 2021 year end with settlement dates in 2022.
g. Decrease in other liabilities by 18% was mainly due to the take up of deposits as insurance premiums during the first quarter of 2022.
h. Decrease in revaluation reserves on investment securities by 180% is the result of mark-to-market revaluation of the investments.

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.

On October 21, 2021, the Board and stockholders of BFAI approved a resolution for the cessation of its business operations effective December 15, 2021 and shorten the company's term of existence until June 20, 2023. On the same date, the Board and stockholders of SIHC approved its dissolution and authorized the transfer of its net assets amounting to P143.7Million to the Registrant.

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

Provisions for the first quarter of 2022 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 2022, 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 2022. Management is hoping that the Registrant will, at least, equal its performance of 2021. 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. 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 P900M as of December 31, 2021. 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. RA 11534 or the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”), which became effective in July 2021, decreased the RCIT from 30% to 25% or 20% depending on the amount of total assets and total amount of taxable income, and MCIT from 2% to 1% of gross income for a period of three (3) years.

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, 2022 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 subsidiary. 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 2022.

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 18, 2022
Signature and Title	MA. EDITHA S. PALTONGAN Senior Vice President - Comptroller
Date	May 18, 2022

/17Q.MAR2022

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Philippine Pesos)

	Interim/Unaudited March 31, 2022	Audited December 31, 2021
ASSETS		
Cash and cash equivalents	1,339,258,398	1,309,862,690
Short-term investments	11,917,816	11,880,219
Insurance receivables	75,059,637	36,080,607
Investment securities	5,818,541,657	6,024,903,376
Loans receivables	1,165,224,994	1,263,540,123
Accrued income	52,953,925	64,048,218
Property and equipment:		
At revalued amount	648,190,075	649,250,307
At cost	25,633,702	22,606,953
Other assets	99,093,925	95,636,691
	9,235,874,129	9,477,809,184
LIABILITIES AND EQUITY		
Liabilities		
Insurance contract liabilities	4,822,583,956	4,881,495,227
Policyholders' dividends payable	129,070,442	130,592,414
Premium deposit fund	303,855,393	311,114,991
Insurance payables	69,072,363	85,776,580
Loans payable	4,882,948	4,811,634
Accounts payable and accrued expenses	51,801,019	161,286,692
Retirement liability	154,645,961	152,145,961
Deferred tax liabilities	87,288,622	87,288,622
Income tax payable	2,446,493	560,325
Other liabilities	191,266,342	234,234,971
	5,816,913,539	6,049,307,417
Equity		
Capital stock	626,756,494	626,756,494
Additional paid-in capital	489,265,675	489,265,675
Retained earnings:		
Unappropriated	1,858,951,416	1,865,227,773
Appropriated	94,393,367	90,010,323
Other comprehensive income	349,593,638	357,241,502
	3,418,960,590	3,428,501,767
	9,235,874,129	9,477,809,184

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Philippine Pesos)

	Interim/Unaudited	
	March 31, 2022	**March 31, 2021**
REVENUES		
Gross premiums on insurance contracts	457,057,696	360,520,968
Reinsurer's share of gross premiums on insurance contracts	(5,684,413)	(6,420,878)
Net insurance premiums	451,373,283	354,100,090
Interest income	69,063,788	61,435,735
Dividend income	10,827,412	6,162,272
Gain on sale of investment securities	799,931	-
Rental income	1,207,319	764,496
Other income	4,225,399	1,675,516
	537,497,132	424,138,109
BENEFITS, CLAIMS AND EXPENSES		
Net benefits and claims incurred on insurance contracts	292,171,487	285,552,942
Net change in legal policy reserves	26,531,951	(31,762,661)
Net insurance benefits and claims	318,703,438	253,790,281
General and administrative expenses	52,489,466	62,093,601
Commission and other direct expenses	93,086,124	86,808,461
Finance costs and charges	7,417,972	3,998,668
Insurance taxes	8,245,007	7,305,994
Net fair value loss on financial assets at FVPL	76,526,045	5,471,231
	556,468,052	419,468,236
INCOME BEFORE FOREX CHANGES AND IMPAIRMENT LOSSES	(18,970,920)	4,669,873
NET FAIR VALUE EXCHANGE GAIN (LOSS)	38,353,133	25,055,028
PROVISION FOR IMPAIRMENT LOSSES	-	9,320,673
INCOME BEFORE INCOME TAX	19,382,213	20,404,228
INCOME TAX EXPENSE (BENEFIT)	7,252,177	5,851,792
NET INCOME	12,130,036	14,552,436
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will be reclassified to profit or loss in subsequent periods -		
Change in revaluation reserves on investment securities [debt instruments classified as FA at FVOCI]	(114,604,539)	(34,197,941)
Cumulative translation adjustment	-	6,437,431
	(114,604,539)	(27,760,510)
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on legal policy reserves	**97,662,248**	(24,735,796)
Change in revaluation reserves on investment securities (equity instruments classified as financial assets at FVOCI)	9,294,425	19,585,190
Remeasurement loss on retirement liability - net of deferred tax	-	-
Increase in revaluation surplus - net of deferred tax		-
	106,956,673	(5,150,606)
	(7,647,866)	(32,911,116)
TOTAL COMPREHENSIVE INCOME (LOSS)	4,482,170	(18,358,680)
Earnings per share	0.0194	0.0232

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Philippine Pesos)

	Interim/Unaudited	
	March 31, 2022	**March 31, 2021**
CAPITAL STOCK - P1 par value		
Authorized - 1,000,000,000 shares		
Issued and outstanding - 626,756,494 shares	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	90,010,323	42,873,792
Additional (reversal of) appropriation for negative legal policy reserves	4,383,044	(79,331,979)
Balance at end of quarter	94,393,367	(36,458,187)
Unappropriated		
Balance at beginning of year	1,865,227,773	1,632,652,204
Net income	12,130,036	14,552,436
Reversal of (additional) appropriation for negative legal policy reserves	(4,383,044)	79,331,979
Transfer from revaluation reserves on investment securities	(14,023,349)	(21,626,222)
Transfer of revaluation surplus	-	-
Effect of deconsolidation		
Dividend declaration	-	-
Balance at end of quarter	1,858,951,416	1,704,910,397
	1,953,344,783	1,668,452,210
OTHER COMPREHENSIVE INCOME (LOSS)		
Revaluation reserves on investment securities		
Balance at beginning of year	(94,923,274)	(47,731,309)
Change in revaluation reserves	(105,310,114)	(14,612,750)
Balance at end of quarter	(200,233,388)	(62,344,059)
	-	
Revaluation surplus on property and equipment - net of deferred tax		
Balance at beginning of year	351,485,264	330,698,577
Apparaisal increase		
Transfer of revaluation surplus	-	-
Balance at end of quarter	351,485,264	330,698,577
Cumulative remeasurement gain (loss) on legal policy reserves		
Balance at beginning of year	122,998,709	(201,662,671)
Remeasurement gain (loss) on legal policy reserves	97,662,248	(24,735,796)
Balance at end of quarter	220,660,957	(226,398,467)
Cumulative remeasurement gain (loss) on retirement liability - net of deferred tax		
Balance at beginning of year	(22,319,195)	(11,963,521)
Remeasurement gain (loss) on retirement liability	-	-
Effect of change in income tax rate	-	
Balance at end of quarter	(22,319,195)	(11,963,521)
Cumulative translation adjustment		
Balance at beginning of year	-	9,180,652
Translation adjustment	-	6,437,431
Balance at end of quarter	-	15,618,083
	349,593,638	45,610,613
	3,418,960,590	2,830,084,992

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Philippine Pesos)

	Interim/Unaudited	
	March 31, 2022	**March 31, 2021**
CASH FLOWS FROM OPERATING ACTIVITIES	-	-
Income before income tax	19,382,213	20,404,228
Adjustments for:		
Interest income	(69,063,788)	(61,435,735)
Unrealized foreign exchange loss (gain)	(31,243,940)	(24,071,775)
Provision for (reversal of) impairment losses on:		
Investment securities	-	9,320,673
Dividend income	(10,827,412)	(6,162,272)
Finance costs	7,188,284	2,989,050
Retirement benefits cost	2,500,000	2,500,000
Depreciation	4,961,599	4,940,959
Net fair value loss (gain) on financial assets at FVPL	76,526,045	5,471,231
Gain on sale of nvestment securities	(799,931)	-
Operating loss before working capital changes	(1,376,930)	(46,043,641)
Decrease (increase) in:		
Loans receivables	221,197,701	109,206,516
Insurance receivables	(38,979,030)	12,978,451
Short-term investments	(37,597)	(51,226)
Increase (decrease) in:		
Insurance contract liabilities	(85,443,223)	12,989,599
Policyholders' dividends payable	(1,521,972)	(1,552,759)
Insurance payables	(16,704,217)	3,540,907
Premium deposit fund	(12,053,662)	(5,091,618)
Accounts payable and accrued expenses	(109,485,673)	(83,464,011)
Other liabilities	(42,968,629)	(34,935,890)
Net cash generated from operations	(87,373,232)	(32,423,672)
Income tax paid	(4,805,684)	(2,193,224)
Interest paid	(13,440)	(105,632)
Net cash provided by (used in) operating activities	(92,192,356)	(34,722,528)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment securities	(559,301,125)	(721,348,091)
Property and equipment	(6,104,705)	(1,248,229)
Other assets	(3,457,234)	(3,472,328)
Proceeds from sale/maturities of investment securities	599,394,321	650,549,260
Interest received	81,646,780	79,333,851
Dividends received	9,338,713	4,699,031
Net cash provided by (used in) investing activities	121,516,750	8,513,494
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payments	(14,496,133)	(1,339,590)
Loan availments	14,567,447	-
Cash dividends paid	-	-
Net cash provided by (used in) financing activities	71,314	(1,339,590)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	29,395,708	(27,548,624)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,309,862,690	972,303,861
CASH AND CASH EQUIVALENTS AT END OF QUARTER	1,339,258,398	944,755,237

BENEFICIAL LIFE INSURANCE COMPANY, INC. and SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Interim/Unaudited as of March 31, 2022)

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, 2024.

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

Composition of the Group

The consolidated financial statements as of the first quarter of 2022 include the accounts of the Parent Company and its wholly-owned subsidiary (collectively referred to as the Group), as follows:

Name of Subsidiaries	Country of Incorporation	Nature of Business
Beneficial Financial Advisors, Inc. (BFAI)	Philippines	Consultancy and leasing

On October 21, 2021, the Board of Directors (BOD) and stockholders of BFAI approved a resolution for the cessation of its business operations effective December 15, 2021, and shorten the Company's term of existence until June 30, 2023. Accordingly, BFAI changed its basis of accounting in the preparation of its 2021 financial statements from the going concern basis to liquidation basis. As at report date, BFAI is still in the process of filing its amended Articles of Incorporation with the SEC for the shortening of its corporate term.

Also in 2021, the BOD and stockholders of another subsidiary Solana Investment Holdings Corporation (SIHC) approved its dissolution and authorized the transfer of its net assets amounting to ₱143.7 million to the Parent Company. The transfer of the assets was completed in December 2021. SIHC was an Investment company and incorporated in the British Virgin Islands.

As a result of the dissolution of SIHC, the Group's consolidated statements of financial position as at December 31, 2021 is composed of the assets, liabilities and equity of the Parent Company and BFAI while its consolidated statements of comprehensive income for the year ended December 31, 2021 is composed of the income and expenses of the Group.

Approval and Authorization for Issuance of the Consolidated Financial Statements

The consolidated financial statements as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 were approved and authorized for issuance by the BOD on April 7, 2022.

2. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the consolidated financial statements are consistently applied to all the years presented, unless otherwise stated.

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.

In accordance with PAS 1, *Presentation of Financial Statement*, an entity shall prepare consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or cease operations.

As discussed in Note 1 to financial statements, the BOD and stockholders of BFAI approved a resolution for the cessation of its business operations effective December 15, 2021, and shorten the Company's term of existence until June 30, 2023. Accordingly, BFAI changed its basis of accounting in the preparation of its 2021 financial statements from the going concern basis to liquidation basis. Under the liquidation basis of accounting, assets are stated at estimated net realizable values and liabilities are stated at estimated settlement amounts. The estimated values may be different from the proceeds that may be ultimately received or payment that may be made.

There is no difference in the amounts presented in the consolidated financial statements as a result of the change in the basis of preparation of BFAI's financial statements from going concern basis to liquidation basis of accounting. BFAI's assets and liabilities mainly pertains to cash in banks, accounts and other payables, and advance rentals and deposits. These are all measured at amortized costs which approximate its net realizable values or net settlement amounts. Additional disclosures have been included as applicable.

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 (FVPL) and financial assets at fair value through other comprehensive income (FVOCI) 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 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 adoption of the following amended PFRS -

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications 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, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

  Due to continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The 2021 amendment is mandatory for entities that elected to apply the previous amendment.

The adoption of the amended PFRS did not materially affect 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 March 31, 2022 and have not been applied in preparing the consolidated financial statements, are summarized below.

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

- Amendments to PAS 1, *Presentation of Financial Statements - 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.

- Amendments to PAS 1 and PFRS Practice Statement 2 - *Making Materiality Judgement*, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2, *Making Materiality Judgements*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. 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 IC issued Circular Letter (CL) 2020-062, *Amendment of Section 1 of CL 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.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. 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.

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 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.

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.

<u>**Insurance Contracts**</u>

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.

Fully depreciated assets are retained in the accounts until these are no longer in use and no further charge for depreciation is made in respect of those assets.

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.

Insurance Taxes. Insurance taxes pertain to premium taxes and documentary stamp taxes on life insurance policies 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.

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.

The Group as a Lessor. Leases where the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Operating lease payments are recognized as revenue in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income.

The Group as a Lessee. At the commencement date, the Group recognizes ROU assets and lease liabilities 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.

Defining 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.

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.

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 of Financial Assets at Amortized Cost. The Group 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.

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 2021, 2020 and 2019.

There were no changes in the estimated useful lives of the Group's property and equipment at revalued amounts in 2021, 2020 and 2019.

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.

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 it 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.

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.

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 03/31/2022	Interim F/S 03/31/2021	Audited F/S 12/31/2021
1. Networth excess / (deficiency) in Php Millions	**1,269.53**	558.17	1,290.30
2. Non admitted assets to admitted assets ratio	**13.63%**	15.78%	13.10%
3. Claims ratio	64.73%	80.64%	69.23%
4. Underwriting expense ratio	22.85%	27.27%	29.08%
5. Investment income ratio	10.85%	13.11%	12.96%

NETWORTH

Networth per Registrant (in Millions of Pesos)	2,169.53	1,458.17	2,190.30
less: Required networth per R.A. 10607	900.00	900.00	900.00
Excess / (Deficiency)	1,269.53	558.17	1,290.30

The Registrant computes for its own admitted and non admitted assets and subject to the examination of the Insrance Commission on an annuwla basis. Compliance is required under Section 194 of Republic Act no. 10607 that the networth be equivalent to P900Million for the years 2019-2021. Effective December 31, 2022, the required networth increases to P1.30Billion. 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.

ANNEX "D"

BENEFICIAL LIFE INSURANCE COMPANY, INC.
166 Salcedo Street, Legaspi Village
Makati City

PARTICIPATION VIA REMOTE COMMUNICATION AND PROCEDURE FOR VOTING *IN ABSENTIA IN* 2022 ANNUAL STOCKHOLDERS' MEETING

The stockholders of record of Beneficial Life Insurance Company, Inc. (the "Company") as of 31 May 2022 are entitled to attend, participate, and vote in absentia during the Annual Stockholders' Meeting (ASM) on June 30, 2022 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 31 May 2022 (the "Stockholder/s") may register at the following web address: *https://form.jotform.com/benlifemis.com.ph/2022-ASM-registration*
   The registration period is from June 08, 2022 to June 24, 2022.

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/2022-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 08, 2022 at 12:01 a.m. to June 30, 2022 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 30, 2022 via the following link: *https://www.benlife.com.ph/benlife-2022-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 27 June 2022 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 30 June 2022 may be responded to during the ASM.

5. Any questions not answered during the meeting shall be answered via email.