26 May 2023

SECURITIES AND EXCHANGE COMMISSION ("SEC")
7907 Makati Avenue, Salcedo Village
Bel-Air, Makati City, 1209

Attn: Corporate Governance and Finance Department

Re: Submission of Definitive Information Statement and Management Report

Gentlemen:

Beneficial Life Insurance Company, Inc. (the "Company") respectfully submits herewith its Definitive Information Statement (DIS) and Management Report along with other relevant information and/or required disclosures in accordance with the Checklist attached to the May 25, 2023 email response from the SEC-CGFD.

We further submit below information as and by way of explanation to the comments reflected in the said SEC - PIS Checklist:

(i) Mr. Santiago Gabriel Fernandez has been nominated as a regular Director and not an Independent Director. The inadvertent error in the proxy form has been revised and now reflects the correct information; and

(ii) Mr. Ernesto O. Severino is an incumbent Independent Director of the Company. While he was re-nominated as such, Mr. Severino declined to be re-elected for the ensuing term as he needs full time in managing his own company. Such being the case, Mr. Severino is not included in the final list of nominees to the Board for the 2023 Annual Stockholders' Meeting.

We trust that you will find everything in order and hope to receive the necessary clearance from your good office prior to the distribution of the Company's DIS and Management Report to the stockholders of record. Thank you.

Very truly yours,

MA. SIGRID R. PINLAC
Corporate Secretary

Machine Validation:

VALID UNTIL: JULY 06, 2023

Republic of the Philippines

DEPARTMENT OF FINANCE
SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

PAYMENT ASSESSMENT FORM

No. 20230522-7510969

DATE	RESPONSIBILITY CENTER
05/22/2023	CGFD

PAYOR: BENEFICIAL LIFE INSURANCE CO., 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:
sfguzman

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

Remarks:

PAYMENT OPTIONS

1. Online payment thru eSPAYSEC at
   - https://espaysec.sec.gov.ph
2. Over the Counter Payments at any LandBank branch nationwide

BREAKDOWN SUMMARY

FUND ACCOUNT	AMOUNT	ACCOUNT #
SEC SRC Current Account	7,500.00	0552-2222-88
SEC BTR Account - LRF	75.00	3402-2319-20
TOTAL	Php 7,575.00	

NOTES:

A. The Payment Assessment Form (PAF) is valid until JULY 06, 2023.

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

C. For check payment, please prepare separate Manager's checks per fund account as indicated on the breakdown summary.

D. For over the counter payment at LandBank:

1. **Print 2 copies of PAF, 1 Client Copy, 1 LandBank copy**
2. **Accomplish the onColl Payment slip per fund account as indicated on the breakdown summary.**
   Use the correct Fund Account and Account No. and provide the below information:
   - **Reference Number 1 - PAF No.**
   - **Reference Number 2 - Name of Payor appearing on the PAF**
3. **Present OnColl Payment Slip, together with the PAF, to the LandBank Teller**

E. You may generate the electronic official receipt (eOR) by visiting https://espaysec.sec.gov.ph/eor
- Payment thru ESPAYSEC – eOR available upon payment
- LandBank OTC - eOR available within two (2) business days after the payment

F. ANY ALTERATIONS WILL INVALIDATE THIS FORM

ONCOLL PAYMENT SLIP

This is your receipt when machine validated.

T4 2URP 23MAY2023 14:32:33
30 MLI SSS DEP P40.00

ONCOLL PAYMENT SLIP

LANDBANK

Please check the appropriate mode of payment. [✓] CASH [ ] CHECK [ ] DEBIT FROM ACCOUNT	DATE 5/23/23
MERCHANT / AGENCY DEPOSIT ACCOUNT NUMBER 0552 222288	MERCHANT / AGENCY NAME SEC
Reference Number 1 20230522-7510969	Printed Name and Signature of Payor / Depositor / Representative ALEXANDER DULAY
Reference Number 2 BENEFICIAL LIFE INSURANCE CO. INC	Validation LBP MAKATI-SALCEDO T4(Julia Minelli) 05-23-2023 14:32 Trxn. Seq. #: 44800 SEC-SEC REG C CASH Payment Clrng. Acct. No. 0552-2222-88 PYT ASSESS FOR 20230522751O969 NAME OF PAYOR BENEFICIAL L Amount 7,500.00
Reference Number 3 (Numeric)	
Amount 7500.00	

ONCOLL PAYMENT SLIP

LANDBANK

ONCOLL PAYMENT SLIP

This is your receipt when machine validated.

Please check the appropriate mode of payment. [x] CASH [ ] CHECK [ ] DEBIT FROM ACCOUNT	DATE 5/23/23
MERCHANT / AGENCY DEPOSIT ACCOUNT NUMBER 3402 2319 20	MERCHANT / AGENCY NAME SEC
Reference Number 1 20230522-7510969	Printed Name and Signature of Payor / Depositor / Representative ALEXANDER DULAY
Reference Number 2 BENEFICIAL LIFE INSURANCE CO. INC	Validation LBP MAKATI-SALCEDO T4(Julia Minelli) 05-23-2023 14:33 Trxn. Seq. #: 34650 SEC BTR LRF CASH Payment Clrng. Acct. No. 3402-2319-20 PAYT ASSESS FO 202305227510969 Amount 75.00
Reference Number 3 (Numeric)	
Amount 75.00	

CERTIFICATION

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

1) On behalf of the Company, I have caused the preparation and submission of this Definitive Information Statement (SEC Form 20-IS) for the 2023 Annual Stockholders' Meeting of the Company;

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) BENEFICIAL LIFE INSURANCE COMPANY, INC., 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; and

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 a 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 WITNESS WHEREOF, I have hereunto set my hand this 26th day of May 2023.

ATTY. MA. SIGRID R. PINLAC
Affiant

MAY 26 2023

SUBSCRIBED AND SWORN to before me this _____ day of May 2021 at Makati City, affiant exhibiting to me her Philippine Passport bearing Nos. P7167294B issued on 09 July 2021 in DFA Manila.

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M-019-(2022-2023)
PTR No. 9563523 Jan. 3, 2023 / Makati
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VII-0016370
Issued on April 26, 2022
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

Doc. No. 32;
Page No. 08;
Book No. 109;
Series of 2023.

COVER SHEET

SEC Registration Number

16680

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
6783	June 28, 2023	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
2023 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-2023-ASM/** on June 28, 2023, Wednesday, at 3:00 o' clock in the afternoon with the following:

A G E N D A[1]

1. Call to Order
2. Certification of Notice of Meeting and Quorum
3. Approval of the Minutes of the Previous ASM Held on 30 June 2022
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 2022 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 June 01, 2023 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 13, 2023, 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 a proxy.

Stockholders intending to participate in the meeting by remote communication must register at https://form.jotform.com/benlifemis.com.ph/2023-ASM-registration on or before 27 June 2023. 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 21, 2023. Validation of proxies shall be held on June 23, 2023 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 2023.

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 30, 2022

The Minutes of the ASM held on June 30, 2022 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 30, 2022 be, as the same is hereby, approved."*

Presentation of the 2022 Annual Report and Approval of the Audited Financial Statements (AFS)

The AFS as of December 31, 2022 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 2022 and the outlook for 2023. 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, 2022 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 2022 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 30, 2022. 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 2023 ASM.

Election of External Auditor

For the fiscal year 2023, 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 2023 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, and take up items included in the agenda, received from the stockholders in accordance with the existing relevant laws, rules and regulations of the Securities and Exchange Commission.

Adjournment

Upon determination that there are no other matters to be considered, the Chairman shall declare the meeting adjourned.

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 21 June 2023. Validation of proxies shall be held on June 23, 2023 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 28, 2023 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 30, 2022

   ____ Yes ____ No ____ Abstain

2. Approval of Annual Report and 2022 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	____	____	______
Santiago Gabriel Fernandez	____	____	______
Paul P. Sagayo, Jr.	____	____	______
Independent Directors			
Roberto F. De Ocampo	____	____	______
Jaime F. Panganiban	____	____	______
Cesar O. Virtusio	____	____	______
John E. Huang	____	____	______

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 28, 2023**
   Time: **3:00pm**
   Place:
   Online web address/URL
   Registration link: https://form.jotform.com/benlifemis.com.ph/2023-ASM-registration
   For participation via remote communication: https://www.benlife.com.ph/benlife-2023-ASM/
   For voting in absentia: https://form.jotform.com/benlifemis.com.ph/2023-ASM-polls

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

   June 01, 2023

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

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

Title of each class	No. of shares of Common Stocks Outstanding or Amount of Debt Outstanding
N/A	

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

   Yes [ ] No [√]

INFORMATION REQUIRED IN THE INFORMATION STATEMENT

A. GENERAL INFORMATION

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

a. Date : June 28, 2023
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-2023-ASM/
For voting *in absentia*: https://form.jotform.com/benlifemis.com.ph/2023-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 01, 2023

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 2023 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 May 15, 2023. 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 May 15, 2023:

	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.	4,163,321	0.6643%
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 AND/OR TEODORO S. ELA III	294,977	0.0471%
11	LOLITA O. BORJA	276,960	0.0442%
12	BENITO LEGARDA, JR.	225,529	0.0360%
13	HERMINIO S. OZAETA, JR.	211,746	0.0338%
14	JOSE ROMAN S. OZAETA	211,746	0.0338%
15	MA. CARMEN S. OZAETA	211,746	0.0338%
16	MA.NATIVIDAD S. OZAETA	211,746	0.0338%
17	MA. VICTORIA S. OZAETA	211,746	0.0338%
18	FRANK Y. HUANG	176,449	0.0282%
19	CARLOS S. MARTINEZ	176,449	0.0282%
20	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 June 01, 2023 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 May 15, 2023.

As of May 15, 2023, 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. Jaime, and Roberto Fernandez, and Ms. Maria Elena C. Fernandez.

(ii). Security Ownership of Directors and Management (Executive Officers) as of May 15, 2023.

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	Jaime F. Panganiban	10	0.0000016%
Common	John E. Huang	10	0.0000016%
Common	Ernesto O. Severino	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	167,119	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, 2022, the Registrant's wholly owned subsidiary is Beneficial Financial Advisors, Inc. ("BFAI"). Another subsidiary, Solana Investment Holdings Corp. ("SIHC") was dissolved following the approval thereof 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 shortening the company's term of existence until June 30, 2023.

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 transaction/s 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 2022 is as follows:

Directors	No. of Regular Board Meetings Attended/Held	No. of ASM Meetings Attended/Held	Present
Roberto C. Fernandez	4/4	1/1	100%
Jaime C. Fernandez	4/4	1/1	100%
Maria Elena C. Fernandez	4/4	1/1	100%
Paul P. Sagayo, Jr.	4/4	1/1	100%
Jaime F. Panganiban (Independent Director)	4/4	1/1	100%
Cesar O. Virtusio (Independent Director)	4/4	1/1	100%
Roberto F. de Ocampo (Independent Director)	4/4	1/1	100%
John E. Huang (Independent Director)	4/4	1/1	100%
Ernesto O. Severino (Independent Director)*	2/2	1/1	100%

**Elected to Board only in June 30, 2022 Annual Stockholders' Meeting*

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	-
Jaime F. Panganiban*	C	M	M	M
Cesar O. Virtusio*	M	M	C	C
Paul P. Sagayo, Jr.	M	M	-	M
John E. Huang**	M	M	AM	AM
Ernesto O. Severino*	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 2023 ASM)	Citizenship	Percent Stockholdings (of total outstanding Company shares)
Roberto C. Fernandez	62	Filipino	0.000028%
Jaime C. Fernandez	67	Filipino	0.0054%
Maria Elena C. Fernandez	60	Filipino	0.0026%
Paul P. Sagayo, Jr.	56	Filipino	0.0000016%
Roberto F. de Ocampo (Independent Director)	77	Filipino	0.0000016%
Jaime F. Panganiban (Independent Director)	72	Filipino	0.0000016%
Cesar O. Virtusio (Independent Director)	77	Filipino	0.0000016%
John E. Huang (Independent Director)	66	Filipino	0.0000016%
Ernesto O. Severino (Independent Director)	66	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 no less than seven (7) days 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 2023-2024

The following are the final nominees (including the nominees for independent director) for the election to the Board in the coming 2023 Annual Stockholders' Meeting:

Name	Age (as of 2023 ASM)	Citizenship	Percent Stockholdings (of total outstanding Company shares)
Roberto C. Fernandez	62	Filipino	0.000028%
Jaime C. Fernandez	67	Filipino	0.0054%
Maria Elena C. Fernandez	60	Filipino	0.0026%
Santiago Gabriel Fernandez	28	Filipino	0.0000016%
Paul P. Sagayo, Jr.	56	Filipino	0.0000016%
Roberto F. de Ocampo (Independent Director)*	77	Filipino	0.0000016%
Jaime F. Panganiban (Independent Director)	72	Filipino	0.0000016%
Cesar O. Virtusio (Independent Director)*	77	Filipino	0.0000016%
John E. Huang (Independent Director)	66	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. Ernesto O. Severino, while re-nominated, has declined to be re-elected to the Board citing the likelihood of his lack of time to attend to the functions of a director for the ensuing year taking into account the much needed full time management of his own company.

Mr. Jaime C. Fernandez has nominated Mr. Santiago Gabriel O. Fernandez to be elected as member of the Board and Mr. Santiago Gabriel O. Fernandez has accepted said nomination.

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 2023-2024, the Company is expected to have four (4) independent directors with Messrs. Roberto F. De Ocampo, Jaime F. Panganiban, Cesar O. Virtusio, and John E. Huang having been re-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	Position/Rank/Title	Age	Citizenship
Jaime C. Fernandez	President and CEO	67	Filipino
Ma. Editha S. Paltongan	SVP- Treasurer & Controller	56	Filipino
Rex Stewart Y. Cheung	VP- Chief Investment Officer	46	Filipino
Ma. Sigrid R. Pinlac	VP- Corporate Secretary & HRLRA Head	43	Filipino
Kaima Via B. Velasquez	AVP- Compliance Officer	39	Filipino
Joy S. Vianzon	Vice President – Chief Accountant	54	Filipino
Danilo M. Mercado	Vice President for Metro Manila Sales	63	Filipino
Teresita E. Ullegue	Vice President – Policy Admin	69	Filipino
Juanito B. Tan	Deputy Head- Company Operations	69	Filipino
Glenn P. Abuzo	Asst. Vice President - MIS	52	Filipino
Maritess M. Llapitan	Asst. Vice President - Underwriting	55	Filipino
Devorah Q. Dela Cruz	Asst. Vice President – Credit & Collections	62	Filipino
Elizabeth T. Flores	Asst. Vice President - Healthcare	63	Filipino
John Jorge S. Orbe	Asst. Vice President - Facilities	51	Filipino

Please refer to the attached ***Annexes "A" and "B"*** for the brief profile of the Directors/Nominees and Executive Officers of the Company, respectively.

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, President & CEO, Messrs. Roberto C. Fernandez and Jaime C. Fernandez, respectively, and Director Maria Elena C. Fernandez, are all siblings, while Mr. Santiago Gabriel Fernandez is the son of Mr. Roberto C. Fernandez.

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 and CEO; Rex Stewart Y. Cheung, VP-Chief Investment Officer; Ma. Editha S. Paltongan, SVP-Comptroller				
Total	*2023**	*23,000,000*	*7,000,000*	*6,000,000*
	2022	*20,803,831*	*6,472,926*	*5,523,235*
	2021	*16,597,619*	*5,895,462*	*4,945,770*
**estimate for 2023*	*2020*	*14,629,270*	*3,163,200*	*3,720,250*
All other officers and directors as a group unnamed	*2023**	*24,000,000*	*10,000,000*	*8,000,000*
	2022	*18,852,588*	*8,940,657*	*6,840,708*
	2021	*15,281,967*	*9,880,104*	*5,586,567*
	2020	*12,120,995*	*7,588,620*	*5,019,608*

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 2022.

Mr. Darryll Reese Q. Salangad served as the Company's Audit Partner for the year 2022. 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	-	*Member*
Ernesto O. Severino	-	*Alternate Member*

The accounting firm RT & Co. will be nominated to act as external auditor of the Company for the year 2023. 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 2023.

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 Twenty Four Thousand Eight Hundred Pesos (Php1,724,800.00) for the fiscal year 2022, versus the amount of One Million Six Hundred One Thousand, Six Hundred Pesos (P1,601,600.00) paid for the fiscal year 2021. 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, 2022, 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 "C."*** 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 for the year ended 2022 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/or Philippine Accounting Standard ("PAS") to wit: PFRS 3, Business Combinations – Reference to Conceptual Framework; PAS 16 Property, Plant and Equipment – Proceeds before Intended Use; PAS 37 Onerous Contracts – Cost of Fulfilling a Contract; PFRS 9, Financial Instruments – Fees in the 10% test for derecognition of financial liabilities; PFRS 16, Leases – Lease Incentives. Under prevailing circumstances, the adoption of the foregoing amended PFRS/PAS did not have any material effect in the Group's financial statements.

The effects of the new and amended PFRS/PAS 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 30, 2022.

  - Annual Report & Audited Financial Statements for the fiscal year ended December 31, 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 Members of the Board
  - Election of External Auditor for the year 2022.

b. The 2022 Annual Report and Audited Consolidated Financial Statements for the year ended December 31, 2021

c. Election of Directors for 2023-2024 (Including the Independent Directors)

d. Election of External Auditors for the year 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 "E"***, 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/2023-ASM-registration on or before 21 June 2023. Please refer to ***Annex "E"*** 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 "C"*** and ***"D",*** 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 5% as compared to the same period in 2022. The Registrant is aiming for a total gross premiums of P2.53Billion for the year.

Total revenues for the first quarter of the year increased by 24% as compared to the same period in 2022. Premiums, net of cessions, have increased by 5% to P475,086,257 in 2023 from P451,373,283 in 2022. Investment and other income significantly increased mainly as a result of the improved yields and acquisition of securities with higher returns. 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 a much lower level at P12,310,805 in 2023.

Benefits and claims incurred decreased by 15% between the two comparative periods. Legal policy reserves, however, increased by a total of P42,019,893 in contrast to its increase in 2022 by P26,531,951. Commissions and other direct expenses increased by 34% 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 P54.36 as of March 31, 2023 versus P55.755 as of December 31, 2022; and P51.74 as of March 31, 2022 versus P50.999 as of December 31, 2021 based on closing rates found in the Phil. Dealing System (PDS)/Bankers Association of the Philippines (BAP).

Realized and unrealized net foreign exchange losses were recorded in 2023 at P68,502,553 versus gains in 2022 at P38,353,133 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 2023 and 2022, consolidated net income was earned mainly from premiums and interest income. BFAI registered a net income of P326.34. Earnings per share amounted to P0.0375 in 2023 as compared to P0.0194 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:

	2023	2022
Ordinary	69,421,455	74,072,232
Group	393,109,577	333,994,692
Microinsurance	276,250	527,250
Inward reinsurance	17,592,176	48,463,522
	480,399,458	457,057,696
Premiums ceded	5,313,201	5,684,413
Premiums, net of reinsurance	475,086,257	451,373,283

The first quarter of 2023 shows decrease in ordinary, micro insurance and inward reinsurance lines while group business increased. The Registrant is budgeting a total of P2.48Billion net premiums for the year 2023.

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 2023 is equivalent to a total net decrease amounting to P52,546,352. The legal policy reserves increased by P42,019,893 due to change in inforce policies but decreased by P94,566,245 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 2023 amounted to P9,858,339,901 which is lower by 0.04% than the total for the year ended December 31, 2022 at P9,862,740,682. The major composition of the asset portfolio as of the first quarter of 2023 is: cash and cash equivalents at 12%, investment securities at 62%, and loans and notes at 12%. On the Liabilities side, insurance contract liabilities comprise 80% of the total liabilities and premium deposit fund is at 5%.

Total stockholders' equity amounted to P4,215,531,949 as of the end-quarter 2023 which is higher than the P4,081,156,514 balance as of December 31, 2021 by 3%.

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

a. Increase in short term investments by 162% was due to the placements in peso time deposits from the maturity proceeds of government securities (GS). The rates were at par with GS but with term periods of less than ninety (90) days.

b. Increase in insurance receivables by 149% represents the premiums due and uncollected as of the quarter end.

c. Decrease in accrued income by 6% was due to collection of interests due as of the quarter end.

d. Increase in insurance payables by 15% represents the cessions during the quarter that are still for payment as of the quarter-end.

e. Loans payable, which is a fixed term loan with a foreign custodian bank, was completely paid off in March 2023.

f. Decrease in accounts payable and accrued expenses by 17% was due to payments of amounts due as of 2022 year end with settlement dates in 2023.

g. Decrease in other liabilities by 16% was mainly due to the take up of deposits as insurance premiums during the first quarter of 2023

h. Increase in appropriated Retained Earnings by 15% and Increase in other comprehensive income by 12% were the results of the GPV calculation of legal policy reserves.

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 2023 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 quarter of 2023, the Registrant 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 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 the approval of the IC. 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. The Registrant has not introduced any new product during the first quarter of 2023. There are no plans to offer variable products during the year 2023.

Management is hoping that the Registrant will, at least, equal its performance of 2022.

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 the Registrant is P1.30Billion as of December 31, 2022 and as of March 31, 2023. 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. The Registrant will focus on the preparation for the implementation of International Financial Reporting Standard ("IFRS") 17 on Insurance Contracts which will become effective two years after its effective date as decided by the International Accounting Standards Board per CL 2020-62 issued by the IC. The IC issued CL 2022-41 dated August 25, 2022 that sets forth the requirements for the adoption of the Own Risk and Solvency Assessment Framework which is for implementation effective June 30, 2023.

There are no other material events subsequent to March 31, 2023 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 2023.

Management's Discussion and Analysis – 2022 vs. 2021:

The Registrant and its subsidiaries posted an increase in gross premiums by 26% from P1.76Billion in 2021 to P2.21Billion in 2022. Net premiums also increased by 26% between the two comparative years.

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

	2022	2021
Ordinary	318,467,244	350,710,709
Group	1,786,140,123	1,327,926,294
Microinsurance	2,010,500	3,704,000
Inward reinsurance	108,866,424	78,871,816
	2,215,484,291	1,761,212,819
Premiums ceded	53,873,361	39,897,729
Premiums, net of reinsurance	2,161,610,930	1,721,315,090

Premiums from the group and inward reinsurance businesses increased in 2022 as compared to 2021 while premiums from ordinary/regular business and microinsurance 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 83% in 2022 versus 80% in 2021, 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 2021 to 2022 amounted to P389,537,358 which includes the effects of the change in inforce policies and in the discount rates used for the GPV valuation.

Year 2022 was marked by another decrease in investment and other income by 49% as compared to the 5% decrease in 2021 over 2020. 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 P1.80Million was recognized in 2022 on investment securities and loans and notes, which is 98% lower than the 2021 impairment loss at P14.87Million.

On a year to year basis, the Peso depreciated to P55.755 in 2022 as against the US Dollar. The exchange rate as of year-end 2021 was at P50.999=USD1.00. This resulted in realized and unrealized foreign exchange gain amounting to P236.53Million in 2022 versus P156.79Million gain in 2021.

Commissions and other direct expenses increased by 18% while general and administrative expenses increased by the same percentage of 18% from 2021 to 2022. Consolidated net income for the year ended 2022 amounted to P81Million as compared to the P240.59Million in 2021 or a 66% decrease. Basic and diluted earnings per share, consequently, decreased from P0.38 per share in 2021 to P0.13 in 202 .

The consolidated statement of financial position shows an increase of 4% in total assets to P9.86Billion in 2022 from P9.48Billion in 2021. Investment securities comprise 63% of the total assets in 2022, 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 P1.18Billion, short term investments of P52Million and accrued income of P75Million shows that the Registrant remains liquid and able to meet its obligations. Total assets of the subsidiary BFAI amount to P1.9Million.

The consolidated stockholders' equity portion reflects a total of P4.08Billion in 2022, which is higher by 19% than the P3.43Billion in 2021.

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 2021 to year 2022:

a. Decrease in cash and cash equivalents by 10% was used in mainly in investing activities;
b. Increase in short term investments by 339% due to the shift to term deposits with maturities of more than 90days.
c. Decrease in insurance receivables by 77% represent decrease in collectible premiums with due dates falling on or before the year end.
d. Increase in investment securities by 4% was mainly due to the mark-to-market gain on foreign exchange and additional acquisitions of bonds.
e. Increase in accrued income by 17% was mainly due to the increase on interest collectibles on outstanding bonds with interest rates that generally are much higher compared to 2021.
f. Increase by 11% in the property and equipment at cost was due to additional acquisitions of IT equipment and vehicles during the year.
g. The Registrant's office spaces were appraised as of the year end 2022, which explain the 46% increase in PPE at appraised values.
h. Increase in Other assets by 17% represents the installment payments made during the year for the acquisition of two condominium offices.
i. Decrease in insurance contract liabilities by 6% was the effect of the GPV calculation of legal policy reserves.
j. Decrease in policyholders' dividends payable by 10% can be attributed to payments of previously accrued dividends on matured policies.
k. Decrease in insurance payables by 75% represents payments made to reinsurers during the year.
l. Increase in loans payable by 10% was due to the availment of fixed term loan during the year.
m. Increase is deferred tax liability by 187% was the effect of the appraisal of company owned office spaces.
n. Net retirement liability decreased by 21% mainly because of the effects of increase in interest rates on the Actuarial valuation of retirement expense and pension liability.
o. Taxable investment income mainly contributed to the increase in income tax payable by 245%.
p. Overall decrease in net income by 66% was mainly due to the fair value losses recognized in 2022, coming from a gain reported in 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 18, 2023.

BENEFICIAL LIFE INSURANCE COMPANY, INC.
By:

MA. SIGRID R. PINLAC
Corporate Secretary

MATERIALS ACCOMPANYING THIS INFORMATION STATEMENT

1. ***Annex "A"*** - Directors' Profile and Certification of Independent Directors
2. ***Annex "B"*** - Executive Officers' Profile
3. ***Annex "C"*** - Statement of Management's Responsibility for Financial Statements and Audited Consolidated Financial Statements for 2022
4. ***Annex "D"*** - Interim Financial Statements
5. ***Annex "E"*** - 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).

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[i] https://www.benlife.com.ph/benlife-2023-ASM/

[ii] https://form.jotform.com/benlifemis.com.ph/2023-ASM-polls

ANNEX "A"

BENEFICIAL LIFE INSURANCE COMPANY, INC.

DIRECTORS' PROFILE

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

ROBERTO C. FERNANDEZ, *age 62, 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. and Chairman of FMF Development Corporation. 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 67, 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 in Marilag Holdings, 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 60, 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 77, 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 was the Secretary of Finance from 1992-1998. He is a former President of the Asian Institute of Management (AIM), one of Asia's leading international business management graduate schools based in the Philippines. He was Chairman and CEO of the Development Bank of the Philippines in 1989.

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 72, 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 Lake 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 77, 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 degree in Business Administration major in International Business from the George Washington University, Washington DC.

JOHN E. HUANG, *age 66, Filipino, is* an independent director of the Company since October 15, 2020 and a 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 the Senior Vice President - Head of Investments of National Reinsurance Corporation of the Philippines (NatRe) (from 2014) and before that, he was the 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 56, 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.

ERNESTO O. SEVERINO, age 66, 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.

B. As of April 30, 2023, the following have been re-nominated and are eligible for election to the Board on the 2023 Annual Stockholders' Meeting of the Company:

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

SANTIAGO GABRIEL O. FERNANDEZ, age 28, Filipino, and was a Director from 2016 to 2019.

Mr. Santiago Fernandez served as an Investment Banking Associate under Financial Institutions Group Completed Transactions of Goldman Sachs International at London, United Kingdom from 2021 to 2023. He worked as an Investment Banking Summer Associate – Financial Institutions Group at Credit Suisse International in London, United Kingdom. He was also with PricewaterhouseCoopers ("PWC") as a Full Time Associate specializing in business enterprise valuation and financial model review of companies engaged in the shipping, tankering, integrated logistics, and renewable energy industries. He was also involved in the Support Bid and Financial Model Advisory for the Light Rail Transit 2 ("LRT2") and the Regional Airport Public-Private Partnership ("PPP") projects run by the PPP Center.

Mr. Santiago Fernandez received his Bachelor of Commerce degree, majors in Economics and Finance (with Third Class Honours), from the University of Melbourne, Australia. He finished his MBA degree at London Business School in 2021.

Mr. Ernesto O. Severino, while having been re-nominated, has declined for re-election to the Board citing the likelihood of lack of time to attend to the functions of a Director taking into account the full time management of his own company.

*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.

CERTIFICATION

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, or an employee of, the government.

ATTY. MA. SIGRID R. PINLAC
Corporate Secretary

SUBSCRIBED AND SWON to before me this 18 MAY 2023 in the City of Makati, Philippines, affiant exhibiting to me her Philippine Passport P7167294B issued on 09 July 2021 in DFA Manila, as competent proof of her identity.

Notary Public

Doc. No. 277;
Page No. 57;
Book No. 278
Series of 2023.

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-077
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
5 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO 1215, MAKATI CITY
SC Roll No 62179/04-26-2013
IBP NO. 259534/01-02-2023/Pasig City
PTR NO. MKT 9562350/01-03-2023/Makati City
MCLE Compliance No. VII-0020180/04-14-2025

CERTIFICATE OF INDEPENDENT DIRECTOR

I, Roberto F. de Ocampo, Filipino, of legal age and a resident of 121 Victoria Cor. Homonhon Sts. Magallanes Village, Makati, 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. and have been its independent director since October 30, 2008.

2. I am affiliated with the following companies or organizations:

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
RFO Center for Public Finance and REGIONAL Economic Cooperation	Chairman of the Board of Advisors	2006
Philippine Veterans Bank	Chairman and CEO	2013
MoneyTree Publishing Inc.	Chairman	2007
Stradcom Corporation	Chairman	2003
Public Finance Institute of the Philippine	Chairman	2007
Intervest Project Inc. (IPI)	Chairman	2013
British Alumni Association	Chairman	January 29, 2003
Libera International Advisory Board (London)	Chairman	2013
Foundation for Economic Freedom	Chairman	2012
BPI Investment Management Inc. (BIMI)	Chairman	2014
Center for Philippine Futuristics Studies and Management Inc.	Chairman	2014
La Costa Development	Vice-Chairman	2007
Makati Business Club	Vice-Chairman	2006
Centennial Group (Washington), D.C.	Founding Director	1999
Emerging Markets Forum	Founding Director	2005
Pacific Gaming Investments Pte. Ltd.	Independent Director	2010
Bankard, Inc.	Independent Director	2006
EEI Corporation	Independent Director	2005
House of Investments	Independent Director	June 5, 2000
Beneficial Life Insurance Co., Inc.	Independent Director	October 30, 2008
Robinsons Land Corporation	Independent Director	2003
DFNN Inc.	Independent Director	1999
Investment & Capital Corporation of the Philippines (ICCP)	Independent Director	July 27, 2011

Banker's Association of the Philippines	Director	2016
Philippine Business for the Environment (PBE)	Board Member	2015
The Conference Board (New York)	Member, Global Advisory Board	2004
Philippine Cancer Society	Member, Board of Advisers	1998
Ramos Peace and Development Foundation	Member, Board of Trustees	1999
SGV Foundation	Member, Board of Trustees	1999
Trilateral Commission	Member, Asia Pacific Group Representing ASEAN	2000
Philippine Quality & Productivity Movement Inc.	Member, Board of Advisers	2012

I am not affiliated to any government/owned and controlled corporation.

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 not related to any director/officer/substantial shareholder of Beneficial Life Insurance Company, Inc. as provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable)

NAME OF DIRECTOR/OFFICER/SUBTANTIAL 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.

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

6. (For those in government service/affiliated with a government agency or GOCC) I have the required written permission or consent from Beneficial Life Insurance Company, Inc. to be and independent director in Beneficial Life Insurance Company, Inc., pursuant to Office of the President Memorandum Circular' No. 17 and Section 12, Rule XVIII of the Revised Civil Services Rules.

7. I shall faithfully and diligently comply with my duties as 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 Beneficial Life Insurance Company, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done, this 10th day of May 2023, at Makati City

ROBERTO F. DE OCAMPO
Affiant

16 MAY 2023

SUBSCRIBED AND SWORN to before me this 10th day of May 2023 at Makati City, affiant personally appeared before me and exhibited to me his passport with no. P5685296B valid until 26 October 2030 issued at DFA NR Central on 27 October 2020.

Doc. No. 101 :
Page No. 22 :
Book No. 278 :
Series of 2023:

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-077
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
5 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO 1215, MAKATI CITY
SC Roll No 62179/04-26-2013
IBP NO. 258534/01-02-2023/Pasig City
PTR NO. MKT 9562350/01-03-2023/Makati City
MCLE Compliance No. VII-0020180/04-14-2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JAIME F. PANGANIBAN**, Filipino, of legal age and a resident of 22 A North Pacific Plaza Towers, 4th Ave., cor., 25 St., West BGC, Taguig, 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 16 MAY 2023 day of __________, at Makati City.

JAIME F. PANGANIBAN
Affiant

SUBSCRIBED AND SWORN to before me this 16 MAY 2023 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. 104;
Page No. 22;
Book No. 278;
Series of 2023

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-077
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
5 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO 1215, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 258534/01-02-2023/Pasig City
PTR NO. MKT 9562350/01-03-2023/Makati City
MCLE Compliance No. VII-0020180/04-14-2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CESAR O. VIRTUSIO**, Filipino, of legal age and a resident of 2147 Paraiso St., Dasmarinas Village, Makati City, 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 16 MAY 2023 day of __________, at Makati City.

CESAR O. VIRTUSIO
Affiant

SUBSCRIBED AND SWORN to before me this 16 MAY 2023 day of __________ at Makati City, affiant personally appeared before me and exhibited to me his Philippine Passport bearing numbers P5559125B issued at DFA-Manila on September 25, 2020.

Doc. No. 102;
Page No. 22;
Book No. 278;
Series of 2023

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-077
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
5 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO 1215, MAKATI CITY
SC Roll No 62179/04-26-2013
IBP NO. 258534/01-02-2023/Pasig City
PTR NO. MKT 9562350/01-03-2023/Makati City
MCLE Compliance No. VII-0020180/04-14-2025

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JOHN E. HUANG,** Filipino, of legal age and a resident of 24 Mushroom Street, Valle Verde 5 Subdivision, Pasig City, 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.

16 MAY 2023

Done, this ____________ day of __________, at Makati City.

JOHN E. HUANG
Affiant

16 MAY 2023

SUBSCRIBED AND SWORN to before me this _____ day of ____________ 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.

Doc. No. 103;
Page No. 22;
Book No. 278;
Series of 2023

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-077
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
5 KALAYAAN AVENUE EXTENSION
BARANGAY WEST REMBO 1215, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 258534/01-02-2023/Pasig City
PTR NO. MKT 9562350/01-03-2023/Makati City
MCLE Compliance No. VII-0020180/04-14-2025

ANNEX "B"

BENEFICIAL LIFE INSURANCE COMPANY, INC.

EXECUTIVE OFFICERS' PROFILE

The following are the incumbent Officers of the Company:

ROBERTO C. FERNANDEZ, Chairman (see credentials/profile in Annex A)

JAIME C. FERNANDEZ, President and CEO (see credentials/profile in Annex A)

MA. EDITHA S. PALTONGAN*, age 56, 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 46, Filipino,* is the 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 54, 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 44, 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 took and passed the 2003 bar examination and was admitted to the Philippine Bar in 2004.

ATTY. KAIMA VIA B. VELASQUEZ, *age 39, 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 received her Master in Industrial Relations degree Major in Human Resources Development from the University of the Philippines – School of Labor and Industrial Relations, with an Academic Excellence Awardee distinction. She finished her Bachelor of Laws degree from San Beda University, College of Law in 2008 and was admitted to the Philippine Bar in 2009.

DANILO L. MERCADO, *age 63, 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 69, Filipino*, is the Deputy Head for Company Operations. Prior to joining the Registrant in 2012, he 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 69, 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 62, 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 55, 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 63, 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 52, 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 51, Filipino*, is the Assistant Vice President for Facilities and Procurement Department 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 Bachelor of Science degree in Mechanical Engineering from the Central Philippine University in Iloilo City.

ANNEX "C"

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, 2022 and 2021**, 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 13th day of April 2023

SUBSCRIBED AND SWORN to before me this 17 APR 2023, 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. 413
Page no. 84
Book no. 270
Series of 2023

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-077
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2024
5 KALAYAAN AVENUE EXTENSION,
BARANGAY WEST REMBO 1215, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 258534/01-02-2023/Pasig City
PTR NO. MKT 9562350/01-03-2023/Makati City
MCLE Compliance No. VII-0020180/04-14-2025

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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, Philippines

Opinion

We have audited the 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, 2022 and 2021, 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, 2022, 2021 and 2020, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its cash flows for the years ended December 31, 2022, 2021 and 2020 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 audits 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, 2022, 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, 2022 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.

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

In connection with our audits 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. 107615-SEC Group A
Issued February 21, 2023
Valid for Financial Period 2022
IC Accreditation No. 107615-IC
Issued August 12, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-016-2022
Valid until May 15, 2025
PTR No. 9564575
Issued January 3, 2023, Makati City

April 13, 2023
Makati City, Metro Manila

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2022	2021
ASSETS			
Cash and cash equivalents	4	**₱1,179,443,671**	₱1,309,862,690
Short-term investments	4	**52,182,102**	11,880,219
Insurance receivables	5	**8,216,046**	36,080,607
Investment securities	6	**6,256,135,242**	6,024,903,376
Loans receivables	7	**1,204,548,519**	1,263,540,123
Accrued investment income	6	**74,820,615**	64,048,218
Property and equipment:	8		
At revalued amount		**950,751,000**	649,250,307
At cost		**25,169,424**	22,606,953
Other assets		**111,474,063**	95,636,691
		₱9,862,740,682	₱9,477,809,184
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	9	**₱4,572,423,689**	₱4,881,495,227
Policyholders' dividends payable	10	**117,964,181**	130,592,414
Premium deposit fund	11	**306,636,783**	311,114,991
Insurance payables	12	**21,231,689**	85,776,580
Loans payable	13	**5,309,184**	4,811,634
Accounts payable and accrued expenses	14	**128,287,367**	161,286,692
Net retirement liability	22	**119,896,472**	152,145,961
Net deferred tax liabilities	23	**250,271,650**	87,288,622
Income tax payable		**1,933,492**	560,325
Other liabilities	15	**257,629,661**	234,234,971
Total Liabilities		**5,781,584,168**	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:	16		
Appropriated		**172,643,555**	90,010,323
Unappropriated		**1,842,782,213**	1,865,227,773
Other comprehensive income		**949,708,577**	357,241,502
Total Equity		**4,081,156,514**	3,428,501,767
		₱9,862,740,682	₱9,477,809,184

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	2022	2021	2020
REVENUES				
Gross premiums on insurance contracts	18	**₱2,215,484,291**	₱1,761,212,819	₱1,658,761,570
Reinsurers' share of gross premiums on insurance contracts	18	**(53,873,361)**	(39,897,729)	(15,258,231)
Net insurance premiums		**2,161,610,930**	1,721,315,090	1,643,503,339
Interest income	4	**327,825,432**	295,364,458	327,209,477
Net fair value gain (loss) on financial assets at fair value through profit or loss (FVPL)	6	**(216,970,571)**	5,075,212	13,762,986
Dividend income	6	**47,440,720**	33,280,478	28,052,375
Rental income	24	**4,189,049**	2,362,288	3,469,090
Gain on sale of investment securities	6	**1,144,613**	13,361,893	7,357,288
Other income		**27,944,300**	28,837,311	16,965,580
		2,353,184,473	2,099,596,730	2,040,320,135
BENEFITS, CLAIMS AND EXPENSES				
Net benefits and claims incurred on insurance contracts	19	**1,353,211,604**	1,191,656,328	783,857,598
Net change in legal policy reserves	19	**147,608,393**	15,824,425	208,594,487
Net insurance benefits and claims		**1,500,819,997**	1,207,480,753	992,452,085
General and administrative expenses	20	**602,877,138**	507,231,953	488,407,306
Commission and other direct expenses	21	**214,937,899**	181,433,269	216,055,062
Insurance taxes		**42,606,912**	34,062,470	31,268,931
Finance costs and charges	21	**32,567,946**	22,761,628	35,477,979
		2,393,809,892	1,952,970,073	1,763,661,363
INCOME (LOSS) BEFORE FOREIGN EXCHANGE CHANGES AND IMPAIRMENT LOSSES		**(40,625,419)**	146,626,657	276,658,772
NET FOREIGN EXCHANGE GAIN (LOSS)		**236,533,392**	156,790,646	(111,880,062)
PROVISION FOR IMPAIRMENT LOSSES				
Investment securities	6	**1,799,386**	1,002,230	10,985,211
Loans receivables	7	**–**	9,991,075	38,998,407
Other assets	3	**–**	3,878,206	–
		1,799,386	14,871,511	49,983,618
INCOME BEFORE INCOME TAX		**194,108,587**	288,545,792	114,795,092
INCOME TAX EXPENSE (BENEFIT)	23			
Current		**6,403,880**	1,260,918	6,100,466
Final		**28,172,640**	23,201,226	24,507,310
Deferred		**78,698,205**	23,498,372	(36,965,371)
		113,274,725	47,960,516	(6,357,595)
NET INCOME		**₱80,833,862**	₱240,585,276	₱121,152,687

(Forward)

	Note	2022	2021	2020
			Years Ended December 31	
NET INCOME		**₱80,833,862**	₱240,585,276	₱121,152,687
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	**(216,158,462)**	(44,925,470)	84,685,053
Cumulative translation adjustment		**–**	(9,180,652)	(6,130,889)
		(216,158,462)	(54,106,122)	78,554,164
Items that will not be reclassified to profit or loss in subsequent periods:				
Remeasurement gain (loss) on legal policy reserves	9	**537,145,750**	324,661,380	(481,778,294)
Change in revaluation reserves on investment securities (equity securities classified as financial assets at FVOCI)	6	**18,625,319**	(2,266,495)	(7,860,631)
Remeasurement gain (loss) on retirement liability - net of deferred tax	22	**25,326,646**	(10,355,674)	(3,393,708)
Increase in revaluation surplus - net of deferred tax	8	**230,199,371**	–	–
		811,297,086	312,039,211	(493,032,633)
		595,138,624	257,933,089	(414,478,469)
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱675,972,486**	₱498,518,365	(₱293,325,782)

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	**2022**	2021	2020
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		**90,010,323**	42,873,792	80,623,116
Appropriation for (reversal of) negative legal policy reserves		**82,633,232**	47,136,531	(37,749,324)
Balance at end of year		**172,643,555**	90,010,323	42,873,792
Unappropriated				
Balance at beginning of year		**1,865,227,773**	1,632,652,204	1,480,482,230
Net income		**80,833,862**	240,585,276	121,152,687
Reversal of (appropriation for) negative legal policy reserves	16	**(82,633,232)**	(47,136,531)	37,749,324
Transfer from revaluation reserves on investment securities	6	**(24,208,256)**	35,347,300	(10,511,561)
Transfer of revaluation surplus on property equipment	8	**3,562,066**	3,779,524	3,779,524
Balance at end of year		**1,842,782,213**	1,865,227,773	1,632,652,204
		2,015,425,768	1,955,238,096	1,675,525,996
OTHER COMPREHENSIVE INCOME (LOSS)				
Revaluation reserves on investment securities				
Balance at beginning of year		**(94,923,274)**	(47,731,309)	(124,555,731)
Change in revaluation reserves	6	**(197,533,143)**	(47,191,965)	76,824,422
Balance at end of year		**(292,456,417)**	(94,923,274)	(47,731,309)
Revaluation surplus on property and equipment - net of deferred tax	8			
Balance at beginning of year		**351,485,262**	330,698,577	333,344,244
Appraisal increase		**230,199,371**	–	–
Transfer of revaluation surplus		**(2,671,549)**	(2,834,643)	(2,645,667)
Effect of change in income tax rate		**–**	23,621,328	–
Balance at end of year		**579,013,084**	351,485,262	330,698,577

(Forward)

	Note	2022	2021	2020
		Years Ended December 31		
Cumulative remeasurement gain (loss) on legal policy reserves	9			
Balance at beginning of year		**₱122,998,709**	(₱201,662,671)	₱280,115,623
Remeasurement gain (loss) on legal policy reserves		**537,145,750**	324,661,380	(481,778,294)
Balance at end of year		**660,144,459**	122,998,709	(201,662,671)
Cumulative remeasurement gain (loss) on retirement liability - net of deferred tax	22			
Balance at beginning of year		**(22,319,195)**	(11,963,521)	(8,569,813)
Remeasurement gain (loss) on retirement liability		**25,326,646**	(9,501,137)	(3,393,708)
Effect of change in income tax rate		**–**	(854,537)	–
Balance at end of year		**3,007,451**	(22,319,195)	(11,963,521)
Cumulative translation adjustment				
Balance at beginning of year		**–**	9,180,652	15,311,541
Translation adjustment		**–**	(9,180,652)	(6,130,889)
Balance at end of year		**–**	–	9,180,652
		949,708,577	357,241,502	78,521,728
		₱4,081,156,514	₱3,428,501,767	₱2,870,069,893

See accompanying Notes to Consolidated Financial Statements.

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱194,108,587**	₱288,545,792	₱114,795,092
Adjustments for:				
Interest income	4	**(327,825,432)**	(295,364,458)	(327,209,477)
Net fair value loss (gain) on financial assets at FVPL	6	**216,970,571**	(5,075,212)	(13,762,986)
Unrealized foreign exchange loss (gain)		**(212,870,902)**	(53,084,477)	99,621,598
Dividend income	6	**(47,440,720)**	(33,280,478)	(28,052,375)
Finance costs	21	**24,414,967**	13,847,184	27,406,267
Depreciation	8	**19,996,289**	19,843,115	22,684,704
Retirement benefits cost	22	**19,247,188**	15,545,062	23,078,622
Provision for impairment losses on:				
Investment securities	6	**1,799,386**	1,002,230	10,985,211
Loans receivables	7	**–**	9,991,075	38,998,407
Other assets	3	**–**	3,878,206	–
Gain on sale of investment securities	6	**(1,144,613)**	(13,361,893)	(7,357,288)
Gain on sale of property and equipment	8	**(1,078,542)**	–	–
Operating loss before working capital changes		**(113,823,221)**	(47,513,854)	(38,812,225)
Decrease (increase) in:				
Short-term investments		**(40,301,883)**	50,916,762	(2,296,981)
Insurance receivables		**27,864,561**	(2,542,216)	56,155,323
Loans receivables		**58,991,604**	117,432,047	233,839,275
Increase (decrease) in:				
Insurance contract liabilities		**228,074,212**	293,733,428	333,420,731
Policyholders' dividends payable		**(12,628,233)**	(11,616,320)	8,777,919
Premium deposit fund		**(28,746,085)**	(24,900,730)	(10,432,815)
Insurance payables		**(64,544,891)**	(8,501,576)	3,299,549
Accounts payable and accrued expenses		**(32,999,325)**	82,640	29,540,814
Other liabilities		**23,474,576**	18,008,316	(309,229)
Net cash generated from operations		**45,361,315**	385,098,497	613,182,361
Income tax paid		**(33,203,353)**	(27,560,387)	(12,252,435)
Contributions to plan assets	22	**(15,000,000)**	(12,000,000)	(15,000,000)
Benefits paid	22	**(2,727,815)**	(3,063,855)	(7,243,901)
Interest paid		**(147,090)**	(329,982)	(1,644,385)
Net cash provided by (used in) operating activities		**(5,716,943)**	342,144,273	577,041,640

(Forward)

	Note	2022	2021	2020
		Years Ended December 31		
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Investment securities	6	**(₱2,590,608,566)**	(₱2,203,229,311)	(₱3,817,451,516)
Property and equipment	8	**(17,148,416)**	(19,745,567)	(5,825,337)
Other assets		**(15,837,372)**	(10,368,088)	(4,766,319)
Proceeds from sale/maturities of investment securities	6	**2,083,015,741**	1,910,598,424	2,661,251,739
Interest received		**366,918,153**	302,531,154	315,545,608
Dividends received		**47,440,720**	34,156,078	27,559,748
Proceeds on sale of property and equipment	8	**1,100,000**	–	–
Net cash provided by (used in) investing activities		**(125,119,740)**	13,942,690	(823,686,077)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan availments	13	**497,550**	231,276,265	977,531,670
Cash dividends paid	13	**(79,886)**	(53,559)	(49,606)
Loan payments	13	**–**	(249,750,840)	(983,661,637)
Net cash provided by (used in) financing activities		**417,664**	(18,528,134)	(6,179,573)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(130,419,019)**	337,558,829	(252,824,010)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,309,862,690**	972,303,861	1,225,127,871
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱1,179,443,671**	₱1,309,862,690	₱972,303,861

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022 AND 2021
AND FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

1. **Corporate Information**

Beneficial Life Insurance Company, Inc. (the Parent Company) was incorporated in the Philippines and registered with the 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, Philippines.

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. On April 22, 2022, the SEC approved BFAI's Amended Articles of Incorporation to shorten its corporate term until June 30, 2023.

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, 2022 and 2021 is composed of the assets, liabilities and equity of the Parent Company and BFAI while its consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2021 and 2020 are 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, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020 were approved and authorized for issuance by the BOD on April 13, 2023.

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 Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee, 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:

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced 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 ensures 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 clarify that an acquirer shall not recognize contingent assets acquired in a business combination.

- 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. There is no transition relief for first-time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). 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.

- 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 amendment.

  - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from 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.

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, 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 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, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – 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. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

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 for PFRS 17. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

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

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

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

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

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

Current and Noncurrent Classification

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

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 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 investment 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, 2022 and 2021, the Group does not have financial liabilities measured at FVPL.

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

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

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

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

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

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

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

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

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

Insurance Contracts

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

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

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

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

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

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

Reinsurance Contracts
The Parent Company cedes insurance risk in the normal course of business to reinsurers. Balances due from reinsurance companies for its share in benefits and claims of policyholders are recognized as "Due from reinsurers" under "Insurance Receivables" account 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 based on the valuation of an independent appraiser. 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.

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.

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.

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. Rent income is recognized on a straight-line basis over the lease term.

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 retirement 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 (RCIT). 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 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.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as OCI.

<u>Leases</u>
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 right-of-use (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.

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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 ₱10.1 million, ₱9.0 million and ₱8.7 million in 2022, 2021 and 2020, 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 ₱4.2 million, ₱2.4 million and ₱3.5 million in 2022, 2021 and 2020, 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 ₱3,042.5 million and ₱3,432.1 million as at December 31, 2022 and 2021, 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 ₱611.4 million and ₱538.9 million as at December 31, 2022 and 2021, 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 and debt securities classified as financial assets at FVOCI are as follows:

		2022		2021	
	Note	**Carrying Amount**	**Allowance for ECL**	Carrying Amount	Allowance for ECL
Cash and cash equivalents	4	**₱1,179,443,671**	**₱–**	₱1,309,862,690	₱–
Short-term investments	4	**52,182,102**	**–**	11,880,219	–
Insurance receivables	5	**8,216,046**	**–**	36,080,607	–
Investment securities:	6				
Financial assets at FVOCI - debt securities		**1,638,702,618**	**11,010,543**	2,273,386,423	9,420,725
Financial assets at amortized cost		**2,869,466,923**	**2,136,398**	2,032,634,640	1,926,830
Loans receivables	7	**1,204,548,519**	**41,101,452**	1,263,540,123	121,222,251
Accrued investment income	6	**74,820,615**	**–**	64,048,218	–

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 2022 and 2021. The carrying amount of property and equipment at cost amounted to ₱25.2 million and ₱22.6 million as at December 31, 2022 and 2021, respectively (see Note 8).

There were no changes in the estimated useful lives of the Group's property and equipment at revalued amounts in 2022 and 2021. The carrying amount of property and equipment at revalued amounts amounted to ₱950.8 million and ₱649.3 million as at December 31, 2022 and 2021, 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 for December 31, 2022 valuation cut-off date. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱230.2 million. The carrying amount of property and equipment at revalued amounts amounted to ₱950.8 million and ₱649.3 million as at December 31, 2022 and 2021, respectively (see Note 8).

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.

The Group recognized impairment loss on other assets amounting to ₱3.9 million in 2021. No impairment loss was recognized in 2022, 2021, and 2020. The carrying amounts of nonfinancial assets are as follows:

Asset Type	Note	**2022**	2021
Property and equipment:	8		
At revalued amounts		**₱950,751,000**	₱649,250,307
At cost		**25,169,424**	22,606,953
Other assets		**111,474,063**	95,636,691

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 ₱119.9 million and ₱152.1 million as at December 31, 2022 and 2021, 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 ₱40.2 million and ₱95.0 million as at December 31, 2022 and 2021, respectively (see Note 23).

The Group's unrecognized deferred tax assets amounted to ₱0.2 million as at December 31, 2022 and 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:

	2022	2021
Cash on hand	**₱53,000**	₱53,000
Cash in banks	**867,854,452**	1,122,603,254
Cash equivalents	**311,536,219**	187,206,436
	₱1,179,443,671	₱1,309,862,690

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 ₱52.2 million and ₱11.9 million as at December 31, 2022 and 2021, 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 0.65% to 2.88% and 0.25% to 3.00% in 2022 and 2021, respectively.

Interest Income

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

	Note	2022	2021	2020
Loans receivables	7	**₱91,585,114**	₱85,115,404	₱108,630,387
Investment securities:	6			
Financial assets at amortized cost		**106,358,071**	94,565,220	103,024,123
Financial assets at FVOCI		**70,439,216**	69,242,209	70,796,285
Financial assets at FVPL		**48,681,911**	40,148,511	32,065,701
Cash and cash equivalents		**7,745,252**	4,745,277	11,541,080
Short-term investments		**3,015,868**	1,547,837	1,151,901
		₱327,825,432	₱295,364,458	₱327,209,477

5. Insurance Receivables

This account consists of:

	2022	2021
Premiums due and uncollected	₱8,216,046	₱21,809,929
Due from reinsurers	–	14,270,678
	₱8,216,046	₱36,080,607

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. Reinsurers' share in net benefits and claims amounted to ₱17.1 million, ₱25.0 million and ₱34.6 million in 2022, 2021 and 2020, respectively (see Note 19).

6. Investment Securities

Movements of this account are as follows:

	2022			
	Financial Assets			
	At FVPL	At FVOCI	At Amortized Cost	Total
Balance at beginning of year	₱1,097,784,937	₱2,894,483,799	₱2,032,634,640	₱6,024,903,376
Additions	273,517,823	892,690,353	1,424,400,390	2,590,608,566
Maturities and disposals	(106,335,465)	(1,392,644,295)	(584,035,981)	(2,083,015,741)
Fair value changes	(216,970,571)	(175,641,043)	–	(392,611,614)
Foreign exchange changes	70,730,278	95,595,063	–	166,325,341
Amortization	695,193	(47,237,753)	(3,322,558)	(49,865,118)
Provision for impairment loss	–	–	(209,568)	(209,568)
Balance at end of year	₱1,119,422,195	₱2,267,246,124	₱2,869,466,923	₱6,256,135,242

	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

Financial Assets at FVPL

This account consists of:

	2022	2021
Private debt securities - foreign	₱837,851,115	₱729,635,080
Equity securities	281,571,080	368,149,857
	₱1,119,422,195	₱1,097,784,937

Private debt securities earn annual interest of 1.25% to 9.00% and 1.44% to 9.00% in 2022 and 2021, respectively. Interest income earned on these financial assets amounted to ₱48.7 million, ₱40.1 million and ₱32.1 million in 2022, 2021 and 2020, respectively, net of amortization of premium or discount amounting to ₱0.7 million, ₱0.5 million and ₱0.3 million in 2022, 2021 and 2020, 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 ₱18.5 million, ₱6.5 million and ₱4.5 million in 2022, 2021 and 2020, respectively.

Financial Assets at FVOCI

This account consists of:

	2022	2021
Debt securities:		
Government debt securities - foreign	**₱795,038,185**	₱1,390,789,643
Private debt securities - foreign	**843,664,433**	882,596,780
	1,638,702,618	2,273,386,423
Equity securities - local and foreign	**628,543,506**	621,097,376
	₱2,267,246,124	₱2,894,483,799

Private and government debt securities earn annual interest of 2.64% to 8.38% and 1.05% to 8.38% in 2022 and 2021, respectively. Interest income earned on these financial assets amounted to ₱70.4 million, ₱69.2 million and ₱70.8 million in 2022, 2021 and 2020, respectively, net of amortization of premium or discount amounting to ₱47.2 million, ₱4.6 million and ₱12.4 million in 2022, 2021 and 2020, 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 ₱28.9 million, ₱26.8 million and ₱23.6 million in 2022, 2021 and 2020, respectively.

Movements of revaluation reserves on investment securities are as follows:

	December 31, 2022		
	Fair Value Change	**12-month ECL**	**Total**
Balance at beginning of year	**(₱104,343,999)**	**₱9,420,725**	**(₱94,923,274)**
Change in revaluation reserves:			
Fair value changes	**(175,641,043)**	**–**	**(175,641,043)**
Foreign exchange changes	**(46,545,561)**	**–**	**(46,545,561)**
Transfer to retained earnings	**24,208,256**	**–**	**24,208,256**
Transfers to profit or loss:		**–**	
Gain on sale	**(1,144,613)**	**–**	**(1,144,613)**
Impairment loss	**–**	**1,589,818**	**1,589,818**
	(199,122,961)	**1,589,818**	**(197,533,143)**
Balance at end of year	**(₱303,466,960)**	**₱11,010,543**	**(₱292,456,417)**

	December 31, 2021		
	Fair Value Change	12-month ECL	Total
Balance at beginning of year	(₱52,995,000)	₱5,263,691	(₱47,731,309)
Change in revaluation reserves:			
Fair value gain	(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	(₱104,343,999)	₱9,420,725	(₱94,923,274)

	December 31, 2020		
	Fair Value Change	12-month ECL	Total
Balance at beginning of year	(₱121,944,871)	(₱2,610,860)	(₱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	(₱52,995,000)	₱5,263,691	(₱47,731,309)

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

	2022	2021	2020
Balance at beginning of year	**(₱94,923,274)**	(₱47,731,309)	(₱124,555,731)
Items that will be reclassified to profit or loss	**(216,158,462)**	(44,925,470)	84,685,053
Items that will not be reclassified into profit or loss	**18,625,319**	(2,266,495)	(7,860,631)
Balance at end of year	**(₱292,456,417)**	(₱94,923,274)	(₱47,731,309)

Financial Assets at Amortized Cost

This account consists of:

	2022	2021
Government debt securities - local	**₱1,993,606,642**	₱841,526,149
Private debt securities - local	**877,996,679**	1,193,035,321
	2,871,603,321	2,034,561,470
Allowance for impairment loss (12-month ECL)	**2,136,398**	1,926,830
	₱2,869,466,923	₱2,032,634,640

Government and private debt securities earn annual interest of 2.38% to 13.00% and 0.80% to 13.00% in 2022 and 2021, respectively. Interest income earned on these financial assets amounted to ₱106.4 million, ₱94.6 million and ₱103.0 million in 2022, 2021 and 2020, respectively, net of amortization of premium or discount amounting to ₱3.3 million, ₱3.4 million and ₱44,940 in 2022, 2021 and 2020, respectively (see Note 4).

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

	2022	2021
Balance at beginning of year	**₱1,926,830**	₱5,081,634
Provision for (reversal of) impairment loss	**209,568**	(3,154,804)
Balance at end of year	**₱2,136,398**	₱1,926,830

Impairment Losses

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

	2022	2021	2020
Financial assets at FVOCI	**₱1,589,818**	₱4,157,034	₱7,874,551
Financial assets at amortized cost	**209,568**	(3,154,804)	3,110,660
	₱1,799,386	₱1,002,230	₱10,985,211

Dividend Income

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

	2022	2021	2020
Financial assets at FVOCI	**₱28,936,022**	₱26,772,969	₱23,578,145
Financial assets at FVPL	**18,504,698**	6,507,509	4,474,230
	₱47,440,720	₱33,280,478	₱28,052,375

Accrued Investment Income

This account pertains to interest receivable from the following:

	Note	**2022**	2021
Short-term investments		**₱1,243,535**	₱59,158
Investment securities		**63,121,200**	53,603,975
Loans receivables:			
Third parties		**9,548,220**	9,082,438
Related parties	17	**907,660**	1,302,647
		₱74,820,615	₱64,048,218

7. Loans Receivables

This account consists of:

	Note	2022	2021
Salary loans		**₱969,877,855**	₱1,049,317,599
Due from related parties	17	**30,129,078**	39,129,078
Policy loans		**81,498,379**	97,506,998
Mortgage and collateral loans:			
Related party	17	**74,448,530**	103,125,000
Third parties		**248,968**	5,683,454
Agents' balances		**35,054,866**	36,880,308
Notes receivables		**8,047,680**	7,769,336
Others		**46,344,615**	45,350,601
		1,245,649,971	1,384,762,374
Less allowance for impairment loss		**41,101,452**	121,222,251
		₱1,204,548,519	₱1,263,540,123

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

	2022		
	12-month ECL	**Lifetime ECL**	**Total**
Balance at beginning of year	**₱12,603,824**	**₱108,618,427**	**₱121,222,251**
Transfer from 12-month ECL to lifetime ECL	**(5,902,783)**	**5,902,783**	**–**
Write-off	**–**	**(80,120,799)**	**(80,120,799)**
Balance at end of year	**₱6,701,041**	**₱34,400,411**	**₱41,101,452**

	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

Composition of allowance for impairment loss are as follows:

	2022	2021
Salary loans	**₱32,440,500**	₱112,561,299
Agents' balances	**4,999,651**	4,999,651
Notes receivables	**2,860,226**	2,860,226
Others	**801,075**	801,075
	₱41,101,452	₱121,222,251

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.

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.

Mortgage and collateral loans earn interest ranging from 5% to 9% per annum with a maximum maturity of ten (10) years.

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	2022	2021	2020
Salary loans		**₱75,466,388**	₱68,775,908	₱79,605,010
Policy loans		**8,394,982**	6,014,197	14,615,875
Mortgage and collateral loans:				
Related party	17	**4,117,761**	5,944,777	9,682,962
Third parties		**31,147**	45,566	46,216
Due from related parties	17	**343,233**	709,589	1,143,999
Notes receivables		**720,541**	909,923	801,385
Agents' balances		**947,768**	332,539	941,260
Others		**1,563,294**	2,382,905	1,793,680
		₱91,585,114	₱85,115,404	₱108,630,387

8. Property and Equipment

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

	2022			
	Land	**Building**	**Office Condominium**	**Total**
Revalued Amounts				
Balance at beginning of year	**₱535,237,999**	**₱384,814,902**	**₱49,709,031**	**₱969,761,932**
Additions	**–**	**–**	**2,941,748**	**2,941,748**
Appraisal increase	**296,642,000**	**430,746**	**9,859,749**	**306,932,495**
Balance at end of year	**831,879,999**	**385,245,648**	**62,510,528**	**1,279,636,175**
Accumulated Depreciation				
Balance at beginning of year	**–**	**292,067,427**	**28,444,198**	**320,511,625**
Depreciation	**–**	**4,715,265**	**3,658,285**	**8,373,550**
Balance at end of year	**–**	**296,782,692**	**32,102,483**	**328,885,175**
Carrying Amount	**₱831,879,999**	**₱88,462,956**	**₱30,408,045**	**₱950,751,000**

	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 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

The latest independent property valuation of land, building and office condominium was performed for December 31, 2022 valuation cut-off date. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱230.2 million.

The Group's property and equipment stated at appraised values are classified under Level 3 in the fair value hierarchy. The 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	Asking prices per square meter of comparable lots for land, and Replacement Cost for buildings	₱1,000,000 to ₱1,500,000
Cebu Holdings Center, Cardinal Rosales Avenue, Cebu Business Park, Barangay Mabolo, Cebu City	Market approach for office condominium	Selling prices per square meter of comparable condominium units	₱180,518 to ₱195,000
A. Pichon, Sr. Street, Barangay 39-D (Poblacion), Davao City	Market approach for land and cost approach for buildings and other land improvements	Asking prices per square meter of comparable lots for land, and Replacement Cost for buildings	₱50,000 to ₱69,124
Pendatun Avenue, Barangay Dadiangas North, General Santos City	Market approach for land and cost approach for buildings and other land improvements	Reported/Asking prices per square meter for Land; Replacement cost for buildings and other land improvements	₱25,000 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:

	2022			
	Land	**Building**	**Office Condominium**	**Total**
Cost	**₱95,963,907**	**₱140,860,787**	**₱45,264,826**	**₱282,089,520**
Accumulated depreciation	**–**	**(78,563,615)**	**(24,792,350)**	**(103,355,965)**
Carrying amount	**₱95,963,907**	**₱62,297,172**	**₱20,472,476**	**₱178,733,555**

	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

Transfer of revaluation surplus on property and equipment, net of deferred tax, amounted to ₱2.7 million, ₱2.8 million and ₱2.6 million in 2022, 2021 and 2020, respectively.

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

	2022		
	Revaluation Surplus	**Deferred Tax** (see Note 23)	**Net**
Balance at beginning of year	**₱468,647,016**	**(₱117,161,754)**	**₱351,485,262**
Appraisal increase	**306,932,495**	**(76,733,124)**	**230,199,371**
Transfer to retained earnings	**(3,562,066)**	**890,517**	**(2,671,549)**
Balance at end of year	**₱772,017,445**	**(₱193,004,361)**	**₱579,013,084**

	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

Movements of property and equipment at cost are as follows:

	2022		
	Transportation Equipment	**Office Furniture and Equipment**	**Total**
Cost			
Balance at beginning of year	**₱72,354,648**	**₱98,285,568**	**₱170,640,216**
Additions	**6,834,459**	**7,372,209**	**14,206,668**
Disposals	**(2,997,000)**	**(30,900)**	**(3,027,900)**
Balance at end of year	**76,192,107**	**105,626,877**	**181,818,984**
Accumulated Depreciation			
Balance at beginning of year	**60,709,129**	**87,324,134**	**148,033,263**
Depreciation	**5,378,002**	**6,244,737**	**11,622,739**
Disposals	**(2,997,000)**	**(9,442)**	**(3,006,442)**
Balance at end of year	**63,090,131**	**93,559,429**	**156,649,560**
Carrying Amount	**₱13,101,976**	**₱12,067,448**	**₱25,169,424**

	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

Depreciation on property and equipment consists of the following (see Note 20):

	2022	2021
Property and equipment:		
At revalued amount	**₱8,373,550**	₱7,011,542
At cost	**11,622,739**	12,831,573
	₱19,996,289	₱19,843,115

In 2022, the Group disposed certain items of property and equipment carried at cost with proceeds and gain on sale amounting to ₱1.1 million. The gain on sale is presented as part of "Other income" account in the consolidated statements of comprehensive income.

Depreciation expense on property and equipment charged to operations amounted to ₱20.0 million, ₱19.8 million and ₱22.7 million in 2022, 2021 and 2020, respectively (see Note 20).

The Group has fully depreciated property and equipment that are still in use with cost amounting to ₱128.2 million and ₱129.3 million as at December 31, 2022 and 2021, respectively.

9. Insurance Contract Liabilities

This account consists of:

	2022	2021
Legal policy reserves for:		
Ordinary life policies	**₱1,958,857,404**	₱2,585,701,710
Group life policies	**1,055,110,199**	815,165,038
Accident and health riders	**28,552,641**	31,190,853
	3,042,520,244	3,432,057,601
Policy and contract claims:		
Claims payable	**1,313,206,404**	1,223,787,846
Maturities and surrenders payable	**216,697,041**	225,649,780
	1,529,903,445	1,449,437,626
	₱4,572,423,689	₱4,881,495,227

Claims payable include provision for claims incurred but not yet reported amounting to ₱611.4 million and ₱538.9 million as at December 31, 2022 and 2021, respectively.
Movements in legal policy reserves are as follows:

	Note	2022	2021
Balance at beginning of year		**₱3,432,057,601**	₱3,740,894,556
Recognized in:			
Profit or loss	19	**147,608,393**	15,824,425
Other comprehensive income		**(537,145,750)**	(324,661,380)
Balance at end of year		**₱3,042,520,244**	₱3,432,057,601

Movements of revaluation of legal policy reserves are as follows:

	2022	2021
Balance at beginning of year	**₱122,998,709**	(₱201,662,671)
Remeasurement gain due to change in discount rates	**537,145,750**	324,661,380
Balance at end of year	**₱660,144,459**	₱122,998,709

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 ₱172.6 million and ₱90.0 million as at December 31, 2022 and 2021, respectively (see Note 16).

Movements in policy and contract claims are as follows:

	Note	2022	2021
Balance at beginning of year		**₱1,449,437,626**	₱1,171,528,623
Benefits and claims	19	**1,353,211,604**	1,191,656,328
Payments		**(1,272,745,785)**	(913,747,325)
Balance at end of year		**₱1,529,903,445**	₱1,449,437,626

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:

	2022	2021
Balance at beginning of year	**₱130,592,414**	₱142,208,734
Accrual of dividend	**3,308,733**	397,609
Payments	**(15,936,966)**	(12,013,929)
Balance at end of year	**₱117,964,181**	₱130,592,414

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 ₱306.6 million and ₱311.1 million as at December 31, 2022 and 2021, respectively. Interest expense amounted to ₱24.3 million, ₱13.5 million and ₱25.8 million in 2022, 2021 and 2020, 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	**2022**	2021
Balance at beginning of year		**₱85,776,580**	₱94,278,156
Premiums ceded	18	**53,873,361**	39,897,729
Payments		**(118,418,252)**	(48,399,305)
Balance at end of year		**₱21,231,689**	₱85,776,580

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 1.50% to 5.10% and 1.42% to 1.55% per annum in 2022 and 2021, 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 ₱0.1 million, ₱0.3 million and ₱1.6 million in 2022, 2021 and 2020, respectively (see Note 21).

The changes in liabilities arising from financing activities as at December 31, 2022 and 2021 are as follow:

	2022		
	Loans Payable	**Dividends Payable (see Note 15)**	**Total**
Balance at beginning of year	**₱4,811,634**	**₱73,759,133**	**₱78,570,767**
Changes from financing cash flows:			
Loan availments	**497,550**	**–**	**497,550**
Loan payments	**–**	**–**	**–**
Dividends paid	**–**	**(79,886)**	**(79,886)**
Balance at end of year	**₱5,309,184**	**₱73,679,247**	**₱78,988,431**

	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

14. Accounts Payable and Accrued Expenses

This account consists of:

	2022	2021
Accounts payable	**₱84,975,354**	₱121,678,147
Accrued expenses	**23,802,772**	21,469,821
Statutory payables	**19,509,241**	18,138,724
	₱128,287,367	₱161,286,692

Accounts payable pertain to unpaid service fees and purchase of supplies. These are generally paid within 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	2022	2021
Life insurance deposits		**₱150,701,673**	₱128,543,575
Dividends payable	13	**73,679,247**	73,759,133
Agents' fund		**29,531,405**	28,190,403
Others		**3,717,336**	3,741,860
		₱257,629,661	₱234,234,971

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, 2022 and 2021 (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, 2022, 2021 and 2020, the Parent Company's unappropriated retained earnings amounting to ₱1,842.8 million, ₱1,865.2 million and ₱1,632.7 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 business expansion projects.

Appropriated

On May 2, 2017, the IC issued CL No. 2017-30 requiring life 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:

	2022	2021
Balance at beginning of year	**₱90,010,323**	₱42,873,792
Additional appropriation	**82,633,232**	47,136,531
Balance at end of year	**₱172,643,555**	₱90,010,323

17. Related Party Transactions

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

	Note	Transactions During the Year 2022	Transactions During the Year 2021	Balance at End of Year 2022	Balance at End of Year 2021	Nature	Terms and Conditions
Due from related parties	7						
Entity under common control		**(₱9,000,000)**	(₱10,000,000)	**₱7,162,424**	₱16,162,424	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**	22,966,654	Advances to officers	Non-interest bearing, unsecured, no impairment, payable in cash
				₱30,129,078	₱39,129,078		
Mortgage loan receivable							
Entity under common control	7	**(₱28,676,470)**	(₱37,500,000)	**₱74,448,530**	₱103,125,000	Mortgage loan	5% interest, payable in 8 years, no impairment, payable in cash
Accrued investment income	6						
Entities under common control		**₱4,460,994**	₱6,654,366	**₱907,660**	₱1,302,647	Interest income	Due and demandable

Compensation of Key Management Personnel

The compensation of key management personnel are as follows:

	2022	2021	2020
Salaries and other employee benefits	**₱52,417,244**	₱44,640,410	₱41,589,485
Retirement expense	**9,061,966**	5,896,858	4,834,830
	₱61,479,210	₱50,537,268	₱46,424,315

18. Net Insurance Premiums

The gross premiums on insurance contracts consist of:

	2022	2021	2020
Direct:			
Group life insurance	**₱1,786,140,123**	₱1,327,926,294	₱1,195,596,581
Ordinary life insurance	**304,212,230**	332,133,091	306,054,917
Accident and health	**16,265,514**	22,281,618	21,855,290
	2,106,617,867	1,682,341,003	1,523,506,788
Assumed -			
Group life insurance	**108,866,424**	78,871,816	135,254,782
	₱2,215,484,291	₱1,761,212,819	₱1,658,761,570

The reinsurers' share of gross premiums on insurance contracts consists of (see Note 12):

	2022	2021	2020
Group life insurance	**₱54,228,846**	₱39,391,990	₱14,745,003
Ordinary life insurance	**(471,033)**	399,573	410,758
Accident and health	**115,548**	106,166	102,470
	₱53,873,361	₱39,897,729	₱15,258,231

19. Net Insurance Benefits and Claims

Net benefits and claims incurred on insurance contracts consist of (see Note 9):

	Note	**2022**	2021	2020
Claims		**₱1,171,153,969**	₱998,733,622	₱511,497,745
Maturities and surrenders		**197,314,133**	208,634,769	272,933,159
Experience refunds		**1,886,434**	9,308,292	34,074,689
Gross benefits and claims		**1,370,354,536**	1,216,676,683	818,505,593
Reinsurers' share	5	**(17,142,932)**	(25,020,355)	(34,647,995)
		₱1,353,211,604	₱1,191,656,328	₱783,857,598

Net change in legal policy reserves consists of:

	2022		
	Gross change in legal policy reserves	**Reinsurers' share of change in legal policy reserves**	**Net** (see Note 9)
Ordinary life insurance	**(₱93,560,958)**	**₱–**	**(₱93,560,958)**
Group life insurance	**251,487,417**	**(7,418,428)**	**244,068,989**
Accident and health	**(2,899,638)**	**–**	**(2,899,638)**
	₱155,026,821	**(₱7,418,428)**	**₱147,608,393**

	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
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

20. General and Administrative Expenses

This account consists of:

	Note	**2022**	2021	2020
Service fees		**₱304,963,417**	₱203,170,030	₱177,605,077
Personnel costs		**141,934,813**	128,729,504	140,397,225
Agency expenses		**59,228,407**	62,671,134	55,172,824
Depreciation	8	**19,996,289**	19,843,115	22,684,704
Professional fees		**14,552,045**	20,715,108	17,193,973
Outside services		**11,018,902**	14,856,516	12,302,424
Taxes and licenses		**10,856,539**	10,847,147	9,994,174
Utilities		**7,735,921**	7,582,420	6,881,987
Supplies		**6,926,137**	5,606,875	6,090,610
Repairs and maintenance		**5,218,436**	5,173,786	6,400,703
Advertising and promotions		**5,096,579**	6,945,011	11,756,392
Conferences and meetings		**4,853,256**	4,304,869	5,669,560
Entertainment, amusement and recreation		**4,731,853**	8,690,995	1,605,374
Insurance		**1,235,670**	1,268,400	1,390,318
Association dues and fees		**1,044,407**	714,024	1,259,830
Transportation and travel		**396,500**	791,420	2,033,500
Trainings and seminars		**124,963**	124,893	187,353
Others		**2,963,004**	5,196,706	9,781,278
		₱602,877,138	₱507,231,953	₱488,407,306

Personnel costs consist of:

	Note	**2022**	2021	2020
Salaries and wages		**₱98,488,740**	₱90,864,454	₱92,521,192
Retirement benefits cost	22	**19,247,188**	15,545,062	23,078,622
Other employee benefits		**24,198,885**	22,319,988	24,797,411
		₱141,934,813	₱128,729,504	₱140,397,225

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 ₱10.1 million, ₱9.0 million and ₱8.7 million in 2022, 2021 and 2020, respectively (see Note 24).

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

Commissions and Other Direct Expenses

This account consists of:

	2022	2021	2020
Commissions:			
Group	**₱124,932,070**	₱106,815,727	₱129,250,977
First year	**28,760,433**	30,943,987	34,776,173
Reinsurance	**18,855,904**	9,691,614	20,385,690
Renewal	**1,400,256**	3,909,816	4,353,673
Direct taxes	**40,989,236**	30,072,125	27,288,549
	₱214,937,899	₱181,433,269	₱216,055,062

Finance Costs and Charges

This account consists of:

	Note	**2022**	2021	2020
Interest expense on:				
Premium deposit fund	11	**₱24,267,877**	₱13,517,202	₱25,761,882
Loans payable	13	**147,090**	329,982	1,644,385
		24,414,967	13,847,184	27,406,267
Bank charges and other service fees		**8,152,979**	8,914,444	8,071,712
		₱32,567,946	₱22,761,628	₱35,477,979

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, 2022.

The components of retirement benefits cost recognized in the consolidated statements of comprehensive income are as follows (see Note 20):

	2022	2021	2020
Current service cost	**₱12,682,268**	₱10,957,898	₱20,449,706
Net interest expense	**6,564,920**	4,587,164	2,628,916
	₱19,247,188	₱15,545,062	₱23,078,622

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

	2022	2021
Present value of defined benefit obligation	**₱244,745,578**	₱262,044,645
Fair value of plan assets	**(124,849,106)**	(109,898,684)
	₱119,896,472	₱152,145,961

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

	2022	2021
Balance at beginning of year	**₱152,145,961**	₱138,996,571
Current service cost	**12,682,268**	10,957,898
Net interest expense	**6,564,920**	4,587,164
Net remeasurement loss (gain)	**(33,768,862)**	12,668,183
Actual contributions	**(15,000,000)**	(12,000,000)
Benefits paid out of Group fund	**(2,727,815)**	(3,063,855)
Balance at end of year	**₱119,896,472**	₱152,145,961

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

	2022	2021
Balance at beginning of year	**₱262,044,645**	₱235,893,475
Current service cost	**12,682,268**	10,957,898
Interest cost	**12,434,844**	8,244,322
Remeasurement loss (gain) due to:		
Changes in financial assumptions	**(33,548,486)**	(5,066,363)
Experience adjustments	**(6,139,878)**	15,079,168
Benefits paid out of Group fund	**(2,727,815)**	(3,063,855)
Balance at end of year	**₱244,745,578**	₱262,044,645

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

	2022	2021
Balance at beginning of year	**₱109,898,684**	₱96,896,904
Actual contributions	**15,000,000**	12,000,000
Interest income	**5,869,924**	3,657,158
Remeasurement loss	**(5,919,502)**	(2,655,378)
Balance at end of year	**₱124,849,106**	₱109,898,684

The Group expects to contribute ₱28.6 million to the plan assets in the next reporting period.

The distribution of the plan assets is as follows:

	2022	2021
Government securities	**86%**	88%
Corporate bonds, trust funds and mutual funds	**14%**	12%

The plan exposes the Group to the following risks:

- Salary Risk - any increase in the retirement plan participants' salary will increase the retirement
- Longevity Risk - any increase in the plan participants' life expectancy will increase the retirement plan's liability
- Investment Risk - if the actual return on plan assets is below the discount rate used in calculating the present value of the retirement liability, a plan deficit will arise.
- Interest rate risk - a decrease in the bond interest rate will increase the present value of the retirement liability. However, partially counterbalanced by an increase in the return on the plan assets

The cumulative remeasurement loss (gain) on net retirement liability recognized in other comprehensive income is as follows:

	2022		
	Cumulative Remeasurement Loss (Gain)	**Deferred Tax** (see Note 23)	**Net**
Balance at beginning of year	**₱29,758,927**	**(₱7,439,732)**	**₱22,319,195**
Remeasurement gain	**(33,768,862)**	**8,442,216**	**(25,326,646)**
Balance at end of year	**(₱4,009,935)**	**₱1,002,484**	**(₱3,007,451)**

	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

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

	2022	2021
Discount rate	**7.08%**	4.89%
Salary increase rate	**6.00%**	6.00%

The sensitivity analysis of the retirement liability as at December 31, 2022 to changes in assumptions follows:

	Change in Variables	Increase (Decrease) in Present Value of Defined Benefit Obligation
Discount rate	+1.00%	(₱12,758,052)
	-1.00%	14,268,053
Salary increase rate	+1.00%	14,559,360
	-1.00%	(13,248,546)

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	₱18,163,727
1 year to less than 5 years	205,430,211
5 years to less than 10 years	81,559,211
10 years to less than 15 years	112,320,529
15 years to less than 20 years	113,274,134
20 years and above	182,402,994

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 RCIT in 2022 and MCIT in 2021.

As at December 31, 2022 and 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:

	2022	2021
Deferred tax assets:		
Net retirement liability	**₱29,974,118**	₱38,036,491
Allowance for impairment on loans receivables	**10,275,363**	30,305,563
Unrealized foreign exchange loss	**–**	13,497,604
NOLCO	**–**	9,425,991
Excess MCIT over RCIT	**–**	3,753,982
	40,249,481	95,019,631
Deferred tax liabilities:		
Revaluation surplus	**193,004,361**	117,161,754
Accrued interest using effective interest rate	**63,734,597**	62,731,128
Unrealized foreign exchange gain	**31,366,802**	–
Others	**2,415,371**	2,415,371
	290,521,131	182,308,253
Net deferred tax liabilities	**₱250,271,650**	₱87,288,622

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

	Note	2022	2021
Revaluation surplus	8	**₱193,004,361**	₱117,161,754
Cumulative remeasurement gain (loss) on net retirement liability	22	**1,002,484**	(7,439,732)
		₱194,006,845	₱109,722,022

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

	2022	2021
Through profit or loss	**₱56,264,805**	(₱22,433,400)
Through other comprehensive income	**194,006,845**	109,722,022
	₱250,271,650	₱87,288,622

The reconciliation between the income tax expense at statutory income tax rate and provision for income tax presented in the consolidated statements of comprehensive income is as follows:

	2022	2021	2020
Income tax expense at statutory tax rate	**₱48,527,147**	₱72,136,448	₱34,438,528
Tax effects of:			
Nondeductible expenses	**48,656,428**	17,499,192	4,654,647
Income exempt from tax	**(8,242,494)**	(5,373,498)	(4,538,787)
Interest and dividend income subjected to lower tax rates	**(4,999,673)**	(5,708,644)	(12,248,250)
Effect of consolidation	**5,032**	1,003,406	(1,557,840)
Nontaxable income	**–**	(13,947,264)	(5,625,856)
Others	**29,307,827**	(24,905,400)	(21,480,037)
Change in unrecognized deferred tax asset	**20,458**	155,915	–
Effect of change in income tax rates	**–**	7,100,361	–
Effective income tax	**₱113,274,725**	₱47,960,516	(₱6,357,595)

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	Applied	Ending Balance	Expiry Date
2021	₱2,744,141	₱–	₱–	(₱2,744,141)	₱–	2024
2020	1,009,841	–	–	(1,009,841)	–	2023
	₱3,753,982	₱–	₱–	(₱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. NOLCO incurred in 2021 amounting to ₱37.7 million, which can be claimed as deduction from future taxable profit until 2026, was applied in 2022.

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 ₱4.2 million, ₱2.4 million and ₱3.5 million in 2022, 2021 and 2020, respectively.

Advance rentals and deposits amounted to ₱2.1 million as at December 31, 2022 and 2021 (see Note 15).

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

	2022	2021
Within one year	**₱4,294,205**	₱3,469,964
After one year but not more than five years	**3,165,329**	369,364
	₱7,459,534	₱3,839,328

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 expenses" in "General and administrative expenses" account in the consolidated statements of comprehensive income amounted to ₱10.1 million, ₱9.0 million and ₱8.7 million in 2022, 2021 and 2020, 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, 2022 and 2021 are as follows:

	2022	2021
Within one year	**₱9,171,642**	₱9,155,634
After one year but not more than five years	**3,687,760**	4,088,490
	₱12,859,402	₱13,244,124

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 2022 and 2021, 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
₱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, 2022 and 2021 are as follows:

	2022	2021
Property and equipment	**₱709,270,108**	₱486,148,219
Loans receivables	**520,373,871**	335,105,528
Financial assets at FVOCI	**439,712,324**	699,723,220
Financial assets at FVPL	**165,664,694**	455,069,432
Accrued investment income	**5,244,180**	13,465,402
Cash and cash equivalents	**–**	9,589,090
Insurance receivables	**–**	9,471,303
Financial assets at amortized cost	**–**	1,995,980
Other assets	**88,915,242**	80,023,200
	₱1,929,180,419	₱2,090,591,374

As at December 31, 2022 and 2021, the Parent Company's net worth and its excess over the requirement are as follows:

	2022	2021
Total assets	**₱9,860,534,344**	₱9,475,408,563
Total liabilities	**5,778,952,979**	6,046,582,583
Equity	**4,081,581,365**	3,428,825,980
Less: Non-admitted assets	**1,929,180,419**	2,090,591,374
Net worth	**2,152,400,946**	1,338,234,606
Less: Net worth requirement	**1,300,000,000**	900,000,000
Excess over net worth requirement	**₱852,400,946**	₱438,234,606

As at December 31, 2022 and 2021, 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, 2022 and 2021 was determined by the Parent Company based on its internal calculations:

	2022	2021
Tier 1	**₱2,839,416,370**	₱2,981,999,107
Tier 2	**1,242,164,995**	452,164,777
Deductions	**(1,776,845,226)**	(1,082,247,082)
Total available capital	**2,304,736,139**	2,351,916,802
RBC requirement	**1,375,461,209**	1,367,245,908
RBC ratio	**168%**	172%

The final amount of the RBC ratio can be determined only after the accounts of the Parent Company have been examined by IC specifically for the determination of admitted and non-admitted assets as defined under The Insurance Code.

26. Risk Management Objectives and Policies

Insurance Risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid are greater than the original estimate and subsequent development of long-term claims.

Terms and Conditions

The Group principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for pre-determined amount.

Life insurance contracts offered by the Group mainly include whole life, term insurance and endowment products.

Whole life and term insurance are conventional products where lump sum benefits are payable on death.

Endowment products are investments/savings products where lump sum benefits are payable after a fixed period or on death before the period is completed.

The risks associated with the life and accident and health products are considered as underwriting risk. Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing.

Underwriting risks are brought about by a combination of the following:

- Mortality risk - risk of loss due to policyholder death experience being different than expected.
- Morbidity risk - risk of loss due to policyholder health experience being different than expected.
- Expense risk - risk of loss arising from expense experience being different than expected.
- Investment return risk - risk of loss arising from actual returns being different than expected.
- Policyholder decision risk - risk of loss due to policyholder experiences (lapses and surrenders) being different than expected.

The Group generally limits its maximum underwriting exposure on life insurance of a single life to ₱2,000,000 of coverage by using yearly renewable term reinsurance. The Group is cognizant of the need to exercise good judgment in the selection and approval of both domestic and foreign companies participating in its reinsurance programs. While reinsurance arrangements do not relieve the Group from its direct obligations to its insured, an efficient and effective reinsurance program substantially limits the Group's exposure to potentially significant losses.

The table below sets out the Group's concentration of insurance risks based on sum insured:

	2022		2021	
	Number of Policies	**Amount of Coverage**	Number of Policies	Amount of Coverage
Whole life	**79,798**	**₱10,634,211,913**	76,588	₱10,140,923,964
Endowment	**5,372**	**687,506,333**	6,526	809,238,571
Term	**10,618**	**1,417,798,318**	11,003	1,451,475,203
Accident and health	**8,475**	**688,158,665**	7,964	1,544,972,508
Group life	**816**	**640,197,400,791**	618	398,656,814,649
	105,079	**₱653,625,076,020**	102,699	₱412,603,424,895

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

	2022	2021
Ordinary life	**₱1,958,857,404**	₱2,585,701,710
Group life	**1,055,110,199**	815,165,038
Accident and health	**28,552,641**	31,190,853
	₱3,042,520,244	₱3,432,057,601

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	
	2022	2021	**2022**	2021
Ordinary life	**2017 PICM, 1959 ADB, and 1952 Disability**	2017 PICM, 1959 ADB, and 1952 Disability	**5.5% to 7.6%**	2.0% to 5.3%
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.

The effects of changes in assumptions follow:

	2022		
Change in Assumptions	**Increase (Decrease) in Liabilities**	**Increase (Decrease) in Income Before Tax**	**Increase (Decrease) in Equity**
+10%	**(₱72,186,657)**	**₱72,186,657**	**₱74,722,148**
-10%	**300,444,122**	**(300,444,122)**	**(102,145,523)**

	2021		
Change in Assumptions	Increase (Decrease) in Liabilities	Increase (Decrease) in Income Before 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)

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.

Fair Values of Financial Instruments

The following table sets forth the estimated fair values and carrying values of financial assets and liabilities recognized as at December 31, 2022 and 2021:

	2022		2021	
	Fair Value	**Carrying Amount**	Fair Value	Carrying Amount
Financial Assets				
Cash and cash equivalents	**₱1,179,390,671**	**₱1,179,390,671**	₱1,309,809,690	₱1,309,809,690
Short-term investments	**52,182,102**	**52,182,102**	11,880,219	11,880,219
Insurance receivables	**8,216,046**	**8,216,046**	36,080,607	36,080,607
Investment securities	**6,244,736,715**	**6,256,135,242**	6,106,524,052	6,024,903,376
Loans receivables	**1,197,263,693**	**1,204,548,519**	1,317,610,250	1,263,540,123
Accrued investment income	**74,820,615**	**74,820,615**	64,048,218	64,048,218
	₱8,756,609,842	**₱8,775,293,195**	₱8,845,953,036	₱8,710,262,233
Financial Liabilities				
Insurance contract liabilities	**₱4,572,423,689**	**₱4,572,423,689**	₱4,881,495,227	₱4,881,495,227
Policyholders' dividends payable	**117,964,181**	**117,964,181**	130,592,414	130,592,414
Premium deposit fund	**306,636,783**	**306,636,783**	311,114,991	311,114,991
Insurance payables	**21,231,689**	**21,231,689**	85,776,580	85,776,580
Loans payable	**5,309,184**	**5,309,184**	4,811,634	4,811,634
Accounts payable and accrued expenses*	**108,778,126**	**108,778,126**	143,147,968	143,147,968
Other liabilities	**257,629,661**	**257,629,661**	234,234,971	234,234,971
	₱5,389,973,313	**₱5,389,973,313**	₱5,791,173,785	₱5,791,173,785

**Excluding statutory payables amounting to ₱19.5 million and ₱18.1 million as at December 31, 2022 and 2021, respectively.*

Due to the normal operating cycle of the Group and short-term nature of cash and cash equivalents, short-term investments, insurance receivables, accrued investment 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 2022 and 2021.

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:

	2022	2021
Cash in banks and cash equivalents	**₱1,179,390,671**	₱1,309,809,690
Short-term investments	**52,182,102**	11,880,219
Insurance receivables	**8,216,046**	36,080,607
Investment securities	**6,256,135,242**	6,024,903,376
Loans receivables	**1,204,548,519**	1,263,540,123
Accrued investment income	**74,820,615**	64,048,218
	₱8,775,293,195	₱8,710,262,233

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 ₱491.6 million and ₱517.2 million in 2022 and 2021, 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 investment income are classified under this category.

The following table summarizes the impairment analysis of the Group's financial assets as at December 31, 2022 and 2021. 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, 2022			
	12-month ECL	**Lifetime ECL - not credit impaired**	**Lifetime ECL - credit impaired**	**Total**
Cash in banks and cash equivalents	**₱1,179,390,671**	**₱–**	**₱–**	**₱1,179,390,671**
Short-term investments	**52,182,102**	**–**	**–**	**52,182,102**
Insurance receivables	**8,216,046**	**–**	**–**	**8,216,046**
Investment securities	**6,256,135,242**	**–**	**–**	**6,256,135,242**
Loans receivables	**1,217,152,343**	**–**	**28,497,628**	**1,245,649,971**
Accrued investment income	**74,820,615**	**–**	**–**	**74,820,615**
	₱8,787,897,019	**₱–**	**₱28,497,628**	**₱8,816,394,647**

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 investment income	64,048,218	–	–	64,048,218
	₱8,722,866,057	₱–	₱108,618,427	₱8,831,484,484

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, 2022 and 2021:

	2022	2021
Insurance contract liabilities	**₱2,585,013,645**	₱2,264,602,663
Policyholders' dividends payable	**117,964,181**	130,592,414
Premium deposit fund	**306,636,783**	311,114,991
Insurance payables	**21,231,689**	85,776,580
Loans payable	**5,309,184**	4,811,634
Accounts payable and accrued expenses*	**108,778,126**	143,147,968
Other liabilities	**255,527,602**	232,132,912
	₱3,400,461,210	₱3,172,179,162

**Excluding statutory payables amounting to ₱19.5 million and ₱18.1 million as at December 31, 2022 and 2021, 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.

	2022						
	USD	SGD	EUR	AUD	HKD	GBP	Total (PHP)
Financial Assets							
Cash and cash equivalents	$4,447,657	SGD3,483	€26,180	AUD56,879	HKD83,512	£1,778	₱252,554,364
Accrued investment income	697,303	–	–	6,036	–	–	39,106,282
Investment securities	44,271,583	281,469	264,721	1,758,595	1,305,610	169,611	2,583,148,262
Loans and receivables	1,754	–	–	–	–	–	97,818
	$49,418,297	SGD284,952	€290,901	AUD1,821,510	HKD1,389,122	£171,389	₱2,874,906,726
Financial Liabilities							
Accounts payable and accrued expenses	$113,674	SGD–	€–	AUD–	HKD–	£–	₱6,337,881
Insurance contract liabilities	1,074,835	–	–	–	–	–	59,927,411
Loans payable	–	127,687	–	–	–	–	5,309,184
Premium deposit fund	1,931	–	–	–	–	–	107,640
Other current liabilities	1,146	–	–	–	–	–	63,875
	$1,191,586	SGD127,687	€–	AUD–	HKD–	£–	₱71,745,991

	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

For purposes of restating the outstanding balances of the Group's foreign currency-denominated financial assets and liabilities as at December 31, 2022 and 2021, the following exchange rates were applied:

	2022	2021
USD	**₱55.76**	₱51.00
SGD	**41.58**	37.55
EUR	**59.55**	57.51
AUD	**37.80**	36.81
HKD	**7.20**	6.51
GBP	**67.44**	68.53

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, 2022 and 2021:

	2022			2021		
	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	**4.57%**	**₱110,151,913**	**₱98,398,903**	3.64%	₱86,824,925	₱62,948,070
	(4.57%)	**(110,151,913)**	**(98,398,903)**	(3.64%)	(86,824,925)	(62,948,070)
SGD	**2.97%**	**–**	**926,529**	4.31%	–	1,216,350
	(2.97%)	**–**	**(926,529)**	(4.31%)	–	(1,216,350)
EUR	**3.43%**	**–**	**816,814**	6.42%	–	1,475,612
	(3.43%)	**–**	**(816,814)**	(6.42%)	–	(1,475,612)
AUD	**3.44%**	**741,119**	**2,503,113**	5.38%	1,611,686	3,657,564
	(3.44%)	**(741,119)**	**(2,503,113)**	(5.38%)	(1,611,686)	(3,657,564)
HKD	**4.18%**	**–**	**959,805**	3.53%	–	1,423,735
	(4.18%)	**–**	**(959,805)**	(3.53%)	–	(1,423,735)
GBP	**5.09%**	**–**	**354,620**	5.09%	–	483,783
	(5.09%)	**–**	**(354,620)**	(5.09%)	–	(483,783)

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.

	2022			
	Up to 1 year	**1-3 years**	**3-5 years**	**Over 5 years**
Financial assets at FVOCI	**₱143,918,393**	**₱288,394,629**	**₱341,303,909**	**₱865,085,687**
Financial assets at FVPL	**–**	**47,066,280**	**170,840,088**	**619,944,746**

	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

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, 2022 and 2021:

	2022		
	Change in Variable	**Impact on Income Before Tax**	**Impact on Equity**
USD	**5.4347%**	**₱31,717,851**	**₱126,514,993**
	(5.4347$)	**(31,717,851)**	**(126,514,993)**
AUD	**4.85%**	**–**	**5,053,367**
	(4.85%)	**–**	**(5,053,367)**

	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)

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 2022 and 2021, 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, 2022 and 2021:

	2022		
Market Indices	Change in Stock Index	Impact on Income Before Tax	Impact on Equity
Hang Seng Index (HSI)	14.66%	₱–	₱462,499
	(14.66%)	–	(462,499)
PSEi	12.33%	5,496,670	2,653,565
	(12.33%)	(5,496,670)	(2,653,565)
Financial Times Stock Exchange (FTSE)	7.02%	–	210,290
	(7.02%)	–	(210,290)
Standard and Poor's Index (SPX)	0.84%	–	25,246
	(0.84%)	–	(25,246)
FTSE Straits Times Index (FSSTI)	7.50%	–	460,325
	(7.50%)	–	(460,325)

	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)

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, 2022 and 2021 are as follows:

	2022	2021
Current assets:		
Cash and cash equivalents	**₱1,179,443,671**	₱1,309,862,690
Short-term investments	**52,182,102**	11,880,219
Insurance receivables	**8,216,046**	36,080,607
Investment securities	**1,549,058,975**	1,223,738,800
Loans receivables	**703,350,902**	701,521,268
Accrued investment income	**74,820,615**	64,048,218
Other current assets	**1,611,730**	1,181,045
	₱3,568,684,041	₱3,348,312,847
Current liabilities:		
Insurance contract liabilities	**₱2,585,013,645**	₱2,264,602,663
Policyholders' dividends payable	**117,964,181**	130,592,414
Premium deposit fund	**306,636,783**	311,114,991
Insurance payables	**21,231,689**	85,776,580
Loans payable	**5,309,184**	4,811,634
Accounts payable and accrued expenses	**128,287,367**	161,286,692
Income tax payable	**1,933,492**	560,325
Other liabilities	**255,527,602**	232,132,912
	₱3,421,903,943	₱3,190,878,211

Re: CRMD_Beneficial Life Insurance Company, Inc._SEC Form 17-A_29 April 2023

From : ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Sat, Apr 29, 2023 01:06 PM

Subject : Re: CRMD_Beneficial Life Insurance Company, Inc._SEC Form 17-A_29 April 2023

To : compliance@benlife.com.ph

Thank you for reaching out to ictdsubmission@sec.gov.ph. Your submission is subject for Verification and Review of the Quality of the Attached Document only for **Secondary Reports**. Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order from receipt through the SEC Express System at https://secexpress.ph/. Or you may call 8737-8888 for further clarifications.

NOTICE

Please be informed that selected reports should be filed through ***ELECTRONIC FILING AND SUBMISSION TOOL*** **(EFAST)**. **https://cifss-ost.sec.gov.ph/user/login**

such as: **AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS**)

Further, pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in **PORTABLE DOCUMENT FORMAT (PDF)** Secondary Reports such as:

17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

FOR **MC28**, please go to SEC website:

https://apps010.sec.gov.ph

For your information and guidance.

Thank you and keep safe.

ANNEX "D"

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
6782	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 … 34…

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 2023

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, 2023) and a comparative balance sheet as of the end of the immediately preceding financial year (December 31, 2022).
- Consolidated Statements of Income for the current interim period (for the quarter ended March 31, 2023) with comparative income statements for the comparable interim period (for the quarter ended March 31, 2022).
- Consolidated Statements of Changes in Stockholders' Equity for the current financial year to date (as of March 31, 2023) with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (as of March 31, 2022).
- Consolidated Statements of Cash Flows for the current financial year to date (as of March 31 2023) with a comparative statement for the comparable year-to-date period of the immediately preceding financial year (March 31, 2022).
- 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 has returned to its pre-pandemic full service operations and hopes that it can at least duplicate its 2022 performance in terms of premium revenues. Face-to-face selling of the Registrant's agency workforce is still widely preferred by existing and potential clients. The perceived renewed interest on insurance products is still felt in the market, given that many insureds were able to benefit during the pandemic, may it be in the form of claims (death, sickness) or financial assistance (policy loans).

Beneficial Life Insurance Company, Inc. (Registrant) and its subsidiary, Beneficial Financial Advisors, Inc. (BFAI), collectively known as the "Group", has managed to produce P569,514,961 total revenues for the first quarter of the year, which is higher by 24% as compared to the same period in 2022. Premiums, net of cessions, have increased by 5% to P475,086,257 in 2023 from P451,373,283 in 2022. Investment and other income significantly increased mainly as a result of the improved yields and acquisition of securities with higher returns, plus fair value losses of P76.5Million recorded as of the end of the first quarter in 2022 decreased to P12.31Million in 2023.

Net insurance benefits and claims decreased by 15% between the two comparative periods. Legal policy reserves due to the change in inforce policies increased by 58% from P26,531,951 in 2022 to P42,019,893 in 2023. Commissions and other direct expenses increased by 34% 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 P54.36 as of March 31, 2023 versus P55.755 as of December 31, 2022; and P51.74 as of March 31, 2022 versus P50.999 as of December 31, 2021 based on closing rates found in the Phil. Dealing System (PDS)/Bankers Association of the Philippines (BAP). Realized and unrealized net foreign exchange losses were recorded in 2023 at P68,502,553 versus gains in 2022 at P38,353,133. 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 2023 and 2022, consolidated net income was earned mainly from premiums and interest income. BFAI registered a net income of P326.34. Earnings per share amounted to P0.0375 in 2023 as compared to P0.0194 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:

	2023	2022
Ordinary	69,421,455	74,072,232
Group	393,109,577	333,994,692
Microinsurance	276,250	527,250
Inward reinsurance	17,592,176	48,463,522
	480,399,458	457,057,696
Premiums ceded	5,313,201	5,684,413
Premiums, net of reinsurance	475,086,257	451,373,283

The first quarter of 2023 shows decrease in ordinary, micro insurance and inward reinsurance lines while group business increased. The Registrant is budgeting a total of P2.48Billion net premiums for the year 2023.

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 2023 is equivalent to a total net decrease amounting to P52,546,352 in legal policy reserves, broken down as increase by P42,019,893 due to change in inforce policies but decreased by P94,566,245 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 2023 amounted to P9,858,339,901 which is slightly lower by 0.04% than the total for the year ended December 31, 2022 at P9,862,740,682. The major composition of the asset portfolio as of the first quarter of 2022 is: cash and cash equivalents at 12%, investment securities at 62%, and loans and notes at 12%. On the Liabilities side, insurance contract liabilities comprise 80% of the total liabilities and premium deposit fund is at 5%. Total stockholders' equity amounted to P4,215,531,949 as of the end-quarter 2023 which is higher than the P4,081,156,514 balance as of December 31, 2022 by 3%.

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

a. Increase in short term investments by 162% was due to the placements in peso time deposits from the maturity proceeds of government securities (GS). The rates were at par with GS but with term periods of less than ninety (90) days.
b. Increase in insurance receivables by 149% represents the premiums due and uncollected as of the quarter end.
c. Decrease in accrued income by 6% was due to collection of interests due as of the quarter end.
d. Increase in insurance payables by 15% represents the cessions during the quarter that are still for payment as of the quarter-end.
e. Loans payable, which is a fixed term loan with a foreign custodian bank, was completely paid off in March 2023.
f. Decrease in accounts payable and accrued expenses by 17% was due to payments of amounts due as of 2022 year end with settlement dates in 2023.
g. Decrease in other liabilities by 16% was mainly due to the take up of deposits as insurance premiums during the first quarter of 2023
h. Increase in appropriated Retained Earnings by 15% and Increase in other comprehensive income by 12% were the results of the GPV calculation of legal policy reserves.

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 another former subsidiary, Solana Investment Holdings Corp. ("SIHC"), a foreign corporation and a wholly owned subsidiary of the Registrant, 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 2023 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 economic events. 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 2023, 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 the approval of the IC. 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. The Registrant is relying heavily on its corporate or institutionalized accounts for premium generation this year. Mall operations will still be continued, with compliance to mandated health protocols. The Registrant has not introduced any new product during the first quarter of 2023. There are no plans to offer variable products during the year 2023. The Registrant is continuously focusing on its technology enhancements that will also 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 confident that it will remain liquid during any 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 P1.30Billion as of December 31, 2022. 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 will ensure strict compliance with the revised Anti-Money Laundering and Combating the Financing of Terrorism Guidelines, and Sanctions Screening, Data Privacy Act, its Implementing Rules and Regulations, and relevant issuances of the National Privacy Commission. The Registrant will focus on the preparation for the implementation of International Financial Reporting Standard ("IFRS") 17 on Insurance Contracts which will become effective two years after its effective date as decided by the International Accounting Standards Board per CL 2020-62 issued by the IC. The IC issued CL 2022-41 dated August 25, 2022 that sets forth the requirements for the adoption of the Own Risk and Solvency Assessment Framework which is for implementation effective June 30, 2023.

There are no other material events subsequent to March 31, 2023 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 2023.

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 MA. EDITHA S. PALTONGAN
Senior Vice President - Comptroller

Date May 18, 2023

Signature and Title ATTY. MA. SIGRID R. PINLAC
Corporate Secretary

Date May 18, 2023

17Q.MAR2023

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Interim/Unaudited March 31, 2023	Audited December 31, 2022
ASSETS		
Cash and cash equivalents	1,192,239,133	1,179,443,671
Short-term investments	136,572,247	52,182,102
Insurance receivables	20,460,898	8,216,046
Investment securities	6,134,666,793	6,256,135,242
Loans receivables	1,212,977,317	1,204,548,519
Accrued income	70,604,681	74,820,615
Property and equipment:		
At revalued amount	951,236,255	950,751,000
At cost	26,227,906	25,169,424
Other assets	113,354,671	111,474,063
	9,858,339,901	9,862,740,682
LIABILITIES AND EQUITY		
Liabilities		
Insurance contract liabilities	4,506,447,887	4,572,423,689
Policyholders' dividends payable	117,630,974	117,964,181
Premium deposit fund	296,718,630	306,636,783
Insurance payables	24,384,256	21,231,689
Loans payable	-	5,309,184
Accounts payable and accrued expenses	106,639,063	128,287,367
Retirement liability	122,396,472	119,896,472
Deferred tax liabilities	250,271,650	250,271,650
Income tax payable	3,080,279	1,933,492
Other liabilities	215,238,741	257,629,661
	5,642,807,952	5,781,584,168
Equity		
Capital stock	626,756,494	626,756,494
Additional paid-in capital	489,265,675	489,265,675
Retained earnings:		
Unappropriated	1,840,598,055	1,842,782,213
Appropriated	198,361,784	172,643,555
Other comprehensive income	1,060,549,941	949,708,577
	4,215,531,949	4,081,156,514
	9,858,339,901	9,862,740,682

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

	Interim/Unaudited	
	March 31, 2023	**March 31, 2022**
REVENUES		
Gross premiums on insurance contracts	480,399,459	457,057,696
Reinsurer's share of gross premiums on insurance contracts	(5,313,202)	(5,684,413)
Net insurance premiums	475,086,257	451,373,283
Interest income	91,533,982	69,063,788
Dividend income	11,252,944	10,827,412
Net fair value gain (loss) on financial assets at FVPL	(12,310,805)	(76,526,045)
Gain on sale of investment securities	(1,701,902)	799,931
Rental income	1,078,328	1,207,319
Other income	4,576,157	4,225,399
	569,514,961	460,971,087
BENEFITS, CLAIMS AND EXPENSES		
Net benefits and claims incurred on insurance contracts	247,235,991	292,171,487
Net change in legal policy reserves	42,019,893	26,531,951
Net insurance benefits and claims	289,255,884	318,703,438
General and administrative expenses	120,090,874	112,279,594
Commission and other direct expenses	44,492,501	33,295,996
Finance costs and charges	4,242,606	7,417,972
Insurance taxes	9,787,986	8,245,007
	467,869,851	479,942,007
INCOME BEFORE FOREX CHANGES AND IMPAIRMENT LOSSES	101,645,110	(18,970,920)
NET FAIR VALUE EXCHANGE GAIN (LOSS)	(68,502,553)	38,353,133
PROVISION FOR IMPAIRMENT LOSSES	(18,320)	-
INCOME BEFORE INCOME TAX	33,160,877	19,382,213
INCOME TAX EXPENSE (BENEFIT)	9,626,806	7,252,177
NET INCOME	23,534,071	12,130,036
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]	15,102,851	(114,604,539)
Cumulative translation adjustment	-	-
	15,102,851	(114,604,539)
Items that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement loss on legal policy reserves	94,566,245	97,662,248
Change in revaluation reserves on investment securities (equity instruments classified as financial assets at FVOCI)	1,172,268	9,294,425
Remeasurement loss on retirement liability - net of deferred tax	-	-
Increase in revaluation surplus - net of deferred tax	-	-
	95,738,513	106,956,673
	110,841,364	(7,647,866)
TOTAL COMPREHENSIVE INCOME (LOSS)	134,375,435	4,482,170
Earnings per share	0.0375	0.0194

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

	Interim/Unaudited	
	March 31, 2023	**March 31, 2022**
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	172,643,555	90,010,323
Additional (reversal of) appropriation for negative legal policy reserves	25,718,229	4,383,044
Balance at end of year	198,361,784	94,393,367
Unappropriated		
Balance at beginning of year	1,842,782,213	1,865,227,773
Net income	23,534,071	12,130,036
Reversal of (additional) appropriation for negative legal policy reserves	(25,718,229)	(4,383,044)
Transfer from revaluation reserves on investment securities		(14,023,349)
Transfer of revaluation surplus		-
Dividend declaration	-	-
Balance at end of year	1,840,598,055	1,858,951,416
	2,038,959,839	1,953,344,783
OTHER COMPREHENSIVE INCOME (LOSS)		
Revaluation reserves on investment securities		
Balance at beginning of year	(292,456,417)	(94,923,274)
Change in revaluation reserves	16,275,119	(105,310,114)
Balance at end of year	(276,181,298)	(200,233,388)
Revaluation surplus on property and equipment - net of deferred tax		
Balance at beginning of year	579,013,084	351,485,264
Apparaisal increase	-	-
Transfer of revaluation surplus	-	-
Effect of change in income tax rate	-	-
Balance at end of year	579,013,084	351,485,264
	-	
Cumulative remeasurement gain (loss) on legal policy reserves		
Balance at beginning of year	660,144,459	122,998,709
Remeasurement gain (loss) on legal policy reserves	94,566,245	97,662,248
Balance at end of year	754,710,704	220,660,957
Cumulative remeasurement gain (loss) on retirement liability - net of deferred tax		
Balance at beginning of year	3,007,451	(22,319,195)
Remeasurement gain (loss) on retirement liability	-	-
Effect of change in income tax rate	-	-
Balance at end of year	3,007,451	(22,319,195)
Cumulative translation adjustment		
Balance at beginning of year	-	-
Translation adjustment	-	-
Balance at end of year	-	-
	1,060,549,941	349,593,638
	4,215,531,949	3,418,960,590

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

	Interim/Unaudited	
	March 31, 2023	**March 31, 2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	33,160,877	19,382,213
Adjustments for:		
Interest income	(91,533,982)	(69,063,788)
Unrealized foreign exchange loss (gain)	61,364,096	(31,243,940)
Provision for (reversal of) impairment losses on:		
Investment securities	(18,320)	-
Dividend income	(11,252,944)	(10,827,412)
Finance costs	2,654,506	7,188,284
Retirement benefits cost	2,500,000	2,500,000
Depreciation	5,980,942	4,961,599
Net fair value loss (gain) on financial assets at FVPL	12,310,805	76,526,045
Gain on sale of nvestment securities	1,701,902	(799,931)
Operating loss before working capital changes	16,867,882	(1,376,930)
Decrease (increase) in:		
Loans receivables	(8,428,798)	221,197,701
Insurance receivables	(12,244,852)	(38,979,030)
Short-term investments	(84,390,145)	(37,597)
Increase (decrease) in:		
Insurance contract liabilities	29,096,579	(85,443,223)
Policyholders' dividends payable	(333,207)	(1,521,972)
Insurance payables	3,152,567	(16,704,217)
Premium deposit fund	(12,572,659)	(12,053,662)
Accounts payable and accrued expenses	(21,648,304)	(109,485,673)
Other liabilities	(42,287,050)	(42,968,629)
Net cash generated from operations	(132,787,987)	(87,373,232)
Income tax paid	(8,480,019)	(4,805,684)
Interest paid	(45,554)	(13,440)
Net cash provided by (used in) operating activities	(141,313,560)	(92,192,356)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment securities	(977,950,702)	(559,301,125)
Property and equipment	(7,524,679)	(6,104,705)
Other assets	(1,880,608)	(3,457,234)
Proceeds from sale/maturities of investment securities	1,036,234,551	599,394,321
Interest received	99,390,571	81,646,780
Dividends received	11,252,944	9,338,713
Net cash provided by (used in) investing activities	159,522,076	121,516,750
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payments	(5,309,184)	(14,496,133)
Loan availments	-	14,567,447
Cash dividends paid	(103,870)	-
Net cash provided by (used in) financing activities	(5,413,054)	71,314
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,795,462	29,395,708
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,179,443,671	1,309,862,690
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,192,239,133	1,339,258,398

BENEFICIAL LIFE INSURANCE COMPANY, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Interim/Unaudited as of March 31, 2023)

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.

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 Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council (formerly Financial Reporting Standards Council). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations from International Financial Reporting Interpretations Committee, 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 Note 3: Significant Judgments, Accounting Estimates and Assumptions.

<u>Adoption of Amended PFRS</u>

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS –

- 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.

The adoption of the amended PFRS did not materially affect the consolidated financial statements of the Group as of December 31, 2022. 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, 2023 and have not been applied in preparing the consolidated financial statements, are summarized below.

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.

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.

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.

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

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

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

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

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

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

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

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

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

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

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

Insurance Contracts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

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 2023, 2022 and 2021.

There were no changes in the estimated useful lives of the Group's property and equipment at revalued amounts in 2023, 2022 and 2021.

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 January 6, 2023. The appraisal resulted to an increase in revaluation surplus, net of deferred tax, amounting to ₱230.2 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 03/31/2023	Interim F/S 03/31/2022	Audited F/S 12/31/2022
1. Networth excess / (deficiency) in Php Millions	1,092.61	1,269.53	852.40
2. Non admitted assets to admitted assets ratio	18.56%	13.63%	19.62%
3. Claims ratio	52.04%	64.73%	62.60%
4. Underwriting expense ratio	25.38%	22.85%	29.29%
5. Investment income ratio	15.95%	10.85%	13.14%

NETWORTH

Networth per Registrant (in Millions of Pesos)	2,392.61	2,169.53	2,152.40
less: Required networth per R.A. 10607	1,300.00	900.00	1,300.00
Excess / (Deficiency)	1,092.61	1,269.53	852.40

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.

Re: CRMD_Beneficial Life Insurance Company, Inc._SEC Form 17-Q_31March2023

From : ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Thu, May 18, 2023 01:28 PM

Subject : Re: CRMD_Beneficial Life Insurance Company, Inc._SEC Form 17-Q_31March2023

To : compliance@benlife.com.ph

Thank you for reaching out to ictdsubmission@sec.gov.ph. Your submission is subject for Verification and Review of the Quality of the Attached Document only for **Secondary Reports**. Official copy of the submitted document/report with Barcode Page (Confirmation Receipt) will be made available after 7 working days via order from receipt through the SEC Express System at https://secexpress.ph/. Or you may call 8737-8888 for further clarifications.

NOTICE

Please be informed that selected reports should be filed through ***ELECTRONIC FILING AND SUBMISSION TOOL*** **(EFAST)**. **https://cifss-ost.sec.gov.ph/user/login**

such as: **AFS, GIS, GFFS, LCFS, LCIF, FCFS. FCIF, IHFS, BDFS, PHFS etc. ANO, ANHAM, FS-PARENT, FS-CONSOLIDATED, OPC_AO, AFS WITH NSPO FORM 1,2,3 AND 4,5,6, AFS WITH NSPO FORM 1,2,3 (FOUNDATIONS**)

Further, pursuant to SEC Memorandum Circular No. 3, series of 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in **PORTABLE DOCUMENT FORMAT (PDF)** Secondary Reports such as:

17-A, 17-C, 17-L, 17-Q, ICASR, ICA-QR, ICA-AR, 23-A, 23-B, I-ACGR, ACGR, Monthly Reports, Quarterly Reports, Letters, OPC(ALTERNATE NOMINEE),GIS-G, 52-AR, IHAR,AMLA-CF,NPM,NPAM, BP-FCLC, CHINESEWALL, 39-AR,36-AR, PNFS, MCG, S10/SEC-NTCE-EXEMPT, through email at

ictdsubmission@sec.gov.ph

FOR **MC28**, please go to SEC website:

https://apps010.sec.gov.ph

For your information and guidance.

Thank you and keep safe.

ANNEX "E"

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

PARTICIPATION VIA REMOTE COMMUNICATION AND PROCEDURE FOR VOTING *IN ABSENTIA IN* 2023 ANNUAL STOCKHOLDERS' MEETING

The stockholders of record of Beneficial Life Insurance Company, Inc. (the "Company") as of 01 June 2023 are entitled to attend, participate, and vote in absentia during the Annual Stockholders' Meeting (ASM) on June 28, 2023 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 01 June 2023 (the "Stockholder/s") may register at the following web address: *https://form.jotform.com/benlifemis.com.ph/2023-ASM-registration*
The registration period is from June 01, 2021 to June 27, 2023.

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/2023-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, 2023 at 12:01 a.m. to June 28, 2023 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 28, 2023 via the following link: *https://www.benlife.com.ph/benlife-2023-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* no later than June 27, 2023 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 28 June 2023 may be responded to during the ASM.

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