

Annual Report 2016



Table of Contents

03	Corporate Profile
03	Vision and Mission Statement
03	Core Values
04	Shareholder Structure
05	President's Report
06	Corporate Governance
07	Board of Directors
12	Statement of Management's Responsibility for Financial Statements
13	Statements of Financial Position
14	Statements of Income
15	Statements of Comprehensive Income
16	Products and Services
17	Corporate Officers

Corporate Profile

BDO Life Assurance Company, Inc., is a wholly-owned subsidiary of BDO Unibank, Inc., the country's largest bank to date. BDO Life offers a diverse pool of life insurance products suitable to the needs of its target clients. BDO Life provides protection, education, savings, retirement and estate planning solutions aimed to create a secure future for its customers and their families. BDO Life extends comprehensive term life insurance protection for corporate clients.

Vision and Mission Statements

Company Vision Statement

Our vision is to be the new benchmark for the life insurance industry.

Company Mission Statement

Our mission is to help Filipino families preserve financial dignity and family unity.

Core Values

Commitment to Customers

We are committed to delivering products and services that surpass customer expectations in value and every aspect of customer services, while remaining prudent and trustworthy stewards of their wealth.

Commitment to a Dynamic and Efficient Organization

We are committed to creating an organization that is flexible, responds to change, and encourages innovation and creativity. We are committed to the process of continuous improvement in everything we do.

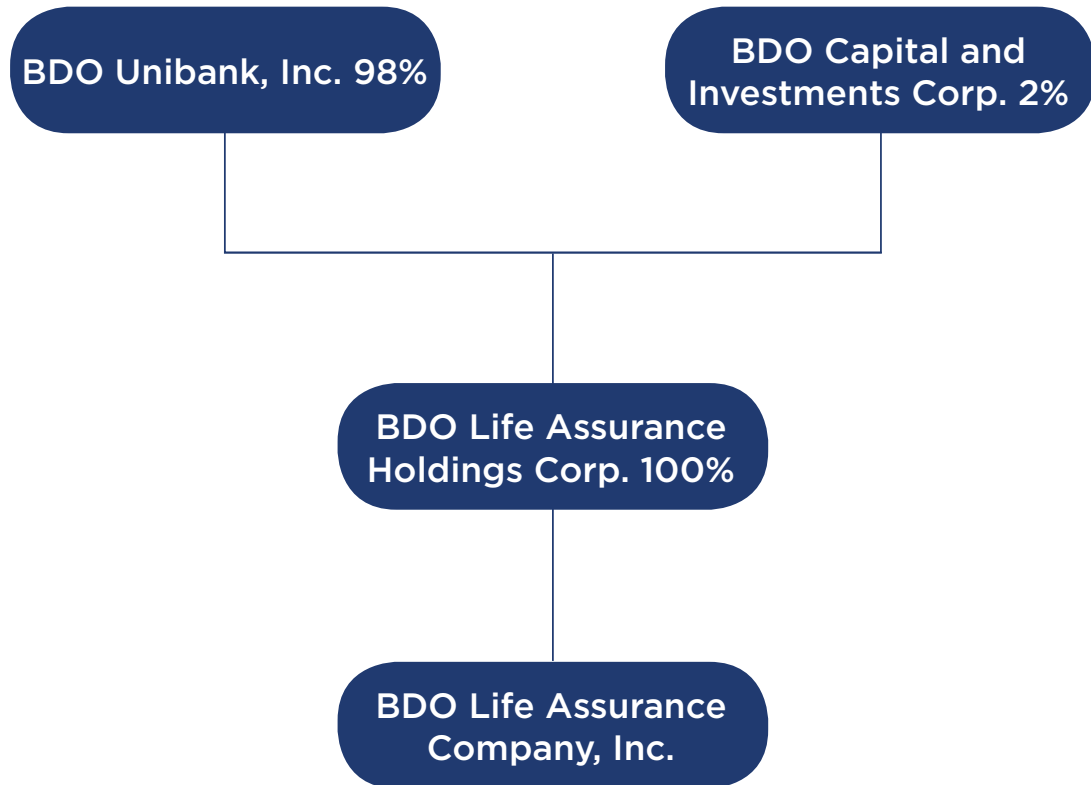
Commitment to Employees

We are committed to our employees' growth and development and we will nurture them in an environment where excellence, integrity, teamwork, professionalism, and performance are valued above all else.

Commitment to Shareholders

We are committed to providing our shareholders with superior returns over the long term.

Shareholder Structure



NOMINAL SHAREHOLDERS

- Teresita T. Sy
- Nestor V. Tan
- Renato A. Vergel de Dios
- Jaime C. Yu
- Lucy C. Dy
- Herminia S. Jacinto
- Peter B. Favila

President's Report

In July 2016, the BDO Unibank Group assumed full control over Generali Pilipinas Life Assurance Company, Inc. and rebranded the insurance operations as BDO Life Assurance Company, Inc. This development paved the way for BDO to realign its insurance strategy with the bank's efforts to solidify its presence in the broad-based middle income segment, thereby adapting more readily to the demands of its target markets.

BDO's powerful brand equity opened doors for BDO Life to leverage BDO Unibank's local advantage and build synergies with various business units to maximize cross-selling opportunities.

BDO Life capped another outstanding year with a growth of 27% in total premiums. This was achieved despite equity market volatilities prevailing during much of the year. In a year when total industry premiums contracted slightly, BDO Life's unwavering focus on recurring premium business resulted in a steadily growing individual life portfolio, evidenced by a 33% surge in renewal premiums year on year.

BDO Life remains steadfast in developing a professional, highly-productive sales force which will cover BDO's branches nationwide.

To augment fund choices for its fast rising variable life protection business, new variable life funds were launched in 2016, the Peso Dragon Equity Fund, Peso Equity Index Fund plus two new US dollar unit-linked funds. BDO Life provides bundled products geared towards the Bank's different market segments.

Investing fully in technology and systems necessary to raise operational efficiencies, the company remains committed towards enhancing the quality of client interaction and customer experience.

For 2017, BDO Life will continue to focus on recurring premium products, maximize its cross-selling efforts towards the broad-based middle income market, and enhance its nationwide presence with its ongoing sales force expansion aimed at covering all BDO branches.

As bank-distributed life insurance business remains the life insurance industry's main propellant, and with a sales force nearly a thousand strong, BDO Unibank's life insurance subsidiary gears up to compete with established players in the next few years.

Corporate Governance

Based on Existing Corporate Governance Manual (currently under revision)

Shareholders / Board Matters

Dividend Policy

As stated in BDO Life's By-Laws, dividends shall be declared by the Board of the Directors and shall be paid from the surplus profits arising from the business of the Corporation. Stock dividends shall be declared in accordance with Law. To ensure the continued operations of the business of the Corporation and in compliance with the requirements of the law, no dividends that will impair the capital of the Corporation shall be declared.

Equality of Voting Rights of Shareholders

BDO Life had issued two (2) kinds of shares – preferred and common. According to its By-Laws, the Corporation, through a resolution of the Board of Directors may limit the voting rights of a specific kind of share should it deem proper. Seeing that equality of voting rights is absolutely essential, the Board of Directors had deemed it proper not to limit the voting rights of any kind of stock. Thus far, all stocks, regardless of kind, have equal voting rights. Each share has one vote on all matters submitted for resolution or approval.

Remuneration of Board Members

Independent Directors receive per diems for every meeting held. Under the By-Laws of the Corporation, reasonable compensation (other than per diems) may be granted to directors by the vote of stockholders representing at least a majority of the outstanding capital stock of the Corporation.

Compliance with Code of Corporate Governance

The Corporation, as agreed to by the Board of Directors, is substantially compliant with the mandates of the Code of Corporate Governance. In fact, aside from the said Code issued by the Insurance Commission, the Corporation also abides by its own internal Code.

Company Matters

Risk Management

The company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, insurance and operational risk. It also supports the effective implementation of policies at the overall company and individual business unit levels. The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, alignment of underwriting and reinsurance strategies to the corporate goals and specific reporting requirements.

Whistle-Blowing Policy

The Company implements a policy where all employees, regardless of status or position, are encouraged to file complaints or make disclosures of improper/wrongful conduct to its officers and even the Board of Directors. Utmost confidentiality of the person's identity and circumstances is guaranteed.

KEY RISKS

Refer to Notes to Financial Statements No.25

Board of Directors

TERESITA T. SY, 66 | *Chairperson of the Board of Directors*
Date of first appointment: November 11, 1999

Ms. Teresita T. Sy currently serves as Chairperson of the Board of BDO Unibank, Inc. Concurrently, she serves as Chairperson and/or Director of the following subsidiaries and affiliates of BDO: BDO Private Bank, Inc., BDO Leasing & Finance, Inc., BDO Capital & Investment Corporation, BDO Foundation, Inc., and BDO Life Assurance Holdings Corp. (formerly Generali Pilipinas Holding Company, Inc.). Ms. Sy also serves as Adviser to the Board of Directors of One Network Bank, Inc. (A Rural Bank).

Ms. Sy is the Vice Chairperson of SM Investments Corporation (PLC) and Adviser to the Board of SM Prime Holdings, Inc. (PLC). She also sits as Chairperson and/or Director of the following companies: Multi Realty Development Corporation, Belleshare Holdings, Inc. (formerly SM Commercial Properties, Inc.), SM Mart, Inc., SM Retail, Inc., and First Asia Realty Development Corp. A graduate of Assumption College, Ms. Sy brings to the board her diverse expertise in banking and finance, retail merchandising, and mall and real estate development.

NESTOR V. TAN* 59 | *Vice Chairman of the Board of Directors*
Date of first appointment: July 14, 1999

Mr. Nestor V. Tan is the President and CEO of BDO Unibank. Concurrently, he holds vice chairmanships and/or directorships in the following subsidiaries of BDO Unibank, Inc.: BDO Leasing and Finance, Inc. (PLC), BDO Capital & Investment Corporation, BDO Insurance Brokers, Inc., BDO Life Assurance Holdings Corp. (formerly Generali Pilipinas Holding Company, Inc.), BDO Private Bank, Inc., BDO Remit (USA), Inc., and SM Keppel Land, Inc. He also concurrently holds the Chairmanship of BDO Strategic Holdings Inc., One Network Bank, Inc. (A Rural Bank), BancNet, Philippine Dealings System Holdings Corp. and RBB Micro Finance Foundation. He is a Trustee of BDO Foundation, Inc., the De La Salle University Board of Advisors, and the Asian Institute of Management. At present, he is the Director of the Asian School of Business & Technology, and serves as President and Director of the Bankers Association of the Philippines.

Prior to joining BDO Unibank, Mr. Tan was Chief Operating Officer of the Financial Institutions Services Group of BZW, the investment banking subsidiary of the Barclays Group. His banking career spans nearly four decades and includes posts at global financial institutions, among them Mellon Bank (now BNY Mellon) in Pittsburgh, PA; Bankers Trust Company (now Deutsche Bank) in New York; and the Barclays Group in New York and London. He holds a bachelor's degree in Commerce from De La Salle University and an MBA from the Wharton School, University of Pennsylvania.

RENATO A. VERGEL DE DIOS 63 | *Member of the Board of Directors*
Date of first appointment: October 14, 2009

Mr. Renato A. Vergel De Dios has over forty (40) years of experience in life insurance management. He directed both the sales and marketing division as well as the individual life operations as Executive Vice President of the Philippine American Life Insurance Company before moving on to Manulife Philippines as President and Chief Executive Officer for over 10 years. He earned a BS Mathematics degree from Ateneo de Manila University and an MS Management (Sloan Program) degree from Stanford University. Mr. Vergel De Dios also completed the Associateship (ASA) exam requirements of the US Society of Actuaries and has been a Member of the Board of Trustees for the Insurance Institute for Asia and the Pacific (IIAP) for many years.

JAIME C. YU 58 | *Member of the Board of Directors*
Date of first appointment: November 24, 2016

Mr. Jaime C. Yu holds a Bachelor of Arts degree in Economics from De La Salle University and is MBA graduate from the Ateneo de Manila University. He has extensive experience in commercial, corporate, and investment banking from the International Corporate Bank and Union Bank of the Philippines, where he held various positions up to his appointment as First Vice President and Region Head for the Manila-Pasay area. He joined BDO in December 1997 and is currently the Group Head of Branch Banking where he manages the entire branch network.

LUCY CO DY 61 | *Member of the Board of Directors*
Date of first appointment: November 24, 2016

Ms. Lucy Co Dy is Director of BDO Life Assurance Company, Inc. She is also a Director of BDO Life Assurance Holdings Corporation, Express Padala Hong Kong Limited, BDO Remit (Italia), S.p.A.; Director and Treasurer of BDO Strategic Holdings, Inc.; Trustee and Treasurer of BDO Foundation, Inc.; Chairperson and President of The Executive Banclounge, Inc.; and Executive Vice President and Comptroller of BDO Unibank Inc. She was formerly a Director of PCIB Securities, Inc., BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.), Banco de Oro Savings Bank, Inc. (formerly Citibank Savings, Inc.) and Express Padala Frankfurt GmbH. She holds a Bachelor's degree in Accounting from the University of Santo Tomas.

HERMINIA S. JACINTO* 77 | *Independent Director*
Date of first appointment: March 29, 2012

Ms. Herminia S. Jacinto is currently the Secretary General of the Association of Insurers and Reinsurers of Developing Countries (AIRDC) and President and Director of KRM Reinsurance Brokers, Inc..

Ms. Jacinto is a Certified Public Accountant and was Financial Controller of the FGU Insurance Corporation and the Universal Reinsurance Corporation, both companies of the Ayala Group. She became the President and CEO of the Universal Reinsurance Corporation until the company was merged with the Malayan Reinsurance Corporation in 2005. She retired from active corporate work in 2006 when the Universal Malayan Reinsurance Corporation merged with the National Reinsurance Corporation of the Philippines.

She has served the insurance industry in various capacities – Chairman of the Philippine Insurance and Reinsurance Association (PIRA), President of the Insurance & Surety Association of the Philippines (ISAP), President of the Philippine Insurers' Club (PIC) and President of the Insurance Institute for Asia and the Pacific (IIAP).

She is currently an Independent Director of BDO Life Assurance Holdings Corp., Fortune General Insurance Co. Inc. and the KRM Reinsurance Brokers. She is a regular lecturer at the IIAP on such topics as Financial Analysis, Reinsurance and Mergers and Acquisitions.

PETER B. FAVILA 68 | *Independent Director*
Date of first appointment: November 24, 2016

Mr. Peter B. Favila is a Filipino banker and was the former Secretary of Department of Trade and Industry during the Presidency of Gloria Macapagal-Arroyo. He also served the Philippine Stock Exchange in different capacity, which included his post as Director of the Exchange and Chairman of its Listing and Disclosure Committee and Oversight Director. He also held different board and executive positions in privately-held and publicly-listed companies including Security Bank, Philippine Airlines, Philippine National Bank. Mr. Favila is a Banking and Finance graduate of the University of Sto. Tomas. (Source: http://en.wikipilipinas.org/index.php/Peter_B._Favila)

*Member of the Audit Committee

Trainings and Seminars Attended By The Board of Directors

Directors	Date of Training	Trainings and Seminars	Name of Training Institution
Teresita T. Sy	January 9, 2016	Economic Briefing for 2016 Outlook	BDO Unibank, Inc.
	May 27, 2016	First Quarter 2016 Peer Comparison and Analyst / Investor Comparison	BDO Unibank, Inc.
	August 26, 2016	Second Quarter 2016 Peer Comparison and Analyst / Investor Comparison	BDO Unibank, Inc.
	September 14, 2016	Corporate Governance Briefing on Cybersecurity	SGV & Co. (Ernst & Young)
	December 2, 2016	Third Quarter 2016 Peer Comparison and Analyst / Investor Comparison	BDO Unibank, Inc.
	December 3, 2016	Global Network of Director Institutes' Guiding Principles on Cybersecurity Oversight	BDO Unibank, Inc.
Nestor V. Tan	January 9, 2016	Economic Briefing for 2016 Outlook	BDO Unibank, Inc.
	May 27, 2016	First Quarter 2016 Peer Comparison and Analyst / Investor Comparison	BDO Unibank, Inc.
	May 28, 2016	Economic Research (First Quarter 2016)	BDO Unibank, Inc.
	July 30, 2016	Economic Research	BDO Unibank, Inc.
	August 26, 2016	Second Quarter 2016 Peer Comparison and Analyst / Investor Comparison	BDO Unibank, Inc.
	September 14, 2016	2016 Corporate Governance Seminar on Fraud Awareness and Cyber Risk Management	SGV & Co. (Ernst & Young)
	September 24, 2016	Economic Research (Third Quarter of 2016)	BDO Unibank, Inc.
	October 29, 2016	Economic Research (Fourth Quarter of 2016)	BDO Unibank, Inc.
	December 2, 2016	Third Quarter 2016 Peer Comparison and Analyst / Investor Comparison	BDO Unibank, Inc.
	December 3, 2016	Global Network of Director Institutes' Guiding Principles on Cybersecurity Oversight	BDO Unibank, Inc.
Renato A. Vergel de Dios	May 31, 2016	Quantum Growth Seminar	BDO Life Assurance Co., Inc.
	December 5, 2016	GRIT Executive Learning Session - Leadership AQ GRIT	BDO Unibank, Inc.
	January 12, 2017	STEP-UP	BDO Unibank, Inc.
Jaime C. Yu	September 14, 2016	2016 Corporate Governance Seminar on Fraud Awareness and Cyber Risk Management	SGV & Co. (Ernst & Young)
	December 5, 2016	GRIT Executive Learning Session - Leadership AQ GRIT	BDO Unibank, Inc.
Lucy C. Dy	September 14, 2016	2016 Corporate Governance Seminar on Fraud Awareness and Cyber Risk Management	SGV & Co. (Ernst & Young)
Herminia S. Jacinto	February 2016	Asian CEO Insurance Summit (Hong Kong)	
	October 2016	East Asian Insurance Congress	
	November 2016	Micro Insurance Seminar (Colombo, Sri Lanka)	

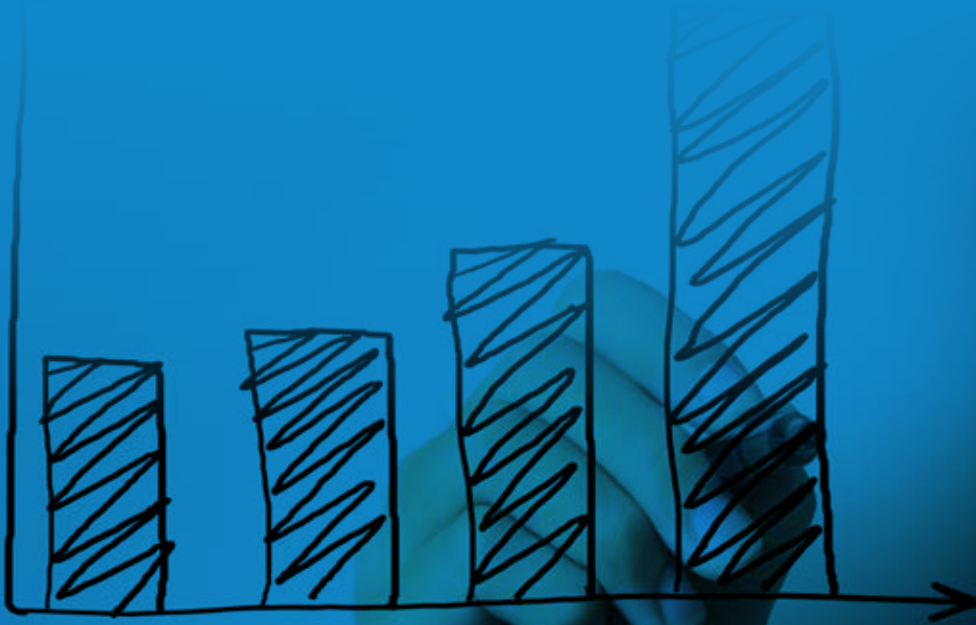
Attendance of Members of The Board of Directors in 2016

Directors	No. of Meetings Attended	Total No. of Meetings	Percentage Rating
Teresita T. Sy	14	14	100%
Nestor V. Tan	14	14	100%
Renato A. Vergel de Dios	14	14	100%
Jaime C. Yu*	2	2	100%
Lucy Co Dy*	2	2	100%
Herminia S. Jacinto	14	14	100%
Peter B. Favila**	2	2	100%

*Elected as Member of the Board of Directors on 24 November 2016

**Elected as Independent Director on 24 November 2016

Financial Statements



Statement of Management's Responsibility for Financial Statements

The management of BDO Life Assurance 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, 2016 and 2015, 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 for 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.

Sycip Gorres Velayo & 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 or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

Teresita T. Sy
Chairperson of the Board of Directors

Renato A. Vergel de Dios
President and Chief Executive Officer

Ma. Concepcion N. Singson
Treasurer

Signed this March 23, 2017.

Statements of Financial Position

DECEMBER 31		
	2016	2015
ASSETS		
Cash and Cash Equivalents	3,055,012,089	2,586,586,939
Insurance Receivables - net	172,200,958	376,623,703
Financial Assets		
Financial assets at fair value through profit or loss	2,916,493,555	948,204,933
Available-for-sale financial assets	21,502,448,038	17,881,335,426
Held-to-maturity investments	82,838,448	83,058,697
Loans and receivables - net	334,277,785	276,949,937
Accrued Income	190,119,251	185,377,431
Reinsurance Assets	17,151,016	227,789,178
Property and Equipment - net	46,670,151	67,604,661
Intangible Assets - net	17,777,071	34,232,148
Pension Asset - net	9,444,867	20,483,983
Deferred Tax Assets - net	4,383,514	5,896,263
Other Assets	10,323,316	25,965,986
	28,359,140,059	22,720,109,285

DECEMBER 31		
	2016	2015
LIABILITIES AND EQUITY		
Liabilities	20,548,375,697	15,801,798,967
Insurance Contract Liabilities	2,532,674,532	2,224,320,230
Premium Deposit Fund	82,418,573	448,922,881
Insurance payables	662,403,269	521,997,476
Trade and other liabilities	23,825,872,071	18,997,039,554
Equity		
Capital Stock	1,515,050,500	1,515,050,500
Contributed surplus	50,000,000	50,000,000
Contingency surplus	279,038,232	279,038,232
Revaluation reserve on available-for-sale financial assets	(437,669,314)	(180,327,528)
Actuarial gain (loss) on defined benefit obligation	(10,228,198)	9,130,541
Retained earnings	3,137,076,768	2,050,177,986
	4,533,267,988	3,723,069,731
	28,359,140,059	22,720,109,285

Statements of Income

	YEARS ENDED DECEMBER 31	
	2016	2015
REVENUE		
Gross premiums on insurance contracts	8,413,819,437	6,875,842,321
Reinsurers' share of gross premiums on insurance contracts	(363,014,802)	(511,698,114)
Net insurance premiums	8,050,804,635	6,364,144,207
Investment Income	791,771,485	755,674,975
Net realized gains on AFS financial assets	377,057,531	76,402,473
Fair value gains on FVPL financial assets	17,338,132	-
Foreign exchange gain - net	31,111,748	-
Other income	53,802,332	24,544,529
	1,271,081,227	856,621,977
	9,321,885,863	7,220,766,184

	YEAR ENDED DECEMBER 31	
	2016	2015
BENEFITS, CLAIMS AND OPERATING EXPENSES		
Gross benefits and claims incurred on insurance contracts	1,719,962,240	1,948,471,214
Reinsurers' share of benefits and claims incurred on insurance contracts	(257,946,247)	(422,937,430)
Gross change in legal policy reserves	4,528,337,764	2,557,355,056
Reinsurers' share of gross change in legal policy reserves	(88,917,045)	(6,303,664)
Net insurance benefits and claims	5,901,436,712	4,076,585,176
General and administrative expenses	1,193,837,103	1,119,255,273
Commissions and service fees	556,430,054	491,867,802
Provision for impairment losses on AFS financial assets	188,962,546	39,939,366
Insurance taxes and licenses	134,485,226	128,870,449
Interest expense	72,116,831	75,677,354
Fair value losses on FVLP financial assets	-	44,558,217
Foreign exchange loss - net	-	10,675,480
Operating expenses	2,145,831,760	1,910,843,941
	8,047,268,472	5,987,429,117
INCOME BEFORE INCOME TAX	1,274,617,391	1,233,337,067
PROVISION FOR INCOME TAX	187,718,610	136,728,348
NET INCOME	1,086,898,781	1,096,608,719

Statements of Comprehensive Income

	YEARS ENDED DECEMBER 31	
	2016	2015
NET INCOME		
OTHER COMPREHENSIVE INCOME (LOSS)	1,086,898,781	1,096,608,719
Items to be recycled to profit or loss		
Fair value loss on available-for-sale financial assets	(69,246,801)	(818,354,537)
Transferred to profit and loss	(188,094,985)	(36,463,107)
	(257,341,786)	(854,817,644)
Items not to be recycled to profit or loss		
Actuarial loss on retirement plan	(27,655,340)	(20,343,677)
Income tax effect	8,296,602	6,103,103
	(19,358,738)	(14,240,574)
TOTAL COMPREHENSIVE INCOME	810,198,257	227,550,501

Products and Services

Protection

Protect your family and give them the secure future they deserve. BDO Life's individual life protection plans provide peace of mind for you and your family.

Education

BDO Life offers fund accumulation plans that are designed specifically to help you save for your child's future education.

Savings & Retirement

Enjoy the benefits of saving for your aspirations for the future. BDO Life's Endowment Plans help you prepare to enjoy some of life's most anticipated moments.

Group Life Insurance

BDO Life customizes products to give comprehensive term life insurance protection benefits for the employees and members of our corporate clients.

Mortgage Redemption Insurance (MRI)

Provides financial protection for home loan borrowers and their families.

Corporate Officers

Teresita T. Sy
Chairperson

Nestor V. Tan
Vice Chairman

Renato A. Vergel De Dios
President, Chief Executive Officer & General Manager

Rose Mary T. Reyes
Treasurer

Atty. Elmer B. Serrano
Corporate Secretary

Atty. Katrina G. de Castro
Assistant Corporate Secretary



BDO Life Assurance Company, Inc.

(Formerly Generali Pilipinas Life Assurance Company, Inc.)

Head Office

BDO Corporate Center, 7899 Makati Avenue, Makati City
(T): +63 2 885 4100 / +63 2 885 4200 (F): +63 2 325
0792 / info@bdolife.com.ph / www.bdo.com.ph/bdolife

Cebu Office

The Space, AS Fortuna Street corner P. Remedio Brgy.
Banilad, Mandaue, Metro Cebu

Davao Office

BDO - Davao C.M. Recto Branch, Building No. 383 C.M.
Recto Street, Davao City