

COVER SHEET

8 0 1 1 8

SEC Registration Number

NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

(Company's Full Name)

31ST FLOOR AYALA LIFE - FGU CENTER 6811 AYALA AVENUE MAKATI CITY

(Business Address: No., Street City / Town / Province)

Atty. Noel A. Laman Atty. Ma. Pilar Pilares-Gutierrez

Contact Person

817-6791 to 95

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

SEC Form 20-IS Preliminary Information Statement

FORM TYPE

0 7 1 3

Month Day Annual Meeting

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

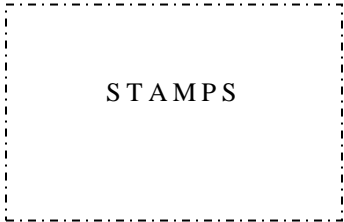
To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

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NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

31st Floor, Ayala Life-FGU Center, 6811 Ayala Avenue, Makati City 1227, Philippines
Trunk line: +632 988-7400 * Website: www.nrcp.com.ph * e-mail: nrcp@nrcp.com.ph

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DEAR STOCKHOLDERS:

Please be advised that the Annual Meeting of Stockholders of National Reinsurance Corporation of the Philippines (the "Corporation") will be held on July 13, 2016, Wednesday, at 3:00 p.m., at the Carlos P. Romulo Auditorium, Podium 4, Tower II, RCBC Plaza, 6819 Ayala Avenue, Makati City, with the following agenda:

1. Call to Order
2. Proof of Notice of Meeting and Determination of Quorum
3. Approval of Minutes of Previous Stockholders' Meeting
4. Management Report for the Year Ended December 31, 2015
5. Ratification of All Acts of the Board of Directors and Officers During the Preceding Year
6. Appointment of Independent Auditors
7. Election of Directors, including the Independent Directors
8. Other Matters
9. Adjournment

A brief explanation of each item in the agenda is hereto attached as Annex "A" for your reference and guidance.

Copies of the Minutes of the Annual Stockholders' Meeting held on July 13, 2015 will be available upon registration on the day of the meeting. A copy of the minutes is also posted at the Corporation's website, www.nrcp.com.ph

Only stockholders of record at the close of business on May 30, 2016 are entitled to notice of, to attend, and to participate in this year's Annual Meeting. Stockholders who are unable to attend the Annual Meeting in person may execute a proxy. Proxies must be submitted and addressed to the attention of the Corporate Secretary at the 31st Floor, Ayala Life-FGU Center, 6811 Ayala Avenue, Makati City, Philippines no later than 3:00 p.m. on or before July 1, 2016.

A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the proxy. Attached as Annex "B" is a sample board resolution to designate a proxy for the annual stockholders' meeting. Validation of proxies shall be held on July 6, 2016 at 2:00 p.m. at the principal office of the Corporation.

To avoid any inconvenience in registering your attendance at the meeting, you or your duly designated proxy, are required to bring this Notice, and any identification documents containing a photograph and signature, such as a passport, driver's license, or any government-issued identification. Registration starts at exactly 2:00 p.m. and will close at 3:00 p.m.

Makati City, Metro Manila MAY 23, 2016.

For the Board of Directors,


NOEL A. LAMAN
Corporate Secretary

EXPLANATION OF AGENDA ITEMS**1. Call to Order**

The Chairman, Helen Y. Dee, will welcome the stockholders and guests and formally begin the 2016 Annual Stockholders' Meeting of the National Reinsurance Corporation of the Philippines.

2. Proof of Notice of Meeting and Determination of Quorum

Atty. Noel Laman, Corporate Secretary, will certify that the Notice of Meeting was sent to stockholders of record as of May 30, 2016, and was disclosed to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), in accordance with rules and regulations of the SEC and the PSE.

He will also attest whether a majority of stockholders are present in person or by proxy, thereby constituting a quorum for the valid transaction of the Annual Stockholder's Meeting and the matters set forth in the Agenda.

3. Approval of Minutes of Previous Stockholders' Meeting

Stockholders will be asked to approve the minutes of the Stockholder's Meeting held on July 13, 2015 which contain, among others (a) the report of the president; (b) the ratification of the acts of the board of directors/officers; (c) the appointment of the external auditors; and (d) the election of directors.

The minutes of the meeting are posted at the Corporation's website, www.nrcp.com.ph. Copies of the minutes were also distributed to the stockholders before the meeting.

4. Management Report for the Year Ended December 31, 2015

The President will report to the stockholders the Corporation's accomplishments for the year 2015.

5. Ratification of All Acts of the Board of Directors and Officers During the Preceding Year

Stockholders will be requested to ratify all acts, decisions, and resolutions of the Board of Directors and Officers of National Reinsurance Corporation of the Philippines made or undertaken in the year 2015 and until the date of the Stockholders' Meeting, as these are recorded in the books and records of the Corporation.

6. Appointment of Independent Auditors

The stockholders will be asked to approve, ratify and confirm the appointment of Punongbayan & Araullo as the Independent Auditors of the Corporation.

7. Election of Directors, including the Independent Directors

The Chairman will present to the stockholders the nominees for election as members of the Board of Directors, including the independent directors. The list of nominees with their profiles are included in the Definitive Information Statement to be sent to stockholders for reference.

8. Other Matters

The Chairman will open the floor for comments or queries by the stockholders. Stockholders may raise matters which may be properly taken up during the 2016 Annual Stockholders Meeting.

9. Adjournment

After consideration of all business, the Chairman shall declare the meeting adjourned. This formally ends the 2016 Annual Meeting of Stockholders of the National Reinsurance Corporation of the Philippines.

ANNEX B

*Sample Board Resolution to Designate a Proxy
FOR CORPORATE STOCKHOLDERS ONLY*

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

SECRETARY'S CERTIFICATE

I, [Name of Corporate Secretary], of legal age, Filipino, with office address at [Address of Corporate Secretary], after having been sworn in accordance with law hereby depose and state that:

1. I am the Corporate Secretary of [name of corporate stockholder of NRCP] (the "Corporation"), with offices at _____;
2. In a meeting of the Board of Directors of the Corporation held at its office on _____, the following resolution was approved:

"RESOLVED, That the Board of Directors of the Corporation authorize, as it hereby authorizes the following officers of the Corporation, to designate the proxy or otherwise act as proxy of the Corporation, authorized to vote the shares of the Corporation during the 2016 annual stockholders' meeting of National Reinsurance Corporation of the Philippines, and any of the following is likewise authorized to sign, execute and deliver, any proxy form and such other documents, forms, instruments, or papers as may be required in order to represent the shares of the Corporation at the said annual stockholders' meeting:

Name

Specimen Signature

IN WITNESS WHEREOF, I hereunto affixed my signature this _____, at Makati City, Metro Manila.

Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of _____, Philippines, this _____, by the affiant, whose identity I have confirmed through his/her Passport No. _____, bearing the affiant's photograph and signature, and who showed to me his/her Community Tax Certificate No. _____ issued at _____ City, on _____, 2016.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 2016.

PROXY
NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES

PROXY SOLICITED ON BEHALF OF THE MANAGEMENT OF NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES FOR THE ANNUAL STOCKHOLDERS' MEETING TO BE HELD ON JULY 13, 2016, WEDNESDAY, AT 3:00 P.M. AT THE CARLOS P. ROMULO AUDITORIUM, PODIUM 4, TOWER II, RCBC PLAZA, 6819 AYALA AVENUE, MAKATI CITY.

The Undersigned hereby appoints:

- (a) The Chairman of the Board of Directors of National Reinsurance Corporation of the Philippines, or in his absence, the President of National Reinsurance Corporation of the Philippines
- (b) _____

as his/her/its Proxy to attend the above annual meeting of the stockholders of **National Reinsurance Corporation of the Philippines**, and any adjournment or postponement thereof, and thereat to vote all shares of stock held by the undersigned as specified below and on any matter that may properly come before said meeting.

Management recommends a vote on the following items and my vote is respectively indicated below:

- (1) Approval/ratification of the minutes of the annual stockholders' meeting held on July 13, 2015
 FOR AGAINST ABSTAIN
- (2) Ratification of the acts of the Board of Directors and Officers
 FOR AGAINST ABSTAIN
- (3) Appointment of Punongbayan & Araullo as Independent External Auditors
 FOR AGAINST ABSTAIN
- (4) Election of Directors
 FOR all nominees listed below, except those whose names are stricken out
 WITHHOLD authority to vote for all nominees listed below

(Instruction: To strike out a name or withhold authority to vote for any individual nominee, draw a line through the nominee's name in the list below).

For Regular Directors:

Helen Y. Dee	Cezar P. Consing	Roman Felipe S. Reyes
Robert G. Vergara	Simon R. Paterno	Joli Co Wu
Augusto Hidalgo	Gregorio T. Yu	
Yvonne S. Yuchengco	Rafael G. Ayuste, Jr.	

For Independent Directors:

Romeo L. Benardo
Ermilando D. Napa
Medel T. Nera

In their discretion, the Proxies are authorized to vote upon such other matters as may properly come before the meeting. This proxy when properly executed will be voted in the manner as directed above by the undersigned stockholder. If no direction is made, this proxy will be voted for the above items in the discretion of the Proxy.

The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20 (11)(b). Pursuant to this rule, a proxy executed by a corporation shall be in a form of a board resolution duly certified by the Corporate Secretary or this proxy form shall be executed by a duly authorized corporate officer accompanied by a Corporate Secretary's certificate quoting the board resolution authorizing the said corporate officer to execute this proxy. For guidance of corporate stockholders, attached to the notice of meeting is a sample board resolution.

This proxy may be revoked by the undersigned stockholder at any time by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting, or by attending the meeting in person and signifying his intention to personally vote his shares.

Date

(Signature above printed name, including title when signing for a corporation or partnership or as an agent, attorney or fiduciary).

No. of shares held: _____

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE



1. Check the appropriate box:

Preliminary Information Statement

Definitive Information Statement

2. Name of Corporation as specified in its charter:

National Reinsurance Corporation of the Philippines, doing business under the names and styles of Philippine National Reinsurance Company; PhilNaRe

3. Province, country or other jurisdiction of incorporation or organization: **Philippines**

4. SEC Identification Number: **80118**

5. BIR Tax Identification Code: **000-480-869**

6. Address of principal office Postal Code: **31st Floor Ayala Life-FGU Center
6811 Ayala Avenue
Makati City 1227 Philippines**

7. Corporation's telephone number, including area code: **(632) 988-7400**

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

**July 13, 2016,
Monday 3:00 P.M.
Carlos P. Romulo Auditorium
Podium 4, Tower II, RCBC Plaza
6819 Ayala Avenue, Makati City**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **June 17, 2016**

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor: **The Management of the Corporation**

Address and Telephone No.: **31st Floor, Ayala Life-FGU Center
6811 Ayala Avenue
Makati City 1227 Philippines
Telephone number: (632)-988-7400**

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

<u>Title of Each Class</u>	<u>No. of Shares Outstanding</u>	<u>Amount</u>
Common Shares	2,123,605,600	Php2,123,605,600.00
TOTAL	2,123,605,600	Php2,123,605,600.00

12. Are any or all of Corporation's Securities Listed with the Philippine Stock Exchange?

Yes (√)

No ()

PART I
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting

The enclosed proxy is solicited for and on behalf of the Management of **NATIONAL REINSURANCE CORPORATION OF THE PHILIPPINES**, *doing business under the names and styles of Philippine National Reinsurance Company; PhilNaRe* (hereinafter called the “Corporation”) for use in connection with the annual meeting of the stockholders to be held on July 13, 2016 (Wednesday), at 3:00 P.M. at the Carlos P. Romulo Auditorium, Podium 4, Tower II, RCBC Plaza, 6819 Ayala Avenue, Makati City.

The information statement and form of proxy will be sent to the stockholders of record as of May 30, 2016 (the “Record Date”) on or before June 17, 2016.

The matters to be considered and acted upon at such meeting are referred to in the Notice and are more fully discussed in this statement.

The complete mailing address of the Corporation is:

31st Floor, Ayala Life-FGU Center
6811 Ayala Avenue
Makati City 1227 Philippines.
Telephone Number (632) 988-7400

Item 2. Dissenter’s Right of Appraisal

The dissenter’s right of appraisal under Section 81 of the Corporation Code of the Philippines is not applicable in any of the matters to be submitted to the stockholders.

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

No director, officer, nominee for director, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon, other than election to office. No director has informed the Corporation in writing of any intention to oppose any action to be taken during the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders thereof

(a) As of the Record Date which is May 30, 2016, the date to determine the stockholders entitled to notice and to vote at the annual stockholders meeting on July 13, 2016, the Corporation has the following outstanding shares:

Common shares (voting) - 2,123,605,600 shares*

**As of 30 April 2016, 4,027,600 outstanding common shares under PCD nominee account representing 0.19% of the outstanding capital stock are held by foreign shareholders.*

(b) Only holders of Common Shares as of the Record Date shall be entitled to vote in the election of directors in the manner provided hereunder. On the approval of the minutes of the previous

meeting, ratification of all acts of the Board of Directors and officers during the previous year, and the appointment of the independent auditor, each share of outstanding common stock is entitled to one vote.

- (c) In the election of directors, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of common shares of stock standing in his name at record date. A stockholder entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or he 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 shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast by a stockholder shall not exceed the number of shares owned by him as shown in the books of the Corporation multiplied by the whole number of directors to be elected.

(d) Security Ownership of Certain Record and Beneficial Owners

The following table sets forth as of April 30, 2016, the record and/or beneficial owners of more than 5% of the outstanding Common Shares of the Corporation and the amount of such record and/or beneficial ownership.

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent Per Class
Common	Bank of Philippine Islands Ayala Avenue corner Paseo de Roxas, Makati City	Bank of Philippine Islands Ayala Avenue corner Paseo de Roxas, Makati City ¹	Filipino	290,795,500	13.69%
Common	PCD Nominee Corporation. (Filipino) ² G/F MSE Building 6754 Ayala Ave. Makati City	Government Service Insurance System ² , New GSIS Headquarters, Financial Center, Pasay City ³	Filipino	546,465,400	25.73%
Common	PCD Nominee Corporation. (Filipino) ¹ G/F MSE Building 6754 Ayala Ave. Makati City	MICO Equities Inc. ² Yuchengco Bldg., 484 Quintin Paredes Street, Manila ⁴	Filipino	273,717,100	12.89%

¹ The shares of BPI will be voted by the person to be designated by BPI in the proxy that will be submitted to the Corporation. The deadline for submission of proxies is on July 1, 2016.

²The PCD is not related to the Company. The 546,465,400 shares and 273,717,100 shares beneficially owned by GSIS and MICO Equities, respectively, form part of the 1,647,877,900 shares registered in the name of PCD Nominee Corporation (Filipino).

³ The shares of GSIS will be voted by the person to be designated by GSIS in the proxy that will be submitted to the Corporation on or before July 1, 2016.

⁴ The shares of MICO Equities, Inc. will be voted by the person to be designated by MICO Equities in the proxy that will be submitted to the Corporation on or before July 1, 2016.

(e) Security Ownership of Management

The following table sets forth as of April 30, 2016, the record or beneficial stock ownership of each Director of the Corporation and all Officers and Directors as a group.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Percent of Class
Common	Helen Y. Dee	100 Record	Filipino	0.000005%
Common	Robert G. Vergara	1,000 Record	Filipino	0.000047%
Common	Gregorio T. Yu	1,000 Record	Filipino	0.000047%
Common	Cezar P Consing	50 Record	Filipino	0.000002%
Common	Augusto P. Hidalgo	869,000 Record	Filipino	0.040920%
Common	Yvonne S. Yuchengco	26,000 Beneficial 100 Record	Filipino	0.001229%
Common	Ermilando D. Napa	1,000 Record	Filipino	0.000047%
Common	Simon R. Paterno	50 Record	Filipino	0.000002%
Common	Romeo L. Bernardo	4,000 Beneficial 100 Record	Filipino	0.000193%
Common	Roman Felipe S. Reyes	1,000 Record	Filipino	0.000047%
Common	Medel T. Nera	1,000 Record	Filipino	0.000047%
Common	Joli Co Wu	604,100 Record	Filipino	0.028447%
Common	Rafael G. Ayuste, Jr.	100,000 Record	Filipino	0.004709%
Common	TOTAL FOR DIRECTORS	1,608,500		0.075743%
Common	GRAND TOTAL	1,608,500		0.075743%

All the above named directors and officers of the Corporation are the record and beneficial owners of the shares of stock set forth opposite their respective names.

(f) Voting Trust Holders of 5% or more

The Corporation is not aware of any person holding more than 5% of the shares of the Corporation under a voting trust or similar agreement which may result in a change in control of the Corporation.

(g) Changes in Control

From January 1, 2015 to date, there has been no change in control of the Corporation. Neither is the Corporation aware of any arrangement which may result in a change in control of it.

Item 5. Directors and Executive Officers

(a) Incumbent Directors and Executive Officers.

The Company's Amended Articles of Incorporation provide for a 13-seat Board of Directors. Following is the list of the incumbent members of the Board:

Name	Position	Age	Citizenship
Helen Yuchengco - Dee	Chairperson	71	Filipino
Robert G. Vergara	Vice Chairman	55	Filipino
Augusto P. Hidalgo	Director/President/Chief Executive Officer	49	Filipino
Cezar P. Consing	Director	56	Filipino
Yvonne S. Yuchengco	Director	61	Filipino
Gregorio T. Yu	Director	57	Filipino
Simon R. Paterno	Director	57	Filipino
Roman Felipe S. Reyes	Director	64	Filipino
Rafael G. Ayuste, Jr.	Director	52	Filipino
Joli Co Wu	Director	49	Filipino
Romeo L. Bernardo	Independent Director	61	Filipino
Ermilando D. Napa	Independent Director	66	Filipino
Medel T. Nera	Independent Director	60	Filipino

Following is the list of the Corporation's key executive officers as of the date of this report:

Name	Position	Age	Citizenship
Augusto P. Hidalgo	President and Chief Executive Officer	49	Filipino
Gregorio T. Yu	Treasurer	57	Filipino
John E. Huang	Senior Vice President and Head, Investments	58	Filipino
Noel A. Laman	Corporate Secretary	76	Filipino
Ma. Pilar M. Pilares-Gutierrez	Assistant Corporate Secretary	39	Filipino
Alexander L. Reyes	Senior Vice President and Head, Data and Analytics, and Concurrent Head of Claims	55	Filipino
Victor R. Tanjuakio	First Vice President and Head, Life Reinsurance	49	Filipino
Regina S. Ramos	Vice President and Head, Compliance	53	Filipino
Eden R. Tesoro	Vice President and Head, Property Underwriting	45	Filipino
Jeffrey R. Lacson	Senior Assistant Vice President and Principal Accounting Officer	32	Filipino

(b) Term of office.

The term of office of the Directors and executive officers is one (1) year from their election as such until their successors are duly elected and qualified.

(c) Business experience of the Directors and Officers during the past five (5) years.

Helen Yuchengco-Dee, Chairperson of the Board, Director of the Corporation since January 2010.

Ms. Helen Y. Dee is the Chairperson of Rizal Commercial Banking Corporation and House of Investments, Inc. She is the Chairperson and President of Hydee Management & Resource Corporation, Financial Brokers Insurance Agency, Inc., Mijo Holdings, Inc. and Tameena Resources, Inc. She also holds Chairmanship positions in various companies, including Malayan Insurance Company, Inc., Petro Energy Resources Corporation, Seafront Resources Corporation, La Funeraria Paz Sucat, RCBC Leasing and Finance Corporation, Landev Corporation, HI-Eisai Pharmaceutical Inc., PetroGreen Energy Corporation, Mapua Information Technology Center, Inc., Manila Memorial Park Cemetery, Inc., Pan Malayan Realty Corporation, RCBC Savings Bank, Xamdu Motors, Inc., Petrowind Energy, Inc., Malayan High School of Science, Inc. and Maibarara Geothermal, Inc. She is the Vice Chairperson of Pan Malayan Management & Investment Corporation and West Spring Dev. Corp. She likewise holds directorship positions in Philippine Long Distance Telephone Company, Sun Life GREPA Financial, Inc., MICO Equities, Inc., Isuzu Philippines, Honda Cars Philippines, Inc., AY Holdings, Pan Malayan Express, Honda Cars Kalookan, RCBC Realty Corporation, RCBC Forex Brokers Corporation, Luisita Industrial Park Corporation, IPeople, Inc., Y Realty, Inc., ET Yuchengco, Inc. Philippine Integrated Advertising Agency, Inc., and Malayan Insurance Co., Inc.; Director and Vice Chairman of Pan Malayan Management and Investment Corporation and West Spring Development Corporation. She is the President of the following: YGC Corporate Services, Inc., GPL Holdings and Moira Management, Inc.; Vice President of A.T. Yuchengco, Inc. and Treasurer of Business Harmony Realty, Inc. Ms. Dee is a Board of Trustee member of the Philippine Business for Education, Inc. and Trustee of Malayan Colleges Laguna, Inc. She also serves as Board member of the EEI Corporation. She graduated from Assumption College with a Bachelor of Science degree in Commerce and completed her Masters in Business Administration at De La Salle University.

Robert G. Vergara, Vice Chairman of the Board, Director of the Corporation since October 2010.

Mr. Robert G. Vergara became a Director of Philippine Stock Exchange (PSE) in October 2010. He is presently the President and General Manager of the Government Service Insurance System (GSIS). Concurrently, he sits as Vice Chairman and Member of the Board of Directors of National Reinsurance Corporation of the Philippines, and as Member of the Board of Directors of Philippine Health Insurance Corporation, Housing and Urban Development Coordinating Council and Philippine National Construction Corporation. Prior to his appointment to GSIS, Mr. Vergara was Managing Director and the Founding Partner of Cannizaro Limited (Hong Kong), a multi-strategy hedge fund manager organization investing in the Asian markets. He was a Principal of Morgan Stanley Ltd. from 1997 to 2001 where he set up and managed each firm's Asian proprietary trading activities. Immediately before that, Mr. Vergara worked at IFM Trading, a pioneering hedge fund based in the city of London that specialized in arbitrage and derivative trading strategies in global capital markets. He graduated from the Harvard Graduate School of Business Administration in Massachusetts, USA, in 1986 and he earned his Bachelor of Science degrees in Management Engineering and Mathematics, *magna cum laude*, from the Ateneo de Manila University in 1982.

Augusto P. Hidalgo, Director, President and Chief Executive Officer since April 2014. Mr. Augusto Hidalgo is the President and Chief Executive Officer of National Reinsurance Corporation of the Philippines (PhilNaRe), from April 01, 2014. Mr. Hidalgo has been a strategy executive for the last 8 years: heading Mergers & Acquisitions (M & A) of Peak Reinsurance Hong Kong, and before that; Managing Partner of New World Financial Canada. Before the jump to senior management, Mr. Hidalgo

was a Reinsurance Underwriter for Swiss Re in Canada, Australia, Switzerland and South Africa from 1996 to 2005. He started his career in management consulting with IBM in Tokyo, Arthur Andersen (SGV and Co) and EasyCall from 1989-1996. Mr. Hidalgo obtained his Bachelor of Science degree in Business Administration from the University of the Philippines. He received his Master's degrees in Business Administration from the Kellogg School of Management at Northwestern University and the Schulich School of Business at York University.

Rafael G. Ayuste, Jr., Director since June 2012. Mr. Rafael G. Ayuste, Jr. is a Senior Vice President (Wealth Advisory and Trust Group) of BDO Private Bank, Inc. Prior to this, he was First Senior Vice President and Head of the Trust Banking Group of Philippine National Bank from 2009-2013; Vice President and Head of Retail Branch Business, Citibank Savings of Citibank N.A. Philippines from August 2008 to November 2009; Senior Vice President/Deputy Group Head of Trust banking of the Metropolitan Bank and Trust Company through merger with Global Business Bank from 2000 to 2008; Vice President/Head-Securities Distribution of the Banco Santander Philippines, Inc. from 1999 to 2000; Vice President/Head-Trust Division, Security Bank Corporation from 1996 to 1999; Assistant Vice President and Head of Peso and Dollar Trading Desks of Citibank, N.A., Citibank Global Asset Management (CGAM) from 1989 to 1996. Concurrently, he is the President and Director of the Trust Officers Association of the Philippines (TOAP) and former Director from 2003 to 2006 where he was elected President in 2005. He has attended various seminars such as Risk Management, Citibank Phils., 1995; Financial Risk Management, Pi Eta Singapore, 2004; Risk Management, BNP Paribas, 2006; Corporate Governance, Bankers Association of the Philippines (BAP), 2007. He obtained his Bachelor of Science degree major in Business Administration from the University of Sto. Tomas in 1986.

Roman Felipe S. Reyes, Director since November 2013. Mr. Roman Felipe S. Reyes is the Chairman of Reyes Tacandong & Co., and a member of the GSIS Board of Trustees since 2010. He is also an Independent Director of Macawiwili Gold Mining and Development Co., Inc., Pakistan International Container Terminal Limited, Premium Leisure Corporation, Philippine Geothermal Production Company, Pasudeco, All Asian Countertrade, RPN 9, Bank of Commerce and Rockwell Leisure Club. He is also a current Trustee of San Beda College, San Beda Alumni Association Foundation and the Chairman of the Board of Governors of Nicanor Reyes Memorial Foundation. He was a Senior Partner and Vice Chairman for Client Services and Accounts of SGV & Co. (1984-2009), President of Knowledge Institute in 2009. Mr. Reyes earned his Bachelor of Science degree in Commerce, major in Accounting, from San Beda College in 1972. He also obtained an MBA degree in Finance from the University of Detroit in 1975.

Cezar P. Consing, Director from July 2014. Mr. Cezar P. Consing has been the President and CEO of Bank of the Philippine Islands ("BPI") since April 2013. From 2004 to 2013, he was a Partner of The Rohatyn Group, a New York headquartered investment company that manages about \$7.0 billion in investments in the global emerging markets. He was responsible for the firm's private equity business in Asia, managed its Hong Kong based operations and was a member of the board of partners of the firm's management company. Mr. Consing was an investment banker with J.P. Morgan & Co. from 1985 to 2004, where he was based in Hong Kong and Singapore. From 1999 to 2004, he was President of J.P. Morgan Securities (Asia Pacific) and, as a senior Managing Director, co-headed or headed the firm's investment banking group in the Asia Pacific region. As an investment banker, he was directly involved in some of the most significant corporate transactions in Asia, including several mergers, privatizations and debt and equity fund raisings. He worked for BPI in Manila in corporate planning and corporate banking from 1980 to 1985. Mr. Consing served as an independent director of the boards of CIMB Group Holdings Berhad and CIMB Group Sdn. Berhad from 2004 to 2012 and First Gen Corporation, a major Philippine power generation company, from 2005 to 2013. He has been an independent director of the board of Jollibee Foods Corporation since 2010. He served as a board director of BPI from 1995 to 2000, 2004 to 2007, and most recently since 2010. He received an M.A. in Applied Economics from the University of Michigan, Ann Arbor, in 1980.

Simon R. Paterno, Director from February 2015. Mr. Simon R. Paterno heads the Financial Products Group of the Bank of the Philippine Islands. He is responsible for managing the product businesses of the Bank, including Investment Banking, Corporate Loans and Transaction Banking, Retail Lending, Payments, Asset Management and Trust, Channels, and Deposits. He also oversees subsidiaries and affiliates in insurance, leasing, and merchant acquiring. He is a member of the Management Committee of BPI. Mr. Paterno is a former President and CEO of the Development Bank of the Philippines, serving from 2002-2004. He worked for 18 years at the New York, Hong Kong, and Manila offices of J.P. Morgan, serving finally as Managing Director in charge of sovereign clients during the Asian Financial Crisis of 1997-98, and as Country Manager for the Philippines until 2002. He also worked for 8 years at Credit Suisse as Managing Director and Country Manager for the Philippines. Mr. Paterno obtained his MBA from Stanford University in 1984. He was awarded his A.B., cum laude, Honors Program in Economics from Ateneo de Manila University in 1980. In 2005, he was elected President of the Management Association of the Philippines. He serves on the boards of the Foundation for Economic Freedom, Manila Polo Club and Ateneo Scholarship Foundation. He was named a TOYM awardee for Investment Banking in 1999.

Gregorio T. Yu, Treasurer, Director since December 2010. Mr. Gregorio T. Yu is a Trustee of the Government Service Insurance System (GSIS) and Xavier School, Inc. He is the Chairman of CATS Motors Inc., CATS Automobile Corporation, American Motorcycles, Inc. and Auto Nation Group. He is also the Chairman of the Executive Committee of Philippine Bank of Communications and Sterling Bank of Asia. He is also a Trustee of Xavier School Inc., and Vice Chairman of Sterling Bank of Asia. He is also a Trustee of Xavier School, Inc. and Chairman / Trustee of Xavier School Educational and Trust Fund, Inc., a Board Member of the Ballet Philippines and The Manila Symphony Orchestra. He is a director of CATS Asian Cars Inc, Philippine Airlines, Philequity Management, Inc., Vantage Equities Inc., Iremit Inc., Unistar Credit and Finance Corporation, Glyph Studios Inc., Prople BPO Inc., Yehey, Inc., iRipple Inc., Wordtext System, Inc., Nexus Technologies and Jupiter System Corporation; and Director / Treasurer of CMB Partners, Inc. He is also the President of Domestic Satellite Corporation of the Philippines. He received his MBA from the Wharton School of the University of Pennsylvania and his Bachelor of Arts in Economics (Honors Program) Summa Cum Laude from De La Salle University.

Yvonne S. Yuchengco, Director since June 2006. Ms. Yvonne S. Yuchengco is the President and Director of Malayan Insurance Company, Inc. and MICO Equities, Inc. since 1995, Alto Pacific Corporation, and Philippine Integrated Advertising Agency, Inc. She is currently the Chairperson and Director of the RCBC Capital Corporation; Chairperson and President of Yuchengco Tower Office Condominium Corporation, Y Tower II Office Condominium Owners Asso. Inc. and Malayan Securities Corp; Chairperson of First Nationwide Assurance Corporation and XYZ Assets Corporation; Advisory Board Member of Rizal Commercial Banking Corporation; Director, Vice President and Treasurer of Pan Managers, Inc.; Treasurer and Director of Pan Malayan Management & Investment Corporation, Honda Cars Kalookan, Inc, Mona Lisa Development Corp., Malayan High School of Science, Inc. and Petroenergy Resources Corporation; Director of Pan Malayan Realty Corporation, Malayan Insurance (H.K), Malayan International Insurance Corporation, Manila Memorial Park, Inc., La Funeraria Paz Sucat Inc., iPeople Inc., Seafront Resources Corporation, House of Investments, Inc., HYDee Management and Resource Corporation, Malayan Colleges, Inc. (operating under the name Mapua Institute of Technology, Luisita Industrial Park Corporation, Malayan Colleges Laguna, Inc., Asia-Pac Reinsurance Co., Ltd., AY Holdings, Inc., Pan Malayan Express, Inc., Pan Pacific Computer, Inc., Shayamala Corporation, and YGC Corporate Services, Inc.; Trustee of AY Foundation, and Philippine Asia Assistance Foundation, Inc.; Trustee and Chairperson of the Malayan Plaza Condominium Owners Asso., Inc.; Trustee and Vice Chairperson of Yuchengco Museum, Inc.; and Assistant Treasurer of Enrique T. Yuchengco Inc. She was also formerly President of the PIA/Phil-Asia Assistance Foundation, Inc. She graduated with a Bachelor of Arts degree from Ateneo de Manila University in 1977 and took up further studies in UAP under SBEP program.

Joli Co Wu, Director from 2013-2014 and since July 2015. Ms. Joli Co Wu is the President and Chief Executive Officer of QBE Seaboard Insurance Philippines. Prior to this, she was with Seaboard Eastern Insurance where she started her insurance career and eventually lead the company as its President/CEO until March 2014. She has extensive experiences in Marine, Aviation, Casualty and Motor Insurance. Throughout her career, she has attended management, insurance and reinsurance courses, both local and international, to help hone her experience in the Industry. She is a member of the Board of Directors of QBE Seaboard Insurance Philippines; Trustee of the Philippine Insurance and Reinsurance Association as well as the Insurance Institute for Asia and the Pacific. She is also an officer of the Marine Underwriters of the Philippines. Ms. Wu attended the Immaculate Conception Academy for her primary and secondary education and graduated with a degree in Bachelor of Arts, Major in Financial Management from the Catholic University of America, Washington DC.

Romeo L. Bernardo, Independent Director since June 2006. Mr. Romeo L. Bernardo is the Managing Director of Lazaro Bernardo Tiu and Associates (LBT), a financial advisory firm based in Manila. He is also a GlobalSource economist in the Philippines. He is Chairman of ALFM Family of Funds, ALFM Euro Bond Fund, ALFM Growth Fund, ALFM Money Market Fund, ALFM Peso Bond Fund, RL Bernardo & Associates, Inc. and Philippine Stock Index Fund. He is likewise an Independent Director of several companies and organizations including Aboitiz Power, Ayala Plans, Inc., BPI, RFM Corporation, Philippine Investment Management, Inc. (PHINMA), Trans-Asia Petroleum Corporation, BPI Globe BanKo Inc., BPI Family Savings Bank, Inc., BPI Direct Savings Bank, Inc., BPI Capital Corporation, BPI-Philam Life Assurance Corporation and BPI/MS Insurance Corporation. Mr. Bernardo is also the Director of Globe Telecom Inc.; and Board of Trustee of Institute for Development & Econometric Analysis, Inc.. (IDEA) and Philippine Institute for Development Studies. He previously served as Undersecretary of Finance and as Alternate Executive Director of the Asian Development Bank. He was an Advisor of the World Bank and the IMF (Washington D.C.). Mr. Bernardo holds a degree in Bachelor of Science in Business Economics from the University of the Philippines (*magna cum laude*) and a Masters degree in Development Economics at Williams College from Williams College in Williamstown, Massachusetts.

Ermilando D. Napa, Independent Director since June 2011. Mr. Ermilando D. Napa was previously the President and CEO and Vice-Chairman of the Board of Directors of the Philippine Export-Import Credit Agency (PhilEXIM), also known as the Trade and Investment Development Corporation of the Philippines (TIDCORP), a government financial institution attached to the Department of Finance. He is the Founding CEO of Manila Consulting and Management Co., Inc., Century Woods, Inc., and Catanauan Resources and Development Corporation. Currently, Mr. Napa is an Independent Director at the National Reinsurance Corporation of the Philippines (PhilNaRe or NRCP) and the CIIF Oil Mills Group. He is the Chairman of the Audit Committee of PhilNaRe and CIIF Oil Mills, as well as a Member of the Interim Governance Board of the National Life Insurance Company of the Philippines (NLIC). His previous professional experience include being a Partner of SyCip Gorres & Velayo Company (Philippines), a Principal of Kassim Chan & Company in Kuala Lumpur, Malaysia (a former member firm of SGV Group and Deloitte Haskins & Sells International), and a Manager of Arthur Andersen in New York. In 2013, he was appointed as Conservator of the NLIC. Mr. Napa has attended special trainings and various courses such as Strategic Management and IMPACT Productivity Improvement in Chicago and Corporate Finance in New York. He holds a bachelor's degree in Business Management from Aquinas University (1970) and a master's degree in Management from the Asian Institute of Management (1980).

Medel T. Nera, Independent Director since July 2011. Mr. Medel T. Nera is the President and CEO of House of Investments, Inc. and President of RCBC Realty Corp. He serves as Director of House of Investments and its significant subsidiaries and associates. He also serves as Director of Rizal Commercial Banking Corporation and Seafont Resources Corp. He was a former senior partner of SyCip, Gorres, Velayo and Co., CPAs (SGV) where he served as Financial Services Practice Head. He also serves as Director and Treasurer of CRIBS Foundation Inc. Mr. Nera holds a degree in Bachelor of

Science in Commerce from Far Eastern University where he graduated in 1976. He obtained his Master of Business Administration degree from New York University in 1982.

Noel A. Laman, Corporate Secretary since June 2007. Atty. Noel A. Laman is a founder and a Senior Partner of Castillo Laman Tan Pantaleon & San Jose Law Offices. He serves as Corporate Secretary of Boehringer Ingelheim (Phils.), Inc., Merck Inc. and Eli Lilly (Phils.), Inc. He also serves as Corporate Secretary of DMCI Holdings, Inc. and its various subsidiaries. He obtained his Bachelor of Jurisprudence and Bachelor of Laws degrees from the University of the Philippines College of Law. He obtained a Master of Laws degree in 1963 from the University of Michigan Law School as a De Witt scholar. His law practice concentrates on corporation and general business law, foreign investments, mergers and acquisitions and intellectual property law. He is an active member of the Intellectual Property Association of the Philippines, the Intellectual Property Foundation, and the Philippine Bar Association. Atty. Laman is the recipient of a number of awards, plaques, citations, and certificates of appreciation as invited speaker, resource person and conference chairman of various law and business symposia. He is the firm representative to the SGC Legal, an international association of law firms and to the German Philippines Chamber of Commerce (Makati City).

Ma. Pilar M. Pilares-Gutierrez, Assistant Corporate Secretary since December, 2002. She is presently a Partner at Castillo Laman Tan Pantaleon & San Jose Law Offices. She obtained her Bachelor of Science degree major in Legal Management from the Ateneo de Manila University in 1997 and her Bachelor of Laws Degree from the University of the Philippines, College of Law in 2001. She is the Assistant Corporate Secretary of DMCI Holdings, Inc. and its various subsidiaries. She holds the position of Corporate Secretary/Assistant Corporate Secretary in several other Philippine corporations.

John E. Huang, Treasurer, Senior Vice President and Head, Investments. He joined UMRe in 2004 as its Chief Finance Officer. Prior to joining UMRe, he held the positions of Chief Financial Officer of C&P Homes, Inc., Senior Vice President of Urban Bank, and Vice President of First National Bank of Boston. He graduated with a Bachelor of Arts degree in Economics Honors, *magna cum laude*, from the Ateneo de Manila University in 1978, and obtained his Masters degree in Business Administration from the Harvard Business School in 1982.

Alexander L. Reyes, Senior Vice President & Head, Data and Analytics, Concurrent Head of Claims. Mr. Reyes joined the Company in October 2014 as Senior Vice President and Head of Claims. Prior to PhilNaRe, Mr. Reyes held various senior management positions covering Marketing, Sales, Underwriting and Claims operations in leading non-life insurance direct-writing Companies in the Philippines. He graduated from the University of the Philippines, Diliman with a B.S. in Business Administration degree in 1982.

Victor R. Tanjuakio, First Vice-President & Head, Life Reinsurance. Mr. Vic Tanjuakio joined PhilNaRe in September 2014 as Head of Life Reinsurance. Prior to PhilNaRe, Mr. Tanjuakio was Head of Corporate Solutions of Philippine AXA Life. He is an actuary by profession and was Chief Actuary of various companies including Maxicare Healthcare Corporation, Asian Life and General Assurance, and Great Pacific Life (now Sunlife Grepa). He is a Fellow of the Actuarial Society of the Philippines and has served as member of its Board of Governors many times. He also chaired the Technical Committee of the Philippine Life Insurance Association in 2002-2004. He earned his B.S. Mathematics degree from Ateneo de Manila University in 1988.

Regina S. Ramos, Vice President and Head, Compliance. Prior to joining the Corporation in 2000, Ms. Ramos was employed with Development Insurance and Surety Corporation in various capacities from May 1987 to April 2000. After taking the 1982 CPA Board Licensure Examination, she joined SyCip, Gorres, Velayo & Co., CPAs (SGV) until April 1987. Ms. Ramos is a Certified Public Accountant. She has also earned her designation as a Certified Internal Auditor in November 2004. She obtained her degree in Bachelor of Science in Commerce, major in Accounting from St. Paul College, Manila in 1982.

Eden R. Tesoro, Vice President & Head, Property Underwriting. Ms. Tesoro joined PhilNaRe in September 2014 as Head of Property Underwriting. Prior to joining the Corporation, she served as Chief Underwriter for Federal Phoenix Assurance Company, Inc. from 2010 to 2014. She also worked with Aon Insurance and Reinsurance Brokers where she headed the Power and Energy Team from 2006 to 2010. She has had various underwriting appointments from local and multinational insurance companies for 12 years prior to her stint as a broker. Ms. Tesoro started her career in the insurance industry as a Management Trainee of FGU Insurance Corporation. She obtained her Bachelor of Science degree in Civil Engineering from the University of the Philippines in 1994.

Jeffrey R. Lacson, Senior Assistant Vice President and Principal Accounting Officer. Prior to his current appointment, Mr. Lacson was the Company's Head of Internal Audit. He joined NRCP in November 2010, after his stint as Associate Manager in KPMG Philippines' Risk Advisory Group. Mr. Lacson is a Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA) and Certified Internal Auditor (CIA). He earned his degree in Bachelor of Science in Accountancy from San Sebastian College, Cavite City in 2005.

(d) Independent Directors.

Mr. Romeo L. Bernardo, Mr. Ermilando D. Napa and Mr. Medel T. Nera are currently the Corporation's Independent Directors. Mr. Bernardo has been an independent director since June 2006, while Messrs. Napa and Nera have been independent directors of the Corporation since June 2011 and July 2011, respectively.

Under its amended By-Laws, the Corporation is required to have at least three (3) Independent Directors or such number of Independent Directors as shall be required under the applicable rules and regulations of the Insurance Commission and the Securities and Exchange Commission. For the year 2016-2017, the Corporation intends to have a total of three (3) independent directors. The Final List of Candidates for Independent Directors (Annex A) includes:

1. Mr. Romeo L. Bernardo who was nominated by Editha B. Geronimo;
2. Mr. Ermilando D. Napa who was nominated by Vicente B. Villarama, Jr.; and
3. Mr. Medel T. Nera who was nominated by Honorata S. Lucos.

The nominees for independent directors are not related to the persons who have nominated them as such. The three (3) nominees for Independent Directors were selected by the Board Nomination Committee in accordance with the guidelines in the Manual of Corporate Governance, the Insurance Commission Circular No. 31-2005 dated September 26, 2005, the Revised Code of Corporate Governance (SEC Memorandum Circular No. 6, Series of 2009), and the Guidelines on the nomination and election of Independent Directors (SRC Rule 38). The Nomination and Compensation Committee is composed of the following:

Chairman:	Robert G. Vergara
Vice-Chairperson:	Yvonne S. Yuchengco
Members:	Ermilando D. Napa Cezar P. Consing Joli Co Wu

(e) Other directorships held in reporting companies naming each company.

Helen Yuchengco-Dee	House of Investments, Inc., Chairman Seafront Resources Corporation, Chairman Rizal Commercial Banking Corporation, Chairman
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	PetroEnergy Resources Corporation, Chairman Philippine Long Distance Telephone Company, Director EEI Corporation, Director iPeople, Inc., Director
Robert G. Vergara	Philippine Stock Exchange, Director Philippine National Construction Corporation, Director
Romeo L. Bernardo	Bank of the Philippine Islands, Independent Director RFM Corporation, Independent Director Aboitiz Power Corporation, Independent Director Trans-Asia Petroleum Corporation, Independent Director Globe Telecom Inc., Director
Medel T. Nera	House of Investments, Inc., Director, President and CEO Rizal Commercial Banking Corporation, Director Seafront Resources Corporation, Director iPeople, Inc., Director EEI Corporation, Director
Roman Felipe S. Reyes	Premium Leisure Corporation, Independent Director
Gregorio T. Yu	Philippine Bank of Communications, Director I-Remit, Inc., Director Vantage Equities, Inc., Director
Yvonne S. Yuchengco	iPeople Inc., Director Seafront Resources Corporation, Director Petro Energy Resources Corporation, Director House of Investments, Inc., Director
Cezar P. Consing	Bank of the Philippine Islands, Director Jollibee Foods Corporation, Director

Messrs. Romeo L. Bernardo, Ermilando D. Napa and Medel T. Nera are currently the Corporation's Independent Directors. To be considered an independent director under IC Circular Letter No. 31-2005, one: (i) has not been an officer or employee of the company for the last three years immediately preceding his term or incumbency; (ii) is not related by consanguinity or affinity to an officer in a senior management position in the company; and (iii) does not provide services, and receives no income for other professional services to the company. The Corporation has no transactions with Lazaro, Bernardo, Tiu & Associates. Neither does the Corporation have transactions with Messrs. Bernardo, Napa and Nera.

(f) Family Relationship

Ms. Helen Yuchengco-Dee and Ms. Yvonne S. Yuchengco, both directors of the Corporation, are sisters.

(g) Resignation/Re-election

Since the last annual stockholders' meeting of the Corporation, no Director has resigned or declined to stand for reelection to the Board of Directors of the Corporation because of disagreement with the Corporation on any matter relating to the Corporation's operations, policies or practices.

(h) Involvement in Legal Proceedings

To the best of the Corporation's knowledge, there has been no occurrence during the past 5 years up to the present date of this Information Statement of any of the following events that are material to an evaluation of the ability and integrity of any director, any nominee for election as director, executive officer, or controlling person of the Corporation:

- Any bankruptcy petition filed by or against any business of which the person was a general partner or executive officer, either at the time of the bankruptcy or within 2 years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, 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; and
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

The Company, on the other hand, is presently a party to the following litigation cases:

1. *National Reinsurance Corporation of the Philippines vs. Stronghold Insurance Company*
Civil Case No. 10-1036
Regional Trial Court, Makati City, Branch 142

This is a complaint filed by PhilNaRe for sum of money with damages and application for attachment with respect to its claims against Stronghold Insurance Company, Inc. ("Stronghold").

On its first claim, PhilNaRe is the reinsurer of a bankers blanket bond under GSIS Policy No. BBB-95021 between the Land Bank of the Philippines ("LBP") and GSIS as insurer. PhilNaRe reinsured its risk with Stronghold. Due to the fraudulent acts of one of its employees, LBP lost the amount of ₱88,618,001.97, which was deposited by the National Electrification Commission to its account in LBP. With the occurrence of the contingency insured against, LBP filed an insurance claim from GSIS. GSIS paid the amount of ₱49,000,000.00 to LBP. GSIS then filed its claim with PhilNaRe, which, in turn, filed its claim with Stronghold. PhilNaRe has since paid GSIS's claim for ₱38,513,885.40. PhilNaRe sent a demand letter dated May 27, 2010 to Stronghold for the payment of ₱38,513,885.40 to PhilNaRe. However, despite demand, Stronghold failed to pay said amount to PhilNaRe.

With regard the second claim, GSIS and Bangko Sentral ng Pilipinas ("BSP") entered into a fire insurance contract, where the latter insured its PICC Building with the former. GSIS, in turn, reinsured its risk with PhilNaRe. PhilNaRe then reinsured its risk with Stronghold, which likewise reinsured its risk with other entities. On February 22, 2001, BSP incurred a loss due to the fire which occurred at the western portion of the PICC Building. GSIS paid BSP the amount of ₱111,089,965.65 for the building and ₱16,236,687.73 for the contents thereof. PhilNaRe then paid its share of GSIS claim amounting to ₱63,321,280.00 for the buildings and ₱9,254,912.01 for the

contents on various dates. Thereafter, PhilNaRe notified Stronghold of the total amount of its share in the loss, which amounts to ₱57,564,800.39 for the buildings and ₱8,413,556.67 for the contents. Despite demands, Stronghold unjustly refused to pay its share of loss to PhilNaRe, to the latter's damage and prejudice.

On May 28, 2014, the trial court denied PHILNARE's application for the issuance of a writ of preliminary attachment. Summons was thereafter served on Stronghold. On July 25, 2014, PHILNARE received a copy of Stronghold's Answer with Compulsory Counterclaims dated July 14, 2014. On August 22, 2014, PHILNARE filed its Reply and Answer to Defendant's Compulsory Counterclaims dated August 19, 2014.

In its Answer, Stronghold admits its liability to PHILNARE insofar as the BSP reinsurance policy/contract is concerned and argued that it "has not refused to pay or settle the BSP claim, but is simply awaiting determination of the proper amount due, which remains uncertain on account of the insolvency and liquidation of one of its reinsurers." Thus, on August 28, 2014, PHILNARE filed its Motion to Render Partial Judgment on the Pleadings dated August 22, 2014, which was opposed by Stronghold. On January 23, 2015, PHILNARE received a copy of the trial court's Order dated December 22, 2014 denying PHILNARE's Motion to Render Partial Judgment on the Pleadings. On January 29, 2015, PHILNARE filed its Motion for Reconsideration dated January 27, 2015. Stronghold filed its Opposition to PHILNARE's Motion for Reconsideration, and PHILNARE has filed its Comment on Stronghold's Opposition. The trial court issued an Order dated March 27, 2015 denying PHILNARE's Motion for Reconsideration. PHILNARE did not appeal the Decision and Order denying its Motion to Render Partial Judgment on the Pleadings.

The case proceeded to preliminary conference, during which PHILNARE concluded its marking of exhibits on December 8, 2015. The continuation of the preliminary conference is scheduled on April 25, 2016. In the meantime, on November 9, 2015, the parties filed their Joint Motion dated October 30, 2015, requesting the trial court to refer the case to mandatory mediation before the Philippine Mediation Center. The trial court has yet to act on this Motion.

On January 7, 2016, PhilNaRe served its Request for Admission on Stronghold, and the latter was given 15 days from January 7, 2016 or until January 22, 2016 within which to file its sworn statement. Stronghold requested for several extensions and it was finally able to submit its response on April 5, 2016.

The preliminary conference scheduled on April 25, 2016 was reset to June 10, 2016 because Stronghold was not ready to present all of the originals of its exhibits for purposes of pre-marking.

2. *National Reinsurance Corp. of the Philippines vs. Stronghold Insurance Company, Inc.*
I.C. Adm. Case No. RD-422
Insurance Commission, Manila

This is a complaint filed by PhilNaRe with the Insurance Commission against Stronghold for the revocation or cancellation of Stronghold's license to conduct insurance business, with respect PhilNaRe's second claim as discussed in item No. 2.

Despite several meetings between the parties, they were not able to come up with a settlement. On May 22, 2012, Commission issued its Decision dismissing PhilNaRe's complaint without prejudice. In its decision, the Commission ruled that Stronghold did not violate Section 247 of the Insurance Code of the Philippines because the claims subject of this case were subject of compensation between the parties, and as shown there is a practice of offsetting between them.

On August 3, 2012, PhilNaRe filed its Motion for Reconsideration of even date. On September 13, 2012, PhilNaRe received a copy of Stronghold's Opposition dated August 27, 2012, to which PhilNaRe filed a Reply dated September 19, 2012. PhilNaRe's Motion for Reconsideration is pending resolution by the Commission.

3. *Oriental Assurance Corp. vs. PHILNARE and CBR Asia Insurance Brokers, Inc.*
Civil Case No. 73975
Regional Trial Court, Branch 157, Pasig City

PhilNaRe issued a Marine Hull Reinsurance Policy ("Reinsurance Policy") in favor of Oriental Assurance Corp. ("OAC"), through the latter's reinsurance broker, CBR Asia Insurance Brokers, Inc ("CBR Asia"). Under the Reinsurance Policy, PhilNaRe agreed, in consideration of the reinsurance premium of ₱28,453,450.00, to reinsure OAC as the Assured Ceding Company, subject to all terms and conditions of the latter's original insurance policy with Sulpicio Lines.

M/V Princess of the Stars ("POTS", for brevity) is part of a fleet of vessels, 11 in all, that PhilNaRe accepted for Marine Hull Reinsurance. POTS is vessel No. 3, with hull cover limit of ₱200,000,000.00. PhilNaRe's share is ₱100,000,000.00 (50%) of ₱200,000,000.00 (100%), on a Primary Layer basis.

On June 21, 2008, Sulpicio Lines' M/V Princess of the Stars capsized and sank within the vicinity of Romblon due to a typhoon. The incident resulted in hundreds of deaths and damage to cargo loaded onboard the vessel. PhilNaRe has paid ₱100,000,000.00, the maximum limit, for its marine hull exposure.

Despite payment of the said amount, PhilNaRe received four demand letters from the OAC through the latter's legal counsel, all claiming reimbursement in the amount of P7,986,422.67 for "Sue and Labor" expenses allegedly incurred by the vessel M/V Princess of the Stars. PhilNaRe did not honor OAC's cash call for the Sue & Labor claim.

On July 3, 2013, OAC filed its complaint before the Regional Trial Court, Branch 157, Pasig City against PhilNaRe and CBR Asia entitled "*Oriental Assurance Corp. vs. National Reinsurance Corporation of the Philippines and CBR Asia Insurance Brokers, Inc.*" and docketed as Civil Case No. 73975. OAC claimed (a) P7,986,422.67 plus legal interest of 6% thereon and (b) attorney's fees in the amount equivalent to 10% of the principal amount claimed.

On September 2, 2013, PhilNaRe filed its Answer to OAC's complaint with Counterclaims in the amount of P2,200,000.00. PhilNaRe and CBR Asia interposed Crossclaims against each other in the amount of P7,986,422.67, or for whatever sum that may be awarded in favor of OAC and against PhilNaRe or CBR Asia, as the case may be, including attorney's fees and costs.

The case was referred to mediation at the Philippine Mediation Center – Pasig City Branch. The next mediation conference was scheduled on May 22, 2015. Due to the lack of any settlement offer from PhilNaRe and CBR Asia, OAC counsel moved for the termination of the JDR conference. The presiding judge granted OAC's motion to terminate the JDR conference without prejudice to a possible amicable settlement in the future. In view of the termination of the JDR conference, and the completion of pre-marking of documentary evidence, the pre-trial conference of this case was set on August 4, 2016, at 8:30 a.m.

4. *Final Assessment Notice for Deficiency Value Added Tax
Bureau of Internal Revenue*

On December 29, 2015, PhilNaRe received a Preliminary Assessment Notice (“PAN”) from the VAT Audit Group of the Bureau of Internal Revenue (“BIR”) Large Taxpayers Service informing it of an alleged deficiency Value Added Tax amounting to ₱28,073,470.03 plus ₱16,444,131.21 in interest (from January 26, 2013 to December 31, 2015) for the taxable period from July 1, 2012 to December 31, 2012, or a total of ₱44,517,601.24, plus compromise penalty of ₱50,000.00.

Per the BIR’s demand, the assessments arose from PhilNaRe’s alleged failure to pay VAT on the sale of some items of property plant and equipment (PPE) and taxable interest income, the disallowance of input tax on current purchases for alleged lack of substantiation, the disallowance of input tax from purchases from non-VAT suppliers, the reallocation of a specific portion of PhilNaRe’s input tax credits to exempt sales, and the disallowance of input tax carried over to the next period.

On January 13, 2016, PhilNaRe sent a reply letter to the BIR contesting the PAN. The following day, the BIR Large Taxpayers Service issued its Formal Letter of Demand (or Formal Assessment Notice/FAN) reiterating the assessments stated in the PAN with interest penalty updated to January 31, 2016.

PHILNARE filed a Protest on February 12, 2016 whereby it objected to the assessment made against PhilNaRe for the period July 1, 2012 to December 31, 2012 for having no basis in fact and in law. However, the Company accepted the assessment for deficiency VAT to the extent of Php4,189,869.25 including the 20% interest per annum. On February 18, 2016, the Company paid the deficiency VAT that was accepted in the Protest in the amount of Php4,189,869.25, interest of Php2,571,317.02, and compromise penalties of Php50,000.00, or the aggregate amount of Php6,811,186.27. The protest with respect to the other assessments is pending.

5. *Preliminary Assessment Notice for Taxable Year 2011
Bureau of Internal Revenue*

On March 31, 2016, the Company received a Preliminary Assessment Notice (“PAN”) from the Regular Large Taxpayers Audit Division II of the BIR. The BIR alleged in the PAN that the Company incurred the following deficiency taxes, inclusive of interests, surcharges and compromise penalties, for the taxable year 2011:

- a. Income Tax – Php137,360,048.18;
- b. Value Added Tax (“VAT”) – Php10,367,754.87;
- c. Withholding Tax on Compensation – Php390,262.75;
- d. Expanded Withholding Tax (“EWT”) – Php9,685,574.93; and
- e. Documentary Stamp Tax (“DST”) - Php155,495.92.

Except for the alleged deficiency income tax assessment arising from the disallowed expenses not subjected to withholding taxes, the Company already paid all other deficiency taxes alleged by the BIR. The total amount of Php25,063,061.51 was paid on March 31, 2016. Said amount is inclusive of the surcharges, interests, and compromise penalties. The Company received a Certification from the BIR stating that the said taxes were already paid.

The Company then filed a Reply to the PAN on April 13, 2016 to request for the cancellation of the (a) deficiency taxes that have already been settled, and (b) income tax assessment arising from the disallowed expenses not subjected to withholding, in view of the payment of the withholding tax assessments on March 31, 2016.

(i) **Significant employees**

Although the Corporation has and will likely continue to rely significantly on the continued individual and collective contributions of its senior management team, the Corporation is not dependent on the services of any particular employee. It does not have any special arrangements to ensure that any employee will remain with the Corporation and will not compete upon termination.

(j) **Certain Relationships and Related Transactions**

The Company's corporate governance manual provides that related party transactions shall be conducted on terms that are comparable to normal commercial practices to safeguard the best interest of the Corporation and its stakeholders. All related party transactions are fully disclosed to the Board of Directors.

The following tables show (in millions of Philippine Pesos) premiums, retrocessions and related income and expense accounts between the Corporation, its Principal Shareholders and companies represented by other members of the Board of Directors for 2015 and 2014 (refer to Note 18 of the accompanying audited financial statements):

Shareholder/Related Party/Director Corporation	2015					
	In Million PHP	Premiums	Retrocessions	Commission Income	Commission Expenses	Losses Incurred
GSIS	-	0.02	-	-	4.54	2.97
BPI-Philam Life	26.26	1.07	-	-	0.46	1.56
BPI/MS Insurance	335.00	-	-	104.06	189.16	-
FGU Insurance Corp	-	-	-	-	-	-
Total BPI Group	361.26	1.07	-	104.06	189.62	1.56
First Nationwide Assurance Corp.	-	-	-	-	-	-
Sunlife GREPA Financial	6.41	1.35	0.02	0.01	1.43	-
Great Life Financial	-	-	-	-	-	-
Malayan Insurance	99.88	-	-	20.28	83.47	-
Bankers Assurance	-	-	-	-	-	-
Total Malayan Group	106.29	1.35	0.02	20.29	84.9	-
GRAND TOTAL	467.55	2.44	0.02	124.35	279.06	4.53

Shareholder/Related Party/Director Corporation	2014					
	In Million PHP	Premiums	Retrocessions	Commission Income	Commission Expenses	Losses Incurred
GSIS	(85.10)	0.08	0.03	(13.05)	45.35	-
BPI-Philam Life	49.54	0.81	-	-	3.95	0.39
BPI/MS Insurance	312.35	-	-	97.30	62.74	-
FGU Insurance Corp	-	-	-	-	-	-
Total BPI Group	361.89	0.81	-	97.30	66.69	0.39
First Nationwide	0.13	-	-	0.03	-	-

Shareholder/Related Party/Director Corporation	2014					
Assurance Corp.						
Sunlife GREPA Financial	4.30	0.83	-	0.01	0.06	-
Great Life Financial	-	-	-	-	-	-
Malayan Insurance	121.77	-	-	23.75	42.00	-
Bankers Assurance	-	-	-	-	-	-
Total Malayan Group	126.20	0.83	-	23.79	42.06	-
GRAND TOTAL	402.99	1.72	0.03	108.04	154.10	0.39

The following tables show (in millions of Philippine Pesos) reinsurance balances receivable from and payable to related parties as result of the above transactions as of December 31, 2015 and 2014 (refer to Note 18 of the accompanying audited financial statements):

Shareholder/Related Party/Director Corporation	2015					
	In Million PHP	Due from Ceding Cos.	Reinsurance recoverable on losses	Funds held by Ceding Cos.	Claims Payable	Due to Retro-cessionaire
GSIS	149.83	81.15	1.08	623.26	0.02	-
BPI-Philam Life	19.41	0.49	-	4.46	1.37	-
BPI/MS Insurance	51.88	0.14	59.66	166.36	36.24	0.16
FGU Insurance Corp	-	0.45	0.02	2.15	0.34	-
Total BPI Group	71.29	1.08	59.68	172.97	37.95	0.16
First Nationwide Assurance Corp.	-	0.02	-	50.09	0.15	-
Sunlife GREPA Financial	4.93	-	-	3.55	0.39	-
Great Life Financial	0.8	-	-	-	-	-
Malayan Insurance	15.69	14.1	0.08	367.47	7.64	-
Bankers Assurance	-	-	-	-	-	-
Total Malayan Group	21.42	14.12	0.08	421.11	8.18	-
GRAND TOTAL	242.54	96.35	60.84	1217.34	46.15	0.16

Shareholder/Related Party/Director Corporation	2014					
	In Million PHP	Due from Ceding Cos.	Reinsurance recoverable on losses	Funds held by Ceding Cos.	Claims Payable	Due to Retro-cessionaire
GSIS	118.10	71.91	1.06	625.78	-	-
BPI-Philam Life	48.40	-	-	6.50	1.90	-
BPI/MS Insurance	62.69	0.14	62.87	374.73	0.28	0.16
FGU Insurance Corp	-	0.49	0.01	2.15	0.59	-
Total BPI Group	111.09	0.63	62.88	383.38	2.77	0.16
First Nationwide	-	0.02	-	50.08	0.12	-

Shareholder/Related Party/Director Corporation	2014					
Assurance Corp.						
Sunlife GREPA Financial	4.00	-	-	3.55	0.07	-
Great Life Financial	-	-	-	-	-	-
Malayan Insurance	33.07	16.73	0.08	285.72	6.13	-
Bankers Assurance	-	-	-	-	-	-
Total Malayan Group	37.07	16.75	0.08	339.35	6.32	-
GRAND TOTAL	266.26	89.29	64.02	1,348.51	9.09	0.16

In addition to the foregoing, the Corporation has entered into agreements with the following::

1. *Custodianship Agreement:* The Corporation entered into a Custodianship Agreement with the Bank of Philippine Islands (BPI) for purposes of opening and maintaining a custodianship account with BPI over certain securities owned by the Corporation. BPI acts as a depository of such securities. For services rendered, BPI is entitled to the custodianship fees based on the value of the securities held. The Agreement shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

2. *Investment Management Agreement.* The Corporation entered into separate Investment Management Agreement with BPI and Rizal Commercial Banking Corporation (RCBC) , for purposes of investing a portion of the Company's investible funds. BPI and RCBC, as Investment Managers shall invest and reinvest the funds deposited with them through an investment management account.. As compensation for services, both BPI and RCBC shall be entitled to collect such reasonable compensation to be paid out of the respective funds maintained. The respective Agreements shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

3. *Retirement Fund Agreement.* The Board of Trustees of the National Reinsurance Corporation Employees Retirement Plan entered into separate Trust Agreement with BPI and RCBC, to manage and administer the Corporation's retirement fund and to make such investments or reinvestments of the fund as deemed to be reasonable or advisable. As compensation for services, BPI and RCBC shall be entitled to collect such reasonable compensation to be paid out of the respective funds maintained. The respective Agreements shall continue in full force and effect unless sooner terminated by either of the parties concerned for any reason whatsoever upon giving the other party at least 30 days advance written notice of termination.

There are no other parties, aside from the related parties discussed herein, with whom the Corporation has a relationship, being a stockholder and a related party under common ownership, that enables the parties to negotiate terms of material transactions that may not be available to other more clearly independent parties on an arm's length basis.

Item 6. Compensation of Directors and Executive Officers

ANNUAL COMPENSATION IN PHILIPPINE PESOS

Name	Year	Salary	Bonus	Other annual compensation	Total
CEO and key executive officers named	2014	17,856,825	5,472,115	7,054,022	30,382,962
All other officers and directors as a group unnamed		10,684,039	1,729,336	5,002,084	17,415,459
CEO and key executive officers named	2015	25,143,000	4,190,500	3,938,988	33,272,488
All other officers and directors as a group unnamed		6,745,400	1,124,233	1,133,224	9,002,857
CEO and key executive officers named	2016 (Estimates)	26,795,580	4,465,930	5,057,195	36,318,705
All other officers and directors as a group unnamed		10,215,276	1,702,546	7,072,204	18,990,026

Officers named for 2015 include the following:

1. Augusto Hidalgo, President and CEO;
2. John E. Huang, Senior Vice President and Head, Investments;
3. Alexander L. Reyes, Senior Vice President and Head, Claims
4. Victor R. Tanjuakio, First Vice President and Head, Life Reinsurance;
5. Eden R. Tesoro, Vice President and Head, Property Underwriting.

The Corporation’s amended By-Laws (Article III, Section 8) provide that such per diem as the Board of Directors may approve shall be paid to each director for attendance at any meeting of the Board; provided however, that nothing therein contained shall be construed to preclude any director from receiving such bonuses, other than per diems, as provided elsewhere in the Corporation’s Amended By-Laws, or from serving in any other capacity and receiving compensation there from, subject to approval thereof by the vote of stockholders representing at least a majority of the outstanding capital stock at a regular or special stockholders’ meeting. In this connection, Section 30 of the Corporation Code of the Philippines states that “in no case shall the total yearly compensation of directors, as such directors, exceed ten percent (10%) of the net income after tax of the corporation during the preceding year.”

Each director of the Corporation receives a per diem based on the following schedule for attendance in meetings of the Board of Directors/ Committees:

A. Board Meetings	
Chairman	₱ 50,000
Vice Chairman	45,000
Treasurer	37,500
Independent Director	20,000
Regular Director	17,000

B. Committee Meetings	
Independent Director	₱ 6,000
Regular Director	5,000

Aside from the above, and the performance bonus system approved by the stockholders during the June 23, 2008 annual stockholders' meeting, no other resolution relating to director's remuneration has been adopted by the Board of Directors.

As of date, none of the Corporation's common shares are subject to outstanding options or warrants to purchase, or securities convertible into common shares of the Corporation.

Item 7. Independent Public Accountant

- (a) The auditing firm of Punongbayan & Araullo will be recommended to the stockholders for appointment as the Corporation's principal accountant for the ensuing fiscal year. Conformably with SRC Rule 68(3)(b)(iv), the Corporation's independent public accountant shall be rotated, or the handling partner shall be changed, every 5 years. A two-year cooling off period shall be observed in the re-engagement of the same signing partner or individual auditor. Mr. Romualdo V. Murcia III, audit partner of Punongbayan & Araullo, is the assigned engagement partner to the Company.
- (b) Punongbayan & Araullo was the same principal accountant of the Corporation for the fiscal year most recently completed (December 31, 2015).
- (c) Representatives of Punongbayan & Araullo are expected to be present at the stockholders' meeting to be held on July 13, 2016. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.
- (d) Punongbayan & Araullo has neither shareholdings in the Corporation nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Corporation. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines.
- (e) There are no disagreements on any matter of accounting principle or practices, financial statement disclosures, etc., between Punongbayan & Araullo and the Corporation.
- (f) The Company's Audit Committee is composed of the following:

Chairman: Mr. Ermilando D. Napa
Vice-Chairman: Mr. Romeo L. Bernardo
Member: Mr. Medel T. Nera

Item 8. Compensation Plan

There are no items to be taken up with respect to compensation plans.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

There are no issues regarding the issuance of securities other than for exchange.

Item 10. Modification or Exchange of Securities

There are no matters or actions to be taken up with respect to the modification or exchange of the Company's securities.

Item 11. Financial and Other Information

The audited financial statements as of 31 December 2015, Management's Discussion and Analysis, Market Price of Shares and Dividends and other data related to the Company's financial information are attached hereto as "Annex B."

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

There is no action to be taken with respect to any merger, consolidation or acquisition.

Item 13. Acquisition or Disposition of Property

There is no action to be taken with respect to any acquisition or disposition of property.

Item 14. Restatement of Accounts

There is no action to be taken with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with respect to Reports

Summary of Items to be Submitted for Stockholders' Approval

(1) Approval of the Minutes of the Annual Stockholders' Meeting held on July 13, 2015

The minutes of the annual stockholders' meeting held on July 13, 2015 will be submitted for approval of the stockholders at the annual meeting to be held on July 13, 2016. Below is a summary of the items and/or resolutions approved at the annual stockholders' meeting held on July 13, 2015:

- (a) The Chairman of the Board of Directors of the Corporation called the meeting to order. The Secretary of the meeting certified that a quorum existed for the transaction of business.
- (b) The stockholders approved the minutes of the annual stockholders' meeting held on July 7, 2014.

- (c) The Chairman delivered her message.
- (d) The President of the Corporation presented the management report. He presented the highlights of the performance of the Corporation, the details of which were incorporated into the Corporation's annual report as distributed to the stockholders. The management report included a discussion on underwriting, operations, investment, financial report, outlook and plans. Upon motion duly made and seconded, the management report was approved.
- (e) Upon motion duly made and seconded, the stockholders ratified the acts of the officers and the Board of Directors of the Corporation performed or undertaken in the year 2014 and until July 13, 2015.
- (f) Upon motion duly made and seconded, the accounting firm Punongbayan & Araullo was appointed as external auditors of the Corporation for the then current fiscal year.
- (g) The following were elected as directors of the Corporation for the then current year; to serve as such for a period of one year and until their successors shall have been elected and qualified:

Regular Directors:

Helen Y. Dee
 Robert G. Vergara
 Augusto P. Hidalgo
 Yvonne S. Yuchengco
 Cezar P. Consing
 Simon R. Paterno
 Roman Felipe S. Reyes
 Joli Co Wu
 Gregorio T. Yu
 Rafael G. Ayuste, Jr.

Independent Directors:

Romeo L. Bernardo
 Ermilando D. Napa
 Medel T. Nera

- (h) Upon motion duly made and seconded, the annual stockholders' meeting was adjourned.

(2) *Ratification of the Acts of the Board of Directors and Officers*

Resolutions, contracts, and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the minute books, annual report and financial statements. These acts are covered by resolutions of the Board of Directors duly adopted in the normal course of trade or business involving approval of the budget for the current year, approval of all investment-related transactions, treasury matters requiring the opening of accounts and authorization of bank transactions, approval of bank signatories and related updates or amendments thereof, engagement of consultants, sale of company vehicles, manpower related decisions, approval of financial reports, election of new directors and related changes in the members of the various Board committees, among others. Specifically these resolutions include the following:

- a) Approval of various investment-related matters such as investments in i) Aboitiz Equity Ventures, Inc. Fixed Rate Bonds (Series A); ii) Aboitiz Equity Ventures, Inc. Fixed Rate Bonds (Series B); iii) Filinvest Land, Inc. Seven Year Bonds; and iv) San Miguel Corporation Series 2-D Preferred Shares;
- b) Updating of company's authorized signatories and representatives for its bank accounts, investments and other transactions;
- c) Updating of company's authorized signatories for transactions with Globe, Smart, and Petron
- d) Updating of authorized signatories for BIR EFPS & Etax payment
- e) Updating of authorized signatories for transactions with PhilHealth, BIR, SSS, HDMF
- f) Updating of authorized signatories for transactions with BPI-Philam Life Assurance Corporation – Group Term Insurance, Maxicare Healthcare Corporation, BPI-Asset Management & Trust Group
- g) Approval of the 2016 PSE Corporate Governance Scorecard;
- h) Approval of the company's 2016 budget;
- i) Appointment of Fund Coordinator for transactions with the Home Development Mutual Fund;
- j) Approval of the resetting of the 2016 annual stockholders' meeting to July 13, 2016;
- k) Setting of the record date for the annual stockholders' meeting on May 30, 2016 and the appointment of the audit firm, Punongbayan and Araullo, as canvassers for the 2016 annual stockholders' meeting
- l) Approval of the Financial Statements for the year ended December 31, 2015;
- m) Authority to Distribute annual meeting Materials in Digital Format;
- n) Appointment of Punongbayan & Araullo as External Auditor for 2016, subject to stockholders' ratification at the 2016 annual stockholders' meeting
- o) Appointment of Signatory for Quarterly Financial Statements & Reports
- p) Appointment of Jeffrey R. Lacson as Principal Accounting Officer
- q) Approval of the 2016 first quarter report (SEC Form 17-Q).

(3) *Appointment of Independent Auditors*

The auditing firm of Punongbayan & Araullo will be recommended to the stockholders for appointment as the Corporation's principal accountant for the ensuing fiscal year. Mr. Romualdo V. Murcia III is the partner in charge of the Corporation's account.

Item 16. Matters Not Required to be Submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

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

No action is to be taken with respect to any amendment of the Charter, By-laws or Other Documents.

Item 18. Other Proposed Action

No action is to be taken with respect to any matter not specifically referred to herein.

Item 19. Summary of Voting Matters/Voting Procedures

(a) Summary of Matters to be presented to the Stockholders

- (1) Approval/ratification of the minutes of the annual meeting of stockholders held on July 13, 2015. Approval of said minutes shall constitute confirmation of all the matters stated in the minutes.
- (2) Resolutions, contracts, and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the minute books, and attached management report and financial statements. These acts are covered by resolutions of the Board of Directors duly adopted in the normal course of trade or business involving approval of the budget for the current year, approval of investments, treasury matters requiring the opening of accounts and authorization of bank transactions, approval of bank signatories and related updates and amendments thereof, engagement of consultants, sale of company vehicles and election of new directors and changes in the members of the various Board committees. A summary of the resolutions approved by the Board is provided in item 15 (2) of this report.
- (3) Selection of Punongbayan & Araullo as independent auditors.
- (4) Election of Directors

Election of a Board of thirteen (13) directors, at least 3 of whom shall be independent, and will hold office for a period of one year and until the next annual meeting of stockholders and until his or her successor is elected and qualified. The nominees for directors are:

Regular Directors:

Helen Y. Dee
Robert G. Vergara
Augusto P. Hidalgo
Yvonne S. Yuchengco
Cezar P. Consing
Simon R. Paterno
Roman Felipe S. Reyes
Joli Co Wu
Gregorio T. Yu
Rafael G. Ayuste, Jr.

Independent Directors:

Romeo L. Bernardo
Ermilando D. Napa
Medel T. Nera

The nominees for Independent Directors⁵ of the Corporation for the Annual Stockholders' Meeting of July 13, 2016, within the purview of SRC Rule 38 are Romeo L. Bernardo, Ermilando D. Napa, and Medel T. Nera.

⁵An "Independent Director" shall mean a person other than an officer or employee of the Corporation or its subsidiaries, or any other individual having a relationship with the Corporation, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

(b) Voting Procedures

- (1) Approval/ratification of the minutes of the annual stockholders' meeting held on July 13, 2015.
 - (A) Vote required: A majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.
 - (B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

- (2) Ratification of the acts of the Board of Directors and Officers
 - (A) Vote required: A majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.
 - (B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

- (3) Appointment of Independent External Auditors
 - (A) Vote required: A majority of the outstanding common stock present in person or by proxy, provided constituting a quorum.
 - (B) Method by which votes shall be counted: Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.

- (4) Election of Directors
 - (A) Vote required: The 10 candidates for regular directors and 3 candidates for independent directors receiving the highest number of votes cast for regular directors and votes cast for independent directors shall be declared elected.
 - (B) Method by which votes will be counted: Cumulative voting applies. Under this method of voting, a stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock books of the Corporation as of the Record Date, and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he 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 shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit.

- (6) At the regular meeting of the Board of Directors held on January 21, 2016, Punongbayan & Araullo was appointed as Board of Canvassers. The Board of Canvassers shall have the power to count and tabulate all votes, assents and consents; determine and announce the result; and to do such acts as may be proper to conduct the election or vote with fairness to all stockholders.

PART II
INFORMATION REQUIRED IN A PROXY FORM

Item 1. Identification

This proxy is being solicited for and on behalf of the Management of the Corporation. The Chairperson of the Board of Directors or, in her absence, the President of the Corporation will vote the proxies at the annual stockholders' meeting to be held on July 13, 2016.

Item 2. Instruction

- (a) The proxy must be duly accomplished by the stockholder of record as of Record Date. A proxy executed by a corporation shall be in the form of a board resolution duly certified by the Corporate Secretary or in a proxy form executed by a duly authorized corporate officer accompanied by a Corporate Secretary's Certificate quoting the board resolution authorizing the said corporate officer to execute the said proxy. Attached is a sample board resolution to designate a proxy for the annual stockholders' meeting.
- (b) Duly accomplished proxies shall be submitted to the Corporate Secretary of the Corporation not later than July 1, 2016 (not less than 10 calendar days prior to the date of the stockholders' meeting) at the following address:

The Corporate Secretary
National Reinsurance Corporation of the Philippines
31st Floor, Ayala Life-FGU Center
6811 Ayala Avenue
Makati City 1227 Philippines.
- (c) In case of shares of stock owned jointly by two or more persons, the consent of all co-owners must be necessary for the execution of the proxy. For persons owning shares in an "and/or" capacity, any one of them may execute the proxy.
- (d) Validation of proxies will be held by the Corporate Secretary and/or Stock Transfer Agent on July 6, 2016 at 2:00 p.m. at the principal office of the Corporation at the 31st Floor, Ayala Life-FGU Center, 6811 Ayala Avenue, Makati City, Philippines.
- (e) Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the Chairman of the Board of Directors, or in her absence, the President of the Corporation, as proxy for the annual stockholders meeting to be held on July 13, 2016.
- (f) If the number of shares of stock is left in blank, the proxy shall be deemed to have been issued for all of the stockholder's shares of stock in the Corporation as of Record Date.
- (g) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20 (11)(b).
- (h) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on any of the matters in (1), (2), and (3) below by checking the appropriate box. Where the boxes (or any of them) are unchecked, the stockholder executing the proxy is deemed to have authorized the proxy to vote for the matter. **(Note: If you intend to submit a proxy, please fill up and submit the enclosed proxy instrument, not the following Item 2(h).)**

(1) Approval/ratification of the minutes of the annual stockholders' meeting held on July 13, 2015.

FOR AGAINST ABSTAIN

(2) Ratification of the acts of the Board of Directors and Officers

FOR AGAINST ABSTAIN

(3) Appointment of Punongbayan & Araullo as Independent External Auditors

FOR AGAINST ABSTAIN

(i) Election of Directors. (Note: If you intend to submit a proxy, please fill up and submit the enclosed proxy instrument, not the following Item 2(i).)

FOR all nominees listed below, except those whose names are stricken out

WITHHOLD authority to vote for all nominees listed below.

(Instruction: To strike out a name or withhold authority to vote for any individual nominee, draw a line through the nominee's name in the list below).

Regular Directors:

Helen Y. Dee
Robert G. Vergara
Augusto P. Hidalgo
Yvonne S. Yuchengco
Cezar P. Consing
Simon R. Paterno
Roman Felipe S. Reyes
Joli Co Wu
Gregorio T. Yu
Rafael G. Ayuste, Jr.

Independent Directors:

Romeo L. Bernardo
Ermilando D. Napa
Medel T. Nera

Item 3. Revocability of Proxy

Any stockholder who executes the proxy enclosed with this statement may revoke it at any time before it is exercised. The proxy may be revoked by the stockholder executing the same at any time by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting, or by attending the meeting in person and signifying his intention to personally vote his shares. Shares represented by an unrevoked proxy will be voted as authorized by the stockholder.

Item 4. Persons Making the Solicitation

The solicitation is made by the Management of the Corporation. No director of the Corporation has informed the Corporation in writing that he intends to oppose an action intended to be taken up by the Management of the Corporation at the annual meeting. Solicitation of proxies shall be made through the use of mail or personal delivery by its regular employees. The Corporation shall not engage the services of special employees or proxy solicitors in the proxy solicitation. The Corporation will shoulder the cost of solicitation, which is estimated to be ₱50,000.00.

Item 5. Interest of Certain Persons in Matters to be Acted Upon

No director, officer, nominee for director, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on any matter to be acted upon at the annual stockholders' meeting to be held on July 13, 2016, other than election to office.

**PART III
SIGNATURE**

Management does not intend to bring any matter before the meeting other than those set forth in the Notice of the annual meeting of stockholders and does not know of any matters to be brought before the meeting by others. If any other matter does come before the meeting, it is the intention of the persons named in the accompanying proxy to vote the proxy in accordance with their judgment.

ACCOMPANYING THIS INFORMATION STATEMENT ARE COPIES OF THE (1) NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF; (2) PROXY INSTRUMENT; AND (C) THE CORPORATION'S MANAGEMENT REPORT PURSUANT TO SRC RULE 20 (4).

THE CORPORATION'S LATEST ANNUAL REPORT IN SEC FORM 17-A AND LATEST QUARTERLY REPORT IN SEC FORM 17-Q DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ARE AVAILABLE FOR DOWNLOAD AT THE COMPANY'S WEBSITE www.nrcp.com.ph. UPON REQUEST BY A SHAREHOLDER, THE COMPANY WILL PROVIDE HARDCOPIES OF THE LATEST ANNUAL AND QUARTERLY REPORTS.

ALL OTHER REQUESTS FOR INFORMATION MAY BE SENT TO THE FOLLOWING:

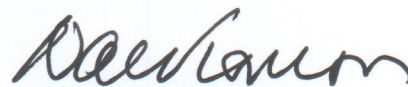
**National Reinsurance Corporation of the Philippines
31st Floor, Ayala Life-FGU Center
6811 Ayala Avenue,
Makati City 1227 Philippines.**

Attention: The Corporate Secretary

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, 20 May 2016

**NATIONAL REINSURANCE
CORPORATION OF THE PHILIPPINES**

By:



**NOEL A. LAMAN
Corporate Secretary**

ANNEX A
FINAL LIST OF CANDIDATES FOR INDEPENDENT DIRECTORS

Romeo L. Bernardo, Independent Director since June 2006. Mr. Romeo L. Bernardo is the Managing Director of Lazaro Bernardo Tiu and Associates (LBT), a financial advisory firm based in Manila. He is also a GlobalSource economist in the Philippines. He is Chairman of ALFM Family of Funds, ALFM Euro Bond Fund, ALFM Growth Fund, ALFM Money Market Fund, ALFM Peso Bond Fund, RL Bernardo & Associates, Inc. and Philippine Stock Index Fund. He is likewise an Independent Director of several companies and organizations including Aboitiz Power, Ayala Plans, Inc., BPI, RFM Corporation, Philippine Investment Management, Inc. (PHINMA), Trans-Asia Petroleum Corporation, BPI Globe BanKo Inc., BPI Family Savings Bank, Inc., BPI Direct Savings Bank, Inc., BPI Capital Corporation, BPI-Philam Life Assurance Corporation and BPI/MS Insurance Corporation. Mr. Bernardo is also the Director of Globe Telecom Inc.; and Board of Trustee of Institute for Development & Econometric Analysis, Inc.. (IDEA) and Philippine Institute for Development Studies. He previously served as Undersecretary of Finance and as Alternate Executive Director of the Asian Development Bank. He was an Advisor of the World Bank and the IMF (Washington D.C.). Mr. Bernardo holds a degree in Bachelor of Science in Business Economics from the University of the Philippines (*magna cum laude*) and a Masters degree in Development Economics at Williams College from Williams College in Williamstown, Massachusetts.

Ermilando D. Napa, Independent Director since June 2011. Mr. Ermilando D. Napa was previously the President and CEO and Vice-Chairman of the Board of Directors of the Philippine Export-Import Credit Agency (PhilEXIM), also known as the Trade and Investment Development Corporation of the Philippines (TIDCORP), a government financial institution attached to the Department of Finance. He is the Founding CEO of Manila Consulting and Management Co., Inc., Century Woods, Inc., and Catanauan Resources and Development Corporation. Currently, Mr. Napa is an Independent Director at the National Reinsurance Corporation of the Philippines (PhilNaRe or NRCP) and the CIIF Oil Mills Group. He is the Chairman of the Audit Committee of PhilNaRe and CIIF Oil Mills, as well as a Member of the Interim Governance Board of the National Life Insurance Company of the Philippines (NLIC). His previous professional experience include being a Partner of SyCip Gorres & Velayo Company (Philippines), a Principal of Kassim Chan & Company in Kuala Lumpur, Malaysia (a former member firm of SGV Group and Deloitte Haskins & Sells International), and a Manager of Arthur Andersen in New York. In 2013, he was appointed as Conservator of the NLIC. Mr. Napa has attended special trainings and various courses such as Strategic Management and IMPACT Productivity Improvement in Chicago and Corporate Finance in New York. He holds a bachelor's degree in Business Management from Aquinas University (1970) and a master's degree in Management from the Asian Institute of Management (1980).

Medel T. Nera, Independent Director since July 2011. Mr. Medel T. Nera is the President and CEO of House of Investments, Inc. and President of RCBC Realty Corp. He serves as Director of House of Investments and its significant subsidiaries and associates. He also serves as Director of Rizal Commercial Banking Corporation and Seafront Resources Corp. He was a former senior partner of SyCip, Gorres, Velayo and Co., CPAs (SGV) where he served as Financial Services Practice Head. He also serves as Director and Treasurer of CRIBS Foundation Inc. Mr. Nera holds a degree in Bachelor of Science in Commerce from Far Eastern University where he graduated in 1976. He obtained his Master of Business Administration degree from New York University in 1982.

ANNEX B

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Description of Business

National Reinsurance Corporation of the Philippines (hereafter the "Company" or the "Corporation") was incorporated in 1978 pursuant to Presidential Decree No. 1270. The Company operates as a professional reinsurance corporation providing life and non-life reinsurance to the Philippines and to neighboring insurance markets. Since 2007, the Company has also been doing business under the names and styles of "Philippine National Reinsurance Company; PhilNaRe" in order to reinforce its image as the country's national reinsurer and its position as the only domestically-incorporated professional reinsurance company in the Philippines.

The primary mandate of PhilNaRe is to assist in the development of the Philippine insurance industry (a) by providing reinsurance capacity and support to Philippine insurance companies, (b) by serving as a medium for regional and international cooperation in insurance, and (c) by contributing towards higher retention of business within the country. The Company became the vehicle for the Philippines' participation in the Asian Reinsurance Corporation ("Asian Re"), a multilateral reinsurance entity based in Bangkok, Thailand established to foster regional cooperation among insurance companies doing business in Asia.

PhilNaRe became the country's sole domestic professional reinsurance company following its merger with Universal Malayan Reinsurance Corporation ("UMRe") on March 6, 2006. UMRe itself was the product of the 2004 merger between Universal Reinsurance Corporation ("URC") and Malayan Reinsurance Corporation ("MRC"). Prior to their 2004 merger, URC had been the country's second largest reinsurer (in terms of gross premiums written) and MRC had been ranked third. At present, PhilNaRe has no subsidiaries.

The Company writes both life and non-life reinsurance. Major business lines under the Non-Life Group include Fire, Marine & Aviation and Casualty & Others. Fire Insurance covers standard Fire and Industrial All Risks. Marine & Aviation covers insurance on aircraft, marine vessels and marine cargo. Casualty and Others cover Contractors All Risks, Erection All Risks, Electronic Equipment Insurance, Machinery Breakdown, Boiler Pressure Vessel, Comprehensive General Liability, Personal and Group Accident, Errors and Omissions, Directors Liability, Products Liability, Money Securities and Payroll, Fidelity Guarantee, Robbery and Burglary, Equipment Floater, Hole-In-One, All Risks, Crop Insurance, Construction related Bonds and, Motor Car.

As of December 2015, Fire accounted for 45% of the Company's Gross Premiums Written ("GPW") and 19% of Net Premiums Written ("NPW"), life accounted for 24% of GPW and 29% of NPW, casualty and others accounted for 23% of GPW and 36% of NPW and marine and aviation accounted for 8% of GPW and 16% of NPW.

The Company writes reinsurance largely for the domestic market. The portion of the Company's GPW sourced from foreign insurance companies for the years 2013, 2014 and 2015 are 6%, 2% and 4%, respectively.

The Company offers reinsurance for both treaty and facultative arrangements or contracts. Typically, in treaty arrangements, reinsurance is offered to cover more than one policy or entire, precisely defined portfolios while facultative arrangements provide cover on a per policy basis.

Facultative reinsurance is individually written and negotiated by the Reinsurer, with the pricing and other terms established at the time the policy is underwritten. Under a facultative arrangement, the ceding company is under no obligation to reinsure any particular risk and the reinsurer to whom an offer is made is likewise under no obligation to accept any particular risk.

In a treaty arrangement, the ceding company purchases reinsurance to cover specified blocks of business it has underwritten. The ceding company and the reinsurer enter into a treaty contract, which sets out the terms, conditions and limitations that govern the reinsurance arrangements. Both parties are automatically bound in advance with respect to any and all risks that fall within the scope of the contract such that the ceding company would be obliged to cede, and the reinsurer would be obliged to accept all business falling under the scope of the agreement. Reinsurance treaties specify the ceding company's binding limit, which is the maximum amount of risk that can be ceded automatically and that the reinsurer must accept. In contrast to facultative reinsurance, the reinsurer does not approve each individual risk under a treaty arrangement.

The Company competes with a number of large foreign reinsurers in its selected lines of business. These companies offer the lines of reinsurance that the Company also offers. The Company benefits to a certain extent from Presidential Decree No. 1270 ("PD 1270") which mandates all life and non-life insurance and reinsurance companies doing business in the Philippines to cede to the Company at least ten percent (10%) of their outward reinsurance placed with unauthorized foreign reinsurers.

Review of 2015 versus 2014

Results of Operations

Reinsurance premiums – net of returns or Gross Premiums Written. Gross premiums written in 2015 totalled P2,182.3 million, 20% less than P2,747.1 million in 2014. The drop in premiums is mainly caused by the non-renewal of unprofitable lines of business under Facultative arrangements, the decreasing premium rates for Fire business and the declining market for Marine.

The contribution per line of business showed that fire accounts had the biggest portfolio share at 44.5% in 2015 vs. 49.8% in 2014, followed by casualty and others at 27.9% in 2015 vs. 21.2% in 2014, life represented 24.1% in 2015 vs. 22.9% in 2014 and lastly, marine and aviation accounted for 3.5% in 2015 vs. 6.1% in 2014. On a per class of business, premiums from non-life business decreased by P462.8 million or 21.8% from P2,118.4 million in 2014 to P1,655.6 million in 2015. Similarly, life premiums decreased by P101.9 million or 16.2% from P628.6 million in 2014 to P526.7 million in 2015.

Reinsurance Premiums Retained or Net premiums retained. Consistent with the decrease in gross premiums written, reinsurance premiums retained for the year decreased by P94.3 million or 9.2% from P1,022.3 million in 2014 to P927.9 in 2015. However, as we retain more premiums than in previous year, the net retention ratio improved from 37.2% in 2014 to 42.5% in 2015. Net premiums retained per line of business showed the casualty and others line contributing 46.6% in 2015 vs. 38.7% in 2014, followed by life at 28.8% in 2015 vs. 34% in 2014, fire at 19.0% in 2015 vs. 17.6% in 2014, and marine share at 5.6% in 2015 vs. 9.6% in 2014.

Premiums earned. Premiums earned increased by P65.7 million or 7.9% from P834.7 million in 2014 to P900.4 million in 2015 brought about by higher net premiums retained as well as earned premium reserve from 2014.

Share in claims and losses. Total losses incurred (inclusive of IBNR or Incurred but not reported losses) for 2015 amounted to P416.4 million, 32.4% lower than the previous year's P616.3 million. Consequently, overall loss ratio improved from 73.8% in 2014 to 46.2% in 2015. Year 2014 ended at a higher loss ratio mainly due to the impact of typhoon Glenda and Odette that hit Luzon in July and September, respectively. Total claims incurred so far are at P135M for both catastrophic events. In 2015, the company registered only one catastrophic event and has recorded an estimated net loss of P10 million from Typhoon Lando, which hit Northern and Central Luzon in October 2015.

Commissions-net. As a result of the decrease in net premiums retained, commissions decreased also by P35.0 million or 12.1% from P290.2 million in 2014 to P255.1 million in 2015. However, commission ratio was flat at 28.3% in 2015 vs. 28.4% in 2014.

Investment income and other income. Investment and other income increased by P74.1 million or 17.1% from P433.2 million in 2014 to P507.3 million in 2015.

Interest income dropped by P18.8 million or 7.5% to P231.3 million in 2015 from P250.1 million in 2014 on account of declining interest rates. The increases in gain on sale of AFS financial assets (P215.1 million in 2015 vs. P101.3 million) of 112.4% and dividend income (P47.7 million vs. P41.8 million) of 13.9% as well as foreign exchange gain (P19.5 million vs. P11.5 million) of 70.1% more than offset the decrease in interest income and gain on sale of property and equipment. (In 2014, the company booked a onetime gain of P33.2 million on the sale of Philippine AXA Life Condominium unit).

General and administrative expenses. General and administrative expenses (GAE) increased by 67.7% or P203.1 million from P300.2 million in 2014 to P503.3 million in 2015 principally due to increases in impairment loss (P220.4 million vs. P31.1 million), taxes and licenses (P60.0 million vs P28.2 million), professional fees (P29.7 million vs. P20.4 million), contract labor (P16.3 million vs. P2.7 million), miscellaneous (P15.6 million vs. P9.0 million) and advertising and publicity (P2.2 million vs. P1.3 million). However, the increases was partially offset by decline in certain expenses such as: salaries and employee benefits (P109.2 million vs. P141.3 million), depreciation (P24.1 million vs P33.6 million), repairs and maintenance (P7.8 million vs. P9.1 million), transportation and travelling (P2.2 million vs P4.1 million), representation and entertainment (P2.2 million vs. P3.0 million) and finance cost (P.31 million vs. P2.5 million).

Tax expense. The Company's tax expense slightly increased by P0.9 million or 1.7% from P52.8 million in 2014 to P53.7 million in 2015 mainly due to the increase in minimum corporate income tax (MCIT) from P4.4 million in 2014 to P9.7 million in 2015 which was offset by the decrease in final tax from P48.2 million in 2014 to P44.8 million in 2015.

Net Profit (Loss). Due to favorable underwriting income as well as higher investment and other income the Company's net profit increased by 2036% from P8.4 million in 2014 to P179.1 million in 2015.

Financial Condition

As of December 31, 2015, total resources of the Company stood at P13.4 billion, P748.7 million or 4.9% lower than total resources of P14.1 billion as of December 31, 2014. Material changes in the Company's resources which contributed to the decrease, are described below.

Reinsurance balances receivable, net of allowance for impairment of P824.0 million, reinsurance balances receivable decreased by P553.4 million or 10.7% from P5.9 billion as of December 31, 2014 to P5.3 billion as of December 31, 2015. The reinsurance balances receivable is composed of account balances pertaining to: *due from ceding companies (P1,231.9 million), funds held by ceding companies (P144.0 million) and reinsurance recoverable on losses (P4.1 billion).* The P369.6 million decrease was

accounted from reinsurance recoverable on losses account. In addition, the company recorded additional provision for long outstanding accounts receivable amounting to P220.3 million. This brought the total allowance for doubtful account balance to P824.1 million as of December 31, 2015.

Available-for-sale financial assets. (AFS) representing 42.6% of total assets decreased by P379.4 million or 6.2% from P6,107.7 billion as of December 31, 2014 to P5,728.4 billion as of December 31, 2015 mainly due to lower mark to market revaluation reserves of available for sale financial assets. (please refer to revaluation reserve line item of equity section also).

Loans and receivables (part of the Company's investment portfolio) decreased by P15.5 million or 4.8% to P306.8 million in 2015 from P322.3 million in 2014 basically due to lower accrued interest receivable (P42.3 million vs. P55.2 million) consistent with the decline in available for sale financial assets.

Property and equipment (PPE), net of accumulated depreciation amounted to P71.9 million as of December 31, 2015, a decrease of P4.5 million or 5.9% from December 31, 2014 mainly due to recorded depreciation of P12.0 million being higher than capital expenditures of P8.2 million.

Deferred acquisition costs, which mainly consist of reinsurance commissions; decreased by P2.5 million or 1.7% to P147.7 million in 2015 from P150.2 million in 2014. Under the 24th method of revenue and expense recognition, policy cost is deferred and charged to expense in proportion to reinsurance premium revenue recognized during the year. This is adjusted at end of each reporting period to account for unexpired portion of the reinsurance commission.

Deferred reinsurance premiums increased by P30.5 million or 8.5% as of December 31, 2015. Deferred reinsurance premiums pertain to the unexpired portion of ceded out premiums which corresponds to the unexpired portion of the reinsurance premiums accepted (unearned reinsurance premiums) at the end of each reporting period.

Other assets increased by 19.3% to P405.5 million in 2015 from P339.8 million in 2014 largely due to the increases in creditable withholding tax (P6.4 million), plan assets (P32.4 million) and input vat (P34.8 million) offset against decreases in intangible assets and other assets of P7.9 million.

Total liabilities decreased by P542.4 million or 5.9% to P8.5 billion in 2015 from P9.0 billion in 2014. The increase in total liabilities is explained below.

Reinsurance balances payable decreased by 581.2 million or 7.2% from P8,019.2 million as of December 31, 2014 to P7,438.0 million as of December 31, 2015. This was mainly due to the decrease in reserve for IBNR (incurred but not reported) loss following the loss development for 2015 and settlement of claims and other reinsurance payable accounts. Reinsurance balances payable is composed of account balances pertaining to: (1) *premiums due to reinsurers (decreased from P1,016.7 million in 2014 to P970.7 million in 2015)*; (2) *funds held for retrocessionaires (slightly increased from P74.4 million in 2014 to P89.5 million in 2015)* and (3) *losses and claims payable and IBNR (decreased from P6,928.1 million in 2014 to P6,377.8 million in 2015)*.

Accounts payable and accrued expenses decreased by P27.2 million or 17.9% from P151.6 million in 2014 to P124.4 million in 2015 principally due to decreases in accounts payable (P38.7 million), withholding tax payable (P2.0 million) and other liabilities/defined benefit liability (P27.8 million) offset by increases in accrued expenses (P35.6 million) and deferred output Vat (P5.7 million).

Reserve for unearned reinsurance premiums increased to P924.9 million in 2015 from last year's P866.9 million or by P58 million or 6.7%. This account represents the unexpired/unearned portion of the gross reinsurance premiums written.

Deferred reinsurance commission likewise increased by P8 million or 22% from P36.2 million in 2014 to P44.2 million in 2015 following the higher commission income from retroceded premiums.

Total equity as of December 31, 2015 declined by 4.0% or P206.4 million to P4,907.2 million from P5,113.6 million as of December 31, 2014 principally due to the decline in mark to market revaluation reserve (P395.9 million) partially offset by net profit during the year (P178.7 million) and the positive movement in the re-measurement of defined benefit liability (P10.4 million).

Material changes (increase/decrease of 5% or more) in the financial statements

Income Statement items - 2015 versus 2014

20.5% decrease in reinsurance premiums

This is mainly caused by the non-renewal of unprofitable lines of business under Facultative arrangements, the decreasing premium rates for Fire business and the declining market for Marine.

27.3% decrease in retroceded premiums

This is mainly caused by the decrease in the cost of excess of loss cover for Fire, Engineering, Marine and Motor lines of business.

9.2% decrease in net premiums retained.

This is mainly due to the decrease in reinsurance premiums written in 2015, partially covered by the decrease in cost of excess of loss cover. Overall retention ratio increased from 37.2% in 2014 to 42.5% in 2015.

85.3% decrease on the amount of reserve for unearned premiums.

This is the result of higher net premiums retained as well as earned premium reserve from 2014.

32.4% decrease in net share in claims and losses

This is generally due to lower claims and losses incurred for the year which resulted in an overall loss ratio of 46.2% vs. 73.8% in 2014. In 2015, the company registered only one catastrophic event (i.e., Typhoon Lando).

12% decrease in net commission

This is consistent with the decrease in net premiums retained in 2015.

419% increase in net underwriting income

This is mainly due to 26% decrease in net underwriting deductions and 8% increase in earned premiums.

17% increase in investment and other income

This is generally due to higher trading gains, dividend income and foreign exchange gains.

68% increase in general and administrative expenses.

This is due to increase in provision for impairment loss from P31.1 million in 2014 vs. P220.4 million in 2015.

1.7% increase in tax expense.

This is due to recorded minimum corporate income tax (MCIT) for the year 2015.

2036% increase in net profit.

This can be attributed to the resulting net underwriting income and higher investment and other income earned during the year.

Balance Sheet items - 2015 versus 2014

18% increase in cash and cash equivalents.

Mainly due to increase in time deposit placement.

10.7% decrease in reinsurance balances receivable.

Mainly due to settlement of reinsurance recoverable on losses and additional provision made for long outstanding receivable accounts.

6% decrease in available for sale financial assets.

Principally due to decline in mark to market revaluation reserve of available for sale financial assets (AFS).

5% decrease in loans and receivables.

Mainly due to decrease in accrued interest receivable.

6% decrease in property and equipment, net.

This is mainly due to recorded depreciation being higher than capital expenditures.

8.5% increase in deferred reinsurance premiums

The higher volume of reinsurance premiums ceded/retroceded (excluding retroceded premiums pertaining to excess of loss cover) translates to the higher level of deferred reinsurance premium recognized under the 24th method of revenue recognition.

19% increase in other assets

Largely due to increases in defined benefit assets and unapplied input vat.

7.3% decrease in reinsurance balances payable

This was mainly due to the decrease in reserve for IBNR (incurred but not reported) loss following the loss development for 2015 and settlement of claims and other reinsurance payable accounts.

18% decrease in accounts payable and accrued expenses.

Due to decreases in defined benefit liability and other liabilities..

6.7% increase in reserve for unearned reinsurance premiums

Essentially related to the increase in the amount of reinsurance premiums subject to 24th method of revenue recognition.

22% increase in deferred reinsurance commissions

This is consistent with the increase in retroceded reinsurance premiums subject to 24th method of revenue recognition.

Review of 2014 versus 2013

Results of Operations

Reinsurance premiums – net of returns or Gross Premiums Written. Gross premiums written in 2014 totaled P2,747.1 million, 7.3% higher than P2,561.1 million in 2013. Except for casualty, all lines of business generally increase in 2014. The contribution per line of business showed that fire accounts for 49.8% in 2014 vs. 52.9% in 2013, followed by life at 22.9% in 2014 vs. 18% in 2013, casualty and others represented 21.2% in 2014 vs. 24.2% in 2013 and lastly, marine accounted for 6.1% in 2014 vs. 4.9% in 2013. On a per class of business, premiums from non-life treaty business increased by P272.5 million or 24.8% from P1,098.0 million in 2013 to P1,370.4 million in 2014. Similarly, life premiums increased by P166.6 million or 36.1% from P462.1 million in 2013 to P628.6 million in 2014. However, premiums from non-life facultative business declined by P253.1 million or 25.3% from P1,001.1 million in 2013 to P748.0 million in 2014 mainly due to non-renewal of unprofitable line of facultative business.

Reinsurance Premiums Retained or Net premiums retained. Consistent with the increase in gross premiums written, reinsurance premiums retained for the year 2014 increased by P202.7 million or 24.7% from P819.6 million in 2013 to P1,022.3 in 2014. As more premiums were retained during the year, net retention ratio improved from 32% in 2013 to 37.2% in 2014. Net premiums retained per line of business showed the casualty and others line contributing 38.7% in 2014 vs. 41.8% in 2013, followed by life at 34% in 2014 vs. 30.9% in 2013, fire at 17.6% in 2014 vs. 18.4% in 2013, and marine share is 9.6% in 2014 vs. 9.0% in 2013.

Premiums earned. Premiums earned increased by P4.1 million or 5% from P830.6 million in 2013 to P834.7 million in 2014 brought about by higher net premiums retained and despite the increase in reserve for unearned premiums.

Share in claims and losses. During the year, total losses incurred (inclusive of IBNR or Incurred but not reported losses) amounted to P616.3 million, 36.4% lower than the previous year's P969.0.5 million. Fire registered a higher loss ratio in 2014 due to typhoon Glenda that hit Southern Luzon in July 16, 2014.

Commissions- net. Commissions was flat from P289.9 million at 34.9% commission ratio in 2013 to P290.2 million at 34.8% commission ratio in 2014.

Investment income and other income. Investment and other income decreased by P231.2 million or 34.8% from P664.4 million in 2013 to P433.2 million in 2014.

Interest income dropped by P48.1 million or 1.6% to P250.1 million in 2014 from P298.2 million in 2013 on account of declining interest rates. The increase in dividend and income (P41.8 million in 2014 vs. P34.3 million in 2013) of 21.9% as well as the booking of onetime gain on the sale of Philippine AXA Life condominium unit (P33.2 million) was not enough to offset the decrease in trading gains and other income, net (P96.5 million in 2014 vs. P321.8 million in 2013) of P225.3 million or 70%. Foreign exchange translation gains slightly increased by P1.4 million or 13.6% from P10.1 million in 2013 to P11.5 million in 2014.

General and administrative expenses . General and administrative expenses (GAE) decreased by 35.9% or P168.3 million from P468.5 million in 2013 to P300.2 million in 2014. Declines in certain expenses such as: finance cost (P2.5 million in 2014 vs. P4.9 million in 2013), utilities (P4.6 million in 2014 vs. P5.8 million in 2013), repairs and maintenance (P9.1 million in 2014 vs. P10.2 million in 2013), representation and entertainment (P3.0 million in 2014 vs. P4.4 million in 2013) and provision for impairment loss (P31.1 million vs. P236.9 million) more than offset the increases in manpower cost and employee benefits (P141.3 million in 2014 vs. P127.1 million in 2013) and taxes and licenses and fees

(P28.2 million in 2014 vs. P4.5 million in 2013). The increase in manpower cost can be traced to separation benefits of employees who opted an early retirement from the Company effective December 31, 2014 while the increase in taxes and licenses was mainly due to provision for tax assessment for calendar year 2012.

Tax expense The Company's tax expense decreased by P2.4 million or 4.4% from P55.3 million in 2013 compared to P52.9 million in 2013, consistent with the decrease in interest income for the year. This tax expense largely represents the final tax on interest income earned from the Company's investment portfolio.

Net Profit (Loss) As a result of the aforementioned factors, the Company's net income increased to P8.4 million in 2015 compared to a net loss P287.7 million in 2013.

Financial Condition

As of December 31, 2014, total resources of the Company stood at P13.4 billion, P1.2 billion or 8.1% lower than total resources of P14.6 billion as of December 31, 2013. Material changes in the Company's resources, which contributed to the decrease, are described below.

Reinsurance balances receivable, net of allowance for impairment of P603.7 million, decreased by P1,441.03 million or 19.5% from P7.4 billion as of December 31, 2013 to P5.9 billion as of December 31, 2014. This reinsurance balances receivable is composed of account balances pertaining to: *due from ceding companies (P1,209.1 million), funds held by ceding companies (P130.3 million), share in retrocessionaires' in IBNR (P773.1 million) and reinsurance recoverable on losses (P4.4 billion), net of allowance for impairment of P603.7 million.*

Available-for-sale financial assets (AFS) representing 46.5% of total assets decreased by P284.0 million or 4.4% from P6,391.7 million as of December 31, 2013 to P6,107.7 million as of December 31, 2014 mainly due to investments matured during the year, proceeds of which was invested in time deposit under cash and cash equivalents. AFS consists of investments in listed equities, government securities and corporate bonds.

Loans and receivables (part of the Company's investment portfolio) slightly increased by P2.3 million or .72% to P322.3 million in 2014 from P320.0 million in 2013 basically due to increase in other receivables related to retirement benefits paid by the company but to be reimbursed by the retirement fund.

Property and equipment (PPE), net of accumulated depreciation amounted to P76.3 million as of December 31, 2014, a decrease of P26.4 million or 25.7% from December 31, 2013 mainly due to recorded depreciation of P12.0 million and the carrying value of the disposed property and equipment amounting to P28.9 million, compared to acquisitions made of about P14.5 million.

Deferred acquisition costs which mainly consist of reinsurance commissions; increased by P65.0 million or 76% to P150.3 million in 2014 from P85.2 million in 2013. Under the 24th method of revenue and expense recognition, policy cost is deferred and charged to expense in proportion to reinsurance premium revenue recognized during the year.

Deferred reinsurance premiums decreased by P137.4 million or 63% to P356.2 million in 2014 from P218.9 million in 2013. This is comprised of reinsurance premiums ceded out during the year. Deferred reinsurance premiums is measured using the 24th method of revenue and expense recognition. Accordingly, the balances is adjusted at the end of each reporting period to cover any unexpired portion of ceded out premiums which corresponds to the unexpired portion of the reinsurance premiums accepted (unearned reinsurance premiums).

Other assets increased by 3.0% to P339.8 million in 2014 from P330.0 million in 2013 largely due to the increases in creditable withholding tax by P13.3 million and input vat by P18.3 million offset against decreases in intangible assets and other assets of P21.8

Total liabilities decreased by P1,349.0 million or 13.0% to P8.3 billion in 2014 from P9.6 billion in 2013. The increase in total liabilities is explained below:

Reinsurance balances payable decreased by P1,768.5 million or 18.1% from P9.8 billion as of December 31, 2013 to P8.0 billion as of December 31, 2014 and this was mainly due to settlement of claims and other reinsurance payable accounts. Reinsurance balances payable is composed of account balances pertaining to: (1) *premiums due to reinsurers (increased from P858.5 million in 2013 to P1,016.7 million in 2014)*; (2) *funds held for retrocessionaires (decreased from P80.4 million in 2013 to P74.4 million in 2014)*; (3) *IBNR (decreased from P1,577.6 million in 2013 to P1,387.8 million in 2015)* and (4) *losses and claims payable (decreased from P7,271.3 million in 2013 to P5,540.3 million in 2014)*.

Accounts payable and accrued expenses increased by P13.8 million or 10.0% from P137.7 million in 2013 to P151.6 million in 2014 principally due to increases in accrued expenses payable (P25.8 million), withholding tax payable (P5.0 million) and accounts payable (P41.5 million) offset by decreases in defined benefit liability (P56.6 million) and deferred output vat (P1.9M).

Reserve for unearned reinsurance premiums increased to P866.9 million in 2014 from last year's P541.9 million or by P325 million (60%). This account is being adjusted at the end of each reporting period and represents the unexpired portion of the gross reinsurance premiums written and was measured using the 24th method of revenue and expense recognition.

Deferred reinsurance commission likewise increased by P12.6 million or 53.7% from P23.6 million in 2013 to P36.3 million in 2014. This account can be traced from retroceded premiums and represents the unearned portion of the corresponding commission income.

Total equity as of December 31, 2014 increased by 3.3% or P161.8 million to P5,113.6 million from P4,951.8 million as of December 31, 2013 mainly attributed to the reported net income of the Company during the year amounting to P8.4 million, mark to market increase in revaluation reserve in investment of P125.5 million and the positive movement in the re-measurement of the defined benefit liability of P27.9 million.

Material changes (increase/decrease of 5% or more) in the financial statements

Income Statement items - 2014 versus 2013

7% increase in reinsurance premiums

This is mainly due to higher volume of reinsurance premiums accepted for both life and non-life treaty business.

25% increase in net premiums retained.

This is accounted for by the increase in percentage of premiums being retained by the Company for its own account. Overall retention ratio increased from 32.0% in 2013 to 37.2% in 2014.

269% increase on the amount of reserve for unearned premiums.

Generally, this is the result of higher premiums retained in 2015 as compared to 2014, which is subject to 24th method of revenue recognition. Accordingly, the level of reserve has to be increased to cover the amount of unearned portion of the policies written as of December 31, 2014.

28% decrease in underwriting deductions

This is mainly due to lower share in claims & losses during the year.

83% increase in net underwriting loss

This is mainly driven by the lower share in claims & losses during the year.

35% decrease in investment and other income

This is generally due to lower trading gains and lower interest income earned during the year.

36% decrease in general and administrative expenses.

This is due to decrease in provision for impairment loss from P236.9 million in 2013 vs. P31.1 million in 2014.

4% decrease in tax expense.

This is due to lower investment and other income earned during the period being subject to final tax.

103% increase in net income

This can be attributed to lower general and administrative expenses recorded during the year.

Balance Sheet items - 2014 versus 2013

47% increase in cash and cash equivalents.

Mainly due to increase in time deposit placement

20% decrease in reinsurance balances receivable.

Principally due to settlement of reinsurance recoverable on paid losses.

4% decrease in available for sale financial assets.

Principally due to investments made and transferred to time deposit under cash and cash equivalents.

26% decrease in property and equipment, net

This is mainly due to the retirement and disposal of Philippine AXA condominium unit.

76% increase in deferred acquisition cost.

This is the effect of the adjustment being made at the end of each reporting period, which represents the deferred expense in proportion to reinsurance premium revenue recognized during the year.

63% increase in deferred reinsurance premiums

This is the result of adjustment made at the end of each reporting period to cover any unexpired portion of ceded out premiums which corresponds to the unexpired portion of the reinsurance premiums accepted (unearned reinsurance premiums).

3% increase in other assets

Largely due to increases in creditable withholding taxes and unapplied input vat.

20% decrease in reinsurance balances payable

Principally due to settlement of claims and other reinsurance accounts payable.

10% increase in accounts payable and accrued expenses

Due to increases in accrued expenses payable and withholding tax payable

60% increase in reserve for unearned reinsurance premiums

This is the effect of the adjustment being made at the end of each reporting period, which represents the unexpired portion of reinsurance premium written during the year.

54% decrease in deferred reinsurance commissions

This is consistent with the decrease in reinsurance premiums retroceded, which is the source of the related reinsurance commissions earned.

Review of 2013 versus 2012

Results of Operations

Reinsurance premiums – net of returns or Gross Premiums Written Gross premiums written in 2013 totaled P2,561.1 million, 15.4% lower than P3,025.4 million in 2012. Generally, all lines of business experienced decline in premiums. The contribution per line of business showed that Fire accounts for 52.9% in 2013 vs. 50.9% in 2012, followed by Casualty and others at 24.2% in 2013 vs 27.8% in 2012, life represented 18% in 2013 vs. 16.9% in 2012 and lastly, marine accounted for 4.9% in 2013 vs. 4.4% in 2012. On a per class of business, premiums from non-life facultative business decreased by P266.4 million or 21% from P1,267.5 million in 2012 to P1,001.1 million in 2013. Similarly, non-life treaty premiums declined by P147.4 million or 11.8% from P1,245.3 million in 2012 to P1,098.0 million in 2013; and the life premiums also decreased by P50.6 million or 9.9% from P512.6 million in 2012 to P462.1 million in 2013. Effective 2013, to be consistent with industry classification, Industrial All Risks (IAR) previously classified under Casualty and Others business line is now classified as part of the Fire line of business. The 2013 IAR premiums written and net premiums retained amounting to P434.3 million and P8.1 million respectively were 43% and 65% lower, compared to the 2012 figures reclassified amounting to P768.2 million premiums written and P23.2 million net premiums retained.

Reinsurance Premiums Retained or Net premiums retained Reinsurance premiums retained for the year 2013 amounted to P819.6 million, an increase of P40.9 million or 5.3% from P778.7 million in 2012. This increase was due to more premiums were retained during the year coupled by the lesser premiums paid for the catastrophe and risk excess of loss protection obtained for 2013. Net premiums retained per line of business showed the casualty and others line contributing 41.8% in 2013 vs. 33.8% in 2012, followed by life at 30.9% in 2013 vs. 39.9% in 2012, fire at 18.4% in 2013 vs. 18.0% in 2012, and marine share is 9.0% in 2013 vs. 8.2% in 2012. Net retention ratio for 2013 is at 32.0% from 25.7% in 2012.

Premiums earned Consistent with the increase in net premiums retained, premiums earned increased 6.8% or by P52.8 million resulting to P830.6 million in 2013 compared to P777.8 million in 2012.

Share in claims and losses During the year, total losses incurred by the Company amounted to P969.0 million, 23.9% lower than the previous year's P1,274.0 million. Total claims and losses for 2012 was high mainly due to first time adoption of reserving policy for IBNR (incurred but not reported) losses. Overall, the loss ratio for 2013 was high at 116.7% generally reflecting the aftermath of the devastation brought about by the calamities (Habagat, Typhoon Yolanda and Cebu/Bohol earthquake) that hit the country during the year. An increase in IBNR by P229.8 million was recorded to account for the expected losses that may have been incurred but are still to be reported. Consequently, Mfad, which is set at 10% of the reserves, has also increased.

Commissions- net Notwithstanding net premiums retained increased in 2013, net commissions decreased by P9.0 million or 3%, and this amounts to P289.9 million in 2013 from P298.9 million in 2012. This is mainly due to non-proportional treaty acceptances not subject to reinsurance commission. Commission ratio however, was recorded at 35.4% in 2013, slightly lower than commission ratio of 38.4% in 2012.

Investment income and other income Investment and other income decreased by P37.8 million or 5.4% from P702.2 million in 2012 (as restated) to P664.4 million in 2013.

Interest income dropped by P58.2 million or 16.3% to P298.2 million in 2013 from P356.4 million in 2012 on account of declining interest rates.

Other Income-net, consisting primarily of trading gains (P321.7 million in 2013 vs. P293.6 million in 2012) and dividend income (P34.3 million in 2013 vs. P30.9 million in 2012) increased by 10.9% nonetheless, foreign currency translation gain decreased from P21.1 million in 2012 to P10.1 million in 2013.

General and administrative expenses General and administrative expenses (GAE) increased by 97.9% from P236.8 million in 2012 to P468.5 million in 2013 mainly due to increases in impairment losses (P216.9 million), manpower costs (P7.5 million), professional fees (P5.1 million), repairs and maintenance (P3.6 million) and miscellaneous expenses (P1.4 million) offset by the decreases in other expenses such as taxes and licenses, transportation expenses and utilities amounting to P2.8 million.

Tax expense The Company's tax expense decreased by P11.0 million or 16.6% to P55.3 million in 2013 compared to P66.3 million in 2012, consistent with the decrease in interest income for the year. This tax expense largely represents the final tax on interest income earned from the Company's investment portfolio.

Net Loss As a result of the aforementioned factors, net loss amounted to P287.7 million in 2013 as compared to net loss of P396.0 million in 2012.

Financial Condition

As of December 31, 2013, total resources of the Company stood at P14.6 billion, P1.0 billion or 6.5% lower than total resources of P15.6 billion as of December 31, 2012. Material changes in the Company's resources which contributed to the decrease are described below.

Available-for-sale financial assets (AFS) representing 43.8% of total assets increased by P701.7 million or 12.3% from P5,690.0 million as of December 31, 2012 to P6,391.7 million as of December 31, 2013 mainly due to transfers of investments from term loans and cash and cash equivalents to AFS financial assets. AFS consists of investments in listed equities, government securities and corporate bonds.

Loans and receivables (part of the Company's investment portfolio) declined by P395.2 million or 55.3% to P320.0 million in 2013 from P715.3 million in 2012 basically due to matured term loans, proceeds of which were re-invested in securities classified under the Available-for-Sale financial assets.

Property and equipment (PPE), net of accumulated depreciation amounting to P121.8 million as of December 31, 2013, contributing to the decrease in the net carrying value by P12.2 million or 10.6% from P114.9 million as of December 31, 2012. The decrease was mainly due to recorded depreciation of P12.9 million and proceeds from the sale of motor vehicle to officers affected by the redundancy program implemented in 2013 amounting to P1.6 million, while capital expenditure during the year amounted only to P2.3 million.

Deferred acquisition costs which mainly consist of commissions; decreased by P12.6 million or 12.8% to P85.2 million in 2013 from P97.8 million in 2012. Under the 24th method of revenue and expense recognition, policy cost is deferred and charged to expense in proportion to reinsurance premium revenue recognized during the year.

Deferred reinsurance premiums decreased by P181.7 million or 45.4% as of December 31, 2013. This is consistent with the lower volume of reinsurance premiums accepted and retroceded premiums during the year. Deferred reinsurance premiums pertain to the unexpired portion of retroceded premiums which corresponds to the unexpired portion of the reinsurance premiums accepted (unearned reinsurance premiums) at the end of each reporting period.

Other assets increased by 9.4% to P330.0 million in 2013 from P301.7 million in 2012 largely due to the increases in creditable withholding tax by P25.7 million and input vat by P16.0 million.

Total liabilities decreased by P461.8 million or 4.6% to P9.6 billion in 2013 from P10.1 billion in 2012. The increase in total liabilities is explained below:

Accounts payable and accrued expenses decreased by P99.7 million or 42% from P237.5 million in 2012 (as restated) to P137.7 million in 2013 principally due to payment of retirement benefit of employees affected by the redundancy program which was implemented by the Company in 2013 as well as a decline in deferred output VAT (P34.9 million in 2013 vs P40.0 million in 2012), accrued expenses (P5.0 million in 2013 vs. P8.3 million in 2012) and other liabilities (P31.4 million in 2013 vs. P93.1 million in 2012).

Reserve for unearned reinsurance premiums declined to P541.9 million in 2013 from last year's P734.6 million or by P192.7 million directly due to the decline in the Company's volume of reinsurance premiums accepted.

Deferred reinsurance commission likewise decreased by P20.7 million or 46.8% from P44.3 million in 2012 to P23.6 million in 2013 and this is due to lower retroceded premiums, further brought about by the decline in the volume of reinsurance premiums accepted.

Total equity as of December 31, 2013 declined by 10% or P551.7 million to P4,951.8 million from P5,503.5 million as of December 31, 2012 (as restated) mainly attributed to the payment of a P0.02/share cash dividend totaling P42.5 million; the net effect of lower mark to market revaluation on investment of P212.4 million, the movement in the re-measurement of the defined benefit liability of P10.3 million and the reported net loss for the period of P287.7 million.

Material changes (increase/decrease of 5% or more) in the financial statements

Income Statement items - 2013 versus 2012

15% decrease in reinsurance premiums

This is mainly due to lower volume of reinsurance premiums accepted for both life and non-life business.

22% decrease in retroceded premiums

This is due to the lower volume of reinsurance premiums accepted and more premiums were retained by the Company.

5% increase in net premiums retained.

This is accounted for by the increase in percentage of premiums being retained by the Company for its own account. Overall retention ratio increased from 25.7% in 2012 to 32.0% in 2013.

1257% decrease in reserve for unearned reinsurance premiums.

The lower level of reinsurance premiums accepted and premiums retroceded for 2013 compared to 2012 resulted to the reduction in the required reserve to be provided for the unearned (unexpired) portion of the reinsurance premiums (decrease in reserve for unearned reinsurance premiums) under the 24th method of revenue and expense recognition.

20% decrease in underwriting deductions

This is generally due to the lower claims incurred during the year following the first time recognition of IBNR in 2012. .

46% increase in net underwriting loss

This is the effect of higher premiums earned and lower share in claims reported as compared to prior year, which was impacted by the initial set up of reserve for IBNR and Mfad.

5% decrease in investment and other income

This is generally due to lower interest income earned during the year.

98% increase in general and administrative expenses.

This is due to the additional set-up of provision for impairment loss.

17% decrease in tax expense.

This is due to lower investment and other income earned during the period being subject to final tax.

27% improvement in net loss.

This can be attributed to lower net underwriting loss during the year.

Balance Sheet items - 2013 versus 2012

51% decrease in cash and cash equivalents.

Mainly due to payment of cash dividends and certain short-terms investments (cash equivalents) shifted to available-for-sale financial assets (AFS).

12% increase in available for sale financial assets.

Principally due to additional investments made and transferred from short-term investments under the cash and cash equivalent classification to available for sale financial assets.

55% decrease in loans and receivables.

Primarily due to matured term loans and lower level of the accrued interest receivable recorded, due to lower interest income earned during the year.

11% decrease in property and equipment, net

This is mainly due to the recorded depreciation expense which amount is greater than capital expenditures incurred during the year.

13% decrease in deferred acquisition cost.

This is consistent with the decrease in reinsurance premiums accepted during the year.

45% decrease in deferred reinsurance premiums

The lower volume of reinsurance premiums accepted translates to the lower level of deferred reinsurance premium recognized under the 24th method of revenue recognition.

9% increase in other assets

Largely due to increases in creditable withholding taxes and unapplied input vat.

42% decrease in accounts payable and accrued expenses

Due to settlement of employees retirement benefit.

26% decrease in reserve for unearned reinsurance premiums

Essentially related to the decrease in the volume of reinsurance premiums accepted during the year.

47% decrease in deferred reinsurance commissions

This is consistent with the decrease in reinsurance premiums retroceded, which is the source of the related reinsurance commissions earned.

Key Performance Indicators

	2015	2014	2013
Net Profit (Loss)	P179 million	P8 million	(P288 million)
Earnings per share	P 0.08	P 0.004	(P 0.14)
Retention ratio	43%	37%	32%
Combined ratio	128%	132%	209%
Return on average equity	3.6%	0.16%	(5.3%)

The company's key performance ratios for the last three years are described hereunder:

Net Profit (Loss) – The Company's net income increased to P179 million in 2015 from P8 million in 2014 and a net loss of P288 in 2013.

Earnings per share (EPS) - EPS is computed by dividing net profit by the weighted average number of shares issued and outstanding. The company's EPS was P.08, P0.004, and (P0.14) for the years ended December 31, 2015, 2014 and 2013, respectively.

Retention ratio - indicates the total amount of business risk retained by the company, computed by dividing reinsurance premiums retained by reinsurance premiums (Gross Premiums Written or GPW). Retention ratio in 2015 increased to 43%, higher than retention ratio of 37% in 2014 and 32% in 2013.

Combined ratio - a measure of performance used by the Company as this measures profitability of its insurance operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means that it is paying more claims and expenses than it should be receiving from premiums. Combined ratio is the sum of loss ratio, commission ratio and expense ratio. The combined ratio for the subject three years were 128% in 2015, 132% in 2014 and 209% in 2013.

Return on average equity (ROE) - measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners, computed by dividing net income by average equity. ROE for the last three years were 3.6%, 0.16%, and (5.3%) for 2015, 2014 and 2013 respectively.

Financial Soundness Indicators

	2015	2014	2013
Current Ratio	2.61	2.72	3.93
Asset to Equity Ratio	2.74	2.77	3.12
Total Liabilities/Equity	1.74	1.77	2.12

* Note 26 of the Audited Financial Statements

Material Event/s and Uncertainties:

Other than the disclosures described in the preceding sections, the Company has nothing to report on the following:

- a. Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity.

- b. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- c. Material off balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
- d. Any material commitments for capital expenditures.
- e. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- f. Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- g. Any seasonal aspects that had a material effect on the financial condition or results of operations.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Punongbayan & Araullo has served as the independent auditor of the Company's financial statements since 2003. The Company has not had any material disagreements on accounting or financial disclosure matters with Punongbayan & Araullo.

External Audit Fees

The following are the aggregate fees (in Philippine Pesos) billed for each of the last three fiscal years for professional services rendered by Punongbayan & Araullo:

	2015	2014	2013
Audit and audit-related fees	P1,892,000	P1,225,000	P1,050,000
Other assurance and related services	50,000	50,000	100,000
Tax fees	533,500	110,000	-
Total	P2,475,500	P1,385,000	P1,150,000

The Audit Committee reviews the external auditor's engagement letter covering their scope of work and the reasonableness of the related professional fee. The Audit Committee recommends for approval of the Board the appointment of the external audit service provider for the subject audit year. The Board approves the appointment subject to ratification by the stockholders during the Company's annual stockholders meeting.

**MARKET FOR REGISTRANT'S COMMON EQUITY
AND RELATED STOCKHOLDER MATTERS**

Market Information

The common shares of the Company have been listed on the Philippine Stock Exchange since April 27, 2007. The high and low prices for each quarter of the last two years are as follows:

	2014		2015	
	High	Low	High	Low
1st Quarter	1.53	1.35	1.21	0.90
2nd Quarter	1.48	1.28	1.11	0.96
3rd Quarter	1.33	1.20	1.01	0.91
4th Quarter	1.29	0.90	0.98	0.93

The price information as of the latest practicable trading date, **May 19, 2016**, was **P0.97 per share**.

Dividends

It is the Company's policy to declare dividends regularly with the pay-out determined by the Company's performance as well as by the availability of unappropriated retained earnings for distribution. On May 16, 2013, the Company declared cash dividends of P0.02 per share for a total amount of P 42, 472,112 which was paid on June 14, 2013. The payment of dividends by insurance companies is governed in the Philippines by Section 201 of the New Insurance Code as well as by Section 43 of the Corporation Code, both of which establish the appropriate amount of retained earnings, which may be paid out for dividend distribution. Beyond these inherent limitations, there are no known restrictions or impediments to the Company's ability to pay dividends on common equity or are there likely to be any in the future.

Approximate Number of Holders as of April 30, 2016

The Company has only one class of common security. There were approximately 279 common shareholders of the Company as of April 30, 2016. The Top 20 shareholders as of April 30, 2016, with their corresponding shares and percentage ownership of the Company, are as follows:

	Name of Record Owner	No. of Shares Held	Percentage
1	PCD Nominee Corporation (Filipino) (Non-Filipino)	1,647,380,000 4,027,600	77.57% 0.19%
2	Bank of the Philippine Islands	290,795,500	13.69%
3	FGU Insurance Corporation	36,126,000	1.70%
4	Philippine Charter Insurance Corp.	15,305,900	0.72%
5	Philippines First Insurance Co., Inc.	11,075,200	0.52%
6	Philippine American Life Insurance Co.	8,628,600	0.41%
7	Pa, Ana Go &/or Go Kim	7,500,000	0.35%
8	Empire Insurance Company	7,498,900	0.35%
9	Phil. International Life Insurance Co., Inc	4,450,200	0.21%
10	New India Assurance Co., Ltd.	4,168,300	0.20%
11	South Sea Surety & Insurance Co., Inc.	4,152,700	0.20%
12	Federal Phoenix Assurance Company	3,786,300	0.18%
13	Visayan Surety & Insurance Corporation	3,745,500	0.18%

	Name of Record Owner	No. of Shares Held	Percentage
14	Oriental Assurance Corporation	3,560,800	0.17%
15	BPI/MS Insurance Corporation	3,347,500	0.16%
16	Beneficial Life Insurance Company Inc.	3,193,500	0.15%
17	Manila Surety & Fidelity Company, Inc.	3,168,400	0.15%
18	Romualdez, Ferdinand Martin G.	3,000,000	0.14%
19	Mercantile Insurance Co., Inc.	2,997,700	0.14%
20	Stronghold Insurance Co., Inc.	2,817,600	0.13%

Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction

The Company had no recent sales of unregistered or exempt securities, including recent issuances of securities constituting an exempt transaction.

Corporate Governance

Management and the Board of Directors of PhilNaRe recognize that a good corporate governance system is integral to the mandate given by the Company's shareholders. In this regard, the Company has established its Manual on Corporate Governance pursuant to: (a) Insurance Commission (IC) Circular Letter No. 12-2002, as amended by IC Circular Letter No. 31-2005, (b) the Revised Code of Corporate Governance of the Securities and Exchange Commission (SEC), and (c) other relevant IC and SEC issuances and regulations.

On an annual basis, the Company conducts a regular review of its corporate governance policies and practices through a self-assessment using scorecards and best-practice guidelines issued by the SEC, the IC, the Philippine Stock Exchange (PSE) and the Institute of Corporate Directors (ICD).

The Board, through its Audit Committee, performs a self-evaluation in which the current and potential state of the Company's corporate governance practices were rated using best practice guidelines issued by the PSE. Through this assessment, the Company was able to evaluate its corporate governance system, measure the level of compliance with the Manual of Corporate Governance and identify areas for improvement to further strengthen its policies and procedures and protect the interests of the Company and its stakeholders.

PhilNaRe is committed to continuously improve its corporate governance practices. This effort was affirmed by the latest 2015 ASEAN Corporate Governance Scorecard report rendered by the ICD on the performance of the company. PhilNaRe obtained a score of 75.20, 3% higher than the average score of the top 100 Philippine publicly listed companies at 73.07.

The ASEAN Corporate Governance Scorecard was introduced to Philippine publicly-listed companies (PLCs) in early 2012 to raise the corporate governance standards of ASEAN member countries.

Compliance with the Best Practices on Corporate Governance

PhilNaRe, being a publicly listed company (PLC), is in full compliance with the rules and regulations of the Securities and Exchange Commission, Philippine Stock Exchange, Insurance Commission and other regulatory agencies. Consistently, PhilNaRe fully complied with the SEC and PSE's reportorial requirements on good corporate governance practices and these include the following:

1. Submitted the Annual Corporate Governance Report (ACGR), pursuant to the SEC Memorandum Circular No. 5, Series of 2013.

2. Uploaded the ASEAN Corporate Governance Scorecard to the Company's website, pursuant to the SEC Memorandum Circular No. 18, Series of 2013;
3. Obtained certification of Board Attendance, submitted required reports involving quarterly financial statements, made disclosures of material information and events, and required the annual attendance of Board Members and Key Officers to Corporate Governance training program; and
4. Complied with disclosure requirements on direct and indirect ownership of securities under the Regulation Code, or SRC, and regularly reports any trading transactions of directors and key officers of the Company within the required reporting period. There has been no case of insider trading involving directors and management of PhilNaRe.

Policies and Implementing Rules Related to Corporate Governance

PhilNaRe is committed to continuously improve its existing corporate policies and procedures while it observes and practices the following best standards on corporate governance.

1. The company's transactions with its related parties are conducted in fair and arms length terms. Audit Committee is required to review the material / significant Related Party Transactions (RPT), together with the review of quarterly/ annual financial information, to determine, whether this RPTs are in the best interest of the company. Aside from the RPT, the Audit Committee reviews the company's internal control and the risk management system. The results of those reviews are included in the Report of the Audit Committee in the Annual Report of the Company.
2. The Board materials are distributed to directors at least five (5) business days prior to the board meeting to give ample time for review of subject board materials.
3. It is also stated in the Company's Code of Ethics that directors, officers and employees of PhilNaRe are committed to avoid activities and interests that could significantly affect the objective or effective performance of one's duties and responsibilities in the company, including having business interests, receiving and giving gifts of unusually high value to persons or entities with whom the company relates and insider's trading.
4. Dealings in company shares by the Directors and Officers are reported to the Compliance Officer within three (3) business days and immediately reported to PSE and SEC within the period required for reporting. Directors, Officers and Employees are mandated not to trade in the company's securities using price sensitive information that is not normally available publicly, and obtained by reason of position, contact within, or other relationship with the company as stated in the Confidentiality section of the Norms of Business Conduct and Ethics.
5. Any actual or apparent conflict of interest, and any material transaction or relationship that could reasonably give rise to a conflict of interest, must be immediately disclosed to the Human Resources Department if involving company employees or to the Audit Committee, if any Senior Management personnel or Board member is involved. Directors and officers are mandated to base all business decisions and actions with the best interest of the Company in mind at all times. Decisions must not be motivated by personal considerations and other relationships, which may interfere with the exercise of independent judgment. These are in accordance with the set norms of Business Conduct and Ethics.

Stakeholder Relations

Shareholder and Investor Relations

The Company has set-up communication channels that promote effective communication with its shareholders and the investing community. Aside from the regular reporting and disclosures to the various regulating agencies such as the SEC, PSE and IC, the Company actively maintains its website that provides timely information updates on its governance, operational, and financial performance. The Company has also designated relations officers to handle investor and shareholder queries and requests, and their contact information can easily be accessed through the Company's website.

Employee Relations

The Company explicitly articulates its recognition and protection of the rights and interests of its employees through its Employee Manual of Policies and Procedures. The manual also governs employee related matters to ensure uniformity and consistency of interpretation and implementation, promote harmonious employer-employee relationship as well as set-up guidelines in protecting the use of material inside information.

The Company provides post-employment employee benefits through a defined benefit plan and various contribution plans. Employees also participate in various industry and regulatory trainings and seminars that are designed for their career advancement and functional development, and are linked towards shareholder value creation.

Corporate Social Responsibility

The Company's efforts are currently focused on mitigating the consequences of natural catastrophes. It participates in conferences on this subject and is working with the Philippine non-life insurance industry to put in place mitigation measures. The Company also participates jointly in community related projects undertaken by other entities from time to time. Other environment-related and community involvement programs are being facilitated to further contribute to the insurance industry and the Philippine society.

Code of Ethics

PhilNaRe promotes a culture of good corporate governance by formally adopting a Code of Ethics that is founded on the Company's core business principles of fairness, accountability, integrity, transparency and honesty. The code guides individual behavior and decision making, and clarifies responsibilities and proper conduct for its directors, officers and employees.