

In addition, a letter was provided to the Commission on October 23, 2017 informing the sale of ordinary shares to IMG Insurance Brokers as an initial undertaking for the capital infusion.

In December 11, 2017, the Company received a notice from the Insurance Commission informing the need for the immediate capital infusion of IMG Insurance Brokers amounting to ₱121,081,865 to allow the Company to extend its Certificate of Authority and operate unhampered. Further, the Commission requires the infusion of ₱288,951,389 by the investor to be recognized as Deposit for Future Subscription after completion of the due diligence audit to fully comply with the minimum net worth requirements.

On February 9, 2018, the Company informed the Insurance Commission of the capital infusion made by IMG Insurance Brokers Corporation amounting to ₱410,034,000, recognized in the books under deposits for future stock subscription.

#### NOTE 32 - TRANSACTIONS WITH RELATED PARTIES

The Company's transactions with related parties consist mainly of interest bearing loans granted to officers and affiliates, rental of office space, investments, insurance coverage for the officers of some of its affiliates and loan availments from a stockholder.

Employee benefits of key management personnel (covering senior managers and up) included under 'Salaries, bonuses and employee benefits' in the statement of income amounted to ₱14,582,730 and ₱8,832,000 as of December 31, 2018 and 2017, respectively.

Outstanding balances from related party transactions in December 31, 2018 are summarized below:

Particulars	Terms and Conditions	Transactions		Outstanding Balance	
		2018	2017	2018	2017
<b>Real estate mortgage loan:</b>					
VGP Group, Inc.	Interest bearing; secured loan	P (42,000,000)	P -	P -	P 42,000,000
Maggamby Holdings, Inc	Interest bearing; secured loan	-	-	6,000,000	6,000,000
Manor Management Corp.	Interest bearing; secured loan	(5,000,000)	-	-	5,000,000
Officers	Interest bearing; secured loan	(4,532,331)	-	-	4,532,331
Total (Note 10)		(51,532,331)	-	6,000,000	57,532,331
<b>Receivables:</b>					
Officers	Non-interest bearing, unsecured loan	28,233,052	-	73,892,171	45,659,119
Stockholders	Non-interest bearing, unsecured loan	(8,470,556)	31,190,962	22,720,406	31,190,962
PJS	Non-interest bearing, unsecured loan	-	-	70,061	70,061
Manor Management Corp.	Non-interest bearing, unsecured loan	(18,479,660)	-	-	18,479,660
		P 1,282,836	P 31,190,962	P 96,682,638	P 95,399,802



Outstanding balances from related party transactions in December 31, 2017 are summarized below:

Particulars	Terms and Conditions	Transactions		Outstanding Balance	
		2017	2016	2017	2016
Real estate mortgage loan:					
VGP Group, Inc.	Interest bearing; secured loan	P -	P -	P 42,000,000	P 42,000,000
Maggamby Holdings, Inc	Interest bearing; secured loan	-	-	6,000,000	6,000,000
Manor Management Corp.	Interest bearing; secured loan	-	-	5,000,000	5,000,000
Officers	Interest bearing; secured loan	-	-	4,532,331	4,532,331
Total (Note 10)		P -	P -	P 57,532,331	P 57,532,331
Receivables:					
Officers	Non-interest bearing, unsecured loan	(8,320,833)	-	45,659,119	53,980,002
Stockholders	Non-interest bearing, unsecured loan	31,190,962	-	31,190,962	-
PJS	Non-interest bearing, unsecured loan	(869)	-	70,061	70,930
Manor Management Corp.	Non-interest bearing, unsecured loan	(296,031)	-	18,479,660	18,775,691
		P 22,573,229	P -	P 95,399,802	P 72,826,623

In 2017, the Company recognized receivables from its preferred stockholders amounting to P31,190,962 which represents the dividend distributed from 2014 to 2017. Recognition process performed by the Company is pursuant to the letter issued by the Insurance Commission in view of the Company's violation of the provisions under Section 201 of the Amended Insurance Code wherein the Company is being directed to perform the following:

- Restoration of the full amount of dividends distributed to the stockholders;
- Payment of fine amounting to P200,000 as defined in Section 438 of the Amended Insurance Code; and
- Submission of complete records with regard the dividend declarations.

#### NOTE 33 - DIVIDEND DECLARATION AND DISTRIBUTION

Under the Insurance Code, a domestic Life insurance company shall declare or distribute dividends on its outstanding stocks only from profits remaining on hand after retaining unimpaired:

- the entire paid-up capital stock;
- the margin of solvency required;
- the legal reserve fund required; and
- a sum sufficient to pay all net losses reported or in the course of settlement, and all liabilities for expenses and taxes.

As of December 31, the Company declared cash dividends amounting to nil in 2018 and P8,776,421 in 2017 to its preferred stockholders. The dates of declaration are as follows:

Date of declaration	Amount of dividends declared
January 31, 2017	P 333,334
March 31, 2017	1,499,660
April 30, 2017	1,000,000
June 30, 2017	1,499,660
July 31, 2017	1,000,000
September 30, 2017	1,909,660
November 30, 2017	34,111
December 31, 2017	1,499,996
<b>Total dividends declared</b>	<b>P 8,776,421</b>