

渣打平安保險公司

Charter
Ping An

20

17

ANNUAL
REPORT

Empowering
people to
live the life
they choose.

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MESSAGE FROM THE CHAIRMAN

We are surpassing expectations.

There is good reason to be upbeat this 2018. Thanks to increased public spending and the revitalization of several key industries, the Philippines remains one of the fastest-growing countries in Asia. Our 2017 growth rate of 6.7% ranks third among all Asian countries, following China and Vietnam. The Asia-Pacific as a whole is projected to remain as the world's fastest-growing region.

This optimism has passed on down to our country's young, dynamic population. With prospects of continued economic growth, as well as better financial mobility thanks to a reduction in personal income tax rates, young Filipino professionals are more future-oriented, and are looking to invest in financial instruments like insurance.

It is against this vibrant outlook that we are proud to tell you about Charter Ping An's positive performance in 2017. A year after joining AXA Philippines, Charter Ping An surpassed the gross written premium market growth rate at 16%, and is now the third-largest general insurance provider in the country (based on net written premium) after placing fourth in 2016. Our net income grew to P112 million, and we ended the previous year with P5.7 billion in Gross Written Premium. Charter Ping An's total equity and assets have registered positive growth over the past two years, resulting in net positive returns at the close of 2017.



These record-breaking achievements inspire us even more to conquer new and unprecedented heights, solidifying our position as a key part of the worldwide AXA Group's growth strategy.

AXA Philippines was miles ahead of the competition in 2017, posting a 22% growth rate last year—which is twice as large as the average industry growth of 11%—with a Total Premium Income (TPI) of more than P26 billion. AXA Philippines' growth rate was even better than the combined growth rates of the Philippines' top four insurance providers. Net income for the parent company grew to P2.4 billion in the previous year, continuing the upward trend of the past three years.

The local insurance market has the potential for exponential growth because most of the Filipino population are of working age. We are in prime position to drive this growth and become the market leader because of our passionate employees and our valued shareholders. Thank you for believing in us and inspiring us as we continue our journey to excellence. Together, we will continue to build a company we can truly be proud of. With the support of our customers and dedication of our team, we have all the reasons to expect another great year in 2018.

Sincerely,
Solomon S. Cua
Chairman

MESSAGE FROM THE PRESIDENT AND CEO

Empowering people to live the life they choose.

This is what drives both AXA and Charter Ping An. By giving customers a full spectrum of life, health, and non-life insurance choices to build their own financial foundation, by expanding our organization, and by taking bold initiatives to secure our integrity and sustainability, we fulfill our purpose.

EXCEEDING CUSTOMER EXPECTATIONS

Charter Ping An's range of robust products, especially in the fields of property and motor insurance, add more solutions to providing people with financial stability. On the other hand, AXA Philippines unveiled a diversified product portfolio to carry out our Customer First core value. Serving specific target markets, we rolled out MyAmbition for young professionals, Smart Traveller for jet-setters, and Retire Smart for those planning for retirement. We also enhanced our version of Global Health Access and improved payment schemes for HealthMax via HealthMax 10-Pay.

As we expanded our market base through a successful partnership with the NBA, we created significant brand awareness for AXA Philippines. It also gave us a larger platform to communicate our adherence to the principles of teamwork, integrity, courage, and innovation—values we share with the NBA. This strategic partnership also went hand-in-hand with our empowering global campaign with the call to action, “Live the life you choose.” To highlight this message's local relevance, we created AXA True Customer Stories, where we shared compelling, empowering videos of real-life customers.

Our stake in the fast-developing digital future also proved beneficial. The MyAXA app claimed distinction as the Philippines recorded the highest registration rate among all AXA entities around the world.



Meanwhile, the Financial Needs Analysis (FNA) platform allows AXA Philippines' financial coaches to better explain financial preparedness to our customers.

ONE AXA

Crucial to Charter Ping An's continued success is the expanding growth of its parent company. The branch network for AXA Philippines has now expanded into 39 branches nationwide, with more than 4,000 exclusive financial advisors serving our customers' needs. We also launched the AXA Shared Services Centre—one of only two in Asia—to serve as a centralized hub for learning and expertise for all AXA entities in the region. We have also continued valuable investments in our workforce's development and wellbeing.

We hope these proactive efforts start the ball rolling for a successful performance in 2018. Guided by our values of Customer First, Courage, Integrity, and One AXA, we know we'll stay true to our vision to be the company of choice in providing the best insurance solutions that exceed expectations.

To our customers, our employees, to you, valued stakeholders, thank you for helping us achieve these successful feats. We are eager to follow through our mission of empowering people to live the life they choose in the years ahead and throughout our journey together.

Sincerely,
Rahul Hora
President and CEO
AXA Philippines

OPERATIONAL HIGHLIGHTS

In 2016, AXA Philippines acquired Charter Ping An for an estimated amount of €40 million (P2.513 billion). This acquisition allowed AXA to offer Property & Casualty insurance products, alongside its current range of products. The following year, AXA grew four times faster than its top five competitors, with the growth doubling the average growth of the local insurance industry.



Proving strong financial capabilities

Charter Ping An closed 2017, its first full year with AXA, with P5.7 billion in gross written premium. This is nearly 21% of the total premium income of AXA Philippines.

Offering diverse products

Charter Ping An's products and services are a great addition to AXA Philippines' portfolio to capture an even bigger market.

Fire (Property) Insurance provides protection against damage to property, its contents, and works of art against unforeseen risks and incidents. Clients won't need to worry about losing their material belongings to fire and lightning, weather damage, and other insured perils.

Motor Car Insurance grants secure peace of mind to even the most careful driver. This product ensures comprehensive coverage when your car is involved in unfortunate incidents.

Personal Accident Insurance is ready to help you get back on your feet in times of crisis or accidents. Charter Ping An offers Personal Accident Products to suit every age, gender, and occupation.

Marine Insurance covers losses or damages of your cargo, and any transport or property by which cargo is transferred, acquired, or held between the point of its origin and final destination. It encompasses all modes of conveyances, be it by land, sea, or air.

Bonds are a three-party agreement where Charter Ping An (the Surety company) assures the performance of an obligation of the Bond Applicant (Principal/Obligor) to a Third Party (Obligee/Bond Beneficiary), by virtue of the contract or as required by law.

Casualty Insurance provides liability coverage to help protect you in the event that you are found legally responsible for an accident that causes injuries to another person. Charter Ping An offers several sub-products under this program, such as Liability Insurance, All Risk Insurance, Golfer Insurance, Property or Equipment Floater, Fidelity Insurance, and Money Insurance.

Engineering Insurance is a product that encompasses engineering-related coverage needs, such as Contractor's All Risk (CAR), Erection All Risk, Computer All Risk Machinery Breakdown, and Electronic Equipment.



Providing packaged products

Alongside their individual property & casualty products, MySecurity provides Personal Accident Insurance for you and for your family, depending on the coverage you choose. Coverage includes Murder & Assault, Medical Reimbursement and Accident Burial Expense.

Other products include Auto Security, which is a comprehensive motor car insurance package for privately used vehicles, and Condo Security, which provides coverage for both owners and tenants, insuring the contents and improvements of condominium units.



Collecting recognitions

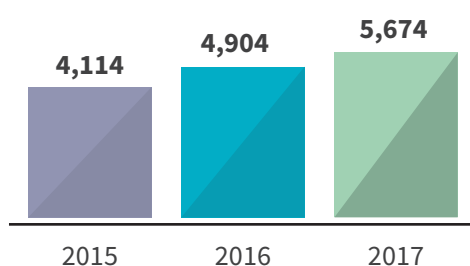
To end the year with a bang, Charter Ping An ranked high in three categories. As of 2017, the company is now 5th in Gross Premiums Written and jumped to 3rd in both Net Written Premium and Net Premiums Earned.

FINANCIAL HIGHLIGHTS

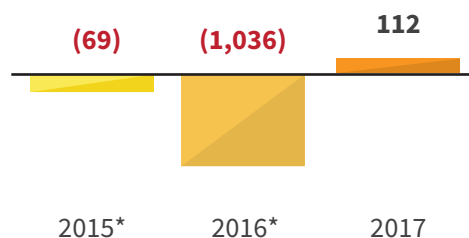
236,783
NO. OF INSURED CUSTOMERS

GWP IN PHP MILLION

CAGR: 17.4%

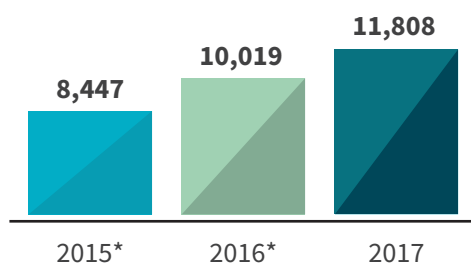


NET INCOME (PFRS) IN PHP MILLION



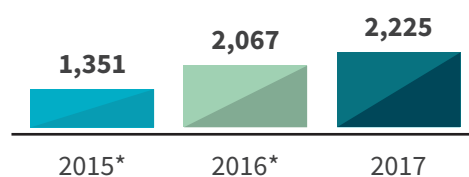
TOTAL ASSETS IN PHP MILLION

CAGR: 18.2%

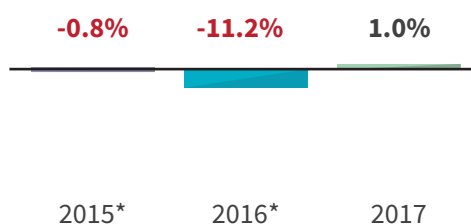


TOTAL EQUITY IN PHP MILLION

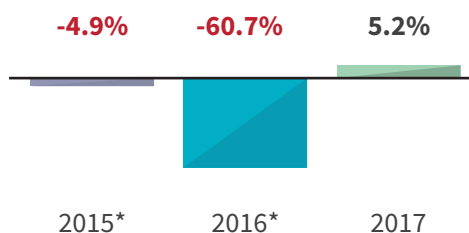
CAGR: 28.4%



RETURN ON ASSETS



RETURN ON EQUITY



* as restated using the new valuation methodology prescribed by the Insurance Commission

BOARD OF DIRECTORS



BOARD OF DIRECTORS



VY TONNE SO

HONORARY CHAIRMAN / DIRECTOR
SINCE NOVEMBER 2006
80 years old, Filipino

- Honorary Chairman of CPAIC since 2006
- Director of CPAIC since November 2016
- Consultant, Metrobank and Trust Company since 2002
- Director, Federal Land Inc., since 2002
- Bachelor of Science in Electrical Engineering at the University of Sto. Tomas



SOLOMON S. CUA

CHAIRMAN
SINCE APRIL 2016
62 years old, Filipino

- Chairman of Charter Ping An Insurance Corporation since April 2016
- Chairman of AXA Philippines since 2010
- Vice Chairman of First Metro Investment Corporation since 2005-2016
- Director of First Metro Investment Corporation since 2001-2016
- President/Director of Philippine Racing Club, Inc. since 2001-2012 / Vice Chairman since 2012
- Director of Grand Titan Holdings, Inc. since 2011
- Director of Metropolitan Bank, China from 2014 to 2016
- Director of Philippine Newton Global Solutions, Inc. since 2012
- Director/Treasurer of Palm Integrated Commodities, Inc. since 2012
- President/Director of SC & SSC Holdings, Inc. since 2015
- Director of Profriends Developer, Inc. since 2016
- Undersecretary of Department of Finance from 1998 to 2000
- Graduated from the University of Melbourne with a degree of Bachelor of Arts in Economics & Mathematical Science
- Graduated from University of Queensland with a degree of Bachelor of Law
- Graduated from London School of Economics & Political Science with Masters in Law

BOARD OF DIRECTORS



BIENVENIDO E. LAGUESMA

VICE CHAIRMAN
SINCE APRIL 2010
67 years old, Filipino

- Director of CPAIC since 2010
- Senior Partner at Laguesma Magsalin Consulta & Gastardo Law Offices
- Director of First Metro Investment Corporation since April 2005
- Commissioner of the SSS since March 2011
- DOLE Secretary from 1998 to 2001
- Director at Philex Mining Corp. from February 27, 2013 to December 31, 2016
- Director of Apex Mining Co. Inc. since July 2012 until February 15, 2013
- Member of Philippine Advisory Board for Epixtar Corp. since May 11, 2005
- Public Sector Administration Course at the Royal Institute of Public Administration in London in 1985
- Bachelor of Laws degree from the Ateneo College of Law
- AB Political Science at the Lyceum of the Philippines



RAHUL HORA

DIRECTOR / PRESIDENT & CEO
SINCE APRIL 2016
44 years old, Indian

- President and Chief Executive Officer of AXA Philippines since April 2016
- Director of AXA Philippines since April 2016
- Director of Charter Ping An Insurance Corporation since 2016
- Graduated from St. Stephen's College with a degree in Bachelor of Science
- Post Graduate from Centre of Management Development with MBA Marketing



RONALDO SAN JOSE

DIRECTOR
SINCE 2016
52 years old, Filipino

- Director of AXA Philippines since 2014
- Chief Financial Officer of AXA Philippines since 2010
- Fellow, Actuarial Society of the Philippines since 1993
- Graduated from Ateneo de Manila University with a degree in Mathematics

BOARD OF DIRECTORS



GERRY TEE

DIRECTOR
SINCE 2017

72 years old, Filipino

- Director of CPAIC from 2010 up to 2012, and 2017
- Director of AXA Philippines since 2011
- Chairman and President of GAF Export & Import Corp. since 1979
- Chairman and President of 3G TOPTRENDS ASIA CORP. since 2006
- Chairman of Metro Sportswear MFG. Corp. since 1987
- Chairman of G8 Realty Dev. Corp. since 2009
- Graduated from the University of the East with degree in Bachelor of Science in Business Administration



BRUNO PESENTI

DIRECTOR

SINCE NOVEMBER 2017

45 years old, French

- Regional Director, P&C Actuarial and Retail Lines, at AXA Asia Regional Office, Hong Kong, July 2014 to October 2017
- Regional Chief Actuary, General Insurance, at AXA Asia Regional Center, Singapore, from July 2011 to July 2014
- Deputy Business Support and Development for AXA Insurance UK, AXA Ireland, AXA Canada, AXA Corporate Solutions, AXA Liabilities Managers at AXA GIE, Paris, France, from April 2008 to June 2011
- Chief Regional Actuary, Asia-Pacific, at Odyssey America Reinsurance Corporation, Singapore branch from June 2002 to March 2008
- Actuarial Manager at AXA France IARD, Paris (France), August 1999 to May 2002
- Graduated from University of Lyon, France, at Institut de Science Financiere et d'Assurances (ISFA) with a Master's Degree in Actuarial Science

BOARD OF DIRECTORS



CLAUDE SEIGNE

DIRECTOR
SINCE APRIL 2016
58 years old, French

- Director, Charter Ping An Insurance Corporation (2016)
- Regional Chief Technical Officer, AXA Asia Regional Office, Singapore and Hong Kong (2010)
- Manager Group and Asia Reinsurance, AXA Cessions Paris (2005)
- Group Business Leader Large Accounts, SCOR Paris (2004)
- Asia Pacific Regional Manager Large Accounts Division, SCOR Singapore and Hong Kong (2000)
- Large Accounts Underwriter, SCOR Paris (1994)
- Production Manager, Hoechst, France (1988)
- Engineering Diploma and Master Degree (DEA) in Chemical Engineering, Ecole Nationale Des Industries Chimiques (ENSIC) Nancy, France
- Master of Physical Chemistry, University of Sciences - Nancy France



JAIME C. LAYA

INDEPENDENT DIRECTOR
SINCE APRIL 2016
79 years old, Filipino

- Chairman and President of Philtrust Bank
- Chairman of Escuela Taller de Filipinas Foundation, Inc.
- Independent Director of Charter Ping An Insurance Corporation since 2016
- Independent Director of GMA Holdings, Inc.
- Independent Director of GMA Network, Inc.
- Independent Director of Manila Water Co. Inc.
- Independent Director of Ayala Land, Inc.
- Trustee of Cultural Center of the Philippine, St. Paul's University – Quezon City, Ayala Foundation, Inc., Foundation Santiago, among others.
- Minister of Budget (1975-1981)
- Minister of Education, Culture and Sports (1984-1986)
- Governor of the Central Bank of the Philippines (1981-1984)
- Chairman of the National Commission for Culture and the Arts (1996-2001)
- Professor and Dean of Business Administration of the University of the Philippines (till 1978)
- Graduated from the University of the Philippines with a degree in B.S.B.A (Accountancy), 1957
- Graduated from Georgia Institute of Technology, MS in Industrial Management, 1960
- Graduated from Stanford University with Ph.D. in Financial Management, 1966

BOARD OF DIRECTORS



ROBERT YU

DIRECTOR
SINCE APRIL 2011
73 years old, Filipino

- Vice Chairman of First Metro Securities Brokerage Corporation since April 2011
- Executive Director of PG Progress Marketing Corp since 2004
- President and Director of First Metro Securities Brokerage Corporation from April 2010 to April 2011
- Senior Vice President of Uni-Plastic Int'l. Corp from 1987 to 2003
- Vice President of Plastic Group Phils., Inc. from 1979 to 1986
- Executive Director of Safe Realty, Inc. in 1994
- Graduated from University of the East, Bachelor of Science in Commerce



LOPE M. YUVIENCO

INDEPENDENT DIRECTOR
SINCE APRIL 2016
73 years old, Filipino

- Independent Director of AXA Philippines since 2008
- Independent Director of Charter Ping An Insurance Corporation since 2016
- Graduated from the University of the Philippines with a degree in Bachelor of Science in Business Administration
- Graduated from the University of the Philippines with Masters in Business Administration

DR. GEORGE S.K. TY
SENIOR ADVISER

BENJAMIN S. TY
ADVISER

ALEXANDER CHUA
ADVISER

ANGELICA S. REYES
CORPORATE SECRETARY

JILL MARIE B. LOPEZ
ASSISTANT CORPORATE SECRETARY

WENDY T. SAEZ CO
TREASURER

EXECUTIVE LEADERSHIP TEAM*



RAHUL HORA
PRESIDENT AND CEO



JOHN HILSON
CHIEF TRANSFORMATION &
TECHNOLOGY OFFICER



**ALOKKUMAR ARUNKUMAR
ROONGTA**
CHIEF OF RETAIL PROPOSITIONS



MA. AMOR T. BALAGTAS
CHIEF CUSTOMER OFFICER



NICASIO F. ROLLAN III
CHIEF OF COMMERCIAL BUSINESS



ALETA Y. LEPATAN
CHIEF OPERATIONS OFFICER



RONALDO C. SAN JOSE
CHIEF FINANCIAL OFFICER



JASPREET SINGH KAKAR
CHIEF HUMAN RESOURCES OFFICER



MARIA FAUSTINA RAYMUNDO
CHIEF DISTRIBUTION OFFICER

*Effective April 16, 2018

FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Charter Ping An Insurance Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Charter Ping An Insurance Corporation (the Company), which comprise the statements of financial position as at December 31, 2017 and 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended December 31, 2017, but does not include the financial statements and our auditor's report thereon. The Annual Report for the year ended December 31, 2017 is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Charter Ping An Insurance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Bernalette L. Ramos

Bernalette L. Ramos

Partner

CPA Certificate No. 0091096

SEC Accreditation No. 0926-AR-2 (Group A),

June 16, 2016, valid until June 16, 2019

Tax Identification No. 178-486-666

BIR Accreditation No. 08-001998-81-2015,

May 12, 2015, valid until May 11, 2018

PTR No. 6621314, January 9, 2018, Makati City

February 28, 2018

CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF FINANCIAL POSITION

	December 31		January 1
	2017	2016 As Restated	2015 As Restated
ASSETS			
Cash and cash equivalents	P1,262,840,629	P1,507,028,832	P894,454,998
Short-term investments	113,500,000	2,000,000	2,000,000
Insurance receivables - net	2,651,096,021	1,658,080,506	1,781,562,202
Financial assets			
Available -for-sale financial assets	3,675,586,063	3,121,224,133	1,614,036,318
Loans and receivables	55,940,744	33,058,691	42,205,882
Reinsurance assets	2,967,578,032	2,967,692,419	3,456,502,674
Deferred acquisition costs	494,085,351	361,277,468	363,935,307
Property and equipment - net	243,477,174	223,279,940	218,277,557
Assets held for sale	27,338,997	33,514,420	35,438,814
Net deferred tax assets	161,517,222	43,770,071	–
Other assets	154,909,585	67,905,202	38,628,779
TOTAL ASSETS	P11,807,869,818	P10,018,831,682	P8,447,042,531
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	P6,798,110,066	P5,981,958,355	P5,706,190,924
Insurance payables	779,700,262	812,865,307	361,817,213
Accounts payable and accrued expenses	1,832,958,989	914,190,650	768,104,725
Retirement benefit obligation	72,767,110	135,613,685	126,972,330
Deferred tax liability	–	–	29,757,786
Deferred reinsurance commissions	99,210,081	107,703,428	103,590,147
Total Liabilities	9,582,746,508	7,952,331,425	7,096,433,125
Equity			
Capital stock	512,500,000	512,500,000	512,500,000
Contingency surplus	1,800,000,000	1,800,000,000	–
Additional paid-in capital	6,634,245	6,634,245	6,634,245
Revaluation reserve on:			
Available -for-sale financial assets	39,576,513	37,765,489	84,218,905
Property and equipment	96,980,228	96,980,228	86,868,701
Remeasurement loss on defined benefit obligation	(37,180,991)	(81,804,618)	(70,482,821)
Retained earnings (deficit)	(193,386,685)	(305,575,087)	730,870,376
Total Equity	2,225,123,310	2,066,500,257	1,350,609,406
TOTAL LIABILITIES AND EQUITY	P11,807,869,818	P10,018,831,682	P8,447,042,531

CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2017	2016 As restated
Gross earned premiums on insurance contracts	P5,270,983,792	P4,678,387,600
Reinsurers' share of gross earned premiums on insurance contracts	(1,725,185,587)	(2,705,223,606)
Net insurance earned premiums	3,545,798,205	1,973,163,994
Commission income	153,839,022	164,735,784
Interest income	142,228,702	99,603,857
Gain on sale of available -for-sale financial assets	18,694,508	33,672,292
Dividend income	4,403,542	5,137,164
Others	29,152,137	37,617,962
Other income	348,245,911	340,767,059
Total income	3,894,044,116	2,313,931,052
Gross insurance contract benefits and claims paid	2,039,942,147	1,868,020,926
Reinsurers' share of gross insurance contract benefits and claims paid	(341,572,118)	(591,778,441)
Gross change in insurance contract liabilities	413,530,025	49,916,353
Reinsurers' share of gross change in insurance contract liabilities	(130,891,844)	339,284,854
Net insurance benefits and claims	1,981,008,210	1,665,443,692
Operating expenses	1,159,190,349	1,062,525,240
Commission expense	723,235,949	668,298,429
Interest expense	7,466,384	7,452,249
Other expenses	1,889,892,682	1,738,275,918
Total benefits, claims and other expenses	3,870,900,892	3,403,719,610
Income (loss) before income tax	23,143,224	(1,089,788,558)
Current	48,309,022	19,590,801
Deferred	(137,354,200)	(72,933,893)
Income tax benefit	(89,045,178)	(53,343,092)
NET INCOME (LOSS)	112,188,402	(1,036,445,466)
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will be reclassified into profit or loss in subsequent periods:		
Unrealized fair value losses on available-for-sale financial	17,554,068	(20,519,654)
Fair value loss on available-for-sale financial assets transferred to profit or loss	(15,742,984)	(25,933,762)
Items that will not be reclassified into profit or loss in subsequent periods:		
Change in revaluation reserve on property and equipment, net of tax effect	–	10,111,527
Remeasurement losses on defined benefit obligation, net of tax effect	44,623,627	(11,321,797)
Total other comprehensive income (loss)	46,434,651	(47,663,686)
TOTAL COMPREHENSIVE INCOME (LOSS)	P158,623,053	(P1,084,109,152)

CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF CHANGES IN EQUITY

	Capital stock	Contingency surplus	Additional paid-in capital	Revaluation Reserves			Retained earnings (deficit)	Total
				Available-for-sale financial assets	Property and equipment	Remeasurement loss on defined benefit obligation		
As of January 1, 2017, as previously presented	P512,500,000	P1,800,000,000	P6,634,245	P37,765,489	P96,980,228	(P81,804,618)	(P228,762,893)	P2,143,312,451
Effect of adoption of Circular Letter 2016-67	–	–	–	–	–	–	(76,812,194)	(76,812,194)
As of January 1, 2017, as restated	P512,500,000	P1,800,000,000	P6,634,245	P37,765,489	P96,980,228	(P81,804,618)	(305,575,087)	2,066,500,257
Net income for the year	–	–	–	–	–	–	112,188,402	112,188,402
Other comprehensive income	–	–	–	1,811,024	–	44,623,627	–	46,434,651
Total comprehensive income	–	–	–	1,811,024	–	44,623,627	112,188,402	158,623,053
As of December 31, 2017	P512,500,000	P1,800,000,000	P6,634,245	P39,576,513	P96,980,228	(P37,180,991)	(P193,386,685)	P2,225,123,310
As of January 1, 2016, as previously presented	P512,500,000	P–	P6,634,245	P84,218,905	P86,868,701	(P70,482,821)	P841,884,142	P1,461,623,172
Effect of adoption of Circular Letter 2016-67	–	–	–	–	–	–	(111,013,766)	(111,013,766)
As of January 1, 2016, as restated	P512,500,000	P–	P6,634,245	P84,218,905	P86,868,701	(P70,482,821)	730,870,376	1,350,609,406
Capital contribution during the year	–	1,800,000,000	–	–	–	–	–	1,800,000,000
Net income for the year	–	–	–	–	–	–	(1,036,445,463)	(1,036,445,463)
Other comprehensive income (loss)	–	–	–	(46,453,416)	10,111,527	(11,321,797)	–	(47,663,686)
Total comprehensive income (loss)	–	–	–	(46,453,416)	10,111,527	(11,321,797)	(1,036,445,463)	(1,084,109,149)
As of December 31, 2016	P512,500,000	P1,800,000,000	P6,634,245	P37,765,489	P96,980,228	(P81,804,618)	(P305,575,087)	P2,066,500,257

CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF CASH FLOW

	Years Ended December 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	P23,143,224	(P1,089,788,558)
Adjustments for:		
Interest income	(142,228,702)	(99,603,857)
Depreciation and amortization	42,145,560	37,187,447
Gain (loss) on sale of available-for-sale financial assets	(18,649,508)	(33,672,292)
Impairment loss on available-for-sale financial assets	–	7,738,530
Impairment losses on insurance receivables and reinsurance assets-net	104,504,099	238,339,641
Impairment loss on loans and receivables	–	1,858,102
Impairment loss on other assets	–	2,724,982
Dividend income	4,403,542	(5,137,164)
Interest expense on insurance payables	1,161,694	951,266
Bad debts expense	909,737	–
Loss (gain) on sale of property and equipment	(3,669,152)	101,618
Operating loss before working capital changes	11,720,494	(939,300,285)
Decrease (increase) in:		
Reinsurance assets	114,387	350,960,865
Insurance receivables	(1,098,429,351)	22,991,446
Deferred acquisition costs	(132,807,883)	2,657,839
Short-term investments	(111,500,000)	–
Assets held for sale	6,175,423	1,924,394
Loans and receivables	13,081,365	11,129,395
Other assets	(86,804,383)	(32,007,110)
Increase (decrease) in:		
Insurance contract liabilities	816,151,711	275,767,431
Insurance payables	(33,165,045)	451,048,094
Deferred reinsurance commissions	(8,493,347)	4,113,281
Retirement benefit obligation	(37,347,359)	(7,532,641)
Accounts payable and accrued expenses	918,768,339	146,085,925
Net cash generated from operations	257,464,351	287,838,633
Interest paid	(1,161,694)	(951,266)
Income tax paid	(9,577,562)	(19,590,796)
Net cash from operating activities	246,725,095	267,296,571
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Available-for-sale financial assets	627,179,093	746,645,953
Property and equipment	7,563,559	373,743
Acquisition of:		
Available-for-sale financial assets	(1,180,194,932)	(2,277,887,077)
Property and equipment	(66,237,201)	(28,214,447)
Interest received	125,179,725	99,221,925
(Forward)		

	Years Ended December 31	
	2017	2016 As restated
Dividends received	(4,403,542)	5,137,164
Net cash used in investing activities	(P490,913,298)	(P1,454,722,737)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contingency surplus contribution	–	1,800,000,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(244,188,203)	612,573,834
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,507,028,832	894,454,998
CASH AND CASH EQUIVALENTS AT END OF YEAR	P1,262,840,629	P1,507,028,832

Charter Ping An

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