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COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

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SEC Registration Number

| | Company Name | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| | Principal Office (No./Street/Barangay/City/Town/Province) | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| s | Т | R | E | E | T | , | | M | A | K | A | T | I | C | I | T | Y | | | | | | | | | | | |
| | Form Type A A F S Department requiring the report COMPANY INFORMATION Company's Email Address Company's Telephone Number/s Mobile Number | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Annual Meeting Fiscal Year No. of Stockholders Month/Day Month/Day | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Any day in April BUREAU OF INTERNAL RECORDS LARGE TAMPAYERS SERVINGED LARGE TAMPAYERS SERVINGED AND THE PROPERTY OF THE PR | | | | | | | | | ٠., | | | | | | | | | | | | | | | | | | |
| | CONTACT PERSON INFORMATION Date APR 2.8 The designated contact person MUST be an Officer of the Corporation APR 2.8 The designated contact person Email Address Telephone Númber/S Mobile Number Ronaldo San Jose don.sanjose@axa.com.ph | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Contact Person's Address 34th Floor, GT Tower International, 6813 Ayala Avenue corner H.V. Dela Costa Street, | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Makati City | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.





STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Philippine AXA Life Insurance Corporation (the Company) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the financial statements of the Company in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

SOLOMON'S, CUA Chairman of the Board

SEVERINUS PETRUS PAULUS HERMANS

Caref Executive Officer

RONALDO C. SAN JOSE Chief Financial Officer

ALESANDRA T. TY

Treasurer

Signed this 23rd day of February, 2015



SyCip Gorres Velayo & Co. 6760 Ayala Avenue 1226 Makati City Philippines Tel: (632) 891 0307 Fax: (632) 819 0872 ey.com/ph BOA/PRC Reg. No. 0001, December 28, 2012, valid until December 31, 2015 SEC Accreditation No. 0012-FR-3 (Group A), November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors Philippine AXA Life Insurance Corporation 34th Floor, GT Tower International 6813 Ayala Avenue, corner H.V. Dela Costa Street Makati City



Report on the Financial Statements

We have audited the accompanying financial statements of Philippine AXA Life Insurance Corporation, which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.





Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Philippine AXA Life Insurance Corporation as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

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 30 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 Philippine AXA Life 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

Demarche D.

Partner

CPA Certificate No. 0091096

SEC Accreditation No. 0926-AR-1 (Group A),

April 15, 2013, valid until April 14, 2016

Tax Identification No. 178-486-666

BIR Accreditation No. 08-001998-81-2012,

June 19, 2012, valid until June 18, 2015

PTR No. 4751347, January 6, 2015, Makati City

February 23, 2015





STATEMENTS OF FINANCIAL POSITION



| ASSETS Cash and cash equivalents (Notes 4, 24 and 25) Short-term investments (Note 5) Insurance receivables (Notes 6, 24 and 25) Financial assets (Notes 7, 24 and 25) Financial assets at fair value through profit or loss Available-for-sale financial assets Loans and receivables - net Accrued income (Notes 8, 24 and 25) Froperty and equipment - net (Notes 9 and 26) Property and equipment - net (Note 10) Intangible assets - net (Note 11) Deferred tax asset (Note 23) Assets held to cover unit-linked liabilities (Notes 12 and 25) P\$3,767,723,738 P\$3,021,049,942 P\$3,104,942 P\$3,104,943,109 P\$3,104,943,1 | | I | December 31 |
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| Contingency surplus 9,343,183 9,343,183 Revaluation reserves on available-for-sale financial assets (Note 18) 923,822,499 1,069,096,619 Actuarial gains (losses) on defined benefit plan (Note 22) (361,151) 7,905,479 Retained earnings (Note 17) 2,103,820,177 1,920,338,289 Treasury stock (Note 17) (163,378) (163,378) 4,086,461,330 4,056,520,192 | • | | |
| Revaluation reserves on available-for-sale financial assets (Note 18) 923,822,499 1,069,096,619 Actuarial gains (losses) on defined benefit plan (Note 22) (361,151) 7,905,479 Retained earnings (Note 17) 2,103,820,177 1,920,338,289 Treasury stock (Note 17) (163,378) (163,378) 4,086,461,330 4,056,520,192 | | | |
| assets (Note 18) 923,822,499 1,069,096,619 Actuarial gains (losses) on defined benefit plan (Note 22) (361,151) 7,905,479 Retained earnings (Note 17) 2,103,820,177 1,920,338,289 Treasury stock (Note 17) (163,378) (163,378) 4,086,461,330 4,056,520,192 | | - Z Z | |
| Actuarial gains (losses) on defined benefit plan (Note 22) (361,151) 7,905,479 Retained earnings (Note 17) 2,103,820,177 1,920,338,289 Treasury stock (Note 17) (163,378) (163,378) 4,086,461,330 4,056,520,192 | | 923,822,499 | 1,069,096,619 |
| Retained earnings (Note 17) 2,103,820,177 1,920,338,289 Treasury stock (Note 17) (163,378) (163,378) 4,086,461,330 4,056,520,192 | | | |
| Treasury stock (Note 17) (163,378) (163,378) 4,086,461,330 4,056,520,192 | | | |
| 4,086,461,330 4,056,520,192 | | . 기시에 2000 HONE WITH HONE HONE HONE HONE HONE HONE HONE HON | |
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| | | | |

See accompanying Notes to Financial Statements.



STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended Decem | | | | |
|--|--------------------------------|--------------------------------|--|--|--|
| | 2014 | 2013 | | | |
| REVENUE | | | | | |
| Gross premiums on insurance contracts issued | ₱18,404,482,543 | ₱18,319,992,792 | | | |
| Premiums ceded to reinsurers | (56,021,799) | (55,828,423) | | | |
| Net insurance premiums (Notes 19 and 25) | 18,348,460,744 | 18,264,164,369 | | | |
| Subscriptions allocated to investment in unit-linked funds | (13,447,645,011) | (14,280,229,366) | | | |
| | 4,900,815,733 | 3,983,935,003 | | | |
| Income on assets held to cover unit-linked liabilities | | | | | |
| (Notes 20 and 25) | 4,852,371,906 | _ | | | |
| Increase in unit-linked liabilities due to income on assets held to cover | | | | | |
| unit-linked liabilities | (4,852,371,906) | - | | | |
| Asset management fees (Note 25) | 785,466,460 | 615,107,036 | | | |
| Investment income (Notes 9, 19 and 25) | 687,051,348 | 993,766,791 | | | |
| Foreign exchange gains - net | 21,888,403 | 3,164,902 | | | |
| Gain on sale of property and equipment | 616,371 | 320,771 | | | |
| Other income | 52,875 | 53,100 | | | |
| | 6,395,891,190 | 5,596,347,603 | | | |
| BENEFITS, CLAIMS AND OPERATING EXPENSES | | C 10 1 110 120 | | | |
| Gross benefits and claims | 7,058,709,380 | 6,424,410,438 | | | |
| Reinsurers' share of gross benefits and claims (Note 19) | (46,423,142) | (17,416,305) | | | |
| Policyholders' dividends and interest (Note 13) | 47,056,669 | 41,508,258 | | | |
| Decrease in unit-linked liabilities due to surrenders | (6,115,109,772) | (5,123,187,209) | | | |
| Net benefits and claims incurred (Notes 19 and 25) | 944,233,135 | 1,325,315,182 | | | |
| Increase in legal policy reserves (Note 13) | 713,825,128 | 97,226,869 | | | |
| Increase in reserves for policyholders' dividends (Note 13) | 6,069,648 | 3,301,897 | | | |
| Net insurance benefits and claims | 1,664,127,911 | 1,425,843,948 1,881,642,004 | | | |
| Operating and administrative expenses (Notes 21 and 25) | 1,999,054,212 1,006,258,093 | 807,766,335 | | | |
| Commission expense (Note 25) | 59,980,677 | 53,640,242 | | | |
| Premium and documentary stamp taxes BUREAU OF INTERNAL REVENUE LARGE TAMPAYERS CONTINUE LARGE | 34,319,933 | 33,481,178 | | | |
| Agency development expenses LARGE TAXPAYERS SERVICE LARGE TAXPAYERS SERVICE | 2,816,229 | 3,466,079 | | | |
| interest on premium deposit fund | 1,490,225 | 2,513,961 | | | |
| Medical and inspection fees Date ADD 2 9 nour | 507 496 | 401,076 | | | |
| Interest on defined benefit obligation Date APD 28 2015 Loss on assets held to cover unit-linked liabilities (Motes 20 and 25) | 3 | 644,712,560 | | | |
| Decrease in unit-linked liabilities due to loss on assets held to cover | | 0.1,7.2,000 | | | |
| unit-linked liabilities PRECIOSA C VICE | _ | (644,712,560) | | | |
| Unit-linked habitities French C. CANTEGEN | 4,768,554,776 | 4,208,754,823 | | | |
| INCOME BEFORE INCOME TAX | 1,627,336,414 | 1,387,592,780 | | | |
| PROVISION FOR INCOME TAX (Note 23) | 400,854,526 | 203,577,297 | | | |
| NET INCOME | 1,226,481,888 | 1,184,015,483 | | | |
| OTHER COMPREHENSIVE INCOME (LOSS) | -,,, | | | | |
| Items that will not be reclassified into profit or loss: | | | | | |
| Remeasurement gain (loss) on defined benefit plan (Note 22) | (11,809,472) | 44,074 | | | |
| Income tax effect | 3,542,842 | (13,222) | | | |
| Infonto my ottoot | (8,266,630) | 30,852 | | | |
| Item that will be reclassified into profit or loss: | (-),) | | | | |
| | (4 14 041 100) | (193,117,987) | | | |
| Net change in fair value of available-for-sale financial assets (Note 18) | (145.2/4.120) | (173,117,707) | | | |
| Net change in fair value of available-for-sale financial assets (Note 18) | (145,274,120) (153,540,750) | (193,087,135) | | | |



STATEMENTS OF CHANGES IN EQUITY

| Total | F4,056,520,192 1,226,120,788 (153,540,750) 1,072,941,138 (1,043,000,000) | P4,086,461,330 | F3,960,297,920 (3,706,076) 3,956,591,844 1,184,015,483 (193,087,135) 990,928,348 (891,000,000) P4,056,520,192 |
|--|---|-------------------------|--|
| Treasury Stock (Notes 3 and 17) | (#163,378) | (P163,378) | (P163,378) (163,378) (P163,378) |
| Retained Earnings (Notes 3 and 17) | F1,920,338,289 1,226,481,888 - 1,226,481,888 (1,043,000,000) | P2,103,820,177 | P1,979,508,209 (11,580,703) 1,967,927,506 1,184,015,483 - 1,184,015,483 (891,000,000) (340,604,700) P1,920,338,289 |
| Actuarial Gains (Losses) on Defined Benefit Plan (Note 22) | 87,905,479 - (8,266,630) (8,266,630) | (F361,151) | P- 7,874,627 7,874,627 - 30,852 30,852 - - - - - - - - - - - - - - - - - - - |
| Revaluation Reserves on Available-for- sale Financial Assets (Note 18) | #1,069,096,619 - (145,274,120) (145,274,120) | ₹923,822,499 | P1,262,214,606 1,262,214,606 (193,117,987) (193,117,987) |
| Contingency Surplus (Note 17) | P9,343,183 | P9,343,183 | P9,343,183 |
| Contributed Surplus | P50,000,000 | ₽50,000,000 | P50,000,000 |
| Capital Stock | ¥1,000,000,000 | ¥1,000,000,000 | P659,395,300 - 659,395,300 - - 340,604,700 P1,000,000,000 |
| | As of January 1, 2014 Net income Other comprehensive loss Total comprehensive income (loss) Cash dividends | As of December 31, 2014 | As of January 1, 2013 Effect of adoption of amendments to PAS 19 (Note 2) As of January 1, 2013, as restated Net income Other comprehensive income (loss) Total comprehensive income (loss) Cash dividends Stock dividends As of December 31, 2013 |

See accompanying Notes to Financial Statements.





STATEMENTS OF CASH FLOWS

| | Years End | ed December 31 |
|--|-------------------|----------------|
| | 2014 | 2013 |
| A CONTROL OF CHARACTERS AND A CONTROL OF CON | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | ₽1,627,336,414 | ₽1,387,592,780 |
| Income before income tax | F1,027,550,414 | 11,507,572,700 |
| Adjustments for: | 83,564,720 | 88,307,883 |
| Depreciation and amortization (Notes 9,10, 11 and 21) | 208,292 | 2,503,514 |
| Impairment loss on loans and receivables (Note 7) | (225,733) | 2,303,314 |
| Gain on sale of investment property (Notes 9 and 19) | | (320,771) |
| Gain on sale of property and equipment | (616,371) | |
| Unrealized foreign exchange gains | (12,081,433) | (17,440,472) |
| Dividend income (Note 19) | (19,490,299) | (17,635,999) |
| Gain on sale of available-for-sale financial assets (Note 18) | (76,234,668) | (458,581,255) |
| Fair value gain on financial assets at fair value through | (00.005.400 | (17 502 001) |
| profit or loss (Note 7) | (89,925,486) | (17,583,921) |
| Interest income (Note 19) | (498,608,568) | (498,954,265) |
| Impairment loss on AFS financial assets (Note 7) | | 1,325,000 |
| Operating income before changes in working capital | 1,013,926,868 | 476,212,494 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in: | | |
| Short-term investments | 154,413,194 | (154,413,194) |
| Insurance receivables | (27,865,855) | (26,491,875) |
| Loans and receivables | (12,302,497) | (25,843,374) |
| Other assets | (9,305,990) | (10,796,582) |
| Increase (decrease) in: | | |
| Insurance contract liabilities | 876,952,324 | 105,077,915 |
| Premium deposit fund | (21,577,286) | (11,992,788) |
| Life insurance deposits | 30,768,468 | 6,476,060 |
| Pension liability – net | 4,073,975 | 601,951 |
| Insurance payables | 55,526,246 | 29,606,657 |
| Trade and other liabilities | (85,694,211) | 268,589,145 |
| Net cash generated from operations | 1,978,915,236 | 657,026,409 |
| Proceeds from disposal/maturities of: | | |
| Available-for-sale financial assets (Note 7) | 689,248,781 | 1,510,785,955 |
| Financial assets at fair value through profit or loss (Note 7) | _ | 265,646,395 |
| Acquisitions of: | | |
| Available-for-sale financial assets (Note 7) | (956,776,869) | (898,219,456) |
| Financial assets at fair value through profit or loss (Note 7) | (7,390,527) | _ |
| Interest received | 506,459,444 | 519,509,934 |
| Dividends received | 20,052,869 | 17,134,741 |
| Income taxes paid | (385,173,986) | (129,978,832) |
| Not each provided by operating activities BUREAU | 1.845.334.948 | 1.941.905.146 |
| Date APR | TAXPAYERS SERVICE | |



| | Years Ended December | | | | |
|---|--|---|--|--|--|
| | 2014 | 2013 | | | |
| CALCULATION OF THE PROPERTY AND A CONTRIBUTE OF | | | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | ₽6,000,000 | ₱687,104 | | | |
| Proceeds from disposal of investment property (Note 9) | (· · · · · · · · · · · · · · · · · · · | F007,104 | | | |
| Proceeds from disposals of property and equipment | 766,645 | _ | | | |
| Acquisitions of: | | | | | |
| Intangible assets (Note 11) | - | (1,009,441) | | | |
| Property and equipment (Note 10) | (74,509,230) | (105,494,473) | | | |
| Net cash used in investing activities | (67,742,585) | (105,816,810) | | | |
| | | | | | |
| CASH FLOWS FROM FINANCING ACTIVITY | | | | | |
| Cash dividends paid | (1,043,000,000) | (891,000,000) | | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 734,592,363 | 945,088,336 | | | |
| EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS | 12,081,433 | 10,440,472 | | | |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 3,021,049,942 | 2,065,521,134 | | | |
| CAN TO CAN TO CALLEY A TO DATE OF THE PEACE. | | | | | |
| OF YEAR (Note 4) | ₽3,767,723,738 | ₱3,021,049,942 | | | |
| Cash dividends paid NET INCREASE IN CASH AND CASH EQUIVALENTS EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR CASH AND CASH EQUIVALENTS AT END | 734,592,363 12,081,433 3,021,049,942 | 945,088,33 10,440,47 2,065,521,13 | | | |

See accompanying Notes to Financial Statements.





NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

LARGE TAXPAYERS SCHVICE
TAXPAY Philippine AXA Life Insurance Corporation (the Company) was incorporated in the Philippines on November 30, 1962 to engage in selling personal and group insurance, including life insurance, accident and other insurance products that are permitted to be sold by a life insurance company in the Philippines. On May 22, 2003, the Insurance Commission (IC) approved the Company's and license to sell variable or unit-linked insurance, a life insurance product which is linked to investment funds. On December 19, 2011, the Securities and Exchange Commission (SEC) approved the Company's application for extension of its corporate life.

On October 24, 2012, the Board of Directors (BOD) approved the change in principal place of business of the Company to 34th Floor, GT Tower International, 6813 Ayala Avenue, corner H.V. Dela Costa Street, Makati City. Prior to such date, the registered office address of the Company was Ground Floor, Philippine AXA Life Centre, Sen. Gil Puyat Avenue corner Tindalo Street, Makati City.

The Company is 45% owned by the AXA Group of Companies through AXA S.A., a company based in France, 28% owned by First Metro Investment Corporation (FMIC), a domestic corporation and 25% owned by GT Capital Holdings, Inc. (GT Capital), a domestic corporation.

The accompanying financial statements were authorized for issue by the BOD through the Board Risk Management, Audit and Compliance Committee (BRMACC) on February 23, 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

The financial statements of the Company have been prepared on a historical cost basis, except for available-for-sale (AFS) financial assets and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. The financial statements are presented in Philippine Peso (P), which is the Company's functional currency and recorded to the nearest peso.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014. The nature and the impact of each new standard and amendment are described below:

Investment Entities (Amendments to PFRS 10, Consolidated Financial Statements, PFRS 12, Disclosure of Interests in Other Entities, and PAS 27, Separate Financial Statements) These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact on the Company's financial statements since it has no investment that qualifies to be an investment entity under PFRS 10.



BUREAU OF INTERNAL REVENUE

LARGE TAXPAYERS SCRICE

TAXPAYERS ATTAMICS DIVISION