

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

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SEC Registration Number

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Company Name

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C	O	R	P	O	R	A	T	I	O	N																			

Principal Office (No./Street/Barangay/City/Town/Province)

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Form Type

A A F S

Department requiring the report

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

Company's Telephone Number/s

885-0101

Mobile Number

No. of Stockholders

35

Annual Meeting
Month/Day

Any day in April

Fiscal Year
Month/Day

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Ronaldo San Jose

Email Address

don.sanjose@axa.com.ph

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION I

Date APR 28 2015
Telephone Number/s 885-0101
Mobile Number

RECEIVED
APR 28 2015

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.





redefining / standards

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
Chief Executive Officer

RONALDO C. SAN JOSE
Chief Financial Officer

ALESSANDRA T. TY
Treasurer

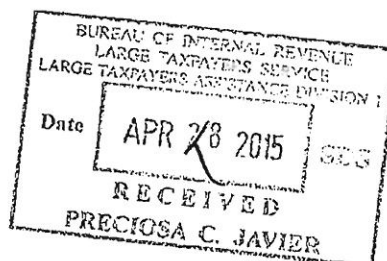
Signed this 23rd day of February, 2015

AXA Philippines

34th Floor GT Tower International, 6813 Ayala Ave. cor. H.V. Dela Costa St., Makati City, Philippines 1227
Trunkline: +63 2 885 0101 • Customer Service Hotline: +63 2 5815 292(AXA) / +63 2 3231 292(AXA)

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

Bernalette L. Ramos

Partner

CPA Certificate No. 0091096

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

April 15, 2013, valid until April 14, 2016

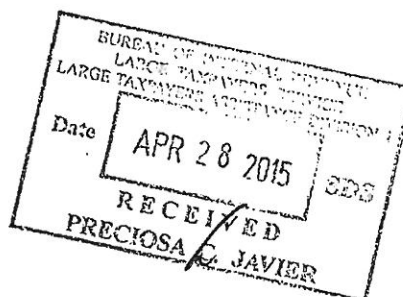
Tax Identification No. 178-486-666

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

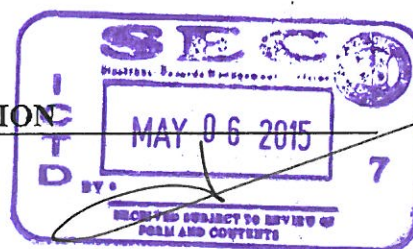
June 19, 2012, valid until June 18, 2015

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

February 23, 2015



PHILIPPINE AXA LIFE INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION



	December 31	
	2014	2013
ASSETS		
Cash and cash equivalents (Notes 4, 24 and 25)	₱3,767,723,738	₱3,021,049,942
Short-term investments (Note 5)	—	154,413,194
Insurance receivables (Notes 6, 24 and 25)	186,182,590	158,316,735
Financial assets (Notes 7, 24 and 25)		
Financial assets at fair value through profit or loss	1,135,135,574	1,037,819,561
Available-for-sale financial assets	6,492,090,593	6,304,703,811
Loans and receivables - net	571,828,930	559,734,725
Accrued income (Notes 8, 24 and 25)	93,595,041	90,906,633
Investment properties - net (Notes 9 and 26)	8,159,805	14,023,139
Property and equipment - net (Note 10)	213,383,418	221,392,777
Intangible assets - net (Note 11)	1,587,373	2,694,711
Deferred tax asset (Note 23)	47,623,109	41,266,149
Other assets	73,726,699	64,420,709
	12,591,036,870	11,670,742,086
Assets held to cover unit-linked liabilities (Notes 12 and 25)	55,478,598,595	43,279,135,598
	₱68,069,635,465	₱54,949,877,684
LIABILITIES AND EQUITY		
Liabilities		
Insurance contract liabilities (Notes 13, 14, 24 and 25)	₱7,141,015,428	₱6,264,063,104
Premium deposit fund (Note 24)	107,261,237	128,838,523
Life insurance deposits (Note 24)	148,752,604	117,984,136
Insurance payables (Notes 15 and 24)	142,236,945	86,710,699
Trade and other liabilities (Notes 16, 24, 25 and 26)	843,188,286	928,882,497
Pension liability - net (Note 22)	21,720,810	9,380,205
Income tax payable (Note 23)	100,400,230	78,362,730
	8,504,575,540	7,614,221,894
Unit-linked liabilities (Note 12)	55,478,598,595	43,279,135,598
	63,983,174,135	50,893,357,492
Equity		
Capital stock (Note 17)	1,000,000,000	1,000,000,000
Contributed surplus	50,000,000	50,000,000
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
	₱68,069,635,465	₱54,949,877,684

See accompanying Notes to Financial Statements.



PHILIPPINE AXA LIFE INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

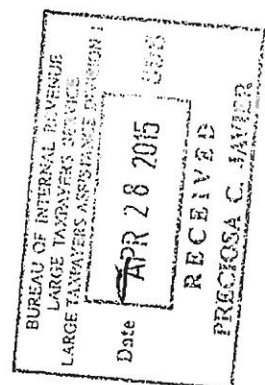
	Years Ended December 31	
	2014	2013
REVENUE		
Gross premiums on insurance contracts issued	₱18,404,482,543	₱18,319,992,792
Premiums ceded to reinsurers	(56,021,799)	(55,828,423)
Net insurance premiums (Notes 19 and 25)	18,348,460,744	18,264,164,369
Subscriptions allocated to investment in unit-linked 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		
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
Operating and administrative expenses (Notes 21 and 25)	1,999,054,212	1,881,642,004
Commission expense (Note 25)	1,006,258,093	807,766,335
Premium and documentary stamp taxes	59,980,677	53,640,242
Agency development expenses	34,319,933	33,481,178
Interest on premium deposit fund	2,816,229	3,466,079
Medical and inspection fees	1,490,225	2,513,961
Interest on defined benefit obligation	507,496	401,076
Loss on assets held to cover unit-linked liabilities (Notes 20 and 25)	—	644,712,560
Decrease in unit-linked liabilities due to loss on assets held to cover unit-linked liabilities	—	(644,712,560)
	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)
	(8,266,630)	30,852
Item that will be reclassified into profit or loss:		
Net change in fair value of available-for-sale financial assets (Note 18)	(145,274,120)	(193,117,987)
	(153,540,750)	(193,087,135)
TOTAL COMPREHENSIVE INCOME	₱1,072,941,138	₱990,928,348



PHILIPPINE AXA LIFE INSURANCE CORPORATION
STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 17)	Contributed Surplus	Contingency Surplus (Note 17)	Revaluation Reserves on Available-for- sale Financial Assets (Note 18)	Actuarial Gains (Losses) on Defined Benefit Plan (Note 22)	Retained Earnings (Notes 3 and 17)	Treasury Stock (Notes 3 and 17)	Total
As of January 1, 2014	₱1,000,000,000	₱50,000,000	₱9,343,183	₱1,069,096,619	₱7,905,479	₱1,920,338,289	(₱163,378)	₱4,056,520,192
Net income	-	-	-	-	-	1,226,481,888	-	1,226,481,888
Other comprehensive loss	-	-	-	(145,274,120)	(8,266,630)	-	-	(153,540,750)
Total comprehensive income (loss)	-	-	-	(145,274,120)	(8,266,630)	1,226,481,888	-	1,072,941,138
Cash dividends	-	-	-	-	-	(1,043,000,000)	-	(1,043,000,000)
As of December 31, 2014	₱1,000,000,000	₱50,000,000	₱9,343,183	₱923,822,499	(₱361,151)	₱2,103,820,177	(₱163,378)	₱4,086,461,330
As of January 1, 2013	₱659,395,300	₱50,000,000	₱9,343,183	₱1,262,214,606	₱-	₱1,979,508,209	(₱163,378)	₱3,960,297,920
Effect of adoption of amendments to PAS 19 (Note 2)	-	-	-	-	7,874,627	(11,580,703)	-	(3,706,076)
As of January 1, 2013, as restated	659,395,300	50,000,000	9,343,183	1,262,214,606	7,874,627	1,967,927,506	(163,378)	3,956,591,844
Net income	-	-	-	-	-	1,184,015,483	-	1,184,015,483
Other comprehensive income (loss)	-	-	-	(193,117,987)	30,852	-	-	(193,087,135)
Total comprehensive income (loss)	-	-	-	(193,117,987)	30,852	1,184,015,483	-	990,928,348
Cash dividends	-	-	-	-	-	(891,000,000)	-	(891,000,000)
Stock dividends	340,604,700	-	-	-	-	(340,604,700)	-	-
As of December 31, 2013	₱1,000,000,000	₱50,000,000	₱9,343,183	₱1,069,096,619	₱7,905,479	₱1,920,338,289	(₱163,378)	₱4,056,520,192

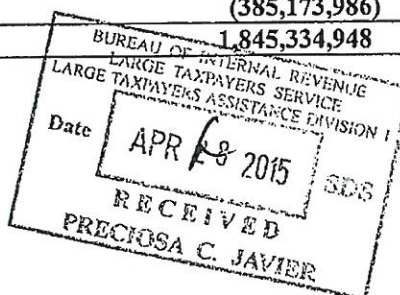
See accompanying Notes to Financial Statements.



PHILIPPINE AXA LIFE INSURANCE CORPORATION
STATEMENTS OF CASH FLOWS

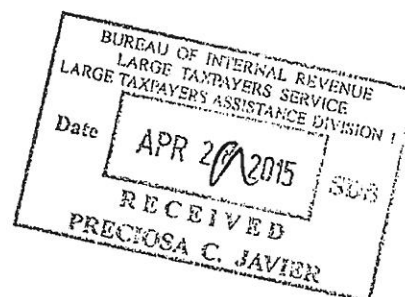
	Years Ended December 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,627,336,414	₱1,387,592,780
Adjustments for:		
Depreciation and amortization (Notes 9,10, 11 and 21)	83,564,720	88,307,883
Impairment loss on loans and receivables (Note 7)	208,292	2,503,514
Gain on sale of investment property (Notes 9 and 19)	(225,733)	-
Gain on sale of property and equipment	(616,371)	(320,771)
Unrealized foreign exchange gains	(12,081,433)	(10,440,472)
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 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)
Net cash provided by operating activities	1,845,334,948	1,941,905,146

(Forward)



	Years Ended December 31	
	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investment property (Note 9)	₱6,000,000	₱687,104
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
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱3,767,723,738	₱3,021,049,942

See accompanying Notes to Financial Statements.



PHILIPPINE AXA LIFE INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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 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 (₱), 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.

