


The background of the cover is a cityscape at dusk or night, featuring a mix of modern glass skyscrapers and older, more densely packed buildings. The scene is partially obscured by large, overlapping geometric shapes in shades of blue and white, creating a dynamic, layered effect. The title '2019 ANNUAL REPORT' is positioned in the lower right area, with '2019' in a large, bold, blue serif font and 'ANNUAL REPORT' in a smaller, blue, all-caps sans-serif font below it. A thin red horizontal line is placed directly under the subtitle.

# 2019

## ANNUAL REPORT

Empowering people to live  
the life they choose.

In the bottom right corner, there are several thin, parallel, light blue diagonal lines that extend from the bottom edge towards the center of the page.

# TABLE OF CONTENTS



<b>03</b>	MESSAGE FROM THE CHAIRMAN
<b>04</b>	MESSAGE FROM THE PRESIDENT & CEO
<b>05</b>	CORPORATE PROFILE
<b>06</b>	FINANCIAL HIGHLIGHTS
<b>07</b>	OPERATIONAL HIGHLIGHTS
<b>11</b>	CORPORATE SOCIAL RESPONSIBILITY
<b>14</b>	BOARD OF DIRECTORS
<b>21</b>	EXECUTIVE LEADERSHIP TEAM
<b>22</b>	CORPORATE GOVERNANCE
	THE BOARD OF DIRECTORS
	BOARD COMMITTEES
	RISK MANAGEMENT AND COMPLIANCE
	RELATED PARTY TRANSACTIONS
	WHISTLEBLOWING POLICY
<b>29</b>	FINANCIAL STATEMENTS
	INDEPENDENT AUDITOR'S REPORT
	STATEMENTS OF FINANCIAL POSITION
	STATEMENTS OF COMPREHENSIVE INCOME
	STATEMENTS OF CHANGES IN EQUITY
	STATEMENT OF CASH FLOWS

**2019**  
ANNUAL  
REPORT

# MESSAGE FROM THE CHAIRMAN

## ***WE STAND STRONG.***

With the year and the decade ending in global economic instability—topped by the US and China going head-to-head in aggressive trade battles—we braced ourselves for the ripple effect in the region and in the country, while still remaining optimistic and assured. The Philippine economy, like its people, showed resilience in the face of these challenges.

Consumers are earning more, with the World Bank reporting that we are on our way to being an upper-middle-class economy. OFW remittances hit a record-high at \$33.5B in 2019, 3.9% higher than in the year before. The high inflation rate that burdened consumers in 2018 dropped to a low of 0.8%, creating more breathing room for public spending. This consumer consumption became the main driver for the country's Gross Domestic Product (GDP), contributing 78.8% to the 5.9% growth, with government spending making up only 22.2%, due to stalled infrastructure projects and under-spending. This GDP growth was lower than the initial optimistic projection of 6-6.5%.

## ***HITS, MISSES, OPPORTUNITIES***

In 2019, we finished the year hitting 23.5% growth in Total Comprehensive Income and 20% Net Income, making PHP 3.4 billion. Our assets also grew, reaching PHP 132 billion with an 8% increase. Despite the challenges, we retained our influence as one of the largest players in the Philippine life insurance industry.

What does this mean for us? That we must push forward with confidence, in our brand, our network, our distribution, and our vision. As consumer spending increases, so does the opportunity to ensure that the right portion of each household's budget goes to protecting their financial future and spending capacity. There is a reported PHP 1.5 trillion insurance coverage gap that we must address. It is worrisome that the country has only a 2% insurance penetration rate. That means a staggering 98% of Filipinos have no protection against sudden illness, accidents, loss of home or business property, and other life events they have not yet planned for.

The strengthening of the consumer market should be our strength. We must communicate that our strength can be foundational in their strength: the strength of their health and the security that comes from staying protected.



**SOLOMON S. CUA**  
**CHAIRMAN**

The last decade ushered in the digital information age. Consumers have become more comfortable getting their information online, the same level of comfort they would have with an agent who approached them with a binder and a spreadsheet. We are now in the digital commerce age. The funnel no longer ends at information, but goes all the way to acquisition and purchase. We are able to—and must—go to directly to the consumer, through distribution and information channels that are at once innovative, but also familiar and accessible. We can deliver service right into their hands, through mobile phones, apps, and online payment gateways. We can anticipate and meet their needs all online, supported by data provided through these online interactions.

The future of fintech is not coming—it is here. And we will continue to explore, experiment, and effectively maximize all that digital technology has to offer. To prepare for the future, we must help shape the future. With our dedicated people, our strong global company, our strategic partnerships, our growing assets, our thirst for innovation, and our clear vision, we have the right foundation. Let's build on it boldly.



# MESSAGE FROM THE PRESIDENT & CEO

## ***IN 2019, AXA PHILIPPINES TURNED 20.***

After two decades in the Philippines, we celebrate the milestones that have marked our journey. We quickly rose to become one of the largest life insurance providers in the country in a relatively short period. We introduced bancassurance, pioneered investment-linked insurance, and launched advanced digital tools and alternative distribution channels. We acquired Charter Ping An to become One AXA, and started offering a comprehensive suite of life and general insurance products under one roof. Despite changes in the economic landscape and new challengers entering the market, our foundation is strong and has prepared us to thrive in the new decade.

In 2019, we launched the Know You Can campaign—a global brand campaign that celebrated every person's capacity for making even the improbable possible, driven by strong self-belief, featuring no less than world-class athlete Serena Williams. It is not just a feel-good saying. It is a statement we can back with confidence. As an insurance provider, we have the ability to empower our public to protect what they value, so they can go through life with fewer worries and achieve more.

Customer-centricity continued to be at the heart of all our operations. In 2019, we made strides to make things easy and accessible for our customers. You will read more about our new products and services in the next pages.

2019 was also the year we renovated our service centers to be able to accommodate both life and general insurance transactions. We also reinforced our digital presence so that our customers can insure themselves through a journey that is fully online.

Proving vital and adding to our strengths last year was the many partnerships we forged, nurtured, and expanded.

AXA and Globe Telecom's GCash launched an innovative life insurance distribution channel powered by MicroEnsure. Through GCash Insure, customers can avail of life and personal accident insurance coverage of up to P200,000, with affordable premiums paid through their existing GCash accounts. This coverage can extend to their families as well. The country's significant insurance gap told us that the insurance needs of a staggering majority of Filipinos were not being met and that something was lacking, either in the existing distribution channels or in the consumer's financial literacy. This partnership aims to help with both barriers, as we are now able to educate the GCash community about the importance of insurance protection, as well as help them attain AXA self-belief.



**RAHUL HORA**  
President and CEO

With the 82% of the uninsured adult population in mind, we also launched our Health Start life insurance product last year. Health Start offers affordable coverage for unexpected medical expenses that come with a critical condition diagnosis, coverage that is often lacking from standard company-issued health insurance. This type of product gives customers a secure safety net for a minimal amount, our response to the societal misconception that protection is hard on the pocket. We look forward to coming up with more products and partnerships that address the insurance penetration gap.

Through all of this, we remained committed to sustainability and towards giving back to the communities where we operate. A few memorable volunteer activities were held throughout the year and we were honored to be able to uplift lives through the simple efforts we had. You can read more about them in the CSR section of this report.

Twenty years done and we're just getting started. In 2020, let's set our eyes on being the preferred insurer by our customers, and keep empowering them to achieve more through self-belief.

# CORPORATE PROFILE

## WHO WE ARE

AXA is a global leader in financial protection engaged in three main lines of business:



Protection  
& Health



Property  
& Casualty



Savings &  
Asset Management

## AXA AS GLOBAL BRAND

#1

GLOBAL INSURANCE  
BRAND FOR 10  
CONSECUTIVE YEARS

#47

BEST  
GLOBAL  
BRAND

#3

BEST GLOBAL  
BRAND ACROSS ALL  
FINANCIAL SERVICES

#27

FORTUNE  
IN GLOBAL  
500 LIST

#33

BY REVENUE IN  
FORBES GLOBAL  
2000

We now have **171,000** employees worldwide  
serving **105** million customers in **61** countries.

## OUR PHILOSOPHY



OUR PURPOSE

EMPOWER  
PEOPLE TO LIVE  
A BETTER LIFE



OUR VISION

FROM  
PAYER TO  
PARTNER



OUR VALUES

CUSTOMER FIRST  
INTEGRITY  
COURAGE  
ONE AXA

## AXA PHILIPPINES

- Established in **1999**
- A **joint venture** between AXA (45%) and the Metrobank Group (55%)
- Present in the **life insurance** **general insurance** business
- Top 3 player** in the Philippine life insurance industry according to the Insurance Commission on a consolidated channels basis.
- One of the first in bancassurance** operations in the country
- One of the pioneers and leaders to introduce **investment-linked insurance**

# FINANCIAL HIGHLIGHTS

**11.1%\***

**MARKET SHARE**  
\*as of Q3 2019

**3.4 B**

**NET INCOME**

**790**

NO. OF COMPANIES OR  
ORGANIZATIONS INSURED

**6.8 B**

**ANNUALIZED  
PREMIUM EQUIVALENT**

**26.5 B**

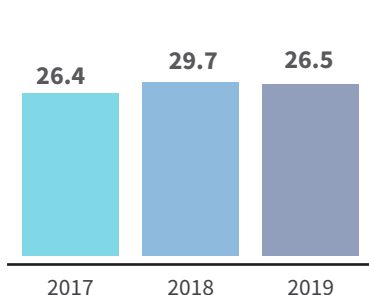
**GROSS  
WRITTEN PREMIUMS**

**1,268,311**

NO. OF INDIVIDUAL CUSTOMERS

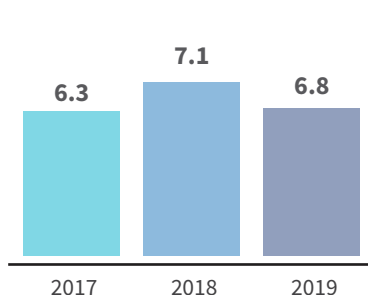
**GROSS WRITTEN PREMIUMS**  
IN PHP BILLION

CAGR: 0%



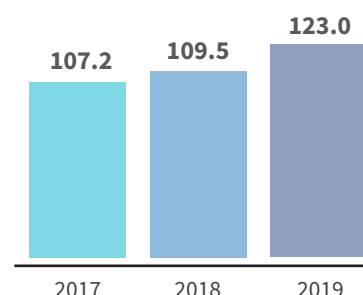
**ANNUALIZED PREMIUM  
EQUIVALENT**  
IN PHP BILLION

CAGR: 4%



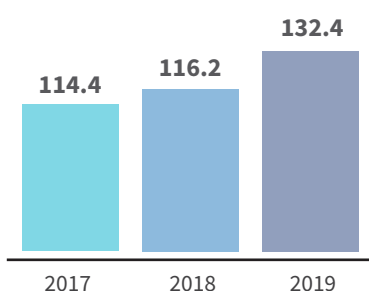
**ASSETS UNDER  
MANAGEMENT**  
IN PHP BILLION

CAGR: 7%



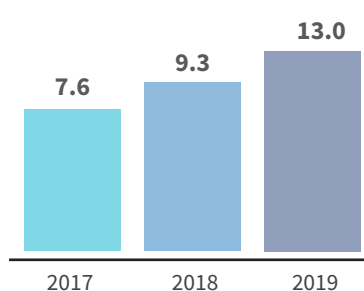
**TOTAL ASSETS**  
IN PHP BILLION

CAGR: 8%



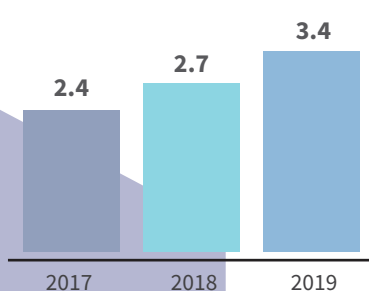
**TOTAL EQUITY**  
IN PHP BILLION

CAGR: 31%

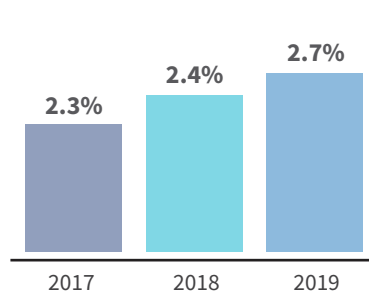


**NET INCOME**  
IN PHP BILLION

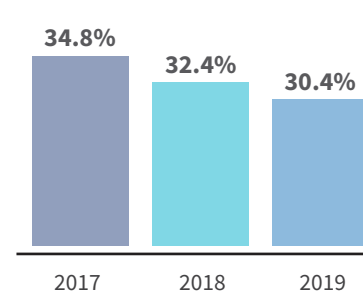
CAGR: 20%



**RETURN ON ASSETS**



**RETURN ON EQUITY**



# OPERATIONAL HIGHLIGHTS

Despite the geopolitical and macroeconomic uncertainties that transpired in 2019, AXA Philippines continued to perform creditably. Together, we accomplished key milestones towards our goal of providing world-class insurance products to Filipinos.

Echoing the resilience of the Philippine insurance industry, AXA Philippines ended 2019 with robust results and look forward to insuring more Filipinos in the coming years.

## Empowering people to go further...

Our 2019 brand campaign, 'Know You Can', aimed to empower people to live better lives and encourage self-belief.

The campaign features tennis legend Serena Williams. By sharing stories about her journey as an athlete, her struggle with a life-threatening ailment, and her comeback to competitive tennis after childbirth, Williams delivered AXA's message of empowerment through financial freedom.



## ...and reaching farther, too

Guided by this campaign, AXA Philippines continued to deliver best-in-class insurance products in 2019, through its 42 agency branches in key areas nationwide, including more than 7,000 exclusive financial advisers and managers. The full-service insurance company bolstered its reach through the strong 957-branch nationwide network of Metrobank and PSBank, AXA's premier bancassurance partners. Over 1,000 dedicated financial executives assist customers through AXA's complete suite of life and general insurance products.

New business from our life insurance segment stated in Annualized Premium Equivalent (APE) reached Php6.8 billion in 2019, driven by growth in Regular Premium products. The growth in Regular Premium was driven by sales of Protection and Health products, as AXA's flagship products continue to grow year-on-year. Bancassurance is credited for 61% of premium revenues, while sales agencies accounted for 34%.

AXA Philippines achieved a consolidated net income of Php2.5 billion in 2019, driven by 24% growth in the life insurance sector. This improvement was primarily driven by improvements in the life sector's premium margins, stronger asset management fee-based income, and higher income from AXA's investments.

## Upgrading local travel through Smart Traveller

AXA Smart Traveller is our comprehensive travel insurance product that provides clients with 24-hour travel assistance, personal accident coverage up to Php5 million, medical coverage, protection of personal belongings, and refunds for travel inconveniences like flight delays.

As of April 2019, a new variant of Smart Traveller was launched to now cover domestic trips as well.

## Enhancing user experience with SAM Underwriter

AXA Philippines introduced the Seamless Automated Mobile Underwriter, or SAM Underwriter for short. SAM automates all application forms, which makes applying for insurance easier and faster by shortening our processing time. The platform has a user-friendly instant messaging interface that gives clients prompt approvals through online chats with agents. In addition, SAM reduces the paperwork needed to be accomplished when applying for a policy.

## Comprehensive Car Insurance Online to protect drivers and their vehicles

AXA Philippines' newest product is a comprehensive motor car insurance product available online through our e-commerce site and AXA Assist app. Customers can apply, customize their coverage, and pay through secure debit and credit card payment gateways online. AXA Assist, our online car insurance app, also offers hassle-free filing of claims and 24/7 emergency roadside assistance.

## Expanding our network of partners

Partnering with brands help AXA Philippines reach wider audiences and offer new and exciting products to our growing clientele. In 2019, we continued to pursue partnerships with various organizations to enter new markets and add more value to their products.

We partnered with Metrobank Card Corporation so they can offer life and general insurance products to their extensive community of 1.5 million active cards.



GCash, the country's leading mobile wallet, chose AXA Philippines to underwrite the coverage for GCash Insure, an affordable insurance product for their users. With life and personal accident insurance coverage of up to Php200,000 and daily hospital income insurance up to Php10,000, GCash Insure gives Filipinos the chance to have themselves insured with affordable monthly or annual premium options.

In July 2019, AXA Philippines, in partnership with The SM Store, awarded the winner of their "Shop and Fly" promo with an all-expense paid trip for two to Hong Kong Disneyland. The winner also received an AXA Personal Accident Insurance coverage policy worth Php50,000.

Our partnership with the National Basketball Association (NBA) remain strong in 2019 as we continue to be the official insurance provider of the NBA here in the Philippines. Together, we organized basketball clinics in a special event dubbed NBA 3X Philippines. The event featured Collin Sexton of the Cleveland Cavaliers, Monte Morris of the Denver Nuggets, and NBA legend Muggsy Bogues, who also participated in a celebrity three-on-three tournament.



We entered into a strategic partnership with Preferred Global Health, Ltd., an American global patient organization based in Boston, Massachusetts. Through the agreement, select AXA customers diagnosed with cancer or a cardiovascular disease will receive assistance from a personal care manager who will coordinate a series of specialist services under Preferred Consultation and Care. AXA policyholders who are qualified to go to the USA for treatment will receive support from their personal care manager, who will arrange doctor recommendations, appointment schedules, travel and accommodation logistics, and more.

The University Athletic Association of the Philippines (UAAP) is now also one of AXA Philippines' partners. We partnered with them because we wanted to reach more Filipinos and instill a sense of self-belief in them through their passion for sports. As a result, we have been providing insurance coverage for the UAAP throughout Season 82.



AXA Philippines also joined forces with the Asian Institute of Management (AIM) to jointly hold the Innovation Fellowship Program, which will enable companies, entrepreneurs, and innovative students to develop solutions to real-world problems through classes and workshops. The program's objective is to synergize participants' knowledge and expertise to help them solve problems facing the insurance industry.

## Bringing everything together under one roof

To consolidate our life and general insurance products and services into a more comprehensive suite for our customers, we inaugurated our sleek and modern AXA Service Center at the Wellington Building in Binondo. Replacing the old AXA and Charter Ping An offices in the area, it is the first AXA branch in the Philippines that offers our complete range of products in one center.



## Being recognized for our passion

AXA Philippines received a Quill Award for ‘#CommitmentOnPassion: AXA Employee Christmas Bazaar’ in the Special and Experiential Events Category of the 17th Philippine Quill Awards held in August 2019. The Philippine Quill Awards is the Philippines’ most prestigious business communication awards program.

The bazaar showcased AXA employees’ homemade products and stage performances.



# CORPORATE SOCIAL RESPONSIBILITY

Hundreds of AXA employees, led by AXA Philippines president and CEO Rahul Hora, participated in our 2019 Corporate Responsibility Week (CR Week), an event celebrated by AXA entities globally.

Each year, we renew our commitment to empowering people through CR Week, and we have chosen health, social inclusion, and disaster preparedness as our areas of focus this year.

The week-long series of events took place across the country—from Metro Manila to Cebu and Davao—kicking off with a meal-packing activity for 100 pregnant women in Tondo, Manila, and Porac, Pampanga.

This was followed by a solar lamp-making activity for Mindoro-based women cooperatives. Collaborating with Liter of Light and its ambassador, Illac Diaz, AXA employees were able to provide light to 100 women and families in Puerto Galera.

Our employees also attended disaster preparedness training, and donated blood for the target 1,000 social service patients for the surgical mission of Manila Doctors Hospital.

AXA Philippines CR Week was completed by caring for the orphaned children of SOS Village Davao and Cebu. Around 250 kids enjoyed a family day, and high school students were given financial literacy sessions.





## AXA Philippines ‘Train the Trainers’ in a financial literacy seminar

As the official insurance partner of the NBA, we participated in the “Train the Trainers” program that tipped off Jr. NBA Philippines 2019 presented by Alaska. The training program prepared 50 coaches from different parts of the country for the upcoming Jr. NBA Philippines program, and for other important things in life.

AXA Philippines sales head Jotham Manlapaz and training officer and financial advisor Riemann Lardizabal conducted an engaging financial literacy seminar and shared tips on how the coaches can start their game plan in life.

To add excitement to the talk, AXA provided personal accident insurance cards worth P50,000 of coverage to five lucky winners of a raffle giveaway.



## Supporting Red Cross’ “I Am Ready” campaign



Now on its fourth year, the “I Am Ready” campaign is an annual event to mark Disaster Consciousness Month and Red Cross Youth Month.

AXA Philippines supported the program through conducting seminars on disaster preparedness,

first aid and financial literacy for volunteer students, parents and teachers in eight schools. With these educational seminars, we continue to do what we do best: helping Filipinos prepare for various unexpected life events – from natural disasters to emergency financial problems.

## AXA Philippines continues to push for a diverse and inclusive work environment



We recently partnered with Project Inclusion Network to fulfill our commitment and mission to promote diversity and inclusion.

Project Inclusion Network is a non-government organization that helps persons with disabilities (PWDs) find jobs by partnering with local and multinational companies in the Philippines.

We have always been supporting and advocating an open and welcoming workplace, providing equal opportunities for all its employees. Through this partnership, AXA Philippines becomes an avenue where people of varied backgrounds, lifestyles, and orientations can feel that they are accepted and that they can contribute to society.

## Financial literacy programs for students and teachers

Together with Metrobank Foundation, AXA Philippines takes part in a multi-stakeholder partnership with the Department of Education (DepEd) Manila to train select teachers in a financial literacy enrichment program and to develop a savings plan for grade 6 students in six partner schools.



These schools are Licerio Geronimo Elementary School, Melchora Aquino Elementary School, Geronimo Santiago Elementary School, Moises Salvador Elementary School, CENTEX Elementary School, and Gen. Miguel Malvar Elementary School.





# BOARD OF DIRECTORS

A photograph of a city skyline at night, featuring a prominent, illuminated skyscraper with a curved facade. The image is partially obscured by a blue diagonal overlay.

**2019**  
ANNUAL  
REPORT

# BOARD OF DIRECTORS



## SOLOMON S. CUA

CHAIRMAN

**Age:** 64 years old

**Date of first appointment:** 2010

**Length of Service:** 9 years

**Directorship in other companies:** Charter Ping An Insurance Corporation, Philippine Racing Club, Inc. Grand Titan Holdings, Inc., Philippine Newton Global Solutions, Palm Integrated Commodities, Inc., SC & SSC Holdings, Inc., and Profriends Developer, Inc., Metropolitan Bank and Trust Co.

**Relevant experience:** Mr. Cua was Vice Chairman of First Metro Investment Corporation from 2005 to 2016, Director of First Metro Investment Corporation from 2001 to 2016, and Director of Metropolitan Bank, China from 2014 to 2016.

**Qualifications:** Chairman Cua completed his Bachelor of Arts in Economics & Mathematical Science from the University of Melbourne, Bachelor of Law from University of Queensland, and Masters in Law from London School of Economics & Political Science. He was Undersecretary of Department of Finance from 1998 to 2000

**Trainings Attended in 2019:** Corporate Governance Seminar



## ARTHUR V. TY

VICE CHAIRMAN / NON-EXECUTIVE DIRECTOR

**Age:** 53 years old

**Date of first appointment:** 2016

**Length of Service:** 3 years

**Directorship in other companies:** Metropolitan Bank & Trust Company, Metropolitan Bank (China) Ltd., GT Capital Holdings, Inc., First Metro Investment Corporation, Philippine Savings Bank, Charter Ping An Insurance Corporation (2018).

**Relevant experience:** Mr. Ty is currently the Chairman of Metropolitan Bank & Trust Company, Metropolitan Bank (China) Ltd., and GT Capital Holdings. He is currently the Vice Chairman of First Metro Investment Corporation, and Philippine Savings Bank.

**Qualifications:** Mr. Ty completed his Bachelor of Science in Economics from University of California, Los Angeles, and Masters in Business Administration from Columbia University, New York.

**Trainings Attended in 2019:** Advanced Corporate Governance Training Program, Institute of Corporate Directors

# BOARD OF DIRECTORS



## **FERNAND ANTONIO A. TANSINGCO**

VICE CHAIRMAN / NON-EXECUTIVE DIRECTOR

**Age:** 53 years old

**Date of first appointment:** 2010

**Length of Service:** 9 years

**Directorship in other companies:** Metrobank (Bahamas) Limited, Charter Ping An Insurance Corporation (2018)

**Relevant experience:** Mr. Tansingco is currently the Head of the Financial Markets Sector, Senior Executive Vice President and Treasurer, of Metropolitan Bank and Trust Company. Director of Metrobank (China) limited from 2012 to 2016. Adviser of Metrobank (China) Limited since 2016.

**Qualifications:** Mr. Tansingco completed his Bachelor of Science in Electrical Engineering from the University of the Philippines. He is a Chartered Financial Analyst (CFA).

**Trainings Attended in 2019:** Corporate Governance Seminar



## **RAHUL HORA**

MEMBER / PRESIDENT & CEO

**Age:** 46 years old

**Date of first appointment:** 2016

**Length of Service:** 3 years

**Directorship in other companies:** Charter Ping An Insurance Corporation.

**Relevant experience:** Mr. Hora was the Chief Operating Officer of AXA Philippines from 2015 to 2016, Chief Agency officer from 2009 to 2016, Board member from 2012 to 2014, and Regional Distribution Head of AXA ASIA from 2007 to 2009. He also held different positions in other life insurance companies from 1996 to 2007.

**Qualifications:** Mr. Hora completed his Bachelor of Science from St. Stephen's College and Post Graduate Degree from Centre of Management Development with MBA Marketing.

# BOARD OF DIRECTORS



## GORDON WATSON

MEMBER / NON-EXECUTIVE DIRECTOR

**Age:** 55 years old

**Date of first appointment:** 2018

**Length of Service:** 1 year

**Directorship in other companies:** AXA ASIA (2018), AXA China Region Insurance Company (Bermuda) Limited (2018), AXA China Region Insurance Company Limited (2018), AXA Wealth Management (HK) Limited (2018), AXA General Insurance Hong Kong Limited (2018).

**Relevant experience:** Mr. Watson has been with AIG / AIA for over thirty years and has held many key senior roles based out of London, New York, Nairobi, Dubai, Tokyo, Seoul and Hong Kong. The last 20 years he has been based in Asia. From 2008 to 2010, he was the Regional President for AIG Life Companies in Japan & Korea and then Global Executive Vice Chairman for ALICO responsible for the Japan business and also overseeing the remaining 50 countries for strategy, distribution, corporate solutions, product and marketing. Since 2011, Gordon Watson has been Regional Chief Executive responsible for AIA Group's operations in Hong Kong & Macau, Australia, the Philippines, Vietnam and New Zealand as well as the Group's Corporate Solutions, Healthcare, Partnership and AIA Vitality businesses.

**Qualifications:** Mr. Watson has an MBA and is both a Fellow of the Chartered Insurance Institute and the Society of Marketing.



## NICOLAS FAUVARQUE

NON-EXECUTIVE DIRECTOR

**Age:** 40 years old

**Date of first appointment:** 2018

**Length of Service:** 1 year

**Directorship in other companies:** Charter Ping An Insurance Corporation

**Relevant experience:** Mr. Fauvarque has been Chief Risk Officer and Head of Insurance Office (insurance office - technical excellence) at AXA for the Asian Markets since February 2018.

Prior to his current role, he was Chief Actuary, and a Commissioner in Indonesia for Chubb Life in Asia. Before joining Chubb, Mr. Fauvarque was Chief Risk Officer and Chief Actuary for the AXA Asia Region from 2015 to 2016, and has held several positions at AXA Group, including Chief Financial Officer for Krungthai-AXA (2012-2015) and Chief Risk Officer at AXA Belgium (2009-2012). Before that, he held various positions at Ageas where he was responsible for the health insurance P&L in Belgium and Bain & Company for the Banking and Insurance Sector in Belgium and abroad.

**Qualifications:** Mr. Fauvarque holds both a Masters in Actuarial Sciences and in Mathematical Sciences from the Catholic University of Louvain in Belgium. He is also a fully qualified actuary from the Belgian Institute of Actuaries and speaks French, Dutch, and English fluently.

# BOARD OF DIRECTORS



## ALESANDRA T. TY

MEMBER / TREASURER  
/ NON-EXECUTIVE DIRECTOR

**Age:** 40 years old

**Date of first appointment:** 2010

**Length of Service:** 9 years

**Directorship in other companies:** GT Capital Holdings, Inc., Federal Homes, Inc., Sumisho Motor Finance Corporation, First Metro Investment Corporation, GT Foundation, Inc.

**Relevant experience:** GT Capital Holdings, Inc., Federal Homes, Inc., Sumisho Motor Finance Corporation, First Metro Investment Corporation, GT Foundation, Inc., ORIX Metro Leasing and Finance Corporation.

**Qualifications:** Ms. Ty completed her Bachelor of Science in Legal Management from the Ateneo de Manila University, and Masters in Business Administration from China Europe International Business School, Shanghai, China.

**Trainings Attended in 2019:** Corporate Governance Seminar



## RONALDO C. SAN JOSE

MEMBER

**Age:** 54 years old

**Date of first appointment:** 2014 until July 5, 2019

**Length of Service:** 5 years

**Directorship in other companies:** Charter Ping An Insurance Corporation (from April 2017 to April 2018)

**Relevant experience:** Mr. San Jose is the Chief Financial Officer of AXA Philippines since 2010. He is fellow at the Actuarial Society of the Philippines since 1993.

**Qualifications:** Mr. San Jose completed his Bachelor of Science in Mathematics from Ateneo de Manila University.



# BOARD OF DIRECTORS



**JAIME C. LAYA**  
INDEPENDENT DIRECTOR

**Age:** 81 years old

**Date of first appointment:** 2006

**Length of Service:** 13 years

**Directorship in other companies:** Charter Ping An Insurance Corporation, Philtrust Bank, Escuela Taller de Filipinas Foundation, Inc., GMA Network, Inc., GMA Holdings, Inc., Ayala Land, Inc., Manila Water Company, Inc., Cultural Center of the Philippines, St. Paul University QC, Ayala Foundation, Yunchengco Museum, Don Norberto Ty Foundation Inc., Metropolitan Museum of Manila

**Relevant experience:** Mr. Laya was the Minister of Budget from 1975 to 1981, Minister of Education, Culture, and Sports from 1984 to 1986, Governor of Central Bank of the Philippines from 1981 to 1984, Chairman of the National Commission for Culture and the Arts from 1996 to 2001, Professor and Dean of Business Administration of the University of the Philippines until 1987.

**Qualifications:** Mr. Laya is a Certified Public Accountant since 1957. Mr. Laya completed his B.S.B.A Accountancy from the University of the Philippines, MS in Industrial Management from Georgia Institute of Technology, and Ph.D. in Financial Management from Stanford University.

**Trainings Attended in 2019:** Corporate Governance Seminar



**LOPE M. YUVIENCO**  
INDEPENDENT DIRECTOR

**Age:** 75 years old

**Date of first appointment:** 2008

**Length of Service:** 11 years

**Directorship in other companies:** Charter Ping An Insurance Corporation

**Relevant experience:** Mr. Yuvienco was an Independent Director of ORIX Metro Leasing and Finance Corp. from 2005 to 2007, Director for Regulatory and Government Sector of Buenaventura Echaz & Partners from 2001 to 2003, and Vice President of Citibank N.A., Manila from 1972 to 1994.

**Qualifications:** Mr. Yuvienco completed his Bachelor of Science in Business Administration and Master in Business Administration from the University of the Philippines and is a Certified Public Accountant.

**Trainings Attended in 2019:** Corporate Governance Seminar

# BOARD OF DIRECTORS



**CARMELO MARIA LUZA BAUTISTA**  
MEMBER / NON-EXECUTIVE DIRECTOR

**Age:** 63 years old

**Date of first appointment:** 2019

**Length of Service:** Less than a year

**Directorship in other companies:** Federal Land, Inc., Toyota Motor Philippines Corporation (TMP), GT Capital Auto Dealership Holdings, Inc. (GTCAD)

**Relevant experience:** Mr. Bautista assumed the role of Director and President of GT Capital in 2011. Prior to his election, he joined First Metro Investment Corporation (FMIC) in April of 2008 as Executive Director and was appointed as Chairman of the Risk Management Committee. He later assumed the position of Head of FMIC's Investment Banking Group in 2009.

Mr. Bautista has been in the Banking and Financial Services sector for 42 years. Some highlights of his previous scope of responsibilities over this period include: Program Director at Citibank Asia Pacific Banking Institute; Vice President and Head of the Local Corporate and Public Sector

Groups Citibank-Manila; Vice President-Real Estate Finance Group, Citibank N.A.-Singapore branch; Vice President-Structured Finance, Citibank N.A.-Singapore Regional Office; Country Manager, ABN AMRO Bank-Philippines; and President and CEO, Philippine Bank of Communications.

He is also an Adviser to the Board of Trustees of GT Foundation, Inc. and an Independent Director of Vivant Corporation, a listed company.

**Qualifications:** Mr. Bautista has a Master's Degree in Business Management from the Asian Institute of Management where he graduated in the Dean's Citation List. He also has a Bachelor's degree, Major in Economics, from the Ateneo de Manila University.

## **LYNDON OLIVER**

DIRECTOR

*From July 5, 2019 to January 8, 2020*

## **JAMESON ONG\***

ADVISER TO THE BOARD

## **ANGELICA S. REYES**

CORPORATE SECRETARY

## **JILL MARIE B. LOPEZ**

ASST. CORPORATE SECRETARY

## **ARIC JUSTIN TY**

ASST. CORPORATE SECRETARY

*\*To attend twice a year only*

# EXECUTIVE LEADERSHIP TEAM



**Rahul Hora**  
President and CEO



**Alok Kumar 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 B.  
Raymundo**  
Chief Distribution Officer



**Delfin Jay Sabido XI**  
Chief Transformation and  
Technology Officer

# CORPORATE GOVERNANCE

AXA Philippines is committed to the highest standard of corporate governance.

AXA Philippines board-approved Corporate Governance Manual (CGM) is the local implementation of the Regional Corporate Governance Blueprint (RCGB) rollde-out by the Regional Office in 2008. The CGM seeks to bridge the gaps between the Regional Corporate Governance Standards and the existing corporate governance structure in AXA Philippines. The CGM also embodies the corporate governance rules and regulations of the Securities & Exchange Commission (SEC), and the Insurance Commission (IC) and incorporates policies on the compliance system.

## THE BOARD OF DIRECTORS

### Board Composition

The Board is composed of eleven highly qualified business professionals. Of the eleven, two are independent directors. The members of the Board collectively have the full range of skills needed for the effective and prudent operation of AXA Philippines. Each director has skills that allow him or her to make an effective contribution to the Board deliberations and processes. The Board will have at least two (2) independent directors.

### Duties and Responsibilities of the Board

The Board of Directors has the overall responsibility for:

- governance of the Company including its strategic direction;
- reviewing and approving plans established by management;
- monitoring of performance against agreed plans;
- establishment and monitoring of internal controls and compliance with applicable legislative and regulatory requirements; and
- delegation of authority to management.

The directors consider that there are fundamental ethical values that underpin their role as directors and as members of its Board and committees. At all times, directors are expected to:

- act with integrity;
- be honest and open with each other;
- ensure whenever and wherever possible that they do not engage in any activities that may result in a conflict of interest with their duties to the Company and that cannot be appropriately managed;
- work co-operatively among themselves and with management in the best interests of the Company;
- recognise the separate roles and responsibilities of the Board and management;
- be diligent and continuously strive to improve the Company and Board operations and performance;
- observe the letter and the spirit of the constitution, laws, regulations and any policies under which the Company operates;
- have an active interest in and concern for the communities in which the Company operates; and
- avoid any behaviour that is likely to reflect badly on the Board or the Company.

### Policy on Conflicts of Interest

Under AXA Philippines' CGM, Directors are required to disclose any conflicts of interest and to abstain from participating in any discussion or voting on any matter in which they have a material personal interest except with the prior approval of the Board.

## BOARD ATTENDANCE

The Board holds regular meetings, at least four (4) times a year, on dates set at the beginning of every year. In 2016, the Board held six (6) meetings with attendance rate of 85%.

	JAN 9	FEB 27	APR 25	JUL 5	SEP 9	NOV 6
Solomon S. Cua	✓	✓	✓	✓	✓	✓
Arthur V. Ty	✓	✓	✓	✓	✓	✓
Fernand Antonio Tansingco	✓	✓	✓	✓	✓	✓
Rahul Hora	✓	✓	✓	✓	✓	✓
Alesandra T. Ty	✓	✓	✓	✓	✓	✓
Jaime C. Laya	✓	✓	✓	✓	✓	✓
Lope M. Yuvienco	✓	✓	✓	✓	✓	✓
Carmelo Maria Luza Bautista*			✓	✓	✓	✓
Gordon Watson			✓		✓	✓
Nicolas Fauvarque	✓	✓	✓			
Ronaldo C. San Jose**	✓	✓	✓			
Lyndon Oliver***				✓		
Angelica S. Reyes	✓	✓	✓	✓	✓	✓
Jameson Ong****				✓		✓
Aric Justin Ty	✓	✓	✓	✓	✓	✓

**Special Board Meeting, Organizational Meeting  
and Annual Shareholder Meeting**

\* Elected on 25 April 2019

\*\* Resigned effective 5 July 2019

\*\*\* Elected on 5 July 2019/Resigned effective 15 November 2019

\*\*\*\*Attends twice a a year

## BOARD COMMITTEES

AXA Philippines exercises authority over specific aspects of its business through various Board Committees.

Executive Committee (EXCOM)

The EXCOM is currently composed of seven (7) directors which includes the Chairman of the Board, Vice-Chairman, and President and CEO. The EXCOM acts within the power and authority granted by the Board and is called upon when the Board is not in session to exercise the powers of the latter in the management of the Company.

	MAR 27	MAY 23	JUL31	SEP 27	DEC 2
Solomon S. Cua	✓	✓	✓	✓	✓
Fernand Antonio Tansingco	✓	✓	✓	✓	✓
Arthur V. Ty	✓	✓	✓	✓	✓
Rahul Hora	✓	✓	✓	✓	✓
Ronaldo C. San Jose*	✓	✓			
Alesandra T. Ty	✓	✓	✓	✓	✓
Nicolas Fauvarque			✓		
Lyndon Oliver **			✓		

\* Resigned effective 5 July 2019

\*\*Elected on 5 July 2019/Resigned effective 15 November 2019



## Board Risk Management, Audit & Compliance Committee (BRMACC)

AXA Philippines BRMACC monitors and approves internal controls, risk management policies and procedures. BRMACC reviews and approves material or significant related-party transactions (RPTs). It monitors AXA Philippines business conduct and compliance with laws, regulations, Company policies and relevant codes of conduct.

	MAR 13	JUN 14	AUG 28	OCT 18	NOV 12	NOV 22
Jaime C. Laya	✓	✓	✓	✓	✓	✓
Solomon S. Cua	✓	✓	✓	✓	✓	✓
Lope M. Yuvienco	✓	✓	✓	✓	✓	✓
Nicolas Fauvarque	✓	✓	✓	✓	✓	✓
Angelica Reyes	✓	✓	✓	✓	✓	✓

**Joint Special Board Risk Management  
Audit & Compliance Committee**

## Board Investment Committee (BIC)

The BIC approves material acquisitions and disposal of Company property.

	MAR 14	JUL 2	SEP 30	DEC 12
Fernand Antonio A. Tansingco	✓	✓	✓	✓
Rahul Hora	✓	✓		
Solomon Cua	✓	✓	✓	✓
Alesandra T. Ty*	✓			
Carmelo Maria Luza Bautista**		✓	✓	
Ronaldo C. San Jose***	✓	✓	✓	
Nicolas Fauvarque**				
Lyndon Oliver****				

\* Resigned effective 25 April 2019

\*\* Elected on 25 April 2019

\*\*\* Resigned effective 5 July 2019

\*\*\*\* Elected on 5 July 2019/Resigned effective 15 November 2019

## RISK MANAGEMENT AND COMPLIANCE

AXA Philippines is in the business of risk, and risk management for our customers is one of its core competencies. AXA Philippines considers risks are owned by the respective business units and process owners. Therefore, everyone in AXA Philippines is expected to proactively manage the risks inherent in their respective areas.

AXA Philippines commits to comply with all insurance and consumer laws and regulations. In this regard, AXA Philippines shall continuously enhance its compliance programs that will assist its employees and the Board in identifying, measuring, monitoring, reporting and controlling compliance and business risks.

### Board Risk Management, Audit and Compliance Committee (BRMACC)

The BRMACC is mandated to assist the Board in overseeing the risk management and compliance of AXA Philippines. The BRMACC's primary duties and responsibilities are as follows:

#### Compliance, Risk Management & Internal Control

To allow the Committee to review and form an opinion on the effectiveness of the Company's compliance, risk management and internal control frameworks, the Committee:

- a. Considers management's and/or internal / external auditors' assessments of the effectiveness of the internal control and risk management processes including any weaknesses or other issues revealed by investigations of the causal factors behind events such as internal frauds, significant legal actions and reported operational failures, as well as the results of reviews performed by bodies such as internal and external audit, compliance, management control functions, and regulators;
- b. Reviews regular updates from management on significant complaints, external and internal fraud.
- c. Obtains regular updates from management, Compliance and Legal on significant regulatory compliance matters, the effectiveness of systems for monitoring compliance and any instances of non-compliance;
- d. Obtains regular updates from Legal on the status of material open litigation and other proceedings and the related reserves;
- e. Reviews periodically any significant complaints received;
- f. Reviews business risk profiles and periodic risk management statements including key risk report and action plan progress;
- g. Reviews and monitors fraud and anti-money laundering policies of the Company;
- h. Discusses with management the Group's framework for assessing and managing the Group's exposure to risks, the results of the risk assessments performed, and the steps management has taken to monitor that such exposures remain within the risk appetite set by the Group;
- i. The Board validates local entity's risk appetite position, as endorsed by the LRC, and set alert levels and limits on all functional risk indicators at least once every year, and should make all necessary decisions to manage risk consistently with their risk appetite;
- j. Assists the Board in performing its oversight functions for avoiding conflicts of interest of related parties by:
  - i. Implementing effective controls to effectively manage and monitor Related Party Transactions (RPTs) and ensure compliance with the approved RPT policy guidelines, as well as regulatory requirement; Reviewing and approving
  - ii. RPTs and ensure that dealings with RPTs are conducted on an arm's length basis at all times;
  - iii. Overseeing the evaluation of RPTs to ensure that approvals are conducted at arm's length basis, and made for the best interest of AXA Philippines
  - vi. Ensuring that appropriate steps are taken to control or mitigate the risks, and
  - v. Ensuring that these duties and duties that may from time to time be required under the existing Related Party Guidelines of the Company are performed.
- k. The scope of the systems of internal control, as reviewed by the Committee, should include internal control systems, including information technology security, that help ensure sound financial reporting and safeguarding of the Company's assets.

### Financial Statements & Reporting Processes

To allow the Committee to form an opinion on the integrity of the publicly reported results and disclosures made in the financial statements of AXA Philippines and its contribution to the AXA Group and/ or Metrobank Group consolidated financial statements, the Committee:

- a. Reviews recent professional and regulatory issues and pronouncements and their impact on the financial statements and reporting processes of the Company;

k. Reviews the results of management's testing of internal controls over financial reporting designed to assure the integrity of the entities' financial statement disclosures;

Reviews the draft local GAAP financial statements to be submitted for approval to the Board to consider the quality, accuracy, completeness and clarity of the information provided and challenge, where necessary, the actions and judgments of management, particularly focusing upon:

- i. Significant accounting policies or practices and any changes thereto;
- ii. Compliance with Accounting Standards;
- iii. Material decisions requiring a major element of judgment or significant estimates;
- iv. The treatment and disclosure of any new complex and/or unusual transactions during the period;
- v. Any significant adjustments resulting from external audit work or otherwise;
- vi. Any qualifications or non-compliance with accounting standards or any listing, regulatory and/or legal requirements with regard to financial reporting;
- vii. Any matters drawn to the attention of the Committee by the Company's external auditors;

Considers the reconciliation between local GAAP financial statements and the financial statements reported for consolidation by the AXA Group and/ or Metrobank Group;

Considers the results of, and procedures for the receipt, retention and investigation of, any significant complaints received by the Company regarding accounting, internal controls over financial reporting, or auditing matters.

#### External Auditors

To allow the Committee to form an opinion on the effectiveness, performance and independence of the Company's external auditors, the Committee:

- a. Considers the external auditors' internal policies and procedures regarding independence and quality control and receive confirmation that they have been applied;
- b. Reviews the external auditors' assignment plan, annual report and management letter;
- c. Monitors the statutory audit of the annual and consolidated financial statements;
- d. Informs the Board of Directors of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the Committee was in that process;
- e. Reviews and monitors the independence of the external auditors;
- f. Reviews and makes a recommendation to the Board of Directors as to the appointment of the external auditors to provide non-audit services after analysing the threats to their independence and relevant safeguards that have been applied by the auditors;
- g. Considers the Group Non-Audit Services Policy and its implementation and advise the Board as to whether any updates or changes should be made to this Policy on a regular basis;
- h. Reviews the breakdown of the fees paid to the external auditors by the Company;
- i. Considers the appointment, reappointment, dismissal or resignation of the external auditors and oversee the process for selecting the external auditors, making recommendations regarding their appointment, reappointment, or dismissal to the Board;
- j. Reviews the additional report required from the external auditors and including their declaration of independence.

### Internal Auditors

To allow the Committee to form an opinion on the effectiveness, performance and independence of the Company's internal auditors:

- a. Reviews and approves the Company's internal audit plan, charter, and activities particularly with regard to the Company's strategy and risk and control profile, ensuring it being adequately resourced and free from constraint by management;
- b. Considers the adequacy of resources available to the Company's internal audit function (both financial budget and skills available) in the context of the risk and control profile of the Company;
- c. Reviews the major findings presented by Internal Audit and consider the appropriateness of management's response to them;
- d. Reviews the quarterly report on resolution of internal audit issues, requesting further management explanation where necessary for high priority issues that are overdue;
- e. Review a periodic independent assessment of the effectiveness of the internal audit function, including compliance with the International Professional Practices Framework or generally accepted auditing standards;
- f. Reviews the performance of the internal audit function including a periodic objective assessment of the effectiveness of the internal audit function; and
- g. Considers the appointment, appraisal, resignation and dismissal of the Head of Audit

### Other Duties

The Committee shall:

- a. Performs other activities according to the applicable regulatory requirements and the joint venture agreement between the shareholders;
- b. Performs other activities related to these terms of reference as requested by the Board;
- c. Reviews and assesses the adequacy of these terms of reference annually, requesting Board approval for proposed changes;
- d. Confirms annually that all responsibilities outlined in these terms of reference have been carried out; and
- e. Evaluates the performance of the Committee and its members on a regular basis.

### RELATED PARTY TRANSACTIONS

AXA Philippines has an existing Related Party Guidelines being implemented pursuant to Insurance Commission Circular No. 2017-29 dated May 2, 2017. Said Guidelines is being implement to: (1) Ensure that Related Party transactions are only undertaken on an arm's length basis for the financial, commercial and economic benefit of AXA Philippines and the entire group where AXA Philippines belongs; (2) Identify, manage or avoid conflict of interest and comply with regulatory and best practices; and (3) Ensure that a process for approval or rejection of Related Party transaction has been undertaken.

The RPT policy guidelines cover and capture a broader spectrum of transactions not only those that give rise to credit and/or counterparty risks but also those that could pose material risk or potential abuse to AXA Philippines, and its stakeholders. Approval and endorsement by the appropriate Related Party Committee (Committee) is required for all related party transactions which would have significant risks to AXA Philippines, among others.

Under the guidelines, the members of the board, stockholders, and management shall disclose to the Committee whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting AXA Philippines. Directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting AXA Philippines.

The Guidelines also require disclosure and reporting according to the requirements of regulations.

## **DIVIDEND POLICY**

AXA Philippines shall declare and pay dividends out of the unrestricted retained earnings which shall be payable in cash, property or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law and applicable rules and regulations. In so doing, the Board of Directors shall take into account the provisions of applicable law, the By-laws, and the reasonable financial requirements of the Corporation for the following 12 months in order for the Corporation to maintain a solvency ratio that is at least compliant with the applicable laws plus such margin as is determined by the Board of Directors from time to time

For 2019, AXA Philippines declared and paid cash dividends of Php 409 Million from its unrestricted retained earnings as of 31 December 2018, payable to its stockholders in proportion to their respective shareholdings.

## **WHISTLE BLOWING POLICY**

AXA Philippines adheres to its 2018 Local Whistleblower Policy which is designed to facilitate fair and thorough investigations of all reported instances of improper conduct through a mechanism that ensures that the person making the disclosure is protected from any potential reprisals or retaliatory actions. All reported incidents and any information given will be treated in confidence and every effort will be made not to reveal the identity of the person making the disclosure. Reporting of any concerns or suspicions on possible violation of rights or unethical behavior may be made through the following details below:

### **AXA Philippines**

34/F GT Tower, 6813 Ayala Avenue corner H.V. dela Costa Street, Makati City

Tel. No.: +63 2 885-0101

Email: [whistleblower@axa.com.ph](mailto:whistleblower@axa.com.ph)

### **AXA Group**

Email: [speak-up@axa.com](mailto:speak-up@axa.com)





# FINANCIAL STATEMENTS

A photograph of a city skyline at night, featuring several tall skyscrapers with illuminated windows. The image is partially obscured by a dark blue diagonal overlay that covers the bottom left and right portions of the page.

**2019**  
ANNUAL  
REPORT

# INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Philippine AXA Life Insurance Corporation

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the parent company financial statements of Philippine AXA Life Insurance Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2019 and 2018, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2019 and 2018, and its parent company 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 Parent 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 parent company 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.

In connection with our audits of the parent company 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 parent company 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 Parent Company Financial Statements

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

In preparing the parent company financial statements, management is responsible for assessing the Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 Parent 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 Parent 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 parent company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company 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 parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 30 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company 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 parent company financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic parent company financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

SEC Accreditation No. A-1699-A (Group A),

August 16, 2018, valid until August 15, 2021

Tax Identification No. 210-320-399

BIR Accreditation No. 08-001998-132-2018,

February 9, 2018, valid until February 8, 2021

PTR No. 8125258, January 7, 2020, Makati City

April 20, 2020

**PHILIPPINE AXA LIFE INSURANCE CORPORATION**  
**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Notes	2019	2018
<b>ASSETS</b>			
Cash and cash equivalents	4	₱3,610,752,638	₱3,552,862,997
Insurance receivables	5	424,937,396	293,499,402
Financial assets	6		
Financial assets at fair value through profit or loss		2,017,978,394	1,509,204,606
Available-for-sale financial assets		11,115,743,912	8,854,599,092
Loans and receivables - net		1,061,779,494	947,270,138
Accrued income	7	174,890,352	153,455,170
Investment in a subsidiary	8	5,029,440,576	3,559,440,576
Property and equipment - net	10	848,234,050	462,878,225
Intangible assets - net	11	28,745,346	5,917,186
Deferred tax assets - net	23	387,222,550	98,234,344
Other assets		178,088,267	179,736,666
		24,877,812,975	19,617,098,402
Assets held to cover unit-linked liabilities	12	107,552,485,888	96,629,658,936
		₱132,430,298,863	₱116,246,757,338
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Insurance contract liabilities	13, 14	₱8,010,724,817	₱7,536,685,998
Premium deposit fund		167,836,067	130,165,830
Life insurance deposits		178,993,598	254,177,134
Insurance payables	15	373,924,339	172,586,511
Trade and other liabilities	16	2,161,645,478	1,676,437,414
Lease liability	26	371,497,533	—
Net pension liability	22	267,849,225	172,806,606
Income tax payable		335,338,413	372,611,764
		11,867,809,470	10,315,471,257
Unit-linked liabilities	12	107,552,485,888	96,629,658,936
		119,420,295,358	106,945,130,193
<b>Equity</b>			
Capital stock	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
Retained earnings	17	11,287,379,610	8,307,738,057
Revaluation reserves on available-for-sale financial assets	18	736,365,632	(500,170,863)
Remeasurement gain on life insurance reserves	13	70,800,570	512,902,145
Actuarial losses on defined benefit plan	22	(143,722,112)	(78,021,999)
Treasury stock	17	(163,378)	(163,378)
		13,010,003,505	9,301,627,145
		₱132,430,298,863	₱116,246,757,338

See accompanying Notes to Parent Company Financial Statements.



**PHILIPPINE AXA LIFE INSURANCE CORPORATION**  
**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**

		<b>Years Ended December 31</b>	
	Notes	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>			
Gross premiums on insurance contracts issued		<b>₱26,541,347,883</b>	₱29,708,433,098
Premiums ceded to reinsurers		<b>(304,584,737)</b>	(265,100,272)
Net insurance premiums	19	<b>26,236,763,146</b>	29,443,332,826
Subscriptions allocated to investment in unit-linked funds	12	<b>(16,239,127,375)</b>	(20,564,884,103)
		<b>9,997,635,771</b>	8,878,448,723
Gain on assets held to cover unit-linked liabilities	20	<b>10,335,992,733</b>	–
Decrease in unit-linked liabilities due to loss on assets held to cover unit-linked liabilities	20	–	10,064,064,857
Asset management fees		<b>2,004,134,945</b>	1,765,038,596
Investment income	19	<b>898,161,192</b>	603,957,967
Foreign exchange (losses) gains - net		<b>(28,345,618)</b>	34,273,015
Other income		<b>82,933,614</b>	109,095,904
		<b>23,290,512,637</b>	21,454,879,062
<b>BENEFITS, CLAIMS AND OPERATING EXPENSES</b>			
Gross benefits and claims		<b>16,289,797,880</b>	11,051,699,029
Reinsurers' share of gross benefits and claims	19	<b>(92,339,436)</b>	(68,745,160)
Policyholders' dividends and interest	19	<b>95,572,456</b>	90,493,213
Decrease in unit-linked liabilities due to surrenders	12	<b>(14,738,713,254)</b>	(9,710,664,916)
Net benefits and claims incurred	19	<b>1,554,317,646</b>	1,362,782,166
Decrease in legal policy reserves	13	<b>(616,546,768)</b>	(719,873,293)
Net insurance benefits and claims		<b>937,770,878</b>	642,908,873
Increase in unit-linked liabilities due to gain on assets held to cover unit-linked liabilities	20	<b>10,335,992,733</b>	–
Loss on assets held to cover unit-linked liabilities	20	–	10,064,064,857
Operating and administrative expenses	21	<b>4,862,727,303</b>	4,582,846,848
Commission expense		<b>1,966,907,783</b>	1,879,304,948
Agency development expenses		<b>301,287,556</b>	157,083,027
Premium and documentary stamp taxes		<b>117,375,016</b>	97,621,588
Interest on lease liability	26	<b>37,661,619</b>	–
Interest on defined benefit obligation	22	<b>9,944,904</b>	10,231,420
Medical and inspection fees		<b>3,874,764</b>	5,184,544
Interest on premium deposit fund		<b>3,093,327</b>	4,200,210
		<b>18,576,635,883</b>	17,443,446,315
<b>INCOME BEFORE INCOME TAX</b>		<b>4,713,876,754</b>	4,011,432,747
<b>PROVISION FOR INCOME TAX</b>	23	<b>1,325,235,201</b>	1,276,204,494
<b>NET INCOME</b>		<b>3,388,641,553</b>	2,735,228,253
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>Items that will not be reclassified into profit or loss, net of tax:</b>			
Remeasurement (losses) gains on defined benefit plan	22	<b>(65,700,113)</b>	10,696,248
Net change in remeasurement on life insurance reserves	13	<b>(442,101,575)</b>	1,264,089,393
		<b>(507,801,688)</b>	1,274,785,641
<b>Item that will be reclassified into profit or loss:</b>			
Net change in fair value of available-for-sale financial assets	18	<b>1,236,536,495</b>	(677,541,048)
		<b>728,734,807</b>	597,244,593
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱4,117,376,360</b>	₱3,332,472,846

*See accompanying Notes to Parent Company Financial Statements.*

**PHILIPPINE AXA LIFE INSURANCE CORPORATION**  
**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY**

	Capital Stock (Note 17)	Contributed Surplus	Contingency Surplus	Revaluation Reserves on Available-for- sale Financial Assets (Note 18)	Remeasurement Gain (Loss) on Life Insurance Reserves (Note 13)	Actuarial Losses on Defined Benefit Plan (Note 22)	Retained Earnings (Note 17)	Treasury Stock (Note 17)	Total
Balances as at January 1, 2019	₱1,000,000,000	₱50,000,000	₱9,343,183	(₱500,170,863)	₱512,902,145	(₱78,021,999)	₱8,307,738,057	(₱163,378)	₱9,301,627,145
Net income for the year	—	—	—	—	—	—	3,388,641,553	—	3,388,641,553
Other comprehensive income (loss)	—	—	—	1,236,536,495	(442,101,575)	(65,700,113)	—	—	728,734,807
Total comprehensive income (loss)	—	—	—	1,236,536,495	(442,101,575)	(65,700,113)	3,388,641,553	—	4,117,376,360
Cash dividends	—	—	—	—	—	—	(409,000,000)	—	(409,000,000)
As of December 31, 2019	₱1,000,000,000	₱50,000,000	₱9,343,183	₱736,365,632	₱70,800,570	(₱143,722,112)	₱11,287,379,610	(₱163,378)	₱ 13,010,003,505
Balances as at January 1, 2018	₱1,000,000,000	₱50,000,000	₱9,343,183	₱177,370,185	(₱751,187,248)	(₱88,718,247)	₱7,167,509,804	(₱163,378)	₱7,564,154,299
Net income for the year	—	—	—	—	—	—	2,735,228,253	—	2,735,228,253
Other comprehensive income (loss)	—	—	—	(677,541,048)	1,264,089,393	10,696,248	—	—	597,244,593
Total comprehensive income (loss)	—	—	—	(677,541,048)	1,264,089,393	10,696,248	2,735,228,253	—	3,332,472,846
Cash dividends	—	—	—	—	—	—	(1,595,000,000)	—	(1,595,000,000)
As of December 31, 2018	₱1,000,000,000	₱50,000,000	₱9,343,183	(₱500,170,863)	₱512,902,145	(₱78,021,999)	₱8,307,738,057	(₱163,378)	₱9,301,627,145

See accompanying Notes to Parent Company Financial Statements.

**PHILIPPINE AXA LIFE INSURANCE CORPORATION**  
**PARENT COMPANY STATEMENTS OF CASH FLOWS**

		<b>Years Ended December 31</b>	
	<b>Notes</b>	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax		<b>₱4,713,876,754</b>	₱4,011,432,747
Adjustments for:			
Interest income	19	<b>(766,319,127)</b>	(659,423,821)
Depreciation and amortization	10, 11	<b>299,902,861</b>	128,691,485
Fair value losses (gains) on financial assets at fair value through profit or loss	6	<b>(109,772,571)</b>	99,164,712
Retirement expense	22	<b>75,066,487</b>	58,117,512
Interest on lease liability	26	<b>37,661,619</b>	—
Amortization of bond discount	6	<b>(27,526,805)</b>	76,832,797
Unrealized foreign exchange losses (gains)		<b>28,345,618</b>	(34,273,015)
Dividend income	19	<b>(20,870,886)</b>	(16,039,437)
Interest on defined benefit obligation	22	<b>9,944,904</b>	10,231,420
Provision for credit losses on loans and receivables	6	<b>2,863,675</b>	9,886,640
Provision for impairment loss on investment in a subsidiary	8	<b>—</b>	342,519,424
Loss on disposal of property and equipment	10	<b>—</b>	1,302,044
Operating income before changes in working capital		<b>4,243,172,529</b>	4,028,442,508
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Other assets		<b>1,648,399</b>	(53,444,124)
Insurance receivables		<b>(131,437,994)</b>	6,034,244
Loans and receivables		<b>(117,373,030)</b>	(30,914,580)
Increase (decrease) in:			
Trade and other liabilities		<b>496,868,057</b>	(84,444,908)
Insurance contract liabilities		<b>(157,534,860)</b>	(731,595,232)
Life insurance deposits		<b>(75,183,536)</b>	(5,611,652)
Premium deposit fund		<b>37,670,237</b>	26,568,832
Insurance payables		<b>201,337,828</b>	13,565,759
Net cash generated from operations		<b>4,499,167,631</b>	3,168,600,847
Proceeds from disposal/maturities of:			
Available-for-sale financial assets	6	<b>3,094,356,000</b>	3,897,025,824
Financial assets at fair value through profit or loss	6	<b>1,007,179,891</b>	457,579,276
Acquisitions of:			
Available-for-sale financial assets	6	<b>(4,091,437,520)</b>	(5,489,919,104)
Financial assets at fair value through profit or loss	6	<b>(1,406,181,108)</b>	(620,925,937)
Interest received		<b>744,533,093</b>	652,865,644
Interest paid on lease obligation		<b>(37,661,619)</b>	—
Contributions paid to the pension fund	22	<b>(85,011,393)</b>	(90,232,794)
Dividends received		<b>21,221,738</b>	16,140,453
Income taxes paid		<b>(1,433,867,463)</b>	(1,046,591,346)
Net cash provided by operating activities		<b>2,312,299,250</b>	944,542,863

(Forward)

		Years Ended December 31	
	Notes	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturity of:			
Short-term investment		<b>₱—</b>	₱1,048,400,600
Acquisitions of:			
Property and equipment	10	<b>(225,402,500)</b>	(297,798,374)
Intangible assets	11	<b>(25,198,987)</b>	—
Capital infusion to investment in a subsidiary	8	<b>(1,470,000,000)</b>	—
Net cash (used in) provided by investing activities		<b>(1,720,601,487)</b>	750,602,226
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Cash dividends paid	17	<b>(409,000,000)</b>	(1,595,000,000)
Payment of principal portion of lease liabilities	26	<b>(96,462,502)</b>	—
Net cash used in financing activities		<b>(505,462,502)</b>	(1,595,000,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>86,235,259</b>	100,145,089
<b>EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS</b>		<b>(28,345,618)</b>	34,273,015
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>3,552,862,997</b>	3,418,444,893
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	4	<b>₱3,610,752,638</b>	₱3,552,862,997

*See accompanying Notes to Parent Company Financial Statements.*



**AXA Philippines**

GT Tower International  
Ayala Avenue  
corner H.V. dela Costa St.  
Makati City, Philippines

[www.axa.com.ph](http://www.axa.com.ph)