



Building Partnerships, Empowering Lives

AXA PHILIPPINES
ANNUAL REPORT 2016

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FINANCIAL HIGHLIGHTS

11.8%

MARKET SHARE

1.7B

NET INCOME

899,635

LIVES

INSURED WITH **813**
COMPANIES AND
249,798 INDIVIDUAL
CUSTOMERS

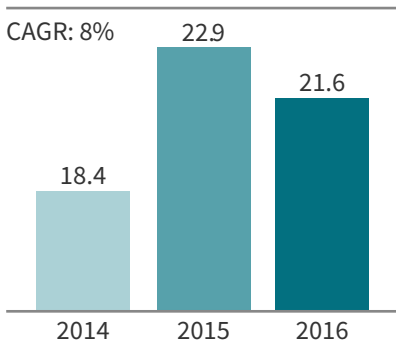
5.0B

ANNUALIZED
PREMIUM EQUIVALENT

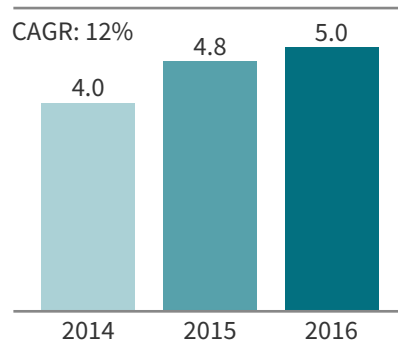
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GROSS
WRITTEN PREMIUMS

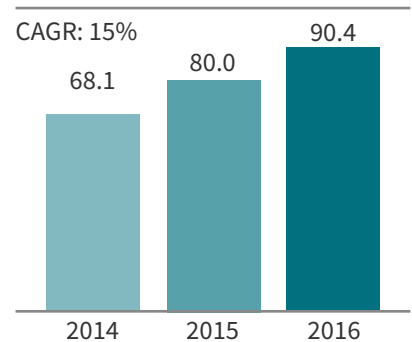
GROSS WRITTEN PREMIUMS
in PHP Billion



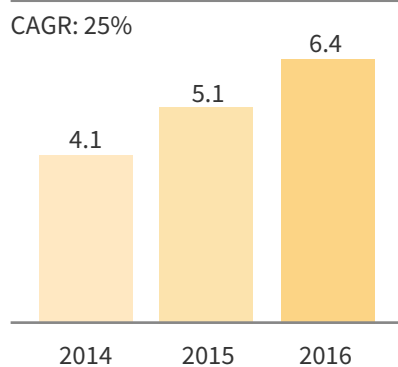
**ANNUALIZED PREMIUM
EQUIVALENT**
in PHP Billion



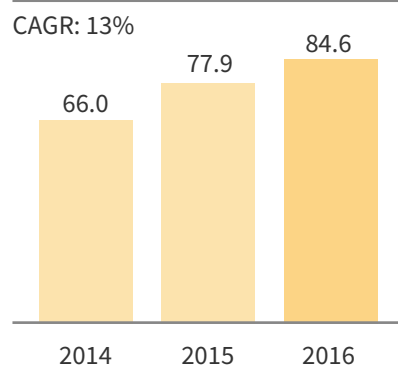
TOTAL ASSETS
in PHP Billion



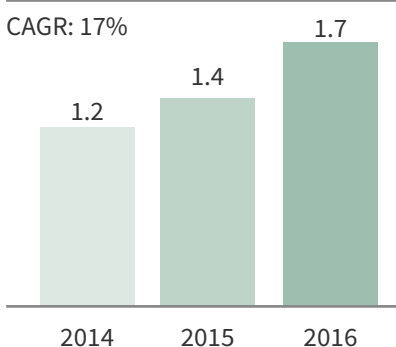
TOTAL EQUITY
in PHP Billion



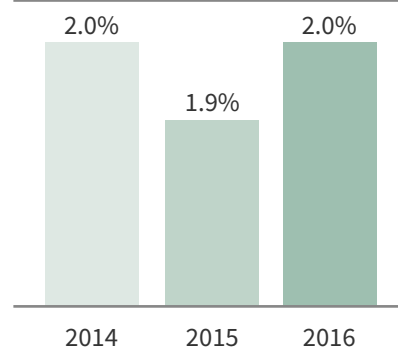
ASSETS UNDER MANAGEMENT
in PHP Billion



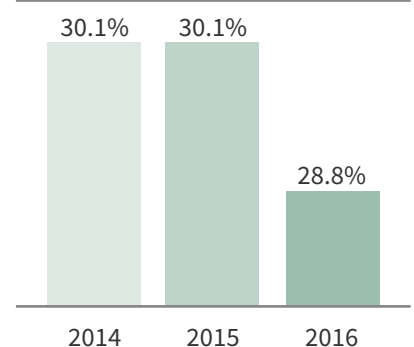
NET INCOME
in PHP Billion



RETURN ON ASSETS



RETURN ON EQUITY



Board of Directors

BOARD OF DIRECTORS



Solomon S. Cua

CHAIRMAN

61 years old, Filipino

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



Fernand Antonio

A. Tansingco

VICE CHAIRMAN

50 years old, Filipino

- Vice Chairman AXA Philippines since 2010
- Head of the Financial Markets Sector Senior Executive Vice President and Treasurer, of Metropolitan Bank and Trust Company
- Chairman and Director of Metrobank (Bahamas) limited since 2010
- Director, Metrobank (China) limited from 2012-2016
- Chartered Financial Analyst (CFA)
- Bachelor of Science degree in Electrical Engineering from the University of the Philippines
- Adviser, Metrobank (China) Limited since 2016



Rahul Hora

DIRECTOR/PRESIDENT & CEO

43 years old, Indian

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



Liong Tiong "Gerry" Y. Tee

DIRECTOR

71 years old, Filipino

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



Alesandra T. Ty

DIRECTOR/TREASURER

37 years old, Filipino

- Director/Treasurer of AXA Philippines since 2010
- Director and Assistant Treasurer of GT Capital Holdings, Inc. since 2012
- Director of Federal Homes, Inc. since 2007
- Director of Sumisho Motor Finance Corporation since 2009
- Corporate Secretary of First Metro Investment Corporation since 2008
- Corporate Treasurer of First Metro Investment Corporation since 2011
- Corporate Secretary of GT Foundation, Inc. since 2015
- Graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Legal Management
- Graduated from China Europe International Business School, Shanghai, China with Masters in Business Administration



Etienne Marc Fernand Bouas-Laurent

DIRECTOR

52 years old, French

- Director of AXA China Region Insurance Company Limited since 2016
- Director of AXA China Region Insurance Company (Bermuda) Limited since 2016
- Director of AXA (Hong Kong) Company Limited since 2016
- Director of AXA Wealth Management (HK) Limited since 2016
- Director of AXA China Region Limited since 2016
- Director of AXA General Insurance Hong Kong Limited since 2016
- Director of AXA Insurance Public Company Limited since 2016
- Director of Krungthai-AXA Life Insurance Public Company Limited since 2016
- Director of Philippine AXA Life Insurance Corporation since 2017
- Commissioner of PT AXA Services Indonesia since 2017
- Chief Executive Officer Life, AXA Asia of AXA China Region Insurance Company Ltd. since 2016
- Graduated from CHEA (Universite Paris Dauphine) with Masters Degree in Insurance
- Graduated from DESCP (Diplome d'Etudes Superieures Comptables et Financieres) with Diploma in Accounting and Financial Studies
- Graduated from Diplomes des Chambre de Commerce franco-britannique et franco-allemande with Language Certificate
- Graduated from ESCP Europe Business School, Paris with Diploma in Accounting, Audit and Management
- Graduated from Lycee Michel Montaigne, France (Preparatory School for Admission to ESCP Business School)



Ronaldo C. San Jose

DIRECTOR

51 years old, Filipino

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



Jean Drouffe

DIRECTOR

42 years old, French

- Director of AXA Philippines since April 2016
- Director of Charter Ping An Insurance Corporation since 2016
- AXA Insurance Singapore Pte Ltd since March 2016
- AXA Insurance Pte. Ltd. since 15 August 2016
- AXA Affin General Insurance Berhad since May 2016
- AXA AFFIN Life Insurance Berhad since July 2016
- Bharti AXA General Insurance Company Limited since January 2016
- Bharti AXA Life Insurance Company Limited since January 2016
- Charter Ping An Insurance Corporation since April 2016
- Philippine AXA Life Insurance Corporation since April 2016
- Chief Executive Officer, General Insurance, AXA Asia since 2016
- Graduated from ENSAE, France with Diploma in Economics, Statistics and Finance
- Graduated from Ecole Polytechnique, Paris with Diploma in Economics and Applied Mathematics



Arthur Ty

DIRECTOR

50 years old, Filipino

- Director of AXA Philippines since April 2016
- Chairman of Metropolitan bank & Trust Company since 2012
- Chairman of Metropolitan Bank (China) Ltd. Since 2010
- Chairman of GT Capital Holdings, Inc. since 2016
- Vice Chairman/Director First Metro Investment Corporation since 2012
- Vice Chairman of Philippine Savings Bank since 2001
- Graduated from University of California, Los Angeles with a degree in Bachelor Science in Economics
- Graduated from Columbia University, New York with Masters in Business Administration



Jaime C. Laya

INDEPENDENT DIRECTOR

78 years old, Filipino

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



Lope M. Yuvienco

INDEPENDENT DIRECTOR

72 years old, Filipino

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

Dr. George S.K. Ty

SENIOR ADVISER TO THE BOARD

Angelica Reyes

CORPORATE SECRETARY

Jill Marie B. Lopez

ASST. CORPORATE SECRETARY

Jameson Ong

ADVISER TO THE BOARD

Senior Management Team

SENIOR MANAGEMENT TEAM



**Jaspreet
Kakar**

Chief Human Resources
Officer

**John
Hilson**

Chief Transformation
and Operations Officer

**Maria
Faustina
Raymundo**

Chief Distribution
Officer

**Rahul
Hora**

President and CEO

**Ma. Amor T.
Balagtas**

Chief Customer Officer

**Ronaldo C.
San Jose**

Chief Financial Officer

**Claude P.
Seigne**

Chief General Insurance
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) rolled-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 11 highly qualified business professionals. Of the 11, two are independent directors.

The Members of the Board collectively have the full range of skills needed for the effective and prudent operation of the 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%. Below is the record of attendance of the directors at the meetings:

	21 Jan	18 Feb	29 Mar	15 Apr	18 Jul	17 Oct
Solomon S. Cua	✓	✓	✓	✓	✓	✓
Fernand Antonio A. Tansingco	✓	✓	✓	✓	✓	✓
Severinus Petrus Paulus Hermans*	✓	✓				
Liong Tiong “Gerry” Yao Tee	✓	✓	✓	✓	✓	✓
Alesandra T. Ty	✓	✓	✓	✓	✓	✓
Lope M. Yuvienco	✓	✓	✓	✓	✓	✓
Jaime C. Laya	✓	✓		✓	✓	✓
Benoit M. Claveranne *****			✓	✓		
Roberto Juanchito T. Dispo****		✓	✓			
Maria Faustina B. Raymundo****	✓	✓	✓			
Ronaldo C. San Jose	✓		✓	✓	✓	✓
Rahul Hora**				✓	✓	✓
Jean Drouffe***						✓
Arthur Ty***				✓	✓	✓
Roberto Leonardi*****				✓	✓	✓
* Resigned effective 31 March 2016, ** Elected effective on 31 March 2016, *** Elected on 15 April 2016, **** Term ended effective 15 April 2016, ***** Resigned effective 17 October 2016, ***** Elected on 17 October 2016						

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.

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.

Board Remuneration Committee and Board Nominations Committee

The Board Remuneration Committee and Board Nominations Committee appoint and if appropriate, terminate the contract of the Chief Executive Officer. They ensure the adequacy of succession planning and review the performance of the Chairman, the Board and its Committees.

Board Investment Committee (BIC)

The BIC approves material acquisitions and disposal of Company property.

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.

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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 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 BRMACC 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;
- g. Reviews and monitors fraud and anti-money laundering policies of the Company;
- h. The scope of the systems of internal control, as reviewed by the BRMACC, includes 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 BRMACC to form an opinion on the integrity of the publicly reported results and disclosures made in the financial statements of AXA Philippines, BRMACC –

- a. Reviews recent professional and regulatory issues and pronouncements and their impact on the financial statements and reporting processes of the Company.
- b. 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.
- c. 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 BRMACC to form an opinion on the effectiveness, performance and independence of the Company's external auditors, BRMACC –

- a. Reviews the external auditors' assignment plan, annual report and management letter.
- b. Reviews the breakdown of the fees paid to the external auditors by the Company.

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- c. 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.

Internal Auditors

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

- a. Reviews and approves the Company's internal audit plan, charter, and activities particularly with regard to it being adequately resourced and free from constraint by management.
- b. Reviews the major findings presented by internal audit and consider the appropriateness of management's response to them.
- c. Reviews the quarterly report on resolution of internal audit issues, requesting further management explanation where necessary for high priority issues that are overdue.
- d. Reviews a periodic independent assessment of the effectiveness of the internal audit function, including compliance with generally accepted auditing standards
- e. Considers the appointment, appraisal, resignation and dismissal of the Head of Audit with the AXA Asia Head of Audit.

Other Duties

BRMACC –

- 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.

AXA Philippines monitors and manages the risks inherent to its business through tools, programs and methods which include development of policies and processes, use of risk rating systems, establishment of limits, periodic reporting to the BRMACC, Key Risk Indicators, and review of strategies and performance of key functional areas or indicators, and Business Continuity Planning.

WHISTLE BLOWING POLICY

AXA Philippines adheres to its 2016 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

Financial Statements

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Philippine AXA Life Insurance Corporation

REPORT ON THE AUDIT OF THE PARENT COMPANY FINANCIAL STATEMENTS

OPINION

We have audited the parent company financial statements of Philippine AXA Life Insurance Corporation (the Company), which comprise the parent company statements of financial position as at December 31, 2016 and 2015, and the parent company statements of income, 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.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

BASIS FOR OPINION

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the 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.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE 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.

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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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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 parent company financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 28 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 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

Partner

CPA Certificate No. 0091096

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

June 16, 2016, valid until June 16, 2019

Tax Identification No. 178-486-666

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

May 12, 2015, valid until May 11, 2018

PTR No. 5908748, January 3, 2017, Makati City

February 21, 2017

STATEMENTS OF FINANCIAL POSITION

December 31

	2016	2015
ASSETS		
Cash and cash equivalents (Notes 4, 24 and 25)	P 2,684,797,291	P 2,039,628,575
Insurance receivables (Notes 5, 24 and 25)	115,345,762	111,573,286
Financial assets (Notes 6, 24 and 25)		
Financial assets at fair value through profit or loss	867,847,993	3,378,712,907
Available-for-sale financial assets	8,292,055,256	8,061,843,745
Loans and receivables – net	715,615,504	672,405,081
Accrued income (Notes 7, 24 and 25)	140,348,089	110,957,681
Investment in subsidiary (Note 8)	3,901,960,000	—
Property and equipment - net (Note 10)	189,536,597	199,345,210
Intangible assets - net (Note 11)	10,525,790	681,990
Deferred tax assets - net (Note 23)	139,961,593	84,347,773
Other assets	94,925,049	69,100,089
	17,152,918,924	14,728,596,337
Assets held to cover unit-linked liabilities (Notes 12 and 25)	73,221,877,194	65,318,344,897
	P 90,374,796,118	P 80,046,941,234
LIABILITIES AND EQUITY		
LIABILITIES		
Insurance contract liabilities (Notes 13, 14, 24 and 25)	P 8,874,006,843	P 8,022,217,572
Premium deposit fund (Note 24)	83,992,411	93,544,364
Life insurance deposits (Note 24)	196,803,526	220,133,090
Insurance payables (Notes 15 and 24)	145,261,608	135,430,301
Trade and other liabilities (Notes 16, 24, 25 and 26)	1,160,605,168	950,652,354
Pension liability - net (Note 22)	139,703,041	89,188,060
Income tax payable (Note 23)	118,056,415	105,067,344
	10,718,429,012	9,616,233,085
Unit-linked liabilities (Note 12)	73,221,877,194	65,318,344,897
	83,940,306,206	74,934,577,982
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)	296,745,898	611,545,530
Actuarial losses on defined benefit plan (Note 22)	(74,452,143)	(45,821,290)
Retained earnings (Note 17)	5,153,016,352	3,487,459,207
Treasury stock (Note 17)	(163,378)	(163,378)
	6,434,489,912	5,112,363,252
	P 90,374,796,118	P 80,046,941,234

See accompanying Notes to Parent Company Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31

	2016	2015
REVENUE		
Gross premiums on insurance contracts issued	P 21,624,920,993	P 22,923,255,221
Premiums ceded to reinsurers	(109,058,820)	(102,364,610)
Net insurance premiums (Notes 19 and 25)	21,515,862,173	22,820,890,611
Subscriptions allocated to investment in unit-linked funds	(15,345,301,475)	(17,334,016,010)
	6,170,560,698	5,486,874,601
Asset management fees (Note 25)	1,248,123,841	1,045,442,595
Investment income (Notes 9, 19 and 25)	660,293,184	598,387,413
Foreign exchange gains - net	11,111,773	38,825,160
Other income	6,561,406	2,407,398
	8,096,650,902	7,171,937,167
BENEFITS, CLAIMS AND OPERATING EXPENSES		
Gross benefits and claims	8,559,905,378	8,019,383,555
Reinsurers' share of gross benefits and claims (Note 19)	(15,917,300)	(7,802,926)
Policyholders' dividends and interest (Notes 13 and 19)	79,383,837	63,791,781
Decrease in unit-linked liabilities due to surrenders	(7,529,719,912)	(7,154,144,507)
Net benefits and claims incurred (Notes 19 and 25)	1,093,652,003	921,227,903
Increase in legal policy reserves (Note 13)	658,665,617	657,468,586
Increase (decrease) in reserves for policyholders' dividends (Note 13)	(395,178)	9,512,556
Net insurance benefits and claims	1,751,922,442	1,588,209,045
Loss on assets held to cover unit-linked liabilities (Notes 20 and 25)	837,396,320	1,332,532,194
Decrease in unit-linked liabilities due to loss on assets held to cover unit-linked liabilities	(837,396,320)	(1,332,532,194)
Operating and administrative expenses (Notes 21 and 25)	2,621,608,935	2,299,566,392
Commission expense (Note 25)	1,279,776,745	1,237,571,200
Premium and documentary stamp taxes	73,755,495	69,865,715
Agency development expenses	68,588,353	63,908,317
Interest on premium deposit fund	1,717,488	2,139,128
Medical and inspection fees	2,612,267	2,920,872
Interest on defined benefit obligation (Note 22)	3,670,135	992,641
	5,803,651,860	5,265,173,310
INCOME BEFORE INCOME TAX	2,292,999,042	1,906,763,857
PROVISION FOR INCOME TAX (Note 23)	627,441,897	523,124,827
NET INCOME	1,665,557,145	1,383,639,030
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will not be reclassified into profit or loss:		
Remeasurement loss on defined benefit plan (Note 22)	(40,901,218)	(64,943,055)
Income tax effect	12,270,365	19,482,916
	(28,630,853)	(45,460,139)
Item that will be reclassified into profit or loss:		
Net change in fair value of available-for-sale financial assets (Note 18)	(314,799,632)	(312,276,969)
	(343,430,485)	(357,737,108)
TOTAL COMPREHENSIVE INCOME	P 1,322,126,660	P 1,025,901,922

See accompanying Notes to Parent Company Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 17)	Contributed Surplus	Contingency Surplus	Revaluation Reserves on Available-for-sale Financial Assets (Note 18)	Actuarial Gains (Losses) on Defined Benefit Plan (Note 22)	Retained Earnings (Note 17)	Treasury Stock (Note 17)	Total
As of January 1, 2016	P 1,000,000,000	P 50,000,000	P 9,343,183	P 611,545,530	(P 45,821,290)	P 3,487,459,207	(P163,378)	P 5,112,363,252
Net income	—	—	—	—	—	1,665,557,145	—	1,665,557,145
Other comprehensive loss	—	—	—	(314,799,632)	(28,630,853)	—	—	(343,430,485)
Total comprehensive income (loss)	—	—	—	(314,799,632)	(28,630,853)	1,665,557,145	—	1,322,126,660
As of December 31, 2016	P 1,000,000,000	P 50,000,000	P 9,343,183	P 296,745,898	(P 74,452,143)	P 5,153,016,352	(P 163,378)	P 6,434,489,912
As of January 1, 2015	P 1,000,000,000	P 50,000,000	P 9,343,183	P 923,822,499	(P 361,151)	P 2,103,820,177	(P 163,378)	P 4,086,461,330
Net income	—	—	—	—	—	1,383,639,030	—	1,383,639,030
Other comprehensive income (loss)	—	—	—	(312,276,969)	(45,460,139)	—	—	(357,737,108)
Total comprehensive income (loss)	—	—	—	(312,276,969)	(45,460,139)	1,383,639,030	—	1,025,901,922
As of December 31, 2015	P 1,000,000,000	P 50,000,000	P 9,343,183	P 611,545,530	(P 45,821,290)	P 3,487,459,207	(P 163,378)	P5,112,363,252

See accompanying Notes to Parent Company Financial Statements.

STATEMENTS OF CASH FLOWS

Years Ended December 31

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P 2,292,999,042	P 1,906,763,857
Adjustments for:		
Depreciation and amortization (Notes 9, 10, 11 and 21)	102,904,147	95,009,519
Fair value losses on financial assets at fair value through profit or loss (Note 6)	13,450,151	46,373,600
Provision for impairment on loans and receivables (Note 6)	1,119,087	2,463,081
Unrealized foreign exchange gains	(11,111,773)	(16,936,754)
Dividend income (Note 19)	(16,105,257)	(17,010,740)
Gain on sale of available-for-sale financial assets (Notes 18 and 19)	(157,632,695)	(176,724,738)
Interest income (Note 19)	(498,884,268)	(443,192,717)
Gain on sale of investment property (Notes 9 and 19)	—	(7,056,415)
Operating income before changes in working capital	1,726,738,434	1,389,688,693
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Insurance receivables	(3,772,476)	74,609,304
Other assets	(25,824,960)	4,626,609
Loans and receivables	(44,329,510)	(103,039,232)
Increase (decrease) in:		
Insurance contract liabilities	851,789,271	881,202,144
Trade and other liabilities	209,952,814	107,464,068
Insurance payables	9,831,307	(6,806,644)
Pension liability - net	9,613,763	2,524,194
Premium deposit fund	(9,551,953)	(13,716,873)
Life insurance deposits	(23,329,564)	71,380,486
Net cash generated from operations	2,701,117,126	2,407,932,749
Proceeds from disposal/maturities of:		
Available-for-sale financial assets (Note 6)	1,994,936,293	903,204,895
Financial assets at fair value through profit or loss (Note 6)	4,841,222,296	1,758,289,320
Acquisitions of:		
Available-for-sale financial assets (Note 6)	(2,431,139,432)	(2,683,341,689)
Financial assets at fair value through profit or loss (Note 6)	(2,343,807,533)	(4,048,240,253)
Interest received	519,956,178	500,562,453
Dividends received	14,467,630	17,109,775
Income taxes paid	(657,796,281)	(535,699,460)
Net cash provided by (used in) operating activities	4,638,956,277	(1,680,182,210)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of:		
Investment property (Note 9)	—	15,216,220
Acquisitions of:		
Investment in subsidiary (Note 8)	(2,101,960,000)	—
Property and equipment (Note 10)	(92,446,084)	(80,065,928)
Intangible assets (Note 11)	(10,493,250)	—
Fund infusion to investment in subsidiary (Note 8)	(1,800,000,000)	—
Net cash used in investing activities	(4,004,899,334)	(64,849,708)

See accompanying Notes to Parent Company Financial Statements.

Building Partnerships, Empowering Lives

Years Ended December 31

	2016	2015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	P 634,056,943	(P 1,745,031,918)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS	11,111,773	16,936,755
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,039,628,575	3,767,723,738
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P 2,684,797,291	P 2,039,628,575

See accompanying Notes to Parent Company Financial Statements.



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