

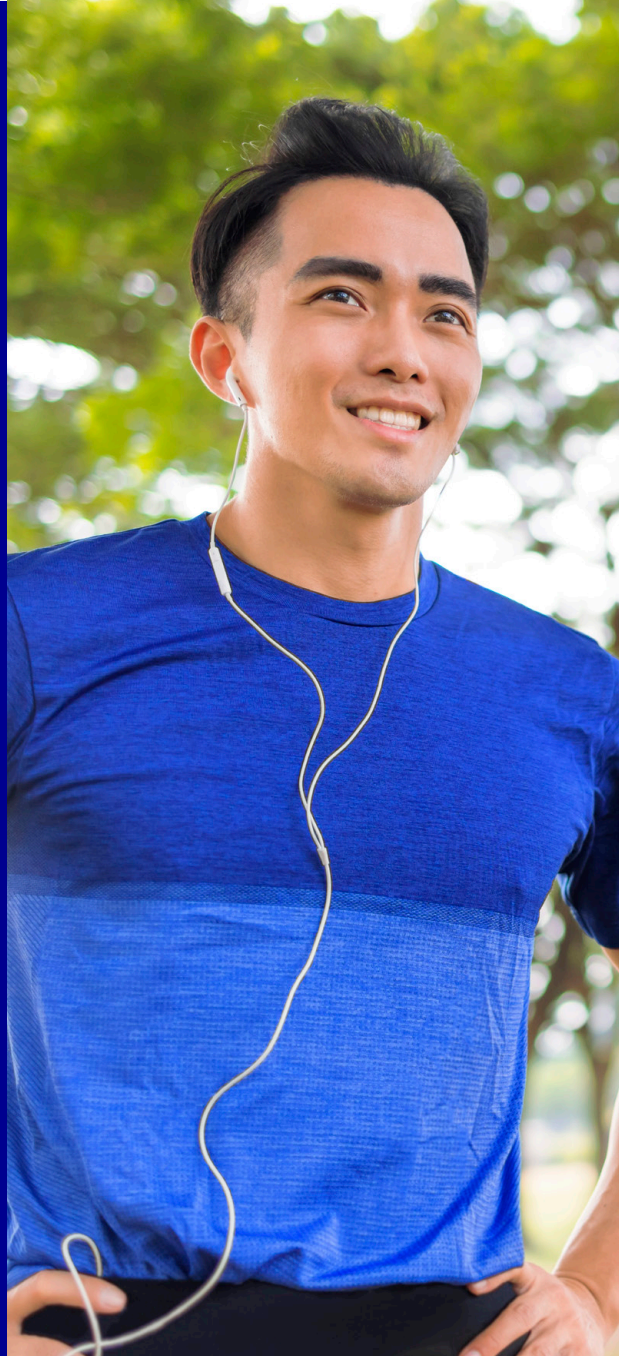


渣打平安保險公司
Charter Ping An



Know You Can Push Further

The Charter Ping An Insurance Corporation 2022 Annual Report



The first move toward winning is knowing you can.

When you protect what matters, nothing is impossible. You can stay strong, grow better, and achieve your full potential.

You can secure your family and lead them ahead despite hurdles. You can leave a legacy by investing in a better future—

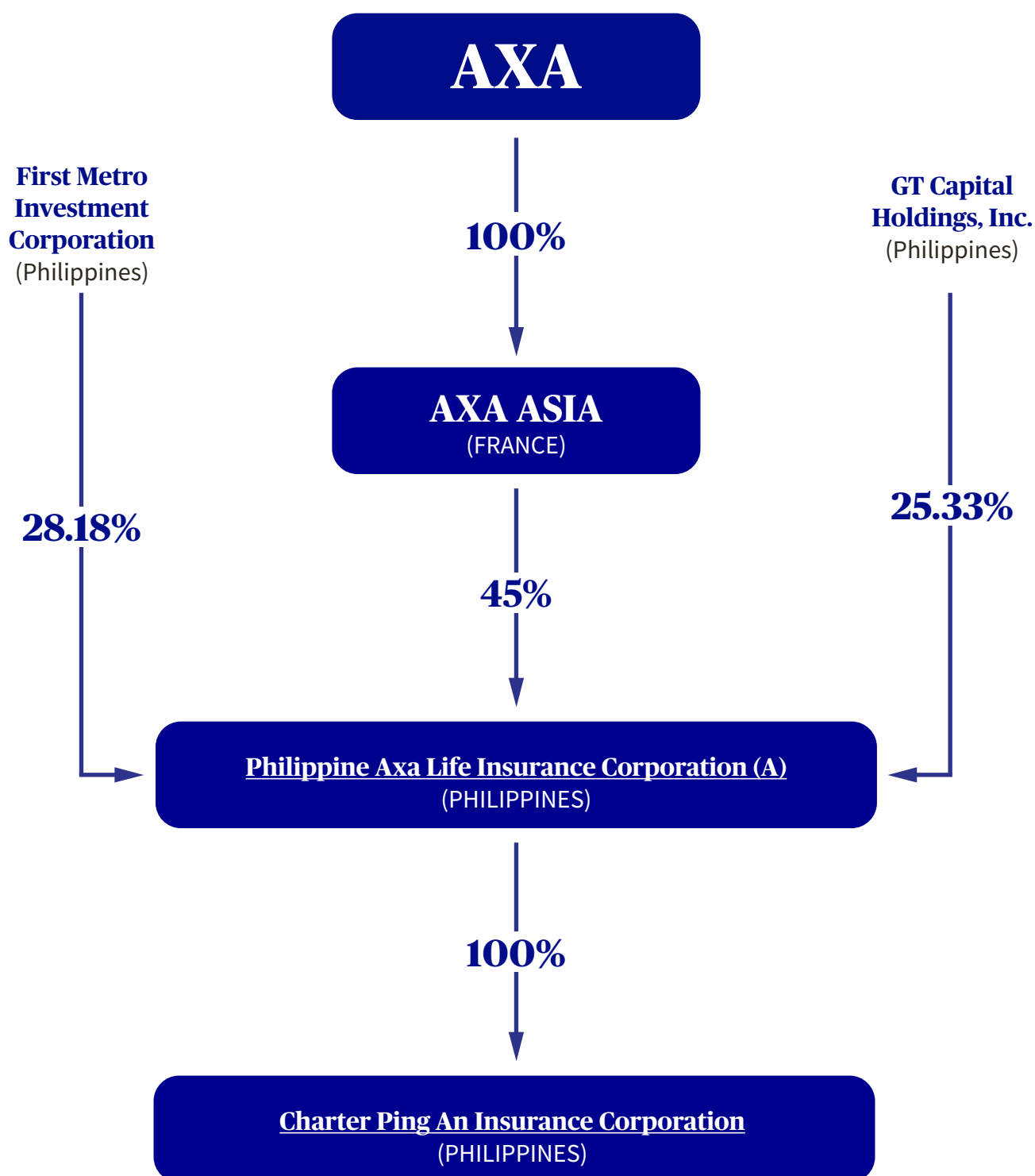
taking full charge of your life, for the ones that keep you going.

**With Charter Ping An
Insurance Corporation,
know you can move forward.**

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AXA Philippines Corporate Structure



a. 1.49% held by other shareholders



Message from the Chairman

Solomon S. Cua

We march forward to secure the future of Filipinos.

The year 2022 was marked by steadfast endurance in the face of challenges. Each step was a courageous stride towards a more hopeful future, as the shadow of the COVID-19 pandemic slowly faded. The effects continued to linger, as shown in the average inflation of 5.8% in the Philippines, again missing its target for the second straight year.

Nevertheless, we were clearly back on our feet. As people gradually went back to work, our unemployment rate, which stood at 4.3% at the end of the year, was the lowest in over 17 years. Our modern-day heroes—Overseas Filipino workers (OFWs)—made exceptional contributions, with a record-breaking remittance of \$36.14 billion for the whole year. This invigorated consumer spending which constitutes at least 75% of our economy.

Another noteworthy achievement was the sustained expansion of the Gross Domestic Product, which registered an impressive growth of 9.9% in 2022. Notably, financial and insurance activities played a significant role, contributing 9.8% in December of that year, reaffirming our commitment to equip Filipinos with the essential resources to prioritize their protection.

Vital financial protection

The impact of the pandemic bore a great influence on people's perception of protection. The insurance industry thrived in 2022, with combined assets of P2.14 trillion, a net worth of P445.35 billion, and premiums amounting to P379.23 billion. With an all-around improved performance versus the previous year, the insurance industry stood as a steadfast pillar, offering unwavering support to customers in times of need.

Given the country's vulnerability to disasters and emergencies, this bears heightened significance. According to the WorldRiskIndex, which measures countries' disaster risk from extreme natural events and the effects of climate change, the Philippines had the highest disaster risk among 193 countries around the world last year. The Philippines scored high in its exposure, vulnerability, susceptibility, lack of coping capacities, and lack of adaptive capacities in the face of disasters.

In light of this, Charter Ping An recognized the urgent need for general insurance as a means to safeguard properties and businesses, offering vital financial protection. As a subsidiary of AXA Philippines in the earlier part of the year, Charter Ping An contributed to AXA Philippines' consolidated net income of P2.5 billion from both its life and general insurance businesses.

We supported this growth by enhancing customer experience at all touchpoints, utilizing digital technology to offer convenience in accessing various insurance and investment solutions, whether online or through our mobile app.

A stable and reliable partner

As AXA Philippines moves towards a future that holds great promise, our unwavering dedication remains anchored in our noble purpose: acting for human progress by protecting what matters. With this guiding principle, we forge ahead, surmounting obstacles and navigating any challenges that lie in our path.

Undoubtedly, the year was not without challenges for Charter Ping An but we faced them head on, emerging even stronger. Today, we march forward with an awareness that countless Filipinos place their trust in us to provide solutions that protect their assets and secure their future.

We are firm believers in the power of insurance to drive our nation's growth and development. At the same time, we recognize the weight of our responsibility in empowering Filipinos to reach their fullest potential. As we venture into a new horizon, we are confident that we are moving in the right direction, tirelessly striving for a brighter tomorrow.



Message from the President and CEO

Bernardo Serrano Lopez

Let us forge ahead together.

The success of the merger between Charter Ping An Insurance Corporation and AXA Philippines in 2022 can only be attributed to your tireless effort and unwavering resolve. In the face of obstacles, we persevered and succeeded. Your hard work laid the groundwork for our success.

This is indeed an exciting time for Charter Ping An as we expand our offerings and serve clients effectively and more efficiently with our comprehensive suite of life and non-life insurance solutions. Together, let us forge ahead, guided by our noble purpose: to protect the things that matter to our clients. I am confident that we will remain steadfast and we will overcome challenges as One AXA.

In this new chapter for Charter Ping An, it is my honor to lead this organization as well as our people, our customers, and our stakeholders.

Board of Directors



SOLOMON S. CUA

Chairman

Age: 67 years old

Date of first appointment: 2010

Length of Service: 12 years

Directorship in other companies: Philippine AXA Life 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 2022: Training on Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) and Anti Bribery and Corruption; Advance Corporate Governance Training

ARTHUR V. TY

Vice Chairman /Non-Executive Director

Age: 56 years old

Date of first appointment: 2016

Length of Service: 6 years

Directorship in other companies: Metropolitan Bank & Trust Company, Metropolitan Bank (China) Ltd., GT Capital Holdings, Inc., First Metro Investment Corporation, Philippine Savings Bank, Philippine AXA Life Insurance Corporation.

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 2022: Training on Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) and Anti Bribery and Corruption; Advance Corporate Governance Training



BERNARDO RAFAEL SERRANO LOPEZ

Member, President & CEO

Age: 56 years old

Date of first appointment: 2022

Length of Service: < 1 year

Directorship in other companies: Philippine AXA Life Insurance Corporation.

Relevant experience: Mr. Serrano was Chief Executive Officer of AXA Colpatria from 2012-2022, AXA Brazil from 2011-2014, Innoliva from 2006-2011, General Manager of AXA Spain from 2003-2006, Regional Chief Executive Officer of AXA Latam from 2001-2003, Chief Executive Officer of BCI Seguros from 1998- 2000 and Chief Executive Officer of BCI Banco de Credito e Inversiones from 1996-1997.

Qualifications: Mr. Serrano completed his BS Economics degree in Universidad de Navarra, Spain, Master of Business Administration in IESE Business School – University of Navarra, Spain, Postgrad Program in Finance in University of California, Berkeley and Master in Fiscal and Accounting in IDEOR, Spain.

Trainings Attended in 2022: Training on Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) and Anti Bribery and Corruption



FERNAND ANTONIO A. TANSINGCO

Vice Chairman /Non-Executive Director

Age: 56 years old

Date of first appointment: 2010

Length of Service: 12 years

Directorship in other companies: Metrobank (Bahamas) Limited, Philippine AXA Life Insurance Corporation

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 2022: Training on Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) and Anti Bribery and Corruption; Advance Corporate Governance Training



CONSTANCE RESCHKE

Member

Age: 46 years old

Date of first appointment: 2022

Length of Service: 1 year

Directorship in other companies: Philippine AXA Life Insurance Corporation

Relevant experience: Ms. Reschke is AXA Asia and Africa Chief Risk Officer. She was AXA Switzerland Head of Group Life from 2019-2022, Head of Collective Foundation Business from 2016-2019, Head of Inforce Management Life & Saving from 2015-2016, Head of Valuation Life & Saving from 2008 to 2014 and Mathematician Group Life from 2002-2007

Trainings in 2022: Training on Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) and Anti Bribery and Corruption; Advance Corporate Governance Training



JAIME C. LAYA

Independent Director

Age: 84 years old

Date of first appointment: 2006

Length of Service: 16 years

Directorship in other companies: Philippine AXA Life 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, Yuchengco 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 2022: Training on Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) and Anti Bribery and Corruption; Advance Corporate Governance Training



LOPE M. YUVIENCO

Independent Director

Age: 78 years old

Date of first appointment: 2008

Length of Service: 14 years

Directorship in other companies: Philippine AXA Life 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 2022: Training on Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapons of Mass Destruction Financing (AML/CTPF) and Anti Bribery and Corruption; Technology Governance: Cybersecurity. Technology and Third Party Privacy Risks, AI Use Cases and Strategic Opportunities



***VY TONNE SO**
Adviser to the Board

***ROBERT YU**
Adviser to the Board

**** ANGELICA REYES**
Corporate Secretary

*****RENEE LYNN MICIANO-ATIENZA**
Corporate Secretary

DAN DAVID ANTONIO
Asst. Corporate Secretary

***ARIC JUSTIN TY**
Asst. Corporate Secretary

WENDY T. SAEZ CO
Treasurer

KAREN JILL M. ESPINELI
Chief Compliance Officer (AML Officer and Sanctions Officer)

**Appointment ended on April 28, 2022*

***Resigned on June 15, 2022*

****Appointed on June 28, 2022*

Executive Leadership Team



Bernardo Serrano Lopez
President & CEO



Gael Lapie
Chief Financial Officer



Sharon Hernandez*
Chief Human Resources Officer



Rosa Maria L. Musico
*Chief General Insurance and
Corporate Business Officer*



Maria Faustina Raymundo
Chief Distribution Officer



Ronaldo C. San Jose
Chief Risk Officer



Kathleen Driz
Chief Operations Officer



Carlos Santos
Chief Transformation & Technology Officer



Fernando Villar
Chief Marketing Officer

*Appointed March 28, 2023

Corporate Governance

CPAIC is committed to the highest standard of corporate governance.

CPAIC 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 CPAIC. 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 seven highly qualified business professionals. Of the seven, two are independent directors. The Members of the Board collectively have the full range of skills needed for the effective and prudent operation of Charter Ping An Insurance Corporation. 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;
- recognize 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 behavior that is likely to reflect badly on the Board or the Company.

Policy on Conflicts of Interest

Under CPAIC 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 six (6)) times a year, on dates set at the beginning of every year. In 2022, the Board held seven (7) meetings with an attendance rate of at least 96%.

	JAN 28	MAR 31	APR 29	JUN 28	AUG 30	OCT 27	DEC 20
Solomon S. Cua	✓	✓	✓	✓	✓	✓	✓
Arthur V. Ty	✓	✓	✓	✓	✓		✓
Fernand Antonio A. Tansingco	✓	✓	✓	✓	✓	✓	✓
Rahul Hora***	✓	✓	✓	Not a member			
Bernardo Rafael Serrano Lopez****	Not a member						✓
Gael Lapie**	Not a member			✓	✓	✓	Not a member
Lope M. Yuvienco	✓	✓	✓	✓	✓	✓	✓
Jaime C. Laya	✓	✓	✓	✓	✓	✓	✓
Francoise Gilles	✓	✓	Not a member				
Constance Reschke*	Not a member		✓	✓	✓	✓	✓
Angelica S. Reyes	✓	✓	✓	Not a member			
Aric Justin Ty	✓	✓	✓	Not a member			
Renee Lynn Miciano-Atienza**	Not a member			✓	✓	✓	✓

*appointed April 29, 2022

**appointed June 28, 2022

***no longer a member from July 4, 2022 onwards

****not yet a member from March 14 to September 30, 2022

Board Committees

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

Executive Committee (EXCOM)

The EXCOM is currently composed of five (5) 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.

	FEB 23	MAY 31	JUL 28	SEP 29	NOV 28
Solomon S. Cua	✓	✓	✓	✓	✓
Carmelo Maria Luza Bautista		✓	✓	✓	✓
Fernand Antonio A. Tansingco	✓	✓	✓	✓	✓
Rahul Hora	✓	Not a member			
Francoise Gilles	✓	Not a member			
Constance Reschke*	Not a member	✓	✓	✓	✓
Gael Lapie**	Not a member		✓	✓	Not a member
Bernardo Rafael Serrano Lopez	Not a member				✓

*appointed April 29, 2022
**appointed June 28, 2022

RISK MANAGEMENT AND COMPLIANCE

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

CPAIC commits to comply with all insurance and consumer laws and regulations. In this regard, CPAIC 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 & Compliance Committee (BRMACC) Attendance

	FEB 24	MAR 21	APR 21	JUN 1	AUG 3	AUG 16	OCT 26
Solomon S. Cua	✓	✓	✓	✓	✓	✓	✓
Jaime C. Laya	✓	✓	✓	✓	✓	✓	✓
Lope M. Yuvienco	✓	✓	✓	✓	✓	✓	✓
Francoise Gilles*	✓	✓	✓				
Constance Reschke**				✓	✓	✓	✓
Angelica S. Reyes*** (Technical Adviser)	✓	✓	✓	✓			

*No longer a member effective April 29, 2023

**Elected on April 29, 2022 and started attending on June 1, 2022

***No longer a technical adviser effective June 15, 2022

BOARD RISK MANAGEMENT, AUDIT AND COMPLIANCE COMMITTEE (BRMACC)

The BRMACC is mandated to assist the Board in overseeing the risk management and compliance of CPAIC. 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; 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;
- h. 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;
- i. 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;
 - ii. Reviewing and approving 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 CPAIC
 - iv. 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.
- j. 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 CPAIC and its contribution to the CPAIC 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;
- b. Reviews the results of management's testing of internal controls over financial reporting designed to assure the integrity of the entities' financial statement disclosures;
- c. 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; and
 - vii. Any matters drawn to the attention of the Committee by the Company's external auditors.
- d. Considers the reconciliation between local GAAP financial statements and the financial statements reported for consolidation by the AXA Group and/ or Metrobank Group;
- e. 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 analyzing 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:

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

RELATED PARTY TRANSACTIONS

CPAIC 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 CPAIC and the entire group where CPAIC 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 CPAIC, 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 CPAIC, 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 CPAIC Philippines. Directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting CPAIC.

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

DIVIDEND POLICY

CPAIC 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.

In 2022, there was no cash remittance from CPAIC as excess capital was held in light of the uncertainties around CPAIC's profitability considering the historical large losses. CPAIC's solvency ended at 286% by end of 2022 without dividends.

WHISTLE BLOWING POLICY

CPAIC adheres to the AXA PH 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:

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

AXA Group

Email: speak-up@axa.com

Financial Statements



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Charter Ping An Insurance Corporation
29th Floor GT Tower International
6813 Ayala Avenue
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Charter Ping An Insurance Corporation (the Company), which comprise the statements of financial position as at December 27, 2022 and December 31, 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the period ended December 27, 2022 and the year ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 27, 2022 and December 31, 2021, and its financial performance and its cash flows for the period ended December 27, 2022 and the year ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Emphasis of Matter

We draw attention to Notes 1 and 2 to the financial statements, which discuss that on June 24, 2021, the Board of Directors of the Company approved the merger between the Philippine AXA Life Insurance Corporation (the Parent Company) and the Company, with the Parent Company as the surviving entity. On December 28, 2022, the Securities and Exchange Commission (SEC) approved the Articles of Merger. The merger is accounted for as similar to pooling of interest method wherein the acquired assets and assumed liabilities are recognized at the carrying amounts of the merged entities as at the date of the effectivity of the merger. The accompanying financial statements were prepared to assist the Company in complying with the reportorial requirements of the SEC, Bureau of Internal Revenue (BIR) and Insurance Commission (IC). As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the information and use of the Company, the SEC, BIR and IC and should not be used by other parties. Our opinion is not modified in respect of this matter.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



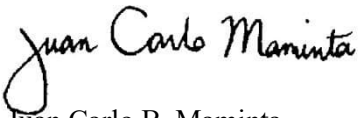
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 29 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Charter Ping An Insurance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

Tax Identification No. 210-320-399

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 115260-SEC (Group A)

Valid to cover audit of 2020 to 2024 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-132-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9564655, January 3, 2023, Makati City

March 28, 2023



CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF FINANCIAL POSITION

	Notes	December 27, 2022	December 31, 2021
ASSETS			
Cash and cash equivalents	4	¥1,211,806,978	¥990,563,382
Insurance receivables - net	5	1,452,941,573	1,576,947,683
Financial assets			
Available-for-sale financial assets	6	3,552,883,987	4,129,864,651
Loans and receivables - net		67,891,950	102,483,094
Reinsurance assets	7, 12	3,171,914,017	3,745,534,473
Deferred acquisition costs	8	219,924,311	256,317,393
Property and equipment - net	9	17,055,236	25,648,245
Assets held for sale	10	26,899,500	43,356,460
Net deferred tax assets	22	404,392,729	366,895,366
Right-of-use assets	24	4,403,735	23,348,115
Other assets	11	160,689,574	153,316,956
TOTAL ASSETS		¥10,290,803,590	¥11,414,275,818
LIABILITIES AND EQUITY			
Liabilities			
Insurance contract liabilities	12	¥5,884,603,172	¥7,236,840,092
Insurance payables	13	405,480,406	186,714,596
Accounts payable and accrued expenses	14	1,676,116,286	1,620,229,834
Income tax payable		4,918,611	7,681,283
Deferred reinsurance commissions	8	41,624,803	52,648,487
Lease liabilities	24	4,173,573	24,621,405
Net retirement benefit obligation	21	7,484,540	35,632,968
Total Liabilities		8,024,401,391	9,164,368,665
Equity			
Capital stock	15	512,500,000	512,500,000
Contingency surplus	15	3,270,000,000	3,270,000,000
Additional paid-in capital		6,634,245	6,634,245
Revaluation reserve on:			
Available-for-sale financial assets	6	(131,256,314)	2,471,870
Property and equipment	9	55,533,695	55,533,695
Remeasurement gain (loss) on retirement benefit obligation	21	22,154,510	(1,904,964)
Deficit		(1,469,163,937)	(1,595,327,693)
Total Equity		2,266,402,199	2,249,907,153
TOTAL LIABILITIES AND EQUITY		¥10,290,803,590	¥11,414,275,818

See accompanying Notes to Financial Statements.



CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Period Ended December 27, 2022	Year Ended December 31, 2021
Gross earned premiums on insurance contracts		¥3,275,497,959	¥3,840,642,323
Reinsurers' share of gross earned premiums on insurance contracts		(992,150,272)	(1,064,851,733)
Net insurance earned premiums	12, 16	2,283,347,687	2,775,790,590
Interest income	17	159,149,791	162,360,118
Commission income	8	63,923,775	128,981,720
Gain on sale of available-for-sale financial assets	6	4,583,573	2,929,491
Dividend income	17	3,539,893	3,537,148
Other income - net	17	18,740,716	42,665,614
Other income		249,937,748	340,474,091
Total income		2,533,285,435	3,116,264,681
Gross insurance contract benefits and claims paid		1,914,622,808	2,293,942,744
Reinsurers' share of gross insurance contract benefits and claims paid		(622,293,048)	(761,989,895)
Gross change in insurance contract liabilities		(1,193,604,445)	1,221,858,863
Reinsurers' share of gross change in insurance contract liabilities		610,496,712	(1,050,679,580)
Net insurance benefits and claims	12, 18	709,222,027	1,703,132,132
Operating expenses	19	1,087,107,201	1,201,509,337
Commission expense	8	612,213,314	745,568,244
Interest on lease liabilities	24	1,056,361	3,930,719
Interest on retirement benefit obligation	21	870,269	89,862
Interest on funds held for reinsurers	13	11,965	26,463
Other expenses		1,701,259,110	1,951,124,625
Total benefits, claims and other expenses		2,410,481,137	3,654,256,757
Income (loss) before income tax		122,804,298	(537,992,076)
Current		42,157,729	42,681,412
Deferred		(45,517,187)	(81,308,507)
Benefit from income tax	22	(3,359,458)	(38,627,095)
NET INCOME (LOSS)		126,163,756	(499,364,981)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Item that will be reclassified into profit or loss subsequent periods:</i>			
Unrealized fair value losses on available-for-sale financial assets	6	(135,006,866)	(75,684,417)
Fair value gains (losses) on available-for-sale financial assets transferred to profit or loss	6	1,278,682	(2,929,491)
<i>Items that will not be reclassified into profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on retirement benefit obligation, net of tax effect	21	24,059,474	(1,329,681)
Total other comprehensive loss		(109,668,710)	(79,943,589)
TOTAL COMPREHENSIVE INCOME (LOSS)		¥16,495,046	(¥579,308,570)

See accompanying Notes to Financial Statements.



CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF CHANGES IN EQUITY

				Revaluation Reserves		Remeasurement gain (loss) on defined benefit obligation		
	Capital stock (Note 15)	Contingency surplus (Note 15)	Additional paid-in capital	Available-for-sale financial assets (Note 6)	Property and equipment (Note 9)	(Note 21)	Deficit	Total
As of January 1, 2022	¥512,500,000	¥3,270,000,000	¥6,634,245	¥2,471,870	¥55,533,695	(¥1,904,964)	(¥1,595,327,693)	¥2,249,907,153
Net income for the period	–	–	–	–	–	–	126,163,756	126,163,756
Other comprehensive income (loss)	–	–	–	(133,728,184)	–	24,059,474	–	(109,668,710)
Total comprehensive income (loss)	–	–	–	(133,728,184)	–	24,059,474	126,163,756	16,495,046
As of December 27, 2022	¥512,500,000	¥3,270,000,000	¥6,634,245	(¥131,256,314)	¥55,533,695	¥22,154,510	(¥1,469,163,937)	¥2,266,402,199
As of January 1, 2021	¥512,500,000	¥3,270,000,000	¥6,634,245	¥81,085,778	¥55,533,695	(¥575,283)	(¥1,095,962,712)	¥2,829,215,723
Net loss for the year	–	–	–	–	–	–	(499,364,981)	(499,364,981)
Other comprehensive loss	–	–	–	(78,613,908)	–	(1,329,681)	–	(79,943,589)
Total comprehensive loss	–	–	–	(78,613,908)	–	(1,329,681)	(499,364,981)	(579,308,570)
As of December 31, 2021	¥512,500,000	¥3,270,000,000	¥6,634,245	¥2,471,870	¥55,533,695	(¥1,904,964)	(¥1,595,327,693)	¥2,249,907,153

See accompanying Notes to Financial Statements.



CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF CASH FLOWS

	Notes	Period Ended December 27, 2022	Year Ended December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		¥122,804,298	(¥537,992,076)
Adjustments for:			
Interest income	17	(159,149,791)	(162,360,118)
Depreciation and amortization	19	41,972,535	69,459,190
Provision for doubtful accounts	19	26,095,322	11,867,911
Retirement expense	20, 21	23,156,392	23,996,260
Unrealized foreign exchange gain	17	(7,563,623)	(14,373,252)
Impairment losses on available-for-sale financial assets	19	5,862,255	—
Gain on sale of available-for-sale financial assets	6	(4,583,573)	(2,929,491)
Dividend income	17	(3,539,893)	(3,537,148)
Released obligation due to employee transfers	21	(1,195,791)	(160,263)
Interest on lease liability	24	1,056,361	3,930,719
Gain on termination of right-of-use assets	24	(867,768)	(871,365)
Interest on retirement benefit obligation	21	870,269	89,862
Loss (gain) on sale of property and equipment	9,17	(71,441)	38,223
Interest on funds held for reinsurer	13	11,965	26,463
Operating income (loss) before working capital changes		44,857,517	(612,815,085)
Decrease (increase) in:			
Reinsurance assets		572,818,963	(945,738,704)
Insurance receivables		97,673,225	173,815,523
Loans and receivables		39,840,670	(32,669,078)
Deferred acquisition costs		36,393,082	157,165,106
Assets held for sale		16,456,960	24,109,215
Other assets		(7,372,618)	(4,655,823)
Increase (decrease) in:			
Insurance contract liabilities		(1,352,236,920)	797,738,904
Insurance payables		217,526,262	(65,471,124)
Accounts payable and accrued expenses		52,993,834	(304,563,066)
Deferred reinsurance commissions		(11,023,684)	(31,661,199)
Net cash used in operations		(292,072,709)	(844,745,331)
Interest received		188,421,209	203,558,015
Income tax paid		(44,920,401)	(50,648,072)
Contributions paid to the pension fund	21	(18,900,000)	—
Dividends received	17	3,539,893	3,537,148
Interest paid on lease liability	24	(1,056,361)	(3,930,719)
Interest paid on funds held for reinsurer	13	(11,965)	(26,463)
Net cash used in operating activities		(165,000,334)	(692,255,422)

(Forward)



	Notes	Period Ended December 27, 2022	Year Ended December 31, 2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale/maturities of:			
Available-for-sale financial assets	6	₱1,221,420,345	₱2,082,505,593
Property and equipment	9	100,570	310,891
Acquisition of:			
Available-for-sale financial assets	6	(809,349,896)	(1,880,536,682)
Property and equipment	9	(14,224,552)	(6,865,391)
Net cash provided by investing activities		397,946,467	195,414,411
CASH FLOWS FROM FINANCING ACTIVITY			
Payment of principal portion of lease liabilities	24	(19,819,787)	(25,905,197)
Net cash used in financing activity		(19,819,787)	(25,905,197)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		213,126,346	(522,746,208)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		990,563,382	1,502,771,985
EFFECTS OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS		8,117,250	10,537,605
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	₱1,211,806,978	₱990,563,382

See accompanying Notes to Financial Statements.





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