



渣打平安保險公司
Charter Ping An

Ready to Broaden Horizons

Charter Ping An Insurance Corporation Annual Report 2021

We're here to grow what you've established.

From merely surviving in the new normal,
we've transformed uncertainty into inspiration—
building stronger pillars for the next generations to lean on,
so we can emerge ready to broaden our horizons.



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*"We forged on by supporting our clients,
igniting passion among our employees,
and doing our part to empower every
Filipino to face today's major challenges."*

- Solomon S. Cua



Message from the Chairman

Solomon S. Cua

We look ahead and see great possibilities.

When we broaden our horizons, we see more opportunities and choices ahead. The year 2021 was that opening we at Charter Ping An Insurance Corporation needed in order to see beyond the COVID-19 pandemic.

The Philippines ended the year with a three-year high, above-target inflation rate of 4.5%, but not without showing signs that we were on the road to positive growth. Unemployment rate eased to 6.5%, from an all-time high of 17.7% the previous year. We registered a Gross Domestic Product (GDP) growth rate of 5.6% way beyond the target.

And what would the year be for our economy without the contribution of our modern-day heroes? As Overseas Filipino Workers (OFWs) were redeployed, they brought in remittances amounting to \$34.88 billion in 2021—an all-time high exceeding the previous record of \$33.47 billion before the COVID-19 pandemic. Despite the circumstances, OFW remittances also grew from \$33.19 billion in 2020, registering a 5.1% growth.

Protection takes the lead

It was clear that even as the economy was revitalized, protection still remained a priority for consumers. For the full year, the insurance industry's total net income grew by 32% year-on-year, while total premium

income rose by 25%. The net income of the non-life sector, in particular, grew by 6.7% to P5.5 billion from 2020's P5.1 billion. Indeed, we learned a truly important lesson from the pandemic: being prepared is always key to facing future challenges.

But aside from the pandemic, natural disasters are also a continuously growing threat, with the Philippines expected to incur an average of \$3.5 billion in asset loss each year from typhoons and earthquakes alone, with 74% of the population exposed to several natural hazards. The importance of building resilience and improving protection against these disasters through general insurance cannot be emphasized enough.

What proved to be helpful was that consumers became more open to using digital technology. With products and services such as insurance made easily accessible and convenient to purchase through online channels, Filipinos were inclined to look at protection as an absolute necessity.

As these opportunities opened, we responded by continuing to focus on innovation so we could respond to the changing needs of our client base. We believed that Filipinos can emerge from this pandemic and we showed them that we would be there every step of the way.

Our purpose:

Be a force for human progress

So many things have changed, but what remained constant was our purpose: acting for human progress by protecting what matters. Notwithstanding a global pandemic and all the obstacles that came with it, we forged on by supporting our clients, igniting passion among our employees, and doing our part to empower every Filipino to face today's major challenges.

We did it by leveraging our capabilities, most important of which are resilience and agility, so we could focus on our core business: protection. We knew it was only by doing so that we could continue to serve Filipinos no matter their stature in life, wherever they are, and whatever they are doing. As a leader and innovator, we are capable of providing solutions suited to their needs, while protecting their lives and their properties in the process.

On our horizon, we see insurance continuing to act as a force for progress. In 2021, this guided us in the fight to survive the pandemic and thrive in its midst. It helped us see what else needs to be done in our continuing journey and defined the path that lies ahead.

“In 2021, we banked on our capability to use digital technology and create innovative protection solutions, while being present for our customers at every point of contact.”

- Rahul Hora



Message from the President

Rahul Hora

Let our wins inspire us, and our dreams lift us up.

The year 2021 tested us beyond measure, yet Charter Ping An Insurance Corporation was proud to be of service as one of the leading general insurers in the Philippines, offering a wide range of insurance products and services through a growing network across the country.

This extremely challenging time brought us rewards that we are eager to share with you. We remained one of the country's largest and fastest growing insurance companies in the country, helping close to two million Filipinos secure their financial future. In fact, according to data released by the Insurance Commission, we rose to number two in total premium income with P38.9 billion. At the same time, we maintained our market share at 12.6%.

Despite challenges on the general insurance side of our business, we saw that what Charter Ping An was still able to deliver also contributed to our overall brand strength. Our Brand Tracking Study showed that AXA is number two in top-of-mind awareness and a strong number one in overall consideration and intention to buy. Our Net Promoter Score also rose from number three in 2020, to number two in 2021, which is nine points above competitive market average.

With quarantine restrictions easing gradually in 2021, people's mobility stepped up as they found ways to observe the new normal. With motorists back on the road and travelers slowly populating tourist destinations, the focus we have put on our car insurance offer made the difference and our travel insurance picked up as well, with both lines being re-energized.

Awards also poured in, starting with our citation for good corporate governance from the ASEAN Corporate Governance Scorecard's Golden Arrow Awards. Charter Ping An was recognized with the Most Improved Company award. This is proof of the company's commitment to better compliance and service to customers through enhanced corporate governance standards and practices.

Insurance Asia also named us International General Insurer of the Year (Philippines) and cited our mobile app Emma by AXA PH as Mobile App of the Year (Philippines).

These accomplishments prove that we took to heart our noble purpose of serving our customers. We continued to offer Rescue Line through the Emma by AXA PH app, providing motorists and commuters free round-the-clock access to emergency

response such as roadside assistance, police, and ambulance services. With just a few taps, emergency contacts are immediately notified of the situation and the current location using a geotag feature.

Through the Emma by AXA PH app, we also made general insurance products accessible to customers. Aside from travel and car insurance, customers could avail of property insurance products to protect residences in the event of natural and unexpected disasters like fire, flood, earthquake, storms, and volcanic eruptions.

In fact, right before 2021 came to a close, Typhoon Odette hit the country, and a lot of Filipinos in Visayas and Mindanao were tremendously affected. This generated much impact on our general insurance business as well, but we remained committed to our customers and processed a total of 292 claims amounting to P156.8 million.

To ensure that the underserved have access to insurance protection, we partnered with Cebuana Lhuillier and the German Development Cooperation / Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) to launch MicroBiz Protek Jr., an affordable microinsurance product to insure local businesses against typhoons, floods, earthquake, lightning, and fire.

We understand that the challenges of the COVID-19 pandemic are far from over.

But being able to celebrate our wins and hope for better things to come is an important step in Charter Ping An's journey to recovery. In 2021, we banked on our capability to use digital technology and create innovative protection solutions, while being present for our customers at every point of contact. It may be a new reality we are living in, but we are armed with many lessons, the most valuable of which is that we can dream bigger for our future and enable progress not just for the company, but more importantly, for our stakeholders.

Board of Directors



Solomon S. Cua

Chairman

Age: 66 years old

Date of first appointment: 2010

Length of Service: 11 years

Directorship in other companies:

- AXA Philippines
- Philippine Racing Club, Inc.
- Grand Titan Holdings, Inc.
- Philippine Newton Global Solutions Palm Integrated Commodities, Inc.
- SC & SSC Holdings, Inc.
- 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 2021:

Corporate Governance Seminar



Arthur V. Ty

Vice Chairman /
Non-Executive Director

Age: 55 years old

Date of first appointment: 2016

Length of Service: 5 years

Directorship in other companies:

- Metropolitan Bank & Trust Company
- Metropolitan Bank (China) Ltd.
- GT Capital Holdings, Inc.
- First Metro Investment Corporation
- Philippine Savings Bank
- AXA Philippines

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.

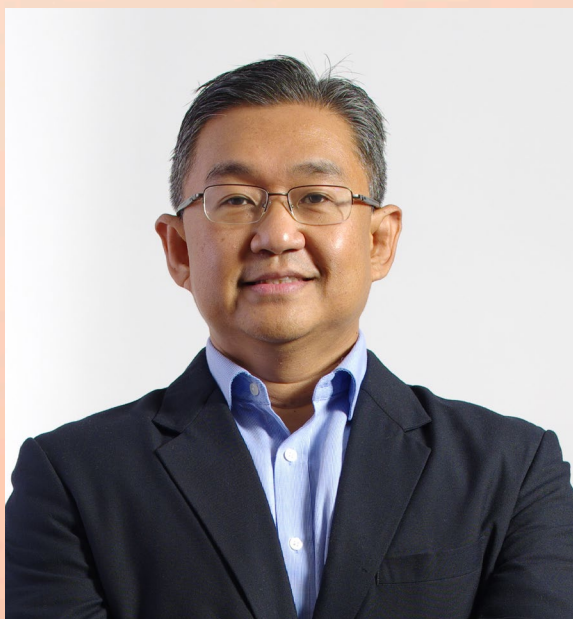
Qualifications:

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 2021:

Advanced Corporate Governance Training Program, Institute of Corporate Directors

Board of Directors



Fernand Antonio A. Tansingco

Vice Chairman /
Non-Executive Director

Age: 55 years old

Date of first appointment: 2018

Length of Service: 3 years

Directorship in other companies:

- Metrobank (Bahamas) Limited
- AXA Philippines

Relevant experience:

Mr. Tansingco is currently the Head of the Financial Markets Sector and Senior Executive Vice President and Treasurer of Metropolitan Bank and Trust Company. He is also the Director of Metrobank (China) Limited from 2012 to 2016 and 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 2021:

Corporate Governance Seminar



Rahul Hora

Member,
President & CEO

Age: 48 years old

Date of first appointment: 2016

Length of Service: 5 years

Directorship in other companies:

- AXA Philippines

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



Francois Gilles

Non-Executive Director

Age: 46 years old

Date of first appointment: 2020

Length of Service: 1 year

Directorship in other companies:

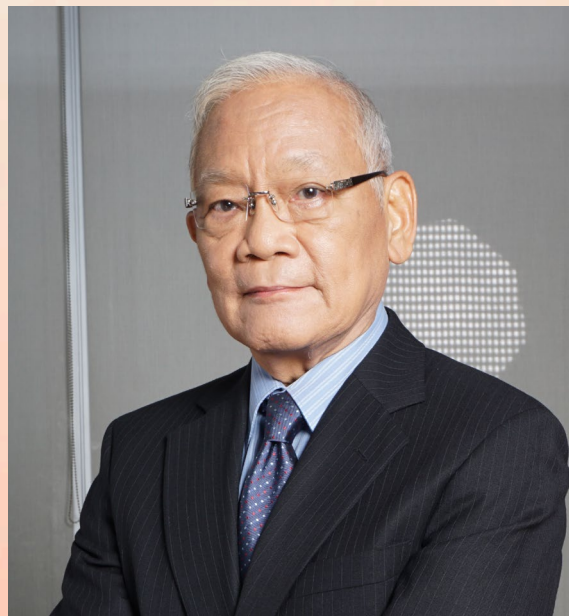
- Charter Ping An Insurance Corporation
- AXA Bank Belgium; AXA Banque France
- AXA Bank Europe SCF

Relevant experience:

Ms. Gilles has been Chief Risk Officer and Head of Insurance Office at AXA Asia since October 2019. Prior to her current role, she was Member of the Executive Board of AXA Asia since October 2019.

Qualifications:

Ms. Gilles holds both a Master Degree in Actuarial Sciences and Civil Engineer in Applied Mathematics in Universite Catholique de Louvain-le-Nueve.



Jaime C. Laya

Independent Director

Age: 83 years old

Date of first appointment: 2006

Length of Service: 15 years

Directorship in other companies:

- AXA Philippines
- 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 2021:

Corporate Governance Seminar
AMLA Compliance in the Age of the Digital World

Board of Directors



Lope M. Yuvienco Independent Director

Age: 77 years old

Date of first appointment: 2008

Length of Service: 13 years

Directorship in other companies:
AXA Philippines

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 2021:
Corporate Governance Seminar

Vy Tonne So
Adviser to the Board

Robert Yu
Adviser to the Board

Angelica S. Reyes
Corporate Secretary

Dan David Vincent Antonio
Asst. Corporate Secretary

Aric Justin Ty
Asst. Corporate Secretary

Wendy T. Saez Co
Treasurer

Executive Leadership Team



Rahul Hora
President and CEO



Jaspreet Singh Kakar
Chief Human Resources Officer



Gael Lapie
Chief Financial Officer



Aleta Y. Lepatan
Chief Operations Officer



Rosa Maria L. Musico
Chief of Commercial Business



**Maria Faustina
B. Raymundo**
Chief Distribution Officer



**Alok Kumar
Arunkumar Roongta**
Chief of Retail Propositions



Delfin Jay Sabido IX
Chief Transformation and
Technology Officer



Ronaldo C. San Jose
Chief Risk Officer



Fernando V. Villar
Chief Customer Officer

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.

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 four (4) times a year, on dates set at the beginning of every year. In 2021, the Board held seven (7) meetings with attendance rate of 85%.

	JAN 26	MAR 31	APR 28	JUN 24	JUN 30	AUG 24	OCT 26	DEC 9
Solomon S. Cua	✓	✓	✓	✓	✓	✓	✓	✓
Arthur V. Ty	✓	✓	✓		✓	✓	✓	✓
Fernand Antonio A. Tansingco	✓	✓	✓	✓	✓	✓	✓	✓
Rahul Hora	✓	✓	✓	✓	✓	✓	✓	✓
Francois Gilles	✓	✓	✓	✓	✓	✓	✓	✓
Jaime C. Laya	✓	✓	✓	✓	✓	✓	✓	✓
Lope M. Yuvienco	✓	✓	✓	✓		✓	✓	✓

Board of Committees

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

EXECUTIVE COMMITTEE (EXCOM) ATTENDANCE

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 26	MAY 26	JUL 23	SEP 23	NOV 29
Solomon S. Cua	✓	✓	✓	✓	✓
Arthur V. Ty *	✓				
Fernand Antonio A. Tansingco	✓	✓	✓	✓	✓
Rahul Hora	✓	✓	✓	✓	✓
Francois Gilles	✓	✓	✓	✓	✓
Carmelo Maria Luza Bautista		✓	✓	✓	✓

*Replaced by Carmelo Maria Luza Bautista after February 26, 2021

Risk Management & 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 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:

1. 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;
2. Reviews regular updates from management on significant complaints, external and internal fraud;
3. 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;
4. Obtains regular updates from Legal on the status of material open litigation and other proceedings and the related reserves;
5. Reviews periodically any significant complaints received;
6. Reviews business risk profiles and periodic risk management statements including key risk report and action plan progress;
7. Reviews and monitors fraud and anti-money laundering policies of the Company;
8. 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;
9. The Board validates local entity's risk appetite position, as endorsed by the Local Risk Committee, and sets 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;

COMPLIANCE, RISK MANAGEMENT & INTERNAL CONTROL (cont.)

10. Assists the Board in performing its oversight functions for avoiding conflicts of interest of related parties by:
 - 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 RPTs and ensure that dealings with RPTs are conducted on an arm's length basis at all times;
 - Overseeing the evaluation of RPTs to ensure that approvals are conducted at arm's length basis, and made for the best interest of CPAIC;
 - Ensuring that appropriate steps are taken to control or mitigate the risks; and
 - 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.
11. 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:

1. Reviews recent professional and regulatory issues and pronouncements and their impact on the financial statements and reporting processes of the Company;
2. Reviews the results of management's testing of internal controls over financial reporting designed to assure the integrity of the entities' financial statement disclosures;
3. 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:
 - Significant accounting policies or practices and any changes thereto;
 - Compliance with Accounting Standards;
 - Material decisions requiring a major element of judgment or significant estimates;
 - The treatment and disclosure of any new complex and/or unusual transactions during the period;
 - Any significant adjustments resulting from external audit work or otherwise;
 - Any qualifications or non-compliance with accounting standards or any listing, regulatory and/or legal requirements with regard to financial reporting; and
 - Any matters drawn to the attention of the Committee by the Company's external auditors.
4. Considers the reconciliation between local GAAP financial statements and the financial statements reported for consolidation by the AXA Group and/or Metrobank Group;
5. 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:

1. Considers the external auditors' internal policies and procedures regarding independence and quality control and receive confirmation that they have been applied;
2. Reviews the external auditors' assignment plan, annual report and management letter;
3. Monitors the statutory audit of the annual and consolidated financial statements;
4. 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;
5. Reviews and monitors the independence of the external auditors;
6. 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;
7. 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;
8. Reviews the breakdown of the fees paid to the external auditors by the Company;
9. Considers the appointment, reappointment, dismissal or resignation of the external auditors and oversees the process for selecting the external auditors, making recommendations regarding their appointment, reappointment, or dismissal to the Board; and
10. 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:

1. 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;
2. 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;
3. Reviews the major findings presented by Internal Audit and considers the appropriateness of management's response to them;
4. Reviews the quarterly report on resolution of internal audit issues, requesting further management explanation where necessary for high priority issues that are overdue;
5. Reviews 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;
6. Reviews the performance of the internal audit function including a periodic objective assessment of the effectiveness of the internal audit function; and
7. Considers the appointment, appraisal, resignation and dismissal of the Head of Audit.

OTHER DUTIES

The Committee shall:

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

BOARD RISK MANAGEMENT, AUDIT AND COMPLIANCE COMMITTEE (BRMACC) ATTENDANCE

	MAR 17	MAR 24	JUN 11	JUL 8	SEP 23	OCT 8	NOV 15	DEC 3
Solomon S. Cua	✓	✓	✓	✓	✓	✓	✓	✓
Jaime C. Laya	✓	✓	✓	✓	✓	✓	✓	✓
Lope M. Yuvienco	✓	✓	✓	✓	✓	✓	✓	✓
Francois Gilles	✓	✓	✓	✓	✓	✓	✓	✓
Angelica S. Reyes	✓		✓	✓	✓	✓	✓	✓

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 are being implemented 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. There were no dividends declared and paid in 2021.

Whistle Blowing Policy

CPAIC adheres to the AXA Philippines 2021 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

+63 2 8885-0101

Email: whistleblower@axa.com.ph
AXA Group | Email: speak-up@axa.com.ph



The background of the slide is a blurred photograph of a tall building under construction. A crane is visible on the left side of the building. The image is out of focus, creating a soft, hazy effect. The colors are muted, with a lot of grey and brown tones from the building and a lighter, hazy sky.

Financial Statements

Independent Auditor's Report

The Board of Directors and Stockholders Charter Ping An Insurance Corporation

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 31, 2021 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, 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 31, 2021 and 2021, 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 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.

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.



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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 28 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 2021 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. 08-001998-132-2021, November 27, 2021, valid until November 26, 2023

PTR No. 8854326, January 3, 2022, Makati City

March 31, 2022

CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Cash and cash equivalents	¥990,563,382	¥1,502,771,985
Insurance receivables - net	1,576,947,683	1,755,988,754
Financial assets		
Available-for-sale financial assets	4,129,864,651	4,456,999,018
Loans and receivables - net	102,483,094	76,336,389
Reinsurance assets	3,745,534,473	2,803,928,874
Deferred acquisition costs	256,317,393	413,482,499
Property and equipment - net	25,648,245	65,075,828
Assets held for sale	43,356,460	67,465,675
Net deferred tax assets	366,895,366	269,718,492
Right-of-use assets	23,348,115	44,095,521
Other assets	153,316,956	148,661,133
TOTAL ASSETS	¥11,414,275,818	¥11,604,524,168
LIABILITIES AND EQUITY		
Liabilities		
Insurance contract liabilities	¥7,236,840,092	¥6,439,101,188
Insurance payables (186,714,596	252,695,130
Accounts payable and accrued expenses	1,620,229,834	1,924,935,464
Income tax payable	7,681,283	15,647,943
Deferred reinsurance commissions	52,648,487	84,309,686
Lease liability	24,621,405	48,630,043
Net retirement benefit obligation	35,632,968	9,988,991
Total Liabilities	9,164,368,665	8,775,308,445
Equity		
Capital stock	512,500,000	512,500,000
Contingency surplus	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	2,471,870	81,085,778
Property and equipment	55,533,695	55,533,695
Remeasurement loss on retirement benefit obligation	(1,904,964)	(575,283)
Deficit	(1,595,327,693)	(1,095,962,712)
Total Equity	2,249,907,153	2,829,215,723
TOTAL LIABILITIES AND EQUITY	¥11,414,275,818	¥11,604,524,168



CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2021	2020
Gross earned premiums on insurance contracts	¥3,840,642,323	¥4,698,813,347
Reinsurers' share of gross earned premiums on insurance contracts	(1,064,851,733)	(1,409,661,271)
Net insurance earned premiums	2,775,790,590	3,289,152,076
Commission income	128,981,720	150,040,239
Interest income	162,360,118	202,428,341
Dividend income	3,537,148	1,571,758
Gain on sale of available-for-sale financial assets	2,929,491	451,264
Other income - net	42,505,351	24,848,932
Other income	340,313,828	379,340,534
Total income	3,116,104,418	3,668,492,610
Gross insurance contract benefits and claims paid	2,293,942,744	2,743,973,969
Reinsurers' share of gross insurance contract benefits and claims paid	(761,989,895)	(944,202,674)
Gross change in insurance contract liabilities	1,221,858,863	(694,541,843)
Reinsurers' share of gross change in insurance contract liabilities	(1,050,679,580)	343,556,669
Net insurance benefits and claims	1,703,132,132	1,448,786,121
Operating expenses	1,201,349,074	1,221,824,636
Commission expense	745,568,244	884,527,503
Interest on lease liability	3,930,719	5,504,611
Interest on retirement benefit obligation	89,862	2,923,222
Interest on funds held for reinsurers	26,463	39,080
Other expenses	1,950,964,362	2,114,819,052
Total benefits, claims and other expenses	3,654,096,494	3,563,605,173
Income (loss) before income tax	(537,992,076)	104,887,437
Current	42,681,412	54,420,889
Deferred	(81,308,507)	(19,713,085)
Provision for (benefit from) income tax	(38,627,095)	34,707,804
NET INCOME (LOSS)	(499,364,981)	70,179,633
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Item that will be reclassified into profit or loss subsequent periods:</i>		
Unrealized fair value gains (losses) on available-for-sale financial assets, net of tax effect	(75,684,417)	78,429,511
Fair value losses on available-for-sale financial assets transferred to profit or loss	(2,929,491)	(451,264)
<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	(1,329,681)	49,478,584
Total other comprehensive income (loss)	(79,943,589)	127,456,831
TOTAL COMPREHENSIVE INCOME (LOSS)	(¥579,308,570)	¥197,636,464



CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF CHANGES IN EQUITY

	Capital stock	Contingency surplus	Additional paid-in	Revaluation Reserves Available- for-sale financial assets	Property and equipment	Remeasurement gain (loss) on defined benefit obligation	Deficit	Total
As of January 1, 2021	P512,500,000	P3,270,000,000	P6,634,245	P81,085,778	P55,533,695	(P575,283)	(P1,095,962,712)	P2,829,215,723
Net loss for the year	—	—	—	—	—	—	(499,364,981)	(499,364,981)
Other comprehensive income (loss)	—	—	—	(78,613,908)	—	(1,329,681)	—	(79,943,589)
Total comprehensive income (loss)	—	—	—	(78,613,908)	—	(1,329,681)	(499,364,981)	(579,308,570)
As of December 31, 2021	P512,500,000	P3,270,000,000	P6,634,245	P2,471,870	P55,533,695	(P1,904,964)	(P1,595,327,693)	P2,249,907,153
As of January 1, 2020	P512,500,000	P3,270,000,000	P6,634,245	P3,107,531	P96,980,228	(P50,053,867)	(P1,207,588,878)	P2,631,579,259
Disposal of property during the year	—	—	—	—	(41,446,533)	—	41,446,533	—
	512,500,000	3,270,000,000	6,634,245	3,107,531	55,533,695	(50,053,867)	(1,166,142,345)	2,631,579,259
Net income for the year	—	—	—	—	—	—	70,179,633	70,179,633
Other comprehensive income	—	—	—	77,978,247	—	49,478,584	—	127,456,831
Total comprehensive income	—	—	—	77,978,247	—	49,478,584	70,179,633	197,636,464
As of December 31, 2020	P512,500,000	P3,270,000,000	P6,634,245	P81,085,778	P55,533,695	(P575,283)	(P1,095,962,712)	P2,829,215,723



CHARTER PING AN INSURANCE CORPORATION

STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(P537,992,076)	P104,887,437
Adjustments for:		
Interest income	(162,360,118)	(202,428,341)
Depreciation and amortization	69,459,190	80,130,997
Impairment losses on accounts receivable, insurance receivables and reinsurance assets - net	11,867,911	35,872,447
Retirement expense	23,835,997	29,270,794
Unrealized foreign exchange gain	(14,373,252)	(682,397)
Interest on lease liability	3,930,719	5,504,611
Dividend income	(3,537,148)	(1,571,758)
Gain on sale of available-for-sale financial assets	(2,929,491)	(451,264)
Gain on disposal of right-of-use assets	(871,365)	—
Interest on retirement benefit obligation	89,862	2,923,222
Loss (gain) on sale of property and equipment	38,223	(17,820,194)
Interest on funds held for reinsurer	26,463	39,080
Operating income (loss) before working capital changes	(612,815,085)	35,674,634
Decrease (increase) in:		
Reinsurance assets	(945,738,704)	502,189,914
Insurance receivables	173,815,523	339,977,615
Deferred acquisition costs	157,165,106	230,816,130
Loans and receivables	(32,669,078)	(7,379,837)
Assets held for sale	24,109,215	10,557,325
Short-term investments	—	38,000,000
Other assets	(4,655,823)	41,298,900
Increase (decrease) in:		
Insurance contract liabilities	797,738,904	(1,501,814,689)
Accounts payable and accrued expenses	(304,563,066)	50,176,699
Insurance payables	(65,471,124)	(209,477,338)
Deferred reinsurance commissions	(31,661,199)	(37,813,870)
Net cash used in operations	(844,745,331)	(507,794,517)
Interest received	203,558,015	219,862,122
Income tax paid	(50,648,072)	(41,419,274)
Interest paid on lease liability	(3,930,719)	(5,504,611)
Dividends received	3,537,148	1,571,758
Interest paid on funds held for reinsurer	(26,463)	(39,080)
Contributions paid to the pension fund	—	(19,650,735)
Net cash used in operating activities	(692,255,422)	(352,974,337)

(Forward)



	Years Ended December 31	
	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale/maturities of:		
Available-for-sale financial assets	₱2,082,505,593	₱2,192,245,265
Property and equipment	310,891	17,831,250
Acquisition of:		
Available-for-sale financial assets	(1,880,536,682)	(1,407,299,610)
Property and equipment	(6,865,391)	(947,682)
Net cash provided by investing activities	195,414,411	801,829,223
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of principal portion of lease liabilities	(25,905,197)	(25,514,133)
Net cash used in financing activity	(25,905,197)	(25,514,133)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(522,746,208)	423,340,753
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,502,771,985	1,088,028,023
EFFECTS OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	10,537,605	(8,596,791)
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱990,563,382	₱1,502,771,985



*It may be a new reality we are living in, but we are armed
with many lessons, the most valuable of which is that
we can dream bigger for our future and enable progress not just
for the company, but more importantly, for our stakeholders.*



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