

# 2015 Philam Life Performance Report

## Real Life Starts Now





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## AT A GLANCE: AIA

AIA has a diversified business across the Asia-Pacific region. Our long experience in the region allows us to tailor our strategies to the culture, demographics, and insurance needs of each market in which we operate.

It is the **Largest** Hong Kong headquartered and incorporated company on the Hong Kong Stock Exchange and the **Second Largest** life insurer in the world.

**Our Vision** is to become the pre-eminent life insurance provider in the Asia-Pacific region.

**Our Purpose** is to play a leadership role in driving economic growth and social development across the region.

**Our primary focus in Corporate Social Responsibility** is healthy living - helping people across the region to lead longer, healthier, better lives.



## AIA MARKETS

China	1919
Hong Kong	1931
Singapore	1931
Thailand	1938
Philippines	1947
Malaysia	1948
Brunei	1957
Australia	1972
New Zealand	1981
Macau	1982
Indonesia	1984
Korea	1987
Taiwan	1990
Vietnam	2000
India	2001
Sri Lanka	2012
Myanmar	2013
Cambodia	2015



## ABOUT AIA

AIA Group Limited and its subsidiaries (collectively “AIA” or the “Group”) comprise the largest independent publicly listed pan-Asian life insurance group. It has a presence in 18 markets in Asia-Pacific – wholly-owned branches and subsidiaries in Hong Kong, Thailand, Singapore, Malaysia, China, Korea, the Philippines, Australia, Indonesia, Taiwan, Vietnam, New Zealand, Macau, Brunei, a 97 per cent subsidiary in Sri Lanka, a 49 per cent joint venture in India and a representative office in Myanmar and Cambodia.

The business that is now AIA was first established in Shanghai almost a century ago. It is a market leader in the Asia-Pacific region (ex-Japan) based on life insurance premiums and holds leading positions across the majority of its markets. It had total assets of US\$168 billion as of 30 November 2015.

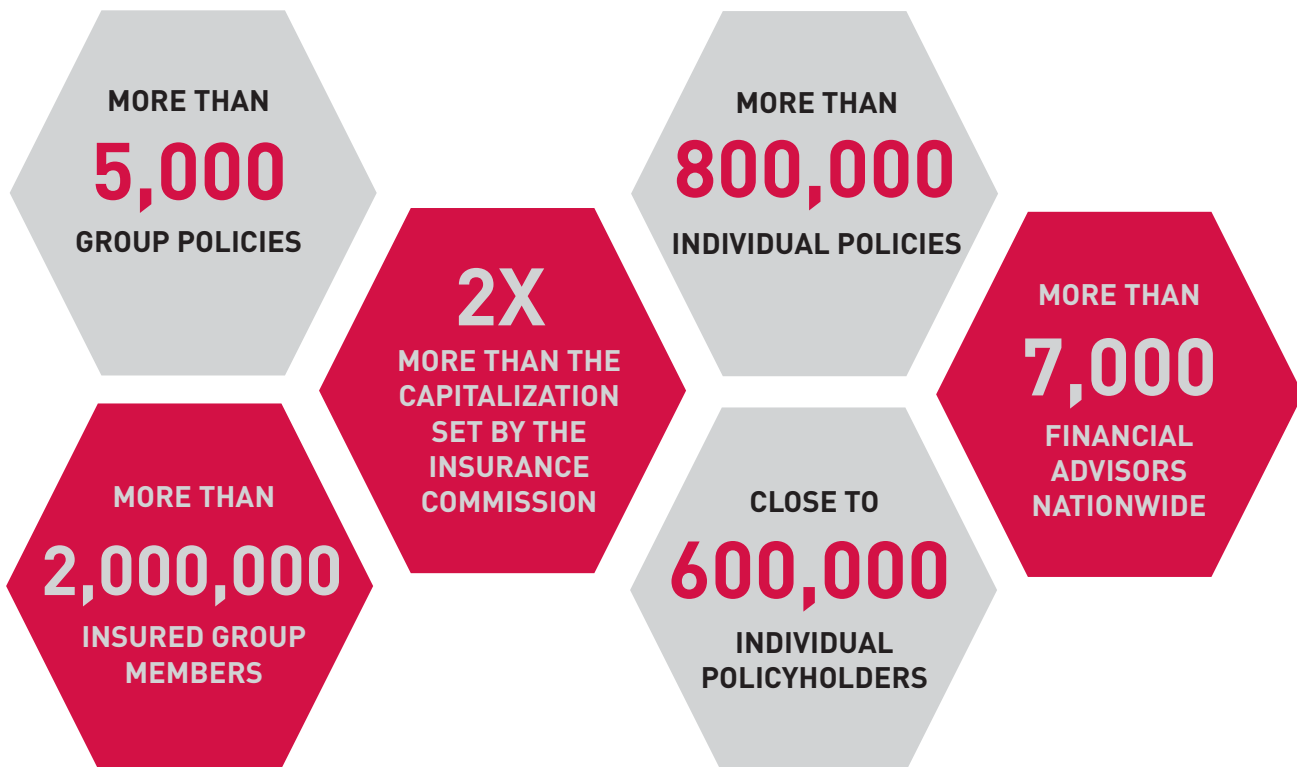
AIA meets the long-term savings and protection needs of individuals by offering a range of products and services including life insurance, accident and health insurance and savings plans. The Group also provides employee benefits, credit life and pension services to corporate clients. Through an extensive network of agents, partners and employees across Asia-Pacific, AIA serves the holders of more than 29 million individual policies and over 16 million participating members of group insurance schemes.

AIA Group Limited is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code “1299” with American Depositary Receipts (Level 1) traded on the over-the-counter market (ticker symbol: “AAGIY”).

## AT A GLANCE: PHILAM LIFE

The Philippine American Life and General Insurance Company (Philam Life) is the country's premier and most trusted life insurer.

Established on June 21, 1947 by Cornelius Vander Starr with Earl Carroll as founding president, Philam Life served as a "house of savings" to help Filipinos recover from the ravages of World War II. Mr. Carroll envisioned "a Philam Life policy in every Filipino family." This vision has become the driving force behind the dynamic growth of Philam Life.



## A LEGACY OF EXCELLENCE

- 11 Platinum Trusted Brand awards from Reader's Digest Asia (2004 to 2015)
- PAMI and Philam Life as among the Top Investment Houses in Asian Local Currency Bonds in the Philippines by The Asset Magazine (2014)
- AIA Premier League Cup and the AIA Champions' League Cup (2013) for being the Top performing company in the AIA Group (2013)
- Top 1000 Corporations in the Philippines by BusinessWorld - # 1 among life insurance companies, and # 41 among the biggest corporations in the Philippines (2014)
- 18 Professional Education Awards from the Life Office Management Association (LOMA) for outstanding employee development programs
- Award from Overseas Workers Welfare Administration (OWWA) for outstanding programs for Overseas Filipino Workers (2008)
- Presidential Citation from the Philippine government for its contribution to nation-building (1994)
- Asian Management Award for two consecutive years (1991 to 1992) for strong performance in General and Financial Management

### Our Vision:

We are the undisputed leader in insurance and wealth management.

### Our Mission:

To have a Philam Life policy in every Filipino family.

To empower Filipinos to achieve financial security and prosperity.

### Our Values:

Integrity  
Passion for Excellence  
Malasakit  
Kusang-loob

# Message from the CEO

To our valued stakeholders,

The year 2015 was a year of continuous transformation for the entire organization and focus on embracing a healthy change. We know health has become a primary life goal among Filipinos. We wanted to see a healthy change in the lives of the people we serve. Thus, we focused on championing healthy living and owning the health space through the following:

We introduced Vitality to the Philippine market through Philam Vitality. This is a Group-wide, science-backed wellness programme that works with customers to make real changes in their health. Along the same line of promoting good health through an exciting fun run, we brought to the Philippines 'The Music Run,' which was participated by almost 10,000 runners and health enthusiasts.

We also launched a health product - Health Invest Plus to help our customers be protected against health-related setbacks. We also supported health care innovation through a media launch of the AIA Accelerator programme, featuring Filipino start-up entrepreneur, Angelo Umali.

These activities all supported our parent company's thrust to be associated with healthy living and communicate our commitment to help people live longer, healthier, and better lives.

We continued our Transformation initiatives to make things easy, convenient and efficient for our people - our customers as well as our employees and advisors.

Among our agency force, we promoted the iPOS utilization and campaigned to have them utilize IMO (interactive mobile office) to help increase their productivity.

Among our employees, we introduced the ARIBA and Concur system to transition our procurement process into a paperless one.

For our customers and advisors, we continued to transform our Customer Service Centers and Agency Offices to give both world-class service facilities and high level of services.

On the CSR front, we gave back to the community through our highly productive Philam Paaralan program. We have attracted quite a lot of donors and

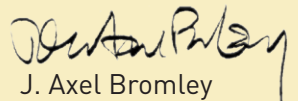


**J. Axel Bromley**  
Philam Life CEO

partners, which enabled us to build 85 classrooms in three years, surpassing our original target of 65 classrooms in five years. We are on our way to inaugurating our 100th classroom in 2016.

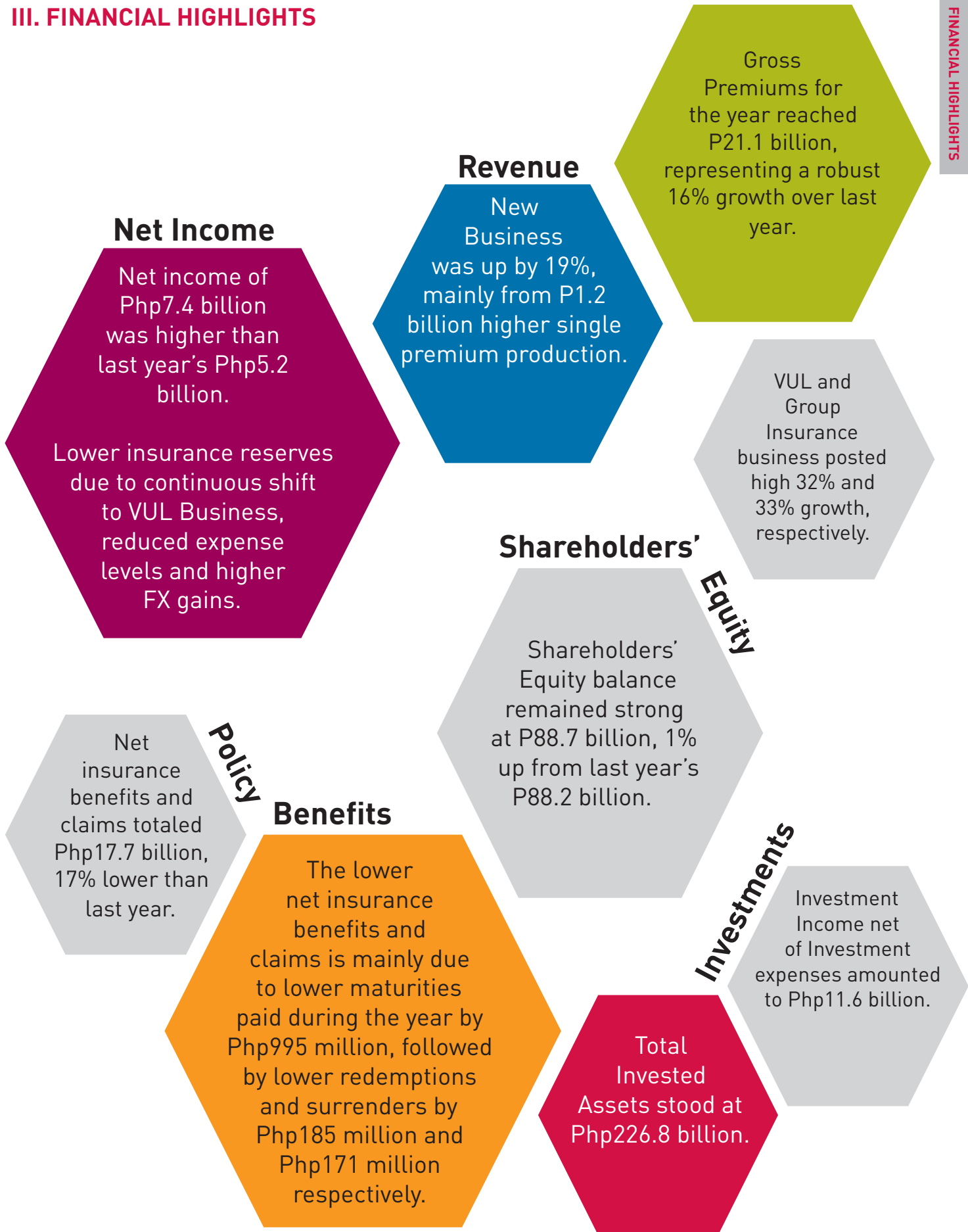
I am honored to be part of the Philam Life family. I am pleased and proud of our achievements as a team.

As we enter 2016, we look forward with high hopes that we will do more and achieve more. Let us "Move as One on our way to becoming # 1!"

  
J. Axel Bromley  
Chief Executive Officer  
Philam Life



### III. FINANCIAL HIGHLIGHTS



## IV. BUSINESS REVIEW

### Agency Distribution

Agency Distribution is among Philam Life's main distribution channels. In 2015, Philam Life focused on programs such as advisor on-boarding, recruitment, activity management, and iPOs utilization.

The enhanced advisor on-boarding training for new recruits was one of the best success stories of Agency Distribution in 2015. Following the no-training-no licensing-no selling rule, this has improved new agent activation ratios from 18% to 27% (1-month activation), from 29% to 45% (2-month activation), and from 46% to 63% (3-month activation).

To help advisors increase their productivity, the company rolled out the Achieving Consistency and Excellence (ACE) program, which enabled advisors and leaders to track their activity numbers. The program resulted to a high closing ratio of more than 20% per advisor. Agencies also saw a significant increase in their productivity with some posting a growth of 60%-80% in submitted cases.

Increasing the usage of iPOS among advisors was also prioritized. A weekly iPOS utilization monitoring report was released to the agency force, resulting to a significant increase in iPOS utilization rate from 30% to 84% at the end of the 2015.

The company also improved its agency engagement by introducing communication tools such as a learning support group in Facebook to share best practices and recognitions, the Premier Academy newsletter, and champions' best practices distributed through email. Similarly, agency staff engagement also improved through activities such as Premier Academy Group in FB, quarterly contests, quarterly recognition, and National Trainers' Day.

A quarterly business review was implemented among trainers which helped them develop their skills, acquire new skills and knowledge, and achieve their goals. Because of this, 10 top trainers qualified to the 1st Regional Trainers Conference to be held at AIA Leadership Centre in Bangkok, Thailand in 2016.

Increasing the number of recruits with emphasis on attracting young professionals was the main objective of the Next Gen recruitment program. This effort improved the next gen advisor population by 77%.

Under the Agency Office Transformation program, the company continued to modernize its agency offices

nationwide with the aim to provide best in class, technologically-enabled facilities that will support recruitment of premier advisors and leaders and boost their growth and productivity. In 2014, the company transformed 24 offices. In 2015, office transformation continued in 12 locations.

As a fitting conclusion to a great year, the Philam Life Premier Academy was proclaimed as AIA's Best Premier Academy among Emerging Markets for 2015!



*The Top 10 Premier Academy Heads and trainers who represented Philam Life pose with Ms Linda Kho, Group Premier Academy Director.*



*Philam Life's Grand Business Opportunity Program held at Makati Shangri-La hotel in Makati City.*



*Prospects signing up during the Grand Business Opportunity Program*

## Corporate Solutions

Corporate Solutions (CS) continued to bring meaningful benefits to employer and non-employer groups in 2015.

Group Medical was launched in July through a partnership with Medilink, one of the leading providers of technology solutions to the healthcare industry. With this partnership, Corporate Solutions was able to address the employee benefit most sought after by employers – medical benefits. Initially catering to the needs of small and medium enterprises (SMEs), CS' group medical was eventually rolled out to cover bigger groups like the PNP and the Philam Life Agency force.

In line with Philam Life's goal of increasing MDRT activation, CS also engaged MDRTs through regular meetings and incentive programs, resulting in a 200% increase in MDRT production of CS business. Overall CS agency performance showed a 107% growth in ANP while paid cases grew by 133%. A key development included partnering with DSWD to provide insurance to partners nationwide through their Pantawid ng Pamilyang Pilipino Program (4Ps).

The Credit Life line of business produced Php 1 billion from FY business with 60% coming from Savings & Loans Associations. Other segments such as rural banks, cooperatives and lending companies also exhibited significant growth vs 2014. These were made possible by completing the required manpower and completion of the first part of the CL transformation where the sales and account management teams were combined to support all CL channels.

CS Operations made doing business easier for group clients by providing additional payment methods with the implementation of the Auto Debit Arrangement (ADA) with a BDO or BPI bank account, as well as the Auto Charge Arrangement (ACA). These allow insureds under a voluntary plan to settle premiums through their preferred payment methods. Meanwhile, the system integration with Medilink allowed a more streamlined member enrolment and maintenance of members under a group medical plan.

With these developments, Corporate Solutions ended 2015 strong with over 5,100 policies in force, over 2 million insured group members and almost Php 1.6 billion in total premiums.



*Executives from Philam Life, AIA and Medilink during the Group Medical launch in July 2015.*

## Products and Marketing

In 2015, Philam Life launched a series of products and riders for health-related financial setbacks that offer very competitive benefits among unit-linked products in the market. Philam Life is one of the few companies in the Philippines to offer unit-linked plans with an early stage critical illness benefit, which allows clients to get a lump-sum cash benefit even before his/her condition becomes a critical illness. These products are much-needed in the Philippine landscape, where 56% of health expenditure is out-of-pocket.

With the strong need for health insurance and the company's commitment to innovation, plans such as Health Invest and Health Invest Plus continued to be the company's top-selling products and allowed the company to be one of the leaders in the health space.

In November 2015, Philam Life also launched a new savings plan, Future Protect, that can address future needs through regular and increasing cash payouts during one's retirement years.

Philam Life's new products answer the most pressing Real Life needs of today's customers - preparedness against health setbacks and income during retirement.

Highlights of 2015 include:

- Launch of Money Tree Elite and enhanced Money Tree (Dec 2014) – These enhanced products resulted to a 65% improvement of VONB generated from the product line In Q1 2015.
- Exclusive Offer to Existing Customer Campaign for Money Tree Elite – This campaign allowed seller to reconnect with their client and review their portfolio.
- Launch of Enhanced Health Invest and Health Invest Plus – These enhanced products resulted to a

310% increase of Health Invest's Q2 VONB.

- Portfolio enhancements Equity Index Fund and enhanced health riders for ULP portfolio – These made more options available for customers which improved Q3 VONB for affected products by 30%.
- Launch of Vitality Integrated Products – These products allow for a more needs-based approach for healthy aspirants.
- Launch of Future Protect – This product addresses the need for a targeted retirement product.

### Customer-centric Initiatives

Under the Ease of Doing Business Strategy, Philam Life continued its initiatives to make transactions simpler, faster and easier for customers. This resulted in redesigning key interfaces such as Self-Service Counters, Interactive Voice Response System, among others.

Advisors were also equipped with the Policy Anniversary tools to let their customers know the right priorities at their current life stage. A special customer offer was also given to select customers to enjoy the benefits of Money Tree Elite at a reduced minimum premium of P500,000.

The company also embarked on digital transformation to further enhance customers' experience in doing business with Philam Life.

### Philam Vitality

For the first time in the Philippines, insurance products offered living benefits "like never before" with Philam Vitality, the science-backed and global wellness programme that rewards its members for being healthy. Philam Vitality was launched last October 2015.

To bring life to the programme, Philam Vitality on-boarded 10 eminent industry players to serve as Philam Vitality partners. These included Enchanted Kingdom, Gan Advanced Osseointegration Center (GAOC), Garmin, Gold's Gym, Hi-Precision Diagnostics, Makati Medical Center, Polar, Seda Hotels, SM Cinema, and Toby's Sports. The engagement of partners was capped with contract signing events held in April and June.

Prior to the public launch, a series of activities were initiated among agency and internal stakeholders, beginning with the Bootcamp for MDRTs and Agency Leaders in September, where advisors got first dibs about the programme and how it can stir market

preference, increase their competitive edge, and boost their production.

Other training sessions were rolled out to prepare the rest of the sales force for the launch. By end of 2015, close to 700 Metro Manila and Cebu financial advisors were trained and equipped to sell Family Secure and Health Achieve, which were among the products under the Philam Vitality series. These products give customers access to Philam Vitality's wide range of health partners and make the whole experience of having an insurance policy active and engaging.

In collaboration with Human Resources, Philam Vitality was launched to Philam Group employees leveraging on the annual family day in September 2015.

The Family Day theme, 'Real Fit. Real Fun.' revolved around Vitality highlighting the value of family,



Photos 1-2: Philam Group employees experienced Vitality through Real Fit and Real Fun activities at the annual family day event.

Photo 3: Partnership contract signing with Enchanted Kingdom, Gan Advanced Osseointegration Center (GAOC), Gold's Gym, Seda Hotels and Hi-Precision Diagnostics. These industry players encourage clients to know their health, improve their health and enjoy the rewards of a healthier lifestyle.

wellness and togetherness. Several Philam Vitality partners participated in the event by setting up booths with exciting activities and prizes. The whole event generally received positive feedback for novelty of concept, highly engaging activities, and creative execution.

In October, selected members of the press and bloggers gathered for the special preview of Philam Vitality. This was held at 'Crisp' restaurant with healthy food on the menu.

In November, Philam Vitality took part in 'The Music Run' to help increase brand awareness and strengthen brand association that healthy living can also be fun. Philam Vitality has also been consistently present in the digital platform via posts on the Philam Life Facebook page.



*With almost 10,000 runners in attendance, The Music Run became one of the year's most anticipated events. Runners and health enthusiasts also participated in other activities in the booths set up by Philam Life, BPI-Philam, and Philam Vitality.*

## Operations and Information Technology



*Customer Service Center inauguration in Greenhills, San Juan*

Bringing the Customer Service Centre and Call Centre service standards back into agreed service levels and reducing the resulting customer complaints were key focus areas in the second half of the year. Despite the challenges, the New Business Underwriting maintained service levels even with the 20% increase in overall NB volumes.

Once the service levels were normalized in the third quarter, the focus shifted to laying the foundations for future operations transformation through the following: successfully reducing system errors, maturity check payment and investing in new technologies such as the customer portal and operations capacity management and forecasting tool.

Given the shift of CSCs to focus on high value transactions, the CSC referral program commenced in October and in its first month resulted in over Php6M ANP. The credit to account (CTA) program has now signed up 70% of the scholar maturity to auto credit/pick up anywhere, freeing up additional CSC capacity.

The ePlan customer portal is in the final stages of development and will be launched in the first quarter of 2016 and give industry leading functionality/ user experience.

Collaborative efforts were put together by IT, AIA Technology Shared Services and Group IT to establish a customer centric database that will improve customer service and campaign management.

## V. OUR PEOPLE

Being the Real Life Company, Philam Life provides services that address and support the changing needs of our customers and our people. We pride ourselves in building a motivated workforce that is well positioned to fulfill our goals, meet our customers' needs and deliver value to stakeholders.



Top to bottom: 1) Development training programs for managers; 2) Management Associate Program; 3) Employee Share Purchase Plan offer; 4) Annual Christmas program for employees

### Fostering a Culture of Family, Recognition and Support

We have built an environment where employees are encouraged to grow professionally, while holding the value of family close to their hearts. We have created a sense of family through activities like the annual Philam Group Family Day, Kiddie Halloween Party and Kiddie Christmas Party. We took a step further by starting to integrate Corporate Social Responsibility into our activities. This strengthens our Operating Principle of caring for our customers, colleagues and the communities we serve. Aside from these, good camaraderie and teamwork were also encouraged at work through departmental gatherings, birthday celebrations and recognition of individual successes. Philam Life has also recognized employees' contributions and dedication through the annual Employee Recognition Program, celebrating achievements of those who have been with the company for 10, 15, 20, 25, 30 years and above most especially the retirees who had stayed with the company for many years. Active involvement of the CEO and employees are key to successfully implementing employee activities. Increased visibility of the CEO is also key to aligning employees to the Company's Vision and Mission.

### Growing in Excellence

Excellence is key to realizing our vision of becoming the undisputed leader in insurance and wealth management. To achieve this, we use 70-20-10 development framework, where 10% of the professional and personal development of our people come from a structured learning curriculum. We have several in-house programs that are designed to empower, promote ownership, foster effective relationships, energize change and many others. Development using the 20% comes from coaching, mentoring, networking and professional certifications. Philam promotes the growth of our employees by sponsoring several certifications such as LOMA, ACS, ALU and others. The remaining 70% comes from on-the-job learning, and stretch assignments and mobility. This holistic approach allows us to maximize the growth and increase capability of each employee on every level of the organization.

To grow leaders from within, we made it a strategic priority to conduct an annual succession planning to prioritize positions internally. We provide growth opportunities for our leaders through leadership development initiatives and targeted developmental programs such as 'Crucial Conversations,'

'Influencer,' 'Manager as Coach'. Training programs are also offered to middle managers and individual contributors such as 'The Best of Me Program,' 'The AIA Manager Series.' These programs are designed to help employees and managers understand how they can leverage their own style of work as they progress in their careers. We also utilize a Performance Development Dialogue to set clear goals, manage expectations at work, and enhance career development among employees.

Lastly, the Management Associate Program is available to ensure that we employ young, dynamic and promising talents from top universities to go through a structured and rigorous program for 15 months. This program invests on these young talents to go through comprehensive training and on-the-job rotations in various business units preparing them for strategic roles in the organization.

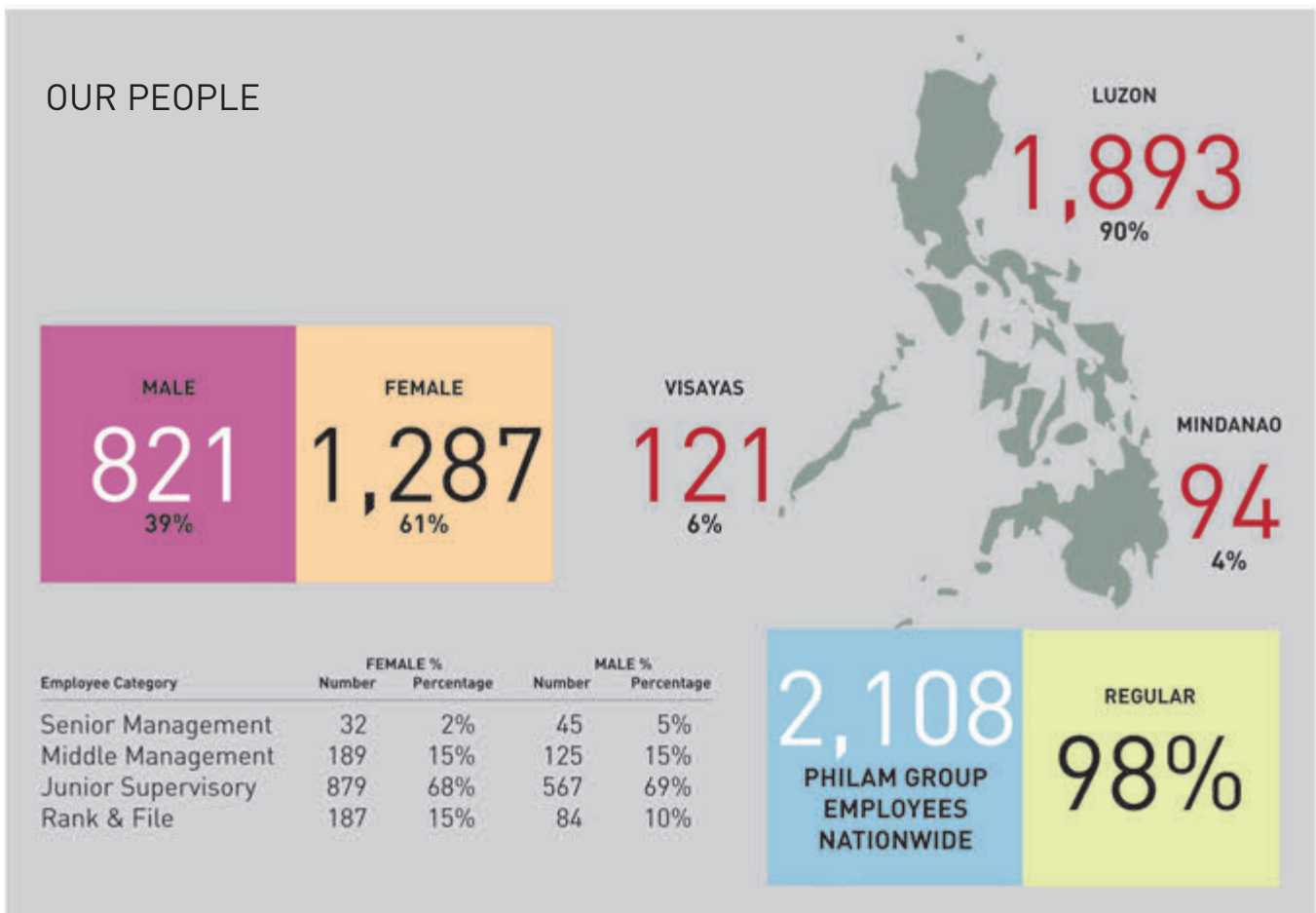
**Promoting Health and Well-Being**

To promote healthy living among our employees, we have implemented a broad range of wellness initiatives that encourage employees to embrace an active

lifestyle. These included sports tournaments such as Badminton, Basketball, Bowling and Volleyball. During the company's annual "Wellness and Flu Vaccination Day," free influenza vaccination were provided to about 1,500 employees and their immediate family. Medical benefits offered to employees include a group life insurance, a health care plan, and an in-house clinic to provided immediate medical assistance.

**Rewarding Performance**

Given our strong pay-for-performance culture that aligns the work goals of the employees with the overall company directions, performance and success were rewarded on top of the basic monthly compensation, bonuses and leave credits. Employees were also given the option to become stakeholders in the company through the Employee Share Purchase Plan (ESPP), wherein eligible employees may purchase ordinary shares of the company with qualified employee contributions and the company will award one matching restricted stock purchase unit to them at the end of the vesting period for every two shares purchased.



## VI. AFFILIATES



### BPI-Philam Life Assurance Corporation

BPI-Philam is one of the leading and fastest growing bancassurance companies in the Philippines. A joint venture of Bank of the Philippine Islands (BPI) and The Philippine American Life and General Insurance Company (Philam Life), BPI-Philam ranked fifth in terms of total premium income in 2014 and continued to post significant growth every year.

In 2015, BPI-Philam grew 44% in total premium income, higher than the life insurance industry average and became the largest bancassurance operations in the country as it moved up to the 4th rank.

With its vision to become the benchmark in the bancassurance industry, BPI-Philam continues its multi-segment, multi-distribution strategy to maximize its penetration among valued customers of BPI. Initiatives to meet the company's revenue goals and sustainable growth objectives were in place including: optimization and stronger competence of manpower, effective and efficient sales management, extensive training programs for bank and sales, customer service platforms to ensure high-quality customer service and ease of doing business with the company, close alignment with BPI partners, expansion to new distribution channels, and cultivation of a highly-engaged workforce. Further, the company's product portfolio continues to expand to cover the needs of each market segment with first-in-the-market and innovative solutions.

With a firm vision and strategy in place, BPI-Philam is set to be the best-in-class bancassurance in the life insurance industry.

### Philam Asset Management, Inc. (PAMI)

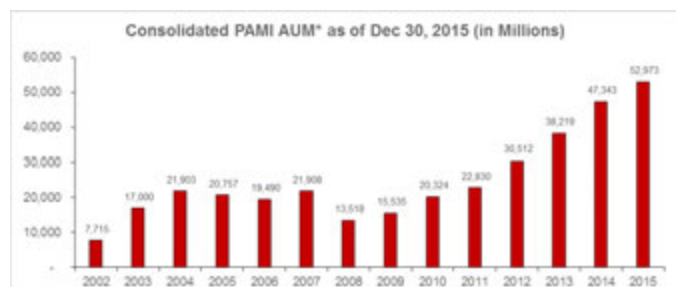
The year 2015 has been another strong year for PAMI. The company ended the year with P53.4 billion in Assets Under Management (AUM), translating to a 12.9% increase from 2014. The growth can be attributed to the strong sales and returns of the PAMI mutual funds, including the newly launched PAMI Equity Index Fund (PEIF). The PEIF was launched in June and ended the year with P1.545 billion in AUM.

Sales force expansion also contributed to the increase in PAMI's AUM, riding on two key initiatives - increasing the number of Certified Investment Solicitors and growing the third-party distributor network. CIS numbers grew by 12.16% from the previous year. The increase was bolstered by the launch of intensive review sessions for the Investment Company Representative Certification Exams (ICRE) and the GROW training program aimed at helping new CIS become more productive.

The network of third party distributors was also expanded with the addition of the Citi-AIA partnership and the COL fund supermarket. Citi-AIA ended the year with P2.88 billion in gross sales while COL contributed P24.7 million.

PAMI's strong fund returns were recognized by the Philippine Investment Fund Association (PIFA) awards. PAMI received a total of 11 awards in various categories and asset classes. PAMI was also recognized by The Asset as one of the Top 5 Investment Houses in Asian local Currency Bonds, ranking 4th overall. PAMI also won its 5th consecutive Trusted Brand award under the Investment Fund Category from Reader's Digest Asia.

More than its strong performance, PAMI also made headway in ease of doing business with the launch of the enhanced investor portal in April 2015. The enhanced portal provides investors an easier, faster and secured online access to their portfolio anywhere and anytime of the day. It is mobile-friendly and can be viewed across various browser platforms. Through the portal, clients can view all their investment accounts, track transactions, download historical and updated statement of accounts, and view returns on their investments.





## VII. CORPORATE SOCIAL RESPONSIBILITY

### Philam Paaralan

The year 2015 was a year of building and strengthening partnerships for Philam Paaralan. In 2015, Philam Foundation, Philam Life's corporate social responsibility arm, was able to build 25 classrooms all over the Philippines. This was made possible through the help of our new and established partners here and abroad.

With this progress, Philam Foundation reached and surpassed the commitment it made in 2012 to build 65 classrooms in five years.

### KaAkbay Philam Volunteer Corps

Philam Foundation continued to encourage employees to share their time through volunteerism. In 2015, 42 activities were initiated. KaAkbay volunteers participated in various projects like school refurbishing activities, tree planting and nurturing activities, blood donation drives, storytelling workshops, outreach programs, and savings awareness campaign sessions.

In total, KaAkbay chapters in Metro Manila, Cebu and Davao engaged 874 volunteers and rendered 6,700 volunteering hours.

Currently, KaAkbay Philam Volunteer Corps has 595 members, 239 of whom are new volunteers.

### Philam Saving Awareness and Values Education Sessions (Philam SAVES)

Philam SAVES aims to align the Philam Life's CSR activities to its core business of promoting financial literacy and savings awareness. Through its two-part module (story-telling and coin bank-designing session), Philam SAVES also aims to promote good values.



Philam Paaralan in Daet Elementary School, Camarines Norte.

In 2015, Philam Foundation was able to strengthen the backbone of the program by developing a story that is tailor fit to the program. Likewise, volunteers who will initiate the sessions went through a series of workshops to toughen their skills in storytelling and facilitation.

These progress paved the way to 20 sessions, which empowered more than 1000 schoolchildren.

### Philam Centralized Assistance for Employees in Need (Philam CAN) and Philam Centralized Aid for Agents (Philam CAFA)

Philam Life was also able to extend further help to its employees and financial advisors in need. In 2015, a total of Php 365,000 worth of financial assistance was extended to 16 employees and 41 financial advisors who became victims of typhoons.

Through Philam Foundation's eCAN campaign, employees all over the country were able to contribute to an additional funding of almost Php 450,000 making Philam CAN's available remaining fund reach Php1.4M.

On the other hand, Philam CAFA's remaining fund is at Php2.6M.

### Sponsorships

Aside from its usual projects, Philam Foundation also gave support through philanthropic contributions to other organizations. In 2015, Philam Foundation released Php 520,000 to support other non-government organizations and socio-civic organizations.



Philam Life CEO Axel Bromley at the Philam Paaralan inauguration in Palayan City Elementary School in Nueva Ecija.

## VIII. CORPORATE GOVERNANCE AND OPERATING PHILOSOPHY

### CORPORATE GOVERNANCE

Philam Life confirms its full compliance with the Code of Corporate Governance, and its commitment to the highest standards of corporate governance is rooted in the belief that culture of integrity and transparency is essential to the consistent achievement of its common goals. Creating a sustainable culture, where trust and accountability are vital as skill and wisdom, steers us towards achieving long-term value for shareholders and clients, and strengthens our confidence in the institution.

#### Board Independence

Each of the independent directors meets the guidelines set in the Manual of Corporate Governance. None of the independent directors has any business or significant financial interest in the Company or any of its subsidiaries. They, therefore, continue to be considered independent.

#### Role & Responsibilities of the Board

The Board of Directors exercises all the powers of the corporation, and all business conducted and all

properties of the corporation are controlled and held by them. The Board is completely independent from management and major stockholders. The Board is accountable to the shareholders and as such it shall ensure the highest standard of governance in running the Company's business and setting the strategic directions. The detailed role and responsibilities are set forth in the By Laws and the Manual of Corporate Governance.

#### Election of Directors

The Company uses a transparent procedure for the election of directors. The Nomination and Governance Committee looks into the qualifications of directors and thereafter the Board deliberates on the recommendation of the Committee. At the stockholders meeting, the shareholders are duly informed by the Corporate Secretary of the qualified nominees and of the voting method and vote counting system. Each stockholder with voting privilege shall be entitled to cumulate his vote in the manner provided by law. After the election process, the Corporate Secretary shall count the votes and thereafter declare the duly elected members of the Board.

### LIST OF STOCKHOLDERS

Name of Stockholder	Shares Held	Class	Amount Paid	Percent of Ownership	Nationality	Beneficiary Ownership	Date of First Appointment
AIA Company Limited	199,560,515	Common	1,995,605,150.00	99.99993%	Hong Kong SAR		
Gordon T. Watson (Non-Executive Director/Chairman)	1	Common	10.00		British	AIA Company Limited	January 11, 2011
J. Axel Bromley (Executive Director/CEO)	1	Common	10.00		U.S.	AIA Company Limited	June 1, 2015
Francis G. Estrada (Independent Director)	1	Common	10.00		Filipino	AIA Company Limited	April 8, 2006
Antonino T. Aquino (Independent Director)	1	Common	10.00		Filipino	AIA Company Limited	April 22, 2015
Joaquin E. Quintos IV (Independent Director)	1	Common	10.00		Filipino	AIA Company Limited	April 22, 2015
Doris Magsaysay Ho (Independent Director)	1	Common	10.00		Filipino	AIA Company Limited	April 22, 2015
Ariel G. Cantos (Executive Director)	1	Common	10.00		Filipino	AIA Company Limited	July 16, 2013
Estate of Luis Yulo	149	Common	1,490.00	0.00007%	Filipino		
<b>TOTAL</b>	<b>199,560,671</b>		<b>1,995,606,710.00</b>	<b>100.00000%</b>			

## Orientation Program and Training

The Corporate Secretary provides the orientation for new directors to explain the organizational profile, charters, by laws, policies and procedures in the company. A corporate governance seminar is also arranged for each director to ensure adherence to best practices on corporate governance.

The Board members engage in informal meetings on a quarterly basis to further discuss issues and strategies.

## Performance Evaluation

The Company has established its own performance evaluation, the criteria of which are based on the Insurance Commission's Circular on Corporate Governance. Every April of each year, the Board, as well as the Committees, conducts annual self-assessment of its performance, the results of which are submitted to the Nomination and Governance Committee.

## Board Process

The Board meetings are on a quarterly basis unless a special meeting is necessary to consider urgent matters. Minutes of meetings of the Board and all Committees are kept by the Corporate Secretary.

Said minutes are open for inspection by the Board and Stockholders upon request. Board materials are sent to the members at least five (5) business days in advance of the scheduled board meetings.

In addition to the regular meetings, the directors also engage in informal meetings in a quarterly basis to

further discuss issues and strategies. Non-executive directors also find time to meet separately to discuss the business affairs of the Corporation.

## Board Meetings in 2015

The Board meets at least six (6) times a year. The directors receive the meeting pack five days in advance. The meeting pack includes among others, the Board and Committee Meeting Minutes for approval of the Board, the business and financial highlights of the Company and other items that need Board action and approval.

The presence of at least four (4) out of seven (7) directors is necessary to have a quorum and the affirmative votes of the majority of the directors present are required to decide a matter except where the law or the by-laws require a higher number.

## AUDIT COMMITTEE

The Audit Committee is an independent committee formed by the Board of Directors to assist the Board in the performance of its duties and responsibilities specifically in ensuring that governance, internal controls and risk management systems of the organisation are in place.

For 2015, the Audit Committee members which are composed of Mr. Antonio T. Aquino as the chairman, Mr. Joaquin E. Quintos IV and Mr. Francis G. Estrada as the members, are all independent directors. Each Audit Committee member met the necessary requirements of the Securities and Exchange Commission, the Revised Code of Corporate Governance and other applicable laws and regulations in the Philippines. See Section IX for the profile of the Audit Committee members.

The Audit Committee has adopted a formal term of reference or the Audit Committee Charter in fulfilling its responsibility for oversight of the organisation's corporate governance process. The Committee, while doing its oversight role, relies on the expertise of Management and works with Internal Auditors and External Auditors to ensure the integrity of the financial statements and continuous review of the organisation's governance process, risk management and internal controls.

The Audit Committee used the responsibilities outlined in the Audit Committee Charter to develop an annual calendar and meeting agenda for 2015. From January 1 to December 31, 2015, the Audit Committee met four (4) times. On these meetings, the Audit Committee

	Board	Audit Committee	Nomination & Governance Committee	Compensation Committee
	23 Jan. 2015	23 Jan. 2015		
	10 Apr. 2015	22 Apr. 2015	06 Apr. 2015	25 Nov. 2015
	22 Apr. 2015	25 Aug. 2015	04 May 2015	
	11 May 2015	06 Nov. 2015	20 Oct. 2015	
	25 Aug. 2015			
	06 Nov. 2015			
Number of Meetings held and attended for the Year 2015				
Member	6 Meetings	4 Meetings	3 Meetings	1 Meeting
ANTONINO T. AQUINO*	5 Meetings	3 Meetings	N/A	N/A
J. AXEL BROMLEY**	4 Meetings	N/A	1 Meeting	1 Meeting
CESAR A. BUENAVENTURA***	1 Meeting	2 Meetings	N/A	N/A
ARIEL G. CANTOS	6 Meetings	N/A	N/A	N/A
JOSE L. CUISIA, JR.***	2 Meetings	N/A	1 Meeting	N/A
FRANCIS G. ESTRADA	5 Meetings	3 Meetings	1 Meeting	N/A
DORIS MAGSAYSAY HO*	5 Meetings	3 Meetings	N/A	1 Meeting
ESTELITO G. MADRID, JR.****	3 Meetings	N/A	N/A	N/A
JOAQUIN E. QUINTOS IV*	5 Meetings	3 Meetings	2 Meetings	1 Meeting
RICARDO J. ROMULO***	2 Meetings	N/A	N/A	N/A
WASHINGTON Z. SYCIP*	2 Meetings	2 Meetings	N/A	N/A
EDMUND SW TSE***	2 Meetings	N/A	1 Meeting	N/A
GORDON T. WATSON	6 Meetings	N/A	3 Meetings	1 Meeting

\*elected effective 22 April 2015

\*\*elected effective 01 June 2015

\*\*\*resigned effective 22 April 2015

\*\*\*\*resigned effective 31 May 2015

met with Senior Management, Group Internal Audit, Compliance Office and organisation's External Auditors, Isla Lipana & Co./PricewaterhouseCoopers. Among the agenda/topics discussed include the Approval of Audit Plans, Group Internal Audit Updates, Result of Compliance Reviews and Updates from External Auditors. Group Internal Audit Updates usually include the result of completed audit projects and status of audit plan.

### **Group Internal Audit**

Group Internal Audit (GIA) is responsible for reviewing the organisation's ability to manage and control risks and provides an independent assessment as to the adequacy and effectiveness of internal controls across the organisation based on the approved Internal Audit Plan. GIA adopts a risk-based audit plan which considers the significant risks affecting the strategies and key objectives of the company. These risks include financial, operational, compliance and industry's emerging risks, among others. In finalising the audit plan, inputs and expectations from management and the Board are likewise considered.

GIA, which is directly supervised and supported by AIA Group Internal Audit, functionally reports to the Audit Committee and administratively reports to the Chief Executive Officer. The Head of GIA, on behalf of the Group Internal Audit function, is responsible for reporting the result of internal audit work to the Audit Committee on a regular basis. In overseeing the internal audit function, the Audit Committee is actively involved in approving the internal audit plan including any changes thereof, assessing the result of audit projects and monitoring the resolution of key issues noted. The Audit Committee has overseen the process by which assessment of the effectiveness of internal controls, risk management, financial reporting and information technology security were conducted.

### **Engagement with External Auditors**

The Audit Committee, on behalf of the Board of Directors, is responsible for the appointment, re-appointment or removal of External Auditors. For the year 2015, the Audit Committee has approved the re-appointment of Isla Lipana & Co./PricewaterhouseCoopers as the External Auditor. The Audit Committee has reviewed and approved accordingly the scope and coverage of Statutory Audit for the year 2015. Although management has the primary responsibility for the financial statements and the reporting process, the Audit Committee having the

oversight role, has noted and reviewed the audited financial statements for the calendar year 2015. The Audit Committee concurred and accepted the conclusion of the External Auditors on the financial statements is satisfied that the financial statements are in compliance with Philippine Financial Reporting Standards as assessed by the External Auditors.

### **RELATED PARTY TRANSACTIONS**

Related party relationship exists and details of Related Party Transactions are provided in Note 30 of the 2015 Audited Financial Statement. The Company has no RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiary companies. The Company ensures that RPTs are conducted in such a way that they are fair and at arms' length, and discloses such facts in its Annual Performance Report and the Audited Financial Statements.

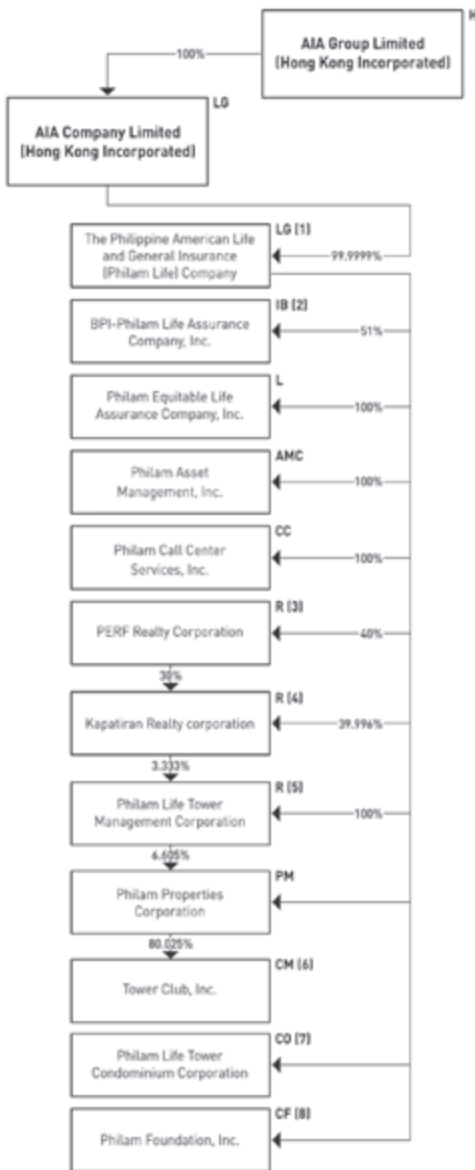
### **DIVIDEND POLICY**

It is the policy of Philam Life to adopt and comply with the provision of the Insurance Code (RA 10607) that states that no domestic insurance corporation shall declare or distribute any dividend on its outstanding stocks unless it has met the minimum paid-up capital and net worth requirements under the Code and except from profits attested in a sworn statement to the Commissioner by the President or Treasurer of the Company to be remaining on hand after retaining unimpaired the entire paid-up capital stock, the solvency requirements, the legal reserve fund required by the Code, the sum sufficient to pay all net losses reported, or in the course of settlement, and all liabilities for expenses and taxes. Any dividend declared or distributed by the Company shall be reported to the Commissioner within thirty (30) days after such declaration or distribution.

As provided in the Company's By-Laws, Article VII, Section 1, dividends shall be declared only from surplus profits and shall be payable at such time and in such amounts as the Board of Directors shall determine; provided, however, that no stock dividend shall be issued without the approval of the stockholders representing not less than two-thirds of all stock then outstanding entitled to vote at a general meeting of the corporation or at a special meeting called for the purpose. No dividend shall be declared that will impair the capital of the corporation.

The Company did not declare any cash or stock dividends for 2015.

## CHART OF OWNERSHIP



Supplementary notes to Philam Group Chart of Ownership

- (1) Remaining shareholding: 0.0000746640% by Estate of Luis Yulo.  
 (2) Remaining shareholding: 49% by Bank of the Philippine Islands and other individual stockholders.  
 (3) Remaining shareholding: 61% by BPI as Trustee of Philamlife Employees Retirement Fund (PERF).  
 (4) Remaining shareholding: 30% by BPI as Trustee / Supplemental Profit Sharing Plan / Philamlife Employees Retirement Fund.  
 (5) Remaining shareholding: 30.419% by Social Security System  
 (6) Remaining shareholding: 19.975% by other individual and corporate stockholders.  
 (7) Remaining shareholding: The Philippine American Life and General Insurance (Philam Life) Company; Philam Properties Corporation (PPC); Philam Tower Realty Corporation (in trust for PPC) – legal title not yet transferred to PPC; 18/F Holdings, Inc. - legal title not yet transferred to PPC; BPI-AMTG as Trustee of Philamlife Employees Retirement Fund (PERF); Perf Realty Corporation; Kapatiran Realty Corporation.  
 (8) Other Members: Philam Asset Management, Inc.; Philam Call Center Services, Inc.; Philam Properties Corporation and BPI-Philam Life Assurance Corporation.

### Board of Directors

Chairman of the Board	Gordon T. Watson
Executive Directors	J. Axel Bromley, CEO Ariel G. Cantos
Independent Directors	Francis G. Estrada Antonino T. Aquino Joaquin E. Quintos IV Doris Magsaysay Ho
Corporate Secretary	Carla J. Domingo

### Audit Committee

Chairman	Antonino T. Aquino
Members	Joaquin E. Quintos IV Francis G. Estrada

### Executive Committee

Chairman	Gordon T. Watson
Members	J. Axel Bromley Ariel Cantos

### Compensation Committee

Chairman	Gordon T. Watson
Members	Joaquin E. Quintos IV Doris Magsaysay Ho J. Axel Bromley

### Board Risk Committee

Chairman	Francis G. Estrada
Members	Doris Magsaysay Ho Antonino T. Aquino J. Axel Bromley Ariel G. Cantos

### Nomination & Governance Committee

Chairman	Gordon T. Watson
Members	J. Axel Bromley Joaquin E. Quintos IV

### Investment Committee

Chairman	Arleen May S. Guevara
Members	Antonino T. Aquino J. Axel Bromley Tisha T. Darvin Joseph G. de Dios Francis G. Estrada Mark Konyn Andreas Rosenthal

### Capital Structure

Authorized Capital Stock	P2,000,000,000.00
Subscribed and Paid-Up	P1,995,606,710.00
No. of Shares Issued & Outstanding	199,560,671 shares
Treasury Share	439,329 as of April 2013
Par Value	P10.00/share

## BOARD PROFILE



**GORDON T. WATSON (52)**  
**Non-Executive Director**  
**Chairman of the Board**

Gordon Watson is the Regional Chief Executive of AIA Group. He's responsible for the Group's businesses operating in Hong Kong, Australia, Philippines, Vietnam, New Zealand and Macau as well as the Group Corporate Solutions business, Group Partnership Distribution and the AIA Vitality initiative.

Gordon's deep and broad knowledge of the AIA Group and its operations, together with his track record in managing businesses and executing strategic change, makes him a key member of the Group Executive Committee.

Gordon has been with AIG/AIA for over 30 years in various leadership positions in New York, London, Africa, the Middle East, Japan, Korea and Hong Kong. He is known as a transformational global leader driving cultural change and has a passion for making a difference in peoples' lives.

Prior to rejoining AIA Group in January 2011, he was Global Vice Chairman and Regional CEO of ALICO Japan and Asia. In addition to overseeing the Japan operation – ALICO's largest region – Gordon also had responsibility for global marketing, distribution, strategy, corporate solutions across 54 countries. Prior to this role, he was ALICO's Global Chief Operating Officer. Gordon played a key role in the completion of the sale of ALICO to MetLife.

Before joining ALICO, Gordon was Deputy President of AIA with responsibilities for Hong Kong, Singapore, Thailand, Malaysia, Indonesia and Vietnam. Prior to this role, he was President and CEO of AIG Life Korea. Under his leadership, AIG Korea delivered strong results with market share surpassing a number of foreign insurers.

Married with two daughters and one son, Gordon holds an MBA from University of Hull in the UK and is a Fellow of the Chartered Insurance Institute. Gordon has a keen interest in art --- specifically oil paints and photography --- and also enjoys football and golf.



**J. AXEL BROMLEY (47)**  
**Executive Director**  
**Chief Executive Officer**

Mr. Axel Bromley is the Chief Executive Officer of The Philippine American Life and General Insurance Company (Philam Life). He holds various positions within the Philam Group Boards such as: Chairman of Philam Foundation; Chairman of Philam Asset Management; Inc.; Chairman of Philam Equitable Life Assurance Company; and Director of BPI-Philam Life Assurance Corporation.

Prior to his appointment as CEO of Philam Life, Mr. Bromley served as Director of Strategic Initiatives at AIA Group Limited, Philam Life's parent company. Before joining AIA, Mr. Bromley was the General Manager of MetLife Ukraine from 2012 to 2014. He started his career in the insurance industry as a Management Associate for AIG ALICO in 2002 and worked his way up as a Broker Relations Manager, Profit Center Manager of Accident and Health Products then Regional Agency Executive in ALICO Dubai, General Manager of MetLife ALICO in Nepal, and Country Manager of MetLife Qatar.

Mr. Bromley earned his Bachelor's degree in International Relations with a Near Eastern Studies emphasis at Brigham Young University in Utah, USA in 1995. He received a dual masters degree in International Management and Masters of Business Administration (with honors) at Thunderbird School of Global Management and Arizona State University, respectively, in 2002. Mr. Bromley is fluent in Arabic, Spanish, and Vietnamese.



**FRANCIS G. ESTRADA (66)**  
Independent Director

Mr. Francis G. Estrada serves or has served as independent director and Board Committee Chair in a number of leading publicly listed companies like: Ayala Land, Inc; Philamlife; RCBC; RCBC Savings Bank; Engineering Equipment Inc.

He also serves (or has served) as Chair, Trustee, Governor or member of a number of not-for-profit enterprises like: the Institute for Corporate Directors, De La Salle University, Xavier Labor Relations Institute (India), Shanghai Jiao-tung University School of Management, Philippine Military Academy, Clean Air Asia, Institute for Solidarity in Asia, Armed Forces of the Philippines Multi-Sectoral Governance Council, Development Bank of the Philippines Advisory Council, De La Salle Philippines Investment Committee and the Sociedad de Beneficiencia.

He has served as Governor, President and member of the Board of Trustees of the Asian Institute of Management. He was President and Chief Executive Officer of William E. Simon and Sons (Asia), LDC from 1992 to 1997 – a partnership with former US Treasury Secretary, William E. Simon.

He served as President and Chief Operating Officer of Asian Oceanic Holdings Limited from 1983 to 1991 – an investment banking partnership he co-founded with former Amercian Express Bank chairman, Richard M. Bliss.

He was Senior Vice President, ASEAN Regional Coordinator for Indonesia of the Bancor Group Incorporated from 1974 to 1982. He concurrently served as Managing Director and Chief Operating Officer of P.T. First Indonesian Financing and Investment Corporation (“Ficorinvest”), a joint-venture between Bank Indonesia (the Indonesian central bank) and the Bancor Group of the Philippines. from 1975-1980

Following his return to the Philippines in 1997 Mr. Estrada was Chairman and was General Partner of Equity Managers Asia, Inc., which he co-founded. He has established a number of Asia-related financial institutions and commercial enterprises within and outside the Asian region and advised on numerous turn-around and crossborder financial transactions.

He has served as board director on over 40 public and private enterprises in the Australasia region and the US.

Mr. Estrada graduated “With Distinction” from AIM with a Master in Business Management in 1973 and completed the Advanced Management Program at the Harvard Business School in 1989. He obtained his Bachelor of Science in Business Administration and Bachelor of Arts degrees from De La Salle University in 1971 where he was awarded the institution’s Leadership Award.



**JOAQUIN E. QUINTOS IV (56)**  
Independent Director

Joaquin E. Quintos IV is currently Senior Vice President of First Philippine Holdings, a publicly listed management and investment company engaged in power generation, manufacturing, construction, and property development businesses. Jajo joined FPH in July 2015.

Prior to joining First Philippine Holdings, Jajo was President and CEO of Prople Limited, a privately held, global business process services company specializing in Finance and Accounting, Human Resources (HR), and Information Technology (IT). Jajo joined Prople as a shareholder and member of the board in September 2009 after retiring from a successful 27 year career at IBM Philippines. Jajo was also President and CEO of Prople BPO Inc, a wholly owned Philippine subsidiary of Prople Limited and Chairman of Kellogg and Andelson Global Management Company, a wholly owned U.S. subsidiary of Prople Limited.

Prior to joining Prople, Jajo was the Chairman and Country General Manager of IBM Philippines Inc. Jajo also headed all of IBM’s wholly owned subsidiaries in the Philippines. He was President and CEO of IBM Daksh Philippines Inc., Chairman of IBM Solutions Delivery Inc., and Chairman of IBM Business Services Inc. IBM’s BPO operating subsidiaries, IBM Daksh and IBM Business Services, were set-up during Jajo’s tenure.

Jajo is currently a member of the board of Philippine American Life and General Insurance Company, iPeople, Skycable, STI Education Services, Vicsal Investment, AB Capital Investment, and Energy Development Corporation in the Philippines. Jajo is also currently the Vice Chairman of the Credit Information Corporation, the national credit registry of the Philippines. He is currently a board trustee of the Foundation for Adolescent Development, and Knowledge Channel Foundation and was formerly the Chairman of Operation Smile Philippines. He was formerly the Chairman of the ICT Panel of the Joint Congressional Committee on Science and Technology of the Republic of the Philippines. Jajo was previously the Chairman of De La Salle University Manila and the Co-Chairman of the De La Salle Philippines board which oversees the unified administration of the network of 17 La Sallian institutions in the Philippines.

Jajo is a graduate of the University of the Philippines with a Bachelor of Science degree in Industrial Engineering, cum laude.



**ARIEL G. CANTOS (56)**  
**Executive Director**

Ariel G. Cantos, 56, is the President and Chief Executive Officer of BPI-Philam Life Assurance Corporation. Mr. Cantos is a member of the Board of Directors of Philam Life and BPI-Philam Life Assurance Corporation, a director of the Philippine Life Insurance Association, and sits as a Trustee in Philam Foundation, Ayala FGU Alabang and Ayala FGU Makati Condo Corporation.

Before his current appointment, Mr. Cantos was Senior Vice President and Chief Agency Officer of Philam Life. He has had an enriching and successful career in Philam Life's Agency Distribution Channel, which he served for close to 30 years. He held various positions within the channel such as: Profit Center Head of Accident & Health Products; Director of Manila Agencies; and Director of Provincial Agencies.

He graduated with a Bachelor's Degree in Economics, Honors Program, at the Ateneo De Manila University, Loyola Heights, Quezon City.



**ANTONINO T. AQUINO (68)**  
**Independent Director**

Antonino T. Aquino, Filipino, 68, has served as Director of Ayala Land, Inc. (ALI) since April 2009. He is also a Director of Manila Water Company, Inc. (MWC), another publicly listed company, since 1999. He was the President of ALI from April 2009 to April 2014, MWC from April 1999 to April 2009, and Ayala Property Management Corporation from 1989 to 1999.

He is a Member of the Multi Sectoral Advisory Board of the Philippine Army since 2014. He was named "Co-Management Man of the Year 2009" by the Management Association of the Philippines for his leadership role in a very successful waterworks privatization and public-private sector partnership. In 2015, Mr. Aquino was elected as Director of The Philippine American Life and General Insurance Company (Philam). He earned a degree in BS Management and Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.





**DORIS MAGSAYSAY HO (64)**  
Independent Director

Doris Magsaysay Ho is the President and CEO of A. Magsaysay, Inc. Magsaysay traces its roots as shipowners and shipmanagers, but later on expanded into serving the industries of hospitality and tourism, transport and logistics, healthcare, oil and gas and specialized engineering and trade. The company has a network of offices strategically mapped in the Philippines, Indonesia, China, Thailand, Croatia, Greece and Spain. Magsaysay conducts its overseas operations in Jakarta and Bali Indonesia, Hong Kong and Shanghai China, London and Newcastle UK, Vancouver, Canada and New York. Guided by its principle of caring for its people, the company has been awarded the Seatrade Asia Award for Education and Training in 2010, the Lloyd's List Global Training Award in 2011, 2013 and 2014, the ASEAN Business Advisory Council Award for CSR in 2013 and the Intel-AIM CSR Award in 2014.

She also serves as Chair, Director, Trustee or member of various organizations such as: Lorenzo Shipping Corporation, Fairmont Shipping Limited, Makati Business Club, APEC Business Advisory Council, Philippine Interisland Shipping Association, Steamship Mutual Underwriting Association, The National Corn Competitiveness Group, Asia Society Philippine Foundation, Inc., Asia Society (New York), Metropolitan Museum Manila, The Hague Process on Refugees and Migration, First Philippine Conservation Inc., World President's Organization.

Doris Magsaysay Ho also won several awards as Asia CEO's Global Filipino Executive of the Year in 2012, Lloyd's Asia's Lifetime Achievement Award in 2011, The Outstanding Manila Award in 2005 and Ernst & Young's Social Responsible Entrepreneur Award in 2004.



**CARLA J. DOMINGO**  
Board Support - Corporate Secretary

Atty. Domingo is currently the Head of Legal & Corporate Secretary of The Philippine American Life and General Insurance Co (Philam Life). She also serves as the Corporate Secretary of BPI-Philam Life Assurance Corporation (formerly Ayala Life).

She was also the Corporate Secretary of various Philam companies from 2008 to January 2014, to wit: Philam Equitable Life Assurance Company; Philam Properties Group of Companies; Philam Asset Management Inc.; Philam Call Center Services, Inc.; the Tower Club, Inc. and Philam Foundation, Inc.

Atty. Domingo is a member of the Integrated Bar of the Philippines, and a Fellow of the Institute of Corporate Directors. Atty. Domingo is a graduate of the University of the East, with a Bachelor of Arts degree major in Political Science, where she graduated Magna Cum Laude. She took her Bachelor of Laws degree in San Beda, College of Law.

## OUR MANAGEMENT TEAM

Our Management Team is made up of industry-leading figures from a diverse variety of professional backgrounds, collectively equipping Philam Life with the expertise and leadership qualities to drive sustainable growth of the business.



## OPERATING PHILOSOPHY

### The AIA Code of Conduct

Honesty and integrity are the cornerstones of the AIA business. AIA serves millions of customers across the most dynamic growth region in the world – and is known and admired for its unwavering commitment to these values.

This reputation and the trust it inspires is critical to the success of the organization. Dedication and commitment to high standards have helped build the organization in the past and for the present. It can only maintain that reputation into the future when each employee strives harder to do what is right and by being prepared to take their personal responsibilities in observing the highest standards of integrity and conduct at all times.

This is what the AIA Code of Conduct is about. It sets out AIA's and its member companies' commitment to the Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right people... and the results will come." This establishes the unique culture of AIA across all 18 markets within the Asia Pacific region that includes Philam Life.

The AIA Code of Conduct sets out the ethical guidelines for conducting business which is the same code that Philam Life observes. This serves as guide in managing the company's compliance, ethics, and risk issues.

The standards set forth in the Code also applies to the business partners including agents, contractors, subcontractors, suppliers, distribution partners, and those who act on behalf of AIA and Philam Life. Thus, the corporation, its directors, senior management and employees are mandated and required to comply with the policies. The Compliance Department is tasked to implement these policies and monitor compliance therewith.

Like AIA, Philam Life has always believed in the power of diverse, talented people to create value and deliver on customer and shareholder expectations. Thus, it competes vigorously to create new opportunities for its customers and for itself. However, competitive advantages are sought only through legal and ethical business practices. With the products, services and responsible business practices, Philam Life strives to improve the quality of life of every Filipino. Promoting compliance with local laws and local regulatory requirements that apply to the business is at the foundation of Philam Life's good corporate citizenship.

### Code of Conduct - Annual Certification Program

To ensure that all Philam Life employees are aware of the provisions of the Code, an annual certification program is conducted whereby all employees confirm their knowledge and understanding about the rules and guidelines written in the Code.

### New Employees Orientation Program (NEOP)

At the same time, it is company policy that all new hires attend the New Employees Orientation Program (NEOP) wherein Company and all other relevant compliance policies are discussed. This program is offered on a monthly basis and is conducted either by Compliance or Training Dept.

## ETHICAL PRACTICES

### Treating Customers Fairly

The Treating Customers Fairly policy demands that customers should be treated fairly at all times and that products, services, and advice must be appropriate to meet customer needs. Marketing, advertising and sales related materials and services must always be truthful and accurate and misrepresenting or attempting to mislead or deceive customers by use of unsupported or fictitious claims about Philam Life products or those of its competitors is not acceptable.

Philam Life should provide high standards of service and should respond promptly and fairly to customer feedback.

Philam Life adopts a structured framework in handling complaints related to market misconduct. The Customer Complaints Handling Process ensures that all customer complaints and grievances are immediately addressed. The process defines the step-by-step approach in addressing and handling complaints as a result of any of its sales personnel's misconduct.

There is a Compliance Disciplinary Committee that evaluates all complaints and determines whether a sales personnel has committed any wrongdoing. Any sales personnel found guilty of any market conduct related offense is subjected to appropriate sanctions. Misconduct includes, but is not limited to, misrepresentation of product features, mis-selling, policy replacement, misappropriation of client monies, and any other infringement of the Market Conduct Guidelines.

## Customer Privacy & Data Security

Customers expect Philam Life to carefully handle and safeguard the business and personal information that they share in the conduct of the business. Philam Life must never compromise a customer's trust by disclosing private information other than to those with a legitimate business need to know.

Employees who handle customer information are responsible for knowing and complying with applicable information privacy and information security laws. In all cases, appropriate physical, administrative and technical safeguards for personal information and business data must be maintained.

All employees are encouraged to be especially vigilant in following the laws, regulations and policies when transferring personal information and business data across country borders.

To ensure customer privacy and data security, Philam Life observes AIA's Data Privacy Compliance Guidelines. The guidelines outline the company's statement of values and provides guidance to employees on how personal data should be collected, used, stored, transferred and disposed of any of the members of Philam Life. The guidelines also clarifies the roles and responsibilities of each and every employee, and the relevant standards and procedural controls expected to secure personal data in accordance with the policy objectives.

The CEO is responsible for the implementation of the data privacy policy and guidelines, through its appointed Data Privacy Officer. This includes ensuring that all employees within the business unit are aware of their obligations stated in the policy and guidelines and that they comply with the standards when managing personal data collected in their business entity.

The Business Conduct Orientation Program for new employees includes a module on Data Privacy Policy that is discussed lengthily to ensure that all employees understand their obligations under the local Data Privacy law and AIA/ Philam Life's Data Privacy policy.

### Conflict of Interest

An employee's position in Philam Life must not be used for inappropriate personal gain or advantage. Any situation that creates, or even appears to create, a conflict of interest between personal interests and the interests of the company must be appropriately managed.

Conflicts of interest (whether potential or actual conflicts) must be reported. There is a system being used for the reporting. Managers are expected to take appropriate steps to prevent, identify and appropriately manage conflicts of interest of those they supervise.

All AIA and Philam Life employees are prohibited from taking for themselves, or directing to a third party, a business opportunity that is discovered through the use of company's corporate property information. Philam Life employees are prohibited from using corporate property, information or position for personal gain.

Employees are asked to declare if they have any personal relationships within the group. Immediate family members, members of the household and individuals with whom an employee has a close personal relationship within the group must never improperly influence business decisions. When determining whether a personal relationship might lead to a conflict of interest, the following questions can serve as guide:

- Does one of us have influence over the other at work?
- Does one of us supervise or report to the other?
- Could an outsider view the situation as a conflict of interest?

### Sourcing Policy

The company adheres to a Sourcing Policy, which includes sourcing and expense policies, as well as the new procurement system, Ariba. A regular supplier summit was also held as a form of sourcing engagement to remind accredited suppliers on proper rules of engagement with Philam Life including the governance in the selection process, AIA Code of Ethics, and AIA Code for suppliers.

### Supplier Selection

Supplier Selection provides that suppliers and vendors should be selected on the basis of performance and merit in accordance with a fair and transparent process. Requirements for suppliers and vendors to follow the standards in the Code must be included in the vendor management program.

### Fair Dealing

Following AIA's model, Philam Life seeks competitive advantages only through legal and ethical business practices. Every employee must conduct business in a fair manner with customers, service providers,

suppliers and competitors. Disparaging competitors or their products and services is discouraged. Improperly taking advantage of anyone through manipulation, concealment, abuse of privileged information, intentional misrepresentation of facts or any other unfair practice is not and will not be tolerated at Philam Life much more in the AIA Group.

### **Social and Environmental Responsibilities**

Under Social and Environmental Responsibilities, the Corporation and its employees are encouraged to make a positive contribution to the social, economic and environmental development of the communities in which it operates. The Corporation and its employees volunteer time and funds to programs that promote health, financial literacy, education and other community needs. AIA and Philam Life are committed to reduce the impact of its operations on the environment and raise awareness about sustainability by taking part in activities that highlight these issues.

### **Creditor's Rights**

It is the policy of Philam Life to uphold creditor's rights by honoring its contractual obligations with all its creditors and counterparties, in accordance with the provisions of their contracts and the law. In the conduct of its business dealings with third parties, Philam Life undertakes to honor all its commitments, stipulations and conditions set forth in their binding agreements.

## **CORPORATE CITIZENSHIP**

### **Communicating with Regulators & Other Governmental Officials**

Inquiries from regulators outside the normal course of Philam Life's regulatory relationships, must be reported immediately to the Compliance Officer or a designated Legal Counsel before a response is made.

Financial reporting related inquiries may be responded to by authorised comptrollers. Responses to regulators must contain complete, factual and accurate information. During a regulatory inspection or examination, documents must never be concealed, destroyed or altered, nor must lies or misleading statements be made to regulators. Requests from auditors are subject to the same standards.

### **Anti-Money Laundering and Counter Terrorist Financing**

"Money Laundering" is the process by which criminals conceal the nature or source of their illegal funds and

disguise them to make them appear legitimate. It is not limited to drug money or banking transactions but may involve sophisticated schemes in every sector of the financial services industry from commercial and investment banking to insurance which is our core business.

Pursuant to Section 18 of Republic Act (RA) No. 9160, also known as the "Anti-Money Laundering Act of 2001", as amended by RA No. 9194, RA No. 10167, RA No. 10168 and RA No. 10365 all covered institutions which include insurance companies supervised or regulated by the Insurance Commission are mandated to formulate their respective money laundering prevention program in accordance with the said law including, but not limited to, information dissemination on money laundering activities and its prevention, detection and reporting, and the training of responsible officers and personnel of covered institutions.

As a member company of AIA, Philam Life adopts the "AIA Anti-Money Laundering and Counter Terrorist Financing Program and incorporates it as part of the local program.

As a matter of policy, Philam Life shall foil any attempt by anyone to use the Company or its affiliates for money laundering purposes. This Anti-Money Laundering Program, together with the Company's Guidelines, establishes the governing principles and business standards to protect Philam Life and its business operations from becoming an unwitting tool of money launderers. The company's management, officers and staff must remain vigilant in the fight against money laundering and financing of terrorism and shall collectively oppose any effort to violate or flaunt the "Anti-Money Laundering Act of 2001", as well as its implementing rules and regulations.

Throughout the world, AIA and its subsidiaries like Philam Life are firmly committed to complying with all applicable anti-money laundering laws, covered and suspicious transactions reporting and identification requirements. These include taking affirmative steps, within the confines of applicable laws, to prevent, detect and report money laundering activities to appropriate authorities.

### **Anti-Corruption & Bribery & Gifts and Entertainment**

The Policy is applied alongside the AIA Code of Conduct. It provides guidance on giving and accepting gifts and entertainment. The Anti-Corruption Guidelines specifies the roles, responsibilities and procedural controls for transactions involving government officials. All relevant laws countering bribery and corruption must be upheld.

If local laws and regulations require higher compliance standards vis-a-vis the guidelines of the AIA Code of Conduct, then Philam Life must meet the higher standards.

The local CEO is responsible for the implementation of this policy and guidelines including ensuring that all employees within his business unit are aware of their obligations stated in the Policy and Guidelines and comply with the standards. Compliance is responsible for maintaining the Policy and Guidelines, providing second line oversight and monitoring of effective implementation.

The Anti-Corruption & Bribery Policy basically prohibits all employees, agents, or independent contractors from providing bribes or other benefits to another person in order to obtain or retain business or unfair advantage in any business interaction involving AIA and Philam Life, its customers and employees.

The company is not allowed to use improper means to influence another person's business judgment. All employees and officers are required to comply with the guidelines. Any employee who has knowledge of or in good faith suspects a violation of any of these laws, regulations or policies must report them promptly to the Compliance Officer assigned in the business unit or otherwise as set out in the Speak Up program.

### **Prevention of Insider Trading & Price Sensitive Information**

The AIA Group takes its obligations as a listed entity seriously and is committed to ensuring the highest standards of market conduct and fair dealing. The Hong Kong Securities and Futures Ordinance (SFO) prohibits market misconduct, including insider trading. Breaches of market misconduct laws are serious offences that attract heavy civil and criminal penalties.

Since Philam Life is a member of the AIA Group, it also adopts the same policy and follows the same guidelines. The Prevention of Insider Trading and Market Misconduct Policy aims to build a robust system to prevent market misconduct including insider trading. It sets out standards and controls to ensure compliance with the regulatory requirements. Lastly, the existence of this policy should prevent employees and directors from engaging in speculative trading in AIA Group Securities.

The policy applies to all employees and directors of AIA Group Limited and each of its subsidiaries ("AIA Group") just like Philam Life.

This policy defines the duty of each employee to safeguard material information from improper use. Under the policy, it is illegal to trade securities while in possession of a material non-public information and pass a material non-public information to anyone who may trade securities based on it or give others recommendations to buy or sell securities.

### **CONNECTED TRANSACTIONS POLICY**

Philam Life has adopted the Connected Transactions Compliance Policy of AIA, which basically sets forth the protocol in ensuring compliance with the requirements and approval process for connected transactions. The Policy, among others, defines what is considered a connected transaction, who are the connected persons, the approval and disclosure requirements, and the reporting obligations. Under the Policy, all transactions relating to acquisitions or disposals of interests in a company, share subscription, options, joint ventures and financial assistance transactions shall be reported to AIA for consideration as connected party transactions notwithstanding the counterparty.

### **THE WHISTLEBLOW PROGRAM**

Philam Life does business with integrity and follows the highest ethical principles. Any employee (or anyone else) may raise concerns of misconduct or wrongdoing within AIA and Philam Life that can allow investigation to fix any problems. This Policy guides all employees on how to raise ethical concerns and managers on how they should respond when this happens.

The Whistleblow Policy applies to all employees of the AIA Group including Philam Life. 'Whistleblower' refers to someone (an AIA employee, business partner, agent, consultant, vendor, customer or other party) who informs AIA or Philam Life of suspected illegal or improper ways of doing business involving violation of laws, regulations, AIA or BPI Philam policies, and other unethical actions that might negatively impact AIA's and Philam Life's reputation.

Employees who are aware of possible wrongdoing within AIA and Philam Life have a responsibility to disclose that information to management. Reports are taken seriously and investigated confidentially. Employees or other individuals will not suffer retaliation for reporting suspected wrongdoing in good faith.

An AIA Ethics line was developed to support the program. It is an independently managed website and hotline (telephone) service, receiving reports in local language, 24 hours a day, and 7 days a week. AIA and Philam Life can communicate with anonymous whistleblowers using this website via a secure platform.

The following misconduct including unethical or unlawful acts can be reported through this AIA Ethics line.

- Fraud, misappropriation, theft, bribery or corruption, giving or receiving inappropriate gifts or kickbacks;
- Harassment, bullying or assault, discrimination, conflicts of interest, or abuse of authority;
- Fake or falsification of signatures, customer accounts, information or business performance reports;
- Creating inappropriate funds or cash floats (slush funds) with travel agents, fake vendor bids etc.
- Signs of retaliation against a whistleblower or suspected whistleblower including subtle acts such as exclusion from meetings or events which may impact long term career or advancement.
- Anyone trying to interfere with the confidentiality of a whistleblower report, identifying or giving away the identity of a whistleblower, or encouraging or tolerating such actions.

Reporting concerns or suspicions may be made by multiple means provided in the AIA Code of Conduct. The report may also be made by using the AIA Group Ethics and Compliance Hotline (PLDT) 1010-5511-00-00-245-4179 or (Globe) 105-11-800-245-4179.

### **Compliance Disciplinary Framework and Guidelines**

Under this Framework & Guidelines (the "Framework"), Heads of Departments have the power to impose disciplinary sanctions to any employee who has been found, after due process, to have breached or violated any of the company's compliance policies.

The Framework seeks to ensure that all decisions regarding employee misconduct or violation shall undergo a due diligence review, fair hearing, with representation if they so choose and with penalties that are proportionate.

In the event of a serious or material breach, criminal misconduct or where it is reasonably believed that the safety or welfare of employees or the Company is put at risk by the continuing presence of an employee or employees against whom allegations have been brought, such employee or employees will be suspended immediately without prejudice.

Heads of Departments shall closely coordinate with Compliance, Legal and/or Human Resources whenever necessary. For breaches identified by Compliance, Compliance shall escalate the matter to the Heads of Departments for further action.

### **Market Conduct Guidelines**

Philam Life envisions itself as having one of the highest sales standards in the life insurance industry in Philippines. All sales personnel are expected to conduct their business with the highest level of professionalism and personal integrity. Philam Life will not tolerate anything less.

The Market Conduct Guidelines is used as a guide by all sales personnel in the conduct of their business and aid in the determination of what would be deemed proper conduct and behaviour. It shall apply equally and consistently to the conduct of Life business practices and all financial products. Any breach of the Market Conduct Guidelines may result in the imposition of a penalty upon the offender in question. Compliance with these guidelines does not ensure a continued contractual relationship with Philam Life. Philam Life reserves the right at all times to terminate the employment contract of any sales personnel in accordance with the terms of the contract entered into between Philam Life and the sales personnel.

### **ENTERPRISE RISK MANAGEMENT**

Philam Life's risk function recognizes that effective risk management maximizes the value of its business to its shareholders. For policyholders it is the security from knowing that we will always be there for them. For regulators sound risk management is vital to the stability of the financial system. For investors it is a means of protecting and enhancing the long-term value of their investment.

Philam Life's Enterprise Risk Management (ERM) pursues initiatives to become widely recognized among risk professionals and among top organizations in the financial sector by 2018. Reinforcing institutionalized practices like mobilizing Risk Champions, ERM has started to build "Ka-Risk-Ma" (Kaagapay sa Risk Management) in 4Q2015, which aims to get ERM closer to the business.

ERM also aims to enhance risk awareness campaigns to expand its reach in the organization and its affiliates.

The Risk Management Framework (RMF) provides the structure for identifying, quantifying and mitigating risk across the Group. An effective RMF is the key to avoiding significant financial and reputational damage that arises from inadequate or ineffective control of the risks in the business. Philam Life's RMF is built around two committees, the Operational Risk Management Committee (ORMC) and the Financial Risk Management Committee (FRMC), supporting its business.

The purpose of the ORMC is to provide oversight of the Non-financial Risks Management activities within Philam Life and to ensure Operational Risk Policies are in place. Non-financial Risk includes risks related to operational risk and strategic risk. ERM embraces the new Risk Control and Assessment process and drives its implementation. As of 1Q2016, risk owners are more involved in tracking their risk profiles and presenting them to the ORMC. With this, Philam Life ERM is signifying its commitment to a forward-looking and robust risk reporting.

The FRMC provides oversight of asset and liability management and the management of Financial Risk in Philam Life. The FRMC also provides oversight of product pricing policies and guidelines and ensures that product risk management policies and programs are implemented appropriately and consistently. The FRMC ensures that appropriate Financial Risk policies are in place. The FRMC establishes priorities and coordinates across the Financial Risk management activities, monitors exposures, develops guidelines for reporting financial risks, Key Risk Indicators (“KRIs”) and status of action plans for addressing risk deficiencies. In addition, the FRMC monitors emerging and catastrophic risks that may impact on Philam Life’s financial position.

The ORMC and FRMC report to the Philam Group RMC (Group RMC) which adopts a ‘strategic’ view of enterprise-wide risk management where the focus is on setting high level risk principle and culture, balancing risks pertinent to the Philam Group, and coordinating the cumulative effect of interaction of all risk management functions. Group RMC is represented by senior management of Philam Life and its affiliates, providing a forum for risk management issues.

Further, the Philam Life Board Risk Committee (BRC) is responsible for determining the Risk Appetite, the Risk Management Statement, and the Risk Management Framework, and providing advice and assistance to the Board of Directors for the review and recommendation of these matters. Likewise, the BRC also approved the company’s Risk Measurement Systems and Metrics.

## Risk Landscape

Philam Life maintains detailed risk taxonomy to ensure all risks are identified and systematically managed. The principal risks are summarized below:

### Financial Risk

Financial risk is the potential loss resulting from adverse movements in financial markets, changes

in the financial condition of counterparties and in market liquidity to buy and sell investments. Financial risk is subdivided into credit risk, market risk (which includes interest rate, credit spread, equity price, property price and foreign exchange rate risk), liquidity risk, and insurance Risk. Insurance risk is the potential loss resulting from mortality, morbidity, persistency, longevity and adverse expense experience.

Philam Life manages its exposure to financial risk within tolerances agreed by the Financial Risk Management Committee (FRMC). Risk metrics are used to identify exposure to each of the major financial risks. First Line management of financial risk is primarily conducted by the Finance, Actuarial, and Investment functions with oversight provided by the financial risk team in all major business units.

Philam Life also manages financial risk by periodically running specific scenario modelling exercises to gauge the potential impact of macroeconomic events on financial strength and profitability.

### Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, personnel and systems or from external events. Operational risk is broken down into a common classification which is used across Philam Life. Operational risk is overseen through 13 defined risk areas or Key Operational Risks (KORs). The 13 KORs are Business Interruption risk, Distribution risk, Finance and Actuarial Process risk, Fraud and Financial Crimes risk, Information Security risk, Information Technology risk, Investment Process risk, Legal and Regulatory risk, Operations Process risk, People risk, Products Management risk, Project risk, and Third Party risk.

Each KOR is measured using Key Risk Indicators (KRIs), with a first line owner for respective KORs. The Operational Risk Management Committee (ORMC) reviews these risks regularly. The ORMC also reviews new activities where there is deemed to be the potential for material operational risk.

The Risk and Control Assessment (RCA) process is used to identify and assess the impact of operational risks. The RCA is an exercise whereby management considers possible or actual risk events, ascribes likelihood of occurrence and potential severity, and then agrees mitigation strategies to reduce these risks. These strategies are then monitored and the exercise repeated, with the results stored in an operational risk database.



## IX. FINANCIAL STATEMENTS

THE PHILIPPINE AMERICAN LIFE AND GENERAL INSURANCE COMPANY  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2015 and 2014  
(All amounts in thousands of Philippine Peso)

	2015	2014	Growth vs PY	%
<u>ASSETS</u>				
CASH AND CASH EQUIVALENTS	4,977,079	4,096,818	880,261	21%
INSURANCE RECEIVABLES, net	763,353	883,891	(120,538)	-14%
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	-	-	-	-
AVAILABLE-FOR-SALE FINANCIAL ASSETS	37,897,042	31,869,114	6,027,928	19%
LOANS AND RECEIVABLES, net	147,092,446	148,341,656	(1,249,211)	-1%
DERIVATIVE ASSETS, net	29,676,122	29,853,553	(177,431)	-1%
ACCRUED INCOME	118	-	118	
INVESTMENT IN SUBSIDIARIES AND ASSOCIATES	3,059,700	3,240,328	(180,628)	-6%
INVESTMENT PROPERTIES, net	3,003,523	3,003,523	-	0%
PROPERTY AND EQUIPMENT, net	4,164,789	3,739,905	424,883	11%
OTHER ASSETS, net	1,603,812	1,316,416	287,396	22%
<b>Total Assets</b>	<b>236,385,041</b>	<b>229,765,604</b>	<b>6,619,437</b>	<b>3%</b>
<u>LIABILITIES AND EQUITY</u>				
INSURANCE CONTRACT LIABILITIES, net	131,199,549	125,039,658	6,159,891	5%
RESERVE FOR POLICYHOLDERS' DIVIDENDS	1,111,597	1,114,993	(3,396)	0%
POLICYHOLDERS' DIVIDENDS	8,191,746	8,924,832	(733,086)	-8%
LIABILITIES FOR SUPPLEMENTARY CONTRACTS	638,213	643,811	(5,598)	-1%
PREMIUM DEPOSIT FUND	1,187,582	1,365,152	(177,570)	-13%
DERIVATIVE LIABILITIES, net	-	18,493	(18,493)	-100%
INSURANCE PAYABLES	723,445	368,751	354,694	96%
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	2,851,789	2,274,185	577,604	25%
OTHER LIABILITIES	1,826,701	1,803,441	23,260	1%
<b>Total Liabilities</b>	<b>147,730,621</b>	<b>141,553,316</b>	<b>6,177,305</b>	<b>4%</b>
SHARE CAPITAL	2,000,000	2,000,000	-	0%
CONTRIBUTED SURPLUS	25,000	25,000	-	0%
TREASURY SHARES	(109,832)	(109,832)	-	0%
RESERVES FOR:	-	-	-	-
Fluctuation on available-for sale financial assets	36,332,662	43,628,810	(7,296,148)	-17%
"Remeasurements of retirement and other post-employment benefit schemes"	-	-	-	-
	851,910	781,149	70,761	9%
Revaluation surplus of OUP	265,365	-	265,365	N/M
Share-based payments	13,785	10,654	3,131	29%
RETAINED EARNINGS	49,275,530	41,876,511	7,399,019	18%
<b>Total Equity</b>	<b>88,654,420</b>	<b>88,212,292</b>	<b>442,128</b>	<b>1%</b>
<b>Total Liabilities and Equity</b>	<b>236,385,042</b>	<b>229,765,608</b>	<b>6,619,434</b>	<b>3%</b>

THE PHILIPPINE AMERICAN LIFE AND GENERAL INSURANCE COMPANY  
 STATEMENT OF TOTAL COMPREHENSIVE INCOME  
 FOR THE YEAR ENDED DECEMBER 31, 2015  
 (With comparative figures for the year ended December 31, 2014)  
 (All amounts in thousands of Philippine Peso)

	2015	2014	Growth vs PY	%
<b>REVENUES AND OTHER INCOME</b>				
Net insurance premiums				
Gross premiums on insurance contracts	21,108,171	18,244,812	2,863,359	16%
Reinsurers' share of gross premiums on insurance contracts	(229,633)	(109,323)	(120,310)	110%
	20,878,538	18,135,489	2,743,049	15%
Investment income	12,162,110	12,476,650	(314,540)	-3%
Fee income	543,255	355,065	188,191	53%
Fair value gains (losses), net	(1,742,904)	3,408,886	(5,151,790)	-151%
Gains on available-for-sale financial assets, net	1,053,528	672,990	380,538	57%
Foreign exchange gain, net	451,446	40,992	410,454	1001%
Other income, net	53,477	185,778	(132,301)	-71%
<b>Total revenues and other income</b>	<b>33,399,451</b>	<b>35,275,850</b>	<b>(1,876,399)</b>	<b>-5%</b>
<b>EXPENSES</b>				
Benefits and claims expenses, net				
Gross benefits and claims paid on insurance contracts	12,667,083	13,483,380	(816,297)	-6%
Reinsurers' share of benefits and claims paid on insurance contracts	(41,214)	(17,457)	(23,757)	136%
Change in insurance contract liabilities, net	5,092,706	7,916,487	(2,823,781)	-36%
	17,718,574	21,382,410	(3,663,836)	-17%
General and administrative expenses	2,971,588	3,418,334	(446,746)	-13%
Commissions and other acquisition expenses	2,694,513	2,509,408	185,105	7%
Investment expenses	585,680	510,065	75,615	15%
Interest expense	174,156	422,596	(248,440)	-59%
Insurance taxes, licenses and fees	256,355	261,354	(4,999)	-2%
Total expenses	24,400,866	28,504,167	(4,103,301)	-14%
<b>INCOME BEFORE INCOME TAX</b>	<b>8,998,584</b>	<b>6,771,683</b>	<b>2,226,902</b>	<b>33%</b>
<b>INCOME TAX EXPENSE</b>	<b>1,599,565</b>	<b>1,615,992</b>	<b>(16,427)</b>	<b>-1%</b>
<b>NET INCOME FOR THE YEAR</b>	<b>7,399,019</b>	<b>5,155,691</b>	<b>2,243,328</b>	<b>44%</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Items that will be subsequently reclassified to profit or loss				
Changes in fair value on available-for-sale financial assets	(6,242,620)	3,997,988	(10,240,608)	-256%
Fair value gains transferred to profit or loss	(1,053,528)	(672,990)	(380,538)	57%
	(7,296,148)	3,324,998	(10,621,146)	-319%
Item that will not be subsequently reclassified to profit or loss				
Fair value gains on property plant and equipment	265,365	-	265,365	N/M
Remeasurements of retirement and other post-employment benefit schemes	70,761	427,241	(356,480)	-83%
Total other comprehensive income	(6,960,022)	3,752,239	(10,712,261)	-285%
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>438,997</b>	<b>8,907,930</b>	<b>(8,468,932)</b>	<b>-95%</b>

**THE PHILIPPINE AMERICAN LIFE AND GENERAL INSURANCE COMPANY**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014**  
 (All amounts in thousands of Philippine Peso)

	Share capital (Note 19)	Contributed surplus	Treasury shares (Note 19)	Reserve for fluctuation on available-for-sale financial assets (Note 7)	Reserve for remeasurements of retirement benefit and other post- employment benefit schemes (Note 27)	Reserve for revaluation surplus of OUP	Reserve for share-based payments (Note 20)	Retained earnings (Note 19)	Total
<b>BALANCE AT JANUARY 1, 2014</b>									
As previously reported	2,000,000	25,000	(109,832)	40,303,812	353,908	-	7,546	33,888,826	76,469,260
Effect of restatement								2,831,987	2,831,987
As restated	2,000,000	25,000	(109,832)	40,303,812	353,908	-	7,546	36,720,813	79,301,247
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>									
Net income for the year									
As previously reported								5,010,716	5,010,716
Effect of restatement								144,981	144,981
As restated	-	-	-	-	-	-	-	5,155,697	5,155,697
Other comprehensive income	-	-	-	3,324,998	427,241	-	-	-	3,752,239
Total comprehensive income for the year	-	-	-	3,324,998	427,241	-	-	5,155,697	8,907,937
<b>TRANSACTIONS WITH OWNERS</b>									
Cost of share-based payments	-	-	-	-	-	-	3,108	-	3,108
<b>BALANCE AT DEC. 31, 2014</b>	<b>2,000,000</b>	<b>25,000</b>	<b>(109,832)</b>	<b>43,628,810</b>	<b>781,149</b>		<b>10,654</b>	<b>41,876,510</b>	<b>88,212,292</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>									
Net income for the year									
Other comprehensive income	-	-	-	(7,296,148)	70,761	265,365	-	7,399,019	(6,960,022)
Total comprehensive income for the year	-	-	-	(7,296,148)	70,761	265,365	-	7,399,019	438,997
<b>TRANSACTION WITH OWNERS</b>									
Cost of share-based payments	-	-	-	-	-	-	3,131	-	3,131
<b>BALANCE AT DEC. 31, 2015</b>	<b>2,000,000</b>	<b>25,000</b>	<b>(109,832)</b>	<b>36,332,662</b>	<b>851,911</b>	<b>265,365</b>	<b>13,785</b>	<b>49,275,529</b>	<b>88,654,420</b>



## About Philam Life

The Philippine American Life and General Insurance Company (Philam Life) is the country's premier life insurance company. Established on 21 June 1947, Philam Life has earned the trust of customers for its financial strength, strong brand name, and ability to deliver on its promises.

Philam Life has PHP236.4 billion in total assets as of 31 December 2015 and has delivered timely payouts of over PHP10 billion in education benefits (2004-2015) and over PHP131 billion in insurance benefits (1950-2015), while serving close to 600,000 individual policyholders and over 2 million insured group members.

Philam Life understands the real life needs of its customers and provides the right plans and the right solutions including life protection, health insurance, savings, education, retirement, investment, group and credit life insurance. It also offers bancassurance and fund management products and services through its subsidiaries – BPI Philam Life Assurance Company (BPI-Philam) and Philam Asset Management Inc. (PAMI).

Philam Life is a member of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group.