



**REAL
LIFE
NEVER
STOPS**





REAL LIFE NEVER STOPS

For over 65 years, Philam Life has helped generations of Filipino families plan, protect and prepare for life. Our experience has allowed us to help millions of people achieve their goals, and to be there for them in times of need.

We know that real life never stops changing, and that people need a partner who understands and supports them through life's challenges and opportunities.

That is why we are committed to genuinely engage with our customers through meaningful dialogue. By talking to them, we know that we can better provide them with the right solutions and the right plans that turn struggles into success, fears into peace of mind and dreams into reality.

We at Philam Life are proud to be part of AIA, "The Real Life Company."



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.

Our vision is to become the pre-eminent life insurance provider in the Asia-Pacific region. That is our service to our customers and to our shareholders.

Our purpose is to play a leadership role in driving economic and social development across the region. That is our service to societies and their people.

AIA CO. AND
AIA INTERNATIONAL
FINANCIAL STRENGTH
RATINGS & OUTLOOKS:

AA-/Aa3

(STABLE)

OVER
90
YEARS
OF HISTORY IN ASIA

100% OWNERSHIP
IN 16 OUT OF

18

GEOGRAPHICAL
MARKETS

MORE THAN

16

MILLION
GROUP SCHEME
MEMBERS

167

BILLION USD
IN TOTAL ASSETS

2,910

MILLION USD
OPERATING PROFIT
AFTER TAX (2014)

MORE THAN

28

MILLION
INDIVIDUAL POLICIES

1,845

MILLION USD
VALUE OF NEW
BUSINESS (2014)



1919

CHINA

1931

HONG KONG

1931

SINGAPORE

1938

THAILAND

1947

PHILIPPINES

1948

MALAYSIA

1957

BRUNEI

1972

AUSTRALIA

1981

NEW ZEALAND

1982

MACAU

1984

INDONESIA

1987

KOREA

1990

TAIWAN

2000

VIETNAM

2001

INDIA

2012

SRI LANKA

2013

MYANMAR

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 home." This vision has become the driving force behind the dynamic growth of Philam Life.

Our Vision:
We are the undisputed leader in insurance and wealth management.

Our Mission:
We empower Filipinos to achieve financial security and prosperity.

Our Values:
Integrity
Passion for Excellence
Malasakit (Concern)
Kusang-loob (With an open heart)



The Strongest Name In Insurance

Throughout its 68-year history, Philam Life has a long track record of fulfilling its commitments to all policy holders and business partners. Consumers trust Philam Life for its financial strength, strong brand name, and ability to deliver on its promises.

As part of AIA, The Real Life Company, Philam Life understands the real life needs of its customers by providing them with right plans and the right solutions to help them achieve financial security and prosperity.



Philam Life and Philam Asset Management Inc. are among the Top Investment Houses in Asian Local Currency Bonds 2014 in the Philippines, as ranked by The Asset Magazine.

Philam Life is ranked first among other life insurance companies, and ranked # 41 among the biggest corporations in the Philippines, based on BusinessWorld's 2014 report on the Top 1000 Corporations in the Philippines.

In 2013, Philam Life was recognized as the top performing company in the AIA group by winning two prestigious awards -- the AIA Premier League Cup and the AIA Champions' League Cup for achieving the highest sales growth over target for the year.

Philam Life is the only financial institution in the Philippines to receive 10 Platinum Trusted Brand awards from 2004 up to 2014 from Reader's Digest Asia, based on consumer surveys measuring trustworthiness, credibility, quality, value, understanding customer needs, innovation and social responsibility.

Philam Life received 18 Professional Education Awards from the Life Office Management Association for outstanding employee development programs.

In 2008, Philam Life was recognized by the Philippine government, through the Overseas Workers Welfare Administration, for its outstanding programs for Overseas Filipino Workers.

Philam Life received the Presidential Citation from the Philippine government for its contribution to nation-building (1994).

Philam Life was given the prestigious Asian Management Award for two consecutive years (1991 to 1992) for strong performance in General and Financial Management.

Message from the Philam Life Chief Executive Officer



“Our achievements as a team prove that we are doing the right thing, in the right way, with the right people, and that through this the results will come.”

To our valued stakeholders,

The year 2014 has been eventful and at times challenging. Yet we carried on with faith and renewed commitment to give 100% of our passion, skills, and commitment to end the year with good and respectable growth.

We have laid the foundation to further strengthen our ability to deliver value to our customers amid an increasingly competitive market environment.

We look back with pride at our successful initiatives last year:

- We have started transforming our field offices in key locations with the aim to become premier facilities, which we can all be proud of.
- We continued to provide modern sales tools to our financial advisors and leaders, such as iPoS and the distribution portal to keep them abreast with the latest information and to enable them to keep track of all

aspects of their business in a fast and efficient way.

- We continued to develop our people. We are proud of the quality of our employees and financial advisors who serve as the face of Philam Life to our customers. Through them, we were able to successfully address the needs of our customer and provide real life plans and solutions that will help them achieve their dreams and goals now and in the future.

Our achievements as a team prove that we are doing the right thing, in the right way, with the right people, and that through this the results will come.

As we move into 2015, we are very well-positioned to capitalise on the huge opportunities that the Philippine insurance market provides.

We will focus more on our customers and what they need – health protection, life protection, savings and retirement, and long term investments. We will

strengthen our distribution channels to effectively reach different markets. We will harness the use of technology to give our customers more access to faster and more efficient servicing.

Still key to our continued success is our ability to reach out to more Filipinos by making financial planning and life insurance easy to understand, more convenient, and more accessible in ways that will address their unique needs.

I am confident that by building on our 68-year heritage and with the support of our parent company AIA, we will be the undisputed leader in the life insurance industry measured by scale, quality and profitability.

A handwritten signature in black ink, appearing to read 'Estelito G. Madrid, Jr.'.

Estelito G. Madrid, Jr.
Chief Executive Officer
Philam Life

2014 Financial Highlights

REAL GAINS

REVENUES

Gross Premiums for the year amounted to **P18.6** billion. Despite the decline in Net Premiums during the first half of 2014, the life insurance sector performed strongly during the last quarter of the year, thereby reducing the decrease in premium growth to only **8%**. Philam Life Net Premiums also reflected the industry-wide decline at **8%** versus LY. Strong growth however was seen in First Year Premiums which grew **37%**, consistent with the thrust to grow the renewal premium business. Total Revenues amounted to **P35.2** billion, up by **4%** versus last year.

18.6

BILLION PhP

IN GROSS PREMIUMS

SHAREHOLDERS' EQUITY

Equity balance remained strong at **P85.2** billion, **11%** up from last year's **P76.5** billion, coming principally from Net income for the year of **P5.0** billion and net change in fair value of available-for-sale financial assets.

85.2

BILLION PhP

EQUITY BALANCE

218

BILLION PhP

IN TOTAL INVESTED ASSETS

NET INCOME

Net income of **P5.0** billion was lower than last year's **P6.9** billion. The high net income last year includes one-off items mainly gain on sale of UN property of **P1.4B** as a result of the transfer of Head office to BGC and higher FX gain last year of **P550M**, without which Normalized Net Income would have registered **23%** growth over LY.

5.0

BILLION PhP

NET INCOME

INVESTMENTS

Total Invested Assets stood at **P218.0** billion, up by **8%** versus last year. Investment Income net of Investment expenses amounted to **P11.9** billion.

21.4

BILLION PhP

NET INSURANCE BENEFITS & CLAIMS

POLICY BENEFITS

Net insurance benefits and claims totaled **P21.4** billion, up by **14%** from last year. Change in insurance contract liabilities increased by **28%** to **P7.9** billion due to the increase in the value of Unit-Linked funds.



BUSINESS HIGHLIGHTS

Philam Life's overall strategy to achieve its growth targets for 2014 was to strengthen its distribution platforms – particularly in agency and bancassurance – and create a more customer-focused organization. We have expanded our premier agencies in progressive business districts around the country, maximized the potential of our bancassurance partnerships, and created more initiatives to render best-in-class service to our customers.

AGENCY DISTRIBUTION

The Agency focused on four major initiatives in 2014 to drive channel growth: Enhancing Agency Productivity, Quality Recruitment, New Advisor Activation and Leader Development.

We have observed significant positive growth across all four initiatives. From 2013 to 2014, the number of MDRTs increased by 19%, case sizes jumped 20%, while the number of Producing Agents grew by 9%.

Quality recruitment turned in impressive results. Our first-year agent retention nearly doubled and reached 60% growth, while the number of Real Advisors increased by 15%. The 90-day Activation Rate for our new advisors also registered a significant 19%.

The number of Qualified Leaders under our Leader Development initiative grew by a substantial 59%, while Recruiting Leaders increased by 22%.

Recruitment

We established the advisor recruitment process via the "Usap Tayo" business opportunity programs (BOP) conducted every month nationwide in over 30 locations. This was supported by an Automated Recruitment Information System (ARIS) to track the progress of new recruits from the time they were pre-registered up to their first sale. For the past two years, we were able to license at least 5,000 new advisors every year and made significant changes in the overall manpower count of the agency. As of end-year, 42% of Philam Life's advisors belonged to Generation Y and were expected to grow into top performers and new managers of the Company, thereby delivering new market growth.

Training & Development

To sustain sales and recruitment, we encouraged more leaders to embrace an enhanced New Advisor On-boarding Program as well as the Sales Builder and Business Builder Programs. Among the pilot group of advisors who had attended, productivity had increased from 20% to 27%.

We also launched General Agents and Managers Association (GAMA) modules such as Building the Right People (BRP) which 55 of agency leaders were able to complete, and Finding the Right People (FRP) which 76% of agency leaders were able to complete. Initial indicators show that attendance to the GAMA training resulted in 28% of leaders achieving higher ANP and recruitment standards, up from 16% before they attended the training.

Agency Executives have also undergone advanced training conducted by external consultants to strengthen their recruitment and activity management skills.

Leadership Development

In preparation for the 2015 Agency Compensation Scheme (ACS) and to ensure the success of new agency leaders, we strengthened policies and processes on leader appointment and promotion, including an improved centralized Home Office review of all candidates for appointment and promotions. Under this review, candidates must meet the standards of team production and manpower, complete all leader training classes, attend an assessment workshop and undergo a *revalida* presentation of his/her business plan in front of a panel of territory and regional heads.



Philam Trainers Conference 2014



Above: Advisors who generated the highest ANP during the campaign period proudly display their plaques during their trip to Bali, Indonesia.

Productivity Enhancement and Reactivation

For top-tier advisors, year-long campaigns were the major drivers of productivity. This includes the Premier Agency Awards, Premier International Mediterranean Cruise Trip Incentive, MDRT benefits, AIA Save a Life and the AIA President Club. To drive participation throughout the year, short-run campaigns with regional travel incentives were also put in place. This aimed to drive middle-tier performers to better their performance and eventually aim for top-tier rewards and move up in the Premier Career Path level. As a result, more advisors and leaders met the 2015 Premier Agency Awards qualification, representing a 19.2% increase compared to the same period last year.

Another tool to increase productivity is the Interactive Point of Sale (iPoS) application. iPoS utilization rate has increased to 46%, with each iPoS user producing an average of four cases. This is 23% higher than the standard case size produced by the rest of the agency force. Policies sold through iPoS contributed 16% of the total Agency Annualized New Premium and 16% of total policies sold.

To sustain the increase in productivity, the Sales Builder Program and a Coaching for Performance activity management program were put in place to provide regular discussion and monitoring of performance, as well as actively encourage field activities such as joint field work.

Agency Office Expansion

We embarked on the Agency Office Transformation program to create an agency office environment that attracts new advisors and outstanding potential leaders, as well as doubles the number of promoted new leaders within two years of the office transformation. Thirty offices nationwide have already been transformed during the first phase, which was completed in 2014. Twelve more top-priority sites are to be renovated until 2016. This initiative has been aligned with the customer service office model to ensure the delivery of field offices with full functionalities that support growth and meet customer needs.



Above: One of the forums held by Corporate Solutions for its broker partners

CORPORATE SOLUTIONS

The year 2014 was a record-breaking year for Corporate Solutions (CS). Three of the country's top savings and loan associations, as well as two top banks in the Philippines became new partners, significantly contributing to a 63% growth in premiums. Persistency likewise hit a high 91%.

The Agency Team centered their efforts and plans on activating MDRTs and Premiere Advisors to sell CS. Special training sessions and campaigns were held to build knowledge and reward these advisors for their support.

Relationships with the top three global brokers were strengthened, more local brokers were activated and two major Corporate Unit Agencies were recruited to bring in more major accounts. These resulted to a 76% increase in broker business vs 2013 ANP.

MARKETING

New Products and Riders

In February, we launched Health Invest to address market need for a unit-linked health plan with critical illness, accident, life insurance coverage and a health fund for future healthcare needs. It was positioned primarily to supplement employer-provided HMO coverage, the prevalent financial solution for health among employed breadwinners and single professionals.

Likewise, the rider suite for unit-linked plans was launched to help provide comprehensive protection benefits and offer targeted product solutions. This was supported by a 2H 2014 Product Bundling campaign for advisors, aimed at giving them sales tools for targeted product needs such as comprehensive protection, health, education and retirement. The Education and Retirement product bundles specifically filled in a competitive gap in targeted savings solutions, allowing advisors to offer a more complete suite of products.

**PROTECTION
HEALTH INVEST**

**You can't stop growing old.
You can't tell when you'll get sick.**

**Be prepared for life's inevitable
health-related setbacks,
with Health Invest.**

Health Invest is a health and life insurance plan that provides financial protection from serious sickness, accidents or loss of life.

Payable in as short as 3, 5, 7 or 10 years.

Above: Philam Life's Health Invest campaign.

Customer-centric Initiatives

The creation of the Customer Council has instituted a more customer-centric culture in the company. In 2014, the Customer Experience Dashboard was updated and the Desired Customer Experience (DCE) Model was validated among the Council members. This was strategic in our Ease of Doing Business (EODB) initiatives such as the Customer Portal and the enhancement of call center services and other customer touchpoints.

To ensure new customers stay committed to the policies they bought, we developed and implemented the enhanced welcome call initiative. This is to ensure that the client's on-boarding experience is delivered properly (i.e. client understands the products bought, there is a receipt of policy contracts within the agreed period, there is validation of contact information, etc.).

We launched a through-the-line communication campaign called "Financial Planning Made Easy" (FPME) to create awareness and buy-in among internal stakeholders prior to the official launch of Philam Life's Operations Transformation project. This project also includes customer and advisor touchpoints such as iPoS and Agency Portal, ePlan (transactional customer portal), Transformed Customer Service Centers, Enhanced Customer Hotline, Simplified Communications, and Multiple Payout and Payment Facilities.

To help agents build long-term relationships and business with existing clients, we launched a campaign to provide a Guaranteed Insurance Offer (GIO) Health Invest offer to customers of less than two years and a Simplified Insurance Offer

(SIO) Family Provider offer to clients of more than two years. This was the first wide-scale attempt to help advisors identify priorities and leverage on their existing customer business.

Digital Marketing

Majority of our digital campaigns aim to: 1) create awareness and interest for life insurance and financial planning; 2) attract young professions; and 3) serve as lead generation to support health and protection product strategy.

OPERATIONS AND TECHNOLOGY

Operations Transformation

In alignment with AIA's Pioneer 2 strategies, Operations Transformation's focus was on the "Ease of Doing Business" (EODB). Key steps completed were the electronic payment facilities for iPoS and the automation of bank collections. Customer Service Centers were enhanced with a queuing system (PEQS) which is linked with the frontline system (TIPS), enabling faster servicing among front liners.

In addition, a one-stop shop model was envisioned for the contact centers, more transactional activities were decentralized, authority limits through Auto-POS was increased and override training was completed.

Another key achievement was the rollout of a new Policy Kit to improve customer on-boarding experience through on-time delivery of policies and a new design that aids readability and comprehension.



Above: The customer service center (Manila Bay branch) in Pasay City with the new queuing system for faster servicing time.

Information Technology

IT partnered with off-shore AIA Technology Shared Services (TSS) and on-shore local IT service delivery partners to meet demand and capacity requirements as well as ensure efficiency in costs and services. Initiatives were taken to achieve a scalable and utility-based IT Infrastructure model in order to deliver IT capacity on-demand, opex “pay-per-use”, and faster turn-around time for new business applications.

Wave started to be utilized as a digital platform for internal communication, collaboration, and engagement. It allows employees to share ideas and work on shared documents, make announcements and participate in group discussions.

ENTERPRISE RISK MANAGEMENT

Philam Life’s risk function recognizes that effective risk management maximizes the value of its business to its shareholders. The Philam Group Risk Management Committee (“Group RMC”) is a risk oversight committee and a key element of the risk governance structure and Enterprise Risk Management (ERM) framework. It is represented by senior management of Philam Life and affiliates, providing a forum for risk management issues.

The Group RMC directly reports to the Board Risk Committee (“BRC”) and has oversight on the Financial Risk Management Committee (FRMC), and the Operational Risk Management Committee (ORMC).

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 approves the company’s Risk Measurement Systems and Metrics.”

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.

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. 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’ loyalty and dedication through the annual Employee Recognition Program, recognizing those who have been with the company for 10, 15, 20, 25, 30 years and above most especially the retirees who had served the company for many years.

We also have continuously created and participated in programs to showcase local talents such as annual talent contests within and outside AIA. Winners of the AIA Got Talent 2014 were sent to Hong Kong and Macau to compete with those from other markets and we were able to bag the first honorable mention award.

Growing in Excellence

Excellence is key to realizing our vision of becoming the undisputed leader in insurance and wealth management. To achieve this, we maintained the 70-20-10 framework, where 10% of the professional and personal development of its people came from structured learning curriculum; 20% learning came from coaching and mentoring; and 70% came from on-the-job learning, and stretch and mobility

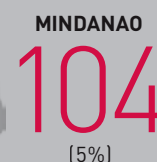
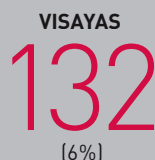
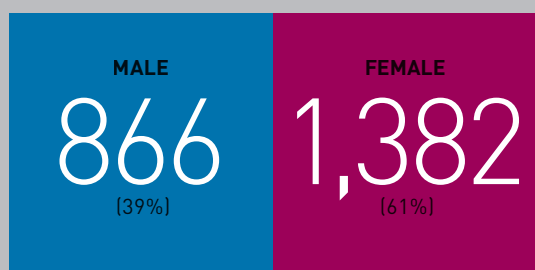
Below: Maxibear and Dr. Cowell, official mascots of Maxicare and My Health Clinic pose with employees



BUSINESS HIGHLIGHTS

Our People

There is an even distribution of male and female employees across all employee categories, from senior management to rank and file. Only 3% are hired on a contractual basis, and less than one-fourth are unionized.



Employee Category	FEMALE		MALE	
	Number	Percentage	Number	Percentage
Senior Management	91	7%	76	9%
Middle Management	164	12%	127	15%
Junior Supervisory	940	71%	570	66%
Rank & File	133	10%	93	11%



assignments. This comprehensive approach allowed us to maximize the growth and potential of each employee on every level of the organization.

To grow leaders from within, we made it a strategic priority to fill positions internally through targeted developmental programs such as the Management Associate Program where structured training sessions and on-the-job training in various business units prepared associates for strategic roles in the organization. We have provided growth opportunities for our emerging leaders through leadership development initiatives. Training programs were also offered specific to each individual's contribution level and function such as 'The Best of Me Program,' 'The AIA Manager Series,' 'Crucial Conversations' and 'Influencer' help employees and managers understand how they can leverage their own style of work as they progress in their careers.

We have also utilized a Performance Development Dialogue to set clear goals, manage expectations at work, and enhance career development among employees.

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 and Volleyball.

During the company's annual "Wellness and Flu Vaccination Day," free influenza vaccination were provided to over 2,000 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 over-all 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.

Affiliates and Subsidiaries

REAL TEAMWORK

Philam Life continued to capitalize on the strength and expertise of its subsidiaries – BPI-Philam Life Assurance Company as its bancassurance channel, and Philam Asset Management as fund manager of the underlying funds of its unit-linked products.

BPI-Philam Life Assurance Corporation (BPI-Philam)

BPI-Philam is one of the leading insurance companies – a joint bancassurance venture of Bank of the Philippine Islands and Philippine American Life and General Insurance Company. The synergy of two of the largest financial institutions in the Philippines propelled BPI Philam Life Assurance Corp. to become the fifth-ranked life insurance company in the country at the end of 2014, up from its 6th-place ranking in 2013—a remarkable achievement in a year that saw the industry contract by 8%.

The challenges of 2014 are now the springboard that BPI-Philam will use to achieve aggressive growth in the next several years. The year marks the start of the company’s multi-segment, multi-distribution strategy to maximize its penetration into its market that comprises valued customers of BPI. The blueprint to meet revenue goals and sustainable growth objectives is in place. Initiatives that provide a solid base and encompass the whole organization – such as a stronger manpower complement, effective and efficient sales management, class-leading sales and bank training programs, and customer service platforms that ensure ease of customer use – are laid out. The product range to properly cater to the various market segments it aims to serve has been strengthened. Most importantly, the engagement and commitment of all parties to the partnership between AIA, BPI and Philam Life is fortified.

Enhanced productivity and a sharpened focus on the various customer segments worked for the long-term sustainable growth of BPI-Philam, further boosting its quest to become the top insurance company in the Philippines.



BPI-Philam employees pose during their “Quantum Leap” Sales Kick-off held at World Trade Center Tent in Pasay City.

Philam Asset Management, Inc. (PAMI)

The year 2014 was another strong year for PAMI, which has once again proved itself as one of the top-performing mutual fund companies in the industry. The company ended the year with over P47.3 billion in Assets under Management (AUM)*, equivalent to a 24% growth compared with the same period of the previous year. Total number of shareholders also increased and reached 54,295 as of year-end.

This overall growth in AUM can be attributed to the significant boost in sales of PAMI’s two biggest funds, namely Philam Strategic Growth Fund, Inc. (PSGF) and Philam Fund, Inc. (PFI). PFI accounted for 20.60% of the total PAMI AUM and posted a 35.72% growth versus last year. As of year-end, PFI has an AUM of P9.752 billion. Similarly, PSGF contributed 35.8% to the total PAMI AUM because the fund’s size has grown by 51.27% versus end-2013. PSGF’s AUM has almost reached P17 billion by the end of 2014.

The success of these two funds may be credited to their positive performance. At the end of 2014, PFI posted a one-year return of 13.46% and a five-year cumulative return of 97.09%. PSGF has also a proven track record of being the top performing PAMI Fund with 17.72% one-year return and a cumulative five-year return of 120.36% at year-end.

This record-breaking performance of PAMI can also be credited to the strength of the company’s distribution channels, the significant inflows from Philam Life’s Unit-Linked Products (ULP) sales with PAMI funds as underlying, as well as strong sales from PAMI’s institutional accounts and HNW clients.



The first PAMI Investment Outlook with speakers (L-R) Brian Murray, PhD, AIA Head of Economic Research; Ferdinand Berba, PAMI President & CEO; and UP Economics Professor Benjamin Diokno, PhD

Corporate Social Responsibility

EFFECTING REAL CHANGE

Philam Paaralan

Through Philam Life and AIA’s donations as well as contributions from other like-hearted local and international organizations, Philam Foundation, Inc. was able to build 40 classrooms in 2014. Three of these classrooms were located in Taguig National High School as a community relations effort in line with Philam Life’s transfer to Bonifacio Global City, while 37 were built to help schools which were devastated by Typhoon Haiyan in 2013.

Philam Paaralan was also able to receive 1,250 tablet chairs from Isla Lipana Foundation, Inc. through their Seat of Hope program. The table below shows the list of classrooms and partners.

KaAkabay Philam Volunteer Corps

Philam Foundation continued to encourage volunteerism through house builds, tree-planting projects, sponsorship of children’s activities, and savings awareness campaign sessions. In 2014, 15 volunteer activities were initiated, engaging more than 447 volunteers around the country who gave a total of 2,341 volunteering hours.

KaAkabay volunteers are now present in Metro Manila, Cebu and Davao. The volunteering experience will be expanded to Northern Luzon in 2015.

Skill-based Volunteering

Philam Foundation partnered with the Department of Social Welfare and Development (DSWD) Region III for the launching of the Skill-based Volunteering program, which utilizes the skills, experience, and education of volunteers to match the needs of the partner organization. Twenty-four out-of-school youth from Angeles City, Pampanga participated in a “Job Hunting Workshop” conducted by the KaAkabay volunteers from Philam Life’s Human Resources Department. Participants were taught basic résumé-writing and given pointers during interviews. The workshop helped the participants be ready in their pursuit of employment and for better self-representation during interviews.

Philam Savings Awareness Initiative by Volunteer (PHILSaivs)

Through the Philam Savings Awareness Initiative by Volunteer (PHILSaivs), the company’s CSR initiatives – Philam Paaralan and Kaakabay Philam Volunteer Corps – were aligned with our core business of promoting financial awareness and literacy. This was done through promoting the value of savings to our Philam Paaralan children (through a story telling session and coin bank-making activity). Hopefully this would pave the way for them to be financially literate and learn the value of preparing for their future.

LIST OF CLASSROOMS AND PARTNERS

Name of School	Classrooms Built	Partner
Taguig National High School, Pateros	3	
Marasbaras Elementary School, Tacloban	3	Happy Hearts Fund
San Jose Central Elementary School, Tacloban	2	Give 2 Asia
Manlilisd Elementary School, Leyte	3	Happy Hearts Fund
Pastrana Central Elementary School, Leyte	3	Philam Life Agency Sales Group and Premier Agency Philippine American Cultural Foundation Watt Samakki-Dhammikaram, Inc., MDRT Foundation
Cantahay Elementary School, E. Samar	2	Give 2 Asia
Salug Elementary School, E. Samar	2	National Museum
Sta. Fe Central Elementary School, Cebu	2	Philippine Stock Exchange Foundation, Inc.
Medellin Elementary School, Cebu	2	US Philippine Society
Loon South Central Elementary School, Bohol	2	National Museum
San Miguel Central School, Leyte	4	Happy Hearts Fund
Manlilisd National High School, Leyte	4	Happy Hearts Fund
Jawili Integrated School, Aklan	2	US Philippines Society
Don Francisco, Dinglasan Memorial School, Capiz	2	US Philippines Society
Estancia Central Elementary School, Iloilo	2	US Philippines Society
Bayabas Elementary School, Negros Occ.	2	US Philippines Society



Students of Pastrana Central Elementary School



KaAKbay Philam volunteers pose with local residents after their tree planting activity in Davao City.



COMMITTING TO REAL LEADERSHIP

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 a culture of integrity and transparency is essential to the consistent achievement of its common goals. Creating a sustainable culture, where trust and accountability are as vital as skill and wisdom, steers us toward achieving long-term value for shareholders and clients, and strengthens our confidence in the institution.

Committing to Real Leadership

THE BOARD OF DIRECTORS

Roles and 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 accountable to the shareholders and as such, it shall ensure the highest standard and governance in running the Corporation's business and setting the strategic directions. The detailed roles and responsibilities of the Board are specifically set forth in the By-Laws and the Manual of Corporate Governance.

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.

Board Process

Board meetings are held on a quarterly basis unless a special meeting is necessary to consider urgent matters. The Corporate Secretary schedules the meetings at the beginning of the year, which however may be subject to changes depending on the availability of the directors. The Corporate Secretary also ensures that 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 on a quarterly basis to further discuss issues and strategies. Non-executive directors also find time to meet separately on a regular basis to discuss the business affairs of the Corporation.

The minutes of meetings of the Board and all Committee are recorded and kept by the Corporate Secretary. The minutes are open for inspection by the Board and the stockholders upon request.

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.

Orientation Program and Training

The Corporate Secretary, together with the key officers of the corporation, provide the orientation for new directors to explain the organizational profile, charters, by-laws, policies and procedures in the Corporation. Board Induction/Orientation materials are also provided to the new directors for their reference. A corporate governance seminar is also arranged for each director to ensure adherence to best practices on corporate governance.

Performance Evaluation

The Corporation has established its own performance evaluation process, the criteria of which are based on the Insurance Commission's Circular on Corporate Governance. Every April of each year, all members of the Board, are given assessment questionnaires for the purpose of evaluating the performance of the Board, the Committees, the Chairman of the Board, and the Chief Executive Officer. The results are then collected and submitted to the Nomination and the Governance Committee, which will then be submitted to the Board for its notation.

Board Chairman

The Board Chairman's other significant commitments are as follows:

- Non-Executive Chairman, AIA Group Limited
- Non-Executive Director, PCCW Ltd.
- Non-Executive Director, PICC Property & Casualty Co. Ltd.
- Director & President, AIA Foundation
- Non-Executive Chairman, PineBridge Investments Asia Ltd.
- Non-Executive Director, PineBridge Investments Limited

Board and Committee Meetings in 2014

The Board meets at least four (4) 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 Corporation and other items that need Board action and approval.

The presence of at least six (6) out of eleven (11) 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.

The Board exercises discretionary powers and oversees the management of the Corporation.

Committing to Real Leadership

BOARD OF DIRECTORS

Board Chairman: Edmund Sze Wing Tse

Vice Chairman: Ambassador Jose L. Cuisia, Jr.

Executive Directors: Estelito G. Madrid, Jr., CEO
Reynaldo C. Centeno
Ariel G. Cantos

**Independent/
Non-Executive Directors:** Cesar A. Buenaventura
Washington Z. Sycip
Francis G. Estrada

Non-Executive Directors: Gordon T. Watson
Ricardo J. Romulo

Corporate Secretary: Carla J. Domingo

The number of Board and Committee meetings held in 2014 are as follows:

	Board of Directors	Audit Committee	Nomination and Governance Committee	Compensation Committee
Meetings held & attended for the year 2014	7	4	3	1
Edmund S.W. Tse	7	-	3	1
Gordon T. Watson	6	-	3	1
Estelito G. Madrid, Jr.	7	-	-	-
Jose L. Cuisia, Jr.	6	-	3	-
Washington Z. Sycip	6	2	-	1
Cesar A. Buenaventura	7	4	-	-
Francis G. Estrada	7	4	3	-
Ricardo J. Romulo	6	-	-	-
Ariel G. Cantos	7	-	-	-
Reynaldo C. Centeno	7	-	-	-

Note: "-" indicates that the director is not a member of this committee

EXECUTIVE COMMITTEE

Chairman:
Gordon T. Watson

Vice Chairman:
Estelito G. Madrid, Jr.

Members:
Cesar A. Buenaventura
Ricardo J. Romulo

INVESTMENT COMMITTEE

Ex-Officio Chairman:
John Chu

Members:
Jose L. Cuisia, Jr., Estelito G. Madrid, Jr., Cesar A. Buenaventura, Francis G. Estrada, David Banks, Arleen May S. Guevara, Tisha T. Darwin

AUDIT COMMITTEE

Chairman:
Cesar A. Buenaventura

Members:
Washington Z. Sycip
Francis G. Estrada

NOMINATION AND GOVERNANCE COMMITTEE

Chairman:
Edmund S.W. Tse

Members:
Francis G. Estrada
Jose L. Cuisia, Jr.
Gordon T. Watson

COMPENSATION COMMITTEE

Chairman:
Edmund S.W. Tse

Members:
Washington Z. Sycip
Gordon T. Watson

BOARD RISK COMMITTEE

Chairman:
Francis G. Estrada

Members:
Ricardo J. Romulo
Estelito G. Madrid, Jr.
Ariel G. Cantos

Related Party Transactions

Related party relationship exists and details of Related Party Transactions are provided in Note 31 of the 2014 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 to ensure that they are fair and at arms' length, and disclose such facts in its Annual Performance Report and the Audited Financial Statements.

Operating Philosophy

The AIA Operating Philosophy of "Doing the right thing, in the right way, with the right people ... and the results will come" establishes the unique culture of AIA across all 16 markets. This Operating Philosophy, among others, created the foundation for the AIA Code of Conduct, which sets out the ethical guidelines for conducting business on behalf of AIA, of which Philam Life is a member corporation. The Code serves as guide in compliance, ethics and risk issues that can allow everybody to contribute positively to the society where the Corporation operates.

The Code applies to all AIA and Philam Life officers and employees. The same standard also applies to our business partners, including agents, contractors, subcontractors, suppliers, distribution partners, and others 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 set forth in the Code, and the Compliance Department of the Corporation is tasked to implement those policies, and monitor compliance therewith.

The Code sets forth several policies which all officers and employees should strictly comply and adhere to, and includes, among others, the following:

- **Prevention of Insider Trading & Price Sensitive Information Policy**, which defines the duty of the employees to safeguard material information from improper use. Under the Policy, it is illegal to trade securities while in possession of material non-public information, and pass material non-public information to anyone who may trade securities based on it or give others recommendations to buy or sell securities.
- **Safe, Healthy and Secure Workplace**, wherein the Corporation is required to conduct its business in a manner that protects the health, safety and security of Philam Life employees and customers. Situations that may pose health, safety, security and environmental hazards must be reported promptly to management or to the appropriate Corporate Security personnel.
- **Treating Customers Fairly**, which demands that customers should be treated fairly at all times, and that products, services and advice must be appropriate to meet customer needs. Under the policy, 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. The Corporation is required to provide high standards of service and respond promptly and fairly to customer feedback.
- **Supplier Selection**, which provides that selection of 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**, which requires business with the customers, service providers, suppliers and competitors to be conducted in a fair manner as the Corporation seeks competitive advantages only through legal and ethical business practice. Improperly taking advantage of anyone through manipulation, concealment, abuses of privilege information, intentional misrepresentation of facts or any other unfair practice is not tolerated by the Corporation.
- **Anti-Corruption and Bribery**, which basically prohibits all employees, agent, or independent contractor in providing bribes or other improper benefits to another person in order to obtain or retain business or unfair advantage in any business interaction involving AIA, Philam Life, its customers and employees. Under the Policy, the Corporation is not allowed to

use improper means to influence another person's business judgment. All employees and officers are required to comply with AIA's Anti-Corruption Policy and Guidelines, and 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 to their business or otherwise as set out in the Speak Up section.

- **Anti-Money Laundering and Counter Terrorist Financing**, which provides the responsibility of employees in helping prevent money laundering and terrorist financing. The Policy basically requires employees to identify clients and monitor their activities, and report, if any, suspicious or unusual activities consistent with applicable laws. Employees are required to abide by anti-money laundering programmes established by AIA and its Business Units, and everybody in the organization is encouraged to contact the Compliance Officer, the person responsible for money laundering prevention, as soon as they have learned of any activity that might be unusual or suspicious.
- **Social and Environmental Responsibilities**, which encourages the Corporation and its employees to make a positive contribution to the society and the environment, to contribute positively to the social and economic development of the communities in which it operates, and to promote health, financial literacy, education and other community needs. 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.

Whistleblower Policy

As part of Corporate Governance, Philam Life adheres to AIA's comprehensive Whistleblower Program, which is designed to handle reports of misconduct and inappropriate behaviour. It aims to establish corporate values and culture that support ethical behaviour. The Program also prohibits retaliation against any employee for making a good faith report of an actual or suspected violation of the Code of Conduct, laws, regulations or Philam policies.

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

Philam Life likewise adheres to the AIA Anti-Corruption and Bribery Policy, which provides that no employee, agent or independent contractor may provide bribes or other improper benefits to another person in order to obtain or retain business or an unfair advantage in any business interaction that involves the Corporation, its customers, and employees.

Committing to Real Leadership



EXECUTIVE COMMITTEE

Chief Executive Officer: Estelito G. Madrid, Jr.

Chief Financial Officer: David N. Banks

BPI-Philam President and CEO: Ariel G. Cantos

Head Of Human Resources: Gerard M. Cariaso

Chief Investment Officer: Arleen May S. Guevara

Chief Marketing Officer: Jaime Jose M. Javier, Jr.

Chief Agency Officer: Anagel L. Ledesma

**Head of Vitality and
Chief Operating Officer
for Affiliate Companies:** Allan R. Santos

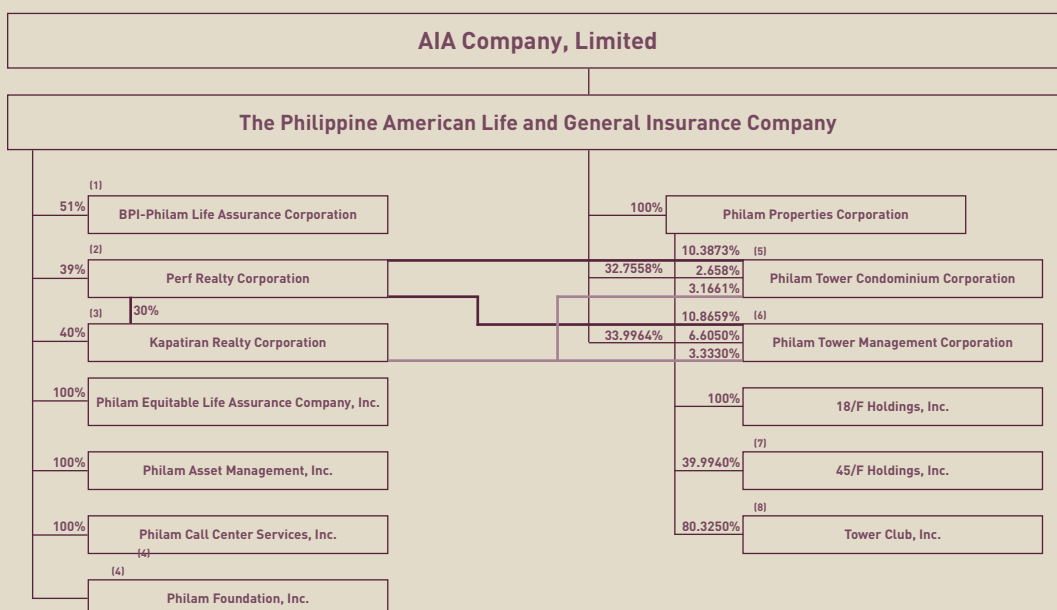
Head of Information Technology: Nilo C. Zantua

PHILAM LIFE EXECUTIVE
COMMITTEE MEMBERS:
Seated (L-R): Ms. Ledesma,
Mr. Madrid, Atty. Domingo,
Ms Guevara, and Mr. Banks.
Standing (L-R): Mr. Javier,
Mr. Santos, Mr. Cantos, Mr.
Zantua, and Mr. Cariaso.

List of Stockholders

Name of Stockholder	Shares Held	Class	Amount Paid	Percent of Ownership	Nationality	Beneficiary Ownership	Date of Appointment
AIA Company Limited	199,560,512	Common	1,995,605,120.00	99.99993%	Hong Kong SAR		
Edmund S.W. Tse Non-Executive Chairman/Director	1	Common	10.00		Chinese	AIA Company Limited	Jul 19, 1991
Gordon T. Watson Non-Executive Director	1	Common	10.00		British	AIA Company Limited	Jan 11, 2011
Jose L. Cuisia, Jr. Non-Executive Vice Chairman/Director	1	Common	10.00		Filipino	AIA Company Limited	Jul 26, 1993
Francis G. Estrada Independent Director	1	Common	10.00		Filipino	AIA Company Limited	Apr 18, 2006
Cesar A. Buenaventura Independent Director	1	Common	10.00		Filipino	AIA Company Limited	Sep 12, 1983
Ricardo J. Romulo Non-Executive Director	1	Common	10.00		Filipino	AIA Company Limited	Apr 3, 1987
Washington Z. Sycip Independent Director	1	Common	10.00		American	AIA Company Limited	Apr 26, 2001
Ariel G. Cantos Executive Director	1	Common	10.00		Filipino	AIA Company Limited	Jul 16, 2013
Reynaldo C. Centeno Executive Director	1	Common	10.00		Filipino	AIA Company Limited	Sep 28, 2005
Estelito G. Madrid, Jr. Executive Director	1	Common	10.00		Filipino	AIA Company Limited	Sep 14, 2012
Estate of Luis Yulo	149	Common	1,490.00	0.00007%	Filipino		
TOTAL	199,560,671		1,995,606,710.00	100.00000%			

Philam Group Chart of Ownership



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 of Directors



EDMUND S.W. TSE
Non-Executive Chairman/Director

Aged 77, Mr. Tse began his career in the industry when he joined AIA in Hong Kong in 1961. In 1975, he was appointed President and Managing Director of the AIG-owned Nan Shan Life Insurance Company, Limited (Nan Shan), one of the top insurance companies in Taiwan. He was appointed Chairman of Nan Shan in 1990, and reappointed in 2004.

In 1983, he was named President & CEO of AIA, eventually becoming Chairman and CEO in 2000. In 1996, he was elected to the AIG Board of Directors and appointed Vice-Chairman in 1997; he was named Senior Vice-Chairman in 2001. He served as AIG Co-Chief Operating Officer from 2002 to 2003. Following his retirement as Chairman and CEO of AIA in June 2009, he served as the Honorary Chairman until December 2010.

Mr. Tse is the Non-Executive Chairman of AIA Group Limited.

He serves many community and professional organizations as well as educational institutions and is President of the AIA Foundation, which supports charitable causes in Hong Kong. In 2001, Mr. Tse was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region. He has also received an Honorary Fellowship and an Honorary Degree of Doctor of Social Sciences from The University of Hong Kong. In 2003, he was elected to the Insurance Hall of Fame, the most prestigious award in the insurance industry. He was the first and so far the only Chinese to receive this prestigious award.



JOSE L. CUISIA, JR.
Vice Chairman/Director

Aged 70, Ambassador Cuisia is the Ambassador Extraordinary and Plenipotentiary to the United States of America and is the Vice-Chairman of Philam Life. He is also the Chairman of the Board for The Covenant Car Company, Inc. and the Vice-Chairman of the Board of SM Prime Holdings (SMPHI). He holds directorates in PHINMA Corporation, Holcim Philippines, Inc., Manila Water Company, Inc., (all of which are publicly listed companies), PHINMA, Inc., BPI-Philam Life Assurance Co. (BPLAC) and AIG Shared Services, Inc.

Ambassador Cuisia previously served the Philippine Government as Governor of the Philippine Central Bank and Chairman of its Monetary Board from 1990 to 1993. He was also appointed Commissioner, representative of the Employer's Group, for the Social Security System (SSS) from September to December 2010. The Ambassador was also Governor for the Philippines to the International Monetary Fund and Alternate Governor to the World Bank. Prior to service in the Central Bank, he was Administrator and CEO of the Philippine Social Security System from 1986 to 1990. He received his Bachelor Science degree in Commerce from De La Salle University and holds a Master's degree in Business Administration from the Wharton School of Business. Ambassador Cuisia has been a Director of the Company since 1994.

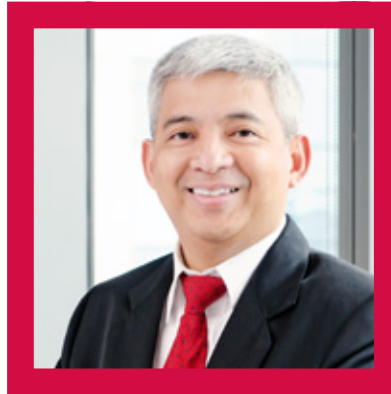


REYNALDO C. CENTENO
Executive Director

Aged 59, Mr. Centeno served as Chief Operating Officer of Philam Life. Prior to this position, he was the company's Chief Actuary and Chief Finance Officer.

He is a Fellow of the Society of Actuaries (USA), the Actuarial Society of the Philippines, and the Life Management Institute. He is also a Member of the American Academy of Actuaries and the International Actuarial Association.

He holds a Bachelor of Science degree in Mathematics, cum laude, from the University of the Philippines, and a Master of Science degree in Actuarial Mathematics from the University of Michigan. He is a graduate of the Top Management Program of the Asian Institute of Management.



ARIEL G. CANTOS
Executive Director

Aged 55, Mr. Cantos is the President and Chief Executive Officer of BPI-Philam Life Assurance Corporation. Mr. Cantos is a member of the Board of Directors of the Philam Life Group, and sits as a Trustee of 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.

Mr. Cantos earned his Bachelor's Degree in Economics, Honors Program, at the Ateneo De Manila University, Loyola Heights, Quezon City.



RICARDO J. ROMULO
Non-Executive Director

Aged 82, Mr. Romulo is a Senior Partner of Romulo Mabanta Buenaventura Sayoc & De Los Angeles, one of the oldest law firms in the Philippines.

He specializes in commercial and corporate transactions, and is a Director of BASF Philippines, Inc., Johnson & Johnson (Philippines), Inc., Honda Philippines, Inc., Zuellig Pharma Corporation, Maersk-Filipinas, Inc. and is Chairman & Director of Cebu Pacific Airlines and director of JG Summit Holdings, Inc.

Mr. Romulo was the Chairman of the Makati Business Club for 19 years, and remains a member of the Board of Trustees. He was a member of the 1986 Constitutional Commission which drafted the present Constitution of the Republic of the Philippines. He was also member of the Council of State under President Corazon Aquino, and the Governance Advisory Council under President Gloria Macapagal-Arroyo.

He holds a Bachelor of Science degree, cum laude (1955) from Georgetown University and a Doctor of Laws (J.D.) degree (1958) from Harvard Law School. De La Salle University awarded him the Degree of Doctor of Education, honoris causa, in 1990.

Board of Directors



ESTELITO G. MADRID, JR.
**Executive Director/
Chief Executive Officer**

Aged 67, Mr. Madrid served as Senior Advisor to the Regional CEO of AIA and was a member of the Board of Directors from 2012 to 2014. He is also a member of the board of directors of BPI-Philam Life Assurance Corporation since April 2013. He is the current President of the Philippine Life Insurance Association (PLIA), the umbrella organization of all life insurance companies operating in the Philippines.

Mr. Madrid started his career as Section Manager at Procter & Gamble before joining the life insurance industry in 1971. He started as a professional career agent of Manulife Financial and later on became a Sales Unit Manager in 1984. By 1985, he became an Agency Director and after only one year became the First Filipino President of Manulife Financial, serving from 1985 to 1995. He was President of Ayala Financial from 1995 to 1996, and was the founding President and CEO of Pru Life UK from 1996 to 2006, later on serving as Chairman of the Board from 2007 until 2012.

He is the author of “ Business Without Capital – Insurance Selling”, a part of the “I Did It, So Can You” book series of the Carlos Palanca Foundation Inc. published together with Anvil Publishing Inc.

He holds a Bachelor of Science in Commerce degree from De La Salle University in 1969.



GORDON WATSON
Non-Executive Director

Aged 51, Mr. Watson is the Regional Chief Executive responsible for the Group’s businesses operating in Hong Kong, Macau, Korea, Australia, Philippines, Vietnam, New Zealand, Sri Lanka and India as well as the Group Corporate Solutions business, the Group’s Partnership Distribution and AIA Vitality.

Mr. Watson has been with AIG/AIA for 30 years in various leadership positions. Prior to rejoining AIA Group in 2011, he was Global Vice Chairman and Regional CEO of ALICO Japan and Asia. Prior to this role, he was ALICO’s Global Chief Operating Officer, playing a key role in the completion of the sale of ALICO to MetLife.

Before joining ALICO, Mr. Watson 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.

Mr. Watson holds a Masters degree in Business Administration from University of Hull in the UK and is a Fellow of the Chartered Insurance Institute.



CESAR A. BUENAVENTURA, O.B.E.
Independent Director

Aged 85, Mr. Buenaventura is the Managing Partner of Buenaventura, Echaz and Partners Financial Services, a financial advisory firm. He started his career at Shell in 1956, and was the first Filipino CEO and Chairman of the Shell Group of Companies in the Philippines in 1975 until his retirement in 1990. He stayed on as non-executive chairman until 1992.

He was a member of the Monetary Board of Central Bank of the Philippines (1981 to 1987), the Board of Regents of the University of the Philippines (1987 to 1994) and the Board of Trustees of the Asian Institute of Management (1994 to 2007). He was Chairman of the Board of Atlantic Gulf & Pacific Co. of Manila from 2000 to 2010, and in 2014; Vice-Chairman from 2011 to 2013. He is currently a director of the following organizations: DMCI Holdings, Inc., Semirara Coal Company, iPeople, Inc., Petroenergy Resources Corp., Concepcion Industries, Pilipinas Shell Petroleum Corp., and Philam Life. He is also Director of Manila International Airport Authority.

Mr. Buenaventura graduated from the University of the Philippines with a Bachelor of Science degree in Civil Engineering. He received his Master’s degree in Civil Engineering majoring in Structures from Lehigh University, Bethlehem, Pennsylvania in 1954, as a Fulbright scholar. In 1991, Mr. Buenaventura was made Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II.



FRANCIS G. ESTRADA
Independent/Non-Executive Director

Aged 65, Mr. Estrada has served on the boards of over 40 private and public companies in Asia, the U.S. and Australia. He was Managing Director/COO of P.T. First Indonesian Finance and Investment Corporation (1975 to 1980), co-founded and served as CEO of the Asian Oceanic Group (1982 to 1991), and co-founded and served as President and CEO of William E. Simon and Sons, Asia (1992 to 1997).

Upon his return to the Philippines in 1997, Mr. Estrada co-founded and chaired Equity Managers Asia, Inc. (Philippines).

Mr. Estrada has served as an independent director or adviser to several for-profit organizations, including: Ayala Land Inc.; Energy Development Corp.; Rizal Commercial Banking Corp.; EEI Corp; and RCBC Savings Bank. He has also lent his time and expertise to several international non-profit organizations in business, government, the private sector, and the academe. He was Governor, Trustee, and President and CEO of the Asian Institute of Management (AIM), and was Chairman of the Board of Trustees of De La Salle University (DLSU).

Mr. Estrada holds Bachelor of Arts degree in Literature and a Bachelor of Science degree in Business Administration from DLSU, and a Master in Business Management, with Distinction, from the AIM. He completed the Advanced Management Program at the Harvard Business School in 1989.



WASHINGTON Z. SYCIP
Independent Director

Aged 93, Mr. SyCip is the Founder of SGV, the Philippine's largest professional services firm. He is one of the founders and Chairman Emeritus of the Asian Institute of Management; member of the Board of Overseers of the Graduate School of Business at Columbia University; Honorary Chairman of the Euro-Asia Centre in INSEAD; Honorary Life Trustee of The Asia Society; and member of the Board of a number of major corporations in Asia and other parts of the world.

He served as President of the International Federation of Accountants; was a member of the Board of the Joseph H. Lauder Institute of Management and International Studies (University of Pennsylvania) and the International Advisory Board of the Council on Foreign Relations; was Vice-Chairman of the Board of Trustees of The Conference Board; and Chairman of the Asia Pacific Advisory Committee of the NYSE. He served on the international boards of several large corporations, including the American International Group.

Mr. SyCip graduated from the University of Santo Tomas in the Philippines with a Bachelor of Science degree in Commerce and Master of Science in Commerce with highest honors. He attended Columbia University in New York for postgraduate work, and served in the U.S. Air Force. He has been conferred several honorary doctorate degrees by universities in the Philippines and Australia, and is the recipient of several honors and international awards.



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).

Atty. Domingo served as 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. She also served as Deputy company secretary of AIA Group Limited from February 7, 2014 to February 6, 2015.

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.

Statement of Financial Position

December 31, 2014 and 2013

All amounts in thousands of Philippines Pesos

	2014	2013	Growth vs. PY%
Assets			
Cash and Cash Equivalents	4,096,818	6,313,256	-35%
Insurance Receivables, net	883,891	926,332	-5%
Financial Assets At Fair Value Through Profit Or Loss	31,869,114	21,338,352	49%
Available-For-Sale Financial Assets	148,666,656	142,512,074	4%
Loans and Receivables, net	29,853,553	28,542,253	5%
Accrued Income	3,240,328	3,183,578	2%
Investment In Subsidiaries and Associates	2,678,523	2,678,523	0%
Investment Properties, net	848,940	899,099	-6%
Property and Equipment, net	1,230,413	1,002,036	23%
Other Assets, net	3,420,399	1,685,464	103%
Total Assets	226,788,635	209,080,967	8%
Liabilities And Equity			
Insurance Contract Liabilities, net	125,039,658	116,110,859	8%
Reserve for Policyholders' Dividends	1,114,993	1,152,069	-3%
Policyholders' Dividends	8,924,832	9,072,613	-2%
Liabilities for Supplementary Contracts	643,811	675,807	-5%
Premium Deposit Fund	1,365,152	1,673,274	-18%
Derivative Liabilities, net	18,493	19,507	-5%
Insurance Payables	368,751	190,009	94%
Accounts Payable and Accrued Expenses	2,274,185	2,450,659	-7%
Other Liabilities	1,803,441	1,265,515	43%
Total Liabilities	141,553,316	132,610,312	7%
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	43,628,810	40,303,812	8%
Remeasurements Of Retirement and Other Post-Employment Benefit Schemes	781,149	353,908	121%
Share-Based Payments	10,654	8,939	19%
Retained Earnings	38,899,538	33,888,828	15%
Total Equity	85,235,319	76,470,655	11%
Total Liabilities and Equity	226,788,635	209,080,967	8%

Statement of Total Comprehensive Income

for the year ended December 31, 2014

(With comparative figures for the year ended December 31, 2013)

All amounts in thousands of Philippines Pesos

	2014	2013 (revised)	Growth vs. PY%
Revenues And Other Income			
Net insurance premiums			
Gross premiums on insurance contracts	18,599,876	20,134,731	-8%
Reinsurers' share of gross premiums on insurance contracts	(109,323)	(112,094)	-2%
	18,490,553	20,022,637	-8%
Investment income	12,476,650	12,670,602	-2%
Fair value gains (losses), net	3,311,773	(1,919,730)	-273%
Gains on available-for-sale financial assets, net	672,990	1,002,783	-33%
Foreign exchange gain, net	40,992	591,071	-93%
Other income, net	185,778	1,449,975	-87%
Total revenues and other income	35,178,736	33,817,338	4%
Expenses			
Benefits and claims expenses, net			
Gross benefits and claims paid on insurance contracts	13,483,380	12,595,424	7%
Reinsurers' share of benefits and claims paid on insurance contracts	(17,457)	(46,948)	-63%
Change in insurance contract liabilities, net	7,916,487	6,195,711	28%
	21,382,410	18,744,187	14%
General and administrative expenses	3,423,256	2,971,841	15%
Commissions and other acquisition expenses	2,509,408	2,303,228	9%
Investment expenses	553,010	533,379	4%
Interest expense	422,596	457,830	-8%
Insurance taxes, licenses and fees	261,354	204,518	28%
Total expenses	28,552,034	25,214,983	13%
Income Before Income Tax	6,626,702	8,602,355	-23%
Income Tax Expense	1,615,992	1,617,669	-0%
Net Income For The Year	5,010,710	6,984,686	-28%
Other Comprehensive Income			
Items that will be subsequently reclassified to profit or loss			
Changes in fair value on available-for-sale financial assets	3,997,988	2,186,761	83%
Fair value gains transferred to profit or loss	(672,990)	(1,002,783)	-33%
	3,324,998	1,183,978	181%
Item that will not be subsequently reclassified to profit or loss			
Remeasurements of retirement and other post-employment benefit schemes	427,241	579,046	-26%
Total other comprehensive income	3,752,239	1,763,024	113%
Total Comprehensive Income For The Year	8,762,949	8,747,710	0%

Statement of Changes in Equity

for the year ended December 31, 2014 and 2013

All amounts in thousands of Philippines Pesos

	Share Capital (Note 19)	Contributed Surplus	Treasury Shares (Note 19)	Reserve for Fluctuation on Available-for- Financial Assets (Note 7)	Reserve for Re- measurements of Retirement and other Post-employment Benefit Schemes (Note 27)	Reserve for Share-based Payments (Note 20)	Retained Earnings (Note 19)	Total
Balance At January 1, 2013	2,000,000	25,000	-	39,119,834	(225,138)	3,272	26,904,142	67,827,110
Comprehensive Income For The Year								
Net Income For The Year	-	-	-	-	-	-	6,984,686	6,984,686
Other Comprehensive Income	-	-	-	1,183,978	579,046	-	-	1,763,024
Total Comprehensive Income For The Year	-	-	-	1,183,978	579,046	-	6,984,686	8,747,710
Transactions With Owners								
Cost Of Share-Based Payments	-	-	-	-	-	5,667	-	5,667
Acquisition Of Treasury Shares	-	-	(109,832)	-	-	-	-	(109,832)
Total Transactions With Owners	-	-	(109,832)	-	-	5,667	-	(104,165)
Balance At December 31, 2013	2,000,000	25,000	(109,832)	40,303,812	353,908	8,939	33,888,828	76,470,655
Comprehensive Income For The Year								
Net Income For The Year	-	-	-	-	-	-	5,010,710	5,010,710
Other Comprehensive Income	-	-	-	3,324,998	427,241	-	-	3,752,239
Total Comprehensive Income For The Year	-	-	-	3,324,998	427,241	-	5,010,710	8,762,949
Transaction With Owners								
Cost Of Share-Based Payments	-	-	-	-	-	1,715	-	1,715
Balance At December 31, 2014	2,000,000	25,000	(109,832)	43,628,810	781,149	10,654	38,899,538	85,235,319

About Philam Life

The Philippine American Life and General Insurance Company (Philam Life) is the country's premier life insurance company. Established on June 21, 1947, Philam Life offers an extensive line of products in the industry that provides solutions to various financial needs including life protection, health insurance, savings, education, retirement, investment, group and credit life insurance.

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

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 26 per cent joint venture in India and representative offices in Myanmar and Cambodia.

The business that is now AIA was first established in Shanghai over 90 years 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\$167 billion as of 30 November 2014.

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 28 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").



The Philippine American Life & General Insurance Company

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