



THE RACE AGAINST RISK

AIA PHILAM LIFE ANNUAL REPORT 2019



PHILAM LIFE

HELPING PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES

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We at AIA Philam Life make a positive difference in the lives of Filipinos by giving them peace of mind through the innovative protection and long-term savings solutions we offer, helping them live Healthier, Longer, and Better Lives.

We are our customers' partner in creating a secure future for them and their loved ones.

The strength and stability of our business makes it possible for us to fulfill our commitments to our customers, while access to global insight and expertise through our parent company, AIA, enables us to create relevant solutions that address our customers' needs.



PHILAM LIFE

HELPING PEOPLE LIVE HEALTHIER, LONGER, BETTER LIVES



AIA AT-A-GLANCE

Presence in
18 Markets

The largest
listed company
on the Hong Kong
Stock Exchange

which is incorporated
and headquartered
in Hong Kong

The largest⁽¹⁾
life insurer in
the world

No.1 Worldwide
for MDRT Members

The only multinational
company to top the table
for five consecutive years

Provides protection to people
across the Asia-Pacific region
with total sum assured of
US\$1.74 trillion

The only international life
insurer headquartered and
listed in Hong Kong and
**100% focused
on Asia-Pacific**

Over 14 million
benefit payments
were made during 2019,
helping customers and
their families to cope with
challenges at different
life stages

Serving the holders
of more than
36 million
individual policies
and over
16 million
participating members
of group insurance
schemes



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 SAR, Thailand, Singapore, Malaysia, Mainland China, South Korea, the Philippines, Australia, Indonesia, Taiwan (China), Vietnam, New Zealand, Macau SAR, Brunei, Cambodia, Myanmar, a 99 per cent subsidiary in Sri Lanka, and a 49 per cent joint venture in India.

The business that is now AIA was first established in Shanghai a century ago in 1919. 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\$284 billion as of 31 December 2019.

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 36 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”).

Notes:

- (1) Hong Kong SAR refers to Hong Kong Special Administrative Region.
- (2) Macau SAR refers to Macau Special Administrative Region.

Note:
(1) The largest life insurer in the world by market capitalisation as at 12 March 2020.

KEY MILESTONES

1919

AIA put down its corporate roots in Asia when the group founder Mr. Cornelius Vander



Starr established an insurance agency in Shanghai.

1921

Mr. Cornelius Vander Starr founded Asia Life

Insurance Company, his first life insurance enterprise in Shanghai.

1931

Mr. Cornelius Vander Starr founded International Assurance Company, Limited (INTASCO), in Shanghai.

INTASCO established branch offices in Hong Kong and Singapore.

1947

The Philippine American Life and General Insurance Company (Philam Life) was founded in the Philippines.

INTASCO moved its head office to Hong Kong.

1948

INTASCO changed its name to American International Assurance Company, Limited.

1992

We re-established our presence in China through a branch office in Shanghai, the first foreign-owned life business to receive a licence in the country.

1998

We celebrated the return to our former headquarters building on The Bund in Shanghai.

2009

We completed the reorganisation driven by AIG's liquidity crisis in 2008, leading to the positioning of the Company for a public listing.

2010

AIA Group Limited successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, the third-largest IPO ever globally at the time.



2011

AIA Group Limited became a constituent stock of the Hang Seng Index.

We launched a sponsored Level 1 American Depository Receipt programme.

2013

AIA completed the full integration of the businesses of AIA and ING Malaysia.

We commenced business in Sri Lanka through the acquisition of Aviva NDB Insurance.

2014

AIA and Citibank formed a landmark, long-term and exclusive bancassurance partnership that encompasses 11 markets in the Asia-Pacific region.

AIA became the Official Shirt Partner of Tottenham Hotspur Football Club to promote the role of sports as a key element of healthy living.

2015

AIA became the #1 MDRT company in the world.



2016

The AIA Leadership Centre opened in Bangkok.

We increased AIA Group's stake in Tata AIA Life Insurance Company Limited, a joint venture in India, from 26 per cent to 49 per cent.

2017

AIA presented the Hong Kong Observation Wheel and the AIA Vitality Park.

2018

AIA launched new brand promise: Healthier, Longer, Better Lives

2019

AIA Celebrates Its Centennial Year

Our 100-year journey has been one of pioneering growth that has seen AIA become the largest independent, publicly listed, pan-Asian life insurance group, with a presence across 18 markets. In 2019, we held a year-long series of centennial-themed activities in all our markets in support of local community charities and special causes.

AIA Opens New Sales and Service Centres in Mainland China

AIA set up sales and service centres in Tianjin and Shijiazhuang, Hebei in accordance with the pilot programme promoting insurance integration under the Beijing-Tianjin-Hebei Integration Plan.

AIA Granted Approval to Operate in Myanmar

AIA was granted approval to operate in Myanmar through a 100% wholly-owned subsidiary. We opened for business in November 2019 and became the first foreign insurer to issue a policy in the country.



AIA and CBA Execute Joint Cooperation Agreement and Extend Strategic Partnership to 25 years

AIA and Commonwealth Bank of Australia (CBA) executed a Joint Cooperation Agreement enabling AIA to exercise a level of direct management control and oversight over CBA's life insurance business in Australia. Additionally, AIA Australia's strategic bancassurance partnerships with CBA in Australia and ASB Bank Limited in New Zealand were extended to 25 years.

AIA and Spurs Extend Global Principal Partnership until 2027

AIA and Tottenham Hotspur Football Club extended their partnership to the end of the 2026/27 season. The AIA brand will continue to appear on the front of the team shirts in all competitions.

AIA Tops The Table for Fifth Year Running

AIA became the only multinational company in the world to rank number one in terms of the largest number of Million Dollar Round Table members for five consecutive years.

ABOUT AIA PHILAM LIFE

The Philippine American Life and General Insurance Company (AIA Philam Life) is the country's premier and most trusted life insurer for over seven decades now. We focus our knowledge and experience on the Philippines and, as part of the AIA Group, are strengthened by their presence in the Asia-Pacific region.

Our vision is to be the Philippines' pre-eminent life insurance provider, driven by our mission of racing against risk to protect every Filipino family and empower them to achieve healthier, longer, better lives.

Almost 9,000 agents nationwide

Over 500,000 individual policies

Over 1,500,000 insured group members

PHP1.39 billion in capital for its life insurance license

Excess capital 5x the amount set by the Insurance Commission

PHP500 million in capital for its non-life insurance license

Over 5,000 group policies issued



OUR STRENGTH

For over seven decades now, AIA Philam Life has been keeping its commitment to its customers and stakeholders.

We have been rewarded many times, through recognition from the Philippine government, from the business community here and abroad, from our peers in the industry, and through the continued trust of our policyholders.

As part of the AIA Group, we share a network of trust that has been painstakingly built across several countries over many decades. We remain strong and steadfast in our commitment, so that those who rely on us can enjoy better lives.

The Philam Group was recognized for the second consecutive year as one of the Philippines' Best Companies to Work For in Asia 2019 as presented by HR Asia.

AIA Philam Life was recognized by the Insurance Commission (IC) and The Institute of Corporate Directors (ICD) as one of the top performing insurance companies in the Philippines under the 2018 ASEAN Corporate Governance Scorecard (ACGS).

Philam Foundation's key projects were lauded by the League of Corporate Foundations, placing top five in various categories: outstanding CSR Project in Education for Philam Paaralan; outstanding CSR Project in Enterprise Development for Philam SAVES; outstanding CSR project in Health for Philam Foundation Alliance for Philippines' Health and Advocacy (ALPHA)

AIA Philam Life was ranked first in the Insurance Category for 2019 of the Asset Asian Awards , while Philam Asset Management Inc was ranked third in the Asset Management Category, and its Deputy Head for Fixed Income Kathrina Dizon ranked third for Most Astute Investor in the Philippines.

AIA Philam Life has received 11 Platinum and four Gold Trusted Brand awards from 2004 to 2019 from Reader's Digest Asia, based on consumer surveys measuring trustworthiness, credibility, quality, value, understanding customer needs, innovation and social responsibility.

In 2013, AIA 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.

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

AIA Philam Life received the Presidential Citation from the Philippine government for its contribution to nationbuilding (1994).

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



The AIA Philam Life Management Team



Dear Shareholders,

This year, we achieved a 134% Business Performance Score versus our targets for 2019, driven by excellent performance in Volume of New Business (VONB) and Underlying Free Surplus Generation (Cash Generation) metrics. At the same time, we decreased the Gross Operating Expense (GOE) ratio. With this, our Triple in Three ambition has propelled us to our new goal: Double in Two.

As always, we strived for excellence in customer experience. We have completed and strengthened our digital platforms, making our customers' journey with us a seamless one. This is evinced by the almost 100% adoption of iPoS and the increasing use of iServe, our digital customer service platform that allows our Financial Advisors to personally service the needs of our customers.

In 2019, we revisited our vision, mission, and values with the view of aligning these with our business objectives. With our new vision and mission, we respond to the urgency of racing against risk to protect the Filipino family. We went back to the basics, with innovative protection-focused products that help close the protection gap. We launched AIA Critical Protect 100 to address protection from critical illness and personal accident, and AIA All-In-One, to provide protection from critical illness.

Our CSR initiatives stayed aligned with our overall business direction. Through the Philam Foundation, we address the Filipino's need for wellness and financial literacy, with projects such as our two-year old SAVES program, wherein we reached out to almost 14,000 students, teachers and parents and made them our allies in promoting financial literacy in the country. We built schools in half of the provinces in the Philippines through our Philam Paaralan, and our cancer registry project, ALPHA, is fast gaining ground with 20 hospitals already on board by year-end.

As I complete my first year as AIA Philam Life's CEO, let me express my appreciation for everyone's unwavering support and hard work. Through our collaborative effort, I am confident that we will be able to achieve our Double in Two ambition as we keep our focus on the customer, on giving them peace of mind despite life's uncertainties, as we fulfill our commitment of helping Filipinos live Healthier, Longer and Better Lives.

KELVIN ANG
Chief Executive Officer



FINANCIAL HIGHLIGHTS

Revenue

Aligned with the company's strategic shift to protection, First Year Ordinary Life (OL) Products had a record high upsurge of 152% compared to last year.

Regular Pay Variable Unit Linked (VUL) Products continued to soar high with 13% growth over last year.

Single Pay decreased by 55%, as a result of the company's strategy to shift to Regular Pay Protection products.

Ceded business rose to PHP4.2 billion this year with the company's approach to increase utilization of reinsurance to manage and mitigate risks in the face of market volatilities.

Investments

Total Invested Assets is continuously expanding, reaching PHP260 billion within the year, 10% higher than last year's PHP237 billion. Investment income, net of investment expenses, amounted to PHP12.3 billion in 2019.

Policy Benefits

Net benefits paid to policyholders increased to PHP18.5 billion from last year's PHP17.6 billion.

Shareholders' Equity

Despite the PHP7.4 billion dividends paid to shareholders, Equity remained strong and went up to PHP91.2 billion, registering double-digit growth of 13% over last year.

Net Income

Net Income of PHP7.7 billion fell by PHP2.1 billion from last year, mainly driven by foreign exchange (FX) translation movement. Without considering the FX movements, Net Income is up by 8% mainly due to realized capital gains.



AGENCY DISTRIBUTION

The organic growth of AIA Philam Life's agency is instrumental to move the needle of insurance penetration and close the protection gap for the largely under-insured population of the Philippines. With the mandate to grow the agency aligned with the strategic imperative of AIA's Premier Agency, the company's revisited mission to race against risk to protect every Filipino family ensured that all initiatives under the channel are being done with greater urgency.

To support the growth of the agency distribution channel, three key areas were emphasized: revitalization of recruitment and new leader development programs, product innovation, and digitalization of sales operations platforms.

REVITALIZED RECRUITMENT AND NEW LEADER DEVELOPMENT PROGRAMS

In May 2019, the Elite Advisor Development Program (EADP) was launched in Manila, Cebu and Davao, replacing the



STEP and CADP full-time new agent programs. EADP offers potential agents a fast-track leader development program, making them Manager-of-Managers within five years.

Within months of the program's launch, new agents recruited under EADP in 2019 have shown significantly higher productivity compared with standard new agents, and were twice as active in bringing in new business to the company. It has also made a double-digit contribution to New Agent MDRT qualifiers. With these positive results, more agents will be brought into the program either through direct recruitment or by shifting Standard New Agents into EADP as they aspire to make this a full-time career and be Agency Leaders themselves.

Last October 2019, the third Genesis hub, located in Cubao, Quezon City was inaugurated, strategically placed within the vicinity of the big agencies in Manila to easily capture the broader C talent market.

INNOVATIVE NEW PRODUCTS

Two new protection products, AIA Critical Protect 100 and AIA All-in-One, were launched in 2019. This paved the way for the continued development of AIA Philam Life agents to become Protection Champions. Protection products will continue to be enhanced to make insurance more accessible to the broad C market.



Top: AIA Group and AIA Philam Life Executives fete awardees at the Presidents' Cup and Inaugural Dinner (third, fourth, and fifth from left, respectively), Top Unit Awardee Karla Capili, Top Agency Awardee Anna Blanco, and Top Advisor Raquel Co.

Above: AIA Philam Life Executives gave recognition to 2019 AIA Philam Life Service Awardee, Lourdes Del Mundo.



Above: The AIA Philam Life delegation outside the Sydney International Convention Center during the 2019 MDRT Global Conference.



Right: AIA Philam Life PGRA volunteers during the First MDRT Global Conference in Sydney, Australia.

DIGITALIZATION OF SALES OPERATIONS PLATFORMS

The year saw AIA Philam Life agents slowly adopting the digital platforms to provide better service to customers. iPoS, the pioneering interactive point-of-sale system used by agents, is gaining traction, with an adoption rate of nearly 100%. Launched in 2013, it has become a point of differentiation among financial advisors as it puts the customers' needs at the center of the buying process by ensuring that the product is based on a careful assessment of their financial goals and priorities, as well as their risk profile.

iServe is slowly gaining momentum with an increase in usage among active agents for after-sales service to customers. iServe is the digital customer service platform that enables Financial Advisors to perform various functions that would normally necessitate going to the Customer Service Centers (CSC). It enables Financial Advisors to be self-sufficient in servicing the needs of customers by cutting down waiting time and allowing them to perform offsite various transactions such as receiving payments (including through credit card), submitting requests or changes in details, and processing claims, among others.



Top: Corporate Solutions Champion Raquel Nestle Co (middle) with AIA Group Corporate Solutions and AIA Philam Life Executives during the 2019 CS Legacy Awards. Above: AIA Philam Life Corporate Solutions team, together with AIA Executives, receiving the Operational Excellence Award during the 2019 Group Corporate Solutions Summit.

CORPORATE SOLUTIONS

2019 was a year of growth for Corporate Solutions' (CS) overall business operations, specifically in the areas of People, Product, Process and Platform. Part of this success can be credited to the completion of Project Assure, which undertook a full end-to-end review of the business, helping the team achieve the desired outcomes for its transformation, credit control and strengthening of business initiatives.

With this achievement, CS was able to end the year with over PHP1.4 billion in total premiums, more than 6,000 policies in

force, and almost 1.5 million group insured members. Through a better understanding of its business model, the team was also able to deliver a strong, fast start – exceeding both its financial and operational targets.

On the products side, CS enhanced its group life and accident packaged products to give owners of small and medium enterprises (SMEs) the opportunity to provide a more flexible and comprehensive protection plan for their employees. Aside from expanded benefits, these products can now cover groups with up to 200 employees.



MARKETING

Marketing was in the frontline as AIA Philam Life made a strategic move to focus on closing the protection gap. With this new direction, the brand promise of helping people live Healthier, Longer and Better Lives became more meaningful, as the direction to move into protection allows the brand to give customers peace of mind, knowing that they and their loved ones are protected from life's uncertainties.

2019 was also a landmark year for AIA Philam Life, as it was the 100th Year Anniversary of the AIA Group. As such, several initiatives were in celebration of this momentous occasion.

For Product Development, the mandate was to create products that addressed the protection needs of Filipinos. Available data show that products sold from previous years are predominantly variable unit linked (VUL) products, up to almost 100% in 2018. This means that new products for development will have to be protection-oriented, with the end objective of achieving a balanced product portfolio.

In June, AIA Critical Protect 100, AIA Philam Life's centennial-themed product was launched. The product offers comprehensive health and protection benefits from 0 to 100 years old, offering coverage for up to 100 minor and major illnesses including cancer, heart attack, or stroke. It includes optional riders that provide increased coverage for gender-specific cancers like ovarian or prostate, financial benefits during recovery period, and plan protection for loved ones. It is also boosted by membership into the Philam Vitality program.

The successful launch of AIA Critical Protect 100 was well-received by Financial Advisors and customers alike, and was named Best Product Development and Launch among all AIA markets at the 2019 AIA Group Marketing Excellence Awards. Moreover, its success was validated when it ended the year as the second highest in case count sold among all products of AIA Philam Life.

In October, AIA Critical Protect 100's achievement was followed by another winning protection product. The AIA All-in-One had over 2,000 cases sold within three months from its launch by Agency Distribution. It is a non-participating whole life insurance plan offering protection from permanent disability and personal accident, as well as critical illness coverage and life insurance benefits and membership into the Philam Vitality program. The product may be availed for as low as PHP1,500 per month, making it financially accessible to more people.

With two protection products gaining support from Agency Distribution, Product Development achieved its goal of having a more balanced portfolio by year-end, as well as a double-digit growth in traditional products.

On the Branding and Communications front, several wins were achieved, predominantly driven by activation initiatives.

The year was big for football, starting with AIA Philam Life's title sponsorship of the 7's Football League. Through the



5



6

Protection products launched in 2019: AIA Critical Protect 100 (1) and AIA All-in-One (3); AIA Critical Protect 100 Media Launch (2); AIA Global Brand Ambassador David Beckham, together with AIA and AIA Philam Life Executives and Brand Ambassadors (4); AIA Philam Life Hackers 2019, the first school-based hackathon event in the life insurance industry, generating over 300 student entries (5); and The 100 Run, AIA Philam Life's celebration of AIA Group's centennial year, with over 4,000 participants. (6).

partnership with the 7's League, AIA Philam Life was able to gain a strong foothold in the local football scene and helped fuel an exponential growth: from 8 men's teams on its inaugural season to a total of 66 teams on its fourth season, with 22 men's, 12 women's, and 32 youth teams.

In June, it was AIA Philam Life's turn to hold its own event to commemorate the AIA Group's 100th year. This would be the eighth leg of the Group-wide centennial celebration which kicked off in Cambodia.

Another innovative event was The 100 Run, a fun obstacle race through different stations that combined cardio and strength training over a five-kilometer obstacle course, capped at the end with a live band performance. As additional challenge, AIA Philam Life Brand Ambassadors Nico Bolzico and wife Solenn Heussaff, together with Wil Dasovich and Raymond Gutierrez, led their own Runbassador Teams of 25 people to the finish line. It was a successful event with almost 5,000 participants—a fitting celebration of AIA's 100 years in Asia.

In mid-October, AIA Global Ambassador David Beckham's visit to Manila put AIA Philam Life in the spotlight. It was a memorable one-day event, kicking off with a football clinic for children where Beckham was joined by local football stars led by the AIA Philam Life 7's Football League Founding Commissioner and former Philippine Azkals player Anton del Rosario. This was followed by the #LiveBetter Expo

where customers, employees, financial advisors, and other guests were treated to booth activities highlighting various aspects of wellness. Beckham was joined by all of the AIA Philam Life Ambassadors—Nico Bolzico, Solenn Heussaf, Wil Dasovich and Raymond Gutierrez—and had a lively discussion with them about wellness and protection. In the afternoon, Beckham attended various press-related activities that received maximum coverage from different media platforms.

The busy year was capped with the first hackathon event in the life insurance industry, the AIA Philam Life Hackers 2019. Held in early November, Life Hackers is an innovation contest for creative-thinking students which challenged them to generate ideas that can future-proof AIA Philam Life as it approaches its hundredth year. The school-based competition was open to students 18 years and older, who were asked to present their most innovative business ideas or tech-based solutions. With over 300 students signing up, the event was able to introduce the concept of insurance to the Gen Z market and generated innovative ideas that can make a difference in the future of the business.

2019 marked a strong year for Marketing, wherein the shift to protection made an impact both in helping close the protection gap and building the brand. For 2020, the protection strategy will continue in support of AIA Philam Life's refreshed mission of racing against risk.



AIA Philam Life Brand Ambassador Nico Bolzico in the Philam Vitality-sponsored Spartan Race.

PHILAM VITALITY

Philam Vitality, AIA Philam Life's total wellness program, recorded a phenomenal year in 2019. Membership almost doubled versus the previous year, while member engagement saw a double-digit growth from its December 2018 performance.

Pivotal to the continuous success of the program were strategic initiatives that anchored on customer insight, emerging trends, and localized activations. The Philam Vitality 100 campaign especially spurred engagement rate as it took inspiration from Filipinos' need for stronger motivation to make healthy choices.

Launched in celebration of AIA Group's centennial year, Philam Vitality 100 churned bigger, bolder rewards such as Garmin fitness devices, El Nido vacations, and doubled weekly rewards from a variety of partners. All these in exchange for completing health-related activities such as knowing their state of health through the Vitality Health Review, meeting weekly fitness targets, and achieving Silver status in the program.



Workout session led by Arnold Aninion together with AIA Philam Life Brand Ambassador Raymond Gutierrez at the IronMan 70.3 powered by Philam Vitality in Cebu.



Agency leaders get moving at the annual Philam Vitality Summit.

The campaign also offered exclusive discounted rates for the health check at partner clinic Hi-Precision Diagnostics, and nutrition consultation at partner hospital Makati Medical Center. These gave members a right start in their wellness journey by having a better picture of their health status, as well as receiving personalized nutrition advice.

Philam Vitality 100 likewise introduced Sleep as a points-earning activity, wherein members would earn points for simply getting seven hours of sleep everyday.

Capitalizing on emerging trends to reach different sets of audiences, Philam Vitality sponsored one of the world's biggest sports events, IronMan 70.3 Cebu, and the world's leading Obstacle Race Course, Spartan Race. It also sponsored the first-ever Philam Vitality Kampeon Cup, a two-day football competition held by AIA Philam Life 7s Football League. The league, founded by former national football star Anton del Rosario, is a partner of Philam Life.

Being where the customers are, was also a driver in Philam Vitality's membership numbers and engagement rate. Philam Vitality expos were held in Manila, Cebu and Davao in order to bring the program closer to AIA Philam Life's key growth areas.

These member-oriented initiatives would not have been as successful without shoring up the program's support systems. These include encouraging financial advisors to attend the Vitality Coach program to build program mastery, the side-by-side provision of refined onboarding tools through the Little Wins campaign, and the sharing of advisors' best practices.

Digital marketing was maximized in growing the Philam Vitality community as well. Robust and timely communications through social media and email, as well as the nurturing of organic Facebook communities, ensured sustained program awareness and engagement.

This year, Philam Vitality is set to roll-out refreshed engagement incentives, platform enhancements, and real-time point-of-sale enrolment. And as it continues implementing best practices in customer engagement, Philam Vitality is poised to post another banner year in 2020.

BPI-PHILAM LIFE ASSURANCE CORPORATION

BPI-Philam Life Assurance Corporation (BPLAC), the joint venture between the Bank of the Philippine Islands and AIA Philam Life, continued to be the largest bancassurance operation in the Philippines. BPLAC was named "Best Life Insurance Company in the Philippines" by international publication World Finance Magazine for the third consecutive year, having won the same accolade in 2017 and 2018.

Present in over 1,000 local BPI branches, BPLAC's salesforce continued to grow alongside the expansion of the branch network. It ended 2019 with nearly 1,500 bancassurance sales executives (BSEs) nationwide.

In October, BPLAC celebrated Bancassurance Month by holding client engagement activities in BPI and BPI Family Savings bank branches. Digital marketing was a key component of the celebration, focusing on educating Filipinos about the benefits of life insurance and how they can have their own policies. The success of these activities brought in nearly 20,000 new leads.

Three new life insurance products were introduced by BPLAC this year: Family Care Plus, a 10-year renewable life insurance plan that covers two family members under one policy; Dollar Protect Plus, a regular-pay US dollar-denominated savings and life insurance plan which allows the customer to invest in global funds; and Critical Care 100, a comprehensive health and life insurance plan which protects customers from up to 100 critical illnesses until age 100.



BPLAC Board of Directors at the 10th Anniversary and Office Inauguration of BPLAC.

The year marked the 10th year of BPLAC in the insurance industry, and a decade of providing accessible and affordable life insurance for every Filipino.

PHILAM ASSET MANAGEMENT, INC. (PAMI)

Philam Asset Management, Inc. (PAMI), one of the largest mutual fund managers in the Philippines, oversees PHP69 billion in assets as of December 2019.

The Philippine Investment Fund Association (PIFA) continued to recognize PAMI-managed mutual funds in 2019. Philam Managed Income Fund (PMIF), PAMI's short-term bond fund, placed first in the ten-year Return Money Market Fund Category. The Philam Dollar Bond Fund (PDBF), on the other hand, placed second in the three-year, five-year, and ten-year Return Foreign Currency Denominated Bond Fund category while PAMI Asia Balanced Fund (PABF) and Philam Fund (PFI) both placed second in the three-year Return Foreign Currency Balanced Fund and ten-year Return Peso Denominated Bond Fund Categories.

These awards are a testament to PAMI's commitment to providing excellent service in managing the funds of its investors.

INVESTMENTS

Generating optimal investment returns continued to be a primary objective of AIA Philam Life, with a majority of the portfolio deployed in fixed income assets, and to a lesser extent in risk assets. In 2019, specific strategies were directed toward asset allocation, asset-liability management, and yield enhancement.

Maintaining a high quality of corporate assets remained a key priority. Also during the year, improvements in processes and procedures in all areas of operations were implemented within a robust investment governance framework in order to adapt to the rapidly changing financial markets and align consistently to global best practices.

The adoption of AIA Group's Environment, Social, and Governance (ESG) standards gained more traction, as reflected in AIA Philam Life's investment decisions.

Timely market updates proved helpful to the various distribution channels of the business. In the area of product development, the Investments Team provided support by proposing potential investment solutions that address specific product requirements.

REAL ESTATE

Real Estate continued to support the business in transforming AIA Philam Life facilities into spaces that contribute to advancing collaboration and agility in the workplace. In 2019, the renovation of the offices in Ozamis, Makati, and Cubao was completed.

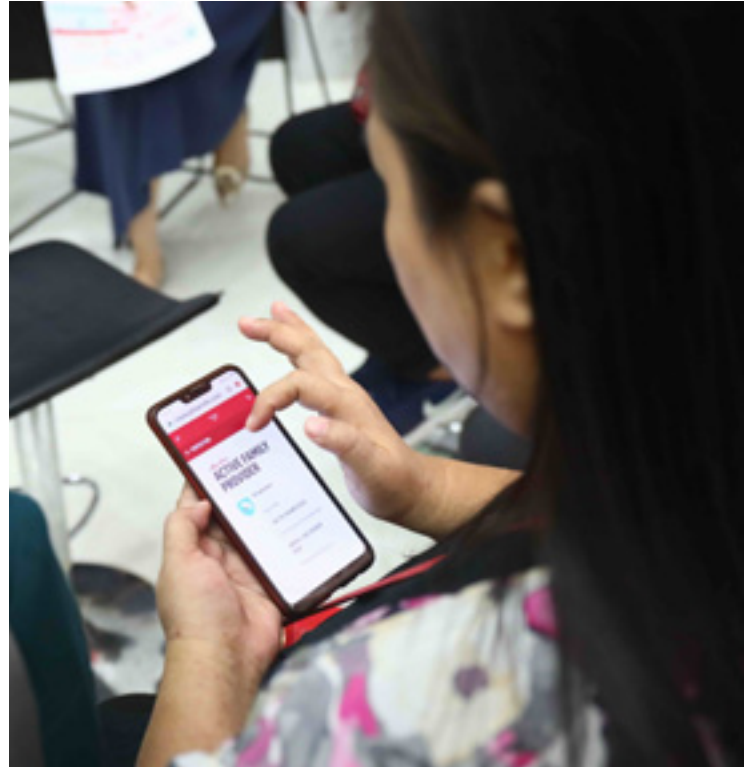
Major upgrades to the company's flagship investment property, the Philam Life Tower in Makati, were also undertaken. All the passenger elevators in the building and its common areas were renovated, including the main lobbies on the ground floor and restrooms on all floors.

AIA Philam Life continues to review its real estate portfolio, and streamlines its properties by divesting assets that no longer serve the needs of the insurance business.

INSURANCE OPERATIONS

With digitalization pervading every facet of people's lives, customer expectations on service level standards have also grown. In response, AIA Philam Life completed the digitalization of its various service platforms in order to give customers a seamless experience in their journey with the company.

Customers who want to review their policy details, stay up-to-date with important news, keep the policy active, check



investment performance, and request for various policy-related services can easily do so with the launch of ePlan, their secure, personal digital vault accessible anytime and anywhere.

The initiative to go paperless went a step further with the implementation of ePolicy, the legally binding digital version of customers' policy contract which can be accessed through ePlan for download, saving, printing or even forwarding copies to loved ones.

Recurring payments or eACA were also made available this year, allowing customers to enroll their VISA or MasterCard EMV credit or debit cards for an Auto Charge Arrangement together with their initial premium payment upon application through iPoS. Enrollment to the auto charge facility (eACA) keeps customers policy benefits intact and usable at the time they need it the most.

Completing the suite of customer-service digital platforms is iServe, which gives distribution partners the capability to provide a more personal and reliable after-sales service to customers. With the launch of iServe, distribution partners can now process non-contractual and contractual transactions, file a claim, pay subsequent premiums, and more, through their mobile devices.

The year saw the institutionalization of the digital platforms that address the servicing needs in each step of the customer

journey. In 2020, Operations will continue enhancing these digital platforms to achieve consistent service excellence to customers.

INFORMATION TECHNOLOGY

Information Technology (IT) projects in 2019 focused on the implementation of transformative technologies contributing immensely to AIA Philam Life's transition into a fully digital-enabled company. Partnering with other business units ensured that the team delivered high-value solutions to provide superior customer-centric services.

At the center of a digital-enabled company is its use of data. The EDEN Project and Project Fusion were two key initiatives that highlighted the use of enterprise data. The EDEN Project builds the foundation for the company's business and IT transformation by creating next-generation data and analytics capabilities and infrastructure. EDEN created a 360-degree/single-view of the customer by combining operational and transactional data across various lines of business and distribution channels. It enables a seamless customer experience across all channels and touch points by providing a full view of customers and their service interaction history to ensure a better customer experience.

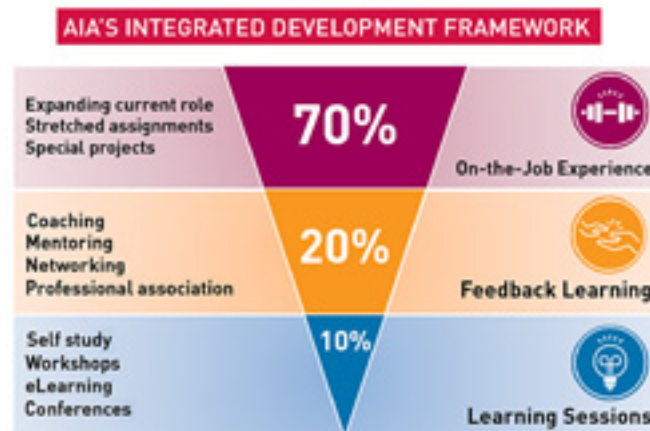
The implementation of Project Fusion, on the other hand, simplified and streamlined complex auto-underwriting processes through Machine Learning technology utilizing underwriting data.

Having already set the foundation for a modernized infrastructure back in 2018, architecture designs of systems implemented for the year saw a shift from the traditional on-premise data center solutions to a "cloud-ready" one. Transitioning to 2020 will usher in more initiatives to leverage cloud technologies with a "cloud-always" strategy to ensure a scalable platform to support the business. Upcoming initiatives such as DevSecOps, Agile Development, and Data Analytics will enable IT to drive AIA Philam Life's digital transformation and achieve its goals through the implementation of effective technology solutions.

OUR PEOPLE

"I grow professionally and personally during my time in AIA Philam Life."

AIA Philam Life's culture is shaped by its leaders who embrace the three Leadership Essentials: Clarity, Courage, and Humanity. Leaders should possess (a) clarity of vision, purpose and business direction, (b) demonstrate courage in their actions, and (c) consider the human element in everything they do because insurance is a people business.



When these elements are brought to life every day, AIA Philam Life employees adopt a high-performance culture that cares and respects its people.

AIA Philam Life subscribes to comprehensive and holistic development, believing that each employee can make a difference. The organization's holistic development opportunities ensure a proportionate way for employees to make the best out of their learning journey.

70% ON-THE-JOB EXPERIENCE

The best learning opportunities come from providing employees on-the-job experience such as experiential learning, new project exposure, and job rotation and mobility in order to broaden their perspective and support their career aspirations.

20% FEEDBACK LEARNING

Peer learning is an effective way for employees to learn from others. Coaching is a critical aspect of a manager's development of their teams. In addition, conferences, company events, networking opportunities, and regular team meetings can be venues where they can share their thoughts and suggestions, creating a natural setting for peer learning. The opportunity to learn from other company leaders are also available through the Mentoring Program.

10% LEARNING SESSIONS

Workshops, eLearning courses, certifications, and training programs can help bridge the gap in team members' skills and capabilities.

AIA Philam Life has an array of Core Programs that aim to address the needs of different segments of the employee workforce. These are targeted for Individual Contributors, People Managers, and Senior Leaders in the organization.

Below are the programs implemented by the organization to support the different developmental needs of its employees:

New Employee Orientation Program

A two-day program for all new joiners to understand the organization's Vision, Mission, and Strategic Priorities, including other employee essentials that are unique to working in AIA Philam Life and how these contribute to the brand's promise.

Your Role in Safeguarding AIA's Interest

An eLearning course that increases the employee's awareness of critical regulatory issues and conduct that are key to preserving the brand image, reputation, and transparency of the organization.

The Best of Me Program

A one-day program that helps individual contributors understand themselves and others, and why empowerment is important across all levels in the Philam Group and AIA.

The AIA Manager Program Series

A three-part series that equips and empowers people managers to bring out the best in their teams, to build a culture that not only values performance, but also respects and cares for employees.

People Manager Accelerator Program (PMAP)

A structured and modular program designed to build on existing programs to provide people managers with a comprehensive development journey. This focuses on four core skills that are essential for all people managers in AIA.

Performance Development Dialogue Series

A three-part session that provides clarity on employee expectations and the progress made to help them become aware of how they contribute to the organization's shared success.

I Make It Possible 2.0

A two-day program that highlights the four Skills of Accountability which will address the gaps that impact the employee ability to deliver seamless and delightful internal or external customer experience.

Life Office Management Association (LOMA)

An international trade association for the insurance and financial services industry that provides globally recognized educational resources and products that illuminate new ideas and ignite potential. It helps career advancement and performance development by building a deeper understanding of best practices in the insurance business.

Mentoring Program

A 12-month cross-functional program where an experienced senior leader supports a protégé in developing specific skills and knowledge that will enhance the latter's professional and personal growth through regular one-on-one conversations.

People Manager Conference

An opportunity for AIA Philam Life's People Managers to network and collaborate while keeping abreast of the organization's priorities and developing their leadership capability.

Leadership Launchpad

A 12-month accelerated leadership program for employees who exhibit high performance and embody the AIA Operating Philosophy of Doing the Right Thing, in the Right Way with the Right People to develop a pool of ready leaders in the organization.

Leadership Launchpad: Insight Session/Driving Excellence

A two-hour leadership insight session where organization leaders will share best practices and their experience on driving excellence in a transformative environment to enable a high-performance culture.

Leadership Launchpad: Influential Leadership

A two-day workshop aims to further build leaders' credibility and executive presence. The course focuses on self-awareness, building credibility, and a personal leadership brand as well as platform and communication skills.

Leadership Launchpad: Leading Collaborative Teams

The two-day workshop aims to further build leaders' credibility and presence within their teams. The course will employ the ACT (Assessment-Collaboration-Transformation) Model as framework for their learning experience where they will start by understanding themselves, their teams and the organization, learn how to collaborate with purpose; and leverage on these to help in positive transformation.

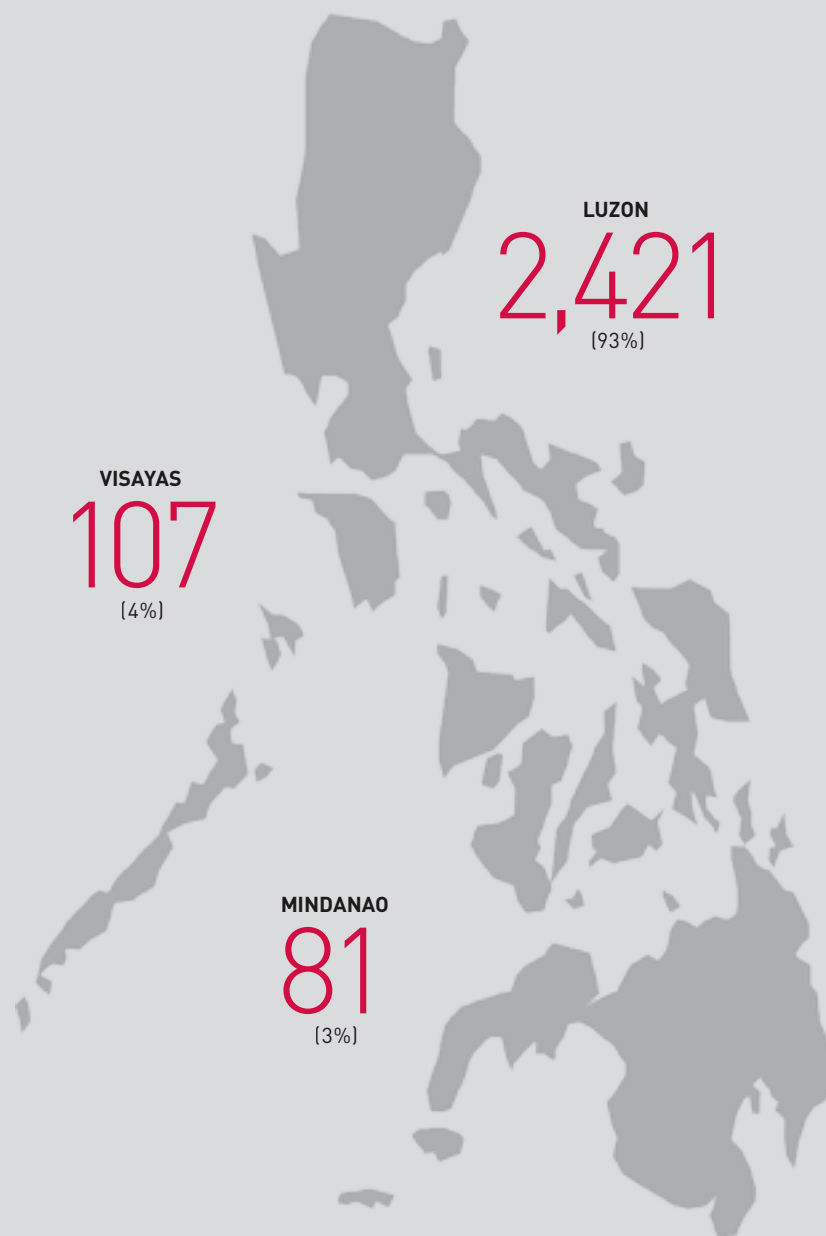
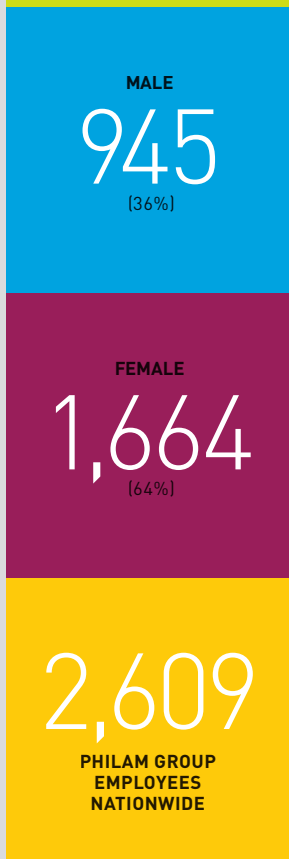
Leadership Launchpad: Data Storytelling

A two-day course takes students from the fundamentals (what should we be measuring and why?), to the elements of good visualization design (what does a good chart look like?), to proficiency in data storytelling. It also teaches attendees the importance of producing statistically robust visualizations and insights.

Leadership Launchpad: Team Coaching

A two-hour group session that will help participants recognize their values and how it affects their performance, align their goals with the AIA Leadership Model, and create a plan on how to move forward in achieving a common goal. Its main goal is for participants to increase self-awareness and direct their energy towards their goal in a supportive and collaborative setting.

BY THE NUMBERS



PHILAM GROUP DEMOGRAPHICS

as of 31 Dec 2019

Employee Category	FEMALE		MALE		GRAND TOTAL	
	Number	Percentage	Number	Percentage	Number	Percentage
Employee	1451	56%	790	30%	2241	86%
Junior Supervisory (CCB 3-4)	12	0%	12	0%	24	1%
Middle Management (CCB5-6)	171	7%	118	5%	289	11%
Senior Management (CCB7-up)	30	1%	25	1%	55	2%
GRAND TOTAL	1664	64%	945	36%	2609	100%

Leadership Launchpad: Individual Coaching

This program focuses on the specific skills of the coachee as an individual contributor and a team player, and how this can be translated in their own coaching journey. The framework provides a general guide and roadmap on the discipline, flow, and process of the Individual Coaching journey.

Leadership Launchpad: Cayenne

A one-day course where participants will see the big picture and understand how they, as individuals and teams, can contribute to achieving project objectives. It will also help improve their ability to diagnose signs and symptoms, mitigate accordingly, and practice prioritizing to get the most value out of limited resources. This will be done by moving participants through a case scenario in a gamified environment.

The AIA Manager as Coach Program

A flagship senior development program that refines the senior leaders' leadership style and empowerment of teams through coaching and developing effective working relationships.

Enterprise Leadership Program

An executive development program that is designed to help the senior leadership team embrace the AIA Operating Principles and Leadership Essentials, as well as achieve the Propel ambitions.

Catalyst: Online Learning Platform

This is AIA's newest online learning platform that provides employees access to digital learning content anytime, anywhere using either desktop computer/laptop or mobile phones. Locally curated courses and LinkedIn Learning courses are made available to provide different materials to address different learning needs.

AIA Leadership Essentials Workshop

A half-day workshop that teaches employees how leadership exists at every level of the organization and how they can embody the Leadership Essentials of Clarity, Courage, and Humanity in their day-to-day activities.

AIA Philam Life regularly updates its employees about various learning and development opportunities through varied internal communications channels. The organization values its people and is committed to help them develop their skills and capabilities to succeed in their role in the company and achieve personal and professional growth.

PROMOTING HEALTH AND WELL-BEING

The Philam Group has its own program that allows people to take charge of their health by helping them lead a healthier lifestyle, in fulfillment of its brand promise of helping people live Healthier, Longer and Better Lives.

Philam Vitality is at the cornerstone of the health and wellness programs within the organization. Employees are encouraged to lead a healthier lifestyle so they can live better and get more out of life. Initiatives that encourage and motivate employees in their journey towards wellness in a fun and collaborative way are also implemented to help them sustain a healthy lifestyle.

Wellness-related benefits and activities such as the annual physical exam, flu vaccination, blood donation drive, Larong Philam, PLIA tournaments, Get Active! Activities (Zumba, yoga, etc.) are made available to employees. All activities are anchored on further promoting health and wellness, productivity, engagement and a culture of collaboration within the organization.

REWARDING PERFORMANCE

AIA Philam Life provides a dynamic work environment that encourages employees to bring their best to work each day. In return, the company offers a Total Reward program with growth opportunities and a comprehensive package of pay and benefits which aims to give employees the choice and flexibility to meet their individual needs.

The organization's Reward Philosophy is built on the principles of providing an equitable, motivating, and market-competitive total remuneration package that fosters a strong performance-oriented culture. Its strong pay-for-performance culture is aligned with the Company's Operating Philosophy of Doing the Right Thing, in the Right Way, with the Right People. It aims to ensure that individual rewards and incentives relate directly to the individual's performance, the function in which they work, and the overall performance of the business.

The Employee Share Purchase Plan (ESPP) is another important element of the Total Reward program which offers a convenient and attractive means for employees to further benefit from the Company's future success through its one-for-two share matching. The subscription from employees has been steadily increasing, demonstrating commitment to the long-term success of the company.

2019 EMPLOYEE TRAINING/PROGRAMS

	No. of Employees	Hours	Total Hours	
INDIVIDUAL CONTRIBUTORS				17.31
New Employee Orientation Program	172	17	2,924	
The Best of Me Programme	303	8.5	2,576	
I Make It Possible 2.0	217	17	3,689	
Catalyst: Digital Courses	346	3	1,038	
Life Office Management Association	215	8.5	1,828	
Leadership Launchpad: Kick-Off	4	4.25	17	
Leadership Launchpad: Insight Session	16	4.25	68	
Leadership Launchpad: Leading Collaborative Teams	4	8.5	34	
Leadership Launchpad: Data Storytelling	8	17	153	
Leadership Launchpad: Team Coaching	3	8.5	26	
Leadership Launchpad: Cayenne	3	8.5	26	
			12,379	
MIDDLE MANAGERS				15.33
New Employee Orientation Program	24	17	408	
The AIA Manager I Programme	32	8.5	272	
The AIA Manager II Programme	34	8.5	289	
People Manager Accelerator Programme	35	8.5	298	
Catalyst: Digital Courses	249	2.5	623	
People Manager Conference	123	8.5	1,046	
I Make It Possible 2.0	149	17	2,533	
Leadership Essentials Workshop	35	4.25	149	
Leadership Launchpad: Kick-Off	35	4.25	149	
Leadership Launchpad: Insight Session	35	4.25	149	
Leadership Launchpad: Influential Leadership	15	8.5	128	
Leadership Launchpad: Leading Collaborative Teams	34	8.5	289	
Leadership Launchpad: Data Storytelling	23	17	391	
Leadership Launchpad: Executive Coaching	17	8.5	145	
Leadership Launchpad: Team Coaching	31	8.5	264	
Leadership Launchpad: Cayenne	21	8.5	179	
			7,312	
SENIOR LEADERS				48.32
New Employee Orientation Program	2	17	34	
I Make It Possible 2.0	14	17	238	
Leadership Essentials Workshop	20	4.25	85	
Catalyst: Digital Courses	6	1	6	
People Manager Conference	20	8.5	170	
Leadership Launchpad: Kick-Off	2	4.25	9	
Leadership Launchpad: Insight Session	1	4.25	4	
Leadership Launchpad: Influential Leadership	2	8.5	17	
Leadership Launchpad: Data Storytelling	2	17	34	
Leadership Launchpad: Executive Coaching	3	8.5	26	
Mentoring Program: Kick-Off	1	8.5	9	
Spark Training	1	65	65	
2019 Regional Offsite	14	25.5	357	
Influential Skills: Workshop on Influencing to Drive Change	1	8.5	9	
			1,063	

OUR MANAGEMENT TEAM

as of November 2019



KELVIN ANG
Chief Executive Officer



MARGARITA LOPEZ
Chief Operations Officer



EMMANUEL MENDOZA
Chief Technology Officer



ARLEEN MAY GUEVARA
Chief Investment Officer



MARIA CRISTINA HELENA SAMANIEGO
Chief Risk Officer



LEO TAN
Chief Marketing Officer



SURENDRA MENON
Chief Executive Officer, BPI-Philam



CARLA DOMINGO
Chief Legal Officer and
Corporate Secretary



GARY OGILVIE
Chief Financial Officer



ANNA VILLAMOR
Chief Human Resource Officer



Above left: The 2nd General Assembly held last October 2019, attended by 70 doctors and tumor registrars from 30 partner hospitals. Above right: Philam SAVES Nationwide Caravan goes to Romblon.



Above left: Members of the Board of Directors for Philippine College of Surgeon-Cancer Commission discuss the different ways to strengthen the surgical outcomes for cancer treatment in the Philippines through strengthening of Tumor Boards and an enhanced hospital-based cancer registry system. Represented in the meeting were PCS-Cancer Committee, Philam Foundation, CARE Philippines Foundation, and I Can Serve Foundation. Above right: Philam SAVES conducted at Cubao Elementary School in Cubao, Quezon City.



PHILAM FOUNDATION

Philam Foundation, Inc. in its 23 years of service, has been bringing to life AIA Philam Life's brand promise of helping Filipinos live Healthier, Longer and Better Lives through programs that help address issues in education, financial literacy and health.

Since 2012, Philam Paaralan has been fulfilling its commitment to make education accessible to more Filipino children by building fully furnished and disaster-resilient classrooms in unserved, underserved or calamity-stricken areas in the country. The program actively engages various stakeholders, with partners from the government and local government units (LGUs) as well as private organizations, whose support has resulted in 208 fully furnished classrooms turned over in seven years. This translates to accessible education for more than 40,000 students nationwide in 56 out of 83 provinces in the Philippines. Aside from achieving its objectives, the program has strengthened partnerships with likeminded organizations such as LBC Foundation, AY Foundation, Team Energy Foundation and institutions such as the Embassy of Japan in the Philippines and the Angat-Buhay Program of the Office of the Vice President of the Philippines.

With the challenge of financial literacy among Filipinos an issue close to the heart of the AIA Philam Life business, the Foundation developed the Philam Savings Awareness and Values Education Sessions (SAVES) Program, which provides financial literacy education to primary students and middle to low-income Filipinos nationwide. Launched in 2015, the sessions are conducted by AIA Philam Life employees and agency volunteers, with more than 36,000 Filipinos, students, parents and teachers alike, educated by nearly 2,000 volunteers. Last November, a second nationwide simultaneous run of Philam SAVES was conducted, with over 5,200 students taught by 230 agency volunteers.

Despite the success and reach that Philam SAVES has achieved in its four-year run, the urgency to address the financial literacy issue led the Foundation to reach out to various government agencies to help design a financial literacy course for tertiary-level students who are about to become part of the workforce. As such, discussions with the Insurance Commission, the Securities and Exchange Commission, the National Economic and Development



Turnover of One-Storey Four-Classroom Building to Catalunan Grande Elementary in Zamboanga City, a partnership with the Embassy of Japan.



Turnover of classrooms in Marawi, in partnership with the Office of the Vice President Angat-Buhay Program, LBC Foundation and Team Energy Foundation.

Authority, the Bangko Sentral ng Pilipinas, and the Commission on Higher Education were convened to develop a three-unit course called Personal Finance 101: My Peso and I. The course will be a required elective for graduating college students in order to introduce them to comprehensive financial literacy, from handling personal finances to dealing with government regulated financial requirements. Once the final material has been approved, the course will be ready for full implementation by school year 2021.

2019 marked the second year the Foundation's Alliance for the Philippines' Health and Advocacy (ALPHA) made the fight against cancer a part of its effort to support the organization's focus on protection and wellness. ALPHA is the health-based consortium of Philam Foundation, Inc., together with the Philippine College of Surgeons and the Philippine College of Physician. It focuses on the health journey of an individual through its pillars - Prevention, Protection and Recovery.

Last October 2019, the program concluded its Second General Assembly (GA), with 70 doctors and tumor registrars from 30



The Philam Foundation programs Philam Paaralan, Philam Saves and ALPHA were given recognition at the 1st League of Corporate Foundations Guild Awards 2019.

partner hospitals in attendance. The event was attended by Brigadier General Ricardo C. Morales, President and CEO of PhilHealth, and Dr. Nestor Santiago, Jr., Assistant Secretary Health Facilities and Infrastructure Development Team of the Department of Health. The GA was an opportunity for participants to discuss the impact of the National Integrated Cancer Control Act, or RA11215, on their current methods of doing business and the role of cancer registry in an integrated system of care in the collection of valuable data that will influence patient care and management.

Philam Foundation's social responsibility is not limited to the community. It also has programs that address the financial needs of AIA Philam Life employees and agencies through the Philam Centralized Aid for Employees in Need (Philam CAN) and the Philam Solidarity and Welfare Fund (Philam SoWel Fund) programs, respectively. In 2019, PHP380,000 was released from the Philam CAN program as financial assistance to 35 employees. For the Philam SoWel Fund, a total of PHP1,100,000 was disbursed to 84 financial advisors and staff from 36 agencies.

In July, several programs of the Foundation were given recognition during the 1st League of Corporate Foundations Guild Awards, namely: Philam Paaralan for outstanding CSR Project in Education, Philam SAVES for outstanding CSR Project in Enterprise Development, and ALPHA for outstanding CSR project in Health.



CORPORATE GOVERNANCE

AIA Philam Life confirms its full compliance with the Code of Corporate Governance. 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 goals. Creating a sustainable culture, where trust and accountability are as vital as skill and wisdom, steers the Board of Directors towards achieving long-term value for shareholders and customers, and strengthens confidence in the institution.

ROLE 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. It is completely independent from management and major stockholders. It is accountable to the shareholders and as such, will ensure the highest standard of governance in running the Company's business and setting strategic directions. The detailed roles and responsibilities are set forth in the By Laws and the Manual of Corporate Governance.

In 2019, the Board of Directors, through its Board Risk, and Audit and Related Party Transaction (RPT) Committees, conducted a regular review of the Company's material controls (including operational, financial and compliance controls) and risk management systems. The Board Risk Committee, the Audit and RPT Committee and the Board of Directors have declared their satisfaction and confidence on the Company's internal controls and risk management systems.

BOARD INDEPENDENCE & DIVERSITY

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.

AIA Philam Life adopts the AIA Policy on Diversity, and believes in the power of diverse, talented people to create value and deliver on their customer and shareholder expectations. Fundamental to all the Company's inclusion efforts is zero-tolerance for discrimination or harassment in any form, across all aspects of diversity, including gender, race, nationality and sexual orientation.

BOARD PROCESS

The Board meetings are held on a quarterly basis unless a special meeting is necessary to discuss urgent matters. Minutes of meetings of the Board and all Committees are kept by the Corporate Secretary, and 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 on 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 Company. Independent Directors likewise regularly meet with management, the internal auditors, and the external auditors, separately, to ensure proper check and balance is achieved by the Company.

BOARD AND SENIOR MANAGEMENT SUCCESSION AND SELECTION PROCESS

The Board ensures that plans are in place for orderly succession to the Board and senior management to maintain a balance of appropriate skills and experiences within the Company. The Company's Corporate Governance Manual prescribes a formal, rigorous and transparent procedure for the selection and appointment of directors of the Board and senior management. Appointments to the AIA Philam Life Board of Directors or Senior Management are made on merits and subject to objective criteria as set forth in the Manual. Careful deliberation and consideration is done to ensure that nominees are qualified to sit in the Board or in Senior Management.

The Company, through its major shareholder, considers the knowledge, competencies, skills, and experience of the nominee-director or executives, seriously taking into account the Company's business objectives and strategies. The Company ensures that its Board membership and Senior Management consist of persons with sufficiently diverse and independent backgrounds and possess a record of integrity and good repute. Part of the selection process of the Company is the use of independent/third party professional search firms to identify and source qualified directors and senior executives.

ELECTION OF DIRECTORS

The Board uses a transparent procedure for the election of directors. The Governance, Nomination and Compensation 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 will be entitled to cumulate his vote in the manner provided by law. After the election process, the Corporate Secretary will count the votes and thereafter declare the duly elected members of the Board.

ORIENTATION PROGRAM AND TRAINING

For newly elected directors, the Corporate Secretary schedules and provides a comprehensive orientation to explain the organizational profile, charters, by laws, policies and procedures of the Company. In compliance with the Circular issued by the Insurance Commission, AIA Philam Life ensures that all its directors have attended a training and orientation course on Corporate Governance conducted by duly accredited training providers of the Commission.

The Board members are also encouraged to attend further training and inform the Corporation on such trainings attended. AIA Philam Life provides necessary resources in developing and updating its directors' knowledge and capabilities. The Company encourages the directors to attend continuous professional education programs such as Professional Directors' Program of the Institute of Corporate Directors (ICD).

PERFORMANCE EVALUATION

The Board has established its own performance evaluation, the criteria of which are based on the Insurance Commission's Circular on Corporate Governance. On 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 Governance, Nomination and Compensation Committee and to the Board of Directors.

BOARD OF DIRECTORS	
Chairman of the Board	Jacky Chan
Executive Director	Kelvin Ang, CEO
Non-Executive Director	Ariel Cantos* Clive Anderson
Independent Directors	Francis Estrada Antonino Aquino Joaquin Quintos IV Doris Magsaysay Ho
Corporate Secretary	Carla Domingo

**resigned effective 15 April 2020*

In the Annual Board Performance Evaluation Survey, the Board members are required to rate the performance of the Chairman, the CEO, the Board, the Board Committees based on the standards and criteria provided therein. Among the criteria set include, but are not limited to, the following: the appropriateness of the Board's composition; the directors' skills, expertise, and their participation and contribution in the Board and Committee discussions; the working relationship among the Board, the Chairman, and the senior management; the overall performance of the Chairman, the CEO, the independent directors, the Board and the various Board Committees. In the Survey, the Board members are required to give the subject either an 'excellent'; 'consistently good'; 'adequate'; or 'needs major improvement' rating. The directors are also required to provide other ideas and suggestions on how they could further improve the performance of the Board. After accomplishing the survey, the directors will submit the same to the Corporate Secretary, who will then consolidate and evaluate the answers and submit the results to the Governance, Nomination and Compensation Committee for its approval. The results will then be reported to the Board for its notation.

For 2019, the Annual Board Performance Evaluation Survey was participated by the members of the Board, where they registered an overall rating of "excellent". This clearly exemplifies the effectiveness and competence of the Board of Directors. It also shows that the Board understands the objectives of the Company, as well as the major role it plays in the Company, to its shareholders and stakeholders.

BOARD MEETINGS IN 2019

To exercise its discretionary powers and management oversight of the Company, the Board of Directors sees to it that it meets on a regular basis as required by the law and Company By-Laws. In all meetings, as provided by the Company By-Laws, the presence of five out of eight directors is necessary to constitute a quorum, and the affirmative votes

of the majority of the directors present are required to decide a matter, except when the law or the By-Laws require a higher number.

Before the start of the financial year, the Corporate Secretary advises the members of the Board of the schedules of their meetings, which may change subject to their availability and other reasonable circumstances. Board meetings are regularly set on a quarterly basis, while special meetings are called by the Chief Executive Officer, or as provided in the Company-By-Laws.

Five days prior to the scheduled meetings, the Corporate Secretary sends to the members of the Board their respective meeting packs, which would contain, among others, the Board and Committee meeting minutes, the management report and financial highlights, and other items that need action and approval of the Board.

SEMINARS ATTENDED

MEMBER	TRAINING/SEMINAR
Clive Anderson	<ul style="list-style-type: none"> Corporate Governance Orientation Program by ICD, 10 July 2019
Kelvin Ang	<ul style="list-style-type: none"> Corporate Governance Orientation Program by ICD, 28 August 2019
Antonino Aquino	<ul style="list-style-type: none"> Orientation Course for Corporate Governance by ICD, 18 February 2015
Jacky Chan	<ul style="list-style-type: none"> Corporate Governance Seminar by IIAP, 7 April 2004
Ariel Cantos	<ul style="list-style-type: none"> Corporate Governance Training by Hill Dickinson HK, 26 July 2017 Risk Management Training and Certification Indonesia, 31 January 2019 -01 February 2019 Joint Regional Actuarial Seminar in Asia, 24 July 2019 Hong Kong Management Association Annual Conference 2019, 14 November 2019 Asia Insurance Forum 2019, 10 December 2019
Francis Estrada	<ul style="list-style-type: none"> Professional Directors Program on Corporate Governance by ICD, 24-28 May 2004 Chairman of the Board of ICD, and has attended various round-table discussions, trainings and seminars undertaken by said institution.
Doris Magsaysay Ho	<ul style="list-style-type: none"> Orientation Course on Corporate Governance by ICD, 27 November 2014 Corporate Governance by SGV on 08 December 2017 Corporate Governance Seminar by Center for Global Best Practices, 14 December 2018
Joaquin Quintos IV	<ul style="list-style-type: none"> Orientation Course on Corporate Governance by ICD, 03 December 2012

For 2019, the Board of Directors had a total of nine (9) meetings, where the Board posted an overall attendance rate of 98.77%.

FEE STRUCTURE AND REMUNERATION OF DIRECTORS

The Independent Directors, who compose majority of the Board of Directors of AIA Philam Life, play significant roles in order to achieve the Company's business objectives today and in the future. As independent directors, they effectively participate and provide objective, independent judgment in the business affairs of the Company, and at the same time ensure that proper checks and balances are in place.

Considering the above, and in view of the stricter corporate and regulatory environment in the country, the Company believes that the independent directors should be adequately compensated for the knowledge, skills, and expertise they share and impart to the Board; for the time and efforts they provide to the Company; and for potential risks and liability they may be exposed to as its members. The fee structure of

the independent directors are based on various factors, such as but not limited to director's qualification and experience, skills, and expertise; financial services sector benchmark; market condition; and regulatory environment.

As reviewed and approved by the shareholders of the Company on an annual basis, the independent directors receive fixed directors' fees per Board and Committee meeting attended, and annual bonus. For 2019, the total annual net directors' fees of the independent directors and one non-executive director of the Company amounted to Philippine Pesos: Seven Million One Hundred Sixty Four Thousand (PHP7,164,000.00), broken down as follows: 1) Francis Estrada – (PHP1,782,000.00); 2) Antonino Aquino (PHP1,728,000.00); 3) Joaquin Quintos, IV (PHP1,638,000.00); 4) Doris Magsaysay-Ho (PHP1,710,000.00); and Ariel Cantos (PHP306,000.00). The executive and non-

BOARD OF DIRECTORS MEETINGS

MEMBER	DATE OF MEETING 22-Jan-19 (Regular) 04-Feb-19 (Special) 01-Mar-19 (Special) 20-May-19 (Special) 10 April 2019 (Outgoing) 10 April 2019 (Organizational) 17-Jul-19 (Regular) 02-Oct-19 (Regular) 18-Nov-19 (Special) 9 Meetings (98.77%)
Clive Anderson <i>(elected effective 04 Feb 2019)</i>	8 Meetings (100%)
Kelvin Ang <i>(elected effective 01 March 2019)</i>	8 Meetings (100%)
Antonino Aquino	8 Meetings (88.89%)
Jacky Chan	9 Meetings (100%)
Ariel Cantos	9 Meetings (100%)
Francis Estrada	9 Meetings (100%)
Doris Magsaysay Ho	9 Meetings (100%)
Paul Lloyd <i>(resigned effective 04 Feb 2019)</i>	1 Meeting (100%)
Joaquin Quintos IV	9 Meetings (100%)

AUDIT COMMITTEE MEETINGS

MEMBER	DATE OF MEETING 21-Jan-19 10-Apr-19 17-Jul-19 02-Oct-19 4 Meetings (100%)
Antonino Aquino	4 Meetings (100%)
Jacky Chan <i>(elected effective 01 Mar 2019)</i>	3 Meetings (100%)
Francis Estrada	4 Meetings (100%)
Joaquin Quintos IV	4 Meetings (100%)

GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE MEETINGS

MEMBER	DATE OF MEETING 11-Jan-19 25-Jan-19 07-Mar-19 15-Oct-19 06-Dec-19 5 Meetings (100%)
Kelvin Ang <i>(elected effective 01 Mar 2019)</i>	3 Meetings (100%)
Jacky Chan	5 Meetings (100%)
Ariel Cantos <i>(resigned effective 01 Mar 2019)</i>	2 Meetings (100%)
Doris Magsaysay-Ho	5 Meetings (100%)

AUDIT AND RPT COMMITTEE	EXECUTIVE COMMITTEE	BOARD RISK COMMITTEE
<p>Antonino Aquino, Chairman (Independent Director)</p> <p>Joaquin Quintos IV (Independent Director)</p> <p>Francis Estrada (Independent Director)</p> <p>Jacky Chan (Non-Executive Director)</p>	<p>Jacky Chan, Chairman (Non-Executive Director)</p> <p>Kelvin Ang, Vice-Chairman (Executive Director)</p> <p>Antonino Aquino (Independent Director)</p>	<p>Francis Estrada, Chairman (Independent Director)</p> <p>Doris Magsaysay Ho (Independent Director)</p> <p>Antonino Aquino (Independent Director)</p> <p>Clive Anderson (Non-Executive Director)</p> <p>Kelvin Ang (Executive Director)</p>
INVESTMENT COMMITTEE	GOVERNANCE, NOMINATION AND COMPENSATION COMMITTEE	
<p>Francis Estrada, Chairman (Independent Director)</p> <p>Kelvin Ang (Executive Director)</p> <p>Antonino Aquino (Independent Director)</p>	<p>Jacky Chan, Chairman (Non-Executive Director)</p> <p>Kelvin Ang (Executive Director)</p> <p>Doris Magsaysay Ho (Independent Director)</p>	

executive directors, except Mr. Cantos (non-executive director), do not receive any remuneration for their directorship in AIA Philam Life.

DIVIDEND POLICY

AIA Philam Life shall declare and pay cash dividends, the amount of which shall be determined through consideration of the following factors: a) local statutory requirements relating to solvency and liquidity; b) ongoing sustainability of corresponding insurance fund taking into consideration likely future changes in regulatory requirements; and c) likely future strategic initiatives.

In 2019, the Company declared cash dividend of Philippine Pesos: Thirty Seven and 21/100 (PHP37.21) per share, or a total amount of Philippine Pesos: Seven Billion Four Hundred Twenty Five Million Six Hundred Fifty Thousand Five Hundred Sixty Seven Pesos and 91/100 (PHP7,425,652,567.91) payable to all shareholders of the Company in proportion to their holdings as of 12 November 2018.

For 2020, the Company has declared cash dividend of Philippine Pesos: Forty Four and 59/100 (PHP44.59) per share, or a total amount of Philippine Pesos: Eight Billion Eight Hundred Ninety Eight Million Four Hundred Ten Thousand Three Hundred Nineteen and 89/100 (PHP8,898,410,319.89) payable to all shareholders of the Company in proportion to their holdings as of 30 November 2019.

REMUNERATION POLICY FOR EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

At AIA Philam Life, the Executive Director and Chief Executive Officer (CEO) are given a total rewards package that consist of guaranteed and variable components that reward performance and value created for the company. The CEO’s reward components support the company’s rewards framework: 1) Guaranteed compensation which includes base salary, allowances, and contractual bonus that is reviewed annually to reflect market and individual performance, as well as value created for the company; 2) Short Term Incentive to reward achievement of business and individual performance metrics enabling the individual to share in the immediate success of the company; 3) Discretionary Long Term Incentive (in the form of Restricted Share Units and/or Share Options) to motivate and reward the individual who has contributed.

CONTRACT MANAGEMENT

AIA Philam Life adopted in October 2018 its Guidelines on Contract Management, which aims to support the Philam Group in developing a sound, consistent and effective approach to manage its diverse range of contracts. It deliberately focuses on the activities associated with the operational phase of the contract: from negotiation, to awarding , and until the contract is in-force. To facilitate proper implementation, the Guidelines were cascaded to records coordinators and contract managers.

BOARD OF DIRECTORS' PROFILES

**JACKY CHAN (56)**

AIA Regional Chief Executive, Non-Executive Director, Chairman of the Board (since 01 June 2017)

Aged 56, Jacky Chan is the AIA Regional Chief Executive responsible for the Group's businesses operating in Hong Kong SAR and Macau SAR, the Philippines, Korea and Taiwan, as well as Group Agency Distribution and Group Corporate Solutions. He is a director of various companies within the Group, including AIA Co. and AIA International. Mr. Chan has extensive experience having worked at AIA for the past 32 years. Prior to becoming a Regional Chief Executive, Mr. Chan was Chief Executive Officer of AIA Hong Kong and Macau since 2009. Previously, he held several senior positions including the Country Head of AIA China, Executive Vice President – Distribution and Marketing of Nan Shan Life Insurance of Taiwan and Senior Vice

President and Head of Life Profit Centre of AIA - Asia (ex-Japan & Korea). Mr. Chan holds a Bachelor of Science Degree from The University of Hong Kong. He is a Fellow of the Society of Actuaries (FSA), a member of American Academy of Actuaries (MAAA) and a Fellow of the Canadian Institute of Actuaries (CIA).

**KELVIN ANG (54)**

Executive Director, Chief Executive Officer (since 01 March 2019)

Kelvin Ang, AIA Philam Life's Chief Executive Officer is a home-grown talent with over 20 years of service in AIA. He has served in various leadership and Agency Distribution roles across the AIA Group Office and the local Business Units – including Hong Kong, Malaysia, Indonesia, Vietnam and China. In his role as Chief Agency Officer of China and General Manager of Shanghai, he played a key role in the success of AIA China's agency transformation. Mr. Ang also led the successful AIA-ING agency integration in Malaysia from 2015 to 2018. After his successful stint in AIA Malaysia, he was appointed as Regional Chief Agency Officer,

with AIA Hong Kong, China and Vietnam in his portfolio, with the mission to future proof the business through digitalization and new market expansion.

Mr. Ang earned his bachelor's degree at the Royal Melbourne Institute of Technology in Australia and his Master's degree in Business Administration from Bath University in United Kingdom. He is also currently a corporate member of the Philippine Life Insurance Association Inc. (PLIA).



ARIEL CANTOS (59)

Executive Director,
Senior Advisor to the
Chief Executive Officer (CEO
of AIA Philam Life
(since 16 July 2013)

Aibee Cantos is currently the Senior Advisor to the CEO of AIA Philam Life, a member of the Board of Directors of AIA Philam Life, and sits as Chairman of the Board of Philam Foundation.

Prior to his appointment, he was the CEO of AIA Philam Life where he focused on building a strong team and operating platform to deliver sustainable business growth. In 2017, he was also the President of the Philippine Life Insurance Association (PLIA) and Chairman of the ASEAN Insurance Council.

Before he became the CEO of AIA Philam Life, he held the role of CEO of BPI-Philam, the bancassurance joint venture of AIA Philam Life and the Bank of the Philippine Islands, and the leading bancassurance operation in the Philippines. Prior to

spearheading the growth of BPI-Philam in 2013, he held the position of Senior Vice President and Chief Agency Officer at AIA Philam Life. He had an enriching and successful career in AIA Philam Life's Agency Distribution Channel, where 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 is currently a corporate member of Management Association of the Philippines (MAP) and Makati Business Club (MBC). He graduated with a degree in Economics, Honors Program, from Ateneo de Manila University.



CLIVE ANDERSON (55)

Non-Executive Director
(since 04 February 2019)

Mr. Clive Vincent Anderson is a Group Senior Regional Counsel of AIA Group responsible for the provision of legal support for various corporate initiatives and providing leadership to legal functions of various country operations. He has significant experience in the legal and compliance areas both in private practice and various in-house roles in financial services. He also has more than 20 years of experience in the insurance industry.

Prior to joining AIA Group, Mr. Anderson was the Head of Legal and Compliance for Manulife Financial's operations in South East Asia, a role that he occupied for more than four years. Prior to that, his experience included being the Chief Legal and Compliance Officer for Manulife's Canadian Wealth Management Operations

and a Senior Group Counsel for Manulife responsible for the legal management and negotiation of the company's global information technology and outsourcing arrangements.

Mr. Anderson was also a founding member of the Singapore Chapter of the Association of Corporate Counsels and is currently a member of the Campaign for Acadia Cabinet (Acadia University). He is a graduate of a combined program in French Literature from Acadia University (Canada) and Université d'Aix-en-Provence (France), and is a member of the Law Society of Upper Canada having graduated with an LLB from Osgoode Hall Law School in Toronto, Canada.

**FRANCIS ESTRADA (70)**

Independent Director
(since 18 April 2006)

Francis Estrada serves or has served as independent director and Board Committee Chair in a number of leading publicly listed companies such as: Ayala Land, Inc.; AIA Philam Life; Energy Development Corporation; RCBC; RCBC Savings Bank; Engineering Equipment Inc., etc.

He serves or has served on the Boards of a number of private companies in both the profit and not-for-profit areas.

He also serves (or has served) as Board Chair of the Institute of Corporate Directors, De La Salle University, Philippine Military Academy, the Development Bank of the Philippines Advisory Council, the Armed Forces of the Philippines Multisectoral Governance Council and the De La Salle (Philippines) Investment Committee.

He has served as Trustee, Governor or board member of the: Asian Institute of Management, De La Salle University, Xavier Labor Relations Institute (India), Shanghai Jiao-tung University School of Management (PRC), Clean Air Asia, Institute for Solidarity in Asia, Armed Forces of the Philippines Multi-Sectoral Governance Council, the Philippine Board of Investments Multi-Sectoral Governance Council and the Sociedad de Beneficiencia, among others.

He has served as President/CEO of: the Asian Institute of Management, William E. Simon and Sons (Asia) LDC from 1992 to 1997 – an investment partnership he co-founded with former US Treasury Secretary, William E. Simon.

He was President and Chief Operating Officer of Asian Oceanic Holdings Limited from 1983 to 1991 – an investment banking partnership he co-founded with former American Express Bank Chairman/CEO, Richard M. Bliss.

He was Senior Vice President, ASEAN Regional Coordinator for Indonesia of Bancom 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 merchant banking partnership between Bank Indonesia (the Indonesian central bank) and the Bancom 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., an investment firm 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 capital-raising, turn-around and crossborder financial transactions.

He has served as board director with 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.



ANTONINO AQUINO (72)

Independent Director
(since 22 April 2015)

Antonino Aquino, Filipino, 72, 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 1998. 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. Currently, he is a Board member of Nuevocentro, Inc., Anvaya Beach & Nature Club and Mano Amiga Academy, Inc. He is also a private sector representative in the Multi Sectoral Advisory Board of the Philippine Army and the Multi Sector Governance Council of the Armed Forces of the Philippines. 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 (AIA Philam Life). He earned his degree in BS Management and completed academic requirements for Masters in Business from the Ateneo de Manila University in 1968 and 1975, respectively.

Mr. Aquino attended the seminars on Right of Privacy and Obligation of Transparency and Challenges and Drivers of Talent Development: A Board Perspective held on 11 August 2017 and 10 May 2017, respectively.



DORIS MAGSAYSAY HO (66)

Independent Director
(since 22 April 2015)

Doris Magsaysay Ho is the President and CEO of A. Magsaysay, Inc. which has a network of offices strategically mapped in the Philippines, Asia, North America and Europe. Its activities involve shipping, hospitality and tourism, transport and logistics, healthcare, oil and gas and specialized engineering and trade. Ms. Magsaysay-Ho also serves as Chair, Director, Trustee or member of various organizations such as Lorenzo Shipping Corp., Fairmont Shipping Ltd., Makati Business Club, 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 and IPO Philippines Advisory Council.

In November 2015, the Office of the President of the Philippines conferred upon her the Order of Gawad Mabini with the rank of Commander.

Ms. Magsaysay Ho is the recipient of several awards such as Lloyd’s List Asia Lifetime Achievement Award 2011; Asia CEO Awards Global Filipino Executive of the Year in 2012; Seatrade Personality of the Year Award in 2018, MVP Grand Bossing Award 2018, and Shero of the Year by the Asia CEO Awards in 2019.

Ms. Magsaysay-Ho attended a seminar on Corporate Governance conducted by SGV on 08 December 2017 and by the Center for Global Best Practices on December 14, 2018 .



JOAQUIN QUINTOS IV (60)
Independent Director
(since 22 April 2015)

Jajo Quintos is currently a Senior Executive at First Philippine Holdings, a publicly listed Philippine conglomerate engaged in energy, property, construction, manufacturing, healthcare, and education businesses. He joined FPH in 2015 and is currently a board director in various operating subsidiaries of the group. He leads the new business initiatives of FPH in healthcare and education. In his operational role, Mr. Quintos runs the group's education business, First Industrial Science and Technology School, as its President. He also runs the group's healthcare businesses, Asian Eye Institute and Pi Health, where he serves as its President. In addition, he drives the digital technology initiatives of the group and serves as President of Infopro Business Solutions, FPH's in-house shared services unit. He is a shareholder of Prople, a privately held software and business process services company, where he previously served as CEO from 2009 to 2015.

Mr. Quintos was also the former President of IBM Philippines. He held various management positions during his successful 27-year career at IBM from 1982 to 2009, including assignments at IBM's headquarters in Singapore and New York. He currently holds various board positions in leading companies and non-profit organizations in the Philippines. He previously served in the boards of De La Salle University Manila, STI Education Services, and iPeople, the holding company of Mapua Institute of Technology. He also serves as an advisor to many technology start-up companies in the Philippines and abroad. He graduated cum laude from the University of the Philippines with a Bachelor of Science degree in Industrial Engineering. He participated and completed the New York Marathon in 2007.

BOARD SUPPORT



CARLA DOMINGO
Corporate Secretary

Atty. Carla Domingo is currently the Head of Legal and Corporate Secretary of The Philippine American Life and General Insurance (AIA Philam Life) Company. She also serves as the Corporate Secretary of BPI-Philam Life Assurance (BPLAC) Corporation. Likewise, the Managing Trustee of Philam Foundation Inc. and Records Management Head.

She was Corporate Secretary to various Philam companies from 2008 –January 2014: 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 Company Limited in Hong Kong from February 2014 to February 2015.

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 continue to do so. It can only maintain such reputation when each employee strives harder to do what is right and by being committed to the highest standards of integrity and conduct at all times and in every dealing.

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 Right results will come." This is the core of the unique culture of AIA across all 18 markets within the Asia Pacific region which includes AIA Philam Life.

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

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

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. Promoting compliance with local laws and local regulatory requirements that apply to the business is at the foundation of AIA Philam Life's good corporate citizenship.

CODE OF CONDUCT ANNUAL CERTIFICATION

To ensure that all AIA 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)

It is company policy that all new hires attend the New Employees Orientation Program (NEOP) whereby the Code of Conduct and all other relevant compliance policies are discussed. This program is offered on a monthly basis and is conducted either by the Compliance or Training Department.

TREATING CUSTOMERS FAIRLY

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

AIA 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. 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.

ANTI-FRAUD POLICY

AIA Philam Life adopts a **zero-tolerance approach** to fraud and expects all employees, agents, and third parties to act with honesty and integrity. The policy is intended to reinforce management procedures designed to aid in the prevention, detection, and investigation of fraud, thereby safeguarding the company's assets and providing protection from the legal and reputational consequences of fraudulent activity. All suspected cases of fraud are investigated, and disciplinary procedures enforced, including prosecution and termination.

This policy was submitted to the Insurance Commission following the requirements of IC Circular 2016-50. The Insurance Commission wants to ensure that all companies are prepared and ready to combat insurance fraud for its own protection and for the welfare of its stakeholders or insuring public.

ANTI-CORRUPTION AND BRIBERY

The Policy provides guidance on giving and accepting gifts and entertainment. The Anti-Corruption Guidelines specify 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 AIA Philam Life must meet the higher standards.

The Anti-Corruption and Bribery Policy prohibits all employees, agents, or independent contractors in 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 AIA Philam Life, its customers, and employees.

The company is not allowed to use improper means to influence another person's business judgement. All employees and officers are required to report to the Compliance Office any gift/entertainment provided to Government organizations and/or any of its officials.

CONFLICT OF INTEREST

An employee's position in AIA 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 interests of those they supervise.

All AIA and AIA 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 and information. AIA 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 AIA Philam Life. Immediate family members, members of the household, and individuals with whom an employee has a close personal relationship within AIA Philam Life must never improperly influence business decisions.

FAIR DEALING POLICY AND CREDITOR'S RIGHTS

AIA Philam Life adheres to its Fair Dealing Policy, which ensures that businesses with the customers, service providers, suppliers, and competitors are conducted in a fair manner. Following AIA's model, AIA 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 are 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 AIA Philam Life, much more in the AIA Group.

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

INVESTMENT CODE OF ETHICS

AIA believes that individual investment activities by its officers and employees should not be prohibited or discouraged. Nonetheless, the nature of AIA's fiduciary obligations necessarily requires some restrictions on the investment activities of certain employees, officers, directors, and their related interests, who may be deemed Investment Access Persons.

In managing assets for AIA entities, Investment Access Persons have a fiduciary responsibility to treat stakeholders fairly. This duty requires a course of conduct, consistent with other statutory obligations, that seeks to be prudent in AIA's and its stakeholders' best interest.

The AIA Investment Code of Ethics is intended to address three (3) fundamental principles that must guide the personal investment activities of Investment Access Persons in light of their fiduciary duties:

1. Place the interests of AIA and its Stakeholders first. As fiduciaries, Investment Access Persons must avoid serving personal interests ahead of the interests of AIA or those of its stakeholders.
2. Avoid taking inappropriate advantage of one's position as an Investment Access Person.
3. Conduct personal investing activities in such a way as to avoid even the appearance of a conflict of interest with investment activities undertaken for the AIA Portfolios.

As a member of the AIA Group, AIA Philam Life adopts the same policy and follows the same guidelines. Generally, all Investment Access Persons are required to obtain pre-clearance prior to purchasing or selling a security. In addition, Investment Access Persons must provide and certify on a regular basis their accounts and beneficial holdings as well as all transactions in securities in which they had beneficial ownership and/or control. Certain outside business activities of Investment Access Persons also need prior approvals.

RELATED PARTY TRANSACTION

AIA Philam Life recognizes that related party transactions are generally allowed, but they should be done fairly and on an arm's length basis to ensure that the interest of the company, its shareholders, policyholders, clients, creditors, and other stakeholders are adequately protected.

The Related Party Transactions (RPT) Policy of the company sets forth the necessary control system to ensure the effective management of related party transactions. Under the Policy, any transaction that could pose conflict of interest, or any material or special risks, credit or counterparty risks, or potential abuse to AIA Philam Life, shall be considered related party transactions. Related party shall be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party which subsequently becomes a related party.

The Policy requires that all RPTs should be on normal commercial terms, at arm's length, and fair and reasonable in the interest of AIA Philam Life. A transaction may be deemed to be at arm's length if no preferential treatment is given to a related party and the terms and conditions are not more favorable than similar transactions with non-related parties. AIA Philam Life has put in place an effective price discovery system (i.e. transfer pricing study) and due diligence process to determine the fair price for RPTs.

If a particular transaction is considered to involve related parties, the same shall be endorsed to the Regulatory and Compliance Committee for appropriate action. The Committee should, to the extent applicable, take into account the following considerations:

- a) reputational risk issues, if any;
- b) possible improper conflict of interest taking into account the size of the transaction and the significant influence of any director, officer, stockholder, related interest or close family members in the outcome of the transaction;
- c) the availability of other sources of comparable products or services;
- d) material facts and proposed aggregate value of the transaction; and,
- e) any other relevant information (e.g. price discovery mechanism, etc.) to allow determination if the terms are comparable to those given to unrelated parties or reasonable under the circumstances.

If RPT falls below the materiality threshold prescribed by the Policy, the Regulatory and Compliance Committee shall have the authority to approve the same, subject to the Audit and RPT Committee's confirmation. Otherwise, the former shall endorse the transaction to the latter for its consideration and approval.

The Related Party Transaction Committee shall be responsible for the following.

Assist the Board in carrying out its responsibilities pertaining to related party transactions, particularly in ensuring that all transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations;

Evaluate on an ongoing basis the existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from nonrelated to related and vice versa) are captured;

Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the company are misappropriated or misapplied; and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions;

Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interests. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;

Ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process; and 6) oversee implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

All RPTs that are considered material, including write-off of material exposures and renewal of material changes in the terms and conditions of the RPTs, based on the company's Internal RPT Policy, shall be endorsed by the Audit and RPT Committee to the Board of Directors for approval and to the stockholders of the company for confirmation, during the annual stockholders' meeting.

The Board of Directors shall be the final approving authority of all material RPTs. Any member of the relevant Committees or the Board who has an interest in a transaction must abstain from deliberation and approval of such transaction.

WHISTLEBLOW PROGRAM

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

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

Employees who are aware of possible wrongdoing within AIA and AIA 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 seven days a week. AIA and AIA Philam Life can communicate with anonymous whistleblowers via a secure platform using this website.

GOOD CORPORATE CITIZENSHIP

PREVENTION OF INSIDER TRADING AND 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 AIA Philam Life is a member of the AIA Group, it 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, this policy prohibits 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"), including AIA 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.

In connection with this, dealings in AIA securities by certain employees, officers, directors, and their related interests,

require pre-approval from the Group Company Secretary. Other securities about which AIA may have received or may expect to receive material, non-public information, or are otherwise subject to restrictions in trading, are placed on watch lists or restricted lists. Trading activities in securities included in these lists are restricted and/ or actively monitored.

ANTI-MONEY LAUNDERING AND COUNTER TERRORIST FINANCING PROGRAM

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.

As a matter of policy, AIA Philam Life shall foil any attempt by anyone to use the company or its affiliates for money laundering purposes. This Anti-Money Laundering (AML) Program, together with the company's guidelines, establishes the governing principles and business standards to protect AIA 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.

In order to promote an effective AML compliance program, the following actions were taken:

Institutionalized the Compliance and Regulatory Committee to ensure effective implementation of the company's AML program. The Chairman of the Committee is the Chief Legal Officer/Corporate Secretary with the Chief Risk Officer, representative from Operations, representative from Finance, and Head of Compliance as members.

AIA Philam Life adopts a risk-based approach in determining its AML risks. It strictly implements the Know Your Customer (KYC) requirements and subjects all high-risk customers to the enhanced due diligence process.

AIA Philam Life continues to roll out eLearning sessions for employees and agents with a supplemental face-to-face AML training programs.

AIA Philam Life adopts the Nice Actimize System to support the company's implementation of its AML program. The system has three modules that are used as monitoring mechanisms. These include Watch List Filtering or Screening against PEPs and sanctioned persons, Customer Due Diligence that provides

risk scoring for all customers and help determine high risk customers, and Suspicious Activity Monitoring that provides red flag/alerts on behavior of transactions. The law's reporting requirements on covered and suspicious transactions are religiously observed.

In 2019, with the support of AIA, AIA Philam Life implemented an Institutional Risk Assessment (IRA).

DATA PRIVACY

AIA Philam Life recognizes its responsibilities in protecting personal data and sensitive information of all its stakeholders including employees, customers, intermediaries, business partners, and third-party service providers. The Board of Directors, Management, and Staff of AIA Philam Life commit themselves to adopt and adhere to the Policy guidelines to ensure protection of personal information and sensitive data collected by and shared with the company.

The Data Privacy Program of AIA Philam Life is aligned with that of AIA's Data Privacy Policy and with RA 10173, the local Data Privacy Law. Under the program, the AIA Philam Life CEO shall be responsible in the implementation of these guidelines across all its business units and in ensuring that all employees, officers and staff are aware of their obligations stated in the guidelines.

Each employee is expected to comply with the standards when managing personal data being collected and handled for processing. Compliance shall be responsible for keeping and maintaining effective guidelines by providing second line oversight and monitoring of implementation.

To strengthen corporate governance, the AIA Philam Life Board of Directors appointed a Data Protection Officer for the company who is tasked to oversee the implementation of its Data Privacy Program based on the issued Implementing Rules and Regulations of the local law and ensure that appropriate operational controls are implemented across all units or departments.

AIA Philam Life's Data Privacy Program Manual and Policy Guidelines outlines the company's policy requirements and provides guidance to all employees, intermediaries, and third parties on how personal data should be collected, used, stored, transferred, and disposed. It further clarifies the roles and responsibilities of the employees and intermediaries about the relevant standards and procedural controls expected to be observed to secure and protect personal data.

CREDIT INFORMATION SYSTEM ACT (CISA)

Republic Act 9510, otherwise known as the Credit Information System Act, was passed in 2008 and created the Credit Information Commission (CIC) whose primary function is to act as the central registry of all credit information. As provided in the

law, the Securities and Exchange Commission (SEC) shall be the lead government agency to implement the CISA, in coordination with other relevant government agencies and private associations of financial institutions. It also prescribed additional requirements for the establishment of the Credit Information Corporation (CIC). Further, the SEC Chairman also sits as the Chairman of the Board of the CIC.

CISA addresses the need for a comprehensive, centralized, and reliable credit information system intended to:

1. Improve the overall availability of credit to Micro, Small, and Medium Enterprises (MSMEs).
2. Provide credit information at the least cost to eligible participants.
3. Ensure the protection of consumer rights and the existence of fair competition in the industry at all times.
4. Reduce the overall credit risk thereby contributing to a healthier and more stable financial system.

The CIC has three (3) important functions:

- To receive and consolidate basic credit data;
- To act as a central registry or repository of credit information; and
- To provide access to reliable, standardized information on credit history and financial condition of borrowers.

AIA Philam Life, as one of the covered companies under financial institutions, supports the commission's program and adheres to the requirements of the law by establishing its own set of systems and processes to ensure compliance with the requirements.

COMMUNICATION WITH REGULATORS AND OTHER GOVERNMENT OFFICIALS

Inquiries from regulators outside the normal course of AIA 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 authorized 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.

RELATIONSHIP WITH VENDORS AND SUPPLIERS

SOURCING POLICY/VENDOR MANAGEMENT

Business partners serve as extensions of AIA Philam Life to the extent that they operate within contractual relationships. Business partners are expected to adhere to the spirit of the AIA Code of Conduct and to any applicable contractual provisions.

Business partners must not act in a way that is prohibited or considered improper for an AIA Philam Life employee. Employees must ensure that customers, agents, and suppliers do not exploit their relationship with AIA Philam Life or use AIA Philam Life's name in connection with any fraudulent, unethical or dishonest transaction.

Suppliers and vendors are 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 are part of the vendor management program.

The total expenditure on goods and services from third party suppliers form a significant part of AIA Philam Life's operating cost. Any activity by a line of business to acquire goods/ services must be undertaken in a professional manner to ensure AIA Philam Life is able to maximize the value and manage risks associated with use of external suppliers.

The local Sourcing Policy sets out the framework within which AIA Philam Life must engage external suppliers for goods/ services and is supplemented by AIA Philam Life's Sourcing Practice Guide. This provides AIA Philam Life the standard processes and document templates in engaging suppliers that should be read in conjunction with the policy document.

The AIA Philam Life Sourcing Policy, with the AIA Group Sourcing Policy as a model, was defined with the primary objective to establish standardized sourcing procedures.

As set out in the AIA Group Sourcing Policy, a Local Sourcing Lead (LSL) or a designate is appointed and will be responsible for ensuring implementation, execution, update and compliance of the local policy. This person should closely work with the AIA Group Sourcing (GS) team.

SUPPLIER SELECTION

AIA Philam Life selects suppliers and vendors on the basis of performance and merit in accordance with a fair and transparent process. Appropriate due diligence is performed regarding potential agents, consultants, and independent contractors prior to engaging their services.

AIA Philam Life seeks supplier partnerships with diverse businesses, and values suppliers that share the company's dedication and commitment to diversity and social responsibility.

CONTRACT MANAGEMENT

AIA Philam Life adopted its Guidelines on Contract Management which aims to support the Philam Group in developing a sound, consistent, and effective approach to manage its diverse range of contracts. It deliberately focuses on the activities associated with the operational phase of the

contract from negotiations period up to after the contract has been awarded and is up and running. To facilitate proper implementation, the company appointed records coordinators who are tasked to oversee strict implementation of guidelines.

Record Coordinators are required on a yearly basis to submit a Certification that the following have been completed/ performed:

- Contract Register has been reviewed and is certified to be complete upon submission to the Records Manager.
- Contract in the submitted contract register have been reviewed by the Legal Department.
- Contracts are in place for all transactions/engagements/ undertakings/agreements.
- Contracts are executed in the best interest of the company.
- Contracts are signed by authorized signatories.
- Terms and Conditions specified in the contracts are complied with.

All contracts follow proper safekeeping as specified in AIA Philam Life's Contract Management Guidelines (both physical and electronic copies).

EMPLOYEE WELFARE

SAFE, HEALTHY & SECURE WORKPLACE

AIA Philam Life is a Safe, Healthy, and Secure Workplace. It observes Occupational Safety, Security, and Health Standards being promoted by the Department of Labor and Employment. AIA Philam Life conducts its business in a manner that protects the health, safety, and security of its 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. Avoiding security breaches, threats, losses and theft requires that all employees remain vigilant in the workplace and while carrying out business. Employees are encouraged to notify management or Corporate Security of any issue that may impact the company's security, fire and life safety, or emergency readiness.

Using, selling, possessing or working under the influence of illegal drugs at AIA Philam Life is strictly prohibited. At the same time, use of alcohol while conducting business for AIA Philam Life is also prohibited.

Physical security systems reduce the risk of exposure. Entry controls are implemented to ensure company's safety, security, and protection. Wearing of IDs and uniforms are strictly observed.

AIA Philam Life respects the personal information and property of employees. Employees expect the company to carefully maintain the personal information they provide. Employee trust must not be compromised by disclosing this information other than to those with a legitimate need to know.

Access to personal information or employee property is only authorized for appropriate personnel with a legitimate reason to access such information or property. From time to time, AIA Philam Life may access and monitor employee internet usage and communications to assess compliance with laws and regulations, policies and behavioral standards. Subject to local laws, employees shall have no expectation of privacy with regard to workplace communication or use of AIA and AIA Philam Life's information technology resources.

COMPLIANCE DISCIPLINARY FRAMEWORK AND GUIDELINES

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

MARKET CONDUCT GUIDELINES

AIA Philam Life envisions itself as having one of the highest sales standards in the life insurance industry in the Philippines. All agents and agency leaders are expected to conduct their business with the highest level of professionalism, ethical conduct, and personal integrity to protect the policyholders and the insuring public. AIA Philam Life will not tolerate any less.

The Market Conduct Guidelines is used as a guide by all agents and agency leaders in the conduct of their business and aid in the determination of what would be deemed proper conduct and behavior. It shall apply equally and consistently to the conduct of life insurance business practices and the sale of all financial

products. Any breach of the Market Conduct Guidelines may result in the imposition of a penalty on offender or violator. Compliance with these guidelines does not ensure a continued contractual relationship with AIA Philam Life. The company reserves the right at all times to terminate the contract of any agent in accordance with the terms of the contract entered into between AIA Philam Life and that of the agent.

The Market Conduct Disciplinary Committee evaluates all complaints and determines whether an agent has committed any wrongdoing. Any agent found guilty of any market conduct-related offense is subjected to appropriate sanctions. This Committee administers the rules of the Market Conduct Guidelines, company policies and other guidelines, and provides assistance to the Board of Directors and company's management to enable AIA Philam Life to continue operating according to the highest ethical business standards and the applicable laws and regulations.

THE SALES CODE OF DISCIPLINE

In pursuit of building and promoting professionalism and having one of the highest sales ethical standards in the life insurance industry, it is the policy of the company to set up measures of conduct and standards of behavior to instill a strong sense of discipline among its sales force. Disciplinary actions are corrective rather than punitive in nature.

In promoting professionalism among sales and moving towards self-regulation, the Office of the Insurance Commission and the Philippine Life Insurance Association support the need and use of penalties or sanctions or a combination thereof as the company deems fit.

The AIA Philam Life Sales Code of Discipline contains penalties associated with the breach of company policy, the market conduct guidelines, employment contract, laws, and regulations.

The objective is to establish uniform disciplinary sanctions amongst all sales personnel and adopt a systematic and equitable procedure in administering corrective measures. The sanctions, which may range from Written Reprimand to Termination of Employment, are applied accordingly depending on the gravity of the offense and as deemed appropriate by the company.

REPRESENTING THE COMPANY'S BRAND

SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES

AIA Philam Life recognizes the value of social media to engage with stakeholders in innovative and interactive ways. When using social media, every employee must conduct themselves professionally.

The Social Media Policy and Guidelines are intended to provide guidance to all AIA and AIA Philam Life employees on how to use social media to market the AIA brand and on the basic principles all employees should follow when using social media in a professional capacity or in a personal capacity where it may affect an employee's performance or AIA's business interests. The guidelines also apply to any comments employees may make or leave on other social media pages, edits to wikis, responses to tweets, postings on message boards/forums, opinions on online polls or any product/services AIA might create. Any breaches of the policy could lead to disciplinary action including dismissal.

ENTERPRISE RISK MANAGEMENT

ENHANCING VALUE BY ENSURING STABILITY

The company believes that sound risk management relies on 1) a strong corporate culture driven from the leadership where accountability over risks and effective controls are taken with seriousness across all levels of the corporate hierarchy and operating areas of the organization, and 2) a clear and effective Risk Management Framework that promulgates how risks are defined, measured, and mitigated.

AIA Philam Life operates using the three lines of defense model in running its Risk Management Framework (RMF). A very important characteristic of the model is to define primary risk ownership by the business areas in order to drive a strong culture of ethics and accountability in the way business is conducted day to day. In this way, risks are identified and mitigated immediately as they emerge.

The RMF is governed by the AIA Philam Life Risk Management Committee (RMC), which oversees and reviews both financial and operational risks, and ensures that appropriate risk policies and mitigation measures are in place.

The company has identified Risk Management Champions/ Risk and Compliance Champions (RICOs) in each functional unit to drive awareness for risk exposures and provide guidance on the RMF so they may be managed effectively. The RICOs also run regular Functional Unit Risk Management Committees (FuRMC) in order to properly document risk incidents, outstanding risks and measures taken, and identify new or emerging factors for risks such as new regulations, changes in market environment, etc. FuRMC was conceptualized in 2019 and formalized in 2020.

Risk awareness and advocating for early identification, reporting, and management of risks are embedded in the employees' performance management process.

The above are key parts of driving a strong risk culture with methods and values embedded across the different parts of the organization and corporate hierarchy.

The company methodically manages its risk exposures to financial risk within tolerances agreed by the Group Risk Management Committee and approved by the Board of Directors.

As an internal control procedure, risk metrics, risk tolerances, and limits were set to monitor risk exposure to ensure that the company is operating within its Risk Appetite. It also manages financial risk by periodically running specific scenario-modelling exercises.

The Risk and Compliance Function acts as the second line of defense as it implements the RMF, a method to identify, quantify, and mitigate risks within the company. On a regular basis, the company's Risk and Control Assessment Process identifies and assess its financial and operational risks against its Risk Appetite.

The company manages its financial risk by periodically running specific scenario-modelling exercises and benchmark against approved tolerance levels. Financial risk is subdivided into solvency, credit risk, market risk, and liquidity risk.

The company's operational risk, on the other hand is managed using the Operational Risk and Control Framework (ORCF). The framework starts with a prescription of the risk taxonomy. The taxonomy is an inventory of Operational Risks which is also known as Key Operational Risk (KOR).

An independent Audit Function acts as the third line of defense to provide to the Board of Directors insights of risk control effectiveness.

The RMC reports to the AIA Philam Life Board Risk Committee (BRC) which is responsible for oversight of the company's risk management activities. The BRC determines the Risk Appetite, the Risk Management Statement, and the Risk Management Framework of AIA Philam Life, and advises and assists the Board of Directors in the review and approval of these matters.

MANAGING FINANCIAL RISKS

Exposure to financial risk is managed within tolerances agreed by the RMC. As an internal control procedure, risk metrics, risk tolerances, and limits were set to monitor risk exposure and to ensure that AIA Philam Life is operating within the Risk Appetite. Financial risk is also managed by periodically running specific scenario-modelling exercises.

Financial risk is subdivided into credit risk, market risk, and liquidity risk. The primary source of credit risk is the investment portfolio, but such risk could also arise through reinsurance, procurement, and treasury activities. Credit risk management starts with the assignment of internal ratings to all counterparties.

The BRC approves a matrix of risk tolerances that ensures that credit risk in the investment portfolio is contained within the Risk Appetite. These limits cover individual counterparty, segmental concentration, and cross-border exposures. The Investments Team has discretion to shape the portfolio within these credit limits, seeking further approvals through the risk governance framework. If certain investments are technically within credit limits but there is a specific concern, these are brought to the attention of the RMC or the Investments Committee, as appropriate.

Market risk is the risk of financial loss from adverse movements in the value of assets owing to market factors, including changes in interest and foreign exchange rates, as well as movements in the spread of credit instruments to corresponding bonds, "Credit Spread Risk" and in equity and property prices.

The BRC approves policies and metrics used in evaluating market risk exposures. The different Market Risks are managed thusly:

Interest Rate Risk: by ensuring appropriate insurance design and underlying assumptions as part of the product approval process and by matching, to the extent possible and appropriate, the duration of investment assets with the duration of insurance liabilities. Interest Rate Risk arises from any difference between the duration of the company's liabilities and assets, in particular in relation to the reinvestment of maturing assets to meet commitments, predominantly in insurance liabilities. This exposure can be heightened in products with inherent options or guarantees.

Credit Spread Risk: by focusing on the overall quality and diversification of investment portfolios and avoid excessive volatility in their mark-to-market value. Credit Spread Risk arises from changes in the market value of non-government securities as a result of a change in perception as to their likelihood of repayment.

Equity Price Risk: by managing concentrations and volatility in equity exposures, which are included in the aggregate exposure reports on individual counterparties to ensure concentrations are avoided. Equity Price Risk arises from changes in the market value of equity securities and equity funds. Investment in equity set on a long-term basis is expected to provide diversification benefits and improve returns.

Foreign Exchange Rate Risk: by matching assets and liabilities by currency. Foreign Exchange Risks arise from the translation of dollar-denominated assets and liabilities to local currency for financial reporting purposes.

Liquidity Risk occurs in two ways: Financial Liquidity Risk and Investment Liquidity Risk. Financial Liquidity Risk is managed by determining limits for activities to ensure that sufficient cash is available to meet payment obligations to counterparties when they fall due. Investment Liquidity Risk is managed through continuous assessment of the relative liquidity of the company's assets and managing the size of individual holdings through limits.

MANAGING OPERATIONAL RISKS

Operational Risk, on the other hand, is managed using the Operational Risk and Control Framework (ORCF). The framework starts with a prescription of the risk taxonomy. The taxonomy is an inventory of Operational Risks which is also known as Key Operational Risk (KOR).

At least once a year, business units are required to assess the KORs that are applicable to their operations for proper risk management. At an Enterprise Level, each Executive Committee has been identified to own each of these KORs for management and governance.

KORs is divided into nine high level risks, namely: (1) Conduct; (2) Execution, Delivery and Process Management; (3) External Event; (4) Financial Crime; (5) Fraud; (6) People; (7) Information; (8) Technology; and (9) Legal and Compliance. These KORs are defined to greater granularity in each of the impacted business unit with appropriate controls regularly assessed for effectiveness.

KORs are measured inherently and residually using the risk assessment methodology. Inherent means assessment is solely to the profile of the KOR while residual considers the controls attached to these risks to either mitigate or reduce the effect of such risk should it crystalize. Key Risk Indicators (KRI) is used as an indicative data of the risk profile on top of the control assessment.

Risk assessment is conducted on a quarterly basis where the result is presented and discussed to each business unit's Functional Risk Management Team (FuRMC). This committee is chaired by the risk owner of each of the business units.

Risk assessment result would identify the position of each key risks in relation to the Risk Appetite. In the event that the risk is above the approved appetite, Risk Owner will have to come up with a remediation plan which will be presented and monitored to the above committees mentioned.

MANAGING PRODUCT RISK

The pricing and risk management of all new products must have regard to the following over-arching principles:

1. Purpose. Products must serve a defined business purpose.
2. Compliance. Products must comply with all applicable laws, regulations and internal policies.
3. Customer-Centricity. Products should provide attractive value to customers and reasonable compensation to distributors. Products should fulfill the principles stated in the Customer Commitment Policy.
4. Profitability. Products should generate reasonable profit to the company at a reasonable pace.
5. Capital Efficiency. Products should deliver a minimum return on the capital consumed; not consume excessive capital of the company; and not tie up the company's capital for a prolonged period.
6. Sustainability and Risk Management. Products should remain profitable within a reasonable range of adverse deviations from pricing assumptions. A product must be priced using prudent pricing assumptions based on timely experience studies. Appropriate cost of options and guarantees needs to be reflected in pricing of products with embedded options and guarantees. Pricing assumptions should reflect appropriate asset-liability management.

AUDIT AND RELATED PARTY TRANSACTIONS (RPT) COMMITTEE

The Audit and Related Party Transactions (RPT) Committee of AIA Philam Life 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 organization are in place.

At the end of 2019, the Audit and RPT Committee members were Antonino Aquino as the Chairman and Joaquin Quintos IV, Francis Estrada, and Jacky Chan as the members. Antonino Aquino, Joaquin Quintos IV, and Francis Estrada were independent directors while Jacky Chan was a non-executive director. Each Audit and RPT 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 and RPT Committee members.

The Audit and RPT Committee has adopted formal terms of reference (Terms of Reference for the Audit and RPT Committee) to detail its responsibility for oversight of the organization's corporate governance process. The Committee, while exercising its oversight role, relies on the expertise of Management and works with Group Internal Audit (GIA) and External Auditors, Isla Lipina & Co./ PricewaterhouseCoopers,

to ensure the integrity of the financial statements and the continuous review of the organization's governance process, risk management and internal controls including compliance with the law and relevant standards.

The Audit and RPT Committee, in accordance with its responsibilities outlined in the Terms of Reference for the Audit and RPT Committee, developed an annual calendar and meeting agenda for 2019. From 1 January to 31 December 2019, the Audit and RPT Committee met four times. In these meetings, the Audit and RPT Committee met with Senior Management, GIA, the Compliance Office and the organization's External Auditors. Among the agenda items discussed were the approval of the Annual Audit plan, Group Internal Audit updates, results of Compliance reviews, approval of the significant related party transactions and updates from the External Auditors. Group Internal Audit updates include the results of completed audit projects, the status of the audit plan, and tracking of open issues. In 2019, the Audit and RPT Committee also met separately with GIA and the External Auditors without management being present.

GROUP INTERNAL AUDIT

The Audit and RPT Committee Terms of Reference provide the Committee the authority to organize an internal audit department and consider and approve the appointment and removal of an independent internal auditor and the terms and conditions of engagement and removal, in consultation with the AIA Group Head of Internal Audit. Internal audit function is carried out by Group Internal Audit (GIA).

GIA's mission is to provide independent and objective assessment and reporting of the overall effectiveness of risk management, internal controls, and governance processes across the Group, and appropriately challenge executive management to improve the effectiveness of these processes. 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 finalizing the audit plan, input and expectations from key stakeholders are considered prior to the final Audit and RPT Committee approval. The GIA is directly overseen and supported by the AIA Group Internal Audit, and functionally reports to the Audit and RPT Committee, while administratively reporting to the Chief Executive Officer. The Audit and RPT Committee ensures that GIA is given unrestricted access to all records, properties and personnel to enable them to perform their audit function.

The Head of GIA, on behalf of the GIA function, is responsible for reporting the result of internal audit work to the Audit and RPT Committee on a regular basis. In overseeing the internal audit function, the Audit and RPT Committee is actively involved

in approving the internal audit plan including any subsequent changes, assessing the result of audit projects and monitoring the resolution of key issues noted. The Audit and RPT Committee is aware of the process by which assessment of the effectiveness of internal controls, risk management, financial reporting, and information technology security are conducted.

ENGAGEMENT WITH THE EXTERNAL AUDITORS

The Audit and RPT Committee, on behalf of the Board of Directors, is responsible for the appointment, re-appointment, or removal of the External Auditors. For 2019, the Audit and RPT Committee has approved the re-appointment of Isla Lipana & Co./PricewaterhouseCoopers as the External Auditor. The Audit and RPT Committee has reviewed and approved accordingly the scope and coverage of the Statutory Audit for 2019. Although Management has the primary responsibility for the financial statements and the reporting process, the Audit and RPT Committee, having the oversight role, has noted and reviewed the audited financial statements for the calendar year 2019. The Audit and RPT Committee concurred and accepted the conclusion of the External Auditors on the financial statements, and was satisfied that the financial statements were in compliance with Philippine Financial Reporting Standards as assessed by the External Auditors.

For 2019, the audit fees of Isla Lipana & Co./PricewaterhouseCoopers amounted to seven million, seven hundred seventy-three thousand and seven hundred seventy-one Philippine Pesos (PHP7,773,771.00), exclusive of out-of-pocket expenses and value added tax (VAT). There were no non-audit fees paid to Isla Lipana & Co./PricewaterhouseCoopers for 2019.

RELATED PARTY TRANSACTIONS POLICY

AIA Philam Life recognizes that transactions between and among related parties create financial, commercial and economic benefits to the company and to the entire Group where it belongs, and the company has the corresponding duty to exercise appropriate oversight and implement effective control systems for managing its related party transactions to ensure that the interest of the company, its shareholders, policyholders, clients, creditors, and other stakeholders are adequately protected. In this regard, the Board of Directors has recently approved the Revised Related Party Transactions (RPT) Policy of the company, to ensure that there is an effective compliance with the existing laws, rule and regulations at all times; that all related party transactions are conducted on an arm's length basis; and that no stakeholder is unduly disadvantaged.

Under the Policy, all transactions of the company must be properly screened to determine if they are between related parties. All RPTs are required to be on normal commercial

terms, at arm's length, and fair and reasonable in the interest of AIA Philam Life. A transaction may be deemed to be at arm's length if no preferential treatment is given to a related party and the terms and conditions are not more favorable than similar transactions with non-related parties. The company has put in place an effective screening and price discovery system (i.e. transfer pricing study) and due diligence and approval process to determine if the parties are related parties and if the transaction is on an arm's length basis.

Under the Policy, if a particular transaction is considered to involve related parties, the same shall be endorsed to the Regulatory and Compliance Committee for appropriate action. The Committee should, to the extent applicable, take into account the following considerations: a) reputational risk issues, if any; b) possible improper conflict of interest taking into account the size of the transaction and the significant influence of any director, officer, stockholder, related interest or close family members in the outcome of the transaction; c) the availability of other sources of comparable products or services; d) material facts and proposed aggregate value of the transaction; and, e) any other relevant information (e.g. price discovery mechanism, etc.) to allow determination if the terms are comparable to those given to unrelated parties or reasonable under the circumstances.

If said RPT falls below the materiality threshold prescribed by the Policy, the Regulatory and Compliance Committee will have the authority to approve the same, subject to the Audit and RPT Committee's confirmation. Otherwise, the former will endorse the transaction to the latter for its consideration and approval.

As provided in the Terms of Reference of the AIA Philam Life Audit and RPT Committee, the latter will have, among others, the following responsibilities: 1) assist the Board in carrying out its responsibilities pertaining to related party transactions, particularly in ensuring that all transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations; 2) evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from nonrelated to related and vice versa) are captured; 3) evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the company are misappropriated or misapplied; and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions; 4)

ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interests. The disclosure will include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the company's affiliation or transactions with other related parties; 5) ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process; and 6) oversee implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

All RPTs that are considered material, including write-off of material exposures and renewal of material changes in the terms and conditions of the RPTs, based on the company's Internal RPT Policy, shall be endorsed by the Audit and RPT Committee to the Board of Directors for approval and to the stockholders of the company for confirmation, during the annual stockholders' meeting.

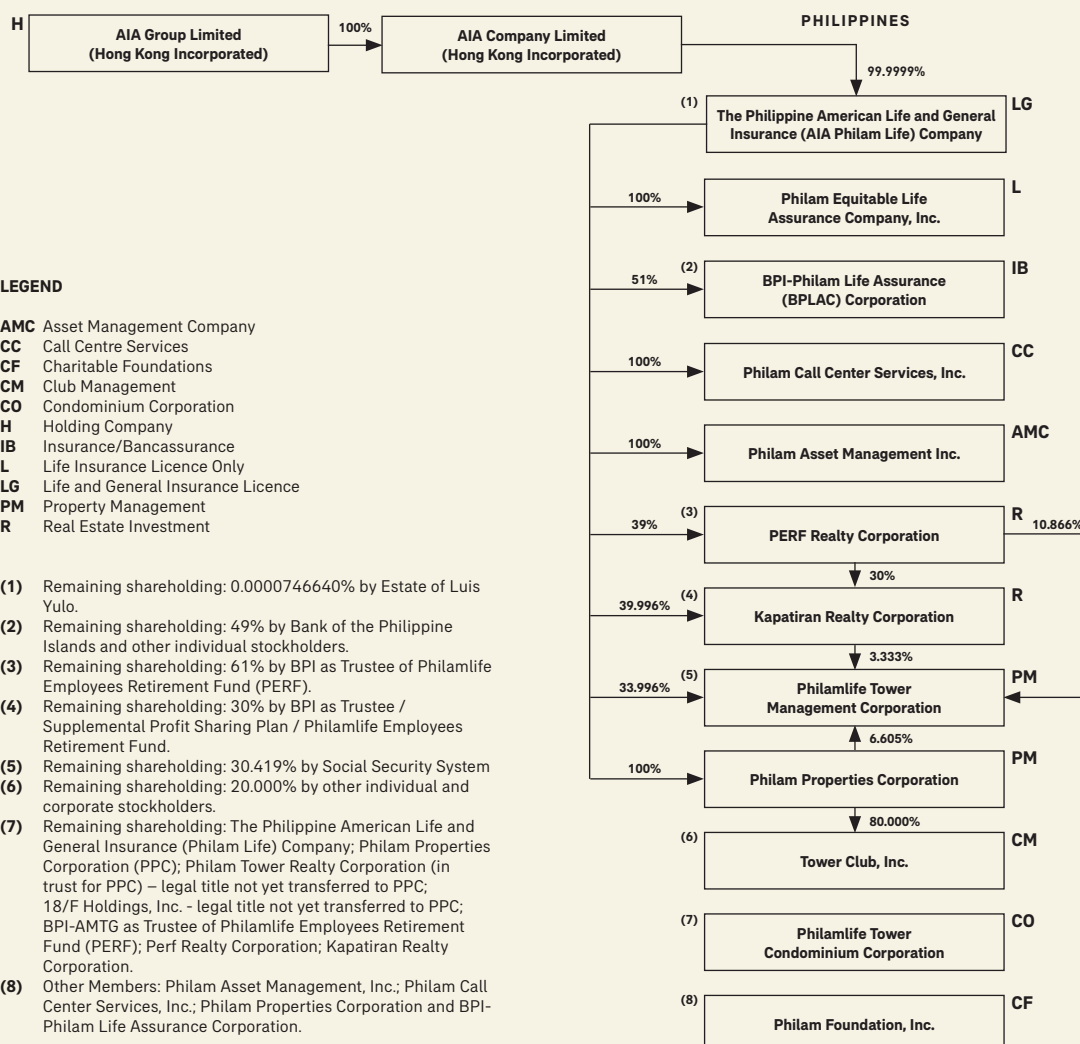
The Board of Directors shall be the final approving authority of all material RPTs. Any member of the relevant Committees or the Board who has an interest in a transaction must abstain from deliberation and approval of such transaction. The AIA Philam Life Directors, officers and employees, which have been made fully aware of the Policy, are strictly mandated to comply at all times with the guidelines, protocols, and processes on related party transactions as set forth in the Policy.

For 2019, the company declares that all related party transactions are conducted in arms' length basis. The company has no RPTs that can be classified as financial assistance to entities other than wholly owned subsidiary companies. The company also 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.

LIST OF STOCKHOLDERS

	Shares Held	Class	Amount Paid	Percent of Ownership	Nationality	Beneficiary Ownership	Date of First Appointment
AIA Company Limited	199,560,514	Common	1,995,605,140.00	99.99993%	Hong Kong SAR		
Jacky Chan (Non-Executive Director/Chairman)	1	Common	10.00		Chinese	AIA Company Ltd	01 Jun 2017
Kelvin Ang (Executive Director/Chief Executive Officer)	1	Common	10.00		Malaysian	AIA Company Ltd	01 Mar 2019
Ariel Cantos (Non-Executive Officer)	1	Common	10.00		Filipino	AIA Company Ltd	16 Jul 2013
Francis Estrada (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd	18 Apr 2006
Antonino Aquino (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd	22 Apr 2015
Joaquin Quintos IV (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd	22 Apr 2015
Doris Magsaysay Ho (Independent Director)	1	Common	10.00		Filipino	AIA Company Ltd	22 Apr 2015
Clive Anderson (Non-Executive Director)	1	Common	10.00		Canadian	AIA Company Ltd	04 Feb 2019
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

Authorised Capital Stock:

PHP2,000,000,000.00

Subscribed and Paid-Up:

PHP1,995,606,710.00

No. of Shares Issued and Outstanding:

199,560,671 shares

Treasury Share:

439,329 as of April 2016

Par Value:

PHP10.00/share

AUDITED FINANCIAL STATEMENTS





**The Philippine American Life and
General Insurance Company**

16F – 18F Philam Life Head Office
So/NEO (formerly Net Limu Building)
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Bonifacio Global City, Taguig 1643, Philippines
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E: philamlife@ala.com
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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of The Philippine American Life and General Insurance (Philam Life) Company is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the shareholders.

Isla Lipana & Co., the independent auditor appointed by the shareholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the shareholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature _____
Mr. Wing Shing Chan
Chairman of the Board

Signature _____
Mr. Chee Keong (Kelvin) Ang
President and Chief Executive Officer

Signature _____
Mr. Gary Ogilvie
Chief Financial Officer

Signed this ____ day of April 2020

Statements of Financial Position

December 31, 2019 and 2018

All amounts in thousands of Philippines Peso

	Dec. 31, 2019	Dec. 31, 2018
Assets		
Cash and cash equivalents	5,580,378	2,246,507
Insurance receivables, net	20,410,873	1,510,253
Financial assets at fair value through profit or loss	60,387,375	54,883,884
Available-for-sale financial assets	161,348,699	147,236,080
Loans and receivables, net	23,064,195	23,517,084
Accrued income	3,271,787	3,251,885
Investment in subsidiaries and associates	3,197,523	2,947,523
Investment properties	6,898,104	6,478,706
Property and equipment, net	2,911,451	2,036,615
Other assets, net	5,903,891	5,525,353
Total assets	292,974,276	249,633,890
Liabilities and Equity		
Insurance contract liabilities, net	160,896,347	149,853,449
Policyholders' dividends	7,391,566	7,727,380
Liabilities for supplementary contracts	614,723	638,896
Premium deposit fund	980,850	883,473
Insurance payables	22,493,292	2,079,801
Accounts payable and accrued expenses	5,371,540	5,197,077
Deferred tax liabilities, net	1,236,653	1,234,442
Other liabilities	2,787,785	1,447,495
Total liabilities	201,772,756	169,062,013
Share capital	2,000,000	2,000,000
Contributed surplus	25,000	25,000
Treasury shares	(109,832)	(109,832)
Reserves	23,413,288	13,043,885
Retained earnings		
Appropriated	-	7,425,653
Unappropriated	65,873,064	58,187,171
Total equity	91,201,520	80,571,877
Total liabilities and equity	292,974,276	249,633,890

Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

All amounts in thousands of Philippines Peso

	Dec. 31, 2019	Dec. 31, 2018
Premiums and Other Income		
Gross premiums on insurance contracts	20,875,091	22,712,281
Reinsurers' share of gross premiums on insurance contracts	(4,238,656)	(346,521)
Net insurance premiums	16,636,435	22,365,760
Investment income	13,110,527	13,303,656
Fee income from unit-linked funds	1,201,091	947,500
Fair value gains (losses), net	3,485,694	(5,799,607)
Realized gains on available-for-sale financial assets, net	720,356	458,845
Foreign exchange (losses) gains, net	(1,410,574)	1,383,085
Other income, net	386,011	
Total premiums and other income	34,129,540	32,659,239
Expenses		
Benefits and claims paid on insurance contracts, net	18,833,597	17,922,127
Change in insurance contract liabilities, net	(344,927)	(4,783,503)
Commissions and other acquisition expenses	2,308,822	3,247,624
General and administrative expenses	3,050,412	2,767,611
Investment expenses	816,003	676,571
Insurance taxes, licenses and fees	270,804	292,949
Other expenses, net	-	4,768
Total expenses	24,934,711	20,128,147
INCOME BEFORE INCOME TAX	9,194,829	12,531,092
INCOME TAX EXPENSE	1,508,936	2,746,849
NET INCOME FOR THE YEAR	7,685,893	9,784,243
Other Comprehensive Income (Loss)		
Item that will be subsequently reclassified to profit or loss		
Net fair value changes on available-for-sale financial assets	20,317,333	(20,195,138)
Items that will not be subsequently reclassified to profit or loss		
Remeasurement of insurance contract liabilities	(9,997,746)	11,869,746
Remeasurements of retirement and other post-employment benefit schemes	7,265	573,240
Fair value gains (losses) on property and equipment, net	31,037	(15,308)
Total other comprehensive income (loss)	10,357,889	(7,767,460)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	18,043,782	2,016,783

Statement of Changes in Equity

For the years ended December 31, 2019 and 2018

All amounts in thousands of Philippines Peso

	Share capital	Contributed surplus	Treasury shares	Reserves	Retained Earnings Appropriated	Retained Earnings Unappropriated	Total equity
BALANCES AS AT JANUARY 1, 2019	2,000,000	25,000	(109,832)	20,814,528	-	55,828,581	78,558,277
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR							
Net income for the year	-	-	-	-	-	9,784,243	9,784,243
Other comprehensive loss	-	-	-	(7,767,460)	-	-	(7,767,460)
	-	-	-	(7,767,460)	-	9,784,243	2,016,783
TRANSACTIONS WITH OWNERS							
Appropriation for the year	-	-	-	-	7,425,653	(7,425,653)	-
Cost of share-based payments	-	-	-	(3,183)	-	-	(3,183)
	-	-	-	(3,183)	7,425,653	(7,425,653)	(3,183)
BALANCES AS AT DECEMBER 31, 2018	2,000,000	25,000	(109,832)	13,043,885	7,425,653	58,187,171	80,571,877
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR							
Net income for the year	-	-	-	-	-	7,685,893	7,685,893
Other comprehensive income	-	-	-	10,357,889	-	-	10,357,889
	-	-	-	10,357,889	-	7,685,893	18,043,782
TRANSACTION WITH OWNERS							
Release of appropriation	-	-	-	-	(7,425,653)	7,425,653	-
Dividend payment	-	-	-	-	-	(7,425,653)	(7,425,653)
Cost of share-based payments	-	-	-	11,514	-	-	11,514
	-	-	-	11,514	(7,425,653)	-	(7,414,139)
BALANCES AS AT DECEMBER 31, 2019	2,000,000	25,000	(109,832)	23,413,288	-	65,873,064	91,201,520

28 Related party transactions

In addition to the Ultimate Parent Company, Parent Company, the Company's subsidiaries and associates (Note 8) and PAMI-managed funds (Note 6), the Company transacts with the following related parties in the normal course of conducting its business:

Related party	Relationship
AIA Re	Related entity under common control of the Ultimate Parent Company
AIA Shared Services (Hong Kong) Limited	Related entity under common control of the Ultimate Parent Company
AIA IT Guangzhou Co. Ltd.	Related entity under common control of the Ultimate Parent Company
AIA IT (Beijing) Co. Ltd.	Related entity under common control of the Ultimate Parent Company
AIA Shared Services Sdn. Bhd.	Related entity under common control of the Ultimate Parent Company
AIA Investment Management Private Limited	Related entity under common control of the Ultimate Parent Company
AIA Singapore Private Limited	Related entity under common control of the Ultimate Parent Company
Tower Club, Inc. ("TCI")	Related entity under common control through PPC
Philamlife Tower Condominium Corporation	Other related entity
Philam Foundation Inc. ("PFI")	Other related entity

28.1 Summary of transactions with related parties

The significant related party balances and transactions as at and for the years ended December 31 are summarized as follows:

28.1.1 Insurance activities with related parties

As part of the Company's insurance business, the Company entered into various reinsurance agreements with its related parties.

	2019		2018	
	Transactions during the year	Outstanding net balances at December 31	Transactions during the year	Outstanding net balances at December 31
Parent Company				
Premiums ceded	2,349	412	2,465	(963)
Benefits ceded	(1,639)		(631)	
Related entities under common control of the Ultimate Parent Company				
Premiums ceded	3,670,678	(206,720)	179,082	(23,490)
Benefits ceded	(2,239,627)		(198,126)	
Commissions ceded	(664,633)		(675)	
Subsidiaries				
Premiums assumed	(348,626)	(1,672,766)	(380,380)	(2,558,963)
Benefits assumed	(107,869)		(273,089)	
Commissions assumed	207,751		286,495	

As disclosed in Note 3, the Company entered into a coinsurance agreement with AIA Re (as reinsurer) which required the Company to hold certain amounts (funds withheld) on behalf of AIA Re. As at December 31, 2019, funds withheld for AIA Re amounts to P18,916.51 million (2018 - nil) (Note 3).

28.1.2 Investment and financing activities with related parties

	Notes	2019		2018	
		Transactions during the year	Outstanding net balances at December 31	Transactions during the year	Outstanding net balances at December 31
Ultimate Parent Company					
Notes receivable	(a)				
Principal*		-	31,365,549	-	30,490,288
Interest*		(1,091,507)	266,331	(939,626)	280,057
Parent Company					
Dividends paid to Parent Company	16	7,425,647	-	-	-
Related entities under common control of the Ultimate Parent Company					
Investment management fees		5,061	(5,058)	-	-
Subsidiaries					
Capital infusion	8	250,000	-	-	-
Mortgage and other loans	(b)				
Principal		(61,367)	536,684	(61,183)	598,051
Interest		(42,686)	185,847	(46,410)	175,778
Dividend income from subsidiaries	8	(871,682)	135,000	(934,819)	60,047
Investment management fees	(c)	(712,936)	-	(588,552)	-
Associates					
Dividend income	18	(16,792)	-	(17,092)	-
Managed funds					
Investment placements	(c)				
Purchases	4,6	5,877,644	43,694,279	11,277,500	36,672,718
Disposals		(565,254)	-	(3,586,020)	-

*Includes impact of foreign currency revaluation

- (a) The Company invested in medium-term notes issued by AIAGL. These are classified as part of AFS financial assets (Note 4). The notes will mature on various dates ranging from 2023 to 2027 and bear interest based on LIBOR.
- (b) The Company entered into various loans payable on demand with PRC for operations and investments purposes which bears interest of 6% paid semi-annually and matures in 2027. The Company also has a secured loans receivable from KRC which bears annual interest of 15.5% and matures in 2025 (with a two-year grace period on the principal). This loan is collateralized by a parcel of land owned by KRC with a fair value of P47.10 million as at December 31, 2019 (2018 - P47.10 million).

The movement in the loan balance for the years ended December 31 follow:

	PRC	KRC	Total
As at January 1, 2018	642,687	16,547	659,234
Principal repayment	(60,000)	(1,183)	(61,183)
As at December 31, 2018	582,687	15,364	598,051
Principal repayment	(60,000)	(1,367)	(61,367)
As at December 31, 2019	522,687	13,997	536,684

- (c) The Company invests in mutual funds managed by PAMI (Note 6). The investment in mutual funds are classified as AFS financial assets with mark-to-market movements taken up directly to equity (Note 4). The Company also pays PAMI management fees for PAMI's services as investment manager of the Company's investments.

28.1.3 Shared service activities and other transactions with related parties

Transactions under this category include non-interest-bearing cash advances to and from subsidiaries and entity under common control for payment of other expenses, rental, management and other service fees, and donations.

	2019		2018	
	Transactions during the year	Outstanding net balances at December 31	Transactions during the year	Outstanding net balances at December 31
Ultimate Parent Company				
Shared services and other charges	44,984	(19,833)	17,702	(20,097)
Parent Company	475,332	(154,398)	345,256	(61,114)
Related entities under common control of the Ultimate Parent Company				
Subsidiaries	446,617	(132,250)	345,800	(43,238)
Other related entity	(1,235,925)	326,413	(1,090,605)	307,573
	50,242	-	48,199	-

28.2 Reconciliation of outstanding related party balances as at December 31

The outstanding balances arising from transactions with related parties are unguaranteed and unsecured (except for collateralized loans receivable), non-interest-bearing (other than loans and notes receivable which are interest-bearing) and are payable on demand (except those with fixed maturity/repayment dates). The amounts will be settled in cash at gross amounts. There are no guarantees provided arising from transactions with related parties. No provision for impairment has been made for amounts owed by related parties since collection is deemed to be reasonably certain.

The significant related party balances and transactions as at and for the years ended December 31 are summarized as follows:

(a) Receivable balances arising from:

	Insurance activities	Investment and financing activities	Shared service activities and other transactions	Total
2019				
Ultimate Parent Company	-	31,631,880	-	31,631,880
Parent Company	2,210	-	101	2,311
Related entities under common control of the Ultimate Parent Company	19,559,644	-	-	19,559,644
Subsidiaries	185,027	857,531	348,616	1,391,174
Managed funds	-	43,694,279	-	43,694,279
	19,746,881	76,183,690	348,717	96,279,288
2018				
Ultimate Parent Company	-	30,770,345	-	30,770,345
Parent Company	998	-	-	998
Related entities under common control of the Ultimate Parent Company	851	-	-	851
Subsidiaries	991,756	833,876	344,499	2,170,131
Managed funds	-	36,672,718	-	36,672,718
	993,605	68,276,939	344,499	69,615,043

Receivable balances are included under the following accounts in the statement of financial position as at December 31:

	Notes	2019	2018
Financial assets at FVTPL	4,6	43,694,279	36,672,718
AFS financial assets	4	31,365,549	30,490,288
Insurance receivables, net	3	19,746,881	993,605
Loans and receivables, net	5	885,401	942,550
Accrued income	7	587,178	515,882
		96,279,288	69,615,043

(b) Payable balances arising from:

	Insurance activities	Investment and financing activities	Shared service activities and other transactions	Total
2019				
Ultimate Parent Company	-	-	(19,833)	(19,833)
Parent Company	(1,798)	-	(154,499)	(156,297)
Related entities under common control of the Ultimate Parent Company	(19,766,364)	(5,058)	(132,250)	(19,903,672)
Subsidiaries	(1,857,793)	-	(22,204)	(1,879,997)
	(21,625,955)	(5,058)	(328,786)	(21,959,799)
2018				
Ultimate Parent Company	-	-	(20,097)	(20,097)
Parent Company	(1,961)	-	(61,114)	(63,075)
Related entities under common control of the Ultimate Parent Company	(24,341)	-	(43,238)	(67,579)
Subsidiaries	(3,550,719)	-	(36,926)	(3,587,645)
	(3,577,021)	-	(161,375)	(3,738,396)

Payable balances are included under the following accounts in the statement of financial position as at December 31:

	Notes	2019	2018
Insurance payables	14	(21,904,430)	(1,815,473)
Accounts payable and accrued expenses	15	(333,844)	(161,375)
Insurance contract liabilities	13	278,475	(1,761,547)
		(21,959,799)	(3,738,396)

28.3 Transactions with key management personnel and employee retirement funds

Key management personnel of the Company include all officers with the rank of Vice-President and up.

The salaries, wages and other employment benefits paid to the Company's key management personnel for the years ended December 31 follow:

	2019	2018
Salaries, wages and other benefits, including share-based compensation	441,315	402,380
Retirement benefits	1,685	25,879
	443,000	428,259

As at December 31, 2019, outstanding receivables from key management personnel amount to P7.97 million (2018 - P7.83 million) and is presented as part of Loans and receivables, net (Note 5). There are no payable balances due to key management personnel for the years ended December 31, 2019 and 2018.

For the year ended December 31, 2019, the total remuneration of the Company's directors is P7.96 million (2018 - P6.52 million).

The Company's transaction with the employee retirement funds for the years ended December 31, 2019 and 2018 are limited to contributions and benefit payments to retiring employees (Note 25).

29 Subsequent events

The following transactions and events have occurred subsequent to the year ended December 31, 2019:

- Transfer of operations of PAMI (Note 8)
- Dividend declaration and payment (Note 16)
- Impact of coronavirus disease (COVID-19) pandemic

On March 16, 2020, the Philippine government declared the entire Luzon island under an enhanced community quarantine (ECQ) due to the increasing number of COVID-19 cases in the country. The ECQ, which is set to last until April 30, 2020, mandated the closure of non-essential business establishments and home quarantine. The event resulted in a reduced volume of sales in the months of March and April 2020. Measures to manage financial risks are in place to ensure that future events that expose risk to the Company arising from COVID-19 are kept to a minimal extent.

30 Critical accounting estimates, assumptions and judgments in applying the Company's accounting policies

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

30.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

- Determination of fair value of financial assets not quoted in an active market (Note 4)
- Determination of fair value of investment properties and own-use properties (Notes 9 and 10)

The Company engaged external, independent and qualified valuers to determine the fair value of the Company's investment properties and own-use properties at the end of every financial year. Valuations are performed on an annual basis enough to ensure that the fair value of a revalued asset does not differ significantly from its carrying amount.

In estimating the fair value of the investment properties and own-use properties, the Company generally applies any one or a combination of the three (3) approaches, namely:

- The Market Approach is an approach of comparing prices paid for comparable properties sold in the market against the subject property. The weight given to this approach is dependent on the availability of recent confirmed sales of properties considered comparable to the property under appraisal. These sold properties are compared to the subject in key units of comparison. Appropriate adjustments are made for differences between the subject and the comparable, resulting in adjusted sales values for each of the comparable. These adjustments are then reconciled for a value conclusion by the Comparative Market Analysis.
- The Income Approach (or Discounted Cash Flow Analysis) is based on the premise that the value of a property is directly related to the income it generates. This approach converts anticipated future gains to present worth by projecting reasonable income and expenses for the subject property. This is considered appropriate for valuing investment properties, as it mirrors the analysis to typical investors.
- The Cost Approach (or Depreciated Replacement Cost Method) is based on the principle of substitution, which holds that an informed buyer would not pay more for a given property than the cost of buying an equally desirable alternative. The methodology of the Cost Approach is a set of procedures that estimate the current reproduction cost of the improvements, then deducting accrued depreciation from all sources, and adding the value of the land.

ABOUT AIA PHILAM LIFE

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

AIA Philam Life has PHP291.38 billion in total assets as of 31 December 2019, while serving over 500,000 individual policyholders and over 1,500,000 insured group members.

AIA Philam Life understands the needs of its customers and provides holistic solutions that include 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 (BPLAC) and Philam Asset Management Inc. (PAMI).

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

ABOUT THE PHILAM GROUP

The Philam Group comprises the biggest life insurance company in the Philippines. By putting its customers at the center of its operations, the Philam Group has earned the trust of its stakeholders and has achieved continued growth over the years.

The Philam Group was formed with the mission of empowering Filipinos to achieve financial security and prosperity. Through its strong network, it is able to offer financial solutions such as life protection, health insurance, savings, education, retirement, investment, group and credit life insurance, and fund management products and services.

After the establishment of AIA Philam Life in 1947, the Philam Group has since expanded to include other affiliate companies, namely: BPI-Philam Life Assurance Company (BPLAC), Philam Asset Management Inc. (PAMI), Philam Call Center, and Philam Foundation.

Based on the Insurance Commission results as of 31 December 2019, the combined total premium income of AIA Philam Life and BPLAC is at PHP33.87 billion. Its strength and stability are solidified by AIA Philam Life's assets at PHP249.6 billion and net worth at PHP78.9 billion. It is a member of AIA Group Limited, the largest independent publicly listed pan-Asian life insurance group.



The Philippine American Life & General Insurance Company
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