



BPI



VENTURING TOWARDS BETTER

ANNUAL REPORT 2022



Table of Contents

CHAPTER

| | |
|---|-----------|
| I. BPI AIA at a Glance (Mission/Vision, Awards, Citations) | 04 |
| BPI at a Glance | |
| AIA Philippines at a Glance | |
| AIA at a Glance | 05 |
| Mission and Vision | |
| II. Message from the CEO | 06 |
| III. Financial Highlights (FYP, Renewal Premium, Gross Investment Income, Fee Income, Net Income, Total Assets, Shareholders Equity) | 08 |
| IV. Business Highlights | |
| Products..... | 11 |
| Segments..... | 12 |
| Non-Traditional Partnerships | 13 |
| Marketing | 14 |
| Agile Tribe | 16 |
| Our Salesforce..... | 17 |
| Corporate Solutions | 17 |
| Customer Experience and Ease of Doing Business | 18 |
| Our People | 20 |
| Health and Wellness | 25 |
| V. Corporate Governance | |
| Capital Structure..... | 30 |
| List of Stockholders | 30 |
| Board of Directors..... | 31 |
| Board Support..... | 37 |
| Corporate Governance..... | 39 |
| Corporate Governance Framework | 39 |
| Roles and Responsibilities of the Board..... | 40 |
| Board Independence and Diversity..... | 40 |
| Board Process..... | 40 |
| Board and Senior Management Succession and Selection Process..... | 41 |
| Fee Structure and Remuneration of Directors..... | 41 |
| Remuneration Policy for Executive Director and CEO | 42 |
| Election of Directors | 42 |
| Orientation Program and Training | 43 |
| Performance Evaluation | 43 |
| Retirement Benefit | 44 |
| Dividend Policy..... | 45 |
| Rewarding Performance..... | 45 |
| Board Committees | 46 |
| Board Meetings | 46 |
| New Board Charter, Revised Corporate Governance Manual and Policies | 47 |
| Stakeholder Engagement Framework..... | 49 |

| | |
|--|----|
| Annual Organization People Review and Performance Development Dialogue | 52 |
| Insurance Commission-Mandated Annual Continuing Training for the Board | 53 |

VI. Operating Philosophy

| | |
|--|-----------|
| AIA Code of Conduct | 55 |
| Code of Conduct Annual Certification..... | 55 |
| New Employees Orientation Program | 56 |
| Treating Customers Fairly..... | 56 |
| Anti-Fraud Policy | 56 |
| Anti-Corruption & Bribery and Gifts & Entertainment..... | 57 |
| Conflict of Interest..... | 57 |
| Fair Dealing Policy & Creditor's Rights..... | 57 |
| Investment Code of Ethics | 58 |
| Related Party Transaction | 59 |
| Whistleblower Protection Program | 60 |
| Good Corporate Citizenship | 61 |
| Prevention of Insider Trading and Market Misconduct..... | 61 |
| Anti-Money Laundering and Counter Terrorist Financing Program..... | 62 |
| Data Privacy..... | 62 |
| Credit Information System Act (CISA)..... | 63 |
| Communication With Regulators and Other Government Officials | 64 |
| Relationship With Vendors and Suppliers | 64 |
| Sourcing Policy/Vendor Management | 64 |
| Supplier Selection | 65 |
| Contract Management..... | 65 |
| Employee Welfare..... | 66 |
| Safe, Healthy, and Secure Workplace | 66 |
| Disciplinary Guidelines | 67 |
| Market Conduct Guidelines | 67 |
| The Sales Code of Discipline..... | 68 |
| Representing the Company's Brand | 68 |
| Social and Environmental Responsibilities | 68 |
| Enterprise Risk Management..... | 69 |
| Enhancing Value by Ensuring Stability..... | 69 |
| Managing Financial Risk..... | 70 |
| Managing Operational Risk..... | 72 |
| Managing Product Risk..... | 72 |
| Audit and RPT Committee | 73 |
| Group Internal Audit..... | 73 |
| Engagement of External Auditors | 74 |

VII. Financial Statements

| | |
|--|----|
| Statements of Financial Position..... | 76 |
| Statements of Total Comprehensive Income | 78 |
| Statements of Changes in Equity..... | 80 |
| Related Party Transactions | 81 |

BPI AIA AT A GLANCE



1,336

Number of BSEs

#8

IC ranking
as of end 2022

85,730

Number of
policies sold

807,623

Number of lives insured

BPI AT A GLANCE



170

Years in
operation

8.46
MILLION

Number of clients

2,457

ATMs and CDMs

752

Number of
branches

2

Foreign
branches

869

Domestic
branch
licenses

3

International
branch
licenses

AIA PHILIPPINES AT A GLANCE



**HEALTHIER, LONGER,
BETTER LIVES**

**NEARLY
1.2 MILLION**

Individual
policies

**ALMOST
1,000,000**

Insured
group members

**OVER
4,000**

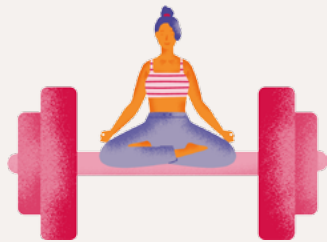
Group policies
issued

AIA Philippines Life and General Insurance Company, Inc. (AIA Philippines) is the country's premiere 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, and better lives.

**PHP 500
MILLION**

in capital for
its non-life
insurance



**PHP 1.39
BILLION**

in capital for its
life insurance
license

**ALMOST
7,000**

Agents
nationwide

**EXCESS
CAPITAL
3.6X**

the amount set
by the Insurance
Commission

AIA AT A GLANCE



HEALTHIER, LONGER,
BETTER LIVES

LARGEST LISTED COMPANY ON THE HONG KONG STOCK EXCHANGE

which
is incorporated and
headquartered in
Hong Kong⁽¹⁾

LARGEST LIFE INSURER

in the world by market
capitalisation⁽¹⁾

PRESENT IN 18 MARKETS

and 100%
FOCUSED ON ASIA

"DIGITAL INSURER OF THE YEAR"

by InsuranceAsia News for two years

No. 1 WORLDWIDE FOR MDRT REGISTERED MEMBERS

The only multinational
company to top the table
for EIGHT CONSECUTIVE
YEARS

Serving the holders of
MORE THAN

41 MILLION

individual policies and

OVER
17 MILLION

participating members
of group insurance
schemes

Provides protection with
total sum assured of

**US\$2
TRILLION**

to people across Asia

Benefits and claims
EXCEEDED

**US\$16
BILLION**

in 2022

"ENTERPRISE ARCHITECTURE AWARD"

by Forrester's 2022
Asia Pacific
Technology Awards

RANKED TOP 10

in Fortune's 2022
"Change the World" list

(1) as at 31 December 2022

MISSION AND VISION

OUR MISSION

We make sure that insurance
is easy to get and easy to have
for every Filipino,
no matter what class
they belong to

OUR VISION

To be the leading life insurance
company in the country by
making insurance accessible,
affordable and personalized for
every Filipino



Message from the CEO

2022 was truly a remarkable year for the entire world. We witnessed what seemed like an uncontrollable wave of the Delta and Omicron variants of COVID-19 early on. So many lives were affected and again, it felt like the world had stopped. But fortunately, within a few months, the pandemic eased, and life went on.

The world opened up again and we started venturing towards the new normal. We in BPI AIA were very fortunate to have been able to continue with our initiatives throughout the year, the rush to get things up and running again throughout 2020 until 2021 proved to be key to our success in 2022.

We're very proud to have introduced 3 new products for the Filipino people – PamilyaProtect, Total Care Max, and Income Booster 5. Each catering to different needs and markets, all aimed at protecting and saving lives. 2022 also saw our Free COVID-19 Life Insurance Coverage grow to cover over 800,000 lives.


Our MyData continues to match our customers with the best suited life insurance product for them. On the ground, our sales force and bank partners continue to use this technology to shorten the customer's application process, ensuring they and their loved ones are protected as fast as possible.

Towards the end of 2022, we introduced BPI AIA's first brand ambassador and long-time client, Chito Miranda of Parokya ni Edgar fame. He headlined our branding campaign dubbed "Love is better said with BPI AIA" alongside AIA Philippines' brand ambassador Gary Valenciano. The duo sang an original song for us entitled "It's Real Love" dedicated to and featuring several BPI AIA and AIA Philippines clients.

Topping off our year was the honor of receiving our sixth Best Life Insurance Company of the Philippines Award from World Finance. Testament to the hard work and dedication the employees of BPI AIA have put in day in and day out, ensuring our smooth operations enabling us to continuously be there for our customers.

We remain committed to provide Filipinos with the financial protection by making insurance accessible, affordable, and personalized for every Filipino. True to our core: to Believe in Better. BPI AIA will continue venturing towards better – by maximizing technology, improving our customer relationship, and developing solutions tailor fit to clients' needs. Believing that we can create a bigger and better future for our customers.

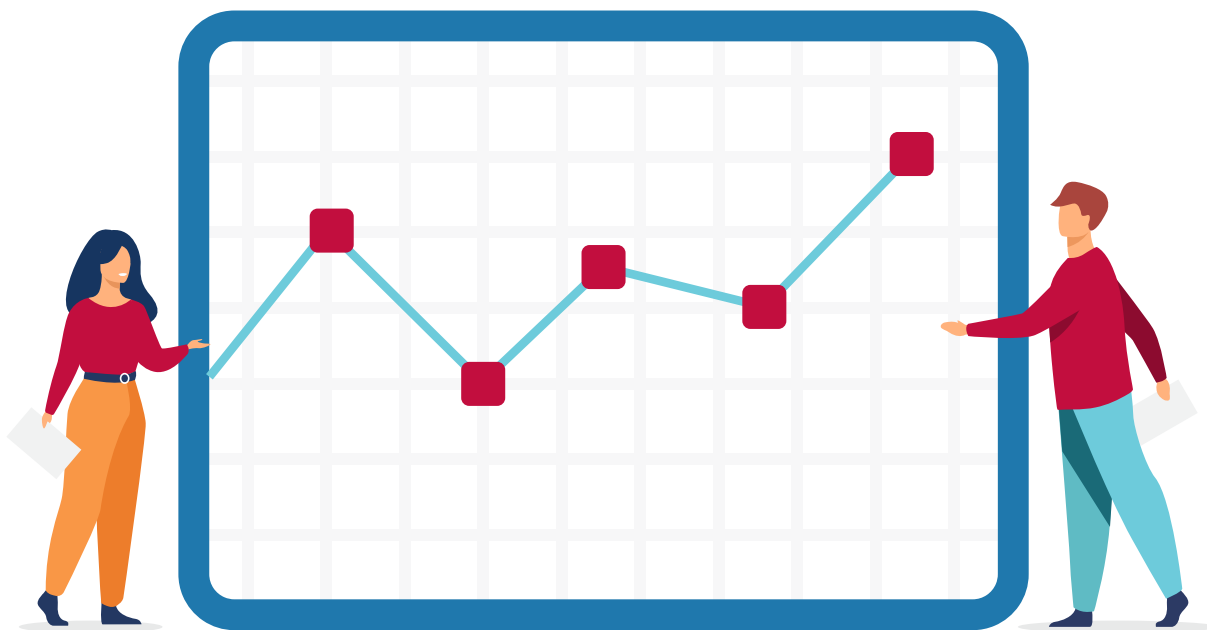
KATHERINE P. CUSTODIA
Executive Director and
Chief Executive Officer



"We in BPI AIA were very fortunate to have been able to continue with our initiatives throughout the year, the rush to get things up and running again throughout 2020 until 2021 proved to be key to our success in 2022. "



FINANCIAL HIGHLIGHTS



| in '000 | 2022 | 2021 | % change |
|----------------------------|-------------|-------------|----------|
| Revenue | | | |
| First Year Premium | 2,217,687 | 2,195,056 | 1% |
| Renewal Premium | 10,139,094 | 11,002,343 | -8% |
| Single Pay Premium | 3,939,414 | 5,067,793 | -22% |
| Gross Investment Income | 1,303,966 | 1,278,911 | 2% |
| Fee Income | 2,055,204 | 2,040,385 | 1% |
| Net Income | 1,484,530 | 2,134,340 | -30% |
| Total Assets | 109,808,413 | 116,132,559 | -5% |
| Shareholders Equity | 7,741,385 | 8,403,918 | -8% |




BUSINESS HIGHLIGHTS

PRODUCTS

In 2022, BPI AIA saw the customers' demand for products with protection against health risks and guaranteed returns given the uncertainties and market trauma we faced due to the pandemic (i.e. hospitalizations, inflation/market volatility). Health and financial security are their top priority, giving more value to insurance and low-risk investment strategies to secure their capital and gain steady income for future needs.

BPI AIA addressed the clamor for a savings and protection product through Total Care Max, a total critical illness protection which gives opportunities to grow their coverage. Towards the end of the year, we finished strong by launching a Christmas bundle offer allowing customers to avail of our new 5-year single pay endowment product, Income Booster 5 (IB5), if they purchase a protection product. Income Booster 5 caters to customers who are looking for steady returns through its guaranteed annual cash payouts.

We still expect a steady increase in demand for savings and investment growth products this 2023 as customers continue to recover and look for more reliable tools that provide assurance in securing their wealth.



TOTAL CARE MAX

Show your love in a more meaningful way with a plan that offers total critical illness protection and opportunities to grow your coverage.

BPI **AIA**
LIFE ASSURANCE CORPORATION



INCOME BOOSTER 5

Show your love in a more meaningful way with a protection solution that provides guaranteed annual returns for 5 years.

BPI **AIA**
LIFE ASSURANCE CORPORATION



SEGMENTS

Personal Banking

As COVID-19 restrictions began to ease, BPI AIA leveraged on the opportunity to revive face-to-face customer engagement activities. Together with AIA Vitality, Wellness Fest was launched. This was a series of events that brought the value of health and wellness to clients through free Vitality Health Check-ups in select areas and branches. This not only allowed customers to become more familiar with the benefits of Vitality, but also empowered them to take steps towards living healthier, longer, and better lives.

In addition, BPI AIA made insurance more accessible to Filipinos through the introduction of FamilyProtect. This affordable and comprehensive instant insurance solution provided protection that could be extended to family members and could easily be acquired through Facebook Messenger. This made it more convenient for customers to protect themselves and their loved ones, aligning with the company's mission to make insurance accessible to all Filipinos.

Preferred Banking

In 2022, BPI AIA's Preferred Segment saw continued growth in terms of premium income through compelling and rewards-based offers supplemented with personalized banking services. To expand premium experiences, BPI created a wealth management team composed of dedicated Relationship Managers (RMs) supported by Bancassurance Sales Executives (BSEs) and investment specialists. RMs were also equipped with Lifestyle Management — a tool that provides comprehensive advisory covering liquidity, wealth accumulation, and protection. Advancements on the BPI Mobile app also enabled seamless and more secure consent gathering, pre-population of select client information, data-driven underwriting, and in-app notification campaigns. In Q4, new innovative solutions such as Total Care Max and Income Booster 5 were launched, providing clients with additional protection and guaranteed returns options that support the overall health and wellness value propositions and initiatives.

Private Banking

The Private Banking Segment focused on upskilling and reskilling of Private Banking Relationship Managers and BPI AIA Private Banking Sales Consultants through best practice sharing from industry experts both locally and abroad. The priority was to strengthen the value proposition of Premier Benefit Life, an exclusive product offered to BPI Private Banking clients, to address various needs such as keyman insurance, legacy planning, and wealth management through a campaign and customer engagement activities.

Overseas Filipino

As the market opened up and travel restrictions eased, BPI AIA ensured that programs on financial literacy were available for Overseas Filipinos and their families. Through fun and engaging health and wellness activities and financial planning sessions, the company fostered meaningful conversations with Overseas Filipino Workers and their families. These activities enabled participants to be more prepared and knowledgeable of the protection solutions they could avail of to help them come home for good. PamilyaProtect, an affordable insurance solution, allowed Overseas Filipino families to protect themselves easily, true to the company's goal of protecting every Filipino family.

NON-TRADITIONAL PARTNERSHIPS

Non-Traditional Partnerships work with entities with vast distribution networks, reach, and infrastructure that are looking to provide simple and affordable microinsurance products which will help improve financial inclusion of the unbanked and underbanked lower CD market segment, including those in far-flung or remote areas.

Partnerships with IC-licensed brokers, general agencies, bancassurance partners, and directly with group accounts are formed to offer microinsurance products to their respective members, customers, and employees.





MARKETING

2022 was the year we received the Best Life Insurance Company of the Philippines Award from World Finance for the sixth consecutive year — a proof of our unceasing efforts in making insurance affordable and accessible to Filipinos.

To supplement this and with the intent of continuously increasing brand awareness and affinity, the integration into One AIA saw the launch of the first major integrated brand



campaign. Building upon our functional proof points, the brand aims to hinge on a strong emotional hook that would resonate and connect with Filipinos.

Given this, we've launched the strapline "Love is better said with BPI AIA" with the goal of owning the emotional space of proactive love and setting ourselves further apart among competitors. Through this, the brand aims to convey the key message that the ultimate expression of love is the gift of a BPI AIA plan. We've also launched Parokya ni Edgar front man and long-time BPI AIA client Chito Miranda as the brand's first ambassador, and a song featuring client stories as the main creative device, sung by none other than the brand ambassador artists.

The year was centered on continuous efforts to support the integration of One AIA Marketing which included heavy collaboration and projects that focused on how to better synergize.

Continuous efforts were made to support Project Unity to help further strengthen the transition from BPI-Philam to BPI AIA through display ads and lead generation ads.



BPI LIFE ASSURANCE CORPORATION

Magaan ang **magmahal.**

Pamilya Protect
INSTANT Insurance

Health, accident, and life protection para sa buong pamilya for less than PHP 1,000/month.

 **Get started via FB Messenger**

As part of the integration and under Always-On social media content, both AIA and BPI AIA created two different personas to create a unique tone per brand, which encompasses holistic wellness — AIA being the holistic health guru and BPI AIA becoming the every-man, from being the mentor. It was also ensured that a clear boundary was set in hitting the right target market through the strategy of dividing and conquering, instead of targeting everything since the latter resulted in overlaps. With the new paid media strategy in place, we were able to hit the right target market with the clear distinction of targeting BPI clients online.

Apart from BAU, Marketing also supported initiatives under the PD T1/T2 tribes. T1 launched PamilyaProtect — a product catered towards the mass market. Hinging on the messaging of proactive love, PamilyaProtect

was launched with the messaging Magaan Ang Magmahal while banking on the product's affordability. Given that it was offered on the Facebook Messenger application, majority of the launch campaign efforts were focused on digital executions. This was also supported by BPI by providing us with an avenue for us to promote our materials. Various photo booth activations were also held both internally and externally at the AIA and multiple BPI head offices to fully promote the product even among employees.

T2 tribe also saw continuous enhancements made through internal and external campaigns for BSEs and bank partners to push the use of MyData for clients to experience a seamless and faster application process. The full public launch of which is slated for Q2 2023.

AGILE TRIBE

BPI AIA consistently tries to find state-of-the-art solutions to improve access to and availability of insurance solutions for everyone. Through insightful use of data to understand customer needs and strategic use of digital platforms to deliver seamless journeys, the company has rolled out MyData and PamilyaProtect. These two pioneering projects have given BPI AIA an avenue to reach a wider client base.

2022 saw the implementation of Project: MyData. This seamlessly connects BPI and BPI AIA so that the client, should they choose to, can use the information they have already given the bank to make their insurance application easy without the need for manual encoding. This whole process is conveniently and securely available to clients through the BPI Mobile App, and through this mechanism, the number of underwriting questions can be considerably lessened and the application can be approved straight through. All of this is a showcase that with an integrated approach, both BPI AIA and BPI can give clients an easier, safer, simpler and faster insurance application journey — unmatched in the Philippine insurance industry today.

While BPI AIA continues to innovate its solutions for customers, majority of Filipinos still lack access to an affordable product that can provide coverage for them. Seeing this huge gap and grounded on the vision that insurance is for everyone, BPI AIA endeavored to design a product that is light on the pocket. Starting at around PHP500 per month while at the same time providing comprehensive coverage for life (1M or 2M), accident (1M or 2M) and health (1k per day) that can extend to the whole family, including siblings and parents. This product



was launched in September 2022 and was aptly called PamilyaProtect. To make it truly accessible to the market, PamilyaProtect can be availed of using Facebook Messenger — a mobile application that many Filipinos are very much familiar with. With the help of our BSEs or even by themselves, clients can complete the whole application journey in around ten minutes and their policies will be issued instantly.

With MyData and PamilyaProtect, BPI AIA's digital strategy stays true to the vision of making insurance easy to have and easy to get for all Filipinos, no matter what social class they belong to.

OUR SALESFORCE

BPI AIA remains dedicated in its thrust to provide insurance for every Filipino. This commitment is reflected through various initiatives set forth by the Company in 2022.

At the core of each of these initiatives are our people on the ground. Our salesforce are the ones who make sure that the new products, technology,

and innovations that were developed to enrich our customers' lives reach them. By the end of 2022, BPI AIA is strongly backed by 1,336 BSEs whose passion and dedication enabled us to transform our customers' lives.

In BPI AIA, we measure our success by the success of our people. In 2022, we saw over one hundred of our sales people get rewarded and recognized through its Annual Awards. There were also 101 BSEs who qualified to be a part of the prestigious Million Dollar Round Table (MDRT). This is a testament to how their purpose and perseverance to provide quality services to our customers translate to better opportunities for themselves as well.

CORPORATE SOLUTIONS

With the business climate slowly pacing into recovery in 2022, Corporate Solutions steered to seize opportunities in both the Credit Life and Group Life businesses.



There was a much stronger alignment with BPI jointly working on process improvements to increase the MRI attachment for its new Housing Loan customers. This resulted to a 70% growth in new business premiums vs last year. It helped propel total Credit Life business to 114% achievement of target and growth vs last year of 60%.

The Group Life business ended strong with the achievement of 130% vs target and a growth of 154% vs last year. This is at the back of renewal growth collections from the bundled insurance with BPI's Pamana deposit accounts.

CUSTOMER EXPERIENCE AND EASE OF DOING BUSINESS

Innovation across customer journeys continued in 2022 at BPI AIA.

From the Learn and Buy journeys, the Financial and Wellness Needs Analysis or FWNA which allows the customer to discover his financial needs, capacity to pay, risk profile and the most suitable product solution has been simplified with an intuitive user interface that enables the customer to complete each section with ease and helpful pop-ups on financial terms for easier understanding. Completion of the insurance application is made seamless as well with the information provided in the FWNA transposed appropriately.

In the Service and Claims journeys, the shift to paperless transactions is further highlighted with the introduction of the Billing Notice, that prompts the customers of their premium due, and the Annual Statement of Account (SOA), given to all policyholders of investment-linked insurance, in digital format thus maximizing the use of customers' email addresses and mobile numbers on record. These electronic mailers are properly tracked via a communications platform and at any time the customer wishes to retrieve copies of the Billing Notice or SOA alongside their delivery details, our frontline service staff have been empowered to provide the needed information and fulfill the request at first contact.

The online Claims 24/7 interface and back-end processing was also enhanced to allow members or employees of BPI AIA's corporate insurance accounts to file their living and death claims via the corporate website. Requirements for



individual claims and corporate account claims have been defined and given guides while completing online, eliminating encoding errors and possible delay in claims processing.

Customer Engagement and Nurturing

Our engagement with the customer starts with the Welcome Program. It aims to establish favorable onboarding experience with BPI AIA while ensuring the customers' understanding of the newly bought insurance policy and responding immediately to any concerns they may have — assuring them of the suitability as well as the product features and benefits were as disclosed by their respective, soliciting Bancassurance Sales Executives.

To keep BPI AIA top of mind with its customers, a quarterly newsletter called “BPI AIA & You” is sent via email to all policyholders. The newsletter nurtures and keeps the customer informed of news about BPI AIA, regulatory or market events that may affect their insurance policies, important links to review the performance of

funds for investment-linked insurance products and bite size guides on the digital services offered to make policy service transactions convenient and efficient for the customer.

Engagement continues with the Anniversary Program which helps strengthen BPI AIA's relationship to its existing customer by reconnecting every policy anniversary, checking how their year went with BPI AIA, taking the opportunity to refresh the customer with the features and benefits of the policy they bought and proactively offering after-sales services or arranging a schedule with a Bancassurance Sales Executive for policy review. In the event that the customer is unreachable via a call, an electronic direct mailer or eDM is sent with the same product refresh content and reference to digital channels including My AIA customer portal for any service requests that the customer may have.

Better Persistency of Insurance Policies

BPI AIA's persistency performance continued to improve, closing the year with an 85.3% Month Six persistency rate. This means that customers who have purchased a BPI AIA policy appreciate the value of protection and financial security that BPI AIA provided, especially during these challenging times. It also affirms the value of undergoing Financial and Wellness Needs Analysis, which ensures suitability of the recommended insurance product to the customer's profile and financial needs.

Supplementary to the customer engagement and nurturing communications to existing customers, BPI AIA has made it easier to remember policy due dates and paying for the

policies conveniently. With the use of artificial intelligence through a voice bot, courtesy calls to remind customers of their upcoming renewal premium due were conducted with cost efficiencies. In case the customer misses payment on the due date, an SMS is also sent within the grace period, to ensure that the insurance protection will remain in effect for the customer. Meanwhile, enrolling a BPI deposit account for an auto-debit payment of premium has been made easier as well with BPI's ADA microsite. All the customer has to do is visit <https://bpi-ada-com>, log on to his BPI mobile account, select BPI AIA as merchant, key in the policy number as reference and select the BPI account where premiums will be debited prospectively. Alternatively, the eBiller is also available via the BPI AIA website. eBiller is an online payment tool that lets customers conveniently pay their premiums via their EMV-enabled Mastercard or Visa debit/credit card as well as enroll to our Auto-Credit Arrangement (ACA) payment facility for hassle-free premium payments.

BPI AIA will continue to innovate and offer convenient and digital service solutions that allow customers to focus on their loved ones while we take care of their insurance policies and help them live healthier, longer and better lives.





OUR PEOPLE

“Empowering our people to succeed through fostering a learning environment in a diverse, inclusive and supportive culture.”

This is the thrust of the People and Culture pillar of our ESG Strategy.

BPI AIA’s culture is shaped by leaders who embrace the three Leadership Essentials – Clarity, Courage, and Humanity. Leaders should (a) live our purpose and operating philosophy with a clear direction (b) deliver the best solutions together and to ensure that ideas are turned into action and (c) create a culture that we can thrive in as we develop and shape our future together. The Leadership Essentials set out the desired behaviors for all our people, not just for our leaders but at every level of the organization. When these behaviors are brought

to life every day, BPI AIA employees do the RIGHT THING in the RIGHT WAY, with the RIGHT PEOPLE and thus creating long-term value for all our stakeholders and delivering on our Purpose of living Healthier, Longer, Better Lives.

Fostering a Learning Culture

BPI AIA subscribes to a comprehensive and holistic development in the belief that each employee can make a difference. The Company’s holistic development opportunities ensure a proportionate way for employees to make the best out of their learning journey.

The difference we make as an organization starts with every individual at BPI AIA. We empower our people to be their best and make a difference in their own unique way. Providing growth opportunities through right training, development, and experience – enabling a prosperous and fulfilling future.

Learning from 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 to broaden their perspective and support their career aspirations.

Learning from Others

Peer learning is an effective way for employees to learn from others. Coaching is a critical aspect of managers' development of their teams. In addition, conferences, company events, networking opportunities, brownbag sessions and regular team meetings can be venues where they can share their knowledge and expertise, creating a natural setting for peer learning and leveraging SMEs within the Company.

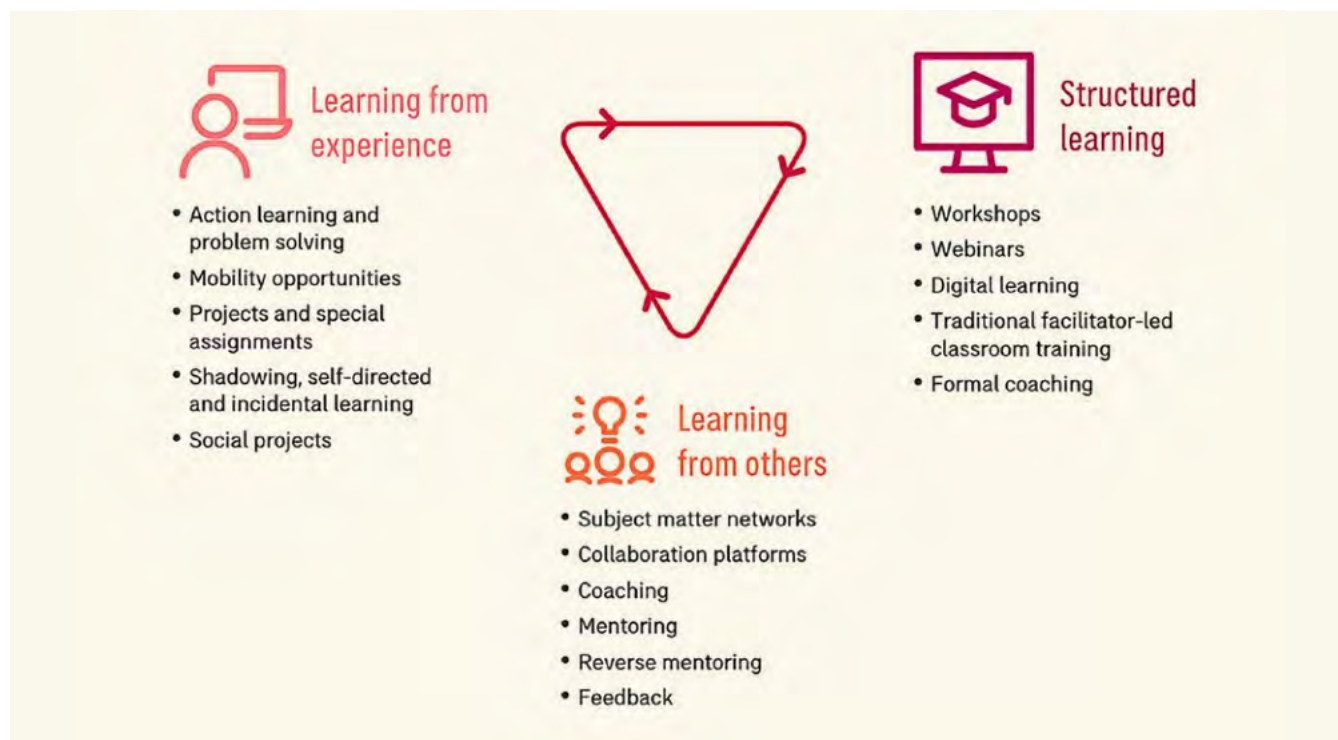
Structured Learning

Workshops, eLearning courses, certifications, and training programs can help bridge the gap in skills and capabilities. The Company has invested in providing different online learning platforms that make learning accessible and contribute to the overall development of employees.

BPI AIA has an array of Core Programs that are targeted for Individual Contributors, People Managers, and Senior Leaders in the Company. As we invest in developing our people, our Catalyst for Growth Capability-Building Framework has four focus areas which directly align with our strategic priorities.

Additional programs are also implemented to support the different developmental needs of our people:





New Employee Orientation Online Course

An online course designed for all new joiners to help them navigate their way and facilitate their integration into AIA Philippines. The self-paced course contains modules that will help them learn about the organization's history, teams, leadership team and other essential information unique to working in BPI AIA.

Your Role in Safeguarding AIA's Interests

This is a mandatory eLearning course that increases the employee's awareness of critical regulatory requirements and expected conduct that are key to preserving the brand image, reputation, and transparency of the Company.

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 the best practices in the insurance business.

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 Company's ambitions.

LinkedIn Learning through Workday Learning

Integrated in Workday, HR's software system, are online learning courses accessible to employees anytime, anywhere through their desktop computers, laptops, or mobile phones. More than 16,000 LinkedIn Learning courses on creative, business, technology, and management are made available to address different learning needs of employees.

Udemy for Business

An online platform specifically designed for employees with technical development needs as they work on different projects related to technology, digital, and analytics. Employees can earn online certifications and short courses coming from reputable institutions and subject matter experts.

Coffee and Conversation with Leaders

A regular informal session that gives an avenue for Senior Leaders (ExCo) to have a dialogue with our people and share their function's priorities.

Cross-functional Collaboration

Cross-functional teaming has also been a key avenue for learning. In 2022, workstreams and E-Champs composed of employees from different functions and levels were established to strengthen collaboration.

BPI AIA regularly updates its employees about various learning and development opportunities through numerous internal communication channels. The Company values its people and is committed to help them develop their skills and capabilities to succeed in their role as they achieve personal and professional growth.

Promoting Workplace Diversity and Advancing Our Culture of Innovation and Inclusion

Health And Wellbeing

BPI AIA has its own health and wellness program that allows employees to take charge of their total health and wellbeing through the **WorkWell with AIA Program**.



Powered by **AIA Vitality**, 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 live Healthier, Longer, Better Lives.

We launched a partnership with **MindYou** to provide employees access to psychological support through unlimited mental health counselling sessions, escalation policy and full coverage of referred high-risk cases, free educational campaigns, wellness webinars, employee mental health check and psychometric reports.

Wellness-related activities, and webinars on topics such as Psychosocial Support, Burnout Prevention, Handling Conflict in the Workplace, Managing Success and Failures in the Workplace, Raising Mentally Healthy Children, Stronger Relationships, and Work-Life Balance were made available to employees. Fun O' Clock, where teams collaborate to organize a 30-minute activity to take a break and have fun together was also implemented. All activities were anchored on further promoting health and wellness, productivity, engagement, and a culture of collaboration within BPI AIA.

People Listening Machinery

At BPI AIA, feedback matters. The **Annual Employee Engagement Survey** conducted by Gallup aims to understand how employees are connected to the Company Vision and Purpose, know how one contributes to Company goals, and how each one can make a difference. Apart from the annual survey, BPI AIA provides several avenues for ongoing feedback such as the **New Hire Roundtable** where new joiners are gathered for an informal session on their 3rd month with the Company; **Speak Up** is a monthly informal ask-me-anything session facilitated by the CHRO with a group of 15 employees. This enables Leaders and Managers to get more frequent input and to listen to people on a regular basis to drive people decisions and continuously improve their employee experience and increase employee engagement.

Rewarding Performance

BPI AIA 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 including growth opportunities and a comprehensive package of pay and benefits which aims to give employees the choice and flexibility to meet their individual needs.

BPI AIA's Reward Philosophy is built on the principle 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 AIA Group's Operating Philosophy of "Doing the Right Thing, in the Right Way, with the Right People... and the results will come." 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 **Short-Term Incentive (STI) Plan** is designed to reward employees for achieving individual objectives and contributing to AIA's annual business performance. It is an incentive scheme intended to link reward directly with individual and AIA's overall business success.

The **Long-Term Incentive (LTI) Plan** is a discretionary plan intended for key executives and selected critical talent, based on their individual performance and potential. It's based on the GCB (Group Career Band), the criticality of the nominee's job, and the individual's performance and long-term potential at AIA.

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.

Happy Hacks, Above and Beyond, Super Synergy. To promote the right behaviors, recognition is given to employees who have given quantifiable contributions while exhibiting the Leadership Essentials. This is by a) innovating or simplifying processes, b) going above and beyond one's job to delight customers or c) promoting cross-functional collaboration and challenging the status quo.



HEALTH AND WELLNESS

At the core of AIA Philippines' mission to race against risk and protect lives is our Total Health Solution (THS) proposition where we provide our customers access to a comprehensive health and wellness ecosystem spanning every stage of their health journey — from prediction/prevention, protection, diagnosis, treatment to recovery. Through our proprietary digital platform, My AIA, our customers can enjoy easy access to augmented health and policy servicing solutions right at their fingertips. With our Total Health Solution, we fulfill our commitment to be our customers' most trusted life partner through every stage of their health journey — helping them to Live Better, Protect Better, and Get Better.

In 2022, we further solidify our THS proposition by enriching our AIA Vitality program. As the first-

of-its-kind comprehensive wellness program in the Philippines, AIA Vitality leverages on its robust science-backed and evidence-driven strategy to drive long-term behaviour change by incentivizing healthy choices.

Membership and Engagement

As a key enabler of our Total Health Solution's Live Better pillar, AIA Vitality continues to motivate members to do one more for their health. Now on its 7th year, the AIA Vitality membership for retail and staff is at approximately 105,000 members, reaffirming its stake as the wellness program of choice among Filipinos. Essential to driving member engagement is to keep the program compelling and relevant, which is made possible through a yearly refresh featuring more intuitive core benefits and hyper-targeted campaigns. As

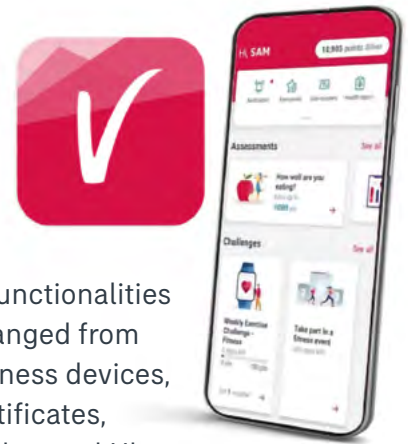
opening salvo for 2022, AIA Vitality launched the Fast Start campaign to help members kickstart their health journey. The campaign made it easier for members to earn points for their healthy activities and move up a status faster. The higher their status, the greater their rewards—from partner discounts to insurance benefits. These limited-time offers included doubling their fitness points, earning points for food tracking by uploading a photo of their meals, introducing Hepatitis A vaccine as a new points-earning activity, and increasing the points for taking a health check from up to 6,000 to 10,000 for results within the healthy range.

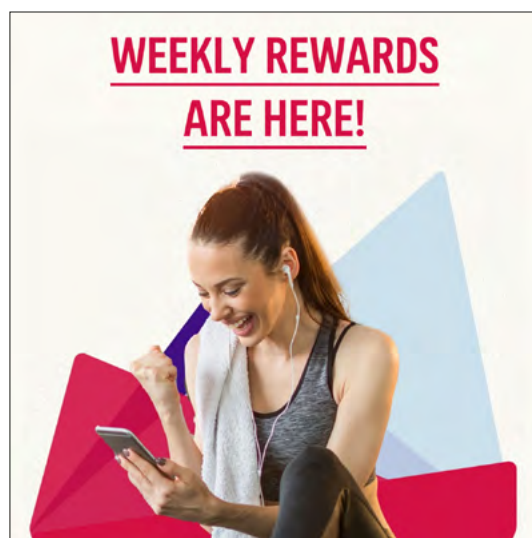
In Q2, engagement campaigns focused on promoting the AIA Vitality app as their wellness buddy to guide them through their personal health pathways. Dubbed as the AIA Vitality Appciting Promo, the 8-week campaign featured

simple challenges that encouraged them to explore and maximize the functionalities of the app. Prizes ranged from GCash vouchers, fitness devices, health gear gift certificates, smart weighing scales, and Ultra

HD TVs. To drive members to know their health numbers and risk factors, a health check promo was likewise offered where members get access to the following: free health check, Php100 eGift for simply signifying their intent to take the health check, and bonus Php200 for completing the health check.

In September, more benefits awaited AIA Vitality members with the launch of Ideal Vision Center as a new vision partner offering free check-up





and up to 30% off frames and lens. To promote healthier outcomes within the family, the optical benefit was also extended to immediate family members. September also marked the shift to weekly rewards where members get instant Php100 eGift for hitting their weekly fitness target. From the previous bi-weekly construct, the new set-up enables members to earn points, move up a status, and enjoy rewards faster.

Q4 marked the ultimate salvo for the year with the launch of the Fitter, Healthier, Winner Promo. Amazing prizes up for grabs included home entertainment, kitchen appliances, home gym equipment, fitness devices and mobile gadgets. To join the monthly raffles, members must take the health check or earn 100 points from healthy activities.

With these year-round initiatives, 2022 saw an improvement in better health outcomes scores at 3.05% versus the previous year's 2.41% of total members. The better health outcomes score percentage refers to the number of members out of the total member count who satisfy any of these 2 criteria: a) improved from an unhealthy to a healthier range in at least 1 of the 4 biometrics

(body mass index, blood pressure, cholesterol, or glucose); b) lowered their AIA Vitality Age gap, which is the difference between their biological age and their AIA Vitality age. Similarly, members taking part in fitness activities the past 3 months grew from 13.7% in 2021 to 14.2% of the total members in 2022.

Distribution

To strongly demonstrate our brand purpose of helping Filipinos live healthier, longer, better lives, we partnered with sporting events that are aligned with the brand's values. We either collaborated with organizers with an already established set of enthusiasts or are expanding its own community so that the AIA Vitality brand can grow with it. Particularly in 2022, AIA Vitality proudly sponsored 2 major events in the country — IronMan 70.3 Philippines and Spartan Race Philippines. Aside from extensive brand mileage, these provided opportunities for both financial advisors and bancassurance sales executives to generate leads and insurance sales. These activities also greatly contributed to the AIA One Billion campaign.

With the easing of quarantine protocols, coupled with more health-conscious clients following the pandemic, recovery of membership was top of mind. Highlighting access to health checks as part of the AIA Vitality proposition was key in driving membership. An onsite health check campaign was launched to encourage clients to go back to transacting in AIA PH and BPI branches. The campaign addressed Filipinos' need for a health check by making it both hassle- and worry-free. The activity was supplemented with a financial wellness needs assessment to provide clients with information on the available health and protection solutions depending on their needs. A free health check voucher campaign was later launched to increase the reach of this acquisition initiative with a similar intention to help clients get access to a free health check.

Indeed, total wellness has become one of the top priorities in the decision-making of clients. It was important to get the message of Total Health Solution, the end-to-end Health & Wellness proposition, across to the clients. Thus, the Bancassurance Week, an in-branch event that highlights specific insurance products, was revamped to place value on total wellness and what the company has to achieve.

Technology and Operations

To reverse the downward trend in app ratings, a laser-focused strategy was implemented covering the following:

- historical review analysis from Google Play Store (November 2021 to January 2022)
- identification of top 5 low-star rating contributors to determine low-hanging fruits
- engagement of a 3rd party vendor to provide content management solutions



- initiation of a new process to proactively resolve concerns raised in app stores with the support of the local Call Center team.

In addition, key enhancements were constantly introduced in the app to ensure a delightful user experience for our customers.

In a little over a year since we transitioned to the new AIA Vitality app last April 2021, we have already surpassed our app rating target of 4.0, having achieved a combined app rating of 4.1 by December 31, 2022. Both iOS and AOS ratings are on a record-high of 4.2 and 4.0 stars, respectively.

This was a monumental turn-around from the dip in combined ratings starting Nov 2021 to a low of 3.5 in February 2022.

With our unique value proposition of providing a fully-integrated, digitally-enabled Total Health Solution, AIA Philippines remains at the forefront of keeping customers at their healthiest — whenever, wherever. As a trusted life partner that's with them every step of the way, AIA Philippines remains committed to breathing life to our brand promise of helping Filipinos live healthier, longer, and better lives.



CORPORATE GOVERNANCE

CAPITAL STRUCTURE

| | |
|---|------------------|
| Authorized Capital Stock | P1Billion |
| Subscribed & Paid-Up Capital Stock | P 749,993,979.00 |
| Par Value | P1.00 per share |
| Treasury Share | P6,000.00 |

LIST OF STOCKHOLDERS

| Name | Shares Held | Class | Amount Paid (Php) | Pecent of Ownership | Nationality | Beneficiary Ownership | Date of First Appointment |
|---|-----------------------|---------------|-----------------------|---------------------|----------------------|-----------------------|---------------------------|
| AIA Philippines Life and General Insurance Company, Inc. | 382,496,926 | Common | 382,496,926.00 | 51.00% | Hong Kong SAR | | |
| Leo Michel Grepin Non-Executive Director | 1 | Common | 1.00 | | American | AIA Philippines | 17 May 2022 |
| Kelvin Ang Non-Executive Director | 1 | Common | 1.00 | | Malaysian | AIA Philippines | 21 Jan 2019 |
| Katherine P. Custodia Executive Director Chief Executive Officer | 1 | Common | 1.00 | | Filipino | AIA Philippines | 23 Jan 2023 |
| Stephanie L. Sy Independent Director | 1 | Common | 1.00 | | Filipino | AIA Philippines | 17 July 2019 |
| Bank of the Philippine Islands (BPI) | 359,689,361 | Common | 359,689,361.00 | 47.95% | Filipino | | |
| Jose Teodoro L. Limcaoco Non-Executive Director, Chairman | 100 | Common | 100.00 | | Filipino | BPI | 28 Apr 2021 |
| Maria Theresa D. Marcial Non-Executive Director | 100 | Common | 100.00 | | Filipino | BPI | 28 Apr 2019 |
| Jesse O. Ang Independent Director | 100 | Common | 100.00 | | Filipino | BPI | 10 Apr 2019 |
| Others | 7,807,388.00 | Common | 100.00 | 1.05% | Filipino | N/A | N/A |
| TOTAL | 749,993,979.00 | | 749,993,979.00 | 100% | | | |

BOARD OF DIRECTORS



JOSE TEODORO K. LIMCAOCO (59)

Chairman of the Board (since 28 April 2021)

TG Limcaoco was appointed President and CEO of Bank of the Philippine Islands on April 22, 2021. He has served as Director and a Member of the Executive Committee since February 2019.

He is Chairman of BPI Asset Management and Trust Corporation, Bank of the Philippine Islands (Europe) Plc., BPI Capital Corporation, BPI/MS Insurance Corporation, and BPI AIA Life Assurance Corporation.

He is Vice Chairman of BPI Century Tokyo Lease & Finance Corporation and BPI Century Tokyo Rental Corporation. He is President and Vice Chairman of The Bank of the Philippine Islands Foundation, Inc.

Before coming to BPI, he was the Chief Finance Officer, Chief Risk Officer, and Chief Sustainability Officer of Ayala Corporation, a PSE- listed company.

He was also the Chairman of AC Energy International, Inc. (formerly Presage Corporation) and the President and CEO of AC Ventures Holding Corp. He was also a Director of several Ayala companies, including publicly listed Globe Telecom and Integrated Micro-electronics Inc, and the energy, infrastructure, industrials and healthcare companies of Ayala. He was also a director of the companies that operated G-Cash and Zalora Philippines.

Relevant Skills and Experience. Previously, he served as President of BPI Family Savings Bank from 2010-2015 and President of BPI Capital Corporation from 2007- 2010. He has also served as Officer-in-Charge for Ayala Life Assurance, Inc. and as Director and Chairman of Ayala Plans, Inc.

Mr. Limcaoco joined Ayala Corporation as a Managing Director in 1998. Prior to his appointment as CFO in April 2015, he held various responsibilities including Trustee and Treasurer of Ayala Foundation, Inc., President of myAyala.com, and CFO of Azalea Technology Investments, Inc. He served as the President of the Chamber of Thrift Banks from 2013-2015. He was named as the ING-Finex CFO of the Year in 2018. He has held prior positions with JP Morgan & Co. in Singapore and New York and with BZW Asia.

Outside Interests/Commitments. He is a Director of Just For Kids, Inc., a family business.

Environmental, Social and Governance. He is a current member of the Management Association of the Philippines, the Financial Executives Institute of the Philippines (FINEX) and the Rotary Club of Makati West (where he is a Past President).

Education. He graduated from Stanford University with a BS Mathematical Sciences degree (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988.



LEO GREPIN (47)

Regional Chief Executive and Group Chief Strategy Officer
Non-Executive Director (since 17 May 2022)

Aged 47, is the Regional Chief Executive and Group Chief Strategy Officer responsible for the Group's business operating in Australia, New Zealand, Indonesia and the Philippines as well as leading the Group's Strategy and Corporate Development functions. Mr. Grepin joined the Group in January 2022. Prior to joining the Group, Mr. Grepin was President of Sun Life, Asia. Before joining Sun Life, he was at Bridgewater Associates, a global hedge fund, where he led the team managing portfolio construction and trade generation. He also spent 15 years at McKinsey & Company and led the global client service teams serving several multinational insurers and asset managers as Senior Partner.

Mr. Grepin has a Master of Science in Aeronautics and Astronautics from the Massachusetts Institute of Technology and a Bachelor of Engineering in Mechanical Engineering (Hons) from McGill University.


KATHERINE P. CUSTODIA (48)
Chief Executive Officer
Executive Director (since 23 January 2023)

Karen Custodia is the Chief Executive Officer of BPI AIA Life Assurance Corporation. Prior to her appointment, she was the Head of Partnership Distribution Sales Channels of BPI AIA for 4 years. She led a team of over 1,500 employees from In-Branch Sales, Corporate Sales, Direct Sales, Private Banking, and Telesales teams.

She joined BPI AIA in 2013 and has since held various leadership posts – she was Head of Marketing, Head of Preferred Segment, Territory Sales Head and Head of In-Branch Sales. For 9 years, her experience in marketing, sales and partnership management allowed her to drive profitability and growth within BPI AIA.

Ms. Custodia previously held the position of head of insurance sales for retail clients in HSBC Insurance Brokers, Inc. and has also held various roles in other top-tier insurance companies in the country in her 25 years in the industry. She has an AB Psychology degree from De La Salle University in Manila, Philippines.


CHEE KEONG (KELVIN) ANG (57)
Non-Executive Director (since 21 January 2019)

Kelvin Ang, AIA Philippines' 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 vital part 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 the United Kingdom. He is also currently a corporate member of the Philippine Life Insurance Association Inc. (PLIA).



JESSE O. ANG (63)

Independent Director (since 10 April 2019)

Lead Independent Director

Jesse Ong Ang completed his Bachelor of Science degree in Industrial Engineering (BSIE) from the University of the Philippines (UP) in 1981 and his Masters in Business Administration (MBA) from the Wharton School of the University of Pennsylvania in 1985.

After completing his BSIE degree at UP in 1981, Mr. Ang was a lecturer at the Department of Industrial Engineering till 1982 when he worked for the Philippine National Oil Company as a Budget Analyst till 1983 when he went to Philadelphia, Pennsylvania to attend the Wharton School for his MBA. After graduating from Wharton in 1985, Mr. Ang worked for the Irving Trust Company in New York City as an Assistant Vice President in the Asia Division covering clients in South Korea, Hong Kong, Taiwan, and the Philippines. In 1988, Mr. Jesse Ang joined the New York City branch of Generale Bank as Vice President for Trade and Commodity Finance covering East Asia, Latin America, and Africa. In 1994, he joined the New York City branch of Australia New Zealand Bank as Director for Global Structured Finance involved in Latin American project financings in power, mining, and telecommunications specifically in Venezuela, Brazil, Chile, Mexico, Colombia, and Argentina.

In 1998, he moved back to the Philippines and became CFO of the Philippine International Air Terminals Company which is the project company involved in the development, construction, and operation of Ninoy Aquino International Airport (NAIA) Terminal 3. In 2000, he joined the Philippine office of the International Finance Corporation (IFC) starting as a Senior Investment Officer. Subsequently, Mr. Ang was promoted to Principal Investment Officer and became the Head of the IFC Philippine office from 2007 to 2015 as Resident Representative. After 18 years at IFC, he retired in June 2018.

Currently, he is an independent director in 5 BPI subsidiaries (all unlisted) namely: BPI Capital – July 2018; BPI Asset Management and Trust Company – July 2018; BPI AIA – April 2019; BPI Mitsui – June 2019; and, BPI

International Finance Limited – January 2020, and a member of the board of BPI Securities in September 2022.

In terms of training/continuing education, Mr. Ang attended remotely via Zoom the 2021 Integrated Corporate Governance, Risk Management and Sustainability Summit of Ayala Corporation held on October 21, 2021. In addition, Mr. Ang also attended remotely via Zoom the 2021 AIA Philippines Board Training held on November 4, 2021 and 05 December 2022.



STEPHANIE L. SY (32)

Independent Director (since 17 July 2019)

Stephanie Sy is the CEO of Thinking Machines, a leading data technology consulting firm with offices in Manila, Bangkok, and Singapore. Thinking Machines has built data platforms and artificial intelligence tools for leading corporations throughout Southeast Asia. Thinking Machines is part of the UNICEF Innovation Fund, building data tools and a technology ecosystem to improve the lives of children and their families.

Stephanie graduated from Stanford University in 2011, and got her start as an early employee at Wildfire Interactive, a Silicon Valley startup which was acquired by Google in 2013. In her roles at Wildfire and at Google, she built analytics platforms on some of the largest datasets in the world. Sy continues to advocate for STEM and data science in the country through her board memberships on Save the Children Philippines and the Philippine Department of Science and Technology's PCIEERD advisory group.



MARIA THERESA D. MARCIAL (52)

Non-Executive Director (since 28 April 2019)

Ms. Marcial, 52, is the President & CEO of BPI Wealth. She leads the asset and wealth management business of the bank, providing a wide range of investment, trust and wealth management solutions to corporate, institutional, high net worth, mass affluent and retail client segments.

Ms. Marcial is a seasoned banker. Through 28 years of experience, she has developed expertise in a broad range of disciplines including investment management and trust, corporate banking, debt and equity capital markets, finance, corporate strategy and sustainability. She has held senior leadership

positions in BPI, including 5 years as Chief Finance Officer, responsible for driving the bank's strategic planning and budget process, performance management, capital structure, and sustainability agenda. She had oversight of financial and regulatory reporting for BPI group of companies, shaped the bank's strategic imperatives while engaging with business partners, investors and capital markets. As CFO, she led the most important and innovative capital raising transactions of the bank to support its growth and digital transformation.

She is presently a board director of BPI Europe Plc, and a fellow of Foundation for Economic Freedom. In the past, she held key management and governance roles including - chairman of BPI Finance Committee and BPI Sustainability Council, member of BPI Asset and Liability Committee and BPI Credit Committee, treasurer of BPI Foundation, board director and treasurer of BPI MS Insurance Corporation, board director of AF Payments, BPI Global Payments Asia Pacific Philippines, BPI Investment Management, and ALFM Mutual Funds.

She was the head of BPI Asset Management and Trust Group from 2009 to 2014. She previously served as president of the Fund Managers Association of the Philippines, president of the Trust Officers Association of the Philippines, vice-chairman of Capital Markets Development Committee of FINEX, and alternate governor of the Market Governance Board of Philippine Dealing and Exchange Corporation. Prior to her banking career, she worked for the Philippine government - the Agricultural Policy Credit Council and the National Economic and Development Authority.

In 2014, she was recognized as one of Top 25 Most Influential Women in Asset Management in Asia by Asian Investor, Most Outstanding Alumnus of the University of the Philippines Los Baños in 2006 and received the CEM Centennial Outstanding Alumni Award from the University of the Philippines Los Baños in 2019.

Ms. Marcial is an advocate of marine conservation and renewable energy. She is a trustee and treasurer of WWF Philippines, member of WWF Asia Pacific Council, and board director of Philippines Inter-Island Sailing Federation. She previously served as member of the National Advisory Council of WWF Philippines. She is an outdoor enthusiast, with interests in offshore sailing and yacht racing, open water scuba diving, wreck diving and underwater photography. She obtained the Royal Yachting Association Skipper Certification in Sydney, Australia in 2015. In 2018, she participated

in the Rolex Middle Sea Race, a 606-nautical mile Category 2 offshore yacht race around Sicily organized by the Royal Malta Yacht Club. She has logged over 5,000 nautical miles sailing in offshore and coastal waters of the Philippines, New South Wales Australia, South China Sea, and Mediterranean Sea.

She has a master's degree in Economics from the University of the Philippines Diliman and bachelor's degree in Economics, cum laude, from the University of the Philippines Los Baños. She completed the Advanced Management Program at Harvard Business School in 2010 and the CFA Institute Investment Management Workshop also at Harvard Business School in 2006.

BOARD SUPPORT



CARLA J. DOMINGO
Corporate Secretary

Atty. Carla Domingo is currently the Head of Legal and Corporate Secretary of AIA Philippines. She also serves as the Corporate Secretary of BPI AIA. Likewise, she heads the Company's Centralized Investigation Team and Records Management.

She was Corporate Secretary to various AIA companies from 2008 to 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.

Atty Domingo is a fellow of the Institute of Corporate Directors. She is supported by Atty. Jenny Anne Dones, AIA Philippines' Legal Principal and Assistant Corporate Secretary. They both attended the IC-mandated annual continuing board training held since 2020 and every year thereafter, with the most recent training held in 05 December 2022. The 2022 corporate governance training consists of various topics on Corporate Governance, Environment, Social and Governance (ESG) and the role of Internal Audit, Sustainable Finance for Insurance Companies, Anti-Money Laundering and

Counter Terrorist and Proliferation (AML CTPF), Cybersecurity, Sustainability and Sustainability Reporting, and Product Trends.



MARIA CRISTINA HELENA G. SAMANIEGO
Chief Risk Officer and Chief Compliance Officer

Maria Cristina Helena Samaniego, the Chief Risk and Compliance Officer of AIA Philippines, is a Senior Vice President and a member of the Company's Executive Committee. She has been attending the IC-mandated annual board continuing training on corporate governance since 2020, including the one held on 05 December 2022. Ms. Samaniego is not a member of the board of the company.

Ms. Samaniego joined AIA Philippines with an extensive international and local experience on risk and compliance. Prior to joining the Company, Ms. Samaniego was the Chief Risk Officer and Member of the Board of Directors of ANZ Bank Taiwan Ltd. She also held various roles in the Singapore Regional Office of ANZ Banking Group including Head of Risk for Retail, Wealth and Private Bank, and Head of Retail Credit Risk, covering Asia Pacific. Prior to ANZ Bank, she spent ten years in HSBC performing senior roles heading Consumer Credit Risk and Collection and Local Conglomerates Relationship Banking. She also worked for BNP and Union Bank of the Philippines.

Ms. Samaniego earned her degree in Industrial Management Engineering from De La Salle University.



RIKKA C. PERALTA
Head, Group of Internal Audit Philippines

Rikka Peralta is a Certified Public Accountant and a Certified Internal Auditor. She started her career with Sycip Gorres Velayo & Co (a member firm of Ernst & Young Global) and has obtained over 20 years of internal audit experience outside and within AIA. Ms. Peralta currently plays a key role in managing the audit plans and activities for the companies under AIA Philippines while overseeing the team of internal auditors. She is an active member of the Institute of Internal Auditors and a fellow of Life Management Institute.

Ms. Peralta has been a regular participant of the IC-mandated annual continuing training of the Board held since 2020, including the most recent one held last 05 December 2022.



Corporate Governance

BPI AIA 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 towards achieving long-term value for shareholders and customers, and strengthens confidence in the institution.

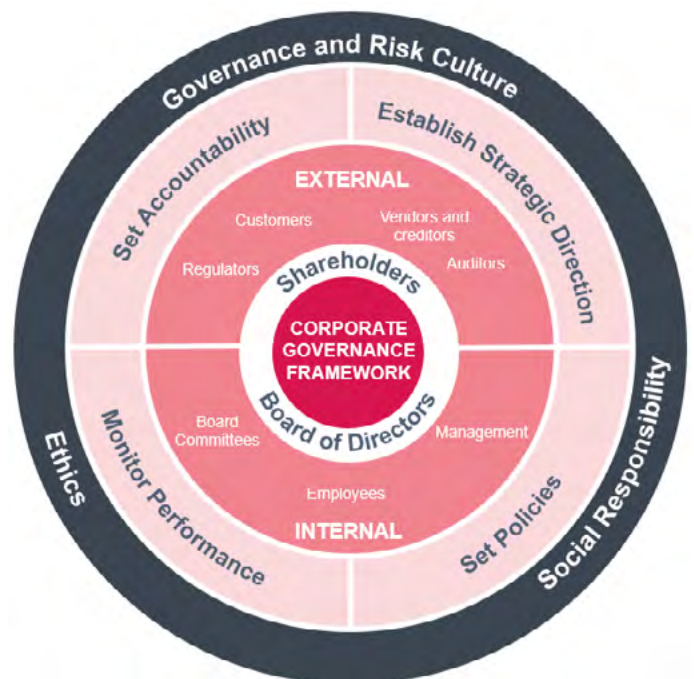
Corporate Governance Policy

The Company's Corporate Governance Policy placed on the Board the ultimate responsibility for the sustainable performance of the Company, including its consistent achievement of business plans and compliance with statutory and corporate obligations. To fulfil such responsibility, the Board adopted a policy of adherence to all legislations, regulations, and statutory standards as may be applicable and relevant to the Company, and mandates all directors,

senior management, and employees to abide by the principles of good governance and the Company's Code of Conduct.

The Company's corporate governance framework underpins its commitment to corporate governance principles and leading practices.

Corporate Governance Framework



ROLES AND RESPONSIBILITIES OF THE BOARD

The Board of Directors exercises all the powers of the corporation (“Company”) and review the vision and mission/strategy of the Company; all business conducted, and all properties of the corporation are controlled and held by them. The Board is completely independent from management and major stockholders. The Board exercises discretionary powers and oversees the management of the company.

The Board is accountable to the shareholders and as such it shall ensure the highest standard of governance in running the Company’s business and setting the strategic directions. The detailed role and responsibilities are set forth in the By Laws and the Manual of Corporate Governance.

The Board of Directors, through its Board Risk and Audit & RPT Committees, has 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 & 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 AND 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.

BPI AIA adopts 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 consider 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 Corporation. 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 Corporation.

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 procedures for the selection and appointment of directors of the Board and senior management. Appointments to BPI AIA 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 are 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 that the nominee-director or executives, seriously considering 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 possesses 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.

Fee Structure and Remuneration of Directors

The Independent Directors definitely play very 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 of 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 2022, the total annual gross directors' fees of the Company's independent directors Jesse O. Ang and Stephanie L. Sy amounted to Philippine Pesos: two Million Seven Hundred Sixty-Four Thousand Three Hundred (Php2,764,300.00).

The executive and non-executive directors do not receive any remuneration for their directorship in BPI AIA.



Remuneration Policy for Executive Director and CEO

BPI AIA provides a total rewards package to the Executive Director and Chief Executive Officer that consists of guaranteed and variable components that reward performance and value created for the Company. Our CEO's reward components support our rewards framework:

- Guaranteed compensation which includes base salary, allowances and contractual bonus that is reviewed annually to reflect market, individual performance and value created for the company;
- Short Term Incentive to reward achievement of business and individual performance metrics enabling the individual to share in the immediate success of the company;
- Discretionary Long-Term Incentive to motivate and reward the individual for individual who have contributed significantly to AIA's success and is likely to continue to do so; and
- Benefits that are carefully structured supplementing our cash compensation.

Election of Directors

The Company uses a transparent procedure for the election of directors. The Corporate Governance Committee sitting as the Nomination and Remuneration Committee pursuant to IC Circular 2021-70 looks into the qualifications of directors and thereafter endorsed to the Board their recommended nominee for approval. At the stockholders' meeting, the shareholders are duly informed by the Corporate Secretary of the qualified nominees and of the voting method and vote counting system. Each stockholder with voting privilege shall be entitled to cumulate his/her vote in the manner provided by law. After the election process, the Corporate Secretary shall count the votes and thereafter declare the duly elected members of the Board.

Seminars attended by the Board of Directors

| Director | Training/Seminar |
|---------------------------------|--|
| Jose Teodoro K. Limcaoco | <ul style="list-style-type: none"> IC-Mandated Annual Training Continuing Board Training on Corporate Governance, 05 December 2022 |
| Kelvin Ang | <ul style="list-style-type: none"> Corporate Governance Orientation Program by ICD, 28 August 2019 IC Mandated Training, 09 December 2020 IC-Mandated Annual Continuing Board Training on Corporate Governance, 04 November 2021 IC-Mandated Annual Training Continuing Board Training on Corporate Governance, 05 December 2022 |
| Leo Michel Grepin | <ul style="list-style-type: none"> IC-Mandated Annual Training Continuing Board Training on Corporate Governance, 05 December 2022 |
| Katherine P. Custodia | <ul style="list-style-type: none"> IC-Mandated Annual Training Continuing Board Training on Corporate Governance, 05 December 2022 |
| Jesse O. Ang | <ul style="list-style-type: none"> 2021 Integrated Corporate Governance, Risk Management and Sustainability Summit of Ayala Corporation held on October 21, 2021 via Zoom IC-Mandated Annual Training Continuing Board Training on Corporate Governance, 05 December 2022 |
| Stephanie L. Sy | <ul style="list-style-type: none"> IC-Mandated Annual Training Continuing Board Training on Corporate Governance, 05 December 2022 |
| Maria Theresa D. Marcial | <ul style="list-style-type: none"> IC-Mandated Annual Training Continuing Board Training on Corporate Governance, 05 December 2022 |
| Non-Executive Directors | <ul style="list-style-type: none"> Separate meetings with the External Auditor and Head of Group Internal Audit Philippines without the presence of management 27 January; 28 April; 28 July and 24 October. |

Orientation Program and Training

For newly elected directors, the Corporate Secretary schedules and provides 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, BPI AIA ensures that all its directors have attended a training and orientation course on Corporate Governance conducted by duly accredited training providers of the Commissions.

The Board members are also encouraged to attend further training and inform the Corporation on such trainings attended. BPI AIA provides necessary resources in developing and updating its director's knowledge and capabilities. For two years in a row since

2020, the Company sponsored its own 4-hour annual continuing board training on corporate governance where topics were covered and discussed by competent speakers expert in their field. The Company encourages the directors to attend continuous professional education programs such as Professional Directors' Program of the Institute of Corporate Directors.

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. Every year, the Board, as well as the Committees, conducts annual self-assessment of its performance, the results of which are submitted to the Corporate Governance Committee and to the Board of Directors.

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. 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 2022, the Annual Board Performance Evaluation Survey was participated by the members of the Board, where they registered an overall rating of "consistently good" to "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.

As likewise required by the Insurance Commission's Circular on Corporate Governance, the Board also evaluated the key officers of the Company, particularly the Chief Risk Officer and

Compliance Officer, and the Head of Internal Audit, who both received an overall rating of "consistently good", noting their clear knowledge and understanding of their respective functions and responsibilities.

Retirement Benefit

BPI AIA sought the services of Mercer to provide a formal retirement plan for the employees. We adapted the Defined Contribution (DC) Retirement Plan wherein the employer, employee or both make contributions on a regular basis. Monthly contributions are pooled and invested by an assigned fund manager which means that future benefits fluctuate on the basis of investment earnings. During the launch in 2014, employees were given an option to elect the new DC Retirement Plan or remain under statutory minimum normal retirement benefits. The board of directors elected BPI Asset Management and Trust Corporation (BPI AMTC) as fund manager while Zalamea administrates the individual ledgers of each employee. All employees are provided an online account which allows them to view their monthly statements and keep track of contributions and investment earnings.

Each employee is credited an employer contribution monthly based on 8% of his/her current monthly basic salary which started in July 2014. Benefits are computed based on the vesting factor and number of years of service. Minimum years of service entitled for Retirement Pay under DC plan is 5 years. The voluntary contribution has just started this April 2018. Employee participation will be incentivized by the company with 50% of voluntary contributions subject to a maximum of 3% of employee's monthly basic salary.

Dividend Policy

BPI AIA shall declare and pay cash dividends, the amount of which shall be determined through consideration of the following factors:

- local statutory requirements relating to solvency and liquidity;
- ongoing sustainability of corresponding insurance fund taking into consideration likely future changes in regulatory requirements; and
- likely future strategic initiatives.

For the year 2022, the Company declared cash dividend of One Peso and Ninety Three Centavos (P1.93) per share, or a total amount of One Billion Four Hundred Forty Seven Million Four Hundred Eighty Eight Thousand Three Hundred Seventy Nine Pesos and Forty Seven Centavos (P1,447,488,379.47), Philippine Currency be, and hereby is declared payable to all shareholders of the Company in proportion to their holdings as of 28 July 2022, payable immediately upon receipt of all required approvals.

Rewarding Performance

BPI AIA 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 including growth opportunities and a comprehensive package of pay and benefits which aims to give employees the choice and flexibility to meet their individual needs.

BPI AIA'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 Company also has long-term incentive programs that provides executives certain rewards depending on the performance of the company. The Long Term Incentive (LTI) Plan is a discretionary scheme provided by AIA to motivate and reward executives who have not only made a significant contribution to AIA's and AIA Philippines' performance and success, but also have the potential to contribute more in the future. It operates through the grant of Restricted Share Units (RSU). This means that their contributions to AIA's sustained and profitable performance mean that there is also the potential for the awards to be financially rewarding for them.

Board Committees

| | | |
|--|--|--|
| <div>AUDIT & RPT COMMITTEE</div> <div><div>Jesse O. Ang, Chairman Independent Director</div><div>Stephanie L. Sy Independent Director</div><div>Chee Keong (Kelvin) Ang Non-Executive Director</div></div> | <div>BOARD RISK COMMITTEE</div> <div><div>Chee Keong (Kelvin) Ang, Chairman Non-Executive Director</div><div>Stephanie L. Sy Independent Director</div><div>Jesse O. Ang Independent Director</div></div> | <div>CORPORATE GOVERNANCE COMMITTEE (FORMERLY: GOVERNANCE, NOMINATION & COMPENSATION COMMITTEE)</div> <div><div>Stephanie L. Sy, Chairperson Independent Director</div><div>Jesse O. Ang Independent Director</div><div>Chee Keong (Kelvin) Ang Non-Executive Director</div></div> |
| <div>INVESTMENT COMMITTEE</div> <div><div>Lee C. Longa, Chairman</div><div>Katherine P. Custodia Maria Theresa D. Marcial Spencer T. Yap Charline Chan-Fong Ma. Helena G. Samaniego</div></div> | <div>EXECUTIVE COMMITTEE</div> <div><div>Chee Keong (Kelvin) Ang, Chairman Non-Executive Director</div><div>Jose Teodoro K. Limcaoco, Vice-Chairman Non-Executive Director</div><div>Katherine P. Custodia Executive Director</div><div>Maria Theresa D. Marcial Non-Executive Director (as alternate for Mr. Limcaoco)</div></div> | |

Board Meetings in 2022

The Board had a total of nine (9) meetings in 2022. The directors received the meeting pack five days in advance. The meeting pack includes among others, the Board and Committee Meeting Minutes for approval of the Board, the business and financial highlights of the Company and other items that need Board action and approval.

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

Before the start of the financial year, the Corporate Secretary advises the members of the Board of the schedule 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 (5) days prior to the scheduled meetings, the Corporate Secretary sends to the members of the Board their respective meetings 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. The number of meetings held in 2022 and the overall attendance rate are shown below.

BOARD OF DIRECTORS

| MEMBER | DATE OF MEETING |
|---|---|
| | 27 January 2022 (Regular) 28 April 2022 (Outgoing) 28 April 2022 (Organizational) 17 May 2022 (Special) 22 July 2021 (Regular) 23 August 2022 (Special) 30 September 2022 (Special) 24 October 2022 (Regular) 9 December 2022 (Special) 9 Meetings (98.41%) |
| Jose Teodoro K. Limcaoco | 9 Meetings (100%) |
| Wing Shing (Jacky Chan) (resigned 17 May 2022) Leo Michel Grepin (elected 17 May 2022) | 4 Meetings (100%) 5 Meetings (100%) |
| Chee Keong (Kelvin) Ang | 9 Meetings (100%) |
| Surendra Menon* | 9 Meetings (100%) |
| Jesse O. Ang | 9 Meetings (100%) |
| Stephanie Sy | 9 Meetings (100%) |
| Jaime Z. Urquijo (resigned 28 July 2022) Maria Theresa Marcial Javier (elected 28 July 2022) | 5 Meetings (100%) 3 Meetings (100%) |

*resigned on 23 January 2023 and was replaced by Ms. Karen P. Custodia

In 2022, the NEDs had separate meetings with the External Auditor and Head of Group Internal Audit Philippines without the presence of management on 27 January; 28 April; 28 July and 24 October.

New Board Charter, Revised Corporate Governance Manual and Policies

In compliance to the requirements stipulated in the Insurance Commission Circular Letter (IC CL) 2020-71, the Board approved its new Board Charter, revised its Corporate Governance Manual, and passed several policies. Below are the highlights of the said manual and policies:

Board Charter - sets out the roles and responsibilities of the Board primarily delegating

to the Board the ultimate responsibility for the sustainable performance of the Company and its subsidiaries, including the consistent achievement of business plans and compliance with statutory as well as corporate obligations. For more details, the full text of the charter is available on the company website.

Revised Corporate Governance Policy and Procedure Manual (Corporate Governance Manual) – articulates the Company's good corporate governance practices including board annual and on-boarding training, and training topics, among others. For more details, the full text of the Corporate Governance Manual is available on the company website.

Remuneration Policy – ensures that board and senior management remuneration programs

are designed to be market competitive, fully compliant with local regulations, and foster a strong performance-oriented culture within an appropriate risk management framework.

Board Diversity Policy – sets out the Company’s approach to ensuring adequate diversity in the Board and that selection of candidates for appointment to the Board will be based on merit which include a review of candidate’s integrity, educational background, industry or related experience, among others.

Retirement Age Policy – as part of succession planning and to promote dynamism in the Company, the Board approved the Retirement Age Policy that provides, among others, the maximum tenure for independent directors to be aligned with local regulations; for retirement age of directors other than independent, key officers and employees; and for the procedures for their retirement.

Environment, Social and Governance (ESG) Policy – provides that the Company’s ESG direction is aligned with the direction of its parent company, AIA Group Limited, while further developing suitable local strategies and initiatives, as may be needed.

Financial Disclosure Policy – sets out AIA Philippines’ approach to disclosure of financial information to give a complete picture of the Company’s financial standing and results of business operations to stakeholders. It states that the Company will fully abide by legal and regulatory mandates on financial reporting standards and disclosures of financial information.

Internal Audit Charter – sets out, among others, the role, mission, scope and responsibilities of the Company’s internal audit functions, called Group Internal Audit Philippines (GIAPH), including arrangements for ensuring GIAPH’s independence and objectivity. It articulates GIAPH’s purpose, which is to support the Board, the Audit Committee, and the senior management to protect the assets, reputation and sustainability of the Company. It further provides that GIAPH’s mission is to provide independent and objective assessment and reporting of the overall effectiveness of risk management, internal controls and governance processes and appropriately challenge executive management to improve the effectiveness of these processes.

Stakeholder Engagement Policy – designed to facilitate communication for various stakeholders to raise their queries and concerns with ease, and to ensure that the same are addressed in a timely manner by the appropriate functional units of the Company. The policy also defines the Company’s Stakeholder Engagement Framework.

Stakeholder Engagement Framework

Defined in the company's Stakeholders' Engagement Policy, the Stakeholder Engagement Framework is envisioned to provide a holistic view of the various stakeholders of the Company and the manner by which they can interact and communicate with the Company.

Various individuals, groups or organizations can affect or is affected by the Company or its activities. To better manage stakeholder engagements, the Company identifies below as its priority the stakeholders, possible engagement activities and various communication touchpoints available to each:



A. Various engagements

| PRIORITY STAKEHOLDERS | COMMON TOUCHPOINTS | | |
|-----------------------|--------------------------------|---|---|
| Customer | Website: www.bpi-aia.com.ph | Telephone No.: (02) 8528-5501 1-800-8-944-5433 (TOLL FREE) | Email Address: BPI-Philam_Customerservice@aia.com Vibe Customer Service Center: GF, BPI-Philam Makati, 6811 Ayala Ave., 1226 Makati City |
| Shareholder | | | |
| Regulators | | | |
| Employees | | | |
| Sales Force | | | |
| Vendors | | | |
| Business partners | | | |
| Industry associations | | | |
| Communities | | | |

B. Regulatory and conduct-related engagements

| PRIORITY STAKEHOLDERS | COMMON TOUCHPOINTS | |
|-----------------------|-------------------------------------|---|
| Customer | Data Privacy: Bpiaia.dpo@aia.com | Whistleblower/conduct complaints: compliance@aia.com www.aiaethicsline.com 1010-5511-00 (PLDT) then dial 800-245-4179 105-11 (Other providers) then dial 800-245-4179 |
| Shareholder | | |
| Regulators | | |
| Employees | | |
| Sales Force | | |
| Vendors | | |
| Business partners | | |
| Industry associations | | |
| Communities | | |

C. Purchase or service engagements, other concerns

| | MODE | TOUCHPOINTS | FUNCTIONAL UNITS | ROLES AND RESPONSIBILITIES |
|---------------------------------|--------------|--|-------------------------------|--|
| Customer | Digital | <ul style="list-style-type: none"> MyAIA: https://www.aia.com.ph/en/myaia/home.html Chatbot Bessie: <ul style="list-style-type: none"> - Facebook Messenger - Viber | Operations | Lead in customer centric initiatives of the company; |
| | | | Marketing | Lead in the implementation of the company's Customer Commitment Standards and other relevant standards of the company such as, Claims Operations Standard, New Business Operations Standard, etc. |
| | | AIA Vitality Marketing | Marketing | Lead in all Vitality initiatives focusing on efforts that enhance customer engagement |
| | | Mailbox: <ul style="list-style-type: none"> BPIAIA.customerservice@aia.com BPI AIA Customer Service: <ul style="list-style-type: none"> BPIAIA.customercare@aia.com BPI AIA Customer Care: <ul style="list-style-type: none"> BPIAIA.CS@aia.com CITI CS Mailbox: <ul style="list-style-type: none"> BPI AIA Customer Service | Operations | Customers can send their inquiries/request |
| | Email | BPIAIA.customerservice@aia.com Hotline: (02) 8-528-5501 | Operations | Ensures prompt delivery of services in accordance with the Customer Commitment Standard, Claims Operations Standard, New Business Operations Standard, etc. |
| | Face-to-face | Customer Service Centers | Operations | Physical means of facilitating requests that ensures prompt delivery of services in accordance with the Customer Com-mitment Standard, Claims Operations Standard, and New Business Operations Standard. |
| | | BSE at any BPI or BFB Branches | PDSC Finance | |
| Share-holders/ Investors | Email | AIAPHCorporateSecretary@aia.com | Corporate Secretary | Implements the company's Corporate Governance Policy and Manual |
| Regulators | Email | Direct contact with relevant units via: <ul style="list-style-type: none"> Email Mobile phone Others – Viber/FB messenger | All | In accordance with the company's Regulatory Framework, all functional units ensure that all regulatory communications addressed to the company are promptly handled, monitored, and any responses or communications are signed-off by appropriate units and signed by an officer of the Company with a rank of at least Vice President and up. |
| | Face-to-face | Direct contact with relevant units <ul style="list-style-type: none"> IC pigeonhole Conference | All | |
| | Mail | Direct contact with relevant units | All | |
| Employees | Digital | Workday | Human Resources | Ensures that employee-related concerns are promptly addressed |
| Sales force | Digital | Agency Portal iCare | PDSC Operations Finance | Ensures prompt delivery of services in accordance with the Customer Commitment Standard, Claims Operations Standard, New Business Operations Standard, etc. |
| | Face-to-face | BSE at any BPI or BFB Branches | | |
| | Email | Official email of BSE | | |
| Vendors | Digital | Ariba | Sourcing | Ensures appropriate due diligence are conducted prior to on-boarding of vendors and suppliers; maintains records of engagement with vendors in accordance with the records management policy; ensures prompt settlement of vendor payments; and handles all vendors/suppliers concerns promptly |
| | Email | aiaph.strategicsourcing@aia.com MY.GFS.ServiceDesk@aia.com | | |



Annual Organization People Review (OPR) and Performance Development Dialogue (PDD)

In an executive session, the Company's Chief Human Resources Officer presents to the Corporate Governance Committee and subsequently, to the Board for its approval and adoption the Company's annual OPR aimed at ensuring effective succession planning for directors, key officers and senior management to ensure growth and continued increase in the shareholders' value.

The Corporate Governance Committee and the Board also approved the Company's PDD ensuring that remuneration and incentives granted the management, including the Chief Executive Officer, and the personnel are at par with the performance standards set by the Board and senior management. PDD also aims to encourage employees to actively participate in the realization of the Company's goals and governance.

2022 Insurance Commission-Mandated Annual Continuing Board Training on Corporate Governance

In compliance with IC CL 2020-71, the Company conducted annual continuing training for the board with the topics below:

| | 2022 TOPICS | SPEAKER | DURATION |
|----------------------------|---|---|----------|
| Internal Audit | ESG and the role of internal audit <ul style="list-style-type: none"> • Current ESG Risk landscape • Internal Audit's role to help unlock ESG's strategic value • How EY teams can support ESG journey | Joseph Ian Canlas (EY) | 30 min |
| Finance | Sustainable Finance for Insurance Companies Rebuilding a sustainable and inclusive recovery post-COVID through sustainable finance Overview of sustainable finance landscape <ul style="list-style-type: none"> • Market landscape, demand and growth opportunity of the market Integration of ESG factors in investment decisions and product design Sustainable finance strategies for the insurance industry <ul style="list-style-type: none"> • Case studies on sustainable finance strategies and commitments of insurance companies | Katrina F. Francisco (EY) | 45min |
| Compliance | Anti-Money Laundering (AML) and Counter Terrorist and Proliferation (CTPF) AML/CTPF Regulatory Updates <ul style="list-style-type: none"> • IC Circular Letter 2021-55: Dissemination of the AML 2021 Sanction Guidelines • MC No. 01 s.2021: Guidelines in Preventing the Misuse of Corporations for Illicit Activities through Measures Designed to Promote Transparency of Beneficial Ownership ("BO Transparency Guidelines") • IC Circular Letter 2022-27: Thematic Review Report- Insurance Commission Regulated Entities Compliance with Targeted Financial Sanctions Obligations • The Philippines progress in strengthening measures to tackle money laundering and terrorist financing • Relevant recently published typologies/cases | Veronica Balisi (EY) | 30 min |
| Risk | Cybersecurity EY Global Information Security Survey (GISS) 2021 Results <ul style="list-style-type: none"> • Challenges holding back Chief Information Security Officers (CISOs) • Next steps for the CISOs | Philip B. Casanova (EY) | 45 min |
| Corporate Secretary | Sustainability – Beyond the Bottom Line <ul style="list-style-type: none"> • Overview on sustainability • Benefits of sustainability reporting • Developments on sustainability reporting • Q&A | Benjamin N. Villacorte (EY) | 45 min |
| Products | Product trends/propositions, competition | Tennyson Paras Associate Director, Product Proposition | 30 min |



OPERATING PHILOSOPHY



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 are 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 BPI AIA.

The AIA Code of Conduct sets out the ethical guidelines for conducting business which is the same code that BPI AIA 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 BPI AIA. 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.

BPI AIA 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 BPI AIA's good corporate citizenship.

Code of Conduct Annual Certification

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

New Employees Orientation Program

Company policy mandates for all new joiners to complete the New Hires Mandatory Course whereby the Code of Conduct and all other relevant company policies are discussed. This program is offered through an online learning platform and must be completed within ninety (90) days from joining date.

Treating Customers Fairly

BPI AIA's Customer Commitment Standard demands that customers are treated fairly at all times. This ensures that customer needs and reasonable expectations have been considered by the Company in its business activities. Appropriate standards of business practice to promote customer outcomes that are consistent with reasonable expectations are in place. The Company also monitors customer experience and manages the risk of unfair treatment or poor outcome for customers.

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 BPI AIA products or those of its competitors are not acceptable.

BPI AIA adopts a structured framework in handling complaints related to market misconduct. The Customer Complaints Handling Process defines the step-by-step approach to ensure that all customer grievances and complaints of misconducts are immediately addressed. 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

BPI AIA adopts a zero-tolerance approach to fraud and expects all employees 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 & Bribery and Gifts & Entertainment

BPI AIA implements a robust Anti-Corruption Program supported by an Anti-Corruption Policy. The Policy provides guidance on giving and accepting gifts and entertainment and is applied alongside the AIA Code of Conduct.

The Company adopts a zero-tolerance approach on Bribery and Corruption. Employees and other persons representing BPI AIA are prohibited from offering, paying, promising or authorizing (directly or indirectly) any bribery, kickback or anything of value (as defined in the Policy), with corrupt intent or in violation of anti-corruption laws.

The company is not allowed to use improper means to influence another person's business judgement. All employees and officers are required to report and seek approval, when necessary, 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 BPI AIA 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) are mandated to be reported. Managers are expected to take appropriate steps to prevent, identify, and appropriately manage conflicts of interests of employees they supervise. All AIA and BPI AIA 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. BPI AIA 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 BPI AIA. Immediate family members, members of the household, and individuals with whom an employee has a close personal relationship within BPI AIA must never improperly influence business decisions.

Fair Dealing Policy and Creditor's Rights

BPI AIA adheres to a 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, BPI AIA 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 BPI AIA, much more in the AIA Group.

It is also the policy of BPI AIA 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, BPI AIA undertakes to honor all its commitments, stipulations, and conditions set forth in their binding agreements.



Investment Code of Ethics

BPI AIA believes that individual investment activities by its officers and employees should not be prohibited or discouraged. Nonetheless, the nature of BPI AIA's 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 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 duties:

1. Place the interests of AIA and its Stakeholders first. 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, BPI AIA 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

BPI AIA (“Company”) recognizes the importance of establishing and maintaining policies and procedures for transactions between related parties. The Company is mandated to ensure that such transactions are only undertaken on an arm’s length basis for the financial, commercial and economic benefit of the Company and the entire group where it belongs.

The Related Party Transactions (RPT) Policy of the Company is adopted to ensure that there is an effective compliance with existing laws, rules and regulations at all times; that all related party transactions are conducted on an arm’s length; and that no stakeholder is unduly disadvantaged. 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 BPI AIA, shall be considered related party transactions. Related party shall be interpreted broadly to include not only transactions that are entered into with

related parties as defined in the RPT Policy but also outstanding transactions that were entered into with an unrelated party which subsequently becomes a related party. It shall also include such other person/juridical entity whose interests may pose potential conflict with the interest of the Company.

The Policy requires that all RPTs should be on normal commercial terms, fair and reasonable in the interest of BPI AIA; in the regular course of business; and at arm’s length or 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 the similar circumstances. BPI AIA has put in place an effective price discovery mechanism to ensure that transactions are engaged into at terms that promote the best interest of the Company and its stakeholders.

If a particular transaction is considered to involve related parties, the same shall be endorsed to the Regulatory and Compliance Committee

for appropriate action. 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 Board Audit and RPT Committee's confirmation. Otherwise, the former shall endorse the transaction to the latter for its consideration and approval.

All RPTs that are considered within and above the material threshold, 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 by majority vote, 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.

For 2022, the Company declares that all related party transactions are conducted in arm's length basis.

Whistleblower Protection Program

BPI AIA does business with integrity and follows the highest ethical principles. Any employee (or anyone else) may raise concerns of misconduct or wrongdoing within AIA and BPI AIA that can allow investigation to fix any problems. The Whistleblower Protection Policy applies to all employees of the AIA Group including BPI AIA. This Policy guides all employees on how to raise

ethical concerns, and guides managers on how they should respond when this happens.

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

Employees who are aware of possible wrongdoing within AIA and BPI AIA 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.

Speak up culture is being encouraged and widely promoted in the company. Posters are displayed, brochures are distributed to promote reporting whenever employees see or suspect potential misconduct or fraud. A hotline and a link is made available and the employee may choose to be anonymous.

An AIA Ethics line (<https://www.aiaethicsline.com>) 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 BPI AIA can communicate with anonymous whistleblowers via a secure platform using the AIA website. The report may also be made by using the AIA Group Ethics and Compliance Hotline +632 8626 3049, or via email to compliance@aia.com.

GOOD CORPORATE CITIZENSHIP

Prevention of Insider Trading and Market Misconduct

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 BPI AIA 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 and in any market misconduct such as false trading, price rigging, disclosure of false or misleading information inducing transactions and stock market manipulation

The policy applies to all employees and directors of AIA Group Limited and each of its subsidiaries ("AIA Group"), including BPI AIA. 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 material non-public information and/or pass the same to anyone who may trade securities based on it and/or give recommendations to buy or sell securities.



Dealings in AIA securities by certain employees, officers, directors, and their related interests, require pre-approval from the Group Company Secretary. The pre-approval of the Group Company Secretary is valid for 3 trading days from the date on which the pre-approval is granted. If the proposed transaction is not executed within this period, the pre-approval shall lapse and a fresh pre-approval application will need to be submitted.

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

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, RA No. 10365, and RA No. 11521 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.

BPI AIA’s Anti-Money Laundering (AML) Program establishes the governing principles and business standards to protect BPI AIA and its business operations from becoming an unwitting tool of money launderers. The Company’s management, officers, and staff remain vigilant in the fight against money laundering and financing of terrorism and collectively oppose any effort to violate or flaunt the anti-money laundering laws.

BPI AIA adopts the Nice Actimize System to support the company’s implementation of its AML program. The system has three (3) 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.

BPI AIA continues to improve its processes and systems to support the implementation of its AML Program.

Data Privacy

BPI AIA 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 BPI AIA commit themselves to adopt and adhere to the Policy provisions to ensure protection of personal information and sensitive data collected by and shared with the company.

The Data Privacy Program of BPI AIA is aligned with RA 10173, the local Data Privacy law. the local Data Privacy Law. Under the program, the BPI AIA CEO shall be responsible for 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 BPI AIA 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.

BPI AIA's Data Privacy Policy 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)

RA 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:

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

BPI AIA, 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 BPI AIA'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 BPI AIA 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 a BPI AIA employee. Employees must ensure that customers, agents, and suppliers do not exploit their relationship with BPI AIA or use BPI AIA'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 BPI AIA's operating cost. Any activity by a line of business to acquire goods/ services must be undertaken in a professional manner to ensure BPI AIA 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 BPI AIA must engage external suppliers for goods/services and is supplemented by BPI AIA's Sourcing Practice Guide. This provides BPI AIA the standard processes and document templates in engaging suppliers that should be read in conjunction with the policy document.

The BPI AIA 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

BPI AIA selects suppliers and vendors on the basis of capability and performance 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.

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

Contract Management

BPI AIA adopted AIA Guidelines on Contract Management which aims to support the AIA 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:

1. Contract Register has been reviewed and is certified to be complete upon submission to the Records Manager.
2. Contracts in the submitted contract register have been reviewed by the Legal Department.
3. Contracts are in place for all transactions/ engagements/undertakings/agreements.
4. Contracts are executed in the best interest of the company.
5. Contracts are signed by authorized signatories.
6. Terms and Conditions specified in the contracts are complied with.
7. All contracts follow proper safekeeping as specified in BPI AIA's Contract Management Guidelines (both physical and electronic copies).



EMPLOYEE WELFARE

Safe, Healthy, and Secure Workplace

BPI AIA is a Safe, Healthy, and Secure Workplace. It observes Occupational Safety, Security, and Health Standards being promoted by the Department of Labor and Employment. BPI AIA conducts its business in a manner that protects the health, safety, and security of its employees and customers. Promptly reporting to management or to the appropriate Corporate Security Personnel the situations that may pose health, safety, security, and environmental hazards is mandated. 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 BPI AIA is strictly prohibited. At the same time, use of alcohol while conducting business for BPI AIA is also prohibited.

BPI AIA abides by local labor and employment laws including those addressing discrimination and harassment. The Code of Conduct also mandates that employees treat each other with respect, including valuing each other's differences and respecting each other's opinions.

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

BPI AIA 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, BPI AIA may access and monitor employee internet use and communications to assess compliance with laws and regulations, policies, and behavioral standards. Subject to local laws, employees will have no expectation of privacy with regard to workplace communication or use of BPI AIA's information technology resources.

Disciplinary Guidelines

The Company takes appropriate action against erring employees who violate company policies and procedures or have exhibited any aberrant behavior. Violating applicable laws, regulations, or the Company's Code of Conduct, or encouraging others to do so may result in disciplinary action. Failing to promptly report known violations by others may also be a violation of the Code of Conduct.

Market Conduct Guidelines

BPI AIA envisions itself as having one of the highest sales standards in the life insurance industry in the Philippines. All sales personnel 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. BPI AIA will not tolerate any less.

The Market Conduct Guidelines is used as a guide by all sales personnel in the conduct of their business and aid in the determination of what would be deemed proper conduct and 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 BPI AIA. The company reserves the right at all times to terminate the employment contract of any sales personnel in accordance with the terms of the contract entered into between BPI AIA and that of the sales personnel.

The Market Conduct Disciplinary Committee evaluates all complaints and determines whether a sales personnel has committed any wrongdoing. Any sales personnel found guilty of any market conduct-related offense is subjected to appropriate sanctions. 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 BPI AIA 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.

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 BPI AIA 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 Contract, 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

BPI AIA contributes positively to the social and economic development of the communities in which it operates, with support extended to people and communities in need. BPI AIA and its employees volunteer time and funds to programs that promote health, financial literacy, education, and other community needs. BPI AIA is committed to reducing the impact of its operations on the environment and raising awareness about sustainability by taking part in activities that highlight these issues.

In 2022, BPI AIA provided free COVID-19 death benefit cover for over eight hundred thousand customers of BPI AIA and its partners.

BPI AIA 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 BPI AIA 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, 2) a clear and effective Risk Management Framework that prescribes how risks are defined, measured, managed and mitigated.

BPI AIA 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 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 early and comprehensively as they emerge.

The RMF is governed by the BPI AIA 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 RMC reports to the BPI AIA 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 BPI AIA, and advises and assists the Board of Directors in the review and approval of these matters.

The RMF is brought down to operating level with the institutionalized Functional Unit Risk Management Meeting (FuRMM) which runs regularly in each unit to regularly prompt focused consideration of risks and regulatory compliance impacting the area in scope. This committee is chaired by the risk owner of each of the functional units.

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 Risk Management Framework (RMF) so that they may be managed effectively. The RICOs also run FuRMMs 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.

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

The Company operates under a "Three Lines of Defense" governance model.

The First Line is made up of Risk Owners who underwrite risks through product development, investment of asset portfolios, structural allocations and other key business operations. The First Line is responsible for operating within the RMF, with oversight performed by the Second Line and approved by the BRC and Board, ensuring risk and returns are well understood and optimized throughout the decision-making process. The First Line also has the responsibility to operate a robust control environment for their



functional areas as evidence of ownership and accountability over operational and compliance risks.

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; and ensuring it remains effective. While the First Line is empowered with decision-making authority on exception procedures and approvals, the Second Line endorses these decisions and provides independent oversight, challenge and advice.

An independent Audit Function acts as the Third Line of Defense to provide to the Board of Directors insights on risk control effectiveness. Group Internal Audit (GIA) is responsible for providing independent assurance over the effectiveness of the RMF, including key Internal Controls, and makes recommendations based on audit findings.

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.

Managing Financial Risk

We manage our exposure to financial risk within tolerances agreed by the Board and RMC. As an internal control procedure, risk metrics, risk tolerances, and limits were set to monitor risk exposure and to ensure that we are operating within our Risk Appetite. We also manage financial risk by periodically running specific scenario-modelling exercises.

Financial risk is subdivided into solvency risk, credit risk, market risk, and liquidity risk. Solvency is subjected to stress tests against macroeconomic, portfolio performance and operational process shocks to ensure capital adequacy.

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 to financial creditors are subjected to robust internal ratings of all counterparties.

The BRC approves a matrix of risk tolerances that ensures that credit risk in the investment portfolio is contained within our 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", in equity and property prices. The BRC approves policies and metrics used in evaluating market risk exposures. We manage the different Market Risks, as follows:

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 our investment portfolios and avoiding 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 our 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. We manage Financial Liquidity Risk by determining limits for our activities to ensure that sufficient cash is available to meet payment obligations 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 Risk

Operational Risk is managed using the Operational Risk and Control Framework (ORCF) which provides the risk taxonomy defining the common sources of control failures known as Key Operational Risk (KOR). Business Units regularly assess the KORs applicable to their operations to identify vulnerabilities so that any incremental control requirements may be addressed. An executive is assigned to own each KOR to monitor and ensure appropriate controls are implemented.

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

Key Risk Indicators (KRI's) have been developed to support ongoing monitoring in order to flag emerging concerns.

The use of the ORCF helps the company to identify focus areas of vulnerability in order to ensure timely and appropriate remediation may be deployed as issues emerge.

Managing Product Risk

The development, pricing and underwriting of products must have regard to the following overarching principles:

Purpose. Products must serve a defined business purpose.

Compliance. Products must comply with all applicable laws, regulations and internal policies.

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.

Profitability. Products should generate reasonable profit for the company at a reasonable pace.

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 an unreasonable period.

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 RPT COMMITTEE

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

In 2022, the Audit and RPT Committee members were Jesse Ang as the Chairman and Chee Keong (Kelvin) Ang and Stephanie Sy as members. The Chairman and Stephanie Sy are independent directors. 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.

The Audit and RPT Committee Charter details the committee's 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 – Philippines (GIAPH) and External Auditors, Isla Lipana & 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 charter of the Audit and RPT Committee, developed an annual calendar and meeting agenda for 2022. From 1 January to 31 December 2022, the Audit and RPT Committee met four times. In these meetings, the Audit and RPT Committee met with



Senior Management, GIAPH, 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 2022, the Audit and RPT Committee also met separately with GIAPH and the External Auditors without management being present.

Group Internal Audit

The Audit and RPT Committee Charter provides the Committee the authority to organize an internal audit function, and to approve the appointment, resignation and dismissal of an independent internal auditor as well as the terms and conditions of appointment and dismissal, in consultation with the AIA Group Head of Internal Audit. The internal audit function of the AIA Philippines Group is carried out by GIAPH.

GIAPH'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. GIAPH is directly overseen and supported by the AIA Group Internal Audit, reports functionally to the Audit and RPT Committee and administratively to the Chief Executive Officer. GIAPH 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 of GIAPH, input and expectations from key stakeholders are considered prior to the final approval by the Audit and RPT Committee. The Audit and RPT Committee ensures that GIAPH is authorized to have complete and unrestricted access to any of the AIA Philippines Group's records, properties and personnel in the discharging of their responsibilities.

The Head of GIAPH, on behalf of GIAPH, is responsible for reporting the result and status 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 audit plan including any subsequent changes,

assessing the result of audit engagements and monitoring the resolution of key issues identified. 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 of 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 2022, 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 2022. 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 2022. 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 2022, the audit fees of Isla Lipana & Co./PricewaterhouseCoopers amounted to three million one hundred ninety-eight thousand and seven hundred forty Philippine Pesos (PHP 3,198,740), exclusive of out-of-pocket expenses and value added tax (VAT). There were no non-audit fees paid to Isla Lipana & Co./PricewaterhouseCoopers for 2022.

FINANCIAL STATEMENTS



STATEMENTS OF FINANCIAL POSITION

BPI AIA Life Assurance Corporation (BPI AIA)
 Statements of Financial Position
 As at December 31, 2022 and 2021
 (All amounts in thousand of Philippine Peso)

| ASSETS | 2022 | 2021 |
|---|--------------------|--------------------|
| Cash and cash equivalents | 2,838,928 | 2,861,477 |
| Insurance receivables | 156,911 | 271,347 |
| Financial assets at fair value through profit or loss | 88,003,691 | 92,937,634 |
| Available-for-sale financial assets | 15,658,356 | 17,003,181 |
| Loans and receivables, net | 888,921 | 872,772 |
| Accrued income | 382,924 | 352,544 |
| Investment properties | 881,885 | 866,742 |
| Property and equipment, net | 828,834 | 790,023 |
| Other assets, net | 167,963 | 176,839 |
| Total assets | 109,808,413 | 116,132,559 |

| LIABILITIES AND EQUITY | 2022 | 2021 |
|---------------------------------------|--------------------|--------------------|
| Insurance contract liabilities, net | 97,313,134 | 102,692,671 |
| Policyholders' dividends | 627,024 | 545,373 |
| Reserve for experience refund | 80,319 | 80,319 |
| Premium deposit fund | 923,646 | 1,193,356 |
| Insurance payables | 371,971 | 382,980 |
| Accounts payable and accrued expenses | 2,599,499 | 2,679,447 |
| Deferred income tax liabilities, net | 138,297 | 123,747 |
| Other liabilities | 13,138 | 30,748 |
| Total liabilities | 102,067,028 | 107,728,641 |
| Share capital | 750,000 | 750,000 |
| Treasury shares | -6 | -6 |
| Reserves | -264,232 | 435,343 |
| Retained earnings | 7,255,623 | 7,218,581 |
| Total equity | 7,741,385 | 8,403,918 |
| Total liabilities and equity | 109,808,413 | 116,132,559 |

STATEMENTS OF TOTAL COMPREHENSIVE INCOME

BPI AIA Life Assurance Corporation (BPI AIA)
Statements of Total Comprehensive Income
As at December 31, 2022 and 2021
(All amounts in thousand of Philippine Peso)

| PREMIUMS AND OTHER INCOME | 2022 | 2021 |
|---|-------------------|-------------------|
| Gross premiums on insurance contracts | 16,296,195 | 18,265,192 |
| Reinsurers' share of gross premiums on insurance contracts | -637,806 | -381,492 |
| Net insurance premiums | 15,658,389 | 17,883,700 |
| Investment income | 1,303,966 | 1,278,911 |
| Fee income from unit-linked funds | 2,055,204 | 2,040,385 |
| Fair value (losses) gains, net | -7,978,702 | 1,532,765 |
| Realized losses on available-for-sale financial assets, net | -34,725 | -7,545 |
| Foreign exchange gains, net | 207,592 | 130,903 |
| Others | 93,918 | 189,851 |
| Total premiums and other income | 11,305,642 | 23,048,970 |

| EXPENSES | 2022 | 2021 |
|--|------------------|-------------------|
| Benefits and claims on insurance contracts, net | 2,413,435 | 2,422,110 |
| Change in insurance contract liabilities, net | 2,296,770 | 13,078,979 |
| Commissions and other acquisition expenses, net | 1,953,994 | 2,045,929 |
| General and administrative expenses | 2,334,960 | 2,396,623 |
| Investment expenses | 313,375 | 279,572 |
| Insurance taxes, licenses and fees | 149,844 | 167,768 |
| Total expenses | 9,462,378 | 20,390,981 |
| INCOME BEFORE INCOME TAX | 1,843,264 | 2,657,989 |
| INCOME TAX EXPENSE | 358,734 | 523,649 |
| NET INCOME FOR THE YEAR | 1,484,530 | 2,134,340 |
| OTHER COMPREHENSIVE LOSS | | |
| Item that will be subsequently reclassified to profit or loss | | |
| Net fair value changes on available-for-sale financial assets | -2,133,352 | -1,519,104 |
| Items that will not be subsequently reclassified to profit or loss | | |
| Remeasurement of insurance contract liabilities | 1,412,014 | 928,804 |
| Remeasurement of retirement benefit obligation | 7,428 | 40,086 |
| Fair value gains on property and equipment, net of tax | 14,335 | 7,020 |
| Total other comprehensive loss | -699,575 | -543,194 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 784,955 | 1,591,146 |

STATEMENTS OF CHANGES IN EQUITY

BPI AIA Life Assurance Corporation (BPI AIA)
 Statements of Changes in Equity
 As at December 31, 2022 and 2021
 (All amounts in thousand of Philippine Peso)

| | Share capital | Treasury shares | Reserves | Retained earnings | | | |
|--|---------------|-----------------|----------|-------------------|----------------|------------|--------------|
| | | | | Appropriated | Unappropriated | Total | Total equity |
| BALANCES AS AT JANUARY 1, 2021 | 750,000 | -6 | 978,537 | 1,199,990 | 6,396,731 | 7,596,721 | 9,325,252 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | | | | | |
| Net income for the year | - | - | - | - | 2,134,340 | 2,134,340 | 2,134,340 |
| Other comprehensive loss | - | - | -543,194 | - | - | - | -543,194 |
| Total comprehensive income (loss) for the year | - | - | -543,194 | - | 2,134,340 | 2,134,340 | 1,591,146 |
| TRANSACTION WITH OWNERS | | | | | | | |
| Cash dividends | - | - | - | - | -2,512,480 | -2,512,480 | -2,512,480 |
| Release of appropriation | - | - | - | -1,199,990 | 1,199,990 | - | - |
| Total transaction with owners | - | - | - | -1,199,990 | -1,312,490 | -2,512,480 | -2,512,480 |
| BALANCES AS AT DECEMBER 31, 2021 | | | | | | | |
| | 750,000 | -6 | 435,343 | - | 7,218,581 | 7,218,581 | 8,403,918 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | | | | | |
| Net income for the year | - | - | - | - | 1,484,530 | 1,484,530 | 1,484,530 |
| Other comprehensive loss | - | - | -699,575 | - | - | - | -699,575 |
| Total comprehensive income (loss) for the year | - | - | -699,575 | - | 1,484,530 | 1,484,530 | 784,955 |
| TRANSACTION WITH OWNERS | | | | | | | |
| Cash dividends | - | - | - | - | -1,447,488 | -1,447,488 | -1,447,488 |
| BALANCES AS AT DECEMBER 31, 2022 | | | | | | | |
| | 750,000 | -6 | -264,232 | - | 7,255,623 | 7,255,623 | 7,741,385 |

RELATED PARTY TRANSACTIONS

In the normal course of conducting its business, the Company transacts with the following related parties:

| RELATED PARTY | RELATIONSHIP |
|---|--|
| AIAGL | Ultimate Parent Company |
| AIA | Intermediate Parent Company |
| AIA Philippines | Parent Company |
| AIA International Limited (Hong Kong Branch) ("AIA HK") | Related entities under common control of Ultimate Parent |
| AIA Reinsurance Limited ("AIA Re") | Related entities under common control of Ultimate Parent |
| AIA Shared Services (Hong Kong) Limited ("AIA SS HK") | Related entities under common control of Ultimate Parent |
| AIA Shared Services Sdn. Bhd. | Related entities under common control of Ultimate Parent |
| AIA Thailand | Related entities under common control of Ultimate Parent |
| AIA IM PH | Fellow subsidiaries under common control of Parent Company |
| Philam Properties Corporation ("PPC") | Fellow subsidiaries under common control of Parent Company |
| Philam Call Center Services, Inc. ("PCCSI") | Fellow subsidiaries under common control of Parent Company |
| Tower Club, Inc. ("TCI") | Fellow subsidiaries under common control of Parent Company |
| BPI | Significant Investor |
| BPI-AMTC | Subsidiary of BPI |
| BPI M/S Insurance Corporation ("BPI M/S") | Subsidiary of BPI |
| BIMI | Subsidiary of BPI |
| BPI-Philam Peso Bond Fund | BPI-AMTC managed funds |
| BPI-Philam Equity Index Fund | BPI-AMTC managed funds |

RELATED PARTY TRANSACTIONS

| | |
|---|-------------------------|
| BPI-Philam Growth Fund | BPI-AMTC managed funds |
| BPI-Philam Odyssey Bond Fund | BPI-AMTC managed funds |
| BPI-Philam Odyssey Balanced Fund | BPI-AMTC managed funds |
| BPI-Philam Odyssey High Conviction Equity Fund | BPI-AMTC managed funds |
| BPI-Philam Balanced Fund | BPI-AMTC managed funds |
| BPI-Philam Equity Index Fund 2 | BPI-AMTC managed funds |
| BPI-Philam Philippine High Dividend Equity Fund | BPI-AMTC managed funds |
| BPI-Philam Growth Fund 2 | BPI-AMTC managed funds |
| BPI-Philam Equity Value Fund | BPI-AMTC managed funds |
| BPI-Philam Active Allocation Fund | BPI-AMTC managed funds |
| BPI-Philam Odyssey Asia Pacific High Dividend Equity Fund | BPI-AMTC managed funds |
| BPI-Philam Odyssey Philippine Dollar Bond Fund | BPI-AMTC managed funds |
| BPI-Philam Global Equity Fund | BPI-AMTC managed funds |
| Premier Philam Bond Fund | AIA IM PH managed funds |
| Premier Philam Strategic Growth Fund | AIA IM PH managed funds |
| Premier Philam Equity Index Fund | AIA IM PH managed funds |
| Premier Philam Dollar Bond Fund | BIMI managed funds |
| Premier Philam Asia Balanced Fund | BIMI managed funds |
| BPI-Philam US Dollar Bond Fund | BIMI managed funds |
| BPI-Philam US Dollar Bond Fund 2 | BIMI managed funds |

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:

Insurance activities with related parties

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

| | 2022 | | 2021 | |
|---|---|--------------------------|---|--------------------------|
| | Transactions during the year recognized in profit or loss | Outstanding net balances | Transactions during the year recognized in profit or loss | Outstanding net balances |
| Parent Company | | | | |
| Premiums ceded | 207,216 | - | 210,271 | - |
| Benefits ceded | -7,883 | - | -9,297 | - |
| Commissions ceded | -164,175 | 33,869 | -164,914 | -43,771 |
| Related entities under common control of the Ultimate Parent Company | | | | |
| Premiums ceded | 41,433 | - | 36,847 | - |
| Commissions ceded | -815 | -3,453 | -425 | -2,491 |
| Significant investor | | | | |
| Service fees (part of direct commissions) | 999,245 | -7,578 | 1,132,211 | -63,495 |
| Subsidiaries of significant investor | | | | |
| Marketing fee income | -553,281 | - | -512,118 | - |

The service fees balances in the above table are presented in net amounts. However, the receivable and payable balances as at December 31, 2022 and 2021 are presented at gross amounts in the statement of financial position and are presented in the Reconciliation of outstanding related party balances as at December 31 table on pp. 86 and 87.

Investment and financing activities with related parties

| | 2022 | | 2021 | |
|--------------------------------------|------------------------------|--------------------------|------------------------------|--------------------------|
| | Transactions during the year | Outstanding net balances | Transactions during the year | Outstanding net balances |
| Dividends | | | | |
| Parent Company | 738,219 | - | 1,281,365 | - |
| Significant investor | 694,200 | - | 1,201,543 | - |
| | 1,432,419 | - | 2,482,908 | - |
| Managed Funds | | | | |
| Subsidiaries of significant investor | | | | |
| Trust Fees (a) | -36,831 | -36,831 | 36,353 | -11,169 |
| Investment placements (b) | | | | |
| Acquisitions | 5,856,235 | 85,263,339 | 8,397,243 | 88,905,255 |
| Disposals | -8,529,979 | - | -3,897,507 | - |

(a) Trust fees pertain to amounts paid to BPI-AMTC, AIA IM and BIM I for managing the funds of the Company. This is presented as investment expenses in the statement of total comprehensive income.

(b) The investment in mutual funds are classified as FVTPL financial assets with mark-to-market movements taken up in the statement of total comprehensive income.

Shared service activities and other transactions with related parties

The Company has entered into various service agreements mainly with the Parent Company and significant investor pertaining to support services, effective January 1, 2010. For the outsourcing services rendered, the above related parties allocate expenses based on percentage of time spent in the following areas: finance, operations, marketing, corporate services, corporate compliance, information technology, actuarial, underwriting, legal, internal audit, risk management, process management, property management, distribution services, corporate secretary and other related functions.

For the years ended December 31, 2022 and 2021, these charges are presented as part of general and administrative expenses under outsourcing services, marketing and other expense accounts.

| | 2022 | | 2021 | |
|--|---|---|---|---|
| | Transactions during the year recognized in profit or loss | Outstanding net receivable balances as at December 31 | Transactions during the year recognized in profit or loss | Outstanding net receivable (payable) balances as at December 31 |
| Shared Services | | | | |
| Parent Company | 1,311,707 | -13,043 | 1,451,626 | -160,407 |
| Related entities under common control of the Ultimate Parent Company | 120,653 | -112,195 | 338 | 80 |
| Fellow subsidiaries under common control of the Parent Company | - | - | - | -5,872 |
| Leases and cost reimbursements | | | | |
| Significant investor (a) | 36,811 | -7,499 | 37,686 | -4,472 |
| Subsidiaries of significant investor (a) | -26,213 | -13,982 | -24,149 | 139 |

(a) The Company, as lessor, has entered into agreements with significant investor and its subsidiaries for lease of certain office spaces. Rental income from these agreements is included as part of rental income from investment properties under investment income in the statement of comprehensive income. In addition, the Company has costs reimbursements pertaining to consultation fees

which are presented as part of general and administrative expenses in the statement of total comprehensive income.

The balances in the previous table are presented in net amounts. However, the receivable and payable balances as at December 31, 2022 and 2021 are presented at gross amounts in the statement of financial position and are presented in the tables below. The transactions, aside from rental income, are presented as part of general and administrative expenses in the statement of comprehensive income.

Reconciliation of outstanding related party balances as at December 31

The outstanding balances arising from transactions with related parties are unguaranteed and unsecured, non-interest-bearing and are collectible on demand but not later than 12 months from the reporting date. The amounts will be settled in cash at gross amounts. No provision for impairment has been made for amounts owed by related parties since collection is deemed to be reasonably certain for the years ended December 31, 2022 and 2021.

The significant balances resulting from related party transactions as at December 31 are summarized as follows:

(a) Receivable balances arising from:

| | Insurance activities | Investment and financing activities | Shared service activities and other transactions | Total |
|--|----------------------|-------------------------------------|--|------------|
| 2022 | | | | |
| Parent Company | 31,487 | - | 82,426 | 113,913 |
| Managed funds | - | 85,263,339 | - | 85,263,339 |
| | 31,487 | 85,263,339 | 82,426 | 85,377,252 |
| 2021 | | | | |
| Parent Company | 166,094 | - | 6,603 | 172,697 |
| Subsidiaries of significant investor | - | - | 139 | 139 |
| Related entities under common control of the Ultimate Parent Company | - | - | 112 | 112 |
| Managed funds | - | 88,905,255 | - | 88,905,255 |
| | 166,094 | 88,905,255 | 6,854 | 89,078,203 |

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

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Insurance receivables (part of due from ceding companies) | 31,487 | 172,593 |
| Financial assets at FVTPL | 85,263,339 | 88,905,255 |
| Loans and receivables, net | 55,554 | 355 |
| Other assets, net | 26,872 | - |
| | 85,377,252 | 89,078,203 |

(b) Payable balances arising from:

| | Insurance activities | Investment and financing activities | Shared service activities and other transactions | Total |
|--|----------------------|-------------------------------------|--|---------|
| 2022 | | | | |
| Parent Company | -2,382 | - | 95,469 | 93,087 |
| Related entities under common control of the Ultimate Parent Company | 3,453 | - | 112,195 | 115,648 |
| Significant investor | 7,578 | | 7,499 | 15,077 |
| Subsidiaries of significant investor | - | 36,831 | 13,982 | 50,813 |
| | 8,649 | 36,831 | 229,145 | 274,625 |
| 2021 | | | | |
| Parent Company | 209,865 | - | 167,010 | 376,875 |
| Related entities under common control of the Ultimate Parent Company | 2,491 | - | 32 | 2,523 |
| Fellow subsidiaries under common control of the Parent Company | - | - | 5,872 | 5,872 |
| Significant investor | 63,495 | - | 4,472 | 67,967 |
| Subsidiaries of significant investor | - | 11,169 | - | 11,169 |
| | 275,851 | 11,169 | 177,386 | 464,406 |

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

| | 2022 | 2021 |
|--|----------------|----------------|
| Insurance payables (part of premiums due to reinsurers) | 42,812 | 246,362 |
| Insurance contract liabilities | -41,741 | -34,006 |
| Accounts payable and accrued expenses (part of due to related parties) | | |
| Shared service activities and other transactions | 229,145 | 177,386 |
| Investment and financing activities | 36,831 | 11,169 |
| Insurance activities | 7,578 | 63,495 |
| | 274,625 | 464,406 |

Transactions with key management personnel and employee retirement funds

Key management includes officers with a rank of Assistant Vice-President and up.

For the year ended December 31, 2022 and 2021, salaries, wages and other employment benefits paid to the Company's key management personnel amounted to P112,404 (2021 - P120,538).

For the year ended December 31, 2022, the total remuneration of the Company's key management personnel is P2,750 (2021 - P2,558).

There are no outstanding receivable nor payable balances due to key management personnel for the years ended December 31, 2022 and 2021.

The Company's transaction with the employee retirement funds for the years ended December 31, 2022 and 2021 are limited to contributions and benefit payments to retiring employees.



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