



Press play with FWD



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About FWD Group

FWD Group is a pan-Asian life insurance business with more than 10 million customers across 10 markets, including some of the fastest growing insurance markets in the world. FWD reached its 10-year anniversary in 2023. The company is focused on making the insurance journey simpler, faster and smoother, with innovative propositions and easy-to-understand products, supported by digital technology. Through this customer-led approach, FWD is committed to changing the way people feel about insurance.



Our presence: 10 years, 10 markets in Asia



> 10 million customers



~ 7,000 employees



> 48,000 contracted agents



Ranked 6th in the Global 2022 Million Dollar Round Table for multinational companies



22 bancassurance partnerships (including 9 exclusive partners)



> 50 ecosystem partners



US\$6.3 billion total premiums



US\$58.9 billion total assets

Top 5 in Southeast Asia¹
by new business sales

Top 3 in 7 markets²
for being recognized as the most different brand

Customer focus
Claims net promoter score: 48

Digital heart
Cloud adoption rate: 94%

FWD's vision

“Changing the way people feel about insurance.”

We take a new approach to a conventional industry. This means we don't use fear tactics and we don't create false promises. Instead, we believe that insurance should make people feel more confident and empowered. Because at FWD, we've got our customers' back—so they can go on living their best lives.



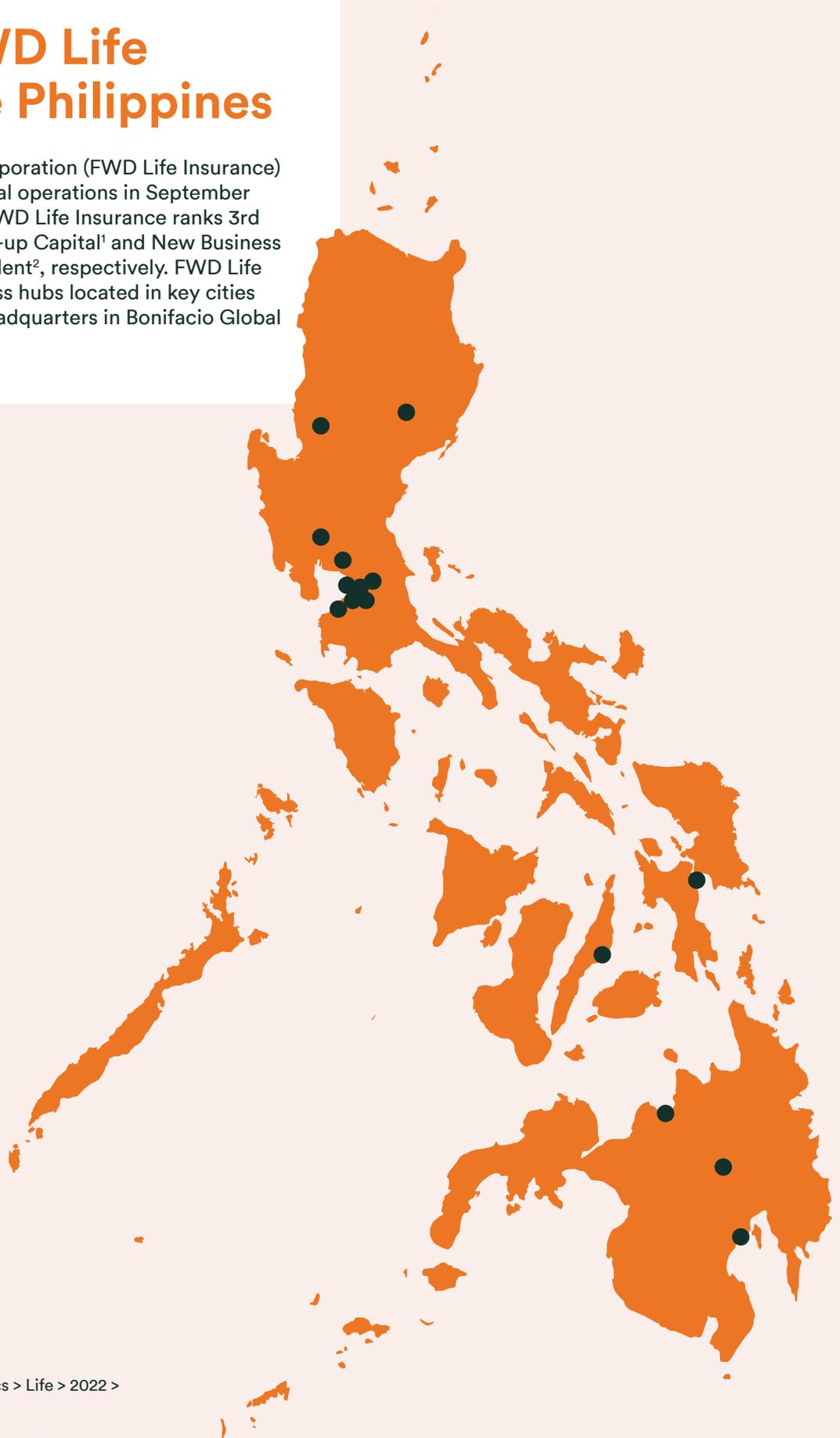
All figures as of 31 December 2022 and growth stated on a constant exchange rate basis unless otherwise specified in footnotes.

¹Life insurers competing in three or more of FWD's markets, according to NMG 2021

²Based on 2021 full year data from Blackbox Research's Brand Tracking Survey

About FWD Life Insurance Philippines

FWD Life Insurance Corporation (FWD Life Insurance) launched our commercial operations in September 2014. As of end-2022, FWD Life Insurance ranks 3rd and 6th in terms of Paid-up Capital¹ and New Business Annual Premium Equivalent², respectively. FWD Life Insurance has 18 business hubs located in key cities nationwide, with our headquarters in Bonifacio Global City in Taguig City.



¹ www.insurance.gov.ph > Statistics > Life > 2022 > Based on Paid-Up Capital

² www.insurance.gov.ph > Statistics > Life > 2022 > Based on New Business Annual Premium Equivalent

2022

FWD Life Insurance milestones

February 2022

Launched WorkSpace+, a work management app that enables FWD Life Insurance employees to navigate through hybrid work arrangements



April 2022

Introduced FWD x Security Bank Platinum Credit Card issued exclusively to FWD Life Insurance customers

Introduced FWD Vibrant Critical Illness Insurance, a complete protection plan from health screening to recovery



March 2022

Appointed Antonio Manuel “Jumbing” De Rosas and Chi Kin “Ken” Lau as new members of FWD Life Insurance Board of Directors

Sealed partnership with Marsh Philippines, one of the leading insurance brokers in the country, to cover the financial future of more Filipinos



June 2022

Launched two new funds: FWD Nitro and Velocity Global Payout Funds that give stable returns via regular payouts to accelerate customers’ financial gains

Officially opened our business hub in Tacloban City



July 2022

Ranked No. 3 in the Million Dollar Round Table (MDRT) rankings among insurance companies in the Philippines

Awarded the Insurance Inclusion Initiative of the Year – Philippines for FWD Affiliates App in the Insurance Asia Awards 2022



September 2022

Bagged three awards at the Human Resources Excellence Awards 2022: Gold Award for Innovation (WorkSpace Plus program), Silver Award for Diversity & Inclusion (Forward Together), and Bronze Award for Corporate Wellbeing (FWD LiveLife Wellbeing Strategy)



August 2022

Launched “Press play” brand campaign

Introduced FWD Affiliates App 3.0, with higher rewards and new financial contents for users

Launched FWD BIG 3 Critical Illness Insurance, an affordable plan that covers any of the big three health concerns from early- to late-stage cancer, heart attack, and stroke



October 2022

Ranked No. 2 for customer experience among insurers in the Philippines³



December 2022

Ranked No. 1 in Different and No. 2 in Innovative insurance brand in the Philippines Blackbox Research’s Brand Tracking Survey⁴

³Based on KPMG’s Global Customer Experience Excellence Report 2022

⁴Based on 2021 full year data from Blackbox Research’s Brand Tracking Survey. Blackbox Research’s Brand Tracking Survey is conducted across 9 markets, surveying 4,100 respondents every month. To measure “Different” and “Innovative”, respondents are asked to select brands that they perceive to be “A Life Insurance provider that is different to most others” and “A Life Insurance provider with innovative services and product offerings”



Messages

Message from the Chairman of the Board

More people have become more aware of the importance of having the right insurance, particularly health insurance. Considering that the Philippines has one of the lowest penetration rates in the life insurance industry, the prospects for life insurance companies selling more insurance to Filipinos who hopefully have a better appreciation of the advantages of having insurance—both life and health—are brighter and more encouraging in 2023.

The gradual reopening of the economy in 2022 had a favorable impact on most industries, including the life insurance industry. FWD Life Insurance was a beneficiary of the high economic growth (7.6% GDP growth) that the Philippines enjoyed in 2022. The growth of new business (APE) for FWD Life Insurance was respectable with a double-digit growth of 14%, and we also maintained our No. 6 ranking among the life insurance companies in the country. Two years after the COVID-19 crisis, the life insurance industry has clearly recovered and is on its way to achieving much higher growth rates—more so with life insurance companies introducing new products and applying new technologies such as artificial intelligence (AI) and digital marketing.

I congratulate our Management team for their commendable performance in 2022 despite the numerous challenges we faced. I also congratulate our agents who have made it to the MDRT Honor Roll because you have brought pride to FWD Life Insurance with our No. 3 ranking—among all the life insurance companies in the country—with the most number of

MDRT candidates. I commend our employees for their hard work, their perseverance, their commitment to their jobs, and the teamwork they have manifested, which are all so important to the attainment of our corporate objectives.

To our outgoing President and Chief Executive Officer (CEO), Mr. Li Hao Zhuang: we commend you for the exemplary leadership you demonstrated. We thank you for your significant contributions and accomplishments in bringing FWD Life Insurance to where it is today: among the Top 6 life insurers in the country. We appreciate the hard work that you undertook in molding the agency force and the bancassurance workforce into one of the most productive in the industry and the prudent guidance you provided your Management team and agency leaders. We wish you success in your new assignment as the Group Chief of Distribution Strategy.

To our new President and CEO, Mr. Antonio “Jumbing” De Rosas: we welcome you as our new leader in FWD Life Insurance and we wish you all the best as you assume the position. We assure you of our support and guidance as you embark on your ambitious plan to bring FWD Life Insurance to even greater heights. We are confident that with your vast experience in the life insurance industry, you have the capability and the determination to bring the company to the Top 3 tier of the life insurance industry in the Philippines. Our best wishes for your success!

In the new year, we are looking forward to a higher growth rate in our APE and VNB and we hope to be among the Top 5 insurers in the country in terms of NBAPE. We expect to maintain our position in the MDRT ranking. I also believe that we can do much more in terms of achieving our growth and profitability objectives as well as expanding our agency and bancassurance networks. To our agents and agency leaders, I appeal to you to focus on organic growth and improving on persistence and activity ratios.

“

The prospects for life insurance companies selling more insurance to Filipinos who hopefully have a better appreciation of the advantages of having insurance—both life and health—are **brighter and more encouraging in 2023.**”



Our President has adopted an objective to achieve a substantial expansion in our agency force in the hopes of becoming the fastest growing agency force in the country. According to Mr. De Rosas, our focus will be to develop a fully digitalized agency ecosystem. We also expect to expand our partnerships, which will enable us to penetrate a larger sector of our population.

I encourage our customers—as well as those who are not policyholders of FWD Life Insurance yet—to take the opportunity to “Press play” and look into the various opportunities that FWD Life Insurance provides to enhance their life protection schemes and investment portfolios so that better returns are assured over the long term.

I would also like to thank our customers for the steadfast confidence and trust that you have manifested in the company and we wish to assure you that we are striving to constantly improve our systems and procedures to ensure that we deliver high-quality service to our policyholders. We hope that your trust and confidence in FWD Life Insurance will be rewarded over the long term with the strong protection and reasonable returns that a life insurance company provides its customers.

Amb. Jose L. Cuisia, Jr.
Chairman of the Board
FWD Life Insurance

Message from the 2022 President and Chief Executive Officer

“

Our trailblazing mindset also enabled us to create fresh customer experiences and easy-to-understand products.”



Dear FWD Life Insurance family and friends,

I am filled with pride and gratitude for what we have achieved in 2022. It shows our commitment to building the best distribution teams and to becoming a leader in digital innovation, a top-of-mind employer of choice, and a Top 3 insurer in the Philippines.

Despite the challenges, we achieved a record year in Annualized Premium Equivalent (APE) sales and Value of New Business (VNB) thanks to double-digit growth across all our channels in 2022. We have also fulfilled our promise to cover around Php600M claims in the past year and remain as one of the country's top insurers by new business and total premiums with our company's assets increasing by 14% to Php49.9B.

The continuous rise in our Million Dollar Round Table (MDRT) qualifiers and the significant increase in productivity of our Financial Solutions Consultants are fruits of our agency and bancassurance sales teams' persistence and hard work.

Our trailblazing mindset also enabled us to create fresh customer experiences and easy-to-understand products. And we do this across all experience fronts—customer, distributor, and employee—through the following key priorities:

Providing Insurance That is Easy and Relevant

We always take inspiration from our customers in developing products that address their evolving lifestyles and needs:

- **FWD Vibrant Critical Illness Insurance:** a complete protection plan from health screening to recovery
- **FWD BIG 3 Critical Illness Insurance:** an affordable plan that covers the big three health concerns (early-to late-stage cancer, heart attack, and stroke)
- **FWD Global Payout Funds:** Nitro & Velocity, a selection of global funds that provide regular payouts through investments in a variety of asset classes

Scaling Up on Digital Transformation

We make use of cutting-edge technology to provide a simpler, faster, and smoother insurance journey:

- **Smart 2.0:** our enhanced distribution tool that innovates our sales team and customer’s experience
- **FWD Affiliates App 3.0:** our award-winning app that helps bridge the protection gap in the country and rewards users by sharing financial life skills
- **Cloud migration:** our cloud-first approach has enabled our business to be more agile, to improve system efficiency and cybersecurity, and to provide better customer experience
- **Digital heart:** our AI/Analytics-driven initiatives have helped us generate 175.4% APE and 151.7% cost savings

Strengthened Distribution and Partnerships

We continue to be grateful to new and current partners for helping us push for a record year in 2022. With their help, we were able to achieve a record year in APE and VNB.

In partnership with Security Bank Corporation, we launched a platinum card that provides exclusive perks and rewards to FWD Life Insurance customers. Our collaboration with Cebuana Lhuillier was also recognized as having one of the most productive mall assurance teams in the country. We also sealed a partnership with Marsh Philippines, one of the leading non-life insurance companies in the country, with the aim to cover more individuals in the coming years. Additionally, we extended a loan protection partnership with SB Finance Company Inc. to provide group credit life insurance as voluntary add-on to their personal loan applicants.

On the other hand, our agency and bancassurance sales forces continue to grow stronger in 2022. Our vision for Elite Distribution is to create the most trusted, productive, and digitally connected sales force.

We launched the FWD Elite Next Gen Program with the aim to provide best-in-class training to develop top-notch Financial Wealth Leaders. Our bancassurance sales team was also recognized as the most productive sales force in the region, with a total of 92% active Financial Solutions Consultants nationwide.

¹Based on KPMG’s Global Customer Experience Excellence Report 2022

Recognitions for Brand, Customer, and Employee Experience

We nurture a purpose-driven workspace, where our people can be seen, heard, and given the opportunity to contribute. And the recognitions we have received are testament to our commitment to innovation and excellence, as we work toward our vision of changing the way people feel about insurance:

- **HR Excellence Awards for Innovation** (Gold) for WorkSpace Plus
- **HR Excellence Awards for Diversity and Inclusion** (Silver) for Forward Together Project
- **HR Excellence Awards for Corporate Wellbeing** (Bronze) for FWD LiveLife Wellbeing Strategy
- **Insurance Asia Awards** (Insurance Inclusion Initiative of the Year PH) for FWD Affiliates App PH

We also ranked #2 in Customer Experience among local insurers¹ for our continuous efforts to provide excellent service to our customers. Likewise, we continue to hold our standards in the digital world and was recognized as #1 Different and #2 Innovative insurance brand in the Philippines based on Blackbox Brand Health Report 2022.

In the past three years, FWD Life Insurance has scaled up from a fast-growing start-up to becoming one of the top insurers, in the midst of the pandemic. We furthered our digital edge to help us reach and serve our customers more efficiently and effectively. We strengthened our employee and distributors, both in scale and in quality.

And now, as we approach our 10th year in the business, I am proud to hand over a stronger business and team to Antonio Manuel “Jumbing” De Rosas. With Jumbing as the new President and Chief Executive Officer of FWD Life Insurance, I am sure the company will reach even greater heights.

We have geared up for another year of growth and I am very optimistic for what lies ahead for our business. It has been a wonderful journey and I am truly honored to be part of the FWD Life Insurance family. *Maraming salamat* to everyone who made 2022 a memorable chapter.

Let’s continue to empower every Filipino to celebrate living!

Li Hao Zhuang
2022 President and Chief Executive Officer
FWD Life Insurance

Message from the 2023 President and Chief Executive Officer

Dear FWD Life Insurance family and friends,

In less than a decade, FWD Life Insurance has grown rapidly—focusing on sustainable improvement in our strategic positioning, strengthening our distribution and partnerships, and enhancing our financial and operational performance. This growth has enabled the company to solidify our reputation as one of the fastest-growing companies in the country.

I would like to commend the great work of our previous President and Chief Executive Officer, Li Hao Zhuang, and his management team for their exemplary

work in driving the organization forward during an unprecedented global pandemic. Under his leadership, FWD Life Insurance delivered a strong set of operating results for 2022: we became a Top 6 insurer based on new business annual premium equivalent and paid out close to PhP600 million claims. At the same time, our distribution team grew even stronger, and we ranked third in the Million Dollar Round Table (MDRT) rankings among local insurance companies. I hope that this exciting progress in our business will motivate our team to continue to go above and beyond our achievements to date.

“
This 2023, an area of focus for us is to bridge the financial and protection gap in the country.”



To Li Hao: congratulations and thank you for your leadership. *Mabuhay ka!*

It is indeed my honor and privilege to take the helm of FWD Life Insurance. My goal is to continue the great work of Li Hao, who has now taken the role of Group Chief of Distribution Strategy.

This 2023, an area of focus for us is to bridge the financial and protection gap in the country. Our goal is to empower every Filipino to take charge of their financial future so they can have the freedom to celebrate living. From here on out, we hope to successfully pivot our strategic efforts toward poverty alleviation and nation-building. We intend to do this by leveraging on innovation, financial literacy, as well as our products and services that are intuitive, timely, and relevant to Filipinos' changing needs.

I'm grateful to be inspired by the enormous opportunities presented to FWD Life Insurance today. I'm incredibly excited to lead the company into our promising future and with the help of a very passionate and dynamic team. I'm confident that we are well on our way to changing the way Filipinos feel about insurance.

“
We hope to successfully pivot our strategic efforts toward poverty alleviation and nation-building.”

Antonio Manuel “Jumbing” De Rosas
President and Chief Executive Officer
FWD Life Insurance



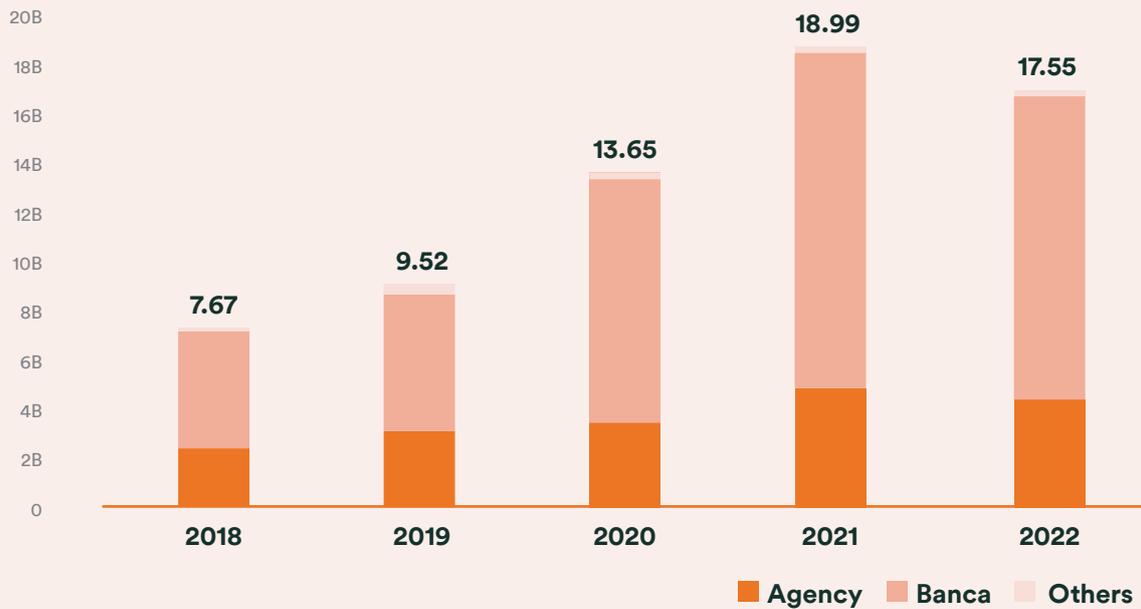
Business review

Key business highlights

Innovation, passion, and purpose are at the core of our business and so despite the challenges of post-pandemic years, FWD Life Insurance prevailed.

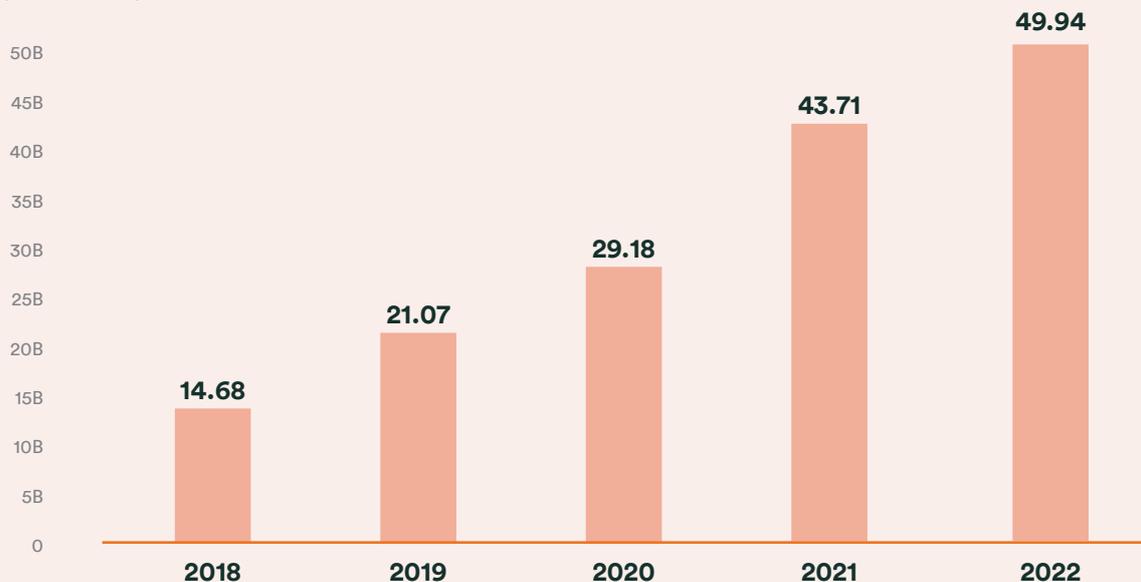
Premium Income
(PhP Billion)

PhP17,550,722,115



Total Assets
(PhP Billion)

PhP49,938,668,329

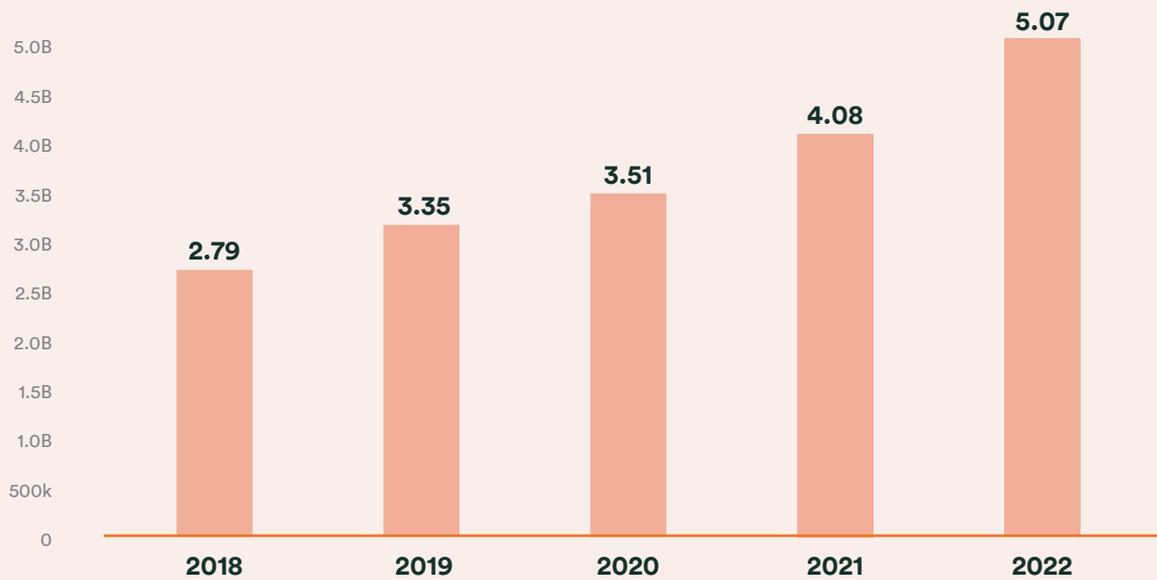


FWD Life Insurance Market Share for New Business Annualized Premium Equivalent



Equity (PhP Billion)

PhP5,072,925,958



Multi-channel elite distribution network

We continue to grow our distribution network across different platforms to better serve the needs of more people.



Partnerships

FWD Life Insurance has built solid partnerships with trusted partners for years, and we continue to build on more collaborations with organizations and institutions that share our values and vision.

Affinity

- Sealed partnership with Marsh Philippines:** Our partnership with one of the leading global insurance brokers allows Marsh customers to access an additional layer of financial protection through digital insurance products: 3-in-1 protection bundle, KanLive, KanMend, and KanGuard. These come with a customized wellness reward from AKTIVO, a mobile app that encourages right lifestyle choices for a long and healthy life.
- Extended loan protection partnership with SB Finance Company Inc.:** An affiliate of Security Bank Corporation, SB Finance provides group credit life insurance as a voluntary add-on to applicants of SB Finance Personal Loan.

- Launched FWD x Security Bank Platinum Credit Card:** The card provides immediate rewards to FWD Life Insurance customers upon activation, such as exclusive promos, free travel insurance, and airport lounge access worldwide.

Bancassurance

- 13% Increase in APE:** Achieved a double-digit growth of 13% in APE and 6% growth in cases.
- High Activity at 93%:** Recorded a total of 93% active FWD Financial Solutions Consultants in all Security Bank branches nationwide.



Agency

Our agency grew in numbers, cases, and reach, making our suite of products more accessible to more Filipinos.

Elite Agency

• **Steady Growth:**

- Saw steady increase in manpower at 16% and cases at 12%
- Recorded 15% growth in APE by agencies under general and digital agency platforms
- Registered 5% growth in new recruits and an 11% increase in active agents

- **Grand Business Opportunity Program:** A career orientation program in Bonifacio Global City, participated by an average of 80 agency branches.

FWD Affiliates App

- **Award-winning App:** FWD Affiliates App won the Insurance Inclusion Initiative of the Year – Philippines in the Insurance Asia Awards 2022. The accolade recognizes the app as a tool that helped address the protection gap and teach the importance of money management and insurance to Filipinos.
- **FWD Affiliates App 3.0:** Since its launch in August, the upgraded app has already generated a total of 3.5M APE and recorded 4,378 new users. The new version rewards users with three major enhancements:

- **Points equivalent to cash:** Points earned are already the cash equivalent and redeemable via GCash
- **Higher rewards:** Increased reward values for sharing articles, getting sign-ups, as well as successful sales conversion
- **Fresher content:** Improved library with more engaging shareable contents

- **Agency Affiliates Champions:** Formed in 2022, it is comprised of 40 FWD financial wealth leaders and planners.

FWD Elite Next Gen Program

- **Launched FWD Elite Next Gen Program:** The two-year program nurtures top-notch financial wealth leaders and offers best-in-class training and development led by FWD Life Insurance’s experienced agency professionals. The program curriculum includes both theoretical and practical training, mastery of selling and salesmanship, mastery of recruitment, agency building, and mega agency management supported by leading technology platforms in the industry. The first batch of FWD Elite Next Gen has successfully developed one Million Dollar Round Table candidate, achieved 240% of its target MP and 237% of its target APE.

Million Dollar Round Table

In 2022, we grew by 17% in the Million Dollar Round Table (MDRT) program. FWD Group jumped to sixth place in MDRT's Top 10 list of global multinational companies, and FWD Life Insurance ranked third place in the local insurance industry. To date, we have 352 MDRT advisors, 161 from agency, and 191 from bancassurance.

Top of the Table



Joel Artemio Salazar
Mt. Bentley



Rosario Castanos Salientes
SGA



Mary Ann Latonio
Mt. Carmel

Court of the Table



Mary Andrea Gantioqui
SGA - Premier



Gian Carlo Palad
Mongibello-MM2 Org



Virgie Tañas
Mt. Pinnacle



Vincent Alexis Cabarroguis
Mongibello



Lester Angelo Reyes
Mt. Elbrus



Bienvenido Emilio Lazaro
Matterhorn



Rosario Reyes
BrightAdvisors



Loremar San Pedro
Gerizim



Alejandro Clemente
FINANCESUREPH



Liezl Quiliza
SGA - Mt. Jungfrau



Arlyn Grace Guico
Mt. Triumph



Shirley Delos Reyes
Andes TWF



Pauline Sanchez
A+Quest - Paragon



Rowena Margarita Suarez
Mt. Pinnacle



Annalee De Guia
Gerizim

Million Dollar Round Table

Cyndi Alvar
A+Quest

Mary Grace San Antonio
Bogda Peak

Hazel Pasion
Cebuana Lhuillier A

Jose Mari Angeles
A+Quest

Jonally Tolentino
Bogda Peak

Ma. Carina Angelique Permejo
Cebuana Lhuillier A

Johanna Montalvo
A+Quest

Gloria Stephanie Lim
BrightAdvisors

John Michael Ramos
Cebuana Lhuillier A

Alexandra Nicole Punzalan
A+Quest

Charina Quiambao
BrightAdvisors

Lloyd Nicole San Pedro
Cebuana Lhuillier A

Margarita Arce
A+Quest - Paragon

Marvin Jason Rodriguez
BrightAdvisors

Ivan Sobrevinas
Cebuana Lhuillier A

Jerome Astorga
A+Quest - Paragon

Joanne Bautista
Cebuana Lhuillier A

Sheena Tejada
Cebuana Lhuillier A

Arianne Francheska Moya
A+Quest - Paragon

Ann Sharlaine Bunag
Cebuana Lhuillier A

Jcnette Tolibas
Cebuana Lhuillier A

Maricris Sabiduria
A+Quest IFC

Juan Paolo Calvara
Cebuana Lhuillier A

Manfred Leo Torres
Cebuana Lhuillier A

Reynaldo Almario
Andes TWF

Kristine Estrella
Cebuana Lhuillier A

Archie Aldonza
Cebuana Lhuillier B

Peter Torres
Andes TWF

Carmi Guimbongan
Cebuana Lhuillier A

Syvone Arroyo
Cebuana Lhuillier B

Angelina Agustin
Ararat

Jerwin Lafuente
Cebuana Lhuillier A

Dionel Ba-ay
Cebuana Lhuillier B

Maryloue Labuni
Ararat

Sheila Marie Libero
Cebuana Lhuillier A

Rodrigo Cadano Jr
Cebuana Lhuillier B

Tarcius Abacial
Bogda Peak

Ma. Knowlie Loderico
Cebuana Lhuillier A

Jude Maggi De Guzman
Cebuana Lhuillier B

Maria Veronica Exconde
Bogda Peak

Alysses Matro
Cebuana Lhuillier A

Keisha Mariah Lauigan
Crown Peak

Marilen Ilagan
Bogda Peak

Mariella Panes
Cebuana Lhuillier A

Luvisminda Mallillin
Crown Peak

Elma Avila
El Manre Financials

Emil Lim
Elite Zeal Advisory

Ma. Cecilia Canivel
FINANCESUREPH

Ma. Victoria Carlos
FINANCESUREPH

Aldrin Reyes
FINANCESUREPH

Joy Salas
FINANCESUREPH

Sharon Labor
Fuji

Annalyn Perocho
Fuji

Liza Madrid
Fuji - Bukidnon

Mari Antonette Ascares
Fuji - Butuan

Myrna Luna
Fuji - Butuan

Marie Jane Daquil
Gerizim

Fredalyn Gotuaco
Gerizim

Roberto So
Gerizim

Ge Marie Abuda
Glorious Mont

Rowena Villajos
Glorious Mont

Lourdes Merano
King Mayon

Cherry Fowlow
Matterhorn - Manila

Maria Cristina Martin
Matterhorn - Manila

Miguelito Jose Montines
Matterhorn - Manila

Manuel Crisanto Corregidor
Mongibello

Sheila Nunag
Mongibello

Marvin Espinosa
Mongibello-MM2 Org

Tirso Raymond Gutierrez
Mount Zion South

Dionesia Carnduff
Mt. Bentley

Maribel Floresca
Mt. Bethel

Maurice Martin Memije
Mt. Bethel

Marisol Betonio
Mt. Carmel - Cebu

Antolin Estenzo II
Mt. Carmel - Cebu

Jennifer Pollisco
Mt. Carmel - Cebu

Raymond Lim
Mt. Carmel APEX

Philip Dumlao
Mt. Carmel Davao

Bernadith Ipanag
Mt. Carmel Davao

Vanessa Madayag
Mt. Carmel Davao

Anecita Rabanillo
Mt. Carmel Davao

Ma Cristina Jhoie Bacon
Mt. Castle

Edgardo Bejasa
Mt. Castle

Franz Abegail Bejasa
Mt. Castle

Kris Tan
Mt. Champion

Markita Joi Alunan
Mt. Ebal

Claudia Cleofe Cui
Mt. Ebal

Sarah Deloraya-Mateo
Mt. Ebal

Debbie Vedan
Mt. Elias South

Catherine Joy Mendoza
Mt. Malaya - Mabuhay

George Benson Mendoza
Mt. Malaya - Mabuhay

George Byron Mendoza
Mt. Malaya - Mabuhay

Sarah Gwyneth Mendoza
Mt. Malaya - Mabuhay

Carmelita Alfonso
Mt. Mandara - BCGA

Rosalie Ellorin
Mt. Mandara - BCGA

Marcon Rodel Mendoza
Rainbow 3

Diana Hernandez
SGA - Mt. Jungfrau

Ethel Edgarlina Clima
Mt. Olympus - Artemis

Ana Fanlo
SGA - Davao

Michaela Jumao-as
SGA - Mt. Jungfrau

Clarissa Bautista
Mt. Pinnacle

Danielle Fanlo
SGA - Davao

Agnes Calima
SGA - Mt. Phoenix

Claire Ann Guiao
Mt. Pinnacle

Karleen Gonzales
SGA - Davao

Cereus Castro
SGA - Mt. Phoenix

Ronaldo Legaspi
Mt. Pinnacle

Grace De Torres
SGA - DC Alliance

Melanie Dela Rosa
SGA - Mt. Phoenix

Ana Katrina De Rosas
Mt. Triumph

Bryan Dominic Del Castillo
SGA - DC Alliance

Irene Garcia
SGA - Mt. Phoenix

Betsy Manapsal
Mt. Victoria Peak

Marvin James Revilla
SGA - DC Alliance

Julieta Garcia
SGA - Mt. Phoenix

Kerrie Keane Shimura
Mt. Victoria Peak

Charito Aruta
SGA - Manila

Jane Carlos
SGA - Premier

Esel John Dilag
Mt.OlympusAdvocates

Julian Venedict Baltazar
SGA - Manila

Jessyl Grace Patria-Torres
SGA - Premier

Lyne Dilag
Mt.OlympusAdvocates

Melany Cajucom
SGA - Manila

Rodrigo Pangan Jr
SGA - Prime

Junnel Lasco
Nebo - Pagadian

Caroline Carig
SGA - Manila

Anna Lorraine Cetin
Sinai Peak

Jocelyn Radcliff
Rainbow - Pulag

Jonathan Cuaresma
SGA - Manila

Chris Jhay R Lugue
Sinai Peak

Barry Red
Rainbow - Pulag

Julie Miranda
SGA - Manila

John Garland Marcos
Sinai Peak

Marion Victoriano
Rainbow 1

Michael Petrasanta
SGA - Manila

Angelyn Nepomuceno
Sinai Peak

Riza Pilapil
Rainbow 2

Dianalyn Dela Cruz
SGA - Mt. Jungfrau

Estela Siboa
Rainbow 2

Alexis-Mae Geronga
SGA - Mt. Jungfrau

Products for evolving needs

FWD Life Insurance constantly develops and introduces new products that help address the ever-changing market needs.



To Provide Comprehensive Protection: FWD Vibrant Critical Illness Insurance

- A complete health protection plan from wellness to recovery, it is the first of its kind in the market to offer benefits that cover health screening and post-recovery.

To Ease Your Mind: FWD BIG 3 Critical Illness Insurance

- An easy-on-the-pocket, easy-to-buy, and easy-to-claim health insurance that covers you from the top three critical illnesses: heart attack, stroke, and early-to late-stage cancer

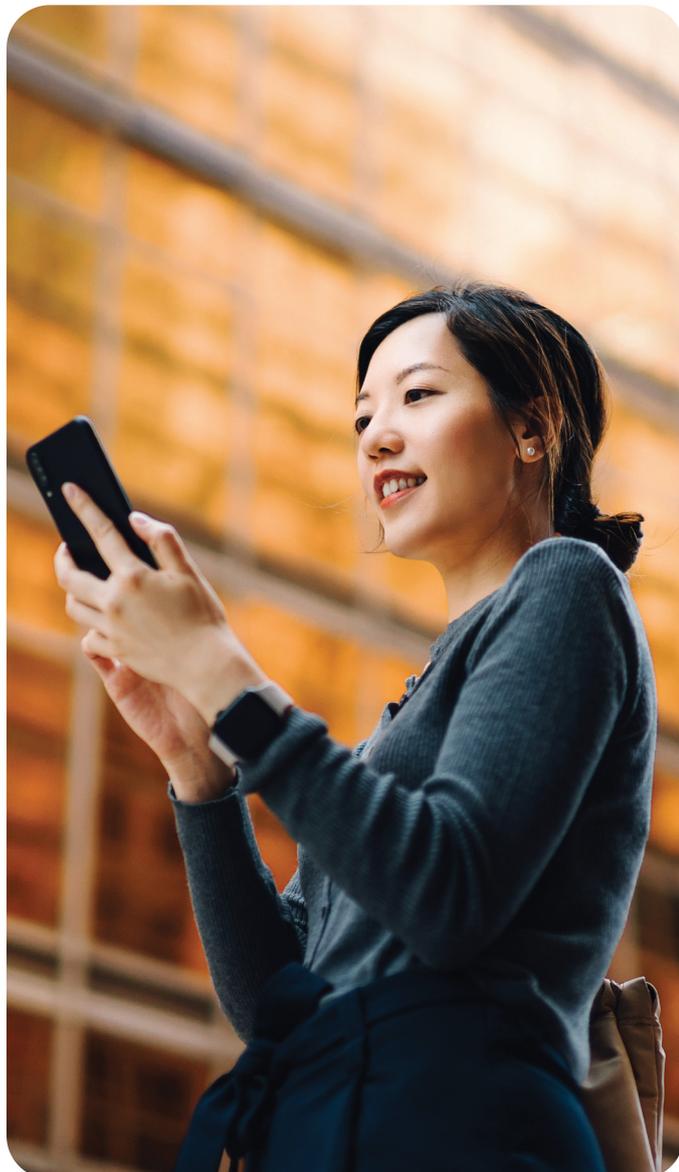
To Build Your Wealth: FWD Global Payout Fund

FWD Global Payout Fund is a new selection of powerful global funds, available in US Dollar and Philippine Peso variants, that is tailor-fit to every investor's risk appetite. It is perfect for those who seek stable returns via regular income to help boost their wealth.

- **FWD Nitro Global Payout Fund:** A balanced fund that invests in income-generating securities, such as global equities, convertible bonds, and multi-asset income funds, providing investors with regular income and potential capital appreciation over time
- **FWD Velocity Global Payout Fund:** A balanced fund that invests in income-generating securities, such as international equities, high-yield bonds, and bond funds, providing investors with consistent income while cushioning their finances from the risks of economic downturns and volatility

Best-in-class customer experience and technology

Guided by innovative ideas and our customer-led approach, we fulfilled our commitment to scale up on technology, distributor, and customer experience in 2022.



Cloud Migration for Enhanced Innovation Opportunities

Our Cloud Migration initiative boosted our overall capabilities in having higher scalability in terms of system resources, improved business continuity management, increased system efficiency, better information security and data protection management, more system flexibility, and faster time-to-market. It also helped reduce the company’s carbon footprint as aligned with our goal of becoming an environmentally responsible organization.

Robotic Process Automation for Increased Productivity

Since its deployment in 2019, we continued to drive more Robotic Process Automation (RPA) functions to improve work efficiency by eliminating manual and repetitive back-office tasks. In 2022, 10 new additional RPA functions were deployed, which brings our total RPA rollout to 41, a 74% increase in the processing efficiency of our tasks.

Digital Adoption, Enhanced Tapp NexGen for Improved Customer Experience

We saw an increase in the adoption of digital tools and applications offered to our customers’ after-sales needs. More than 90% of the total customer requests for contact information and fund allocation changes were submitted and processed digitally. Like with Tapp, we recorded higher submissions to facilitate transactions for:

- fund allocation
- fund switch
- reinstatement
- changes in contact information and billing frequency

Chatbot Fi

Fi continues to expand its knowledge base and capability to answer queries on new funds, product brochures, payments and billing, Tapp, servicing, investments, and many more. It also contributed to the decrease in Contact Center traffic, making it easier for customers to reach FWD Life Insurance anytime, anywhere.

New Smart 2.0 Mobile Application

We successfully implemented the Smart 2.0 mobile application and operations work bench systems in 2022. Smart 2.0 is our enhanced distribution tool that empowers our agents and elevates customer experience—from online policy application, overall underwriting process to payment—making our customer’s insurance journey simpler, faster, and smoother.

The FWD brand

Driven by passion and purpose, we engaged our customers with events and initiatives that underscored their interests and needs and empowered them to celebrate living.



Press Play

“Press play” regional campaign is inspired by FWD’s DNA and promise: celebrate living. Its central message is about saying yes to life today: embracing opportunities and facing challenges—with FWD Life Insurance empowering everyone to live life with confidence.

“Press play” features six stories of real-life heroes who decided “someday” is not a good enough date to start living and instead chose “today” to press play on all the things they’ve put on pause.



Press play on courage



Press play on family



Press play on happiness



Press play on a new beat



Press play on possibilities



Press play on wellbeing



Since its launch in August 2022, more than 60 million Filipinos have witnessed our brand promise of “celebrate living” and have been inspired to press play on all the things that they are holding back on. We also organized fun and engaging initiatives such as:

- Press play on Clay: The Shape of Wellbeing**
 We launched our brand campaign with a three-part event for media practitioners, bloggers, and influencers. “Press play on Clay: The Shape of Wellbeing” was a pottery and painting workshop led by Pau Javier, founder of Wabi Sabi Studio. Pau’s “Press play” story dwells on how she prioritized her wellbeing; took the risk; and followed her passion for pottery, turning it into a full-time business during the pandemic.
- Press play with FWD-MCX**
 To cement our position as a different insurance company and to drive awareness for FWD-MCX (Muntinlupa-Cavite Expressway), we mounted an immersive human experience at Evia Lifestyle Center in Las Piñas City, engaging the community in the South. Together with key influencers, mallgoers were invited to our “Press play” interactive bike challenge where they won exciting rewards.

Segment Business

In 2022, we also delivered numerous segment-based initiatives to strengthen our brand presence in different target markets: Affluent, Filipino-Chinese (Fil-Chi), Digital Natives, and Overseas Filipino Workers (OFWs).

We continue to provide our affluent customers with creative solutions and personalized experiences. In 2022, we introduced VIP Tapp Badge, a digital VIP card, to give them immediate access to preferential servicing in any FWD Life Insurance business hub. We also have an exclusive hotline ready for our affluent customers, with a dedicated Customer Connect Executive to service their policy needs. It also comes with a call-back feature that allows them to leave a message and ask for a call-back at their preferred date and time.

We held bespoke events called Savvy Talks for affluent and Filipino-Chinese communities. Savvy Talks is part of our drive toward increasing the overall financial awareness among Filipinos.

We also launched various e-commerce campaigns for Digital Natives and offered attractive rewards from Pickaroo and Giftaway. On the other hand, we engaged with the OFW community in a special session of “FinLit Live!,” our community-based livestream series that aims to spread financial literacy relevant to the members’ needs.



Our ESG strategy

Environmental, Social, and Governance matters

At FWD Life Insurance, we aspire to create a better and more sustainable future. Through a materiality assessment, we reflected on the views of our key stakeholders. As a result, our Group ESG strategy focuses on six ESG megatrends that are shaping the insurance industry and our role within it.



Our ESG Goals

We support the United Nations Sustainable Development Goals (SDGs). Our Group ESG strategy aligns with seven SDGs where we feel we can make the biggest positive contribution.

We measure and disclose our ESG performance referencing international best practices, such as the Global Reporting Initiative, Sustainability Accounting Standards Board, Task Force on Climate-Related Financial Disclosures, and Principles for Responsible Investment (PRI).



Our ESG Value Creation

In order to make the greatest impact, we've set 10 bold commitments for ourselves. We aim to implement these by 2024 and will report our progress annually.

Strong corporate governance and risk management

 Trust	 Talent	 Close the protection gap	 Sustainable investment	 Climate resilience
<p>1 Being there in the moments that matter, offering personalized customer experiences</p> <hr/> <p>2 Delivering the protection that our customers need via simpler, more inclusive products</p>	<p>3 Fostering an innovative and vibrant workplace culture with inclusive leadership</p> <hr/> <p>4 Attracting, developing, and retaining the best people in compelling careers</p> <hr/> <p>5 Promoting diversity of talent and business resilience through flexible ways of working</p>	<p>6 Meeting the needs of underserved customers to improve financial inclusion</p> <hr/> <p>7 Educating the next generation to ensure a brighter financial future</p>	<p>8 Embedding ESG into our investment process to promote sustainable financial performance</p> <hr/> <p>9 Sharing our passion for a life worth celebrating by investing in local communities</p>	<p>10 Transitioning toward a low-carbon economy to help achieve net zero</p>

Our ESG Governance

As part of our overall business strategy, we aim to ensure close alignment of our Group ESG function with our business goals and allocation of sufficient resources to our ESG functions, including establishing a Group ESG management committee in January 2020 to achieve this. The ESG management committee is chaired directly by Mr. Huynh Thanh Phong, our

Group CEO and Executive Director, and is comprised of senior managers from across the business. This ESG management committee is responsible for establishing our ESG goals and strategy, evaluating our performance, and responding to emerging ESG risks and opportunities. The committee reports our various initiatives and progress to our Group Board at least twice a year.

Our commitment to the community



Our Community Care Program aims to make a real impact by addressing the needs in the community. Through our various initiatives in 2022, we were able to inspire a culture of volunteerism among our employees and create a difference to a number of Filipinos in need.



Emergency Response for Typhoon Odette Victims

In coordination with Humanity & Inclusion, we were able to provide Typhoon Odette victims (6,000 individuals in the towns of Pres. Carlos P. Garcia [CPG] in Talibon and Ubay in Bohol) with non-food item kits, such as solar torch, bed mat, and water container. Proceeds from FWD Life Insurance employees' Earth Day Garage Sale were used to purchase these non-food items.

“*Buti may ganitong project, may ganitong training. Salamat at dahil dito natututo kami paano makalabas at makihalubilo.*”

Kevin,
Thrive Together project participant

Thrive Together: Empowering Young People with Disabilities in the Philippines

We extended our partnership with Humanity & Inclusion, with support from local implementing partner, Leonard Cheshire Disability Philippines Foundation Inc. The renewed partnership is focused on empowering young people with disabilities by enhancing their employability and financial prospects, while championing more open, diverse, and inclusive workplaces. Since its launch in June 2022, 260 people with disabilities from Quezon City; Valenzuela City; and Cainta, Rizal have been supported by the project with employment and entrepreneurial opportunities.



International Day of People with Disabilities

To celebrate the International Day of People with Disabilities, FWD Life Insurance, along with Humanity & Inclusion and the Leonard Cheshire Disability Foundation Inc., facilitated a financial literacy session for over 100 Thrive Together project participants to educate them on the importance of savings and investments.

Children’s Day Program in Tanay, Rizal

We invited almost 100 Grade 1 students from Barangay Daraitan in Tanay, Rizal to participate in fun games and to encourage them to share their dream jobs. The young students also received school supplies to aid in their education.

Empowering Toddlers and Pregnant Women in Crisis

FWD Life Insurance volunteers hosted a fun-filled event for Grace To Be Born Maternity Home & Nursery, a temporary shelter for pregnant unwed mothers and an orphanage for the children born in the facility. Care packages were distributed to toddlers and new and expecting mothers.

“

Thank you for making our moms happy. It’s been long since we’ve seen their smiles. Your visit made them forget all their worries and made them feel that they are part of your family.”

Ester Vicencio-Palacio,
Grace To Be Born Executive Director



**Our people,
our values**

2022 Senior Management Team



Li Hao Zhuang
President and Chief
Executive Officer



Irene Andas
Chief Partnership Officer



Floro Marasigan, Jr.
Chief Agency Officer



Atty. Juan Sotero Roman
Chief Legal and
Compliance Officer



Judith Baliton
Chief Life Operations
Officer



Jasper Cheng
Chief Financial Officer



Vita Marie Guillen
Chief People and Culture
Officer



D. Angela Rowley
Chief Risk Officer



Adnelle Valeza
Chief Information and
Technology Officer



Rochelle Vandenberghe
Chief Marketing Officer

A strong leadership

FWD Life Insurance is led by a team with a determined desire to make a positive difference in the insurance industry and in Filipino lives.



Li Hao Zhuang
President and Chief Executive Officer, 52

Qualifications:

Mr. Zhuang holds a Master of Business Administration from Massachusetts Institute of Technology (MIT), USA and a Bachelor of Engineering (Hons) from Loughborough University, UK.

Trainings:

He attended the Orientation on Corporate Governance conducted by The Institute of Corporate Directors, Makati, Philippines on 5 March 2020.

Professional Experiences:

Mr. Zhuang has over 30 years of leadership experience in insurance, banking, and consulting across Asia, the Middle East, the UK, and the United States. He was previously our Group Head of Agency Distribution. In this time, he developed FWD's Elite Agency strategy and successfully rolled out a number of key initiatives that lifted Elite Agency's productivity, digital capabilities, and professionalism.



Irene Andas
Chief Partnership Officer, 53

Qualifications:

Ms. Andas holds a Bachelor of Economics from the University of Santo Tomas, Manila, Philippines.

Trainings:

She attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2020. She also attended the Yale Executive Leadership Program in November 2022, as well as the Strategic Systems Thinking: Creating Competitive Advantage and Decision Effectiveness for Bancassurance Leaders trainings organized by Ateneo de Manila University in 2018 and 2017, respectively. She likewise took part in the "Leading Bancassurance Summit" by Equip Global.

Professional Experiences:

Ms. Andas draws on a proven track record that spans over 20 years in financial services. She now heads our strategic partnerships, ensuring that we're creating a portfolio of simple, intuitive, and digitized product offerings. Ms. Andas also manages our partnership with one of the leading banks in the country and oversees our relationships with other synergistic partners. She's previously held several distribution leadership roles in local and multinational financial services firms.



Judith Baliton
Chief Life Operations Officer, 57

Qualifications:

Ms. Baliton finished a course in Jr. Secretarial from Trinity College of Quezon City, Manila, Philippines. She also finished a Leadership Course from Wesleyan Bible College, Philippines.

Trainings:

She attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2019.

Professional Experiences:

With over 35 years of insurance industry experience, Ms. Baliton manages our commercial operations, ensuring that we have the right people and processes in place so that we can best service our customers. Prior to working in FWD Life Insurance, she was VP and Chief Underwriter in a multinational insurance company and a financial services provider.



Jasper Hendrik Cheng
Chief Financial Officer, 43

Qualifications:

Mr. Cheng obtained his Bachelor of Mathematics, Major in Actuarial Science and Statistics from De La Salle University, Manila, Philippines. He went on to obtain both a Master of Computational Finance and an MBA at the same university's Graduate School of Business.

Trainings:

He attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2018. He has also obtained the FLMI, FFSI, and ARA designations of the Life Office Management Association (LOMA).

Professional Experiences:

Mr. Cheng brings over 20 years of industry experience spanning several multinational companies. Prior to joining FWD Life Insurance, Mr. Cheng held leadership roles within a number of global financial services companies. He has held regional roles; been appointed Chief Actuary; worked in the HMO industry; and has served as Chief Product Officer, a position that encompassed all parts of the value chain from design to pricing. He is a Fellow of the Society of Actuaries, a Fellow of the Actuarial Society of the Philippines, and a charter holder of the CFA Institute.



Vita Marie Guillen
Chief People and Culture Officer, 44

Qualifications:

Ms. Guillen obtained her bachelor's degree in Business Management at the University of the Philippines Cebu.

Trainings:

She attended the Orientation on Corporate Governance conducted by The Institute of Corporate Directors, Makati, Philippines in 2022.

Professional Experiences:

Ms. Guillen brings years of experience in human resources (HR) and training from multinational brands and organizations in the financial industry. She has successfully maneuvered the HR field, engaged with a variety of business and functional management teams, and utilized personal contribution and partnership in all aspects of human capital management. Ms. Guillen oversees the People & Culture team in supporting and delivering the human capital strategies across the organization.



Floro Marasigan, Jr.
Chief Agency Officer, 54

Qualifications:

Mr. Marasigan holds a Bachelor of Medical Technology from Far Eastern University – Dr. Nicanor Reyes Medical Foundation, Manila, Philippines.

Trainings:

He attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2020.

Professional Experiences:

Mr. Marasigan leads our Distribution team and aligns our distribution channel with our wider customer-focused strategy. He has a proven track record with over 26 years of experience in the financial services industry. He was previously Vice President and Senior Director of Agencies within a financial services organization in the Philippines. Mr. Marasigan is a Registered Financial Consultant (RFC) at the International Association of Registered Financial Consultant (IARFC), Fellow in Life Management Institute, and Associate in Customer Service of the Life Office Management Association (LOMA).



Atty. Juan Sotero Roman
Chief Legal and Compliance Officer, 53

Qualifications:

Atty. Roman holds a Bachelor of Arts in Political Science from De La Salle University, Manila, Philippines. He earned his Bachelor of Laws from the San Beda College of Law in the Philippines. He was admitted to the Philippine Bar in 1999.

Trainings:

He completed the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2022.

Professional Experiences:

Atty. Roman has more than a decade of experience in the insurance industry. He currently holds the rank of Vice President, as Chief Legal Officer and Chief Compliance Officer, Anti-Money Laundering Officer, and Data Protection Officer of the company. Prior to joining FWD Life Insurance, he was with other insurance companies as Vice President – Legal and Compliance (2011 to 2014); Asst. Vice President, Officer-In-Charge (January to June 2011); and Senior Compliance Officer (2010 to 2011); Claims Head (2007 to 2010); and Sales Compliance Manager (2006 to 2007).



D. Angela Rowley
Chief Risk Officer, 52

Qualifications:

Ms. Rowley holds a Bachelor of Business and Finance from the University of Phoenix, USA and a Post Graduate Diploma in Computing for Commerce and Industry (PGDCCI) from Open University.

Trainings:

She is an Associate in Life Management Institute of the Life Office Management Association (LOMA). She also attended the Certified Professional Risk Manager course conducted by Asia Risk Management Institute and the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2019.

Professional Experiences:

Ms. Rowley has over 30 years of global experience in the financial services industry, spanning life insurance, banking, pensions, and investments. She leads our Risk team and plays a critical role in ensuring that sound policies and practices are in effect and a robust risk culture is embedded across our organization. She has substantial experience in the three lines of defense along with the creation of strong and sustainable risk programs including audit and risk management.



Adnelle Valeza
Chief Information and
Transformation Officer, 47

Qualifications:

Ms. Valeza obtained her Bachelor of Information Technology from Polytechnic University of the Philippines. She has also taken master’s degree units in Information Management at Ateneo de Manila University, Manila, Philippines.

Trainings:

She attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2020.

Professional Experiences:

Ms. Valeza leads our Technology, Transformation, and Customer Experience team. She has 25 years of experience including her previous role in FWD Group as Head of Project Management Office leading M&A, Transformation, and Integration projects. Prior to joining FWD Life Insurance, she worked for a global insurance firm as Vice President and Chief Information Officer. Based in London, she held an international role for project deployments in Europe and North America. Ms. Valeza is a Certified John Maxwell Coach, Speaker, and Trainer.



Rochelle Vandenberghe
Chief Marketing Officer, 47

Qualifications:

Ms. Vandenberghe holds a Bachelor of Science in Development Communication from the University of the Philippines Los Baños, Laguna. She also continued her executive education at the University of Michigan Ross School of Business, taking up the Leadership in Action Program.

Trainings:

She attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines in 2020.

Professional Experiences:

Ms. Vandenberghe leads a group of creative marketers and spearheaded the launch of the brand in 2014. Prior to FWD Life Insurance, she spent a major part of her career outside the country as an advertising and communications professional in top-ranked South East Asian companies based in Malaysia, Indonesia, and Vietnam. She became a General Manager of a multinational advertising firm in her early 30s and is a sought-after juror and presenter at international marketing, advertising, and e-commerce shows.

Investing in our people and culture

Despite the effects of the pandemic as well as bouts in the global economy, our latest Gallup survey results remain positive, with an employee engagement score of 4.18. This latest feat places FWD Life Insurance in the 42nd percentile in the finance and insurance industry across the Philippines.



People Development and Innovation

We prioritize our employees' engagement and growth through consistent, targeted, and proactive action planning.

- **Anytime Learning:** In partnership with LinkedIn Learning, we provided engaging content relevant to our employees' learning needs. Anytime Learning contributed to the 100% achievement of our employees' professional development goals.
- **Managers Essentials:** Our leadership program equips our people managers with leadership skills and capabilities. On its first year, participants achieved 99% program completion.
- **Digital Graduate:** This 18-month program gives fresh graduates the opportunity to explore different FWD Life Insurance business units, work on real projects, collaborate with some of the creative minds in the organization, and network with delegates from other FWD regional markets.
- **Internal Mobility (#LakingFWD):** #LakingFWD campaign features employees who took charge of their career development and successfully moved up the corporate ladder via internal mobility—moving to another business function or to another FWD regional market.
- **Succession Planning:** As part of our succession planning, we ensure that development plans of successors and talents are mapped out, monitored, executed, and tracked annually to ensure their readiness in their next role.
- **Performance Management:** We encourage our people managers and their direct reports to give and receive quarterly feedback, as well as coaching, to help drive employee performance.
- **FWD Career Fair Engagement (FWD CaFE):** FWD CaFE provides select college students with an opportunity to engage with our Senior Management Team, Digital Graduates, and employees. In 2022, we hosted FWD CaFE sessions for the following colleges and universities:
 - Ateneo De Manila University
 - De La Salle – College of Saint Benilde School of Deaf Education and Applied Studies
 - De La Salle University – Manila
 - Far Eastern University – Manila
 - University of the Philippines – Virata School of Business



Employee Wellness

We take on a holistic approach in taking care of our greatest asset: our people. Workplace safety and mental, physical, and emotional health are equally prioritized.

- **Workplace health and safety:** Our employees' safety has always been our top priority. As part of our pledge to the continual improvement in the management of health and safety in our workplace, we ensure that proper safety practices and protocols in the office are in place:
 - **Annual first aid training (June 2022):** A two-day first aid training facilitated by Philippine Red Cross for select FWD Life Insurance employees
 - **Flu and Pneumonia Vaccination Drive (June & August 2022):** A subsidized flu and pneumonia vaccination program for our employees
 - **Safety Seal Certification (September 2022):** Granted by the Taguig City Government, this certification signifies our workplace safety practices and protocols' compliance to government standards.
 - **OSHE Week (October 2022):** A week-long hybrid event to further promote workplace health and safety among our employees
 - **Fire drill (December 2022):** An annual fire drill to prepare our employees in case of an emergency situation
- **FWD LiveLife Wellbeing Strategy:** FWD LiveLife is our signature wellness strategy that aims to empower our employees' wellbeing journeys. In 2022, we took a fresh look at our wellness strategy and reimagined how to better support our employees' wellbeing through more interactive workshops and cross-pillar activities, including:
 - Draw Your Intention Workshop
 - Financial Planning Sessions: FWD Employee Offer and FWD Retirement Program
 - Step It Up Fitness Challenge
 - FWD LiveLife Ideas Fest Innovation Challenge
 - FWD Talent Camp: Group-wide Talent Show



Operational Processes and Improvements for an Enhanced Employee Experience

FWD Life Insurance recognizes the importance of elevating the employee experience by integrating operational procedures that seek to inspire and empower.

- **WorkSpace+:** We wanted to create a future-proof space that inspires fun, creativity, innovation, and collaboration among our employees, and at the same time ensure their welfare and safety:



A human-centered design that gives priority to employees' physical, mental, and social wellbeing



Workspace areas for hot-desking that allows for physical distancing



Collaborative areas conducive not just for brainstorming sessions but as well as socializing



Ergonomic furniture and office greenery for increased productivity

Staying true to our innovative values, we developed WorkSpace+ (WS+) app, a work management app to support our newly renovated workplace. Powered by ease and convenience, it empowers our employees to define their work arrangements by allowing them to:

- plan their schedules based on their Work-from-Anywhere (WFA) credits per month
- book workstations when working at the office
- reserve a parking slot to save the hassle of finding available parking space





Passion Communities

Our passion communities continue to display our values of being committed, innovative, proactive, open, and caring.

● **Recognition Community:** Our 2022 STAR and Leader quarterly awards recognized a total of 28 STAR individuals and 25 Leaders. The overall 2022 STAR Awardee will be introduced to the rest of the FWD regional markets, and the overall 2022 Leader Awardee will be recognized across FWD Life Insurance.

● **Innovation Community:** FWD Life Insurance employees and college students unleashed their creativity and innovation in the 2022 Springboard CEO Innovation Challenge and 2022 SpringboardX Student Challenge, respectively. Participating teams were invited to come up with new solutions for real-life business challenges.

A total of 110 ideas were submitted in the Springboard CEO Innovation Challenge which culminated in November 2022. On the other hand, students from University of the Philippines Diliman placed first runner-up in the SpringboardX Student Challenge and outdid 38 teams from different FWD regional markets.

- **Wellness Community:** We continue to look after our people’s wellbeing through various wellness activities:
 - Workout Sessions with Coach Michael Jiang (January to March 2022)
 - Nutrition Basics Workshop (March 2022)
 - Mental and Emotional Stress Management Workshop (May 2022)
 - Hike with a Heart: Hiking and Outreach Program in Mt. Daraitan (November 2022)

● **Engagement and Year-end Community:** We always ensure that there is a consistent balance between work and play. To keep our employees engaged, we organized our standard annual employee engagement activities, such as Valentine’s Day, Mother’s Day, Father’s Day, Halloween, and Year-End celebration. In between, monthly themed activities are organized to keep the engagement at work going.



HR Excellence Awards

FWD Life Insurance received three awards at the Human Resources Excellence Awards Philippines 2022. These recognitions are testament to our commitment to innovation and excellence, as we work toward our vision of changing the way people feel about insurance:

 **Gold Award for Innovation** (FWD WorkSpace+ app)

 **Silver Award for Diversity and Inclusion** (Forward Together Project)

 **Bronze Award for Corporate Wellbeing** (FWD LiveLife Wellbeing Strategy)



Corporate governance

FWD Life Insurance supports and implements a robust corporate governance policy that allows us to safeguard our stakeholders' interests in an effective and transparent manner. We are committed to practicing and promoting accountability and acting in accordance with the highest performance standards and ethical guidelines. We comply with the Insurance Commission's Revised Code of Corporate Governance and all other relevant laws, rules, regulations, and best practices on corporate governance.



Stockholders

Our Stockholders maintain a pivotal role in making sure that the company adheres to corporate governance policies and procedures.

Stockholders' Rights

FWD Life Insurance upholds all basic Stockholders' rights as stated in the Corporation Code of the Philippines and all other relevant laws, rules, regulations, and documents. All Stockholders have the right to:

- Effectively participate and vote in Stockholders' meetings
- Individually nominate and elect candidates for Directors
- Approve remunerations of Directors
- Participate in the amendments of the company's constitution
- Transfer all or substantially all assets of the company
- Exercise their pre-emptive right and participate in additional stock issuances of the company
- Inspect corporate books and records
- Receive dividends when declared by the Board of Directors and
- Exercise their appraisal rights over certain matters

These rights are exercised through a rigorous voting process conducted at Stockholders' meetings.

Conduct of Stockholders' Meetings

We strongly encourage our Stockholders' active participation in corporate affairs by ensuring their presence in Stockholders' meetings. We consult them at the beginning of the calendar year and prioritize a flexible schedule to ensure most, if not all, Stockholders are present in person or by proxy. Meetings are conducted through video conference and at FWD Life Insurance's main office in Taguig City to give Stockholders flexibility and ensure their participation in the meetings.

The formal notice ("Notice") for Stockholders' meetings is circulated at least 21 days prior to the meeting. The Notice is accompanied by the Agenda to encourage active participation in the meeting. The Agenda is divided into components to ensure that Stockholders act on only one item at a time. Likewise, a proxy form is attached to the Notice to allow unavailable Stockholders to vote in absentia or through a representative.

Some of the usual items included in the Stockholders' Meetings are the election of Directors and appointment of External Auditor. In these cases, the profiles of the candidates for Directors are routed to the Stockholders as part of the reference materials. Likewise, Management also includes in the Stockholders' reference materials its evaluation and recommendation of the External Auditor for appointment. These reference materials are sent to the Stockholders ahead of the meeting so that they are apprised of the rationale and explanation for each agenda item.

Before the Stockholders' meeting is convened, the Stockholders are also reminded of the governing rules and voting procedures. These include the rule that one share is equivalent to one vote and Stockholders must cast their votes individually.

During the Meeting, the agenda item is read and the presenter is called. Stockholders are encouraged to raise questions or clarifications during or after the presentation. The proposed resolution is read and voted upon, and Stockholders are given the opportunity to object. The Corporate Secretary notes any and all questions, clarifications, and objections in the minutes. Thereafter, the minutes are circulated to the attendees to ensure their accuracy before the same are submitted to the Stockholders for approval at their succeeding meeting.

Annual Stockholders' Meeting on 24 March 2023

Our annual Stockholders' meeting was scheduled on 24 March 2023. The formal Notice and Agenda, together with proxy forms, were routed to the Stockholders on 2 March 2023, 22 days before the scheduled meeting. Likewise, reference materials for the meeting were routed on 16 March 2023.

The Annual Stockholders' Meeting was held at our principal office and through electronic communications pursuant to Securities and Exchange Commission Circular 2020-06. The following attended the Annual Stockholders Meeting in person and via teleconferencing and videoconferencing:

- ✓ **FWD Group Financial Services Pte. Ltd.**
with Binayak Dutta as proxy
- ✓ **Security Bank Corporation**
with Harold de Leon as proxy
- ✓ **Ambassador Jose L. Cuisia, Jr.**
Chairperson of the Board and of the Related Party Transactions Committee
- ✓ **Antonio Manuel G. De Rosas**
Executive Director, President and Chief Executive Officer
- ✓ **Atty. Lilia B. De Lima**
Independent Director, Chairperson of the Risk Committee, and acting Chairperson of the Corporate Governance Committee
- ✓ **Adrian T. O'Connor**
Non-Executive Director and acting Chairperson of the Audit Committee
- ✓ **Binayak Dutta**
Non-Executive Director
- ✓ **Chi Kin "Ken" Lau**
Non-Executive Director

Board of Directors

Our Board of Directors presides over Management, collectively oversees the company's strategic direction and tenable future, and makes certain that the highest standards are constantly met with every decision-making.



Ambassador Jose L. Cuisia, Jr.
Chairman



Li Hao Zhuang
President and
Chief Executive
Officer



Leo G. Dominguez
Lead Independent
Director*



Lilia De Lima
Independent
Director

* Atty. Leo G. Dominguez passed away on 26 November 2022

**Appointed as President and CEO effective 1 March 2023



**Antonio Manuel
G. De Rosas**
Independent
Director**



Binayak Dutta
Non-Executive
Director



Adrian T. O'Connor
Non-Executive
Director



Chi Kin "Ken" Lau
Non-Executive
Director

Amb. Jose L. Cuisia, Jr.
Chairman of the Board, 78
Date of First Appointment:
17 June 2016

Qualifications:

Ambassador Cuisia, Jr. graduated Magna Cum Laude from De La Salle University, Manila, Philippines, with a degree in BA/BS Commerce. He earned his MBA in Finance from The Wharton School, University of Pennsylvania, USA.

Trainings:

The Securities and Exchange Commission's Corporate Governance and Finance Department granted him a permanent exemption from the corporate governance training requirement under SEC Memorandum Circular No. 20-2013 on 08 December 2015.

Relevant Experiences:

He has held corporate directorships in Philippine conglomerates since 1996. He serves as an Independent Director in these Publicly Listed Companies (PLCs): PHINMA Corp., Manila Water Company Inc., and Century Properties Group Inc. He likewise serves as the Chairman of the Board of The Covenant Car Company Inc. (Chevrolet Philippines), Adlemi Properties, Inc., JVC Holdings, Inc., and Five Js Diversified Holdings. In 2022, he was appointed as an Independent Director of Xendit Philippines Inc. and OmniPay, Incorporated and a Trustee of ASA Philippines Foundation. He is also Chairman of the Board of Trustees of the University of Asia & the Pacific and a Trustee of De La Salle University Dasmariñas and De La Salle Medical and Health Sciences Institute. He previously served as Vice Chairman and Lead Independent Director of SM Prime Holdings Inc. He took his official diplomatic post as Ambassador Extraordinary and Plenipotentiary to the United States of America from 2011 to 2016.

Binayak Dutta
Non-Executive Director, 50
Date of First Appointment:
15 March 2018

Qualifications:

Mr. Dutta graduated with honors from Jadavpur University, India with a Bachelor of Arts in Economics. He earned his Post-Graduate Diploma in Business Management (MBA) from the Institute of Management Technology in 1996.

Trainings:

He attended the Corporate Governance Course conducted by the Institute of Corporate Directors in the Philippines on 6 June 2018.

Relevant Experiences:

He has held prime positions in the insurance industry for over 16 years. He was most recently Chief Executive Officer (CEO) of Prudential Life Assurance, Public Company Ltd. Thailand from 2008 to 2016. Prior to that, he was CEO of Prudential Vietnam Assurance Pte. Ltd. from 2007 to 2008 and Chief of Sales and Distribution for ICICI Prudential Life Insurance Company India from 2006 to 2007. He likewise held managerial positions in Microland Ltd. India, ICICI Bank India, and Bank of America India.

Adrian T. O'Connor
Non-Executive Director, 64
Date of First Appointment:
22 September 2020

Qualifications:

Mr. O'Connor graduated from University College Dublin, Ireland with a Bachelor of Science (1981) and an MBA (1994). He is a Fellow of the Society of Actuaries (2001), Member of the American Academy of Actuaries (2000), and Fellow of the Institute of Actuaries (1989).

Trainings:

He completed the Corporate Governance Course by the Institute of Corporate Directors in October 2020.

Relevant Experiences:

A highly experienced Chief Financial Officer (CFO) with a proven record of delivery in Asia, he was a key member of two CEOs' inner cabinet offices that set strategy at Prudential Corporation Asia. He had previous roles with New York Life International, A.L.G., Aviva (Ireland) and Zurich (Ireland) working in the US, Europe, and Asia. His experience is broad, with both local and global responsibilities as CFO and Chief Actuary.

Atty. Lilia B. De Lima
Independent Director, 82
Date of First Appointment:
21 June 2018

Qualifications:

Atty. de Lima graduated with an Associate in Arts from Centro Escolar University, Manila, Philippines in 1958. She earned her Bachelor of Laws from Manuel L. Quezon University, Manila, Philippines in 1962 and the following year, in 1963, she was called to the Philippine Bar. She earned her fellowship in American and International Law at the Center of American and International Law in Dallas, Texas, USA and her Doctor of Laws (Honoris Causa) at Manuel L. Quezon University, Manila, Philippines in 2009.

Trainings:

She attended the Corporate Governance Courses conducted by the Institute of Corporate Directors on 05 September 2018 and 10 July 2019; Business Continuity Planning, and Executive Briefing for Board Directors and Management conducted by the Center for Global Best Practices on 23 October 2020; Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) Technical Training on 23 August 2020; and Investment, Trust, and Estate Management Seminar (I.T.E.M.S) conducted by Wealth Management Center in 2021.

Relevant Experiences:

She sits in the Board of Directors of the following public limited companies (PLCs): Rizal Commercial Banking Corporation as a Non- Executive Director, Pinma Corporation as an Independent Director, and Megawide Construction Corporation as an Independent Director. She is also a Director of Dusit Thani Manila, Science Park of the Philippines, RFM Science Park of the Philippines, Pueblo de Oro Development Corp., Regatta Properties, Inc., Ionics EMS Inc., and Ionics Inc. She is an Executive-in-Residence at Asian Institute of Management, Member of Board of Trustees of Fatima Center for Human Development, and Member of Advisory Council of AC Industrials.

Li Hao Zhuang
Executive Director, President
and Chief Executive Officer, 52
Date of First Appointment:
1 January 2020

Qualifications:

Mr. Zhuang holds a Master of Business Administration from Massachusetts Institute of Technology (MIT), USA and a Bachelor of Engineering (Hons) from Loughborough University, UK.

Trainings:

He attended the Orientation on Corporate Governance conducted by the Institute of Corporate Directors, Makati, Philippines on 5 March 2020.

Relevant Experiences:

He leads our Life business in the Philippines. He has nearly 30 years of leadership experience in insurance, banking, and consulting across Asia, the Middle East, the UK, and the United States. He was previously our Group Head of Agency Distribution. In this time, he developed FWD's Elite Agency strategy and successfully rolled out key initiatives that lifted Elite Agency's productivity, digital capabilities, and professionalism.

Atty. Leo Dominguez
Lead Independent Director, 67
Date of First Appointment:
6 December 2013
† 26 November 2022

Qualifications:

Atty. Dominguez graduated with a Bachelor of Arts in Philosophy from Ateneo de Manila University, Manila, Philippines and earned his Bachelor of Laws from the Ateneo Law School in 1980. He was admitted to the Philippine Bar in 1981.

Trainings:

He completed the Orientation on Corporate Governance and Professional Directors Program of the Institute of Corporate Directors, Makati, Philippines in 2017 and the Baker & McKenzie Partner Program of the Kellogg Graduate School of Management, Northwestern University, Illinois, USA in 2000.

Relevant Experiences:

A law veteran of 42 years, he was an Associate in two firms: Quisumbing Torres & Evangelista in Manila, Philippines and Baker & McKenzie in Singapore, where he was involved in cross-transactions, merger and acquisitions, and advising multinational clients on their operations in several countries in the Asia Pacific region. He was also a Partner at Quisumbing Torres from 1991 to 2010.

Antonio Manuel G. De Rosas
Independent Director, 58
Date of First Appointment: 25 March 2022

Qualifications:

Mr. De Rosas graduated from University of San Francisco, California, USA with a Bachelor of Science in Business Administration Major in Accounting in 1986 and a Master in Business Economics from University of Asia and the Pacific, Manila, Philippines in 2004. He is a Certified Public Accountant in Illinois, USA (2006) and Hong Kong (1992) and a Certified Information Systems Auditor (1993).

Trainings:

He attended the Corporate Governance Scorecard Orientation conducted by Institute of Corporate Directors in 2022.

Relevant Experiences:

Mr. De Rosas is the former President and CEO of Pru Life Insurance Corporation of UK (Philippines) from August 2010 to October 2021. He grew Pru Life's business to rank number 1 in terms of market share by year end 2020 and sustained this until his retirement in October 2021. Prior to being CEO, Mr. De Rosas was CFO of Pru Life UK Philippines (2007-2008; 2009-2010), Sun Life Philippines (2008-2009), and Nippon Life Insurance Company of the Philippines (1997-2007).

Chi Kin "Ken" Lau
Independent Director, 55
Date of First Appointment: 25 March 2022

Qualifications:

Mr. Ken Lau has a Bachelor of Science Degree (Hons) in Mathematics and Physics from The University of Hong Kong and is a Fellow of the Society of Actuaries.

Trainings:

He attended various trainings for Directors, including an induction training conducted by FWD Group on 29 March 2018, a training on Hong Kong Insurance Legislation and Regulations organized by the Hong Kong Institute on 14 October 2019, a session on Economics Social and Governance Strategy facilitated by the FWD Group's Environment Social Governance team on 22 June 2021, and a Directors training session on Corporate Governance by the FWD Group and the law firm Linklaters on 17 January 2022.

Relevant Experiences:

He has more than 30 years of experience in the insurance industry in Mainland China, Hong Kong, and Taiwan in Senior Management positions. Prior to joining FWD Life Insurance, Mr. Lau was the CEO of Union Life Insurance Co., Ltd. in China and was charged with managing both the life and general insurance business. Prior to that, he was with China Ping An Life Insurance Co., Ltd. for more than 10 years in Senior Management roles leading the company's core functions including marketing, sales distribution, and provincial branch management, with his most recent position as President from 2012 to 2014. His early career included roles in Mainland China, Hong Kong, and Taiwan for Prudential and AIA.

Remembering Atty. Leo Dominguez

FWD Life Insurance celebrates the life and legacy of an exceptional leader with an even more exceptional heart, Atty. Leo G. Dominguez



In November 2022, we lost a key member of FWD Life Insurance. Atty. Leo G. Dominguez was one of the very first people who believed in FWD’s vision of “changing the way people feel about insurance.” He served as the company’s Lead Independent Director from November 2013 to November 2022.

Atty. Leo wore many hats in his lifetime: a retired partner of Quisumbing Torres Law Office, Head of OLLI Consulting Group, former Chairperson of the Philippines-Sweden Business Council, former Chairperson of the Philippines-Australia Business Council, former legal committee member of the Chamber of Mines of the Philippines, a legal adviser to the Philippine Mine Safety and Environmental Association, and former Country Leader and Trustee of ENACTUS Philippines. And on top of that, he was also a loving husband, father, grandfather, and friend.

At FWD Life Insurance, he was a valued colleague to our Senior Management Team. He was a beautiful soul who brought the power of his presence, compassion, and position to some of the important humanitarian issues in our country. He was a member of the steering committee of one of the company’s very first Community Care efforts, DIWATA Women in Resource Development’s “Tanging Tanglaw: Turning IP Women into Solar Engineers” (Solar Lolos Project), an initiative he so deeply loved and introduced to FWD Life Insurance.

Away from work, Atty. Leo was a staunch advocate of planting bamboo as a means of creating livelihood projects. He also collected used tarpaulins to be deployed through the Land Rover Club of the Philippines as temporary shelters for victims of natural disasters.

We will always remember him as an exceptional leader with a big heart.

We promise to keep your legacy alive, Atty. Leo. Your FWD Life Insurance family will continue to advocate for the Aetas’ rights to equal opportunities to live sustainable lives. Just like how you envisioned it to be.

***Maraming
salamat, Atty. Leo.
You have been
such an inspiration
to many.***

Overview of the Board's Responsibilities

The Board of Directors exercises discretionary powers and is accountable to our Stockholders. It is guided by the Corporation Code of the Philippines, the company's bylaws, the Corporate Governance Manual, and all other relevant laws, rules, and regulations. In the exercise of their functions, Directors act in good faith and with due care and diligence to ensure that they act in FWD Life Insurance's best interest. The Board meets regularly, at least once a quarter, to review the company's mission, vision, performance, business objectives, and strategy. The Board likewise exercises oversight on the company's internal controls and risk management systems. The Directors also decide, by way of majority vote, on matters specifically requiring Board approval by the company's policies and frameworks. The Directors come to meetings prepared by having read the materials, which are made available at least five business days prior to the meeting schedule. The Directors are likewise encouraged to ask questions and give recommendations prior to casting their votes on matters requiring approval. The Corporate Secretary records discussions in the minutes, including resolutions passed.

Board Composition and Membership

The company endorses diversity in the Board of Directors in terms of professional and personal backgrounds such as skill, experience, gender, age, race, and ethnicity. The Board is composed of Non-Executive Directors and a single dedicated Executive Director to comply with the requirement under the Philippine Corporation Code. The Board reserves at least three of its seats to Directors who are independent of Management and of substantial stockholders.

These independent Non-Executive Directors have a maximum term limit of nine years to ensure the Board's collective competence and independence. Likewise, all Directors have a maximum of five directorships in publicly listed companies and insurance commission regulated companies. When Directors are offered seats in other corporate boards, they first disclose this to the Board with an undertaking that they will continue to carry out their duties in FWD Life Insurance diligently.

The Chairman of the Board

The Chairman's roles and responsibilities include:

- Scheduling meetings to enable the Board to responsibly perform its duties while not interfering with the flow of the company's operations;
- Preparing meeting agendas in coordination with the CEO;
- Presiding over meetings to ensure Directors actively participate, pose questions or clarifications, and discuss issues to the satisfaction of the Board;

- Exercising control over quality, quantity, and timeliness of the flow of information between Management and the Board; and
- Assisting in ensuring compliance with the company's guidelines on corporate governance

2022 Board Meetings and Attendance

The 2022 meetings were proposed, scheduled, and approved by the Board of Directors at its Regular Meeting on 10 December 2021. Notices of these meetings, their Agenda and reference materials, minutes from the previous meeting, and all other documents for discussion were sent to the Directors one week before the actual meeting.

The Nomination and Election of Our Directors

Stockholders (including non-controlling Stockholders) individually nominate and elect candidates for the Board of Directors. Management may also suggest candidates to the Stockholders based on recommendations from external search firms. The Corporate Governance Committee evaluates the candidates' qualifications, skills, expertise, and job experiences, and whether these align with FWD Life Insurance's vision, mission, and strategy.

The profiles of the qualified candidates, together with the Notice and Agenda for the Stockholders' meeting, are presented to the Stockholders for election. These profiles contain the candidates' age, academic qualification, work experience, other directorships, and appointments within the company. Elected Directors hold office for a year.

The Corporate Governance Committee also reviews the candidates' remuneration packages and certifies the same are within the approved tier limits of the company. Directors' remuneration packages are then presented to the Stockholders for their ratification.

The Development of Our Directors

The Compliance Officer and Corporate Secretary provide the orientation for Directors to explain the company's vision and mission, organizational profile, Corporate Governance Manual, Committee Terms of Reference, and policies and procedures.

Within six months of their election and/or appointment, all Directors and Officers are required to attend Corporate Governance training seminars conducted by organizations accredited by the Insurance Commission (IC). This is to fully equip themselves with the latest information on corporate governance and matters of best practice.

2022 Board Meetings and Attendance

Directors	Outgoing Meeting (25 Mar 2022)	Organizational Meeting (25 Mar 2022)	Board Retreat (26 May 2022)	Regular meeting (27 May 2022)	Regular meeting (07 Sept 2021)	Regular meeting (16 Aug 2022)	Regular meeting (14 Dec 2022)	% Attendance
Amb. Jose L. Cuisia, Jr.	✓	✓	✓	✓	✓	✓	✓	100%
Adrian T. O'Connor	✓	✓	✓	✓	✓	✓	✓	100%
Binayak Dutta	-	-	✓	✓	-	✓	*****	50%
Atty. Leo G. Dominguez*	✓	✓	✓	✓	✓	-	-	100%
Atty. Lilia B. De Lima	✓	✓	✓	✓	✓	✓	✓	100%
Li Hao Zhuang	✓	✓	✓	✓	✓	✓	n/a	100%
Vicente B. Castillo**	✓	-	-	-	-	-	-	100%
Antonio Manuel G. De Rosas***	-	✓	✓	✓	✓	✓	✓	100%
Chi Kin "Ken" Lau****	-	-	-	-	✓	✓	*****	100%
% Attendance	86%	86%	100%	100%	88%	100%	100%	

✓ Attended - Absent n/a Not applicable

*Atty. Leo G. Dominguez passed away on 26 November 2022

**Mr. Castillo's term as Director expired on 25 March 2022

***Mr. De Rosas was elected on 25 March 2022

****Mr. Ken Lau was elected on 25 March 2022, subject to regulatory approval, which was secured on 3 June 2022

*****Messrs. Binayak Dutta and Ken Lau are executives of FWD Group and were excused from attending the Non-Executive Directors' meeting

We also utilize online learning management systems to provide our Directors with continuing updates. Directors and Officers access annual development training and certification modules, such as the following:

-  **Code of Ethics and Business Conduct**
-  **Anti-Bribery and Corruption**
-  **Anti-Money Laundering and Counter-Terrorist Financing**
-  **Whistleblower and Conflicts of Interest**
-  **Information Security and Data Privacy**

In addition to these annual certifications, the Directors attended trainings and seminars on the following topics to enrich their knowledge on the company's business:

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

The Process of Our Directors' Evaluations and Appraisal

We established our own annual performance evaluation for our Directors, Committee members and Chairpersons, and President and CEO. The assessment criteria are based on the IC circulars on corporate governance, our Corporate Governance Manual, and each Committee's Terms of Reference, which generally includes the exercise of responsibilities, conduct of operations, and effectiveness of the Board, Committee, Chairperson, or President, as the case may be. Individual Directors are also assessed based on their performance of their duties under the company's Corporate Governance Manual.

The Board and Committee Performance Assessments were distributed on 14 December 2022. The Office of the Corporate Secretary tallied and summarized the results. The results of the assessments were presented to the Board and Committees in their respective meetings on 23-24 March 2023, and recommendations were noted and considered.

Remuneration of Directors

Directors' remunerations are composed of fixed fees, which are based on the industry rate and fee structure within the FWD Group. They are entitled to remuneration upon their qualification and election and shall continue to be so until their retirement or cessation of their relationship with the company for any reason. Director's remuneration is based on the table below:

Position	Remuneration (PhP)
Chairman of the Board and Non-Executive Director	1,371,845.70
Member of the Board	1,066,991.10
Chairman of Committee	812,945.60
Member of Committee	558,900.10

For 2022, the company paid a total of PhP13,556,029.70 in Directors' fees. Binayak Dutta and Ken Lau, who are executives of FWD Group, and Li Hao Zhuang, who was the FWD Life Insurance President and CEO, did not receive remuneration as Directors of FWD Life Insurance.

As President and CEO, Li Hao Zhuang's executive remuneration package consisted of fixed salaries and allowances, including short-term and long-term variable incentives.

Board Committees

Our Board Committees remain actively engaged in addressing relevant matters. They offer strategic recommendations on specialized issues to ensure the achievement of the company's goals.

The Directors' attendance at the Board Committee meetings is as follows:

Committees	24 Mar 2022	26 May 2022	16 August 2022	13 December 2022
Audit Committee	100%	100%	100%	-
Related Party Transactions Committee	100%	100%	100%	-
Corporate Governance Committee	75%	-	100%	100%
Risk Committee	100%	100%	100%	-

Audit Committee

The Audit Committee performs the following functions among other tasks enumerated in our by-laws, its Terms of Reference, and all other instructions of the Board of Directors:

- Review and approve financial reporting
- Review, approve, and make recommendations regarding internal audit
- Manage the external audit
- Review, approve, and evaluate our internal control standards, policies, and procedures

Each year, the Audit Committee reviews Internal Audit's detailed three-year plans and confirms the adequacy of the company's internal control systems.

The Audit Committee also approves and oversees the engagement, removal, and fees of the external auditor as well as the appointment and removal of the Head of Internal Audit. The Committee reports significant matters to the Board of Directors.

Committees	24 Mar 2022	26 May 2022	16 Aug 2022	13 Dec 2022
Vicente B. Castillo*	✓	-	-	-
Amb. Jose L. Cuisia, Jr.	✓	✓	✓	✓
Adrian T. O'Connor	✓	✓	✓	✓
Antonio Manuel G. De Rosas**	-	✓	✓	✓
% Attendance	100%	100%	100%	100%

*Mr Castillo's term as Director expired on 25 March 2022

**Mr. De Rosas was elected on 25 March 2022

Corporate Governance Committee

The Corporate Governance Committee oversees the implementation of our corporate governance practices and assists the Board in the formulation of our formal framework and internal policies. The Corporate Governance Committee is responsible for evaluating candidates for Directors and Officers in view of our business objectives and strategy. The Committee is likewise tasked with reviewing Executive remuneration as well as employee benefits and bonuses.

Corporate Governance Committee	24 Mar 2022	16 Aug 2022	13 Dec 2022
Atty. Leo G. Dominguez*	-	✓	n/a
Atty. Lilia B. De Lima	✓	✓	✓
Amb. Jose L. Cuisia, Jr.	✓	✓	✓
% Attendance	67%	100%	100%

*Atty. Leo G. Dominguez passed away on 26 November 2022

Related Party Transactions Committee

The Related Party Transactions (RPT) Committee was constituted by the Board of Directors to assess all related party transactions on a quarterly and ongoing basis to ensure transactions with related parties are identified, monitored, and handled in commercially fair and reasonable terms, and that appropriate disclosures are made in accordance with applicable regulations and the company's Related Party Transactions Policy.

For 2022, the RPT Committee did not find any transaction that may be classified as financial assistance to its related parties.

Related Party Transactions Committee	24 Mar 2022	26 May 2022	16 Aug 2022	13 Dec 2022
Amb. Jose L. Cuisia, Jr.	✓	✓	✓	✓
Vicente B. Castillo*	✓	n/a	n/a	n/a
Atty. Leo G. Dominguez**	✓	✓	✓	n/a
Antonio Manuel G. De Rosas***	n/a	✓	✓	✓
% Attendance	100%	100%	100%	100%

*Mr Castillo's term as Director expired on 25 March 2022

**Atty. Leo G. Dominguez passed away on 26 November 2022

***Mr. De Rosas was elected on 25 March 2022

Risk Committee

The Risk Committee is responsible for providing direction, policy, and oversight on the company's compliance and risk management. This includes the design and execution of a risk management and compliance infrastructure that provides reasonable assurance that all risks (strategic, financial, investment, insurance, and operational) are identified and properly managed. The Risk Committee annually reviews the company's Risk Management systems and confirms its adequacy.

Related Party Transactions Committee	24 Mar 2022	26 May 2022	17 Aug 2022	13 Dec 2022
Atty. Lilia B. De Lima	✓	✓	✓	✓
Amb. Jose L. Cuisia, Jr.	✓	✓	✓	✓
Adrian T. O'Connor	✓	✓	✓	✓
% Attendance	100%	100%	100%	100%



Compliance Officer

The Compliance Officer acts as a corporate governance advocate and ensures that FWD Life Insurance conducts business in full compliance with all laws, policies, and regulatory matters, and that employees are following internal procedures.

Roles and Responsibilities

The Compliance Officer ensures the timely submission of accurate reports and disclosures to the IC, Securities and Exchange Commission (SEC), and such other concerned regulatory agency in accordance with their respective rules and regulations. The Compliance Officer performs the following responsibilities:

- Ensure proper onboarding of new Directors
- Ensure the attendance of Board members and Officers in relevant trainings
- Monitor, review, evaluate, and ensure compliance by the company, our Officers and Directors with the relevant laws, the IC Code of Corporate Governance, rules and regulations, and all governance issuances of regulatory agencies
- Report violations to the Board and recommends the imposition of appropriate disciplinary action
- Ensure the integrity and accuracy of all documentary submissions to regulators
- Collaborate with other departments to properly address compliance issues
- Identify possible areas of compliance issues and work toward the resolution of the same
- Perform such other duties and responsibilities as may be prescribed by the IC and the company's by-laws

Atty. Juan Sotero Roman

Chief Compliance Officer, 53

Date of First Appointment: 25 July 2014

Qualifications:

Atty. Roman holds a Bachelor of Arts in Political Science from De La Salle University, Manila, Philippines. He earned his Bachelor of Laws from the San Beda College of Law in the Philippines. He was admitted to the Philippine Bar in 1999.

Trainings:

He completed the Orientation on Corporate Governance conducted by The Institute of Corporate Directors, Makati, Philippines in 2022.

Relevant Experiences:

He has more than a decade of experience in the insurance industry. He currently holds the rank of Vice President, as Chief Legal Officer, Chief Compliance Officer, and Data Protection Officer of the company. Prior to joining FWD Life Insurance, he was with other insurance companies as Vice President – Legal and Compliance (2011 to 2014); Asst. Vice President, Officer-In-Charge (January to June 2011); Senior Compliance Officer (2010 to 2011); Claims Head (2007 to 2010); and Sales Compliance Manager (2006 to 2007).

Office of the Corporate Secretary

The Office of the Corporate Secretary commits to the integrity of the corporate governance framework and facilitates the resources needed for the Board and its Committees to diligently fulfill their duties.

Roles and Responsibilities

The Office of the Corporate Secretary (OCS) ensures the proper conduct of Stockholders', Board, and Committee meetings. The OCS also performs these functions:

- Coordinate with Stockholders and Directors for their availability
- Prepare and release the Notices and Agenda at least 21 days prior to Stockholders' meetings and at least seven days prior to Directors' meetings
- Complete and circulate reference materials at least five business days prior to meetings
- Prepare and safekeep the minutes recording the attendance (in person, through e-conferencing, or by proxy) of Stockholders, Directors, and Presenters; the discussions and voting on agenda items; and the resolutions passed
- Keep custody of company records in compliance with internal and regulatory standards
- Other functions described in the company's by-laws

Atty. Donna C. Duque-Pastoral Corporate Secretary, 42

Date of First Appointment: 20 September 2019

Qualifications:

Atty. Duque-Pastoral graduated from the University of the Philippines Diliman with a Bachelor of Arts in Political Science (2000) and Bachelor of Laws (2006). She was called to the Philippine Bar in 2007.

Trainings:

She is an Associate in Life Management Institute (2017) and Associate in Insurance Regulatory Compliance (2015) of the Life Office Management Association (LOMA). She attended the Orientation on Corporate Governance conducted by The Institute of Corporate Directors, Makati, Philippines in 2018 and a refresher course in Corporate Governance in 2020. She has earned her Certificate on Trust Operations and Investment Management course (2018) conducted by the Trust Institute Foundation of the Philippines. She joined the seminar entitled "Best Practices in Corporate Housekeeping" in April 2021. She also attended the privately held seminar on "How Boards Have Risen to the COVID-19 Challenge, and What's Next" conducted by McKinsey & Company.

Relevant Experiences:

Prior to joining FWD Life Insurance, she was with other multinational insurance companies as Assistant Corporate Secretary (from 2017 to 2019); Legal Counsel; and Legal & Compliance Senior Manager and Assistant Corporate Secretary (from 2008 to 2013). She was an Associate at Soo Gutierrez Leogardo & Lee Law Offices from 2006 to 2008. She is a Special Lecturer II for Insurance Law and Credit Transactions in the University of Caloocan City College of Law for Academic Year 2021-present.

Atty. Jordan Zafra-Bernardo Assistant Corporate Secretary, 35 Date of First Appointment: 22 September 2020

Qualifications:

Atty. Zafra-Bernardo graduated from De La Salle University, Manila, Philippines with a Bachelor of Science in Accountancy (2008) and is a certified public accountant. She completed her Juris Doctor degree from Ateneo Law School in the Philippines in 2013 and was admitted to the Philippine Bar in 2014.

Trainings:

She attended the Orientation on Corporate Governance conducted by The Institute of Corporate Directors, Makati, Philippines in August 2020. She joined the seminar entitled "Best Practices in Corporate Housekeeping" in April 2021. She also attended the privately held seminar on "How Boards Have Risen to the COVID-19 Challenge, and What's Next" conducted by McKinsey & Company.

Relevant Experiences:

She began her career in the insurance industry with FWD Life Insurance. Prior to joining the company, she was a Senior Associate at Gerodias Suchianco Estrella Law Firm from 2014 to 2019 where she acted as Corporate Secretary for various clients.

Committed to strong compliance

At FWD Life Insurance, our guiding principle is to “Do the Right Things Right.” We adhere to a compliance framework that implements the highest code of professional and corporate ethics.

Code of Conduct and Business Ethics (Code)

FWD Life Insurance is committed to building a strong risk culture based on a standard of ethical and transparent culture, including promoting sound overall governance, risk management and fair treatment of our customers, and upholding human rights and supporting the sustainability of the communities in which we operate. The company’s Code provides the principles for each of us to observe in the performance of our activities on behalf of FWD Life Insurance.

Overview of Our Policies

Our policies protect our stakeholders, creditors, and customers who do business with FWD Life Insurance. Part of our corporate governance is the requirement of the annual certification of our corporate policies to be accomplished by our Directors, Officers, and employees through an interactive online learning platform.

- Conflict of Interest Policy:** This policy seeks to identify, avoid, disclose, and manage actual, potential, or perceived conflicts of interest that can arise between and among employees, distributors, contractors, and customers. Conflicts of interest must be identified and declared so that any necessary action can be taken to manage or to avoid conflicts altogether and to uphold the trust between FWD Life Insurance, our customers, and external stakeholders.
- Anti-Bribery and Corruption (ABC) Policy:** This policy covers the requirement and conduct of due diligence before engaging and establishing business relationships with third parties including the conduct of due diligence prior to making offer to potential employees, contingent workers, and employees. The giving to and receiving gift and hospitality from third parties is also covered by the ABC policy, which must not be used to influence—or appear to influence—external parties or encourage favoritism for discharging of services or improper actions of another party.

- Whistleblower Policy:** This policy covers the confidential, secure, and, if necessary, anonymous way of reporting concerns or potential violations of our Code of Ethics and Business Conduct or anything that may pose a threat to our integrity and our reputation. This is to enable the Management to take appropriate actions, to speak up without fear of retaliation and to safeguard the confidentiality of the matter, stakeholders, Directors, Officers, employees, financial advisors, business partners, third-party suppliers, and the public may report concerns anonymously through our Speak Up Online platform at www.fwd.com/SpeakUp.



Calling the Whistleblower Hotline
Number: (02) 8626 3210



Submitting an online report through
<https://convercent.com/report>
(enter FWD in search bar)

- Related Party Transactions Policy:** Related Party Transactions (RPT) are transactions or dealings with related parties of the company, including our trust department, whether or not a price is charged. The RPT policy aims to ensure that transactions are engaged on terms that promote the best interest of the company and our stakeholders. All RPTs must be conducted in the regular course of business and not undertaken on more favorable (than similar transactions with non-related parties under similar circumstances) economic terms to such related parties.

For 2022, FWD Life Insurance did not enter into RPTs that can be classified as financial assistance to our related parties.

- Personal Insider Dealing Policy:** This policy sets a guide of due care to our employees and to individuals who have access to non-public material information that can compromise any deal or counsel or procures another deal in our listed securities (or their derivatives) for unfair advantage or financial gain.
- Information Security and Data Privacy Policy:** This policy outlines our commitment to collect, process, and use data subject’s personal data in accordance with applicable laws and regulations on data privacy. We created the Data Privacy Champions, composed of a Data Protection Officer, Compliance Officer for Privacy, Information Security Team, and representatives from all functions, to ensure proper management of personal data across the company.

- **Anti-Money Laundering, Counter Terrorist Financing, and Sanctions Policy:** This policy establishes the general framework for FWD Life Insurance's Anti-Money Laundering and Counter Terrorist Financing program. Senior Management, employees, distributors, and suppliers must duly comply with this policy and standards based on applicable legal and regulatory requirements. FWD Life Insurance is committed to implementing the highest standards of Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) and sanctions rules and procedures to ensure that our products and facilities are not being utilized on illicit activities, and to protect the company's reputation and avoid exposure to criminal charges, which may include fines and imprisonment.
- **Treating Customers Fairly Policy:** This policy sets the minimum practices and standards expected in managing Conduct Risk, the risk of creating outcomes or experiences that are not in the best interest of our customers or don't meet reasonable expectations of customers during the development, distribution, and management of our products and services. It ensures appropriate consideration of customers' needs and that reasonable expectations are considered during the provision of insurance products and services to all customers.
- **Regulatory Management Policy:** This policy outlines the key requirements on how the company proactively manages our regulatory compliance and interactions, all to ensure that we build and maintain a trusting relationship with authorities and regulators.
- **Data Privacy Policy:** This policy outlines our commitment to uphold data privacy and provides guidance on how personal data should be collected, used, stored, transferred, and disposed of by FWD Life Insurance. It also clarifies relevant roles and responsibilities, privacy principles, and operational controls to protect personal data and minimize privacy risks.
- **Vendor Accreditation Process:** This ensures all vendors of FWD Life Insurance are qualified, responsive, and compliant to support our business needs. It covers the entire application and accreditation process of the company's commercial goods and services providers prior to system enrollment regardless of who handles the sourcing and selection process.

Compliance Engagement Initiatives

We continually organize employee engagement activities that promote learning and heightened awareness of the importance of compliance.

- **Workshop Sessions:** Apart from policy references and online courses, we also organized workshop sessions for our employees and financial advisors to ensure our continued compliance with regulations and corporate policies:
 - **Remote and Cross-Border Selling Workshop:** Based on the Insurance Commission's regulations, this online session apprised our financial advisors of the prohibition on cross-border selling and guidelines on non-face-to-face selling of insurance products.
 - **Data Privacy Learning Session:** To determine the privacy risks associated with current activities and initiatives and evaluate ways to manage these identified risks, learning sessions on how to conduct privacy impact assessments were facilitated among identified Data Privacy Champions from different departments.
 - **Anti-Money Laundering-Counter Terrorist Financing (AML-CTF) Frontliners Training:** The training brought together all our operation frontliners to reinforce knowledge and awareness on identifying, detecting, and reporting any suspicious or covered transactions to uphold our commitment to combat money laundering (AML) and terrorist financing (CTF) activities in order to protect the company.
 - **Gift and Hospitality Guidelines Training:** FWD Life Insurance facilitated a gift and hospitality guidelines training to promote the awareness of our ABC Policy in respect to giving and receiving gift and hospitality to and from third parties. The session also introduced our registry system, which houses the platform for seeking approval and recording of all transactions involving gift and hospitality.

- **Compliance Awareness Week:** In November 2022, we had our annual Compliance Awareness Week that brought all FWD Life Insurance regional markets together to participate in virtual learning sessions and engaging activities highlighting the company’s guidelines and policies.



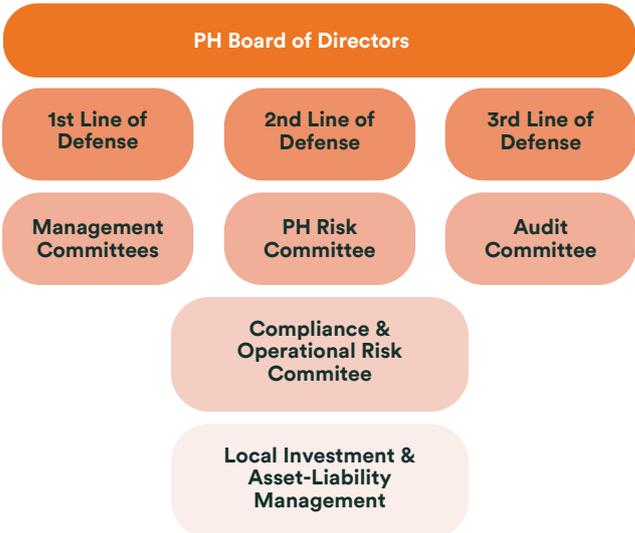
An effective risk management

Our business is backed by a strong, diligent, and proactive risk culture that enables us to make smart, risk-based decisions.

Risk Governance Structure

The Board of Directors has the overall responsibility to oversee FWD Life Insurance’s Enterprise Risk Management Framework, while the Management and staff are responsible for risk management. Our risk governance is based on a “three lines of defense” model that distinguishes three groups involved in effective risk management: 1) function that owns and manages risks; 2) function that oversees risks; and 3) function that provides independent assurance. The model seeks to make certain that risks are managed within the company’s risk appetite.

The Board established the Philippine Risk Committee (PRC) to supervise the key risks in the financial and non-financial sides of our business. The PRC approves overall risk plan of the company and confirms its adequacy. The PRC is supported by Local Investment and Asset & Liability Management Committee (LIALMC) and the Compliance and Operational Risk Committee (CORC). The LIALMC is responsible for overseeing the insurance, financial, investment, market, asset liability management, and capital risk of FWD Life Insurance, while the CORC is responsible for overseeing risks from daily operations involving technology, project management, business continuity, and compliance to regulatory mandates.



Risk Culture

We aim to build a stronger risk culture that enables proactive management of risk by all employees across the organization. The guiding principles of the Code of Ethics and Business Conduct set the behavioral standards expected of Management and all Directors, employees, contractors, and distributors.

We believe that tone from the top, leadership engagement, accountabilities, and awareness communication initiatives are key to ensuring a strong risk culture. On an annual basis, we conduct survey and focused group discussions to measure and understand our strengths and areas for improvements.

We also reinforce maintenance of desired risk management behavior through Risk and Compliance Key Performance Indicator (RCKPI), a rating concluded by the Group Risk Committee and Group Compensation Committee. It serves as a basis for the short-term incentive multiplier.

Risk Appetite

We use a common language in managing our risks. Risk appetite is clearly defined and approved up to the Board level. It is cascaded to everyone and embedded in business planning, strategic initiatives, and daily operations to make sure that decisions are made and taken within the bounds of our risk appetite.

Risk Management in Action

Every year, we conduct risk identification and assessment through risk register update, top risk definition, and operational risk assessment. Transparency in reporting of incidents and issues is deeply ingrained in each employee. This allows us to promptly respond to the exposure with mitigating strategies that follow the company's risk appetite and reduce the likelihood of an impact—or fully avoid, transfer, or accept the risk.

Both first and second lines of defense conduct proactive internal controls review through Key Control Self-Assessment. This is to assess if there are any control design issues and if the operating controls are still effective and consistently implemented. Aside from adherence to our local regulator, being a subsidiary of FWD Group, FWD Life Insurance also abides by the policies of the Hong Kong Insurance Authority. This requires us to update most of our policies and procedures due to the Group-wide supervision.

As part of the business planning process, the Chief Risk Officer (CRO) provides independent opinion and conducts both qualitative and quantitative risk assessment to identify risks that may significantly

impact the delivery of the business plan and negatively impact the risk profile of the company.

Resiliency and readiness to respond to crisis that may impact our business, such as natural calamities and pandemic, are also part of the risk management program. Business impact analysis is conducted annually to identify the resource requirement of each mission's critical process to continue operating and serving our customers even in the event of an adversity. Following this assessment is the enhancement of the business continuity and disaster recovery plans. To best prepare our stakeholders on risk management, the business continuity and disaster recovery playbook is appraised annually through tabletop discussions and functional drills. Continuous enhancement of disaster recovery plan and facilities is in place as FWD Life Insurance leverages on cloud technology to improve resiliency by reducing downtime and potential data loss.

As threats of COVID-19 declined, FWD Life Insurance now operates in the new normal through a hybrid workspace setup. Our employees are back to office for a minimum of 10 days per month, while still cautiously enforcing health and safety protocols.

Our Key Risk Areas in 2022

In 2022, we closely monitored these specific key risk areas:



Business and investment performance risk brought upon by slow economic recovery from pandemic and impact of foreign geopolitical tension with ripple effect to Philippine macroeconomics: equity market volatility, rising inflation, and high interest rates



Significant regulatory changes from both local regulator and Group-wide supervision that may impact the business



Cyber risk and data protection



Climate risk impact on both natural habitat, health, economy, consumer spending, and sales



Resiliency and general business operations



Impartial and independent internal audit

Our internal audit system is built to ensure the effectiveness of our risk management, governance, and internal control processes.

The Audit Committee (AC) establishes the roles and responsibilities of the Internal Audit, whose primary purpose is to provide the Board of Directors and Management with an independent and objective assurance on the effectiveness of our internal control system.

The Internal Audit function is performed inhouse. The Head of Internal Audit (HIA), Ame June Lim, is responsible for the internal audit system and oversees all activities. To preserve objectivity and independence, the HIA reports functionally to the AC and administratively to the President and CEO, Li Hao Zhuang.

Likewise, the HIA conducts regular meetings with the AC without the presence of Management. The

appointment and removal of the HIA require the recommendation of the AC and approval of the Board. On an annual basis, Internal Audit develops a flexible work plan using an appropriate risk-based methodology, including risk or control concerns identified by Management. The implementation of the plan includes identifying and understanding key risk areas and testing of controls to address these risks. The audit results form the basis of all control improvements to be discussed with Management. Internal Audit tracks and monitors the implementation of each action item and reports to Senior Management and the AC.

Internal Audit submits periodic (at least quarterly) reports to the AC and Senior Management. The reports contain the status and results of the internal audit program, significant control issues, and the overall adequacy of the control environment, which is confirmed by the AC.

To ensure that FWD Life Insurance continues to engage in ethical practices and that we provide an independent review of the company's books and financial standing, we engage the services of an independent external auditor, SGV & Co.

For 2022, we paid SGV & Co. PhP4.9 million. We did not engage SGV & Co. to perform non-audit services. We also paid PhP0.3 million to Isla Lipana for Tax Consultation services and PhP2.0 million and PhP3.5 million to Punongbayan & Araullo for Outsourced Payroll services and loan staff services, respectively.



Audited financial statements

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	2	0	7	3
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COMPANY NAME

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PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

1	9	/	F	,	W	F	i	f	t	h	A	v	e	n	u	e	B	u	i	l	d	i	n	g	,			
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,	B	o	n	i	f	a	c	i	o	G	l	o	b	a	l	C	i	t	y	,	T	a	g	u	i			
g	C	i	t	y																								

Form Type A A F S	Department requiring the report <input type="text"/>	Secondary License Type, If Applicable <input type="text"/>
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COMPANY INFORMATION

Company's Email Address CustomerConnect.ph@fwd.com	Company's Telephone Number 888-8393	Mobile Number <input type="text"/>
No. of Stockholders 8	Annual Meeting (Month / Day) March 25	Fiscal Year (Month / Day) 12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person Jasper Hendrik Cheng	Email Address jasper.cheng@fwd.com	Telephone Number/s 888-8393	Mobile Number <input type="text"/>
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CONTACT PERSON'S ADDRESS

19/F, W Fifth Avenue Building, 5th Avenue corner 32nd Street, Bonifacio Global City, Taguig City

NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
FWD Life Insurance Corporation
19/F, W Fifth Avenue Building,
5th Avenue corner 32nd Street,
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FWD Life Insurance Corporation (the Company), which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

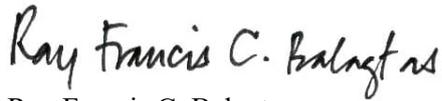
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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of FWD Life Insurance Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Ray Francis C. Balagtas

Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 108795-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-107-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9369775, January 3, 2023, Makati City

March 24, 2023

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2022	2021
ASSETS			
Cash and cash equivalents	4, 24	₱1,126,535,768	₱925,881,531
Financial assets			
Financial assets at fair value through profit and loss (FVPL)	5, 6, 24	294,368,610	265,133,674
Available-for-sale (AFS) financial assets	5, 24	2,392,951,426	2,559,303,784
Assets held to cover unit-linked liabilities	6, 24	42,526,505,140	36,904,056,215
Loans and deposits	6, 24	313,736,058	271,806,814
Reinsurance assets	10	616,855,527	325,893,504
Property and equipment	7	140,440,858	148,375,140
Right-of-use assets	8	143,565,801	233,315,926
Intangible assets	9	199,795,183	229,000,493
Deferred tax assets	23	138,885,556	111,598,010
Insurance contract assets	12	1,143,450,022	645,318,466
Other assets	11, 22	901,578,380	1,088,285,041
TOTAL ASSETS		₱49,938,668,329	₱43,707,968,598
LIABILITIES AND EQUITY			
Liabilities			
Unit-linked liabilities	6	₱42,526,505,140	₱36,904,056,215
Retirement liability	21	460,342	816,916
Income tax liabilities		30,719,172	8,593,891
Other liabilities	13, 22	2,308,057,717	2,706,502,427
		44,865,742,371	39,619,969,449
Equity			
Capital stock	14	2,300,000,000	2,300,000,000
Additional paid-in capital	14	327,599,568	327,599,568
Contributed surplus	14	1,335,000,000	1,335,000,000
Contingency surplus	14	3,324,850,000	2,775,000,000
Defined benefit obligation revaluation reserve	21	34,507,190	33,937,947
Unrealized fair value loss on AFS financial assets	5	(319,444,763)	(25,383,534)
Other reserves			
Remeasurement gain (loss) on life insurance reserves	12	474,782,929	(153,031,080)
Reserve on share-based payment	20	69,430,193	64,174,768
Deficit	14	(2,473,799,159)	(2,569,298,520)
		5,072,925,958	4,087,999,149
TOTAL LIABILITIES AND EQUITY		₱49,938,668,329	₱43,707,968,598

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION
STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Notes	2022	2021
REVENUES			
Gross insurance premiums	15	₱17,550,722,115	₱18,992,416,883
Fees revenue	15	801,851,064	687,882,836
		18,352,573,179	19,680,299,719
Premiums ceded to reinsurers	15	(223,108,709)	(166,802,979)
Net insurance premiums and fees revenue	15	18,129,464,470	19,513,496,740
Investment returns	16	(4,292,602,695)	1,728,320,524
Non-operating investment return	17	(162,008,982)	(26,604,595)
Other operating revenue	18	1,240,817,297	1,129,056,135
Total revenues		14,915,670,090	22,344,268,804
BENEFITS, CLAIMS, EXPENSES AND LOSSES			
Gross benefits and claims	19	4,623,361,382	4,449,934,222
Gross change in insurance contract assets		253,947,438	(25,672,206)
Increase in unit-linked liabilities		4,611,666,923	12,856,771,680
Gross insurance contract benefits		9,488,975,743	17,281,033,696
Reinsurers' share on benefits and claims incurred	19	(146,690,517)	(131,098,965)
Reinsurers' share of gross change in insurance contract liabilities		(117,259,844)	(4,245,510)
Net insurance contract benefits		9,225,025,382	17,145,689,221
General and administrative expenses	20	2,462,999,482	2,294,625,150
Commission expense and commission-related expenses	20	3,075,630,546	2,648,447,496
Investment expenses		14,141,697	11,056,240
Interest expense on lease liabilities	8	15,024,827	24,197,005
Other expenses		-	330,034
Total expenses		14,792,821,934	22,124,345,146
INCOME BEFORE INCOME TAX		122,848,156	219,923,658
Provision for income tax	23	27,348,795	27,120,913
NET INCOME		95,499,361	192,802,745
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that will be reclassified to profit or loss in subsequent periods:</i>			
Unrealized fair value loss on AFS financial assets	5	(294,061,229)	(40,854,664)
Remeasurement gain on life insurance reserves	12	627,814,009	220,412,609
<i>Item that will not be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain on pension obligation	21	569,243	10,835,331
		334,322,023	190,393,276
TOTAL COMPREHENSIVE INCOME		₱429,821,384	₱383,196,021

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION STATEMENTS OF CHANGES EQUITY

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Contributed Surplus (Note 14)	Contingency Surplus (Note 14)	Reserve on Share-Based Payment (Note 20)	Remeasurement Gain on Pension Obligation (Note 21)	Remeasurement Gains (Losses) on Life Insurance Reserves (Note 12)	Deficit (Note 20)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 5)	Total Equity
Balances at January 1, 2022	¥2,300,000,000	¥327,599,568	¥1,335,000,000	¥2,775,000,000	¥64,174,768	¥33,937,947	¥153,031,080	¥2,569,298,520	¥25,383,534	¥4,087,999,149
Unrealized fair value loss on AFS financial assets	-	-	-	-	-	-	-	-	(294,061,229)	(294,061,229)
Remeasurement gain on pension obligation	-	-	-	-	-	569,243	-	-	-	569,243
Impact of Gross Premium Valuation (GPV) reserves	-	-	-	-	-	-	627,814,009	-	-	627,814,009
Net income	-	-	-	-	-	-	-	95,499,361	-	95,499,361
Total comprehensive income (loss)	-	-	-	-	-	-	-	95,499,361	-	95,499,361
Reserve on share-based payment	-	-	-	-	5,255,425	-	-	-	-	5,255,425
Additional contingency surplus	-	-	-	549,850,000	-	-	-	-	-	549,850,000
Balances at December 31, 2022	¥2,300,000,000	¥327,599,568	¥1,335,000,000	¥3,324,850,000	¥69,430,193	¥34,507,190	¥474,782,929	¥2,473,799,159	¥319,444,763	¥5,072,925,958

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Contributed Surplus (Note 14)	Contingency Surplus (Note 14)	Reserve on Share-Based Payment (Note 20)	Remeasurement Gain on Pension Obligation (Note 21)	Remeasurement Gains (Losses) on Life Insurance Reserves (Note 12)	Deficit (Note 20)	Unrealized Fair Value Gain (Loss) on AFS Financial Assets (Note 5)	Total Equity
Balances at January 1, 2021, as restated	¥2,300,000,000	¥327,599,568	¥1,335,000,000	¥2,600,000,000	¥49,725,851	¥23,102,616	¥373,443,689	¥2,762,101,265	¥15,471,130	¥3,515,354,211
Unrealized fair value loss on AFS financial assets	-	-	-	-	-	-	-	-	(40,854,664)	(40,854,664)
Remeasurement gain on pension obligation	-	-	-	-	-	10,835,331	-	-	-	10,835,331
Impact of Gross Premium Valuation (GPV) reserves	-	-	-	-	-	-	220,412,609	-	-	220,412,609
Net income	-	-	-	-	-	-	-	192,802,745	-	192,802,745
Total comprehensive income (loss)	-	-	-	-	-	-	-	192,802,745	-	192,802,745
Reserve on share-based payment	-	-	-	-	14,448,917	-	-	-	-	14,448,917
Additional contingency surplus	-	-	-	175,000,000	-	-	-	-	-	175,000,000
Balances at December 31, 2021	¥2,300,000,000	¥327,599,568	¥1,335,000,000	¥2,775,000,000	¥64,174,768	¥33,937,947	¥153,031,080	¥2,569,298,520	¥25,383,534	¥4,087,999,149

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION

STATEMENTS OF CASH FLOWS

	Notes	Years Ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		₱122,848,156	₱219,923,658
Adjustments for:			
Net change in insurance contract assets	12	253,947,437	(25,672,206)
Increase in unit-linked liabilities	5	4,611,666,922	12,856,771,680
Depreciation of property and equipment	7	77,925,367	82,277,612
Depreciation of right-of-use assets	8	93,058,872	112,012,019
Amortization of prepaid assets	11	500,944,204	476,287,130
Amortization of intangible assets	9	66,989,619	73,497,778
Provision for bad debts	11	17,937,548	9,787,651
Fair value loss (gain) on fair value through profit or loss asset and assets held to cover unit-linked liabilities	6, 16	4,423,175,814	(1,657,759,780)
Interest expense on lease liability	8	15,024,827	24,197,005
Share-based payment	20	5,255,425	14,448,917
Interest income	16	(130,573,120)	(75,037,932)
Operating income before working capital changes		10,058,201,071	12,110,733,532
Decrease (increase) in:			
Loans and deposits	6	(49,719,274)	(147,148,351)
Financial assets at fair value through profit and loss	5, 6, 24	(29,234,936)	(2,094,531)
Assets held to cover unit-linked liabilities	5, 24	(9,159,107,721)	(11,109,482,726)
Reinsurance assets	10	(290,962,023)	(79,918,463)
Other assets	11	(318,349,869)	(310,390,846)
Increase (decrease) in:			
Pension liability	21	212,669	2,509,363
Other liabilities	13	(309,406,950)	531,266,608
Net cash generated from (used in) operations		(98,367,033)	995,474,586
Income taxes paid		(32,511,062)	(35,724,369)
Net cash provided by (used in) operating activities		(130,878,095)	959,750,217
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Available-for-sale financial assets	5, 24	(1,088,748,277)	(2,474,863,723)
Property and equipment	7	(70,859,661)	(76,776,983)
Intangible assets	9	(37,784,309)	(50,899,702)
Proceeds from maturity, disposal or exchange of:			
Available-for-sale financial assets	5, 24	958,590,000	1,289,590,000
Property and equipment		868,576	-
Interest received		123,678,593	37,221,169
Net cash used in investing activities		(114,255,078)	(1,275,729,239)
CASH FLOWS FROM FINANCING ACTIVITIES			
Additional infusion of contingency surplus	14	549,850,000	175,000,000
Payment of lease liabilities	8	(104,062,590)	(139,294,887)
Net cash provided by financing activities		445,787,410	35,705,113
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		200,654,237	(280,273,909)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4	925,881,531	1,206,155,440
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱1,126,535,768	₱925,881,531

See accompanying Notes to Financial Statements.

FWD LIFE INSURANCE CORPORATION

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

FWD Life Insurance Corporation (the “Company”) was incorporated and domiciled in the Philippines and is registered with the Securities and Exchange Commission (SEC) on November 19, 2013. The registered principal office of the Company is at 19th floor W Fifth Avenue Bldg., 5th Avenue, Corner 32nd Street, Bonifacio Global City, Taguig City. The Company is a wholly-owned subsidiary of FWD Group Financial Services Pte. Ltd (the Parent Company), a company domiciled in Singapore engaged in private investment activities.

The Company was organized to primarily engage in and carry on the business of life insurance and to undertake and write insurance upon lives of individuals and every insurance appertaining thereto or connected therewith, including reinsurance; to make contracts for insurance and re-insurance for all risks, hazards, guarantees and contingencies to which life, accident or health insurance is applicable, to indemnify against legal liability, to compute endowments and grant, purchase or dispose annuities; to procure or acquire re-insurance of its risks; to issue policies stipulated to be with or without participation in profits and to purchase for its own benefit or for its obligations any policy of insurance, and perform such other powers related to or incidental to the business of life insurance.

On April 2, 2014, the Company was granted a Certificate of Authority by the Insurance Commission (IC) to operate as a life insurance company. The Company started its commercial operations on September 15, 2014.

On July 17, 2014, the Company received IC approval to sell variable unit linked (VUL) products. On April 6, 2015, the Company received IC approval to sell traditional products, on which the first policy was issued on April 23, 2015. The Company currently sells both variable life and traditional life products.

On September 15, 2014, the Company and Security Bank Corporation (SBC) signed an agreement which appoints SBC to sell exclusively the life insurance products of the Company. The agreement was filed on November 11, 2014 with the Bangko Sentral ng Pilipinas (BSP) and the IC for their respective approvals. On December 22, 2014, SBC received the approval of BSP through its Resolution No. 2073. On January 12, 2015, the Company received the approval of the agreement from IC.

The financial statements of the Company were approved and authorized for issuance by the Board of Directors (BOD) on March 24 2023.

2. Significant Accounting Policies

Basis of Preparation and Presentation

The financial statements of the Company have been prepared on the historical cost basis, except for available-for-sale (AFS) financial assets and financial assets at fair value through profit or loss (FVPL), which have been measured at fair value. The financial statements are presented in Philippine Peso (₱), which is the Company’s presentation and functional currency. All amounts are rounded to the nearest Peso unless otherwise indicated.

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements beginning January 1, 2022. Unless otherwise indicated, the adoption of these pronouncements did not have any significant impact on the Company's financial position or performance.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
- Annual Improvements to PFRSs 2018-2020 Cycle
 - Amendments in PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
 - Amendments in PFRS 9, *Financial Instruments, Fees in the '10 per cent' test for derecognition of financial liabilities*
 - Amendments in PAS 41, *Agriculture, Taxation in fair value measurements*

Accounting Standard Effective but not yet Adopted

Pronouncements issued but not yet effective are listed below. The Company intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Company's financial statements, unless otherwise indicated.

Effective beginning on or after January 1, 2023

- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments in PAS12, *Deferred Tax related to Assets and Liabilities arising from a Single Transactions*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
 PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

In line with Parent Company's adoption of IFRS 17 by 2023, the Company, as part of the group, took part in preparatory actions for the future implementation of the new insurance standard. The Parent Company-led preparatory actions included technical trainings, gap analysis covering data, systems and resources, systems enhancements and upgrade, financial impact analysis and determination of key group accounting policies. Based on the preliminary assessment with FWD Regional Team, all insurance contracts will be considered under IFRS17 and none under IFRS15, while the transition approach has yet to be finalized. The Company continues to assess impact of PFRS 17 considering additional local regulatory guidance.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Accounting Standard Effective but not yet Adopted

- PFRS 9, *Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted.

Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary

exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after January 1, 2018.

An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

Qualifying for temporary exemption from PFRS 9

The Company applied the temporary exemption from PFRS 9 as permitted by the Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts* issued in September 2016. The temporary exemption permits entities whose activities are predominantly connected with insurance to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before January 1, 2025 in line with the effectivity of PFRS 17.

The assessment for whether a reporting entity's activities are predominantly connected with insurance is based on the liabilities connected with insurance in proportion to the entity's total liabilities. An entity may elect the temporary exemption if, and only if:

- The carrying amount of its liabilities arising from contracts within the scope of PFRS 4 is significant compared to the total carrying amount of all its liabilities; and
- The percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is:
 - Greater than 90 percent; or
 - Less than or equal to 90 percent but greater than 80 percent, and the insurer does not engage in a significant activity unconnected with insurance.

The predominance assessment is performed using the carrying amounts of liabilities reported on the statement of financial position at the annual reporting date December 31, 2015. Applying the requirements, the Company performed the predominance assessment using the Company's statement of financial position as of December 31, 2015.

The Company concluded that it qualified for the temporary exemption from PFRS 9 because its activities are predominantly connected with insurance. As at December 31, 2015, the Company's gross liabilities arising from contracts within the scope of PFRS 4 represented 88% of the total carrying amount of all its liabilities, and the Company did not engage in any significant activities not connected with insurance. Since December 31, 2015, there has been no change in the activities of the Company that requires reassessment of the use of the temporary exemption.

- Amendments to PFRS 7, *Financial Instruments: Disclosures* and PFRS 9, *Financial Instruments, Interest Rate Benchmark Reform*
- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

Fair value disclosures

The table below presents an analysis of the fair value of classes of financial assets as of December 31, 2022 and 2021, as well as the corresponding change in fair value for the year ended December 31, 2022 and 2021, respectively. In the table, the amortized cost of cash and cash equivalents and short-term receivables has been used as a reasonable approximation to fair value. The financial assets are divided into two categories:

- Assets for which their contractual cash flows represent solely payments of principal and interest (SPPI), excluding any financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis; and
- All financial assets other than those specified in SPPI above (i.e. those for which contractual cash flows do not represent SPPI, assets that are held for trading and assets that are managed and whose performance is evaluated on a fair value basis).

Non-linked

	2022			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	₱–	₱–	₱1,126,535,768	₱–
Loans and deposits	313,736,058	–	–	–
AFS financial assets:				
Government and corporate debt securities	2,392,951,426	(294,061,229)	–	–
Reinsurance assets	–	–	616,855,524	–
Other assets	–	–	382,636,387	–
	₱2,706,687,484	(₱294,061,229)	₱2,126,027,679	₱–

Unit-linked

	2022			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Cash and cash equivalents	₱–	₱–	₱589,792,330	₱–
Other assets				
Receivables	–	–	283,983,249	–
Accrued income	–	–	15,523,154	–
Financial assets at FVPL:				
Debt securities	–	–	1,308,180,330	(1,056,698,938)
Equity securities	–	–	9,945,590,202	(3,047,530,572)
Unit investment trust fund	–	–	31,006,389,701	(318,946,304)
	₱–	₱–	₱43,149,458,966	(₱4,423,175,814)

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Non-linked

	2021				
	SPPI financial assets		Other financial assets		
	Fair value	Fair value change	Fair value	Fair value change	
Cash and cash equivalents	₱-	₱-	₱925,881,531		₱-
Loans and deposits	271,815,649	-	-		-
AFS financial assets:					
Government and corporate debt securities	2,559,303,784	(40,854,664)	-		-
Reinsurance assets	-	-	325,893,504		-
Other assets	-	-	395,789,174		-
	₱2,831,119,433	(₱40,854,664)	₱1,647,564,209		₱-

Unit-linked

	2021				
	SPPI financial assets		Other financial assets		
	Fair value	Fair value change	Fair value	Fair value change	
Cash and cash equivalents	₱-	₱-	₱351,405,616		₱-
Other assets					-
Receivables	-	-	185,851,813		-
Accrued income	-	-	38,021,806		-
Financial assets at FVPL:					
Debt securities	-	-	1,155,692,232		(39,089,547)
Equity securities	-	-	9,228,433,961		162,854,827
Unit investment trust fund	-	-	26,498,063,750		1,533,994,500
	₱-	₱-	₱37,457,469,178		₱1,657,759,780D

Credit risk disclosures

The following table shows the carrying amounts of the SPPI assets in accordance with PAS 39 categories by credit risk rating grades reported to key management personnel (with credit risk rating conventions detailed in Note 24) and non-SPPI assets. The carrying amounts are measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is before any allowance for impairment losses.

2022

Non-linked

	2022				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱86,411,412	₱1,037,710,912	₱-	₱2,413,444	₱1,126,535,768
Loans and deposits	-	-	-	313,736,058	313,736,058
AFS financial assets:					
Government and corporate debt securities	-	2,392,951,426	-	-	2,392,951,426
Reinsurance assets	-	-	-	616,855,527	616,855,527
Other assets	-	-	-	382,636,388	382,636,388
	₱86,411,412	₱3,430,662,338	₱-	₱1,315,641,417	₱4,832,715,167

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱265,294,713	₱ 324,497,617	₱-	₱-	₱589,792,330
Other assets					
Receivables	-	-	-	283,983,249	283,983,249
Accrued income	-	-	-	15,523,154	15,523,154
Financial assets as FVPL:					
Debt securities	1,308,180,330	-	-	-	1,308,180,330
Equity securities	-	-	-	9,945,590,202	9,945,590,202
Unit investment trust fund	-	-	-	31,006,389,701	31,006,389,701
	₱1,573,475,043	₱324,497,617	₱-	₱11,251,486,306	₱13,149,458,966

2021

Non-linked

	2021				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱134,660,354	₱788,833,786	₱-	₱2,387,391	₱925,881,531
Loans and deposits	-	-	-	271,815,649	271,815,649
AFS financial assets:					
Government and corporate debt securities	-	2,559,303,784	-	-	2,559,303,784
Reinsurance assets	-	-	-	325,893,504	325,893,504
Other assets	-	-	-	395,789,174	395,789,174
	₱134,660,354	₱3,348,137,570	₱-	₱995,885,718	₱4,478,683,642

Unit-linked

	2021				
	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱283,298,451	₱68,107,165	₱-	₱-	₱351,405,616
Other assets					
Receivables	-	-	-	185,851,813	185,851,813
Accrued income	-	-	-	38,021,806	38,021,806
Financial assets as FVPL:					
Debt securities	-	1,151,669,680	-	4,022,552	1,155,692,232
Equity securities	-	-	-	9,228,433,961	9,228,433,961
Unit investment trust fund	-	-	-	26,498,063,750	26,498,063,750
	₱283,298,451	₱1,219,776,845	₱-	₱35,954,393,882	₱37,457,469,178

The following table provides information on the fair value and carrying amount of non-linked and unit-linked financial assets under PAS 39. The carrying amounts are measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is before any allowance for impairment loss.

	2022			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,126,535,768	₱1,126,535,768	₱589,792,331	₱589,792,331
Loans and deposits	313,736,058	313,736,058	-	-
AFS financial assets:				
Government and corporate debt securities	2,392,951,426	2,392,951,426	-	-
Financial assets at FVPL:				
Debt securities	-	-	1,308,180,330	1,308,180,330
Equity securities	-	-	9,945,590,202	9,945,590,202
Unit investment trust fund	-	-	31,006,389,701	31,006,389,701
Reinsurance assets	616,855,527	616,855,527	-	-
Other assets	382,636,388	382,636,388	299,506,402	299,506,402
	₱4,832,715,167	₱4,832,715,167	₱43,149,458,966	₱43,149,458,966

	2021			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱925,881,531	₱925,881,531	₱351,405,616	₱351,405,616
Loans and deposits	271,806,814	271,806,814	-	-
AFS financial assets:				
Government and corporate debt securities	2,559,303,784	2,559,303,784	-	-
Financial assets at FVPL:				
Debt securities	-	-	1,155,692,232	1,155,692,232
Equity securities	-	-	9,228,433,961	9,228,433,961
Unit investment trust fund	-	-	26,498,063,750	26,498,063,750
Reinsurance assets	325,893,504	325,893,504	-	-
Other assets	395,789,173	395,789,173	223,873,619	223,873,619
	₱4,478,674,806	₱4,478,674,806	₱37,457,469,178	₱37,457,469,178

Product Classification

Insurance contracts are defined as those contracts under which the Company (the insurer) accepts significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholder. As a general guideline, the Company defines significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Investment contracts are those contracts that transfer significant financial risk and insignificant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. Investment contracts can, however, be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Insurance contracts are classified with or without a Discretionary Participation Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- likely to be a significant portion of the total contractual benefits;
- whose amount or timing is contractually at the discretion of the issuer; and
- that are contractually based on the:
 - performance of a specified pool of contracts or a specified type of contract,
 - realized and or unrealized investment returns on a specified pool of assets held by the issuer, or
 - the profit or loss of the Company, fund or other entity that issues the contract.

For financial options and guarantees which are not closely related to the host insurance contract, bifurcation is required to measure these embedded financial derivatives separately at FVPL. Bifurcation is not required if the embedded derivative is itself an insurance contract or when the host insurance contract itself is measured as financial assets or liabilities at FVPL. As such, the Company does not separately measure options to surrender insurance contracts for a fixed amount (or an amount based on a fixed amount and an interest rate). Likewise, the embedded derivative in unit-linked insurance contracts linking the payments on the contract to units of an internal investment fund meets the definition of an insurance contract and is not therefore accounted for separately from the host insurance contract.

Based on the Company guidelines, all products in its portfolio meet the definition of insurance contracts, including unit-linked products which have certain features that make use of funds specifically segregated for the benefit of unit-linked policyholders.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placement and that are subject to an insignificant risk of changes in value.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and in banks, including time deposits, which are not restricted as to use.

Financial Instruments

Date of recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company follows the trade accounting where an asset to be received and liability to be paid are recognized on the trade date and derecognition of an asset that is sold and the recognition of a receivable from the buyer is recognized on the trade date.

Initial Recognition and Measurement

Financial assets

Financial assets within the scope of PAS 39 are classified into the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets and loans and receivables. The Company determines the classification of its financial assets at initial recognition. Financial assets designated upon initial recognition as at FVPL are designated at the date of initial recognition only if the criteria under PAS 39 are satisfied. When financial assets are recognized initially, they are measured at fair value including transaction costs, except in the case of financial assets recorded at FVPL.

The Company's financial assets include loans and deposits, AFS financial assets, financial assets at FVPL, and assets held to cover unit-linked liabilities.

Financial liabilities

Financial liabilities within the scope of PAS 39 are classified as financial liabilities at FVPL and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities at FVPL are designated at the date of initial recognition and only if the criteria of PAS 39 are satisfied. All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, include directly attributable transaction costs.

The Company's financial liabilities include unit-linked liabilities and other financial liabilities.

'Day 1' profit or loss

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' profit or loss) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' profit or loss amount.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets

Financial assets at FVPL and assets held to cover unit-linked liabilities

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Financial assets designated upon initial recognition at FVPL are designated only if the criteria under PAS 39 are satisfied.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in the profit or loss.

The Company evaluates its financial assets at FVPL (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect to reclassify them. The reclassification from financial assets at FVPL to loans and receivables, AFS financial assets or HTM investments depends on the nature of the assets.

This evaluation does not affect any financial assets designated at FVPL using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

The Company's financial assets at FVPL pertains to the Company's seed capital on its unit-linked investment funds. The unit-linked investment funds set by the Company underlying the unit-linked insurance contracts are designated as financial assets at FVPL. This is consistent with the valuation basis of the reserve for variable units held by policyholders.

AFS financial assets

AFS financial assets are debt securities which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, AFS financial assets are subsequently measured at fair value, with unrealized gains or losses recognized in other comprehensive income in the "Unrealized fair value gain or loss on AFS financial assets" in equity until the investment is de-recognized, at which time the cumulative gain or loss is recognized in profit or loss, or until the investment is determined to be impaired, where the cumulative loss is reclassified to profit or loss. For AFS financial debt securities, the difference between their cost and par value is amortized using the effective interest rate method.

Interest and dividends earned while holding the AFS financial assets are reported as interest income and dividend income, respectively, in profit or loss as part of investment income.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term are still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets and management's intent to do so in the foreseeable future significantly changes, the Company may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Company has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the HTM category is permitted only when the Company has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified from the AFS category, the fair value amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on that asset that has been recognized in other comprehensive income is amortized to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in other comprehensive income is reclassified to profit or loss.

The Company's AFS financial assets pertain to government and corporate debt securities.

Loans and deposits

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization and the loss arising from impairment are included in “Interest income” in profit or loss.

Financial liabilities

Financial liabilities at FVPL

Financial liabilities at FVPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial liabilities designated upon initial recognition at fair value through profit or loss are so designated only if the criteria of PAS 39 are satisfied. Gains or losses on liabilities held for trading are recognized in profit or loss.

The net fair value gain or loss recognized in profit or loss does not include any interest charged on these financial liabilities.

The Company’s financial liabilities at FVPL pertain to its unit-linked liabilities.

Other financial liabilities

Other financial liabilities are stated at amortized cost, with any difference between net proceeds and redemption value recognized in the profit or loss over the period using the effective interest method.

The Company’s other financial liabilities include insurance payables, accounts payables and accrued expenses (which also includes amounts payable on redemption) and payable to related parties.

Reinsurance Assets

The Company cedes insurance risk in the normal course of business. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer’s policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

The impairment loss is recorded in the profit or loss under “General and administrative expenses”. The impairment loss is calculated following the same method used for these financial assets.

In modified coinsurance (quota share) treaties, the Company records as reinsurance premiums the reinsurer’s proportionate share in benefits reinsured for the covered policies. Reinsurance allowances due from the reinsurers, on the other hand, are recorded as a separate line item in the statements of comprehensive income in accordance with the Company’s reinsurance policy.

Fair Value Measurement

The Company measures its debt and equity instruments classified as AFS financial assets and financial assets at FVPL at the end of each reporting period. Fair value is the price that would be received in the sale of an asset or the price paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both the recurring fair value measurement and for non-recurring measurement. At each reporting date, the management analyses the movement in the value of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policy. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

Derecognition of Financial Instruments

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognized when:

- the right to receive cash flows from the asset has expired; or

- the Company has transferred its right to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

Financial liabilities are derecognized when the obligation under the liability is discharged or cancelled, or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Impairment of Financial Assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether

significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through direct write off or through the use of an allowance and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been realized.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other income in profit or loss.

AFS financial assets carried at fair value

For AFS financial assets, the Company assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired. Impairment of AFS debt securities are assessed based on the same criteria as financial assets carried at amortized cost.

Impairments are recorded when an issuer fails to make interest and/or principal payments ("payment default") or if, based on an evaluation of all relevant available current evidence, it is likely that the issuer is unlikely to pay (more than 50% chance) interest and/or principal payments when due under the terms of the instrument.

If an AFS financial asset is impaired, the amount of cumulative loss that is removed from equity and recognized in net profit is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in net profit. The fact that the impairment amount is measured using current fair value means that it reflects both adverse changes in the interest rate environment and any deterioration of the asset's credit quality. Accordingly, the impairment charge also reflects both the interest risk and credit risk components of the impairment.

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income.

If in subsequent period, the amount of impairment loss relating to debt instrument carried as AFS decreases due to an event occurring after the impairment was originally recognized, the previously recognised impairment loss is reversed through profit and loss.

Insurance Receivables

Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortized cost, using the effective interest rate method. The carrying value of insurance receivables are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the profit or loss. Insurance receivables are derecognized when derecognition criteria for financial assets have been met.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as these are consumed in operations or expire with the passage of time depending on the terms of the related agreements, if covered by a contract.

Property and Equipment

Property and equipment are measured at cost less any subsequent accumulated depreciation, amortization and impairment losses. The cost of an asset consists of its purchase price, restoration cost and costs directly attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation and amortization are computed using straight-line method over the estimated useful live (EUL) of the assets. Leasehold improvements are amortized over the term of the lease or the EUL of five (5) years of the improvement, whichever is shorter. The EUL of the different categories of property and equipment are as follows:

	Years
Motor vehicles	5
Electronic data processing equipment	3
Office equipment	3
Furniture and fixtures	3

The useful life and depreciation and amortization methods are reviewed periodically to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from these assets.

An item of property and equipment is derecognized upon disposal or when no further future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognized in the profit or loss.

Intangible Assets

Intangible assets are carried at cost less accumulated amortization and impairment in value, if any. Intangible assets, consisting mainly of access rights, and software (not an integral part of its related hardware), are capitalized at cost. These costs are amortized on a straight-line basis over their estimated useful lives ranging from three (3) to fifteen (15) years. Periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier when an indicator of impairment exists.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Impairment of Non-financial Assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated formally by the Company. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value, less costs to dispose, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated.

A previously recognized impairment loss on an asset is reversed only if there has been a change in the estimate used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Insurance Contract Liabilities

Life insurance contract liabilities

Life insurance contract liabilities represent the accumulated total liability for policies in force as of the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all life insurance policies in force. These are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts, other than investment linked contracts, is calculated on the basis of a prudent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the valuation date. Assumptions and actuarial valuation methods are also subject to provisions of the Insurance Code (the Code) and guidelines set by IC under Circular Letter No. 2016-66 (Valuation of Life Insurance Policy Reserves).

For investment linked contracts, contract liabilities are directly linked to the underlying investment assets, which are portfolios maintained to meet specific investment objectives of policyholders who generally bear the credit and market risks on those investments. The liabilities are carried at fair value determined with reference to the accumulation value (current unit value). The costs of asset management fee inclusive of applicable taxes assessed against customers' account balances are presented in the profit or loss as part of "Management fee income".

Life insurance contract with fixed and guaranteed terms

A liability for contractual benefits that are expected to be incurred in the future is recorded under "Insurance contract liabilities" in the statement of financial position when the premiums are recognized. The liability is determined as the expected discounted value of the benefit payments and expenses less the expected discounted value of the gross premiums based on the best estimate

assumptions with provision for adverse deviations. It also includes the expected discounted value of reinsurance premiums payable for the reinsurance treaties that cover the benefits of these products, less the corresponding reinsurance recoverables from the same reinsurance treaties.

The liability is based on mortality, morbidity, lapse and expense assumptions with due regard to the company's recent experience studies. However, liabilities for contractual benefits are computed to comply with statutory requirements, which require discount rates to be compliant with the approved rate issued by IC. Reserves are computed on a seriatim basis and depend on the issue age and policy duration.

Unit-linked insurance contracts

The Company issues unit-linked insurance contracts. In addition to providing life insurance coverage, a unit-linked contract links payment to units of internal investment funds (unit-linked funds) set up by the Company with the consideration received from the policyholders. As allowed by PFRS 4, the Company chose not to unbundle the investment portion of its unit-linked products.

Premiums received from the issuance of unit-linked insurance contracts are recognized as premium revenue. These are separated to fund assets from which the Company withdraws administrative and cost of insurance charges in accordance with the policy provisions of the unit-linked insurance contracts. After deduction of these charges together with applicable surrender fees, the remaining amounts in the fund assets are equal to the surrender value of the unit-linked policies, and could be withdrawn anytime.

The assets and liabilities of the unit-linked funds have been segregated and reflected in "Assets held to cover unit-linked liabilities" and "Unit-linked liabilities" in the statement of financial position. Income or loss arising from the unit-linked funds are classified under "Fair value gain (loss) on FVPL and assets held to cover unit-linked liabilities" in the profit or loss.

Investments under assets held to cover unit-linked liabilities are valued at market price. Changes in the assets held to cover unit-linked liabilities due to investment earnings or market value fluctuations result to the same corresponding change in the unit-linked liabilities. Such changes in fund value are presented as part of "Fair value gain (loss) on FVPL and assets held to cover unit-linked liabilities" in the Company's profit or loss. As of end of the reporting period, unit-linked liabilities are computed on the basis of the number of units allocated to the policyholders multiplied by the unit price of the underlying funds.

The account value of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the account value of each unit-linked insurance contract in the fund is equal to the total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by the total number of outstanding units.

Equity

Capital stock

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value.

Additional paid-in capital

When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account.

Contributed surplus

Contributed surplus represents the contribution of the stockholders of the Company, in addition to the paid-up capital stock, in order to comply with the pre-licensing and capital requirements as provided under the Code.

Contingency surplus

Contingency surplus represents contributions of the stockholders to cover any unexpected deficiency in the Margin of Solvency (MOS) as required under the Code.

Deficit

Deficit represent accumulated net losses of the Company.

Revenue Recognition (within the scope of PFRS 15)

Upon adoption of PFRS 15, revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The following specific recognition criteria must also be met before income is recognized:

Management fee income

Unit-linked funds are charged for fund management and administration. These fees are recognized as revenue in the period in which the performance obligation of pooling together into a fund by the Company's designated fund manager of the investment portion of premium payments of policyholders based on its respective insurance contracts, and deduction of the management fees from the policyholders' premium payments are simultaneously completed.

Other income

Other income is recognized in the profit or loss as it is earned.

Revenue Recognition (outside the scope of PFRS 15)

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Premium income

Gross recurring premiums from life insurance contracts are recognized as revenue when payable by the policyholder. For single premium business, revenue is recognized on the date from which the policy becomes effective. For regular premium contracts, receivables are recorded at the date when payments are due.

Fee income

Fee income in respect of service provided by the insurer should be recognized in the profit and loss with the associated expenses (of the policyholder) recognized separately to reflect the charges borne by the policyholders and should not be offset/eliminated when preparing the company level financial information. This reflects the nature of the transactions (that fee income is earned by the insurer) and also considered IFRS Conceptual Framework that requires an entity to report income and expenses separately unless offsetting is required or permitted by an IFRS, or when offsetting reflects the substance of the transaction. Fee income also includes surrender charge which pertains to the fees to recover the initial costs of issuing and maintaining the policy, as the Company may have lost the potential of recovering them throughout the life of policy, if remained in force.

Interest income

Investment income which pertains to interest income is recognized in profit or loss as it accrues, taking into account the effective yield of the asset. Interest income includes the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest rate.

Reinsurance allowance

Reinsurance allowance due from the reinsurer is computed based on the quota share that was agreed upon by the Company and its reinsurer, including any reinsurance recovery, profit share, loss carried forward balances and interest. This is recorded as income in accordance with the Company's reinsurance policy.

Benefits and Expenses

Expenses, in general, are recognized in the profit or loss in the period these are incurred.

Benefits and claims

Life insurance benefit claims reflect the cost of all claims arising during the year. Death claims and surrenders are recorded on the basis of notifications received. Benefits recorded are then accrued as liabilities.

For unpaid benefits, a provision is made for the estimated cost of all claims but not settled at the reporting date, net of reinsurance recoveries, using the information available at the time. Provision is also made for the cost of claims incurred but not reported (IBNR) until after the reporting date based on the Company's experience and historical data. These actual claims are those reported immediately following the reporting date, whether paid or unpaid, but wherein the date of loss occurred on or before the reporting date.

General and administrative expenses

General and administrative expenses are costs attributable to administrative and other business activities of the Company. These are recognized as expense in the period these are incurred.

Commission and agency related expenses

Commission and agency related expenses are charged against operations when the insurance contracts are entered into and related premiums are recognized. Commissions are paid to agents and financial executives for selling individual and group policies. Rates applied on collected premiums vary depending on the type of product and payment terms, and policy year of the contract.

Leases

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless

the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the lease term.

Right-of-use assets are subject to impairment. Refer to the accounting policies in section impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Foreign Currency-denominated Exchange Transactions and Translations

Transactions in currencies other than Philippine Peso are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing at the end of each reporting period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate prevailing at the date the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year.

Nonmonetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of transaction and are not subsequently restated.

Foreign exchange gains or losses are considered as taxable income or deductible expense, respectively, only upon realization.

Income Tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences and carry forward of NOLCO can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow all or part of the deferred tax assets to be recovered.

Current tax and deferred tax relating to items recognized directly in other comprehensive income are likewise recognized in other comprehensive income.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of end of the reporting period.

Movements in the deferred tax assets and liabilities arising from changes in the rates are charged or credited to profit or loss for the period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Provisions and Contingencies

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract held, the reimbursement is recognized as a separate asset only when the reimbursement is probable. The Company recognizes a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provision are reviewed at each reporting date and adjusted to reflect the current best estimates.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the expected future expenditures required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Contingencies are disclosed if material and if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event, but either a payment is not probable or the amount cannot be reliably estimated.

Related Party Transactions

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Employee Benefits

Long-term employee incentives

Certain employees of the Company are eligible for long-term incentives based on the duration of their service to the Company as defined in their employment contracts. The Company is liable to make such payments in the event that the employee meets the circumstances specified in those employment contracts. Long-term employee benefits are recognized when the services are rendered and the measurement of the obligation reflects the probability that payment will be required and the length of time for which payment is expected to be made.

Short-term employee benefits

Short-term employee benefits include items such as salaries and wages, social security contributions, incentives and nonmonetary benefits, that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees rendered the related services.

Short-term employee benefits are recognized as expense as incurred. When an employee has rendered service to the Company during the reporting period, the Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as a liability (accrued expense), after deducting any amount already paid.

Share-based compensation

FWD Group Management Holdings Pte. Ltd., (hereinafter referred to as “FWD Group”), an affiliate of the Company, offers a share-option award plan for the Company’s certain key employees as part of a compensation plan aligned with services provided in achieving shareholder value targets. This share-based compensation plan is an equity-settled plan and the compensation expense being re-charged by FWD Group to the Company is based on the fair value of the shares granted, the vesting period and the vesting conditions. The cost of the plans is recognised as an expense in profit or loss over the vesting period with a corresponding amount recorded in the Company’s equity as reserve.

In 2022, the FWD Group offered a long-term incentive bonus (share award plan) to eligible employees of the Company after meeting certain performance indicators over the agreed period. The Company has the obligation to settle the transaction with its employees in FWD Group’s equity instruments which is purchased by the Company from FWD Group resulting to a recognition of a liability.

At each period end, FWD Group assesses the number of shares and share-options that are expected to vest from those so far granted. Any impact arising from revisions to original estimates is recognised in profit or loss with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognised as a separate award, and the fair value of each tranche is recognised over the applicable vesting period.

FWD Group estimates the fair value of share options using the Black-Scholes model and an assessment of performance of conditions (internal rate of return or IRR achievement) to calculate the fair value of the share-option awards, taking into account the terms and conditions upon which the awards were granted.

For the share award plan, the FWD Group utilizes an appraisal value method and an assessment of performance conditions to calculate the fair value of the share awards, considering the terms and conditions upon which the shares are granted.

Pension obligation

The Company operates a funded, defined contribution (DC) plan, which requires contributions to be made to a separately administered fund. Under its DC plan, the Company pays fixed contributions based on the employees' monthly salaries. The Company, however, is covered under Republic Act (RA) No. 7641, The Philippine Retirement Law, which provides for its qualified employees a defined benefit (DB) minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the Company accounts for its retirement obligation at each reporting date under the higher of the DB obligation relating to the minimum guarantee and the sum of DC liability and the present value of the excess of the projected DB obligation over projected DC obligation.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit (PUC) valuation method.

The net defined benefit asset or liability comprises the present value of the defined benefit obligation (using a discount rate) less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information, and, in the case of quoted securities, it is the published bid price. The value of any net defined benefit asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment or the date that the Company recognizes related restructuring costs or termination benefits.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Events after the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of the reporting date (adjusting event) are reflected in the financial statements. Post year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Significant Accounting Judgments, Estimates and Assumptions

The Company makes judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the financial statements of the Company.

Product classification

The Company has determined that the traditional and unit-linked insurance policies (that link the payments on the contract to units of insurance investment fund) have significant insurance risk and, therefore meet the definition of an insurance contract and should be accounted for as such.

Recognition of income taxes

Significant management judgment on the future tax treatment of certain transactions is required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to consider developments in tax laws. Tax laws evolve over time, and in some cases taxation positions are uncertain because the tax laws are subject to varied interpretation. When this is the case, management seeks to adopt a supportable and prudent tax treatment after consultation with professional tax advisers. However, as judicial and non-judicial interpretations develop, these taxation positions may change in the future.

Impairment of nonfinancial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

There were no impairment indicators identified on the Company's property and equipment, right-of-use-asset, intangible assets and prepaid assets as of December 31, 2022 and 2021. The carrying values of property and equipment, right-of-use assets, intangible assets, and prepaid assets under other assets are disclosed in Notes 7, 8, 9, and 11, respectively.

Determination of lease term of contracts with renewal and termination options - Company as a lessee

The Company has several lease contracts that include extension and termination options. The Company applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Refer to Note 9 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Share-based compensation - share-option award plan and share award plan

FWD Group has adopted a share-option award plan and share award plan to retain, motivate and align the interests of eligible officers of the Company. This share-based compensation plan is accounted for as equity-settled plans under which share-options are awarded, while the share award plan is cash settled.

FWD Group estimates the fair value of share options using the Black-Scholes model taking into account the terms and conditions upon which the awards were granted. The Group determines the fair value of share options by using the following input:

FWD Group determines the fair value of share options by following inputs:

- Dividend yield
- Expected share price volatility
- Risk-free interest rate
- Expected life of the share options
- Appraisal value per share, using the same valuation methodology as is used in the RSU plan

The assessment of achievement of performance conditions of share options is the same as described above for RSUs.

The judgments exercised in the determination of share-option fair value and the assessment of achievement of performance condition affect the amounts recognised in the consolidated financial statements as share-based payment expense and share-based payment reserve.

Under the market valuation approach, the Group estimates the fair value of the RSUs by applying valuation multiples based on market data of comparable listed companies.

To calculate the fair value of the awards with performance conditions, the Group utilises an appraisal value method (Embedded Value plus a multiple of Value of New Business) and market valuation approach, where applicable, and an assessment of performance conditions, taking into account the terms and conditions upon which the awards were granted. The fair value calculated for the awards is inherently subjective due to the assumptions made. The details of the assumptions used in the computation of share-based compensation are disclosed in Note 21.

Estimates and Assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date that have significant risks of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Claims liability arising from insurance contracts

The components of the claims liability (claims due and unpaid, claims in course of settlement, resisted claims, and IBNR) are based on the company's claims inventory report. The Company uses the Claims Development method, wherein projected ultimate claim are computed based on actual reported claims, in calculating for IBNR.

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. The carrying value of the claims liabilities amounted to ₱554.37 million and ₱504.90 million as of December 31, 2022 and 2021, respectively (see Note 12).

Estimation of allowance for impairment losses

The Company maintains an allowance for impairment losses at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management based on factors that affect the collectability of the accounts.

These factors include, but are not limited to, the length of the Company's relationship with the debtors, the debtor's payment behaviour and known market factors. The Company reviews the age and status of receivables and identifies accounts that are to be provided with allowance on a continuous basis.

In addition to specific allowance against individually significant loans and receivables, the Company also makes a collective impairment allowance against exposures which, although not specifically identified as requiring specific allowance, have a greater risk of default than when originally granted. This collective allowance is based on any deterioration in the internal rating of the loan or investment since it was granted or acquired.

The carrying value of loans and deposits amounted to ₱313.74 million and ₱271.82 million as of December 31, 2022 and 2021, respectively (see Note 5). The carrying value of insurance receivables under 'Other Assets' amounted to ₱100.67 million and ₱120.73 million as of December 31, 2022 and 2021, respectively (see Note 11). The carrying value of accounts receivable under 'Other Assets' amounted to ₱61.15 million and ₱60.23 million as of December 31, 2022 and 2021, respectively. The total allowance for doubtful accounts on receivables under 'Loans and deposits' and 'Other assets' amounted to ₱47.50 million and ₱29.56 million as of December 31, 2022 and 2021, respectively (see Note 11).

Estimated useful lives of property and equipment and intangible assets and prepaid assets

The Company reviews annually the estimated useful lives of property and equipment based on the period over which the assets are expected to be available for use. It is possible that future results of operations could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and amortization expense and decrease the related asset accounts.

The depreciable amount of intangible assets and prepaid assets are allocated on a systematic basis over their useful lives. The amortization method shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the Company. These methods include the straight-line method and the unit of production method (UOP). On the other hand, software (not an integral part of its related hardware) which is included as part of intangible assets, are capitalized at cost and amortized over their estimated useful lives of three (3) years.

In this regard, UOP method of amortization which is based on quantifiable and reliable source (Actual over Target production) will be used for the subsequent measurements of the prepaid Expense asset, while intangible assets will be amortized using a straight-line method on its economic life of fifteen (15) years.

As of December 31, 2022 and 2021, the carrying values of property and equipment amounted to ₱140.44 million and ₱148.38 million, respectively (see Note 7), the carrying values of intangible assets amounted to ₱199.80 million and ₱229.00 million, respectively (see Note 9) and the carrying values of prepaid assets under other assets amounted to ₱457.96 million and ₱650.95 million, respectively (see Note 11).

Leases - Estimating the incremental borrowing rate

When the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for entities that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the entity's functional currency).

The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the entity's stand-alone credit rating).

The Company's lease liabilities under other payables amounted to ₱138.91 million and ₱224.64 million as of December 31, 2022 and 2021, respectively (see Note 8).

Employee benefits

The determination of pension obligation and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rate, expected return on plan assets, salary increase rate, mortality rate, disability rate and turnover rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

The cost of defined benefit plan and the present value of the pension obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension obligation. All assumptions are reviewed at each reporting date.

As of December 31, 2022 and 2021, the carrying amount of retirement obligation amounted to ₱0.46 million and ₱0.82 million, respectively (see Note 21).

Deferred tax assets

Deferred tax assets are computed for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As of December 31, 2022, the Company recognized deferred tax assets on NOLCO incurred during the year since management believes that the benefits will be realized prior to their expiry dates. In 2021, the Company utilized a portion of the NOLCO while the remaining unutilized amount had expired.

As of December 31, 2022 and 2021, the Company recognized accumulated deferred tax assets amounting to ₱138.89 million and ₱111.60 million, respectively, while unrecognized deferred tax assets as of December 31, 2022 and 2021 amounted to nil and ₱177.77M, respectively (see Note 23).

Provisions and contingencies

The estimate of the probable cost of the resolution of possible claims has been developed in consultation as necessary with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results. The Company is a party to certain assessments arising from the ordinary course of business. However, the Company's management and counsel believe that the eventual liabilities under these assessments, if any, will not have material effect on the Company's financial statements.

4. Cash

This account consists of:

	2022	2021
Cash on hand	₱2,413,444	₱2,387,392
Cash in banks	1,014,609,658	923,494,139
Short-term deposits	109,512,666	-
	₱1,126,535,768	₱925,881,531

Cash in banks and short-term deposits earn annual interest at the prevailing bank deposit rates ranging from 0.10% to 5.23% in 2022 and from 0.10% to 0.50% in 2021.

Interest income earned on cash in banks and short-term deposits in 2022 and 2021 amounted to ₱6.83 million and ₱2.11 million, respectively (see Note 16).

5. Financial Assets

The Company's financial assets (other than receivables under other assets) are summarized as follows:

	2022	2021
Financial assets at FVPL	₱294,368,610	₱265,133,674
AFS financial assets	2,392,951,426	2,559,303,784
Assets held to cover unit-linked liabilities (Note 6)	42,526,505,140	36,904,056,215
Loans and deposits	313,736,058	271,806,814
	₱45,527,561,234	₱40,000,300,487

Financial assets at FVPL

This account consists of:

	At Cost		At Fair value	
	2022	2021	2022	2021
Investment in UITF	₱40,500,000	₱-	₱41,180,499	₱-
Seed capital in unit-linked funds (Note 6)	253,017,146	246,274,220	253,188,111	265,133,674
	₱293,517,146	₱ 246,274,220	₱294,368,610	₱265,133,674

AFS financial assets

This account consists of:

	At Amortized Cost		At Fair value	
	2022	2021	2022	2021
Government debt securities	₱2,615,209,935	₱2,440,000,724	₱ 2,299,311,600	₱2,437,181,970
Corporate debt securities	97,186,254	123,011,709	93,639,826	122,121,814
	₱2,712,396,189	₱2,563,012,433	₱2,392,951,426	₱2,559,303,784

Movements in AFS financial assets follow:

	2022	2021
At January 1	₱2,559,303,784	₱1,424,570,711
Additions	1,088,748,277	2,474,863,723
Disposals/maturities	(958,590,000)	(1,289,590,000)
Fair value gains (losses)	(294,061,229)	(40,854,664)
Amortization of discount	(2,449,406)	(9,685,986)
At December 31	₱2,392,951,426	₱2,559,303,784

AFS debt securities bear annual interest ranging from 2.30% to 7.25% in 2022 and 2.38% to 7.63% in 2021. Interest earned amounted to ₱117.93 million and ₱67.3 million in 2022 and 2021, respectively (see Note 16). Interest accrued amounted to ₱30.37 million and ₱26.82 million as of December 31, 2022 and 2021, respectively (see Note 11).

As of December 31, 2022, AFS financial assets amounting to ₱325.00 million are deposited with the IC in accordance with the provisions of the Code as security for the benefit of policyholders and creditors of the Company.

The rollforward analyses of unrealized fair value gains (losses) on AFS financial assets follow:

	2022	2021
At January 1	(₱25,383,534)	₱15,471,130
Unrealized fair value losses	(294,061,229)	(40,854,664)
At December 31	(₱319,444,763)	(₱25,383,534)

“Unrealized fair value gains (losses) on AFS financial assets” pertains to the difference between the amortized cost and fair value of AFS debt securities.

Loans and deposits

This account consists of:

	2022	2021
Receivable from VUL funds	₱221,941,411	₱176,529,178
Agency loans	76,497,294	71,802,215
Employee loans and advances	13,694,870	18,382,088
Policy loans	9,401,349	5,093,333
	321,534,924	271,806,814
Less:		
Allowance for doubtful accounts - Agent loans (Note 11)	(7,188,306)	–
Allowance for doubtful accounts – Employee loans (Note 11)	(610,560)	–
	₱313,736,058	₱271,806,814

Receivable from VUL funds consist of uncollected proceeds from surrenders and withdrawals of cost of insurance (COI) and cost of rider (COR).

Agency loans are interest-bearing loans granted to agents and settled through deduction against agency compensation and with interest of 6% per annum. Interest income earned on agency loans amounted to ₱3.90 million and ₱0.32 million in 2022 and 2021 (Note 16), respectively.

Employee loans and advances are non-interest bearing and are settled through payroll deductions. For 2022, the Company started to recognize allowance for unpaid loans of resigned employees whose final pay is not sufficient to cover said employee loans.

Policy loans bearing interest of 8% per annum are those granted by the Company as a loan to policyholders in an amount no greater than the cash value of the policy.

The Company classifies its non-linked and unit-linked financial assets at fair value as follows:

	2022			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value:				
Financial assets at FVPL (Note 6)	₱253,188,111	₱41,180,499	₱–	₱294,368,610
AFS financial assets	2,392,951,426	–	–	2,392,951,426
Assets held to cover unit-linked liabilities (Note 6)	–	42,526,505,140	–	42,526,505,140
	₱2,687,320,036	₱42,526,505,140	₱–	₱45,213,825,176

	2021			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value:				
Financial assets at FVPL (Note 6)	₱265,133,674	₱–	₱–	₱265,133,674
AFS financial assets	2,559,303,784	–	–	2,559,303,784
Assets held to cover unit-linked liabilities (Note 6)	–	36,904,056,215	–	36,904,056,215
	₱2,824,437,458	₱36,904,056,215	₱–	₱39,728,493,673

As of December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

6. Unit-Linked Funds

The total unit-linked funds of the Company are allocated as follows:

BPI Funds

	2022			Total
	Balanced Fund	Equity Fund	Fixed Income	
Financial assets at FVPL (Note 5)	₱77,254,867	₱978,021	₱89,210,900	₱ 167,443,788
Assets held to cover unit-linked liabilities (Note 5)	1,054,047,172	4,406,740,888	354,583,916	5,815,371,976
	₱1,131,302,039	₱4,407,718,909	₱443,794,816	₱5,982,815,764

SBC Funds

2022						
	FWD Peso Stable Fund	FWD Peso Bond Fund	FWD Peso Growth Fund	FWD Peso High Dividend Equity	FWD Equity Index Fund	Total
Financial assets at FVPL (Note 5)	₱912,730	₱951,257	₱1,008,986	₱985,966	₱41,359,000	₱45,217,939
Assets held to cover unit-linked liabilities (Note 5)	1,036,627,365	1,014,350,745	7,109,813,642	4,537,663,386	5,460,745,661	19,159,200,799
	₱1,037,540,095	₱1,015,302,002	₱7,110,822,628	₱4,538,649,352	₱5,502,104,661	₱19,204,418,738

FWD Managed Funds

2022						
	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Peso Nitro Global Payout Fund	FWD Peso Velocity Global Payout Fund	FWD Global US Dollar Equity Index Fund	FWD Global Good USD ESG Fund
Financial assets at FVPL (Note 5)	₱1,036,233	₱846,010	₱987,300	₱1,024,657	₱33,066,313	₱1,408,576
Assets held to cover unit-linked liabilities (Note 5)	3,837,155,466	48,711,963	2,299,669,338	60,294,444	3,825,094,952	5,043,857,159
	₱3,838,191,699	₱49,557,973	₱2,300,656,638	₱61,319,101	₱3,858,161,265	₱5,045,265,735

	FWD Dollar Nitro Global Payout Fund	FWD Dollar Velocity Global Payout Fund	Total
Financial assets at FVPL (Note 5)	₱1,056,890	₱1,100,405	₱40,526,384
Assets held to cover unit-linked liabilities (Note 5)	2,289,299,785	147,849,258	17,551,932,365
	₱2,290,356,675	₱148,949,663	₱ 17,592,458,749

BPI Funds

2021				
	Balanced Fund	Equity Fund	Fixed Income	Total
Financial assets at FVPL (Note 5)	₱80,756,309	₱1,038,450	₱93,191,450	₱174,986,209
Assets held to cover unit-linked liabilities (Note 5)	991,353,783	4,045,792,114	301,997,786	5,339,143,683
	₱1,072,110,092	₱4,046,830,564	₱395,189,236	₱5,514,129,892

SBC Funds

2021						
	FWD Peso Stable Fund	FWD Peso Bond Fund	FWD Peso Growth Fund	FWD Peso High Dividend Equity	FWD Equity Index Fund	Total
Financial assets at FVPL (Note 5)	₱974,136	₱986,110	₱1,059,990	₱1,040,821	₱44,456,000	₱48,517,057
Assets held to cover unit-linked liabilities (Note 5)	1,115,352,991	975,604,188	6,968,774,059	4,485,651,191	4,991,404,604	18,536,787,033
	₱1,116,327,127	₱976,590,298	₱6,969,834,049	₱4,486,692,012	₱5,035,860,604	₱18,585,304,090

FWD Managed Funds

	2021				
	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Global Dollar Equity Index Fund	FWD Global Good USD ESG Fund	Total
Financial assets at FVPL (Note 5)	₱1,229,938	₱987,850	₱37,739,102	₱1,673,516	₱41,630,406
Assets held to cover unit-linked liabilities (Note 5)	2,766,137,084	36,922,673	4,989,918,654	5,235,147,090	13,028,125,501
	₱2,767,367,022	₱37,910,523	₱5,027,657,756	₱5,236,820,606	₱13,069,755,907

The unit-linked funds' net asset values consist of the following:

BPI Funds	2022			
	Balanced Fund	Equity Fund	Fixed Income	TOTAL
Asset				
Cash and cash equivalents	₱33,787,637	₱104,949,663	₱7,537,645	₱146,274,945
Debt securities	875,851,347	–	432,328,983	1,308,180,330
Equity securities	214,767,522	4,305,531,019	–	4,520,298,541
Accrued income	8,450,282	1,544,129	4,218,964	14,213,375
Other receivables	2,913,159	13,348,198	825,860	17,087,217
Total Assets	1,135,769,947	4,425,373,009	444,911,452	₱6,006,054,408
Liabilities				
Amounts payable on redemption of units	₱652,856	₱3,891,047	₱171,955	₱4,715,858
Other payables	3,815,053	13,763,052	944,683	18,522,788
Total Liabilities	4,467,909	17,654,099	1,116,638	23,238,646
Net Asset Value	₱1,131,302,038	₱4,407,718,910	₱443,794,814	₱5,982,815,762

SBC Funds	2022					
	FWD Peso Stable Fund	FWD Peso Bond Fund	FWD Peso Growth Fund	FWD Peso High Dividend Equity	FWD Equity Index Fund	TOTAL
ASSET						
Cash and cash equivalents	₱–	₱–	₱–	₱–	₱130,444,000	₱130,444,000
Other investments - feeder fund	1,036,982,998	1,012,697,951	7,110,872,526	4,539,639,011	–	13,700,192,486
Equity securities	–	–	–	–	5,425,291,661	5,425,291,661
Accrued income	–	–	–	–	43,234	43,234
Other receivables	2,811,960	4,139,516	23,014,786	45,844,559	33,398,090	109,208,911
Total Assets	1,039,794,958	1,016,837,467	7,133,887,312	4,585,483,570	5,589,176,985	19,365,180,292
Liabilities						
Amounts payable on redemption of units	1,432,330	423,968	13,567,499	41,889,893	12,660,492	69,974,182
Other payables	822,533	1,111,498	9,497,185	4,944,325	74,411,831	90,787,372
Total Liabilities	2,254,863	1,535,466	23,064,684	46,834,218	87,072,323	160,761,554
Net Asset Value	₱1,037,540,095	₱1,015,302,001	₱7,110,822,628	₱4,538,649,352	₱5,502,104,662	₱19,204,418,738

Dollar Equity Funds	2022				
	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Peso Nitro Global Payout Fund	FWD Peso Velocity Global Payout Fund	FWD Global Dollar Equity Index Fund
Asset					
Cash and cash equivalents	₱32,537,858	₱1,573,379	₱161,402,373	₱4,207,344	₱3,492,428
Other investments - feeder fund	3,882,198,312	48,081,392	2,080,550,028	56,970,900	3,897,411,705
Accrued income	–	–	195,057	273,708	–
Other receivables	8,763,848	6,064	64,454,830	24	1,808,348
Total Assets	3,923,500,018	49,660,835	2,306,602,288	61,451,976	3,902,712,481
Liabilities					
Amounts payable on redemption of units	52,180,115	37,760	–	1,416	36,733,157
Other payables	33,128,205	65,102	5,945,649	131,459	7,818,058
Total Liabilities	85,308,320	102,862	5,945,649	132,875	44,551,215
Net Asset Value	₱3,838,191,698	₱49,557,973	₱2,300,656,639	₱61,319,101	₱3,858,161,266

Dollar Equity Funds	FWD Global Good USD ESG Fund	FWD Dollar Nitro Global Payout Fund	FWD Dollar Velocity Global Payout Fund	Total
Asset				
Cash and cash equivalents	₱24,655,908	₱82,418,442	₱2,785,653	₱313,073,385
Other investments - feeder fund	5,054,176,506	2,143,538,560	143,269,812	17,306,197,215
Accrued income	-	-	797,779	1,266,544
Other receivables	1,236,771	78,965,046	2,452,189	157,687,120
Total Assets	₱5,080,069,185	₱2,304,922,048	₱149,305,433	₱17,778,224,264
Liabilities				
Amounts payable on redemption of units				
	₱21,141,740	₱3,728,623	₱14,722	₱113,837,533
Other payables	13,660,156	10,836,751	341,047	71,926,427
Total Liabilities	34,801,896	14,565,374	355,769	185,763,960
Net Asset Value	₱5,045,267,289	₱2,290,356,674	₱148,949,664	₱17,592,460,304

BPI Funds	2021			
	Balanced Fund	Equity Fund	Fixed Income	TOTAL
Asset				
Cash and cash equivalents	₱22,920,751	₱85,288,278	₱2,967,964	₱111,176,993
Debt securities	767,175,917	-	388,516,315	1,155,692,232
Equity securities	275,174,193	3,978,915,231	-	4,254,089,424
Accrued income	8,102,980	1,565,035	4,012,975	13,680,990
Other receivables	2,415,968	8,100,636	589,606	11,106,210
Total Assets	₱1,075,789,809	₱4,073,869,180	₱396,086,860	₱5,545,745,849
Liabilities				
Amounts payable on redemption of units				
	₱901,311	₱15,255,889	₱47,267	₱16,204,467
Other payables	2,778,407	11,782,726	850,357	15,411,490
Total Liabilities	3,679,718	27,038,615	897,624	31,615,957
Net Asset Value	₱1,072,110,091	₱4,046,830,565	₱395,189,236	₱5,514,129,892

SBC Funds	2021					TOTAL
	FWD Peso Stable Fund	FWD Peso Bond Fund	FWD Peso Growth Fund	FWD Peso High Dividend Equity	FWD Equity Index Fund	
ASSET						
Cash and cash equivalents	₱-	₱-	₱-	₱-	₱68,107,165	₱68,107,165
Other investments - feeder fund	1,115,252,137	951,091,092	6,969,367,293	4,479,383,290	-	13,515,093,812
Equity securities	-	-	-	-	4,974,344,537	4,974,344,537
Accrued income	-	-	-	-	1,889,676	1,889,676
Other receivables	3,569,403	26,770,113	19,130,005	23,881,970	20,110,420	93,461,911
Total Assets	₱1,118,821,540	₱977,861,205	₱6,988,497,298	₱4,503,265,260	₱5,064,451,798	₱18,652,897,101
Liabilities						
Amounts payable on redemption of units						
	₱1,705,573	₱459,642	₱13,612,491	₱13,206,694	₱19,187,533	₱48,171,933
Other payables	788,840	811,265	5,050,758	3,366,554	9,403,661	19,421,078
Total Liabilities	2,494,413	1,270,907	18,663,249	16,573,248	28,591,194	67,593,011
Net Asset Value	₱1,116,327,127	₱976,590,298	₱6,969,834,049	₱4,486,692,012	₱5,035,860,604	₱18,585,304,090

Dollar Equity Funds	2021				Total
	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Global Dollar Equity Index Fund	FWD Global Good USD ESG Fund	
Asset					
Cash and cash equivalents	₱158,137,651	₱572,508	₱9,298,789	₱4,112,511	₱172,121,459
Other investments - feeder fund	2,716,655,988	37,055,743	5,022,393,351	5,206,864,856	12,982,969,938
Accrued income	7,565,220	-	17	14,885,903	22,451,140
Other receivables	8,113,785	336,497	5,250,811	67,582,599	81,283,692
Total Assets	₱2,890,472,644	₱37,964,748	₱5,036,942,968	₱5,293,445,869	₱13,258,826,229

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Dollar Equity Funds	2021				Total
	FWD Global Good Peso ESG Fund	FWD Diversity Fund	FWD Global Dollar Equity Index Fund	FWD Global Good USD ESG Fund	
<i>(Forward)</i>					
Liabilities					
Amounts payable on redemption of units	₱118,456,577	₱4,982	₱-	₱43,905,830	₱162,367,389
Other payables	4,649,044	49,244	9,285,212	12,719,433	26,702,933
Total Liabilities	123,105,621	54,226	9,285,212	56,625,263	189,070,322
Net Asset Value	₱2,767,367,023	₱37,910,522	₱5,027,657,756	₱5,236,820,606	₱13,069,755,907

The movements in the unit-linked fund's net assets follow:

	2022	2021
At January 1	₱37,169,189,889	₱23,953,089,088
Contributions	14,183,414,170	15,819,489,632
Redemptions	(4,968,863,366)	(4,614,723,648)
Fair value gain/(loss)	(4,423,175,814)	1,657,759,780
Foreign exchange rate	819,128,372	353,575,037
At December 31	₱42,779,693,251	₱37,169,189,889

Investment in debt securities in the unit-linked funds bear an annual interest ranging from 3.32% to 7.50% in 2022 and 2021.

Financial assets at FVPL

Financial assets at FVPL represent the seed capital of the Company in its three (3) Peso VUL Funds and one (1) USD VUL Fund at initial amount of ₱220.00 million and USD0.50 million respectively.

Assets held to cover unit-linked liabilities represent policyholders' money invested into these funds.

Breakdown of the fair value gain (loss) pertaining to net income (loss) of unit-linked funds in 2022 and 2021 are as follow:

	2022	2021
Dividend income	₱631,912,139	₱204,185,976
Interest income	263,129,875	60,782,923
Unrealized gain (loss) on investments	(3,982,188,119)	1,684,293,689
Realized gain (loss) on investments	(105,247,360)	57,037,325
Total gain/ (loss)	(3,192,393,465)	2,006,299,913
Management fees	(1,087,042,550)	(305,300,756)
Other operating expenses	(106,881,241)	(30,215,602)
Total expenses	(1,193,923,791)	(335,516,358)
Net income (loss) before final tax	(4,386,317,256)	1,670,783,555
Provision for final tax	(55,561,992)	(12,454,002)
Net income (loss) after final tax	(₱4,441,879,248)	₱1,658,329,553

The breakdown of fair value gain (loss) pertaining to net income (loss) of unit-linked funds included in “Investment returns” and “Non-operating investment returns” follows:

	2022	2021
Investment returns (Note 16)	(P4,423,175,814)	P1,657,759,780
Non-operating investment returns (Note 17)	(18,703,434)	569,773
	(P4,441,879,248)	P1,658,329,553

7. Property and Equipment

The rollforward analysis of this account follow:

2022

	EDP Equipment	Office Equipment	Motor Vehicles	Leasehold Improvements	Furniture and Fixtures	Total
Cost						
At January 1	P285,918,802	P21,311,107	P26,823,671	P297,597,486	P39,491,914	P671,142,980
Additions	30,653,064	49,588	23,825,174	12,021,655	4,310,180	70,859,661
Disposals	(16,139,905)	-	(2,875,728)	-	-	(19,015,633)
At December 31	300,431,961	21,360,695	47,773,117	309,619,141	43,802,094	722,987,008
Accumulated depreciation						
At January 1	243,001,307	20,060,034	7,260,927	217,899,037	34,546,535	522,767,840
Depreciation (Note 21)	33,146,475	1,138,032	7,902,721	31,666,833	4,071,306	77,925,367
Disposals	(15,952,605)	-	(2,194,452)	-	-	(18,147,057)
At December 31	260,195,177	21,198,066	12,969,196	249,565,870	38,617,841	582,546,150
Net Book Values	P40,236,784	P162,629	P34,803,921	P60,053,271	P5,184,253	P140,440,858

2021

	EDP Equipment	Office Equipment	Motor Vehicles	Leasehold Improvements	Furniture and Fixtures	Total
Cost						
At January 1	P263,782,252	P21,069,201	P8,582,895	P265,008,061	P36,506,086	P594,948,495
Additions	22,136,550	241,906	18,240,776	33,171,925	2,985,828	76,776,985
Disposals	-	-	-	(582,500)	-	(582,500)
At December 31	285,918,802	21,311,107	26,823,671	297,597,486	39,491,914	671,142,980
Accumulated depreciation						
At January 1	209,061,029	16,633,416	3,610,381	181,282,737	30,485,165	441,072,728
Depreciation (Note 21)	33,940,278	3,426,618	3,650,546	37,198,800	4,061,370	82,277,612
Disposals	-	-	-	(582,500)	-	(582,500)
At December 31	243,001,307	20,060,034	7,260,927	217,899,037	34,546,535	522,767,840
Net Book Values	P42,917,495	P1,251,073	P19,562,744	P79,698,449	P4,945,379	P148,375,140

The costs of fully depreciated property and equipment that are still being used as of December 31, 2022 and 2021 amounted to P443.27 million and P312.59 million, respectively.

8. Leases

Company as a lessee

The Company entered into commercial leases on certain offices for its head office and branches. These leases have terms ranging between one (1) to five (5) years with renewal terms included in some of these contracts. Certain lease contracts also include escalation clauses. There are no restrictions placed upon the lessee by entering into these leases.

The Company had an existing five (5) year lease term agreement for its head office on the 19th Floor W Fifth Building, commencing on June 1, 2014 to May 31, 2019, renewable subject to mutually agreeable terms by parties. The rental charges shall be subject to 6% escalation each year over the five-year term of the lease.

The Company exercised its renewal option on May 31, 2019, with the extended lease term to commence on June 1, 2019 to May 31, 2024. In addition, the Company started to lease an office space on the 9th Floor of W Fifth Building covering the period March 1, 2017 to February 28, 2022, renewable at the option of the Company subject to mutually agreeable terms by parties. The rental charges shall be subject to 6% escalation each year over the five-year term of the lease.

The Company also entered into lease agreements pertaining to its branch offices in the following locations, with terms ranging between one (1) to five (5) years with renewal terms included in some of these contracts. Some of the leases entered by the Company include parking spaces within the office buildings. Lease term of these parking spaces are usually parallel with the lease term of their counterpart office premises and have similar escalation rates. These, however, has separate parking rental rates from their counterpart office premises, and hence, accounted for separately.

The Company has also entered into leases contracts on various motor vehicles for use of qualified employees under the Company's executive car program, generally with a total lease term of five (5) years.

The Company has also entered into an expressway partnership agreement with Ayala Corporation, the concessionaire of Daang Hari-South Luzon Expressway Link Road Project, also known as the Muntinlupa-Cavite Expressway (MCX), which grants the Company, on an exclusive, non-transferrable, and revocable basis, use of advertising space and all marketing rights and entitlements within MCX for a period of eight (8) years starting December 7, 2019 to December 6, 2027, subject to a renewal option of another 8 years upon mutual agreement by both parties.

The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options, which are further discussed below.

The Company also has certain leases of office premises and parking spaces with lease terms of 12 months or less and/or with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

	2022					
	Head Office & Branch Premises	Parking Spaces	Office Equipment	Motor Vehicles	Advertising Spaces	Total
Cost						
At January 1	₱343,985,256	₱22,381,321	₱-	₱45,334,167	₱101,696,186	₱513,396,930
Lease modification	1,976,698	1,058,696	-	252,644	-	3,288,038
Terminations/expiration	(145,979,798)	(2,156,303)	-	(10,839,683)	-	(158,975,784)
At December 31	199,982,156	21,283,714	-	34,747,128	101,696,186	357,709,184
Accumulated amortization						
At January 1	216,893,615	13,271,061	-	23,644,813	26,271,515	280,081,004
Depreciation (Note 20)	75,926,054	5,771,579	-	(2,473,970)	13,835,209	93,058,872
Terminations/expiration	(145,979,798)	(2,177,012)	-	(10,839,683)	-	(158,996,493)
At December 31	146,839,871	16,865,628	-	10,331,160	40,106,724	214,143,383
Net Book Values	₱53,142,285	₱4,418,086	₱-	₱24,415,968	₱61,589,462	₱143,565,801

2021						
	Head Office & Branch Premises	Parking Spaces	Office Equipment	Motor Vehicles	Advertising Spaces	Total
Cost						
At January 1	P356,535,169	P22,490,282	P986,808	P50,079,416	P99,760,726	P529,852,401
Additions	16,185,879	145,067	-	-	1,935,460	18,266,406
Terminations/expiration	(28,735,792)	(254,028)	(986,808)	(4,745,249)	-	(34,721,877)
At December 31	343,985,256	22,381,321	-	45,334,167	101,696,186	513,396,930
Accumulated amortization						
At January 1	162,151,376	8,851,552	696,571	17,108,950	13,301,430	202,109,879
Depreciation (Note 20)	83,478,031	4,673,535	290,240	10,600,129	12,970,085	112,012,020
Terminations/expiration	(28,735,792)	(254,026)	(986,811)	(4,064,266)	-	(34,040,895)
At December 31	216,893,615	13,271,061	-	23,644,813	26,271,515	280,081,004
Net Book Values	P127,091,641	P9,110,260	P-	P21,689,354	P75,424,671	P233,315,926

Lease modifications pertain to adjustments made by the Company to align depreciation differences due to data migration which happen during first quarter of 2022. The initial system used, Tagetik, uses monthly depreciation while the new system, Oracle Financials Cloud General Ledger (OFCGL), uses daily depreciation.

The following are the amounts recognized in statement of income:

	2022	2021
Depreciation expense of right-of-use assets (Note 20)	P93,058,872	P112,012,020
Interest expense on lease liabilities	15,024,827	24,197,005
Operating lease rentals considered short-term lease and lease of low-value assets included in 'Office-related expenses' (Note 20)	5,754,084	15,691,604
Total amount recognized in statement of income	P113,837,783	P151,900,629

The rollforward analysis of lease liabilities follows:

	2022	2021
At January 1	P224,638,095	P322,003,946
Additions	-	18,266,406
Interest expense	15,024,827	24,197,005
Payments	(104,062,590)	(139,294,887)
Lease modification	11,779,114	-
Termination/expiration	(8,470,369)	(534,375)
At December 31	P11,779,114	P224,638,095

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Shown below is the maturity analysis of the undiscounted lease payments:

	2022	2021
Within one year	P84,963,191	P96,598,290
After one year but not more than five years	84,668,151	155,634,033
	P169,631,342	P252,232,323

9. Intangible Assets

The rollforward analyses of this account as of December 31 follow:

	2022		
	SBC Access fee	Software	Total
Cost			
At January 1	₱300,000,000	₱325,500,402	₱625,500,402
Additions	–	37,784,309	37,784,309
At December 31	300,000,000	363,284,711	663,284,711
Accumulated Amortization			
At January 1	140,000,000	256,499,909	396,499,909
Amortization (Note 20)	20,000,000	46,989,619	66,989,619
At December 31	160,000,000	303,489,528	463,489,528
Net book values	₱140,000,000	₱59,795,183	₱199,795,183

	2021		
	SBC Access fee	Software	Total
Cost			
At January 1	₱300,000,000	₱274,600,700	₱574,600,700
Additions	–	50,899,702	50,899,702
At December 31	300,000,000	325,500,402	625,500,402
Accumulated Amortization			
At January 1	120,000,000	203,002,131	323,002,131
Amortization (Note 20)	20,000,000	53,497,778	73,497,778
At December 31	140,000,000	256,499,909	396,499,909
Net book values	₱160,000,000	₱69,000,493	₱229,000,493

SBC access fee pertains to the non-refundable portion of Exclusive Access Fees paid to SBC on January 22, 2015. This is not a direct compensation for the production, but rather a purchase of a right and amortized until the estimated economic life of DA which is fifteen (15) years. Amortization expense is reported under “Commission expense and commission-related expenses” in the statement of income (see Note 20).

10. Reinsurance Assets

This account consists of:

	2022	2021
Reinsurance recoverable on paid losses	₱466,213,135	₱292,510,958
Reinsurance contract claims reserves	109,988,874	–
Ceded insurance and investment contracts	40,653,518	33,382,546
	₱616,855,527	₱325,893,504

Reinsurance recoverable on paid losses represents the amount recoverable from reinsurers under treaty agreements as their share in paid losses and loss adjustment expenses net of recoveries.

Reinsurance contracts claims reserves considers the ceded amounts per policy for the other applicable claims liability types and recognizes that should the claims be eventually paid, the ceded portion will be covered by the reinsurance contracts following the relevant treaties.

The ceded insurance and investment contracts can be broken further as follows:

	2022	2021
Reinsurer's share in legal policy reserves		
Unearned premium reserves from group life insurance contracts	₱2,360,795	₱2,347,942
Unearned premium reserves from unit-linked insurance contracts	1,248,470	1,172,026
Unearned premium reserves from individual life insurance contracts	37,044,253	29,862,578
	₱40,653,518	₱33,382,546

11. Other Assets

This account consists of:

	2022	2021
Prepaid assets	₱457,959,612	₱650,954,116
Accrued income	102,628,608	93,284,675
Insurance receivables	100,666,410	120,730,181
Due from related parties (Note 22)	62,405,915	65,483,930
Accounts receivable	61,153,118	60,230,711
Deposits	55,782,337	56,068,512
Others	60,982,380	41,532,916
	₱901,578,380	₱1,088,285,041

Prepaid assets

The rollforward analysis of this account as of December 31 is as follow:

	2022				
	SBC Access fee	Developmental fees	Prepaid Commission	Prepayments	Total
Cost					
At January 1	₱1,300,000,000	₱1,045,167,997	₱18,884,456	₱1,139,182,161	₱3,503,234,614
Additions	-	70,245,281	-	192,126,859	262,372,140
At December 31	1,300,000,000	1,115,413,278	₱18,884,456	1,331,309,020	3,765,606,754
Accumulated amortization					
At January 1	834,437,999	891,533,308	12,222,186	1,114,087,005	2,852,280,498
Amortization	188,212,541	93,619,467	80,790	173,453,846	455,366,644
At December 31	1,022,650,540	985,152,775	12,302,976	1,287,540,851	3,307,647,142
Net Book Values	₱277,349,460	₱130,260,503	₱6,581,480	₱43,768,169	₱457,959,612

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	2021				Total
	SBC Access fee	Developmental fees	Prepaid Commission	Prepayments	
Cost					
At January 1	₱1,300,000,000	₱911,430,089	₱13,884,456	₱954,808,867	₱3,180,123,412
Additions	–	133,737,908	5,000,000	184,373,294	323,111,202
At December 31	1,300,000,000	1,045,167,997	18,884,456	1,139,182,161	3,503,234,614
Accumulated amortization					
At January 1	667,932,995	759,133,067	12,222,186	932,762,527	2,372,050,775
Amortization	166,505,004	132,400,241	–	181,324,478	480,229,723
At December 31	834,437,999	891,533,308	12,222,186	1,114,087,005	2,852,280,498
Net Book Values	₱465,562,001	₱153,634,689	₱6,662,270	₱25,095,156	₱650,954,116

SBC access fee pertains to refundable portion of the Exclusive Access fees and the Initial Milestone fee stated in the Distribution Agreement (DA) between the Company and SBC, in case of early termination of the DA and non-achievement of the Annualized New Premium (ANP) targets stated in the DA. This is amortized based on UOP and presented under “Commission expense and commission-related expenses” in the profit or loss (see Note 20).

Prepaid developmental fees paid to agency leaders are to be used exclusively in building and maintaining an agency organization for the purpose of selling solely the Company’s products. This is to be amortized based on the agents’ contractual obligation to the Company as indicated in the agreement (see Note 25).

Failure to meet the contractual obligations indicated in the agreement, the Company is authorized by the agents to clawback the unamortized amount of prepaid development fees paid. This will be converted to receivable from the agent and will be reported as “Accounts receivable – net” under “Other assets” in the statements of financial position (see Note 5). Amortization expense is reported under “Commission expense and agency-related expenses” in the statements of income (see Note 20).

Prepaid commission pertains to fees deducted in advance by Distribution Partner when remitting premium collected in behalf of the Company. This will be amortized once the policy is issued and recorded as premium.

Prepayments consist mainly of software maintenance fee advances and license fees with terms over one (1) year.

Accrued income

This account consists of:

	2022	2021
Management fee accrual	₱71,716,529	₱66,313,304
Accrued income on:		
AFS financial assets (Note 5)	30,369,448	26,817,636
Policy loans (Note 5)	260,501	153,735
Time deposits	282,130	–
	₱102,628,608	₱93,284,675

Management fee accrual pertains to unpaid fees relating to VUL funds of the Company and is accrued daily and collected from the BPI and SBC managed funds monthly and quarterly basis, respectively.

Insurance receivables - net

This account consists of:

	2022	2021
Premiums due and uncollected	₱88,340,357	₱95,743,385
Premiums receivable	27,689,675	34,029,716
Receivable from switch fees	1,332,755	1,095,297
Insurance receivable from policyholders	117,362,787	130,868,398
Less: Allowance for doubtful accounts	(16,696,377)	(10,138,217)
	₱100,666,410	₱120,730,181

Premium due and uncollected - net pertains to premium earned, net of loadings, awaiting collection within the grace period from the date premium is due.

Premium receivable pertains to premiums of issued group insurance policies for remittance to the Company which is collected within a year.

Accounts receivable - net

This account consists of:

	2022	2021
Receivable from agents and other intermediaries	₱41,797,735	₱60,249,421
Employee advances	13,970,603	8,651,038
Creditable withholding tax	28,614,197	10,753,019
	84,382,535	79,653,478
Less: Allowance for doubtful accounts-agency receivable	(22,783,749)	(19,422,767)
Allowance for doubtful account- employee advances	(445,668)	-
	₱61,153,118	₱60,230,711

Receivable from agents includes amounts to be recovered from agents resulting from clawback of prepaid developmental fees paid for failure to meet the contractual obligations as stated in contract, and cost of lost tablets, cost of trainings and memberships.

Employee advances are non-interest bearing and are settled through payroll deductions.

Creditable withholding taxes represent taxes withheld from the Company by its life insurance clients and collection partners. The amount is fully realizable and could be applied against future income tax liability of the Company.

The rollforward analysis for allowance for doubtful accounts follow:

	2022	2021
At January 1	₱29,560,983	₱19,999,460
Provision for (reversal of) doubtful accounts arising from:		
Receivable from agents (Note 11)	10,549,288	15,336,309
Receivable from employees (Note 5)	830,100	-
Insurance receivables	6,558,160	(5,774,786)
At December 31	₱47,498,531	₱29,560,983

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The Company provides for bad debts on insurance receivables and receivable from agents based on specific assessment of outstanding balances.

Deposits

This account consists of:

	2022	2021
Rental and other deposits	₱55,712,248	₱55,998,423
Security fund	70,089	70,089
	₱55,782,337	₱56,068,512

Rental and other deposits include security and reservation deposits, and construction bonds. Security and reservation deposits were transacted by the Company with W Fifth Avenue, Inc. for its Head Office and various lessors for its branch offices. These rental deposits are refundable to the Company within (3) months following the expiry of their respective lease terms. Construction bonds are those refundable from contractors upon completion of construction period.

Security fund pertains to contribution of the Company to the Security Fund - Life Account as required by the Insurance Commission on all insurance companies authorized to do business in the Philippines.

12. Insurance Contract Assets

This account consists of:

	2022	2021
Legal policy reserves	₱1,697,819,867	₱1,150,217,042
Policy and contract claims reserve	(554,369,845)	(504,898,576)
Insurance contract assets	₱1,143,450,022	₱645,318,466

The movements during the year in policy and contract claims reserve are as follows:

	2022	2021
At January 1	₱504,765,401	₱334,967,427
Provision during the year	49,604,444	169,931,149
At December 31	₱554,369,845	₱504,898,576

Details of the legal policy reserves follow:

	2022	2021
Gross legal policy reserves		
Unearned premium reserves from group life insurance contracts	₱70,525,696	₱69,215,826
Unearned premium reserves from unit-linked insurance contracts	53,348,732	29,023,303
Unearned premium reserves from individual life insurance contracts	67,460,224	23,920,773
Gross premium reserves from individual life insurance contracts	(1,889,154,519)	(1,272,376,944)
Legal policy reserves	(₱1,697,819,867)	(₱1,150,217,042)

Details of gross legal policy reserves follow:

	2022	2021
Negative legal policy reserves	(₱2,567,675,997)	(₱1,809,574,454)
Positive legal policy reserves	678,521,478	537,197,510
	(1,889,154,519)	(1,272,376,944)
Unearned premium reserves	191,334,652	122,159,902
Gross legal policy reserves	(₱1,697,819,867)	(₱1,150,217,042)

The movements during the year in remeasurement gain (loss) on life insurance reserves follow:

	2022	2021
At January 1	(₱153,031,080)	(₱373,443,689)
Due to change in discount rates	627,814,009	220,412,609
At December 31	₱474,782,929	(₱153,031,080)

On December 28, 2016, Insurance Commission (IC) released Circular Letter No. 2016-66 on the Valuation Standards for the Life Insurance Policy Reserves which mandated the change in the basis of valuation of the life insurance policy reserves from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV). The cumulative prior year impact of the changes, as well as any change in the assumptions under GPV computed is recognized in retained earnings except for the increase or decrease of the reserves brought about by change in discount rates which is recognized under “remeasurement gain and loss on legal policy reserves”.

On January 1, 2017, the Company has adopted GPV in valuing its life insurance policy reserves and the valuation result in a negative reserve. The Company has appropriated from the unassigned surplus an amount equal to the aggregate of the negative reserves calculated on a per policy basis (Note 14).

The remeasurement gains on life insurance reserves of ₱628 million for the year is driven by the steep increase in interest rates in 2022, with more than a 200bps increase in the long term tenors. There is also an observed increase in 2021 for this account for the same reason but the magnitude is much less as the interest rate increase in the prior year is not as severe.

The movement in negative legal policy reserves can be attributed to the following: a) new issues and the aging of the in-force policies of the individual health products, and b) impact of the change in the IC-prescribed discount rates.

13. Other Payables

This account consist of:

	2022	2021
Accrued expenses	₱771,265,297	₱714,993,466
Accounts payable	733,893,676	448,352,028
Due to related parties (Note 22)	347,308,647	1,121,190,128
Reinsurance payables	235,375,645	124,468,345
Lease liabilities (Note 8)	138,909,077	224,638,095
Tax payables	81,305,375	72,860,365
Total	₱2,308,057,717	₱2,706,502,427

Accrued expenses

This account consists of:

	2022	2021
Accruals for:		
Commission-related expenses	₱435,575,695	₱380,549,939
Employee incentives	186,896,875	151,650,627
Other accrued expenses	148,792,727	182,792,900
	₱771,265,297	₱714,993,466

Accrued commission-related expenses include agency and bancassurance channel-related sales expenses, such as commissions, bank fees, variable pay, bonuses and incentives. These are normally settled within one (1) year.

Accrued employee incentives include short-term incentives (STI) and long-term incentives (LTI) payable to Company's qualified employees, which is settled within one (1) year.

Other accrued expenses include accrual for utilities, information technology development costs, staff costs and various accruals.

Accounts payable

This account consists of:

	2022	2021
Unit-linked subscription payable	₱362,511,652	₱171,703,770
Premium received in advance	149,276,006	137,257,389
Supplier invoices	92,685,694	23,068,205
Insurance payables to policyholders	91,526,037	52,975,709
Agency payables	17,314,391	28,587,711
Others	20,579,896	34,759,244
	₱733,893,676	₱448,352,028

Reinsurance payables

This account consists of amounts due to domestic, local, and foreign reinsurers.

Taxes payable

This account consists of:

	2022	2021
Premium tax payable	₱29,855,527	₱29,205,948
Expanded withholding tax	23,301,132	19,629,604
Withholding VAT payable	21,329,868	12,757,031
Withholding tax on compensation	4,117,059	9,453,673
Final withholding tax payable	1,002,845	382,274
Fringe benefit tax payable	956,311	785,643
Documentary stamp tax payable	742,633	646,192
	₱81,305,375	₱72,860,365

Taxes payable are normally settled the following month after year-end.

14. Equity

Capital Stock

This account consists of common shares of stock as of December 31, 2021 and 2020 as follows:

Authorized - 5,000,000,000 shares, ₱1 par value	₱5,000,000,000
Issued and outstanding - 2,300,000,000 shares	2,300,000,000

There were no movements in Company's common share in 2022 and 2021.

Contingency Surplus

On May 27, 2022 and November 23, 2021, the BOD approved the infusion of additional contingency surplus amounting to ₱549.85 million and ₱175.00 million, respectively, which were received in 2022 and 2021, respectively.

Deficit

Life insurance companies shall value their policy reserves for life business at the end of each calendar year as required by IC pursuant to Sections 216 and 423 of the Amended Insurance Code (RA 10607), in accordance with valuation standards, which was implemented on January 1, 2017.

The reserves for traditional life insurance policies shall be valued, where appropriate, using gross premium valuation. However, should the calculation result in a negative reserve, the Company shall appropriate from the unassigned surplus an amount equal to the aggregate of the negative reserves calculated on per policy basis.

The movements of the Company's deficit follow:

	2022	2021
Deficit	₱5,041,475,156	₱4,374,930,381
Appropriation for negative reserves (Note 12)	(2,567,675,997)	(1,805,631,861)
Deficit after reserves	₱2,473,799,159	₱2,569,298,520

15. Net Insurance Premiums

This account consists of:

	2022	2021
Premium revenue arising from contracts issued		
Unit-linked insurance contracts	₱15,043,182,490	₱16,889,567,643
Life insurance contracts	2,507,539,625	2,102,849,240
	17,550,722,115	18,992,416,883
Fee Income		
Cost of insurance and riders	714,658,384	584,922,963
Surrender Charge	84,583,062	102,314,171
Others	2,609,618	645,702
	801,851,064	687,882,836

(Forward)

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	2022	2021
Premium revenue ceded to reinsurers on contracts issued		
Unit-linked insurance contracts	(₱62,005,831)	(₱47,542,785)
Life insurance contracts	(161,102,878)	(119,260,194)
	<u>(223,108,709)</u>	<u>(166,802,979)</u>
Net insurance premiums and fees revenue	₱18,129,464,470	₱19,513,496,740

Fee income includes cost of insurance (COI) and cost of rider (COR) which are charged to the policyholder for the service provided by the insurer in respect of the investment-linked insurance policies (ILP). This is deducted from the policyholder's account value.

16. Investment Returns

This account consists of:

	2022	2021
Interest income arising from:		
AFS financial assets (Note 5)	₱117,927,543	₱67,297,670
Cash and cash equivalents (Note 4)	6,830,264	2,114,017
Other financial receivables (Note 5)	5,815,312	1,149,057
	<u>130,573,119</u>	<u>70,560,744</u>
Net fair value gains (losses) of assets held to cover unit linked liabilities (Notes 5 and 6)	(4,423,175,814)	1,657,759,780
	<u>(₱4,292,602,695)</u>	<u>₱1,728,320,524</u>

Interest income pertains to the interest earned on government and corporate debt securities, time deposits and short-term investments.

17. Non-Operating Investment Return

This account consists of:

	2022	2021
Net foreign exchange losses - net	₱143,305,548	₱-26,440,276
Net fair value losses (gains) of financial assets at FVPL (Notes 5 and 6)	18,703,434	164,319
	<u>(₱162,008,982)</u>	<u>(₱26,604,595)</u>

18. Other Operating Revenue

This account consists of:

	2022	2021
Management fee income	₱662,080,179	₱483,178,381
Reinsurance allowance	569,666,294	645,665,365
Other income (Note 8)	9,070,824	212,389
	<u>₱1,240,817,297</u>	<u>₱1,129,056,135</u>

Reinsurance allowance

The Company entered into a modified coinsurance agreement with Munich Re (the Reinsurer) in October 2018. Under the agreement, the balance due shall be the Reinsurer's proportionate share on the benefits reinsured less the reinsurance allowance. If the balance is positive, the amount shall be due from the Company to the Reinsurer and shall be accounted for as reinsurance premium. If the balance is negative, the absolute value of that amount shall be due from the Reinsurer to the Company and shall be accounted for as reinsurance allowance.

Management fee income

Management fee income pertains to fees earned for managing the VUL funds.

Other Income

Other income pertains to sundry income, gain (loss) on re-measurement of lease liability and various re-charges for the reimbursement of expense incurred by the Company on behalf of other entities within the FWD Group such as travel expenses, salary of seconded employee and training.

19. Benefits and Claims

This account consists of:

	2022	2021
Surrenders	₱3,924,267,725	₱3,732,187,289
Death and hospitalization benefits	547,131,680	695,288,446
Other benefits	151,961,977	22,458,487
Gross benefits and claims	4,623,361,382	4,449,934,222
Reinsurers' share on claims and benefits incurred	(146,690,517)	(131,098,965)
Net benefits and claims	₱4,476,670,865	₱4,318,835,257

20. Operating Expenses

General and administrative expenses

General and administrative expenses consist of:

	2022	2021
Employee benefits	₱1,023,965,597	₱977,678,801
Depreciation (Notes 7 and 8)	170,984,240	194,289,631
Information technology expenses	134,938,251	134,463,312
Marketing and advertising	107,944,812	98,043,655
Professional service fees	78,823,272	82,476,705
Amortization (Note 9)	46,989,619	53,497,778
Operating lease rentals (Note 8)	5,754,084	15,691,604
Other operating expenses		
Group Office management fee (Note 22)	580,478,126	541,444,658
Shared services fee (Note 22)	80,839,257	32,318,467
Office-related expenses	74,176,618	71,000,385
Tax-related expenses	42,423,694	16,624,522

(Forward)

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	2022	2021
Bank service charges	₱41,569,171	₱36,546,975
Distribution-related expenses	30,947,151	9,514,332
Provision (recovery) of doubtful accounts expense	14,576,566	(5,774,786)
Travel and entertainment	11,038,929	8,167,546
Courier charges	3,912,569	4,628,846
Printing and stationery	3,258,521	4,301,067
Other new business expenses	2,728,629	1,986,654
Conference expenses	1,716,497	98,137
Others	5,933,879	17,626,861
	₱2,462,999,482	₱2,294,625,150

Employee benefits expenses consist of:

	2022	2021
Salaries and wages	₱796,884,516	₱775,678,239
Benefits and allowances	177,567,091	157,779,002
Directors' fees	11,381,238	11,178,002
Share-based payments	37,920,523	30,284,049
Net pension expense	212,229	2,759,509
	₱1,023,965,597	₱977,678,801

Share-based payments

FWD Group operates share-option award plans that provides FWD Group Limited share-options to participants from the Company upon vesting. Eligible employees are granted share-option awards to reward service and the achievement of shareholder value targets. These awards are in the form of a contingent right to receive share-options or a conditional allocation of share-options. These share-option awards have vesting periods of up to three years and are at nil cost to the employee. Vesting of certain awards is conditional upon the employee being in active employment at the time of vesting. Each share-option grant has a 10-year exercise period and confers the right to the award holder to subscribe for an ordinary share of FWD Group Limited at a nominal exercise price of US\$0.01.

In 2022 and 2021, the FWD Group offered a long-term incentive bonus (share award plan) to eligible employees of the Company after meeting certain performance indicators over the agreed period. The Company has the obligation to settle the transaction with its employees in FWD Group's equity instruments which is purchased by the Company from FWD Group resulting to a recognition of a liability.

The following table shows the movement of number of share-options under the award plans charged to the Company:

	2022	2021
At January 1	6,453	10,913
Granted	345	-
Vested	(6,453)	(3,729)
Forfeited	-	(731)
At December 31	345	6,453

The following table shows the number of share awards under the award plan charged to the Company in 2022 and 2021:

	2022	2021
At January 1	4,259	–
Granted	–	4,439
Vested	–	–
Forfeited	(368)	(180)
At December 31	3,891	4,259

FWD Group utilises an appraisal value methodology (embedded value plus a multiple of value of new business) (Embedded Value plus a multiple of Value of New Business) and market valuation approach, where applicable, and an assessment of performance conditions, taking into account the terms and conditions upon which the awards were granted. The fair value calculated for the awards is inherently subjective due to the assumptions made. The expected volatility reflects the assumption that historical volatility patterns continue, which may not be the actual outcome.

The expected life of the share options is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees. Weighted average share price is determined by appraisal value per share.

The fair value calculated for share options is inherently subjective due to the assumptions made and the limitations of the model utilized.

	2022	2021
Risk-free interest rate (in %)	0.13%	Nil
Volatility (in %)	Nil	Nil
Dividend yield (in %)	0%	Nil
Expected life of share-options (in years)	30%	Nil
Exercise price per share	0.01	Nil
Weighted average price per share	55.20	Nil

The total recognised share-based payments related to share-option award by the Group included in "Employee benefit expense" amounted to ₱37.92 million and ₱30.28 million in 2022 and 2021, respectively.

Commission and commission-related expenses

Commission expense and commission-related expenses consist of:

	2022	2021
Commission expense	₱1,262,306,164	₱1,146,103,217
Override commission expense	266,435,860	225,500,134
Commission-related expenses (CRE)	1,062,542,764	802,630,916
Premium tax expense	111,485,352	110,041,260
Prepaid asset (Developmental fees) (Note 11)	139,197,027	148,273,892
Prepaid asset (SBC access fee) (Note 11)	188,212,541	166,505,004
Intangible asset (SBC access fee) (Note 9)	20,000,000	20,000,000
Distribution operation expenses	22,089,856	14,056,764
Provision for credit losses (Note 11)	3,360,982	15,336,309
	₱3,075,630,546	₱2,648,447,496

Commission-related expenses consist mainly of bonuses such as annual performance bonus and annual over-achievement bonus given to bancassurance agents, and incentives and allowances given to agents for the issuance of policy contracts.

Provision for credit losses amounting to ₱10.55 million and ₱15.34 in 2022 and 2021, respectively, is based on specific assessment of outstanding balance of agent's receivable (see Note 11).

Distribution operation allowance represents expenses incurred by Agency and Bancassurance channel such as trainings, sales events, and sales tool.

21. Employee Benefits

The Company has a funded, defined contribution plan, covering all employees from the start of the date of employment which requires contributions to be made to a separately administered retirement fund. The plan is effective January 1, 2016 and was approved by the Bureau of Internal Revenue (BIR) last May 3, 2017. Under the plan, the Company makes contributions on behalf of the employees, but it allows employees to participate in the plan by way of voluntary contributions.

The Company's Employees' Retirement Funds are administered by its Trustee, BPI Asset Management and Trust Corporation. The Trustee has full and complete management and control of the funds and its investment strategy. The Trustee has the absolute and sole right to sell, convert, invest, reinvest, commingle with other accounts, exchange, transfer, assign, endorse or otherwise dispose the moneys, assets or securities comprising the Trust Fund without necessity of prior approval or authority from the Trustor.

Upon normal retirement, the employee shall be entitled to a lump sum benefit equal to the following:

- 1) One hundred percent (100%) of individual account balance in the defined benefit plan attributable to employee voluntary contributions as of the most recent valuation date prior to normal retirement date and adjusted for subsequent contributions, if any,
- 2) And the higher of:
 - a) One hundred percent (100%) of individual account balance attributable to employer voluntary contributions as of the most recent valuation date prior to normal retirement date and adjusted for subsequent contributions, if any,
 - b) One hundred percent (100%) of employee's monthly salary for every year of service or the minimum statutory requirement at the time of the employee's retirement whichever is higher.

The Company recognized pension expense relating to its defined benefit plan included in the statement of comprehensive income which consists of:

	2022	2021
Current service cost	₱62,666,487	₱40,831,238
Net interest expense	41,663	365,715
	₱62,708,150	₱41,196,953

As of December 31, 2022 and 2021, the carrying amount of retirement obligation as shown in the statement of financial position amounted to ₱0.46 million and ₱0.82 million, respectively.

Changes in the present value of the defined benefit obligation are as follows:

	2022	2021
At January 1	₱193,523,822	₱188,650,860
Current service cost	62,666,487	40,831,238
Interest expense	9,869,715	7,546,034
Benefits paid	(16,907,809)	(22,703,820)
Remeasurement losses (gains)		
Defined contribution component	(17,291,930)	(9,965,159)
Changes in financial assumptions	(1,051,689)	(5,444,836)
Experience adjustment	482,446	(5,390,495)
At December 31	₱231,291,042	₱193,523,822

Changes in the fair value of plan assets are as follows:

	2022	2021
At January 1	₱192,706,905	₱179,507,976
Contributions	62,495,482	38,687,589
Interest income	9,828,052	7,180,319
Benefits paid	(16,907,809)	(22,703,820)
Remeasurement losses	(17,291,930)	(9,965,159)
At December 31	₱230,830,700	₱192,706,905

The rollforward analysis of remeasurement gain on pension obligation follows:

	2022	2021
At January 1	₱33,937,947	₱23,102,616
Actuarial gain on obligation		
Experience adjustment	482,446	(5,390,495)
Change in financial assumptions	(1,051,689)	(5,444,836)
	569,243	10,835,331
At December 31	₱34,507,190	₱33,937,947

The principal actuarial assumptions used in determining net pension cost for the Company's retirement plan are shown below:

	2022	2021
Salary increase rate	6.00%	6.00%
Discount rate	6.60%	5.10%
Expected average remaining working lives	10 years	9 years

The following tables demonstrate the sensitivity to a reasonably possible change in discount rates and salary increase for the next financial year, with all other variables held constant, of the Company's total comprehensive income using the projected unit cost (PUC) method:

	Change in Assumptions	Impact on total comprehensive income
Discount rate	+1.00%	(₱375,440)
	-1.00%	714,688
Salary rate	+1.00%	(681,002)
	-1.00%	383,407

The table below summarizes the maturity profile of the Company's benefit liabilities based on the remaining period at the end of the reporting period.

Year	2022	2021
1-5 years	₱527,359	₱399,034
6-10 years	365,434	1,115,092
11-15 years	–	1,112,562
16 years and up	–	12,777,351
	₱892,793	₱15,404,039

22. Related Party Disclosures

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Related party transactions consist of the following:

Category	2022		2021		Terms	Conditions
	Amount*	Outstanding Balances	Amount	Outstanding Balances		
Receivables from Affiliates:						
FWD Group Ltd.	₱–	₱42,618,225	₱–	₱42,618,225	Interest-free, settlement in cash; annual	Unsecured
FWD Group Management Holdings Ltd.	9,557,791	16,438,297	8,930,465	17,373,838	Interest-free, settlement in cash; annual	Unsecured
FWD Indonesia	–	3,161,317	–	3,161,317	Interest-free, settlement in cash; annual	Unsecured
Valdimir Pte. Ltd.	–	–	1,537,368	1,537,368	Interest-free, settlement in cash; annual	Unsecured
FWD Thailand	–	–	772,182	772,182	Interest-free, settlement in cash; annual	Unsecured
FWD Vietnam Life Insurance Company Limited	–	21,000	–	21,000	Interest-free, settlement in cash; annual	Unsecured
FWD Technology and Innovation Malaysia Sdn. Bhd.	167,076	167,076	–	–	Interest-free, settlement in cash; annual	Unsecured
	₱9,724,867	₱62,405,915	₱11,240,015	₱65,483,930		
Payable to Affiliates:						
FWD Group Management Holdings Ltd. (a) (Note 21)	₱479,370,795	₱161,819,065	₱307,331,982	₱723,950,604	Interest-free, settlement in cash; annual	Unsecured
Valdimir Pte. Ltd. (b)	93,787,162	75,188,223	191,997,716	325,342,735	Interest-free, settlement in cash; annual	Unsecured
FWD Technology and Innovation Malaysia Sdn. Bhd.	50,815,825	41,338,002	62,786,125	51,936,033	Interest-free, settlement in cash; annual	Unsecured
FWD Information Technology (Guangzhou) Co., Ltd.	56,151,055	17,872,966	13,417,997	3,399,886	Interest-free, settlement in cash; annual	Unsecured

(Forward)

Category	2022		2021		Terms	Conditions
	Amount*	Outstanding Balances	Amount	Outstanding Balances		
FWD Information Technology (Shanghai) Co., Ltd	₱-	₱-	₱18,982,782	₱-	Interest-free, settlement in cash; annual	Unsecured
FWD Group Developments (Malaysia) Sch. Bhd. (GDM)	-	-	-	-	Interest-free, settlement in cash; annual	Unsecured
FWD Group Limited (Non-GO)	-	26,991,188	-	16,560,870	Interest-free, settlement in cash; annual	Unsecured
FWD Limited (Non-Go)	-	24,099,203	-	-	Interest-free, settlement in cash; annual	Unsecured
	₱680,124,837	₱347,308,647	₱594,516,602	₱1,121,190,128		

*Amounts represent period charges taken to profit or loss before any settled balances.

In the normal course of business, the Company has various transactions with its related companies as follows:

- a. The amount due to FWD Group Management Holdings Ltd (GMH). is in respect of expenditure incurred on behalf of the Company and comprised mainly pertaining to IT time charges and direct and indirect cost charged for the portion of time spent by GMH staff in providing service to the Company, software amortization costs on software purchased by FWD Group for FWD PH, external service fees, data communication lines and traveling expenses. These charges are included in “Group Office Management Fee” in Note 20.

The amount due to Valdimir Pte. Ltd. is in respect of brand licensing agreement (royalty fees) for the Company’s use of the FWD brand name which is based in the Company’s production for the year and expenditure on behalf of the Company. The royalty fees is based on the Company’s production for the year and is included in “Marketing and advertising” in Note 20. This also includes the Company’s share in cost of conferences, travel expenses, and direct and indirect cost charged for the portion of time spent by Valdimir staff in providing service to the Company. These charges are included in “Group Office Management Fee” in Note 20.

The amount due to FWD Technology and Innovation Malaysia (TIM) pertains to the shared service costs for Technology Services, Solutions Delivery, IT Security, Innovation Hub and Center of Excellence at no mark-up, as well as cost for time spent by TIM employees providing shared services and services for FWD enterprise application provided by Group IT Shared Service. These charges are included in “Shared services fee” in Note 20.

The amount due to FWD Information Technology (Guangzhou) Co., Ltd. pertain to business as usual services for FWD enterprise application provided by Group IT Shared Service team to the Company such as system development & support. These charges are included in “Shared services fee” in Note 20.

The amount due to FWD Information Technology (Shanghai) Co., Ltd pertains to system implementation and maintenance services to support Policy Services/Claims workforce for project implementation according to size and complexity at fixed total price with 6% tax for the Company. These charges are included in “Shared service fee” in Note 20.

The amount due to FWD Group Limited pertains to the long-term incentives awards granted to eligible employees in the form of equity-settled share-based payments in exchange for services (or goods) of the Parent Company. This is included in “Share-based payments” in Note 20.

- b. The outstanding receivable from FWD Group Management Holdings Ltd. includes group initiated projects and initiatives costs which was locally launched in 2017. Other receivables from affiliates pertains to meetings and travel-related expenses incurred by Company officers for initially shouldered by the Company and will be recovered upon charge-back

Outstanding balances are non-interest bearing, unsecured and will be settled in cash on an annual basis. No guarantees had been received or given.

Remunerations of Key Management Personnel

The Company's key management personnel include all management committee officers. The summary of compensation of key management personnel is as follows:

	2022	2021
Salaries and other short-term employee benefits	₱179,200,052	₱156,674,265
Pension expense	5,857,004	14,196,745
Directors' fees	11,381,238	11,178,002
Other long-term benefits	13,333,280	5,530,477
	₱209,771,574	₱187,579,489

23. Income Taxes

Provision for income tax consists of:

	2022	2021
Current		
MCIT	₱29,902,607	₱14,995,827
Final	24,733,734	15,819,327
	54,636,341	30,815,154
Deferred	(27,287,546)	(3,694,241)
	₱27,348,795	₱27,120,913

Reconciliation between provision for income tax and the income tax at statutory income tax rate follows:

	2022	2021
Provision for income tax	₱30,712,039	₱54,980,914
Tax effects of:		
Interest income subjected to final tax	(7,035,716)	(3,955,092)
Non-deductible expenses	860,994	12,547,895
Expired NOLCO	-	132,157,772
Change in unrecognized deferred tax assets	2,811,478	(168,610,576)
Effective income tax	₱27,348,795	₱27,120,913

On April 11, 2021, The Corporate Recovery and Tax Incentives for Enterprise (CREATE) Law was enacted and reduced the regular corporate income tax rate to 25% starting July 2020. MCIT rate is also reduced to 1% effective July 1, 2020 to June 30, 2023. The reduction of tax rates under CREATE is applied retrospectively for tax reporting but financial reporting impact was recognized in the 2021 financial statements following PAS 12, Income Taxes. In 2021, this resulted to a reduction in current tax and deferred tax assets by ₱13.55 million.

Details of the Company's MCIT that can be claimed as tax credits from future regular corporate income tax are as follows:

Year Recognized	MCIT	Application and Expired	Balance	Year of Expiry
2022	₱29,902,606	₱-	₱29,902,606	2025
2021	26,969,927	-	26,969,927	2024
2020	40,641,034	-	40,641,034	2023
2019	43,987,049	43,987,049	-	2022
	₱141,500,616	₱43,987,049	₱97,513,567	

*The excess MCIT over RCIT amount in 2021 is reduced by ₱13.49 million due to implementation of CREATE

Details of the Company's NOLCO, which is available for offset against future taxable income, follow:

Year Recognized	NOLCO	Application and Expired	Balance	Year of Expiry
2022	₱159,813,397	₱-	₱159,813,397	2025
2018*	610,439,958	610,439,958	-	2021
	₱770,253,355	₱610,439,958	₱159,813,397	

*In 2021 NOLCO incurred in 2018 amounting to ₱81.81 million and ₱528.63 million was applied against taxable income and expired, respectively.

The Company recognized deferred tax assets and liabilities from the following temporary differences:

	2022	2021
Deferred tax assets on:		
Provision for IBNR reserves	₱27,259,736	₱-
Retirement liability	115,085	-
Lease liability	34,727,269	-
Provision for credit losses	11,034,387	-
MCIT	97,513,567	111,598,010
NOLCO	39,953,349	-
	210,603,393	111,598,010
Deferred tax liabilities on:		
Right-of-use asset	(35,891,450)	-
Net unrealized foreign exchange gain	(35,826,387)	-
	(71,717,837)	-
	₱138,885,556	₱111,598,010

The Company did not recognize deferred tax assets from the following temporary differences since management believes that the benefits will most likely not be realized prior to their expiry dates.

	2021
Provision for IBNR reserves	₱93,183,576
Retirement liability	816,916
Leases under PFRS 16	24,274,975
Net unrealized foreign exchange loss	32,091,061
Provision for credit losses	27,404,389
	₱177,770,917

As of December 31, 2022, the Company has no unrecognized deferred tax assets.

24. Capital Management and Management of Insurance and Financial Risk

Governance Framework

The Company has established a risk management function with clear terms of reference and with the responsibility for developing policies on market, credit, liquidity, insurance and operational risk. It also supports the effective implementation of policies at the overall company and individual business unit levels.

The policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategies to the corporate goals and specify reporting requirements.

Regulatory Framework

Regulators are interested in protecting the rights of the policyholders and maintain close vigil to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains appropriate solvency position to meet liabilities arising from claims and that the risk levels are at acceptable levels.

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain restrictive provisions (e.g. fixed capitalization requirements and risk-based capital (RBC) requirements) to minimize the risk of default and insolvency on the part of the insurance companies to meet the unforeseen liabilities as these arise.

Capital Management Framework

The Company maintains a certain level of capital to ensure sufficient solvency margins and to adequately protect the policyholders. The level of capital maintained is usually higher than the minimum capital requirements set by the regulators and the amount computed under the RBC Requirement Model.

Fixed capitalization requirements

Pursuant to the provision of Section 194 of the New Insurance Code ("the Code"), no new life or non-life insurance business will be licensed in the Philippines unless it has paid-up capital of One Billion Pesos (₱1,000,000,000).

The Code also provided the new capitalization requirement of all existing insurance companies based on net worth on a staggered basis starting June 30, 2013 up to December 31, 2022. The following presents the amount of required net worth and the schedule of compliance:

<u>Net worth</u>	<u>Compliance Date</u>
₱250,000,000	June 30, 2013
550,000,000	December 31, 2016
900,000,000	December 31, 2019
1,300,000,000	December 31, 2022

In 2022 and 2021, the Company fully complied with the externally imposed capital requirements with Statutory Net Worth amounting to ₱2.73 billion. This amount is still subject for examination of Insurance Commission.

Unimpaired capital requirement

IMC 22-2008 provided that for the purpose of determining compliance with the law, rules and regulations requiring that the paid-up capital should remain intact and unimpaired at all times, the statement of financial position should show that the net worth or equity is at least equal to the actual paid-up capital. The Company has complied with the unimpaired capital requirement.

RBC requirements

IC CL No. 2016-68 (Amended Risk-Based Capital (RBC2) Framework) provides the three pillar risk-based approach to solvency that is adopted by IC: (a) Pillar 1 includes the quantitative requirements in relation to the calculation of capital requirements and recognition of eligible capital; (b) Pillar 2 covers the governance and risk management requirement that consist of a supervisory review process which may include a supervisory adjustment to capital; and (c) Pillar 3 comprises the disclosure requirements designed to encourage market discipline. Every life insurance company is quarterly required to maintain a minimum RBC ratio of 100% and not to fail the trend test. Trend Test has failed, in the event that all have occurred:

- a) The RBC ratio computed for the period (i.e. first quarter) is less than 125% but is not below 100%,
- b) The RBC ratio has decreased over the past period, and
- c) The difference between RBC ratio (presented in (i) above) and the decrease in the RBC ratio (presented in (ii) above) over the past period is less than 100%.

Failure to meet the minimum RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels.

In addition, IC issued CL No. 2016-69 (Implementation Requirements for Financial Reporting, Valuation Standards for Insurance Policy Reserves and Amended RBC2 Framework) which states RBC2 shall take effect beginning January 1, 2017. This CL also provided for relaxed requirements for initial implementation for RBC2 as follows:

	Level of sufficiency
2017	95 th percentile
2018	97.5 th percentile
2019	99.5 th percentile

The RBC ratio shall be calculated as Total Available Capital (TAC) divided by the RBC requirement. TAC, which is the aggregate of Tier 1 and Tier 2 capital minus deductions, and RBC requirement are defined in Section 2 of ICL 2016-68.

The following table shows how the RBC ratio was determined by the Company based on its calculations:

	2022	2021
Total Available Capital	₱3,970,230,830	₱2,927,623,813
RBC requirement	2,732,195,255	1,825,286,721
RBC Ratio	145%	160%

The final RBC Ratio for 2022 can be determined only after the accounts of the Company have been examined by IC specifically as to admitted and non-admitted assets as defined under the Code. RBC ratio for 2021 is based on the Verification of the Annual Statement as approved by the Insurance Commission dated October 3, 2022.

Product Design and Pricing Risk

Product design risk refers to potential defects in the development of a particular insurance product. The Company manages product design risk through its product approval process where products are reviewed against pricing, design and operational risk parameters. All new products and product enhancements are reviewed and approved by the Group Office and are certified by the Company's Chief Actuary.

Product pricing phase starts with reinsurance negotiation, assumption-setting, preparation of product approval report, review and sign-off by the Group Office of pricing model, key product metrics based on target range set by Group, and risk assessment and mitigation measures consistent with the risk management policy of Group. Approved products are then filed with IC and BSP (for Bancassurance products).

The Company closely monitors the performance of new products and actively manages the product portfolio to minimize risks in the in-force book and new products.

Insurance Risk

Nature of Risk

The risk under an insurance contract is the risk that an insured event will occur, including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the carrying amount of insurance liabilities. This is influenced by the frequency and severity of claims and actual benefit amount at the time of claim, and subsequent development of long-term claims. The variability of risks is improved by diversification of the risk of loss. A large diversified portfolio of insurance contracts is less likely to be affected across the board by changes in any subset of the portfolio. The variability of risks is also improved by careful selection and implementation of underwriting strategies and guidelines, as well as the use of reinsurance arrangements.

For contracts where death is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. These risks currently do not vary significantly in relation to the location of the risks insured by the Company while undue concentration by amounts could have an impact on the severity of benefit payments.

Terms and conditions

The Company principally writes life insurance where the life of policyholder is insured against death, illness, injury or permanent disability, usually for a pre-determined amount. Life insurance contracts currently offered by the Company are mainly unit-linked, accident and health and group life insurance products. Unit-linked products differ from conventional policies in that a pre-determined percentage of each premium is allocated to units in a pooled investment fund and the policyholder benefits directly from the total investment growth and income of the fund.

There are no mitigating terms and conditions that reduce the insured risk accepted for contracts with fixed, guaranteed terms and fixed future benefits.

The Company has an objective to control and manage insurance risk, and to maintain a strong capital base to safeguard the Company's ability to continue as a going-concern. The Company manages insurance risk through the following mechanism:

- The use and maintenance of sophisticated management information systems that provide up to date, accurate and reliable data on risk exposure at any point in time;
- Actuarial models based on industry past experience and sound actuarial formulations;
- Guidelines for concluding insurance contracts and assuming insurance risks;
- Pro-active compliance of claims handling procedures to investigate and adjust claims, thereby ensuring payment of valid claims;
- Reinsurance to limit the Company's exposure to large claims by placing risk with reinsurers providing high security; and
- Eventually, diversification strategy will be implemented to ensure that underwritten risks are well-diversified in terms of type and amount of risk, industry and geography.

Insurance risk is also affected by the policyholders' rights to terminate the contract, pay reduced premiums, and cease to pay premiums. Thus, the insurance risk is subject to the behaviour and decisions of the policyholders.

The Company's concentration of insurance risk, before and after reinsurance, in relation to the type of insurance contract is as follows:

	2022	2021
Variable unit-linked		
Gross	₱115,041,902,493	₱102,661,156,895
Net	95,791,065,149	88,654,444,470
Accident and health		
Gross	31,291,560,182	24,647,198,901
Net	17,769,912,335	13,795,329,363
Ordinary life		
Gross	19,837,503,193	13,721,120,019
Net	15,503,562,567	10,564,590,883
Group life		
Gross	140,891,818,710	136,879,252,419
Net	119,407,459,113	116,479,376,304
Total		
Gross	307,062,784,579	277,908,728,234
Net	248,471,999,164	229,493,741,019

The risks associated with the life and accident and health products are underwriting risk and investment risk.

Underwriting Risk

Underwriting risk represents the exposure to loss resulting from actual policy experience adversely deviating from assumptions made in the product pricing. Underwriting risks are brought about by a combination of the following:

- Mortality risk - risk of loss arising from the policyholders' death experience being different than expected.
- Morbidity risk - risk of loss arising from the policyholder's health experience being different than expected.

- Expense risk - risk of loss arising from expense experience being different than expected.
- Policyholder decision risk - risk of loss arising from the policyholder behavior (lapses and surrenders) being different than expected.

The Company's underwriting strategy is designed to ensure that risks are evaluated and rated appropriately. This is largely achieved through the use of health questionnaires and medical screening in order to ensure that pricing takes account of current health conditions family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria.

Investment Risk

The investment risk represents the exposure to loss resulting from cash flows from invested assets, primarily long-term fixed rate investments, being less than the cash flows required to meet the obligations of the expected policy contract liabilities and the necessary return on investments. Additionally, there exists a future investment risk associated with certain policies currently in force which will have premium receipts in the future. That is, the investment of those future premium receipts may be at a yield below that required to meet future policy liabilities.

To maintain an adequate yield to match the interest necessary to support future policy liabilities, management focus is required to reinvest the proceeds of the maturing securities and to invest the future premium receipts while continuing to maintain satisfactory investment quality.

The Company utilizes dynamic asset allocation strategies consistent with its risk appetite framework to manage investment risk and to ensure sustainable investment returns.

Financial Instruments

The following table sets forth the carrying values and fair values of non-linked and unit-linked financial assets and liabilities recognized as of December 31:

	December 31, 2022			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱1,126,535,768	₱1,126,535,768	₱589,792,330	₱589,792,330
Loans and deposits	313,736,058	313,736,058	299,506,403	299,506,403
AFS financial assets:				
Government and corporate debt securities	2,392,951,426	2,392,951,426	-	-
Financial assets at FVPL:				
Debt securities	-	-	1,308,180,330	1,308,180,330
Equity securities	-	-	9,945,590,202	9,945,590,202
Unit investment trust fund	-	-	31,006,389,701	31,006,389,701
Reinsurance assets	616,855,527	616,855,527	-	-
Other assets	382,636,388	382,636,388	-	-
	₱4,832,715,167	₱4,832,715,167	₱43,149,458,966	₱43,149,458,966
Financial liabilities				
Other liabilities	₱2,087,843,265	₱2,087,843,265	₱369,764,160	₱369,764,160

	December 31, 2021			
	Non-linked		Unit-linked	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and cash equivalents	₱925,881,531	₱925,881,531	₱351,405,616	351,405,616
Loans and deposits	271,815,649	271,815,649	223,873,619	223,873,619
AFS financial assets:				
Government and corporate debt securities	2,559,303,784	2,559,303,784	–	–
Financial assets at FVPL:				
Debt securities	–	–	1,155,692,232	1,155,692,232
Equity securities	–	–	9,228,433,961	9,228,433,961
Unit investment trust fund	–	–	26,498,063,750	26,498,063,750
Reinsurance assets	325,893,504	325,893,504	–	–
Other assets	395,789,173	395,789,173	–	–
	₱4,478,683,641	4,478,683,641	₱37,457,469,178	37,457,469,178
Financial liabilities				
Other liabilities	₱2,424,601,111	₱2,424,601,111	₱288,279,290	₱288,279,290

Fair values of financial assets and financial liabilities are estimated as follows:

- Due to the short-term nature of cash and cash equivalents, short-term investments, receivables, accrued income, insurance payables, accrued payables and accrued expenses, payable to related parties, and amounts payable on redemption, their carrying values reasonably approximate their fair values at year end.
- The fair value of financial assets at FVPL and AFS financial assets that are actively traded in organized financial markets is determined by reference to quoted market prices (BVAL/BSP 813 Reference rate for bonds, PSE closing price for equities and the published NAV per unit for investments in UITF), at the close of business on the reporting date, or the last trading day as applicable.

Financial Risk

The Company is exposed to financial risk through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are credit risk, liquidity risk and market risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The Company has established a risk management function with terms of reference and with responsibility for developing policies on market, credit, liquidity, insurance and operational risk. The investment policies define the Company's limit structure to ensure the appropriate quality and diversification of assets, in accordance with the Code.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages the level of credit risk it accepts through a credit risk policy which focuses on minimizing credit risk exposures. The credit risk policies are set as follows:

- a. Concentration limit - The Company sets maximum exposure to an individual issuer and to a particular sector.
- b. Counterparty ratings - The Company reviews and recommends financial institutions that will complement over-all investment objectives and service requirements.

Reporting of credit risk exposures, monitoring compliance with credit risk policy and review of credit risk policy is done on a regular basis.

A credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer may be unable to meet its obligations assumed under such reinsurance agreements. The Company selects only domestic and foreign companies with strong financial standing and excellent track records which are allowed to participate in the Company's reinsurance programs. The Company also set maximum exposure for deposit products of accredited banks which will be the equivalent to the maximum allocation for the said instruments.

As of December 31, 2022 and 2021, the Company's maximum exposure to credit risk and investment risk from its financial assets (loans and receivables, AFS financial assets and financial assets at FVPL) is equal to their carrying amount. In addition, there is no significant concentration of credit risk identified. The gross maximum exposure to credit risk of the Company approximates its net maximum exposure. There were no amounts that are set-off in accordance with the criteria in PAS 32, *Financial Instruments: Presentation*. There were no amounts subject to an enforceable master netting arrangement or similar agreement as of December 31, 2022 and 2021.

Credit quality of financial assets

It is the Company's policy to maintain accurate and consistent risk ratings across the financial assets. The Company utilizes an internal credit rating system based on its assessment of the quality of the financial assets.

The Company uses conventions which have been adapted to conform to the various ratings as follows:

Standard and Poor's	Moody's	Reported as
AAA	AAA	AAA
AA+ to AA-	Aa1 to Aa3	AA
A+ to A-	A1 to A3	A
BBB+ to BBB-	Baa1 to Baa3	BBB
BB+ and below	Ba1 and below	Below investment grade

The tables below show the credit quality of the Company's financial assets as of December 31:

Non-linked

	2022				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱86,411,412	₱1,037,710,912	₱-	₱2,413,444	₱1,126,535,768
Loans and deposits	-	-	-	313,736,058	313,736,058
AFS financial assets:					
Government and corporate debt securities	-	2,392,951,426	-	-	2,392,951,426
Reinsurance assets	-	-	-	616,855,527	616,855,527
Other assets	-	-	-	382,636,388	382,636,388
	₱86,411,412	₱3,430,662,338	₱-	₱1,315,641,417	₱4,832,715,167

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱265,294,713	₱324,497,617	₱-	₱-	₱589,792,330
Other assets					
Receivables	-	-	-	283,983,249	283,983,249
Accrued income	-	-	-	15,523,154	15,523,154
Financial assets as FVPL:					
Debt securities	1,308,180,330	-	-	-	1,308,180,330
Equity securities	-	-	-	9,945,590,202	9,945,590,202
Unit investment trust fund	-	-	-	31,006,389,701	31,006,389,701
	₱1,573,475,043	₱324,497,617	₱-	₱41,251,486,306	₱43,149,458,966

Non-linked

	2021				
	A	BBB	BB	Not rated	Total
Cash and cash equivalents	₱134,660,354	₱788,833,786	₱-	₱2,387,391	₱925,881,531
Loans and deposits	-	-	-	271,815,649	271,815,649
AFS financial assets:					
Government and corporate debt securities	-	2,559,303,784	-	-	2,559,303,784
Reinsurance assets	-	-	-	325,893,504	325,893,504
Other assets	-	-	-	425,350,156	425,350,156
	₱134,660,354	₱3,348,137,570	₱-	₱1,025,446,700	₱4,508,244,624

Unit-linked

	A	BBB	BB	Not rated	Total
Financial Assets:					
Cash and cash equivalents	₱283,298,451	₱68,107,165	₱-	₱-	₱351,405,616
Other assets					
Receivables	-	-	-	185,851,813	185,851,813
Accrued income	-	-	-	38,021,806	38,021,806
Financial assets as FVPL:					
Debt securities	-	1,151,669,680	-	4,022,552	1,155,692,232
Equity securities	-	-	-	9,228,433,961	9,228,433,961
Unit investment trust fund	-	-	-	26,498,063,750	26,498,063,750
	₱283,298,451	₱1,219,776,845	₱-	₱35,954,393,882	₱37,457,469,178

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or a counterparty failing on repayment of a contractual obligation; or the insurance liabilities falling due for payment earlier than expected; or the inability to generate cash inflows as anticipated.

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and operating expenses. The Company manages liquidity by forecasting cash flow requirements. Investments are made in assets with maturities or interest payments which are matched against expected pay-outs of claims benefits (i.e., amount and duration of assets are matched against amount and duration of liabilities). In addition, significant outflows due to operating expenses (e.g., salaries, bonuses, IT expenditures, etc.) are scheduled based on an agreed budget timeline.

It is unusual for a company primarily transacting in insurance business to predict the requirements of funding with absolute certainty as theory of probability is applied on insurance contracts to ascertain the likely provision and the time period when such liabilities will require settlement. The amounts and maturities in respect of insurance liabilities are thus based on management's best estimate based on actuarial techniques and past experience.

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The table below summarizes the maturity profile of the Company's financial assets and liabilities based on the remaining period at the end of the reporting period. Most of the Company's financial assets are used to support its insurance contract liabilities which are not shown in the table below. Refer to Note 12 for additional information on the Company's insurance contract liabilities as well as to the Insurance Risks Section.

Non-linked

	December 31, 2022					Total
	Up to a year	Maturity Breakdown				
		1-3 years	3-5 years	Over 5 years	No term	
Financial assets:						
Cash and cash equivalents	₱1,126,535,768	₱-	₱-	₱-	₱-	₱1,126,535,768
Loans and deposits	244,427,151	69,308,907	-	-	-	313,736,058
AFS financial assets						
Government and corporate debt securities	164,934,585	191,358,837	153,768,602	1,882,889,402	-	2,392,951,426
Reinsurance assets	616,855,527	-	-	-	-	616,855,527
Other assets	346,409,986	26,947,736	3,936,250	5,342,416	-	382,636,388
Total financial assets	₱2,499,163,017	₱287,615,480	₱157,704,852	₱1,888,231,818	₱-	₱4,832,715,167
Other liabilities:	2,087,843,265	-	-	-	-	2,087,843,265
Total financial liabilities	₱2,087,843,265	₱-	₱-	₱-	₱-	₱2,087,843,265

Unit-linked

Financial assets:						
Cash and cash equivalents	₱589,792,330	₱-	₱-	₱-	₱-	₱589,792,330
Other assets						
Accounts receivable	283,983,249	-	-	-	-	283,983,249
Accrued income	15,523,154	-	-	-	-	15,523,154
Financial assets at FVPL						
Debt securities	65,119,505	338,349,494	238,787,823	665,923,508	-	1,308,180,330
Equity securities	-	-	-	-	9,945,590,202	9,945,590,202
Other Investment:						
Feeder Fund (UITF)	-	-	-	-	31,006,389,701	31,006,389,701
Total financial assets	₱954,418,238	₱338,349,494	₱238,787,823	₱665,923,508	₱40,951,979,903	₱43,149,458,966
Financial liabilities:						
Other financial liabilities:						
Accounts payable and accrued expenses	₱369,764,160	₱-	₱-	₱-	₱-	₱369,764,160
Total financial liabilities	₱369,764,160	₱-	₱-	₱-	₱-	₱369,764,160

Non-linked

	December 31, 2021					Total
	Up to a year	Maturity Breakdown				
		1-3 years	3-5 years	Over 5 years	No term	
Financial assets:						
Cash and cash equivalents	₱925,881,531	₱-	₱-	₱-	₱-	₱925,881,531
Loans and deposits	200,013,434	71,802,215	-	-	-	271,815,649
AFS financial assets						
Government and corporate debt securities	597,873,716	317,169,338	44,025,649	1,600,235,080	-	2,559,303,784
Reinsurance assets	325,893,504	-	-	-	-	325,893,504
Other assets	347,549,499	40,404,138	3,936,250	3,899,286	-	395,789,174
Total financial assets	₱2,397,211,684	₱429,375,691	₱47,961,899	₱1,604,134,366	₱-	4,478,683,642
Other liabilities:	2,409,003,967	-	-	-	-	2,409,003,967
Total financial liabilities	₱2,409,003,967	₱-	₱-	₱-	₱-	₱2,409,003,967

Unit-linked

Financial assets:						
Cash and cash equivalents	₱351,405,617	₱-	₱-	₱-	₱-	₱351,405,617
Other assets						
Accounts receivable	185,851,813	-	-	-	-	185,851,813
Accrued income	38,021,806	-	-	-	-	38,021,806
Financial assets at FVPL						
Debt securities	125,506,715	433,728,287	186,707,373	409,749,857	-	1,155,692,232
Equity securities	-	-	-	-	9,228,433,961	9,228,433,961
Other Investment:						
Feeder Fund (UITF)	-	-	-	-	26,498,063,750	26,498,063,750
Total financial assets	₱700,785,951	₱433,728,287	₱186,707,373	₱409,749,857	₱35,726,497,711	37,457,469,179
Financial liabilities:						
Other financial liabilities:						
Accounts payable and accrued expenses	₱288,279,290	₱-	₱-	₱-	₱-	₱288,279,290
Total financial liabilities	₱288,279,290	₱-	₱-	₱-	₱-	₱288,279,290

Market Risk

• *Currency risk*

Currency risk is the risk that the value of the Company's financial instruments will decrease resulting from changes in the foreign currency exchange rates. The Company's financial assets are predominantly denominated in the same currencies as its insurance and other financial liabilities, which serves to mitigate the foreign currency exchange risks on its intercompany payables.

The following tables show the details of the Company's foreign currency-denominated monetary transactions and their Philippine peso equivalents:

	2022			
	USD	PHP	HKD	PHP
Assets				
Cash	\$6,327,761	₱352,639,387	HK\$-	₱-
Financial assets at FVPL	567,138	31,606,010	-	-
Assets held to cover unit-linked liabilities	202,986,898	11,312,243,556	-	-
Loans and deposits	1,221,601	68,078,498	-	-
Reinsurance assets	(2,619,499)	(145,981,901)	-	-
Property and equipment - net	29,699	1,427,126	-	-
Intangible assets - net	1,900,483	96,912,791	-	-
Other assets	(182,658)	(6,430,505)	-	-
Insurance contract assets	(64,219)	(3,578,870)	-	-
	210,167,204	11,706,916,092	-	-
Liabilities				
Unit-linked liabilities	(202,986,898)	(11,312,243,556)	-	-
Other payables	909,507	50,685,869	-	-
Payable to related parties	(6,232,106)	(347,308,647)	-	-
	(\$208,309,497)	(₱11,608,866,334)	HK\$-	₱-

	2021			
	USD	PHP	HKD	PHP
Assets				
Cash	\$3,334,703	₱169,999,132	HK\$-	₱-
Financial assets at FVPL	783,118	39,922,406	-	-
Assets held to cover unit-linked liabilities	200,574,889	10,225,065,708	-	-
Loans and deposits	2,208,717	112,597,745	-	-
Reinsurance assets	(630,018)	(32,117,543)	-	-
Property and equipment - net	29,699	1,427,126	-	-
Intangible assets - net	1,536,165	77,269,966	-	-
Other assets	7,155	378,010	-	-
Insurance contract assets	(7,585)	(386,652)	-	-
	207,836,843	10,594,155,898	-	-
Liabilities				
Unit-linked liabilities	(200,574,889)	(10,225,065,708)	-	-
Other payables	(7,811,259)	(398,208,555)	-	-
Payable to related parties	(15,024,196)	(765,915,385)	(54,335,484)	(355,294,297)
	(\$223,410,344)	(₱11,389,189,648)	(HK\$54,335,484)	(₱355,294,297)

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Company's income before tax.

Currency	2022		2021	
	Changes in foreign exchange rates	Impact on income before tax	Changes in foreign exchange rates	Impact on income before tax
Hong Kong Dollar	-%	₱-	5.00%	(₱17,764,715)
	(-%)	(-)	(5.00%)	17,764,715
US Dollar	2.00%	45,058,333	1.00%	(103,891,896)
	(2.00%)	(45,058,333)	(1.00%)	103,891,896

- *Equity price risk*

Equity price risk is the risk that the fair value of equities will decrease resulting from changes in the levels of equity indices and the value of individual stocks. The Company is exposed to equity price risks arising from equity investments. Equity investments are held for the Company's variable unit linked funds. Exposure is being managed through equity asset class allocation target and range defined in the Investment Policy of the funds and is being monitored on a monthly basis.

The effect on profit or loss (as a result of a change in fair value of instruments held in the unit-linked assets) due to a reasonably possible change in indices, with all other variables held constant, is as follows:

2022

	Change in Equity Price (%)	Effect on profit or loss Increase (Decrease)
Equity securities	10%	₱29,436,861
	-10%	(29,436,861)

2021

	Change in Equity Price (%)	Effect on profit or loss Increase (Decrease)
Equity securities	10%	₱26,513,367
	-10%	(26,513,367)

- *Interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Company's investments classified as AFS financial assets and financial assets at FVPL in particular are exposed to such risk. The Company's investment policy manages interest rate risk by aiming to match the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The amount, duration and yield to maturity of assets are matched against the amount and duration of the liabilities.

The Company's exposure to interest rate risk arises from its investment in government bonds and corporate bonds for the VUL funds. Exposure is being managed through asset class allocation and ranges defined in the Investment Policy of the funds.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates for the next financial year, with all other variables held constant, of the Company's total comprehensive income follows:

2022

	Change in Yield (bps)	Effect on profit or loss Increase (Decrease)
Debt securities	+50 bps	(₱73,067,899)
	-50 bps	76,724,796

2021

	Change in Yield (bps)	Effect on profit or loss Increase (Decrease)
Debt securities	+50 bps	(₱90,224,972)
	-50 bps	96,397,845

25. Commitments

Developmental Fees

The Company entered into Deeds of Undertaking (DOU) with the agency leaders to assist in building and maintaining of the agencies for the purpose of exclusively selling the Company's life insurance products. The remaining developmental fees shall be released monthly based on the first year commissions (FYC) requirement as defined in the DOU. In the event that the FYC requirement is not met in any given month, the pay-out of the monthly developmental fees will be suspended (see Note 11).

Developmental fee commitments are as follows:

	2022	2021
Within one year	₱38,807,820	₱109,033,297
After one year but not more than five years	209,040,761	253,042,748
	₱247,848,581	₱362,076,045

Distribution Agreement

On September 15, 2014, FWD Life and Security Bank Corporation (SBC) signed a Distribution Agreement (DA) under which SBC will sell exclusively FWD Life products. The terms of the Agreement provides for payment by FWD Life of an Upfront Fee and Exclusive Access Fee amounting to a total of ₱600 million in consideration for FWD Life's exclusive access to the distribution network. The DA also provides for payment of Initial Milestone Fee (IMF), if the cumulative ANP reaches the target of ₱3.886 billion and Subsequent Milestone Fee (SMF), if the cumulative ANP reaches the target of ₱16.854 billion. On December 10, 2018, the Company paid SBC the Initial Milestone Fee amounting to ₱1.00 billion.

Amortization of the ₱300.00 million Intangible Asset shall be amortized over its economic life of fifteen (15) years while the amortization of the Prepaid Asset for the remaining ₱300.00 million and ₱1.00 billion shall be expressed in terms of Unit of Production (UOP), at the rate of 7.7% of actual ANP production.

The bancassurance agents are given annual performance bonus and over-achievement bonus under the DA with SBC. Annual performance bonus is given in the event that the ANP generated from eligible sales during the year achieves the annual performance target of the bancassurance agent for the financial year. Annual over-achievement performance bonus is provided to bancassurance agents in the event that the ANP generated from eligible sales during the year achieves the annual over-achievement performance target.

Management Fee Income

The Company entered into a Discretionary Investment Management Agreement with BPI wherein the Company availed of the services of BPI as investment manager relative to the management and investment of the funds of the Company for its unit-linked products. Currently, the Company has 3 Funds that are managed by BPI.

The Company also entered into a Participating Trust Agreement with SBC wherein the Company agrees to participate in the Unit Investment Trust Fund established by SBC for the purpose of providing investment opportunities for higher investment yields through a diversified portfolio of investments for the Company's unit-linked products. Currently, the Company has participation in 5 Funds.

In 2017, the Company entered into a Discretionary Investment Management Agreement with SBC wherein the company availed of the services of SBC as investment manager relative to the management and investment of funds of the Company for its unit-linked products. The Company has 1 fund that is managed by SBC under this arrangement.

In 2017, the Company has also set up a US dollar denominated equity index-linked fund. The fund replicates an index-based strategy and is administered by the Company.

Management fees ranging from 1.65% up to 2.20% of the Net Asset Value are collected from the fund wherein the Company's share ranges from 1.65% up to 1.91%. Management fees are collected on a monthly and quarterly basis from the funds managed by BPI and SBC, respectively. The remaining shares/portions goes to the Fund managers /Fund administrators.

26. Contingencies

The Company has not been involved in any lawsuit arising from the normal course of carrying out its insurance business.

27. Supplementary Tax Information Required Under Revenue Regulation (RR) 15-2010

The following supplementary information under RR 15-2010 is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Output VAT

Details of the Company's output VAT declared are as follows:

Fee income:	
Management fee income on assets held to cover unit-linked liabilities	₱604,312,761
Interest – Staff loans	1,320,397
Interest – Agency loans	3,900,568
Sundry Income	463,190
<u>Total</u>	<u>₱609,996,916</u>
Output VAT rate	12%
	<u>₱73,199,630</u>

Documentary stamp tax

The Company's documentary stamp tax paid or accrued in 2022 follows:

<u>Source</u>	<u>Payment</u>
Life insurance premiums/coverage	₱7,748,030
Other documents	25,485
<u>Total</u>	<u>₱7,773,515</u>

Other taxes and licenses

This includes all local taxes including Premium Taxes under the account “Commission-related expenses” and licenses and permit fees under the account “Taxes and Licenses” and under “General and Administration” expenses.

<i>Local Taxes</i>	
Business registration fees	₱19,333,847
Real property tax	-
Community tax certificate	919
<i>National Taxes</i>	
Percentage taxes (see Note 20)	111,485,352
Insurance commission license	442,450
Notarial fee	199,651
BIR annual registration	10,500
Total	₱131,472,719

Withholding taxes

Details of the Company’s withholding taxes paid and accrued during the year are as follows:

	Total remittance	Balance
Tax on compensation and benefits	₱276,084,746	₱6,485,517
Expanded withholding tax	216,995,343	21,966,475
Final withholding tax	2,502,455	61,332
Final Withholding VAT	214,570	8,559
Fringe benefit tax	21,292,753	1,200,722
	₱517,089,867	₱29,722,605

Tax assessments

On December 29, 2022, the Company received a final assessment notice (FAN) and final letter of demand covering all taxes for the taxable year 2017. The Company submitted its protest letter to the FAN on January 27, 2023. The Company has 60 days or before March 28, 2023 to submit additional supporting documents.

As of December 31, 2022, the Company does not have any tax cases outstanding or pending in courts or bodies outside the BIR in any of the open taxable years.

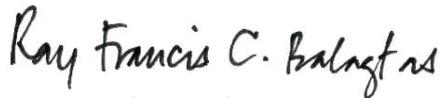
INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
FWD Life Insurance Corporation
19/F, W Fifth Avenue Building,
5th Avenue corner 32nd Street,
Bonifacio Global City, Taguig City

We have audited the accompanying financial statements of FWD Life Insurance Corporation (the Company) as at and for the year then ended December 31, 2022, on which we have rendered the attached report dated March 24, 2023.

In compliance with Securities Regulation Code Rule 68, As Amended (2011), we are stating that the above Company is a wholly owned subsidiary of FWD Group Financial Services Pte. Ltd and therefore, has only one stockholder owning more than one hundred (100) shares.

SYCIP GORRES VELAYO & CO.



Ray Francis C. Balagtas
Partner

CPA Certificate No. 108795

Tax Identification No. 216-950-288

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 108795-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-107-2020, November 27, 2020, valid until November 26, 2023

PTR No. 9369775, January 3, 2023, Makati City

March 24, 2023



Contact information

FWD Head Office

19F W Fifth Avenue Building, 5th Avenue corner 32nd Street, Bonifacio Global City, Taguig City 1634, Philippines
+632.8888.8393

FWD Business Hub - Ortigas

26F IBP Tower, Julia Vargas Avenue, Ortigas Center, Pasig City 1605, Philippines
+632.8281.7108

FWD Business Hub - Davao

3F B.I. Zone Building, J.P. Laurel Ave. Bajada, Davao City 8000, Philippines
+6382.224.6550

FWD Business Hub - Del Rosario Law Center, BGC

10-11/F Del Rosario Law Centre, 21st Drive Corner 20th Drive, Bonifacio Global City, Taguig City 1630, Philippines
+632.7776.5559

FWD Business Hub - Angeles City, Pampanga

2/F Metropolis Centre, McArthur Highway, Angeles City, Pampanga, Philippines
+6345.304.7253

FWD Business Hub - Imus, Cavite

G/F VMI Building, Emilio Aguinaldo Highway, Palico 1, Imus City, Cavite 4103, Philippines
+6346.416.1090

FWD Business Hub - MDI Corporate Center, BGC

Unit 1203 MDI Corporate Center, 10th Ave Cor 39th St., Bonifacio Global City, Taguig City 1639, Philippines
+632.8805.1641

FWD Business Hub - Baguio

Unit 404-405 DBP Building, Session Road, Baguio City 2600, Philippines
+6374.447.9799

FWD Business Hub - Malolos, Bulacan

V. Ladia Space, Maharlika Highway Sumapang Matanda Malolos City 3000, Philippines
+6344.795.1447

FWD Business Hub - Pacific Star

23F Pacific Star Building, Sen. Gil Puyat corner Makati Avenue Makati City 1226, Philippines
+632.8807.8410

FWD Business Hub - Cagayan de Oro

2F SM City CDO Northwing Building Mastersons Avenue corner Gran Via St., Pueblo de Oro Upper Carmen, Cagayan De Oro City 9000, Philippines
+6388.323.6393

FWD Business Hub - Santiago, Isabela

Upper G/F, Mango Suites Calao East, Santiago City, Isabela 3311, Philippines
+6378.305.5505

FWD Business Hub - Alabang

G/F Capella Building, ASEAN Drive, Filinvest City, Alabang, Muntinlupa City 1770, Philippines
+632.8829.1487

FWD Business Hub - Cebu 1

G/F eBloc Tower 1 Geonzon St., JP Morgan Bldg., Cebu IT Park, Cebu City 6000, Philippines
+6332.412.3013

FWD Business Hub - Valencia, Bukidnon

G/F, JBE Bldg., Sayre Highway, Valencia City, Bukidnon, Philippines
+6388.828.7321

FWD Business Hub - Binondo, Manila

11/F A.CBK Bldg., Quintin Paredes St., Binondo, Manila, Philippines
+632.8362.5851

FWD Business Hub - Cebu 2

G/F China Bank Corporate Center, Cebu Business Park, Cebu City 6000, Philippines
+6332.328.8271

FWD Business Hub - Tacloban

Tacloban City Center Hub Building 2nd Floor Unit 6 & 7, Real St. Brgy. Aslum, Sagkahan, Tacloban City, Philippines



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