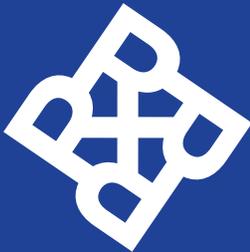


# SYNERGY IN HEALTHCARE

MEDICARD PHILIPPINES  
ANNUAL REPORT 2023



**MediCard**

*Prescribed by Doctors*

Synergy in Healthcare represents the harmonious integration of various business units within the AIA Family, working collaboratively to achieve outcomes greater than the sum of individual efforts. As MediCard Philippines, Inc. underwent a strategic acquisition, the ensuing synergy became a catalyst for positive change, and redefining its approach to patient care and organizational excellence.

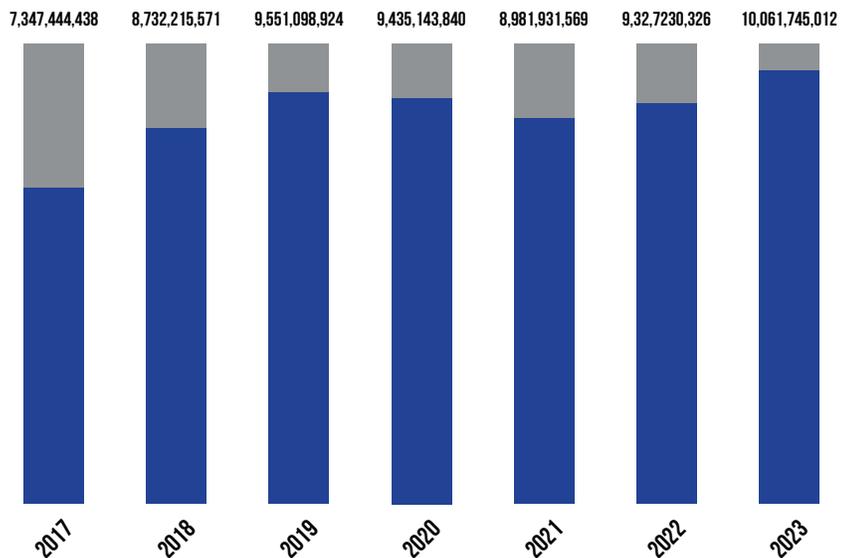
This synergy extends beyond mere collaboration. It embodies a holistic strategy where different facets of the AIA Group seamlessly come together. From shared resources and convergence of expertise, this synergy fosters an environment conducive to propel MediCard to a future where collective efforts resonate as a symphony of progress.

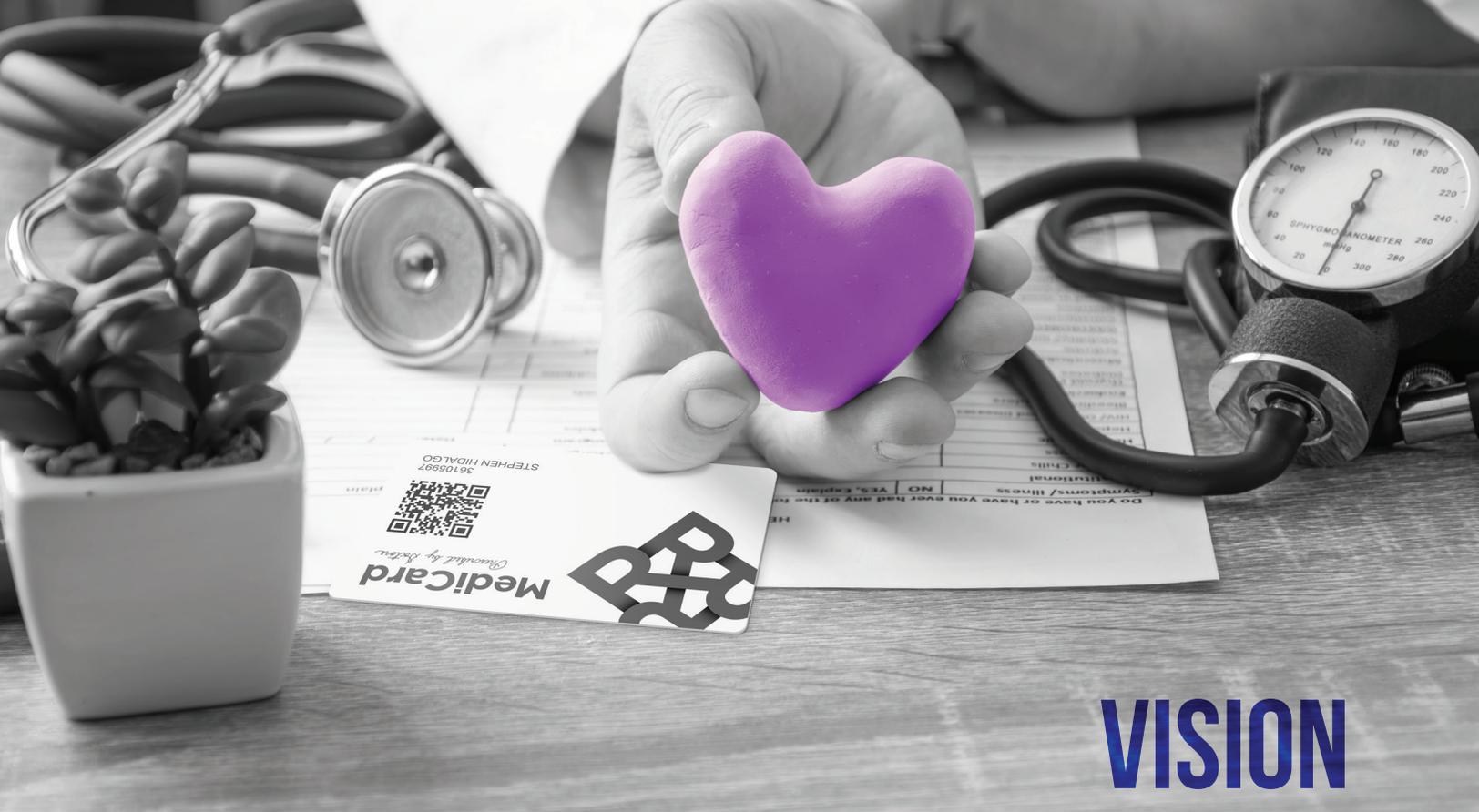


# TOTAL REVENUES



Despite industry challenges, including high claims costs, MediCard achieved notable successes, witnessing growth for the first time since the pandemic and achieving total revenue of Php10.061 B.





## VISION

“ We are the partner of choice in managed health care with the most innovative range of quality programs and services in the industry. ”

## MISSION

“ We are the Health Maintenance Organization that contributes to the well being of society by providing the best quality managed healthcare services. ”

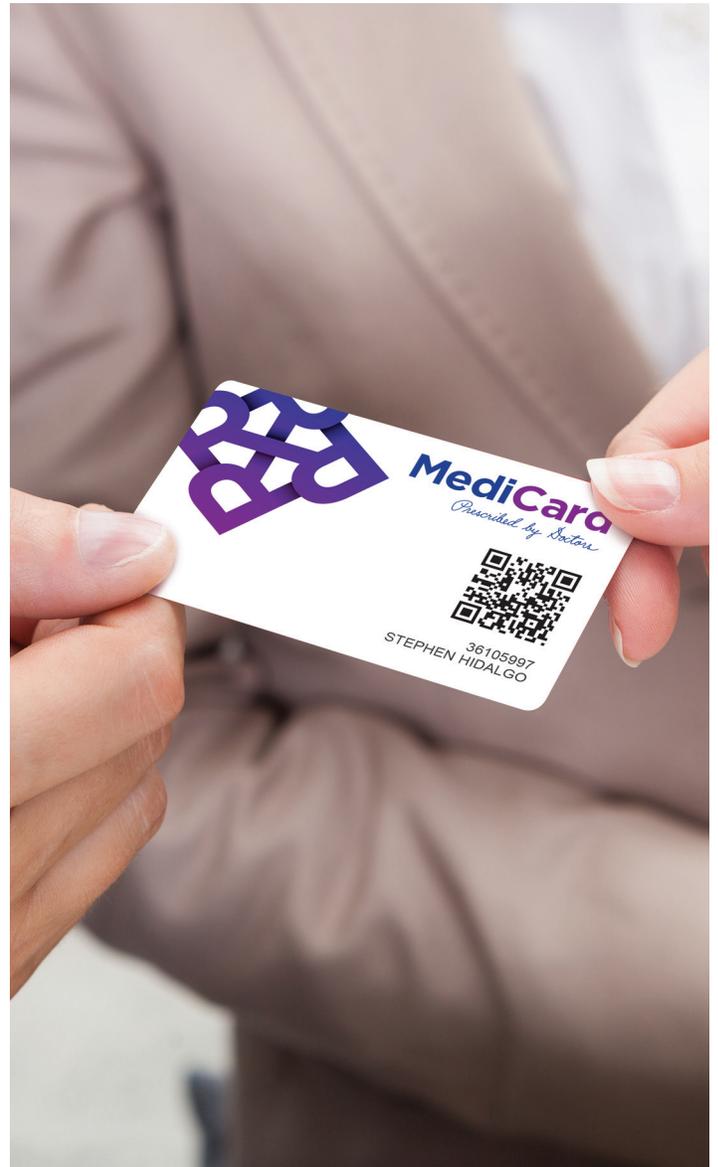
# ABOUT MEDICARD

MediCard Philippines, Inc. stands at the forefront of Health Maintenance Organizations (HMOs), delivering comprehensive healthcare services to corporations, Small and Medium Enterprises (SMEs), as well as individuals and families. With a robust market presence, an extensive network of healthcare providers, strategically located clinics, and nationwide partnerships with doctors, MediCard has maintained its leadership position.

Established in December 1986 by visionary physicians, MediCard was inaugurated on May 15, 1987, with a mission to make quality healthcare accessible to Filipinos. Originally catering to individuals and families, it has expanded to serve both multinational and Filipino-owned corporations, boasting over one million members and accreditation from over 63,000 doctors in 2,000+ hospitals and clinics nationwide. Operating 17 free-standing clinics, MediCard provides hospital-level services without confinement.

In 2023, AIA Philippines fully acquired MediCard Philippines to provide total healthcare solutions to empower more families, individuals and corporations to live healthier, longer, better lives.

At a glance:



**17** MediCard Free-Standing Clinics

**63,105** Accredited Doctors (per affiliation)

**894** Dentists

**23** Hospital-based Satellite Clinics & Referral Desks

**1,442** Accredited Hospitals & Clinics

**754** Dental Clinics

**1,047,924 MEMBERS NATIONWIDE**

# MESSAGE FROM JULIAN



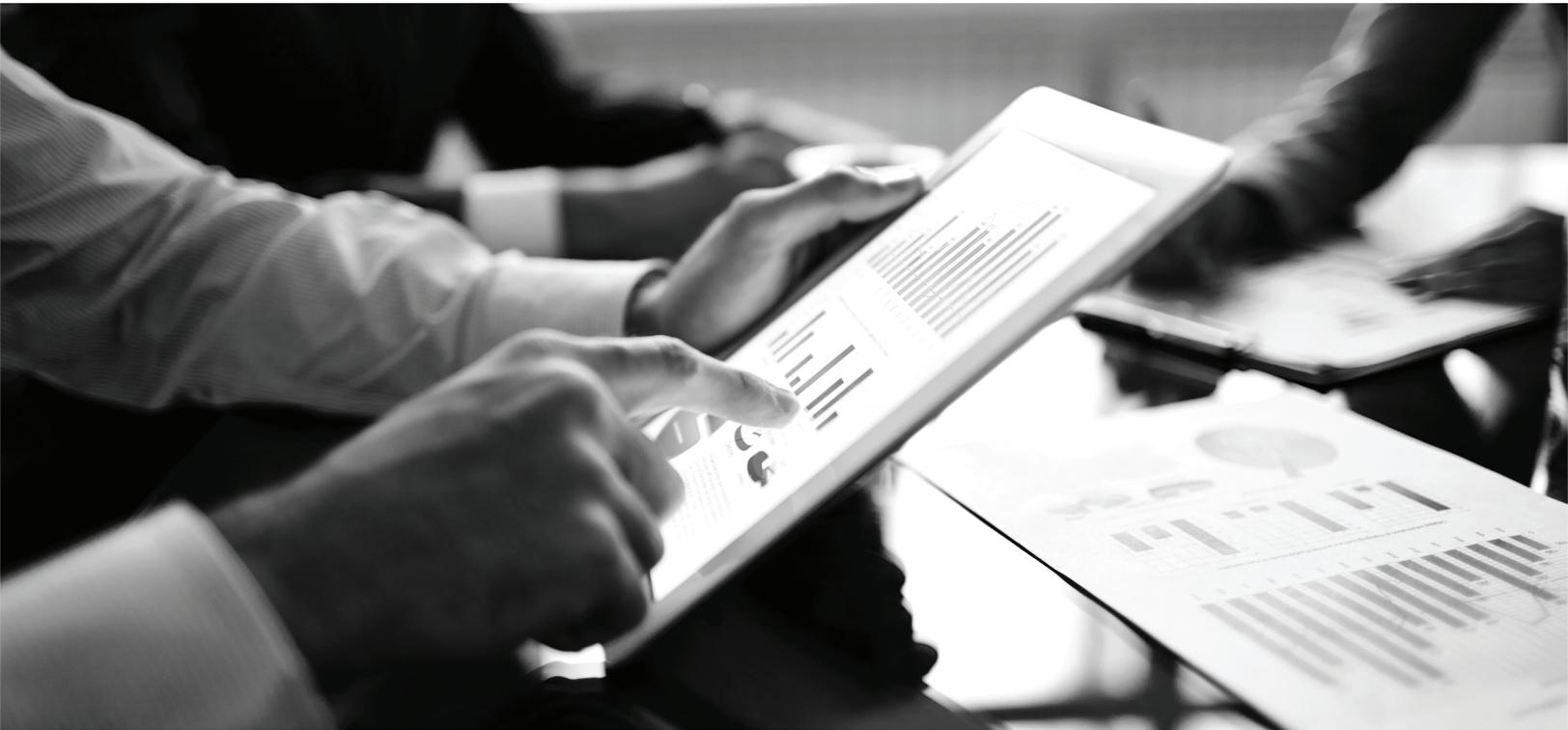
“

In 2023, MediCard embarked on a new chapter in its esteemed history, aligning with the AIA family and standing alongside esteemed companies like BPI AIA and AIA PH. This pivotal year marked the beginning of strategic business expansion to ensure readiness for future endeavors.

”

Julian Mengual  
MEDICARD PRESIDENT AND CEO

# 2023 CORPORATE OBJECTIVES AND FINANCIAL HIGHLIGHTS



MediCard's primary objective is to drive sustainable growth through strategic initiatives that prioritize innovation, customer satisfaction, and operational excellence. It is committed to expanding its market presence, by enhancing its product offerings, and fostering a culture of synergy to meet the evolving needs of its stakeholders.

## FINANCIAL HIGHLIGHTS

### Revenue Growth

MediCard achieved a Php10.061 B in total revenue, driven by strong performance and synergies across all business segments.

### Market Expansion

Through BPI AIA and AIA PH, MediCard successfully expanded into new markets, resulting in a 40% growth of the retail market and positioning the brand for future growth opportunities.

### Claims Management and Premium Adjustments

Initiatives to manage claims costs were rolled out, leading to adequate hospital stays for members and savings.

### Investment in Technology

MediCard continued to invest in technology, leading to the launch of new systems contributing to operational efficiency.

These highlights demonstrate MediCard's commitment to delivering value to its shareholders, customers, employees, while ensuring long-term sustainability and growth for its business.

# BUSINESS REVIEW



## SALES AND BUSINESS DEVELOPMENT

In 2023, the MediCard Sales and Business Development Division (SBD) showcased remarkable performance, marking significant milestones and strategic advancements.

SBD's efforts led to the acquisition of new business, resulting in a noteworthy New Cash Brought In or NCBI reach of P1.40B for the year. Furthermore, its focus on client retention and relationship nurturing contributed to strong renewals, reaching P7.88B, demonstrating its dedication to maintaining existing client partnerships. Additionally, its Total Cash Brought In (TCBI) totalled to P9.5B, which underscored MediCard's commitment to delivering comprehensive financial solutions tailored to its clients' needs.

Meanwhile, in the AIA Agency segment, its expansion efforts through the AIA Agency Partnership yielded promising results. Following the acquisition by AIA, MediCard launched a pilot program in May 2023, initially involving just 100 AIA agents.

Throughout 2023, the program experienced substantial growth, with agent numbers surpassing 1200 by the end of the year. This expansion not only facilitated significant sales production scaling but also enabled MediCard to extend its market reach significantly.

One of the key achievements of the AIA Agency Partnership was the empowerment of accredited AIA agents to offer a comprehensive suite of protection solutions to their clients. From health services to financial protection and long-term savings, the account officers are now equipped to address diverse client needs effectively.

Looking ahead to 2024, MediCard anticipates further evolution of the AIA Agency Partnership program into a full-fledged sales channel. With the planned onboarding of additional business development and support resources, MediCard aims to enhance its service capabilities and drive continued growth and success in the upcoming years.

## INFORMATION TECHNOLOGY

MediCard’s Information Technology Group achieved commendable scores in network and server availability, meeting the set benchmarks. Furthermore, the IT’s response to incident and service requests maintained consistently high levels throughout the year.

Demonstrating unwavering commitment, it also consistently addressed employee information security and ensured compliance with data privacy regulations.

Also in 2023, the data warehouse project was successfully concluded, paving the way for the creation of new business models and extensive analysis using utilization and claims data. This centralized repository now houses members’ utilization and provider claims information, providing relevant users easy access for their reporting and analytic needs. Additionally, the data warehouse facilitates a centralized data repository by integrating information from various sources, including application databases and external files from different departments.

Other noteworthy initiatives introduced by IT in 2023 included the successful launch of a new website and the comprehensive revamp of the company’s mobile application.



## MEDICAL DIVISION

The strategic steerage initiatives undertaken by Medical Division in July-December 2023 yielded significant savings, amounting to over PhP192.5 million. Additionally, in 2023, clinic visitations experienced a notable surge, surpassing the previous year’s figures by more than 50 thousand patients, generating a gross revenue of PhP791.3 million, a significant jump from previous year’s PhP525.1 million.

Also, in 2023, MediCard made strong progress in deploying health capabilities including chronic disease management programs and product design changes to key accounts to improve its cost containment and customer health outcomes.

## FORMATION OF RISK AND COMPLIANCE AND LEGAL TEAMS

In July 2023, MediCard CEO Julian Mengual announced the appointments of key drivers who now lead two new departments in the organization: Jose Roy Hipolito as Head of Risk and Compliance; and, Atty. Lea Royale Kabanlit as Head of Legal and Deputy Corporate Secretary.

In the same year, MediCard successfully adopted an Enterprise Risk Management (ERM) Framework, with particular focus on Operational Risk and Control Framework (ORCF), to bolster its risk management capabilities. As part of this initiative, it established a dedicated Risk and Compliance Division, responsible of providing second line of defence for the organization. To ensure effective implementation and continuous improvement of MediCard's risk management process, it invested in training and supporting Risk and Compliance Champions within each functional unit. These dedicated risk managers play a crucial role in identifying, assessing, and managing risks across the organization. In addition to internal capacity building, Risk and Compliance Division conducted ERM Roadshows to disseminate fundamental knowledge on risk

assessment, planning, and mitigation to representatives across the organization. Through combination of online and modular training, risk and control owners and managers were provided with the necessary skills and knowledge to proactively manage their risks. Risk and Compliance also leads the implementation of ERM framework and providing oversight of regulatory compliance including data privacy, and anti-money laundering.

The Legal Team, on the other hand, plays a pivotal role in the implementation of MediCard's governance framework, and in ensuring the Company navigates the complex legal landscape with confidence. Its expertise extends to robust contract management, ensuring favorable terms and safeguarding MediCard's interests in all business engagements. In litigation and dispute resolution, the Legal Team has adeptly minimized risks and financial liabilities, preserving MediCard's reputation and resources.

Furthermore, the team's guidance in corporate governance has fortified MediCard's ethical standards and operational integrity, making its indispensable role in driving the Company's success and sustainability.





**OPERATIONS**

In 2023, MediCard’s Operations Group achieved significant milestones across various key areas, driving efficiency, cost savings, and operational excellence. From Claims to Underwriting and Revenue Management, each department under the Operations Team demonstrated remarkable progress and contributed to the overall success of the organization.

**CLAIMS**

In the 3rd and 4th quarters of 2023, significant strides were made in improving provider discount availment, resulting in over Php200 million in savings.

The timely payment to providers has also been maintained, thereby avoiding any suspension related to payment delays.

Meanwhile, the Comprehensive Closed File Review (CFR) conducted in May 2023 by its Claims Champions revealed leakage findings, which prompted initiatives to manage utilization. In the same year, mini CFRs were implemented across all approving departments, including Customer Management Group (CMG), Medical Operations and Claims, ensuring enhanced management and upskilling of personnel across customer touchpoints.

Lastly, the Claims System and Benefit Solution Project was kicked off in 2023, making MediCard’s Claims Processing scalable, more efficient, and accurate.

**UNDERWRITING**

In 2023, the Underwriting Team achieved its membership enrollment KPIs for corporate and individual customers totalling 1,025,248 by year-end, including Ayala Group of Companies. An impressive 99% of these enrollments were processed within the committed service level, reflecting its commitment to prompt and efficient service delivery.

**REVENUE MANAGEMENT DEPARTMENT**

A thorough end-to-end Process Gap Analysis was completed in 2023, aimed at strengthening controls and ensuring continuous improvement in billing and collection processes, underscoring its dedication to operational excellence and financial integrity.

# EVENTS



MediCard and AIA representatives take time for a photo opportunity by the MediCard booth at the Live Right Health Prep and Wellness Forum presented by AIA Vitality last April, 2023 at the SMX Convention Center, SM Aura.

The year 2023 served as the springboard for MediCard as a new AIA Company. As a leading Health Maintenance Organization in the Philippines, this move completes the AIA PH Group overall goal: to become the leading brand for all Filipinos' protection, long-term savings and healthcare needs. To reinforce this, MediCard established presence and conveyed this messaging in select AIA events and activations in the metro: from client fora to agency kick-off events and to sports festivals.



From left: Intertek Testing Services Philippines, Inc. Country HR Director Mary Jane Dimatera, MediCard CEO Julian Mengual, former MediCard CEO Dr. Nicky Montoya, Intertek Compensation and Benefits Head Delmar Tadeo and Philippine Daily Inquirer Human Resources Director Jose Gil Pineda at the blessing of MediCard Makati Clinic.



Runners warm up for a fun run at the Car-Free Sunday Morning event at Ayala Avenue, Makati, sponsored by MediCard and AIA Philippines.

Part of reaching out to more Filipinos in addressing their healthcare concerns, MediCard opened two new free-standing clinics in 2023: MediCard Angeles City branch in Pampanga and MediCard Pasay branch in MOA Complex. The MediCard clinic in Sta. Rosa, Laguna also

completed renovation and expansion adding more space and services to accommodate more patients. The MediCard clinic in Makati, on the other hand, moved to a bigger space in RAM Plaza Legazpi, fronting Makati Medical Center. The branch in Agdao, Davao City, was also blessed this year, promoting to members and non-members of the south MediCard’s medical consultation, imaging, ancillary, laboratory services and more.



The MediCard Clinic inauguration in December, 2023 was attended by clients, neighboring establishments and MediCard/AIA officers and employees. The clinic opens its doors to both MediCard members and non-members for medical consultations, laboratory, imaging (ultrasound, 2D-echo, X-ray, etc.) and dental services. Other services available are Annual Physical Examination (A.P.E.), Pre-employment Examination and Medical Evaluation.

To help members manage their conditions, MediCard launched a health promotion program this year branded as K.A.M.P.I. or Kolesterol, Asukal, Maging Presyon layos (Cholesterol, Sugar and Blood Pressure Made Right). This campaign encourages members who have been diagnosed with dyslipidemia, diabetes and/or hypertension to enroll in the program and get free consultations, onsite baseline lab tests, access and participation to webinars and support group plus assistance from a K.A.M.P.I. Care Coordinator all throughout their journey.



March 1, 2023 - MediCard and AIA executives and management committees gathered for the inaugural townhall meeting at The Manila Peninsula, Makati City.

## TOWNHALL MEETINGS

In March, 2023, MediCard embarked on a transformative journey as part of the AIA Company, marking a pivotal moment in its corporate history. Executives and management committees from MediCard and AIA PH and AIA Group convened for the inaugural townhall meeting at The Manila Peninsula, Makati City, setting the stage for collaboration and alignment of strategic priorities.

This milestone event was broadcasted online, ensuring widespread participation from the entire MediCard workforce. Subsequent townhall meetings in August and October, both in Makati City and online, further reinforced MediCard’s commitment to achieving its shared vision with AIA, aimed at revolutionizing the HMO market and extending access to high-quality, cost-effective healthcare services to millions





October 16, 2023 - MediCard and AIA officers and employees come together for the camera after the Townhall Meeting at M1 Tower, Makati City

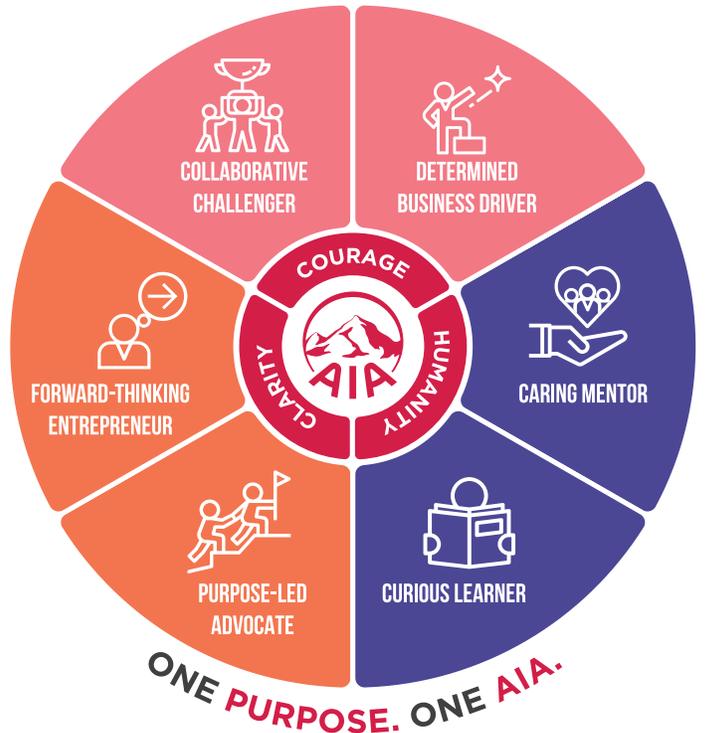
more Filipinos. Throughout these gatherings, MediCard's leadership emphasized the importance of fostering transparency, collaboration, and agility, while prioritizing the well-being of its people. These meetings served as catalysts for inspiring collective action, driving MediCard to pursue its objectives with integrity, teamwork, and a relentless focus on delivering impactful results.



August 3, 2023 - The MediCard management committee gather for a photo opportunity during the Townhall Meeting at Makati Sports Club, Makati City

## LEADERSHIP ESSENTIALS

Clarity. Courage. Humanity. These are the essentials of leadership conveyed to MediCard by AIA in a series of workshops during the last few months of 2023. Here, the MediCard management committee and employees learned the fundamentals of how to live out the one purpose of AIA and its group of companies: helping Filipinos live healthier, longer, better lives.



MediCard employees engaged in learning and discussing key leadership principles, by actively participating in performance dialogues.

## BOARD OF DIRECTORS



### LEO MICHEL GREPIN

Regional Chief Executive and Group Chief Strategy Officer, AIA Group  
Chairman of the Board  
(since 28 February 2023)

Leo Grepin is the Regional Chief Executive and Group Chief Strategy Officer of the AIA Group, responsible for the Group's business operating in Australia, New Zealand, Indonesia and the Philippines as well as leading the Group's Strategy and Corporate Development functions. Mr. Grepin joined the AIA Group in January 2022.

Prior to joining the Group, Leo was President of Sun Life, Asia. Before joining Sun Life, he was at Bridgewater Associates, a global hedge fund, where he led the team managing portfolio construction and trade generation. He also spent 15 years at McKinsey & Company and led the global client service teams serving several multinational insurers and asset managers as Senior Partner.

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



### JULIAN C. MENGUAL

MediCard President and CEO

Julian brings with him a total of twenty-five (25) years extensive knowledge and experience across a range of disciplines including general management, marketing, operations, change management, partnership development and distribution in the health care and financial industries.

Seventeen (17) of those years have been spent in Asia. During this period, he spent a total of twelve (12) years in Cigna and held various executive strategic leadership roles across the Asia Pacific Region – leading the Indonesian, Thai and Hong Kong businesses. Prior to joining AIA Group, he was the Regional CEO for Southeast Asia & Health Solutions in which he led the health practice and was responsible for the Hong Kong, Thailand, Singapore, Indonesian and Australia businesses. He also worked for Card Protection Plan (CPP) Group PLC for close to eight (8) years and was the Operations Director for Asia Pacific before he transitioned to Cigna. Prior to this, he was at Barclays for more than six (6) years performing various leadership roles.

Julian went to The Tuck School of Business at Dartmouth, as well as received a Financial Services degree from UMIST and a Joint

Honours for Economics and Politics from the University of York.



### **CHEE KEONG (KELVIN) ANG**

Non-Executive Director  
(since 28 February 2023)

Kelvin Ang, AIA Philippines' former Chief Executive Officer, is a home-grown talent with over 20 years of service in AIA. He has served in various Leadership and Agency Distribution roles across the AIA Group Office and the local Business Units—including Hong Kong, Malaysia, Indonesia, Vietnam, and China. In his role as Chief Agency Officer of China and General Manager of Shanghai, he played a vital part in the success of AIA China's agency transformation. Kelvin also led the successful AIA-ING agency integration in Malaysia from 2015 to 2018. After his stint in AIA Malaysia, he was appointed as Regional Chief Agency Officer, with AIA Hong Kong, China, and Vietnam in his portfolio, with the mission to future proof the business through digitalization and new market expansion.

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



### **AXEL FRITZ BAUR**

Non-Executive Director  
(since 28 February 2023)

Axel Fritz Baur was a senior partner of McKinsey, having served previously in Europe, Middle East, Japan and Hong Kong. He was the leader of McKinsey's Healthcare Practice in Asia, serving Pharmaceutical and Medical Product companies as well as Health Systems and Insurance companies.

Axel serves the broader healthcare industry, focusing on public and private health insurance as well as hospital operations. He advises top management in pharmaceutical and medical product companies along their entire value chain. He also dealt with the rise of Health Tech innovation.

Axel has supported numerous Asian players in setting up global operating models; he helps large private insurance companies develop strategies to maximize the growing opportunities in Asia; and he guides large transformations in extracting synergies either from acquisitions or reduce significant amounts of the client's operating costs.

Axel is an expert in innovative care delivery models and is heavily involved in developing McKinsey's strategies on how healthcare systems can navigate future challenges.



### **KELVIN LOH CHI-KEON**

Non-Executive Director  
(since July 12, 2023)

Dr. Kelvin Loh was appointed as Chief Group Healthcare Officer of AIA Group Limited effective 01 May 2023 and elected as a Director of MediCard effective July 12, 2023. Dr. Loh began his career as a physician in Singapore. He brings a wealth of experience backed by a strong track record of delivery in various leadership roles across both the public and private healthcare sectors over the last 26 years.

He was most recent Managing Director and CEO of IHH Healthcare Berhad, a leading global integrated healthcare provider operating more than eighty hospitals across ten markets, where he led the transformation into a fully integrated healthcare platform. Prior to this, he was Group CEO of the Columbia Asia Group, a private healthcare provider with operations across Asian markets including Malaysia, Indonesia, and Vietnam. Kelvin holds a Master of Business Administration as well as a Bachelor of Medicine and Bachelor of Surgery (MBBS) from the National University of Singapore. As mandated by the Insurance Commission, he attended the Corporate Governance and ESG Training last October 26, 2023.



### **DR. KENNETH Y. HARTIGAN-GO**

Lead Independent Director  
(since 28 February 2023)

Dr. Kenneth Hartigan-Go is a Non-Resident Research Fellow of the Ateneo Policy Center of the School of Government and an Adjunct Faculty at the Asian Institute of Management (January 2021 to June 2023), serving as School Head of the Stephen Zuellig School of Development Management of AIM (December 2016 to September 2020). He has been an Honorary Visiting Associate Professor of the Saw Swee Hock School of Public Health, National University of Singapore since January 2022.

He has rendered service to the Philippine Government in various capacities: as the Undersecretary for the Department of Health from 2015 to 2016); Director General of the Food and Drugs Administration (October 2012 to October 2014); and the Deputy Director of the Bureau of Food and Drugs (1999 to 2001).

He was the founding Executive Director of the Zuellig Foundation, holding the position from 2001 to 2009. He was a faculty member of the UP College of Medicine (1990 to 2006), Ateneo School of Medicine and Public Health (until 2010) and AIM (2010-2015).

He holds Doctor of Medicine degrees from the University of the Philippines College of Medicine (1985), and from Newcastle University UK (1998, Clinical Pharmacology). He is a Fellow of the Royal College of Physicians (Edinburgh), a Fellow of the American College of Physicians, Honorary Fellow of the Academy of Medicine, Singapore and Honorary Fellow of the Singapore College of Physician since 2017. From 2017 to 2018, he was the President Philippine College of Physicians.

From 2013 to 2016, he advised the Chair of the APEC's Life Science Innovation Forum (LSIF) executive board. He served as member of the WHO Global Advisory Committee on Vaccine Safety and the WHO Advisory Committee on the Safety of Medicinal Products. He is a member of the Steering Committee of the NUS Initiative for Health in Asia (NIHA), and Expert Panel member of the Center for Regulatory Excellence based in Singapore.

In the mid-2000's he was also President of the Corporate Network for Disaster Response (CNDR) and a founding member of the Laban Konsyumer Inc, an NGO Consumer advocacy organization since 2016.

He sits as trustee in the Cullion Foundation Inc., and in the OML Center for Climate Change Adaptation, as independent director of Generika, CARD MRI BotiCARD Inc, and a member of the National Council of Biosafety Philippines. He sat previously as Board Member of ARISE Ph (UNDRR) (2020 to 2021), as independent director for Equicom Savings Bank (2011 to 2021), Maxicare Health Corporation (2017 to 2022), and MedGrocer (2020).

Dr. Hartigan-Go is the immediate past president of the International Society of Pharmacoeconomics and Outcome Research Philippine Chapter (2014 to 2021). He is a Fellow of the Institute of Corporate Directors, and is also a member of the Scientific Advisory Group for COVAX Facility No-fault Compensation program since April 2021. He currently sits as a member of the National Advisory Group for Philippine National Police Leadership Transformation and Development (27 Jan 2022).



### **MELLISSA LIMCAOCO**

Independent Director  
(since 28 February 2023)

Mellissa Limcaoco is the Chief Executive Officer of Amplifi Tech Corp. a marketing technology company. Amplifi leverage their proprietary technology and developed a platform that helps companies scale their online communities and increase their engagement and sales. The platform uses modern analytics and its unique conversational application, which uses functions to understand local vernacular, idioms and cultural nuances.

Prior to joining Amplifi in 2018, she was with ABS-CBN as Head of Digital Transformation and Iwant TV from March 2016 to February 2018. She led the team that developed Digital, Mobile and TV Plus products, and headed IWant TV, online content, innovation, and partnerships for TV Plus, as well as initiated and led the partnership of Smart and ABSCBN which brought in PHP300 million in revenue to the company.

Ms. Limcaoco was also with Smart Communication from September 2011 to March 2016 as First Vice President, heading the Innovations and Product Development of the Consumer Wireless Division. In her stint in Smart, she led product development, strategic innovations, business solutions, VAS

and load business, headed the Marketing Group of the Smart Brand - Prepaid, Postpaid and Broadband, and created and headed the Digital Media Unit of Smart - Digital Marketing, Social Media, Online store and Digital Assets.

She was the President and CEO of Tribal DDB Philippines, October 2010 to August 2011; Founder and Managing Director, Entertainment Gateway Group December 2000 to June 2010; Founder and Managing Director, Personalized Greetings, Inc., July 1991 to December 2000; and was accepted into the Management Trainee Program of Unilever Philippines assigned to Close-Up toothpaste and Superwheel detergent, the latter being the flagship brand of the company from June 1989 to June 1991.



## BOARD SUPPORT



### **ATTY. CARLA J. DOMINGO**

Corporate Secretary

Atty. Carla currently holds the position of Corporate Secretary at MediCard. Her journey into this role began when she served as an assistant corporate secretary at Philam Life from 1995 to 1997, gaining valuable insight into the responsibilities inherent in the position. Subsequently, in 1998, she assumed the role of corporate secretary at Philam, marking the start of her extensive career in corporate governance.

Leveraging her considerable experience, Atty. Carla has since served as corporate secretary for notable companies such as BPI AIA Life Assurance Corporation and AIA Philippines Life General Insurance Co Inc. in 2009 and 2015, respectively. Prior to her corporate secretary roles, she worked as a paralegal at the Domingo and Dizon Law Office law office from 1991 to 1995 and was a consultant at the Philippine Senate from 1992 to 1995.

Additionally, Atty. Carla has actively pursued professional development, participating in various training programs, including those focusing on corporate governance. She completed her

undergraduate studies in 1986, earning an A.B degree from University of the East, and went on to obtain her Bachelor of Laws degree from San Beda in 1991.



### **JOSE ROY R. HIPOLITO**

Head of Risk and Compliance

Roy holds the pivotal role of Head of Risk and Compliance at MediCard, overseeing crucial Risk and Compliance operations of the company. His journey in Risk and Compliance commenced in 2010 as Department Manager for Audit and Compliance for Sunlife Grepa and later on moved to Sunlife and PRU Life. Progressing steadily, he held successive positions in AIA Philippines, including Senior Manager for Business Compliance (2019-2021), Senior Manager for Regulatory Compliance (2021-2022), and Associate Director for Compliance (2022-2023)

Roy's professional growth is augmented by a commitment to continuous learning, evidenced by his participation in various training programs, notably in corporate governance.

Roy's academic background includes a Bachelor of Science degree in Accountancy earned from the Baliuag University in 2005, laying a robust foundation for his contributions to MediCard's organization's risk and compliance landscape.



**RIKKA C. PERALTA**  
Head of Internal Audit

In a testament to AIA’s commitment to nurturing talent, Rikka has ascended to the leadership role within AIA Philippines’ internal audit division, transitioning from her previous position as Deputy Head of Group of Internal Audit Philippines for AIA Philippines. With over 15 years of dedicated service to AIA Philippines, Rikka has been instrumental in orchestrating audit plans and activities, all while providing guidance and supervision to its team of internal auditors.

Rikka’s academic foundation is rooted in excellence, having graduated with a Bachelor of Science in Accountancy degree from the University of St, La Salle in 1999. This educational background, coupled with her extensive professional experience, underscores her ability to drive excellence within MediCard’s internal audit function.

## BOARD COMMITTEES

### A. AUDIT AND RELATED PARTY TRANSACTIONS (RPT) COMMITTEE

- 1) Dr. Kenneth Hartigan Go  
**Chairman/Independent Director**
- 2) Ms. Melissa Limcaoco  
**Independent Director**
- 3) Mr. Axel Baur  
**Non-executive Director**

### B. CORPORATE GOVERNANCE COMMITTEE

- 1) Ms. Melissa Limcaoco  
**Chairperson/Independent Director**
- 2) Dr. Kenneth Hartigan Go  
**Independent Director**
- 3) Mr. Kelvin Loh Chi-Keon  
**Non-executive Director**

### C. BOARD RISK COMMITTEE

- 1) Mr. Ang Chee Keong  
**Chairman/Non-executive Director**
- 2) Dr. Kenneth Hartigan Go  
**Independent Director**
- 3) Ms. Melissa Limcaoco  
**Independent Director**



**MEDICARD HAS THE FOLLOWING BOARD COMPOSITION:**

1) Leo Michel Grepin	Non-executive Director
2) Ang Chee Keong (Kelvin Ang)	Non-Executive Director
3) Julian Mengual	President and Chief Executive Officer
4) Axel Fritz Baur	Non-Executive Director
5) Kelvin Loh Chi-Keon	Non-Executive Director
6) Kenneth Hartigan Go	Independent Director
7) Melissa Limcaoco	Independent Director

20% of the board above is comprised of independent directors.

**MEDICARD'S CORPORATE OFFICERS INCLUDE:**

<b>NAME</b>	<b>POSITION</b>
Julian Mengual	Chief Executive Officer
Gary James Ogilvie	Treasurer
Elizabeth Laqui	VP Controller
Denise Ann Saclag	Financial Reporting Officer
Atty. Carla Domingo	Corporate Secretary
Atty. Lea Royale Kabanlit	Head of Legal and Deputy Corporate Secretary
Atty. Regine Azul	Assistant Corporate Secretary
Jose Roy Hipolito	Head of Risk and Compliance
Rikka Peralta	Head of Internal Audit
Maria Perlinda Gonzales	HR Business Partner Principal
Ellen Imasa	Chief Human Resource Officer
Jextaire Fabian	HR Business Partner - Labor Relations
Irene Labao	VP Operations
Grace Florendo	VP Information Technology



**BUSINESS LEADERSHIP AND ETHICS**

MediCard asserts its unwavering commitment to sound business governance principles, fully aligning with established guidelines on ethical corporate conduct. This commitment stems from the belief that nurturing an environment characterized by ethical behavior and transparent operations is crucial for consistent success. The organization prioritizes the development of a resilient culture where honesty and accountability are held in equal regard to competence and understanding. This approach guides the company's leadership in pursuing lasting value for investors and clients alike, enhancing the organization's credibility and trustworthiness.

**CORPORATE GOVERNANCE FRAMEWORK**

The Company's policy on corporate governance assigns the Board the paramount duty of ensuring the organization's enduring success, including the regular fulfillment of strategic goals and adherence to legal and internal mandates. In meeting this obligation, the Board has embraced a strict policy of compliance with all applicable laws, rules, and regulatory standards. Furthermore, it requires all board members, executive leadership, and staff to commit to principles of exemplary conduct and to follow the organization's ethical guidelines. This framework highlights the company's unwavering dedication to exceptional corporate governance's core tenets and practices.

## Role and Responsibilities of the Board

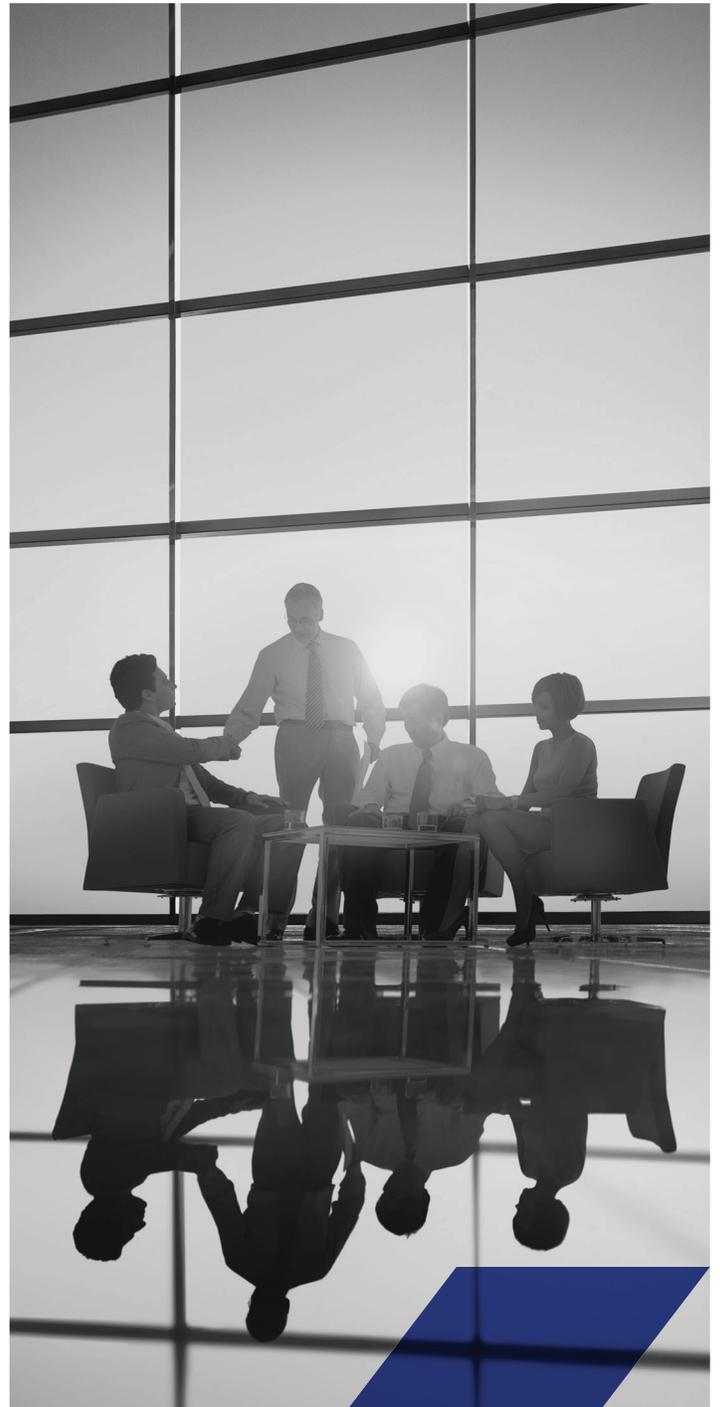
The corporation is steered by its Board of Directors, which holds supreme authority over the company's activities and assets. This body operates independently from the organization's management and its major investors, ensuring it acts in the shareholders' best interests. It strives to maintain the pinnacle of governance in steering the company's strategy and business operations. The company's Bylaws and Comprehensive Corporate Governance Guidelines meticulously outlined their roles and obligations. The Board conducts thorough evaluations of the company's key management systems through its specialized committees, ensuring robust operational, financial, and compliance controls are in place. These committees, along with the full Board, have affirmed their trust in the company's governance and risk management frameworks.

## Board Independence and Diversity

A harmonious blend of executive and non-executive members characterizes the Board, preventing dominance by any single party. The Board assesses each director's independence based on impartiality and potential conflicts of interest. It champions diversity, recognizing that a board of varied perspectives and backgrounds is crucial for strategic advantage and informed decision-making. Criteria such as age, gender, cultural and educational backgrounds, professional experience, and other unique attributes are considered in shaping the Board's composition. Moreover, it ensures that no director holds any relationship with the company that might compromise their independent decision-making.

## Board Process

Regular Board meetings are convened quarterly, with additional meetings scheduled as needed for critical matters. The Corporate Secretary documents minutes of these meetings, which are accessible to the Board and shareholders upon request. Preparatory documents are provided to the members well in advance of the meetings. Beyond these formal settings, directors engage in periodic informal gatherings to deliberate on strategic issues. Sessions exclusive to non-executive directors are also arranged to discuss company matters independently.





## Board and Senior Management Succession and Selection Process

The Board is committed to ensuring smooth leadership transitions for both the Board and executive team, focusing on maintaining a blend of essential skills and experience within the organization. The Corporate Governance Framework outlines a systematic, comprehensive, and transparent method for the nomination and selection of board members and top executives. Appointments to leadership positions within MediCard are merit-based, following objective criteria defined in the Governance Framework. Rigorous evaluation processes are in place to confirm the suitability of potential board or senior management members. The initiation of the nomination process for board members is strategically timed to facilitate seamless leadership transitions, allowing for phased retirements and replacements. The company leverages insights from its main shareholder and the Corporate Governance Committee (functioning as the Nomination and Compensation Committee as per IC Circular 2020-71) to review candidates' qualifications, considering the organization's strategic ambitions. The aim is to populate the Board and executive team with distinguished individuals who bring a variety of skills, experiences, and backgrounds, and who uphold a strong ethical standing. The candidates' potential to significantly contribute to the strategic growth and achievement

of the company's objectives is a pivotal aspect of the selection process. Independent third-party consulting firms are occasionally engaged to help identify and recruit suitable candidates for director and senior executive roles. In managing transitions within senior management, the Board supervises the annual Organization People Review conducted by the Human Resources department, ensuring talent retention and minimizing operational disruptions due to executive departures.

## Director Election Procedures

A transparent and rigorous process governs the election of directors, with candidate vetting performed at both the local level and within the AIA Group framework. The qualifications of directorial candidates are first reviewed by the Corporate Governance Committee, acting in its capacity as the Nomination and Compensation Committee, before the Board evaluates and deliberates on these recommendations. During the shareholders' meeting, the Corporate Secretary presents the qualified candidates, outlines the voting process, and explains the system for vote tallying. Shareholders vested with voting rights are allowed to accumulate their votes in accordance with legal stipulations. Once voting concludes, the Corporate Secretary is responsible for vote counting and announcing the newly elected Board members.

## New Director Integration and Ongoing Board Development

Upon the induction of new directors, the Corporate Secretary orchestrates a detailed briefing covering the company's structure, governance documents, policies, and operational guidelines. Adhering to regulations set by the Insurance Commission (IC), MediCard ensures that all board members complete a Corporate Governance orientation and training facilitated by accredited providers. The board encourages continuous professional growth, urging directors to participate in additional training programs and to share these experiences with the organization. MediCard allocates resources to foster the development and refreshment of its directors' expertise. Starting 2023, MediCard Directors joined AIA Philippines' four-hour Annual Board Training mandated by the IC, focusing on Corporate Governance with various subjects presented by esteemed experts. Directors are also motivated to enroll in professional development courses, like the Institute of Corporate Directors' Professional Directors' Program.



## Performance Evaluation

The board has instituted its own evaluation framework aligned with the IC's guidelines on Corporate Governance. This involves an annual self-review by the board and its committees,

alongside an appraisal of the senior executives' performance, with findings reported to the Corporate Governance Committee and the Board of Directors. During the Annual Board Performance Review, board members assess the effectiveness of the Chairman, CEO, the board itself, and its committees using established criteria. These evaluations consider factors such as board composition suitability, directors' skills and contributions, and the synergy between the board, the Chairman, and senior management. Ratings range from 'excellent' to 'needs major improvement,' with directors encouraged to suggest enhancements. Following the review, results are compiled by the Corporate Secretary and forwarded to the Governance Committee for approval, then to the board for acknowledgment. In 2023, the board's self-evaluation aimed to pinpoint areas for enhancement and ensure alignment of members' skills with the company's strategic direction. Key findings highlighted the: xxx.

## 2023 Board Meetings

Throughout 2023, to fulfill its governance responsibilities and oversight functions, the Board of Directors ensured it convened regularly as mandated by statutory requirements and the organizational By-Laws. The formation of a quorum for conducting official business mandates the presence of a majority of directors, while a two-thirds majority is necessary for making board decisions, with the exception of officer elections, which necessitate a majority vote from all board members to be deemed a valid act.

The Corporate Secretary proactively schedules the annual calendar of board meetings before the commencement of the fiscal year, accommodating changes based on directors' availability and other pertinent factors. Meetings are typically planned on a quarterly basis, with additional sessions convened by the CEO or as outlined in the By-Laws.

Meeting materials are distributed by the Corporate Secretary five days in advance, including minutes, management reports, financial summaries, and agenda items requiring board action.

In 2023, the board convened for seven sessions, achieving a 100 percent attendance rate.

Board of Directors Meeting	Dates of Meetings	Directors	No. of Absences
Regular	28 February 2023	1. Dr. Nicanor Cesar Bruno S. Montoya II	None
	13 April 2023	2. Nicanor Juan Andres Montoya	None
	12 July 2023	3. Luis Antonio Montoya	None
	25 October 2023	4. Ma. Concepcion Montoya-Yap	None
Special	16 January 2023	5. Emmanuel Mendoza	None
	24 January 2023	6. Juan Carlos Syquia	None
	23 February 2023	7. Stuart Spencer	None
		8. Leo Michel Grepin	None
		9. Julian Mengual	None
		10. Ang Chee Keong	None
		11. Axel Baur	None
12. Kelvin Loh Chi-Keon		None	
	13. Mellissa Limcaoco	None	
	14. Kenneth Hartigan-Go	None	

The Annual Stockholders' Meeting also achieved 100% attendance of all shareholders.

Stockholders' Meeting	Dates of Meetings	Directors	No. of Absences
Annual	27 January 2023	1. Dr. Nicanor Cesar Bruno S. Montoya II	None
		2. Nicanor Juan Andres Montoya	Tha
		3. Luis Antonio Montoya	None
		4. Ma. Concepcion Montoya-Yap	None
		5. Emmanuel Mendoza	None
		6. Juan Carlos Syquia	None

Board Committees' Meetings garnered 97% attendance.

Audit Committee Meeting	Dates of Meetings	Directors	No. of Absences
Regular	13 April 2023 12 July 2023 24 October 2023	1. Kenneth Hartigan-Go 2. Mellissa Limcaoco 3. Axel Baur	None None 1

Corporate Governance Committee	Dates of Meetings	Directors	No. of Absences
Regular	13 April 2023 27 June 2023 13 September 2023 06 December 2023	1. Mellissa Limcaoco 2. Kenneth Hartigan-Go 3. Stuart Spencer 4. Kenneth Hartigan-Go	None None None None

Board Risk Committee	Dates of Meetings	Directors	No. of Absences
Regular	31 March 2023 27 June 2023 22 September 2023 15 December 2023	1. Ang Chee Keong 2. Mellissa Limcaoco 3. Kenneth Hartigan-Go	None None None None



### Fee Structure and Remuneration of Directors

Recognizing the vital contribution of its independent directors, who constitute half of the Board, AIA Philippines aligns their compensation with the commitment and independent oversight they provide.

This compensation reflects their significant role, expertise, and the risk and responsibility they shoulder, especially given the stringent regulatory landscape. The compensation structure for independent directors considers various elements, such as qualifications, experience, industry benchmarks, market conditions, and regulatory standards.

The CEO's compensation package includes both fixed and performance-based components, aligning with the organization's reward strategy. This encompasses a base salary, allowances, and bonuses, alongside short-term incentives for achieving specific performance goals, and long-term incentives for sustained contributions.

Compensation for independent directors is ratified by shareholders annually and consists of fixed fees for meeting attendance and an annual stipend. For 2023, MediCard paid Php 178,000 to Lead Independent Director Dr. Kenneth Y. Hartigan-Go and Php 208,800 for Independent Director Mellissa Limcaoco for attending the meetings. Additionally, there were paid the annual fees/stipend for 2024 at Php 600,000 per independent director.

Both executive and non-executive directors do not receive remuneration for their roles in AIA Philippines, emphasizing the structure's focus on performance and governance integrity.

### Dividend policy

In declaring and paying cash dividends, the Company considers the following factors: a) local statutory requirements relating to solvency and liquidity; b) ongoing sustainability of corresponding insurance fund taking into consideration likely future changes in regulatory requirement; and c) likely future strategic initiatives.

For the year 2023, the Company did not declare any cash dividend.

## Corporate Governance Manual, Board Charter and Board Committee Charters

In compliance to the requirements stipulated in the IC CL No. 2020-71, the Board in its 28 February 2023 meeting approved a new Board Charter, Corporate Governance Manual, and Committee Charters, as well as passed several policies. Below are the highlights of the said manual and policies:

- a. **Board Charter** details the structure, responsibilities, and operational guidelines for the Board of Directors of MediCard. It outlines the Board's overarching responsibility for the company's sustainable performance, corporate governance practices, and compliance with legal and regulatory obligations. The Board consists of at least seven members, including a majority of non-executive directors and at least three independent directors. It emphasizes the need for directors to possess qualifications that enable effective participation in deliberations. The charter also specifies meeting frequency, attendance expectations, and the conduct of meetings, including the need for directors to attend at least 75% of meetings annually. It delineates the roles and responsibilities of the Board, CEO, and Corporate Secretary, ensuring clear governance structures and processes for effective oversight, strategic decision-making, and communication within the company and with external stakeholders.
- b. **Corporate Governance Manual** serves as a comprehensive guide for the Board of Directors and the management of MediCard, reinforcing the company's commitment to high standards of corporate governance. The manual outlines key definitions, the roles and responsibilities of the board, management, and various committees, as well as the company's approach to risk management, stakeholder engagement, and disclosure practices. It emphasizes adherence to legal, moral, and ethical standards, aiming to ensure the company's long-term success and the creation of sustainable value for shareholders and stakeholders alike. The document is designed to work alongside applicable laws, regulations, and the company's charter and by-laws, and is subject to modifications by the board to adapt to evolving governance practices and responsibilities.
- c. **Corporate Governance Committee Charter** establishes guidelines for the governance, nomination, and compensation practices within MediCard. It specifies the committee's composition, meeting frequency, and detailed responsibilities, including ensuring compliance with corporate governance principles, overseeing nomination and compensation policies, and conducting performance evaluations. The charter emphasizes the importance of independence in its members, aiming to uphold the integrity of corporate governance processes, and



outlines procedures for meetings, reporting, and performance evaluation to ensure the committee effectively supports the Board of Directors in maintaining high governance standards.

- d. **Board Risk Committee Charter (BRC)** outlines the constitution, objectives, membership criteria, meeting protocols, responsibilities, and performance evaluation standards for the BRC of MediCard. Established in March 2023, the BRC is tasked with non-executive oversight of financial, insurance, and non-financial risks, including operational and strategic risks. Comprising a majority of independent directors, the BRC meets quarterly to review the company's risk management framework and make recommendations on risk appetite and management policies. It has the authority to seek information from management, obtain external advice, and ensure the company

operates within its risk appetite, with a structured process for identifying, quantifying, and mitigating risks. The charter also emphasizes the committee's relationship with other board committees and outlines detailed reporting structures and performance evaluation mechanisms to maintain effective risk management practices.

- e. **Audit and Related Party Transaction Committee Charter** establishes a governance structure for the Audit and Related Party Transactions (RPT) Committee, detailing its composition of nonexecutive directors, meeting frequency, and broad authority. It emphasizes the committee's roles in overseeing financial reporting, internal controls, compliance with legal standards, and the management of transactions with related parties. The charter ensures the integrity of financial practices and fosters transparency and fairness within the organization.

# MEDICARD PHILIPPINES, INC.

## CAPITAL STRUCTURE AS OF DECEMBER 31, 2023

<b>Authorized Capital Stock</b>	-	<b>P5,000,000,000.00</b>
	-	<b>P1,750,000,000.00 Common</b>
	-	<b>P3,250,000,000.00 Redeemable</b>
<b>Subscribed &amp; Paid-up Capital Stock</b>	-	<b>P1,750,000,000.00 Common</b>
	-	<b>P1,703,125,000.00 Redeemable</b>
<b>Par Value</b>	-	<b>P100 per share</b>

<b><u>Name of Stockholders</u></b>	<b><u>No. of Shares Held</u></b>	<b><u>% of Ownership</u></b>
AIA Philippines Life and General Insurance Company Inc.	17,031,250 (Redeemable) 17,499,993 (Common)	100%
Leo Michel Grepin		-
Julian Mengual	1	-
Ang Chee Keong	1	-
Axel Fritz Baur	1	-
Kelvin Loh	1	-
Kenneth Hartigan-Go	1	-
Mellissa Limcaoco	1	-
	<b><u>34,531,250</u></b>	<b><u>100%</u></b>

## Salaries and other remuneration paid to key management personnel.

2023

Salaries and wages	Php 231,134,355.86
Short Term Employee Benefits	Php 6,395,250.00
Post Employment Benefits	Php 3,517,204.66
Other Long-Term Benefits	Php 206,460.00
<b>Total</b>	<b>Php 41,253,270.52</b>

# **MEDICARD**

# **FINANCIAL STATEMENTS**

The financial statements were audited by Isla Lipana & Co. Aside from their audit work, they also performed non-audit services comprising of routine consultations with management on accounting and tax-related matters affecting the Company's business and performance of agreed-upon procedure for the increase in authorized capital stock.



## Independent Auditor's Report

To the Board of Directors and Shareholder of  
**Medicard Philippines, Inc**  
(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)  
8th Floor, The World Centre Building,  
330 Senator Gil Puyat Avenue,  
Makati City

### *Report on the Audit of the Financial Statements*

#### **Our Opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Medicard Philippines, Inc (the "Company") as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### *What we have audited*

The financial statements of the Company comprise:

- the statement of financial position as at December 31, 2023;
- the statement of comprehensive income for the year ended December 31, 2023;
- the statement of changes in equity for the year ended December 31, 2023;
- the statement of cash flows for the year ended December 31, 2023; and
- the notes to the financial statements, including material accounting policy information.

#### **Basis for Opinion**

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

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.

Isla Lipana & Co., 29th Floor, AIA Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines  
T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)



Independent Auditor's Report  
To the Board of Directors and Shareholder of  
Medicard Philippines, Inc  
(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)  
Page 2

### **Other Matter**

The financial statements of the Company as at December 31, 2022 and for the year ended December 31, 2022 were audited by another firm of auditors whose report, dated April 13, 2023, expressed an unmodified opinion on those statements.

### **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 PFRS, 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 PSA 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.



Independent Auditor's Report  
To the Board of Directors and Shareholder of  
Medicaid Philippines, Inc  
(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)  
Page 3

As part of an audit in accordance with PSA, 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.

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.



Independent Auditor's Report  
To the Board of Directors and Shareholder of  
Medicaid Philippines, Inc  
(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)  
Page 4

***Report on the Bureau of Internal Revenue Requirement***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 28 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 supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read 'Zaldy D. Aguirre', is written over a faint, light-colored signature line.

Zaldy D. Aguirre  
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

TIN 221-755-698

BIR A.N. 08-000745-077- 2023, issued on December 22, 2023; effective until December 21, 2026

BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City  
April 16, 2024



**Statement Required by Section 8-A,  
Revenue Regulations No. V-1**

To the Board of Directors and Shareholder of  
**Medicaid Philippines, Inc**  
(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)  
8th Floor, The World Centre Building,  
330 Senator Gil Puyat Avenue,  
Makati City

None of the partners of the firm have any financial interest in Medicaid Philippines, Inc. or any family relationships with its president, manager or principal shareholder.

The supplemental information on taxes and licenses is presented in Note 28 to the financial statements.

**Isla Lipana & Co.**

A handwritten signature in black ink, appearing to read "Zaldy D. Aguirre", is written over a horizontal line.

Zaldy D. Aguirre  
Partner

CPA Cert No. 0105660

P.T.R. No. 0024447, issued on January 12, 2024, Makati City

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Makati City  
April 16, 2024

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T: +63 (2) 8845 2728, [www.pwc.com/ph](http://www.pwc.com/ph)

**Medicard Philippines, Inc.**  
(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)

Statement of Financial Position  
As at December 31, 2023  
(With comparative figures as at December 31, 2022)  
(All amounts in Philippine Peso)

	Notes	2023	2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	2,928,212,242	1,262,603,747
Trade and other receivables, net	3	2,475,897,745	1,949,588,022
Investment securities, net	4	901,828,689	996,661,571
Prepayments and other current assets	5	536,756,225	386,793,109
Total current assets		6,842,694,901	4,595,646,449
<b>Non-current assets</b>			
Investment securities, net of current portion	4	982,456,390	2,159,140,262
Investment in a subsidiary	6	5,000,500	1,250,500
Property and equipment, net	7	802,937,231	787,739,199
Investment properties, net	8	1,628,501	2,188,152
Deferred income tax assets, net	20	215,610,262	152,713,084
Other non-current assets	9	146,292,504	128,326,981
Total non-current assets		2,153,925,388	3,231,358,178
<b>Total assets</b>		<b>8,996,620,289</b>	<b>7,827,004,627</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses	10	1,682,791,910	883,465,847
Insurance contract reserves	10	1,035,223,108	1,169,804,930
Health fund	12	168,075,478	176,302,049
Lease liabilities	11	66,377,837	48,888,602
Unearned fees	13	3,094,878,270	2,821,589,196
Total current liabilities		6,047,346,603	5,100,050,624
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion	11	238,995,357	101,977,761
Retirement benefit obligation	17	171,048,374	72,227,631
Refundable deposits	22	5,340,383	5,340,383
Fidelity bonds payable		3,064,401	3,938,934
Total non-current liabilities		418,448,515	183,484,709
<b>Total liabilities</b>		<b>6,465,795,118</b>	<b>5,283,535,333</b>
<b>Equity</b>			
Share capital	14	3,453,125,000	1,050,000,000
Share premium		1,034,484	1,034,484
Reserves	14	(251,651,141)	(243,020,805)
Retained earnings	14	(671,683,172)	1,735,455,615
Total equity		2,530,825,171	2,543,469,294
<b>Total liabilities and equity</b>		<b>8,996,620,289</b>	<b>7,827,004,627</b>

(The notes on pages 1 to 55 are integral part of these financial statements)

**Medicard Philippines, Inc.**

(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)

Statement of Comprehensive Income  
For the year ended December 31, 2023  
(With comparative figures for the year ended December 31, 2022)  
(All amounts in Philippine Peso)

	Notes	2023	2022
Revenues	15	10,059,945,632	9,327,230,326
Cost of sales and services	16	10,148,037,630	8,424,008,625
<b>Gross profit</b>		<b>(88,091,998)</b>	<b>903,221,701</b>
Operating expenses	18	2,461,462,826	1,473,559,191
<b>Loss from operations</b>		<b>(2,549,554,824)</b>	<b>(570,337,490)</b>
Finance and other income, net	19	111,045,983	225,005,299
<b>Loss before income tax</b>		<b>(2,438,508,841)</b>	<b>(345,332,191)</b>
Income tax (benefit) expense	20	(31,537,433)	169,988,373
<b>Net loss for the year</b>		<b>(2,406,971,408)</b>	<b>(515,320,564)</b>
<b>Other comprehensive (loss) income</b>			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement loss on retirement benefit obligation, net of tax	14	(34,437,115)	(91,413,094)
Fair value gains (losses), net, on equity securities at fair value through other comprehensive income (FVOCI)	14	7,007,430	(3,947,635)
		(27,429,685)	(95,360,729)
Items that will be reclassified subsequently to profit or loss			
Fair value gains on disposal of debt securities at FVOCI	14	10,590,262	554,837
Fair value gains (losses) on debt securities at FVOCI	14	8,871,182	(33,084,370)
(Reversal of) provision for impairment losses on debt securities at FVOCI	14	(662,095)	120,208
		18,799,349	(32,409,325)
<b>Total other comprehensive loss</b>		<b>(8,630,336)</b>	<b>(127,770,054)</b>
<b>Total comprehensive loss for the year</b>		<b>(2,415,601,744)</b>	<b>(643,090,618)</b>

(The notes on pages 1 to 55 are integral part of these financial statements)

**Medicard Philippines, Inc.**  
(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)

Statement of Changes in Equity  
For the year ended December 31, 2023  
(With comparative figures for the year ended December 31, 2022)  
(All amounts in Philippine Peso)

	Share capital (Note 14)	Share premium	Reserves (Note 14)	Retained earnings (Note 14)		Total	Total equity
				Unappropriated	Appropriated		
<b>Balances at January 1, 2022</b>	750,000,000	1,034,484	(115,250,751)	1,450,776,179	1,100,000,000	2,550,776,179	3,186,559,912
<b>Total comprehensive loss for the year</b>							
Net loss for the year	-	-	-	(515,320,564)	-	(515,320,564)	(515,320,564)
Other comprehensive loss	-	-	(127,770,054)	-	-	-	(127,770,054)
	-	-	(127,770,054)	(515,320,564)	-	(515,320,564)	(643,090,618)
<b>Transaction with owners</b>							
Share dividend during the year	300,000,000	-	-	(300,000,000)	-	(300,000,000)	-
<b>Balances at December 31, 2022</b>	<b>1,050,000,000</b>	<b>1,034,484</b>	<b>(243,020,805)</b>	<b>635,455,615</b>	<b>1,100,000,000</b>	<b>1,735,455,615</b>	<b>2,543,469,294</b>
<b>Total comprehensive loss for the year</b>							
Net loss for the year	-	-	-	(2,406,971,408)	-	(2,406,971,408)	(2,406,971,408)
Other comprehensive loss	-	-	(8,630,336)	-	-	-	(8,630,336)
	-	-	(8,630,336)	(2,406,971,408)	-	(2,406,971,408)	(2,415,601,744)
<b>Transaction with owner</b>							
Capital infusion	2,403,125,000	-	-	-	-	-	2,403,125,000
<b>Other movement</b>							
Realized loss on disposal of equity securities at FVOCI	-	-	-	(167,379)	-	(167,379)	(167,379)
	2,403,125,000	-	-	(167,379)	-	(167,379)	2,402,957,621
<b>Balances at December 31, 2023</b>	<b>3,453,125,000</b>	<b>1,034,484</b>	<b>(251,651,141)</b>	<b>(1,771,683,172)</b>	<b>1,100,000,000</b>	<b>(671,683,172)</b>	<b>2,530,825,171</b>

(The notes on pages 1 to 55 are integral part of these financial statements)

**Medicard Philippines, Inc.**

(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)

Statement of Cash Flows  
For the year ended December 31, 2023  
(With comparative figures for the year ended December 31, 2022)  
(All amounts in Philippine Peso)

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Loss before income tax		(2,438,508,841)	(345,332,191)
Adjustments for:			
Provision for (reversal of) impairment losses	18	277,301,225	(13,373)
Depreciation and amortization	16, 18	265,458,953	173,616,054
Increase in unearned fees	13, 16	262,476,680	-
Retirement benefit expense - current service cost	17	46,449,252	43,691,987
Write-off of property and equipment	6	40,902,820	-
Fair value losses on financial assets at fair value through profit or loss (FVTPL)	4, 19	675,595	5,573,545
Loss (gain) on disposals of:			
Financial assets at fair value through other comprehensive income (FVOCI)	19	10,590,262	554,837
Investment securities at amortized cost	19	26,455,312	(20,000)
Property and equipment		-	(329,286)
Investment property		-	(3,500,000)
Gain on rent concessions and lease modifications	11, 15	(2,459,581)	(1,202,467)
Unrealized foreign exchange losses (gains), net	19	9,765,008	(77,578,645)
Interest (income) expense, net, from:			
Cash and cash equivalents	19	(20,236,771)	(11,870,898)
Investments in debt securities	19	(114,882,322)	(128,660,997)
Lease liabilities	11, 19	16,506,173	5,862,669
Retirement benefit obligation	17	6,691,286	(3,924,993)
Other financial assets		(1,230,159)	(768,313)
Dividend income	19	(46,507,338)	(11,501,336)
(Decrease) increase in claims reserves	16	(134,581,822)	111,027,707
Provision for inventory obsolescence	5, 18	-	41,618,696
<b>Operating loss before changes in operating assets and liabilities</b>		<b>(1,795,134,268)</b>	<b>(202,757,004)</b>
Changes in operating assets and liabilities			
Increase in:			
Trade and other receivables, net		(811,566,860)	(101,052,135)
Prepayments and other current assets		(20,026,261)	(205,329,911)
Other non-current assets		(17,965,523)	(2,802,650)
Increase (decrease) in:			
Accounts payable and accrued expenses		799,468,804	150,571,044
Health fund		10,812,394	(192,467,278)
Unearned fees		(8,226,571)	658,233,294
Refundable deposits		-	14,323
Fidelity bonds payable		(874,533)	(35,053)
<b>Cash (used in) generated from operations</b>		<b>(1,843,512,818)</b>	<b>104,374,630</b>

(forward)

**Medicard Philippines, Inc.**

(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)

Statement of Cash Flows  
For the year ended December 31, 2023  
(With comparative figures for the year ended December 31, 2022)  
(All amounts in Philippine Peso)

<i>(balance forwarded)</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Cash (used in) generated from operations</b>		(1,843,512,818)	104,374,630
Contributions to the retirement fund	17	(235,948)	(8,160,691)
Income taxes paid		(149,817,562)	(39,056,484)
<b>Net cash (used in) generated from operating activities</b>		(1,993,566,328)	57,157,455
<b>Cash flows from investing activities</b>			
Acquisitions of:			
Financial assets at FVTPL	4	(226,998,425)	(69,649,310)
Financial assets at FVOCI	4	(1,306,571,062)	(321,454,113)
Investment securities at amortized cost	4	-	(66,208,348)
Property and equipment	11	(98,184,315)	(307,032,191)
Proceeds from maturities and disposals of:			
Financial assets at FVTPL	4	43,641,280	88,697,791
Financial assets at FVOCI	4	1,631,184,385	353,046,549
Investment securities at amortized cost	4	1,114,057,951	350,118,718
Property and equipment	6	-	329,286
Investment property	7	-	5,500,000
Interest received		140,680,145	146,179,997
Dividends received	19	42,757,338	11,501,336
<b>Net cash from investing activities</b>		1,340,567,297	191,029,715
<b>Cash flows from financing activities</b>			
Capital infusion from the Parent Company	14	2,403,125,000	-
Payments of lease liabilities	11	(82,355,600)	(67,084,260)
<b>Net cash from (used in) financing activities</b>		2,320,769,400	(67,084,260)
<b>Net increase in cash and cash equivalents</b>		1,667,770,369	181,102,910
<b>Cash and cash equivalents</b>			
At January 1		1,262,603,747	1,082,145,519
Effect of foreign exchange rate on cash and cash equivalents		(2,161,874)	(644,682)
<b>At December 31</b>		2,928,212,242	1,262,603,747

(The notes on pages 1 to 55 are integral part of these financial statements)

## 21 Related party transactions

In addition to the Ultimate Parent Company, Parent Company and its subsidiary (Note 6), the Company transacts with the following related parties in the normal course of conducting its business regardless of whether a price is charged:

<b>Related party</b>	<b>Relationship</b>
AIA IT (M) SDN. BHD (AIA IT)	Related party under common control of the Ultimate Parent Company
BPI AIA Life Assurance Corporation	Related party under common management
AIA Information Technology Philippines, Inc.	Related party under common management
Symon Siblings, Inc.	Related party under common management
URO Industrial Clinic, Inc (UROIC)	Related party under common management
Medicaid Foundation, Inc. (MFI)	Related party under common management
Staffgap Inc. (Staffgap)	Related party under common management

The Company's related party under common management ceased to be a related party beginning March 1, 2023 following the acquisition of the Company from its previous owners.

## **23 Risk management objectives and policies**

The Company is exposed to certain financial risks which result from both its operating and investing. The Company's risk management is coordinated with the BOD and focuses on actively securing the Company's short-term to medium-term cash flows by minimizing the exposure to financial markets.

The Company does not engage in the trading of financial assets for speculative purposes nor does it write options. The following are the most significant financial risks to which the Company is exposed.

### *23.1 Foreign exchange risk*

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to both transactional and translational fluctuations in the value of its monetary assets and liabilities due to exchange rate movements of foreign currencies.

Most of the Company's transactions are carried out in Philippine pesos, its functional currency. Exposures to exchange rates arise from the Company's investments, cash deposits and short-term placements.

### *23.2 Interest rate risk*

The main risk that the Company faces due to the nature of its investments and liabilities is interest rate risk. Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is not exposed to cash flow interest risk as there are no significant floating-rate instruments.

### *23.3 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 is exposed to this risk for various financial instruments arising from selling plans to related party and third-party customers, placing deposits with banks, granting advances, and investing in debt securities that are carried at amortized cost and at FVOCI.

The Company continuously monitors defaults of clients and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties. In addition, for a significant proportion of sale of services, advance payments are received to mitigate credit risk.

### *23.4 Liquidity risk*

The Company is exposed to liquidity risk. It aims to maintain flexibility in funding its operations by realizing income from investments, collecting efficiently from its project proponents and maintaining sufficient and available cash.

### *23.5 Price risks*

The Company's market price risk arises from its investments carried at fair value and classified as financial assets at FVTPL and FVOCI. The Company manages its risk arising from changes in market price by monitoring the changes in the market price of these investments. .