

Decisions  
made *easier*.  
Lives made  
*better*.



**The Manufacturers Life Insurance Co. (Phils.), Inc.**

NEX Tower, 6786 Ayala Ave, Makati, 1229


Customer Care Hotline: (63-2) 884-7000

E-mail: [phcustomercare@manulife.com](mailto:phcustomercare@manulife.com)

[www.manulife.com.ph](http://www.manulife.com.ph)

 [www.facebook.com/ManulifePH](https://www.facebook.com/ManulifePH)

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 [www.instagram.com/ManulifePH](https://www.instagram.com/ManulifePH)

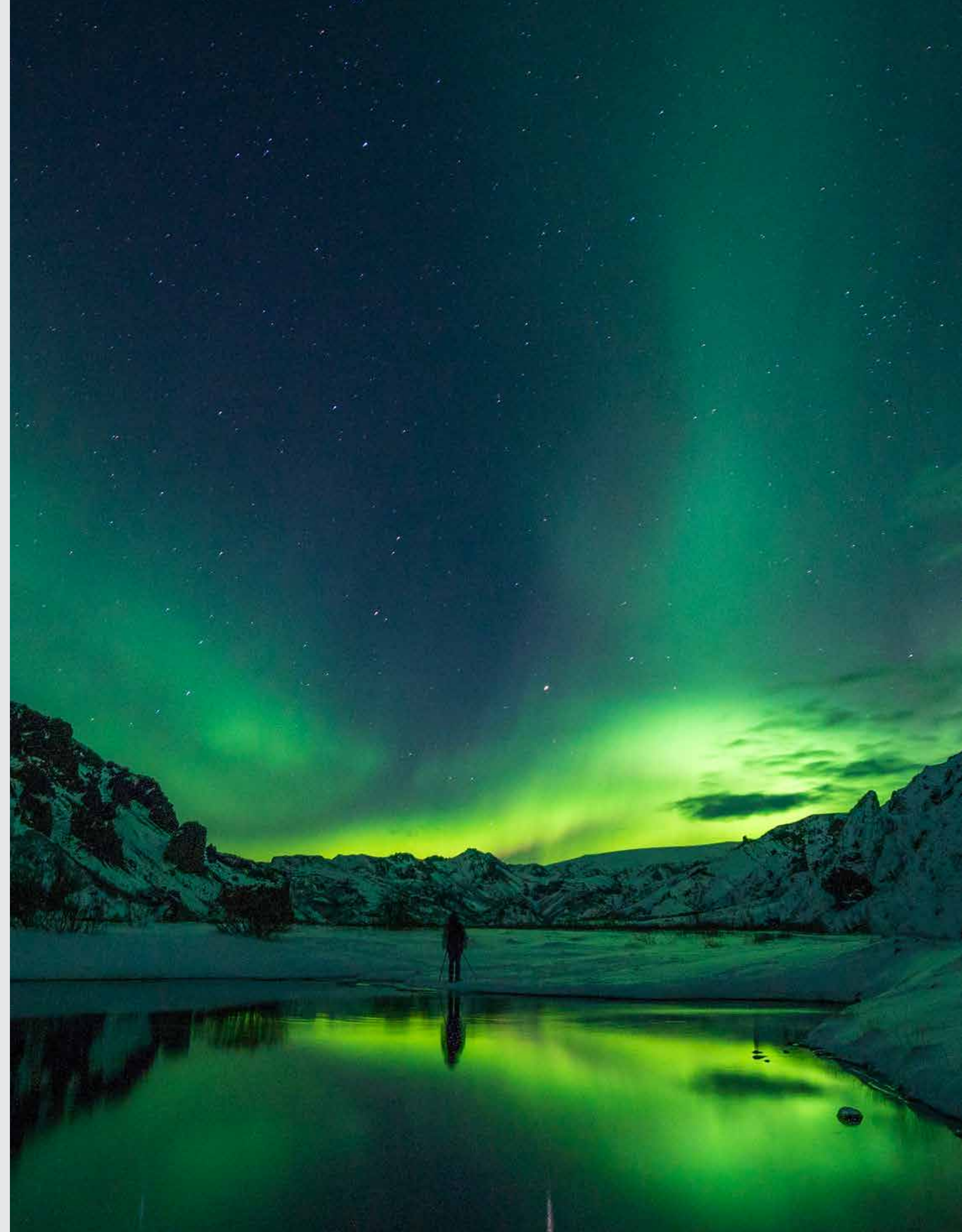
 [www.youtube.com/myManulifePH](https://www.youtube.com/myManulifePH)



# Annual Report

Meet the  
*new* Manulife

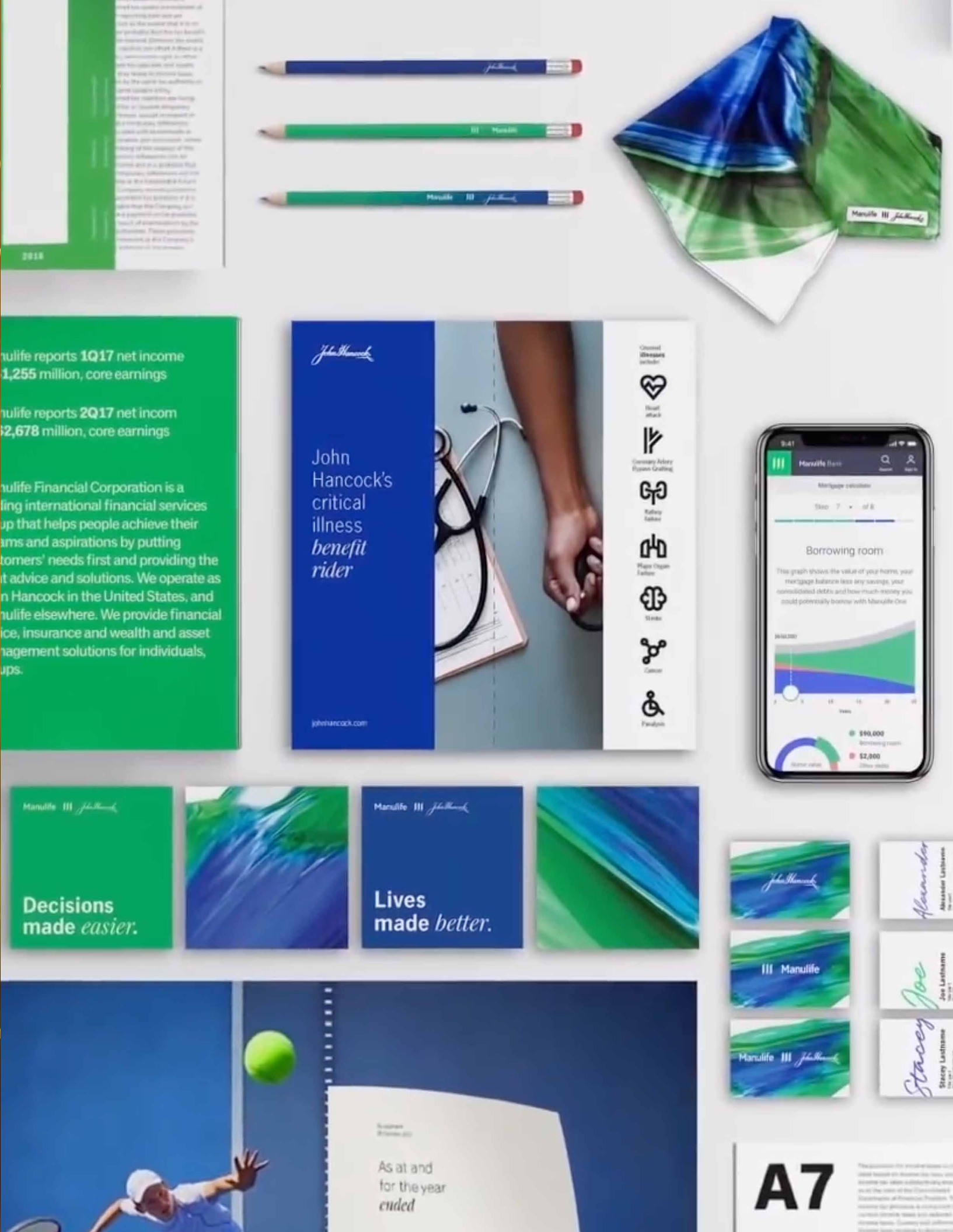








Our brand has transformed





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## Our *Mission*

Decisions  
made *easier*.  
Lives made  
*better*.

## Our **5** *Strategic Priorities*

- 1** Portfolio **Optimization**
- 2** Expense **Efficiency**
- 3** Accelerate **Growth**
- 4** Digital, Customer **Leader**
- 5** High-Performing **Team**

## Our *Values*

Obsess about **customers**

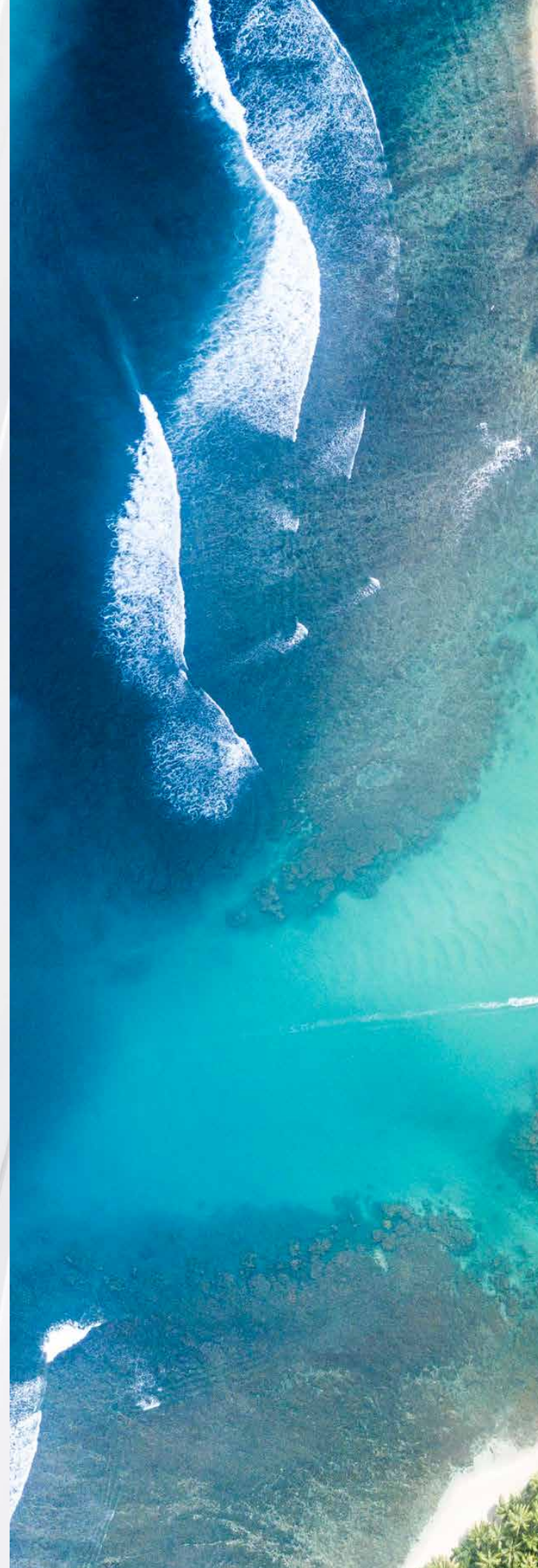
Do the **right** thing

Think **big**

Get it done **together**

**Own** it

Share your **humanity**





# Who we are

## Manulife Financial Corporation

Manulife Financial Corporation is a leading international financial services group that helps people make their decisions easier and lives better. We operate primarily as John Hancock in the United States and Manulife elsewhere.

We provide financial advice, insurance, as well as wealth and asset management solutions for individuals, groups and institutions. At the end of 2018, we had more than 34,000 employees, over 82,000 agents, and thousands of distribution partners, serving almost 28 million customers. As of December 31, 2018, we had over CAD1.1 trillion (USD794 billion) in assets under management and administration, and in the previous 12 months we made CAD29.0 billion in payments to our customers.

Our principal operations in Asia, Canada and the United States are where we have served customers for more than 100 years. With our global headquarters in Toronto, Canada, we trade as ‘MFC’ on the Toronto, New York, and the Philippine stock exchanges and under ‘945’ in Hong Kong.

## Manulife Philippines

The Manufacturers Life Insurance Company (Manulife) opened its doors for business in the Philippines in 1907. Since then, Manulife’s Philippine Branch and later, The Manufacturers Life Insurance Co. (Phils.), Inc. (Manulife Philippines) has grown to become one of the leading life insurance companies in the country.

Manulife Philippines is a wholly-owned domestic subsidiary of Manulife Financial Corporation, among the world’s largest life insurance companies by market capitalization.

1,167  
Employees

All figures are as of end of December 2018.

Manulife  
Philippines

1907  
Founding Year

PHP 83 Billion  
Assets Under Management

PHP 12 Billion  
Premiums and Deposits for Insurance

PHP 11 Billion  
Premiums and Deposits for Wealth

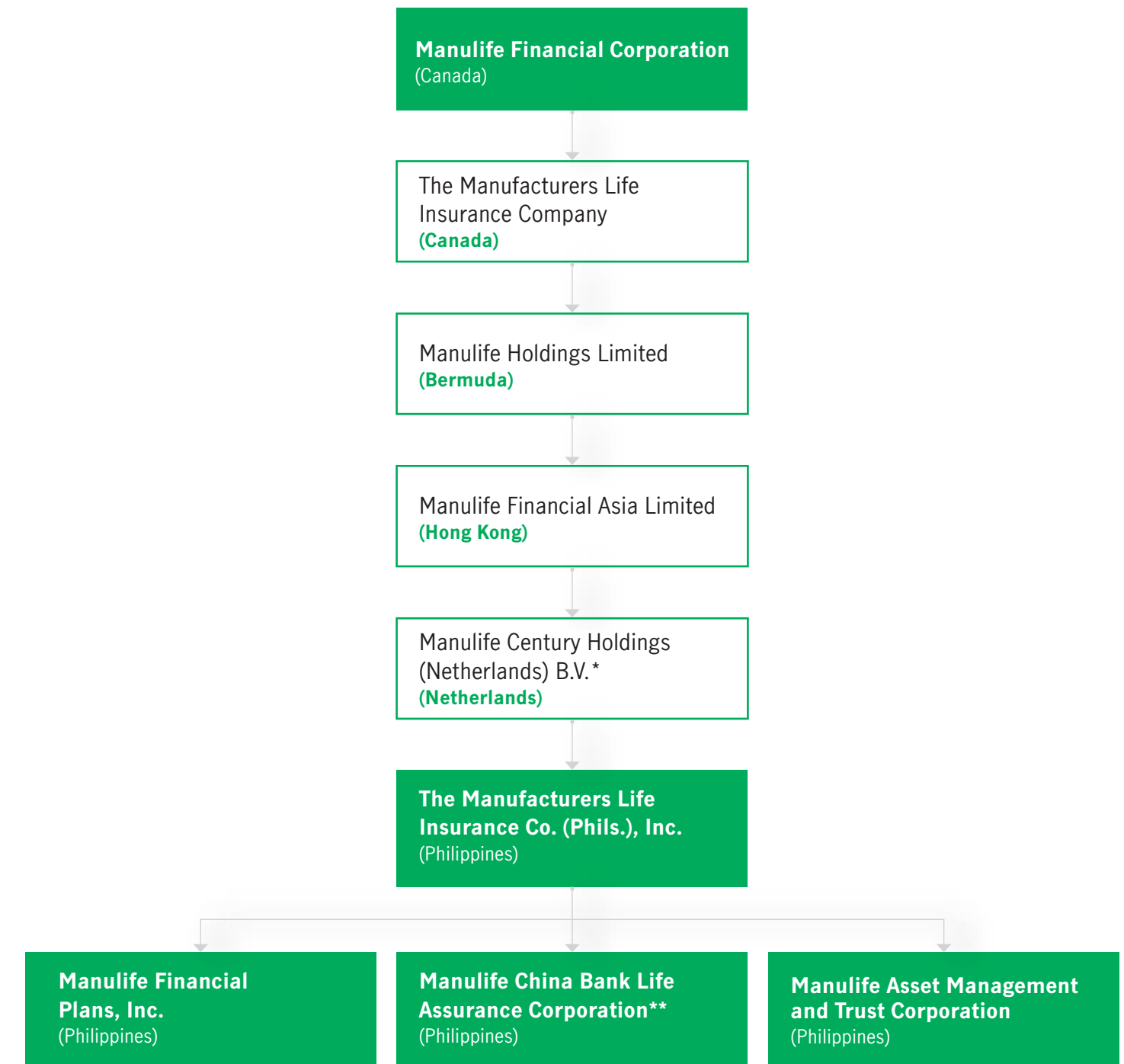
9,002  
Insurance Commission-  
Licensed Agents

2,132,208  
Lives Insured





## Ownership *Structure*



\*Beneficial Owner

\*\*40% Owned by China Banking Corporation (35% of such shares held in trust by Manulife Philippines for China Banking Corporation)

All Entities are 100% controlled unless otherwise indicated



# Chairman's Message



**Joachim Wessling**  
Chairman of the Board

For more than 111 years, Manulife Philippines has been helping Filipinos live their best lives through holistic financial products and advice. While we are very proud of this history, we also recognize that rapid changes in technology have increased customers' expectations for service.

In 2018, we unveiled our new global brand. It's fresher, simpler, and you'll notice that we've removed the box around our logo. We are literally going out of the box, and transforming into a company that will embrace digital to deliver service that is faster, better and more efficient.



As part of our rebranding exercise, we revisited our why, what and how.

### Why

It is easier to align everyone towards a single direction if we can define our why - our reason for doing everything we do.

### Mission

Decisions made *easier*,  
Lives made *better*

Customers today are bombarded with so much information and options that making a decision on which products or services are best for them can become overwhelming. We want to simplify this for our customers to help them make confident decisions so they can live better.

### What

We identified the five things we needed to do to help us achieve our Mission.

### Strategic Priorities

**Portfolio Optimization** – We will make sure we are putting our capital to best use. We will actively manage our legacy businesses to improve returns and cash generation while reducing risk.

**Expense Efficiency** – We are actively managing our costs to be more competitive and to create value. We will get our cost structure into fighting shape and simplify and digitize our processes to position us for efficient growth.

**Accelerate Growth** – We will accelerate growth in our high return and high growth businesses.

**Digital, customer Leader** – We will improve our customer experiences, using digitization and innovation to put customers first.

**High Performing Teams** – We are a high-performing organization, and will build a culture that drives our priorities.

### How

Having shared values unites our diverse company. Our employees helped us identify these values which will serve as our daily guide for how we serve and delight our customers, and work with each other.

### Our Values

**Obsess about customers:** Always think about what they need and do everything in our power to satisfy them.

**Do the right thing:** Always act with integrity and deliver on what you say

**Think big:** Be ambitious and bold in finding solutions. There is always a better way

**Get it done together:** We are surrounded by an amazing team. Do it better by working together.

**Own it:** Feel empowered to make decisions and take action to deliver our Mission.

### Share your humanity:

Build a supportive, diverse, and thriving workplace.

I am very proud to say that we've made great progress towards our mission and uniting the company towards this singular cause. At the end of 2018, Manulife Philippines ranked first in terms of Net Promoter Score (NPS) in the industry. The NPS is a measure of customer experience and perception of the brand. One of the benefits of having higher NPS is that customers recommend us to more customers. At the end of 2018, we grew our customers to over 2 million, a growth of more than 50%. Our focus on customer advocacy is creating a virtuous cycle of more customers.

We were also able to successfully pilot several key digital initiatives such as the Workflow Management Tool (WMT), iFunds, ePOS, and Manulife Online that would make transacting with Manulife Philippines more convenient. In time, these digital tools too will help minimize operating costs.

Our agency force increased its number of agents by 24%. This will help us build stronger relationships with more Filipinos, and help build our momentum in the future.

Today, Manulife and Manulife China Bank Life Assurance Corp.'s (MCBL) combined performance in terms of net income ranks third in the industry, and fourth in terms of premium income, and net worth.

In 2019, we will continue to stay focused on executing on our strategy, and making a positive impact in the lives of our customers, shareholders and employees. We expect there will be challenges along the way, but we are confident that we are on the right track, we have the best team, and we have the heart to carry us through to success.

We are also preparing to move into our brand new head office, a step which shows our deep commitment to the country. The new head office features modern and vibrant workspaces which will support our dynamic and fast-growing business.

On behalf of the Board of Directors, I'd like to thank all our employees, partners, and our management team for their unwavering support throughout this year's journey. It was not an easy one, but you showed courage and tenacity through it all. I hope for your continuous support and dedication to our cause.



# President & CEO's Message



**Ryan Charland**  
President & Chief Executive Officer

2018 was a year of transformation for Manulife Philippines. Empowered by our new mission, we focused our time, energy, and resources on laying the ground work to help our customers make easier decisions and live their best lives. I am happy to report that we have made good progress on various initiatives that we are confident will make transacting with us easier, faster, and more efficient. I'm proud to share some highlights from 2018.

### Accelerate Growth

We accelerated the growth of our agency force. By the end of 2018, we had a total of 9,002 Insurance Commission Licensed Agents.

We opened a new branch at Bonifacio Global City (BGC), one of the fastest growing commercial and financial districts in Metro Manila. This expands the company's local footprint to over fifty branches nationwide. This enables us to bring busy professionals and residents from this community closer to our products and services.

We launched a new campaign featuring three digital films which urged Filipinos to #PlanYourBestLife. These films went viral on social media. "Mama" has nearly 9 million views, "Destiny" has over 10.5 million views and "Friends" has over 4 million views.

We partnered with ride-hailing service Grab to educate Filipinos on-the-go about the importance of saving, investing, and life insurance. More than 200 Manulife branded Grab Cars graze the streets of Metro Manila and nearby cities.

We launched several well-received products in 2018 to give Filipinos the opportunity to grow their wealth and protect those that matter most. Among these are Affluence Max Elite, a limited issue product which provides a guaranteed start-up bonus and loyalty bonus to customers for staying invested, and the Emperor Fund, a Peso equity fund that invests in a diversified portfolio comprised primarily of companies that execute on strong business models and are of Filipino-Chinese heritage.

### Digital, Customer Leader

While we've been practicing the Net Promoter System (NPS) for several years, I am proud that through our continuous disciplined practice, Manulife Philippines ranked first in terms of Net Promoter Score in the industry in 2018. The NPS is a metric of customer loyalty, and this achievement is a testament to our deepening relationship with our customers.

In 2018, we piloted several innovative digital solutions. Among them, Manulife Online, our new digital portal where customers can view their policy details and even pay for policies online through debit and credit cards; and an agent tool, ePOS, that allows them to present and onboard new customers digitally. We've made great progress on these tools and they will be ready for public release in 2019.

### Expense Efficiency

We digitized and simplified our processes to position ourselves for efficient growth and to get our cost structure into fighting shape. We automated the end to end process of buying a policy, and automated the underwriting of simple cases so that customers can get the protection that they need sooner. This also frees up our underwriters to work on more complex cases and reduces overtime work.

### High Performing Team

In 2018, Manulife Philippines was named one of 2018's best companies to work for by HR Asia, the most authoritative publication for the HR practice in Asia. We were handpicked for having high levels of employee engagement and excellent workplace culture. We are very proud of this accomplishment but even more proud that our employees serve not only our customers, but the communities we are part of.

Manulife employees shared their time and knowledge to mentor grade six public school students from Pembo, Nueve de Febrero and Mandaluyong Addition Hills elementary schools on financial literacy. The classes were held every weekend, where topics covering earning money, saving money and growing money were discussed. This is a great example of the culture of service and giving that exists in Manulife Philippines.

### Thank You

To all our employees, distribution partners, shareholders, and customers, thank you for continuing to trust and support Manulife Philippines. I know that what got us here today will not get us where we need to go tomorrow and we do have a tremendous opportunity to grow; but with your help, I am confident that we will deliver on our mission.

Thank you for a wonderful 2018, and I am confident that you will see even greater things from Manulife Philippines in 2019 and beyond.



# Board of *Directors*

as of December 2018



**Joachim Wessling**  
Chairperson

Joachim Wessling (53) is the Chairperson of the Board of Directors of Manulife Philippines, Manulife Financial Plans, Inc., and Manulife China Bank Life Assurance Corp. He was first elected as director of the Company in April 2018.

Joachim is currently the Executive Vice President & General Manager, Emerging Markets of Manulife Financial Asia Ltd. Prior to this role, he was with another insurance company for more than three (3) decades where he was assigned to different territories as Chief Executive Officer and Country Manager. He also serves as the Chairperson of Manulife (Cambodia) PLC, and Manulife Insurance (Thailand) Public Company Limited.

Joachim holds an Economics degree from the Verwaltungs-und Wirtschaftsakademie in Germany.



**Ryan Charland**  
President & CEO

Ryan Charland (39) is the President and Chief Executive Officer of Manulife Philippines since January 2014. He was first elected as the Company’s Director in August 2013. Ryan has worked for Manulife Financial in various leadership functions for more than 14 years. His experience has solidified his leadership and expertise on product development, finance, and corporate risk management.

Ryan joined Manulife in August 2003 and worked in the U.S. Division’s Corporate Audit. In 2006, he was moved to the U.S. Life Product Management, culminating in his appointment as the Pricing Officer in January 2010. Ryan relocated to Asia in November 2011 as Regional Chief Risk Officer based in Hong Kong. There, he established the risk management function and strengthened the local risk governance of all Manulife’s operating entities.

Ryan holds a Bachelor of Science degree in Computer Science and Actuarial Science from the University of Toronto.



**David Thomas**  
Non-Executive Director

David Thomas (54) is the Chief Human Resources Officer of Manulife Asia. He was first elected as a Non-Executive Director of the Company and its affiliate, Manulife Financial Plans, Inc. in April 2014. He also holds directorships in Manulife (International) Limited, and has also been appointed as the Chairman of Manulife (Vietnam) Limited as of 12 July 2017.

Prior to his current role, David had more than 30 years of human resources experience in global, regional and country roles, most recently with Standard Chartered Bank.

David has a Bachelor’s of Management Science degree from Aston University, Birmingham, U.K., a postgraduate diploma in Human Resources Management from the University of Wales, Cardiff, U.K. and is a graduate of the Strategic Human Resources Management Program from Harvard Business School in Boston.



**Kenneth Dai**  
Non-Executive Director

Kenneth Dai (42) is a Non-Executive Director of Manulife Philippines and its affiliates, Manulife China Bank Life Assurance Corp. and Manulife Financial Plans, Inc. He was first elected as such Non-Executive Director in April 2016.

Kenneth joined Manulife Financial in June 1999 and he now serves as Vice President and Chief Actuary of Manulife Asia, leading to actuarial function and implementation of new insurance accounting standard IFRS17. With nearly 20 years of experience in Manulife Asia, Kenneth has a wide range of experience and knowledge in various functions including pricing, product development, finance and valuation.

Kenneth is also a director of MAMHK, Cambodia, and the supervisor of the board of Manulife-Sinochem Life Insurance Co. Ltd in China.

Kenneth holds a Bachelor of Science in Actuarial Science from Hong Kong University and is a Fellow of the Society of Actuaries. He is also the President of Actuarial Society of Hong Kong.



# Board of *Directors*

as of December 2018



**Conrado Favorito**

Independent Director

Conrado Favorito (60) is an Independent Director of Manulife Philippines, Manulife Financial Plans, Inc., and Manulife China Bank Life Assurance Corp. He was first elected as director of the Company in April 2018.

He is currently the Chief Executive Officer-President and Chief Consultant of his company, Mr. Fave Management Training & Consulting Services. He serves as his company's TQM & ISO 9001 Adviser, Keynote Speaker, Trainer, Author/ Editor and Resource-person. Likewise, he is a consultant/ adviser of Inkwell Publishing Co., Inc., VFP Business Support Services, Inc., Blue Macay Food Manufacturing Group, and the Philippine Advocates for Consultants & Trainers. He is also an accredited partner/ speaker/ trainer of MSS Business Solutions, Ariva Academy, South East Asia Speakers & Trainers Bureau, SMESoft, AIB Training & Events, Thought Leaders Philippines Speakers Bureau, and Synerquest Management Consultancy Services, Inc.

Conrad holds a Pre-Divinity/Philosophy degree from the Ateneo de Manila University and a Master in Business Management degree from the Asian Institute of Management.



**Rhoda Regina Rara**

Independent Director

Rhoda Regina Rara (53) serves as an Independent Director of Manulife Philippines, Manulife Financial Plans, Inc., and Manulife China Bank Life Assurance Corp. She was first elected as Independent Director in September 2007. She also chairs the Nomination and Remuneration Committee and Related Party Transaction Committee of the Company.

Presently, Regina is the Managing Partner of MarksPro Philippines/Law Firm of Reyes Rara & Associates. She is also the Vice President for Internal Affairs of the Intellectual Property Professors & Research Organization of the Philippines, and an accredited Mandatory Continuing Legal Education lecturer. She was also a Professor of Criminal Law at the De La Salle University College of Law.

Prior to her present roles, Regina was a Partner at Ponce Enrile Reyes & Manalastas Law Offices (1990-2004), and Corporate Secretary of First Asia Realty Development Corp. (1996-2004), and Phil. Global Communications, Inc. (1994 – 1996).

Regina holds Bachelor of Science in Legal Management and Bachelor of Laws degrees from the Ateneo de Manila University.



**Janette Peña**

Independent Director

Janette L. Pena (59) is an Independent Director of Manulife Philippines, Manulife Financial Plans, Inc., and Manulife China Bank Life Assurance Corp. She was first elected as Independent Director of the Company in 2007. She is also the Chair of the Audit Committee of the Company.

Janette is currently engaged in legal consultation and special projects. She is a director and/or Corporate Secretary of Central Azucarera de Tarlac, Inc., Chinese International School, Inc., First Lucky Group of Companies, Oak Drive Group of Companies, and the China Oceanis Group of Companies.

Prior to her present roles, Janette was a Senior Partner at Ponce Enrile Reyes Manalastas Law Offices (1985-2003); Director and Corporate Secretary of Pancake House Group of Companies (2000-2014), Bousted Technologies (2004-2013), Corporate Secretary of Salcon Holdings (2003-2009), Del Monte Philippines and Philippine Plaza Holdings (1995-2003).

Janette holds a Bachelor of Science degree in Business Economics and a Bachelor of Laws degree from the University of the Philippines and Master of Laws from Harvard Law School.



# Executive Committee

as of April 2019



**1 Ryan Charland**  
President & Chief Executive Officer

**2 Jude Gomes**  
President & Chief Executive Officer,  
MCBL

**3 Macaria Trinidad Gaspar**  
President & Chief Executive Officer,  
MAMTC

**4 Katerina Suarez**  
SVP & Chief Financial Officer

**5 Ariel Magtoto**  
SVP & Chief Operations Officer

**6 Stephen Ong**  
SVP & Chief Distribution Officer

**7 Melissa Angela Henson**  
SVP & Chief Marketing Officer

**8 Fritzie Tangkia-Fabricante**  
SVP & Head of Legal and Compliance

**9 Andrea De Guzman**  
SVP & Chief Human Resources Officer

**10 Lemuel Dingle**  
VP & Project Management Lead



# Senior Officers

as of April 2019



**Maxima Linda Galido**  
VP & Product Owner



**Bellaflor Delos Reyes**  
SVP & Executive Territory Head



**Mikael Diaz de Rivera**  
VP & Head of Distribution Operations



**Katherine Wong**  
VP & Head of Branding, Digital, and Innovation



**Maria Trinidad Henson**  
VP & Head of Customer Centricity



**Judy San Jose**  
VP & Head of Operations Excellence



**Mark Phillip Gochingco**  
VP & Senior Territory Head



**Marlon Vicente**  
VP & Senior Territory Head



**Ivan De Leon**  
VP & Head of Product Development and Management



**Renan David**  
VP & Head of New Purchase Experience



**Wynnford Medrano**  
VP & Head of Corporate Real Estate, Procurement, and BCM



**Jeffrey Jardin**  
Risk and Data Protection Officer



**Jose Eduardo Ang**  
VP & Chief Actuary



**Edwin Magpantay**  
VP & Controller



**Atty. Basilio O. Visaya Jr.**  
Corporate Secretary



**Atty. Frances Ianna S. Canto**  
Assistant Corporate Secretary, Alternate Data Protection Officer





# Manulife in the Philippines

In 1901, the first Manulife life policy was sold in the Philippines. A few years later, in 1907, the Manufacturers Life Insurance Company received its license to engage in business in the country. Since then, Manulife has grown to become one of the top life insurance companies in the Philippines.

Prior to incorporation, Manulife operated as a Philippine branch from February 1907 to December 1998. Since January 1, 1999, The Manufacturers Life Insurance Co. (Phils.), Inc. (Manulife Philippines) has operated as a wholly-owned domestic subsidiary of Manulife Financial Corporation.

Manulife Philippines also operates a pre-need subsidiary, Manulife Financial Plans, Inc. (MFP); a bancassurance

joint venture company, Manulife China Bank Life Assurance Corp. (MCBL) with China Banking Corporation; and an asset management and trust company, Manulife Asset Management and Trust Corporation (MAMTC).

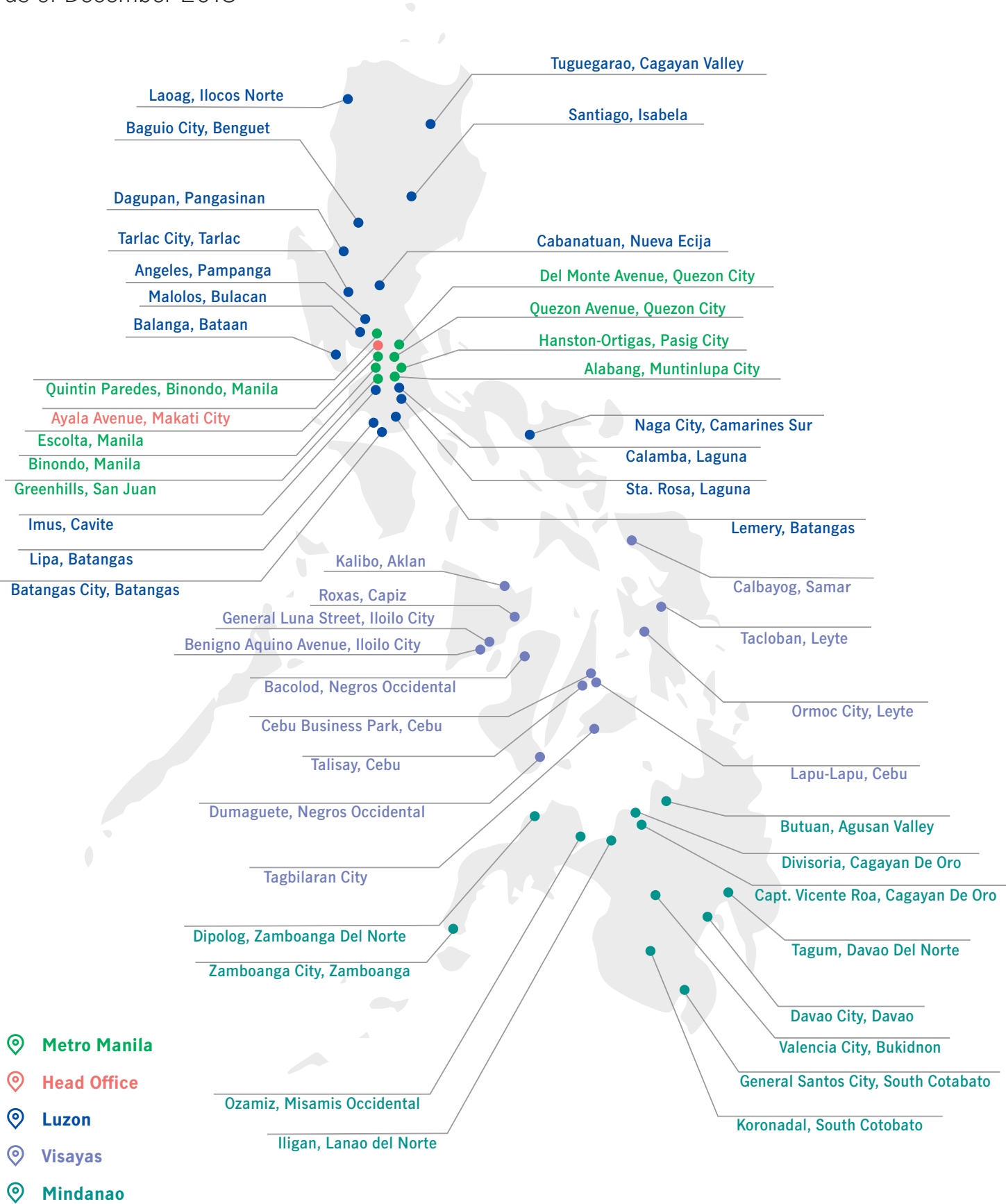
Another Manulife entity operating in the country, Manulife Data Services, Inc., more commonly known as Manulife Business Processing Services (MBPS), is a wholly-owned subsidiary of Manulife Financial Corporation. It was established in 2006 to provide financial, insurance, and wealth management operations services to Manulife's global operations that span across Asia, Canada, and the U.S. MBPS is independent from the operations of Manulife Philippines.

## Branch Network

With headquarters in Metro Manila, Manulife Philippines reaches out to customers across the country through 53 strategically-located branch offices and a team of over 7,000 professional agents nationwide.

# Branch Map

as of December 2018



## Our *Subsidiaries*

### Manulife Asset Management

**Manulife Asset Management and Trust Corporation (MAMTC)** is a wholly-owned subsidiary of Manulife Philippines. It started its operations in September 2017, and is the first trust corporation in the Philippines that is backed by a leading multinational financial services group. MAMTC provides investment solutions to both retail and institutional clients. It is part of Manulife Asset Management, the global asset management arm of Manulife.

In 2018, MAMTC launched several first of their kind's multi-currency unit investment trust funds (UITFs) which aim to provide investors access to a wide array of solutions to grow their wealth. Among the funds launched in 2018 are the following:

#### Asia Best Select Equity Fund

This UITF seeks to achieve capital growth by investing in a diversified portfolio of best-in-class companies in Asia. The Fund provides investors access to a wealth of equity opportunities in Australia, Hong Kong, Indonesia, Malaysia, New Zealand, People's Republic of China, the Philippines, Singapore, South Korea, Taiwan, Thailand, Vietnam and Pakistan. Companies selected consist of high-quality industry leaders and emerging companies who are capable of capturing opportunities arising from economic and demographic changes in the region.

#### Dragon Growth Equity Feeder Fund

This UITF gives investors exposure to a diversified portfolio of equity related securities of public companies listed in Hong Kong and/or China. It enables investors to take advantage of China's transformative growth story and access its impressive domestically-driven economy.

#### Asia Pacific REIT Fund of Funds

This is a unit-paying equity fund of funds that seeks to achieve long-term capital appreciation and generate income by investing primarily in a diversified portfolio of exchange-listed real estate investment trusts (REITs) in the Asia Pacific region and other allowable investments.

To make investing convenient and accessible, MAMTC created **Manulife iFunds**, an online investment platform for individual investors. This digital tool allows paperless account opening, subscriptions, redemptions and online monitoring of account values, among others.

With its affordable minimum investment requirements and easy to use digital tool, MAMTC aims to help more Filipinos achieve their financial aspirations through innovative solutions for managing their wealth.

### **Manulife China Bank** LIFE ASSURANCE CORPORATION

Manulife China Bank Life Assurance Corporation (MCBL) is a strategic alliance between Manulife Philippines and China Banking Corporation (China Bank). It provides a wide range of innovative insurance products and services to customers of China Bank as well as the bank's thrift arm, China Bank Savings (CBS). MCBL aims to ensure that every client receives holistic life, health, and wealth solutions to address his or her individual needs.

Since opening in October 2007, the company has grown into a business of significance for both Manulife and China Bank. The two strengthened their partnership further in 2014 when China Bank raised its equity stake in MCBL to 40%.

MCBL marked its 11th anniversary in 2018. Moving forward, the bancassurance is driven to continue to its next growth phase and work towards a common purpose: to make itself the biggest, most professional bancassurance company in the industry that delivers extraordinary customer experience.





# Corporate Governance

## Corporate Governance Policy

Manulife Philippines is committed to its full compliance with the Insurance Commission’s Code of Corporate Governance. The Company recognizes its primary responsibility to ensure effective good corporate governance oversight throughout the organization and is committed to maintain and continue improving its good Corporate Governance culture and practices.

To ensure that the needs and interests of all its stakeholders are taken into account in a balanced and transparent manner is essential to the Company’s success.

## Corporate Governance Manual

The Board of Directors of the Company, during its 28 November 2016 meeting, unanimously approved and adopted the Corporate Governance Manual for Manulife Philippines. This Manual was adopted from Manulife’s existing Asia Directors’ Manual and was modified to conform to local regulations. The Manual’s objective is to institutionalize the principles of good Corporate Governance and to promote awareness of the principles in the entire organization.

The approval and adoption of the Manual likewise complies with the Securities and Exchange Commission’s (SEC) requirement that all covered corporations, including the Company, shall submit their respective Corporate Governance Manuals to the SEC. This also serves as a manifestation of the Company’s continued commitment to good corporate governance.

## Roles and Responsibilities of the Board

The Board of Directors exercises all the powers of the corporation as granted by the Revised Corporation Code of the Philippines, the Company by-laws, the Manual of Corporate Governance, and all other relevant laws, rules, regulations and internal policies.

Under the Corporate Governance Manual, the following are among the matters that must be generally presented to the Board of Directors:

1. Reviewing and approving the Company’s business plans prepared by management and monitoring the performance of the Company against these plans;
2. Considering the business risks and the Company’s risk management mechanisms and internal control and management information systems;
3. Reviewing and approving financial statements, major capital expenditures, raising capital and other major financial activities;
4. Monitoring and evaluating executive performance, hiring, compensation, assessment, development and succession;
5. Considering issues relating to the Company’s line of business and decisions regarding the allocation of resources to lines of business (though as a practical matter, the Board may take instructions based on Divisional reporting lines);
6. Approving the appointment of senior management, at the instruction of the shareholder(s);
7. Reviewing and approving organizational restructurings, mergers, acquisitions and divestitures; and
8. Ensuring the integrity of communications between the Company and its stakeholders.

The Board of Directors is responsible for providing independent oversight of the management of the business and affairs of the Company. The Board’s oversight role includes assessing whether the Company’s operations are being conducted in a prudent manner in compliance with legal and regulatory requirements.

Consistent with its Parent Company’s Board Mandate, the Board approves and oversees the implementation of corporate strategic plans, strategic initiatives and

business decisions taking into account, among other things, the opportunities and risks of business. The Board also reviews and approves significant public disclosure policies and documents, including the financial statements and related disclosures prior to their release. In accordance with the Corporation Code, the Board of Directors also approves the declaration of Company dividends out of the unrestricted earnings which shall be payable in cash, property, or in stock to all stockholders on the basis of outstanding stock held by them.

The Board likewise oversees the succession planning process of the Company, including the selection, appointment and development of the Chairperson of the Board, the Board members, the CEO and other senior executive officers, including the heads of the Company’s oversight functions, and the termination of the CEO, if required.

## Committees

### Audit Committee

The Audit Committee assists the Board of Directors in its oversight role with respect to financial information and audit functions by providing an independent review of the effectiveness of the financial reporting process and internal control system. After each committee meeting, the Audit Committee reports to the Board a summary of its findings specifically highlighting significant issues that have arisen. The Audit Committee also regularly reviews the Company’s material controls and risk management program to ensure that they are adequate.

Specifically, the Audit Committee has the following duties:

1. **Oversight of the External Auditor.**  
This includes reviewing the performance of the External Auditor and recommending to the Board of Directors the appointment, re-appointment, or removal of the External Auditor.

2. **Financial Reporting.**

This includes review of the audited financial statements, significant financial reporting issues and judgments, major issues as to the adequacy of the Company’s internal controls, and regulatory and accounting changes, among others.

3. **Oversight of the Company’s Internal Audit Function**

This includes review of the scope and independence of the internal audit function, internal audit plan, and reports of the internal audit department. The Committee may also discuss with the Head of Internal Audit Services the effectiveness of the internal control procedures.

4. **Oversight of the Company’s Compliance and Risk Management Program**

This includes the review of reports prepared by management on the Compliance Program, Risk Management Program, review of investments or transactions that could adversely affect the well-being of the Company, and reports on regulatory findings and management’s response thereto.

In 2018, the Audit Committee met four times as shown below:

Name of Director	Date of Meeting			
	11 Apr 2018	05 Jul 2018	14 Sep 2018	23 Nov 2018
Janette Peña (Chairperson/Independent)	✓	✓	✓	✓
Rhoda Regina Rara (Independent)	✓	✓	✓	✓
Conrado Favorito (Independent)	n/a	✓	✓	✓
Ka Ming (Kenneth) Dai (Non-Executive)	✓	✓	✓	✓
Lourdes Mantaring (Non-Executive)	✓	✗	Resigned	

In 2018, the Audit Committee is composed of majority of Independent Directors. It is chaired by an Independent Director, as shown below:

Audit Committee	
Janette Peña	Chairperson/Independent Director
Rhoda Regina Rara	Independent Director
Conrado Favorito	Independent Director
Ka Ming (Kenneth) Dai	Non-Executive Director

In its recent meeting on 01 April 2019, the Audit Committee recommended for board approval the appointment of SGV & Co. as the Company’s external auditor for 2019.

Nomination & Remuneration Committee

Pursuant to law and Manulife’s commitment to international best practices in the area of corporate governance and culture, the Nomination and Remuneration Committee was constituted. The functions of the Nomination and Remuneration Committee are: (1) to ensure that all nominations to the board as well as those being considered for other positions requiring approval of the board are duly deliberated, reviewed and evaluated in accordance with applicable policies; and (2) to monitor the structure and level of remunerations of senior management and corporate officers.

The following qualifications are necessary for existing directors, as well as, for new candidates being considered for nomination as a director:

- 1. A reputation for integrity and ethical behavior;
- 2. A demonstrated ability to exercise judgment and communicate effectively;
- 3. Financially knowledgeable;
- 4. Prominence in the individual’s area of expertise;
- 5. Previous experience relevant to the operations of the Company; and
- 6. Sufficient time to dedicate to Board and Committee work.

In addition, the Manual of Corporate Governance provides that while directors are not precluded from accepting several appointments, they must nevertheless carry out their fiduciary obligation to each of the corporation they serve. Thus, Executive Directors shall submit themselves to a low indicative limit of

four or lower on membership in other corporate boards. The same low limit applies to independent directors who serve as full-time executives in other corporations.

In the search of a candidate for directorship, the Company engages professional search firms in identifying candidates to the Board, if necessary.

After review by the Committee of the candidate’s qualifications, it informs the Stockholders, through the Corporate Secretary, that it has vetted the individuals nominated for election as director. Each shareholder with voting privilege may thereafter vote in the manner provided by law and the Company’s by-laws. After the election, the Corporate Secretary declares the duly-elected directors.

In 2018, the Nomination and Remuneration Committee met three times to deliberate and recommend for board approval nominees to the board and corporate officers. The Committees ascertained that the qualifications and experience of nominees are in line with the Company’s strategic direction.

Name of Director	Date of Meeting		
	11 Apr 2018	05 Jul 2018	23 Nov 2018
Rhoda Regina Rara (Chairperson/Independent)	✓	✓	✓
Janette Peña (Independent)	✓	✗	✓
Conrado Favorito (Independent)	n/a	✓	✓
Ka Ming (Kenneth) Dai (Non-Executive)	✓	✓	✓
Joachim Wessling (Non-Executive)	✗	✗	✓

In 2018, the Nomination and Renumeration Committee is composed of majority of Independent Directors. It is chaired by an Independent Director, as shown below:

Nomination & Remuneration Committee	
Rhoda Regina Rara	Chairperson/Independent Director
Janette Peña	Independent Director
Conrado Favorito	Independent Director
Ka Ming (Kenneth) Dai	Non-Executive Director
Joachim Wessling	Non-Executive Director

Board Process

The Board meetings are held on a quarterly basis unless a special meeting is necessary to consider urgent matters. The schedule of meetings for 2018 were presented to the Board and approved on 24 November 2017.

The directors receive the notice of the meeting at least 2 weeks before the meeting and the materials at least 5 business days in advance. The meeting pack includes information on the Company’s operation, minutes of the last Board and Committee meetings, and all other documents needed for the Board meeting discussion.

Minutes of meetings of the Board and all committees are kept by the Corporate Secretary. The said minutes are open for inspection by directors and stockholders upon request.

Annually, the Corporate Secretary distributes a Board Effectiveness Survey to be accomplished by the directors. The survey covers the following matters: Board Responsibility, Board Operations, Board and Committee Effectiveness, and Individual Director Self-Evaluation. In 2018, the directors accomplished the Board Effectiveness Survey. The Board of Directors also assess the President and CEO’s performance for the previous year.



Board Meetings

The Board met four (4) times in 2018. The Board members’ attendance during meetings is shown below:

Name of Director	Date of Meeting				Percentage
	11 Apr 2018 (Organizational)	05 Jul 2018 (Regular Meeting)	14 Sep 2018 (Regular Meeting)	23 Nov 2018 (Regular Meeting)	
Joachim Wessling (Chairperson)	✓	✓	✗	✓	75%
Ryan Charland	✓	✓	✓	✓	100%
Ka Ming (Kenneth) Dai	✓	✓	✓	✓	100%
David Thomas	✗	✓	✓	✓	75%
Lourdes Mantaring	✓	✗	Resigned		n/a
Janette Peña	✓	✓	✓	✓	100%
Rhoda Regina Rara	✓	✓	✓	✓	100%
Conrado Favorito	✓	✓	✓	✓	100%

All directors had at least 75% attendance rate for 2018.  
The Independent Directors and the President and CEO have 100% attendance rate.

Venue of Meetings

All the Board and Committee meetings were held in the Company’s Head Office at the LKG Tower, Ayala Avenue, Makati City.

Directors’ Orientation Program and Continuing Education

All newly elected directors are given an orientation by the Corporate Secretary on the organizational profile, charters, by-laws, policies and procedures of the Company. As required by regulations, the Company also facilitates the enrollment of all new directors to a corporate governance seminar by an accredited provider within three (3) months from onboarding.

All directors are required annually by the Company to undergo Anti-Money Laundering and Anti-Terrorism and Financing (AMLTF) training and certification. They are also required to review and sign annually the Company’s Code of Business Conduct and Ethics (COBE) and a Conflict of Interest Disclosure Statement. For 2018, all of the directors of the Company underwent and completed the AMLTF and COBE trainings.

All directors are likewise encouraged to attend seminars that would aid them in their functions as members of the Board.

Board Remuneration

Under the Company’s By-Laws, directors shall be entitled to receive only such compensation as may be granted to them by the vote of the stockholders representing at least seventy percent (70%) of the outstanding capital stock.

Currently, only independent directors receive per diem for every board meeting attended. Executive and non-executive directors do not receive compensation for the performance of their functions as a director.

Succession Plan

The Board oversees the succession planning of the CEO and senior executive officers, including the heads of the Company’s oversight functions, and the termination of CEO. All nominations to such positions are deliberated and discussed in the Nomination and Remuneration Committee which shall evaluate the nominees’ competency and credentials, and shall make appropriate endorsement and recommendation to the Board.

Board Diversity Policy

In choosing nominees to the Board, consideration is given to gender, ethnic background, geographic representation and other personal characteristics that contribute to diversity, recognizing that it is the skills, experience and integrity that are most important in assessing candidates and their potential contributions.

Corporate Secretary

The Corporate Secretary is a lawyer, Filipino citizen and resident of the Philippines. He was formerly the Company Secretary and Governance Officer of a Government Owned and Control Corporation, has attended various corporate governance trainings and seminars, and is a graduate member of the Institute of Corporate Directors.

As Company Secretary, he is primarily responsible for the following:

- 1. Ensure that all Board procedures, rules and regulations are strictly followed;
- 2. Safekeeping and preservation of the integrity of the minutes of the meetings of the Board and its Committees, as well as the other official records of the Corporation;
- 3. Inform the members of the Board, in accordance with the By-laws, of the agenda of their meetings and ensure the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- 4. Attend all Board meetings except for justifiable causes; and
- 5. Prepare and submit all necessary documents and certifications as may be required by laws and regulations.

Risk Management

Delivering on our mission “Decisions made easier. Lives made better”, our ambition is to transform into the most digital, customer-centric global company in our industry, while delighting our customers, engaging our employees, and delivering superior returns for our shareholders. The activities required to achieve these results involve elements of risk taking.

Our approach to risk management is governed by our Enterprise Risk Management (“ERM”) Framework. This framework provides a structured approach to implementing risk taking and risk management activities across the enterprise, supporting our long-term revenue, earnings and capital growth strategy. It is communicated through risk policies and standards which are intended to enable consistent design and execution of strategies across the organization. We have a common approach to managing all risks to which the Company is exposed, and to evaluating potential directly comparable risk-adjusted returns on contemplated business activities. Our risk policies and standards cover:

- Assignment of accountability and delegation of authority for risk oversight and risk management;
- The types and levels of risk the Company seeks given its strategic plan and risk appetite;
- Risk identification, measurement, assessment and mitigation which enable effective management and monitoring of risk; and
- Validation, back testing and independent oversight to confirm that the Company generated the risk profile it intended and the root cause analysis of any notable variation.

Our risk management practices are influenced and impacted by external and internal factors (such as economic conditions, political environments, technology and risk culture), which can significantly impact the levels and types of risks the Company might face in its pursuit of strategically optimized risk taking and risk management. Our ERM Framework incorporates relevant impacts and mitigating actions as appropriate.

Three Lines of Defense Model

A strong risk culture and a common approach to risk management are integral to Manulife’s risk management practices. Management is responsible for managing risk within risk appetite and has established risk management strategies and monitoring practices. Our approach to risk management includes a “three lines of defense” governance model that segregates duties among risk taking activities, risk monitoring and risk oversight, and establishes appropriate accountability for those who assume risk versus those who oversee risk.

The Company’s first line of defense includes the Chief Executive Officer (“CEO”) and Function Heads. The Chief Executive Officer is ultimately accountable for our business results, the risks we assume to achieve those results, and for the day-to-day management of the risks and related controls, and the Function Heads are accountable for the management of the risks and related controls for their respective function.

The second line of defense is comprised of the Company’s Risk Management function and other oversight functions. Collectively, this group provides independent oversight of risk taking and risk management activities across the enterprise. Risk oversight committees, through broad-based membership, also provide oversight of risk taking and risk management activities.

The third line of defense is Audit Services, which provides independent, objective assurance that controls are effective and appropriate relative to the risk inherent in the business and that risk mitigation programs and risk oversight functions are effective in managing risks.





### Risk Culture

To enable the achievement of our goals and strategies, the Company requires a high-performing culture centered around six values:

- Obsess about Customers** – Predict their needs and do everything in your power to satisfy them.
- Do the Right Thing** – Act with integrity and do what you say.
- Think Big** – Anything is possible. We can always find a better way.
- Get it Done Together** – We’re surrounded by an amazing team. Do it better by working together.
- Own it** – Feel empowered to make decisions and take action to deliver our mission.
- Share your Humanity** – Build a supportive, diverse and thriving workplace.

Within this context, the Company strives for a risk aware culture, where individuals and groups are encouraged, feel comfortable and are proactive in making transparent, balanced risk-return decisions that are in the long-term interests of the Company. Management establishes practices that encourage and foster a risk aware culture that addresses the following:

- Aligning personal objectives with the Company's objectives;
- Identifying and escalating risks before they become issues;
- Adopting a cooperative approach that enables appropriate risk taking;

- Ensuring transparency in identifying, communicating and tracking risks; and
- Systematically acknowledging and surfacing material risks.

### Risk Governance

The Board of Directors oversees the Company's culture of integrity and ethics, strategic planning, risk management, and corporate governance, among other things. The Board of Directors directly oversees the management of our principal risks, and our programs, policies and procedures to manage those risks. The Board also oversees risks through its three standing committees:

- The Board Audit Committee oversees internal control over financial reporting and our finance, actuarial, internal audit and compliance functions, serves as the conduct review committee, reviews our compliance with legal and regulatory requirements and oversees the performance, qualifications and independence of our external auditors.
- The Nomination and Remuneration Committee oversees our human resources strategy, policies, programs, management succession, executive compensation, and pension plan governance.
- The Related Party Transactions Committee oversees transactions among the Companies, reviewing and approving before any such material transactions may be entered into, and that such transactions are conducted at arm's length.

The CEO is directly accountable to the Board of Directors for the results and operations of the Company and all risk taking activities and risk management practices required to achieve those results. The CEO is supported by the Risk Officer as well as by the Executive Risk Committee (“ERC”). Together, they shape and promote our risk culture, guide risk taking throughout our global operations and strategically manage our overall risk profile. The ERC, along with other executive-level risk oversight committees, establishes risk policies, guides risk taking activity, monitors significant risk exposures and sponsors strategic risk management priorities throughout the organization.

The local risk management function, under the direction of the Chief Financial Officer, establishes and maintains our ERM Framework and oversees the execution of individual risk management programs across the enterprise. The risk management function seeks to ensure a consistent enterprise-wide assessment of risk, risk-based capital and risk-adjusted returns across all operations.

The ERC approves and oversees the execution of the Company's enterprise risk management program. It establishes and presents for approval to the Board of Directors the Company's risk appetite and enterprise-wide risk limits and monitors our overall risk profile, including key and emerging risks and risk management activities. As part of these activities, the ERC monitors material risk exposures, endorses and reviews strategic risk management priorities, and reviews and

assesses the impact of business strategies, opportunities and initiatives on our overall risk position. The ERC is supported by a number of oversight sub-committees including: Product Steering Committee and Asset Liability Committee.

### Risk Appetite

The Company's strategic direction drives overall risk appetite. All risk taking activities are managed within the Company's overall risk appetite, which defines the amount and types of risks the Company is willing to assume in pursuit of its objectives. It is comprised of three components: overall risk taking philosophy, risk appetite statements, and risk limits and tolerances.

When making decisions about risk taking and risk management, the Company places a priority on the following risk management objectives:

- Safeguarding the commitments and expectations established with our customers, creditors, shareholders and employees;
- Supporting the successful design and delivery of customer solutions;
- Prudently and effectively deploying the capital invested in the Company by shareholders with appropriate risk/return profiles; and
- Protecting and/or enhancing the Company's reputation and brand.

The risk management function provides a framework for monitoring and mitigating exposures so that they are maintained within the risk appetite approved by the Board.

This allows us to deploy our capital towards appropriate risk/return profiles. As an integrated component of our business model, risk management is vital in achieving our objectives and encourages organizational learning.

At least annually, we establish and/or reaffirm that our risk appetite and the Company's strategy are aligned. The risk appetite statements provide ‘guideposts’ on our appetite for identified risks, any conditions placed on associated risk taking and direction for where quantitative risk limits should be established. The Company's risk appetite statements are as follows:

- Manulife Philippines accepts a total level of risk that provides a very high level of confidence to meeting customer obligations while targeting an appropriate overall return to shareholders over time;
- The Company targets to be in line with its peers in terms of financial strength;
- Manulife Philippines values innovation and encourages initiatives intended to strengthen the customers’ experience and enhance competitive advantage;
- Capital market risks are acceptable when they are managed within specific risk limits and tolerances;
- The Company believes a diversified investment portfolio reduces overall risk and enhances returns; therefore, it accepts credit and alternative long-duration asset related risks;

- The Company pursues product risks that add customer and shareholder value where there is competence to assess and monitor them, and for which appropriate compensation is received;
- Manulife Philippines accepts that operational risks are an inherent part of the business but will protect its business and customers’ assets through cost-effective operational risk mitigation; and
- Manulife Philippines expects its officers and employees to act in accordance with the Company's values, ethics and standards; and to enhance its brand and reputation.

Risk limits and tolerances are established for risks within our risk classification framework that are inherent in our strategies in order to define the types and amount of risk the Company will assume. Risk tolerance levels are set for risks deemed to be most significant to the Company and are established in relation to economic capital, earnings-at-risk and regulatory capital required. The purpose of risk limits is to cascade the total Company risk appetite to a level that can be effectively managed. Manulife establishes stand-alone risk limits for risk categories to avoid excessive concentration in any individual risk category and to manage the overall risk profile of the organization.





## Risk Identification, Measurement and Assessment

We have a common approach and process to identify, measure, and assess the risks we assume. We evaluate all potential new business initiatives, acquisitions, product offerings, reinsurance arrangements, and investment and financing transactions on a comparable risk-adjusted basis. Functional groups are responsible for identifying and assessing key and emerging risks on an ongoing basis. A standard inventory of risks is used in all aspects of risk identification, measurement and assessment, and monitoring and reporting.

Risk exposures are evaluated using a variety of measures focused on both short-term net income attributed to shareholders and long-term economic value, with certain measures used

across all risk categories, while others are applied only to some risks or a single risk type. Measures include stress tests such as sensitivity tests, scenario impact analyses and stochastic scenario modeling. In addition, qualitative risk assessments are performed, including for those risk types that cannot be reliably quantified.

We perform a variety of stress tests on earnings, regulatory capital ratios, economic capital, earnings-at-risk and liquidity that consider significant, but plausible, events. We also perform other integrated, complex scenario tests to assess key risks and the interaction of these risks.

Economic capital and earnings-at-risk provide measures of enterprise-wide risk that can be aggregated and compared across business activities and risk types. Economic capital measures the amount of capital required to meet obligations with a high and pre-defined confidence level. Earnings-at-risk measures the potential variance from quarterly expected earnings at a particular confidence level. Economic capital and earnings-at-risk are both determined using internal models.

## Risk Monitoring and Reporting

Under the direction of the CFO, the risk management function oversees a formal process for monitoring and reporting on all significant risks at the Company-wide level. Risk exposures are also discussed at various risk oversight committees, along with any exceptions or proposed remedial actions, as required.

On at least a quarterly basis, the ERC and the Board Risk Committee reviews risk reports that present an overview of our overall risk profile and exposures across our principal risks. The reports incorporate both quantitative risk exposure measures and sensitivities, and qualitative assessments. The reports also highlight key risk management activities and facilitate monitoring compliance with key risk policy limits.

Our Chief Financial Officer reports the compliance of the Company with the Insurance Commission's Risk-Based Capital Ratio and Risk-Based Capital Requirement to the Board of Directors quarterly. The Head of Audit Services reports the results of internal audits of risk controls and risk management programs to the Audit Committee quarterly. Management reviews the implementation of key risk management strategies, and their effectiveness, with the Board of Directors annually.

## Risk Control and Mitigation

Risk control activities are in place throughout the Company to seek to mitigate risks within established risk limits. We believe our controls, which include policies, procedures, systems and processes, are appropriate and commensurate with the key risks faced at all levels across the Company. Such controls are an integral part of day-to-day activity, business management and decision making.

The local risk management function oversees implementation of globally-established formal review and approval processes for product offerings, insurance underwriting, reinsurance, investment activities and other material business activities, based on the nature, size and complexity of the risk taking activity involved. Authorities for assuming risk at the transaction level are delegated to specific individuals based on their skill, knowledge and experience.

## Emerging Risks

The identification and assessment of our external environment for emerging risks is an important aspect of our ERM Framework, as these risks, although yet to materialize, could have the potential to have a material impact on our operations.

Our Emerging Risk Framework facilitates the ongoing identification, assessment and monitoring of emerging risks, and includes: maintaining a process that facilitates the ongoing discussion and evaluation of potential emerging risks with senior business and functional management; reviewing and validating emerging risks with the ERC; creating and executing on responses to each emerging risk based on prioritization; and monitoring and reporting on emerging risks on a regular basis.





Company Policies

Customer Welfare Policy

Since customers depend on the Company to meet its financial promises, the Company maintains uncompromised paying ability, healthy earnings stream, and superior investment performance results, consistent with prudent investment management philosophy.

The Company commits to offer real value to its customers by providing the highest quality products, service, advice, and sustainable value. The Company also ensures that the customers receive excellent solutions to meet their individual needs.

In line with its commitment to customers, the following key initiatives have been rolled-out to support the Company's bold ambition of becoming a digital, customer-centric market leader.

**LoveworCX** is an internal service-culture building program that provides employees a series of training and engagement activities aimed at strengthening their customer service mindset.

The **Net Promoter System** has been rolled out across the company as its customer metric and framework for identifying and addressing customer pain points. It has been embedded into all customer touchpoints which helps the Company stay focused on its efforts to provide exceptional customer service.

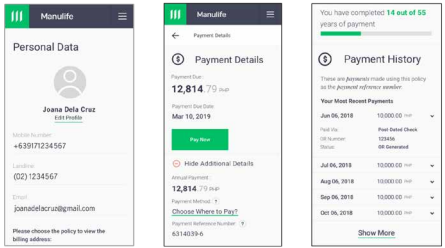
To address concerns in some of the most important touch points of Manulife Philippines with its customers, several cross-functional squads were created: **Buy a Policy, Pay a Premium, and Product CX**. These squads were tasked to review the end to end process on each of their focus area and develop solutions to make transacting with Manulife as easy and efficient as possible.

Innovation

The Company leveraged technology to stay relevant to our customers’ lifestyle and to be able to provide service that is faster and more efficient. **Manulife MOVE** is a customer engagement program designed to help customers live healthier lives by rewarding them for being active. Here, a Manulife fitness

tracker records a customer’s daily steps and syncs this onto the Manulife MOVE mobile app. Customers can enjoy special rates on the premiums of their eligible plan when they reach the required MOVE Reward levels.

**Manulife Online**, is a mobile-optimized website that makes it easier and more convenient for agents and customers alike to access their Manulife accounts. Here, customers can get details such as their account value, when their next payment is due, and other important policy-related information. Agents can also access the web-based platform to help them monitor their clients’ policies.



The Electronic Point of Sale tool or **ePOS** is a digital end-to-end sales tool that advisers can use on their tablets to help their clients identify their priorities, find the right products, generate proposals, submit applications and get results in minutes.

Privacy Policy

Manulife is committed to providing the highest quality financial products and services in a manner that fosters trust and confidence among our customers and representatives. That commitment includes protecting the privacy of all the personal and sensitive personal information in its care in accordance with the Philippines’ Data Privacy Act of 2012, its implementing rules and regulations and its privacy policy available at [www.manulife.com/Privacy-Policy](http://www.manulife.com/Privacy-Policy).

On an annual basis, the Company conduct a Privacy Awareness Day in the Company and a Privacy and Information Protection refresher training to its employees, distributors and third party service providers. Any privacy-related concern can be sent to [phdataprotection@manulife.com](mailto:phdataprotection@manulife.com). The contact details of the Company Data Protection Officer can be found at <https://www.manulife.com.ph/Customer-Support> while its Customer Privacy Policy can be found at <https://www.manulife.com.ph/Customer-Privacy-Policy>.

Anti-Money Laundering and Anti-Terrorist Financing Policy

Manulife is committed to preventing the use of its products and facilities for the purposes of money laundering or to finance terrorist activities. That commitment includes having and adhering to policies, procedures and controls designed to meet the Company's obligations under the Philippines’ Anti-Money Laundering Act, as amended, its revised implementing rules and regulations and our AML/ATF policy. On an annual basis, the Company conducts a localized AML/ATF refresher training and a Manulife Group AML/ATF refresher e-learning training. There is also a supplemental AML/ATF refresher training from the Global Office on an annual basis for Corporate Officers ranked Assistant Vice President and above.

Code of Business Conduct and Ethics

Manulife's Code of Business Conduct and Ethics (COBE) provides standards for ethical behaviour when representing the Company and when dealing with customers, investors, employees, field representatives, external suppliers, competitors, government authorities and the public. It applies to all directors, officers and employees of Manulife and its subsidiaries including sales representatives, third party business associates, contractors and others with certain duties and obligations to the Company. COBE likewise governs any actual or potential conflict of interest and does not waive actual conflicts of interest under any circumstances. Typical controls include clear and complete disclosure of the potential conflict of interest and recusal from any decision-making relating to the situation giving rise to the potential conflict of interest.

To ensure knowledge and familiarity with the provisions of the COBE, the directors, employees, senior management and Agents are required to undergo training prior to onboarding and annually thereafter as a refresher course. This Code is also available on the Company's website and is available in print upon request.

# You make the call.

## Protect our Company's reputation.

You make important decisions everyday. If you see or hear something that seems unethical, unprofessional, illegal, fraudulent, or questionable or observe conduct that does not meet the values of our Company, it is your right and responsibility to report it. The Ethics Hotline – You Make the Call.

The Manulife Financial and John Hancock Ethics Hotline enables employees to ask questions about our Code of Business Conduct and Ethics or report suspected misconduct. In addition to other available avenues of reporting, which include speaking with your manager, legal, compliance, human resources and employee relations, the Ethics Hotline is available 24-hours per day, seven days per week and can be used anonymously if you choose. You may report suspected or potential illegal or unethical behavior without any fear of retaliation.

[www.manulifeethics.com](http://www.manulifeethics.com)

1. From an outside line dial the AT&T Direct Dial Access for your location:

Philippines (main)	1010-5511-00
Philippines (Sales, Policies, Digital, Support)	105-11
Philippines (Legal/Compliance)	105-12

2. At the prompt dial 866-294-9534

3. The call will be answered in English. To continue your call in another language:

- Please state your language to request an interpreter.
- It may take 1-3 minutes to arrange for an interpreter.
- During this time please do not hang up.

Whistle Blowing Policy

The Company has a Whistle Blowing Policy which encourages employees to talk to appropriate personnel about suspected or potential illegal or unethical behavior or when the employee is in doubt about the best course of action to take in a particular situation. It is also the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith. Directors, officers, employees, representatives and other associates are expected to cooperate in internal investigations of misconduct. Employees are also encouraged to report by providing a hotline where they are duty-bound to report suspected unethical behaviors or air their grievances anonymously.

Anti-Bribery and Anti-Corruption Policy

Maintaining high standards of integrity is paramount to success at Manulife. As stated in the Company's Code of Business Conduct and Ethics, “we must take special care to use our corporate positions responsibly when dealing with government agencies and representatives. This is especially true in relation to the political process.” The Company recognizes the paramount importance of and ensures compliance with all laws and regulations that apply when offering to provide entertainment, meals, gifts, gratuities, and other items of value to any employee or representative of national or local governments or when accepting such items of value from any employee or representative of national or local governments.

To ensure that all its employees abide by Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act), Revised Penal Code of the Philippines, National Internal Revenue Code, Presidential Decree No. 46 and Insurance Commission Circular 12-2012, the Company promulgated its Anti-Bribery and Anti-Corruption Policy.

The Company's Anti-Bribery and Anti-Corruption Policy aims to ensure that the Company's directors, officers and employees, as well as representatives, agents and third-party providers do not give or receive bribes and comply with all applicable laws and regulations at all times. An Anti-Bribery training material is being developed by Manulife Regional Office to provide up-to-date short stand-alone modules that can be easily customized for local markets.

As part of the policy, the Company implements a “no gift policy” directly or indirectly to any public official. Moreover, to ensure compliance with the policy by business partners and third-party providers, the Company's anti-bribery and anti-corruption policy is made an obligatory provision to the agreements or contracts that the Company enters into. The Company also mandates that all financial transactions are recorded in a timely and accurate manner in accordance with accounting standards and principles to prevent off-the-book transactions such as bribes and kickbacks. The policy requires the Compliance Officer to report any violation of laws and regulations to the Board of Directors and recommend the imposition of appropriate disciplinary action on the responsible parties.

Gifts and Entertainment Policy

It is the policy of Manulife that no business or specific transactions may be contingent in any way on the receipt offer or solicitation of any gift or favor. Further, an employee prohibited from giving or receiving cash or equivalents to any vendor, broker, producer or other outside third party. However, modest gifts and favors, which would not be regarded as improper, may be accepted or given on an occasional basis. In all cases, an employee giving or receiving a gift or favor must declare the same to the Company's Compliance Department.

To ensure awareness of the employees of the Company's Gifts and Entertainment Policy, the provisions are cascaded to the employees before the holiday season, i.e., Christmas and Chinese New Year, where gift giving is prevalent. Similar to other Company policies, employees are required to undergo training on the Gifts and Entertainment Policy prior to onboarding and annually thereafter.

Insider Trading Policy

Directors, officers, employees, representatives and other associates of the Company are prohibited from (a) benefiting from opportunities that are discovered through the use of Company property, information or position; (b) using Company property, information or position for personal gain; and (c) competing with the Company. They owe it to the Company to advance its legitimate interests when the opportunity to do so arises.





Related Party Transactions

Directors, officers and employees are required by the Company’s Code of Business Conduct and Ethics to immediately report their interest in transactions and any conflict of interest or potential conflict. Directors and executives are also required to abstain from participating in any discussion on a particular subject that they are conflicted. Any related party transactions, mostly limited to contracts within the Manulife conglomerates, are conducted in such a way as that they are fair and at arm’s length and subject to appropriate review and approval process.

In addition, as required by Insurance Circular Letter No. 2017-29, the Board of Directors approved the Company’s Related Party Transaction Policy on 11 April 2018. The policy provides the framework for transactions among the Company and its related parties and establishes requirements to enable compliance with applicable laws, rules and regulations. The Company also has a Related Party Transaction (RPT) Committee that reviews and approves before any such material transactions may be entered into. The RPT Committee is composed of a majority of independent directors.

The Board of Directors also reviews regularly the controls in place to determine its soundness and strength.

A summary of the approved related party transactions are provided in Note 26 of the Audited Financial Statements as submitted by the Company to regulators. The Company has not entered into any transactions which may be classified as financial assistance to other entities other than investee companies.

Financial Statements

Manulife Philippines, as approved by its Shareholders and management, engages the services of Sycip, Gorres and Velayo (SGV) & Co., a member of Ernst and Young International, as its External Auditor. The Audit fees paid to SGV & Co., amounted to Php3.2 million and Php1.5 million in 2018 and 2017 respectively.

In 2018, no non-audit fees were paid to external auditors.

For the past few years and for the Year 2018, the company has not received a qualified, adverse or disclaimer opinion in their audit of the Company.

Procurement Policy

Manulife routinely engages with third- party vendors and service providers to support the day-to-day management of business. The Company has put in place a framework of policies, processes and tools, as well as a team of sourcing and contracts experts, to assist all business units in meeting their procurement, outsourcing and vendor risk management objectives. This requires all stakeholders to work collaboratively to ensure:

- 1. Compliance with related policies is achieved;
- 2. All dealings with suppliers are consistent with Manulife’s Code of Business Conduct and Ethics;
- 3. Procurement processes are competitive and transparent;
- 4. Manulife’s business requirements are clearly stated;
- 5. Manulife’s risk exposure is identified, assessed and effectively managed;
- 6. All contracts and supporting documents are reviewed and approved by appropriate officers; and
- 7. Suppliers meet their pricing, service level, and contractual commitments.

Supplier Selection Criteria

In Manulife, it is important that the supplier selection process must be both objective and transparent. The supplier selection decision should be based on evaluation criteria that include, but are not limited to, the supplier’s:

- 1. Demonstrated ability to meet stated requirements;
- 2. Ability to provide competitive pricing (based on total cost of ownership);
- 3. Excellent customer service;
- 4. High quality products and/or services;
- 5. Financial stability
- 6. Technical skills and capacity to meet current and future needs; and
- 7. Willingness to agree to Manulife’s contract terms and conditions.
- 8. Compliance to Manulife’s Outsourcing and Vendor Risk Management Policy which aims to enhance design, structure and effectiveness of risk management processes.
- 9. Compliance to Government statutory requirements

Manulife strives to maintain the highest standards of integrity and is committed to fair competition in all its dealings with vendors.

Health and Safety Policy

Manulife is committed to provide a safe and healthy environment for all its employees, agents and customers as they are the Company’s most valuable asset and their safety at the workplace is our greatest responsibility. This includes:

- Protection of the employee from injury and occupational disease
- The promotion of wellness efforts
- The prevention of violence and harassment in the workplace

Management provides top-level support of various initiatives and ensures that effective safety and health information is available in situations like fire, earthquake and other related emergencies that we may encounter. An emergency plan exists based upon the organization’s need, established evacuation procedures, designate emergency assembly area/s, assign responsibility to specific individuals as emergency brigade members, employee education, training, monitoring, and enforcement procedures related to health and safety.

There is accountability of all levels of management and a co-operation between management and employees for effective implementation of policy and related programs, such as:

- Fire and Earthquake Evacuation Drills
- First Aid Training
- Intro to Basic Life Support and CPR
- Reporting of unsafe work place hazards and unsafe wok practices
- Orientation Programs
- Other company initiated safety and health activities

The Company’s Shareholders as of April 2019

Name	Shares Held	Amount Paid	% of Ownership	Beneficial Owner	Nationality
<b>The Manufacturers Life Insurance Co.* (MLIC)</b>	929,994.0	PhP 929,994,000.00	99.999%		Canadian
<b>Joachim Wessling</b> (Chairman/Non-Executive Director)	1.0	PhP 1,000.00	nil	MLIC	German
<b>Ka Ming Dai</b> (Non-Executive Director)	1.0	PhP 1,000.00	nil	MLIC	Chinese
<b>Ryan Shane Charland</b> (Executive Director)	1.0	PhP 1,000.00	nil	MLIC	Canadian
<b>Conrado Favorito</b> (Independent Director)	1.0	PhP 1,000.00	nil	MLIC	Filipino
<b>Janette L. Peña</b> (Independent Director)	1.0	PhP 1,000.00	nil	MLIC	Filipino
<b>Rhoda Regina Reyes-Rara</b> (Independent Director)	1.0	PhP 1,000.00	nil	MLIC	Filipino

\*Holds in trust the shares for Manulife Century Holdings (Netherlands) B.V.

The Company is committed to continually improve by conducting regular reviews and communications of the policy with applicable legal requirements as a minimum standard.

Shareholder Information

Rights of Shareholders

The shareholders have the powers and responsibilities as stated in the Corporation Code of the Philippines, the Company’s By-laws, the Manual of Corporate Governance, and all other relevant laws, rules, regulations, and internal policies.

Among others, all of the Company’s shareholders (including non-controlling shareholders) have the right to:

- 1. Participate in the amendments of the Company’s Articles of Incorporation;
- 2. Authorize issuance of additional shares;
- 3. Transfer all or substantially all assets of the Company, which may result in the sale of the Company;
- 4. Effectively participate in and vote in general shareholder meetings;
- 5. Nominate candidates for board of directors; and
- 6. Elect directors individually.

As provided in the Company By-laws, each shareholder is entitled to one vote for each share of stock entitled to vote and recorded in the shareholder’s name in the books of the Company.

At all meetings of the shareholders, all elections and all questions shall be decided by the majority vote of the stockholders present in person or by proxy and entitled to vote thereat, a quorum being present, unless it is otherwise provided by law or the Articles of Incorporation.

The shareholders are made aware of these rules and voting procedures governing the shareholder meetings.

Annual General Meeting

As mandated in the by-laws, the shareholders meet regularly or at least once a year. The Company’s Secretary ensures that the notice of meeting, including the notice for annual shareholders meeting, is sent to the stockholders at least 21 days from the date of actual meeting. As much as possible, the Company’s Secretary ensures that all shareholders are available to attend the general meeting by scheduling the meeting on a commonly acceptable date to encourage attendance of all shareholders.

A Proxy letter is also attached to the notice or made readily available through the Company website to allow shareholders to send representatives in their absence.

In the most recent Annual General Shareholders Meeting held at the head office of Manulife in Makati City, the shareholders were given the opportunity to ask questions or raise issues during the Other Matters Agenda of the Meeting. The Company’s President and CEO, Ryan Charland, the Board Chairperson, Joachim Wessling, and the Audit Committee Chairperson, Janette Peña, also attended the meeting.



# Employee *Corner*

## Compensation Philosophy

Manulife Philippines’ global strategy requires everyone across the organization to perform at their best in order to achieve success. Leaders need to ensure that employees are able to make the link between specific performance and compensation, and fully understand how they are rewarded for their performance.

The Manulife compensation philosophy is to pay for performance. The Company continues to differentiate compensation and rewards based on performance and contribution of the employees to drive high-performing culture. The Company’s Employee Recognition Program awards on a quarterly basis employees and teams based on responses to the following:

- What did he/she/the team do to bring the Company’s Purpose to life?
- How did he/she/the team help the Company’s customers (internal or external) to achieve their dreams and aspirations?
- How did the employee/team demonstrate the Company’s critical behaviors?

An Employee of the Year and a Team of the Year are chosen from among the pool of employees and teams awarded during the previous quarters.

## Training and Development

The Company’s Human Resources facilitated learning and development programs conducted throughout the year aligned the following focus areas:

- Leading Organizational Change
- Enable New Ways of Working
- Developing Inspiring Employee Experiences
- Customer Centricity

One of the major initiatives in 2018 is the Leadership Breakthrough Development Program, a custom-developed program in partnership with John Clements Consultants, Inc. – Harvard Business Publishing attended by the company’s

high potential and performing managers. Agile Awareness training has also been facilitated to employees to introduce its principles and benefits to the organization. The company also invested in upskilling its employees on customer centricity through the program: Becoming a Service Champion: A Deeper Love which equipped employees with additional tools to truly connect with customers beyond just process excellence. On employee onboarding, the company has introduced Set4Success, an onboarding portal for hiring managers where they can identify, delegate and track tasks to prepare for their new employees in one place.

The company has delivered 89 classroom training sessions and implemented 85 eLearning courses with topics ranging from agile awareness, customer centricity, innovation, leadership, project management, industry knowledge and compliance. On average, employees have attended 12.77 hours of training in 2018 compared to 11.11 hours per employee in 2017.



# Manulife

## Brand Refresh

In 2018, Manulife updated its global brand with a refreshed logo and visual identity that represents the Company’s transformation into a digital, customer-centric market leader. The brand update underscores the Company’s focus on delivering great customer experiences by simplifying complex processes for customers and strengthening its commitment to innovation.

The updated branding impacted every channel and means through which the Company communicates with customers. The roll-out of Manulife’s new logo and visual identity began across the Company’s major offices around the world, as well as a number of its key digital properties.

In the Philippines, the company released several digital films on its Facebook page encouraging people to #PlanYourBestLife as a way to support the brand campaign. The updated branding was made even more visible by the strategically positioned billboards, charging stations, and various other ad placements around the metro in selected airports, bridge ways, and tollways along SLEX and NLEX.

In addition, Manulife Philippines partnered with ride-hailing service Grab that allowed two hundred Manulife-branded GrabCars to be present around Metro Manila and nearby provinces. The branded cars were installed with a tablet where passengers can watch informative videos on insurance. After each video, passengers can opt to schedule an appointment with a financial adviser by filling out an online form.

For Manulife Philippines, this marks a significant milestone in our transformation journey. The added partnership as well as the modern, clear and uncluttered refreshed branding reflects our commitment to making financial decisions easier for our customers.





# Sustainability

Manulife is committed to building a better future for the societies it is present in. To show this commitment, Manulife supports several initiatives through giving and employee volunteerism. Our mission – decisions made easier, lives made better – is not just a tagline; it's part of our DNA.

Our employees have a strong desire to make the world a better place and we are proud of how we are rallying together to integrate sustainability into our business to better support our customers and invest in the success of our communities.



## Creating a *supportive culture* in and out of the *work place*

Manulife Philippines is one with the other Manulife entities in supporting the attraction, development, and advancement of women in the workforce through the Global Women's Alliance (GWA).

Formally launched in June of 2015, the community aims to elevate the profile of women across the organization through empowerment and inspiration. GWA provides a network in mentor each other, share experiences and resources for success, and ultimately help one another in designing fulfilling career paths.

While GWA focuses on celebrating women and their continuous growth, the group also has a Corporate Social Responsibility component. Last year, the group participated in an ACAY\* drive in which corporate clothing were donated to young women to help them as they start the process of looking for jobs.

GWA also ended the year with a Christmas Drive, giving away gift baskets to the security guards, messengers, and maintenance personnel who work in the Manulife office. Employees were also encouraged to write personalized thank you notes to show their appreciation.

## Educating the youth to be *financially responsible*

Manulife Philippines together with volunteer organization Hands On Manila partnered with Manulife Business Processing Services (MBPS) to expand the Peso Smart financial literacy program to more schools for its second year. The schools that were part of the program include Kamuning, Bagong Silangan, Mandaluyong Addition Hills, Pembo, and Nueve de Febrero elementary schools.

Peso Smart is a series of classes designed to teach public school students the basics of saving and investing. It was borne out of Manulife's advocacy for financial literacy and desire to make a positive and lasting impact on the youth. It is also the insurance firm's way of giving back and increasing financial inclusion in the country.

For its second year, Manulife Philippines and MBPS employees served as weekly Peso Smart mentors. As a final project, the students were asked to create and present a financial plan for their family wherein they applied what they have learned from the program.

60 beneficiary students graduated from Peso Smart in March 2019. The second installment of the program has been implemented in the Academic Year 2018 – 2019.









# Independent Auditor's Report

The Board of Directors and Stockholders  
The Manufacturers Life Insurance Co. (Phils.), Inc.

## Report on the Audit of the Parent Company Financial Statements

### Opinion

We have audited the parent company financial statements of The Manufacturers Life Insurance Co. (Phils.), Inc. (the Company), which comprise the parent company statements of financial position as at December 31, 2018 and 2017, and the parent company statements of income, parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, 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 Parent Company 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 parent company 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.of training in 2018 compared to 11.11 hours per employee in 2017.

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

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

In preparing the parent company 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 Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company 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 parent company 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 parent company 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 parent company financial statements, including the disclosures, and whether the parent company 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.

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

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of The Manufacturers Life Insurance Co. (Phils.), Inc. in a separate schedule. Revenue Regulations 15-2010 require the information to be presented

in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68. Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.



### Josephine Adrienne A. Abarca

Partner  
CPA Certificate No. 92126  
SEC Accreditation No. 0466-AR-4 (Group A),  
November 13, 2018, valid until November 12, 2021  
Tax Identification No. 163-257-145  
BIR Accreditation No. 08-001998-61-2018,  
February 26, 2018, valid until February 25, 2021  
PTR No. 7332515, January 3, 2019, Makati City

April 1, 2019

# Parent Company Statements of *Financial Position*

	December 31	
	2018	2017
<b>Assets</b>		
<b>Cash and Cash Equivalents</b> (Note 4)	<b>Php 3,080,640,436</b>	Php 1,810,466,019
<b>Insurance Receivables</b> (Notes 25)	<b>140,660,107</b>	136,609,502
<b>Financial Assets</b> (Note 5)		
Financial assets at fair value through profit or loss	<b>45,451,845,602</b>	43,987,965,569
Available-for-sale financial assets	<b>37,355,870,822</b>	42,679,934,539
Loans and receivables	<b>6,279,732,258</b>	6,173,258,795
<b>Accrued Income</b> (Note 7)	<b>534,966,644</b>	549,137,344
<b>Reinsurance Assets</b> (Notes 13 and 26)	<b>1,064,318,029</b>	964,334,790
<b>Investments in Subsidiaries</b> (Note 8)	<b>1,427,329,688</b>	2,091,298,983
<b>Property and Equipment</b> (Note 9)	<b>560,062,939</b>	262,916,219
<b>Intangible Assets</b> (Note 10)	<b>29,883,200</b>	37,354,000
<b>Other Assets</b> (Notes 11)	<b>174,612,701</b>	84,975,701
	<b>Php 96,099,922,426</b>	Php 87,306,084,863
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Insurance contract liabilities (Notes 12 and 13)	<b>Php 74,767,348,135</b>	Php 77,210,905,009
Policyholders' dividends (Note 25)	<b>3,617,297,406</b>	3,790,613,701
Insurance payables (Note 25)	<b>1,345,759,886</b>	822,975,000
Premium deposit fund (Note 25)	<b>36,653,595</b>	39,923,559
Accounts payable and accrued expenses (Note 14)	<b>1,924,181,718</b>	1,831,643,374
Due to related parties (Note 26)	<b>660,753,922</b>	411,431,928
Pension liability (Note 23)	<b>-</b>	14,775,243
<b>Total Liabilities</b>	<b>82,351,994,662</b>	84,122,267,814
<b>Equity</b>		
Capital stock (Notes 16 and 28)	<b>930,000,000</b>	930,000,000
Additional paid-in capital (Note 16)	<b>50,635,817</b>	50,635,817
Retained earnings	<b>18,327,101,258</b>	17,105,889,317
Appropriated surplus - Negative reserves (Notes 2 and 12)	<b>3,430,504,839</b>	2,813,484,391
Remeasurement loss on policy reserves (Notes 2 and 12)	<b>(850,806,510)</b>	(5,186,623,391)
Remeasurement gain (loss) on pension plan (Note 23)	<b>37,204,644</b>	12,997,291
Reserve for fluctuation in value of available-for-sale financial assets (Note 5)	<b>(8,176,712,284)</b>	(1,070,399,778)
<b>Total Equity</b>	<b>13,747,927,764</b>	14,655,983,647
	<b>Php 96,099,922,426</b>	Php 98,778,251,461

See accompanying Notes to Parent Company Financial Statements.



# Parent Company Statements of *Income*

Years Ended December 31		
	2018	2017
<b>Revenue</b>		
Gross premiums earned on insurance contracts	Php 18,407,894,758	Php 18,192,474,472
Reinsurers’ share of gross premiums earned on insurance contracts	(726,820,908)	(554,306,396)
Net insurance premiums earned (Note 17)	17,681,073,850	17,638,168,076
Investment income (Note 18)	2,710,766,478	2,636,696,181
Gain on sale of available-for-sale financial assets (Note 5)	51,745,690	284,102,976
Fair value gain (loss) on financial assets at FVPL (Note 5)	(6,012,137)	5,416,860
Fees and commission income	70,171,020	2,964,168
Foreign currency exchange gains	1,666,444	430,951
Other income (Note 19)	3,110,748,763	2,672,938,416
<b>Total Revenue</b>	<b>23,620,160,108</b>	<b>23,240,717,628</b>
<b>Benefits, Claims and Operating Expenses</b>		
Gross benefits and claims incurred on insurance contracts (Note 20)	3,423,299,765	3,342,475,472
Reinsurers’ share of benefits and claims incurred on insurance contracts (Note 20)	(12,174,632)	(16,491,862)
Gross change in legal policy reserves (Note 20)	10,450,748,517	10,310,581,849
Reinsurers’ share of gross change in legal policy reserves (Note 20)	(2,735,816)	(2,737,133)
Dividends and dividend interest to policyholders	486,431,418	523,788,951
Net insurance benefits and claims	14,345,569,252	14,157,617,277
General and administrative expenses (Note 21)	3,156,508,484	2,772,058,864
Commissions and other direct expenses (Note 22)	2,849,255,100	2,564,321,206
Impairment loss on investment in subsidiary (Note 8)	663,969,295	–
Insurance and other taxes	175,643,011	104,288,194
Underwriting expense	10,696,993	10,225,336
Interest on premium deposit fund	142,062	179,392
<b>Total benefits, claims and operating expenses</b>	<b>21,201,784,197</b>	<b>19,608,690,269</b>
<b>Income Before Income Tax</b>	<b>2,418,375,911</b>	<b>3,632,027,359</b>
<b>Provision for Income Tax (Note 24)</b>	<b>580,143,522</b>	<b>535,544,450</b>
<b>Net Income</b>	<b>Php 1,838,232,389</b>	<b>Php 3,096,482,909</b>

See accompanying Notes to Parent Company Financial Statements.

# Parent Company Statements of *Comprehensive Income*

Years Ended December 31		
	2018	2017
<b>Net Income</b>	<b>Php 1,838,232,389</b>	Php 3,096,482,909
<b>Other Comprehensive Income (Loss)</b>		
<b>Item that will be reclassified to profit or loss in subsequent periods:</b>		
Net change in fair value of available-for-sale financial assets (Note 5)	(7,106,312,506)	(3,565,733,834)
Remeasurement gain (loss) on legal policy reserves (Note 12)	4,335,816,881	1,060,155,951
<b>Item that will not be reclassified to profit or loss in subsequent periods:</b>		
Remeasurement loss on pension plan (Note 23)	24,207,353	(4,445,673)
	(2,746,288,272)	(2,510,023,556)
<b>Total Comprehensive Income</b>	<b>Php 908,055,883</b>	Php 586,459,353

See accompanying Notes to Parent Company Financial Statements.



# Parent Company Statements

## of *Changes in Equity*

	Capital Stock (Note 16)	Additional Capital (Note 16)	Retained Earnings (Notes 2)	Appropriated Surplus - Negative Reserves (Notes 2 and 12)	Remeasurement Gain (Loss) on Policy Reserves (Notes 2 and 12)	Remeasurement Gain on Pension Plan (Note 23)	Reserve for Fluctuation in Value of Available-for- sale Financial Assets (Note 5)	Total
As at January 1, 2018	930,000,000	50,635,817	17,105,889,317	2,813,484,391	(5,186,623,391)	12,997,291	(1,070,399,778)	14,655,983,647
Net income	-	-	1,838,232,389	-	-	-	-	1,838,232,389
Other comprehensive income (loss)	-	-	-	-	4,335,816,881	24,207,353	(7,106,312,506)	(2,746,288,272)
Total comprehensive income (loss)	-	-	1,838,232,389	-	4,335,816,881	24,207,353	(7,106,312,506)	(908,055,883)
Appropriation of negative policy reserves	-	-	(617,020,448)	617,020,448	-	-	-	-
As at December 31, 2018	Php 930,000,000	Php 50,635,817	Php 18,327,101,258	Php 3,430,504,839	(Php 850,806,510)	Php 37,204,644	(Php 8,176,712,284)	Php 13,747,927,764
As at January 1, 2017	930,000,000	50,635,817	14,294,185,034	2,528,705,765	(6,246,779,342)	17,442,964	2,495,334,056	14,069,524,294
Net income	-	-	3,096,482,909	-	-	-	-	3,096,482,909
Other comprehensive loss	-	-	-	-	1,060,155,951	(4,445,673)	(3,565,733,834)	(2,510,023,556)
Total comprehensive income (loss)	-	-	3,096,482,909	-	1,060,155,951	(4,445,673)	(3,565,733,834)	586,459,353
Appropriation of negative policy reserves	-	-	(284,778,626)	284,778,626	-	-	-	-
As at December 31, 2017	Php 930,000,000	Php 50,635,817	Php 17,105,889,317	Php 2,813,484,391	(Php 5,186,623,391)	Php 12,997,291	(Php 1,070,399,778)	Php 14,655,983,647

See accompanying Notes to Parent Company Financial Statements.



# Parent Company Statements

## of *Cash Flows*

Years Ended December 31		
	2018	2017
<b>Cash Flows from Investing Activities</b>		
Income before income tax	Php 2,418,375,911	Php 3,632,027,359
Adjustments for:		
Impairment loss on investment in subsidiary (Note 8)	663,969,295	–
Change in IBNR provision (Note 12)	144,510,834	72,099,347
Depreciation and amortization (Note 21)	134,262,075	123,487,909
Retirement costs (Note 23)	36,183,263	33,004,304
Change in legal policy reserves (Note 12)	30,585,217	(434,471,503)
Fair value loss (gain) on financial assets at fair value through profit or loss (Note 5)	6,012,137	(5,416,860)
Interest on premium deposit fund	142,062	179,392
Dividend income (Note 18)	(24,353,180)	(32,645,858)
Unrealized foreign currency exchange gains - net	(46,517,826)	(4,107,919)
Gain on sale of available-for-sale financial assets (Note 5)	(51,745,690)	(284,102,976)
Interest income (Note 18)	(2,686,413,299)	(2,604,050,323)
Operating income before changes in operating assets and liabilities	625,010,799	496,002,872
Decrease (increase) in:		
Insurance receivables	(4,050,605)	39,915,771
Loans and receivables	(105,886,059)	(59,340,329)
Reinsurance assets	(99,983,239)	(517,802,127)
Financial assets at fair value through profit or loss	(1,421,593,123)	(12,982,296,027)
Other assets	(42,077,642)	(13,304,107)
Increase (decrease) in:		
Insurance contract liabilities - unit-linked	1,656,522,628	11,792,834,577
Accounts payable and accrued expenses	92,538,344	186,760,542
Policy and contract claims, and other insurance contract liabilities (Note 12)	60,641,328	(20,791,774)
Policyholders’ dividends	(173,316,295)	(295,918,615)
Insurance payables	522,784,886	470,906,952
Due to related parties	249,321,994	169,851,879
Premium deposit fund	(3,269,964)	(4,594,497)
Cash generated from (used in) operations	1,356,643,052	(733,180,386)
Interest paid	(142,062)	(179,392)
Contribution to retirement fund (Note 23)	(32,284,279)	(28,263,689)
Income taxes paid (including creditable withholding taxes)	(622,757,158)	(497,331,245)
Net cash provided by (used in) operating activities	701,459,553	(1,258,954,712)
(Forward)		

Years Ended December 31		
	2018	2017
<b>Cash Flows from Investing Activities</b>		
Interest received	Php 2,776,275,239	Php 2,601,691,614
Proceeds from sales and/or maturities of available-for-sale financial assets (Note 5)	1,833,917,449	1,525,954,741
Proceeds from withdrawal of investment insurance fund - seed money	23,887,565	32,541,953
	1,700,953	–
Acquisitions of:		
Available-for-sale financial assets (Note 5)	(3,585,363,542)	(3,105,783,072)
Property and equipment (Note 9)	(423,937,995)	(150,819,658)
Additional investment in insurance investment fund - seed money	(50,000,000)	(2,341,882)
Capital infusion to subsidiaries (Note 8)	–	(1,100,000,000)
Net cash provided by (used in) investing activities	576,479,669	(198,756,304)
Effect of Foreign Currency Rate Changes in Cash and Cash Equivalents	(7,764,804)	524,685
Net Increase (Decrease) in Cash and Cash Equivalents	1,270,174,418	(1,461,780,828)
Cash and Cash Equivalents at the Beginning of Year	1,810,466,019	3,272,246,847
Cash and Cash Equivalents at the end of Year (Note 4)	Php 3,080,640,436	Php 1,810,466,019

See accompanying Notes to Parent Company Financial Statements.







# Branch Directory

**Alabang**  
2/F Common Goal Tower,  
Finance cor Industry St,  
Madrigal Business Park, Ayala  
Alabang, Muntinlupa City

**Angeles**  
2/F JIM Building, Lot 7 & 19  
Blk 1, Diamond Services Road,  
McArthur Highway, Balibago,  
Angeles City

**Bacolod**  
2/F O Residences, Lacson  
Street, Mandalagan,  
Bacolod City

**Baguio**  
2/F ES Clemente Building,  
Shanum cor Otek Streets  
corner Lake Drive, Burnham  
Park, Baguio City

**Bataan**  
90 dela Fuente Bldg., Capitol  
Drive, Balanga City, Bataan

**Batangas**  
2/F Recto & Ofelia Building,  
65 MH Del Pilar St, Barangay  
1, Poblacion, Batangas City

**BGC**  
Fort Bonifacio City Branch, G/F  
Unit 4, Ore Central, 9th St, cor  
31st, Fort Bonifacio,  
City of Taguig

**Binondo**  
G/F & 2/F Federal Tower,  
Dasmarinas cor Muelle de  
Binondo, Binondo Manila

**Bukidnon (Valencia)**  
TS Mix Building, Sayre  
Highway, Poblacion, Valencia  
City, Bukidnon

**Butuan**  
2/F Samping Avenue, JC  
Aquino Ave., Butuan City

**Cabanatuan**  
G/F Rosita Building, Maharlika  
Highway, Cabanatuan City

**Cagayan de Oro 1**  
2/F Knights of Columbus  
Building, Captain Vicente Roa  
Extension, Cagayan de Oro  
City, Misamis Oriental

**Cagayan de Oro 2**  
Mezzanine, Pelaez Commercial  
Arcade 1 Extension, Tiano  
corner Cruz, Taal, Cagayan de  
Oro City

**Calamba**  
Brgy 1 Purok 4, National  
Highway, Calamba City

**Calbayog**  
2/F Lentejas Bldg., 729  
Maharlika Highway, JPR  
Subdivision, Brgy Obrero,  
Calbayog City, Samar

**Cebu Bonifacio**  
2/F Bonifacio District,  
F Cabahug Street,  
Kasambagan, Cebu City

**Cebu Keppel**  
GF Keppel Center, Samar Loop  
cor Cardinal Rosales Ave.,  
Cebu Business Park, Cebu City

**Dagupan**  
Ground floor, VFV Towers,  
Perez Boulevard, Dagupan City

**Davao Main**  
7/F Abreeza Corporate Center,  
JP Laurel Ave., Barangay 20-B,  
Poblacion District, Davao City

**Davao Mall**  
3/F Abreeza Corporate Center,  
JP Laurel Ave., Barangay 20-B,  
Poblacion District, Davao City

**Del Monte**  
3rd Floor Z-Square Mall Bldg,  
Banawe cor Del Monte, Brgy  
Manresa, Quezon City

**Dipolog**  
2/F Felicidad II Bldg.,  
Quezon Avenue, Dipolog City,  
Zamboanga del Norte

**Dumaguete**  
2/F Units A & B Yala Lifestyle  
Mall, Calindagan,  
Dumaguete City

**Escolta**  
G/F Natividad Bldg, Escolta  
cor Tomas Pinpin, Binondo,  
Manila

**General Santos Branch**  
2F RD BDO Bldg., Santiago  
Blvd., cor JP Laurel St.,  
General Santos City

**Greenhills**  
9 Floor BTTC Center, 288  
Ortigas Ave. cor Roosevelt St,  
San Juan City

**Iligan Branch**  
2/F Garcia Building Party  
Plaza, Quezon Avenue  
Extension, Rabago, Iligan City

**Iloilo Main**  
GF AMK Bldg., 68 General  
Luna St., Iloilo City

**Iloilo Plazuela**  
Plazuela Dos, San Rafael,  
Mandurriao, Iloilo City

**Imus**  
Palico 4, Aguinaldo Highway,  
Imus, Cavite

**Isabela**  
G/F Navarro Building, National  
Highway, Villasis, Santiago  
City, Isabela

**Kalibo**  
Door 9 2/F, Salas Quimpo  
Plaza, 19 Martyrs Street,  
Poblacion Kalibo, Aklan

**Koronadal**  
G/F FB Hotel & Convention  
Center, Alunan Avenue  
(National Highway), Koronadal  
City, South Cotabato

**Laoag**  
CUA Bldg., cor Rizal & Farinas  
Sts., San Vicente , Laoag City,  
Ilocos Norte

**Lapu Lapu**  
G/F Lilang’s Building, ML  
Quezon, National Highway,  
Pajo, Lapu Lapu City,  
Cebu 6015

**Lemery**  
2/F Humarang Bldg., Purok  
1, Brgy. Palanas, Lemery,  
Batangas

**Lipa**  
2/F Big Ben Complex, JP  
Laurel Highway, Lipa City,  
Batangas

**Malolos**  
G/F MIDECOR Bldg, Km 41,  
McArthur Highway, Sumapang  
Matanda, Malolos, Bulacan

**Naga**  
2/F Diaz Bldg., Elias Angeles  
St., Naga City, Camarines Sur

**Ormoc City**  
2F Ormoc Centrum Bldg.,  
Aviles St., District 12, Ormoc  
City

**Ortigas (Hanston)**  
20/F Hanston Square, 17 San  
Miguel Avenue, Ortigas, Pasig  
City

**Ozamis Branch**  
2nd Floor, Infinity Building,  
Don Anselmo Bernard Avenue,  
Ozamiz City

**Quezon Ave**  
G/F & 5/F CWI Bldg, 1050  
Quezon Avenue, Quezon City

**Quintin Paredes**  
GF-07 Pacific Centre Bldg.  
460 Quintin Paredes St 027  
Brgy 289 Binondo, Manila

**Roxas City**  
Arcade Bldg. B, Gaisano Roxas  
Arcade, Arnaldo Blvd.,  
Roxas City

**Sta Rosa**  
3/F San Jose Bldg, Sta Rosa  
Tagaytay Road, Brgy Sto  
Domingo, Sta Rosa, Laguna

**Tacloban**  
G/F Tacloban Fil-Chinese  
Chamber of Commerce Inc.  
Bldg., 78 Justice Romualdez  
Street, Tacloban City

**Tagbilaran**  
QVC Business Plaza, CPG  
North Avenue, Tagbilaran City,  
Bohol

**Tagum**  
2F Cuntapay Building,  
National Highway, Tagum,  
Davao City

**Talisay City (Cebu)**  
2/F South Coast Center, Linao,  
Talisay City, Cebu

**Tarlac**  
2/F RICNI Bldg., Zamora  
Street, McArthur Highway, San  
Roque, Tarlac City

**Tuguegarao**  
G/F IRD Bldg., Diversion Road,  
PengueRuyu, Tuguegarao City,  
Cagayan Valley

**Zamboanga**  
2F Printex Printers Building,  
Mayor Jaldon St., Canelar,  
Zamboanga City