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MESSAGE FROM THE PRESIDENT & CEO



A Message from the President & CEO

In 2019, we made significant progress on bringing to life our new mission – Decisions made easier, lives made better. We introduced digital innovations that made transactions faster and more convenient for our agents and customers. We also introduced new products that helped more Filipinos secure a better future. Internally, we strengthened our operations and workforce to make sure our people are empowered with the best tools to serve our customers.

We also moved to a new and modern office in NEX Tower, which perfectly symbolizes our holistic transformation – digitally-enabled work and meeting spaces, open layouts to inspire agile work, and fresh colors and greenery to exude vibrance and energy. We also introduced a new way of working through WorkFlex, which allows our employees the flexibility to choose how they want to work and maximize their productivity. Various recognitions received from the industry and the business world also cemented our strong position as one of the most respectable employers and insurance companies in the country today.

Digital and customer-centric leader

In 2019, we launched Manulife Online, a new self-service portal that allows our customers to manage their policies anytime and anywhere. With Manulife Online, they can access their policy information, check fund performance, be reminded of their premium due dates, and make online payments.

We also rolled out our Electronic Point-of-Sale or ePOS, to equip our agency force with a digital tool that enables them to propose solutions to address customer needs, and complete the customer's purchase process without paper and through digital channels.

We introduced iFunds, which enabled Manulife Asset Management Trust Corporation (MAMTC) to digitize the purchase of a Unit Investment Trust Funds (UITFs), and provide customers with online tracking of their investment accounts.

To better serve the ever-evolving needs of our customers, we also launched an array of new and innovative products such as Manulife My Vision Plan (MVP), MCBL Enrich and MCBL Secure Life 7. Further, we enhanced our investment-linked insurance products through the introduction of the Asia Pacific REIT Fund. These Manulife products add to the options available for Filipinos to protect themselves and their families.

We also relocated our Cebu branch to a newer, more modern space, and opened an additional branch in Cebu Bonifacio District. A new branch was likewise inaugurated in Pagadian to make our products and services more accessible to customers in the VisMin region.

High-performing team

Thankfully, our efforts for both our external and internal stakeholders did not go unnoticed. In 2019, we received the award for Best Life Insurance Brand in the Philippines in 2018 by Global Brands Magazine. We were also awarded "Best

Employer Brand" by the CMO Asia and the Employer Branding Institute for our effective use of communications to attract, develop, and retain talent. We were also recognized as one of the top companies in the country for Corporate Governance. Our corporate social responsibility program Peso Smart was recognized as the best "Philippines CSR Initiative of the Year" for its unique and innovative teaching approach, and relevance to the rising need of Filipino communities.

An expression of gratitude

My first year at Manulife Philippines would not have been successful without the incredible trust and support of our employees, distributors, partners and customers. Each and every member of the company has been instrumental in making the company's vision a reality.

Finally, I would like to recognize Joachim "Joschi" Wessling, our former Chairman of the Board, who we lost this year. His leadership and amazing humanity were integral in transforming Manulife Philippines to what it is today, and for that we are grateful. Joschi will be sorely missed, but his legacy and generosity of spirit will live on for many years. He will continue to inspire us as we aim for a stronger and more united Manulife in the years to come.

Every year, we find ourselves celebrating both the challenges that taught us valuable lessons, and the milestones that give us validation. As we look back on 2019, I am filled with confidence and optimism that more inspiring stories will unfold for Manulife in the years to come.

Cheers and Maraming Salamat!

Richard Bates

President & Chief Executive Officer
Manulife Philippines

ABOUT MANULIFE

Manulife Financial Corporation

Manulife Financial Corporation is a leading international financial services group that helps people make their decisions easier and lives better. With our global headquarters in Toronto, Canada, we operate as Manulife across our offices in Canada, Asia, and Europe, and primarily as John Hancock in the United States. We provide financial advice, insurance, and wealth and asset management solutions for individuals, groups and institutions.

At the end of 2019, we had more than 35,000 employees, over 98,000 agents, and thousands of distribution partners, serving almost 30 million customers. As of December 31, 2019, we had \$1.2 trillion (US\$0.9 trillion) in assets under management and administration, and in the previous 12 months we made \$29.7 billion in payments to our customers.

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

Our Mission

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

Our Values

Our values represent how we operate. They reflect our culture, inform our behaviors, and help define how we work together.



Obsess about customers

We predict our customers' needs and do everything in our power to satisfy them.



Do the right thing

We act with integrity and do what we say.



Think big

Anything is possible. We can always find a better way.



Get it done together

We're surrounded by an amazing team. We can do it better by working together.



Own it

We have the freedom and power to make decisions, and the courage to pursue our mission and vision.



Share your humanity

We build a supportive, diverse, optimistic and thriving workplace.









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.

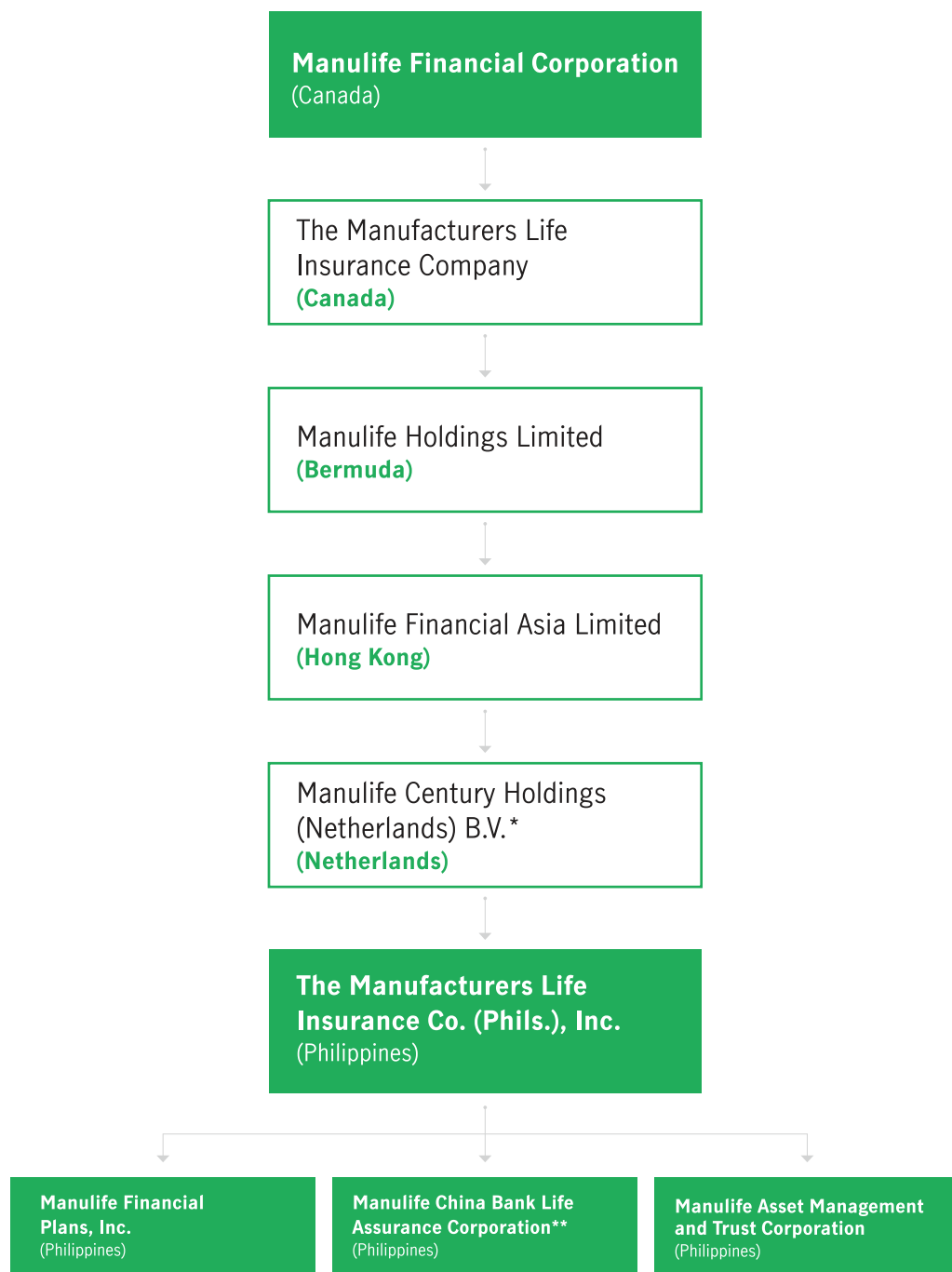
Manulife Philippines is a wholly-owned domestic subsidiary of Manulife Financial Corporation, among the world's largest life insurance companies by market capitalization.

Manulife Philippines in Numbers

	1907	Founding Year
	US\$2.1B	Assets under Management
	US\$154M	Premiums and Deposits for Wealth
	US\$290M	Premiums and Deposits for Insurance
	11,699	Insurance Commission Licensed Agents
	438,050	Policies in Force

All figures are as of end of December 2019.

OWNERSHIP STRUCTURE



* Beneficial Owner

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

All Entities are 100% controlled unless otherwise indicated

BOARD OF DIRECTORS

*AS OF JANUARY 2020



Richard Bates

Executive Director

Richard Bates (46) is the President and CEO of Manulife Philippines. He currently serves as an executive director of Manulife Philippines, Manulife Financial Plans, Inc., Manulife China Bank Life Assurance Corp., and Manulife Asset Management and Trust Corporation. He first served as a director of said companies in 2019.

Prior to joining Manulife, Richard served as the Chief Executive Officer of AIA (Cambodia) Insurance PLC. He likewise held other roles with AIA over nearly 10 years, including Chief Representative, Regional Director, and Group Head, Corporate Transactions. Richard also worked with KPMG Hong Kong before working for AIA.

Richard graduated from the University of Portsmouth in England with a degree in business administration and management.



Matthew Lawrence

Non-Executive Director

Matthew Edward Lawrence (43) serves as a non-executive director of Manulife Philippines, Manulife Financial Plans, Inc., and Manulife China Bank Life Assurance Corp. He was first elected as director on 01 October 2019. He also serves as a member of the Company's Audit Committee, Nomination and Remuneration Committee, and Related Party Transactions Committee.

Matt joined Manulife as Regional Controller, Asia, on 30 June 2019. In this role, he is responsible for the Asia regional finance team, overseeing financial planning & analysis, management reporting, expense management and accounting policy.

Matt has over 20 years of experience in the insurance industry, holding leadership positions in both the corporate and professional services fields that span across North America, Europe and Asia. Prior to joining Manulife, he worked at Prudential where he held a series of progressive roles; most recently as Finance Director of Prudential Assurance Company Singapore, where he was responsible for strategic planning and analysis, financial reporting, finance operations, and finance innovation. Prior to his time with Prudential, he spent many years at KPMG and has experience that covers accounting advisory, audit, and transaction services.

A Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales, Matt holds a Bachelor of Science in Economics from London School of Economics and Political Science. He speaks frequently at industry events on the subject of accounting change for insurance, most recently speaking at events in Singapore, Hong Kong and South Korea.



Anthony Buchanan

Non-Executive Director

*as of January 2020

Anthony Buchanan (39) serves as a non-executive director of Manulife Philippines and Manulife Financial Plans, Inc., having been first elected as such on 01 January 2020.

Anthony is the Head of Operations and IT Performance of Manulife Asia. He is likewise a member of the board of directors of Manulife IT Development Centre and a board supervisor of Manulife Information and Technology Services Co., Ltd. in Chengdu, China. Prior to joining Manulife, Anthony was the Head of IT and Operations Performance and Planning of QBE Emerging Markets. Prior to that Anthony came from a strategy and IT consulting background working with Capgemini and Ernst & Young.

Anthony is a Mechanical Engineering graduate of Monash University in Victoria, Australia and of Masters of Aeronautical Engineering from the same university.



Rhoda Regina Reyes-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 a Bachelor of Science in Legal Management and Bachelor of Laws degrees from the Ateneo de Manila University.



Janette L. Peña

Independent Director

Janette L. Peña (60) 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 Chairperson 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.

Conrado Favorito

Independent Director

Conrado Favorito (61) 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 Consultant, Keynote Speaker, Trainer, Author/ Editor and Resource-person. Likewise, he is an ISO Consultant of Sison, Corillo, Parone & Co. He is also an accredited partner/ speaker/ trainer of Ariva Academy, South East Asia Speakers & Trainers Bureau, and SMESoft.

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.



Joachim Wessling

Chairman/Non Executive Director (Deceased)

Joachim Wessling (53) was 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 served as the Chairperson of Manulife (Cambodia) PLC, and Manulife Insurance (Thailand) Public Company Limited.

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



EXECUTIVE COMMITTEE



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

▲ **Fritzie Tangkila-Fabricante**
SVP & Head of
Legal and Compliance

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

▲ **Melissa Angela Renson**
SVP & Chief
Marketing Officer



▲ **Richard Rufes**
President & CEO
Manulife Philippines

▲ **Esterline Suenes**
SVP & Chief
Financial Officer

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

▲ **Macarla Trinidad Caspar**
President & CEO,
Manulife Asset Management
and Trust Corporation
(MANATC)

▲ **Sandeep Deshpande**
President & CEO,
Manulife China Bank
Life Assurance Corporation
(MCL)

SENIOR OFFICERS

(as of May 2020)



Mikael Diaz de Rivera
VP & Head of
Distribution Operations



Bellaflor De Los Reyes
SVP & Executive Territory Head



Marlon Vicente
VP & Senior Territory Head



Mark Phillip Gochingco
VP & Senior Territory Head



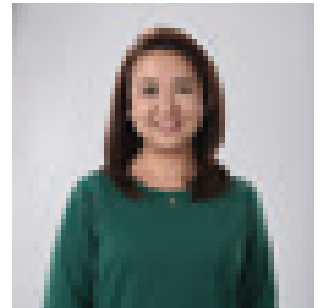
Roselle Sibayan
VP and Head of Agency Training



Edwin Magpantay
VP & Controller



Jose Eduardo Ang
VP & Chief Actuary



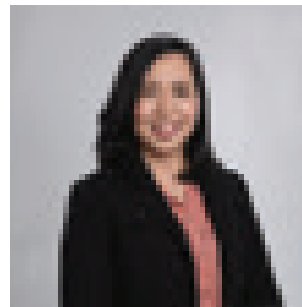
Maria Trinidad Henson
VP & Client Centricity Head



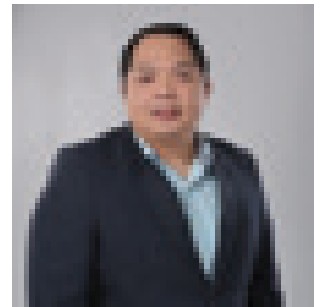
Katherine Wong
VP & Branding, Marketing
Communications and Digital Head



Ivan De Leon
VP & Product Development
and Management Head



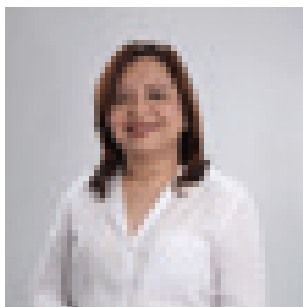
Judy San Jose
VP & Customer and
Policy Administration Head



Wynnford Medrano
VP & Head of Corporate
Real Estate



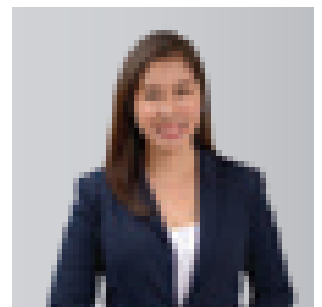
Renan David
VP & New Purchase
Experience Head



Maxima Linda Galido
VP & Product Owner



Jeffrey Jardin
Head of Risk Management
& Data Protection Officer



Atty. Kristine Espinosa-Berris
Corporate Secretary
*As of June 2020

MANULIFE IN THE PHILIPPINES



Manulife 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 Corporation (MCBL) with China Banking Corporation; and an asset management and trust company, Manulife Asset Management and Trust Corporation (MAMTC).

MBPS and MITDC

Manulife also operates two offshoring businesses in the country: Manulife Data Services, Inc., more commonly known as Manulife Business Processing Services (MBPS), and Manulife IT Delivery Services (MITDC).

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.

Manulife IT Delivery Center (MITDC) was established in the Philippines in 2019 to deliver and maintain digital solutions, to provide faster and better service to Manulife customers across Asia.

Apart from its operations in Manila, it also has a branch in Ho Chi Minh, Vietnam.

MBPS and MITDC are operated by Manulife global and are independent from the operations of Manulife Philippines.

MANULIFE PHILIPPINES SUBSIDIARIES



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 10th anniversary in 2017.

Manulife Asset Management

Manulife Asset Management and Trust Corporation (MAMTC)

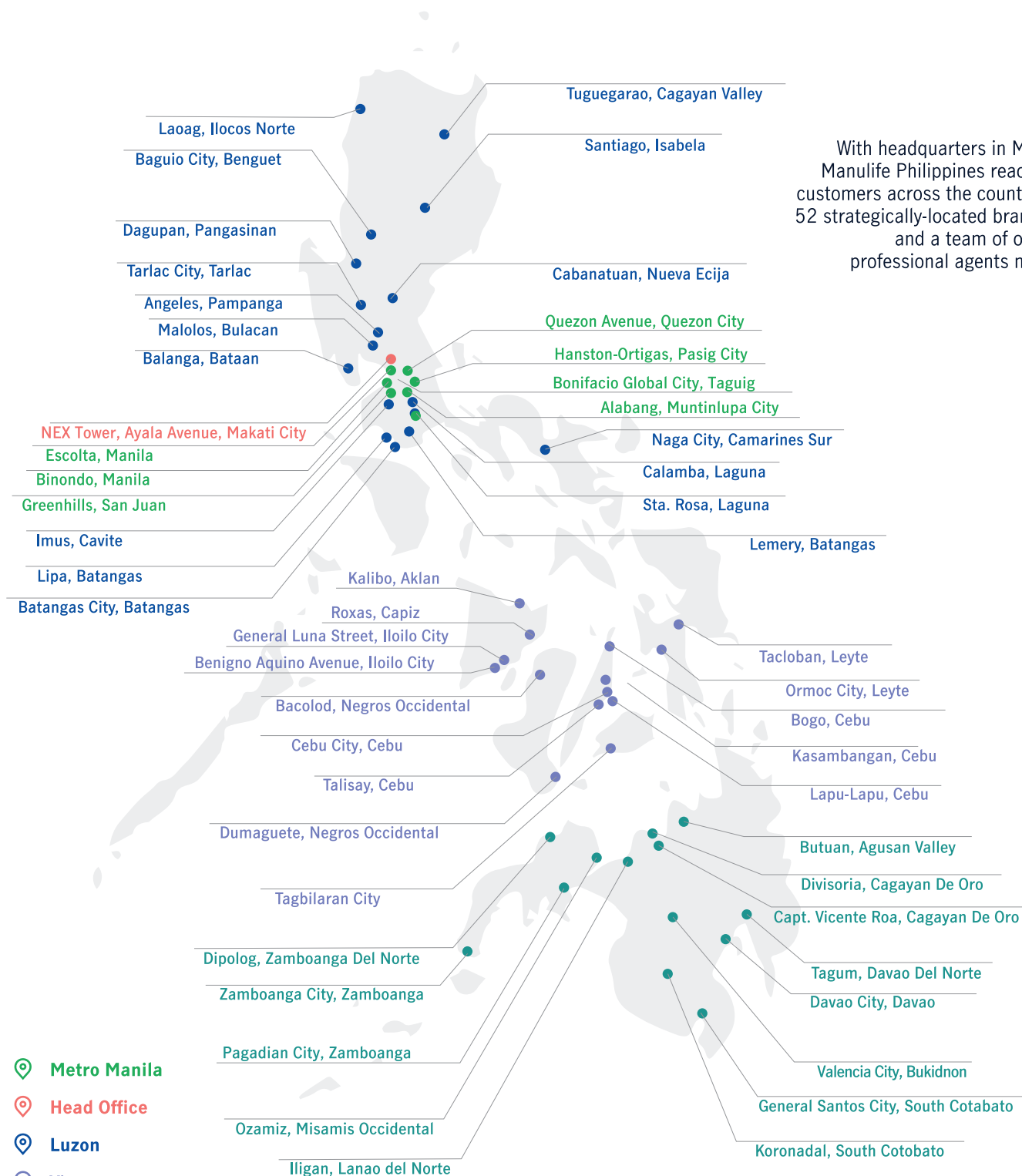
Manulife Asset Management and Trust Corporation (MAMTC) is a wholly-owned subsidiary of Manulife Philippines. MAMTC acquired its trust and other fiduciary business license from the Banko Sentral ng Pilipinas in 2017 and started operations in September 2017. It is the first trust corporation in the Philippines that is backed by a leading multinational financial services group.

MAMTC is part of the global network of asset management companies of Manulife Investment Management, the global asset management arm of Manulife Financial Corporation. Manulife Investment Management has operations in 17 countries and territories and has more than 450 investment professionals. Assets under management of Manulife Asset Management amount to approximately USD 409 Billion.

Leveraging Manulife Investment Management's global and regional investment capability, MAMTC aims to provide investment solutions that can help clients grow their wealth portfolio according to their risk and return objectives. MAMTC's competitive advantage of interconnectivity and idea sharing among the network of investment management professionals is unmatched by many local and global asset managers. It has access to the best investment ideas from 10 markets across Asia and the funds under its management benefit from real time information, market and policy insight and investment know-how that only strong connectivity can provide.

BRANCH NETWORK

With headquarters in Makati City, Manulife Philippines reaches out to customers across the country through 52 strategically-located branch offices and a team of over 11,000 professional agents nationwide.



Branch Map (as of June 2020)

CORPORATE GOVERNANCE

Corporate Governance Policy

Manulife Philippines is committed to its full compliance with the Insurance Commissions' 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.

Ensuring 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 put before 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 also 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.

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, Ms. Maleen Rodriguez, 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.

The Audit Committee reviewed the Company's material controls and risk management program, and found them to be adequate.

In 2019, the Audit Committee met four times as shown below:

Name of Director	Date of Meetings			
	01 April 2019	12 July 2019	30 September 2019	15 November 2019
Janette Peña (Chairperson/ Independent)	✓	✓	✓	✓
Rhoda Regina Rara (Independent)	✓	✓	✓	X
Conrado Favorito (Independent)	✓	✓	✓	✓
Ka Ming (Kenneth) Dai (Non-Executive)	✓	✓	✓	RESIGNED
Matthew Lawrence (Non-Executive)	NA			✓

In 2019, the Audit Committee's membership 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/ Matthew Lawrence	Non-Executive Director

In its recent meeting on June 8, 2020, the Audit Committee recommended for board approval the appointment of SGV & Co. as the Company's external auditor for 2020

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 characteristics 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 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 2019, 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 Meetings		
	01 April 2019	12 July 2019	30 September 2019
Rhoda Regina Rara (Chairperson/ Independent)	✓	✓	✓
Janette Peña (Independent)	✓	✓	✓
Conrado Favorito (Independent)	✓	✓	✓
Ka Ming (Kenneth) Dai (Non-Executive)	✓	✓	✓
Joachim Wessling (Non-Executive)	✓	X	✓

In 2019, the Audit Committee's membership 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



In 2019, the Nomination and Remuneration Committee met three times to deliberate and recommend for board approval nominees to the board and corporate officers

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 2020 were presented to the Board and approved on 15 November 2019.

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 five (5) times in 2019. The Board members' attendance during meetings is shown below:

Name of Director	Date of Meetings					
	01 April	10 May (Special)	12 July	30 September	15 November	Percentage
Joachim Wessling	/	/	/	/	/	100%
Ryan Charland	/	/	RESIGNED			NA
Richard Bates	NA			/	/	100%
Kenneth Dai	/	/	/	/	RESIGNED	NA
Matthew Lawrence	NA				/	100%
Damien Green	NA		/	/	/	100%
Janette Peña	/	/	/	/	/	100%
Rhoda Regina Rara	/	/	/	/	X	80%
Conrado Favorito	/	/	/	/	/	100%

All directors, except for one who had an attendance rate of 80%, attended 100% of the meetings during which they were eligible to attend.

Venue of Meetings

All the Board and Committee meetings were held in the Company's Head Office at the NEX Tower, 6786 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, independent directors only 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. She was formerly the Company Secretary and Governance Officer of a Government Owned and Control Corporation, has attended various corporate governance trainings and seminars, and she is a graduate member of the Institute of Corporate Directors.

As Company Secretary, she 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 we are exposed, and to evaluating potential directly comparable risk-adjusted returns on contemplated business activities. Our risk policies and standards cover:

- Risk roles and authorities – Assignment of accountability and delegation of authority for risk oversight and risk management, as well as accountability principles;
- Governance and strategy – The types and levels of risk the Company seeks given its strategic plan, the internal and external environment, and risk appetite which drives risk limits and policies;
- Execution – Risk identification, measurement, assessment and mitigation

which enable those accountable for risks to manage and monitor their risk profile; and

- Evaluation – Validation, back testing and independent oversight to confirm that the Company generated the risk profile it intended, root cause analysis of any notable variation, and any action required to re-establish desired levels when exposures materially increase to bring exposures back to desired levels and achieve higher levels of operational excellence.

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 we might face in 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.

Our 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 function.

The second line of defense is comprised of the Company's Head of Risk Management, the Risk Management function, the Company's Chief Compliance Officer and the

Compliance 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, we are committed to a set of shared values, which reflect our culture, inform our behaviors, and help define how we work together:

- 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 we 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.

Risk Culture Vision

Within this context, we strive 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.

Risk Culture Framework

We have set a framework of desired behaviors to foster a strong risk aware culture. The

framework is assessed against a set of qualitative and quantitative indicators and regularly reported to the Board and senior management, with the intent to continuously identify opportunities to increase risk awareness across the Company.

We believe that risk culture is strengthened once desired organizational behaviors and attitudes are reinforced through effective application of our corporate values. As such, we communicate key elements of our values through a risk lens to build a strong risk aware culture, including:

- Transparency – Encourage an environment where we can get it done together by openly discussing the strengths, weaknesses and potential range of outcomes of an issue, proposal or initiative and making informed decisions. Escalate issues before they become significant problems.
- Risk appetite – Once we have assessed a risk or situation, establish a risk appetite and own that decision. Establish appropriate limits and associated delegated authority so we can confidently execute our strategy within our risk appetite.
- Learn – Use mistakes and failures as learning moments and share what was learned; think big by sharing beyond teams and business units. Seek out lessons learned from throughout the organization in order to continuously improve and grow our business the right way.
- Incentives – Align personal incentives with our goals and how we want to execute our plan. When things go wrong, share our humanity by planning our reaction and maintaining a supportive environment to ensure appropriate incentives for continued transparency and lessons learned.

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:

- Audit Committee – Oversees internal control over financial reporting and our finance, actuarial, internal audit and global

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.

- Nomination and Remuneration Committee – Oversees our human resources strategy, policies, programs, management succession, executive compensation, and pension plan governance.
- Related Party Transactions Committee – Oversees transactions among the Company, 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 our results and operations, and all risk taking activities and risk management practices required to achieve those results. The CEO is supported by the Head of Risk Management as well as by the Executive Risk Committee ("ERC"). Together, they shape and promote our risk culture, guide risk taking throughout our operations and strategically manage our overall risk profile. The ERC, along with other management risk oversight committees, establishes risk policies, guides risk taking activity, monitors significant risk exposures and sponsors strategic risk management priorities throughout the organization.

The Risk Management function, under the direction of the Head of Risk Management, establishes and maintains our ERM Framework and oversees the execution of individual risk management programs across the enterprise. Risk Management 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 - Oversees insurance risk and reviews risks in new products. Also monitors product design, new product pricing, and insurance risk exposures and trends.
- Asset Liability Committee – Oversees market and liquidity risk for insurance products, hedging, and asset liability management programs and strategies. Also monitors market risk profile, risk exposures, risk mitigation activities and compliance with related policies.

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.

Risk Philosophy

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;
- To invest wealth and asset management's customer assets consistent with their objectives, including investment risks and returns;
- Protecting and/or enhancing the Company's reputation and brand; and
- To maintain the Company's targeted financial strength rating.

We aim to only accept risks we can appropriately analyze and monitor. Risk management is an important factor in determining the success of our Company by providing a framework to mitigate exposures within the risk appetite and effectively deploying our capital towards appropriate risk/return profiles. As an integrated component of our business model, risk management assists the Company in achieving our objectives and encourages organizational learning.

Risk Appetite Statements

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;
- Manulife Philippines targets to be in line with its peers in terms of financial strength;
- Manulife Philippines values innovation and encourages initiatives intended to advance the ambition to be a digital customer-centric market leader;
- Capital market risks are acceptable when they are managed within specific risk limits and tolerances;
- Manulife Philippines believes a diversified investment portfolio reduces overall risk and enhances returns; therefore, it accepts credit and alternative long-duration asset related risks;
- Manulife Philippines 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 when managed with thresholds and tolerances of key risk indicators and 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

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. Our earnings-at-risk metric 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 Head of Risk Management, 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 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 to 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 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 Risk Management function oversees implementation of 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 and/or business strategies. We also consider taking advantage of opportunities identified to improve our competitiveness and ultimately our financial results.

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 to the Board.

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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 our value of "obsessing about the customer".

The **Net Promoter System** has been implemented across the company since 2016 as its customer metric and framework for identifying and addressing customer pain points. Feedback from customers are regularly obtained, analyzed and shared with the rest of the organization. Customer-centric actions and initiatives are then continuously put in place to address customer issues. All of these initiatives help the Company stay focused on its efforts to provide exceptional customer service.

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 Online is a mobile-optimized customer website that makes it easier and more convenient for customers to access their Manulife accounts anytime, anywhere. Here, they can get details such as their account value, when their next payment is due, and other important policy-related information. They can also make premium payments online as well as update their contact details.

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

At Manulife, we are 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 our care in accordance with the Philippines' Data Privacy Act of 2012, its implementing rules and regulations and our privacy policy available at www.manulife.com/Privacy-Policy.

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

Anti-Money Laundering and Anti-Terrorist Financing Policy

At Manulife, we are 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, we conduct 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.

In 2019, the Company conducted classroom training for its new hires on the basic principles of AML, and for its agents, and the members of the New Purchase Experience Team, Customer Policy Administration Team, and Partnership Distribution Team, on Enhanced Due Diligence Requirements. Online Training on AML Refresher was provided to all employees.

The Company also celebrated Compliance Week wherein AML-related activities were given to employees.

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.



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.

Anti-Bribery and Anti-Corruption Policy

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 (ABC) 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.

In 2019, the ABC Policy was cascaded to all employees as a reminder during the holiday season. In celebrating Compliance Week, the ABC Policy was also discussed with the employees.

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.

In 2019, the Gifts and Entertainment Policy was cascaded to all employees as a reminder during the holiday season. In celebrating Compliance Week, the Gifts and Entertainment Policy was also discussed with the employees.

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 27 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 & Co. (SGV & Co.), a member of Ernst and Young International, as its External Auditor. The Audit fees paid to SGV & Co., amounted to Php 1.9 million and Php 1.6 million in 2018 and 2017 respectively.

In 2019, there are no non-audit fees paid to external auditors.

For the past few years and for the Year 2019, 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. Regulatory compliance on 3rd Party outsourcing are met;

7. All contracts and supporting documents are reviewed and approved by appropriate officers; and

8. Suppliers meet their pricing, service level, and contractual commitments.

Supplier Selection Criteria

At 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;

7. Willingness to agree to Manulife's contract terms and conditions;

8. Compliance with Manulife's Outsourcing and Vendor Risk Management Policy which aims to enhance design, structure and effectiveness of risk management processes; and

9. Compliance with 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 providing a safe and healthy environment for all its employees, agents and customers through:

- Protection of the employees from work related accidents and injuries
- Promotion of a drug free workplace and a healthy lifestyle
- Prevention of violence and harassment in the workplace

The Management acknowledges the company's obligations and responsibilities to provide appropriate resources for implementing its OSH program, including orientation and training of its employees on OSH, provision and dissemination of materials on safety and health, provision of Personal Protective Equipment (PPE), when necessary, and other OSH related requirements and activities, to ensure the protection of its workers and employees against injuries, illnesses, and death through a safe and healthy working environment.

The company also ensures compliance with reportorial and program requirements mandated by the Department of Labor and Employment. There is accountability at all levels of management and cooperation with employees for effective implementation of policy and other related programs, such as:

- Occupational First Aid Training - implementation date June 2019
- Hazard Investigation and Risk Assessment and Control – annually since June 2019
- Reporting of unsafe work place hazards and work practices - monthly
- Fire and Earthquake Evacuation Drills - implementation date June 2019
- Orientation Programs – monthly
- Other company initiated safety and health activities – quarterly in 2019

The Company is committed to continual improvement by conducting regular reviews and implementing actions necessary to improve its OSH Program.



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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, Richard Bates, and the Audit Committee Chairperson, Janette Peña, also attended the meeting.

The Company's Shareholders (as of June 2020)

Name	Shares Held	Amount Paid	% of Ownership	Beneficial Owner	Nationality
The Manufacturers Life Insurance Co.* (MLIC)	929,993.0	Php 929,993,000.00	99.999%		Canadian
Vibha Coburn (Chairman/Non-Executive Director)	1.0	Php 1,000.00	nil	MLIC	Australian
Richard Bates (Executive Director)	1.0	Php 1,000.00	nil	MLIC	British
Matthew Lawrence (Non-Executive Director)	1.0	Php 1,000.00	nil	MLIC	British
Anthony Buchanan (Non-Executive Director)	1.0	Php 1,000.00	nil	MLIC	Australian
Conrado Favorito (Independent Director)	1.0	Php 1,000.00	nil	MLIC	Filipino
Janette L. Pena (Independent Director)	1.0	Php 1,000.00	nil	MLIC	Filipino
Rhoda Regina Reyes-Rara (Independent Director)	1.0	Php 1,000.00	nil	MLIC	Filipino

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

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. Our compensation objectives as an organization are:

- Provide flexibility to differentiate compensation for top talent
- Maintain competitiveness with the external market
- Prudently manage our compensation expense
- Attract, retain, motivate and reward employees at all levels through competitive compensation structures
- Focus on the execution of our strategic plan
- Maintain alignment with shareholder interests

The Company's Employee Recognition Program awards on a quarterly basis employees and teams based on responses to the following:

- What did the employee or team do to bring our Purpose to life? How did the employee help our customers – whether internal or external – achieve their dreams and aspirations?
- How did the employee or team demonstrate our values (i.e. Obsess about customers, Do the right thing, Think big, Get it done together, Own it, Share your humanity)

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.

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

- Enabling Manulife Philippines and business goals
- Becoming an Industry Leader in Nurturing Talent
- Best Employer in Employee Engagement

One of the initiatives in 2019 is the Transformation Ready Leadership Program, a Values-Based Culture session that helped leaders during the time of transformation. To be the most digital, customer-centric global company in our industry, we need to raise the bar and enable our leaders to lead in a highly global, complex, fast-paced, digitally driven and always-on transformation environment.

The company also invested in upskilling its employees by conducting programs such as Unlocking Creativity, Effective Business Writing, Presentation Skills, Emotional Intelligence, Data Storytelling, Exploring Change through Fun and Power BI.

Two levels of Customer Centricity Programs have been implemented for the year starting with Service with a Heart where employees learn to deal with clients in a variety of transactions and gain a more customer-centric perspective. Followed by Becoming a Service Champion: A Deeper Love that equipped employees with additional tools to truly connect with customers beyond just process excellence.

The company has delivered 88 classroom training sessions and implemented 64 eLearning courses with topics ranging from agile awareness, customer centricity, diversity and inclusion, leadership, industry knowledge, technology and compliance. On average, employees have attended 12.40 hours of training in 2019 compared to 12.77 hours per employee in 2018.

A DIGITAL, CUSTOMER-CENTRIC MARKET LEADER

Propelling the brand forward through digital innovations and customer-centric initiatives

It was in 1901 when Manulife's story started to connect with Filipino lives. The Canadian firm sold its first policy in the country and finally established operations in 1907. Since then, generations of Filipinos have trusted Manulife Philippines to help protect themselves and their loved ones.

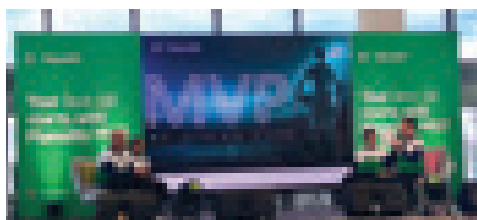
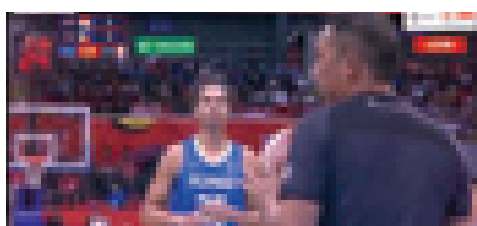
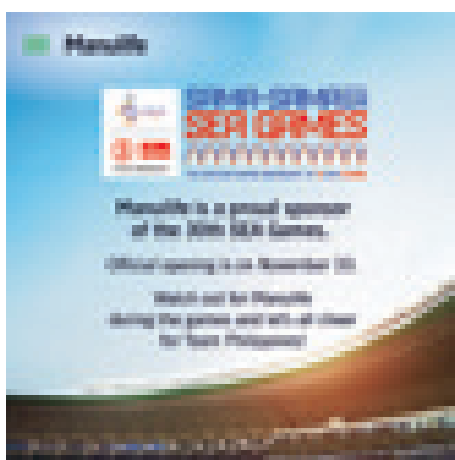
Through the years, Manulife Philippines continues to transform and adopt technologies to redefine its business, investing in the right innovations that best serve its Filipino customers.

For more than a century, the Company went through numerous transformations to keep up with the advancement of technologies and Filipinos' ever-changing needs.

Reframing Life Insurance

In 2019, Manulife reinforced its brand values by reframing its approach on underscoring its products and services that simplify lives for the customers. As the Company builds a powerful brand equity on its array of new products, Manulife also focuses on how it can help customers navigate the complexities and demands of modern living, and its relevance to Filipino life.

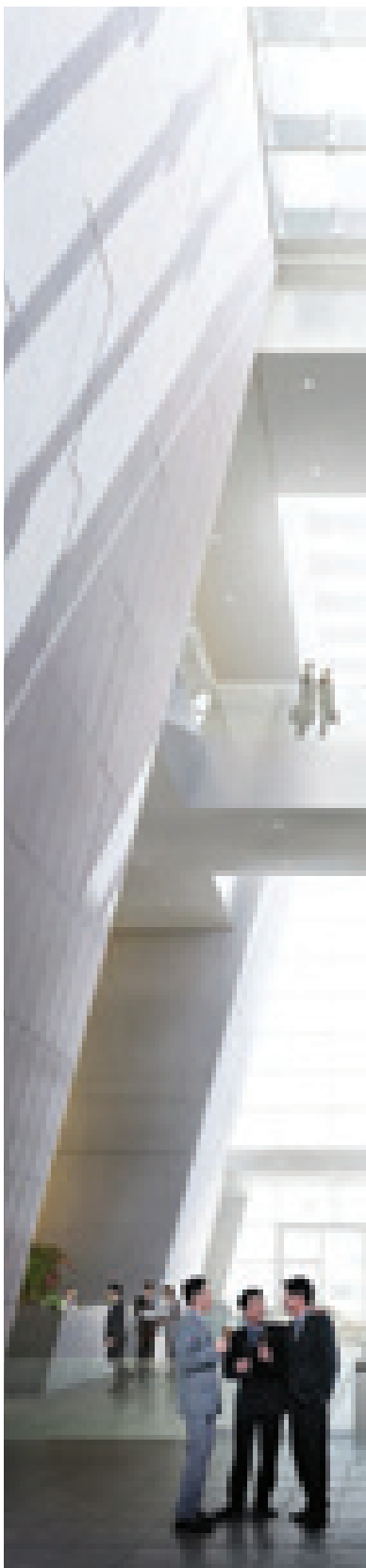
For example, Manulife's ongoing partnership with Grab Philippines strengthens its commitment to raise financial awareness on the streets of Metro Manila and major provinces. This is part of Manulife's Always On Presence Strategy (MAPS) to strengthen brand equity and reach more upwardly mobile Filipinos who always absorb information on the go.



Sports is one of the most important parts of Filipino culture, so Manulife Philippines amplified its commitment to support Filipinos' biggest passions by promoting unity and camaraderie through sports. The Company also aimed to build brand equity among the students and the youth.

In 2019, Manulife Philippines renewed its partnership with the UAAP Men's Basketball for the fifth consecutive year.

In addition, Manulife also sponsored the 30th Southeast Asian Games, which truly brought the very best from Team Philippines.



Fortifying Manulife's Digital Footprint

For the company, it is not about being the first at innovation, but about doing it right.

At the heart of Manulife's every innovation is its focus on the customer. When it embraces digital innovation and operational efficiency, and building a strong culture to drive this change, it also hinges on helping customers make decisions easier and their lives better.

The company's overall digital transformation underscores a monumental shift from traditional ways of doing business to a more seamless and digital customer experience.

In 2019, Manulife Philippines launched digital initiatives that offer more efficiency, convenience and protection to our customers, distributors, partners and employees.

Manulife Online

In May 2019, Manulife Philippines launched its new mobile-optimized customer portal Manulife Online, which provides customers a more seamless and frictionless experience when managing insurance policies online. It allows customers to conveniently access important policy information such as coverage amount, premium due date, fund values, and beneficiaries, and make payments. The portal can also be accessed by agents to help them monitor their clients' policies. The agent's view also contains unique features like a birthday list to remind them of their clients' birthday; a policy anniversary and maturity list to help them easily monitor which policies need to be reviewed and which have matured; and a resell opportunity list, which contains list of suggested product offerings suitable to their client needs.

ePOS

Manulife's digitization efforts also focus on helping our distributors. With the launch of the Electronic Point of Sale or ePOS in 2019, Manulife agents can create proposals, process and submit applications in minutes. With a straightforward, digital process, there is less room for errors. Closing sales are faster, as well, since the entire purchasing process can be done in one sitting.

This has made transactions easier for customers, agents and employees to identify their biggest needs and customize plans that best fit their lifestyle.

PowerCouple

The Company also launched the PowerCouple program, an online-to-offline leads management program that allows agents to contact leads from our website and social media pages within minutes and ensure that quality leads are properly handled and converted.

Through a lead management app, a select pool of agents can receive leads on their mobile devices within seconds after the lead leaves his/her contact details either through our website or social media pages. The agents are given a few minutes to contact the lead and set an appointment. Any abandoned /uncontacted lead within the set timeframe is passed on to the next available agent.

This program has significantly improved Manulife prospects' experience and improve sales funnel metrics such as contact and appointment rates. It also aims to transform how our agents manage their leads by making tracking fully digital and mobile.



Recognition Received in 2019

Industry recognition is a strong form of validation, and Manulife has achieved several in 2019. It is a strong testament to the appreciation and respect of the industry and the wider business world for Manulife's initiatives and social responsibility programs for the year.

Early in January 2019, Manulife bagged the "Best Life Insurance Brand in the Philippines" by Global Brands Magazine for its commitment to innovation, quality, branding activities, customer service and performance in the country.

Manulife was also named "Best Digital Life Insurance Company" in September 2019 by the internationally recognized Global Banking and Finance Review for Manulife Online, and for its overall excellence in the global finance industry. Meanwhile, CMO Asia's Asia Banking, Financial Services and Insurance Excellence Awards recognized the Company for its brand excellence and leadership in Asia's insurance industry through Manulife's out-of-the-box branding efforts, such as its partnership with Grab, and its viral digital films.

Additionally, Manulife Philippines also received recognitions from the PANata Awards and the Philippine Social Media Week 2019 (PSMW) for its successful digital films, and creative social media content and high levels of social media engagement, respectively.

Manulife Philippines has also been recognized for its outstanding corporate social responsibility and employer branding. The Company won the best "Philippines CSR Initiative of the Year," "Best Corporate Social Responsibility Practice," and "Philippines Best Employer Brand." These honors were given by Insurance Asia Awards, Philippine CSR Leadership Awards, and Employer Branding Institute & CMO Asia, respectively.

Specifically, Manulife Philippines' Peso Smart financial literacy program bagged two awards from Insurance Asia and Philippine CSR Leadership. Peso Smart was recognized for its unique and innovative teaching approach and relevance to the rising need of the Filipino communities.

The recognitions from Employer Branding Institute and CMO Asia upheld the Company's use of effective marketing communications for attracting, developing, and retaining talent.

Lastly, Manulife was honored by the Reader's Digest Asia with a Trusted Brand Gold Award in the investment fund category. The award is given to companies that best exemplify trustworthiness and credibility, quality, value, understanding of consumer needs, innovation, and social responsibility.

It has been an interesting year of digital evolution, which is not possible without overcoming unprecedented changes along the way. Both challenges and milestones have shaped and fortified Manulife's core commitments and goals, and inspired more strategic visions for innovative, exciting, and customer-centric initiatives in the years to come.

VOLUNTEERING TO MAKE A CHANGE



Sharing our humanity is a core value that remains steadfast among Manulife employees. The company is comprised of people who are serious in their commitment to achieve a positive impact in society. Everyone in the organization believes that there are no small efforts when it comes to making the world a better place.

As an organization that upholds the importance of serving its communities and helping contribute to solving society's most pressing problems, Manulife Philippines amplified its social responsibility thrust in 2019 by investing further in the youth and promoting diversity and inclusion in the workplace.

Shaping the children's future through financial literacy

Manulife Philippines, in partnership with Hands On Manila, a non-profit organization, continued to implement the Peso Smart financial literacy program to various elementary schools in 2019.

On its third year, Peso Smart conducted classes in three schools: Mandaluyong Addition Hills, Nueve de Febrero elementary schools in Mandaluyong, and Pembo elementary school in Makati.

The Peso Smart program was inspired by Manulife's belief that financial preparedness should start early as it becomes a sustainable mindset among Filipino kids to help fulfill their dreams in the future. The program aims to address the current issues of financial literacy among Filipinos, with

only 25% of adults aware of the basics of managing their money well. Manulife believes that a financial literacy program can help the youth learn key financial management skills, and will make a strong, positive and lasting impact on them.

Since the program's launch in 2017, the program was able to graduate 119 student beneficiaries in six schools in Metro Manila.

Peso Smart is a series of financial literacy classes designed to teach public school students the basics of saving and investing. The third installment of the Peso Smart has been implemented in the Academic Year 2019 – 2020. Manulife employees served as weekly Peso Smart mentors. Sessions were held every Saturday morning with 10 students per class. Lessons included the history of Philippine money, investments, risks and rewards. For their final class project, students were asked to create a financial plan for their family by applying what they have learned throughout the school year.

Twenty-nine beneficiary students are expected to graduate from Peso Smart in March 2020.

Strengthening diversity and inclusion in the modern workplace

The Global Women's Alliance (GWA) is Manulife's commitment to support the attraction, development and advancement of women in the workforce. GWA is a solid community that has continued to celebrate women's achievements and empower them through various opportunities for growth, strong collaborative network for inspiration, and avenues to share experiences and resources for success. GWA also organizes various activities to support various causes that aim to serve communities and help others in need.

In 2019, in celebration of GWA Philippines' 4th anniversary, Manulife launched a donation drive, where employees gathered pre-loved clothes, shoes, and other types of apparel for the women at Haven National Center in Muntinlupa City.

During the holidays, GWA also spearheaded an activity giving Manulife employees the opportunity to share their blessings with the Company's service personnel, which included security guards, janitors and messengers stationed at NEX Tower. The activity was also held to show appreciation for the people who help all employees on a daily basis. Gift certificates were provided to these everyday heroes so they could buy grocery items that they can use to celebrate the holidays with their families.



AUDITED FINANCIAL STATEMENTS

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, 2019 and 2018, 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, 2019 and 2018, 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.

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 the Revised 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. 8125200, January 7, 2020, Makati City

June 8, 2020

STATEMENTS OF FINANCIAL POSITION

	December 31	
	2019	2018
ASSETS		
Cash and cash equivalents (Note 4)	P3,614,030,925	P3,080,640,436
Insurance Receivables (Note 26)	106,389,291	140,660,107
Financial Assets (Note 5)		
Financial assets at fair value through profit or loss	51,978,687,591	45,451,845,602
Available-for-sale financial assets	44,107,129,915	37,355,870,822
Loans and receivables	6,382,493,645	6,279,732,258
Accrued Income (Note 7)	516,904,784	534,966,644
Reinsurance Assets (Note 13)	715,886,044	1,064,318,029
Investments in Subsidiaries (Note 8)	2,078,683,310	1,427,329,688
Property and Equipment (Note 9)	1,367,244,123	560,062,939
Software Costs and Other Intangible Assets (Note 10)	302,705,929	29,883,200
Deferred Tax Assets (Note 25)	1,748,230,488	-
Other Assets (Note 11)	159,352,716	174,612,701
	P113,077,738,761	P96,099,922,426
LIABILITIES AND EQUITY		
Liabilities		
Insurance contract liabilities (Notes 12 and 13)	P84,464,182,633	P74,767,348,135
Policyholders' dividends (Note 26)	3,476,558,373	3,617,297,406
Insurance payables (Note 26)	1,222,343,167	1,345,759,886
Premium deposit fund (Note 26)	33,851,616	36,653,595
Accounts payable and accrued expenses (Note 14)	2,482,863,877	1,924,181,718
Income tax payable	221,942,473	-
Due to related parties (Note 27)	1,034,795,658	660,753,922
Lease liabilities (Note 23)	537,934,700	-
Pension liability (Note 24)	26,262,231	-
Total Liabilities	93,500,734,728	82,351,994,662
Equity		
Capital stock (Notes 16 and 29)	930,000,000	930,000,000
Additional paid-in capital (Note 16)	50,635,817	50,635,817
Retained earnings	14,427,205,967	18,327,101,258
Appropriated surplus - Negative reserves (Notes 2 and 12)	4,659,948,106	3,430,504,839
Remeasurement loss on policy reserves (Notes 2 and 12)	(3,036,067,728)	(850,806,510)
Remeasurement gain (loss) on pension plan (Note 24)	(4,596,924)	37,204,644
Reserve for fluctuation in value of available-for-sale financial assets (Note 5)	2,549,878,795	(8,176,712,284)
Total Equity	19,577,004,033	13,747,927,764
	P113,077,738,761	P96,099,922,426

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME

Years Ended December 31

	2019	2018
REVENUE		
Gross premiums earned on insurance contracts	P18,657,626,282	P18,407,894,758
Reinsurers' share of gross premiums earned on insurance contracts (Note 13)	(748,517,101)	(726,820,908)
Net insurance premiums earned (Note 17)	17,909,109,181	17,681,073,850
Investment income (Note 18)	2,763,505,235	2,710,766,478
Gain on sale of available-for-sale financial assets (Note 5)	69,615,826	51,745,690
Fair value gain (loss) on financial assets at FVPL (Note 5)	2,878,737	(6,012,137)
Foreign currency exchange gain (losses)	(167,595,895)	70,171,020
Fees and commission income	2,585,156	1,666,444
Other income (Note 19)	3,510,079,298	3,110,748,763
TOTAL REVENUE	24,090,177,538	23,620,160,108
BENEFITS, CLAIMS AND OPERATING EXPENSES		
Gross benefits and claims incurred on insurance contracts (Note 20)	3,366,684,010	3,423,299,765
Reinsurers' share of benefits and claims incurred on insurance contracts (Note 20)	(36,758,181)	(12,174,632)
Gross change in legal policy reserves (Note 20)	9,975,318,387	10,450,748,517
Reinsurers' share of gross change in legal policy reserves (Note 20)	(1,485,581)	(2,735,816)
Dividends to policyholders	454,087,546	486,431,418
Net insurance benefits and claims	13,757,846,181	14,345,569,252
General and administrative expenses (Note 21)	3,511,431,525	3,156,508,484
Commissions and other direct expenses (Note 22)	3,007,262,152	2,849,255,100
Provision for (reversal of) impairment loss on investment in subsidiary (Note 8)	(491,353,622)	663,969,295
Insurance and other taxes	209,151,590	175,643,011
Underwriting expenses	10,857,812	10,696,993
Interest on premium deposit fund	102,355	142,062
TOTAL BENEFITS, CLAIMS AND OPERATING EXPENSES	20,005,297,993	21,201,784,197
INCOME FROM OPERATIONS	4,084,879,545	2,418,375,911
Interest expense on lease liabilities (Note 23)	30,913,872	-
INCOME BEFORE INCOME TAX	4,053,965,673	2,418,375,911
PROVISION FOR INCOME TAX (Note 25)	538,691,087	580,143,522
NET INCOME	P3,515,274,586	P1,838,232,389

See accompanying Notes to Financial Statements

STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31

	2019	2018
NET INCOME	P3,515,274,586	P1,838,232,389
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that will be reclassified to profit or loss in subsequent periods:		
Net change in fair value of available-for-sale financial assets (Note 5)	10,726,591,079	(7,106,312,506)
Remeasurement gain (loss) on legal policy reserves, net of tax (Note 12)	(2,440,503,171)	4,335,816,881
Tax effect of remeasurement loss in legal policy reserves recognized in prior years (Note 12)	255,241,953	–
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on pension plan, net of tax (Note 24)	(41,801,568)	24,207,353
	8,499,528,293	(2,746,288,272)
TOTAL COMPREHENSIVE INCOME (LOSS)	P12,014,802,879	(P908,055,883)

See accompanying Notes to Financial Statements

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Notes 16)	Additional Paid-in Capital (Note 16)	Retained Earnings (Note 2)	Appropriated Surplus - Negative Reserves (Note 2 and 12)	Remeasurement Loss on Policy Pension Plan (Note 2 and 12)	Remeasurement Gain (Loss) on Pension Plan (Note 24)	Reserve for Fluctuation in Value of Available-for-sale Financial Assets (Note 5)	Total
As at January 1, 2019, as previously reported	P930,000,000	P50,635,817	P18,327,101,258	P3,430,504,839	(P850,806,510)	P37,204,644	(P8,176,712,284)	P13,747,927,764
Effect of adoption of PFRS 16 (Note 2)	–	–	(5,726,610)	–	–	–	–	(5,726,610)
As at January 1, 2019, restated	930,000,000	50,635,817	18,321,374,648	3,430,504,839	(850,806,510)	37,204,644	(8,176,712,284)	13,742,201,154
Net Income	–	–	3,515,274,586	–	–	–	–	3,515,274,586
Other comprehensive income (loss)	–	–	–	–	(2,185,261,218)	(41,801,568)	10,726,591,079	8,499,528,293
Total comprehensive income (loss)	–	–	3,515,274,586	–	(2,185,261,218)	(41,801,568)	10,726,591,079	12,014,802,879
Dividends declared (Noted 16)	–	–	(6,180,000,000)	–	–	–	–	(6,180,000,000)
Appropriation of negative policy reserves	–	–	(1,229,443,267)	1,229,443,267	–	–	–	–
As at December 31, 2019	P930,000,000	P50,635,817	P14,427,205,967	P4,659,948,106	(P3,036,067,728)	(P4,596,924)	P2,549,878,795	P19,577,004,033
As at January 1, 2018	P930,000,000	P50,635,817	P17,105,889,317	P2,813,484,391	(P5,186,623,391)	P12,997,291	(P1,070,399,778)	P14,655,983,647
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, 2019	P930,000,000	P50,635,817	P18,327,101,258	P3,430,504,839	(P850,806,510)	P37,204,644	(P8,176,712,284)	P13,747,927,764

See accompanying Notes to Parent Company Financial Statements.

Statements of cash flows

Years Ended December 31

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P4,053,965,673	2,418,375,911
Adjustments for:		
Depreciation and amortization (Note 21)	357,300,368	134,262,075
Unrealized foreign currency exchange losses (gains) - net	65,499,622	(46,517,826)
Change in IBNR provision (Note 12)	39,750,415	144,510,834
Retirement costs (Note 24)	33,885,595	36,183,263
Interest expense on lease liabilities (Note 23)	30,913,872	-
Interest on premium deposit fund	102,355	142,062
Fair value loss (gain) on financial assets at fair value through profit or loss (Note 5)	(2,878,737)	6,012,137
Dividend income (Note 18)	(26,308,460)	(24,353,180)
Gains on sale of available-for-sale financial assets (Note 5)	(69,615,826)	(51,745,690)
Change in legal policy reserves (Note 12)	(236,987,826)	30,585,217
Provision for (reversal of) impairment loss on investment in subsidiary (Note 8)	(491,353,622)	663,969,295
Interest income (Note 18)	(2,737,196,775)	(2,686,413,299)
Operating income before changes in operating assets and liabilities	1,017,076,654	625,010,799
Decrease (increase) in:		
Insurance receivables	34,270,816	(4,050,605)
Loans and receivables	(102,761,387)	(105,886,059)
Reinsurance assets	348,431,985	(99,983,239)
Financial assets at fair value through profit or loss	(6,585,100,106)	(1,421,593,123)
Other assets	(7,597,232)	(42,077,642)
Increase (decrease) in:		
Insurance contract liabilities-unit-linked	6,093,240,243	1,656,522,628
Accounts payable and accrued expenses	517,148,007	92,538,344
Policy and contract claims, and other insurance contract liabilities (Note 12)	314,398,565	60,641,328
Policyholders' dividends	(140,739,033)	(173,316,295)
Insurance payables	(123,416,719)	522,784,886
Due to related parties	374,041,736	249,321,994
Premium deposit fund	(2,801,979)	(3,269,964)
Cash generated from operations	1,736,191,550	1,356,643,052
Interest paid	(31,016,227)	(142,062)
Contribution to retirement fund (Note 24)	(46,449,320)	(32,284,279)
Income taxes paid (including creditable withholding taxes)	(735,888,691)	(622,757,158)
Net cash provided by operating activities	922,837,312	701,459,553

(Forward)

Years Ended December 31

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from:		
Sales and/or maturities of available-for-sale financial assets (Note 5)	P10,550,660,374	P1,833,917,449
Withdrawal of investment insurance fund - seed money	65,204,854	1,700,953
Interest received	2,774,369,671	2,776,275,239
Dividends received	23,574,253	23,887,565
Additional investment in insurance investment fund - seed money	(4,068,000)	(50,000,000)
Capital infusion to subsidiaries (Note 8)	(160,000,000)	-
Acquisitions of:		
Available-for-sale financial assets (Note 5)	(6,570,988,529)	(3,585,363,542)
Property and equipment (Note 9)	(462,698,312)	(423,937,995)
Software costs and other intangible assets (Note 10)	(280,293,529)	-
Net cash provided by investing activities	5,935,760,782	576,479,669
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid (Note 16)	(6,180,000,000)	-
Payments of principal portion of lease liabilities (Note 23)	(128,607,121)	-
Net cash used in financing activities	(6,308,607,121)	-
EFFECT OF FOREIGN CURRENCY RATE CHANGES IN CASH AND CASH EQUIVALENTS		
	(16,600,484)	(7,764,805)
NET INCREASE IN CASH AND CASH EQUIVALENTS	533,390,489	1,270,174,417
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,080,640,436	1,810,466,019
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	P3,614,030,925	P3,080,640,436

See accompanying Notes to Parent Company Financial Statements.

BRANCH DIRECTORY

Count	Branch Name	Branch Address
1	Alabang	2/F Common Goal Tower, Finance cor Industry St, Madrigal Business Park, Ayala Alabang, Muntinlupa City
2	Angeles	2/F JIM Building, Lot 7 & 19 Blk 1, Diamond Services Road, McArthur Highway, Balibago, Angeles City
3	Bacolod	2/F O Residences, Lacson Street, Mandalagan, Bacolod City
4	Baguio	2/F ES Clemente Building, Shanum cor Otek Streets corner Lake Drive, Burnham Park, Baguio City
5	Bataan	90 dela Fuente Bldg., Capitol Drive, Balanga City, Bataan
6	Batangas	2/F Recto & Ofelia Building, 65 MH Del Pilar St, Barangay 1, Poblacion, Batangas City
7	BGC	Fort Bonifacio City Branch, G/F Unit 4, Ore Central, 9th St, cor 31st, Fort Bonifacio , City of Taguig
8	Binondo	G/F & 2/F Federal Tower, Dasmarinas cor Muelle de Binondo, Binondo Manila
9	Bukidnon (Valencia)	TS Mix Building, Sayre Highway, Poblacion, Valencia City, Bukidnon
10	Butuan	2/F Samping Avenue, JC Aquino Ave., Butuan City
11	Cabanatuan	G/F Rosita Building, Maharlika Highway, Cabanatuan City
12	Cagayan de Oro 1	2/F Knights of Columbus Building, Captain Vicente Roa Extension, Cagayan de Oro City, Misamis Oriental
13	Cagayan de Oro 2	Mezzanine, Pelaez Commercial Arcade 1 Extension, Tiano corner Cruz, Taal, Cagayan de Oro City
14	Calamba	Brgy 1 Purok 4, National Highway, Calamba City
15	Cebu Bonifacio	2/F Bonifacio District, F Cabahug Street, Kasambagan, Cebu City
16	Cebu Keppel	GF Keppel Center, Samar Loop cor Cardinal Rosales Ave., Cebu Business Park, Cebu City
17	Dagupan	Ground floor, VJV Towers, Perez Boulevard, Dagupan City
18	Davao Main	7/F Abreeza Corporate Center, JP Laurel Ave., Barangay 20-B, Poblacion District, Davao City
19	Davao Mall	3/F Abreeza Corporate Center, JP Laurel Ave., Barangay 20-B, Poblacion District, Davao City
20	Dipolog	2/F Felicidad II Bldg., Quezon Avenue, Dipolog City, Zamboanga del Norte
21	Dumaguete	2/F Felicidad II Bldg., Quezon Avenue, Dipolog City, Zamboanga del Norte
22	Escolta	G/F Natividad Bldg, Escolta cor Tomas Pinpin, Binondo, Manila
23	General Santos Branch	2F RD BDO Bldg., Santiago Blvd., cor JP Laurel St., General Santos City
24	Greenhills	9 Floor BTTC Center, 288 Ortigas Ave. cor Roosevelt St, San Juan City
25	Iligan Branch	2/F Garcia Building Party Plaza, Quezon Avenue Extension, Rabago, Iligan City
26	Iloilo Main	GF AMK Bldg., 68 General Luna St., Iloilo City
27	Iloilo Plazuela	Plazuela Dos, San Rafael, Mandurriao, Iloilo City
28	Imus	Palico 4, Aguinaldo Highway, Imus, Cavite
29	Isabela	G/F Navarro Building, National Highway, Villasis, Santiago City, Isabela
30	Kalibo	Door 9 2/F, Salas Quimpo Plaza, 19 Martyrs Street, Poblacion Kalibo, Aklan
31	Koronadal	G/F FB Hotel & Convention Center, Alunan Avenue (National Highway), Koronadal City, South Cotabato
32	Laoag	G/F FB Hotel & Convention Center, Alunan Avenue (National Highway), Koronadal City, South Cotabato
33	Lapu Lapu	G/F Lilang's Building, ML Quezon, National Highway, Pajo, Lapu Lapu City, Cebu 6015
34	Lemery	2/F Humarang Bldg., Purok 1, Brgy. Palanas, Lemery, Batangas
35	Lipa	2/F Big Ben Complex, JP Laurel Highway, Lipa City, Batangas
36	Makati	10/F NEX Tower, Ayala Avenue, Makati City
37	Malolos	G/F MIDECON Bldg, Km 41, McArthur Highway, Sumapang Matanda, Malolos, Bulacan
38	Naga	2/F Diaz Bldg., Elias Angeles St., Naga City, Camarines Sur
39	Ormoc City	2F Ormoc Centrum Bldg., Aviles St., District 12, Ormoc City
40	Ortigas (Hanston)	20/F Hanston Square, 17 San Miguel Avenue, Ortigas, Pasig City
41	Ozamiz Branch	2nd Floor, Infinity Building, Don Anselmo Bernard Avenue, Ozamiz City
42	Pagadian	2/F Cecilia Bldg, Rizal Avenue, Pagadian City
43	Quezon Ave	G/F & 5/F CWI Bldg, 1050 Quezon Avenue, Quezon City
44	Roxas City	Arcade Bldg. B, Gaisano Roxas Arcade, Arnaldo Blvd., Roxas City
45	Sta Rosa	3/F San Jose Bldg, Sta Rosa Tagaytay Road, Brgy Sto Domingo, Sta Rosa, Laguna
46	Tacloban	G/F Tacloban Fil-Chinese Chamber of Commerce Inc. Bldg., 78 Justice Romualdez Street, Tacloban City
47	Tagbilaran	QVC Business Plaza, CPG North Avenue, Tagbilaran City, Bohol
48	Tagum	2F Cuntapay Building, National Highway, Tagum, Davao City
49	Talisay City (Cebu)	2/F South Coast Center, Linao, Talisay City, Cebu
50	Tarlac	2/F RICNI Bldg., Zamora Street, McArthur Highway, San Roque, Tarlac City
51	Tuguegarao	G/F IRD Bldg., Diversion Road, PengueRuyu, Tuguegarao City, Cagayan Valley
52	Zamboanga	2F Printex Printers Building, Mayor Jaldon St., Canelar, Zamboanga City



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

NEX Tower, 6786 Ayala Avenue, Makati City 1229

Tel. No: (+632) 8884-LIFE (8884-5433)

Customer Care Hotline: (+632) 8884-7000

phcustomercare@manulife.com

www.manulife.com.ph



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