

Driving bold ambitions in *a rapidly transforming* world

Annual Report

2022



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Message from the Chairperson

Sachin N. Shah

General Manager, Emerging Markets
Manulife



For the past 15 years since we formed our strategic alliance, Manulife and China Bank have relentlessly pursued excellence in customer experience. Our teams have constantly prioritized our customers’ needs – and sharpened our focus on providing them financial peace of mind when it truly matters. Customers of China Bank and China Bank Savings can count on our broad range of financial solutions to help them make every day better.

I am pleased to share that Manulife China Bank Life (MCBL) has maintained its growth trajectory as it remains one of the industry’s fastest growing bancassurance firms. This progress continues to motivate everyone on our winning teams and instills greater confidence as we maximize our combined strengths and deliver better for our customers, stakeholders, and the communities in which we operate across the Philippines.

At MCBL, we are committed to providing financial protection to more Filipino families. According to the findings of the latest Manulife Asia Care Survey, 87% of Filipinos surveyed recognize the value of seeking insurance protection and intend to buy insurance in the next 12 months. In response, we introduced MCBL FutureBoost to help Filipinos boost their financial protection, wherever they are in their life journey. MCBL FutureBoost is a flexible life insurance plan which offers life and financial protection, including bonuses and rewards, so customers can secure every stage of their lives.

With the post-pandemic world being very different from the pre-pandemic environment, 2022 was a year marked with continued progress for Manulife China Bank Life. The future looks bright as we are inspired to build on our momentum and -- banking on our institutions’ rich history and legacy in the country -- further accelerate MCBL’s growth.

On behalf of the Board of Directors, I would like to thank China Banking Corporation and China Bank Savings for the strong partnership and collaboration through the years. I would also like to extend my sincerest gratitude to all our employees, Financial Sales Associates, our customers, and everyone in our community for their contributions to MCBL's continued success.

Message from the President



Neil Bowyer

Manulife China Bank Life Assurance Corporation

2022 was another banner year for Manulife China Bank Life Assurance Corporation (MCBL) in terms of new business premiums and value. As we emerge from the pandemic – stronger and more committed than ever to deliver for our customers and stakeholders – we continued to serve our purpose to financially secure more Filipino families, allowing them to face tomorrow with greater confidence. At MCBL, our customers’ needs come first. The latest Manulife Asia Care Survey found that 87% of Filipinos surveyed said they realize the importance of seeking insurance protection. With this in mind, we were able to shift our product mix towards protection and health solutions, providing China Bank’s customers complementary products to ensure they and their families have a diversified portfolio of savings and insurance products.

To further meet this need, we launched MCBL FutureBoost – a flexible insurance plan that combines life and financial protection in one plan, and offers customers of China Bank and China Bank Savings a number of key benefits, which include rewards and bonuses to help them achieve their financial goals, access to local and global investment funds to broaden their portfolios, customers can increase their coverage anytime they need it and with options to boost their coverage with a variety of protection riders. Finally, MCBL FutureBoost does not have upfront premium charges, allowing customers to automatically invest in their chosen funds quickly.

We also introduced two new fund options to our variable life insurance (VUL) portfolio, providing customers even more opportunities to broaden and diversify their portfolio. These are the Global Health Fund and Global Multi-Asset Income Fund, which allow our customers to unlock investment opportunities across different sectors, while ensuring they have adequate life coverage.

The Global Health Fund allows our customers to capture robust growth opportunities from this industry, as healthcare has become a top priority across the globe and remains one of the most recession-resistant sectors as shown in its meaningful outperformance in previous global economic downturns. The Global Multi-Asset Income Fund, on the other hand, is

for investors who seek high, stable income through multiple traditional and non-traditional income sources. As asset classes can perform and correlate differently from one another under varying market conditions, this multi-asset fund can help our customers navigate through different market cycles and seize valuable investment opportunities.

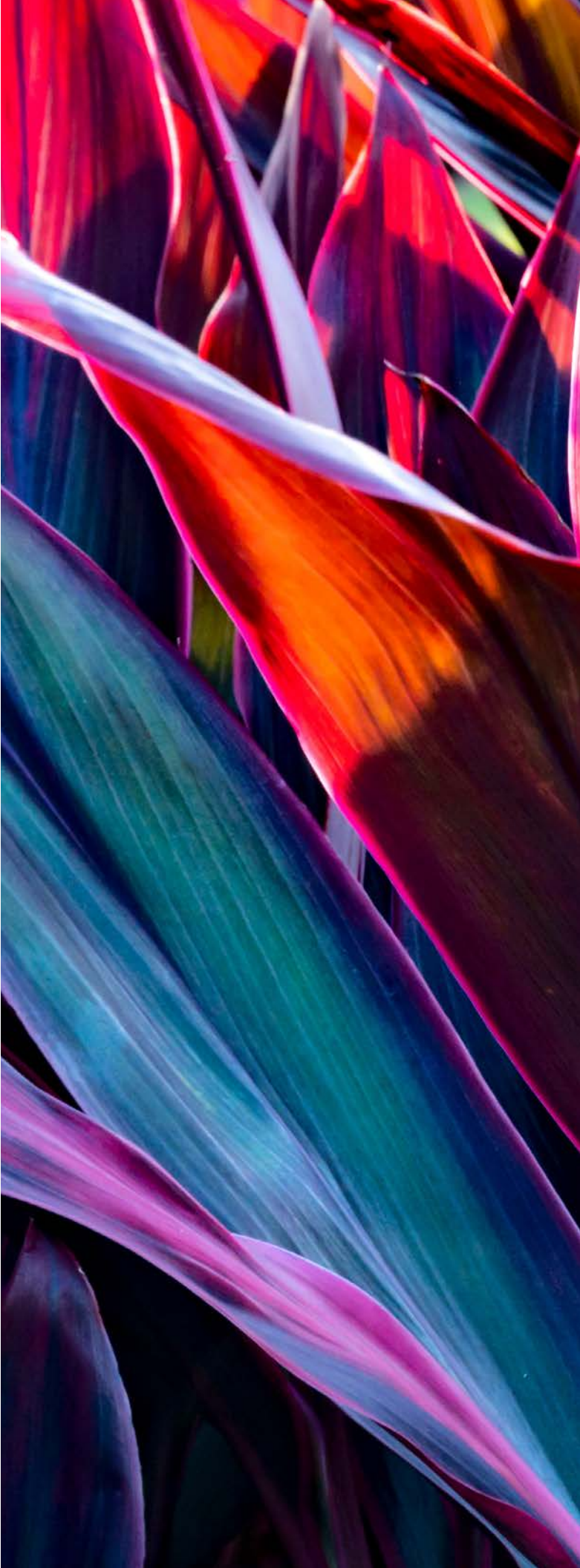
2022 was indeed a very strong year for MCBL, as we shifted towards protection and grew our New Business Value.

The post-pandemic environment presents greater opportunities for us to reach more customers, and – in true MCBL spirit – we will take even bolder steps to accelerate our growth while making every day better for Filipinos families

My heartfelt appreciation goes to China Bank Corporation, China Bank Savings, and Manulife Philippines for their outstanding collaboration and commitment to MCBL’s purpose of making every day better for Filipino families, helping them lead fulfilling lives and realize their dreams and aspirations.

I would also like to thank our MCBL corporate team, sales leaders and associates for their relentless dedication and passion to serve China Bank and China Bank Savings customers. Together, let us supercharge MCBL to the next level of success.

Thank you very much.



Who we are

About Manulife China Bank Life Assurance Corporation (MCBL)

Manulife China Bank Life Assurance Corporation 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 is setting its sights on its next growth phase and reaffirming its mission to be the biggest, most professional bancassurance company in the industry that delivers extraordinary customer experience.

2007

Founding year

377

Licensed Financial Sales Associates present in 640 China Bank and CBS branches

65,986

Customers

98,640

Active policies serviced

About Manulife Philippines

The Manufacturers Life Insurance Company 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.

1907

Founding Year

US\$ 2,022.80 Billion

Assets Under Management

US\$ 181.93 Million

Total Premium for Wealth

US\$ 121.69 Million

Total Premium for Insurance

7,909

Insurance Commission-Licensed Agents

458,196

Policies in Force

About China Bank

Founded in 1920, China Banking Corporation (China Bank) is a leading private universal bank in the Philippines with a strong presence in the entrepreneur, middle market, and corporate segments. The Bank offers a full range of financial products and services, also serving the retail banking, investment banking, and insurance needs of diverse customers through its subsidiaries China Bank Savings, China Bank Capital, China Bank Securities, Resurgent Capital, CBC Assets One, China Bank Insurance Brokers, and affiliate Manulife China Bank Life Assurance.

For over 100 years, China Bank has made the success of the people and businesses who bank with it its business. Leveraging its network, expertise, and resources—vast distribution network, robust technological infrastructure, team of highly qualified banking professionals, strong balance sheet, the Banks builds long-term relationships with today’s generation and shape China Bank as a responsive, reliable, and responsible banking partner for the next generation.

China Bank is listed on the Philippine Stock Exchange under the ticker symbol “CHIB” and a member of the SM Group, one of the largest conglomerates in the Philippines. .

640

Branches

1,044

ATMs

10,237

Employees

2.4 Million

Customers

Board of Directors

*as of May 2022



Sachin Shah

Chairperson

Sachin N. Shah (55) was appointed General Manager, Emerging Markets, Asia in August 2020. He is a member of Manulife's Asia Executive Committee and Global Leadership Team.

Sachin is responsible for driving the development of the Company's operations in Southeast and South Asia – namely Cambodia, India, Indonesia, Malaysia, Myanmar, Philippines and Vietnam. The General Managers of these markets report to him. He is based in Singapore.

Sachin has vast industry experience, principally in Asia and the United States. He joined Manulife from AIG, where he was CEO, Asia Pacific General Insurance. He previously held a variety of senior leadership roles across a 20-year tenure at MetLife, most recently as Chairman, President and CEO, MetLife Japan. Sachin also served as President of the American Chamber of Commerce in Japan.

He has a Masters in Finance and Technology from Stevens Institute of Technology.



Neil Bowyer

Executive Director

Neil Bowyer (51) is the President of Manulife China Bank. He was elected director of the Company in 2022.

As President, Neil is responsible for overseeing MCBL's business strategy and operations, and leveraging the synergies and combined strengths of Manulife and China Bank as it continues its performance as one of the Philippines' high-performing bancassurance companies.

Neil has a wealth of experience in leading bancassurance partnerships, multi-channel distribution, and business transformation. Prior to joining another regional insurer in 2018, where he was Director for Group Partnership Distribution, Neil was Chief Bancassurance Officer for Manulife Singapore. There, he was responsible for the overall development of our bancassurance operations in the country, including Strategy, Distribution Operations, Business Development, Sales, and Learning & Development.



Rahul Hora

Non-Executive Director

Rahul Hora (49) is the President and CEO of Manulife Philippines. He currently serves as an executive director of Manulife Philippines and as Director of Manulife China Bank Life Assurance Corp. and Manulife Investment Management and Trust Corporation. He first served as a director of said companies in 2022.

As President and CEO, Rahul is responsible for the development and execution of Manulife's strategy in the Philippines, supercharging the business so we can continue making every day better for more Filipinos.

Hora is an insurance industry veteran, having taken on various sales and distribution leadership roles in operations, agency, and bancassurance across geographies. He joins Manulife from another multinational insurance company, where he held distribution roles at market and regional levels, and most recently led their life and non-life insurance operations in the Philippines.



William C. Whang
Non-Executive Director

*resignation effective March 31, 2023

William C. Whang (64) was elected as a Non-Executive Director of the Company in November 2017. He is currently the President of China Banking Corporation.

He started in China Bank in November 2011 as Senior Vice President and Head of Institutional Banking Group in charge of Corporate and Commercial Loans, Factoring, and Cash Management before becoming the Executive Vice President and Head of Lending Business Segment and thereafter Chief Operating Officer.

Prior to China Bank, William held key positions in other banks in the Philippines and abroad such as Sterling Bank of Asia, Security Bank Corporation, Union Bank of the Philippines, International Exchange Bank, Westmont Bank, First Philippine International Bank, Metropolitan Bank and Trust Company, and Republic Bank of New York. He holds other directorship positions representing China Bank, in Bancnet Inc., Banker's Association of the Philippines and Philippine Payments Management Inc., among others.

William has a degree in Business Management from De La Salle University-Manila.



Patrick Cheng
Non-Executive Director

Patrick Cheng (60) was elected as a Non-Executive Director of the Company in December 2019. He is currently the Chief Finance Officer of China Banking Corporation, the Chairman of China Bank Insurance Brokers, Inc.'s Board of Directors, and a director of China Bank Savings Inc.

Patrick's experience in banking started with Citibank N.A. as Vice-President for Global Consumer Bank where he held positions of increasing responsibility such as Treasury and Investments Director, Retail Bank Business Director and Insurance Director. He then became HSBC Manila Branch's Senior Vice-President for Premier and Wealth Management, and thereafter the President and CEO of HSBC Savings Bank (Phils) Inc. He was also a two-term President of the Chamber of Thrift Banks. Patrick also served as the Executive Vice President and Head of Trust & Wealth Management for Philippine Bank of Communications and Senior Vice President and Trust Officer for China Banking Corporation.

Patrick graduated Magna Cum Laude from the University of the Philippines-Diliman with a degree in Business Administration and Accountancy. He also graduated with distinction from Hult International School of Business in Cambridge, Massachusetts, with a Masters degree in Management. He placed 7th in the National Certified Public Accountants Exam.



Matthew Lawrence
Non-Executive Director

Matthew Edward Lawrence (46) 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 and 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.



Rhoda Regina Reyes-Rara
Independent Director

*resignation effective April 20, 2023

Rhoda Regina Rara (56) 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. In 2021, Regina was appointed as Lead Independent Director for Manulife China Bank.

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

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

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



Janette L. Peña
Independent Director

Janette L. Peña (62) 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. In 2021, Janette was appointed as Lead Independent Director of Manulife Philippines.

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 (64) 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. In 2021, Conrad was appointed as Lead Independent Director of Manulife Financial Plans.

He is currently the CEO-President and Chief Consultant of his company, Mr. Fave Management Training & Consulting Services. He acts as his company's Management Consultant, TQM & ISO 9001 Adviser, Keynote Speaker, Trainer for Webinars and Seminars, and Book Editor. Likewise, he serves as a consultant/ adviser of Inkwell Publishing Co., Inc., VFP Business Support Services, Inc., and Blue Macay Food Manufacturing Group. He is also an accredited speaker/ trainer/ consultant of South East Asia Speakers & Trainers Bureau Inc., Ariva Academy, 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.

Corporate Officers





1
Neil Bowyer
President

2
Fritzie Tangkia-Fabricante
Chief Legal and Compliance

3
Anna Elizza Bustos-De Leon
Data Privacy Officer

4
Mary Ann Maglanoc
Head, Business Planning

5
Mara Kristina Herrera
Assistant Corporate Secretary

6
Juan Miguel Javellana
Head, Training

7
Jennifer Sanchez
Channel Head for RBB

8
Edwin Magpantay
Treasurer

9
Lorna Lee Dela Paz-Almojera
Alternate Data Privacy Officer and Anti-Money
Laundering Risk Officer

10
Abbiegail Divinagracia Sac
Corporate Secretary

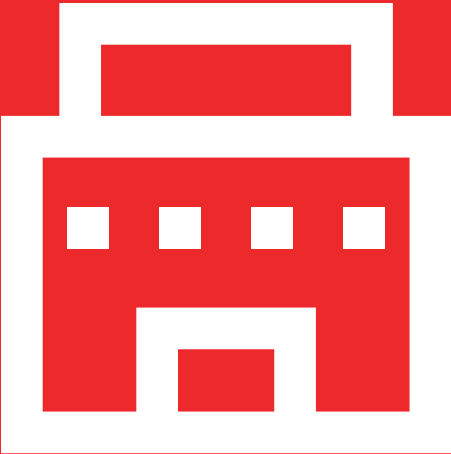
11
Jannette Domingo
Channel Head for RBB

12
Jared Anthony Uichico
Head of Bancassurance Strategy

Corporate Governance Policy

Manulife China Bank is committed to its full compliance with the 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 China Bank, and this was amended on 11 June 2021. 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 Revised 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.

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 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.
- 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 2022, the Audit Committee met four times as shown below:

Name of Director	Date of meeting			
	11 February 2022	29 April 2022	2 September 2022	4 November 2022
Janette Peña (Chairperson/Independent)	✓	✓	✓	✓
Rhoda Regina Rara (Independent)	✓	✓	✓	✓
Conrado Favorito (Independent)	✓	✓	✓	✓
Patrick Cheng (Non-Executive)	✓	✓	✓	✓
Matthew Lawrence (Non-Executive)	✓	✓	✓	✓

In 2022, the Audit Committee’s majority membership was composed 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
Patrick Cheng	Non-Executive Director
Matthew Lawrence	Non-Executive Director

On its meeting on 29 April 2022, the Audit Committee recommended for board approval the appointment of Sycip, Gorres Velayo & Co. (SGV & Co.) as the Company’s external auditor for 2022.

Corporate Governance Committee

Pursuant to law and Manulife China Bank’s commitment to international best practices in the area of corporate governance and culture, the Corporate Governance Committee (formerly the Nomination and Remuneration Committee) was constituted. The functions of the Corporate Governance 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. The Board of Directors is notified of each member’s directorships in other companies.

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 2022, the Corporate Governance Committee met four (4) times to deliberate and recommend for board approval nominees to the Board and corporate officers. The Committees ascertained that the qualifications and experience of the nominees are in line with the Company’s strategic direction.

Name of Director	Date of meeting			
	11 February 2022	29 April 2022	2 September 2022	4 November 2022
Rhoda Regina Rara (Chairperson/Independent)	✓	✓	✓	✓
Janette Peña (Independent)	✓	✓	✓	✓
Conrado Favorito (Independent)	✓	✓	✓	✓
Matthew Lawrence (Non-Executive)	✓	✓	✓	✓
Sachin Shah (Non-Executive)	✓	✓	✓	✓

In 2022, the Corporate Governance Committee’s majority membership was composed of Independent Directors. It was chaired by an Independent Director, as shown below:

Corporate Governance Committee	
Rhoda Regina Rara	Chairperson/Independent Director
Janette Peña	Independent Director
Conrado Favorito	Independent Director
Matthew Lawrence	Non-Executive Director
Sachin Shah (November 27, 2020 – present)	Non-Executive Director

Related Party Transaction Committee

As part of the mandate of Insurance Commission Circular No. 2017-29, a Related Party Transaction Committee was constituted by the Company. The Committee reviews transactions between Manulife China Bank and its related companies, Manulife Philippines and Manulife Financial Plans, Inc.

In 2022, the Related Party Transaction Committee met three (3) times to hear reports on all related party transactions. The Related Party Transaction Committee reports to the Board of Directors on a regular basis the status and aggregate exposure to each Related Party.

Name of Director	Date of meeting		
	11 February 2022	2 September 2022	4 November 2022
Rhoda Regina Rara (Chairperson/Independent)	✓	✓	✓
Janette Peña (Independent)	✓	✓	✓
Conrado Favorito (Independent)	✓	✓	✓
Matthew Lawrence (Non-Executive)	✓	✓	X

The Related Party Transaction Committee reports to the Board of Directors on a regular basis the status and aggregate exposure to each Related Party. In 2022, the Related Party Transaction Committee’s majority membership was composed of Independent Directors. It was chaired by an Independent Director, as shown below:

Related Party Transaction Committee	
Rhoda Regina Rara	Chairperson/Independent Director
Janette Peña	Independent Director
Conrado Favorito	Independent Director
Matthew Lawrence	Non-Executive Director



Board Process

The Board meetings are generally held on a quarterly basis unless a special meeting is necessary to consider urgent matters. The schedule of meetings for 2022 was presented to the Board and approved in December 2021.

The directors receive the notice of the meeting at least two (2) weeks before the meeting and the materials at least five (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 2022, the directors accomplished the Board Effectiveness Survey.

The Board of Directors also assesses the President performance for the previous year.

Board Meetings

The Board met four (4) times in 2022. The Board members’ attendance during meetings is shown below:

Name of Director	Date of meeting				
	11 February 2022	29 April 2022	2 September 2022	4 November 2022	Percentage
Sachin Shah	✓	✓	✓	✓	100%
Sandeep Deobhakta	✓	-	-	-	50%
Neil Bowyer	-	-	✓	✓	100%
Richard Bates	✓	✓	-	-	100%
Rahul Hora	-	-	-	✓	-
William Whang	✓	✓	-	✓	75%
Patrick Cheng	✓	✓	✓	✓	100%
Janette Peña	✓	✓	✓	✓	100%
Rhoda Regina Rara	✓	✓	✓	✓	100%
Conrado Favorito	✓	✓	✓	✓	100%
Matthew Lawrence	✓	✓	✓	✓	100%

Sandeep Deobhakta resigned as Director, President effective 16 June 2022 while Richard Bates resigned as Director effective 8 August 2022. Thereafter, the Board approved the appointment of Neil Bowyer as President, and Director on 14 July 2022, while Rahul Hora was appointed Director on 6 October 2022. All directors are likewise encouraged to attend seminars that would aid them in their functions as members of the Board.

Venue of Meetings

In 2022, Board and Committee meetings were held at the Company’s head office at 10F NEX Tower, 6786 Ayala Avenue, Makati with the option to attend via video conference in line with precautions taken against COVID-19, and in compliance with SEC Circular No. 6, series of 2020.

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. All directors, the Corporate Secretary, and Chief Compliance Officer likewise attend annual training in matters related to corporate governance.

All directors are required annually by the Company to undergo Anti- Money Laundering and Anti-Terrorism and Financing (AML/ATF) and Code of Business Conduct and Ethics (COBE) training and certification. They are also required to review and sign a Conflict of Interest Disclosure Statement.

Board Remuneration

Currently, independent directors receive a per diem for every board meeting attended. Independent directors do not participate in discussions or deliberations involving their remuneration. 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 by the Corporate Governance 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 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. Concurrently, she is the Head of Legal of the Company since 3 November 2020. Prior to joining the Company, she was the Head of Legal (2016-2018), Head of Legal & Compliance Strategy and Quality Assurance (2018-2019), and Head of Compliance (2020) of another insurance company.

As Corporate 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.

The Corporate Secretary attends annual training related to corporate governance matters.

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; and risk management. Our ERM Framework incorporates relevant impacts and mitigating actions as appropriate.

- **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 Chief Risk Officer, 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, led by the Head of 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.

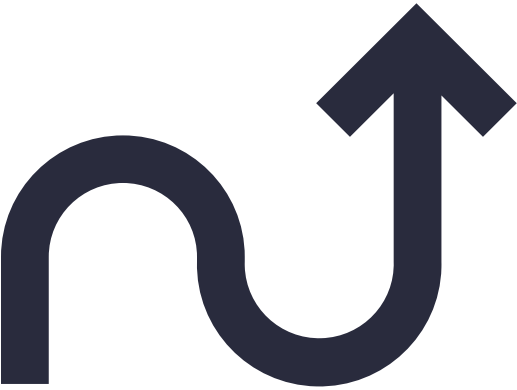
Risk Culture

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 our 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 also carries out its responsibilities directly and through its three standing committees:

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

- **Corporate Governance 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 Chief Risk Officer 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 executive-level risk oversight committees, establishes risk policies, guides risk taking activity, monitors significant risk exposures and sponsors strategic risk management priorities throughout the organization.

The Risk Management function, under the direction of the Chief Risk Officer, 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.

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

Manulife is a global financial institution offering insurance, wealth and asset management products and other financial services. The activities required to achieve our mission of “Decisions made easier. Lives made better” are guided by our values and involve elements of risk taking. As such, 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, we also manage risks which arise outside of our direct influence. We recognize that risk exposures change over time.

If exposures materially increase, we will activate management actions designed to bring exposures back to desired levels. As an integrated component of our business model, risk management assists the Company in achieving our objectives and in reaching higher levels of operational excellence, while encouraging transparency and 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 deterministic scenario tests. 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 Chief Risk Officer, 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.

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.

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

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 update personal details and obtain information such as their account value, when their next payment is due, and other important policy-related information. They can also make premium payments online, make online payments in advance of their due dates, and edit the amount of premium they are paying. They can also download premium notices and Variable Life statements of account.

Manulife Online also allows more flexible payment options to continue to provide hassle-free transactions, and more seamless customer experience.

Customer communications are regularly sent via email, SMS, and Viber to keep customers informed on the latest advisories and updates about their policies; while digital copies of **customer correspondences** like **premium notices, statements of account,** and **eReceipts** are available to access and download via Manulife Online. For policy-related queries and concerns, customers may reach out to Manulife's Customer Care via hotline and email.

Manulife eClaims is an online submissions portal that streamlines the end-to-end claims experience of customers, making it easier and faster for them to file and submit claim requirements. With Manulife eClaims, both individual and group customers are now able to submit their requirements, get instant policy verification, and choose their payout options, completely online in a single transaction.

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 is regularly obtained, analyzed, shared, and discussed 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.

Privacy Policy

At Manulife China Bank, 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.

In 2022, an online training on Privacy Awareness for the Company's Privacy Coordinators was conducted. Moreover, employees and Financial Sales Associates (FSA) complete annual Information Security (Privacy) training. Any privacy-related concern can be sent to phdataprotection@manulife.com. Customer Privacy Policy can be found at <https://www.manulife-chinabank.com.ph/Customer-Privacy-Policy>.

Anti-Money Laundering and Anti-Terrorist Financing Policy

At Manulife China Bank, 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 for employees and agents.

In 2022, Manulife China Bank conducted online training for its newly-hired FSAs on the basic principles of AML/ATF. Online Training on AML/ATF refresher is annually provided to all employees and FSAs.

Code of Business Conduct and Ethics

MCBL'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 FSAs 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.

Whistle Blowing Policy

The Company has a Whistle Blowing Policy which encourages employees to talk to appropriate personnel about suspected or potential illegal or unethical behavior or when the employee is in doubt about the best course of action to take in a particular situation. It is also the policy of the

Company not to allow retaliation for reports of misconduct by others made in good faith. Directors, officers, employees, representatives and other associates are expected to cooperate in internal investigations of misconduct.

Employees are also encouraged to report by hotline where they are duty-bound to report suspected unethical behaviors or air their grievances anonymously.

Anti-Bribery and Anti-Corruption Policy

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

To ensure that all its employees abide by Republic Act No. 3019 (the Anti-Graft and Corrupt Practices Act), the Revised Penal Code of the Philippines, the 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. Anti-Bribery training material is developed by Manulife Regional Office and customized by 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 to recommend the imposition of appropriate disciplinary action on the responsible parties.

ABC training is conducted annually. In 2022, the ABC Policy was cascaded to all employees as a reminder during the holiday season.



Gifts and Entertainment Policy

It is the policy of Manulife China Bank 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 is 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, provisions of the policy are cascaded to the employees before the holiday season when 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 2022, the Gifts and Entertainment Policy was cascaded to all employees as a reminder during the holiday season.

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.

Dividend Policy

The company remits a percentage of its net income to shareholders subject to the following conditions:

- Statutory net worth, after dividend declaration, should not fall below regulatory minimum net worth requirement.
- Risk Based Capital (RBC) Ratio should meet internal benchmark of 200%.
- Local balance sheet should have positive Retained Earnings.

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 actual or potential conflict of interest.

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 conglomerate, 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 regularly reviews the controls in place to determine its soundness and strength.

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

The Company’s RPTs are primarily related to shared services with its parent company and affiliates, reinsurance agreements, investment management agreement, and regional office allocations.

Financial Statements

Manulife China Bank, as approved by its shareholders and management, engages the services of SGV & Co., a member of Ernst and Young International, as its External Auditor. In 2022, Php1,346,243 in audit fees were paid to SGV & Co. No non-audit fees were paid.

Procurement Policy

Manulife China Bank 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 third-party outsourcing is 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 China Bank, 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 China Bank 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 China Bank 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 – Jan-Feb 2020 OFAT for branches
- Hazard Investigation and Risk Assessment and Control – annually and more frequently, if needed, since June 2019
- Reporting of unsafe workplace hazards and work practices – monthly
- Fire and Earthquake Evacuation Drills – Aug 2020 (Hanston only, none for NEX due to COVID-19)
- Orientation Programs – monthly

Other company-initiated safety and health activities include: COVID-19 Prevention and Control Program, Drug-Free Workplace, Mental Health, Monthly Safety Committee Meetings, and COVID Incident Management Team Meetings.

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

Shareholder Information

Rights of Shareholders

The shareholders have the powers and responsibilities as stated in the Revised 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.

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 Corporate Secretary ensures that the notice of the meeting, including the notice for the annual shareholders meeting, is sent to the stockholders at least 21 days from the date of the actual meeting. As much as possible, the Corporate 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 (with option to attend by video conference), the shareholders were given the opportunity to ask questions or raise issues during the Other Matters portion of the agenda.

The Company’s Shareholders as of March 2023

Name	Shares Held	Amount Paid	% of Ownership	Beneficial Owner	Nationality
The Manufacturers Life Insurance Co. (Phils.), Inc. (MP)	2,999,993	Php 299,999,300.00	59.99986%		Dutch
China Banking Corporation (CBC)	1,999,998	Php 199,999,800.00	39.99996%		Filipino
Sachin Shah (Chairman / Non-Executive Director)	1.0	Php 1,000.00	nil	MP	American
Neil Bowyer (Executive Director)	1.0	Php 1,000.00	nil	MP	British
Rahul Hora (Non-Executive Director)	1.0	Php 1,000.00	nil	MP	Indian
William Whang (Non-Executive Director)	1.0	Php 1,000.00	nil	CBC	Filipino
Patrick Cheng (Non-Executive Director)	1.0	Php 1,000 .00	nil	CBC	Filipino
Matthew Lawrence (Non-Executive Director)	1.0	Php 1,000.00	nil	MP	Filipino
Janette L. Pena (Independent Director)	1.0	Php 1,000.00	nil	MP	Filipino
Rhoda Regina Reyes-Rara (Independent Director)	1.0	Php 1,000.00	nil	MP	Filipino
Conrado Favorito (Independent Director)	1.0	Php 1,000 .00	nil	MP	Filipino

Compensation Philosophy

Manulife’s 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.

MCBL’s compensation philosophy is 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 to:

- 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.

Global Recognition Program

Podium is Manulife’s global digital platform to appreciate and recognize colleagues who bring its core values to life through their actions. Regular full-time and regular part-time employees of Manulife or designated subsidiaries can both give and receive recognition through Podium.

Podium gives employees unlimited chances to say, “Thank you” to colleagues globally in the digital platform and recognize colleagues in additional fun ways by using award categories like “High Fives”, “Applause,” and “Take a bow,” with equivalent award values per category. Employees can redeem their Podium points any time for a variety of options, including shopping, dining, entertainment, charity and more.

Training and Development

The Company continues to invest in employee development as employees started settling into the new normal. As the industry and the whole organization evolve, it is critical that employees continue to develop and grow so they can grow individually while helping meet Manulife’s strategic priorities.

In addition to the regular training sessions anchored on Customer Centricity and Leadership Development programs, The Company continues to leverage its online learning platform Pursuit, empowering employees to discover and develop business, technology-related, and creative knowledge and skills through expert-led courses and videos.

Introduced in 2021, Pursuit includes a broad portfolio of programs, courses and tools that offer personalized learning plans for employees to continue growing their skills and capabilities. By the end of 2022, Pursuit has been upgraded into a fully automated, AI- powered learning experience for fast and easy access to all employees’ learning needs.

More positive developments have been achieved in 2022.

- Employees can earn badges to showcase their commitment to learning and celebrate new skills
 - For employees that complete 22 hours of learning in Pursuit for 2022, they can earn **22 in 2022** badges.
 - For employees who complete learning around Agile, Human-Centred Design (HCD), Advanced Analytics & Artificial Intelligence, and Net Promoter Score (NPS), they can earn a **New Ways of Working Enthusiast** badge.
- Employees can access our **Pursuit Learning Pathway** for specially curated learning activities that include:
 - Getting to Know Risk Management
 - Your Role in Managing Risk
 - Risk Appetite
 - Cybersecurity

In 2022, MCBL also continued its focus on people development. For new Financial Sales Advisors (FSAs), the Company continued its BEST onboarding program, along with its Follow Up Follow Through training set to give its people the best chance for success. For the Company’s tenured FSAs, MCBL conducts continuous learning through its monthly modules to ensure that their knowledge of company processes and operational guidelines, new products, fund performance, and new platforms are up to date. For select FSAs, MCBL enrolled them in the Registered Financial Planners Program for higher learning. To further support its field management force, MCBL relaunched the Leader Training Program to reintroduce the skills and discipline needed to excel in the field. People development has been a main priority for MCBL as it is a pathway to success.

Fuel-Up Fridays

To further promote the importance of continuous learning and development at Manulife, the Company continued to hold its Fuel Up Fridays, where every afternoon of the second Friday of each month is focused on learning and development. This initiative, which started in 2021, provided employees with specific focus areas as learning sessions so they can acquire new sets of knowledge and skills that can help advance their personal and professional growth. Some of the sessions in 2022 included Embracing Transformation and Change, Communicating with Impact; Feedback, Recognition and Resilience; Data Governance and Analytics, Improving Your Wellness, The Importance of Managing Risk, among others.

Employee Health and Wellness

The Company prioritizes the health and well-being of its employees, ensuring that everyone leads a healthier and more balanced life. In 2022, the Company to partner with Human Dynamic, one of the leading consultancy companies globally that provide a Work Life Coaching program to employees so they can learn to better manage personal and work-related challenges and help improve their mental wellness.

The Work Life Coaching program provides personal work-life coaches to support our employees and their families, so that they have the resources to balance their work and personal priorities effectively. Sessions of this program include confidential one-on-one coaching, theme-based interventions, engaging formats and qualified experienced coaches.

Extra five days off

Manulife also offered five additional days of paid leave in 2022 so employees can take some meaningful time away from work. The Company aimed to show deep appreciation of the extraordinary efforts and sacrifices of its team members as they navigated the challenges brought by the pandemic. It was also an important initiative so employees can unplug, recharge and reenergize, prioritizing both their physical and mental health.





Empowering China Bank and China Bank Savings customers to boost their financial future with *relevant* insurance and investment-linked *solutions*



What if there’s a plan that can give your life goals a *boost*?

In 2022, Manulife China Bank Life (MCBL) remained steadfast in its goal to address its customers’ life protection needs.

In February, Manulife China Bank Life introduced MCBL FutureBoost, a flexible insurance plan that provides customers with multiple rewards and bonuses to help them achieve their life goals. This is in view of an important insight gathered by the 3rd Manulife Asia Care Survey, where 87% of Filipinos surveyed recognize the value of seeking insurance protection.

MCBL FutureBoost includes life and financial protection in one plan offering: potential income through a premium bonus equivalent to 5% of their basic premium, if premiums are paid on time; an additional bonus equivalent to 2% of their basic premium, if they opt to add to their premium by extending the number of years they put funds into their policy; and, an annual loyalty bonus equivalent to either 0.5% or 0.75% of their account values upon completion of their policy’s 10th year. Additionally, MCBL FutureBoost does not have upfront premium charges, which allow customers to automatically invest in their chosen funds and start building their investments quickly.

To strengthen its variable life insurance (VUL) fund portfolio, Manulife China Bank Life also launched two new fund options: **Global Health Fund and Global Multi-Asset Income Fund**. As today’s post-pandemic environment continues to evolve, and the global economy embarks on its recovery path, more Filipinos have become aware of unlocking investment opportunities across different sectors that can help them reach their financial goals while securing much-needed life protection.

The Global Health Fund, launched in May 2022, is available to MCBL’s variable life insurance products such as WealthOne, FutureBoost, Invest, and Enrich plans; while the Global Multi-Asset Income Fund, introduced in October 2022, is available to WealthOne.

Through these new VUL funds, customers of China Bank and China Bank Savings can also personalize their VUL plans to match their investment appetite as well as their financial aspirations, making MCBL their trusted bancassurance partner.




Enjoy total health care for your life and finances through **MCBL’S Global Health Fund**.

Grow funds faster through the world’s top healthcare companies.

Learn more about this fund today.






Why should you choose **Global Multi-Asset Income Fund** when you get an MCBL insurance plan with investment?

- It aims to provide regular income payouts while growing your capital at the same time.
- Seeks to lessen market loss through a flexible investment strategy, intensive research, and thorough selection process.
- Offers access to some of the world’s top corporations like Amazon, Apple, Cisco, J&J and Barclays.

Ask about this fund today.



Environmental, Social and Governance

Focus on sustainability

MCBL supports Manulife’s Impact Agenda: Building a *better business* to *better the world*

Decisions made easier. Lives made better. These are Manulife’s reasons for being. It is core to who the Company is and what its journey is all about. MCBL helps create long-term value with Manulife for its business, communities, and the planet. In support of Manulife’s Impact Agenda, MCBL also commits itself and its resources to continue making lives better through three interconnected areas of focus.



Empower sustained health and wellbeing

For a company in the business of building financial resilience, empowering physical and financial well-being creates business value while achieving strong societal benefits. That’s why it’s important for Manulife and MCBL to make it easy for anyone to choose healthier behaviors and smarter financial solutions that help lay the foundation of a good life for all.



Drive inclusive Economic opportunity

In business and in life, a diversity of perspectives makes for a solid organization, helping open opportunities for all, champion underrepresented groups and make financial solutions more accessible. Manulife and MCBL aim to help level the playing field by giving everyone a fair shot at success.



Accelerate a Sustainable future

As companies that want to help their customers be more resilient health-wise and wealth-wise, Manulife and MCBL work to protect and restore the environment. The Companies believe that people cannot be healthy if they live on an unhealthy planet. Climate change is impacting people’s ability to breathe clean air, access safe drinking water, and safeguard against natural disasters. That’s why Manulife and MCBL are doing their part to help preserve the planet.

Financial inclusion through Peso Smart x Recovereads

Peso Smart webinars

In May 2022, more than 500 Peso Smart x RecoveREADS beneficiaries, together with their parents, teachers, and principals participated in Peso Smart’s financial literacy webinars. Through the webinars, employees from Manulife Philippines and Manulife China Bank Life Assurance Corporation (MCBL) taught lessons covering basic financial concepts such as saving, budgeting, and investing.



Water for Cambodia

In 2022, over 100 leaders across the Manulife Emerging Markets (EM), which included MCBL Corporate Officers, gathered to visit a rural community in Siem Reap, and installed bio-sand water filters, in partnership with **Water for Cambodia**, to provide clean drinking water for 180 rural households.



Protecting Banaue Rice Terraces from climate change impacts

Globally, Manulife has partnered with the National Geographic Society to better understand and mitigate the impact of climate change on significant heritage sites around the world and to secure the financial well-being of communities that rely on these places for their livelihoods. One of the chosen sites is the Cordillera Rice Terraces.



Fueling up on diversity, equity, and inclusion (DEI)

MCBL supports Manulife’s goal of ensuring that employees, customers, and communities are respected and feel connected to each other, and are treated with equity and dignity.

Promoting DEI in the Workplace

When people feel a sense of community and belongingness, they bring their authentic and whole selves to work. It is the Company’s commitment to create safe spaces for them so they can share their personal stories and enable them to thrive personally and professionally.

Employee Resource Groups

Employee Resource Groups (ERGs) also play an important role in implementing MCBL’s DEI strategy, providing valuable support and advice, creating community connection, and raising awareness of issues, challenges, and initiatives. They provide insights to DEI issues that are top of mind for employees, identify opportunities where the Company can play a stronger role, and hold it accountable to its DEI strategy and commitments.

ERGs are voluntary, employees-led networks that provide members meaningful, personal, and professional development opportunities and are fundamental to achieving an inclusive and equitable workplace.

Below are the Manulife community’s ERGs, with MCBL employees as members: are the Manulife community’s ERGs, with MCBL employees as members:



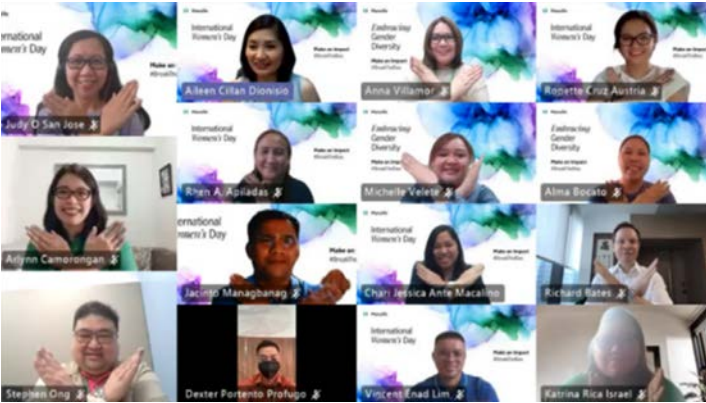
The Global Women’s Alliance (GWA) aims to support and encourage the recruitment, development, and advancement of women throughout the organization by providing a network and opportunities in which women can be mentored, share experiences, and have fulfilling careers with Manulife and MCBL.



Professionals Reaching out for Unity and Diversity (PROUD) promotes an inclusive workplace for LGBTQIA+ employees to promote their full and unencumbered contribution to Manulife and MCBL.

Below are the initiatives and events hosted by Manulife community’s ERGs in 2022, where MCBL employees also participated:

GWA’s “Success Knows No Gender #BreakTheBias” talked about breaking stereotypes, thriving in gender-neutral roles, and embracing diversity to truly build an inclusive world.



GWA’s “I Learned Them from Nanay: Tales of empowering maternal love” tackled how mothers play an important role in one’s childhood and adulthood, as they nurture a supportive, loving and caring attitude among people, who can then help foster an inclusive environment and create safe spaces for all.



PROUD launched its PROUD Viber Stickers to support the LGBTQIA+ community and engage them through fun, colorful and empowering stickers that help promote more inclusive interactions and conversations.

GWA’s “Finding your Confidence” special session shared lessons on confidence, leadership, and the power of self-promotion among Manulife employees to further empower women to seek advancement and development professionally and personally.

Management Discussion and Analysis (MDA)

This section provides an overview of the Company's performance in the year 2022, understanding its financial fundamentals covering profitability, business performance and strategic highlights. The MDA also includes a discussion on the Company's business goals and forward-looking plans.

1. Profitability

	2022 (PHP Millions)	2021
Net Income	804.3	8.46
General Expenses	1,101.3	1,022.6
Return on Equity	33.9%	0.4%

Net Income

- In 2022, the Company had PHP 322.8 Million lower benefits and claims incurred on insurance contracts, mainly attributed to a decrease in COVID-19 related claims.
- The Company's investment and other income grew by PHP 351.5 Million due to higher fund inflows and higher interest rates.

General expenses

- The Company's general expenses increased by PHP 78.6 Million (PHP 1.02 Billion in 2021 to PHP 1.10 Billion in 2022) due to
 - PHP 41.2 Million higher management fees (paid to Manulife Investment Management and Trust Corporation) due to increase in assets under management (AUM); and
 - PHP 16.4 Million higher administrative charges (paid to Manulife Philippines).

2. Business Performance

	2022 (PHP Millions)	2021
AUM GA balance	58,544.4	54,043.1
Gross Premiums	12.77	16.57

Gross Premiums

- In 2022, first year premiums grew 23% YoY, offsetting a drop in single premium of -29% YoY.
- Renewal premiums were slightly lower YoY (5%) as a portfolio of policies with 5-year maturity expired in 2022.

	2022	2021	Change	% Change
Increase/ (Release) in Legal Reserves*	76	126	(50)	-39.6%
Transfer to Seg Funds	11, 648	15, 591	(3, 943)	-25.3%
Reserves	11, 724	15, 717	(3, 993)	-25.4%
FY	790	643	147	22.9%
Renewal	2, 743	2, 898	(155)	-5.4%
Single Pay	9, 236	13, 024	(3, 788)	-29.1%
Gross Premiums	12, 770	16, 566	(3, 796)	-22.9%

3. Strategic Highlights

- Entering into 2023, the Company's Net Promoter Score (NPS) is at an all-time high at 78 points, and closing the gap to the market leader from 9 points last year to 6 points this year. ¹
- There has been a significant increase in adoption of digital assets with 85%+ of new policy submissions and 25%+ of all claims submitted digitally.
- Employee engagement scores have improved to 4.31 from 4.05 in 2019. ²

BAM Pillars to accelerate growth and deliver value

MCBL is a big part of Manulife's strategic priorities anchored on its Banca, Agency and Margins (BAM) pillars, as it aims to strengthen its bancassurance business in the Philippines.



MCBL, together with Manulife Philippines, is currently ranked 4th in terms total premiums adjusted with 10% of single pay premiums, as per data shared by the Insurance Commission as of 31 December 2022.

¹ The NPS score covers both Manulife Philippines and MCBL.

² Employee engagement scores are based on Gallup's 5-point scale, placing MCBL, along with Manulife, at the 72nd percentile rank across companies globally in 2022. GrandMean measures overall workgroup engagement, which is an average of 12 workgroup engagement items (Q01-Q12). The higher the score (with a maximum possible score of 5.00), the more engaged employees are. The Gallup Database Percentile Rank shows how the GrandMean and individual Q12 item results compare with Gallup's database of organizations that have administered the Q12 survey.

Independent Auditor's Report

The Board of Directors and Stockholders

Manulife China Bank Life Assurance Corporation.



Report on the Audit of the Financial Statements

Opinion

We have audited the Parent Company financial statements of The Manufacturers Life Insurance Co. (Phils.), Inc. (the Parent Company), which comprise the Parent Company statements of financial position as at December 31, 2022 and 2021, 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 Parent Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the **Auditor’s Responsibilities for the Audit of the Parent Company Financial Statements** section of our report. We are independent of the Parent 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 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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Parent 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 Parent 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 Parent 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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 30 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of The Manufacturers Life Insurance Co. (Phils.), Inc.

Bernalette L. Ramos

Bernalette L. Ramos
Partner

CPA Certificate No. 0091096
Tax Identification No. 178-486-666
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 91096-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions BIR Accreditation No. 08-001998-081-2021, February 1, 2021, valid until January 31, 2024 PTR No. 9564685, January 3, 2023, Makati City

March 31, 2023

The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Manulife China Bank Life Assurance Corporation Statements of Financial Position

December 31		
	2022	2021
Assets		
Cash and Cash Equivalents (Note 4)	Php 1,304,285,186	Php 2,099,163,215
Insurance Receivables (Note 23)	17,199,982	15,543,609
Financial Assets (Note 5)		
Financial assets at fair value through profit or loss (FVPL)	54,825,757,248	51,257,447,715
Available-for-sale financial assets	3,488,877,213	2,557,760,579
Loans and receivables	229,817,536	227,881,194
Accrued Income (Note 7)	42,227,703	26,514,501
Reinsurance Assets (Note 11 and 15)	4,800,672,527	5,336,318,528
Property and Equipment (Note 8)	30,192,806	27,549,407
Right-of-use Assets (Note 22)	3,390,003	6,295,721
Deferred Tax Assets (Note 21)	-	48,686,324
Other Assets (Note 9)	41,585,698	33,088,595
	Php 64,784,005,902	Php 61,636,249,388
Liabilities And Equity		
Liabilities		
Insurance contract liabilities (Notes 10 and 11)	Php 59,371,805,045	Php 56,935,764,786
Insurance payables (Notes 11 and 15)	1,120,370,666	1,275,947,416
Policyholders' dividends (Note 12)	344,143,523	307,139,656
Accounts payable and accrued expenses (Notes 12)	625,070,657	656,259,713
Due to related parties (Note 15)	471,464,156	409,312,547
Income tax payable	73,236,469	316,485
Deferred tax liabilities - net (Note 21)	71,359,719	-
Lease liability (Note 22)	4,665,433	8,201,189
Total Liabilities	Php 62,082,115,668	Php 59,592,941,792
Equity		
Capital stock (Notes 13 and 24)	Php 500,000,000	Php 500,000,000
Additional paid-in capital (Note 13)	525,000,000	525,000,000
Contingency surplus (Note 14)	-	-
Remeasurement loss on legal policy reserves (Note 10)	293,212,519	(12,237,466)
Remeasurement gain (loss) on pension plan (Note 20)	8,800,743	5,229,930
Reserve for fluctuation in value of available-for-sale financial assets (Note 5)	(490,284,613)	(35,535,179)
Appropriated surplus - Negative reserves (Note 2)	372,719,943	156,828,253
Retained earnings	1,492,441,642	904,022,058
Total Equity	2,701,890,234	2,043,307,596
	Php 64,784,005,902	Php 61,636,249,388

See accompanying Notes to Financial Statements.

Manulife China Bank Life Assurance Corporation

Statements of Income

Years Ended December 31		
	2022	2021
Revenue		
Gross premiums earned on insurance contracts	Php 12,769,736,264	Php 16,566,132,003
Reinsurers’ share of gross premiums earned on insurance contracts	(324,258,218)	(350,527,646)
Net insurance premiums earned (Note 16)	12,445,478,046	16,215,604,357
Investment income (Note 17)	171,615,445	117,081,939
Fair value gain (loss) on financial assets at FVPL (Note 5)	(6,733,776)	(707,403)
Gain on sale of available-for-sale financial assets (Note 5)	(2,610)	–
Foreign currency exchange gains (losses) - net	65,653,712	39,157,052
Other income (Note 17)	1,869,644,111	1,572,680,428
Total revenue	Php 14,545,654,928	Php 17,943,816,373
Benefits, Claims and Operating Expenses		
Gross benefits and claims incurred on insurance contracts (Note 18)	363,133,740	685,903,270
Reinsurers’ share of benefits and claims incurred on insurance contracts (Note 18)	(228,846,811)	(89,298,421)
Gross change in legal policy reserves (Note 18)	11,627,972,233	15,547,988,473
Reinsurer’s share of gross change in legal policy reserves (Note 18)	96,409,936	168,996,864
Dividends to policyholders	57,438,659	54,288,463
Net insurance benefits and claims	11,916,107,757	16,367,878,649
General and administrative expenses (Note 19)	1,101,308,387	1,022,660,855
Commission expenses (Note 15)	437,195,566	499,559,982
Insurance and other taxes	36,544,277	30,223,065
Total benefits and operating expenses	13,491,155,987	17,920,322,551
Income from operations	1,054,498,941	23,493,822
Interest expense on lease liability (Note 22)	402,202	615,422
Income before income tax	1,054,096,739	22,878,400
Provision for income tax (Note 21)	249,785,465	14,418,285
Net income	Php 804,311,274	Php 8,460,115

See accompanying Notes to Financial Statements.

Manulife China Bank Life Assurance Corporation

Statements of Comprehensive Income

Years Ended December 31		
	2022	2021
Net Income		
Other comprehensive income (loss)	Php 804,311,274	Php 8,460,114
Items that will be reclassified to profit or loss in subsequent periods:		
Net change in fair value of available-for-sale financial assets (Note 5)	(454,749,434)	(253,423,430)
Remeasurement gain (loss) on legal policy reserves, net of tax (Note 10)	305,449,985	155,529,784
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on pension plan (Note 20)	3,570,813	8,798,489
	(145,728,636)	(89,095,157)
Total Comprehensive Income	Php 658,582,638	(Php 80,635,043)

See accompanying Notes to Parent Company Financial Statements.

Manulife China Bank Life Assurance Corporation

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

	Capital Stock (Notes 13 and 23)	Contributed Surplus (Note 13)	Contingency Surplus (Note 14)	Remeasurement Loss on Legal Policy Reserves (Note 10)	Remeasurement Gain (Loss) on Pension Plan (Note 20)	Reserve for Fluctuation in Value of Available-for-sale Financial Assets (Note 5)	Appropriated Surplus - Negative Reserves (Note 2)	Retained Earnings	Total
As at January 1, 2022	Php 500,000,000	Php 525,000,000	-	(Php 12,237,466)	Php 5,229,930	Php 35,535,179	Php 156,828,253	Php 904,022,058	Php 2,043,307,596
Net income	-	-	-	-	-	-	-	804,311,274	804,311,274
Other comprehensive income (loss)	-	-	-	305,449,985	3,570,813	(454,749,434)	-	-	(145,728,636)
Total comprehensive income (loss)	-	-	-	305,449,985	3,570,813	(454,749,434)	-	804,311,274	658,582,638
Appropriation of negative policy reserves	-	-	-	-	-	-	215,891,690	(215,891,690)	-
Balances at December 31, 2022	Php 500,000,000	Php 525,000,000	-	Php 293,212,519	Php 8,800,743	(Php 490,284,613)	Php 372,719,943	Php 1,492,441,642	Php 2,701,890,234
Balances at January 1, 2021	Php 500,000,000	Php 525,000,000	Php 100,000,000	(Php 167,767,250)	Php 3,568,559	(Php 217,888,251)	Php 81,123,394	Php 971,266,802	Php 2,223,942,638
Net income	-	-	-	-	-	-	-	8,460,115	8,460,115
Other comprehensive income (loss)	-	-	-	155,529,784	8,798,489	(253,423,430)	-	-	(89,095,157)
Total comprehensive income (loss)	-	-	-	155,529,784	8,798,489	(253,423,430)	-	8,460,115	(80,635,042)
Appropriation of negative policy reserves	-	-	-	-	-	-	75,704,859	(75,704,859)	-
Capital withdrawal	-	-	(100,000,000)	-	-	-	-	-	(100,000,000)
Balances at December 31, 2021	Php 500,000,000	Php 525,000,000	Php 100,000,000	(Php 12,237,466)	Php 5,229,930	(Php 35,535,179)	Php 156,828,253	Php 904,022,058	Php 2,043,307,596

See accompanying Notes to Parent Company Financial Statements.

Manulife China Bank Life Assurance Corporation

Statements of Cash Flows

Years Ended December 31		
	2022	2021
Cash Flows From Operating Activities		
Income before income tax	Php 1,054,096,739	Php 22,878,400
Adjustments for:		
Change in legal policy reserves (Note 10)	76,121,023	155,336,972
Change in IBNR provision (Note 10)	(25,402,091)	46,384,821
Depreciation and amortization (Note 19)	14,270,935	12,842,511
Retirement costs (Note 20)	9,620,315	11,916,607
Fair value loss (gain) on financial assets at fair value through profit or loss (Note 5)	6,733,776	707,403
Interest expense on lease liability (Note 22)	402,202	615,422
Provision for impairment loss on other assets (Notes 9 and 19)	276,981	244,572
Interest income (Note 17)	(171,615,445)	(117,081,939)
Unrealized foreign currency exchange losses - net	(44,696,957)	(18,275,933)
Gain on sale of available-for-sale financial assets (Note 5)	2,610	–
Operating income before changes in working capital	919,810,088	115,568,836
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Reinsurance assets	535,646,001	403,482,488
Other assets	(7,429,063)	22,386,354
Financial assets at fair value through profit or loss (Note 5)	(3,575,043,309)	(12,225,979,524)
Loans and receivables	(1,936,342)	(8,140,765)
Insurance receivables	(1,656,373)	(7,730,858)
Increase (decrease) in:		
Insurance contract liabilities (Note 10)	2,935,786,136	11,616,754,284
Due to related parties	62,151,609	258,800,247
Policy and contract claims payable (Note 10)	(114,107,688)	194,282,912
Insurance payables	(155,576,750)	46,230,021
Policyholders' dividends	37,003,867	34,722,479
Accounts payable and accrued expenses	(31,189,056)	(214,251,483)
Net cash generated by operations	603,459,120	236,124,991
Income taxes paid (including creditable withholding taxes)	(186,149,963)	(85,762,753)
Contribution to retirement fund (Note 20)	(8,971,135)	(8,013,659)
Interest paid (Note 22)	(402,202)	(615,422)
Net cash provided by operating activities	407,935,820	141,733,157

(Forward)

Years Ended December 31		
	2022	2021
Cash Flows From Investing Activities		
Interest received	182,087,556	124,538,123
Proceeds from sale/maturities of available-for-sale financial assets (Note 5)	120,014,697	–
Proceeds from disposal of property and equipment	–	1,883,196
Acquisitions of:		
Available-for-sale financial assets (Note 5)	(1,532,007,591)	(437,565,875)
Property and equipment (Note 8)	(14,008,617)	(11,904,979)
Net cash used in investing activities	(1,243,913,955)	(323,049,535)
Cash Flows From Financing Activities		
Payment of principal portion of lease liability (Note 22)	(Php 3,535,755)	(3,135,007)
Return of capital (Note 14)	–	(100,000,000)
Net cash used in financing activities	(3,535,755)	(103,135,007)
Effect of Foreign Currency Rate Changes on Cash and Cash Equivalents	44,635,861	18,275,933
Net Decrease in Cash and Cash Equivalents	(794,878,029)	(266,175,452)
Cash and Cash Equivalents at Beginning Of Year	2,099,163,215	2,365,338,667
Cash and Cash Equivalents at End of Year (Note 4)	Php 1,304,285,186	Php 2,099,163,215

See accompanying Notes to Parent Company Financial Statements.



Manulife China Bank Life Assurance Corporation

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