



Annual Report

Seizing new opportunities
to build a better normal

2021



Manulife China Bank Life Assurance Corporation

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Message from the Chairperson

Sachin N. Shah

General Manager, Emerging Markets
Manulife



Since the formation of our strategic alliance in 2007, Manulife and China Bank have always put customers at the center of its business. By offering financial solutions that address the evolving needs of the bank's customers, the partnership has been instrumental in securing Filipino lives, especially amid the challenge of COVID-19.

For the past two years, Manulife China Bank Life (MCBL) has made inroads as one of the high-performing bancassurance companies in the Philippines based on the recent Insurance Commission published data. I am delighted to have witnessed this progress thus far and remain confident of the MCBL team's dedication to growing the business further and leveraging the synergies and combined strengths of our institutions.

At MCBL, we understand Filipinos' desire to build and leave legacies for future generations, especially those of the ones we hold dear. According to findings of the Manulife Asia Care Survey, 91% of Filipinos recognize the value of seeking insurance protection. On a related note, we launched Legacy Secure to support Filipinos today who want to get a head start on building a lasting legacy. We also offered new fund options to variable insurance-linked products, giving customers of China Bank and China Bank Savings access to global investment opportunities, while securing their financial future.

This has been a banner year for Manulife China Bank Life, and I look forward to seeing the energy and momentum from 2021 build into continuous delivery in 2022 and beyond. On behalf of the Board of Directors, I would like to thank China Banking Corporation and China Bank Savings for the outstanding partnership and collaboration through the years. My warmest gratitude also goes to our employees, Financial Sales Associates, our clients, and everyone in our community for the invaluable contributions to MCBL's continued success.

Message from the President and CEO

Sandeep Deobhakta

Manulife China Bank Life Assurance Corporation



2021 has been the strongest year for Manulife China Bank Life Assurance Corp. (MCBL) in terms of new businesses in the last five years, proving that with our collective energy and passion to serve, we can weather the toughest of times and remain strong, so we can financially protect more Filipinos. COVID-19 has given us the opportunity to rethink the way we do things, and has allowed us to leverage our collective strengths, so we can deliver what matters most to our clients -- protection and service they can count on.

Putting our clients' needs first, we launched new product propositions that provide financial security and encourage them to live their lives to the fullest. MCBL introduced Legacy Secure, a whole life insurance plan that enables Filipinos to protect themselves and their families, while securing a strong and lasting legacy. It offers guaranteed life insurance coverage until age 100, and gives policyholders a lifetime of payouts or a long-life bonus at age 75, with opportunity to enhance their coverage with critical illness protection and other benefits.

Further, we introduced MCBL Health Protect, a group health insurance plan that can help businesses secure their most valued assets -- their employees -- against the financial costs of critical illnesses. Health Protect provides companies the flexibility to choose the coverage their employees need. It offers guaranteed financial assistance of up to Php 5 million in health coverage against top 3 critical illnesses that concern most Filipinos (cancer, heart attack, and stroke), as well as 57 other critical illnesses.

MCBL also launched three (3) new fund options to our variable life insurance (VUL) products, providing clients with access to global investment portfolios, and allowing them to optimize their potential returns. Tiger Growth Fund invests in innovative publicly traded companies in mainland China and Hong Kong, which have a track record of high revenues and have been performing well in the market. US Growth Fund, on the other hand, invests in some of the largest and most profitable publicly traded companies in the United States -- including high-performing conglomerates in big tech, e-commerce, and social media. Lastly, the Global Preferred Securities Income Fund invests in preferred securities of publicly traded companies worldwide.

2021 was a banner year for MCBL -- showcasing solid growth in the Insurance Commission rankings in terms of New Business Value, from 13th rank in 2020 to 9th in 2021, amid the continuing challenges posed by the pandemic. While we navigate the changes that the new normal brings, we have learned to thrive and even achieve new milestones along the way. Indeed, we at MCBL have proven that, if we keep our focus on our mission and look out for each other, we can truly make every day better.

On behalf of the Company's Board of Directors, I sincerely thank China Bank Corporation and China Bank Savings for all their support through the years. I am grateful for your confidence in the MCBL team, which has allowed us to continue taking our venture to the next level by enriching more Filipino lives. Additionally, my warmest appreciation goes to all our partners, our head office team, and sales leaders and associates for persistently pushing the envelope and contributing to MCBL's growth and success.

Maraming salamat po.

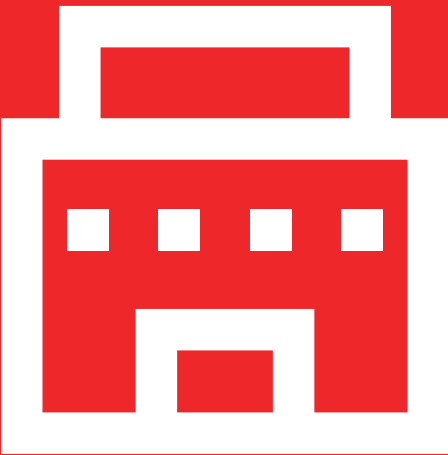
Who we are

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.



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.

About China Bank

China Banking Corporation (China Bank), founded in 1920, is one of the leading universal banks in the Philippines, and is the country's first privately-owned local commercial bank. It was listed on the Philippine Stock Exchange in 1927 (PSE stock symbol: CHIB), became the first bank in Southeast Asia to process deposit accounts on-line in 1969, the first Philippine bank to offer phone banking in 1988, and acquired its universal banking license in 1991. It provides a full range of banking products and services to corporate, commercial, and retail customers through 637 branches to date, including 160 branches of its retail bank arm China Bank Savings (CBS), complemented by 1,034 ATMs nationwide (162 ATMs for CBS), as well as internet and mobile banking alternative channels and services. It also offers a wide array of allied financial services through its subsidiaries China Bank Capital Corp., China Bank Securities Corp., China Bank Insurance Brokers Inc., and affiliate Manulife China Bank Life Assurance Corp.

With a century of enduring relationships, marked by quality service to its generations of clients and significant contribution to the country's economy, China Bank remains committed to ethical and responsible banking, and as one of the largest and strongest, most respected and trusted financial institutions in the country. Visit www.chinabank.ph for more information.

Our Mission, Customer Value Proposition and Values

Our Mission

We strive to be the best bancassurance business in the Philippines, delivering value to Manulife China Bank and its customers, which is differentiated through extraordinary customer experience, ease of doing business, and systematic engagement of all channels and segments with relevant solutions.

Our Customer Value Proposition

We provide our customers personalized financial solutions that enable them to confidently secure their own and their family's futures.



Our Values

1. Professionalism

We will be recognized as having the highest professional standards. Our employees and agents will possess superior knowledge and skill, for the benefit of our customers.

2. Real Value to Customers

We are here to satisfy our customers. By providing the highest quality products, services, advice and sustainable value, we will ensure that our customers receive excellent solutions to meet their individual needs.

3. Integrity

All of our dealings are characterized by the highest levels of honesty and fairness.

4. Demonstrated Financial Strength

Our customers depend on us to be here in the future to meet our financial promises. We earn this faith by maintaining uncompromised claims paying ability, a healthy earnings stream, and superior investment performance results; consistent with a prudent investment management philosophy.

5. Employer of Choice

Our employees will determine our future success. In order to attract and retain the best and brightest employees, we will invest in the development of our human resources and reward superior performance.

Board of Directors

*as of May 2022



Sachin Shah

Chairperson

Sachin N. Shah (54) 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.



Richard Bates

Non-Executive Director

Richard Bates (48) is the President and CEO of Manulife Philippines. He currently serves as an executive director of Manulife Philippines, Manulife China Bank Life Assurance Corp., and Manulife Asset Management and Trust Corporation. He first served as a director of said companies in 2019.

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

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



Sandeep Deobhakta

Executive Director

Sandeep Deobhakta (58) is the President and CEO of Manulife China Bank. He was elected director of the Company on September 2019.

Sandeep has vast insurance and banking experience having worked for AIA (Hong Kong) as Head of Operations and Transformation, Vietnam Prosperity Bank as Head of Retail Banking, Standard Bank (Africa) as Head of Personal Markets, Shinsei Bank (Japan) as Head of Retail Banking Sub-Group, Barclays Bank (Dubai) as Head of Premier-Emerging Markets, Abn Amro Bank (Hong Kong) as Head of Preferred Banking, Mphasis Corporation Singapore as Senior Business Analyst, and Citibank (Mumbai) as Branch Banking Head. Before joining the Company, Sandeep was the Regional Chief Bancassurance Officer of Manulife Hong Kong.

Sandeep is a Marketing graduate of the University of Pune in India. He obtained his Masters of Business Administration as a Sloan Fellow from the Massachusetts Institute of Technology.



William C. Whang

Non-Executive Director

William C. Whang (63) 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 (59) was elected as a Non-Executive Director of the Company in December 2019. He is currently the Chief Financial 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 (45) 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

Rhoda Regina Rara (55) serves as an Independent Director of Manulife Philippines, Manulife Financial Plans, Inc., and Manulife China Bank Life Assurance Corp. She was first elected as Independent Director in September 2007. She also chairs the Nomination and Remuneration Committee and Related Party Transaction Committee of the Company.

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

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

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



Janette L. Pena

Independent Director

Janette L. Peña (61) is an Independent Director of Manulife Philippines, Manulife Financial Plans, Inc., and Manulife China Bank Life Assurance Corp. She was first elected as Independent Director of the Company in 2007.

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

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

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



Conrado Favorito

Independent Director

Conrado Favorito (63) is an Independent Director of Manulife Philippines, Manulife Financial Plans, Inc., and Manulife China Bank Life Assurance Corp. He was first elected as director of the Company in April 2018.

He is currently the 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



Sandeep Deobhakta
President and CEO



Edwin Magpantay
Treasurer



Anna Elizza Bustos-De Leon
Data Privacy Officer



Fritzie Tangkia - Fabricante
Chief Legal and Compliance Officer and
Anti-Money Laundering Reporting Officer



Juan Miguel Javellana
Head of Training



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



Abbiegail Sac
Corporate Secretary



Mara Kristina Herrera
Assistant Corporate Secretary

Corporate Governance

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.

Committees

Audit Committee

The Audit Committee assists the Board of Directors in its oversight role with respect to financial information and audit functions by providing an independent review of the effectiveness of the financial reporting process and internal control system. After each committee meeting, the Audit Committee reports to the Board a summary of its findings 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 2021, the Audit Committee met five times as shown below:

Name of Director	Date of meeting				
	05 March 2021	16 April 2021	11 June 2021	20 August 2021	19 November 2021
Janette Peña (Chairperson/Independent)	✓	✓	✓	✓	✓
Rhoda Regina Rara (Independent)	✓	✓	✓	✓	✓
Conrado Favorito (Independent)	✓	✓	✓	✓	✓
Patrick Cheng (Non-Executive)	✓	✓	✓	✓	✓
Matthew Lawrence (Non-Executive)	X	✓	✓	✓	✓

In 2021, 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 June 16, 2021, the Audit Committee recommended for board approval the appointment of Sycip, Gorres Velayo & Co. (SGV & Co.) as the Company's external auditor for 2021.

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 2021, the Corporate Governance Committee met five 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				
	5 March 2021	16 April 2021	11 June 2021	20 August 2021	19 November 2021
Rhoda Regina Rara (Chairperson/Independent)	✓	✓	✓	✓	✓
Janette Peña (Independent)	✓	✓	✓	✓	✓
Conrado Favorito (Independent)	✓	✓	✓	✓	✓
Matthew Lawrence (Non-Executive)	X	✓	✓	✓	✓
Sachin Shah (Non-Executive)	X	X	✓	✓	✓

In 2021, 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 2021, the Related Party Transaction Committee met four 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			
	16 April 2021	11 June 2021	20 August 2021	19 November 2021
Rhoda Regina Rara (Chairperson/Independent)	✓	✓	✓	✓
Janette Peña (Independent)	✓	✓	✓	✓
Conrado Favorito (Independent)	✓	✓	✓	✓
Matthew Lawrence (Non-Executive)	✓	✓	✓	✓

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 2021, 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 2021 was presented to the Board and approved in November 2020.

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 2021, the directors accomplished the Board Effectiveness Survey.

The Board of Directors also assesses the President and CEO's performance for the previous year.

Board Meetings

The Board met five (5) times in 2021. The Board members’ attendance during meetings is shown below:

Name of Director	Date of meeting					
	05 March 2021	16 April 2021	11 June 2021	20 August 2021	19 November 2021	Percentage
Sachin Shah	✓	✓	✓	✓	✓	100%
Sandeep Deobhakta	✓	✓	✓	✓	✓	100%
Richard Bates	✓	✓	✓	✓	✓	100%
William Whang	✓	✓	✓	✓	✓	100%
Patrick Cheng	✓	✓	✓	✓	✓	100%
Janette Peña	✓	✓	✓	✓	✓	100%
Rhoda Regina Rara	✓	✓	✓	✓	✓	100%
Conrado Favorito	✓	✓	✓	✓	✓	100%
Matthew Lawrence	X	✓	✓	✓	✓	80%

Venue of Meetings

In 2021, all Board and Committee meetings were held 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) training and certification. They are also required to review and sign the Company’s Code of Business Conduct and Ethics (COBE) and a Conflict of Interest Disclosure Statement.

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

Board Remuneration

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

Currently, independent directors 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;

- **Governance and strategy** – The types and levels of risk the Company seeks given its strategic plan, the internal and external environment, and risk appetite which drives risk limits and policies;
- **Execution** – Risk identification, measurement, assessment and mitigation which enable those accountable for risks to manage and monitor their risk profile; and

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

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

Three Lines of Defense Model

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

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

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

The third line of defense is Audit Services, 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.

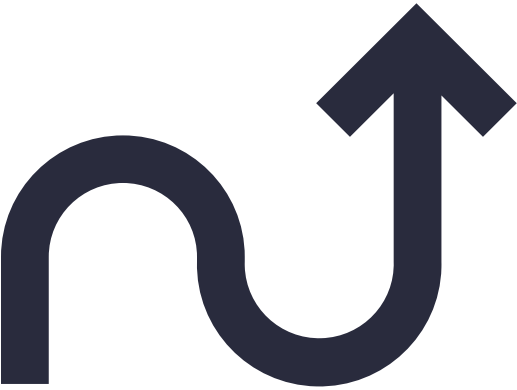
Risk Culture

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 Head of Risk Management as well as by the Executive Risk Committee (“ERC”). Together, they shape and promote our risk culture, guide risk taking throughout our operations and strategically manage our overall risk profile. The ERC, along with other 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 Head of Risk Management, establishes and maintains our ERM Framework and oversees the execution of individual risk management programs across the enterprise. Risk Management seeks to ensure a consistent enterprise-wide assessment of risk, risk-based capital and risk-adjusted returns across all operations.

The ERC approves and oversees the execution of the Company’s enterprise risk management program. It establishes and presents for approval to the Board of Directors the Company’s risk appetite and enterprise-wide risk limits and monitors our overall risk profile, including key and emerging risks and risk management activities. As part of these activities, the ERC monitors material risk exposures, endorses and reviews strategic risk management priorities, and reviews and assesses the impact of business strategies, opportunities and initiatives on our overall risk position. The ERC is supported by a number of oversight sub-committees including:

- **Product Steering Committee** – Oversees insurance risk and reviews risks in new products. Also monitors product design, new product pricing, and insurance risk exposures and trends.
- **Asset Liability Committee** – Oversees market and liquidity risk for insurance products, hedging, and asset liability management programs and strategies.

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 stochastic scenario modeling. In addition, qualitative risk assessments are performed, including for those risk types that cannot be reliably quantified.

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

Economic capital and earnings-at-risk provide measures of enterprise-wide risk that can be aggregated and compared across business activities and risk types. Economic capital measures the amount of capital required

to meet obligations with a high and pre-defined confidence level. Our earnings-at-risk metric measures the potential variance from quarterly expected earnings at a particular confidence level. Economic capital and earnings-at-risk are both determined using internal models.

Risk Monitoring and Reporting

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

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

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

Risk Control and Mitigation

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

management and decision making.

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

Emerging Risks

The identification and assessment of our external environment for emerging risks is an important aspect of our ERM Framework, as these risks, although yet to materialize, could have the potential to have a material impact on our operations and/or business strategies. We also consider taking advantage of opportunities identified to improve our competitiveness and ultimately our financial results.

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

Company Policies

Customer Welfare Policy

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

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

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

LoveworCX is an internal service-culture building program that provides employees a series of training and engagement activities aimed at strengthening our value of “obsessing about the customer”.

Customer-centric actions and initiatives are then continuously put in place to address customer issues. All of these initiatives help the Company stay focused on its efforts to provide exceptional customer service.

The Company leveraged technology to stay relevant to our customers’ needs and to be able to provide service that is faster and more efficient. Manulife Online is a mobile-optimized customer website that makes it easier and more convenient for customers to access their Manulife accounts anytime, anywhere. Here, they can obtain details such as their account value, when their next payment is due, and other important policy-related information. They can also make premium payments online as well as update their contact details.

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

Privacy Policy

At Manulife 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 2021, an online training on Privacy Awareness for the Company's Privacy Coordinators was conducted. Moreover, employees and Financial Sales Associates (FSA) complete annual privacy refresher 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 refresher training for employees and agents.

In 2021, Manulife China Bank conducted online training for its newly-hired FSAs on the basic principles of AML. Online Training on AML refresher was also provided to all 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.

In 2021, 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 2021, 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.

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 Note 15 of 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.

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 2021, Php 1.3 million 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 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 April 2021

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%		Canadian
China Banking Corporation (CBC)	1,999,998	Php 199,999,800.00	39.99996%		Filipino
Richard Bates (Non-Executive Director)	1.0	Php 1,000.00	nil	MP	British
Sachin Shah (Chairman / Non-Executive Director)	1.0	Php 1,000.00	nil	MP	American
Sandeep Deobhakta (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 our 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 has a number of programs for the professional development of its employees. These programs are provided by both the company’s human resource department and its own sales and training team. The end goal of these programs is to equip its personnel and management team with the right skills and knowledge to perform their functions and serve the customer in the best possible way.

The challenges experienced in 2020 continued throughout 2021, with a new set of lockdowns for the year. Because of this, the Company has continued to maintain its virtual learning sessions. To ensure that all members of the MCBL family remain safe, all training sessions and briefings for financial sales associates, sales managers, and Bank partners have been conducted virtually. With this, the use of technology, virtual training sessions, online self-study, and automated quizzes continued. The virtual training sessions increased efficiency, improved regularity, and enhanced the faculty to include members of the Company’s investment management team, our operations team, and our compliance team.

Currently, our online onboarding platform for FSAs has a standard virtual curriculum of 14 days covering the following topics: new employee orientation, licensing training, product training, basics of underwriting, the sales process, compensation, and compliance. This onboarding platform is further supplemented by a follow-through training program with additional topics such as: other products, investment 101, referral 101, and the policy review process.

On a monthly basis, FSAs undergo supplementary training to ensure that their knowledge of company processes and operational guidelines, new products, fund performance, and new platforms are up to date.

The Sales Management Team has its own set of training and development programs. In 2021, a program for new members of the team covered various topics that allowed them to coach and mentor their field personnel, including report analysis, and one-on-one coaching

Employee Health and Wellness

To continue supporting employees’ health and well-being through both learning and rest, Manulife launched Fuel Up Fridays, where employees dedicate the second Friday of each month to build new skills and enhance creativity in the morning, and then recharge in the afternoon, where they can spend more time with family and friends, or enjoy a sport or hobby.

Manulife also offered five additional days of paid leave to promote the importance of taking time away to focus on health and wellness.

Manulife extends these programs further by holding health and wellness special learning sessions, such as “Managing Stress and Anxiety During the Pandemic,” Digital Fatigue,” “Talking about COVID-19 with Family,” “Mindfulness & Self Care,” and “Leading Your Team Towards Holistic Wellness: Bringing Together Mind, Body, and Spirit for Optimal Health.”

Lastly, to continually ensure the health and safety of all its team members, global life insurer Manulife rolled out a COVID-19 vaccination program for its employees and active agents in the Philippines. This includes over 8,500 employees of Manulife Philippines, Manulife China Bank Life, Manulife Investment Management Trust Corporation, Manulife Business Processing Services (MBPS), and Manulife IT Delivery Center Asia (MITDC), as well as Manulife Philippines’ active insurance advisors and agency leaders. Manulife’s vaccination program amplifies the Company’s thrust to cultivate a safe and supportive work environment for all its team members.

Manulife Philippines’ COVID-19 vaccination support program is voluntary for employees and agents and comes on the heels of the Canada-based company’s donation of CAD250,000 to COVID-19 efforts in India, Indonesia, Cambodia, Malaysia, and the Philippines through Project HOPE, an international nonprofit organization whose work supports efforts around pandemic relief by providing life-saving supplies for healthcare providers to help people who need it the most.



Special Features

Offering relevant and accessible insurance products so Filipinos can enjoy a more secure future



In 2021, Manulife China Bank Life (MCBL) introduced new products geared towards addressing customers’ evolving life protection and retirement needs.

According to the 2nd Manulife Asia Care Survey, released in January 2021, 90% of Filipino respondents said retirement planning has become more important since the pandemic started. Recognizing this important insight, MCBL launched Legacy Secure, a whole life insurance plan that enables Filipinos to protect themselves and their families, to live out their best lives, while securing a strong and lasting legacy.

Part of building a legacy is ensuring our loved ones can enjoy financial security. With Legacy Secure, Filipinos can get guaranteed life insurance coverage until age 100. Policyholders can also enjoy lifetime payouts, or a long-life bonus at age 75, and enhance their coverage with critical illness protection and other benefits. The insured will receive the plan’s full coverage amount as a maturity benefit upon reaching 100 years old.

Moreover, as part of its efforts to drive financial inclusion and help financially protect more Filipinos, MCBL launched its affordable term insurance solution, Secure Pinoy. As 87% of Filipino respondents intend buy a new insurance plan in the next 18 months, Secure Pinoy aims to provide relevant, accessible and easy-on-the-pocket life insurance protection.

Exclusive to China Bank Savings customers, Secure Pinoy is available in four annual premium plans: Php 500, Php 1,000, Php 2,500, and Php 5,000. For the Php500 entry-level plan, customers can get Php 35,000 worth of life insurance coverage for one year, or Php200,000 coverage for death due to an accident, plus Php 10,000 coverage for accidental medical reimbursement. Secure Pinoy policyholders can also extend their coverage to their family members so they can strengthen their loved ones’ life protection.

MCBL believes that by making life and health coverage widely available to more Filipinos, the Company can help them ensure stronger financial protection and live life with less worries.

Additionally, as part of its commitment to support Filipino’s sustained health and well-being, MCBL introduced Health Protect, a group health insurance plan that can help companies secure their employees against the financial costs of critical illnesses. Health Protect offers guaranteed financial assistance of up to Php 5 million and health coverage to protect against the Top 3 critical illnesses most feared by Filipinos -- cancer, heart attack, and stroke -- and 57 other critical illnesses*.



MCBL Health Protect

Provide *extra* health coverage and financial benefits for your employees.

Manulife-China Bank Health Protect is a health insurance plan that offers guaranteed financial assistance of up to Php 5M* and health coverage from the Top 3 critical illnesses (cancer, heart attack, stroke) and 57 other critical illnesses.

*Up to Php 5M for MCBL Health Protect and up to Php 6M for Critical Illness Rider. Terms and conditions apply.

* Terms and conditions apply.



MCBL also introduced three new fund options to its variable life insurance (VUL) portfolio: Tiger Growth Fund, US Growth Fund, and Global Preferred Securities Income Fund, providing Filipinos with access to invest in key global markets. With Filipinos showing greater interest in purchasing



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Growing wealth beyond borders

With guest speaker:



Rex Mendoza
President and Chief Executive Officer (CEO) of Rampover Financials

May 21, 2021, Friday 4:00 to 5:00 PM

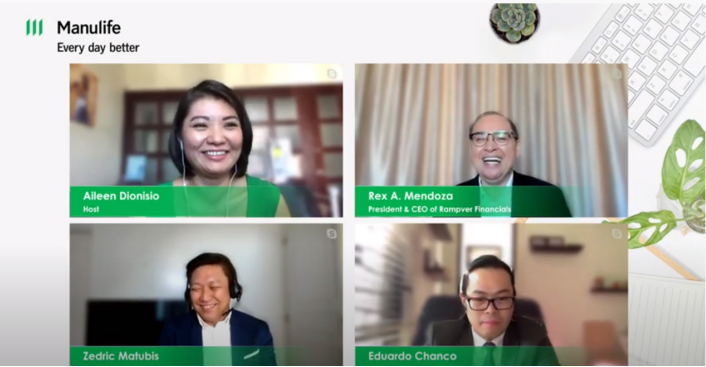
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<http://manulife.pub/WealthBeyondBorders>



life insurance because of the uncertainties caused by the COVID-19 pandemic, MCBL is focused on providing customers with relevant insurance products, which can provide both life protection and investment opportunities.

The Tiger Growth and US Growth Funds are available to MCBL’s variable life insurance plans such as MCBL Invest, MCBL Enrich, Affluence Max Elite, Platinum Invest Elite, and Enrich Max. Meanwhile, the Global Preferred Securities Income Fund can be accessed through MCBL’s single-pay VUL plans, Platinum Invest Elite and Affluence Max Elite.



As VUL plans can play a significant part in one’s asset allocation strategy, they provide “the best of both worlds” -- relevant insurance protection in the event of life uncertainties, and investment opportunities to grow one’s wealth. Through the newly launched VUL funds, Filipinos can tailor-fit their plans to match their investment appetite and financial aspirations, enabling MCBL to help them reach their investment goals.

Environmental, Social and Governance

Focus on sustainability

Manulife China Bank adheres to the Environmental, Social and Governance strategies of Manulife across its different markets in the world.

Manulife’s *sustainability strategy*

Manulife’s sustainability strategy supports our mission of making decisions easier and lives better. Building on its history as a trusted insurer, long-term investor, and good corporate citizen, Manulife incorporates input from external and internal stakeholders, with learnings from ongoing engagement with external sustainability associations, as well as its experience over the years in this space. Manulife’s Sustainability strategy has four pillars:

Our Environment

Reduce the impact of its operations on the physical environment and invest in supporting the transition to a lower-carbon economy.

Our People

Invest in the health and wellbeing of its employees and continue building a diverse and inclusive workplace.

Our Customers and Shareholders

Manage its ESG risks and opportunities to benefit customers, shareholders, and employees, and operate in an ethical manner.

Our Communities

Create measurable social impact by investing in the health and well-being of our communities

Community investment

Manulife China Bank supports Manulife’s programs that motivate and empower people to make informed choices that help them live longer, healthier, more financially secure lives.

Healthy, active living

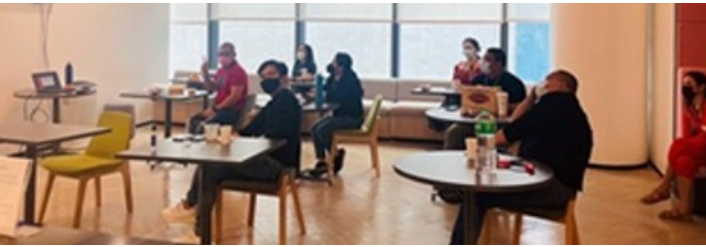
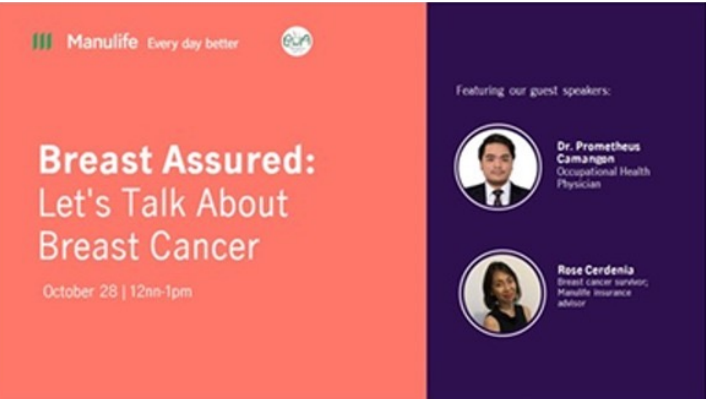
Healthy living is essential to a long and happy life. With a focus on prevention, Manulife supports innovative health and wellness initiatives that inspire people to be physically active and eat healthy, well-balanced diets.

Financial well-being

Feeling in control of your financial future is an important part of overall well-being. Manulife supports sustainable initiatives that empower people to gain the knowledge, skills, and experiences they need to achieve long-term economic success.

Recognizing Breast Cancer Awareness Month

In October 2021, the Global Women’s Alliance team comprising volunteers from Manulife Philippines, Manulife China Bank Life and Manulife Investment Management Philippines, held a special session about breast cancer awareness titled, “Breast Assured: Let’s Talk About Breast Cancer,” where employees learned the importance of early detection and prevention to minimize risks. A breast cancer survivor also shared stories of courage and resilience in the face of life’s biggest challenges.



Company employees attend GWA’s special session, Breast Assured

Work with Pride: How gender inclusion helps Filipino companies drive employee growth

LGBT+ members and allies from Manulife Philippines and MCBL shared their experiences and aspirations for diversity, equity and inclusion, and their perspectives and experiences on how the company’s inclusive programs help drive their personal and professional growth, and contribute to their sense of fulfillment. This story has been published in Adobo Magazine.

Across its various markets around the world, Manulife’s Professionals Reaching Out for Unity and Diversity (PROUD) aims to promote an inclusive workplace for LGBTQ+ employees to encourage their full and unencumbered contributions at work. In addition, PROUD organizes various events to promote inclusion and diversity and to educate the wider community about the importance of equality, acceptance, and allyship.

Other Manulife community *initiatives*

Manulife donates CAD250,000 to support COVID-19 relief efforts in Asia

In May 2021, Manulife donated CAD250,000 to Project HOPE to help provide much needed supplies for healthcare facilities as COVID-19 resurges with devastating impact in certain parts of Asia, including the Philippines.

Manulife’s Acts of Kindness

In December 2021, Manulife provided each of its 37,000 employees around the world the spending equivalent of CAD50 in their local currency to ‘pay it forward’ and create acts of kindness in their local communities. First introduced in 2020, this year’s #ManulifeActofKindness program once again enables colleagues around the world to pay it forward. It was in recognition of Manulife’s bigger role to serve communities in need, while showing gratitude for the blessings that they continue to enjoy.



Independent Auditor's Report

The Board of Directors and Stockholders

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



Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the financial statements of Manulife China Bank Life Assurance Corporation (the Company), which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 27 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Manulife China Bank Life Assurance Corporation.

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. 0926-AR-3 (Group A)
July 25, 2019, valid until July 24, 2022
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. 8854354, January 3, 2022, Makati City

May 23, 2022

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	
	2021	2020
Assets		
Cash and Cash Equivalents (Notes 4 and 26)	Php 2,099,163,215	Php 2,365,338,667
Insurance Receivables (Note 23)	15,543,609	7,812,751
Financial Assets (Note 5 and 26)		
Financial assets at fair value through profit or loss (FVPL)	51,257,447,715	39,032,175,594
Available-for-sale financial assets	2,557,760,579	2,387,507,350
Loans and receivables	227,881,194	219,740,429
Accrued Income (Note 7 and 26)	26,514,501	20,081,469
Reinsurance Assets (Note 11 and 15)	5,336,318,528	5,739,801,016
Property and Equipment (Note 8)	27,549,407	27,464,418
Right-of-use Assets (Note 22)	6,295,721	9,201,439
Deferred Tax Assets (Note 21)	48,686,324	115,920,579
Other Assets (Note 9)	33,088,595	47,891,150
	Php 61,636,249,388	Php 49,972,934,862
Liabilities And Equity		
Liabilities		
Insurance contract liabilities (Notes 10, 11 and 26)	Php 56,935,764,786	Php 45,146,356,676
Insurance payables (Notes 11 and 15)	1,275,947,416	1,229,717,395
Policyholders' dividends (Note 23)	307,139,656	272,417,177
Accounts payable and accrued expenses (Notes 12 and 26)	656,259,713	870,511,196
Due to related parties (Note 15)	409,312,547	150,512,300
Income tax payable	316,485	68,141,284
Lease liability (Note 22)	8,201,189	11,336,196
Total Liabilities	Php 59,592,941,792	Php 47,748,992,224
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)	-	100,000,000
Remeasurement loss on legal policy reserves (Note 10)	(12,237,466)	(167,767,250)
Remeasurement gain (loss) on pension plan (Note 20)	5,229,930	(3,568,559)
Reserve for fluctuation in value of available-for-sale financial assets (Note 5)	(35,535,179)	217,888,251
Appropriated surplus - Negative reserves (Note 2)	156,828,253	81,123,394
Retained earnings	904,022,058	971,266,802
Total Equity	2,043,307,596	2,223,942,638
	Php 61,636,249,388	Php 49,972,934,862

See accompanying Notes to Financial Statements.

Manulife China Bank Life Assurance Corporation

Statements of Income

	Years Ended December 31	
	2021	2020
Revenue		
Gross premiums earned on insurance contracts	Php 16,566,132,003	Php 9,350,336,055
Reinsurers’ share of gross premiums earned on insurance contracts	(350,527,646)	(349,055,172)
Net insurance premiums earned (Note 16)	16,215,604,357	9,001,280,883
Investment income (Note 17)	117,081,939	120,086,219
Fair value gain (loss) on financial assets at FVPL (Note 5)	(707,403)	248,421
Gain on sale of available-for-sale financial assets (Note 5)	-	5,046,158
Foreign currency exchange gains (losses) - net	39,157,052	(37,667,758)
Other income (Note 17)	1,572,680,428	1,418,612,149
Total revenue	Php 17,943,816,373	Php 10,507,606,072
Benefits, Claims and Operating Expenses		
Gross benefits and claims incurred on insurance contracts (Note 18)	685,903,270	139,985,988
Reinsurers' share of benefits and claims incurred on insurance contracts (Note 18)	(89,298,421)	(44,468,145)
Gross change in legal policy reserves (Note 18)	15,547,988,473	8,572,273,082
Reinsurer's share of gross change in legal policy reserves (Note 18)	168,996,864	83,432,140
Dividends to policyholders	54,288,463	52,050,712
Net insurance benefits and claims	16,367,878,649	8,803,273,777
General and administrative expenses (Note 19)	1,022,660,855	821,707,075
Commission expenses (Note 15)	499,559,982	323,066,417
Insurance and other taxes	30,223,065	29,510,304
Total benefits and operating expenses	17,920,322,551	9,977,557,573
Income from operations	23,493,822	530,048,499
Interest expense on lease liability (Note 22)	615,422	1,773,027
Income before income tax	22,878,400	528,275,472
Provision for income tax (Note 25)	14,418,285	150,520,904
Net income	Php 8,460,115	Php 377,754,568

See accompanying Notes to Financial Statements.

Manulife China Bank Life Assurance Corporation

Statements of Comprehensive Income

	Years Ended December 31	
	2021	2020
Net Income	Php 8,460,115	Php 377,754,568
Other comprehensive income (loss)		
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)	(253,423,430)	263,127,472
Remeasurement gain (loss) on legal policy reserves, net of tax (Note 10)	155,529,784	(159,017,460)
Item that will not be reclassified to profit or loss in subsequent periods:		
Remeasurement gain (loss) on pension plan (Note 20)	8,798,489	(8,113,746)
	(89,095,157)	95,996,266
Total Comprehensive Income	(Php 80,635,042)	Php 473,750,834

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, 2021 and 2020

	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, 2020,	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	-	Contingency	-	-	-	-	-	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)	-	Remeasurement	-	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 12,237,466)	Php 5,229,930	(Php 35,535,179)	Php 156,828,253	Php 904,022,058	Php 2,043,307,596
Balances at January 1, 2020	Php 500,000,000	Php 525,000,000	Php 100,000,000	(Php 8,749,790)	Php 4,545,187	(Php 45,239,221)	Php 44,828,315	Php 629,807,313	Php 1,750,191,804
Net income	-	-	-	-	-	-	-	377,754,568	377,754,568
Other comprehensive income (loss)	-	-	-	(159,017,460)	(8,113,746)	263,127,472	-	-	95,996,266
Total comprehensive income (loss)	-	-	-	(159,017,460)	(8,113,746)	263,127,472	-	377,754,568	473,750,834
Appropriation of negative policy reserves	-	-	-	-	-	-	36,295,079	(36,295,079)	-
Balances at December 31, 2020	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

See accompanying Notes to Parent Company Financial Statements.

Manulife China Bank Life Assurance Corporation

Statements of Cash Flows

Years Ended December 31		
	2021	2020
Cash Flows From Operating Activities		
Income before income tax	Php 22,878,400	Php 528,275,472
Adjustments for:		
Change in legal policy reserves (Note 10)	155,336,972	389,926,982
Change in IBNR provision (Note 10)	46,384,821	2,321,920
Depreciation and amortization (Note 19)	12,842,511	16,173,197
Retirement costs (Note 20)	11,916,607	10,159,841
Fair value loss (gain) on financial assets at fair value through profit or loss (Note 5)	707,403	(248,421)
Interest expense on lease liability (Note 22)	615,422	1,773,027
Provision for impairment loss on other assets (Note 9)	244,572	-
Interest income (Note 17)	(117,081,939)	(120,086,219)
Unrealized foreign currency exchange losses - net	(18,275,933)	29,092,175
Gain on sale of available-for-sale financial assets (Note 5)	-	(5,046,158)
Operating income before changes in working capital	115,568,836	852,341,816
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Reinsurance assets	403,482,488	(541,931,411)
Other assets	22,386,354	(6,849,983)
Financial assets at fair value through profit or loss (Note 5)	(12,225,979,524)	(5,041,102,386)
Loans and receivables	(8,140,765)	210,292,170
Insurance receivables	(7,730,858)	(971,380)
Increase (decrease) in:		
Insurance contract liabilities (Note 10)	11,616,754,284	4,526,981,737
Due to related parties	258,800,247	(58,921,759)
Policy and contract claims payable (Note 10)	194,282,912	130,582,038
Insurance payables	46,230,021	(110,824,530)
Policyholders' dividends	34,722,479	36,376,560
Accounts payable and accrued expenses	(214,251,483)	493,392,197
Net cash generated by operations	236,124,991	489,365,069
Income taxes paid (including creditable withholding taxes)	(85,762,753)	(157,977,795)
Contribution to retirement fund (Note 20)	(8,013,659)	(7,313,897)
Interest paid (Note 22)	(615,422)	(1,773,027)
Net cash provided by operating activities	141,733,157	322,300,350

Years Ended December 31		
	2021	2020
Cash Flows From Investing Activities		
Interest received	124,538,123	216,170,670
Proceeds from sale/maturities of available-for-sale financial assets (Note 5)	-	129,992,548
Proceeds from disposal of property and equipment	1,883,196	-
Acquisitions of:		
Available-for-sale financial assets (Note 5)	(437,565,875)	(279,847,589)
Property and equipment (Note 8)	(11,904,979)	(9,915,650)
Net cash used in investing activities	(323,049,535)	56,399,979
Cash Flows From Financing Activities		
Payment of principal portion of lease liability (Note 22)	(3,135,007)	(3,676,678)
Return of capital (Note 14)	(100,000,000)	-
Net cash used in financing activities	(103,135,007)	(3,676,678)
Effect Of Foreign Currency Rate Changes On Cash And Cash Equivalents	18,275,933	(29,092,175)
Net Increase (Decrease) In Cash And Cash Equivalents	(266,175,452)	345,931,476
Cash And Cash Equivalents At Beginning Of Year	2,365,338,667	2,019,407,191
Cash And Cash Equivalents At End Of Year (Note 4)	Php 2,099,163,215	Php 2,365,338,667

See accompanying Notes to Parent Company Financial Statements.

(Forward)