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Annual Report



Following seven years of partnership, China Bank and Manulife Philippines renewed our bancassurance alliance with an increased bank ownership stake in Manulife China Bank Life Assurance Corporation.



In October 2014, China Bank and Manulife Philippines signed a renewed agreement that strengthens our strategic bancassurance alliance through an increased bank ownership stake in Manulife China Bank Life Assurance Corporation (MCBL). China Bank increased their investment in MCBL from 5% to 40% through a purchase of shares.

This renewed and fortified partnership between Manulife and China Bank and the new MCBL ownership structure enable increased collaboration for product development, allowing us to better meet the evolving needs of bank customers in relation to protection, wealth, savings, education and health solutions. This offers China Bank customers greater product choice and more flexibility, thus supporting the Bank's goal of being a one-stop-shop for financial services for their various client segments. Our strategic alliance also brings forth

opportunities for expanding distribution to new customer segments within the bank, such as in China Bank Savings, and in China Bank's recently-acquired Plantersbank.

2014 also saw the introduction of two new products for the China Bank customer base: MCBL Affluence Income and MCBL Money Max Secure. This provides us with a stronger set of solutions that can address China Bank customers' evolving financial needs.

Since October 2007, MCBL has grown into a business of significance for both China Bank and Manulife. Buoyed by our strengthened alliance, we embark on our next phase of growth and work toward our common purpose: to make MCBL the biggest, most professional bancassurance company in the industry.



## Board of Directors

### Mark O'Dell (Chair)

Mark O'Dell (57) was elected as Director and Chairman of the Board of Manulife China Bank Life Assurance Corporation on February 14, 2013. He is also the Senior Vice President & Regional Executive for Malaysia, Philippines & Singapore, ASEAN Operations of Manulife Asia, Chairman & Director of Manulife China Bank Life Assurance Corporation and Chairman & Director of Manulife Financials Plans, Inc. As Chairman, Mr. O'Dell is responsible for managing the affairs and development and effective functioning of the Board, provides leadership in Board Governance, acts in an advisory capacity on behalf of the Board to the President and CEO, manages the relationships between management and the Board and assists in managing shareholder agreement. Prior to his current role, Mr. O'Dell served as Senior Executive Vice President & Gen. Manager, Manulife Asia (2008-2012); Executive Vice President & Gen. Mngr, American International Assurance (AIA) Singapore and Brunei (2004-2008); Senior Vice President & General Manager, AIA Malaysia (2000 – 2004); Vice President & General Manager, AIA Indonesia (1998 – 2000); and Vice President and Director of Agencies, AIA Indonesia (1998 – 2000).

### Robert Wyld

Robert Wyld (55) was appointed President and Chief Executive Officer of Manulife China Bank Life Assurance Corporation in January 2012. He joined Manulife Financial in 2005 where he held various roles within the company's Asia operations, including Head of Partnership, Manulife Indonesia (Jan. 10, 2010-February 29, 2012) and Head of Alternative Distribution, Manulife Vietnam (2007-2010). Prior to joining Manulife, he was Chief Agency Officer of Prudential UK in Vietnam. Mr. Wyld graduated in business studies from Gloucester University, U.K. and is an Associate of the Chartered Insurance Institute, U.K. by examination and a Chartered Insurer by designation.

### Ryan Shane Charland

Ryan Charland (35) was first elected a Director of Manulife China Bank Life Assurance Corporation in August 2013. He is also President and Chief Executive Officer of Manulife Philippines. Mr. Charland joined Manulife in August 2003, working in the U.S. Division and Corporate Audit before joining U.S. Life Product Management in 2006. There he was rapidly given roles of greater responsibility, culminating in his appointment as the Pricing Officer in January 2010. Mr. Charland relocated to Asia in November 2011 as Regional Chief Risk Officer based in Hong Kong. There he established the risk management function and strengthened the local risk governance of all Manulife's operating entities in Asia. Mr. Charland holds a Bachelor of Science degree in Computer Science and Actuarial Science from the University of Toronto.

### Michael Fang

Michael Fang (45) was first elected as the Company's Director on August 19, 2014. He concurrently sits as Director of Manulife Financial Plans, Inc., and Manulife Philippines, while at the same time acting as the Vice President and Divisional Chief Actuary, Asia, Manulife Financial Asia Limited. He was previously the Vice President & Chief Actuary of Manulife-Sinochem Life Insurance Company (December 2010 – April 2014) and Supervising Actuary-Managing Actuary, Genworth Financial (2002-2009). He also served as an Actuarial Analyst, Associate Actuary of the USAA Life Insurance Company (1992 – 2002).

### Rhoda Regina R. Rara (Independent Director)

Rhoda Regina Rara (49) has been an Independent Director since her first election on September 3, 2007. She concurrently serves as an Independent Director to Manulife Financial Plans, Inc., and Manulife Philippines. She is presently Managing Partner of MarksPro Philippines/Law Firm of Reyes Rara & Associates and the Corporate Secretary of Intellectual Property Professors & Research Organization of the Philippines' IP Business Holdings, Inc. Prior to her present roles, Ms. Rara 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).

### Janette L. Peña (Independent Director)

Janette L. Peña (55) is an Independent Director of the Company, as well as Manulife Financial Plans, Inc., and Manulife Philippines. She was first elected as Director on May 16, 2007. She concurrently sits as Director and Corporate Secretary of Salcon Holdings Phil, Inc., Pancake House Group of Cos., SR Capital Group of Cos., and Macondray Group of Cos. Prior to her present roles, Ms. Peña was a Senior Partner at Ponce Enrile Reyes Manalastas Law Offices (1985-2003).

### Ricardo Chua

Ricardo Chua (63), has been a Director of Manulife China Bank Life Assurance Corp since August 2007. He is the President and Chief Executive Officer of Chinabank (since September 1, 2014), where he is also the chairman of the Management Committee and a member of the Trust Investment Committee, Executive Committee, Credit Committee, and the Board of Trustees of CBC Employees' Retirement Fund. He also serves on the Boards of China Bank subsidiaries China Bank Savings, Inc. (CBS), China Bank Insurance Brokers, Inc. (CBIBI), PCCI, and Plantersbank, as well as other non-PSE listed companies CAVACON Corporation and Sun & Earth Corporation. He was director/treasurer of CBC Venture Capital Corp. from 1989 to 2003 and director of the Philippine Clearing House Corp. from 2005 to 2011. Mr. Chua is a certified public accountant and holds a Bachelor of Science degree in Business Administration, Major in Accounting from the University of the East, cum laude, and a Master in Business Management (MBM) degree from the Asian Institute of Management (AIM).

## Executive Committee

A vertical list of five executive committee members, each with a name and title in a grey box with a red vertical bar on the left side.

- Robert Wyld**  
*President & CEO*
- Peter McKeown**  
*Senior Vice President & CFO/ Treasurer*
- Mark Antiga**  
*Chief Sales Officers*
- Amor M. Datinguino**  
*Vice President – Chief Compliance Officer*
- Paul Anthony P. Mandal**  
*Corporate Secretary*

## Corporate Governance

### Corporate Governance Policy

Manulife Chinabank Life Assurance Philippines commits to maintain its good Corporate Governance and continually improves on it because it believes in the importance of ensuring that the needs and interests of all its stakeholders are taken into account in a balanced and transparent manner as shown in its ASEAN Corporate Governance Scorecard.

Manulife Chinabank Life Assurance submits annually its Corporate Governance Scorecard in compliance with the relevant IC Circular Letters.

Pursuant to the latest Circular Letter on Corporate Governance, IC Circular Letter No. 2015-23 on the ASEAN Corporate Governance Scorecard, the following information for the year 2014 are provided in this annual report:

### Role and Responsibilities of the Board

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

The Board of Directors is responsible for providing independent oversight of the management of the business and affairs of the Company.

Consistent with its Parent Company's Board Mandate, the Board approves 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 policy and documents, including the financial statements and related disclosures prior to their release.

The Board likewise oversees the succession planning process of the Company, including the selection, appointment and development of the Chair 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.

### Risk Management and Internal Controls

The Board considers all principal risks facing the Company, as well as measures to manage these risks. The Audit

Committee ensures that comprehensive policies, risk management policies and internal control systems are in place to mitigate our exposures.

The Company's risk policies, risk management processes, internal controls and management information systems are updated on a regular basis to ensure they match our risk profile and comply with regulatory requirements.

As required by the U.S. Sarbanes-Oxley Act, the CEO and the Chief Financial certify our annual financial statements and evaluate and report on the effectiveness of the Company's disclosure controls and procedures.

The Audit Committee has direct communication, including in camera meetings, with the Internal Auditor, Independent Auditor and appointed Actuary, as well as with our principal regulator, the Insurance Commission (IC).

### COMMITTEES

#### Executive Committee

Robert Wyld	President & CEO
Peter McKeown	Senior Vice President & CFO/ Treasurer
Mark Antiga	Chief Sales Officer
Amor M. Datinguino	Vice President – Chief Compliance Officer
Paul Anthony P. Mandal	Corporate Secretary

Executive Committee and Management Committee meetings are held quarterly to facilitate communication and dissemination of information in a cost-efficient and timely manner.

#### Audit Committee

The Audit Committee, comprising of the following directors, met four (4) times in 2014.

- Janette Pena (Committee Chair, Independent Director)
- Rhoda Rara (Independent)
- Ryan Charland
- Indren S. Naidoo (until August 2014)
- David Banks (until April 2014)
- Michael Fang, Certified Public Accountant (from August 2014)

Invitee:

- Mark O'Dell
- David Banks (until 2014)

The attendance of the members during the Committee meetings is shown below:

Feb 21, 2014	April 10, 2014	Aug 19, 2014	Nov 24, 2014
Present:	Present:	Present:	Present:
Janette L. Pena	Janette L. Pena	Janette L. Pena	Janette L. Pena
Rhoda R. Rara	Rhoda R. Rara	Rhoda R. Rara	Rhoda R. Rara
Indren S. Naidoo	Indren S. Naidoo	Indren S. Naidoo	Michael Fang
Ryan Charland	Ryan Charland	Ryan Charland	Ryan Charland

### Nomination & Remuneration Committee

The Nomination and Remuneration Committee, composed of the following directors met thrice (3) in 2014:

- Rhoda Rara (Committee Chair, Independent Director)
- Janette Pena (Independent)
- Indren S. Naidoo (until August 2014)
- David Banks (until April 2014)
- Robert Allen Cook (from April 2014)
- Michael Fang (from August 2014)

February 21, 2014	April 10, 2014	August 19, 2014	November 24, 2014
Present	Present	Present	Present
1 Mark O'Dell	1 Ryan Charland	1 Mark O'Dell	1 Mark O'Dell
2 Ryan Charland	2 Robert Wyld	2 Ryan Charland	2 Ryan Charland
3 Indren S. Naidoo	3 Indren S. Naidoo	3 Robert Wyld	3 Robert Wyld
4 Rhoda R. Rara	4 Rhoda R. Rara	4 Indren S. Naidoo	4 Michael Fang
5 Janette L. Pena	5 Ricardo Chua	5 Ricardo Chua	5 Ricardo Chua
6 Robert Wyld		6 Rhoda R. Rara	6 Rhoda R. Rara
7 Ricardo Chua		7 Janette L. Pena	7 Janette L. Pena

### Venue of meetings

All the Board and Committee meetings were held in the Company's head office at LKG Tower, Ayala Ave., Makati City.

### Directors' Orientation Program and Continuing Education

The Corporate Secretary provides the orientation for new directors to explain the organizational profile, charters, by laws, policies and procedures in the company. A corporate governance seminar is arranged for each director to ensure adherence to best practices on corporate governance.

The attendance of the members during the Committee meetings is shown below:

April 10, 2014	August 19, 2014	November 24, 2014
Present	Present	Present
Rhoda R. Rara	Rhoda R. Rara	Rhoda R. Rara
Janette L. Pena	Janette L. Pena	Janette L. Pena
Indren S. Naidoo	Indren S. Naidoo	Mark O'Dell
David Banks	Robert Cook	Ryan Charland

### Board Process

The Board meetings are held on a quarterly basis unless a special meeting is necessary to consider urgent matters. The directors receive the notice of the meeting and the meeting pack 21 calendar days in advance. The meeting pack includes information on the Company's operation, minutes of last Board Committee meeting, 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. Board Meetings in 2014

The Board met four (4) times in 2014.

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

The Board members engage in informal meetings on a quarterly basis to further discuss issues and strategies.

### Performance evaluation

The company has established its own performance evaluation, the criteria of which are based on the Insurance Commission circular on corporate governance. The Board

conducts a self-assessment of their performance as well as the Committees and the President and Chief Executive Officer, annually.

To assess itself, the Board conducted a Board Effectiveness Survey wherein each director answers a questionnaire that determines his/her satisfaction of their own, of the board and of the committees' responsibility, operations, and effectiveness."

### COMPANY POLICIES

#### 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 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.



**Protect our Company's reputation.**

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

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

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

Philippines (Ilocos)	1010-5511-00
Philippines (Cebu, Palawan, Davao, Zamboanga)	105-11
Philippines (Tagalog Operator)	105-12

2. At the prompt dial 866-294-9534

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

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

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

**Manulife**

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

### Anti-Bribery and Anti-Corruption Policy

Company abides with the Philippines' existing laws, rules and regulations governing Anti-Bribery and Anti-Corruption, i.e., Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act).

### Related Party Transactions

Directors, officers and employees are required by the Company's Code of Business Conduct and Ethics to immediately report their interest in transactions and any conflict of interest or potential conflict. Directors and executives are also required to abstain from participating in any discussion on a particular subject that they are conflicted.

Related Party transactions (RPTs) exist and details of which are provided in Note XXX of the Audited Financial Statement. These RPTs are conducted in such a way as that they are fair and at arm's length.

### Arm's Length

Directors and executives must not be associated in any way with agreements between the Company and suppliers in which they or a member of their immediate family have an interest or which might result in their or their family member's personal gain.

### 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 to the Company to advance its legitimate interests when the opportunity to do so arises.

### Local Procurement Policy

Manulife 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 and expense management objectives. The purpose of the Procurement Policy is to provide guidance to employees and work area managers in their purchasing requirements in order to obtain maximum value for the

Company for each and every spending decision. This requires all stakeholders to work collaboratively to ensure:

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

#### Supplier Selection Criteria

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

1. Demonstrated ability to meet stated requirements;
2. Ability to provide competitive pricing (based on total cost of ownership);
3. Excellent customer service;
4. High quality products and/or services;
5. Financial stability

6. Technical skill and capacity to meet current and future needs; and,
7. Willingness to agree to Manulife's contract terms and conditions.

#### SHAREHOLDER INFORMATION

##### Rights of Shareholders

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

Among other, all of Company's shareholders have the right to:

1. Participate in the amendments of the Company's constitution
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,

As provided in the Company by-laws, the shareholders are aware of the rules and voting procedures that govern the general shareholder meetings.

Name	Shares Held	Amount Paid	% of Ownership	Nationality
The Manufacturers Life Insurance Co.	4,749,993	PhP 479,999,3000.00	94.9%	Canadian
China Banking Corporation	250,000	PhP 25,000,000.00	5.0%	Filipino
Mark Steven O'Dell (Chairman)	1.0	PhP 1,000.00	nil	American
Robert Wyld (Director)	1.0	PhP 1,000.00	nil	British
Michael Fang (Director)	1.0	PhP 1,000.00	nil	American
Ryan Shane Charland (Director)	1.0	PhP 1,000.00	nil	Canadian
Janette Lacson Pena (Independent Director)	1.0	PhP 1,000.00	nil	Filipino
Rhoda Regina Reyes-Rara (Independent Director)	1.0	PhP 1,000.00	nil	Filipino
Ricardo Chua (Director)	1.0	PhP 1,000.00	nil	Filipino

#### From Finance

##### 1. Life Insurance Operations

Manulife Philippines Gross Premiums amounted to P5.53 billion in 2014, a decrease of 34% versus previous year.

Net Insurance Benefits and Claims totaled P4.65 billion, a decrease of 38 % from last year.

##### 2. Net Investment Income

Net Investment Income amounted to P95.28 million in 2014 reflecting a 8% growth from 2013.

##### 3. Profit and Loss Account

Total Revenue was P5.26 billion, a 37% decrease over the previous year. Benefits and other expenses were

at P5.34 billion resulting in loss before income tax of P0.8 billion.

##### 4. Related Party Transactions

"Related Party relationship exists and details of Related Party transactions are provided in Note 14 of the Audited Financial Statement. None of these RPTs may be classified as financial assistance to entities other than wholly-owned subsidiary companies."

##### 5. Disclosure of audit and non-audit fees – (D.5) (Note per ACGR: To limit the possible risk of possible conflicts of interest, non-audit services and fees paid to auditors for non-audit services should be both approved in advance by the audit committee and disclosed in the Annual Report.)

"As approved by the Board, the Company engages the services of SGV and Co. as its external auditor. The audit fees of SGV and Co. for 2014 amounted to P0.9 million while the non-audit fee is nil."

## Audited Financial Statement

December 31, 2014

### INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
Manulife China Bank Life Assurance Corporation

#### Report on the Financial Statements

We have audited the accompanying financial statements of Manulife China Bank Life Assurance Corporation, which comprise the statements of financial position as at December 31, 2014 and 2013, 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 a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Manulife China Bank Life Assurance Corporation as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards.

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

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of Manulife China Bank Life Assurance Corporation in a separate schedule. Revenue Regulations 15-2010 require the information to be presented in the notes to financial statements. Such information is not a required part of the basic financial statements. The information is also not required by Securities Regulation Code Rule 68, As Amended (2011). Our opinion on the basic financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.



Lucy L. Chan  
Partner  
CPA Certificate No. 88118  
SEC Accreditation No. 0114-AR-3 (Group A),  
February 4, 2013, valid until February 3, 2016  
Tax Identification No. 152-884-511  
BIR Accreditation No. 08-001998-46-2015,  
February 27, 2015, valid until February 26, 2018  
PTR No. 4751267, January 5, 2015, Makati City

March 31, 2015

## MANULIFE CHINA BANK LIFE ASSURANCE CORPORATION STATEMENTS OF FINANCIAL POSITION

	December 31	
	2014	2013
<b>ASSETS</b>		
<b>Cash and Cash Equivalents</b> (Notes 4, 6 and 20)	<b>₱1,078,277,645</b>	₱1,286,463,369
<b>Insurance Receivables</b> (Note 20)	<b>32,038,144</b>	38,958,404
<b>Reinsurance Assets</b> (Notes 3, 10 and 11)	<b>2,265,277,539</b>	1,670,801,780
<b>Financial Assets</b> (Notes 5 and 20)		
Financial assets at fair value through profit or loss (Note 6)	<b>16,360,372,446</b>	11,735,234,542
Available-for-sale financial assets	<b>1,701,434,109</b>	1,551,647,719
Loans and receivables (Note 22)	<b>217,571,366</b>	418,599,410
<b>Accrued Income</b> (Notes 3, 7 and 20)	<b>93,083,900</b>	78,877,210
<b>Property and Equipment</b> (Notes 3, 8 and 22)	<b>15,594,559</b>	15,293,929
<b>Other Assets</b> (Notes 9 and 22)	<b>10,304,012</b>	4,119,356
	<b>₱21,773,953,720</b>	₱16,799,995,719
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Insurance contract liabilities (Notes 3, 10 and 20)	<b>₱19,604,912,181</b>	₱14,593,950,803
Insurance payable (Notes 11, 14 and 20)	<b>498,169,127</b>	345,781,340
Policyholders' dividends (Note 20)	<b>57,469,050</b>	35,995,231
Accounts payable and accrued expenses (Notes 12 and 20)	<b>200,401,477</b>	277,776,743
Due to related parties (Notes 14 and 20)	<b>68,886,106</b>	21,246,942
Income tax payable	<b>–</b>	569,358
	<b>20,429,837,941</b>	15,275,320,417
<b>Equity</b>		
Capital stock (Note 13)	<b>500,000,000</b>	500,000,000
Contributed surplus (Note 13)	<b>525,000,000</b>	525,000,000
Reserve for fluctuation in value of available-for-sale financial assets (Note 5)	<b>254,596,055</b>	340,153,438
Retained earnings	<b>64,519,724</b>	159,521,864
	<b>1,344,115,779</b>	1,524,675,302
	<b>₱21,773,953,720</b>	₱16,799,995,719

See accompanying Notes to Financial Statements.



## Statements of income

	Years Ended December 31	
	2014	2013
<b>REVENUES</b>		
Gross premiums earned on insurance contracts	₱5,534,735,226	₱8,443,505,802
Reinsurers' share of gross premiums earned on insurance contracts	(606,333,162)	(238,808,797)
Insurance premiums earned (Note 15)	4,928,402,064	8,204,697,005
Investment and other income - net (Note 16)	206,815,900	108,912,975
Gain on sale of available-for-sale financial assets (Note 5)	127,481,537	2,023,835
Foreign currency exchange gains - net	1,253,407	9,891,469
Total revenues	5,263,952,908	8,325,525,284
<b>BENEFITS AND OPERATING EXPENSES</b>		
Change in insurance contract liabilities (Note 17)	4,608,654,246	7,504,313,976
Gross benefits and claims incurred on insurance contracts	51,638,324	47,056,593
Reinsurers' share of benefits and claims incurred on insurance contracts	(13,866,659)	(21,018,609)
Benefits and claims	4,646,425,911	7,530,351,960
Commission expense	280,578,512	334,174,939
General and administrative expenses (Note 18)	347,018,279	309,160,526
Insurance taxes	35,731,402	29,393,056
Dividends and interest on policyholders' dividends	29,215,370	22,235,041
Total benefits and operating expenses	5,338,969,474	8,225,315,522
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	(75,016,566)	100,209,762
<b>PROVISION FOR INCOME TAX</b> (Note 19)	19,985,574	23,981,645
<b>NET INCOME (LOSS)</b>	(₱95,002,140)	₱76,228,117

See accompanying Notes to Financial Statements.

## Statements of Comprehensive Income

	Years Ended December 31	
	2014	2013
<b>NET INCOME (LOSS)</b>	(₱95,002,140)	₱76,228,117
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
<b>Items that will be reclassified to profit or loss in subsequent periods:</b>		
Net change in fair value gains (loss) on available-for-sale financial assets (Note 5)	(85,557,383)	83,962,024
	(85,557,383)	83,962,024
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	(₱180,559,523)	₱160,190,141

See accompanying Notes to Financial Statements.

## Statements of Changes in Equity

	Capital Stock (Notes 13 and 22)	Contributed Surplus (Note 13)	Financial Assets (Note 5)	Retained Earnings	Total
<b>Balances at January 1, 2014</b>	₱500,000,000	₱525,000,000	₱340,153,438	₱159,521,864	₱1,524,675,302
Net income	-	-	-	(95,002,140)	(95,002,140)
Other comprehensive income	-	-	(85,557,383)	-	(85,557,383)
<b>Total comprehensive income</b>	-	-	(85,557,383)	(95,002,140)	(180,559,523)
<b>Balances at December 31, 2014</b>	₱500,000,000	₱525,000,000	₱254,596,055	₱64,519,725	₱1,344,115,779
<b>Balances at January 1, 2013</b>	₱500,000,000	₱525,000,000	₱256,191,414	₱83,293,747	₱1,364,485,161
Net income	-	-	-	76,228,117	76,228,117
Other comprehensive income	-	-	83,962,024	-	83,962,024
<b>Total comprehensive income</b>	-	-	83,962,024	76,228,117	160,190,141
<b>Balances at December 31, 2013</b>	₱500,000,000	₱525,000,000	₱340,153,438	₱159,521,864	₱1,524,675,302

See accompanying Notes to Financial Statements.

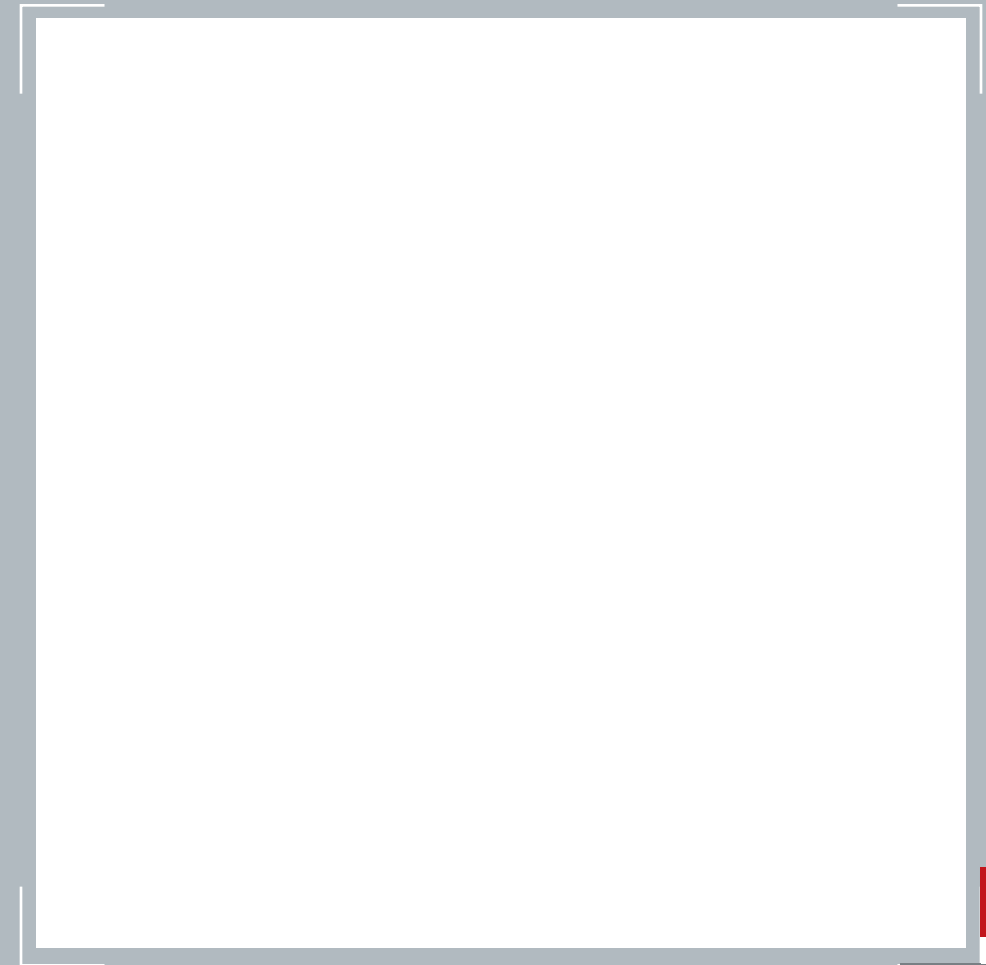
## Statements of Cash Flows

	Years Ended December 31	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	(₱75,016,566)	₱100,209,762
Adjustments for:		
Change in insurance contract liabilities (Note 17)	4,608,654,246	7,504,313,976
Depreciation and amortization (Notes 8 and 18)	7,032,469	7,504,771
Net gain on disposal of property and equipment	(444,958)	(26,600)
Fair value gains on financial assets at fair value through profit or loss (Note 16)	(4,185,655)	(12,999,693)
Foreign currency exchange gains-net	(1,253,407)	(9,891,469)
Interest income (Note 16)	(95,284,304)	(88,178,369)
Gains on sale of available-for-sale financial assets (Note 5)	(127,481,537)	(2,023,835)
Operating income before changes in working capital	4,312,020,288	7,498,908,543
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Financial assets at fair value through profit or loss (Note 5)	(4,223,643,104)	(5,760,485,899)
Insurance receivables	6,920,260	(9,907,648)
Reinsurance assets	(594,475,759)	(585,274,095)
Loans and receivables	201,028,044	(363,792,250)
Other assets	(6,184,656)	2,825,062
Increase (decrease) in:		
Insurance contract liabilities	(6,827,206)	9,572,902
Insurance payables	152,387,787	242,124,725
Policyholders' dividends	21,566,200	17,032,016
Accounts payable and accrued expenses	(77,375,266)	(25,653,069)
Due to related parties	47,639,164	12,574,594
Net cash generated by (used in) operations	(166,944,248)	1,037,924,881
Income taxes paid	(20,554,932)	(24,598,163)
Net cash generated by (used in) operating activities	(187,499,180)	1,013,326,718
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	100,348,877	88,831,040
Proceeds from sale/maturities of:		
Available-for-sale financial assets (Note 5)	533,885,317	29,427,856
Property, Plant and Equipment (Note 8)	671,625	385,000
Acquisitions of:		
Available-for-sale financial assets (Notes 5)	(644,032,597)	(209,864,476)
Property and equipment (Note 8)	(7,559,766)	(5,511,422)
Additional investments in IIFs (Note 5)	(4,000,000)	(25,400,000)
Net cash used in investing activities	(20,686,544)	(122,132,002)

(Forward)

	<b>Years Ended December 31</b>	
	<b>2014</b>	<b>2013</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(₱208,185,724)</b>	<b>₱917,194,102</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,286,463,369</b>	<b>369,269,267</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱1,078,277,645</b>	<b>₱1,286,463,369</b>

*See accompanying Notes to Financial Statements.*





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