
November 2011

The latest news from Manulife Asia

Financial results for Asia Division – Q3 2011

Asia Division recorded a net loss attributed to shareholders of US\$726 million for the third quarter of 2011 compared to net income of US\$546 million for the third quarter of 2010. Included in the third quarter of 2011 results were charges of US\$950 million (2010 – gains of US\$329 million) related to the direct impact of equity markets and interest rates, charges on variable annuity guarantee liabilities that are dynamically hedged and other investment experience related gains and losses. These charges were primarily related to the reserve strengthening of the variable annuity business in Japan. Net income attributed to shareholders excluding these items was up by US\$7 million compared to the third quarter of 2010. The year-to-date net loss attributed to shareholders was US\$341 million compared to net income of US\$282 million for the same period of 2010.

Premiums and deposits for products targeted for growth for the third quarter of 2011 were US\$2.5 billion, up 16 per cent from the third quarter of 2010 on a constant currency basis. Premiums and deposits for insurance products¹ of US\$1.4 billion were driven by robust in-force growth of our insurance business from all territories. Wealth management premiums and deposits for products targeted for growth of US\$1.1 billion were driven higher by a successful fund launch in Taiwan and higher unit linked product sales in Indonesia. Funds under management as at September 30, 2011 were US\$68.1 billion and in line with September 30, 2010 on a constant currency basis. Net policyholder cash inflows of US\$4.4 billion across the territories were mostly offset by the impact of the declines in equity markets.

Asia Division's third quarter 2011 insurance sales of US\$302 million were three per cent lower than the third quarter of 2010, on a constant currency basis. As expected, sales in Japan were down as a result of price increases on the New Whole Life product. Sales of other products across the division increased by 22 per cent driven by record sales in Hong Kong and Asia Other.

Asia Division had third quarter sales of wealth products targeted for growth of US\$799 million, an increase of 20 per cent over the third quarter of 2010 on a constant currency basis.

Asia Division continues to successfully grow distribution capacity in both the agency and the bank channels. Distribution highlights include:

- Executing on our bancassurance growth strategy by successfully securing a ten year distribution agreement with the sixth largest bank in Indonesia, Bank Danamon. This agreement, signed subsequent to quarter end, provides access to over 2,300 sales outlets.
- Expansion of the agency channel to a total of approximately 46,500 contracted agents, a 16 per cent increase over the third quarter of 2010. A driving force behind this increase continues to be the ASEAN region where we achieved record levels of contracted agents and double digit growth in Vietnam (30 per cent), the Philippines (31 per cent) and Indonesia (21 per cent).

¹ All Asia Division insurance products are targeted for growth

- Manulife-Sinochem received pre-approval to operate in TaiAn, subsequent to quarter end, expanding our presence in China to 49 cities.

About Manulife Asia

Manulife Financial has operated in Asia since 1897, beginning in Hong Kong and the Philippines, expanding into Singapore, Indonesia, Taiwan, China, Japan and Vietnam, and then into Malaysia and Thailand as a result of the 2004 merger with John Hancock Financial Services Inc.

The Asia Division provides protection and wealth management products in select markets throughout the region. Protection products include life insurance, group life and health, and hospital coverage. Wealth management products include mutual funds, pensions, variable annuities and segregated funds.

The Asia Division is well diversified by product offering, geography and distribution channels. With operations in ten countries and territories, and a presence in the region that dates back over 110 years, we have an impressive footprint across Asia. We have recently announced plans to expand into an 11th territory, Cambodia, during 2012. We have approximately 46,500 contracted agents selling our products and have expanded our distribution capabilities to include more than 100 bank partnerships and more than 500 dealers, independent agents and brokers.



News from our countries and territories in Asia



China

Manulife-Sinochem (MSL)'s new insurance sales were five per cent above the same quarter last year. Insurance premiums and deposits for the third quarter grew 16 per cent over the same period a year ago, due to growth in inforce business.

Agent recruitment has been strong, with over 3,000 new hires in the third quarter, a 17 per cent higher than the second quarter. The number of contracted agents was 12,900 at the end of the third quarter, amounting to 12 per cent growth from the same point last year.

During the third quarter MSL obtained pre-operational approval for its 49th city, in TaiAn, Shandong province. MSL is now licensed in 49 cities across 12 provinces – the broadest geographical footprint of any joint venture insurance company in China.

Also during the third quarter, MSL was awarded the Top Branding Foreign Insurer in an industry survey conducted by the respected local media "*Financial Community*," based on general public views and industry expert rankings.



Hong Kong

Insurance sales for the third quarter of 2011 rose to US\$59 million, an increase of 26 per cent when compared with the same quarter of last year. Pension sales in the third quarter increased 14 per cent over the same quarter of 2010. Our share in the MPF market increased to 17.6 per cent as at end June 2011.¹

Premiums and deposits for the third quarter saw a 10 per cent increase over the same quarter in 2010.

Funds under management as at September 30, 2011 were US\$23.6 billion, down four per cent from September 30, 2010. The decrease, due mainly to the decline in global equity markets, was partially offset by the growth in premiums and deposits.

Our professional agency force grew year-on-year by six per cent, to more than 4,700 agents at the end of the third quarter.

In early October, we launched a massive advertising campaign with the key objective of promoting our "For your future" brand, including a TV commercial, plus print, digital and outdoor advertising.

Manulife won Silver at the 2011 Hong Kong Management Association Quality Awards in recognition of our commitment to developing and deploying total quality management.



Indonesia

For Manulife Indonesia, premiums and deposits in the third quarter increased by 17 per cent compared to the same period a year earlier. Weighted insurance sales for the third quarter achieved a record high of US\$24 million, an increase of 34 per cent compared with the same quarter of last year.

¹The calculation of market share is based on the following information:

i) Aggregate Net Asset Values of all MPF Schemes: HK\$ 384.5 billion (including assets transferred from ORSO scheme) (Source: MPFA Statistical Digest, data as of June 30, 2011.)

ii) Aggregate Net Asset Values of Manulife MPF Schemes as of June 30, 2011: HK\$ 67.5 billion (Source: Manulife Asset Management (Hong Kong) Limited)

Manulife Indonesia's year-to-date assets under management increased by 22 per cent over the first nine months of the year. This was due to much stronger wealth and insurance sales volume.

The number of contracted agents increased by more than 1,200 (up 21 per cent) to 6,975 from a year earlier.

PT Bank Danamon Indonesia Tbk ("Danamon") and PT Asuransi Jiwa Manulife Indonesia (Manulife Indonesia) announced the signing of a strategic partnership in October, effective from July 1, 2012.

In October, Manulife Indonesia won "Good" rating in Life Insurance category at Net Promoter Loyalty Award 2011 from Hachiko-Net Promoter® Solutions and SWA magazine, and voted as The First Best Life Insurance by Indonesian Insurance and Reinsurance Brokers Association in September.

On corporate social responsibility, Manulife Indonesia announced a major new community investment to expand and modernize an elementary school, SDN 28, in Kampong Keramat, Banda Aceh.



Japan

During the third quarter, insurance sales declined as expected, down 22 per cent compared to the same quarter last year, due to the repricing of Manulife Japan's New Whole Life product. However, sales of our Increasing Term product during the quarter increased 18 per cent compared to the same quarter last year.

Sales were driven by growth in the MGA Channel, which achieved an 11 per cent sales increase in the third quarter compared to the prior year third quarter.

On August 29, we launched a new medical product, Advanced Medical Insurance (AMI), through our own Plan Right Advisor (PA) Channel.

On corporate social responsibility, the Shiga Medical Center for Children became the seventh hospital to open a Manulife playroom on August 1.

Starting in September, volunteers from Manulife Japan have been travelling to the area affected by the Great Eastern Japan Earthquake to assist with recovery efforts.



Malaysia

Total insurance sales increased by 19 per cent during the third quarter compared to the same period in 2010, mainly due to agency sales initiatives.

Wealth sales were marginally lower against the same period last year, a result of high volatility in equity markets.

Insurance premiums and deposits went up by three per cent in the third quarter, compared to the same period last year, a result of stronger new business sales.

In September, Manulife Malaysia entered into a strategic bancassurance partnership with OSK Investment Bank, one of the leading investment banks in Malaysia.

As part of our plans to expand operations, our newest branch began operation in Melaka in August.



In the third quarter, Manulife Philippines' insurance and wealth sales rose by 30 per cent and 16 per cent respectively over the same period in 2010. Total premiums and deposits grew by 19 per cent.

Our bancassurance channel, through our Manulife Chinabank Life Assurance Corporation joint venture, contributed close to a third of total weighted insurance and wealth sales for the third quarter.

Net agency manpower grew by 31 per cent over the prior year to 2,839 Insurance Commission-licensed agents as at the end at September 2011.

During the third quarter the company also launched the refreshed education product, *Smart Minds*. This is a limited-pay peso participating endowment plan with combined education and insurance benefits for the child and has protection benefits and contingent fund in case of the payor's death or disability.



When compared to the same quarter last year, insurance in the third quarter 2011 grew 72 per cent to reach US\$16.2 million.

Total wealth sales were up 37 per cent over the same quarter of 2010 to US\$18.3 million. The increase was largely attributable to the increase in agency manpower and stronger sales from the financial advisory firms.

Total assets under management were down by five per cent year-to-date over the same period last year, mainly due to adverse stock market movements.

Agency manpower grew by eight per cent to over 980 contracted agents as compared to the same period in 2010.



In the third quarter, Manulife Taiwan's insurance sales totaled US\$11 million, a 13 per cent decrease from the prior year. The reduction was attributed to increased competition in the bank channel for U.S. dollar par products along with negative market sentiment arising from volatile financial markets.

At the same time, third quarter total premiums and deposits increased by 66 per cent over the prior year third quarter to US\$261 million due mainly to the IPO of the Dim Sum Bond Fund.

Manulife Taiwan reached over 1,000 contracted agents at the end of the third quarter, a 14 per cent improvement over the same quarter prior year.

As part of its social responsibility initiative, in the third quarter Manulife Taiwan adopted from the Taipei City Government a green-space area in front of Manulife's office building.



Thailand

Third quarter insurance sales were similar to the same period in 2010, though September sales were the highest since the beginning of the year.

Wealth sales for mutual funds in the quarter were 64 per cent lower than the same period in 2010. Total assets under management year-to-date have decreased by eight per cent over the same period last year as a result of a drop in stock market performance.

Our agency force experienced a net increase of 154 (53 per cent) from the previous quarter, or 86 (24 percent) over same point last year.



Vietnam

Manulife Vietnam posted record insurance sales of US\$8 million, accounting for a 55 per cent increase over the same quarter last year. Total premiums and deposits were US\$22 million, increasing 21 per cent against the same quarter last year

At the end of the quarter, the total number of contracted agents was 11,328, a 30 per cent increase compared with same period last year.

In July, we opened a new sales office in Haiphong City, located in downtown Haiphong.

As part of our effort to increase Manulife brand awareness in Vietnam, we have become the exclusive sponsor of the national TV game show “The Kids Are All Right”, an adapted version of the successful British original on the BBC.

Contact details

Asia

Manulife Financial
48/F, The Lee Gardens,
33 Hysan Avenue,
Causeway Bay,
Hong Kong
Tel: (852) 2510 5888
www.manulife.com

Indonesia

PT Asuransi Jiwa Manulife
Indonesia
3rd – 17th/F South Tower,
Sampoerna Strategic Square,
Jl. Jend. Sudirman Kav 45,
Jakarta 12930
Indonesia
Tel: (62-21) 2555 7788
www.manulife-indonesia.com

Philippines

The Manufacturers Life
Insurance Co. (Phils.), Inc.
LKG Tower, 16/F,
6801 Ayala Avenue 1226,
Makati City, The Philippines
Tel: (63-2) 884 5433
www.manulife.com.ph

Thailand

Manulife Insurance (Thailand)
Public Co Ltd
364/30 Sri Ayudhya Road,
Rajthevee, Bangkok 10400,
Thailand
Tel: (66-2) 246 7650
www.manulife.co.th

China

Manulife-Sinochem Life
Insurance Co Ltd
6/F Jin Mao Tower, No 88
Century Boulevard, Pudong New
Area, Shanghai 200121,
PR China.
Tel: (86-21) 5049 2288
www.manulife-sinochem.com

Japan

Manulife Life Insurance
Company
4-34-1 Kokuryo-Cho,
Chofu-shi, Toyko,
Japan 182 – 8621
Tel: (81) 424 89 8080
www.manulife.co.jp

Singapore

Manulife (Singapore) Pte Ltd
491B River Valley Road,
#07-00 Valley Point,
Singapore 248373
Tel: (65) 6737 1221
www.manulife.com.sg

Vietnam

Manulife (Vietnam) Limited
Manulife Plaza,
75 Hoang Van Thai Street,
Tan Phu Ward, District 7,
Hochiminh City, Vietnam
Tel: (84-8) 5416 6888
www.manulife.com.vn

Hong Kong

Manulife (International) Limited
22/F., Tower A,
Manulife Financial Centre
223-231 Wai Yip Street,
Kwun Tong, Kowloon
Hong Kong
Tel: (852) 2510 5600
www.manulife.com.hk

Malaysia

Manulife Holdings Berhad
12th floor Menara Manulife,
No. 6 Jalan Gelenggang,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia
Tel: (60-3) 2719 9228
www.manulife.com.my

Taiwan

Manulife (International) Limited,
Taiwan Branch
2/F, 89 Sungren Road,
Taipei 11073,
Taiwan
Tel: (886-2) 2757 5888
www.manulife.com.tw

Asia

David Norris
Regional Communications
Manulife Financial
Tel: (852) 2202 1749
Fax: (852) 2510 5889
david_norris@manulife.com

About Manulife Financial

Manulife Financial is a leading Canada-based financial services group operating in 21 countries and territories worldwide. For more than 120 years, clients have looked to Manulife for strong, reliable, trustworthy and forward-thinking solutions for their most significant financial decisions. Our international network of employees, agents and distribution partners offers financial protection and wealth management products and services to millions of clients. We provide asset management services to institutional customers worldwide as well as reinsurance solutions, specializing in property and casualty retrocession. Funds under management by Manulife Financial and its subsidiaries were C\$492 billion (US\$473 billion) as at September 30, 2011. The Company operates as Manulife Financial in Canada and Asia and primarily as John Hancock in the United States. Manulife Financial Corporation trades as 'MFC' on the TSX, NYSE and PSE, and under '945' on the SEHK. Manulife Financial can be found on the Internet at manulife.com.