

For Immediate Release
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Manulife Hong Kong reports strong APE sales for the third quarter and first nine months of 2016

Hong Kong – The Manulife group of companies operating in Hong Kong (“Manulife Hong Kong”) reported financial results for the third quarter and first nine months of 2016, marked by significant growth in annualized premium equivalent (APE) sales¹.

Highlights are*:

- APE sales:
 - Quarterly APE sales of HK\$935 million, up 20% from the third quarter of 2015.
 - Year-to-date APE sales of HK\$2.7 billion, up 35% compared with the first nine months of 2015.
- Premiums and deposits²:
 - Quarterly premiums and deposits of HK\$11.3 billion, up 12% from the third quarter of 2015.
 - Year-to-date premiums and deposits of HK\$31.3 billion, up 8% compared with the first nine months of 2015.
- Wealth and asset management gross flows³:
 - Quarterly wealth and asset management gross flows of HK\$5.3 billion, up 4% from the third quarter of 2015.
 - Year-to-date wealth and asset management gross flows of HK\$14.4 billion, down 3% compared with the first nine months of 2015.
- New business value (NBV)⁴:
 - Quarterly NBV of HK\$487 million, down 12% from the same quarter of 2015.
 - Year-to-date NBV of HK\$1,396 million, up 2% compared with the first nine months of 2015.
- Agency force of 6,657, up 2%
- Mandatory Provident Funds (MPF) market share increased to 19.3%⁵ in terms of assets under management as at September 30, 2016.

* All percentage changes here are stated on a year-over-year basis, except for MPF market share

Guy Mills, Chief Executive Officer of Manulife (International) Limited, said: “We have seen continuous strong growth in our APE sales in Hong Kong in the third quarter compared to last year with an expanded agency force and higher sales from brokers and bank partners. In addition to launching innovative products to meet customers’ needs, we have also expanded our product offerings through an exclusive general insurance distribution partnership with QBE Hongkong & Shanghai Insurance Limited since August this year.”



Manulife Hong Kong's APE sales in the third quarter of 2016 were HK\$935 million, an increase of 20% from HK\$779 million in the same quarter of 2015, as a result of our bancassurance partnership with DBS that augmented robust performance in other channels. Benefiting from these and also new product launches, year-to-date APE sales were HK\$2.7 billion, up 35% from HK\$2.0 billion in the first nine months of 2015.

Total premiums and deposits in the third quarter were HK\$11.3 billion, up 12% from HK\$10.0 billion in the same period last year. In the third quarter, higher sales in insurance, pension and inforce businesses were achieved and gross flows in pension business was a record high. Total premiums and deposits in the first nine months were HK\$31.3 billion, up 8% from HK\$29.0 billion in the same period last year.

As at the end of September 2016, Manulife's MPF market share increased to 19.3% in terms of assets under management, maintaining its strong position as the second largest MPF service provider and the leader in terms of estimated net cash flow.

Mr. Mills said: "At the beginning of this month, we started our 15-year MPF partnership with Standard Chartered Bank in Hong Kong and closed the related acquisition. We expect that our comprehensive range of MPF investment choices and professional services will bring value to Standard Chartered's customers and further strengthen our leadership position in the market."

Third-quarter wealth and asset management gross flows grew by 4% to HK\$5.3 billion from HK\$5.1 billion in the same quarter of 2015, reflecting both pension and mutual fund sales growth. Year-to-date wealth and asset management gross flows decreased by 3% to HK\$14.4 billion from HK\$14.8 billion in the first nine months of 2015, mainly due to negative global investment market sentiment.

Quarterly NBV was HK\$487 million, down 12% from HK\$551 million in the third quarter of 2015 as higher insurance sales were offset by the impact of lower interest rates and expenses from continued investment in Manulife Hong Kong's business. Year-to-date NBV was HK\$1,396 million, up 2% from HK\$1,373 million in the first nine months of 2015.

As at September 30, 2016, Manulife had a professional agency force of 6,657 agents in Hong Kong, representing a 2% increase compared with September 30, 2015.

"Manulife has a very strong, diversified business covering insurance, pension and wealth products and services in Hong Kong, differentiating us from the others in the market. We will continue to invest in areas that can make us even more customer-centric in order to help our customers achieve their dreams and aspirations," said Mr. Mills.

About Manulife Hong Kong

Manulife Hong Kong offers a diverse range of protection and wealth products and services to individual and corporate customers via Manulife (International) Limited, Manulife Asset Management (Hong Kong) Limited and Manulife Provident Funds Trust Company Limited, which are members of the Manulife group of companies.

About Manulife

Manulife Financial Corporation is a leading international financial services group providing forward-thinking solutions to help people with their big financial decisions. We operate as John Hancock in the United States, and Manulife elsewhere. We provide financial advice, insurance and wealth and asset management solutions for individuals, groups and institutions. At the end of 2015, we had approximately 34,000 employees, 63,000 agents, and thousands of distribution partners, serving 20 million customers. At the end of September 2016, we had C\$966 billion (HK\$5,708 billion) in assets under management and administration, and in the previous 12 months we made more than C\$24.4 billion in benefits, interest and other payments to our customers. Our principal operations are in Asia, Canada and the United States where we have served customers for more than 100 years. With our global headquarters in Toronto, Canada, we trade as 'MFC' on the Toronto, New York, and the Philippine stock exchanges and under



'945' in Hong Kong. Follow Manulife on Twitter @ManulifeNews or visit manulife.com or johnhancock.com.

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Notes:

¹ Annualized premium equivalent (APE) sales are presented to provide consistency of scope for NBV disclosures and industry practice. APE sales are presented before adjustments for non-controlling interests. APE sales consist of Insurance sales plus weighted Other Wealth sales, and exclude our Wealth and Asset Management businesses. It is comprised of 100% of regular premiums/deposits sales and 10% of single premiums/deposits sales, for insurance and other wealth products.

² Premiums and deposits are the aggregate of (i) general fund premiums, net of reinsurance, reported as premiums on Manulife's Consolidated Statements of Income, (ii) segregated fund deposits, excluding seed money, ("deposits from policyholders"), (iii) investment contract deposits, and (iv) mutual fund deposits.

³ Wealth and asset management gross flows is comprised of fee based business with little or no insurance risk, including mutual funds and pensions products.

⁴ New Business Value ("NBV") is the change in embedded value as a result of sales in the reporting period. NBV is calculated as the present value of shareholders' interests in the expected future distributable earnings on new business, less the present value of the cost of holding capital as calculated under the MCCR framework in North America, and the local capital requirements in Asia. Investment assumptions are consistent with product pricing, updated to reflect market assumptions consistent with the market environment in the quarter the business was sold. Best estimate fixed income yields are updated quarterly, and long term expected yields for alternative long- duration assets are typically reviewed during the annual review of actuarial assumptions and methods.

⁵ Source: Gadbury MPF Market Shares Report as at September 30, 2016

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