



Certified Public Accountants

PROPOSAL FOR

**MANILA BANKERS LIFE
INSURANCE CORPORATION**



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November 28, 2019

The Board of Trustees
MANILA BANKERS LIFE INSURANCE CORPORATION
Ph6, VGP Center, 6772 Ayala Avenue
Makati City

Attention: Ms. Doris M. Almanzor
Chief Operating Officer

Gentlemen:

We are pleased to provide this proposal by way of confirmation of our engagement to undertake an audit of the statement of condition of **Manila Bankers Life Insurance Corporation "the Company"** as of December 31, 2019, and the related statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ending, under such terms and conditions hereto attached forming an integral part hereof.

The purpose of the audit is to express an opinion whether or not financial statements of the Company presents fairly its financial position as of December 31, 2019 and the results of its operations and cash flows for the year ending December 31, 2019.

We will conduct our audit in accordance with the Philippine Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. It will involve procedures to obtain evidence supporting the amounts and disclosures in the financial statements, which will 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, we will consider the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design our 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. Our audit will also include 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 in accordance with the Philippine Financial Reporting Standards (PFRS).

In addition to our report on the financial statements, we expect to provide you with a separate letter concerning any material weaknesses in accounting and internal control systems, which come to our notice.



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We remind you that the responsibility for the preparation of financial statements including adequate disclosure is that of the management of the Company. This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the Company. As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

As a basic component of our practice, any information gathered by us in the course of the performance of our responsibilities as the Company's auditors will be treated with utmost confidentiality.

It is understood that our responsibility for such services will encompass only the period covered by our audit and will not extend to any subsequent periods for which we are not engaged as auditors. We will be pleased to issue proposal for future years.

We look forward to full cooperation with your staff and we trust that they will make available to us whatever records; documentation and other information are requested in connection with our audit.

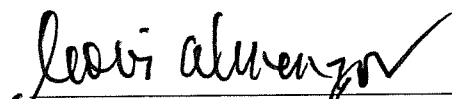
We put strong emphasis to providing high quality professional service to clients and meeting our responsibilities to the public. We greatly appreciate being given the opportunity to be considered for this important engagement.

If you are amenable to the foregoing terms and conditions of the engagement, please indicate your conformity herewith by signing on the space provided and your initials in every page for that purpose and kindly return to us the duplicate copy not later than December 20, 2019.

Very truly yours,


JOSEPH CEDRIC V. CALICA
Engagement Partner

CONFORME: (I have read and understood the terms and conditions of this engagement and that I voluntarily and willingly give my conformity thereof.)


Signature over printed name

Date: December 6, 2019



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TERMS AND CONDITIONS OF ENGAGEMENT

Engagement

Our letter of engagement to you for each matter of our services and the terms and conditions of engagement including any written variation will apply to the work to be performed for you as described in this Engagement Letter.

The Company acknowledges that **AMC & Associates (the "Firm")** is engaged under this agreement as an independent auditor. No person is authorized to give any representations on behalf of the Firm except as set out in this agreement and any such representations, which have been or may be given, cannot be relied upon and are void.

In the event that any of the terms in this agreement are or become invalid, illegal or unenforceable, the remainders are unaffected.

Firm's Responsibility

In providing for an audit to be performed on a test basis, Philippine Standards on Auditing require the auditor to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement, whether caused by error or fraud. Accordingly, an audit is not a special examination designed to detect defalcations, error or fraud, nor a guarantee of the accuracy of the financial statements and is subject to the inherent risk that errors, irregularities, or illegal acts, if they exist, might not be detected. However, if there are reportable matters that come to our attention, we will immediately bring them to your attention. If you wish us to do special auditing procedures to such matters, we would be pleased to work with you to develop a separate engagement for that purpose.

Compliance with Securities and Exchange Commission (SEC) Requirements

As part of the responsibility as an external auditor accredited by the SEC, we shall report to the Commission any of the following cases, which may have been discovered based on Philippine Standards on Auditing, if the Company fails to disclose the same to the Commission:

1. Any material findings involving fraud or error, which will reduce the consolidated total assets of the Company by five percent (5%);
2. Losses or potential losses the aggregate of which amounts to at least ten percent (10%) of the consolidated total assets of the Company; and
3. Any findings to the effect that the consolidated assets of the Company, on a going concern basis are no longer adequate to cover the total claims of creditors.

Compliance with Insurance Commission (IC) Requirements

1. The scope of external audit work appropriately covers areas relevant to the Company operations, risk exposures and regulatory compliance requirements. These include but not limited to the following:
 - a. Review of the adoption of applicable reporting framework as well as the assessment of the accuracy, adequacy and reliability of accounting records and financial reports;
 - b. Assessment of the propriety and adequacy of the required and supplemental disclosures or reports in the financial statements as required by the IC;
 - c. Assessment of the adequacy and effectiveness of internal controls and risk management systems;
 - d. Assessment of the adequacy of Company's regulated entity's networth or risk-based capital requirements by the IC; and,
 - e. Evaluation of the quality of corporate governance.
2. In compliance with IC Circular Letter No. 2019-39, we will provide the following required reports with the IC within thirty (15) calendar days upon discovery of any matter adversely affecting the condition of Company, such as, but not limited to the following cases:
 - a. Any material findings involving fraud or error;
 - b. Actual or potential losses, the aggregate of which amounts to at least 10 percent (10%) of the consolidated total assets of Company;
 - c. Significant doubt as to the ability of Company to continue as a going concern;
 - d. Material breach of laws or IC rules and regulation such as but not limited to the prescribed net worth and risk-based capital requirements of the Company;
 - e. Material internal control weakness which may lead to financial reporting problems; and,
 - f. Findings on matters of corporate governance that may require urgent action by the IC.
3. Where a thorough investigation or evaluation of facts is necessary on the noted case above, an initial report shall be submitted within the prescribed timeline provided, that a complete report is submitted not later than fifteen (15) calendar days from the completion of investigation or evaluation.

4. In case there are no matters to report, the Firm will submit directly to the IC a notarized certification that there is none to report within fifteen (15) calendar days after the close of the audit engagement.
5. The Board and management of the Company shall be primarily responsible for the financial statements, together with the supplemental report submitted to the IC. The Firm's accountability is based on matters within the coverage of an audit conducted in accordance with the generally accepted auditing standards or Philippine Standard on Auditing.
6. The management of the Company, including its subsidiaries and affiliates, shall be given the opportunity to be present in the discussions between the Firm regarding the audit findings, except in circumstances where the external auditor believes that the entity's management is involved in fraudulent conduct.
7. The Company shall be responsible for keeping the auditor fully informed of existing and subsequent changes to prudential regulatory and statutory requirements of the IC and that both parties shall comply with the said requirements;
8. The required and supplemental disclosure of information and reports, such as those enumerated on item "2" above of this Section (Compliance with IC Requirements), by the Firm to the IC shall not constitute a breach of confidentiality on the part the Firm nor shall it be a ground for civil, criminal, or disciplinary proceedings against the Firm.
9. The Company shall allow the Firm read-only access to the IC's examination report. All the contents of the report shall be treated appropriately and confidentially by the Firm.
10. The Company and the Firm shall comply with all the requirements under CL No. 2019-39.
11. The Firm shall directly report to the IC within fifteen (15) calendar days from the pre-termination of the engagement contract or from the date of resignation/replacement as external auditor, and stating the reason(s) thereof.
12. The engagement contract shall be made available to the IC upon request.

It is however, understood that the accountability of an external auditor is based on matters within the normal coverage of an audit conducted in accordance with Philippine Standards on Auditing.



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Before sending any reports to the IC, we shall submit and discuss our audit findings and recommendations relating to the above matters to the Company's management. We shall include in our report to the IC, management explanations and corrective actions taken regarding our findings.

Audit Disclaimer and Waiver

This proposal shall only include statutory audit of the financial statements of the Company and the same shall not be construed to include tax compliance audit as we are not reviewing nor issuing an opinion on the tax health of the Company. Thus, our Firm shall not be held responsible for any tax assessments that might be assessed by the Bureau of Internal Revenue (BIR) or local tax authority covering the taxable year, which is the subject of the audit. In this connection, your Company hereby completely and absolutely release, remiss and forever discharge our Firm, its partners, officers or employees from any damage or liability for any possible tax assessments which your Company might be held liable by the BIR or any local tax authority.

Professional Fees and Payment Terms

Our professional fee for the services set forth in this proposal is **TWO HUNDRED FORTY THOUSAND PESOS (Php240,000.00)**, exclusive of value added tax and out-of-pocket expenses. Out of pocket expenses usually will consist of accomodation, cost of printing and report reproduction, transportation, mailing, telephone and fax charges and other incidental expenses incurred in the course of carrying out the services herein provided will be billed to you separately.

Circumstances may arise that will require us to do more work. Some of the more common circumstances include changing requirements, incorrect accounting principles or errors in your records, failure of your staff to prepare information on a timely basis, unforeseen events. If it appears that the fee will be exceeded, we will bring this to your attention in writing.

As to the timing of our billings for this engagement, we propose to bill you as follows:

Upon acceptance of the proposal*	30%
Progress of the audit*	30%
Upon submission of final reports*	40%

Note: Not later than March 31, 2020

**Payment should be made within 15 days after the receipt of billing*

The above fee estimate contemplates that the Company will provide help by way of keeping updated books, and giving clerical assistance in such areas as timely preparation of necessary schedules and analyses of accounts requested by us.



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Special services which may be performed at your request, such as certifying to special statements required by government agencies, systems work, management services, etc., will be billed separately from the regular engagement. Consulting engagement not directly related to the foregoing engagement will be charged separately based on the actual number of hours spent. We shall advise you beforehand if your question would require extensive research outside the above engagement so that we can agree to the scope of work.

The Firm reserves the right to charge interest on overdue amounts at a monthly rate of one percent (1%) from the date payment is due until payment is made.

No charge is made for secretarial or administrative staff except in circumstances where the Company's requirements demand significant secretarial support staff services out of normal office hours.

Payment of our acceptance fee shall commence our engagement.

Our firm's maximum liability relating to services rendered under this proposal (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to our firm for the portion of its services or work products giving rise to liability. In no event shall our firm be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if it has been advised of their possible existence.

Other Services

Our audit services will also include the filing of the Company's annual income tax return for the year ended December 31, 2019 with the Bureau of Internal Revenue (BIR) and Audited Financial Statements with the Securities and Exchange Commission (SEC).

Audit Reports

Upon completion of this engagement, our Firm will submit the following reports:

- An auditors' report containing the Company's audited financial statements as of December 31, 2019 duly filed with the BIR and SEC;
- Duly filed annual income tax return; and
- Letter to management containing our audit findings and recommendations, if any and other requirements to comply to IC regulations.

Timetable

Audit reports will be submitted on or before April 15, 2020 provided that all audit requirements are made available and all issues are resolved on time.

Management's Responsibilities and Representations

The financial statements are the responsibility of the Management of your Company. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Our completion of the audit will require Management's cooperation. Accordingly, the Management will make all financial records, minutes of significant committees, board of directors, and stockholders and related information available to us during our engagement. In addition, as required by the Philippines Standards on Auditing, our procedures will include obtaining written representation from management concerning such matters that we will rely upon.

Scope Limitation

The Company will provide promptly to the Client Services Team (CST) all reasonable and necessary assistance, including the provision of work station and computer, and access to all information which CST considers to be relevant to the provision of the services, so as to enable the CST to provide the services. Also, it is the duty of the Company to update information provided by it to CST where there has been a material change to that information (including but not limited to that information becoming untrue or misleading) which that information affects the scope or performance by CST of the services. Any delay in providing the necessary information would be ground for temporary suspension of our work. Failure to provide the required documents could affect our audit report due to scope limitation.

Specified Engagement Personnel

The Company will not:

- a. offer employment to any of our partner or employee providing the services ("Personnel");
- b. induce or solicit Personnel to take up employment with the Company; or
- c. use the services of Personnel, either independently or via a third party during and for a period of one (1) year following the end of the provision of the services to the Company, without the Firm's prior consent.



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Use of Reports and Advice

All communications by the Firm with the Company, its employees or agents, whether written or oral are provided solely for the use of the Company in connection with this agreement, and must not, without the Firm's prior written consent be used for any other purpose or referred to in any document or made available to any other person (except the Company's legal advisors or other professional advisors assisting in matters related to the agreement.) No other party is entitled to rely on the Firm's reports or advice for any purpose whatsoever. The Firm disclaims any responsibility to any such third party who has had communicated to them the report or advice provided by the Firm to the Company under this agreement.

By entering into this agreement, you consent to us communicating with you on your behalf electronically. If any report or correspondence containing opinions or advice sent is electronically, the Firm will not be responsible for any unauthorized copying, interception, interference, alteration or delivery failure of the transmission. The Firm does not warrant that the electronic transmission is virus free or will not harm your computer systems.

Written advice and final reports take precedence over any oral advice and interim reports and no reliance should be placed by the Company on any such oral advice or interim reports. The Firm is not responsible for updating any opinions, advice or reports subsequent to the issue of a final revision.

Confidentiality and Privacy

The Firm may wish to obtain publicity for work undertaken on behalf of its clients. Permission to attribute work for the Company publicly will always be obtained in advance. Notwithstanding this condition, the Firm assumes the right to use references in proposals or other similar submissions made to other prospective clients, unless the Company expressly prohibits such disclosure.

Unless otherwise agreed, the Firm is authorized by the Company to communicate or meet with any other person whom it may need to contact to perform the services or who the Company requests the Firm to contact.

Without the Company's consent, any member of the Client Service Team will not carry out any work on behalf of any other client relating to the services, nor disclose to any other individuals within the Firm engaged on work for any other client relating to the services any confidential information.

Save as set out above or as required by law, Court or arbitration proceedings, regulations, professional duty, or as is necessary to protect its own legitimate interests, the Firm will not disclose any confidential information relating to the Company which it obtains during the course of this agreement to any other person (except its own advisors).



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In carrying out the services, it may be necessary for the Firm to obtain from the Company's records personal and sensitive information about the employees of the Company or of other persons connected with the Company's business, as otherwise the Firm may not be able to provide the services requested. The Company acknowledges that necessity and must make those persons aware that the Firm has this information and the reasons for its collection and possible disclosure to government or other regulatory bodies in providing the services. The Company declares that it is authorized to release such information to the Firm.

Conflict of Interest

Before entering this agreement, the Firm will attempt to ensure that it does not create a conflict of interest or that if it does; proper steps (acceptable to the client and permitted by law) are taken to manage the conflict.

The Firm cannot always identify conflicts because the Company frequently trade through subsidiaries or branches whose names are not known to the Firm. The Company agrees to provide the Firm with any names used by it or names of associated companies, to be included in the Firm's conflict checking procedures. If you become aware during the course of a matter that your interests are or may become opposed to those of another person or entity, you should advise us immediately.

If a conflict of interest does arise during the term of this agreement, the Engagement partner or Managing Partner will discuss it with the Company and with the other party to the conflict to attempt to achieve a prompt and satisfactory resolution. The Company's details will be kept confidential during those discussions unless otherwise agreed.

Copyright and Intellectual Property

Unless otherwise agreed, the Firm retains copyright in all material provided to the Company or otherwise generated in connection with this agreement. Also, the Company is expected to keep confidential any methodologies and technology used by the Firm in connection with this agreement.

Occupational Health and Safety

Without limiting any other provisions of this agreement, the Company agrees to adhere to and comply with all relevant occupational health and safety legislation, regulations and codes of practice which apply in connection with the provision of the services by the Client Service Team on the Company's premises.

Indemnities

To the extent permitted by law, the Company agrees to indemnify the Firm and its partners and employees against all losses, liabilities, claims, costs or expenses incurred by the Firm in respect of any claim or action by a third party arising from or in connection with the provisions of the services. This indemnity does not apply to any liabilities, costs or expenses incurred in defending a claim by a third party which results from any willful misconduct by the Firm or its partners and employees, except when the Company is in breach of the "Use of Reports and Advice" clause.

The firm is not liable for any losses, damages, costs or expenses arising out of errors due to the provision to it of false, misleading, or incomplete information or documentation or due to any acts or omissions of any other person. The Company indemnifies the Firm from any liability it may have to the Company or any third party as a result of any information supplied to the Firm by the Company or any of its agents, where such information and documentation is false, misleading or incomplete in a material respect.

Ending the Agreement

To the extent permitted by law, the Company may end this agreement at any time by requesting the Firm in writing to cease acting. All fees and disbursements incurred prior to the date of termination are immediately due and payable together with any VAT.

The Firm has a right to end this agreement and cease acting for the Company or suspend its services if the Company does not pay its invoices as agreed, if in the Firm's view, the necessary relationship of confidence no longer exists between the parties, or if the Firm thinks it appropriate, having regard to the professional conduct rules and ethical standards under which it practices.

Complaint Procedures

It is the Firm's aim to obtain, either formally or informally, a regular assessment of the Firm's performance and your Client Service Team will always be pleased to hear any suggestions as to how our service can be improved. If you wish to make a complaint, please call or write to the Managing Partner.