



# First Quarter 2007 Financial & Operating Results

May 3, 2007



# Legal Disclaimer

## Caution Regarding Forward-Looking Statements

This document contains forward-looking statements within the meaning of the “safe harbour” provisions of Canadian provincial securities laws and the U.S. *Private Securities Litigation Reform Act of 1995*. These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as “may”, “will”, “could”, “should”, “would”, “suspect”, “outlook”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “forecast”, “objective” and “continue” (or the negative thereof) and words and expressions of similar import, and include statements concerning possible or assumed future results. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: level of competition and consolidation, changes in laws and regulations, general business and economic conditions, currency rates and Company liquidity, accuracy of information received from counterparties and the ability of counterparties to meet their obligations, accuracy of accounting policies and actuarial methods used by the Company, ability to maintain the Company’s reputation, legal and regulatory proceedings, the disruption of or changes to key elements of the Company’s or to public infrastructure systems, the ability to attract and retain key executives, environmental concerns, the ability to complete acquisitions and execute strategic plans, and the ability to adapt products and services to the changing market. Additional information about material factors that could cause actual result to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the body of this document as well as under “Risk Factors” in our most recent Annual Information Form, under “Risk Management” and “Critical Accounting and Actuarial Policies” in the Management’s Discussion and Analysis in our most recent Annual Report, and elsewhere in our filings with Canadian and U.S. securities regulators. We do not undertake to update any forward-looking statements.



# CEO's Remarks

**Dominic D'Alessandro**  
**President & Chief Executive Officer**

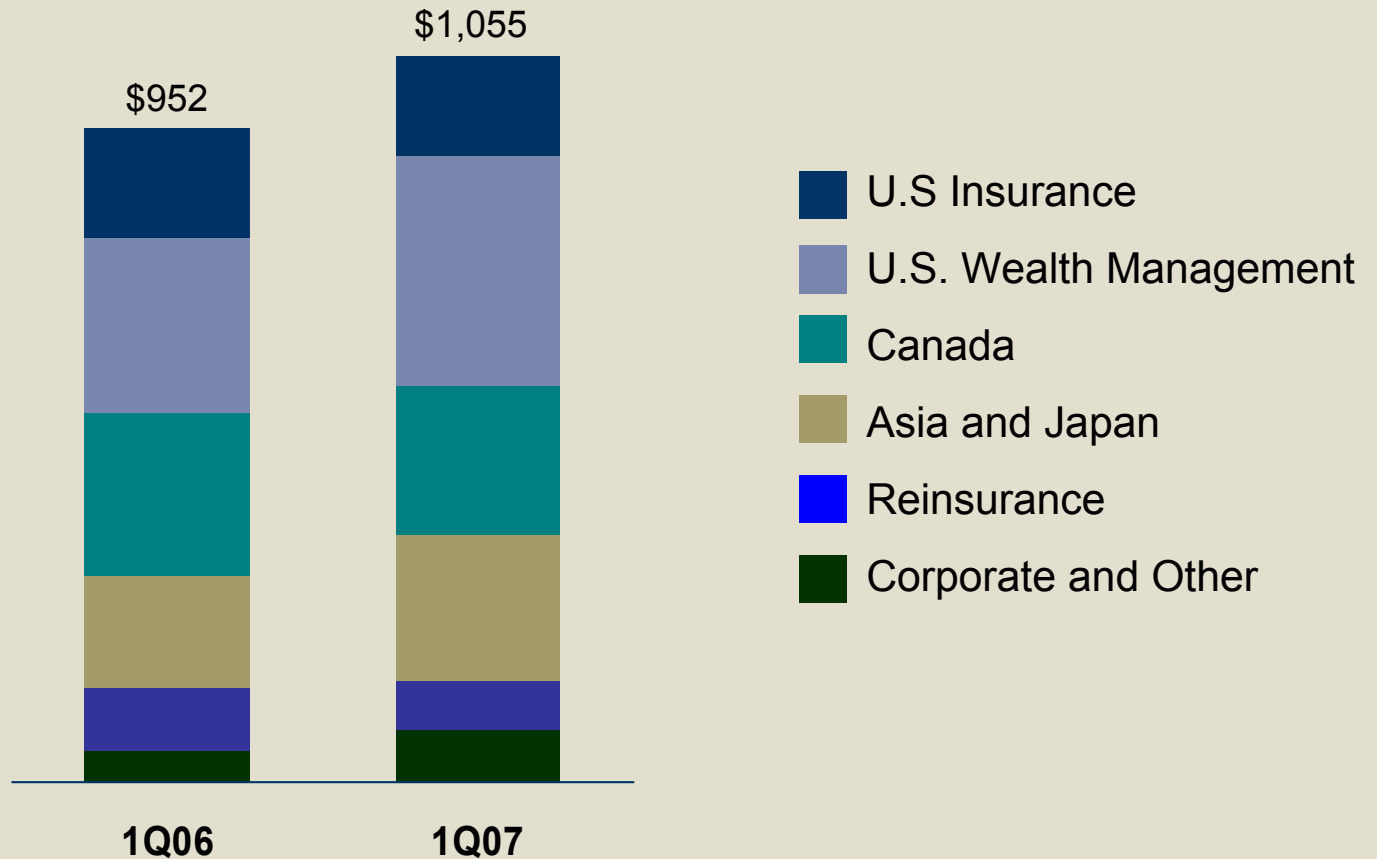


# 1Q07 Financial Highlights

(C\$ millions, except per share data)	<b>1Q07</b>	Y/Y Increase
<b>Shareholders' Earnings*</b>	<b>\$1,055</b>	11%
<b>Earnings per Share*</b>	<b>\$0.68</b>	13%
<b>Return on Equity*</b>	<b>17.3%</b>	100 bps
<b>Premiums and Deposits</b>	<b>\$18,789</b>	5%
<b>Funds Under Management</b>	<b>\$426,322</b>	11%

\* Excludes the \$69 million non-cash charge associated with the asset realignment. Return on Equity also excludes Other Comprehensive Income and AOCI.

# Adjusted Shareholders' Earnings



Canadian \$ millions



# 1Q07 Operating Highlights

- Product launches
  - Insurance products in the U.S. and Hong Kong
  - Expansion of mutual fund offerings in Canada and the U.S.
  - New GMWB product launched in Hong Kong
- Record sales in Canada
  - Segregated fund sales exceed \$1.1 billion
  - Group Pensions sales of \$1.3 billion
- Capital management initiatives
  - 10 million shares repurchased
  - Redemption of US\$492 million TruPS
- Increased quarterly dividend per common share to \$0.22



# CFO's Remarks

**Peter Rubenovitch**  
**Senior Executive Vice President &**  
**Chief Financial Officer**

# New Accounting Standards (3855)

Opening Shareholders' Equity Adjustment	Increase/ (Decrease) Shareholders' Equity
Deferred realized gains eliminated	\$4,315
Mark to market adjustment on assets & liabilities <sup>1</sup>	5,183
Policy liability offsets	(7,749)
Future tax asset	(171)
<b>Shareholders' Equity Impact</b>	<b>\$1,578</b>

Par Equity \$13	Retained Earnings (\$176)	AOCI \$1,741
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C\$ millions

<sup>1</sup> Excludes policy liabilities



# Asset Realignment

- Asset realignment undertaken to more appropriately position our assets under new standards
- Transfer of some assets between surplus and liability segments at no economic cost
- Accumulated Other Comprehensive Income (AOCI) in the surplus segment
- No change to overall asset mix

# 1Q07 Adjusted Earnings

C\$ millions, except per share data	<b>Earnings</b>	<b>EPS</b>
Reported Shareholders' Earnings	\$986	\$0.63
Asset Realignment	\$69	\$0.05
Adjusted Shareholders' Earnings	\$1,055	\$0.68

Return on common shareholders' equity*	17.3%
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No cash or economic cost associated with the asset realignment
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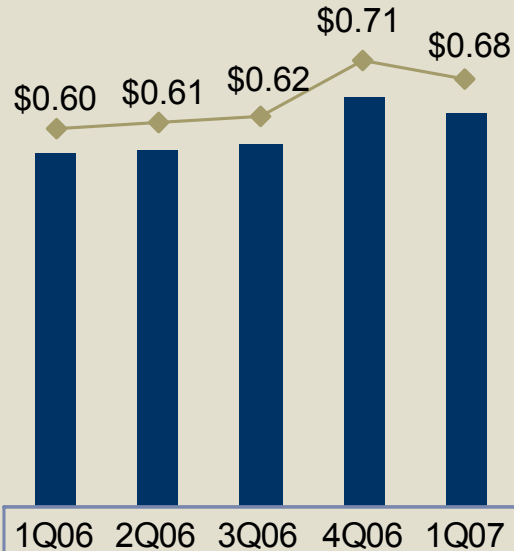
\* Excludes the \$69 million non-cash charge associated with the asset realignment and Other Comprehensive Income and AOCI.

# Other Comprehensive Income

Total Comprehensive Income	<b>1Q07</b>
<b>Shareholders' Net Income</b>	<b>\$986</b>
Unrealized gains arising during the period	152
Recognition of realized gains to net income	(65)
Changes in gains on derivative investments	18
Change in unrealized currency translation gains	(312)
<b>Other Comprehensive Loss</b>	<b>\$(207)</b>
<b>Total Other Comprehensive Income</b>	<b>\$779</b>

C\$ Millions

# Shareholders' Earnings



Adjusted Earnings	952	959	974	1,100	1,055
Adjusted EPS	0.60	0.61	0.62	0.71	0.68

**Adjusted earnings up 11% y/y**

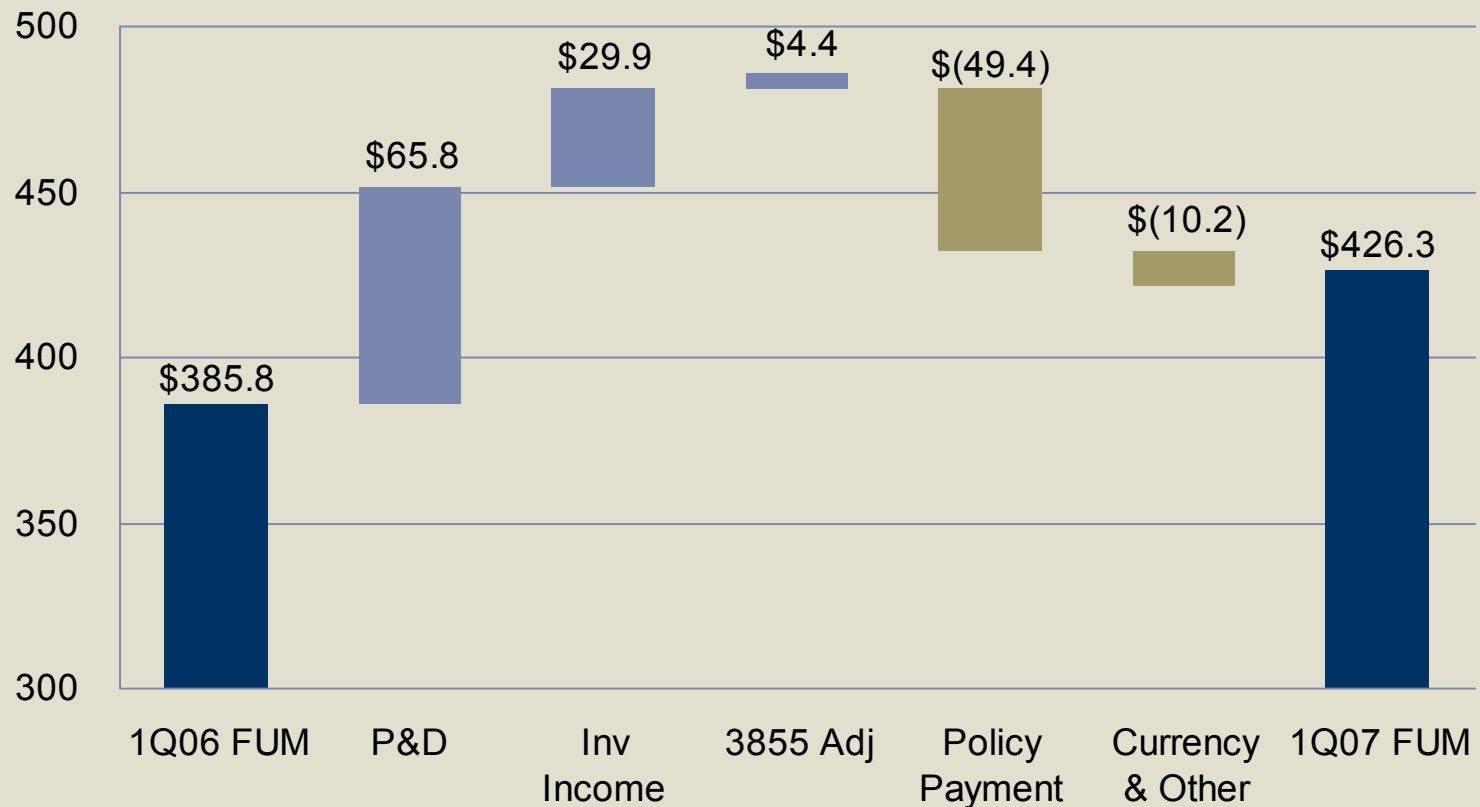
- + **In-force business growth**
- + **Strong fee income on higher FUM**
- + **Favourable investment related gains**

**Earnings growth partially offset by**

- **Slower equity market growth**

C\$ millions, except per share data

# Funds Under Management Year over Year Movement

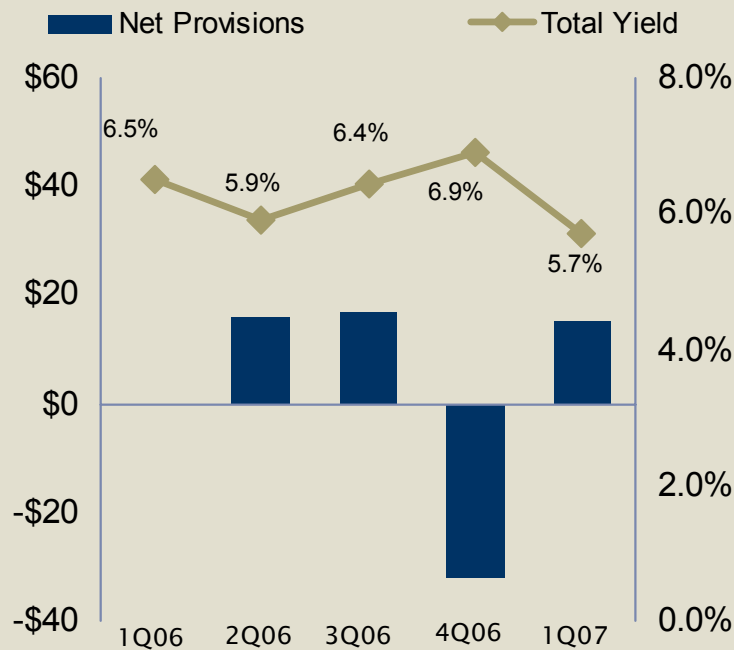


C\$ Billions

# Investments

## Continued Strong Performance

### Net Provisions (Recoveries) and Total Yield



C\$ Millions

- + **Total portfolio yield of 5.7%**
- + **Provisions of \$15 million in 1Q07**
- **Yield reduction primarily due to accounting changes**

# Investment Income

(C\$ millions)	1Q06	1Q07
Assets supporting liability segments:		
Amortization of DRGs and move to market <sup>1</sup>	282	0
Net realized and unrealized gains on securities and derivatives <sup>1</sup>	0	113
Assets supporting surplus segment:		
Amortization of DRGs and move to market	86	0
Net realized gains on securities	0	84
(Impairments) recoveries	0	(15)
Other investment income	2,241	2,367
<b>Total investment income</b>	<b>\$2,609</b>	<b>\$2,549</b>

<sup>1</sup> Includes trading gains and losses on assets supporting Canadian equity linked product

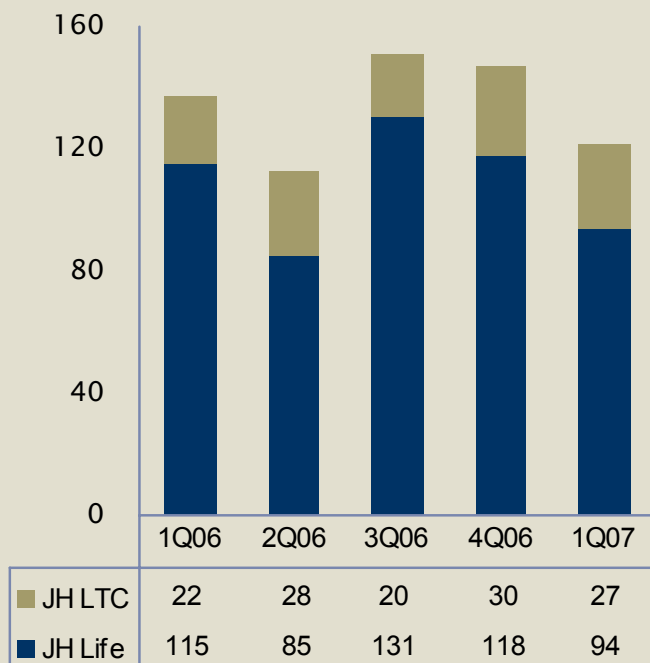
# Source of Earnings

Source of Earnings	1Q06	2Q06	3Q06	4Q06	1Q07
Expected profit on inforce	\$731	\$763	\$760	\$770	\$803
Impact of new business	(40)	(60)	(62)	(56)	(66)
Experience gains	290	353	384	379	345
Mgt actions and changes in assumptions	53	(19)	5	31	(56)
Earnings on surplus funds	262	248	238	265	305
Other	5	(3)	11	43	10
<b>Income before taxes</b>	<b>1,301</b>	<b>1,282</b>	<b>1,336</b>	<b>1,432</b>	<b>1,341</b>
Income taxes	(349)	(323)	(362)	(332)	(355)
<b>Shareholders' net income</b>	<b>952</b>	<b>959</b>	<b>974</b>	<b>1,100</b>	<b>986</b>

C\$ Millions

# U.S. Insurance Shareholders' Net Income

US\$ Millions



**JH Life earnings of US\$94 million, down y/y**

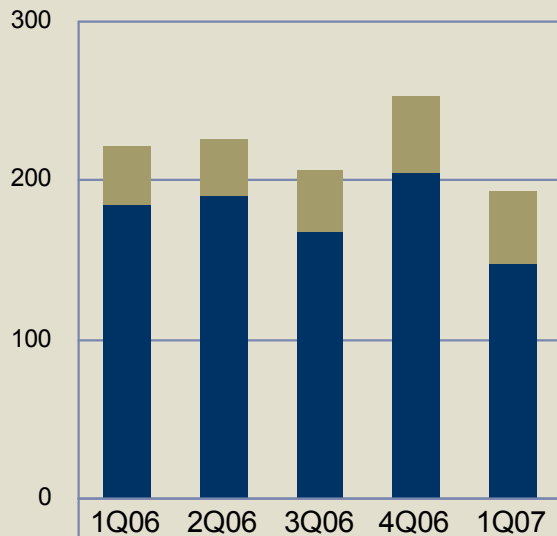
- + **In-force growth and more favourable claims experience**
- **Less favourable investment experience driven by relatively flat equity markets**
- **Higher impact of new business**

**JH LTC earnings of US\$27 million**

- + **Benefit of contract re-pricings**
- **Experience related losses**

# U.S. Insurance Sales

US\$ Millions



JH LTC	37	36	38	48	46
JH Life	185	190	168	205	148

## JH Life sales of US\$148 million

- Product re-pricing dampened 1Q07 sales
- Expect industry price increases to level playing field

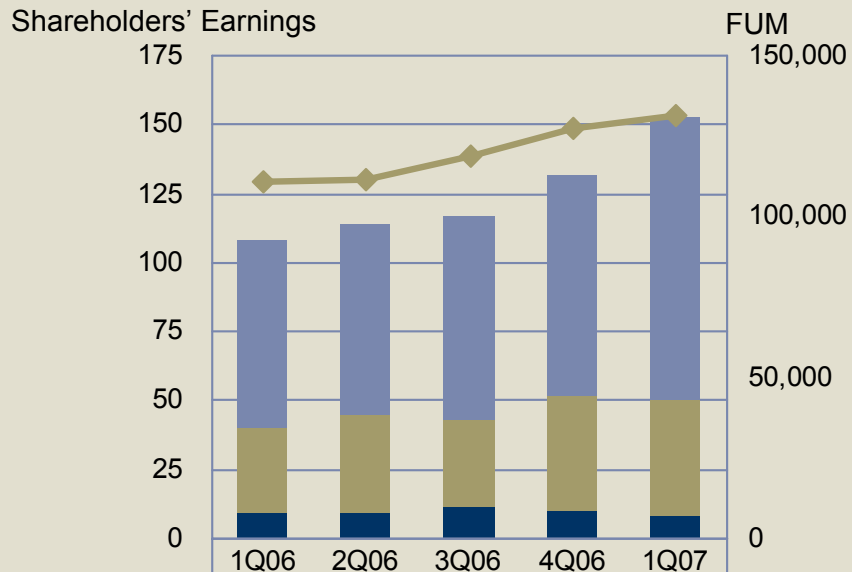
## JH LTC sales of US\$46 million

- + 8<sup>th</sup> consecutive quarter of increased retail sales
- + Product, sales and service initiatives contributing to market share gains

Sales represent new annualized premiums.

# U.S. Wealth Management Shareholders' Net Income

## Variable Products Group



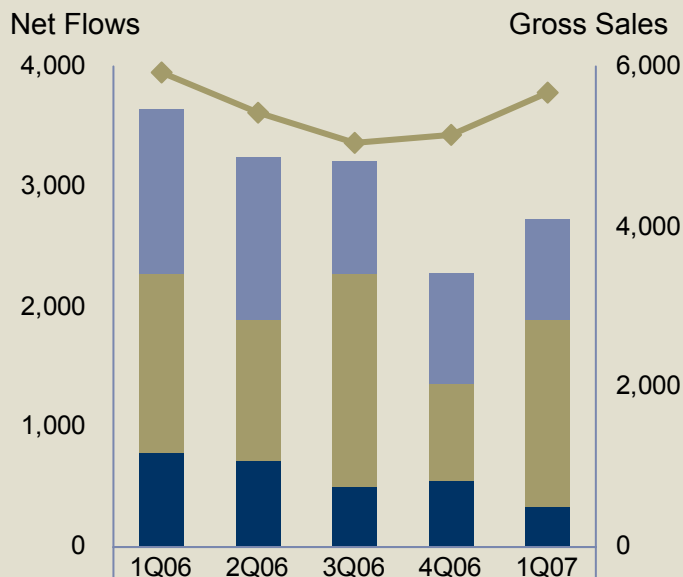
**Earnings of US\$152 million, up 41% y/y**

- + **Strong growth in FUM and higher asset-driven fee income**
- + **Update of VA acquisition cost amortization schedule for GMWB product**

US\$ Millions

# U.S. Wealth Management Net Flows

## Variable Products Group



JH VAs	1,368	1,371	944	931	848
JH Pensions	1,505	1,165	1,766	792	1,541
JH Mutual Funds	779	719	508	560	342
Gross Sales	5,915	5,414	5,055	5,139	5,670

US\$ Millions

Net flows include premiums and deposits less withdrawals.

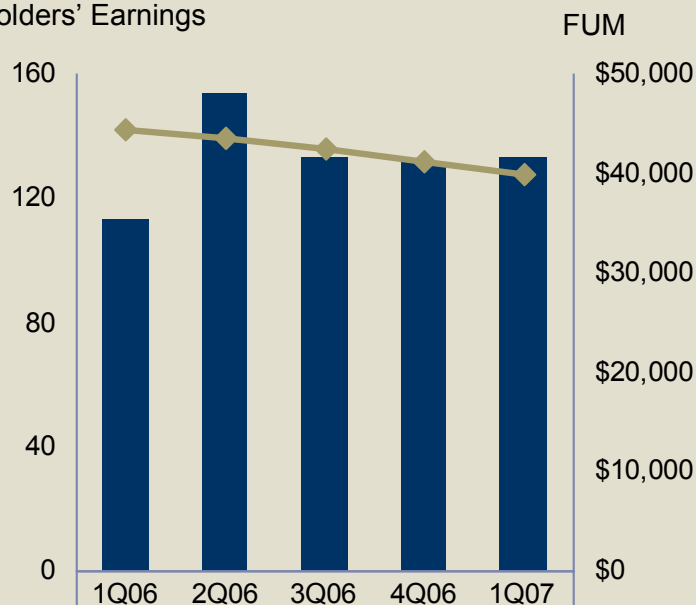
## Net flows of US\$2.7 billion

- + **VA net flows remain strong, but down versus previous high levels**
- + **Group pensions net flows of US\$1.5 billion on strong new sales and recurring deposits**
- **Strong mutual fund sales of US\$1.9 billion, but increased withdrawals dampened net flows**

# U.S. Wealth Management Shareholders' Net Income

## John Hancock Fixed

Shareholders' Earnings



Earnings	113	154	133	132	133
Total FUM	44,494	43,514	42,563	41,243	39,990

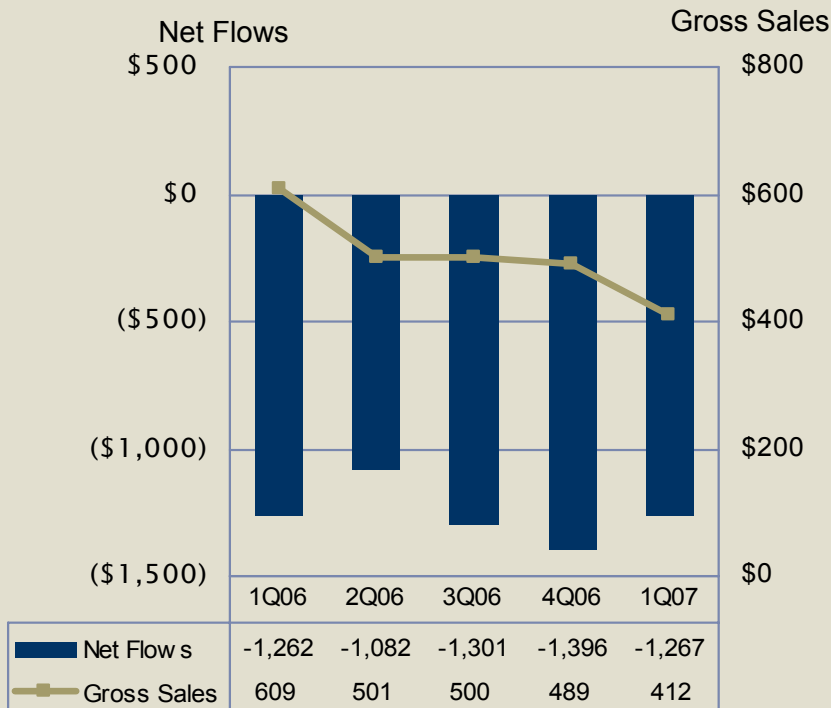
US\$ Millions

## Earnings of US\$133 million

- + **Continued investment related gains**
- + **Favourable claims experience**
- + **Lower FUM due to scheduled withdrawals and restricted sales**

# U.S. Wealth Management Net Flows

## Fixed Products



US\$ Millions

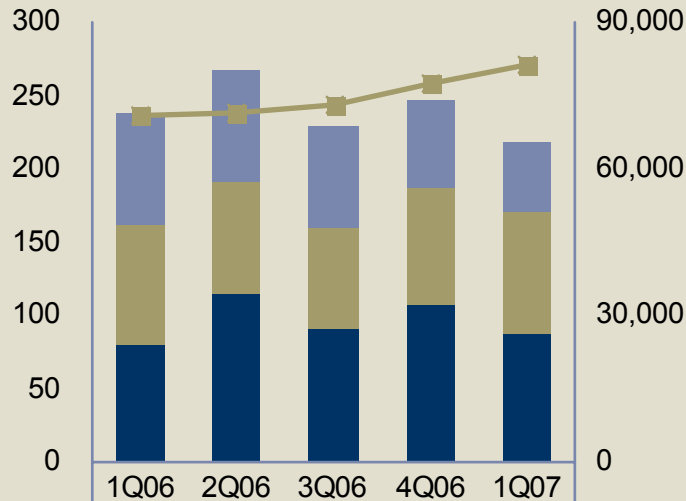
Net flows include premiums and deposits less withdrawals.

**Fixed product net outflows of US\$1.3 billion**

- + **Managed reduction of JH Institutional products continued**
- **Lower annuity sales and non-recurrence of large 1Q06 single premium annuity sale**

# Canada Shareholders' Net Income

Shareholders' Earnings



Group	77	76	68	59	47
IWM	81	76	70	80	83
Ind. Ins.	80	115	91	108	88
FUM	71,086	71,389	73,186	77,398	81,403

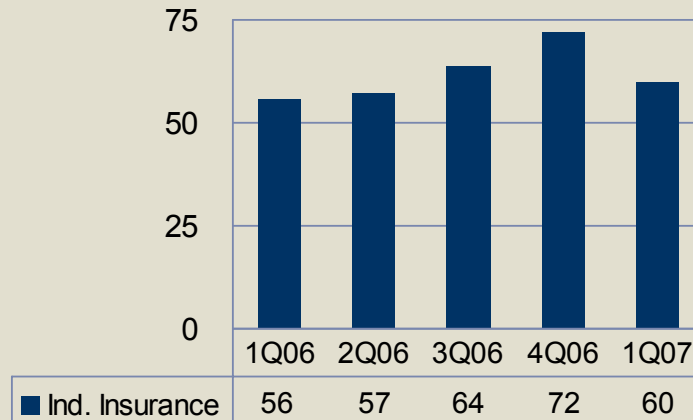
C\$ Millions

## Shareholders' earnings of \$218 million

- + Favourable investment experience
- + Increased fee income on higher FUM
- Slower equity market growth and reduced benefit from segregated fund guarantees
- Unfavourable claims experience in Group Benefits

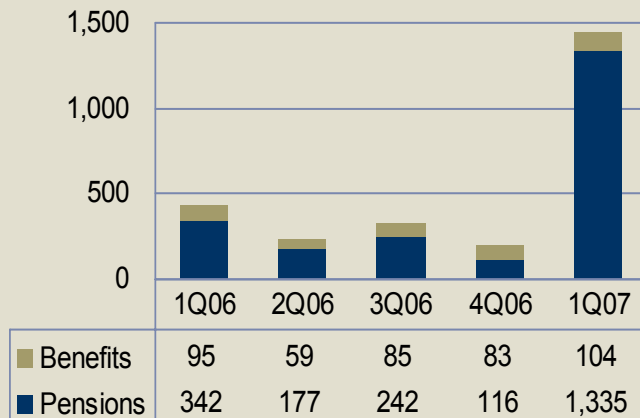
# Canada Sales

## Individual Insurance



- Sales increased 7% y/y to \$60 million
- Good growth in major product categories

## Group Businesses

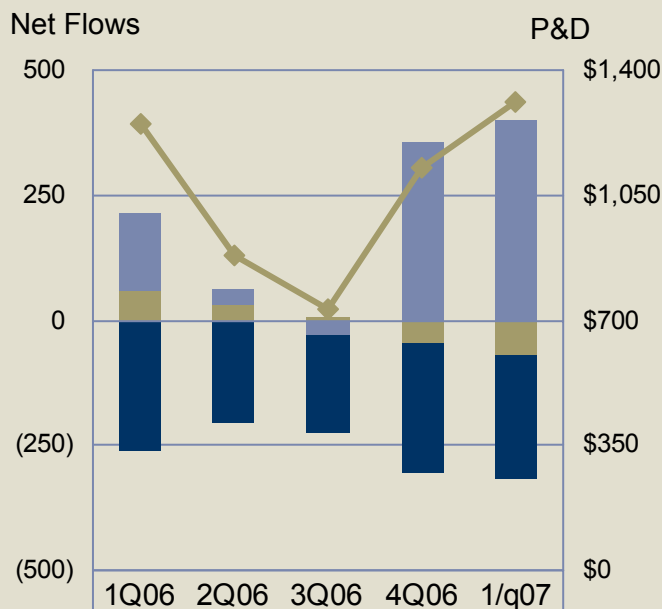


- Group Benefits up 9% y/y
- Record Group Pensions sales of \$1.3 billion
  - Largest single case sale
  - Broad-based sales growth

C\$ Millions

# Canada Net Flows

## Individual Wealth Management



Fixed	(262)	(204)	(198)	(259)	(248)
Seg Funds	155	33	(28)	357	402
Mutual Funds	58	29	7	(47)	(68)
P&D	1,249	880	729	1,128	1,309

C\$ Millions

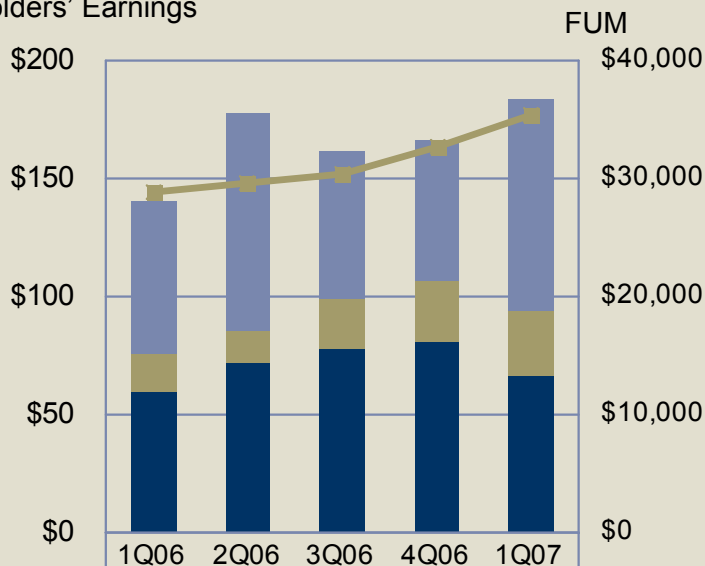
Net flows based on premiums and deposits less withdrawals. Manulife Bank sales not included.

## Premiums and deposits of \$1,309 million

- + Quarterly seg fund sales exceeded \$1 billion
- + Mutual fund segment revising and expanding portfolio
- + Continued net outflows of fixed products due to low interest rate environment

# Asia and Japan Shareholders' Net Income

Shareholders' Earnings



Japan	65	92	62	60	90
Other Asia	16	14	21	26	28
Hong Kong	60	72	78	81	66
FUM	28,810	29,601	30,436	32,633	35,413

US\$ Millions

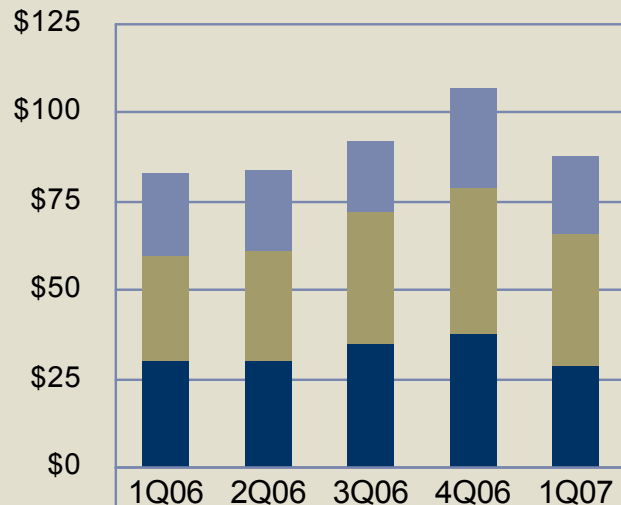
## Earnings of US\$183 million

- + **Strong in-force business growth with all territories contributing to increase**
- + **Japan benefited from positive mortality experience, in-force growth and a gain due to the reduction in equities**

# Asia and Japan Sales

## Insurance

US\$ millions



	1Q06	2Q06	3Q06	4Q06	1Q07
Japan	23	23	20	28	22
Other Asia	30	31	37	41	37
Hong Kong	30	30	35	38	29

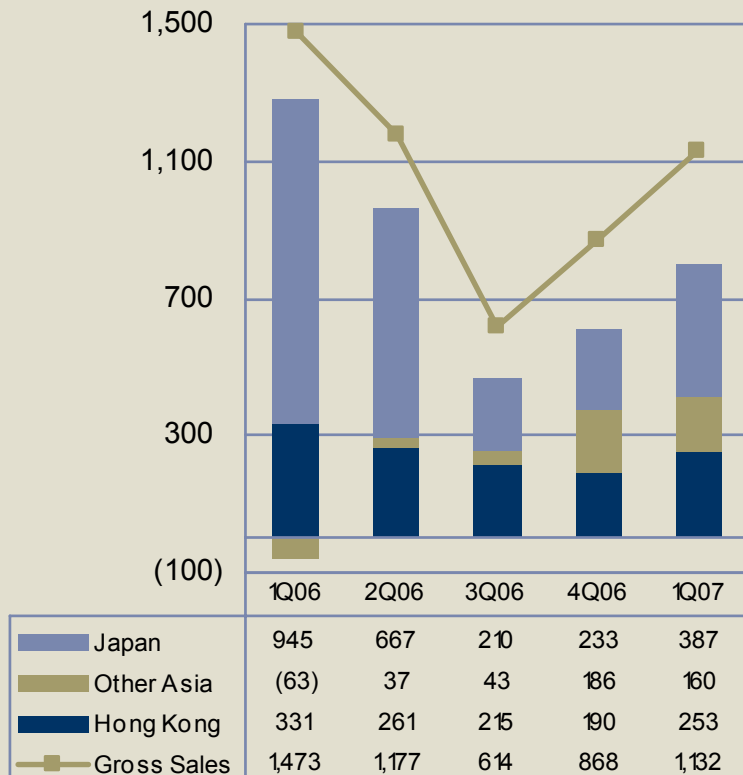
- + **Other Asia sales up 23% y/y with good growth across almost all territories**
- + **Japan sales level with 1Q06, beginning to see improvements in agent count**
- + **Hong Kong sales levels were similar to a year ago**

Insurance sales based on new annualized premiums.

# Asia and Japan Net Flows

## Wealth Management

US\$ millions



## Net flows of US\$800 million

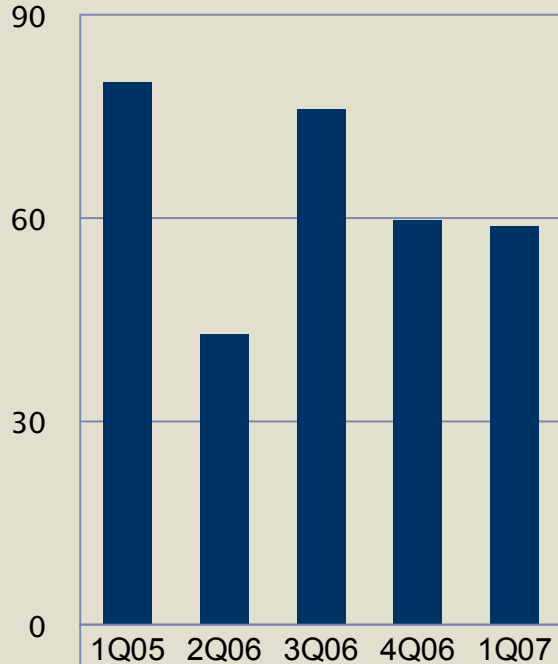
- + Japan VA sales continued to regain momentum
- + Other Asia benefited from recovering markets in Indonesia
- + Hong Kong net flows of US\$253 million

Net flows based on premiums and deposits less withdrawals.

# Reinsurance

## *Shareholders' Net Income*

US\$ Millions

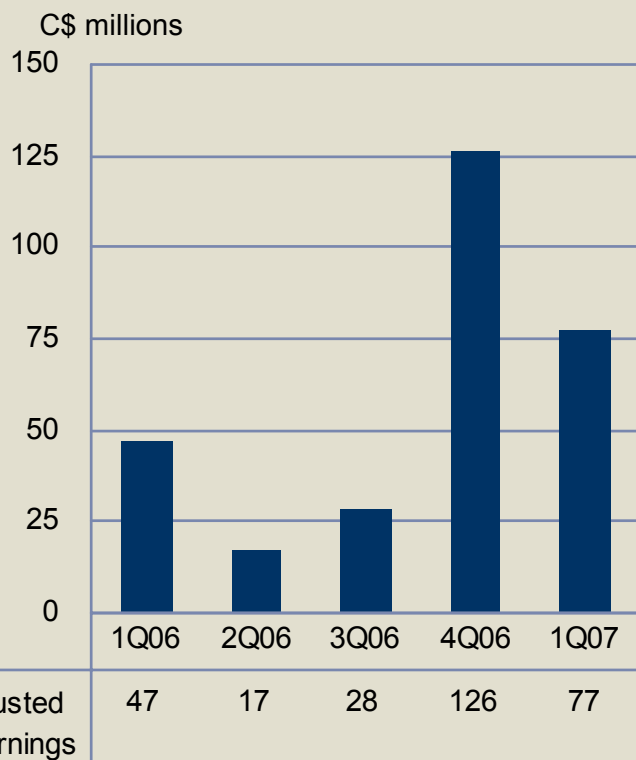


■ Reinsurance	80	43	76	60	59
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**Shareholders' earnings of US\$59 million**

- + Favourable Life claims experience**
- Lower P&C volumes**

# Corporate and Other Shareholders' Earnings



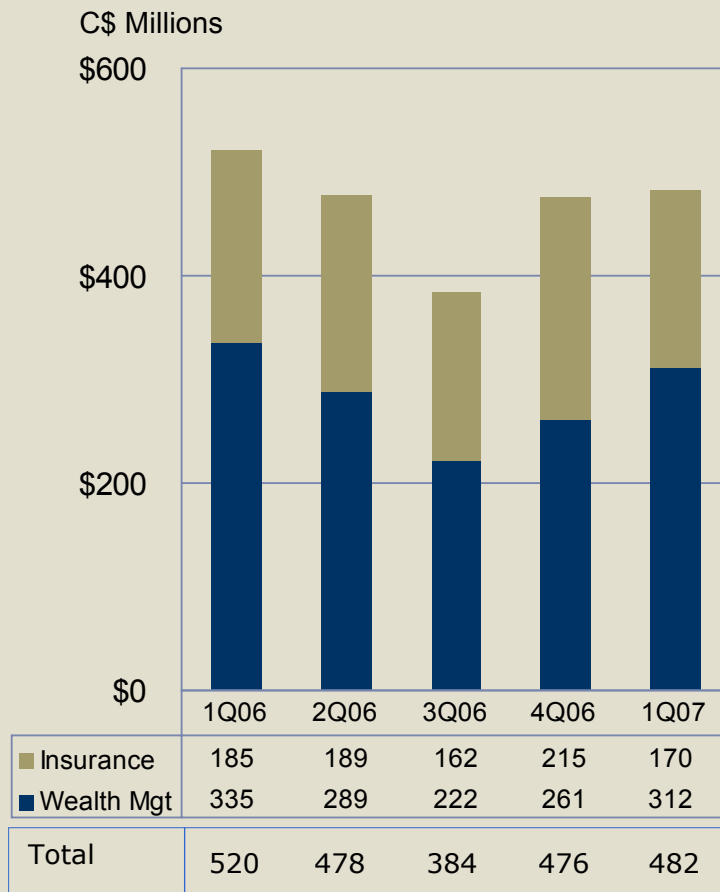
**Adjusted earnings of \$77 million up y/y:**

- + Favourable credit and JH A&H claims experience**
- + Positive impact of cost controls**
- Modest impact from changes in actuarial methods and assumptions versus significant 1Q06 benefit**

**Down from 4Q06, due to non-reoccurrence of tax related gains**

1Q07 adjusted earnings exclude one-time asset realignment charge of \$69 million.

# New Business Embedded Value



- 1Q07 NBEV of \$482 million**
- + Continued strong contribution**
- + Above quarterly average reported in our record full year 2006 result**

2006 new business embedded value adjusted to current basis.



# In Conclusion

- Overall favourable operating performance
- Adjusted shareholders' earnings of \$1,055 million
- Adjusted EPS up 13% year over year
- Record premiums and deposits of \$18.8 billion
- Funds under management up 11% to \$426 billion
- Continued share buybacks and ongoing capital management
- Increased quarterly dividend on common shares to \$0.22 per share

Note: Adjusted earnings and EPS exclude one-time charge related to asset realignment.



# Question and Answer Session