

# Third Quarter 2006 Financial & Operating Results

November 2, 2006

# 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. 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 assumption 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 these expectations include, among other things: general economic conditions worldwide; market factors, including global capital market activity; interest rate and currency value fluctuations; business competition; changes in government regulations or in tax laws; technological changes; changes in consumer demand for the our products and services; our ability to increase revenue from the expansion and development of distribution channel capacity; our ability to complete strategic acquisitions and to integrate acquisitions successfully; catastrophic events; political conditions and developments; international conflicts; and our success in anticipating and managing the foregoing factors. Additional information about these factors and about the material factors or assumptions underlying such 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

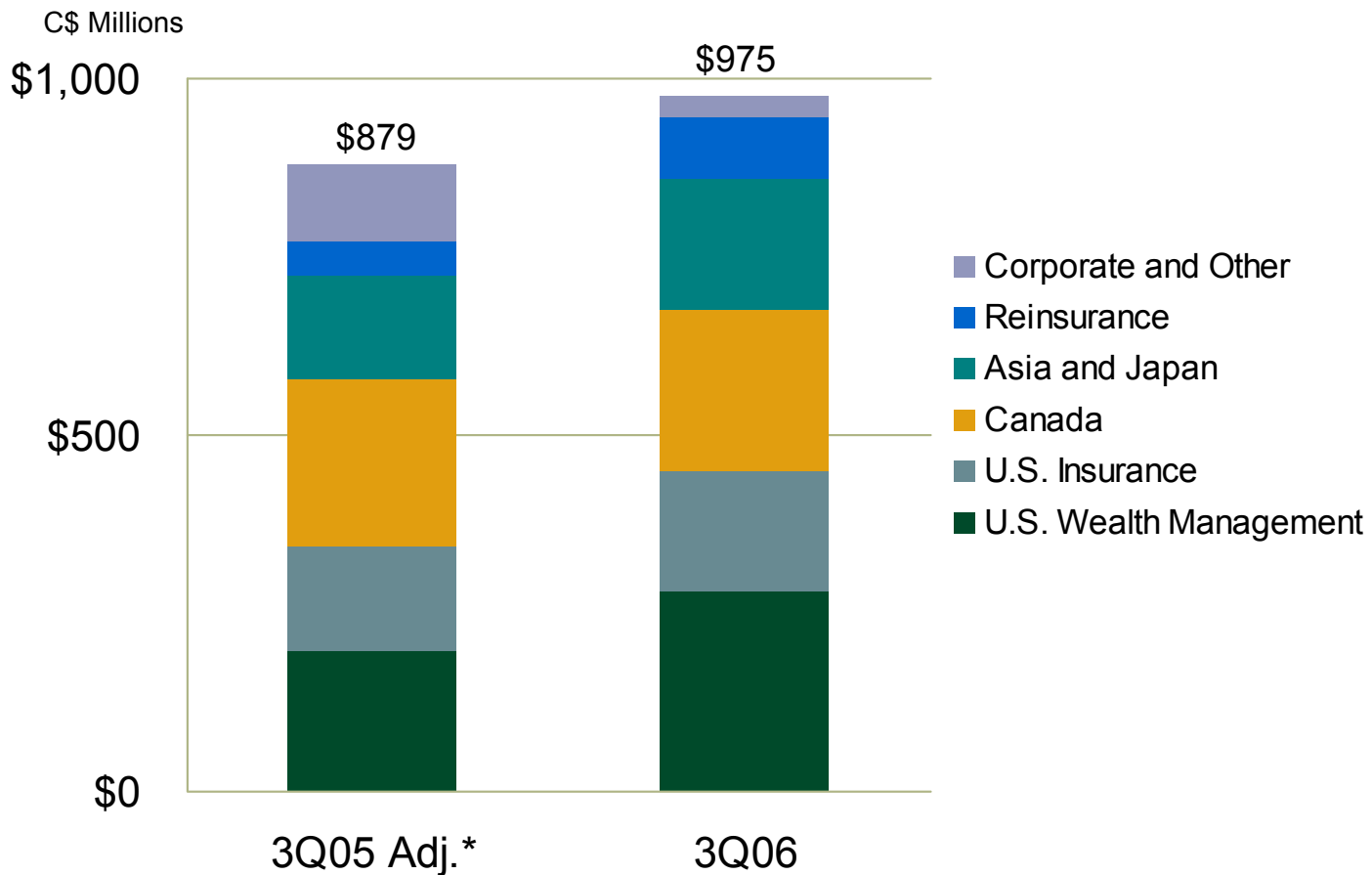
Dominic D'Alessandro  
President & Chief Executive Officer

# Q3 Financial Highlights

<i>(C\$ millions, except per share data)</i>	<b>3Q05</b> <i>(Reported)</i>	<b>3Q05</b> <i>(Adjusted)*</i>	<b>3Q06</b>	<b>3Q06 vs.</b> <b>3Q05 Adj.</b>
Shareholders' Earnings	\$746	\$879	\$975	<b>11%</b>
Earnings per Share	\$0.47	\$0.55	\$0.62	<b>14%</b>
Funds Under Management	\$359,441	\$359,441	\$380,728	<b>6%</b>
Return on Equity	12.7%	14.9%	16.6%	<b>170 bps</b>

\* Excludes the impact of Hurricane Katrina and the Japan tax gain.

# Diversification, Strength of Businesses *Deliver Strong Earnings Growth*



\* Adjusted earnings exclude the impact of Hurricane Katrina and the Japan tax gain.

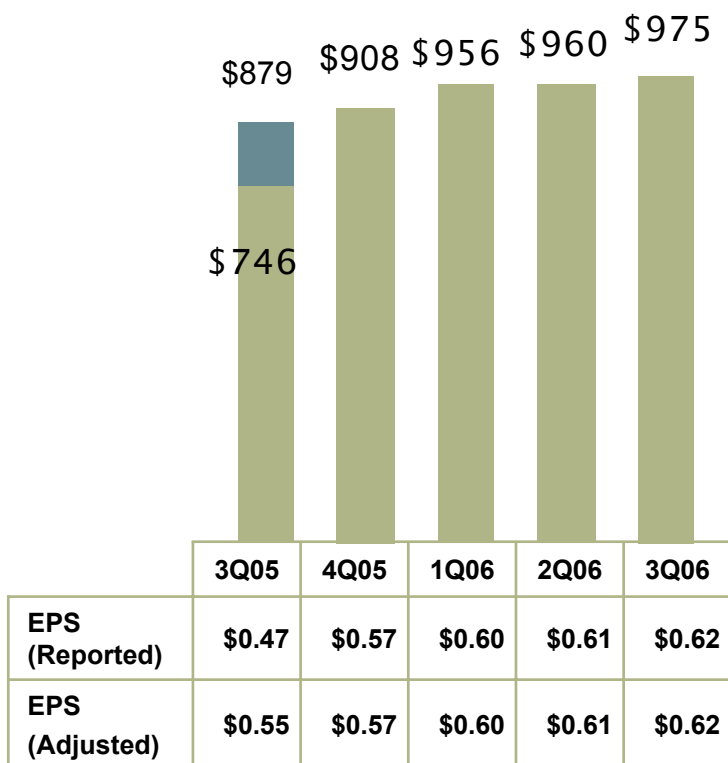
# Q3 Operating Highlights

- Continued product expansion and innovation
- Launched new John Hancock advertising campaign
- Continued expansion in China
  - Three new sales offices
  - Now operating in 17 locations
- Increased quarterly dividend per common share to \$0.20
- Extension of normal course issuer bid

# CFO's Remarks

Peter Rubenovitch  
Senior Executive Vice President &  
Chief Financial Officer

# Q3 Shareholders' Earnings



Y/Y earnings growth driven by:

- + Favourable investment related experience
- + Higher fee income related to growth in funds under management
- + Improved new business margins

Offset by:

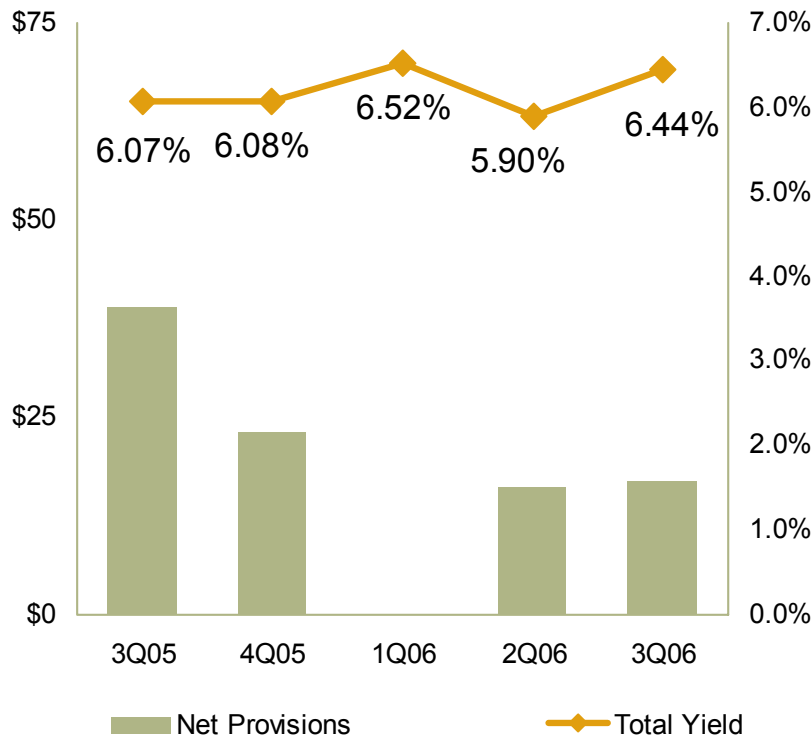
- Unfavourable resolution of a pre-merger John Hancock tax assessment
- Negative impact of currency movements

 *Impact of Hurricane Katrina net of Japan tax gain.*

# Investments

## *Continued Strong Performance*

### Net Provisions and Total Yield

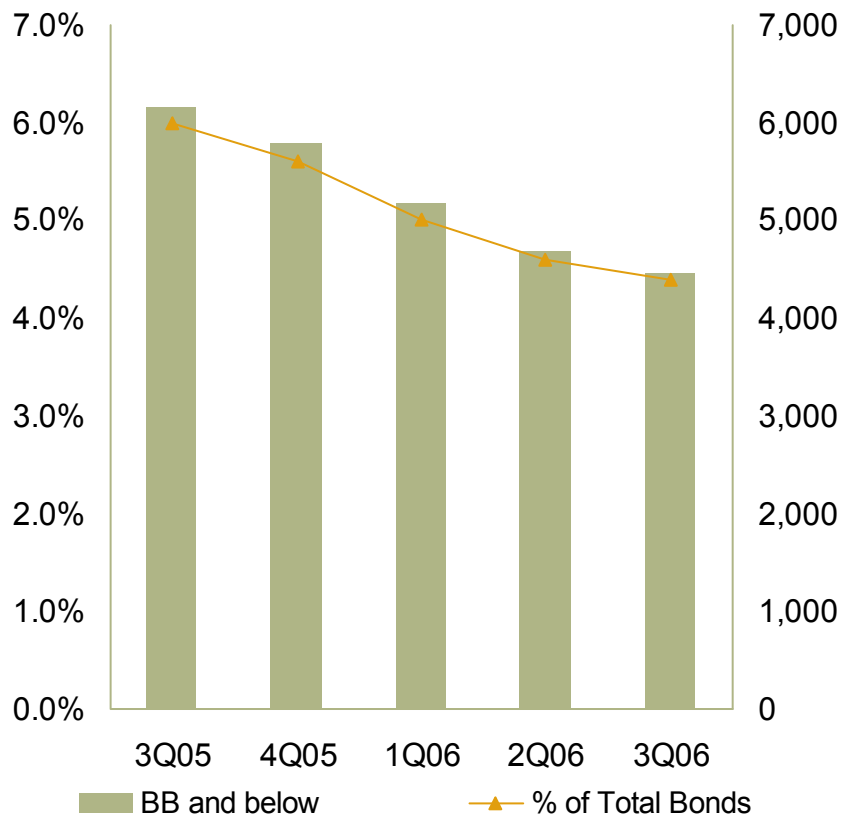


- + Total portfolio yield of 6.44%
- + Net provisions continue at low levels
- + Net impaired assets as a percentage of total invested assets of 0.27%

# Investments

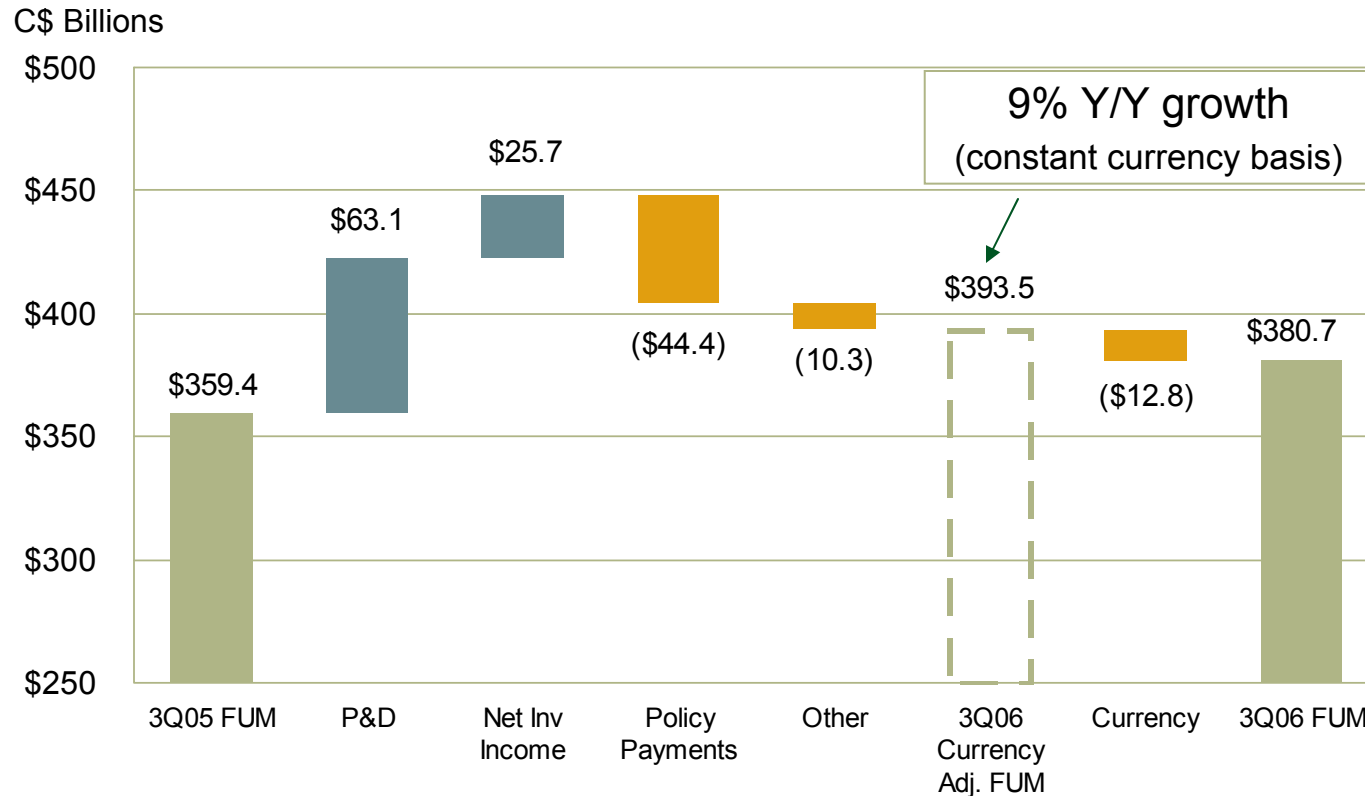
## *Improved Asset Quality*

### Below Investment Grade Bonds



+ Below investment grade (BIG) bonds reduced to \$4.5 billion, or 4% of total bond portfolio, consistent with pre-merger levels

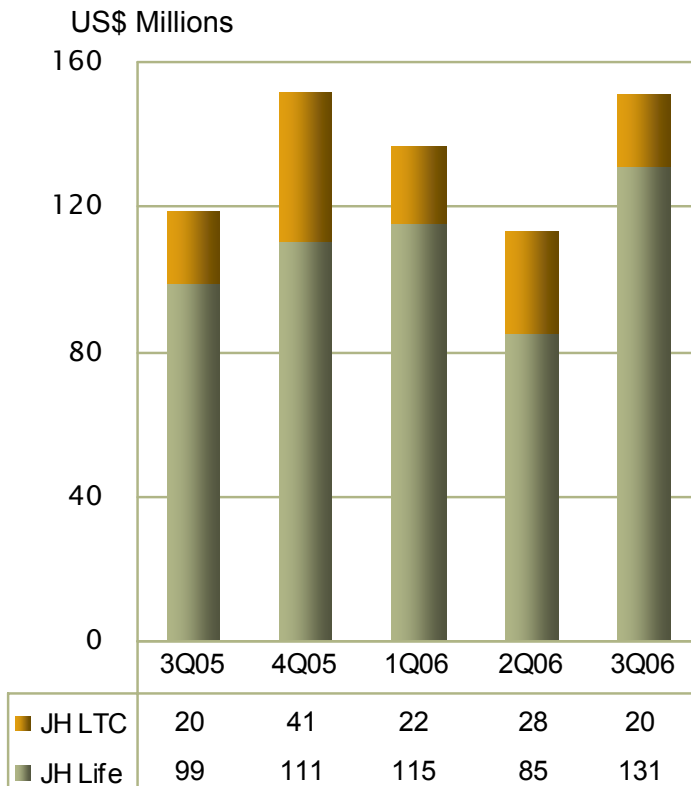
# Funds Under Management *Year over Year Movement*



# Source of Earnings

<b>Source of Earnings</b>	<b>3Q05</b>	<b>4Q05</b>	<b>1Q06</b>	<b>2Q06</b>	<b>3Q06</b>
Expected profit on inforce	\$729	\$737	\$742	\$776	\$771
Impact of new business	(80)	(48)	(40)	(60)	(62)
Experience gains	(25)	279	296	354	384
Mgt actions and changes in assumptions	(12)	(29)	53	(19)	5
Earnings on surplus funds	322	271	262	248	238
Other	6	0	(7)	(16)	1
<b>Income before taxes</b>	<b>940</b>	<b>1,210</b>	<b>1,306</b>	<b>1,283</b>	<b>1,337</b>
Income taxes	(194)	(302)	(350)	(323)	(362)
<b>Shareholders' net income</b>	<b>746</b>	<b>908</b>	<b>956</b>	<b>960</b>	<b>975</b>

# U.S. Insurance *Shareholders' Net Income*



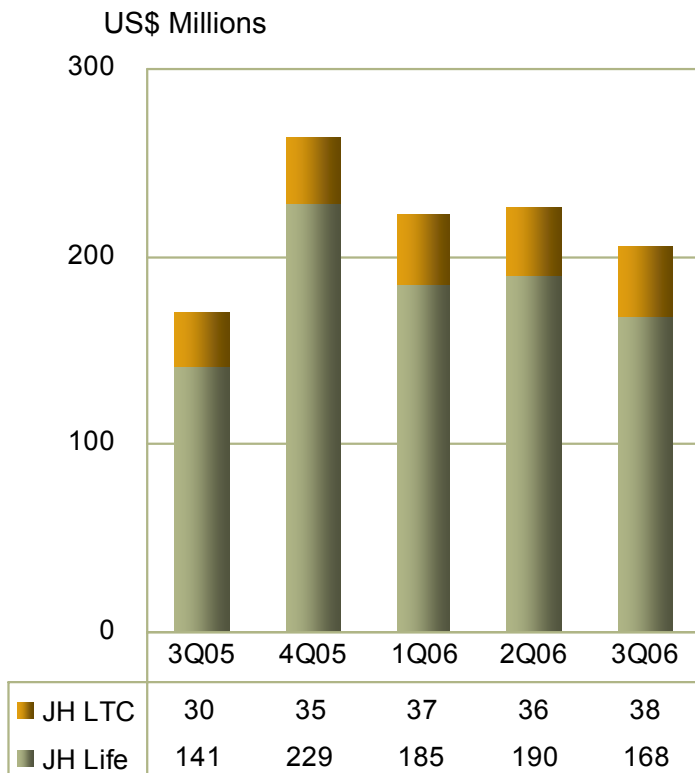
JH Life reported record earnings of US\$131 million, up 32% year over year

- + More favourable claims experience
- + Improved equity market performance
- + Improved new business margins

JH LTC earnings of US\$20 million

- + In-force business growth
- Experience losses

# U.S. Insurance Sales



JH Life sales of US\$168 million, up 19% year over year

- + Continued success with product innovations and distribution

JH LTC sales up 27% year over year

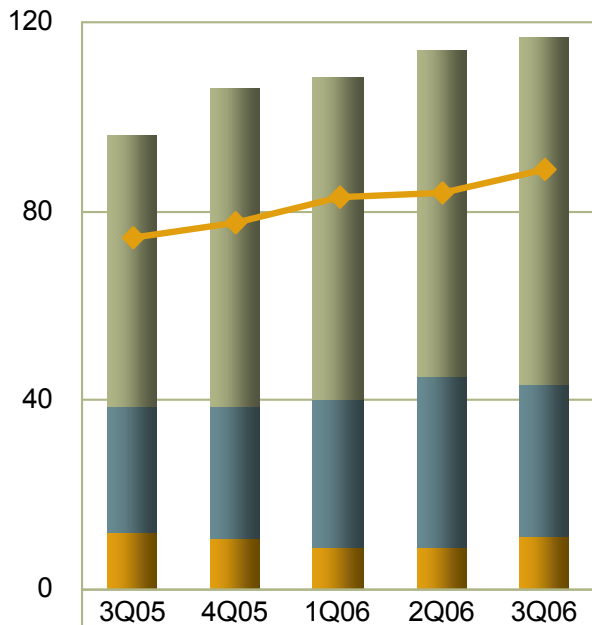
- + 6<sup>th</sup> consecutive quarter of increased retail sales

# U.S. Wealth Management *Shareholders' Net Income*



## Variable Products Group

Shareholders' Earnings



FUM



Variable products earnings of US\$117 million

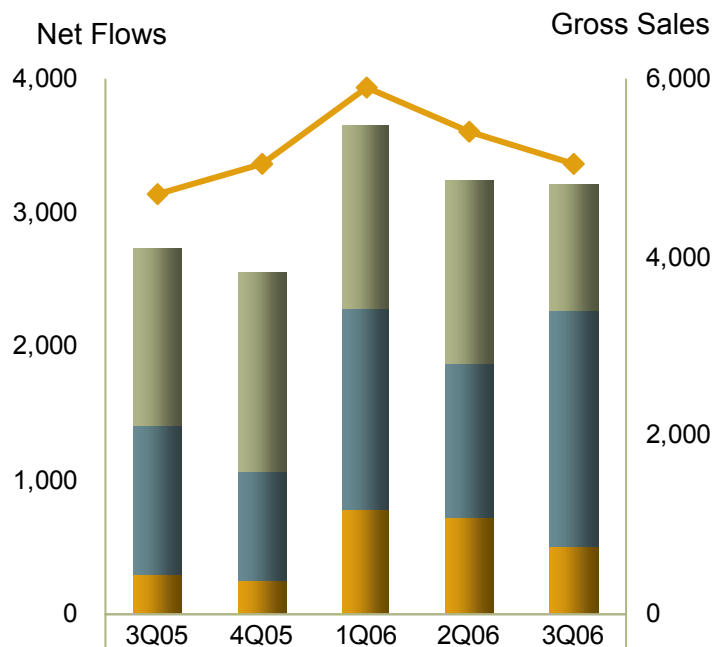
- + Higher fee income due to growth in total funds under management
- Less favourable impact of equity markets on segregated fund reserves
- Increased distribution expenses in Mutual Fund segment

JH VAs	57	67	68	69	73
JH RPS	27	28	31	36	32
JH Mutual Funds	12	11	9	9	12
Total FUM	99,136	103,455	110,898	111,738	118,659

# U.S. Wealth Management *Net Flows*



## Variable Products Group



Net flows up 18% year over year

- + Retirement Plan Services net flows up 59% aided by JH employee pension plan transfer
- + Mutual funds net flows up 65% year over year
- + Variable annuity net flows of US\$944 million remain strong, but down from previous record levels

JH VAs	1,313	1,501	1,368	1,371	944
JH RPS	1,112	809	1,505	1,165	1,766
JH Mutual Funds	307	253	779	719	508
Gross Sales	4,716	5,048	5,915	5,414	5,055

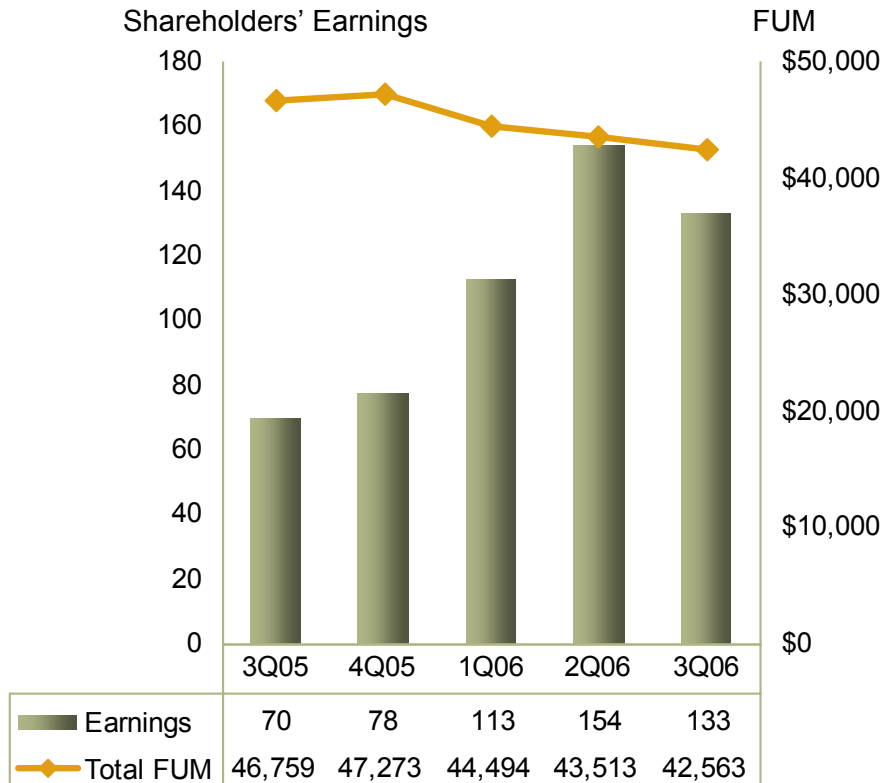
US\$ Millions

Net flows include premiums and deposits less withdrawals. JH Mutual Funds include College Savings Plans.

# U.S. Wealth Management *Shareholders' Net Income*



## Fixed Products



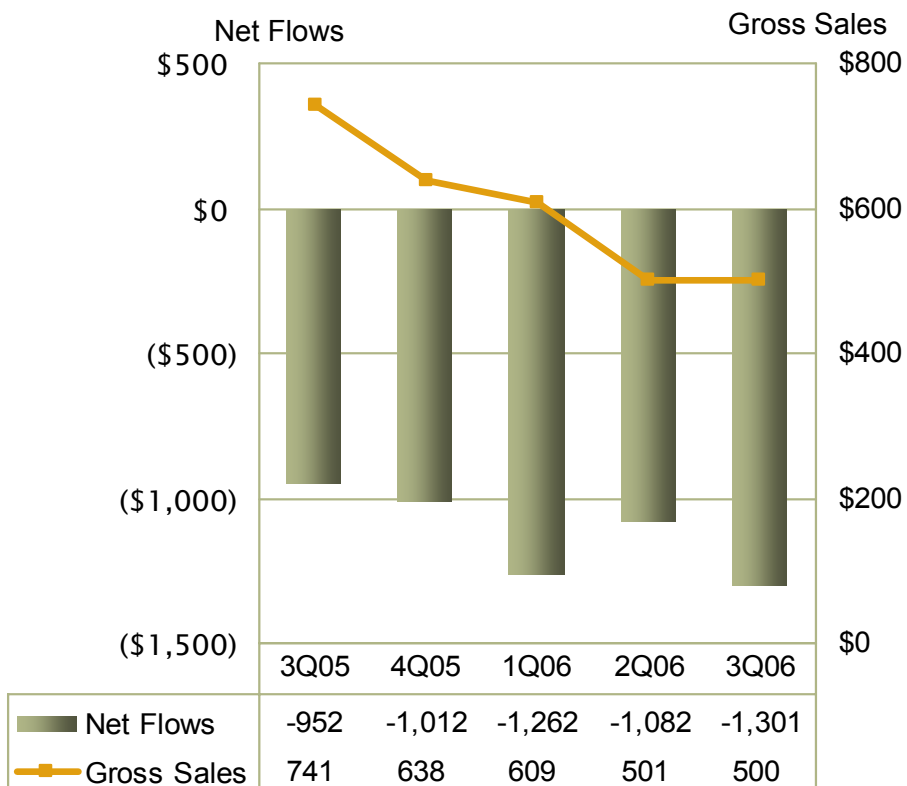
Shareholders' earnings of US\$133 million

- + Investment related gains versus 3Q05 losses
- + Positive impact of interest rate movements contrast with interest related losses in 3Q05
- + FUM continued to decline due to restricted sales and scheduled withdrawals

# U.S. Wealth Management *Net Flows*



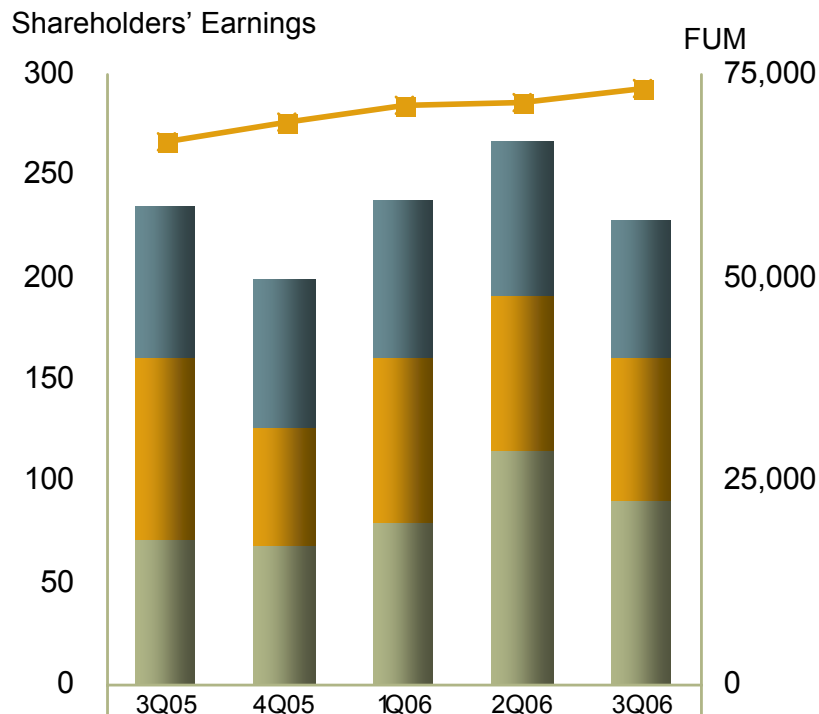
## Fixed Products



Fixed product net outflows of US\$1.3 billion

+ Managed reduction of JH Institutional products continued

# Canada Shareholders' Net Income



Division earnings of \$229 million, down 3% year over year

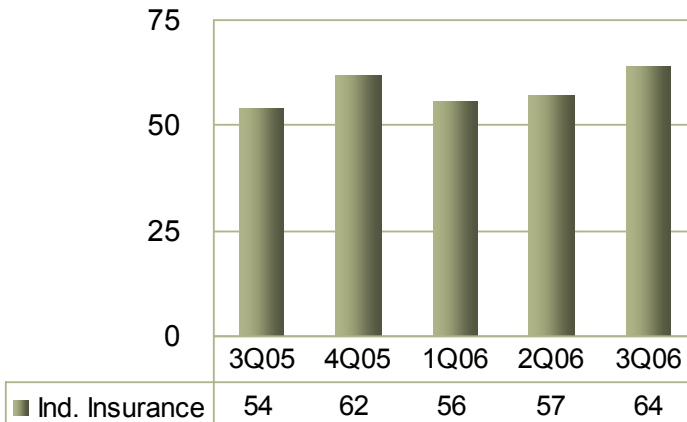
- + Favourable claims experience in Individual Insurance
- Less favourable impact of equity markets on segregated fund reserves
- Poor claims experience in Group Businesses

Group	74	72	77	76	68
IWM	89	59	81	76	70
Ind. Ins.	72	68	80	115	91
FUM	66,697	69,019	71,086	71,389	73,186

# Canada Sales

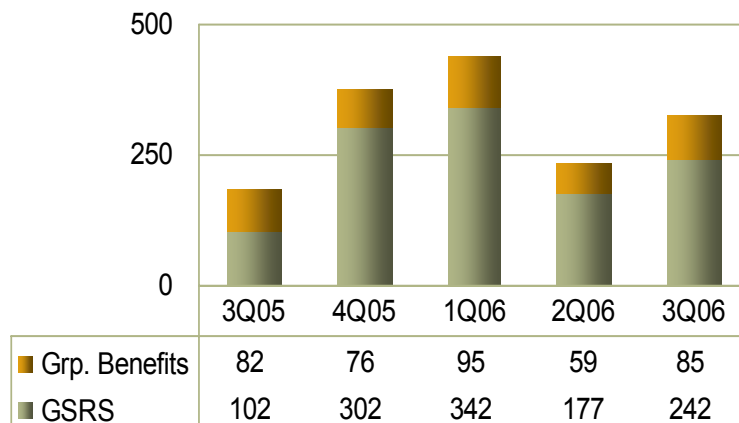


## Individual Insurance



- Sales increased 19% year over year
- Growth in almost all major product categories

## Group Businesses



- Group Benefits up marginally year over year
- GSRs up sharply in part due to sale to Rogers Communications

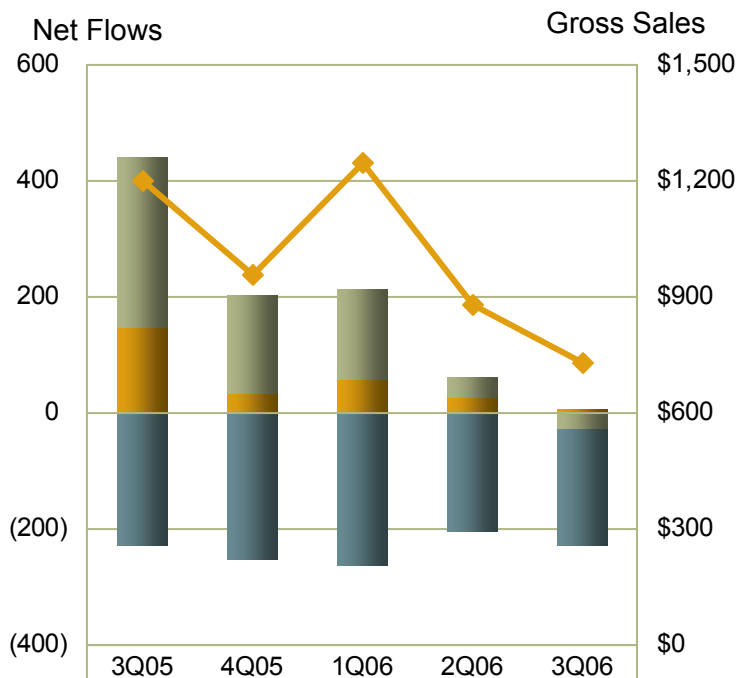
C\$ Millions

Sales: Group Benefits: new annualized premiums ("NAP") and single premium sales including ASO premium equivalents, Ind. Insurance: NAP, Group Savings and Retirement Solutions: NAP and single premium sales.

# Canada Net Flows



## Individual Wealth Management



Premiums and deposits of \$729 million

- Segregated fund sales down from strong quarter in 2005
- + New segregated fund GMWB product launched October 23
- + Mutual fund segment revising and expanding portfolio
- + Continued net outflows of fixed products due to low interest rate environment

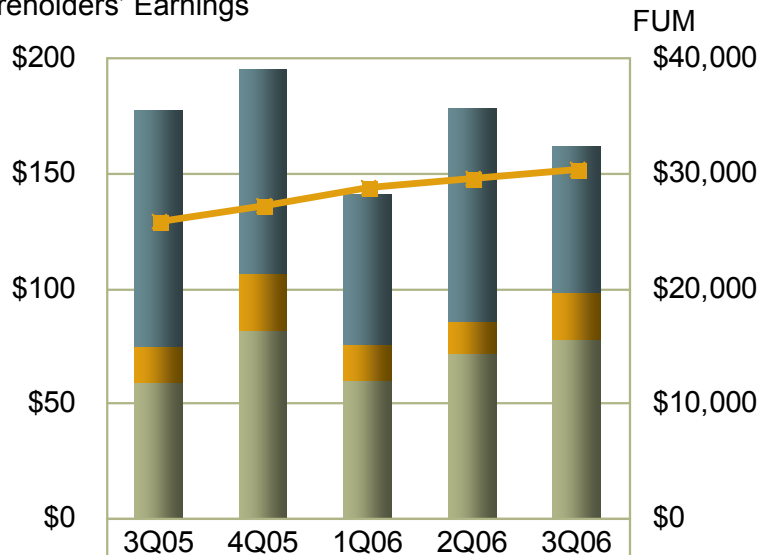
C\$ Millions

Net flows based on premiums and deposits less withdrawals. Manulife Bank sales excluded.

# Asia and Japan Shareholders' Net Income



Shareholders' Earnings



Japan	102	89	65	92	62
Other Asia	16	24	16	14	21
Hong Kong	59	82	60	72	78
FUM	25,868	27,186	28,810	29,601	30,436

Asia and Japan earnings of US\$161 million

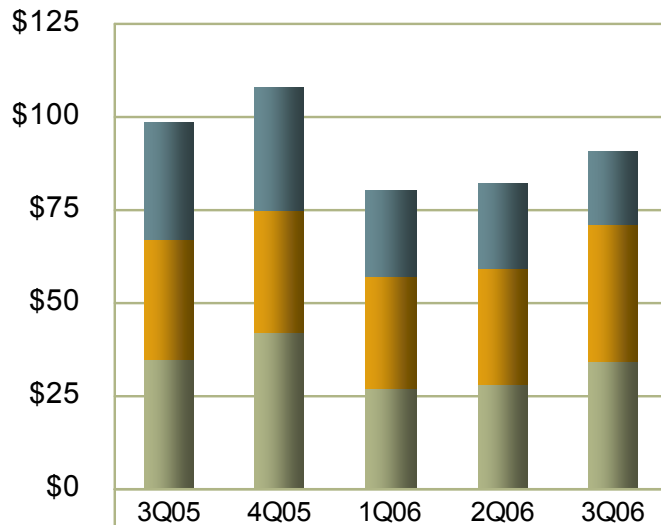
- + Excluding 3Q05 tax gain of US\$54 million, Japan earnings up 29% due to asset growth and higher related fee income
- + Other Asia up 31% year over year
- + Hong Kong up 32% due to in-force growth and lower losses from policy terminations

# Asia and Japan Sales



## Insurance

US\$ millions



■ Japan	32	33	23	23	20
■ Other Asia	32	33	30	31	37
■ Hong Kong	35	42	27	28	34

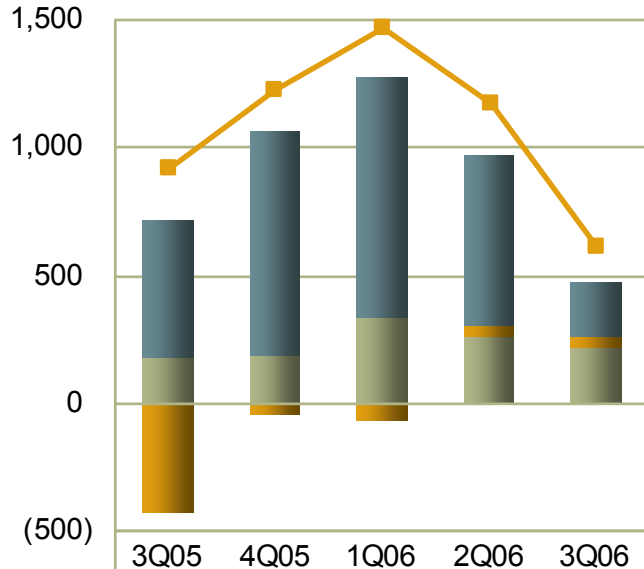
- + Hong Kong insurance sales in-line with 3Q05, but up 21% over previous quarter
- + Other Asia up 16% year over year
- Decline in Japan due to lower agent count and change to reporting methodology

# Asia and Japan Net Flows



## Wealth Management

US\$ millions



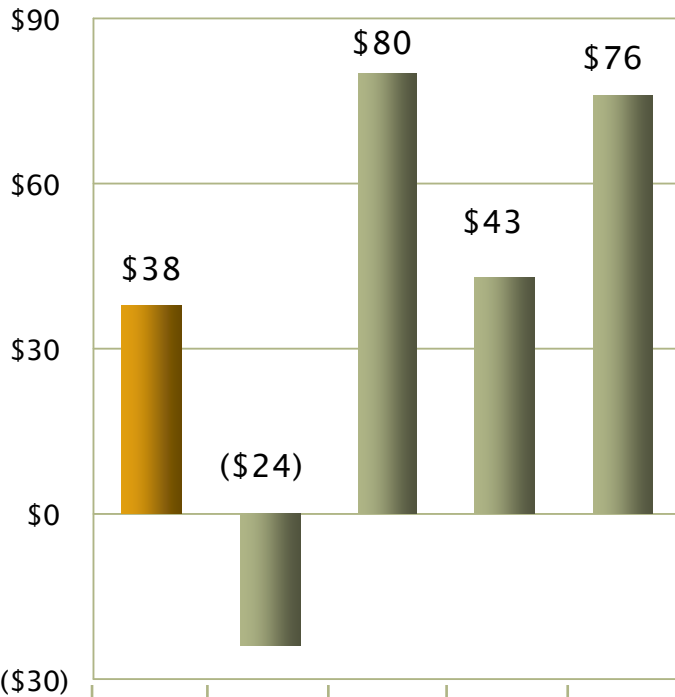
■ Japan	545	884	945	667	210
■ Other Asia	(428)	(49)	(63)	37	43
■ Hong Kong	173	185	334	263	217
■ Gross Sales	922	1,226	1,473	1,177	609

Total Division net flows of US\$470 million

- Lower variable annuity sales in Japan due to suspension of GMWB product
- + New GMWB product approved for sale in Japan
- + Positive net flows in Other Asia
- + Hong Kong net sales up 25% year over year driven by strong group pension sales

# Reinsurance *Shareholders' Net Income*

US\$ Millions



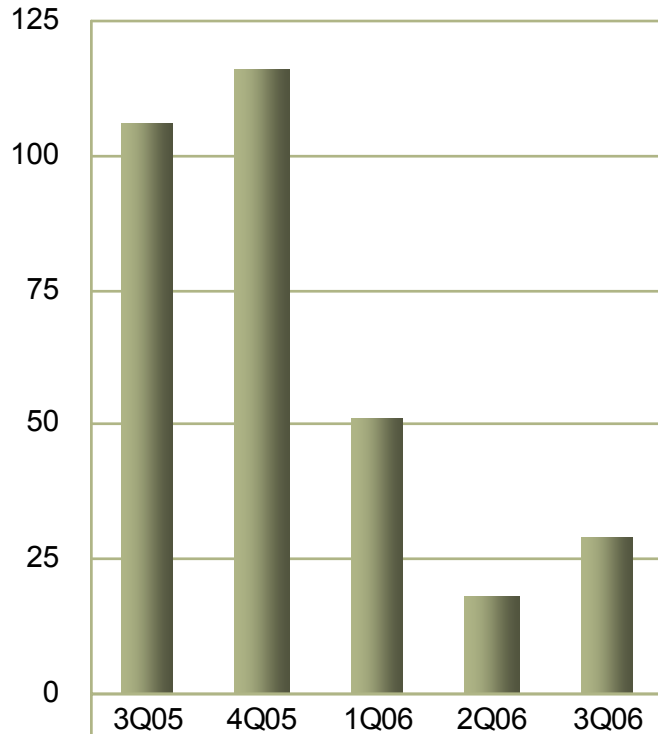
- + Strong third quarter earnings of US\$76 million, double year ago quarter excluding Katrina charges
- + Very favourable claims experience in Life Reinsurance

	3Q05	4Q05	1Q06	2Q06	3Q06
<b>Reported Earnings</b>	(127)	(24)	80	43	76

(3Q05 earnings adjusted for impact of Hurricane Katrina)

# Corporate and Other Shareholders' Earnings

C\$ millions

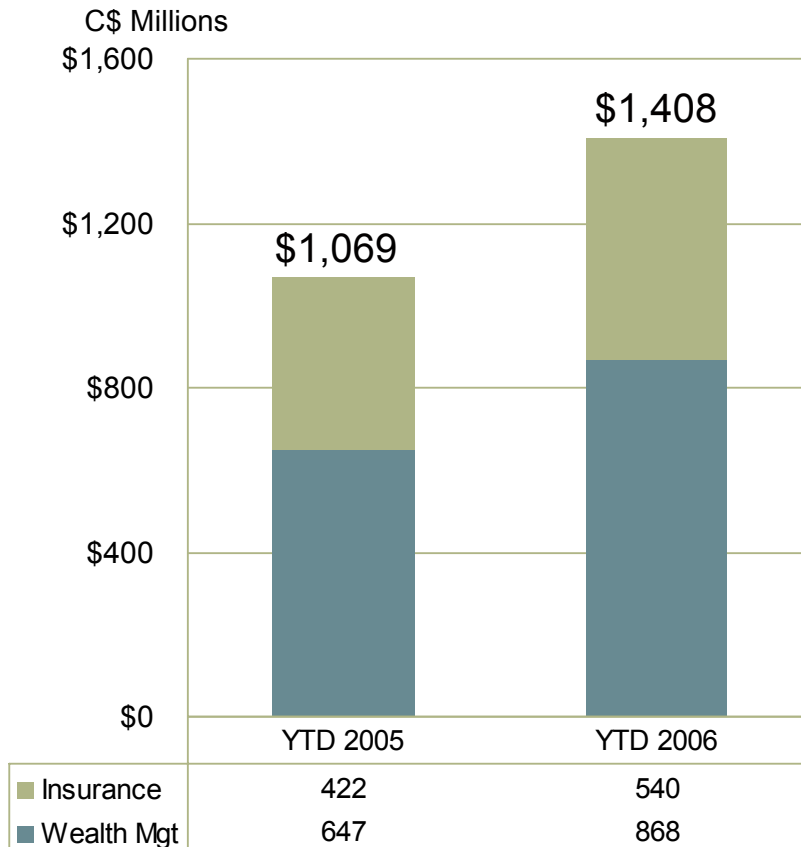


■ Corp. & Other	106	116	51	18	29
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Shareholders' earnings of \$29 million

- Tax assessment related to pre-merger John Hancock item reduced 3Q06 shareholders' earnings by \$36 million
- Lower investment income compared to a strong third quarter in 2005

# New Business Embedded Value



YTD 2006 NBEV of \$1,408 million

- + Up 32% year over year
- + Strong growth in both Insurance and Wealth Management businesses

# Segregated Fund and VA Guarantees

## *Additional Disclosure*

<b>Period</b>	<b>Recoverability Margin<sup>1</sup></b>	<b>CTE Level</b>	<b>Confidence Level</b>
3Q06	\$2,104	73	92
2Q06	\$1,982	68	90
1Q06	\$2,041	76	92
4Q05	\$1,799	75	92
3Q05	\$1,472	74	91

C\$ millions

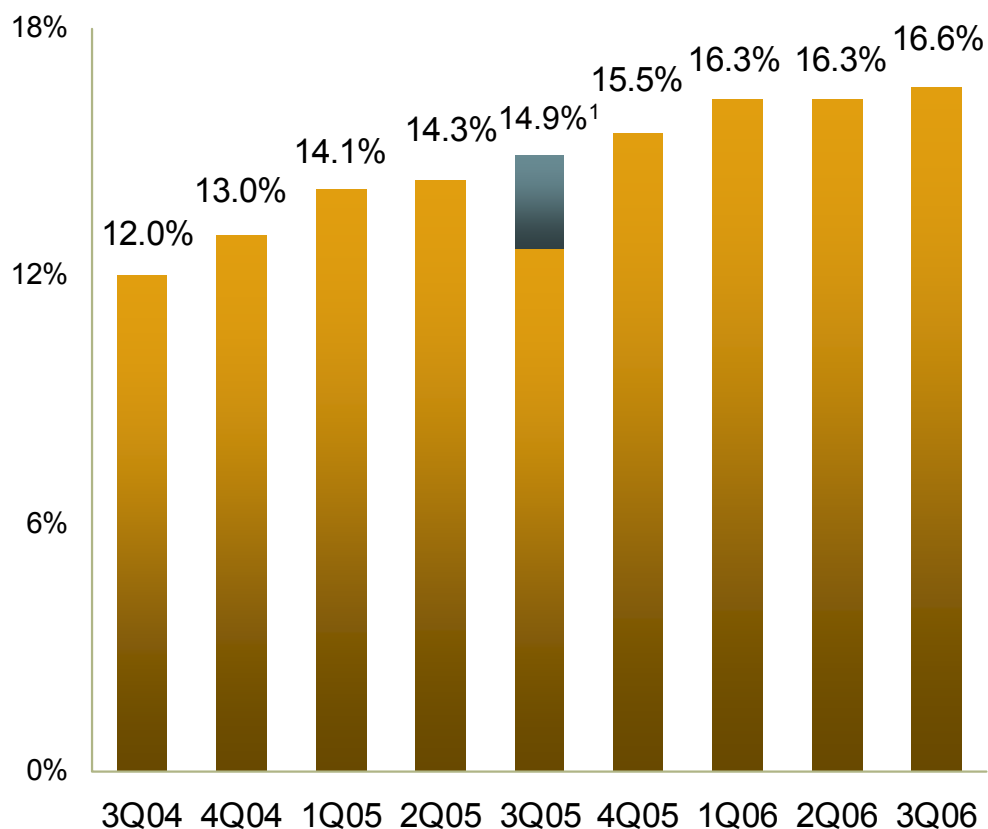
<sup>1</sup> Recoverability margin is the present value of guarantee fees over expected guarantee costs plus actuarial liabilities.

# USGAAP vs. CGAAP

	3Q05	4Q05	1Q06	2Q06	3Q06
<b>CGAAP Net Income</b>	<b>\$746</b>	<b>\$908</b>	<b>\$956</b>	<b>\$960</b>	<b>\$975</b>
Investment income	230	256	(120)	(90)	(131)
DAC and VOBA offsets to inv't income	(37)	(23)	(14)	-	(3)
Seg fund guarantees	(61)	(67)	20	(85)	(6)
Other actuarial related items	30	(382)	(106)	(214)	(71)
<b>Total pre-tax earnings impact</b>	<b>162</b>	<b>(216)</b>	<b>(220)</b>	<b>(389)</b>	<b>(211)</b>
Income taxes	(62)	(44)	51	149	49
<b>USGAAP Earnings</b>	<b>846</b>	<b>648</b>	<b>787</b>	<b>720</b>	<b>813</b>

# Return on Common Equity

## *Consistent Improvement*



- + Return on common shareholders' equity of 16.6%
- + Record post merger result and third consecutive quarter above 16% target
- + Increase of 460 basis points from 1<sup>st</sup> full quarter of combined operations with John Hancock

# In Conclusion

- Continued product innovation building on leading market shares
- Continued improvement in ROE
- Strong growth in assets under management
- Renewed share repurchase program with capacity to repurchase up to 75 million shares
- Increased quarterly dividend on common shares to \$0.20 per share
- Solid shareholders' earnings across all operating divisions

# Question and Answer Session