



# Fourth Quarter 2006 Financial & Operating Results

February 13, 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

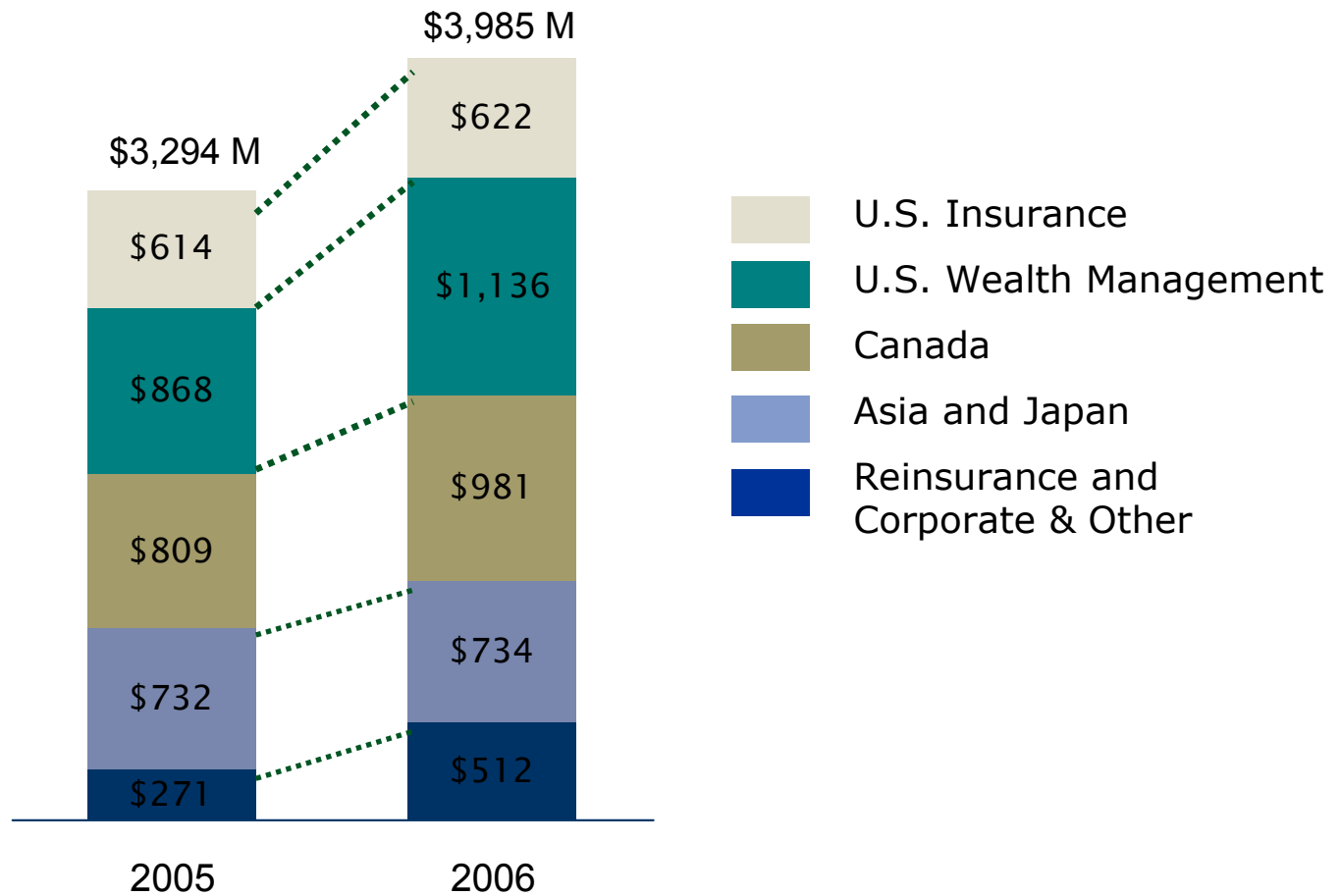
**Dominic D'Alessandro**  
**President & Chief Executive Officer**



# 2006 Financial Highlights

(C\$ millions, except per share data)	<b>2006</b>	Y/Y Increase
Shareholders' Earnings	<b>\$3,985</b>	21%
Earnings per Share	<b>\$2.53</b>	23%
Return on Equity	<b>16.8%</b>	270 bps
Funds under Management	<b>\$414,017</b>	11%
New Business Embedded Value	<b>\$1,914</b>	25%

# 2006 Shareholders' Earnings





# 4Q06 Operating Highlights

- **S&P upgrade to 'AAA' rating**
- **Launched Canada's first Guaranteed Minimum Withdrawal Benefit (GMWB) product**
- **Additional product launches:**
  - **Two new riders for U.S. variable annuities**
  - **New, innovative U.S. LTC product**
  - **Nine new funds through JH RPS**
- **Successful debt offering of \$1.2 billion**
- **Real estate & timber investments**



# CFO's Remarks

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



# 4Q06 Financial Highlights

(C\$ millions, except per share data)	4Q05	<b>4Q06</b>	Change
<b>Shareholders' Earnings</b>	\$908	<b>\$1,100</b>	21%
<b>Earnings per Share</b>	\$0.57	<b>\$0.71</b>	25%
<b>Return on Equity</b>	15.5%	<b>18.0%</b>	250 bps
<b>Funds Under Management</b>	\$371,454	<b>\$414,017</b>	11%

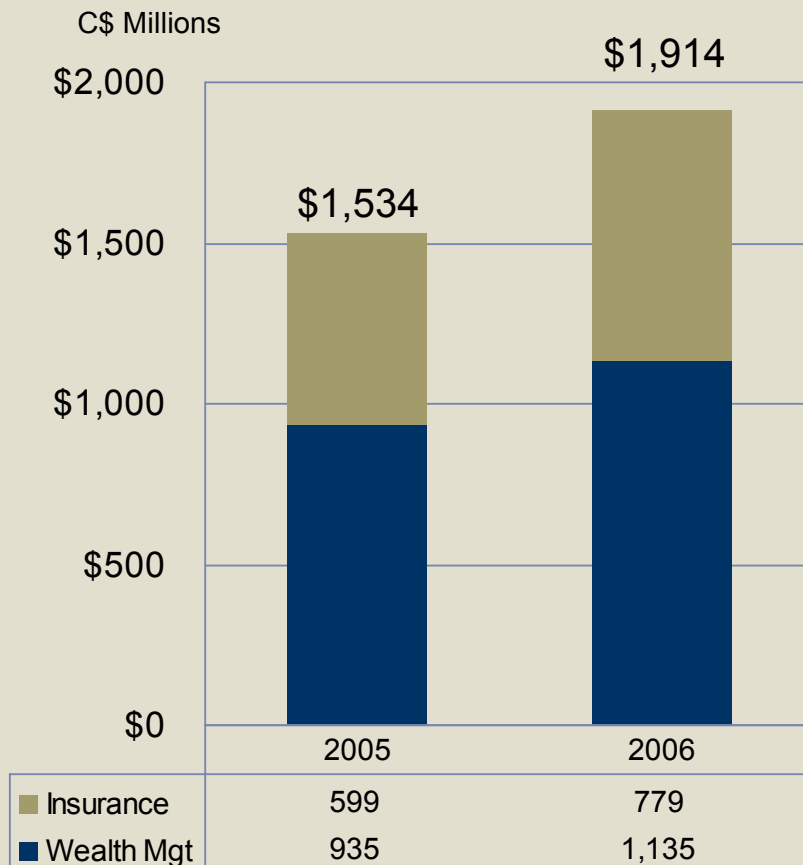
# Embedded Value

## 21% Increase in Operational EV

	<i>Total</i>	<i>Per Share</i>
<b>EV as at January 1, 2006</b>	<b>29,015</b>	<b>\$18.32</b>
Interest on EV	2,336	
New Business	1,914	
Experience Variances and Changes in Actuarial Assumptions	1,956	
<b>Operational Embedded Value</b>	<b>35,221</b>	<b>\$22.24</b>
<b>Change in Operational EV (from year start)</b>	<b>21%</b>	<b>21%</b>
Discount Rate Changes	(433)	
Currency	153	
Shareholder Dividends	(1,133)	
Other Capital Movements	(1,437)	
<b>EV as at December 31, 2006</b>	<b>32,371</b>	<b>\$20.92</b>
<b>Change in Embedded Value</b>	<b>12%</b>	<b>14%</b>

C\$ Millions

# New Business Embedded Value

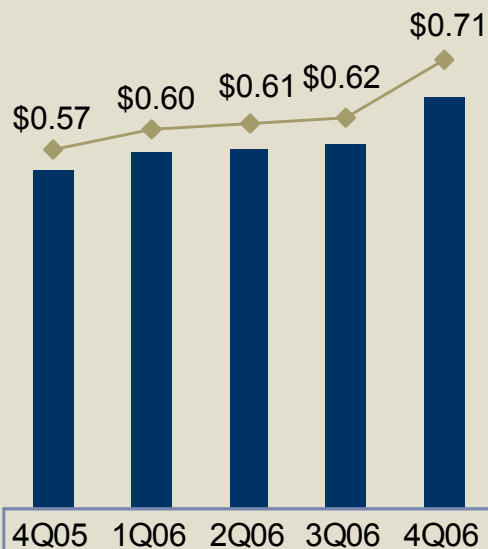




**2006 NBEV of \$1,914 million**

- + **Up 25% year over year**
- + **Strong growth in both Insurance and Wealth Management businesses**

2005 new business embedded value adjusted to current basis.

# 4Q06 Shareholders' Earnings



 Earnings	908	952	959	974	1,100
 EPS	\$0.57	\$0.60	\$0.61	\$0.62	\$0.71

## Shareholders' earnings up 21% y/y

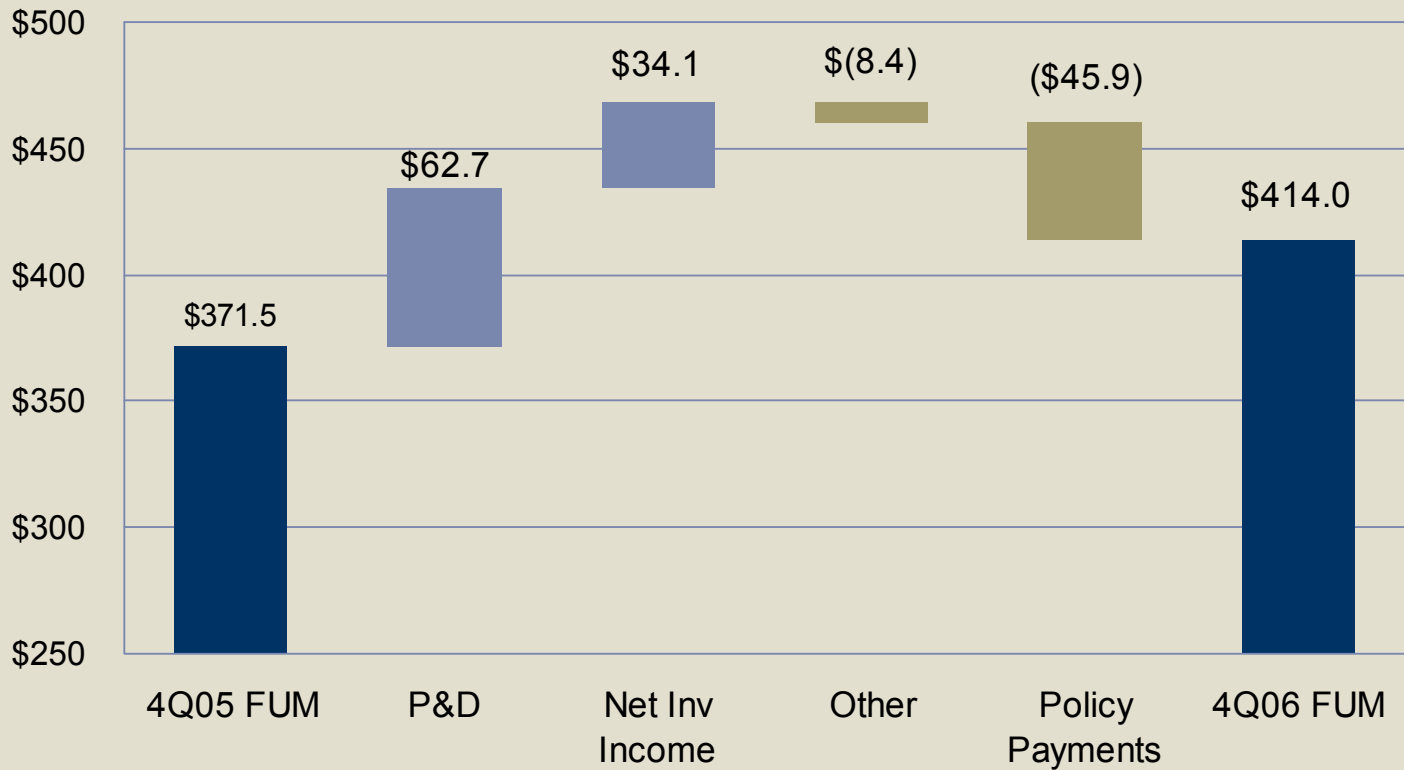
- + In-force business growth
- + Favourable investment experience and stronger equity markets
- + Benefit of tax related items
- + Favourable credit experience

## Earnings growth partially offset by

- Unfavourable impact of currency movements

C\$ millions, except per share data

# Funds Under Management Year over Year Movement

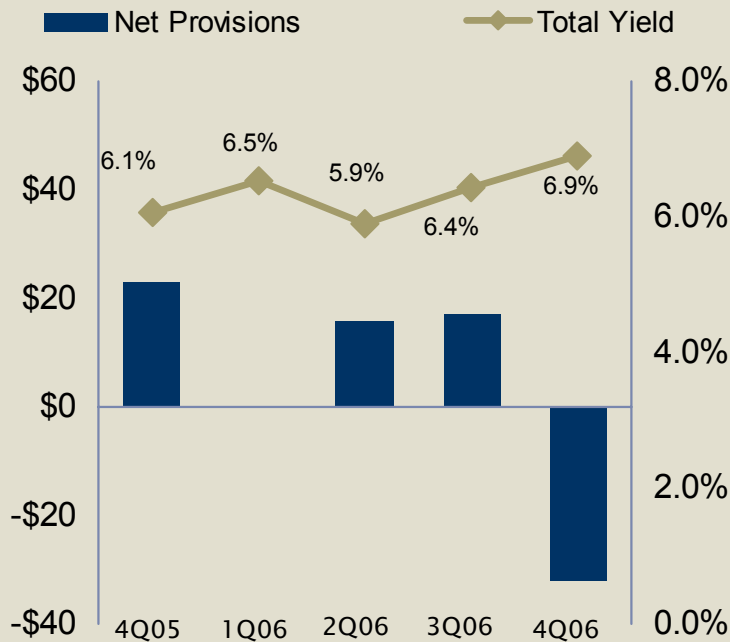


C\$ Billions

# Investments

## Continued Strong Performance

### Net Provisions (Recoveries) and Total Yield



+ **Total portfolio yield of 6.9%**

+ **Net recoveries of \$32 million in 4Q06**

C\$ Millions

# Source of Earnings

Source of Earnings	4Q05	1Q06	2Q06	3Q06	4Q06
Expected profit on inforce	\$737	\$742	\$776	\$771	\$781
Impact of new business	(48)	(40)	(60)	(62)	(56)
Experience gains	279	290	353	384	379
Mgt actions and changes in assumptions	(29)	53	(19)	5	31
Earnings on surplus funds	271	262	248	238	265
Other	0	(6)	(16)	0	32
<b>Income before taxes</b>	<b>1,210</b>	<b>1,301</b>	<b>1,282</b>	<b>1,336</b>	<b>1,432</b>
Income taxes	(302)	(349)	(323)	(362)	(332)
<b>Shareholders' net income</b>	<b>908</b>	<b>952</b>	<b>959</b>	<b>974</b>	<b>1,100</b>

C\$ Millions

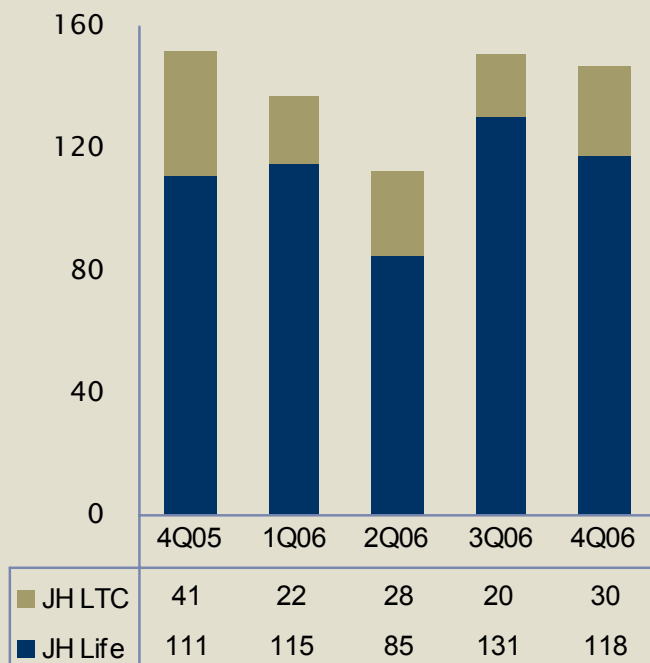


# 2006 Sales Highlights

(\$ millions)	2006	Y/Y Increase
JH Life	<b>US\$748</b>	21%
JH Long Term Care	<b>US\$159</b>	34%
JH Variable Annuities	<b>US\$9,115</b>	15%
JH Pensions	<b>US\$4,823</b>	9%
JH Mutual Funds	<b>US\$7,585</b>	45%
Canada Individual Insurance	<b>C\$249</b>	7%
Canada Group Pensions	<b>C\$877</b>	8%
Hong Kong IWM	<b>US\$763</b>	77%
Hong Kong Group Pensions	<b>US\$361</b>	57%
Other Asia Insurance	<b>US\$139</b>	17%
<i>General Expenses</i>	<b>C\$3,271</b>	(3%)

# U.S. Insurance Shareholders' Net Income

US\$ Millions



**JH Life earnings of US\$118 million, up 6% y/y**

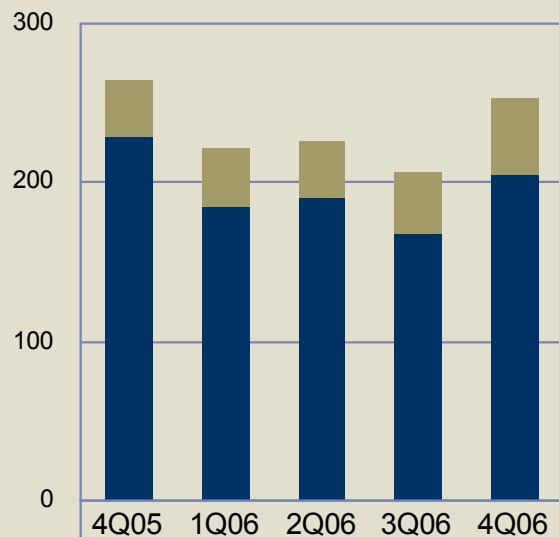
- + **Favourable claims experience**
- + **Strong equity markets**
- + **Improved new business margins**

**JH LTC earnings of US\$30 million**

- + **Favourable impact from new business due to higher sales**
- + **Investment related gains**
- **Experience losses**

# U.S. Insurance Sales

US\$ Millions



JH LTC	35	37	36	38	48
JH Life	229	185	190	168	205

**JH Life sales of US\$205 million**

- + **Solid core life sales**
- **COLI sales down from strong 4Q05**

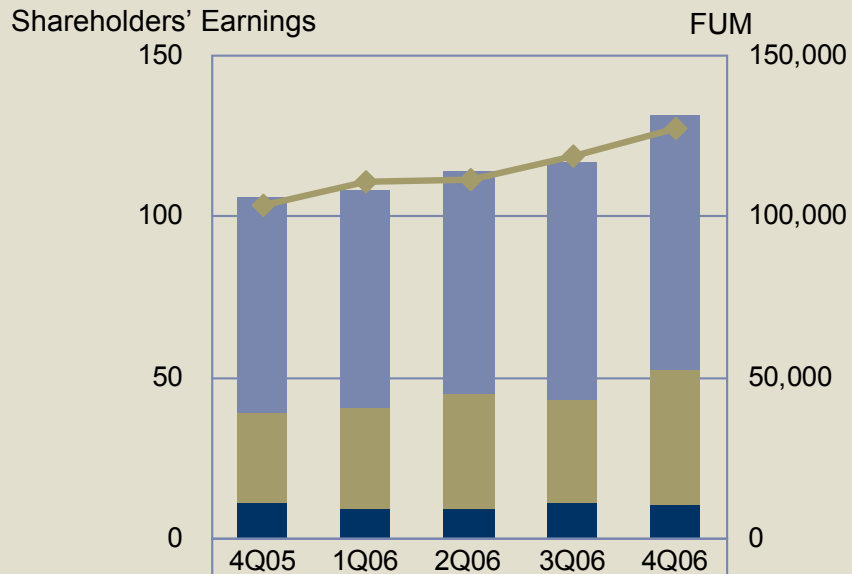
**JH LTC sales of US\$48 million, up 37% from 4Q05**

- + **7<sup>th</sup> consecutive quarter of increased retail sales**
- + **Increased group sales**

Sales represent new annualized premiums.

# U.S. Wealth Management Shareholders' Net Income

## Variable Products Group



**Earnings of US\$131 million, up 24% y/y**

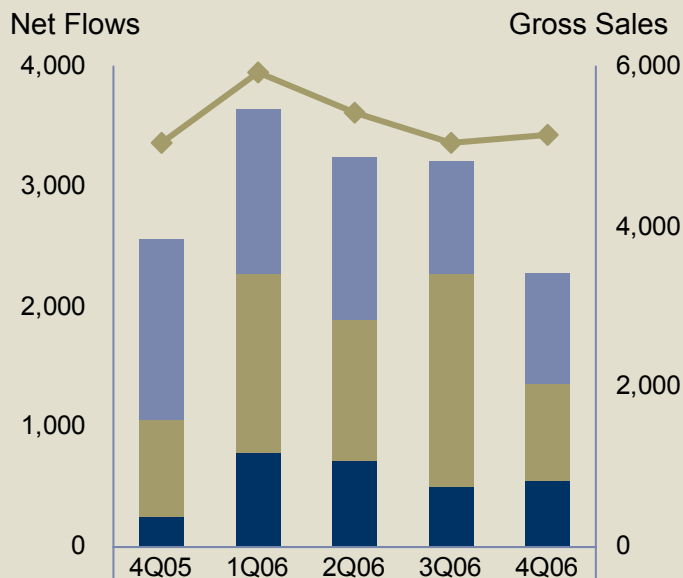
- + Strong growth in FUM and higher asset-driven fee income**
- Focus on marketing and distribution in JH Mutual Funds**

JH VAs	67	68	69	73	79
JH Pensions	28	31	36	32	42
JH MF	11	9	9	12	10
Total FUM	103,455	110,898	111,738	118,659	127,531

US\$ Millions

# U.S. Wealth Management Net Flows

## Variable Products Group



JH VAs	1,501	1,368	1,371	944	931
JH Pensions	809	1,505	1,165	1,766	792
JH Mutual Funds	253	779	719	508	560
Gross Sales	5,048	5,915	5,414	5,055	5,139

US\$ Millions

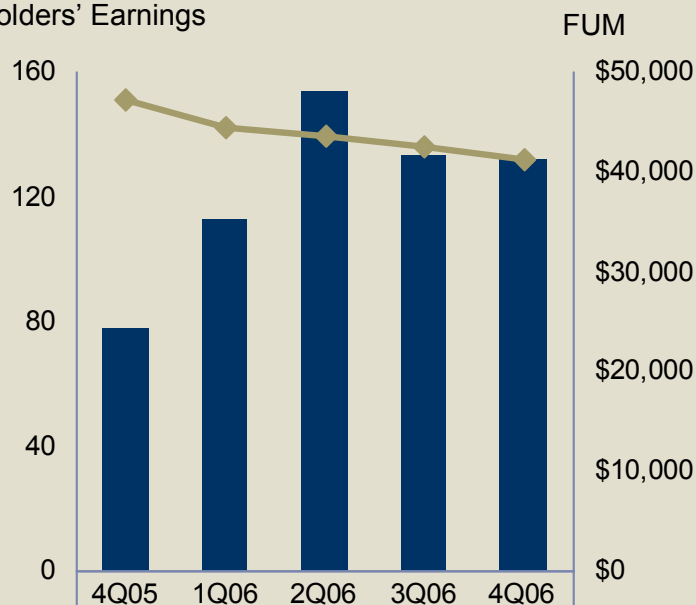
**Net flows of US\$2.3 billion**

- + VA net flows of US\$931 million remain strong**
- + JH Pensions net flows of US\$792 million**
- + JH Mutual Funds net flows up on higher sales from Lifestyle funds**
- + Full year Variable Products net flows of \$12.4 billion rose by 31%**

# U.S. Wealth Management Shareholders' Net Income

## John Hancock Fixed

Shareholders' Earnings



Earnings	78	113	154	133	132
Total FUM	47,273	44,494	43,514	42,563	41,243

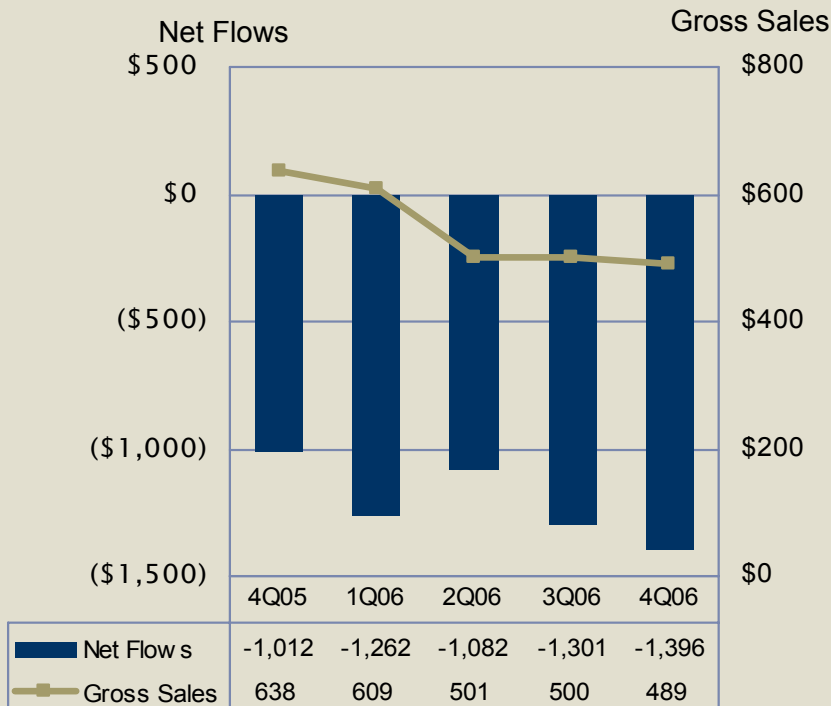
US\$ Millions

## Earnings of US\$132 million

- + **Investment related gains**
- + **Lower FUM due to restricted sales and scheduled withdrawals**

# U.S. Wealth Management Net Flows

## Fixed Products



US\$ Millions

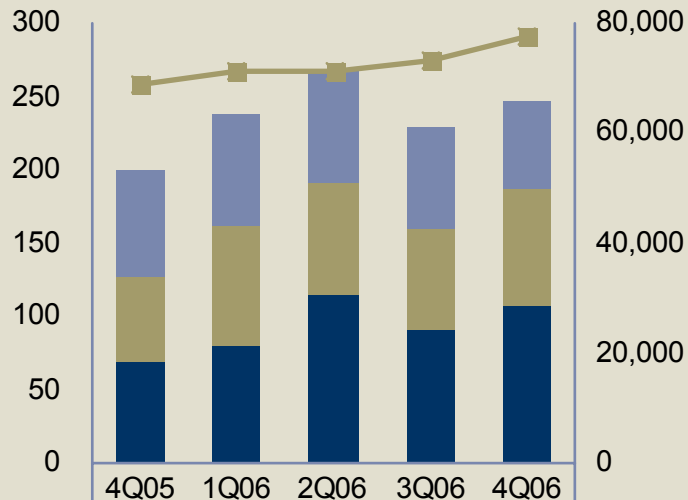
Net flows include premiums and deposits less withdrawals.

**Fixed product net outflows  
of US\$1.4 billion**

**+ Managed reduction of JH  
Institutional products  
continued**

# Canada Shareholders' Net Income

Shareholders' Earnings



Group	72	77	76	68	59
IWM	59	81	76	70	80
Ind. Ins.	68	80	115	91	108
FUM	69,019	71,086	71,389	73,186	77,398

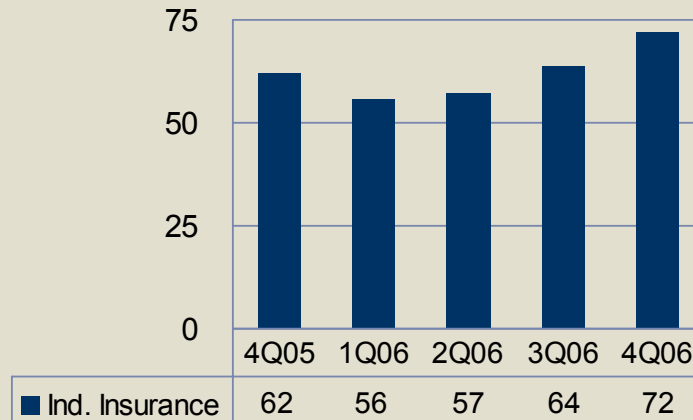
C\$ Millions

## Fourth quarter earnings of \$247 million

- + Individual Insurance up due to \$20 million tax benefit and favourable experience gains
- + Growth in bank and segregated fund assets drove higher fee income
- Unfavourable claims in Group Benefits, versus positive impact in 4Q05

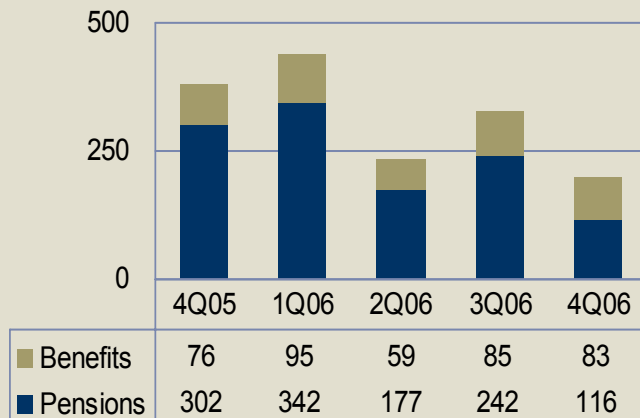
# Canada Sales

## Individual Insurance



- Sales increased 16% y/y to \$72 million
- Record sales quarter for Individual Insurance and strong growth from Affinity Markets

## Group Businesses

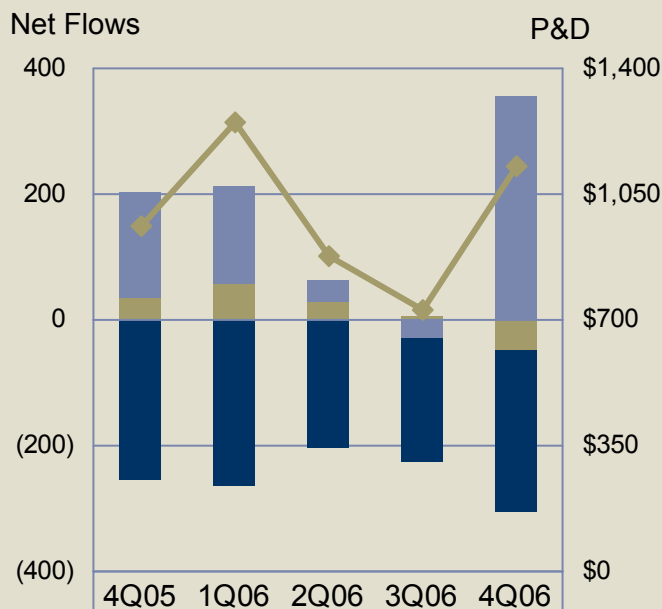


- Group Benefits up 9% y/y
- Group Pensions down as previous large case sales were not repeated this quarter

C\$ Millions

# Canada Net Flows

## Individual Wealth Management



Fixed	(253)	(262)	(204)	(198)	(259)
Seg Funds	168	155	33	(28)	357
Mutual Funds	34	58	29	7	(47)
P&D	959	1,249	880	729	1,128

C\$ Millions

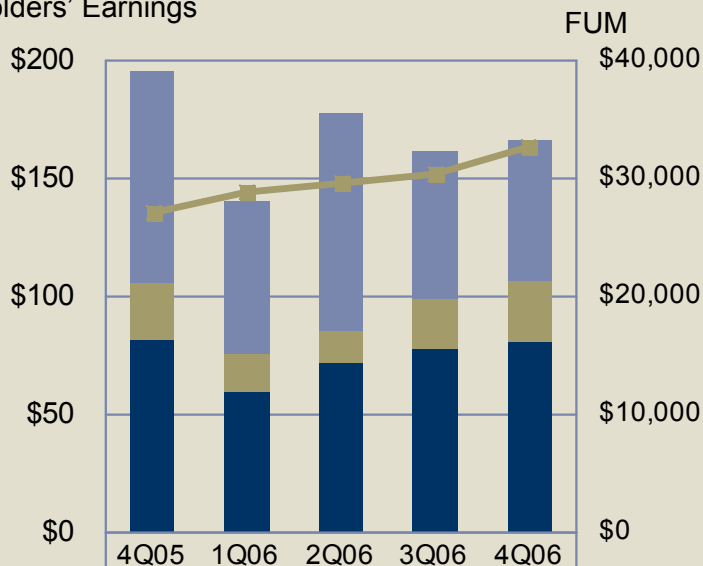
Net flows based on premiums and deposits less withdrawals. Manulife Bank sales not included.

## Premiums and deposits of \$1,128 million

- + **Successful launch of GMWB product drove record segregated fund sales**
- + **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	89	65	92	62	60
Other Asia	24	16	14	21	26
Hong Kong	82	60	72	78	81
FUM	27,186	28,810	29,601	30,436	32,633

US\$ Millions

## Earnings of US\$167 million

- + Excluding 4Q05 reserve release, Japan earnings increased 33% y/y
- + Other Asia up 8% y/y
- + Hong Kong level with 4Q05

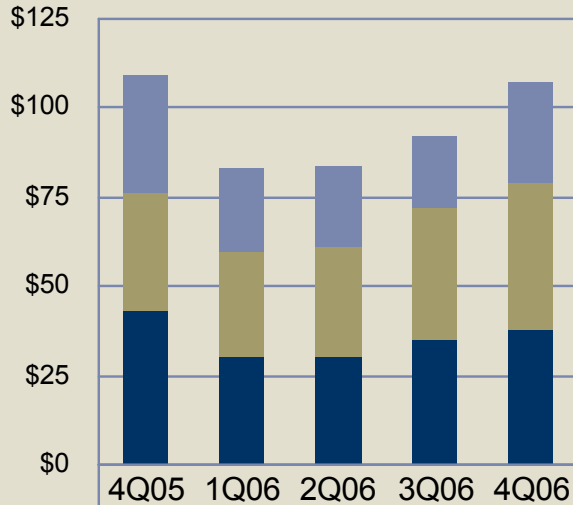
## Division FUM up 20%

- + Strong growth in mutual and segregated funds

# Asia and Japan Sales

## Insurance

US\$ millions



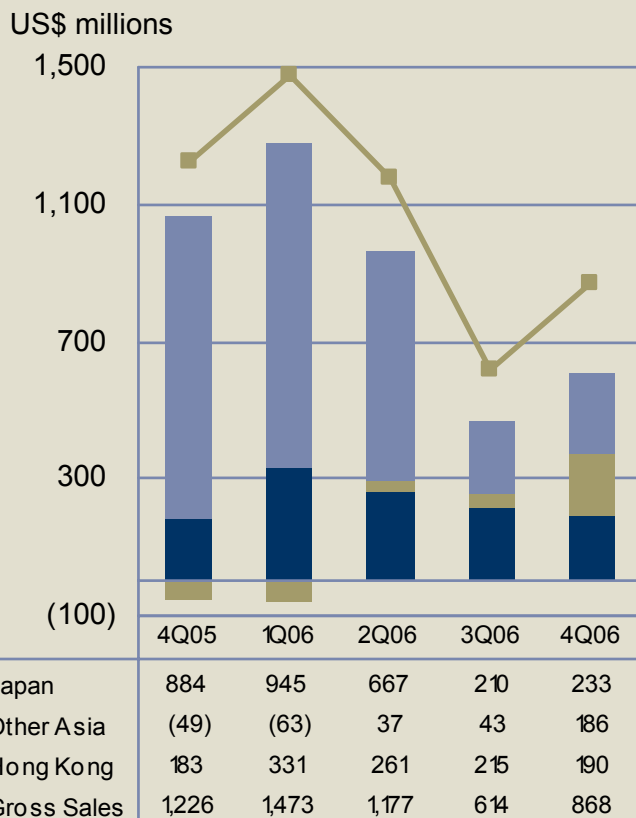
■ Japan	33	23	23	20	28
■ Other Asia	33	30	31	37	41
■ Hong Kong	43	30	30	35	38

- + **Increased sales in Other Asia reflects expansion in China and growth from other territories**
- + **Japan sales up y/y excluding change in reporting methodology**
- **Hong Kong sales continue to shift to wealth products**

Insurance sales based on new annualized premiums.

# Asia and Japan Net Flows

## Wealth Management



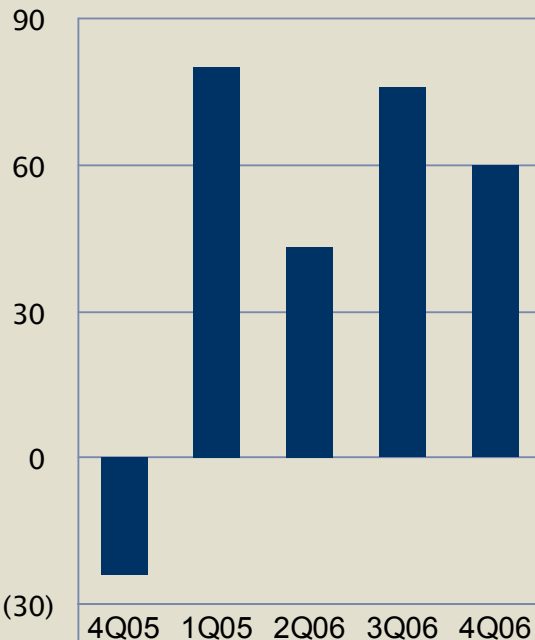
## Net flows of US\$609 million

- + Introduction of new Japan VA in mid-November
- + Market recovery in Indonesia primary driver of increased net flows in Other Asia
- + Strong gross sales in Hong Kong, but increased withdrawals in certain funds

Net flows based on premiums and deposits less withdrawals.

# Reinsurance *Shareholders' Net Income*

US\$ Millions

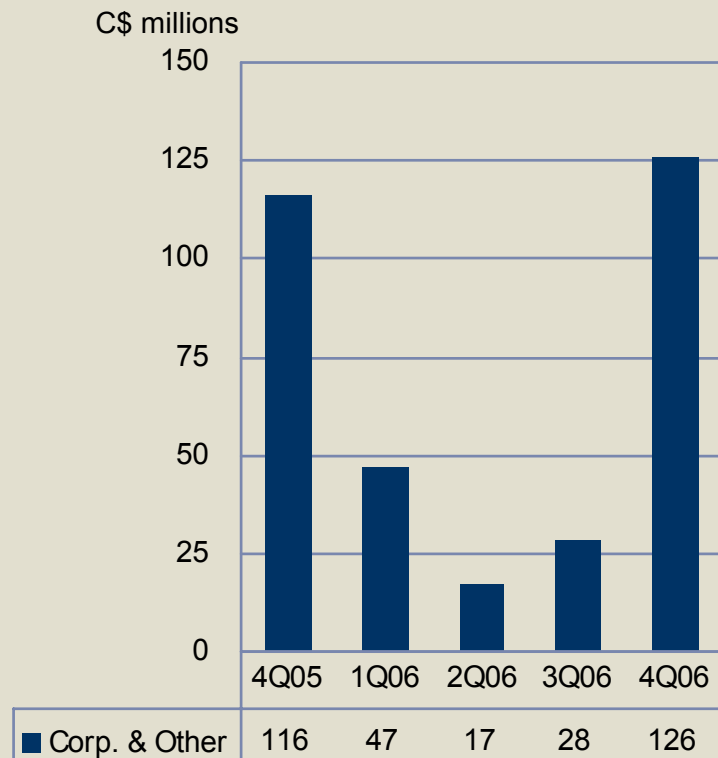


■ Reinsurance	(24)	80	43	76	60
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**Fourth quarter earnings of US\$60 million**

- + **Non-reoccurrence of 4Q05 hurricane related losses**
- + **Favourable Life experience gains**

# Corporate and Other Shareholders' Earnings



## Corporate and Other earnings of \$126 million

- + Favourable investment and credit experience
- + Tax items were \$40 million more favourable than a year ago
- + Changes in actuarial methods and assumptions increased earnings by \$4 million, versus \$49 million in 4Q05

# U.S.GAAP versus CGAAP

	4Q05	1Q06	2Q06	3Q06	4Q06
<b>CGAAP Net Income</b>	<b>\$908</b>	<b>\$952</b>	<b>\$959</b>	<b>\$974</b>	<b>\$1,100</b>
Investment income	256	(120)	(90)	(131)	(303)
DAC and VOBA offsets to inv't income	(23)	(14)	-	(3)	(37)
Seg fund guarantees	(67)	20	(85)	(6)	11
Other accounting related items		2	1	1	(15)
Other actuarial related items	(382)	(104)	(214)	(71)	19
<b>Total pre-tax earnings impact</b>	<b>(216)</b>	<b>(216)</b>	<b>(388)</b>	<b>(210)</b>	<b>(325)</b>
Income taxes	(44)	51	149	49	132
<b>USGAAP Earnings</b>	<b>648</b>	<b>787</b>	<b>720</b>	<b>813</b>	<b>907</b>

C\$ Millions



# Key Messages Related to 3855

- New regulations are an accounting change only, no impact on economics
- No change to asset mix
- Expect level of earnings to remain substantially unchanged
- Expect impact on MLI MCCSR to be minimal
- New guidelines are an interim solution, expect further changes as we move to international standards



# In Conclusion

- Record quarterly and full year earnings
- All operating divisions contributing to earnings growth
- Continued improvement in ROE
- Record level of funds under management
- Strong growth in Embedded Value
- Record NBEV, up 25% over 2005



# Question and Answer Session