

# Second Quarter *2021*

Financial & Operating Results

August 5, 2021

# Caution regarding *forward-looking* statements

From time to time, Manulife makes written and/or oral forward-looking statements, including in this presentation. In addition, our representatives may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the “safe harbour” provisions of Canadian provincial securities laws and the U.S. Private Securities Litigation Reform Act of 1995.

The forward-looking statements in this presentation include, but are not limited to, statements with respect to the estimated impact of our annual review of actuarial methods and assumptions, the estimated impact of changes to the Ultimate Reinvestment Rate issued by the Canadian Actuarial Standards Board on net income attributed to shareholders, the next phase of the Company’s strategy, including our 2022 targets for our highest potential businesses, net promoter score, expense efficiency and employee engagement, and 2025 supplemental goals related to our highest potential businesses, net promoter score, straight-through-processing, portfolio optimization, our long-term care and variable annuities businesses, and our medium-term targets for core EPS growth, core ROE, leverage ratio and common share dividend payout ratio, and also 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”, “likely”, “outlook”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “objective”, “seek”, “aim”, “continue”, and “goal”, (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 and they should not be interpreted as confirming market or analysts’ expectations in any way.

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: general business and economic conditions (including but not limited to the performance, volatility and correlation of equity markets, interest rates, credit and swap spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); the severity, duration and spread of the COVID-19 outbreak, as well as actions that may be taken by governmental authorities to contain COVID-19 or to treat its impact; changes in laws and regulations; changes in accounting standards applicable in any of the territories in which we operate; changes in regulatory capital requirements applicable in any of the territories in which we operate; our ability to execute strategic plans and changes to strategic plans; downgrades in our financial strength or credit ratings; our ability to maintain our reputation; impairments of goodwill or intangible assets or the establishment of provisions against future tax assets; the accuracy of estimates relating to morbidity, mortality and policyholder behaviour; the accuracy of other estimates used in applying accounting policies, actuarial methods and

embedded value methods; our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies; our ability to source appropriate assets to back our long-dated liabilities; level of competition and consolidation; our ability to market and distribute products through current and future distribution channels; unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses; the realization of losses arising from the sale of investments classified as available-for-sale; our liquidity, including the availability of financing to satisfy existing financial liabilities on expected maturity dates when required; obligations to pledge additional collateral; the availability of letters of credit to provide capital management flexibility; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; the availability, affordability and adequacy of reinsurance; legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings; our ability to adapt products and services to the changing market; our ability to attract and retain key executives, employees and agents; the appropriate use and interpretation of complex models or deficiencies in models used; political, legal, operational and other risks associated with our non-North American operations; acquisitions or divestitures, and our ability to complete transactions; environmental concerns; our ability to protect our intellectual property and exposure to claims of infringement; and our inability to withdraw cash from subsidiaries.

Additional information about material risk factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in our 2Q21 Management’s Discussion and Analysis under “Risk Management and Risk Factors Update” and “Critical Actuarial and Accounting Policies”, under “Risk Factors and Risk Management” and “Critical Actuarial and Accounting Policies” in our 2020 Management’s Discussion and Analysis and in the “Risk Management” note to the Consolidated Financial Statements for the year ended December 31, 2020 as well as elsewhere in our filings with Canadian and U.S. securities regulators. The forward-looking statements in this presentation are, unless otherwise indicated, stated as of the date hereof and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, except as required by law.

# Conference call participants

**Roy Gori**

President & Chief Executive Officer

**Mike Doughty**

President & CEO, Manulife Canada

**Steve Finch**

Chief Actuary

**Marianne Harrison**

President & CEO, John Hancock

**Scott Hartz**

Chief Investment Officer

**Rahim Hirji**

Chief Risk Officer

**Naveed Irshad**

Global Head of Inforce Management

**Paul Lorentz**

President & CEO, Manulife Investment Management

**Anil Wadhvani**

President & CEO, Manulife Asia

**Phil Witherington**

Chief Financial Officer

# Agenda

## **Overview and strategic update**

Roy Gori, President & Chief Executive Officer

## **Financial and operating results**

Phil Witherington, Chief Financial Officer

## **Question & Answer session**

# Overview and strategic *update*

**Roy Gori**

*President & Chief Executive Officer*

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# 2Q21 financial highlights

**Net income**

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**\$2.6B**

**+307%**

**Core earnings**

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**\$1.7B**

**+18%**

**New Business Value (NBV)**

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**\$550M**

**+57%**

**Expense efficiency ratio**

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**46.8%**

**-2.1 pps**

**Global WAM core EBITDA margin**

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**32.4%**

**+440 bps**

**Asia NBV margin**

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**44.6%**

**+3.6 pps**

Note: Comparison to 2Q20. Percentage changes in net income attributed to shareholders, core earnings and new business value are stated on a constant exchange rate basis. Core earnings, new business value, NBV margin, core EBITDA margin, expense efficiency ratio, and constant exchange rate basis are non-GAAP measures. See "Performance and non-GAAP measures" below.

# 2Q21 *strategic update*

## Accelerate Growth



2022 Target

**2/3 of core earnings from highest potential businesses**

**61%**

- Highest potential businesses contributed 61% of core earnings in 2Q21 YTD vs. 60%<sup>1</sup> in 2Q20 YTD
- 2Q21 YTD core earnings growth in highest potential businesses outpaced other businesses<sup>2</sup> by 29 percentage points
- Announced a three-year partnership with LIMRA in order to further recruit best-in-class agents across Asia
- Secured an Alternative Investment Fund Managers license, a major milestone, to offer on-shore private market funds in our key European markets in Global WAM
- Launched the Manulife *Vitality* HealthyMind reward program to help our individual insurance customers improve their mental and emotional wellbeing in Canada

## Digital, Customer Leader



2022 Target

**NPS<sup>3</sup> of +31**

**+19**

- NPS of +19<sup>4</sup>, 18-point improvement from 2017 baseline and 7-point improvement from 2020
- Launched a new retirement mobile app to give all Global WAM U.S. plan members the ability to enroll in their plan, view account details, make changes to their account, and use additional financial tools
- Entered into a new digital collaboration with Rewardz to further incentivize customers that are part of the MOVE program in Asia to be physically active
- Integrated our underwriting decision engine with iPipeline to accelerate the life insurance application cycle in the U.S.

Note: See "Caution regarding forward-looking statements" above. Please refer to "Strategic priorities" in our 2Q21 Management's Discussion and Analysis.

<sup>1</sup>Percentage has been normalized to reflect \$200 million of core investment gains. <sup>2</sup>Other businesses excludes Corporate & Other. <sup>3</sup>Relationship Net Promoter Score. <sup>4</sup>In 2021, we adjusted the weightings in our relationship NPS methodology to more closely align with our focus on our highest potential businesses. This adjustment had no impact on the 2017 NPS baseline of +1 and would have modestly increased the score in 2018, 2019, and 2020.

# 2Q21 *strategic update*

## Expense Efficiency



**2022+ Target**  
**<50% expense**  
**efficiency ratio**

**46.8%**

- Expense Efficiency ratio of 46.8% in 2Q21 vs. 48.9% in 2Q20, reflecting pre-tax core earnings growth of 16%<sup>1</sup> that outpaced core expense<sup>2</sup> growth of 5%<sup>1</sup>

## Portfolio Optimization



**2025 Supplemental Goal**  
**Core Earnings contribution**  
**from LTC & VA <15%**

- Delivered a total of \$6.1 billion of cumulative capital benefits since 2018, including \$200 million of capital released in 2Q21 primarily through our Annuity Guaranteed Minimum Withdrawal Benefit (GMWB) offer program in the U.S.
- The GMWB offer program has reduced the guaranteed value of the U.S VA business by ~7% since inception in 2019

## High Performing Team



**2022+ Target**  
**Top quartile employee**  
**engagement**

- Gave all employees a second annual “Thank You Day” off, in appreciation of all their hard work to serve customers and help people make decisions easier and lives better
- Launched Elevate, our global initiative to encourage and help all employees nurture their wellbeing
- Continue to deliver against our goals of increasing women in our leadership ranks, and more than doubled our goal of new graduate hiring of BIPOC<sup>3</sup> talent in 2020, to 52%

Note: See “Caution regarding forward-looking statements” above. Please refer to “Strategic priorities” in our 2Q21 Management’s Discussion and Analysis.

<sup>1</sup>Percentage change in core expenses is stated on a constant exchange rate basis. Core expenses, expense efficiency ratio, and constant exchange rate basis are non-GAAP measures. See “Performance and non-GAAP measures” below. <sup>2</sup> Core general expenses are general expenses included in core earnings (“core expenses”). <sup>3</sup> Black, Indigenous, and People of Colour.

## Key messages

- Executing on the next phase of our strategy, with a greater focus on accelerating growth in our **highest potential businesses**
- Remain committed to **optimizing our legacy portfolio** with particular emphasis on long-term care and variable annuity businesses
- Continue to invest in our **digital capabilities** to improve **customer experience** and deliver on our **efficiency** target
- While economic recovery is underway, challenges remain and it is uneven across markets, Manulife is **well positioned to serve our customers' needs** throughout the recovery and I am optimistic about the tremendous opportunity ahead

# Financial and operating *results*

**Phil Witherington**  
*Chief Financial Officer*

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## 2Q21 *financial summary*

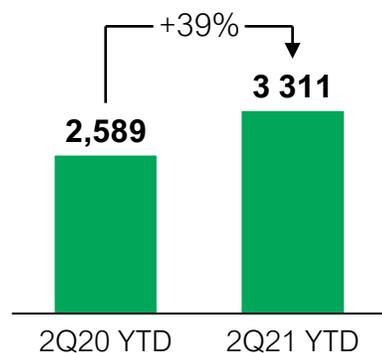
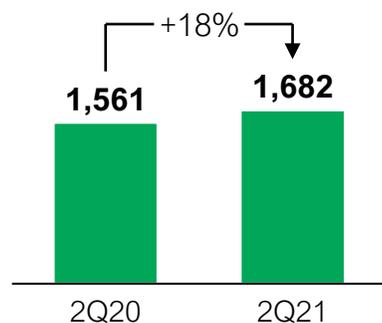
	(C\$ millions, unless noted)	2Q20	2Q21	Change <sup>2</sup>
<b>Profitability</b>	Net income attributed to shareholders	\$727	\$2,646	▲ 307%
	Core earnings	\$1,561	\$1,682	▲ 18%
	Core return on equity (annualized)	12.2%	13.9%	▲ 1.7 pps
	Expense efficiency ratio	48.9%	46.8%	▼ 2.1 pps
<b>Growth</b>	APE sales (C\$ billions)	\$1.2	\$1.4	▲ 30%
	New business value	\$384	\$550	▲ 57%
	Global WAM net flows (C\$ billions)	\$5.1	\$8.6	▲ \$3.5
	Global WAM core EBITDA margin	28.0%	32.4%	▲ 440 bps
	Global WAM average AUMA (C\$ billions)	\$672	\$776	▲ 26%
<b>Balance sheet</b>	MLI's LICAT total ratio <sup>1</sup>	155%	137%	▼ 18 pps
	Financial leverage ratio	26.0%	25.9%	▼ 0.1 pps
	Dividend per common share	28.0¢	28.0¢	In line

<sup>1</sup> Life Insurance Capital Adequacy Test Ratio of The Manufacturers Life Insurance Company (MLI). <sup>2</sup> Percentage changes in net income, core earnings, APE sales, new business value, and AUMA, are stated on a constant exchange rate basis. Core earnings, core ROE, expense efficiency ratio, APE sales, new business value, net flows, core EBITDA margin, average AUMA, and constant exchange rate basis are non-GAAP measures. See "Performance and non-GAAP measures" below.

# Delivered *record* core earnings of \$1.7 billion

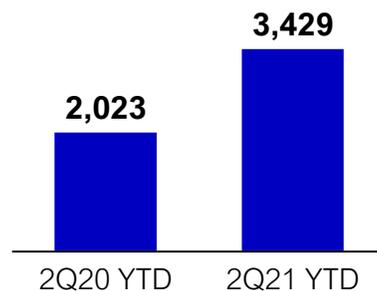
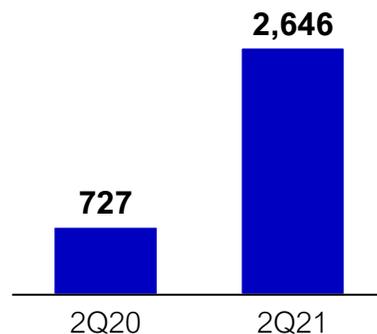
## Core earnings

(C\$ millions)



## Net income attributed to shareholders

(C\$ millions)



## Earnings reconciliation for the second quarter of 2021

(C\$ millions, except per share amounts)

	Post-Tax	Per Share
Core earnings before core investment gains	\$1,582	\$0.78
Core investment gains	100	0.05
<b>Core earnings</b>	<b>\$1,682</b>	<b>\$0.83</b>
Investment-related experience	739	0.38
Direct impact of equity markets	177	0.10
Direct impact of interest rates	40	0.02
Reinsurance transactions	8	0.00
<b>Net income attributed to shareholders</b>	<b>\$2,646</b>	<b>\$1.33</b>

# Core earnings *growth* driven by higher new business gains, core investment gains, and average AUMA in Global WAM

## Source of earnings<sup>1</sup>

(C\$ millions)

	Core earnings			Net income		
	2Q20	2Q21	Change <sup>2</sup>	2Q20	2Q21	Change <sup>2</sup>
Expected profit from in-force business	1,071	1,055	8%	1,071	1,055	8%
Impact of new business	186	328	96%	186	328	96%
Core investment gains	–	124	–	–	124	–
Experience gains (losses) (excluding core investment gains)	188	(34)	–	(3,067)	932	–
Management actions and changes in assumptions	7	–	–	1,909	(44)	–
Earnings on surplus funds	216	112	-43%	385	388	6%
Other	43	73	85%	24	90	328%
<b>Insurance</b>	<b>1,711</b>	<b>1,658</b>	<b>6%</b>	<b>508</b>	<b>2,873</b>	<b>488%</b>
Global Wealth and Asset Management	278	420	63%	278	419	63%
Manulife Bank	52	60	15%	52	60	15%
Unallocated overhead	(113)	(102)	10%	(113)	(101)	10%
Income before income taxes	1,928	2,036	16%	725	3,251	373%
Income tax (expense) recovery	(367)	(354)	-4%	2	(605)	–
<b>Earnings available to shareholders</b>	<b>1,561</b>	<b>1,682</b>	<b>18%</b>	<b>727</b>	<b>2,646</b>	<b>307%</b>

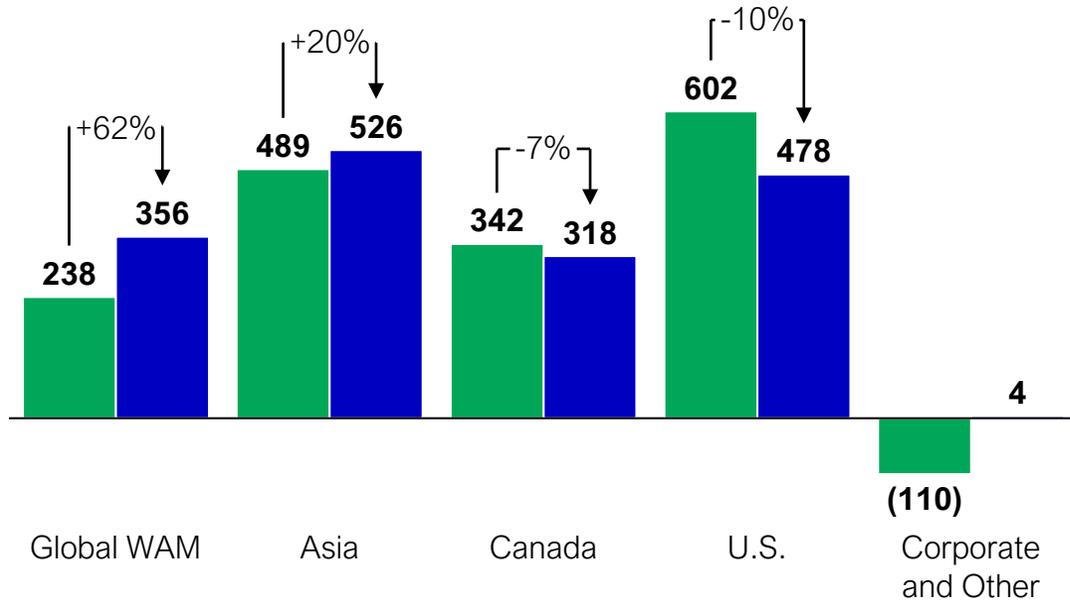
- Expected profit from in-force business growth driven by Hong Kong, Japan, Vietnam, and Canadian Group insurance
- Higher new business gains across all insurance segments
- Unfavourable policyholder experience in 2Q21 primarily driven by adverse claims experience in U.S. Life, partially offset by favourable claims experience in Canada Group insurance; U.S. LTC was approximately neutral
- Decline in earnings on surplus driven by lower yields on fixed income investments, and lower net gains on seed money investments partially offset by gains on sales of AFS equities
- Global WAM earnings growth primarily driven by higher net fee income from higher average asset levels

<sup>1</sup> The Source of Earnings (SOE) analysis is prepared following OSFI regulatory guidelines and draft guidelines of the Canadian Institute of Actuaries. The SOE is used to identify the primary sources of gains or losses in each reporting period. The expected profit from in-force business denominated in foreign currencies is translated at the current quarter's statement of income rate. <sup>2</sup> Percentage changes are stated on a constant exchange rate basis, a non-GAAP measures. See "Performance and non-GAAP measures" below.

# Double-digit core earnings growth in Global WAM and Asia

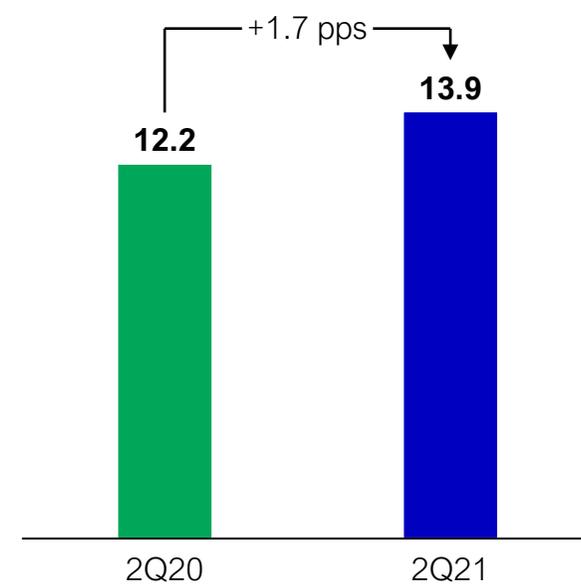
## Core earnings

(C\$ millions) 2Q20 2Q21



## Core ROE

(%)



# Delivered *double-digit* NBV and APE sales growth across all insurance segments

## APE sales

(C\$ millions)

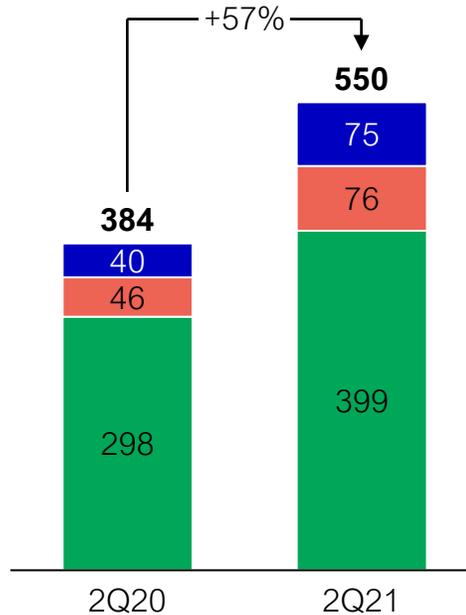
■ U.S. ■ Canada ■ Asia



## New business value

(C\$ millions)

■ U.S. ■ Canada ■ Asia



- Higher APE sales in Asia primarily driven by higher sales in Asia Other, and Hong Kong which benefited from strong domestic demand and emerging demand from mainland Chinese visitors, partially offset by lower COLI product sales in Japan. Higher NBV driven by higher sales volumes in Asia Other, favourable interest rates, higher sales volumes and product management actions in Hong Kong and expense management actions and favourable product mix in Japan.
- Higher APE sales in Canada driven by higher sales of lower risk segregated fund products, higher retail and small and mid-size group insurance sales, partially offset by the non-recurrence of a large affinity markets sale in 2Q20 and lower large case group insurance sales. Higher NBV primarily driven by higher sales volumes and more favourable margins.
- Higher APE sales in the U.S. due to higher customer demand across all product lines. Higher NBV primarily driven by higher sales volumes and favourable margins.

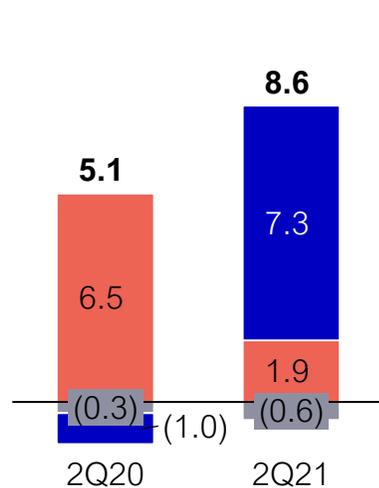
Note: New business value and APE sales exclude Global Wealth and Asset Management, Manulife Bank and P&C reinsurance businesses. Percentage changes are stated on a constant exchange rate basis. New business value, APE sales, and constant exchange rate basis are non-GAAP measures. See "Performance and non-GAAP measures" below.

# Achieved *strong* Global WAM net inflows, *record* high average AUMA, and *robust* core EBITDA margin

## Net flows by business line

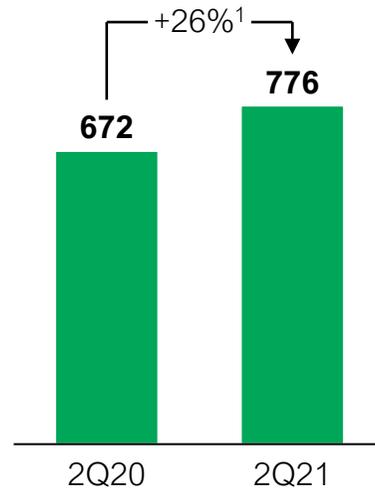
(C\$ billions)

■ Retirement ■ Retail ■ Institutional



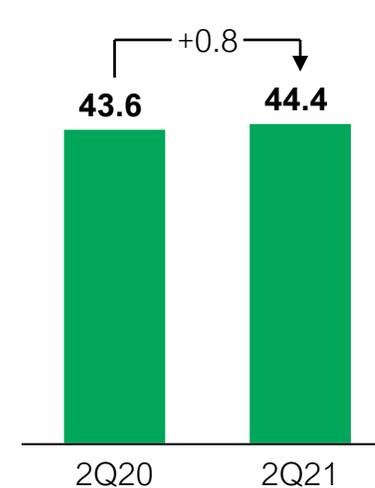
## Average AUMA

(C\$ billions)



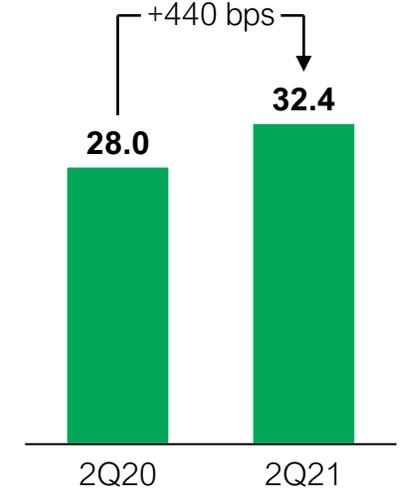
## Net fee income yield

(bps)



## Core EBITDA margin

(%)



- Higher 2Q21 net inflows reflecting strong growth in Retail across all geographies and Canada Institutional from a \$1.0 billion sale to an existing client, partially offset by the non-recurrence of a \$6.9 billion sale in 2Q20
- Higher average AUMA driven by the favourable impact of markets and net inflows
- Higher net fee income yield driven by favourable business mix
- Higher core EBITDA margin driven by a combination of higher net fee income, operational benefits from increased scale, and disciplined expense management

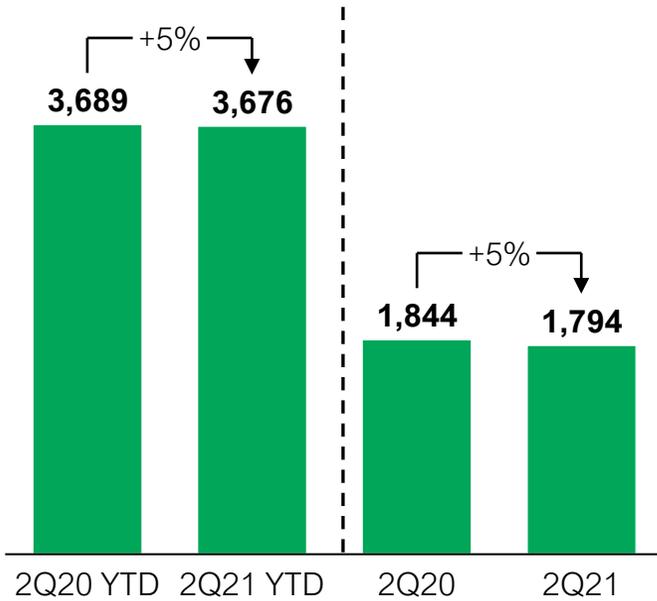
Note: Order of the vertical bars on the chart correspond to the order in the legend.

<sup>1</sup> Percentage changes are stated on a constant exchange rate basis. Net flows, average AUMA, net fee income yield, core EBITDA margin, and constant exchange rate basis are non-GAAP measures. See "Performance and non-GAAP measures" below.

# Expense efficiency ratio *improved* by two percentage points

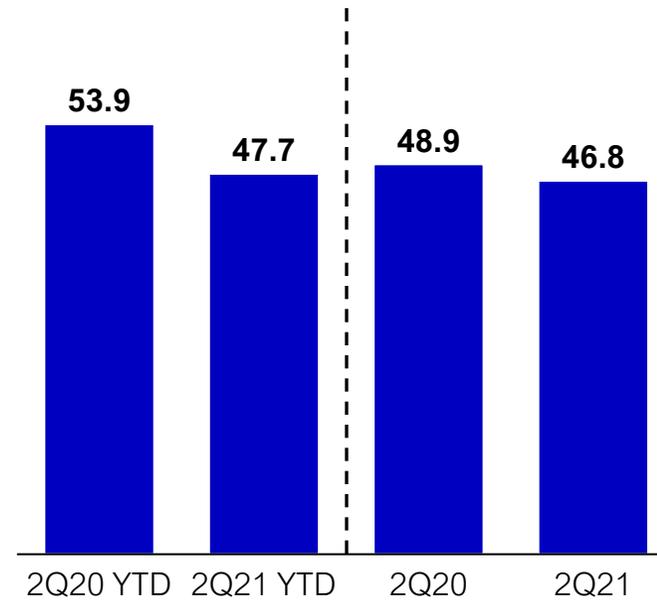
## Core general expenses

(C\$ millions)



## Expense efficiency ratio

(%)

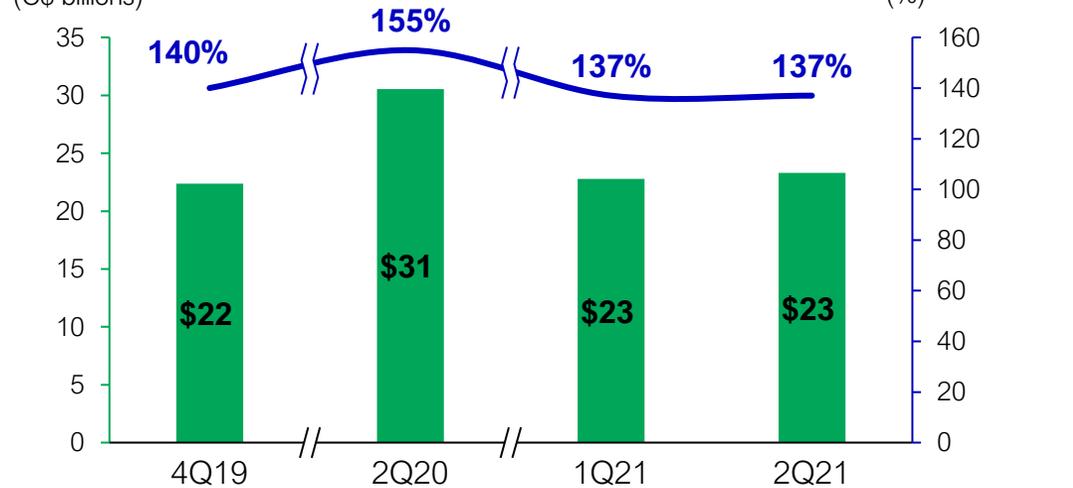


# Maintaining financial flexibility with strong capital position and reduced leverage

## Capital metrics

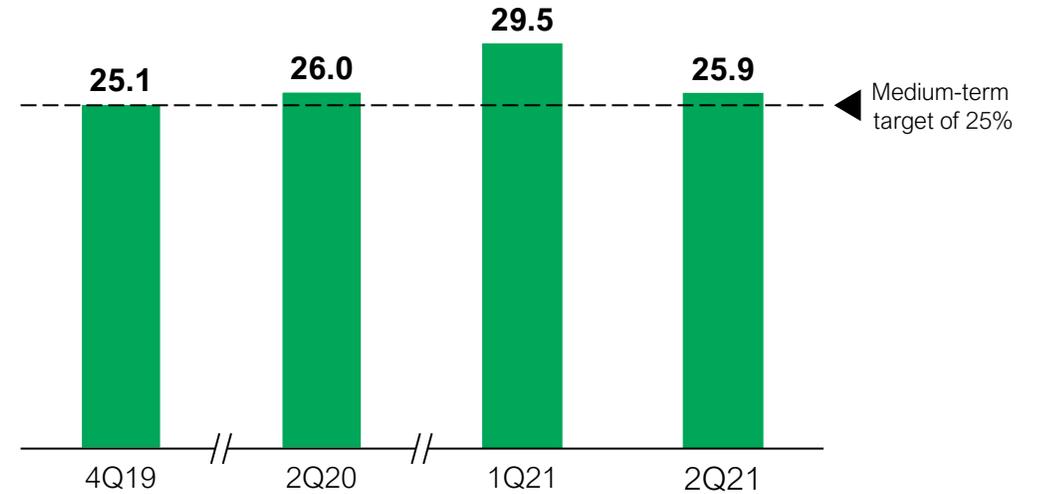
### Capital over supervisory target

(C\$ billions)



## Financial leverage ratio

(%)



# Financial *targets*

	2018	2019	2020	2Q21
<b>Core EPS growth</b>	+23%	+8%	-7%	<b>+6%<sup>1</sup></b>
<b>Core ROE</b>	13.7%	13.1%	10.9%	<b>13.9%</b>
<b>Leverage ratio</b>	28.6%	25.1%	26.6%	<b>25.9%</b>
<b>Dividend payout<sup>2</sup></b>	33%	34%	41%	<b>34%</b>
<b>Expense efficiency ratio</b>	52.0%	52.0%	52.9%	<b>46.8%</b>

## Medium-Term Targets

10% – 12%

13%+

25%

30% - 40%

## 2022 Targets

<50%

Note: See “Caution regarding forward-looking statements” above. Core EPS, core ROE, and expense efficiency ratio are non-GAAP measures. See “Performance and non-GAAP measures” below.

<sup>1</sup> Based on an actual exchange rate basis. If adjusted for currency impacts, core EPS grew 17%. <sup>2</sup> Dividend payout ratio based on core earnings per share.

# Question & Answer *session*

# Appendix

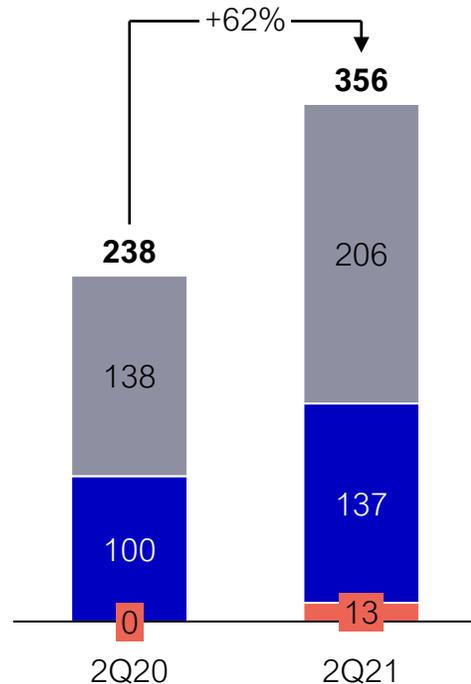
- Operating segment performance
- Invested asset mix
- Credit experience
- Sensitivities
- Net fee income yield reconciliation

# Global WAM: *Robust* core earnings and net inflows

## WAM core earnings

(C\$ millions)

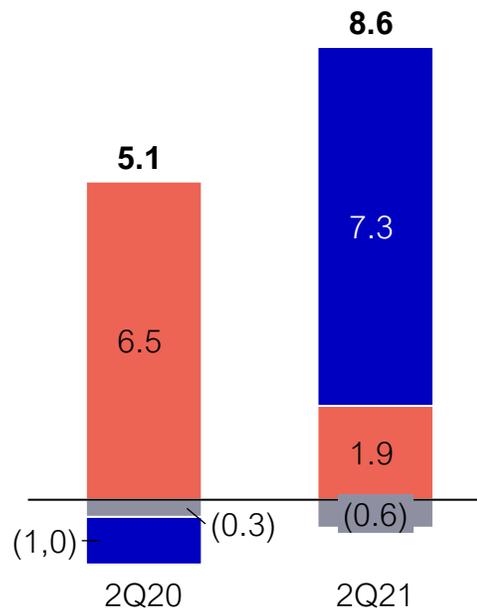
Retirement Retail Institutional



## WAM net flows

(C\$ billions)

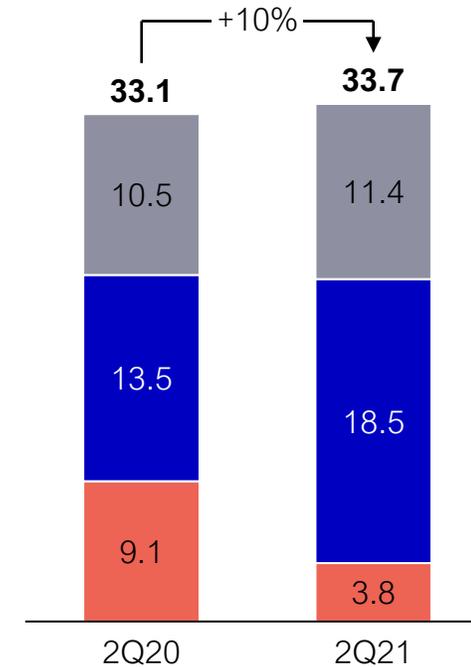
Retirement Retail Institutional



## WAM gross flows

(C\$ billions)

Retirement Retail Institutional



- Higher core earnings reflecting higher net fee income driven by higher average AUMA, from the favourable impact of markets and net inflows, as well as favourable business mix. This increase was partially offset by higher general expenses mainly from growth in business volume
- Higher net inflows reflecting strong growth in Retail across all geographies and Canada Institutional from a \$1.0 billion sale to an existing client, partially offset by the non-recurrence of a \$6.9 billion sale in 2Q20
- Higher gross flows driven by strong growth across Retail and Retirement

Note: Order of the vertical bars on the chart correspond to the order in the legend. Percentage changes are stated on a constant exchange rate basis. Core earnings, net flows, gross flows, and constant exchange rate basis are non-GAAP measures. See "Performance and non-GAAP measures" below.

# Global WAM: *solid* investment performance

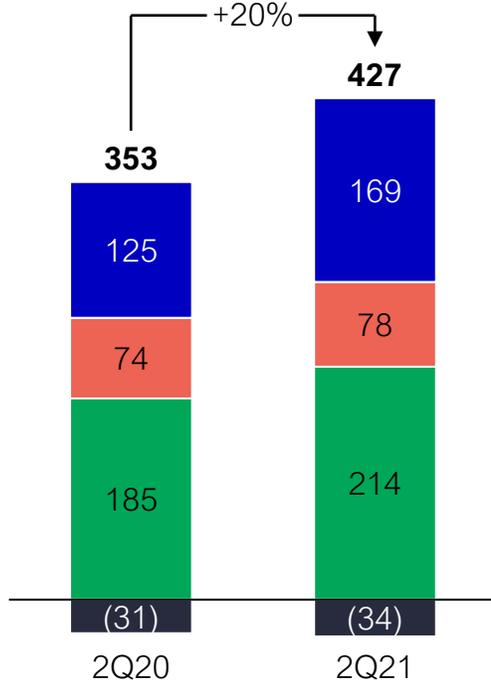
Asset class	1-Year	3-Year	5-Year
	% of assets above peer/index <span style="color: #e0ffe0;">■</span> 0-49% <span style="color: #00b050;">■</span> 50-69% <span style="color: #006d3c;">■</span> 70-89% <span style="color: #003321;">■</span> 90-100%		
<b>Equity</b>	55%	64%	80%
<b>Fixed income<sup>1</sup></b>	86%	88%	82%
<b>Asset allocation</b>	60%	70%	71%
<b>Balanced</b>	58%	97%	97%
<b>Alternatives</b>	2%	68%	32%
<b>Total<sup>2</sup></b>	65%	74%	79%

Note: Past performance cannot guarantee future performance. Investment performance is as of June 30, 2021 and assesses Retail, Institutional, Insurance and Retirement platforms globally compared to peers or their respective index. <sup>1</sup> Fixed Income includes Money Market. <sup>2</sup> Investment performance represents assets under management of \$606 billion. The \$606 billion represents Global WAM managed AUMA excluding third party products, liability-driven invested assets, Private Markets strategies, and passive strategies, as well as certain assets managed on behalf of the Company's other segments and select Retirement assets in Canada.

# Asia: *Strong* growth across all metrics driven by Asia Other

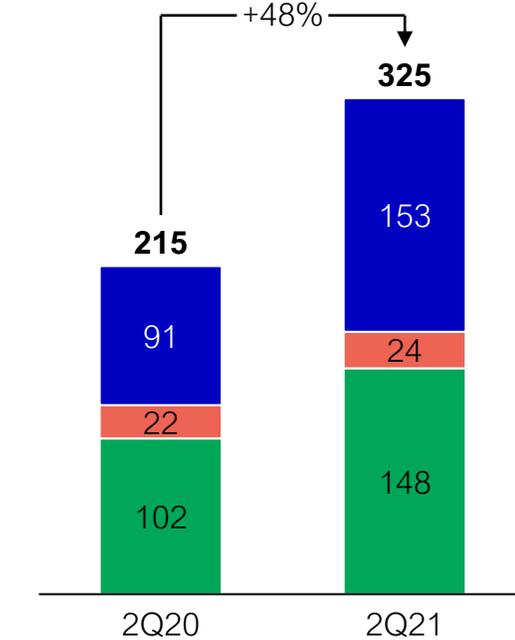
## Core earnings

(US\$ millions)



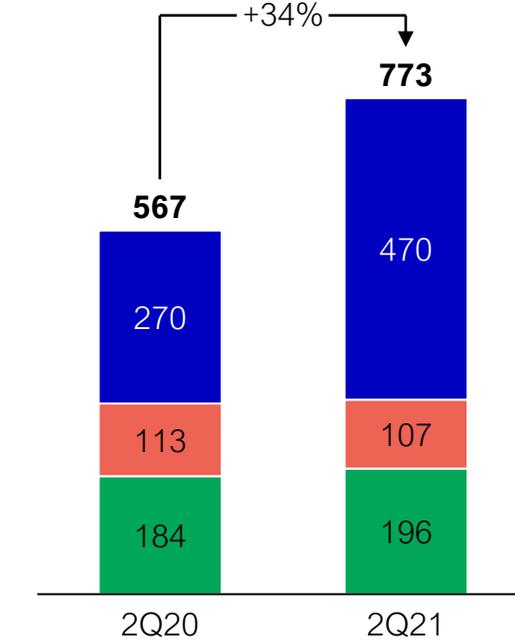
## New business value

(US\$ millions)



## APE sales

(US\$ millions)



- Higher core earnings primarily driven by higher new business volumes and favourable product mix, in-force business growth, and a dampened impact of COVID-19 in 2Q21, partially offset by unfavourable policyholder experience and lower investment income on allocated capital
- Higher NBV driven by higher sales volumes in Asia Other, favourable interest rates, higher sales volumes and product management actions in Hong Kong and expense management actions and favourable product mix in Japan
- Higher APE sales in Asia primarily driven by higher sales in Asia Other, and Hong Kong which benefited from strong domestic and emerging demand from mainland Chinese visitors, partially offset by lower COLI product sales in Japan

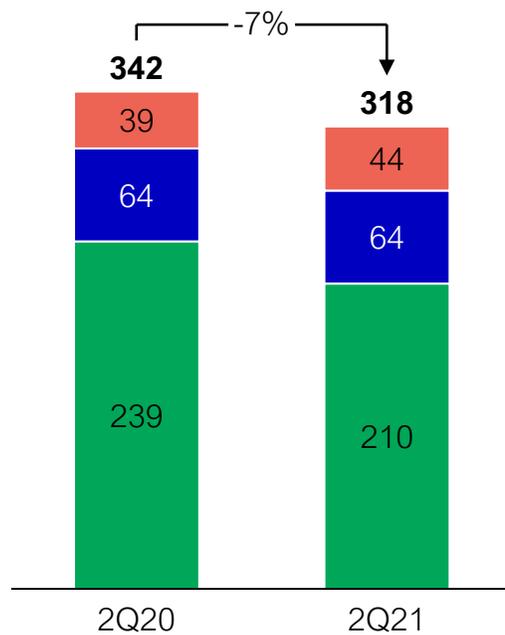
Note: Order of the vertical bars on the chart correspond to the order in the legend. Percentage changes are stated on a constant exchange rate basis. Core earnings, new business value, APE sales, and constant exchange rate basis are non-GAAP measures. See "Performance and non-GAAP measures" below.

# Canada: *Double-digit* growth in APE sales and NBV

## Core earnings

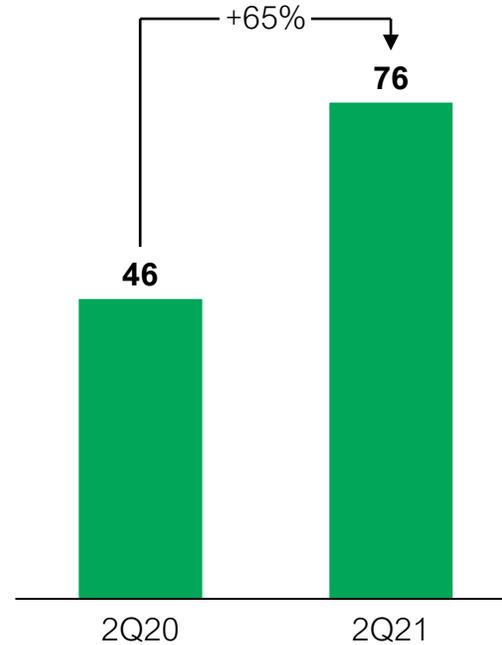
(C\$ millions)

Manulife Bank Annuities Insurance



## New business value

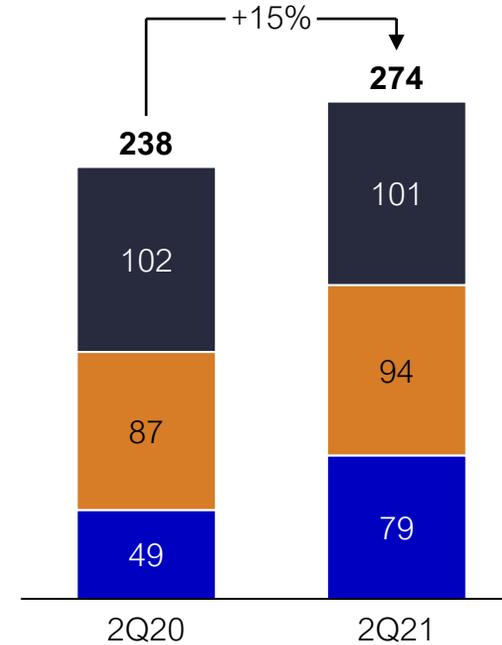
(C\$ millions)



## APE sales

(C\$ millions)

Individual Insurance Annuities Group Insurance



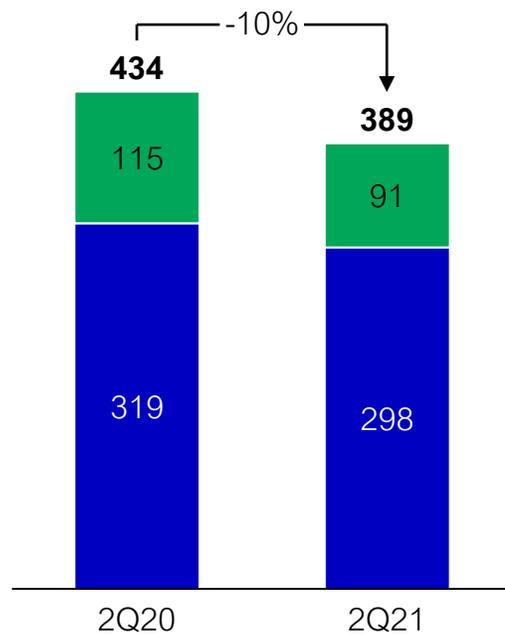
- Decrease in core earnings as higher in-force earnings and higher sales in our retail insurance business were more than offset by less favourable policyholder experience in insurance businesses, driven by the favourable impact of COVID-19 containment measures in 2Q20 and lower investment income on allocated capital
- Higher NBV primarily driven by higher sales volumes and more favourable margins
- Higher APE sales driven by higher sales of lower risk segregated funds, higher retail and small and mid-size group insurance sales, partially offset by the non-recurrence of a large affinity markets sale in 2Q20 and lower large case group insurance sales

# U.S.: Strong sales momentum contributed to *double-digit* NBV and APE sales growth

## Core earnings

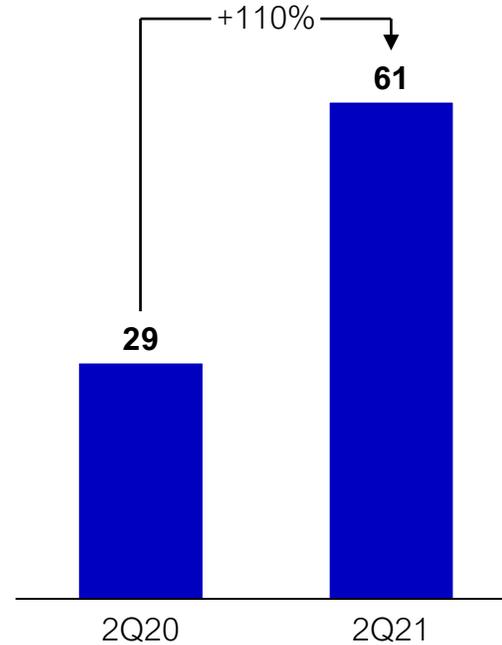
(US\$ millions)

■ U.S. Annuities ■ U.S. Insurance



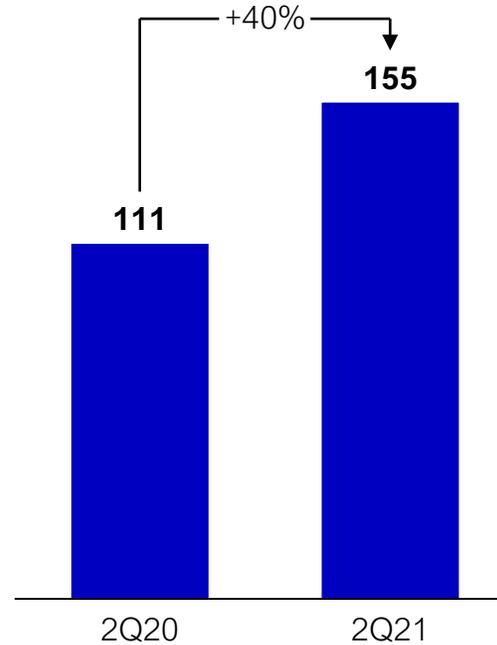
## New business value

(US\$ millions)



## APE sales

(US\$ millions)



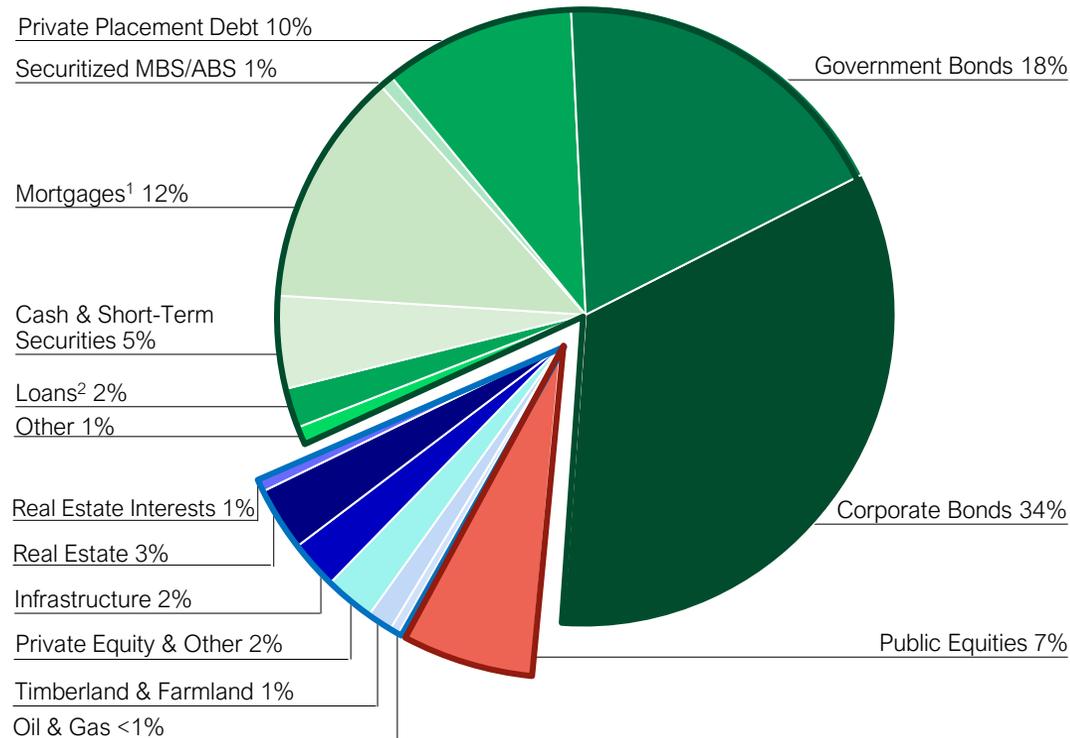
- Decrease in core earnings primarily driven by less favourable LTC policyholder experience due to lower COVID-19 termination gains, and lower investment income on allocated capital, partially offset by higher new business volumes
- Higher NBV primarily driven by higher sales volumes and favourable margins
- Higher APE sales in the U.S. due to higher customer demand across all product lines

# Diversified *high quality* asset mix avoids risk concentrations

## Total invested assets

(C\$405.2 billion, carrying values as of June 30, 2021)

■ Fixed Income & Other
 ■ Alternative Long-Duration Assets (ALDA)
 ■ Public Equities

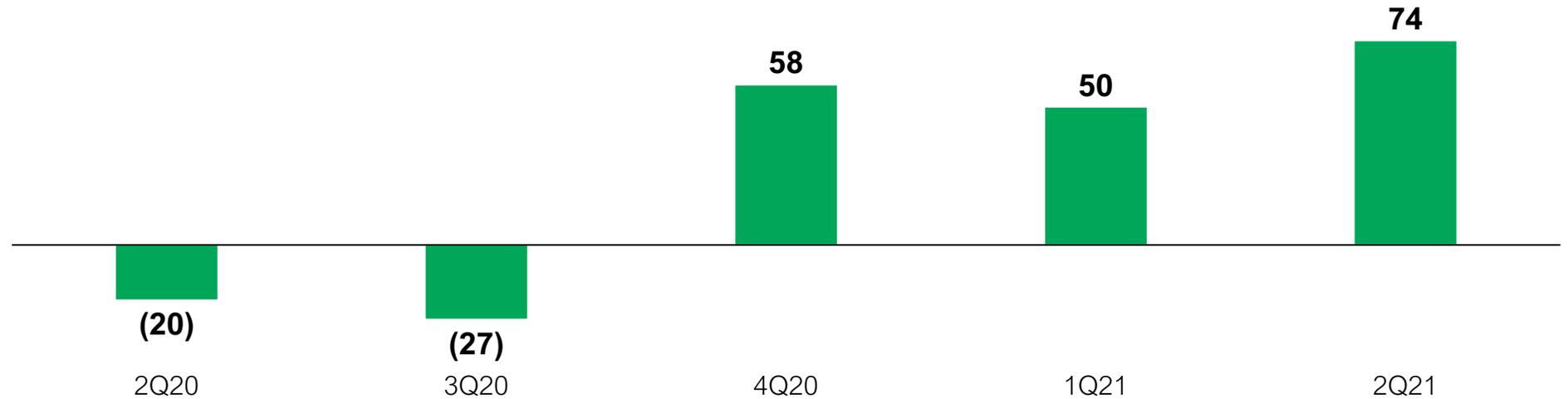


- High quality and diverse asset mix
  - 97% of fixed income assets are investment grade
  - Large holdings in defensive Government and Utility bonds
  - No Collateralized Loan Obligations (“CLO”) exposure
- ALDA generates enhanced yield; minimizes need to pursue riskier fixed income strategy
  - Portfolio positioned at the low end of the risk-return spectrum with ~55% in infrastructure and unlevered commercial real estate
- Robust risk management framework
  - Has supported our underwriting and favourable credit quality

# Credit experience

## Net credit experience

(C\$ millions, post-tax)



## Credit experience

(C\$ millions)

	2Q20	3Q20	4Q20	1Q21	2Q21
Change in ratings	4	(18)	1	(23)	(4)
Impairments, net of recoveries	(93)	(68)	(4)	12	25
Release of best estimate credit	69	59	61	61	53
<b>Net Credit Experience</b>	<b>(20)</b>	<b>(27)</b>	<b>58</b>	<b>50</b>	<b>74</b>

# Interest rate related sensitivities remain within our risk appetite limits

	1Q21		2Q21	
	-50bps	+50bps	-50bps	+50bps
<b>Potential impact<sup>1</sup> on net income of an immediate parallel change in “all rates”:</b> (C\$ millions)				
Excluding change in market value of AFS fixed income assets held in the Corporate and Other segment	100	(100)	(100)	nil
From fair value changes in AFS fixed income assets held in the Corporate and Other segment, if realized <sup>2</sup>	1,800	(1,600)	1,900	(1,700)
MLI’s LICAT total ratio (change in percentage points) <sup>3</sup>	5	(5)	5	(4)
<b>Potential impact<sup>1</sup> on net income of a parallel change in corporate spreads:</b> (C\$ millions)				
Corporate spreads	(600)	500	(600)	500
MLI’s LICAT total ratio (change in percentage points) <sup>3</sup>	(4)	4	(4)	4
<b>Potential impact<sup>1</sup> on net income of a parallel change in swap spreads:</b> (C\$ millions)				
Swap spreads	nil	nil	nil	nil
MLI’s LICAT total ratio (change in percentage points)	nil	nil	nil	nil

<sup>1</sup> All estimated sensitivities are approximate and based on a single parameter. No simple formula can accurately estimate ultimate future impact. Please refer to “Caution related to sensitivities” in our 2Q21 Management’s Discussion and Analysis. <sup>2</sup> The amount of gain or loss that can be realized on AFS fixed income assets held in the surplus segment depends on the aggregate amount of unrealized gain or loss. <sup>3</sup> In accordance with OFSI guidelines, lower interest rates and/or corporate bond spreads could trigger a switch to a more adverse prescribed interest stress scenario that would increase LICAT capital. Refer to the “Interest Rate and Spread Risk Sensitivities and Exposure Measures” section in our 2Q21 Management’s Discussion and Analysis.

# Potential impact on net income attributed to shareholders arising from a 10% change in public equity returns<sup>1,2</sup>

							2Q21					
(C\$ millions)							-10%			+10%		
	Core earnings		Direct impact of equity markets		Total	Core earnings		Direct impact of equity markets		Total		
S&P	(30)		(240)		(270)	30		130		160		
TSX	–		(140)		(140)	–		130		130		
HSI	–		(80)		(80)	–		80		80		
Other <sup>3</sup>	(20)		(80)		(100)	20		30		50		
<b>Total</b>	<b>(50)</b>		<b>(540)</b>		<b>(590)</b>	<b>50</b>		<b>370</b>		<b>420</b>		

<sup>1</sup> All estimated sensitivities are approximate and based on a single parameter. No simple formula can accurately estimate ultimate future impact. Please refer to “Caution related to sensitivities” in our 2Q21 Management’s Discussion and Analysis.

<sup>2</sup> The table excludes the impacts from asset-based fees earned on assets under management and policyholder account value. <sup>3</sup> Consists largely of markets in Asia where we operate.

# Net fee income yield reconciliation

(\$ millions, unaudited)	<b>2Q20</b>	<b>2Q21</b>
Income before income taxes	832	3,292
Less: Income before income taxes for segments other than Global WAM	554	2,873
Global WAM income before income taxes	278	419
Items unrelated to net fee income	553	548
Global WAM net fee income	831	967
Less: Net fee income from other segments	103	109
Global WAM net fee income excluding net fee income from other segments	728	858
Net annualized fee income <sup>1</sup>	2,928	3,441
Average AUMA	671,967	775,849
Net annualized fee income yield on average AUMA <sup>1</sup> (bps)	43.6	44.4

Note: Order of the vertical bars on the chart correspond to the order in the legend.

<sup>1</sup> Net annualized fee income and net annualized fee income yield on average AUMA are non-GAAP measures. See "Performance and non-GAAP measures" below.

# *Performance and non-GAAP* financial measures

Manulife uses a number of non-GAAP financial measures to measure overall performance and to assess each of its businesses.

A financial measure is considered a non-GAAP measure for Canadian securities law purposes if it is presented other than in accordance with generally accepted accounting principles used for the Company's audited financial statements. Non-GAAP measures include core earnings (loss); core return on common shareholders' equity ("core ROE"); diluted core earnings per common share ("core EPS"); core earnings before income taxes, depreciation and amortization ("core EBITDA"); core EBITDA margin; core investment gains; core general expenses ("core expenses"); constant exchange rate basis (measures that are reported on a constant exchange rate basis include percentage growth/declines in net income attributed to shareholders, core earnings, core expenses, sales, APE sales, gross flows, core EBITDA, new business value ("NBV"), assets under management, and assets under management and administration ("AUMA")); capital; embedded value; new business value; new business value margin; net fee income yield on assets under management and administration; net annualized fee income; sales; APE sales; gross flows; net flows; assets under management and administration; average assets under management and administration and expense efficiency ratio. Non-GAAP financial measures are not defined terms under GAAP and, therefore, are unlikely to be comparable to similar terms used by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with GAAP. For more information on non-GAAP financial measures, including those referred to above, see "Performance and non-GAAP Measures" in our 2Q21 Management's Discussion and Analysis.

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**Manulife**