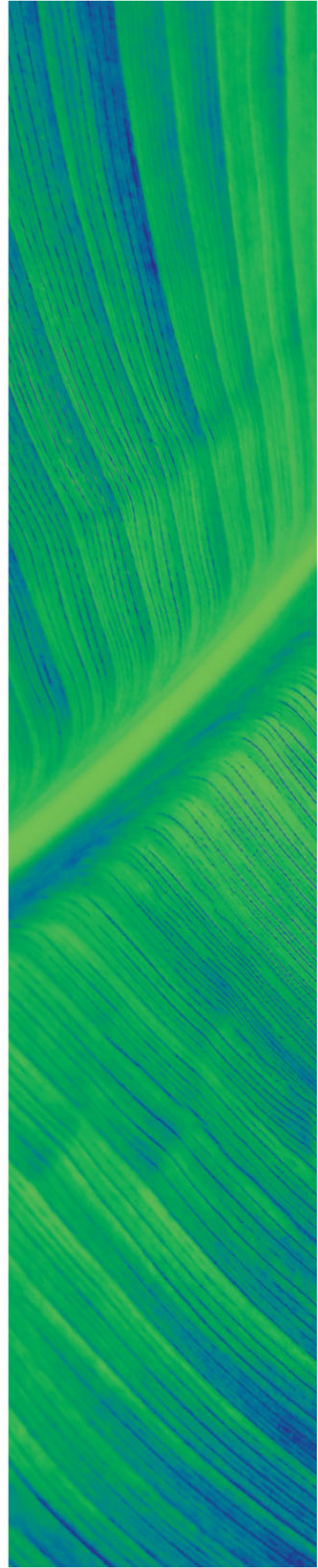
Manulife

First Quarter Report to Shareholders

Three months ended
March 31, 2022



Manulife Financial Corporation

Manulife reports 1Q22 net income of $3.0 billion, core earnings of $1.6 billion, APE sales of $1.6 billion, and Global Wealth and Asset Management net inflows of $6.9 billion

Today, Manulife announced its first quarter of 2022 ("1Q22") results. Key highlights include:

- Net income attributed to shareholders of $3.0 billion in 1Q22, up $2.2 billion from the first quarter of 2021 ("1Q21")
- Core earnings[1] of $1.6 billion in 1Q22, down 4% on a constant exchange rate basis from 1Q21[2]
- LICAT ratio[3] of 140%
- Core ROE[4] of 11.8% and ROE of 23.0% in 1Q22
- NBV[5] of $513 million in 1Q22, down 14%[6] from 1Q21
- APE sales[5] of $1.6 billion in 1Q22, down 9% from 1Q21
- Global Wealth and Asset Management ("Global WAM") net inflows[5] of $6.9 billion in 1Q22, compared with net inflows of $1.4 billion in 1Q21
- Global WAM average AUMA[5] increased by 8% in 1Q22 from 1Q21
- Closed the U.S. variable annuity reinsurance transaction and released $2.4 billion of capital.[7] We commenced share buybacks under our Normal Course Issuer Bid ("NCIB"), and as of March 31, 2022 purchased for cancellation approximately 14.4 million common shares for $377 million
- Embedded value[5] of $64.8 billion or $33.35 per share, as of December 31, 2021, an increase of $3.7 billion from December 31, 2020

"Our diversified footprint, operational resilience, and proven digital capabilities enabled us to deliver solid results in the first quarter, despite a challenging operating environment caused by the resurgence of COVID-19 and global market volatility," said Manulife President & Chief Executive Officer Roy Gori.

"Global WAM generated another quarter of strong net inflows of $6.9 billion, and our Canada and U.S. insurance businesses achieved double-digit NBV growth, benefiting from ongoing strong customer demand," Mr. Gori continued. "While the rapid and unprecedented resurgence of COVID-19 disrupted new business activities in multiple markets in Asia, our diversified, digitally-enabled, and well-established distribution channels delivered double digit growth in APE Sales and NBV relative to the average levels during the first wave of the pandemic in the first and second quarters of 2020."

"Looking to the future, we believe the importance of insurance and wealth management solutions is more visible than ever before and we are encouraged to see signs of stronger customer demand as containment measures relax in some markets. I am confident in our ability to capture this rebound as those markets recover from these temporary disruptions." Mr. Gori added.

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1 Core earnings is a non-GAAP financial measure. For more information on non-GAAP and other financial measures, see "Non-GAAP and other financial measures" in our First Quarter 2022 Management's Discussion and Analysis ("1Q22 MD&A") for additional information.

2 Percentage growth / declines in core earnings stated on a constant exchange rate basis is a non-GAAP ratio.

3 Life Insurance Capital Adequacy Test ("LICAT") ratio of The Manufacturers Life Insurance Company ("MLI"). LICAT ratio is disclosed under the Office of the Superintendent of Financial Institutions Canada's ("OSFI's") Life Insurance Capital Adequacy Test Public Disclosure Requirements guideline.

4 Core return on common shareholders' equity ("Core ROE") is a non-GAAP ratio.

5 For more information on new business value ("NBV"), annualized premium equivalent ("APE") sales, net flows, average assets under management and administration ("average AUMA") and embedded value, see "Non-GAAP and other financial measures" in our 1Q22 MD&A.

6 In this news release, percentage growth / declines in NBV, APE sales and average AUMA are stated on a constant exchange rate basis.

7 Includes a release of $1.6 billion of additional capital, a one-time after-tax gain of $842 million recognized in 1Q22, and a one-time after-tax loss of $40 million recognized in the fourth quarter of 2021 ("4Q21").

“Our U.S. variable annuity reinsurance transaction with Venerable Holdings Inc. closed during the quarter, resulting in the release of $2.4 billion of capital. We commenced share buybacks and purchased 0.74% of our common shares in the first two months following the transaction, demonstrating our commitment to deliver shareholder value and neutralize the impact of the transaction on Core EPS,” said Phil Witherington, Chief Financial Officer. “We also delivered in-force business growth of 7% after excluding the impact of the transaction[1], and achieved net favourable policyholder experience amid continued impacts from COVID-19, reflecting the diverse nature of our business.”

“We are pleased to be providing an update on the expected impacts of IFRS 17 on our financial reporting and targets as we look towards its upcoming adoption. IFRS 17 will impact where, when and how specific items are recognized in the financial statements; however, it will not impact the fundamental economics of our business, our financial strength, claims paying ability, or the dividend capacity of the Company. We are committed to our medium-term financial and operating targets under IFRS 17, and upon transition our core ROE target will be increased to 15%+ and dividend payout ratio[2] target range will be increased to 35% – 45% as a result of expected changes in equity and core earnings,” added Mr. Witherington.[3]

BUSINESS HIGHLIGHTS:

In Asia, we commenced offering insurance solutions to VietinBank’s 14 million customers, as part of our new 16-year exclusive bancassurance partnership in Vietnam. In the U.S., we closed the transaction to reinsure over 75% of the legacy variable annuity block. The transaction resulted in the release of $2.4 billion of capital. In Global WAM, we announced the launch of the Real Asset Investment Strategy in Canada, which provides investors access to a mix of global private and public real asset investments, combining the benefits of broad private asset exposures with the liquidity benefits of allocating to public markets.

In addition, we continued to make progress on our digital journey in 1Q22. In Asia, greater than 10% of APE sales resulted from leads generated using advanced analytics to identify additional needs from existing customers. In Canada, we launched an enhanced Manulife *Vitality* mobile app experience for our individual insurance business, giving the app a new look and feel with easier navigation to further drive customer engagement. In the U.S., we reduced the time to onboard a producer in our digital brokerage channel from three weeks to just five days, by implementing automated background checks. In our Global WAM Retirement business, we enabled registration directly through the mobile app in Canada, resulting in approximately 50,000 customers using our mobile applications by the end of the quarter.

[1] Adjusted for $45 million (pre-tax) of lost expected profit on in-force due to the U.S. variable annuity reinsurance transaction. Percentage growth is stated on a constant exchange rate basis.

[2] Common share core dividend payout ratio (“dividend payout ratio”) is a non-GAAP ratio.

[3] See “Caution regarding forward-looking statements” below.

FINANCIAL HIGHLIGHTS:

($ millions, unless otherwise stated)	Quarterly Results 1Q22	1Q21
Profitability:		
Net income attributed to shareholders	**$ 2,970**	$ 783
Core earnings	**$ 1,552**	$ 1,629
Diluted earnings per common share ($)	**$ 1.50**	$ 0.38
Diluted core earnings per common share (“Core EPS”) ($)[1]	**$ 0.77**	$ 0.82
Return on common shareholders’ equity (“ROE”)	**23.0%**	6.4%
Core ROE	**11.8%**	13.7%
Expense efficiency ratio[1]	**50.0%**	48.5%
General expenses	**$ 1,898**	$ 2,032
Business Performance:		
Asia new business value	**$ 340**	$ 477
Canada new business value	**$ 104**	$ 78
U.S. new business value	**$ 69**	$ 44
Total new business value	**$ 513**	$ 599
Asia APE sales	**$ 1,048**	$ 1,280
Canada APE sales	**$ 363**	$ 355
U.S. APE sales	**$ 199**	$ 150
Total APE sales	**$ 1,610**	$ 1,785
Global WAM net flows ($ billions)	**$ 6.9**	$ 1.4
Global WAM gross flows ($ billions)[2]	**$ 38.5**	$ 39.7
Global WAM assets under management and administration ($ billions)[3]	**$ 808.0**	$ 764.1
Global WAM total invested assets ($ billions)	**$ 3.5**	$ 4.3
Global WAM net segregated funds net assets ($ billions)	**$ 236.6**	$ 234.5
Financial Strength:		
MLI’s LICAT ratio	**140%**	137%
Financial leverage ratio	**26.4%**	29.5%
Book value per common share ($)	**$ 26.33**	$ 23.40
Book value per common share excluding AOCI ($)	**$ 25.28**	$ 21.84

(1) This item is a non-GAAP ratio.
(2) For more information on gross flows, see “Non-GAAP and other financial measures” in our 1Q22 MD&A.
(3) This item is a non-GAAP financial measure.

PROFITABILITY:

Reported net income attributed to shareholders of $3.0 billion in 1Q22, up $2.2 billion from 1Q21

The increase in net income attributed to shareholders was driven by gains from the direct impact of markets compared with losses in the prior year quarter, a gain related to the U.S. variable annuity reinsurance transaction, and a larger gain from investment-related experience compared with the prior year quarter. Investment-related experience in 1Q22 reflected the favourable impact of fixed income reinvestment activities, higher-than-expected returns (including fair value changes) on alternative long duration assets primarily driven by fair value gains on private equity and real estate as well as favourable credit experience. The gain from the direct impact of markets in 1Q22 reflected the flattening of the yield curve in the U.S. and Canada and widening corporate spreads in the U.S., partially offset by unfavourable equity market performance and losses on the sale of available-for-sale bonds.

Delivered core earnings of $1.6 billion in 1Q22, a decrease of 4% compared with 1Q21

The decrease in core earnings was driven by lower new business gains in Asia, unfavourable impact of markets on seed money investments in new segregated and mutual funds (compared with gains in the prior year quarter) and lower in-force earnings in U.S. Annuities, primarily due to the variable annuity reinsurance transaction. These items were partially offset by experience gains, in-force business growth in Canada and Asia, higher yield on fixed income investments and lower cost of external debt in Corporate and Other, and higher new business gains in Canada and the U.S.

BUSINESS PERFORMANCE:

New business value ("NBV") of $513 million in 1Q22, a decrease of 14% compared with 1Q21

In Asia, NBV decreased 28% to $340 million, reflecting lower sales volumes in Hong Kong and several markets in Asia Other[1] due to the impact of COVID-19, lower corporate-owned life insurance ("COLI") product sales in Japan, and unfavourable product mix related to lower critical illness sales in mainland China. In Canada, NBV of $104 million was up 33% from 1Q21, driven by higher margins across all business lines. In the U.S., NBV of $69 million was up 57% from 1Q21, driven by higher sales volumes and interest rates, and favourable product mix.

Annualized premium equivalent ("APE") sales of $1.6 billion in 1Q22, a decrease of 9% compared with 1Q21

In Asia, APE sales decreased 17% due to continued adverse impacts from COVID-19 in Hong Kong and several markets in Asia Other and lower sales in Japan. In Japan, APE sales declined 48%, primarily due to a decrease in COLI product sales. In Hong Kong, APE sales decreased 23% driven by tighter containment measures following an outbreak of COVID-19 during the quarter. Asia Other APE sales decreased 8%, as higher sales in bancassurance in Singapore were more than offset by lower agency sales, which were adversely impacted by a resurgence of COVID-19 in markets such as Vietnam and Indonesia, and lower critical illness sales in mainland China. In Canada, APE sales increased 2%, primarily driven by increased customer demand for our lower risk segregated fund products and higher mid-size group insurance sales, partially offset by variability in the large-case group insurance market. In the U.S., APE sales increased 32%, driven by our differentiated domestic product offerings which include the John Hancock Vitality feature and higher customer demand for insurance protection in the current COVID-19 environment of greater consumer interest in improving baseline health, and strong international sales, which are reported as a part of the U.S. segment results.

Reported Global Wealth and Asset Management net inflows of $6.9 billion in 1Q22, compared with 1Q21 net inflows of $1.4 billion

Net inflows in Retail were $4.0 billion in 1Q22 compared with net inflows of $6.5 billion in 1Q21, reflecting lower gross flows, mainly in fixed income products and higher mutual fund redemptions in Canada. This was partially offset by Asia Retail, as higher gross flows in mainland China and Japan were partially offset by Indonesia. U.S. Retail net inflows remained robust and were in line with prior year. Net inflows in Retirement were $2.0 billion in

[1] Asia Other excludes Hong Kong and Japan.

1Q22 compared with net inflows of $2.1 billion in 1Q21, reflecting higher plan redemptions, partially offset by growth in member contributions and new plan sales, as well as lower member withdrawals. Net inflows in Institutional Asset Management were $0.9 billion in 1Q22 compared with net outflows of $7.2 billion in 1Q21, driven by the non-recurrence of a $9.4 billion redemption in Asia in 1Q21, partially offset by lower sales of fixed income mandates.

UPDATE ON IFRS 17:[1]

IFRS 17 "Insurance Contracts" will replace IFRS 4 "Insurance Contracts" beginning on January 1, 2023 and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements. The establishment of a Contractual Service Margin ("CSM") on our in-force business is expected to lead to an increase in insurance contract liabilities and, together with other measurement impacts on our assets and liabilities, to decrease equity by approximately 20% upon transition. The deferral of new business gains via the CSM and the amortization of CSM on our in-force business into income as services are provided, and to a substantially lesser extent the timing of investments results, are expected to result in a net reduction of 2022 core earnings, on transition, of approximately 10% under IFRS 17 compared with IFRS 4.

The CSM will be treated as available capital under LICAT[2], and our capital position will remain strong under IFRS 17. We are also confirming our medium-term financial and operating targets under IFRS 17, and upon transition our core ROE target will be increased to 15%+ (from 13%+ currently) as a result of the expected changes to core earnings and equity, and our dividend payout ratio target range will be increased to 35% – 45% (from 30% – 40% currently) as a result of the expected changes to core earnings. Given that CSM is an objective metric that illustrates the growth and future earnings capability of an insurance business, we will be introducing two new medium-term targets: new business CSM growth of 15% per year and CSM balance growth of 8% – 10% per year.

1 See "Caution regarding forward-looking statements" below. The information presented reflects the Company's current interpretation of IFRS 17 based on its facts and circumstances as of the date hereof. Such interpretation, or the underlying relevant facts and circumstances, may change. The Company's interpretation may also change pending the final issuance of regulatory and industry guidance relating to IFRS 17.

2 As indicated in OSFI's revised draft Life Insurance Capital Adequacy Test (LICAT) 2023 guideline issued on June 21, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is current as of May 11, 2022, unless otherwise noted. This MD&A should be read in conjunction with our unaudited Interim Consolidated Financial Statements for the three months ended March 31, 2022 and the MD&A and audited Consolidated Financial Statements contained in our 2021 Annual Report.

For further information relating to our risk management practices and risk factors affecting the Company, see "Risk Management and Risk Factors" and "Critical Actuarial and Accounting Policies" in the MD&A in our 2021 Annual Report and the "Risk Management" note to the Consolidated Financial Statements in our most recent annual and interim reports.

In this MD&A, the terms "Company", "Manulife", "we" and "our" mean Manulife Financial Corporation ("MFC") and its subsidiaries. All amounts are reported in Canadian dollars, unless otherwise indicated. Any information contained in, or otherwise accessible through, websites mentioned in this MD&A does not form a part of this document.

Contents

A TOTAL COMPANY PERFORMANCE

A1 Profitability

	Quarterly Results		
($ millions, unless otherwise stated)	**1Q22**	4Q21	1Q21
Net income attributed to shareholders	**$ 2,970**	$ 2,084	$ 783
Core earnings(1)	**$ 1,552**	$ 1,708	$ 1,629
Diluted earnings per common share ($)	**$ 1.50**	$ 1.03	$ 0.38
Diluted core earnings per common share ("Core EPS") ($)(2)	**$ 0.77**	$ 0.84	$ 0.82
Return on common shareholders' equity ("ROE")	**23.0%**	15.6%	6.4%
Core ROE(2)	**11.8%**	12.7%	13.7%
Expense efficiency ratio(2)	**50.0%**	49.0%	48.5%
General expenses	**1,898**	2,000	2,032

(1) This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.
(2) This item is a non-GAAP ratio. See "Non-GAAP and other financial measures" below for more information.

Quarterly profitability

Manulife's net income attributed to shareholders was $2,970 million in the first quarter of 2022 ("1Q22") compared with $783 million in the first quarter of 2021 ("1Q21"). Net income attributed to shareholders is comprised of core earnings (consisting of items we believe reflect the underlying earnings capacity of the business), which amounted to $1,552 million in 1Q22 compared with $1,629 million in 1Q21, and items excluded from core earnings, which amounted to a net gain of $1,418 million in 1Q22 compared with a net charge of $846 million in 1Q21. The effective tax rate on net income attributed to shareholders in 1Q22 was 21% compared with a tax recovery of 4% in 1Q21, reflecting differences in the jurisdictional mix of pre-tax profits and losses.

Net income attributed to shareholders increased $2,187 million compared with 1Q21, driven by gains from the direct impact of markets compared with losses in 1Q21, a gain related to the U.S. variable annuity reinsurance transaction, and a larger gain from investment-related experience compared with 1Q21. Investment-related experience in 1Q22 reflected the favourable impact of fixed income reinvestment activities, higher-than-expected returns (including fair value changes) on alternative long-duration assets ("ALDA") primarily driven by fair value gains on private equity and real estate as well as favourable credit experience. The gain from the direct impact of markets in 1Q22 reflected the flattening of the yield curve in the U.S. and Canada and widening corporate spreads in the U.S., partially offset by unfavourable equity market performance and losses on the sale of available-for-sale ("AFS") bonds.

Core earnings decreased $77 million or 4% on a constant exchange rate basis[1] compared with 1Q21. The decrease in core earnings in 1Q22 compared with 1Q21 was driven by lower new business gains in Asia, unfavourable impact of markets of $63 million in 1Q22 on seed money investments in new segregated and mutual funds (compared with gains of $16 million in the prior year quarter), and lower in-force earnings in U.S. Annuities, including $35 million due to the variable annuity reinsurance transaction. These items were partially offset by experience gains, in-force business growth in Canada and Asia, higher yield on fixed income investments and lower cost of external debt in Corporate and Other, and higher new business gains in Canada and the U.S. In 1Q22, core earnings included a net gain of $36 million ($50 million pre-tax) related to policyholder insurance and annuity experience compared with a net gain of $48 million ($61 million pre-tax) in 1Q21.[2] Actions to improve the capital efficiency of our legacy business were driven by the U.S. variable annuity reinsurance transaction, which

1 Percentage growth / declines in core earnings, core general expenses, pre-tax core earnings, assets under management and administration, assets under management, core EBITDA, general expenses, Manulife Bank average net lending assets and Global Wealth and Asset Management ("Global WAM") revenue are stated on a constant exchange rate basis, a non-GAAP ratio. See "Non-GAAP and other financial measures" below for more information.

2 Policyholder experience includes gains of $14 million post-tax in 1Q22 (1Q21 – gains of $10 million post-tax) from the release of margins on medical policies in Hong Kong that have lapsed for customers who have opted to change their existing policies to the new Voluntary Health Insurance Scheme ("VHIS") products. These gains did not have a material impact on core earnings as they were mostly offset by new business strain.

resulted in $35 million lower core earnings in 1Q22 compared with 1Q21. Excluding these actions, in-force business increased 7%[1] compared with 1Q21.

Core earnings by segment is presented in the table below.

Core earnings by segment	**Quarterly Results**		
($ millions, unaudited)	**1Q22**	4Q21	1Q21
Asia	**$ 537**	$ 547	$ 570
Canada	**314**	286	264
U.S.	**486**	467	501
Global Wealth and Asset Management	**324**	387	312
Corporate and Other (excluding core investment gains)	**(209)**	(79)	(118)
Core investment gains[(1),(2)]	**100**	100	100
Total core earnings	**$ 1,552**	$ 1,708	$ 1,629

(1) This item is disclosed under the Office of the Superintendent of Financial Institution's ("OSFI's") Source of Earnings Disclosure (Life Insurance Companies) guideline.

(2) As outlined in our definition of core earnings in section E3 "Non-GAAP and other financial measures": Up to $400 million of net favourable investment-related experience will be reported in core earnings in a single year, which are referred to as "core investment gains". This means up to $100 million in the first quarter, up to $200 million on a year-to-date basis in the second quarter, up to $300 million on a year-to-date basis in the third quarter and up to $400 million on a full year basis in the fourth quarter. Any investment-related experience losses reported in a quarter will be offset against the net year-to-date investment-related experience gains with the difference being included in core earnings subject to a maximum of the year-to-date core investment gains and a minimum of zero, which reflects our expectation that investment-related experience will be positive through-the-business cycle.

The table below presents net income attributed to shareholders consisting of core earnings and items excluded from core earnings.

	Quarterly Results		
($ millions, unaudited)	**1Q22**	4Q21	1Q21
Core earnings	**$ 1,552**	$ 1,708	$ 1,629
Items excluded from core earnings:[(1)]			
Investment-related experience outside of core earnings[(2)]	**558**	126	77
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities[(3)]	**97**	398	(835)
Direct impact of equity markets and variable annuity guarantee liabilities	***(110)***	*124*	*3*
Fixed income reinvestment rates assumed in the valuation of policy liabilities	***351***	*454*	*(832)*
Sale of AFS bonds and derivative positions in the Corporate and Other segment	***(144)***	*(180)*	*(6)*
Restructuring charge[(4)]	**-**	-	(115)
Reinsurance transactions, tax-related items and other[(5)]	**763**	(148)	27
Total items excluded from core earnings	**1,418**	376	(846)
Net income attributed to shareholders	**$ 2,970**	$ 2,084	$ 783

(1) These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

(2) Total investment-related experience in 1Q22 was a net gain of $658 million, compared with a net gain of $177 million in 1Q21, and in accordance with our definition of core earnings, we included $100 million of investment-related experience gains in core earnings and a $558 million gain in items excluded from core earnings in 1Q22 ($100 million of core investment gains and a gain of $77 million, respectively, in 1Q21). Investment-related experience gains in 1Q22 reflected the favourable impact of fixed income reinvestment activities, higher-than-expected returns (including fair value changes) on ALDA primarily driven by fair value gains on private equity and real estate investments, and favourable credit experience. Investment-related experience gains in 1Q21 reflected higher-than-expected returns (including fair value changes) on ALDA primarily driven by fair value gains on private equity investments partially offset by lower-than-assumed returns on real estate, the favourable impact of fixed income reinvestment activities and favourable credit experience.

(3) The direct impact of markets was a net gain of $97 million in 1Q22 driven by the flattening of the yield curve in the U.S. and Canada and widening corporate spreads in the U.S. partially offset by unfavourable equity market performance and losses on the sale of AFS bonds. The direct impact of markets was a net charge of $835 million in 1Q21. Approximately one-half of the 1Q21 charge was due to non-parallel yield curve movements, primarily driven by the steepening of the yield curve in the U.S. and Canada and the other half was due to the impact of higher risk-free interest rates and narrowing corporate spreads.

(4) In 1Q21, we reported a restructuring charge of $150 million pre-tax ($115 million post-tax) related to actions that are expected to result in recurring total annual expense savings of $250 million (pre-tax) by 2023; $100 million (pre-tax) of these expected total annual savings were realized in 2021, and $200 (pre-tax) million of total annual savings are expected in 2022.[2]

(5) The 1Q22 net gain of $763 million included an $842 million gain resulting from the U.S. variable annuity reinsurance transaction, partially offset by a charge of $71 million related to withholding tax on anticipated remittances resulting from the U.S. variable annuity reinsurance transaction and an integration charge of $8 million in our Vietnam operation. The 1Q21 net gain included a tax gain related to the divestment of our Thailand operation of $19 million and reinsurance transactions in Asia of $8 million.

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1 Percentage growth is based on the pre-tax impact of these actions, and is stated on a constant exchange rate basis.

2 See "Caution regarding forward-looking statements" below.

Net income attributed to shareholders by segment is presented in the following table.

Net income attributed to shareholders by segment	Quarterly Results		
($ millions, unaudited)	**1Q22**	4Q21	1Q21
Asia	**$ 773**	$ 645	$ 957
Canada	**547**	616	(19)
U.S.	**2,067**	494	96
Global Wealth and Asset Management	**324**	387	312
Corporate and Other	**(741)**	(58)	(563)
Total net income attributed to shareholders	**$ 2,970**	$ 2,084	$ 783

The **expense efficiency ratio** was 50.0% for 1Q22, compared with 48.5% in 1Q21. The 1.5 percentage point increase in the ratio compared with 1Q21 was driven by a 6% decrease in pre-tax core earnings[1] and core general expenses[1] that were in line with 1Q21. Core general expenses reflected temporary reductions in distribution-related and discretionary expenses due to lower 1Q22 sales, offset by higher 1Q22 workforce costs. We continue to focus on expense discipline to achieve our goal of consistently achieving a ratio of less than 50%.

Total general expenses decreased 6% on a constant exchange rate basis due to the 1Q21 restructuring charge partially offset by a 1Q22 integration charge in our Vietnam operation and expenses associated with the U.S. variable annuity reinsurance transaction. Total general expenses decreased 7% on an actual exchange rate basis reflecting the previously-noted items partially offset by the favourable impact of the strengthening of the Canadian dollar compared with the Japanese Yen.

A2 Business performance

	Quarterly Results		
($ millions, unless otherwise stated) (unaudited)	**1Q22**	4Q21	1Q21
Asia APE sales	**$ 1,048**	$ 890	$ 1,280
Canada APE sales	**$ 363**	$ 295	$ 355
U.S. APE sales	**$ 199**	$ 244	$ 150
Total APE sales(1)	**$ 1,610**	$ 1,429	$ 1,785
Asia new business value	**$ 340**	$ 391	$ 477
Canada new business value	**$ 104**	$ 82	$ 78
U.S. new business value	**$ 69**	$ 82	$ 44
Total new business value(1)	**$ 513**	$ 555	$ 599
Global Wealth and Asset Management net flows ($ billions)(1)	**$ 6.9**	$ 8.1	$ 1.4
Global Wealth and Asset Management gross flows ($ billions)(1)	**$ 38.5**	$ 36.0	$ 39.7
Global Wealth and Asset Management assets under management and administration ($ billions)(2)	**$ 808.0**	$ 855.9	$ 764.1
Global Wealth and Asset Management total invested assets ($ billions)	**$ 3.5**	$ 4.5	$ 4.3
Global Wealth and Asset Management segregated funds net assets ($ billions)	**$ 236.6**	$ 252.6	$ 234.5
Total assets under management and administration ($billions)(2),(3)	**$ 1,349.2**	$ 1,425.8	$ 1,294.9
Total invested assets ($ billions)(3)	**$ 409.4**	$ 427.1	$ 397.9
Total segregated fund net assets ($ billions)(3)	**$ 371.9**	$ 399.8	$ 371.7

(1) For more information on this metric, see "Non-GAAP and other financial measures" below.
(2) This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.
(3) See section A5 below for more information.

Annualized premium equivalent ("APE") sales were $1.6 billion in 1Q22, a decrease of 9%[2] compared with 1Q21. In Asia, APE sales decreased 17% compared with 1Q21 due to continued adverse impacts from COVID-19 in Hong Kong and several markets in Asia Other[3] and lower sales in Japan. In Japan, APE sales declined 48%, compared with 1Q21 primarily due to a decrease in corporate-owned life insurance ("COLI") product sales. In Hong Kong, APE sales decreased 23% compared with 1Q21 driven by tighter containment measures following an

1 This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.
2 Percentage growth / declines in APE sales, gross flows, net flows, and NBV are stated on a constant exchange rate basis.
3 Asia Other excludes Hong Kong and Japan.

Condensed Consolidated Statement of Income

For the three months ended March 31, 2022	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Revenue					
Net premium income	**$ -**	**$ 1,971**	**$ 7,529**	**$ 2**	**$ 9,502**
Net investment income (loss)	**(12)**	**(4,290)**	**(10,808)**	**(13)**	**(15,123)**
Other revenue	**9**	**(595)**	**1,697**	**880**	**1,991**
Total revenue	**(3)**	**(2,914)**	**(1,582)**	**869**	**(3,630)**
Contract benefits and expenses					
Net benefits and claims	**-**	**(4,470)**	**(6,883)**	**(273)**	**(11,626)**
Commissions, investment and general expenses	**8**	**783**	**3,456**	**(311)**	**3,936**
Other expenses	**90**	**60**	**(1,254)**	**1,453**	**349**
Total contract benefits and expenses	**98**	**(3,627)**	**(4,681)**	**869**	**(7,341)**
Income (loss) before income taxes	**(101)**	**713**	**3,099**	**-**	**3,711**
Income tax (expense) recovery	**31**	**(133)**	**(707)**	**-**	**(809)**
Income (loss) after income taxes	**(70)**	**580**	**2,392**	**-**	**2,902**
Equity in net income (loss) of unconsolidated subsidiaries	**3,040**	**368**	**948**	**(4,356)**	**-**
Net income (loss)	**$ 2,970**	**$ 948**	**$ 3,340**	**$ (4,356)**	**$ 2,902**
Net income (loss) attributed to:					
Non-controlling interests	**$ -**	**$ -**	**$ 21**	**$ -**	**$ 21**
Participating policyholders	**-**	**-**	**(89)**	**-**	**(89)**
Shareholders and other equity holders	**2,970**	**948**	**3,408**	**(4,356)**	**2,970**
	$ 2,970	**$ 948**	**$ 3,340**	**$ (4,356)**	**$ 2,902**

Condensed Consolidated Statement of Income

For the three months ended March 31, 2021	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Revenue					
Net premium income	$ -	$ 1,078	$ 8,526	$ 4	$ 9,608
Net investment income (loss)	(29)	(6,733)	(7,069)	(11)	(13,842)
Other revenue	29	290	316	2,002	2,637
Total revenue	-	(5,365)	1,773	1,995	(1,597)
Contract benefits and expenses					
Net benefits and claims	-	(5,562)	(3,827)	2,379	(7,010)
Commissions, investment and general expenses	6	896	3,633	(346)	4,189
Other expenses	107	44	239	(38)	352
Total contract benefits and expenses	113	(4,622)	45	1,995	(2,469)
Income (loss) before income taxes	(113)	(743)	1,728	-	872
Income tax (expense) recovery	30	184	(221)	-	(7)
Income (loss) after income taxes	(83)	(559)	1,507	-	865
Equity in net income (loss) of unconsolidated subsidiaries	866	380	(179)	(1,067)	-
Net income (loss)	$ 783	$ (179)	$ 1,328	$ (1,067)	$ 865
Net income (loss) attributed to:					
Non-controlling interests	$ -	$ -	$ 91	$ -	$ 91
Participating policyholders	-	-	(9)	-	(9)
Shareholders and other equity holders	783	(179)	1,246	(1,067)	783
	$ 783	$ (179)	$ 1,328	$ (1,067)	$ 865

Consolidated Statement of Cash Flows

For the three months ended March 31, 2022	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Operating activities					
Net income (loss)	$ 2,970	$ 948	$ 3,340	$ (4,356)	$ 2,902
Adjustments:					
Equity in net income of unconsolidated subsidiaries	(3,040)	(368)	(948)	4,356	-
Increase (decrease) in insurance contract liabilities	-	(6,972)	(9,108)	-	(16,080)
Increase (decrease) in investment contract liabilities	-	-	(14)	-	(14)
(Increase) decrease in reinsurance assets excluding coinsurance transactions	-	3,015	(2,782)	-	233
Amortization of (premium) discount on invested assets	-	12	22	-	34
Other amortization	2	30	101	-	133
Net realized and unrealized (gains) losses and impairment on assets	11	5,490	14,230	-	19,731
Gain on U.S. variable annuity reinsurance transaction (pre-tax)	-	(1,065)	-	-	(1,065)
Deferred income tax expense (recovery)	(31)	206	358	-	533
Stock option expense	-	(2)	4	-	2
Cash provided by (used in) operating activities before undernoted items	(88)	1,294	5,203	-	6,409
Dividends from unconsolidated subsidiary	-	96	-	(96)	-
Cash decrease due to U.S. variable annuity reinsurance transaction	-	(1,263)	-	-	(1,263)
Changes in policy related and operating receivables and payables	(38)	1,015	(3,598)	-	(2,621)
Cash provided by (used in) operating activities	(126)	1,142	1,605	(96)	2,525
Investing activities					
Purchases and mortgage advances	-	(9,337)	(24,484)	-	(33,821)
Disposals and repayments	-	7,409	22,909	-	30,318
Changes in investment broker net receivables and payables	-	154	361	-	515
Investment in common shares of subsidiaries	(962)	-	-	962	-
Net cash flows from acquisition and disposal of subsidiaries and businesses	-	-	-	-	-
Notes receivable from parent	-	-	(1,895)	1,895	-
Notes receivable from subsidiaries	31	(6)	-	(25)	-
Cash provided by (used in) investing activities	(931)	(1,780)	(3,109)	2,832	(2,988)
Financing activities					
Issue of long-term debt, net	946	-	-	-	946
Secured borrowings	-	-	291	-	291
Change in repurchase agreements and securities sold but not yet purchased	-	-	(78)	-	(78)
Changes in deposits from Bank clients, net	-	-	1,005	-	1,005
Lease payments	-	(2)	(31)	-	(33)
Shareholders' dividends and other equity distributions	(697)	-	-	-	(697)
Common shares repurchased	(377)	-	-	-	(377)
Common shares issued, net	11	-	962	(962)	11
Preferred shares redeemed, net	(711)	-	-	-	(711)
Contributions from (distributions to) non-controlling interests, net	-	-	3	-	3
Dividends paid to parent	-	-	(96)	96	-
Notes payable to parent	-	-	(25)	25	-
Notes payable to subsidiaries	1,895	-	-	(1,895)	-
Cash provided by (used in) financing activities	1,067	(2)	2,031	(2,736)	360
Cash and short-term securities					
Increase (decrease) during the period	10	(640)	527	-	(103)
Effect of foreign exchange rate changes on cash and short-term securities	(1)	(47)	(207)	-	(255)
Balance, beginning of period	78	3,565	18,287	-	21,930
Balance, end of period	87	2,878	18,607	-	21,572
Cash and short-term securities					
Beginning of period					
Gross cash and short-term securities	78	4,087	18,429	-	22,594
Net payments in transit, included in other liabilities	-	(522)	(142)	-	(664)
Net cash and short-term securities, beginning of period	78	3,565	18,287	-	21,930
End of period					
Gross cash and short-term securities	87	3,270	18,712	-	22,069
Net payments in transit, included in other liabilities	-	(392)	(105)	-	(497)
Net cash and short-term securities, end of period	$ 87	$ 2,878	$ 18,607	$ -	$ 21,572
Supplemental disclosures on cash flow information:					
Interest received	$ 13	$ 924	$ 1,820	$ (45)	$ 2,712
Interest paid	124	23	110	(45)	212
Income taxes paid (refund)	-	(29)	564	-	535

Consolidated Statement of Cash Flows

For the three months ended March 31, 2021	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Operating activities					
Net income (loss)	$ 783	$ (179)	$ 1,328	$ (1,067)	$ 865
Adjustments:					
Equity in net income of unconsolidated subsidiaries	(866)	(380)	179	1,067	-
Increase (decrease) in insurance contract liabilities	-	(7,494)	(5,531)	-	(13,025)
Increase (decrease) in investment contract liabilities	-	12	(10)	-	2
(Increase) decrease in reinsurance assets excluding coinsurance transactions	-	1,865	(1,707)	-	158
Amortization of (premium) discount on invested assets	-	4	30	-	34
Other amortization	2	31	99	-	132
Net realized and unrealized (gains) losses and impairment on assets	28	7,897	10,388	-	18,313
Deferred income tax expense (recovery)	(30)	(123)	(353)	-	(506)
Stock option expense	-	(1)	5	-	4
Cash provided by (used in) operating activities before undernoted items	(83)	1,632	4,428	-	5,977
Dividends from unconsolidated subsidiary	-	93	-	(93)	-
Changes in policy related and operating receivables and payables	(5)	(2,518)	437	-	(2,086)
Cash provided by (used in) operating activities	(88)	(793)	4,865	(93)	3,891
Investing activities					
Purchases and mortgage advances	-	(9,038)	(24,193)	-	(33,231)
Disposals and repayments	-	7,616	16,482	-	24,098
Changes in investment broker net receivables and payables	-	(108)	346	-	238
Investment in common shares of subsidiaries	(4,000)	-	-	4,000	-
Net cash flows from acquisition and disposal of subsidiaries and businesses	-	-	(4)	-	(4)
Notes receivable from parent	-	-	(764)	764	-
Notes receivable from subsidiaries	(101)	-	-	101	-
Cash provided by (used in) investing activities	(4,101)	(1,530)	(8,133)	4,865	(8,899)
Financing activities					
Redemption of capital instruments	-	-	(350)	-	(350)
Secured borrowings	-	-	73	-	73
Change in repurchase agreements and securities sold but not yet purchased	-	1,099	51	-	1,150
Changes in deposits from Bank clients, net	-	-	(846)	-	(846)
Lease payments	-	(2)	(30)	-	(32)
Shareholders' dividends paid in cash	(587)	-	-	-	(587)
Common shares issued, net	38	-	4,000	(4,000)	38
Other equity issued, net	1,982	-	-	-	1,982
Preferred shares issued, net	2,000	-	(2,000)	-	-
Contributions from (distributions to) non-controlling interests, net	-	-	5	-	5
Dividends paid to parent	-	-	(93)	93	-
Notes payable to parent	-	-	101	(101)	-
Notes payable to subsidiaries	764	-	-	(764)	-
Cash provided by (used in) financing activities	4,197	1,097	911	(4,772)	1,433
Cash and short-term securities					
Increase (decrease) during the period	8	(1,226)	(2,357)	-	(3,575)
Effect of foreign exchange rate changes on cash and short-term securities	(1)	(58)	(269)	-	(328)
Balance, beginning of period	47	4,907	20,629	-	25,583
Balance, end of period	54	3,623	18,003	-	21,680
Cash and short-term securities					
Beginning of period					
Gross cash and short-term securities	47	5,213	20,907	-	26,167
Net payments in transit, included in other liabilities	-	(306)	(278)	-	(584)
Net cash and short-term securities, beginning of period	47	4,907	20,629	-	25,583
End of period					
Gross cash and short-term securities	54	4,072	18,317	-	22,443
Net payments in transit, included in other liabilities	-	(449)	(314)	-	(763)
Net cash and short-term securities, end of period	$ 54	$ 3,623	$ 18,003	$ -	$ 21,680
Supplemental disclosures on cash flow information:					
Interest received	$ 9	$ 1,047	$ 1,738	$ (45)	$ 2,749
Interest paid	120	5	109	(45)	189
Income taxes paid (refund)	-	(84)	136	-	52

Note 16 Comparatives

Certain comparative amounts have been reclassified to conform to the current period's presentation.

SHAREHOLDER INFORMATION

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For information or assistance regarding your share account, including dividends, changes of address or ownership, lost certificates, to eliminate duplicate mailings or to receive shareholder material electronically, please contact our Transfer Agents in Canada, the United States, Hong Kong or the Philippines. If you live outside one of these countries, please contact our Canadian Transfer Agent.

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Chartered Professional Accountants
Licensed Public Accountants
Toronto, Canada

The following Manulife documents are available online at www.manulife.com

- Annual Report and Proxy Circular
- Notice of Annual Meeting
- Shareholders Reports
- Public Accountability Statement
- 2021 Environmental, Social and Governance Report

Rating

Financial strength is a key factor in generating new business, maintaining and expanding distribution relations and providing a base for expansion, acquisitions and growth. As at March 31, 2022, Manulife had total capital of C$63.9 billion, including C$56.5 billion of total shareholders' and other equity. The Manufacturers Life Insurance Company's financial strength ratings are among the strongest in the insurance industry. Rating agencies include AM Best Company ("AM Best"), DBRS Limited and affiliated entities ("DBRS Morningstar"), Fitch Ratings Inc. ("Fitch"), Moody's Investors Service Inc. ("Moody's"), and S&P Global Ratings ("S&P").

Rating Agency	MLI Rating	Rank
S&P	AA-	(4^{th} of 21 ratings)
Moody's	A1	(5^{th} of 21 ratings)
Fitch	AA-	(4^{th} of 21 ratings)
DBRS Morningstar	AA	(3^{rd} of 22 ratings)
AM Best	A+ (Superior)	(2^{nd} of 13 ratings)

Common Stock Trading Data

The following values are the high, low and close prices, including the average daily trading volume for Manulife Financial Corporation's common stock on the Canadian exchanges, the U.S. exchanges, The Stock Exchange of Hong Kong and the Philippine Stock Exchange for the first quarter. The common stock symbol is **MFC** on all exchanges except Hong Kong where it is **945**.

As at March 31, 2022, there were 1,929 million common shares outstanding.

January 1 – March 31, 2022	**Canada** Canadian $	**U.S.** United States $	**Hong Kong** Hong Kong $	**Philippines** Philippine Pesos
High	$28.09	$22.19	$169.70	P 1,110
Low	$24.41	$19.14	$146.50	P 920
Close	$26.66	$21.35	$167.00	P 1,050
Average Daily Volume (000)	13,402	4,447	28	0.1

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