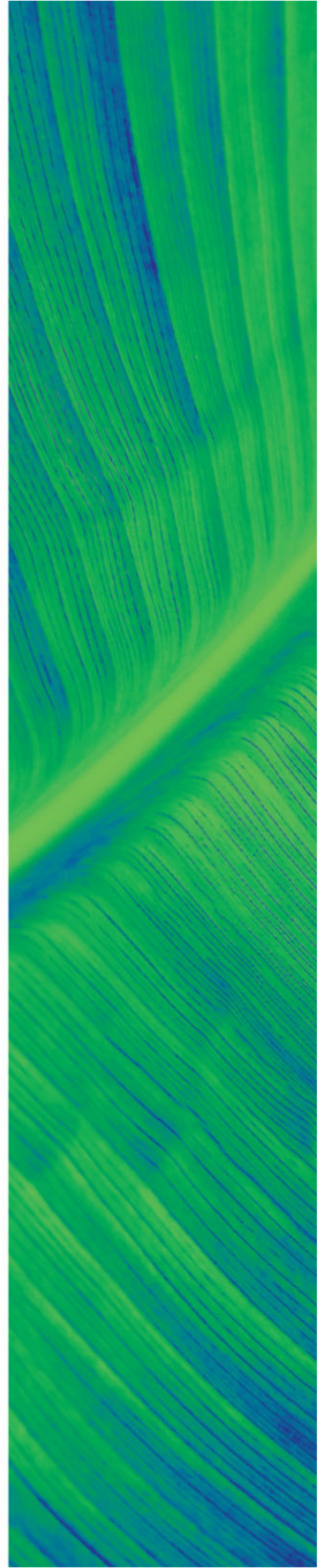
Manulife

Second Quarter Report to Shareholders

Three and six months ended
June 30, 2022



Manulife Financial Corporation

Manulife reports 2Q22 net income of $1.1 billion, core earnings of $1.6 billion, APE sales of $1.4 billion, and Global Wealth and Asset Management net inflows of $1.7 billion

Today, Manulife announced its second quarter of 2022 (“2Q22”) results. Key highlights include:

- Net income attributed to shareholders of $1.1 billion in 2Q22, down $1.6 billion from the second quarter of 2021 (“2Q21”)
- Core earnings[1] of $1.6 billion in 2Q22, down 9% on a constant exchange rate basis from 2Q21[2]
- LICAT ratio[3] of 137%
- Core ROE[4] of 12.1% and ROE of 8.3% in 2Q22
- NBV[5] of $511 million in 2Q22, down 9%[5] from 2Q21
- APE sales[5] of $1.4 billion in 2Q22, down 1% from 2Q21
- Global Wealth and Asset Management (“Global WAM”) net inflows[5] of $1.7 billion in 2Q22, compared with net inflows of $8.6 billion in 2Q21
- Expense efficiency ratio[4] of 49.2%, compared with our target of less than 50%, and general expenses decreased 3%[6]

“We delivered solid results, including core earnings of $1.6 billion, despite challenges posed by the macro environment, including the impact of market headwinds in Global WAM and extended COVID-19 restrictions in Asia,” said Manulife President & Chief Executive Officer Roy Gori. “Our global franchise is strong and resilient, as evidenced by double-digit NBV growth in the U.S. and Canada on a combined basis, and core earnings growth in our Canada and U.S. Insurance businesses[7], which reduced the impact of market and pandemic related headwinds elsewhere.”

“While our net income for the second quarter was negatively impacted by market volatilities, on a year-to-date basis, we delivered net income attributed to shareholders of $4.1 billion, which was $0.6 billion higher than our year-to-date 2021 net income and $0.9 billion higher than our year-to-date 2022 core earnings. The 2022 results are reflective of positive investment-related experience that more than offset the negative direct impact of markets, as well as the one-time gain[8] from our U.S. variable annuity reinsurance transaction that closed in the first quarter,” Mr. Gori concluded.

“Expense efficiency continues to be an important strategic priority and we maintained an expense efficiency ratio of less than 50% during the quarter despite topline pressures. This, combined with our in-force business, which grew 7% over the prior year quarter[9], and comprises approximately three-quarters of our insurance core earnings, has provided for earnings stability against a backdrop of an uncertain macro environment,” said Phil Witherington, Chief Financial Officer.

“We are committed to delivering value to shareholders, and have repurchased approximately 2% of our common shares so far this year[10],” Mr. Witherington continued.

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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 Second Quarter 2022 Management’s Discussion and Analysis (“2Q22 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”) and expense efficiency ratio are non-GAAP ratios.

5 For more information on new business value (“NBV”), annualized premium equivalent (“APE”) sales and net flows, see “Non-GAAP and other financial measures” in our 2Q22 MD&A. In this news release, percentage growth / declines in NBV and APE sales are stated on a constant exchange rate basis.

6 General expenses percentage decline stated on an actual exchange rate basis.

7 Canada segment is comprised of the Insurance, Annuities, and Manulife Bank businesses. U.S. segment is comprised of the U.S. Insurance and U.S. Annuities businesses.

8 Recognized a one-time after-tax gain of $842 million in the first quarter of 2022 (“1Q22”).

9 Excludes $63 million (pre-tax) of lost expected profit on in-force relating to the U.S. variable annuity reinsurance transaction that closed in 1Q22.

10 As of August 8, 2022, the Company has purchased for cancellation approximately 38 million common shares for $933 million.

BUSINESS HIGHLIGHTS:

Manulife ranked among Corporate Knights' 2022 Best 50 Corporate Citizens, which recognizes the rising standard and ambition for corporate sustainability leadership in Canada. In Asia, we became the first life insurer in Vietnam to offer healthcare solutions via the MoMo e-wallet, providing the app's 31 million users with access to our award-winning Max-Health insurance product. MoMo users can now easily purchase Manulife Vietnam's Max-Health product in less than one minute through a simple three-step process. In our U.S. segment, we reported the highest ever quarterly sales in our international business. We signed new distributors in the Latin America region and launched a whole life product to support continued sales growth and diversify the business across geographies. In Global WAM, we published our 2022 Manulife Investment Management Stewardship report, detailing our commitment to sustainability as a global investment manager and outlining actions we are taking to address material sustainability risks and opportunities, build more resilient portfolios, and pursue long-term value creation.

In addition, we continued to make progress on our digital journey in 2Q22. In Asia, we enabled our distribution force with an advanced suite of digital tools, with the proportion of new policies sold being digitally submitted reaching 85.5%, an increase of 10 percentage points compared with 2Q21. In Canada, we continued to advance our digital solutions with enhancements to Manulife.ca that included enabling artificial intelligence and natural-language processing capabilities to make searching for product information quick, accurate and intuitive. In the U.S., we enhanced our digital capabilities by launching eDelivery notification of client correspondence to improve preferred producer experience and response to customers. In Global WAM, we launched a new mobile app feature in Canada Retirement that enables members to make additional contributions to their Registered Retirement Savings Plans, providing them with greater control over their financial future.

FINANCIAL HIGHLIGHTS:

	Quarterly Results		YTD Results	
($ millions, unless otherwise stated)	**2Q22**	2Q21	**2022**	2021
Profitability:				
Net income attributed to shareholders	**$ 1,086**	$ 2,646	**$ 4,056**	$ 3,429
Core earnings	**$ 1,562**	$ 1,682	**$ 3,114**	$ 3,311
Diluted earnings per common share ($)	**$ 0.53**	$ 1.33	**$ 2.04**	$ 1.71
Diluted core earnings per common share ("Core EPS") ($)[1]	**$ 0.78**	$ 0.83	**$ 1.55**	$ 1.65
Return on common shareholders' equity ("ROE")	**8.3%**	22.2%	**15.7%**	14.3%
Core ROE	**12.1%**	13.9%	**12.0%**	13.8%
Expense efficiency ratio	**49.2%**	46.8%	**49.6%**	47.7%
General expenses	**$ 1,843**	$ 1,892	**$ 3,741**	$ 3,924
Business Performance:				
Asia new business value	**$ 337**	$ 399	**$ 677**	$ 876
Canada new business value	**$ 82**	$ 76	**$ 186**	$ 154
U.S. new business value	**$ 92**	$ 75	**$ 161**	$ 119
Total new business value	**$ 511**	$ 550	**$ 1,024**	$ 1,149
Asia APE sales	**$ 838**	$ 950	**$ 1,886**	$ 2,230
Canada APE sales	**$ 361**	$ 274	**$ 724**	$ 629
U.S. APE sales	**$ 209**	$ 191	**$ 408**	$ 341
Total APE sales	**$ 1,408**	$ 1,415	**$ 3,018**	$ 3,200
Global WAM net flows ($ billions)	**$ 1.7**	$ 8.6	**$ 8.6**	$ 10.0
Global WAM gross flows ($ billions)[2]	**$ 33.6**	$ 33.7	**$ 72.1**	$ 73.4
Global WAM assets under management and administration ($ billions)[3]	**$ 744.7**	$ 798.5	**$ 744.7**	$ 798.5
Global WAM total invested assets ($ billions)	**$ 4.0**	$ 4.2	**$ 4.0**	$ 4.2
Global WAM net segregated funds net assets ($ billions)	**$ 213.3**	$ 242.6	**$ 213.3**	$ 242.6
Financial Strength:				
MLI's LICAT ratio	**137%**	137%	**137%**	137%
Financial leverage ratio	**28.5%**	25.9%	**28.5%**	25.9%
Book value per common share ($)	**$ 25.56**	$ 24.76	**$ 25.56**	$ 24.76
Book value per common share excluding AOCI ($)	**$ 25.49**	$ 22.89	**$ 25.49**	$ 22.89

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

PROFITABILITY:

Reported net income attributed to shareholders of $1.1 billion in 2Q22, down $1.6 billion from 2Q21

The decrease in net income attributed to shareholders was primarily driven by charges from the direct impact of markets (compared with net gains in 2Q21), smaller gains from investment-related experience, and lower core earnings. The charge from the direct impact of markets in 2Q22 was primarily driven by the impact of unfavourable equity market performance and interest rate hedge ineffectiveness due to significant interest rate movements across several markets of differing magnitudes and shape changes. In addition, foreign exchange movements, losses from the sale of available-for-sale ("AFS") bonds, and losses from non-parallel movements in swap spreads also contributed. Investment-related experience in 2Q22 reflected higher-than-expected returns (including fair value changes) on alternative long-duration assets primarily driven by fair value gains on private equity investments, the favourable impact of fixed income reinvestment activities, and favourable credit experience.

Delivered core earnings of $1.6 billion in 2Q22, a decrease of 9% compared with 2Q21

The decrease in core earnings was driven by the unfavourable impact of markets on seed money investments in new segregated and mutual funds (compared with gains in 2Q21) in Corporate and Other and on net fee income in Global WAM. In addition, core earnings were also impacted by lower new business gains across our insurance segments, lower in-force earnings in U.S. Annuities due to the variable annuity reinsurance transaction that closed in 1Q22, and lower fee spread in Global WAM. These items were partially offset by in-force business growth in Asia, U.S. Insurance and Canada, higher yields on fixed income investments and gains on AFS equities in Corporate and Other, and improved policyholder experience in the U.S.

ANNUAL REVIEW OF ACTUARIAL METHODS AND ASSUMPTIONS IN THE THIRD QUARTER OF 2022 ("3Q22")[1]:

In 3Q22, we will complete our annual review of actuarial methods and assumptions. The review includes a comprehensive study of our U.S. long-term care ("LTC") experience and, although work is still ongoing, preliminary indications suggest that the net impact to net income attributed to shareholders in 3Q22 will be approximately neutral in total and for LTC; however, there could be variability in this outcome. The LTC review includes all aspects of assumptions on claims and future premium rate increases. Other assumptions being reviewed this year include mortality and certain lapse assumptions for Canada life insurance, as well as lapse and mortality assumptions for certain Asia markets.

BUSINESS PERFORMANCE:

New business value ("NBV") of $511 million in 2Q22, a decrease of 9% compared with 2Q21

In Asia, NBV decreased 17% reflecting lower sales in Hong Kong, Japan corporate owned life insurance ("COLI") and Asia Other[2], as well as unfavourable product mix in Asia Other, partially offset by higher individual protection and other wealth sales in Japan. In Canada, NBV increased 8% from 2Q21, driven by higher volumes in large-case group insurance, partially offset by less favourable business mix in Insurance. In the U.S., NBV increased 18% from 2Q21, driven by improved margins due to product actions, higher international sales volumes, and higher interest rates.

Annualized premium equivalent ("APE") sales of $1.4 billion in 2Q22, a decrease of 1% compared with 2Q21

In Asia, APE sales decreased 12%, reflecting continued adverse impacts from COVID-19 in Hong Kong, lower COLI product sales in Japan, and lower sales in Asia Other. In Hong Kong, APE sales decreased 32% driven by the continued effect of COVID-19 in Hong Kong and tighter containment measures in Macau during the quarter. In Japan, APE sales decreased 15% as a result of lower COLI product sales, partially offset by higher individual protection and other wealth sales. Asia Other APE sales decreased 3%, reflecting lower agency sales in Vietnam, mainland China and Indonesia, partially offset by higher bancassurance sales in Singapore, Vietnam and mainland China. In Canada, APE sales increased 32%, primarily driven by higher large-case group insurance and

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[1] See "Caution regarding forward-looking statements" below.

[2] Asia Other excludes Hong Kong and Japan.

individual insurance par sales, partially offset by lower segregated fund sales. In the U.S., APE sales increased 6%, primarily due to strong international sales, which are reported as part of the U.S. segment results. This increase was partially offset by lower sales of domestic protection-oriented insurance products, as the impact of higher inflation on household discretionary spending reduced demand. APE sales of products with the John Hancock Vitality PLUS feature increased 13% compared with the prior year quarter, reflecting greater consumer interest in improving baseline health due to the impact of COVID-19, making our Vitality feature a desirable solution in the current environment.

Reported Global Wealth and Asset Management net inflows of $1.7 billion in 2Q22, compared with 2Q21 net inflows of $8.6 billion

Net inflows in Retirement were $1.0 billion in 2Q22 compared with net outflows of $0.6 billion in 2Q21, driven by growth in member contributions and lower plan redemptions. Net outflows in Retail were $1.9 billion in 2Q22 compared with net inflows of $7.3 billion in 2Q21, reflecting higher mutual fund redemption rates and lower gross flows due to decreased investor demand amid equity market declines and higher interest rates. Net inflows in Institutional Asset Management were $2.5 billion in 2Q22 compared with net inflows of $1.9 billion in 2Q21, driven by a $1.9 billion sale of an equity mandate, partially offset by the non-recurrence of a $1.0 billion sale to an existing client in the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is current as of August 10, 2022, unless otherwise noted. This MD&A should be read in conjunction with our unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 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

($ millions, unless otherwise stated)	Quarterly Results 2Q22	1Q22	2Q21	YTD Results 2022	2021
Net income attributed to shareholders	**$ 1,086**	$ 2,970	$ 2,646	**$ 4,056**	$ 3,429
Core earnings[(1)]	**$ 1,562**	$ 1,552	$ 1,682	**$ 3,114**	$ 3,311
Diluted earnings per common share ($)	**$ 0.53**	$ 1.50	$ 1.33	**$ 2.04**	$ 1.71
Diluted core earnings per common share ("core EPS") ($)[(2)]	**$ 0.78**	$ 0.77	$ 0.83	**$ 1.55**	$ 1.65
Return on common shareholders' equity ("ROE")	**8.3%**	23.0%	22.2%	**15.7%**	14.3%
Core ROE[(2)]	**12.1%**	11.8%	13.9%	**12.0%**	13.8%
Expense efficiency ratio[(2)]	**49.2%**	50.0%	46.8%	**49.6%**	47.7%
General expenses	**1,843**	1,898	1,892	**3,741**	3,924

(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 $1,086 million in the second quarter of 2022 ("2Q22") compared with $2,646 million in the second quarter of 2021 ("2Q21"). 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 $1,562 million in 2Q22 compared with $1,682 million in 2Q21, and items excluded from core earnings, which amounted to a net charge of $476 million in 2Q22 compared with a net gain of $964 million in 2Q21. The effective tax rate on net income attributed to shareholders in 2Q22 was 15% compared with 19% in 2Q21, reflecting differences in the jurisdictional mix of pre-tax profits and losses.

Net income attributed to shareholders decreased $1,560 million compared with 2Q21, driven by charges from the direct impact of markets (compared with net gains in 2Q21), smaller gains from investment-related experience, and lower core earnings. The charge from the direct impact of markets in 2Q22 was primarily driven by the impact of unfavourable equity market performance and interest rate hedge ineffectiveness due to significant interest rate movements across several markets of differing magnitudes and shape changes. In addition, foreign exchange movements, losses from the sale of available-for-sale ("AFS") bonds, and losses from non-parallel movements in swap spreads also contributed. Investment-related experience in 2Q22 reflected higher-than-expected returns (including fair value changes) on alternative long-duration assets ("ALDA") primarily driven by fair value gains on private equity investments, the favourable impact of fixed income reinvestment activities, and favourable credit experience.

Core earnings decreased $120 million or 9% on a constant exchange rate basis[1] compared with 2Q21. The decrease in core earnings in 2Q22 compared with 2Q21 was driven by the unfavourable impact of markets on seed money investments in new segregated and mutual funds of $93 million in 2Q22 (compared with gains of $31 million in 2Q21) in Corporate and Other and on net fee income in Global Wealth and Asset Management ("Global WAM"). In addition, core earnings were also impacted by lower new business gains across our insurance segments, lower in-force earnings in U.S. Annuities of $50 million related to the variable annuity reinsurance transaction that closed in the first quarter of 2022 ("1Q22") and lower fee spread in Global WAM. These items were partially offset by in-force business growth in Asia, U.S. Insurance and Canada, higher yields on fixed income investments and gains on AFS equities in Corporate and Other, and improved policyholder experience in the U.S. In 2Q22, core earnings included a net charge of $2 million (net gain of $5 million pre-tax) related to policyholder insurance and annuity experience compared with a net charge of $12 million ($15 million pre-tax) in 2Q21.[2] Actions to improve the capital efficiency of our legacy business resulted in $50 million lower core earnings

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 $6 million post-tax in 2Q22 (2Q21 – gains of $9 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.

in 2Q22 compared with 2Q21. Excluding these actions, in-force business increased 7%[1] compared with 2Q21.

Year-to-date profitability

Net income attributed to shareholders for the six months ended June 30, 2022 was $4,056 million compared with $3,429 million for the six months ended June 30, 2021. Year-to-date core earnings amounted to $3,114 million in 2022 compared with $3,311 million in the same period of 2021, and items excluded from year-to-date core earnings amounted to a net gain of $942 million in 2022 compared with a net gain of $118 million in the same period of 2021. The effective tax rate on year-to-date net income attributed to shareholders was 19% in 2022 compared with 14% for the same period in 2021, reflecting differences in the jurisdictional mix of pre-tax profits and losses.

The increase of $627 million in year-to-date net income attributed to shareholders in 2022 compared with 2021 reflects a decline in year-to-date core earnings of $197 million and a net gain of $942 million in items excluded from year-to-date core earnings in 2022 compared with a net gain in items excluded from year-to-date core earnings of $118 million in 2021.

The $197 million or 7% decrease in year-to-date core earnings compared with the same period of 2021 was driven by the unfavourable impact of markets of $156 million in 2022 on seed money investments in new segregated and mutual funds (compared with gains of $47 million in the same period of 2021), lower new business gains in Asia and lower core earnings in Global WAM. These items were partially offset by higher in-force business growth, net of an $85 million decrease related to the U.S. Annuities variable annuity reinsurance transaction, higher other experience gains, and higher yields on fixed income investments and lower cost of external debt in Corporate and Other. Year-to-date net policyholder experience gains were $34 million ($55 million pre-tax) in 2022 compared with gains of $37 million ($46 million pre-tax) in the same period of 2021.[2] Actions to improve the capital efficiency of our legacy businesses resulted in $85 million lower year-to-date core earnings in 2022 compared with 2021. Excluding these actions, in-force business increased 7%[1] compared with 2021.

On a year-to-date basis, the items excluded from core earnings were a net gain of $942 million in 2022 consisting primarily of a net gain from investment-related experience and a $842 million gain related to the U.S. variable annuity reinsurance transaction partially offset by a net charge from the direct impact of markets.

Core earnings by segment is presented in the table below.

Core earnings by segment	**Quarterly Results**			**YTD Results**	
($ millions, unaudited)	**2Q22**	1Q22	2Q21	**2022**	2021
Asia	**$ 513**	$ 537	$ 526	**$ 1,050**	$ 1,096
Canada	**345**	314	318	**659**	582
U.S.	**456**	486	478	**942**	979
Global Wealth and Asset Management	**305**	324	356	**629**	668
Corporate and Other (excluding core investment gains)	**(157)**	(209)	(96)	**(366)**	(214)
Core investment gains(1),(2)	**100**	100	100	**200**	200
Total core earnings	**$ 1,562**	$ 1,552	$ 1,682	**$ 3,114**	$ 3,311

(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.

1 Excludes $63 million (pre-tax) and $108 million (pre-tax) in 2Q22 and year-to-date 2022, respectively, of lost expected profit on in-force relating to the U.S. variable annuity reinsurance transaction that closed in 1Q22. Percentage growth is based on the pre-tax impact of these actions, and is stated on a constant exchange rate basis.

2 Year-to-date policyholder experience includes gains of $20 million post-tax in 2022 (2021 – gains of $19 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 VHIS products. These gains did not have a material impact on year-to-date core earnings as they were mostly offset by new business strain.

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

($ millions, unaudited)	Quarterly Results 2Q22	1Q22	2Q21	YTD Results 2022	2021
Core earnings	**$ 1,562**	$ 1,552	$ 1,682	**$ 3,114**	$ 3,311
Items excluded from core earnings:(1)					
Investment-related experience outside of core earnings(2)	**591**	558	739	**1,149**	816
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities(3)	**(1,067)**	97	217	**(970)**	(618)
Direct impact of equity markets and variable annuity guarantee liabilities	***(623)***	*(110)*	*177*	***(733)***	*180*
Fixed income reinvestment rates assumed in the valuation of policy liabilities	***(365)***	*351*	*76*	***(14)***	*(756)*
Sale of AFS bonds and derivative positions in the Corporate and Other segment	***(79)***	*(144)*	*(36)*	***(223)***	*(42)*
Restructuring charge(4)	**-**	-	-	**-**	(115)
Reinsurance transactions, tax-related items and other(5)	**-**	763	8	**763**	35
Total items excluded from core earnings	**(476)**	1,418	964	**942**	118
Net income attributed to shareholders	**$ 1,086**	$ 2,970	$ 2,646	**$ 4,056**	$ 3,429

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

(2) Total investment-related experience in 2Q22 was a net gain of $691 million, compared with a net gain of $839 million in 2Q21, and in accordance with our definition of core earnings, we included $100 million of investment-related experience gains in core earnings and a $591 million gain in items excluded from core earnings in 2Q22 ($100 million of core investment gains and a gain of $739 million, respectively, in 2Q21). Investment-related experience gains in 2Q22 reflected higher-than-expected returns (including fair value changes) on ALDA primarily driven by fair value gains on private equity investments, the favourable impact of fixed income reinvestment activities, and favourable credit experience. Investment-related experience gains in 2Q21 reflected higher-than-expected returns (including fair value changes) on ALDA primarily driven by fair value gains on private equity investments, the favourable impact of fixed income reinvestment activities and favourable credit experience.

(3) The direct impact of markets was a net charge of $1,067 million in 2Q22 primarily driven by the impact of unfavourable equity market performance, interest rate hedge ineffectiveness due to significant interest rate movements across several markets of differing magnitudes and shape changes, foreign exchange movements, losses from the sale of AFS bonds, and losses from non-parallel movements in swap spreads. The direct impact of markets was a net gain of $217 million in 2Q21 driven by strong equity market performance and flattening of the yield curve, partially offset by a charge on the sale of AFS bonds.

(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 million (pre-tax) of total annual savings are expected in 2022.[1]

(5) The 1Q22 net gain of $763 million includes 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. In 2Q21, the reinsurance transactions in Asia contributed gains of $8 million.

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

Net income attributed to shareholders by segment ($ millions, unaudited)	Quarterly Results 2Q22	1Q22	2Q21	YTD Results 2022	2021
Asia	**$ 361**	$ 773	$ 633	**$ 1,134**	$ 1,590
Canada	**85**	547	783	**632**	764
U.S.	**832**	2,067	793	**2,899**	889
Global Wealth and Asset Management	**305**	324	356	**629**	668
Corporate and Other	**(497)**	(741)	81	**(1,238)**	(482)
Total net income attributed to shareholders	**$ 1,086**	$ 2,970	$ 2,646	**$ 4,056**	$ 3,429

The **expense efficiency ratio** was 49.2% for 2Q22, compared with 46.8% in 2Q21. The 2.4 percentage point increase in the ratio compared with 2Q21 was driven by an 8% decrease in pre-tax core earnings[2] and a 2% increase in core general expenses[2]. Core general expenses reflected higher 2Q22 workforce costs partially offset by lower distribution-related and discretionary expenses reflecting lower 2Q22 sales and lower pension costs due to a decline in equity markets. Expense management, including initiatives to improve productivity, remains an important strategic priority as we aim to maintain an expense efficiency ratio of less than 50%.

Total general expenses in 2Q22 decreased 4% compared with 2Q21 on a constant exchange rate basis reflecting the nonrecurrence of a legal provision in 2Q21. Total general expenses in 2Q22 decreased 3% compared with

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

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

2Q21 on an actual exchange rate basis reflecting the previously noted item, partially offset by the unfavourable impact of the weakening of the Canadian dollar compared with the U.S. dollar.

On a year-to-date basis, the expense efficiency ratio was 49.6% in 2022 compared with 47.7% in 2021. The 1.9 percentage point increase in the ratio compared with 2021 was driven by a 7% decrease in year-to-date pre-tax core earnings and a 1% increase in year-to-date core general expenses. Year-to-date core general expenses reflect similar items as noted above for the quarter.

Total year-to-date general expenses in 2022 decreased 5% compared with 2021 on a constant exchange rate basis due to the nonrecurrence of a restructuring charge and the establishment of a legal provision in 2021, partially offset by a 2022 integration charge in our Vietnam operation and expenses associated with the U.S. variable annuity reinsurance transaction. Total general expenses in 2022 decreased 5% compared with 2021 on an actual exchange rate basis reflecting the previously noted items.

A2 Business performance

	Quarterly Results			YTD Results	
($ millions, unless otherwise stated) (unaudited)	**2Q22**	1Q22	2Q21	**2022**	2021
Asia APE sales	**$ 838**	$ 1,048	$ 950	**$ 1,886**	$ 2,230
Canada APE sales	**$ 361**	$ 363	$ 274	**$ 724**	$ 629
U.S. APE sales	**$ 209**	$ 199	$ 191	**$ 408**	$ 341
Total APE sales(1)	**$ 1,408**	$ 1,610	$ 1,415	**$ 3,018**	$ 3,200
Asia new business value	**$ 337**	$ 340	$ 399	**$ 677**	$ 876
Canada new business value	**$ 82**	$ 104	$ 76	**$ 186**	$ 154
U.S. new business value	**$ 92**	$ 69	$ 75	**$ 161**	$ 119
Total new business value(1)	**$ 511**	$ 513	$ 550	**$ 1,024**	$ 1,149
Global Wealth and Asset Management net flows ($ billions)(1)	**$ 1.7**	$ 6.9	$ 8.6	**$ 8.6**	$ 10.0
Global Wealth and Asset Management gross flows ($ billions)(1)	**$ 33.6**	$ 38.5	$ 33.7	**$ 72.1**	$ 73.4
Global Wealth and Asset Management assets under management and administration ($ billions)(2)	**$ 744.7**	$ 808.0	$ 798.5	**$ 744.7**	$ 798.5
Global Wealth and Asset Management total invested assets ($ billions)	**$ 4.0**	$ 3.5	$ 4.2	**$ 4.0**	$ 4.2
Global Wealth and Asset Management segregated funds net assets ($ billions)	**$ 213.3**	$ 236.6	$ 242.6	**$ 213.3**	$ 242.6
Total assets under management and administration ($billions)(2),(3)	**$ 1,264.7**	$ 1,349.2	$ 1,340.8	**$ 1,264.7**	$ 1,340.8
Total invested assets ($ billions)(3)	**$ 402.3**	$ 409.4	$ 405.2	**$ 402.3**	$ 405.2
Total segregated fund net assets ($ billions)(3)	**$ 334.9**	$ 371.9	$ 383.8	**$ 334.9**	$ 383.8

(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 $1.4 billion in 2Q22, a decrease of 1%[1] compared with 2Q21. In Asia, APE sales decreased 12% compared with 2Q21, reflecting continued adverse impacts from COVID-19 in Hong Kong, lower corporate-owned life insurance (“COLI”) product sales in Japan, and lower sales in Asia Other[2]. In Hong Kong, APE sales decreased 32% compared with 2Q21 driven by the continued effect of COVID-19 in Hong Kong and tighter containment measures in Macau during the quarter. In Japan, APE sales decreased 15% compared with 2Q21 as a result of lower COLI product sales, partially offset by higher individual protection and other wealth sales. Asia Other APE sales decreased 3% compared with 2Q21, reflecting lower agency sales in Vietnam, mainland China and Indonesia, partially offset by higher bancassurance sales in Singapore, Vietnam and mainland China. In Canada, APE sales increased 32% compared with 2Q21, primarily driven by higher large-case group insurance and individual insurance par sales, partially offset by lower segregated fund sales. In the U.S., APE sales increased 6% compared with 2Q21, primarily due to strong international sales, which are reported as part of the U.S. segment results. This increase was partially offset by

1 Percentage growth / declines in APE sales, gross flows, net flows, and NBV are stated on a constant exchange rate basis.

2 Asia Other excludes Hong Kong and Japan.

lower sales of domestic protection-oriented insurance products, as the impact of higher inflation on household discretionary spending reduced demand. APE sales of products with the John Hancock Vitality PLUS feature increased 13% compared with 2Q21, reflecting greater consumer interest in improving baseline health due to the impact of COVID-19, making our Vitality feature a desirable solution in the current environment.

Year-to-date APE sales of $3.0 billion in 2022 were 5% lower than the same period of 2021, driven by lower sales in Asia partially offset by higher sales in Canada and the U.S.

New business value ("NBV") was $511 million in 2Q22, a decrease of 9% compared with 2Q21. In Asia, NBV decreased 17% compared with 2Q21 reflecting lower sales in Hong Kong, Japan COLI and Asia Other, as well as unfavourable product mix in Asia Other, partially offset by higher individual protection and other wealth sales in Japan. In Canada, NBV increased 8% compared with 2Q21, driven by higher volumes in large-case group insurance, partially offset by less favourable business mix in Insurance. In the U.S., NBV increased 18% compared with 2Q21, driven by improved margins due to product actions, higher international sales volumes and higher interest rates.

Year-to-date NBV was $1,024 million in 2022, a decrease of 11% compared with the same period of 2021 primarily due to lower sales in Asia and an unfavourable product mix in Asia Other partially offset by higher sales and improved margins in Canada and the U.S.

Global Wealth and Asset Management reported net inflows of $1.7 billion in 2Q22 compared with net inflows of $8.6 billion in 2Q21. Net inflows in Retirement were $1.0 billion in 2Q22 compared with net outflows of $0.6 billion in 2Q21, driven by growth in member contributions and lower plan redemptions. Net outflows in Retail were $1.9 billion in 2Q22 compared with net inflows of $7.3 billion in 2Q21, reflecting higher mutual fund redemption rates and lower gross flows due to decreased investor demand amid equity market declines and higher interest rates. Net inflows in Institutional Asset Management were $2.5 billion in 2Q22 compared with net inflows of $1.9 billion in 2Q21, driven by a $1.9 billion sale of an equity mandate, partially offset by the non-recurrence of a $1.0 billion sale to an existing client in the prior year.

Year-to-date net inflows were $8.6 billion in 2022, compared with $10.0 billion in same period of 2021. The decrease was primarily driven by higher retail mutual fund redemption rates and lower gross flows in both Retail and Institutional Asset Management. This was partially offset by the non-recurrence of a $9.4 billion institutional redemption in Asia in the first quarter of 2021 ("1Q21") and higher retirement gross flows from growth in member contributions.

A3 Financial strength

	Quarterly Results			YTD Results	
(unaudited)	**2Q22**	1Q22	2Q21	**2022**	2021
MLI's LICAT ratio[1]	**137%**	140%	137%	**137%**	137%
Financial leverage ratio	**28.5%**	26.4%	25.9%	**28.5%**	25.9%
Consolidated capital ($ billions)[2]	**$ 62.8**	$ 63.9	$ 61.4	**$ 62.8**	$ 61.4
Book value per common share ($)	**$ 25.56**	$ 26.33	$ 24.76	**$ 25.56**	$ 24.76
Book value per common share excluding AOCI ($)	**$ 25.49**	$ 25.28	$ 22.89	**$ 25.49**	$ 22.89

(1) This item is disclosed under OSFI's Life Insurance Capital Adequacy Test Public Disclosure Requirements guideline.

(2) This item is a capital management measure. For more information on this metric, see "Non-GAAP and other financial measures" below.

The Life Insurance Capital Adequacy Test ("LICAT") ratio for The Manufacturers Life Insurance Company ("MLI") as at June 30, 2022 was 137% compared with 140% as at March 31, 2022. The three percentage point decrease was driven by a net unfavourable impact from market movements on capital, mainly from an increase in risk-free rates, partly offset by the favourable impact of a net capital issuance.

MFC's LICAT ratio was 125% as at June 30, 2022, compared with 128% as at March 31, 2022. The difference between the MLI and MFC ratios as at June 30, 2022 was largely due to the $5.9 billion of MFC senior debt outstanding that does not qualify as available capital at the MFC level but, based on the form it was down-streamed, qualifies as regulatory capital for MLI.

MFC's financial leverage ratio as at June 30, 2022 was 28.5%, an increase of 2.1 percentage points from 26.4% as at March 31, 2022. The increase in the ratio was driven by the issuance of securities[1], and a reduction in the carrying value of AFS debt securities due to higher interest rates.

MFC's consolidated capital was $62.8 billion as at June 30, 2022, a decrease of $3.2 billion compared with $66.0 billion as at December 31, 2021, driven by a decline in total equity due to a reduction in the carrying value of AFS debt securities due to higher interest rates, and common share buybacks, partially offset by growth in retained earnings and net capital issuances.

Cash and cash equivalents and marketable securities[2] was $237.7 billion as at June 30, 2022 compared with $268.4 billion as at December 31, 2021. The reduction was primarily driven by the lower market value of fixed income instruments due to higher interest rates and the lower market value of public equities due to a decline in equity markets.

Book value per common share as at June 30, 2022 was $25.56, a 5% decrease compared with $26.78 as at December 31, 2021. Book value per common share excluding accumulated other comprehensive income ("AOCI") was $25.49 as at June 30, 2022, a 6% increase compared with $24.12 as at December 31, 2021. The number of common shares outstanding was 1,911 million as at June 30, 2022 and was 1,943 million as at December 31, 2021.

A4 Revenue

	Quarterly Results			YTD Results	
($ millions, unaudited)	**2Q22**	1Q22	2Q21	**2022**	2021
Gross premiums	**$ 10,876**	$ 11,654	$ 10,614	**$ 22,530**	$ 21,606
Premiums ceded to reinsurers	**(1,249)**	(2,152)	(1,200)	**(3,401)**	(2,584)
Net premium income	**9,627**	9,502	9,414	**19,129**	19,022
Investment income	**3,675**	3,417	4,099	**7,092**	7,313
Other revenue	**2,057**	1,991	2,760	**4,048**	5,397
Revenue before realized and unrealized investment gains and losses	**15,359**	14,910	16,273	**30,269**	31,732
Realized and unrealized gains and losses on assets supporting insurance and investment contract liabilities and on the macro hedge program(1)	**(17,760)**	(18,540)	9,551	**(36,300)**	(7,505)
Total revenue	**$ (2,401)**	$ (3,630)	$ 25,824	**$ (6,031)**	$ 24,227

(1) See section A6 "Impact of fair value accounting". Also see section A1 "Profitability" for information on the direct impact of equity markets and interest rates and variable annuity guarantee liabilities.

Total revenue in 2Q22 was a net loss of $2.4 billion compared with a net gain of $25.8 billion in 2Q21. The amount of revenue reported in any fiscal period can be significantly affected by fair value accounting, which can materially impact the reported realized and unrealized investment gains or losses on assets supporting insurance and investment contract liabilities and on the macro hedge program, a component of revenue (see section A7 "Impact of fair value accounting" below). Accordingly, we discuss specific drivers of revenue in each segment before realized and unrealized investment gains and losses in section B "Performance by Segment" below.

2Q22 revenue before realized and unrealized investment gains and losses on assets supporting insurance and investment contract liabilities and on the macro hedge program ("net realized and unrealized investment gains and losses") of $15.4 billion decreased $0.9 billion compared with 2Q21, driven by lower other revenue primarily due to the impact of the U.S. variable annuity reinsurance transaction that closed in 1Q22 and lower investment income. Net realized and unrealized investment gains and losses was a net charge of $17.8 billion in 2Q22 compared with

1 The issuance of securities in 2Q22 consists of the issuance of Limited Recourse Capital Notes (reported as other equity instruments) of $1.0 billion.

2 Includes cash & cash equivalents, comprised of cash on deposit, Canadian and U.S. Treasury Bills and high quality short-term investments, and marketable assets, comprised of investment grade government and agency bonds, investment grade corporate bonds, investment grade securitized instruments, publicly traded common stocks and preferred shares.

a net gain of $9.6 billion in 2Q21. The charge in 2Q22 was primarily driven by the impact of higher interest rates and lower equity markets partially offset by fair value gains in other invested assets. The 2Q21 gain was primarily driven by the impact of interest rate declines, overall growth in equity markets and fair value gains in other invested assets.

On a year-to-date basis, revenue before net realized and unrealized investment gains and losses of $30.3 billion was $1.5 billion lower than the same period of 2021 due to similar factors noted above as well as higher ceded premiums from the U.S. variable annuity reinsurance transaction noted above. Year-to-date net realized and unrealized investment gains and losses was a net charge of $36.3 billion in 2022 compared with a net charge of $7.5 billion in 2021. The year-to-date charge in 2022 was primarily driven by the impact of interest rate increases and lower equity markets partially offset by fair value gains in other invested assets. The year-to-date charge in 2021 was primarily due to the impact of interest rate increases partially offset by overall growth in equity markets, and fair value gains in other invested assets.

See section A6 “Impact of fair value accounting” below. Also, see section A1 “Profitability” for additional information on the impact on 2Q22 net income attributed to shareholders from the direct impact of equity markets and interest rates and variable annuity guarantee liabilities.

A5 Assets under management and administration (“AUMA”)

AUMA as at June 30, 2022 was $1.3 trillion, a decrease of 11% compared with December 31, 2021, primarily due to the impact of higher interest rates and lower equity markets, partially offset by year-to-date net inflows. Total invested assets and segregated funds net assets decreased 6% and 16%, respectively, on an actual exchange rate basis primarily due to the impact of higher interest rates and lower equity markets.

A6 Impact of fair value accounting

Fair value accounting policies affect the measurement of both our assets and our liabilities. The difference between the reported amounts of our assets and liabilities determined as of the balance sheet date and the immediately preceding balance sheet date in accordance with the applicable fair value accounting principles is reported as investment-related experience and the direct impact of equity markets and interest rates and variable annuity guarantees, each of which impacts net income attributed to shareholders (see section A1 “Profitability” above for discussion of 2Q22 experience).

Net realized and unrealized investment losses on assets supporting insurance and investment contract liabilities and on the macro hedge program were $17.8 billion for 2Q22 (2Q21 – net gain of $9.6 billion) and on a year-to-date basis, were net losses of $36.3 billion in 2022 (2021 – net losses of $7.5 billion). See “Revenue” section above for discussion of results.

As outlined in “Critical Actuarial and Accounting Policies” in the MD&A in our 2021 Annual Report, net insurance contract liabilities under IFRS are determined using Canadian Asset Liability Method (“CALM”), as required by the Canadian Institute of Actuaries (“CIA”). The measurement of policy liabilities includes the estimated value of future policyholder benefits and settlement obligations to be paid over the term remaining on in-force policies, including the costs of servicing the policies, reduced by the future expected policy revenues and future expected investment income on assets supporting the policies. Investment returns are projected using current asset portfolios and projected reinvestment strategies. Experience gains and losses are reported when current period activity differs from what was assumed in the policy liabilities at the beginning of the period. We classify gains and losses by assumption type. For example, current period investing activities that increase (decrease) the future expected investment income on assets supporting the policies will result in an investment-related experience gain (loss). See description of investment-related experience in “Non-GAAP and other financial measures” below.

A7 Impact of foreign currency exchange rates

Changes in foreign currency exchange rates from 2Q21 to 2Q22, increased core earnings by $23 million in 2Q22 primarily due to a weaker Canadian dollar compared with the U.S. dollar. Changes in foreign currency exchange rates increased year-to-date core earnings by $14 million in 2022 compared with the same period of 2021 due to similar factors noted above for the quarter. The impact of foreign currency exchange rates on items excluded from core earnings does not provide relevant information given the nature of those items.

A8 Business highlights

Manulife ranked among Corporate Knights' 2022 Best 50 Corporate Citizens, which recognizes the rising standard and ambition for corporate sustainability leadership in Canada. In Asia, we became the first life insurer in Vietnam to offer healthcare solutions via the MoMo e-wallet, providing the app's 31 million users with access to our award-winning Max-Health insurance product. MoMo users can now easily purchase Manulife Vietnam's Max-Health product in less than one minute through a simple three-step process. In our U.S. segment, we reported the highest ever quarterly sales in our international business. We signed new distributors in the Latin America region and launched a whole life product to support continued sales growth and diversify the business across geographies. In Global WAM, we published our 2022 Manulife Investment Management Stewardship report, detailing our commitment to sustainability as a global investment manager and outlining actions we are taking to address material sustainability risks and opportunities, build more resilient portfolios, and pursue long-term value creation. We continue to make progress on customer experience with our rolling four quarter average relationship net promoter score ("rNPS") reaching +22 as of 2Q22, up one point from December 31, 2021 and a 21 point increase from the 2017 baseline of +1. As noted in our 1Q22 MD&A, our service levels were impacted by temporary workforce capacity constraints. While we have addressed these issues, we expect the rolling four quarter average rNPS to fall short of our ambitious 2022 target of +31 but remain confident that our 2025 goal of +37 can be achieved.[1]

In addition, we continued to make progress on our digital journey in 2Q22. In Asia, we enabled our distribution force with an advanced suite of digital tools, with the proportion of new policies sold being digitally submitted reaching 85.5%, an increase of 10 percentage points compared with 2Q21. In Canada, we continued to advance our digital solutions with enhancements to Manulife.ca that included enabling artificial intelligence and natural-language processing capabilities to make searching for product information quick, accurate and intuitive. In the U.S., we enhanced our digital capabilities by launching eDelivery notification of client correspondence to improve preferred producer experience and response to customers. In Global WAM, we launched a new mobile app feature in Canada Retirement that enables members to make additional contributions to their Registered Retirement Savings Plans, providing them with greater control over their financial future.

A9 Annual review of actuarial methods and assumptions

In the third quarter of 2022 ("3Q22"), we will complete our annual review of actuarial methods and assumptions. The review includes a comprehensive study of our U.S. long-term care ("LTC") experience and, although work is still ongoing, preliminary indications suggest that the net impact to net income attributed to shareholders in 3Q22 will be approximately neutral in total and for LTC; however, there could be variability in this outcome.[1] The LTC review includes all aspects of assumptions on claims and future premium rate increases. Other assumptions being reviewed this year include mortality and certain lapse assumptions for Canada life insurance, as well as lapse and mortality assumptions for certain Asia markets. Per our definition of core earnings, any impact of this review will be reported in items excluded from core earnings. Please see "Non-GAAP and other financial measures" section below.

[1] See "Caution regarding forward-looking statements" below.

A10 Update on transition to IFRS 17[1]

As noted in “Critical Actuarial and Accounting Policies – Future Accounting and Reporting Changes” in the MD&A in our 2021 Annual Report, IFRS 17 “Insurance Contracts” will replace IFRS 4 “Insurance Contracts” effective for years beginning on January 1, 2023. The new standard will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company’s financial statements. We will be electing the option to record changes in insurance contract liabilities arising from changes in interest rates through other comprehensive income and will classify debt instruments as fair value through other comprehensive income under IFRS 9 “Financial Instruments”. The impacts of IFRS 17 are expected to include:

- The establishment of a Contractual Service Margin (“CSM”) on our in-force business which is expected to lead to an increase in insurance contract liabilities. The CSM represents unearned profits that are expected to amortize into income as services are provided. We continue to evaluate the potential impacts of all other changes including available accounting policy choices under IFRS 17 on the measurement of our insurance contract liabilities. While there is a range of outcomes for the CSM and all other changes impacting insurance contract liabilities, a significant portion of the impact to equity is expected to result from establishing a CSM on our in-force business. The overall impact of establishing the CSM, as well as other measurement impacts on our assets and liabilities, is expected to decrease equity upon transition by approximately 20%. We expect the impact of IFRS 17 to be approximately neutral to the LICAT capital ratio based on markets as of June 30, 2022 and calibration adjustments that OSFI made to the LICAT guideline[2] for 2023, relating to the inclusion of CSM in available capital and the reduction of the scalar on base solvency buffer. We expect our capital position will continue to be strong under IFRS 17. The actual impact at transition will depend on macro-economic conditions as at January 1, 2023.
- The deferral of the recognition of new business gains via the CSM, and to a substantially lesser extent, the timing of investments results, will shift earnings out into future periods. As a result, on transition, net income and core earnings in 2022 are expected to be lower under IFRS 17 compared to IFRS 4. This impact will be partially offset by the amortization into income of the CSM that will be established on our in-force business. Overall, considering these items along with the various other impacts, on transition we expect 2022 core earnings to decline by approximately 10% under IFRS 17 compared with IFRS 4. A transition impact on our net income attributed to shareholders is difficult to predict as it is also impacted by prevailing market conditions. In addition, we expect IFRS 17 to improve the stability of both our core earnings and net income attributed to shareholders.
- Core earnings will remain a key performance metric and the definition will be adapted to align with IFRS 17. Under the revised definition, core earnings will exclude items such as the direct impact of markets and interest rates, including investment experience from ALDA, realized gains and losses on AFS assets, hedge ineffectiveness, and changes in methods and assumptions recorded directly in profit or loss. We believe that the revised core earnings definition represents our operating performance and the long-term earnings capacity of the business.
- The treatment of new business gains under IFRS 17 is materially different from IFRS 4. The CSM is an intrinsic part of the value of an insurance business and is a measure of growth and future earnings generation capability. This highlights the importance of the CSM as a GAAP performance measure and as such, on transition, we will be adding two new medium-term targets:
    - i.) 15% growth per year for new business CSM, and
    - ii.) 8% to 10% growth per year in the CSM balance.

In 1Q22, we confirmed our medium-term financial and operating targets under IFRS 17, and upon transition, will adjust certain targets as follows:

- Core ROE will be increased to 15%+ (from 13%+ currently) due to the expected changes to core earnings and equity,

[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 final Life Insurance Capital Adequacy Test (LICAT) 2023 guideline issued on July 21, 2022.

- Common share core dividend payout ratio[1] will be increased to 35% to 45% (from 30% to 40% currently) due to the expected changes to core earnings, and
- Leverage ratio definition will be adjusted to include the CSM in the denominator given the CSM represents unearned profit and available capital under LICAT.

We reported $222 million (post-tax) from the impact of new business[2], which is included in core earnings and net income attributed to shareholders in 2Q22 (2Q21 – $278 million). On a year-to-date basis, the impact of new business was $413 million (post-tax) in 2022 (2021 – $558 million). Under IFRS 17, the impact of new business will be recorded in the CSM and amortized into earnings as services are provided, unless the contracts are onerous[3] at issue, which does not necessarily mean that the contract is not profitable over its lifetime, in which case the impact will be recorded directly in earnings.

B PERFORMANCE BY SEGMENT

B1 Asia

($ millions, unless otherwise stated)	Quarterly Results			YTD Results	
Canadian dollars	**2Q22**	1Q22	2Q21	**2022**	2021
Net income attributed to shareholders(1)	**$ 361**	$ 773	$ 633	**$ 1,134**	$ 1,590
Core earnings(1)	**513**	537	526	**1,050**	1,096
Annualized premium equivalent sales	**838**	1,048	950	**1,886**	2,230
New business value	**337**	340	399	**677**	876
Revenue	**2,499**	3,012	9,122	**5,511**	14,962
Revenue before realized and unrealized investment gains and losses(2)	**6,654**	7,568	6,603	**14,222**	13,824
Assets under management ($ billions)(3)	**139.0**	144.4	141.9	**139.0**	141.9
Total invested assets ($ billions)	**117.1**	120.5	117.8	**117.1**	117.8
Segregated fund invested assets ($ billions)	**21.9**	23.9	24.1	**21.9**	24.1
U.S. dollars					
Net income attributed to shareholders(1)	**US$ 283**	US$ 610	US$ 515	**US$ 893**	US$ 1,270
Core earnings(1)	**401**	424	427	**825**	877
Annualized premium equivalent sales	**656**	827	773	**1,483**	1,783
New business value	**264**	268	325	**532**	701
Revenue	**1,957**	2,377	7,426	**4,334**	12,036
Revenue before realized and unrealized investment gains and losses(2)	**5,211**	5,975	5,376	**11,186**	11,077
Assets under management ($ billions)(3)	**107.8**	115.6	114.6	**107.8**	114.6
Total invested assets ($ billions)	**90.8**	96.5	95.1	**90.8**	95.1
Segregated fund invested assets ($ billions)	**17.0**	19.1	19.5	**17.0**	19.5

(1) See "Non-GAAP and other financial measures" below for a reconciliation of core earnings to net income (loss) attributed to shareholders.
(2) See section A6 "Impact of fair value accounting".
(3) This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

Asia's net income attributed to shareholders was $361 million in 2Q22 compared with $633 million in 2Q21. Net income attributed to shareholders is comprised of core earnings, which was $513 million in 2Q22 compared with $526 million in 2Q21, and items excluded from core earnings, which amounted to a net charge of $152 million in 2Q22 compared with a net gain of $107 million in 2Q21. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings to net income (loss) attributed to shareholders, and section A1 "Profitability" above, for explanations of the items excluded from core earnings. The changes in net income attributed to shareholders and core earnings expressed in Canadian dollars were due to the factors described below and, in addition, the change in core earnings reflected a net $3 million unfavourable impact due to changes in foreign currency exchange rates versus the Canadian dollar.

1 This item is a non-GAAP ratio. See "Non-GAAP and other financial measures" below for more information.
2 The impact of new business represents the financial impact of all new business written in the period, including acquisition expenses.
3 Under IFRS 17, an insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract and premiums, acquisition expenses and commissions arising from the contract at the date of initial recognition, in total are a net outflow (i.e. if there is a loss at initial recognition). An onerous designation does not necessarily mean that the contract is not profitable over its lifetime.

Expressed in U.S. dollars, the presentation currency of the segment, net income attributed to shareholders was US$283 million in 2Q22 compared with US$515 million in 2Q21 and core earnings were US$401 million in 2Q22 compared with US$427 million in 2Q21. Items excluded from core earnings were a net charge of US$118 million in 2Q22 compared with a net gain of US$88 million in 2Q21.

Core earnings in 2Q22 decreased 3% compared with 2Q21 driven by lower new business volumes reflecting COVID-19 containment measures in Hong Kong and several markets in Asia Other, unfavourable policyholder experience in mainland China and Vietnam, and unfavourable product mix in mainland China. These items were partially offset by in-force business growth, higher new business gains in Singapore and favourable policyholder experience in Japan and Hong Kong. In addition, higher investment income on allocated capital increased core earnings by US$12 million compared with 2Q21 (see Corporate and Other segment).

Year-to-date net income attributed to shareholders was US$893 million in 2022 compared with US$1,270 million in the same period of 2021. Year-to-date core earnings of US$825 million in 2022 decreased 4% compared with the same period of 2021 primarily due to similar factors noted above and the impact of lower 1Q22 COLI product sales in Japan. In addition, higher year-to-date investment income on allocated capital increased core earnings by US$25 million compared with 2021 (see Corporate and Other segment). Items excluded from year-to-date core earnings were a net gain of US$68 million in 2022 compared with a net gain of US$393 million for the same period of 2021. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of year-to-date core earnings to year-to-date net income (loss) attributed to shareholders. Expressed in Canadian dollars, year-to-date core earnings reflected a net $12 million unfavourable impact of changes in foreign currency exchange rates versus the Canadian dollar.

APE sales in 2Q22 were US$656 million, a decrease of 12% compared with 2Q21. The decrease reflects continued adverse impacts from COVID-19 in Hong Kong, lower COLI product sales in Japan and lower sales in Asia Other. NBV in 2Q22 was US$264 million, a 17% decrease compared with 2Q21, reflecting lower sales in Hong Kong, Japan COLI and Asia Other, and unfavourable product mix in Asia Other, partially offset by higher individual protection and other wealth sales in Japan. Year-to-date APE sales and NBV were US$1,483 million and US$532 million in 2022, a decrease of 15% and 23%, respectively, compared with the same period of 2021, driven by similar reasons noted above for the quarter. New business value margin (“NBV margin”)[1] was 43.1% in 2Q22 compared with 44.6% in 2Q21.

- Hong Kong APE sales in 2Q22 were US$133 million, a 32% decrease compared with 2Q21. The decrease in sales was driven by the continued effect of COVID-19 in Hong Kong and tighter containment measures in Macau during the quarter. Restrictions on travel between Hong Kong and mainland China continued to impact cross-border commerce. Hong Kong NBV was US$107 million in 2Q22, a decrease of 28% compared with 2Q21 due to lower sales volumes. Hong Kong NBV margin was 80.5% in 2Q22, an increase of 4.7 percentage points compared with 2Q21 driven by favourable product mix.
- Japan APE sales in 2Q22 were US$77 million, a 15% decrease compared with 2Q21, as a result of lower COLI product sales, partially offset by higher individual protection and other wealth sales. Japan NBV in 2Q22 of US$23 million increased 10% compared with 2Q21 due to a higher non-COLI product mix. Japan NBV margin was 29.9% in 2Q22, an increase of 6.9 percentage points compared with 2Q21 driven by favourable product mix.
- Asia Other APE sales in 2Q22 were US$446 million, a 3% decrease compared with 2Q21 reflecting lower agency sales in Vietnam, mainland China and Indonesia, partially offset by higher bancassurance sales in Singapore, Vietnam and mainland China. Asia Other NBV in 2Q22 of US$134 million decreased 10% compared with 2Q21, primarily due to lower sales volumes and unfavourable product mix. Asia Other NBV margin was 33.2% in 2Q22, a decrease of 2.5 percentage points compared with 2Q21 driven by unfavourable product mix.

[1] For more information on this metric, see “Non-GAAP and other financial measures” below.

Assets under management were US$107.8 billion as at June 30, 2022, a decrease of US$14.2 billion or 8% compared with December 31, 2021, driven by lower total invested assets and segregated funds net assets. The decrease was driven by the impact of market movements resulting from higher interest rates and unfavourable equity market performance, partially offset by net customer inflows of US$5.8 billion.

Revenue was US$2.0 billion in 2Q22 compared with US$7.4 billion in 2Q21. The reduction in revenue reflected higher net realized and unrealized investment losses in 2Q22 driven by the impact of higher interest rates and unfavourable equity market performance on total invested assets. Revenue before realized and unrealized investment gains and losses was US$5.2 billion in 2Q22, a decrease of US$0.2 billion compared with 2Q21, driven by lower new business premiums, partially offset by recurring premium growth from in-force business. Year-to-date revenue was US$4.3 billion in 2022 compared with US$12.0 billion in the same period of 2021. Year-to-date revenue before realized and unrealized investment gains and losses was US$11.2 billion in 2022, compared with US$11.1 billion in the same period of 2021.

Business highlights – In 2Q22, we:

- became the first life insurer in Vietnam to offer healthcare solutions via MoMo e-wallet, providing the app's 31 million users with access to our award-winning Max–Health insurance product. MoMo users can now easily purchase Manulife Vietnam's Max–Health product in less than one minute through a simple three-step process;
- launched ManuAcademy, a learning platform for approximately 45,000 insurance agents in Vietnam. Using artificial intelligence, the platform delivers localised, tailored training on demand to agents at scale. By year end, launches are planned for Hong Kong, Indonesia, Malaysia and the Philippines, reaching a further 35,000 agents; and
- enabled our distribution force with an advanced suite of digital tools, with the proportion of new policies sold being digitally submitted reaching 85.5%, an increase of 10 percentage points compared with 2Q21.

B2 Canada

	Quarterly Results			YTD Results	
($ millions, unless otherwise stated)	**2Q22**	1Q22	2Q21	**2022**	2021
Net income (loss) attributed to shareholders[1]	**$ 85**	$ 547	$ 783	**$ 632**	$ 764
Core earnings[1]	**345**	314	318	**659**	582
Annualized premium equivalent sales	**361**	363	274	**724**	629
Manulife Bank average net lending assets ($ billions)[2]	**24.3**	23.7	22.8	**24.0**	22.8
Revenue	**(1,736)**	(2,283)	5,932	**(4,019)**	3,355
Revenue before realized and unrealized investment income gains and losses	**4,102**	3,933	3,920	**8,035**	7,470
Assets under management ($ billions)	**142.8**	152.4	157.5	**142.8**	157.5
Total invested assets ($ billions)	**107.2**	112.7	117.8	**107.2**	117.8
Segregated funds net assets ($ billions)	**35.6**	39.7	39.7	**35.6**	39.7

(1) See "Non-GAAP and other financial measures" below for a reconciliation of core earnings to net income (loss) attributed to shareholders.
(2) This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

Canada's 2Q22 net income attributed to shareholders was $85 million compared with $783 million in 2Q21. Net income attributed to shareholders is comprised of core earnings, which were $345 million in 2Q22 compared with $318 million in 2Q21, and items excluded from core earnings, which amounted to a net charge of $260 million in 2Q22 compared with a net gain of $465 million in 2Q21. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings to net income (loss) attributed to shareholders, and section A1 "Profitability" above, for explanations of the items excluded from core earnings.

Core earnings of $345 million increased by $27 million or 8% compared with 2Q21, primarily reflecting favourable experience gains in Individual Insurance and Annuities and higher in-force earnings in our insurance businesses, partially offset by less favourable experience gains in Group Insurance and lower new business gains due to business mix.

Year-to-date net income attributed to shareholders was $632 million in 2022 compared with $764 million in the same period of 2021 and year-to-date core earnings were $659 million in 2022 compared with $582 million in the same period of 2021. The increase in year-to-date core earnings of $77 million was primarily driven by favourable experience gains in Individual Insurance and Annuities and higher in-force earnings in all businesses, partially offset by less favourable experience gains in Group Insurance and lower Manulife Bank earnings. Items excluded from year-to-date core earnings were a net charge of $27 million in 2022 compared with a net gain of $182 million for the same period of 2021. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of year-to-date core earnings to year-to-date net income (loss) attributed to shareholders.

APE sales of $361 million in 2Q22 increased by $87 million or 32% compared with 2Q21, primarily driven by higher large-case group insurance and individual insurance par sales, partially offset by lower segregated fund sales. Year-to-date APE sales in 2022 were $724 million, $95 million or 15% higher than in the same period of 2021, primarily due to similar factors as noted above.

- Individual insurance APE sales in 2Q22 of $107 million increased $6 million or 6% compared with 2Q21, primarily due to higher par and travel insurance sales, partially offset by lower universal life sales.
- Group insurance APE sales in 2Q22 of $193 million increased $99 million or 105% compared with 2Q21, primarily due to higher large-case sales.
- Annuities APE sales in 2Q22 of $61 million decreased $18 million or 23% compared with 2Q21, due to the impact of market uncertainty.

Manulife Bank average net lending assets for the quarter were $24.3 billion as at June 30, 2022, up $1.0 billion or 4% compared with the quarter ended December 31, 2021.

Assets under management were $142.8 billion as at June 30, 2022, a decrease of $19.2 billion or 12% compared with December 31, 2021, due to lower total invested assets and segregated funds net assets, primarily reflecting the impact of higher interest rates and a decline in equity markets.

Revenue in 2Q22 was a net loss of $1.7 billion compared with a net gain of $5.9 billion in 2Q21. The 2Q22 net loss reflected net realized and unrealized investment losses, driven by the impact of markets as noted above. Revenue before realized and unrealized investment gains and losses was $4.1 billion in 2Q22, an increase of $0.2 billion compared with 2Q21, due to business growth. Year-to-date revenue was a net loss of $4.0 billion in 2022 compared with a net gain of $3.4 billion in the same period of 2021, a decrease of $7.4 billion compared with the same period of 2021, driven by similar factors noted above for the quarter. Year-to-date revenue before realized and unrealized investment gains and losses was $8.0 billion in 2022, an increase of 8% compared with the same period of 2021, also driven by similar factors noted above for the quarter.

Business highlights – In 2Q22, we continued to advance our digital solutions with enhancements to Manulife.ca that included enabling artificial intelligence and natural-language processing capabilities to make searching for product information quick, accurate and intuitive.

B3 U.S.

($ millions, unless otherwise stated)	Quarterly Results			YTD Results	
Canadian dollars	**2Q22**	1Q22	2Q21	**2022**	2021
Net income attributed to shareholders(1)	**$ 832**	$ 2,067	$ 793	**$ 2,899**	$ 889
Core earnings(1)	**456**	486	478	**942**	979
Annualized premium equivalent sales	**209**	199	191	**408**	341
Revenue	**(4,329)**	(5,344)	8,882	**(9,673)**	2,890
Revenue before realized and unrealized investment income gains and losses	**3,593**	2,373	3,915	**5,966**	7,448
Assets under management ($ billions)	**213.7**	222.8	233.7	**213.7**	233.7
Total invested assets ($ billions)	**149.5**	151.0	156.2	**149.5**	156.2
Segregated funds net assets ($ billions)	**64.2**	71.8	77.5	**64.2**	77.5
U.S. dollars					
Net income attributed to shareholders(1)	**US$ 651**	US$ 1,633	US$ 646	**US$ 2,284**	US$ 722
Core earnings(1)	**357**	384	389	**741**	785
Annualized premium equivalent sales	**164**	157	155	**321**	274
Revenue	**(3,391)**	(4,220)	7,232	**(7,611)**	2,499
Revenue before realized and unrealized investment income gains and losses	**2,815**	1,875	3,185	**4,690**	5,976
Assets under management ($ billions)	**165.7**	178.3	188.5	**165.7**	188.5
Total invested assets ($ billions)	**115.9**	120.8	126.0	**115.9**	126.0
Segregated funds net assets ($ billions)	**49.8**	57.5	62.5	**49.8**	62.5

(1) See "Non-GAAP and other financial measures" below for a reconciliation of core earnings to net income (loss) attributed to shareholders.

U.S. 2Q22 net income attributed to shareholders was $832 million compared with $793 million in 2Q21. Net income attributed to shareholders is comprised of core earnings, which amounted to $456 million in 2Q22 compared with $478 million in 2Q21, and items excluded from core earnings, which amounted to a net gain of $376 million in 2Q22 compared with a net gain of $315 million in 2Q21. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings to net income (loss) attributed to shareholders, and section A1 "Profitability" above, for explanations of the items excluded from core earnings. The changes in net income attributed to shareholders and core earnings expressed in Canadian dollars were due to the factors described below and, in addition, the change in core earnings reflected a $17 million favourable impact from the strengthening of the U.S. dollar compared with the Canadian dollar.

Expressed in U.S. dollars, the functional currency of the segment, 2Q22 net income attributed to shareholders was US$651 million compared with US$646 million in 2Q21, core earnings were US$357 million in 2Q22 compared with US$389 million in 2Q21, and items excluded from core earnings were a net gain of US$294 million in 2Q22 compared with a net gain of US$257 million in 2Q21.

Core earnings decreased US$32 million or 8% compared with 2Q21, with lower core earnings in Annuities partially offset by an increase in Insurance. The decline in Annuities core earnings was driven primarily by reduced in-force earnings of US$39 million related to the reinsurance of a significant portion of the variable annuity block in 1Q22. The growth in Insurance core earnings was driven by improved mortality experience in life insurance and higher in-force earnings partially offset by unfavorable lapse experience in life insurance and lower new business gains. In addition, higher investment income on allocated capital increased core earnings by US$6 million compared with 2Q21 (see Corporate and Other segment). Long-term care policyholder experience was neutral in both 2Q22 and 2Q21.

Year-to-date net income attributed to shareholders was US$2,284 million in 2022 compared with US$722 million in the same period of 2021 and year-to-date core earnings were US$741 million in 2022 compared with US$785 million in the same period of 2021. Year-to-date core earnings decreased US$44 million due to lower in-force earnings in Annuities of US$67 million related to the previously mentioned variable annuity reinsurance transaction in 1Q22, and the non-recurrence of prior year gains from the Annuity Guaranteed Minimum Withdrawal Benefit offer program. These items were partially offset by improved and net positive experience gains in 2022 compared to losses in the same period of 2021. Compared with the same period of 2021, improved, but still, unfavourable life insurance policyholder experience was partially offset by less favourable long-term care policyholder experience, and less favourable annuities policyholder experience. In addition, higher year-to-date investment income on allocated capital increased core earnings by US$12 million compared with 2021 (see Corporate and Other segment). Items excluded from year-to-date core earnings were a net gain of US$1,543 million in 2022 compared with a net charge of US$63 million for the same period of 2021. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of year-to-date core earnings to year-to-date net income (loss) attributed to shareholders. Items excluded from year-to-date core earnings included a gain of US$665 million related to the variable annuity reinsurance transaction which closed on February 1, 2022. Expressed in Canadian dollars, year-to-date core earnings reflected a $17 million favourable impact of changes in foreign currency exchange rates versus the Canadian dollar.

APE sales in 2Q22 of US$164 million increased 6% compared with 2Q21 primarily due to strong international sales. This increase was partially offset by lower sales of domestic protection-oriented insurance products, as the impact of higher inflation on household discretionary spending reduced demand. Year-to-date APE sales in 2022 of US$321 million increased 17% compared with the same period of 2021 primarily due to higher customer demand for international, domestic indexed universal life and variable universal life product offerings. APE sales of products with the John Hancock Vitality PLUS feature increased 13% in 2Q22 compared with 2Q21 and 38% in 2022 compared with the same period 2021, reflecting greater consumer interest in improving baseline health due to the impact of COVID-19, making our Vitality feature a desirable solution in the current environment.

Assets under management as at June 30, 2022 were US$165.7 billion, a decrease of 14% compared with December 31, 2021. The decrease in total invested assets and segregated funds net assets was primarily due to the impact from markets, reflecting an increase in interest rates and a decline in equity markets, and the continued run-off of the annuity business, including the impact on total invested assets from the above-noted variable annuity reinsurance transaction in 1Q22.

Revenue in 2Q22 was a net loss of US$3.4 billion compared with a net gain of US$7.2 billion in 2Q21. The 2Q22 net loss reflected net realized and unrealized investment losses driven by the impact of markets on total invested assets as noted above. Revenue before net realized and unrealized investment gains and losses was US$2.8 billion in 2Q22 compared with US$3.2 billion in 2Q21. The US$0.4 billion decrease was driven by lower other revenue due to the impact of the above-noted variable annuity reinsurance transaction and lower investment income due to the impact of markets. Year-to-date revenue was a net loss of US$7.6 billion in 2022, compared with a net gain of US$2.5 billion in the same period of 2021. The US$10.1 billion decrease was driven by similar factors noted above. Year-to-date revenue before realized and unrealized investment gains and losses was US$4.7 billion in 2022 compared with US$6.0 billion in the same period of 2021. The US$1.3 billion decrease was primarily driven by the year-to-date impact of the above-noted variable annuity reinsurance transaction.

Business highlights – In 2Q22, we:

- reported the highest ever quarterly sales in our international business. We signed new distributors in the Latin America region and launched a whole life product to support continued sales growth and diversify the business across geographies; and
- enhanced our digital capabilities by launching:
  - eDelivery notification of client correspondence to improve preferred producer experience and response time to customers,
  - automatic appointments through our licensing system for our Digital Brokerage channel to accelerate producers’ ability to place cases with us, and
  - additional chatbot and search functionality to improve the experience for JH Vitality customers.

B4 Global Wealth and Asset Management

($ millions, unless otherwise stated)	Quarterly Results 2Q22	1Q22	2Q21	YTD Results 2022	2021
Net income attributed to shareholders(1)	**$ 305**	$ 324	$ 356	**$ 629**	$ 668
Core earnings(1)	**305**	324	356	**629**	668
Core EBITDA(2)	**467**	490	521	**957**	990
Core EBITDA margin (%)(3)	**30.7%**	30.9%	32.4%	**30.8%**	31.6%
Sales					
Wealth and asset management gross flows	**33,602**	38,469	33,739	**72,071**	73,448
Wealth and asset management net flows	**1,713**	6,891	8,628	**8,604**	9,985
Revenue	**1,521**	1,586	1,607	**3,107**	3,134
Assets under management and administration ($ billions)	**744.7**	808.0	798.5	**744.7**	798.5
Total invested assets ($ billions)	**4.0**	3.5	4.2	**4.0**	4.2
Segregated funds net assets ($ billions)	**213.3**	236.6	242.6	**213.3**	242.6
Average assets under management and administration ($ billions)(4)	**776.8**	820.4	775.8	**798.9**	771.2

(1) See “Non-GAAP and other financial measures” below for a reconciliation of core earnings to net income (loss) attributed to shareholders.
(2) This item is a non-GAAP financial measure. See “Non-GAAP and other financial measures” below for more information.
(3) This item is a non-GAAP ratio. See “Non-GAAP and other financial measures” below for more information.
(4) For more information on this metric, see “Non-GAAP and other financial measures” below.

Global Wealth and Asset Management’s net income attributed to shareholders was $305 million in 2Q22 compared with $356 million in 2Q21. Net income attributed to shareholders is comprised of core earnings, which were $305 million in 2Q22 compared with $356 million in 2Q21 and items excluded from core earnings, which were nil in both 2Q22 and 2Q21. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of core earnings to net income (loss) attributed to shareholders.

Core earnings in 2Q22 decreased 16% compared with 2Q21 driven by a decrease in net fee income from lower fee spread, and lower average AUMA on a constant exchange rate basis due to equity market declines and higher interest rates in 2022, as well as higher general expenses from higher workforce compensation and increased travel and conference spending due to easing of COVID-19-related restrictions. Net income attributed to shareholders decreased $51 million in 2Q22 compared with 2Q21 driven by the same factors noted above for core earnings.

Core EBITDA was $467 million in 2Q22, a decrease of 11% compared with 2Q21, driven by similar factors as mentioned above. Core EBITDA margin was 30.7% in 2Q22, a decrease of 170 basis points compared with 2Q21 driven by a decline in net fee income and higher general expenses. See section E3 “Non-GAAP and other financial measures” below, for additional information on core EBITDA and core EBITDA margin. Income before income taxes for Global WAM was $362 million in 2Q22, a decrease of $57 million compared with 2Q21, driven by similar factors as noted above for core EBITDA.

Year-to-date net income attributed to shareholders was $629 million in 2022 compared with $668 million in the same period of 2021 and year-to-date core earnings were $629 million in 2022 compared with $668 million in the same period of 2021. The decrease in year-to-date core earnings of $39 million or 7% was due to higher general expenses, mainly from growth in business volumes and higher workforce compensation, and lower fee spread, partially offset by higher average AUMA from the favourable impact of net inflows over the past 12 months. Items excluded from year-to-date core earnings were nil in both 2022 and 2021. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of core earnings to net income (loss) attributed to shareholders. Year-to-date net income attributed to shareholders decreased $39 million in 2022 compared with 2021 driven by the same factors noted above for year-to-date core earnings.

Year-to-date core EBITDA was $957 million in 2022 compared with $990 million in the same period of 2021. The decrease in year-to-date core EBITDA of $33 million or 3% was driven by the factors noted above for year-to-date core earnings. Year-to-date core EBITDA margin was 30.8% in 2022 compared with 31.6% in the same period of 2021. The decrease of 80 basis points was driven by the factors as noted above for year-to-date core earnings. See section E3 “Non-GAAP and other financial measures” below, for additional information on year-to-date core EBITDA and year-to-date core EBITDA margin. Year-to-date income before income taxes for Global WAM was

$748 million in 2022, a decrease of $37 million compared with 2021, driven by similar factors as noted above for year-to-date core EBITDA.

Wealth and asset management gross flows were $33.6 billion in 2Q22, a decline of 3% compared with 2Q21. By business line, the results were:

- Retirement gross flows in 2Q22 were $12.2 billion, an increase of 4% compared with 2Q21, driven by growth in member contributions.
- Retail gross flows in 2Q22 were $16.6 billion, a decrease of 12% compared with 2Q21, driven by lower investor demand amid equity market declines and higher interest rates.
- Institutional Asset Management gross flows in 2Q22 were $4.7 billion, an increase of 24% compared with 2Q21, driven by a $1.9 billion sale of an equity mandate, partially offset by the non-recurrence of a $1.0 billion sale to an existing client in the prior year.

Year-to-date gross flows were $72.1 billion in 2022, a decrease of 3% compared with the same period of 2021, driven by lower retail gross flows due to the factors mentioned above and lower sales of fixed income mandates in Institutional Asset Management. This was partially offset by a $1.9 billion sale of an institutional equity mandate and higher retirement gross flows from growth in member contributions.

Wealth and asset management net inflows were $1.7 billion in 2Q22, compared with net inflows of $8.6 billion in 2Q21. By business line, the results were:

- Retirement net inflows were $1.0 billion in 2Q22 compared with net outflows of $0.6 billion in 2Q21, reflecting higher gross flows as mentioned above and lower plan redemptions.
- Net outflows in Retail were $1.9 billion in 2Q22 compared with net inflows of $7.3 billion in 2Q21, reflecting higher mutual fund redemption rates and lower gross flows as mentioned above.
- Net inflows in Institutional were $2.5 billion in 2Q22 compared with net inflows of $1.9 billion in 2Q21, driven by higher gross flows as mentioned above.

Year-to-date net inflows were $8.6 billion in 2022, compared with $10.0 billion in same period of 2021. The decrease was primarily driven by higher retail mutual fund redemption rates and lower gross flows in both Retail and Institutional Asset Management. This was partially offset by the non-recurrence of a $9.4 billion institutional redemption in Asia in 1Q21 and higher retirement gross flows from growth in member contributions.

Assets under management and administration of $744.7 billion as at June 30, 2022 decreased 13% compared with December 31, 2021. The decrease was driven by equity market declines and the impact of higher interest rates, partially offset by year-to-date net inflows of $8.6 billion. As at June 30, 2022, Global WAM also managed $220.1 billion in assets for the Company's non-WAM reporting segments. Including those managed assets, AUMA managed by Global WAM[1] was $964.8 billion compared with $1,102.7 billion as at December 31, 2021.

Segregated funds net assets were $213.3 billion for June 30, 2022, 16% lower compared with December 31, 2021 on an actual exchange rate basis, driven by equity market declines and the impact of higher interest rates. Total invested assets in our general fund form a small portion of Global WAM AUMA.

Revenue in 2Q22 was $1.5 billion, a decrease of 7% compared with 2Q21, driven by lower average AUMA and lower fee spread. Year-to-date revenue in 2022 was $3.1 billion, a decrease of 2% compared with the same period of 2021 due to lower investment income. Fee income was in line with the prior year as impacts from lower fee spread offset higher average AUMA.

Business highlights – In 2Q22, we:

- published our 2022 Manulife Investment Management Stewardship report, detailing our commitment to sustainability as a global investment manager and outlining actions we are taking to address material sustainability risks and opportunities, build more resilient portfolios, and pursue long-term value creation;
- launched a new mobile app feature in Canada Retirement that enables members to make additional contributions to their Registered Retirement Savings Plans, providing them with greater control over their

[1] This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

financial future. In addition, members signing onto the mobile app after registering online increased by 21% compared with the prior quarter; and

- launched multiple new mobile app features in Hong Kong Retirement to enable our members to manage their investment portfolio with greater convenience, receive the latest market updates and get access to exclusive member benefits. These new features increased our app download rate by 82% compared with the prior quarter.

B5 Corporate and Other

	Quarterly Results			YTD Results	
($ millions, unless otherwise stated)	**2Q22**	1Q22	2Q21	**2022**	2021
Net income (loss) attributed to shareholders[1]	**$ (497)**	$ (741)	$ 81	**$ (1,238)**	$ (482)
Core loss excluding core investment gains[1]	**$ (157)**	$ (209)	$ (96)	**$ (366)**	$ (214)
Core investment gains	**100**	100	100	**200**	200
Total core earnings (loss)	**$ (57)**	$ (109)	$ 4	**$ (166)**	$ (14)
Revenue	**$ (356)**	$ (601)	$ 281	**$ (957)**	$ (114)

(1) See "Non-GAAP and other financial measures" below for a reconciliation of core earnings to net income (loss) attributed to shareholders.

Corporate and Other is composed of investment performance on assets backing capital, net of amounts allocated to operating segments; financing costs; costs incurred by the corporate office related to shareholder activities (not allocated to the operating segments); our Property and Casualty ("P&C") Reinsurance business; as well as our run-off reinsurance operation including variable annuities and accident and health.

For segment reporting purposes, settlement costs for macro equity hedges and other non-operating items are included in Corporate and Other earnings. This segment is also where we reclassify favourable investment-related experience to core earnings from items excluded from core earnings, subject to certain limits (see "Non-GAAP and other financial measures" below). In each of the operating segments, we report all investment-related experience in items excluded from core earnings.

Corporate and Other reported a net loss attributed to shareholders of $497 million in 2Q22 compared with net income attributed to shareholders of $81 million in 2Q21. The core loss was $57 million in 2Q22 compared with core earnings of $4 million in 2Q21 and the items excluded from core earnings amounted to a net charge of $440 million in 2Q22 compared with a net gain of $77 million in 2Q21. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings (loss) to net income (loss) attributed to shareholders.

The $61 million increase in core loss was primarily due to the unfavourable impact of markets of $93 million on seed money investments in new segregated funds and mutual funds in 2Q22 compared with a $31 million gain in 2Q21 and $31 million of higher interest on allocated capital to operating segments in 2Q22. These losses were partially offset by higher yields on fixed income investments, higher gains on sales of AFS equities, lower expenses and lower interest on external debt.

The 2Q22 items excluded from core loss was a net charge of $440 million, primarily driven by losses on sales of AFS bonds and other direct impacts of markets and the reclassification of $100 million of the total Company's favourable investment-related experience to core earnings.

On a year-to-date basis, the net loss attributed to shareholders was $1,238 million in 2022 compared with a net loss attributed to shareholders of $482 million in the same period of 2021. The year-to-date core loss was $166 million in 2022 compared with a core loss of $14 million in the same period of 2021. The unfavourable variance in the year-to-date core loss of $152 million was primarily attributable to the unfavourable year-to-date impact of markets of $156 million on seed money investments in new segregated funds and mutual funds in 2022 compared with a $47 million year-to-date gain in 2021, and $58 million of higher year-to-date interest on allocated capital to operating segments in the first half of 2022. These losses were partially offset by higher yields on fixed income investments, lower interest on external debt, and lower expenses. Items excluded from the year-to-date core loss were a net loss of $1,072 million in 2022 compared with a net loss of $468 million in the same period of 2021. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings to net income (loss) attributed to shareholders.

Revenue in 2Q22 was a loss of $356 million compared with a gain of $281 million in 2Q21. The $637 million decrease in revenue was primarily driven by losses from seed money investments and derivative positions in 2Q22 compared to the gains in 2Q21, higher losses in fixed income investments that are classified as fair value through profit and loss, and higher realized losses on the sale of AFS bonds in 2Q22. These amounts were partially offset by higher gains from AFS equities.

Year-to-date revenue was a loss of $957 million in 2022 compared with a loss of $114 million in the same period of 2021. The increase in the loss was largely due to similar variances mentioned above.

C RISK MANAGEMENT AND RISK FACTORS UPDATE

This section provides an update to our risk management practices and risk factors outlined in the MD&A in our 2021 Annual Report ("2021 MD&A"). Text and tables in this section of the MD&A represent our disclosure on market and liquidity risk in accordance with IFRS 7 "Financial Instruments – Disclosures". Disclosures in accordance with IFRS 7 are identified by a vertical line in the left margin of each page. The identified text and tables represent an integral part of our unaudited Interim Consolidated Financial Statements.

C1 Variable annuity and segregated fund guarantees

As described in the MD&A in our 2021 Annual Report, guarantees on variable annuity products and segregated funds may include one or more of death, maturity, income and withdrawal guarantees. Variable annuity and segregated fund guarantees are contingent and only payable upon the occurrence of the relevant event, if fund values at that time are below guaranteed values. Depending on future equity market levels, liabilities on current in-force business would be due primarily in the period from 2022 to 2042.

We seek to mitigate a portion of the risks embedded in our retained (i.e. net of reinsurance) variable annuity and segregated fund guarantee business through the combination of our dynamic and macro hedging strategies (see section C3 "Publicly traded equity performance risk" below).

The table below shows selected information regarding the Company's variable annuity and segregated fund investment-related guarantees gross and net of reinsurance.

Variable annuity and segregated fund guarantees, net of reinsurance

	June 30, 2022			December 31, 2021		
As at ($ millions)	Guarantee value[(1)]	Fund value	Amount at risk[(1),(2),(3)]	Guarantee value[(1)]	Fund value	Amount at risk[(1),(2),(3)]
Guaranteed minimum income benefit	**$ 4,292**	**$ 2,715**	**$ 1,585**	$ 4,419	$ 3,603	$ 918
Guaranteed minimum withdrawal benefit	**37,939**	**34,380**	**5,266**	39,098	41,809	2,233
Guaranteed minimum accumulation benefit	**20,249**	**20,209**	**214**	19,820	20,226	12
Gross living benefits[(4)]	**62,480**	**57,304**	**7,065**	63,337	65,638	3,163
Gross death benefits[(5)]	**10,647**	**15,317**	**2,289**	11,105	22,920	618
Total gross of reinsurance	**73,127**	**72,621**	**9,354**	74,442	88,558	3,781
Living benefits reinsured	**25,040**	**22,343**	**4,255**	3,788	3,102	771
Death benefits reinsured	**3,723**	**2,519**	**979**	639	547	253
Total reinsured[(6)]	**28,763**	**24,862**	**5,234**	4,427	3,649	1,024
Total, net of reinsurance	**$ 44,364**	**$ 47,759**	**$ 4,120**	$ 70,015	$ 84,909	$ 2,757

(1) Guaranteed Value and Net Amount at Risk in respect of guaranteed minimum withdrawal business in Canada and the U.S. reflect the time value of money of these claims.

(2) Amount at risk (in-the-money amount) is the excess of guarantee values over fund values on all policies where the guarantee value exceeds the fund value. For guaranteed minimum death benefit, the amount at risk is defined as the current guaranteed minimum death benefit in excess of the current account balance and assumes that all claims are immediately payable. In practice, guaranteed death benefits are contingent and only payable upon the eventual death of policyholders if fund values remain below guarantee values. For guaranteed minimum withdrawal benefit, the amount at risk assumes that the benefit is paid as a lifetime annuity commencing at the earliest contractual income start age. These benefits are also contingent and only payable at scheduled maturity/income start dates in the future, if the policyholders are still living and have not terminated their policies and fund values remain below guarantee values. For all guarantees, the amount at risk is floored at zero at the single contract level.

(3) The amount at risk net of reinsurance at June 30, 2022 was $4,120 million (December 31, 2021 – $2,757 million) of which: US$947 million (December 31, 2021 – US$1,336 million) was on our U.S. business, $2,387 million (December 31, 2021 – $886 million) was on our Canadian business, US$197 million (December 31, 2021 – US$53 million) was on our Japan business and US$200 million (December 31, 2021 – US$87 million) was related to Asia (other than Japan) and our run-off reinsurance business.

(4) Where a policy includes both living and death benefits, the guarantee in excess of the living benefit is included in the death benefit category as outlined in footnote 5.

(5) Death benefits include standalone guarantees and guarantees in excess of living benefit guarantees where both death and living benefits are provided on a policy.

(6) Reinsured amounts at June 30, 2022 reflect the U.S. variable annuity reinsurance transaction which closed on February 1, 2022.

C2 Caution related to sensitivities

In this document, we provide sensitivities and risk exposure measures for certain risks. These include sensitivities due to specific changes in market prices and interest rate levels projected using internal models as at a specific date, and are measured relative to a starting level reflecting the Company's assets and liabilities at that date and the actuarial factors, investment activity and investment returns assumed in the determination of policy liabilities. The risk exposures measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Actual results can differ significantly from these estimates for a variety of reasons including the interaction among these factors when more than one changes; changes in actuarial and investment return and future investment activity assumptions; actual experience differing from the assumptions, changes in business mix, effective tax rates and other market factors; and the general limitations of our internal models. For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined below. Given the nature of these calculations, we cannot provide assurance that the actual impact on net income attributed to shareholders or on MLI's LICAT ratio will be as indicated.

Market movements affect LICAT capital sensitivities both through income and other components of the regulatory capital framework. For example, LICAT is affected by changes to other comprehensive income.

C3 Publicly traded equity performance risk

As outlined in our 2021 Annual Report, we have net exposure to equity risk through asset and liability mismatches; our variable annuity guarantee dynamic hedging strategy is not designed to completely offset the sensitivity of policy liabilities to all risks associated with the guarantees embedded in these products. The macro hedging strategy is designed to mitigate public equity risk arising from variable annuity guarantees not dynamically hedged and from other unhedged exposures in our insurance liabilities (see pages 58 and 59 of our 2021 Annual Report).

Changes in public equity prices may impact other items including, but not limited to, asset-based fees earned on assets under management and administration or policyholder account value, and estimated profits and amortization of deferred policy acquisition and other costs. These items are not hedged.

The table below shows the potential impact on net income attributed to shareholders resulting from an immediate 10%, 20% and 30% change in market values of publicly traded equities followed by a return to the expected level of growth assumed in the valuation of policy liabilities. If market values were to remain flat for an entire year, the potential impact would be roughly equivalent to an immediate decline in market values equal to the expected level of annual growth assumed in the valuation of policy liabilities. Further, if after market values dropped 10%, 20% or 30% they continued to decline, remained flat, or grew more slowly than assumed in the valuation the potential impact on net income attributed to shareholders could be considerably more than shown. Refer to section D2 "Sensitivity of earnings to asset related assumptions" for more information on the level of growth assumed and on the net income sensitivity to changes in these long-term assumptions. The potential impact is shown after taking into account the impact of the change in markets on the hedge assets. While we cannot reliably estimate the amount of the change in dynamically hedged variable annuity guarantee liabilities that will not be offset by the profit or loss on the dynamic hedge assets, we make certain assumptions for the purposes of estimating the impact on net income attributed to shareholders.

This estimate assumes that the performance of the dynamic hedging program would not completely offset the gain/loss from the dynamically hedged variable annuity guarantee liabilities. It assumes that the hedge assets are based on the actual position at the period end, and that equity hedges in the dynamic program are rebalanced at 5% intervals. In addition, we assume that the macro hedge assets are rebalanced in line with market changes.

It is also important to note that these estimates are illustrative, and that the dynamic and macro hedging programs may underperform these estimates, particularly during periods of high realized volatility and/or periods where both interest rates and equity market movements are unfavourable.

The Standards of Practice for the valuation of insurance contract liabilities and guidance published by the CIA constrain the investment return assumptions for public equities and certain ALDA assets based on historical return benchmarks for public equities. The potential impact on net income attributed to shareholders does not take into account possible changes to investment return assumptions resulting from the impact of declines in public equity market values on these historical return benchmarks.

Potential immediate impact on net income attributed to shareholders arising from changes to public equity returns[(1),(2),(3)]

As at June 30, 2022 ($ millions)	-30%	-20%	-10%	+10%	+20%	+30%
Underlying sensitivity to net income attributed to shareholders[(4)]						
Variable annuity guarantees	**$ (1,210)**	**$ (740)**	**$ (350)**	**$ 240**	**$ 460**	**$ 630**
General fund equity investments[(5)]	**(1,620)**	**(1,080)**	**(530)**	**400**	**790**	**1,180**
Total underlying sensitivity before hedging	**(2,830)**	**(1,820)**	**(880)**	**640**	**1,250**	**1,810**
Impact of macro and dynamic hedge assets[(6)]	**1,010**	**620**	**280**	**(240)**	**(440)**	**(600)**
Net potential impact on net income attributed to shareholders after impact of hedging[(7)]	**$ (1,820)**	**$ (1,200)**	**$ (600)**	**$ 400**	**$ 810**	**$ 1,210**

As at December 31, 2021 ($ millions)	-30%	-20%	-10%	+10%	+20%	+30%
Underlying sensitivity to net income attributed to shareholders[(4)]						
Variable annuity guarantees	$ (2,560)	$ (1,480)	$ (630)	$ 440	$ 750	$ 960
General fund equity investments[(5)]	(1,430)	(890)	(440)	450	880	1,320
Total underlying sensitivity before hedging	(3,990)	(2,370)	(1,070)	890	1,630	2,280
Impact of macro and dynamic hedge assets[(6)]	2,060	1,190	500	(470)	(820)	(1,110)
Net potential impact on net income attributed to shareholders after impact of hedging[(7)]	$ (1,930)	$ (1,180)	$ (570)	$ 420	$ 810	$ 1,170

(1) See "Caution related to sensitivities" above.

(2) The tables above show the potential impact on net income attributed to shareholders resulting from an immediate 10%, 20% and 30% change in market values of publicly traded equities followed by a return to the expected level of growth assumed in the valuation of policy liabilities, excluding impacts from asset-based fees earned on assets under management and policyholder account value.

(3) Please refer to section D2 "Sensitivity of earnings to asset related assumptions" for more information on the level of growth assumed and on the net income sensitivity to changes in these long-term assumptions.

(4) Defined as earnings sensitivity to a change in public equity markets including settlements on reinsurance contracts, but before the offset of hedge assets or other risk mitigants.

(5) This impact for general fund equity investments includes general fund investments supporting our policy liabilities, investment in seed money investments (in segregated and mutual funds made by Corporate and Other segment) and the impact on policy liabilities related to the projected future fee income on variable universal life and other unit linked products. The impact does not include: (i) any potential impact on public equity weightings; (ii) any gains or losses on AFS public equities held in the Corporate and Other segment; or (iii) any gains or losses on public equity investments held in Manulife Bank. The participating policy funds are largely self-supporting and generate no material impact on net income attributed to shareholders as a result of changes in equity markets.

(6) Includes the impact of rebalancing equity hedges in the macro and dynamic hedging program. The impact of dynamic hedge rebalancing represents the impact of rebalancing equity hedges for dynamically hedged variable annuity guarantee best estimate liabilities at 5% intervals, but does not include any impact in respect of other sources of hedge ineffectiveness (e.g. fund tracking, realized volatility and equity, interest rate correlations different from expected among other factors).

(7) The sensitivity on net income attributed to shareholders from changes in public equity returns after the impact of hedging is largely unchanged as at June 30, 2022 compared with December 31, 2021. This is due to the decline in sensitivities in 1Q22 as a result of the U.S. variable annuity reinsurance transaction being largely offset by the increase in sensitivities in 2Q22 as a result of the impact of equity market declines on our variable universal life business projected fee income.

Changes in equity markets impact our available and required components of the LICAT total ratio. The following table shows the potential impact to MLI's LICAT total ratio resulting from changes in public equity market values.

Potential immediate impact on MLI's LICAT total ratio arising from public equity returns different than the expected returns assumed in the valuation of policy liabilities [(1),(2),(3)]

	Impact on MLI's LICAT total ratio					
Percentage points	-30%	-20%	-10%	+10%	+20%	+30%
June 30, 2022	**(2)**	**(1)**	**-**	**-**	**1**	**1**
December 31, 2021	(1)	-	-	-	1	-

(1) See "Caution related to sensitivities" above. In addition, estimates exclude changes to the net actuarial gains/losses with respect to the Company's pension obligations as a result of changes in equity markets, as the impact on the quoted sensitivities is not considered to be material.

(2) The potential impact is shown assuming that the change in value of the hedge assets does not completely offset the change in the dynamically hedged variable annuity guarantee liabilities. The estimated amount that would not be completely offset relates to our practices of not hedging the provisions for adverse deviation and of rebalancing equity hedges for dynamically hedged variable annuity liabilities at 5% intervals.

(3) The Office of the Superintendent of Financial Institutions ("OSFI") rules for segregated fund guarantees reflect full capital impacts of shocks over 20 quarters within a prescribed range. As such, the deterioration in equity markets could lead to further increases in capital requirements after the initial shock.

C4 Interest rate and spread risk sensitivities and exposure measures

As at June 30, 2022, we estimated the sensitivity of our net income attributed to shareholders to a 50 basis point parallel decline in interest rates to be a charge of $200 million, and to a 50 basis point parallel increase in interest rates to be a benefit of $100 million.

The table below shows the potential impact on net income attributed to shareholders from a 50 basis point parallel move in interest rates. This includes a change of 50 basis points in current government, swap and corporate rates for all maturities across all markets with no change in credit spreads between government, swap and corporate rates, and with a floor of zero on government rates where government rates are not currently negative (currently zero floor applies to all countries we operate in except Japan), relative to the rates assumed in the valuation of policy liabilities, including embedded derivatives. For variable annuity guarantee liabilities that are dynamically hedged, it is assumed that interest rate hedges are rebalanced at 20 basis point intervals.

As the sensitivity to a 50 basis point change in interest rates includes any associated change in the applicable reinvestment scenarios, the impact of changes to interest rates for less than, or more than 50 basis points is unlikely to be linear. Furthermore, our sensitivities are not consistent across all regions in which we operate, and the impact of yield curve changes will vary depending upon the geography where the change occurs. Reinvestment assumptions used in the valuation of policy liabilities tend to amplify the negative effects of a decrease in interest rates and dampen the positive effects of interest rate increases. This is because the reinvestment assumptions used in the valuation of our insurance liabilities are based on interest rate scenarios and calibration criteria set by the Canadian Actuarial Standards Board. Therefore, in any particular quarter, changes to the reinvestment assumptions are not fully aligned to changes in current market interest rates especially when there is a significant change in the shape of the interest rate curve. As a result, the impact from non-parallel movements may be materially different from the estimated impact of parallel movements. For example, if long-term interest rates increase more than short-term interest rates (sometimes referred to as a steepening of the yield curve) in North America, the decrease in the value of our swaps may be greater than the decrease in the value of our insurance liabilities. This could result in a charge to net income attributed to shareholders in the short-term even though the rising and steepening of the yield curve, if sustained, may have a positive long-term economic impact.

The interest rate and spread risk sensitivities are determined in isolation of each other and therefore do not reflect the combined impact of changes in government rates and credit spreads between government, swap and corporate rates occurring simultaneously. As a result, the impact of the summation of each individual sensitivity may be materially different from the impact of sensitivities to simultaneous changes in interest rate and spread risk.

The potential impact on net income attributed to shareholders does not take into account any future potential changes to our ultimate reinvestment rate ("URR") assumptions or calibration criteria for stochastic risk-free rates. At June 30, 2022, we estimated the sensitivity of our net income attributed to shareholders to a 10 basis point reduction in the ultimate reinvestment rate ("URR") in all geographies, and a corresponding change to stochastic risk-free modeling, to be a charge of $300 million (post-tax); and note that the impact of changes to the URR are not linear. The long-term URR for risk-free rates in Canada is prescribed at 2.9% and we use the same assumption for the U.S. Our assumption for Japan is 1.5%.

The potential impact on net income attributable to shareholders does not take into account other potential impacts of lower interest rate levels, for example, increased strain on the sale of new business or lower interest earned on our surplus assets. The impact on net income attributed to shareholders also does not reflect any unrealized gains or losses on AFS fixed income assets held in our Corporate and Other segment. Changes in the market value of these assets may provide a natural economic offset to the interest rate risk arising from our product liabilities. In order for there to also be an accounting offset, the Company would need to realize a portion of the AFS fixed income asset unrealized gains or losses. It is not certain we would realize any of the unrealized gains or losses available.

The impact does not reflect any potential effect of changing interest rates to the value of our ALDA assets. Rising interest rates could negatively impact the value of our ALDA (see "Critical Actuarial and Accounting Policies – Fair

Value of Invested Assets", on page 95 of our 2021 Annual Report). More information on ALDA assets can be found under the section C5 "Alternative long-duration asset performance risk".

Under LICAT, changes in unrealized gains or losses in our AFS bond portfolio resulting from interest rate shocks tend to dominate capital sensitivities. As a result, the reduction in interest rates improves LICAT ratios and vice-versa.

The following table shows the potential impact on net income attributed to shareholders as well as the change in the market value of AFS fixed income assets held in our Corporate and Other segment, which could be realized through the sale of these assets.

Potential impact on net income attributed to shareholders and MLI's LICAT ratio of an immediate parallel change in interest rates relative to rates assumed in the valuation of policy liabilities(1),(2),(3),(4)

	June 30, 2022		December 31, 2021	
As at	-50bp	+50bp	-50bp	+50bp
Net income attributed to shareholders ($ millions)	**$ (200)**	**$ 100**	$ (200)	$ nil
Changes in other comprehensive income from fair value changes in AFS fixed income assets held in the Corporate and Other segment ($ millions)	**1,600**	**(1,400)**	2,100	(1,900)
MLI's LICAT ratio (change in percentage points)(5)	**3**	**(3)**	5	(4)

(1) See "Caution related to sensitivities" above. In addition, estimates exclude changes to the net actuarial gains/losses with respect to the Company's pension obligations as a result of changes in interest rates, as the impact on the quoted sensitivities is not considered to be material.
(2) Includes guaranteed insurance and annuity products, including variable annuity contracts as well as adjustable benefit products where benefits are generally adjusted as interest rates and investment returns change, a portion of which have minimum credited rate guarantees. For adjustable benefit products subject to minimum rate guarantees, the sensitivities are based on the assumption that credited rates will be floored at the minimum.
(3) The amount of gain or loss that can be realized on AFS fixed income assets held in the Corporate and Other segment will depend on the aggregate amount of unrealized gain or loss.
(4) Sensitivities are based on projected asset and liability cash flows and the impact of realizing fair value changes in AFS fixed income is based on the holdings at the end of the period.
(5) LICAT impacts include realized and unrealized fair value changes in AFS fixed income assets. LICAT impacts do not reflect the impact of the scenario switch discussed below.

The following tables show the potential impact on net income attributed to shareholders resulting from a change in corporate spreads and swap spreads over government bond rates for all maturities across all markets with a floor of zero on the total interest rate, relative to the spreads assumed in the valuation of policy liabilities.

Potential impact on net income attributed to shareholders and MLI's LICAT ratio arising from changes to corporate spreads and swap spreads relative to spreads assumed in the valuation of policy liabilities(1),(2),(3)

Corporate spreads(4),(5)	**June 30, 2022**		December 31, 2021	
As at	-50bp	+50bp	-50bp	+50bp
Net income attributed to shareholders ($ millions)(6)	**$ nil**	**$ nil**	$ (600)	$ 500
MLI's LICAT ratio (change in percentage points)(7)	**(3)**	**3**	(3)	4

Swap spreads	**June 30, 2022**		December 31, 2021	
As at	-20bp	+20bp	-20bp	+20bp
Net income attributed to shareholders ($ millions)	**$ nil**	**$ nil**	$ nil	$ nil
MLI's LICAT ratio (change in percentage points)(7)	**nil**	**nil**	nil	nil

(1) See "Caution related to sensitivities" above.
(2) The impact on net income attributed to shareholders assumes no gains or losses are realized on our AFS fixed income assets held in the Corporate and Other segment and excludes the impact of changes in segregated fund bond values due to changes in credit spreads. The participating policy funds are largely self-supporting and generate no material impact on net income attributed to shareholders as a result of changes in corporate and swap spreads.
(3) Sensitivities are based on projected asset and liability cash flows.
(4) Corporate spreads are assumed to grade to the long-term average over five years.
(5) As the sensitivity to a 50 basis point decline in corporate spreads includes the impact of a change in deterministic reinvestment scenarios where applicable, the impact of changes to corporate spreads for less than, or more than, the amounts indicated are unlikely to be linear.
(6) The sensitivity on net income attributed to shareholders due to changes in corporate spreads decreased significantly as at June 30, 2022 compared with December 31, 2021, as the rise in risk-free interest rates reduced projected reinvestments in the actuarial valuation models.
(7) LICAT impacts include realized and unrealized fair value change in AFS fixed income assets. Under LICAT, spread movements are determined from a selection of investment grade bond indices with BBB and better bonds for each jurisdiction. For LICAT, we use the following indices: FTSE TMX Canada All Corporate Bond Index, Barclays USD Liquid Investment Grade Corporate Index, and Nomura-BPI (Japan). LICAT impacts presented for corporate spreads do not reflect the impact of the scenario switch discussed below.

LICAT Scenario Switch

Typically, a reduction in interest rates improves LICAT ratios and vice-versa. However, when interest rates decline past a certain threshold, reflecting the combined movement in risk-free rates and corporate spreads, a different prescribed interest rate stress scenario needs to be taken into account in the LICAT ratio calculation in accordance with OSFI guidelines for LICAT.

The LICAT guideline specifies four stress scenarios for interest rates and prescribes the methodology to determine the most adverse scenario to apply for each LICAT geographic region[1] based on current market inputs and the Company's balance sheet.

With the rise in interest rates in 2022, the probability of a scenario switch has decreased significantly. In a lower interest rate environment, we would estimate the incremental impact of a potential switch in the scenarios to be approximately a one-time six percentage point decrease in MLI's LICAT ratio. Should a scenario switch be triggered in a LICAT geographic region, the full impact would be reflected immediately for non-participating products while the impact for participating products would be reflected over six quarters using a rolling average of interest rate risk capital, in line with the smoothing approach prescribed in the OSFI Advisory effective January 1, 2021.

The potential negative impact of a switch in scenarios is not reflected in the stated risk-free rate and corporate spread sensitivities, as it is a one-time impact. After this one-time event, further decreases in risk-free interest rates would continue to improve the LICAT capital position, similar to the sensitivity above.

The level of interest rates and corporate spreads that would trigger a switch in the scenarios is dependent on market conditions and movements in the Company's asset and liability position. The scenario switch, if triggered, could reverse in response to subsequent increases in interest rates and/or corporate spreads.

C5 Alternative long-duration asset performance risk

The following table shows the potential impact on net income attributed to shareholders resulting from an immediate 10% change in market values of ALDA followed by a return to the expected level of growth assumed in the valuation of policy liabilities. If market values were to remain flat for an entire year, the potential impact would be roughly equivalent to an immediate decline in market values equal to the expected level of annual growth assumed in the valuation of policy liabilities. Further, if after market values dropped 10% they continued to decline, remained flat, or grew more slowly than assumed in the valuation of policy liabilities, the potential impact on net income attributed to shareholders could be considerably more than shown. Refer to section D2 "Sensitivity of earnings to asset related assumptions", for more information on the level of growth assumed and on the net income sensitivity to changes in these long-term assumptions.

ALDA includes commercial real estate, timber and farmland real estate, infrastructure, and private equities, some of which relate to oil and gas.

[1] LICAT geographic locations include North America, the United Kingdom, Europe, Japan, and Other Region.

Potential impact on net income attributed to shareholders and MLI LICAT ratio arising from changes in ALDA returns relative to returns assumed in the valuation of policy liabilities (1),(2),(3),(4),(5),(6)

As at	June 30, 2022		December 31, 2021	
($ millions)	-10%	+10%	-10%	+10%
Net income attributed to shareholders				
Real estate, agriculture and timber assets	**$ (1,300)**	**$ 1,200**	$ (1,400)	$ 1,400
Private equities and other ALDA	**(1,600)**	**1,600**	(1,900)	1,800
Total(7)	**$ (2,900)**	**$ 2,800**	$ (3,300)	$ 3,200
MLI's LICAT ratio (change in percentage points)	**(3)**	**2**	(4)	3

(1) See "Caution Related to Sensitivities" above.
(2) This impact is calculated as at a point-in-time impact and does not include: (i) any potential impact on ALDA weightings; or (ii) any gains or losses on ALDA held in the Corporate and Other segment.
(3) The participating policy funds are largely self-supporting and generate no material impact on net income attributed to shareholders as a result of changes in ALDA returns. For some classes of ALDA, where there is not an appropriate long-term benchmark available, the return assumptions used in valuation are not permitted by the Standards of Practice and CIA guidance to result in a lower reserve than an assumption based on a historical return benchmark for public equities in the same jurisdiction.
(4) Net income impact does not consider any impact of the market correction on assumed future return assumptions.
(5) Please refer to section D2 "Sensitivity of earnings to asset related assumptions" for more information on the level of growth assumed and on the net income sensitivity to changes in these long-term assumptions.
(6) The impact of changes to the portfolio asset mix supporting our North American legacy businesses are reflected in the sensitivities when the changes take place.
(7) The decrease in net income sensitivity under each ALDA returns scenario was primarily driven by the increase in fixed income yields since December 31, 2021. This led to higher fixed income reinvestment rates relative to ALDA returns, which decreases the ALDA sensitivity because more fixed income assets are held compared to ALDA.

C6 Credit risk exposure measures

Allowances for losses on loans are established taking into consideration normal historical credit loss levels and future expectations, with an allowance for adverse deviations. Additionally, we make general provisions for credit losses from future asset impairments in the determination of policy liabilities. The amount of the provision for credit losses included in policy liabilities is established through regular monitoring of all credit related exposures, considering such information as general market conditions, industry and borrower specific credit events and any other relevant trends or conditions. To the extent that an asset is written off, or disposed of, any allowance and general provisions for credit losses are released.

Our general provision for credit losses included in policyholder liabilities as at June 30, 2022 was $3,131 million compared with $4,109 million as at December 31, 2021. The decline in the provision compared with December 31, 2021 is due to higher interest rates. This provision represents 1.2% of our fixed income assets[1] supporting policy liabilities reported on our Consolidated Statements of Financial Position as at June 30, 2022.

The impact of a 50% increase in fixed income credit default rates over the next year in excess of the rates assumed in policy liabilities would reduce net income attributed to shareholders by $75 million and $70 million, respectively, as at June 30, 2022 and December 31, 2021.

Credit downgrades of fixed income investments would adversely impact our regulatory capital, as required capital levels for these investments are based on the credit quality of each instrument. In addition, credit downgrades could also lead to a higher general provision for credit losses than had been assumed in policy liabilities, resulting in an increase in policy liabilities and a reduction in net income attributed to shareholders. The estimated impact of a one-notch[2] ratings downgrade across 25% of fixed income assets would result in an increase to policy liabilities and a decrease to our net income attributed to shareholders of $250 million post-tax. This ratings downgrade would result in a one percentage point reduction to our LICAT ratio.

Approximately 14% of the impact from the one-notch ratings downgrade on our policy liabilities and net income attributed to shareholders noted above relates to fixed income assets rated below investment grade. Approximately 1% of our fixed income assets as of June 30, 2022 is rated below investment grade.

1 Includes debt securities, private placements and mortgages.
2 A one-notch downgrade is equivalent to a ratings downgrade from A to A- or BBB- to BB+.

The table below shows net impaired assets and allowances for loan losses.

Net impaired assets and loan losses

As at ($ millions, unless otherwise stated)	**June 30, 2022**	December 31, 2021
Net impaired fixed income assets	**$ 264**	$ 228
Net impaired fixed income assets as a % of total invested assets	**0.066%**	0.053%
Allowance for loan losses	**$ 47**	$ 44

C7 Risk factors – strategic risk from changes in tax laws

As noted in "Risk Management and Risk Factors – Strategic Risk Factors" in the MD&A in our 2021 Annual Report, we outlined risk factors that could impact on our financial plans and ability to implement our business strategy. The macro-economic environment can be significantly impacted by the actions of both the government sector, including central banks, and the private sector. Changes in tax laws, tax regulations, or interpretations of such laws or regulations could make some of our products less attractive to consumers, could increase our corporate taxes or cause us to change the value of our deferred tax assets and liabilities as well as our tax assumptions included in the valuation of our policy liabilities. This could have a material adverse effect on our business, results of operations and financial condition.

- In 2021, 136 of the 140 members of the Organization for Economic Co-Operation and Development ("OECD") / G20 Inclusive Framework agreed on a two-pillar solution to address tax challenges from the digital economy, and to close the gaps in international tax systems. These include a new approach to allocating certain profits of multinational entities amongst countries and a global minimum income tax rate of 15%. These rules are targeted to be effective in 2023, pending release of implementation guidelines, enactment of domestic tax laws and amendment of bilateral tax treaties beforehand. On April 7, 2022, the Canadian government reaffirmed its commitment to the two-pillar solution in its 2022 Budget statement. The Company is closely monitoring developments and potential impacts and, in particular, for issues unique to the insurance industry. If enacted, we expect an increase in the effective tax rate, pending further details on timing and specific implementation in both Canada and other affected countries.
- Canada's 2022 Budget statement also provided clarity on how the one-time Canada Recovery Dividend and permanent corporate tax rate increase for certain financial institutions would be applied. Both tax measures are expected to apply to Canada's insurance and banking operations. Draft legislation was released for consultation on August 9, 2022. The proposed form of the Canada Recovery Dividend is a one-time 15% tax applicable to the average taxable income for 2020 and 2021 in excess of $1 billion and is not expected to be a material cost to the Company. Upon substantive enactment in 2022, the 1.5% corporate tax rate increase on Canadian taxable income over $100 million is estimated to have an immediate favourable impact on the value of our existing deferred tax asset, offset over time by a slight increase to our effective tax rate as future Canadian insurance and banking earnings are taxed at the new higher federal corporate tax rate of 16.5%.
- The Canada 2022 Budget statement additionally provided more guidance on the transition to IFRS 17 for Canadian tax purposes. The five-year transition period for both insurance reserves and revaluations of investments under IFRS 9 should generally smooth the current tax impact of the change in accounting standard but is not expected to have a material effect on the Company's annual cash tax payable.

D CRITICAL ACTUARIAL AND ACCOUNTING POLICIES

D1 Critical actuarial and accounting policies

Our significant accounting policies are described in note 1 to our Consolidated Financial Statements for the year ended December 31, 2021. The critical actuarial and accounting policies and estimation processes relate to the determination of insurance and investment contract liabilities, assessment of control over other entities for consolidation, estimation of fair value of invested assets, evaluation of invested asset impairment, accounting for derivative financial instruments, determination of pension and other post-employment benefit obligations and expenses, accounting for income taxes and uncertain tax positions and valuation and impairment of goodwill and intangible assets starting on page 87 of our 2021 Annual Report.

D2 Sensitivity of earnings to asset related assumptions

When the assumptions underlying our determination of policy liabilities are updated to reflect recent and emerging experience or change in outlook, the result is a change in the value of policy liabilities which in turn affects net income attributed to shareholders. The sensitivity of net income attributed to shareholders to changes in certain asset related assumptions underlying policy liabilities is shown below and assumes that there is a simultaneous change in the assumptions across all business units.

For changes in asset related assumptions, the sensitivity is shown net of the corresponding impact on net income attributed to shareholders of the change in the value of the assets supporting policy liabilities. In practice, experience for each assumption will frequently vary by geographic market and business, and assumption updates are made on a business/geographic specific basis. Actual results can differ materially from these estimates for a variety of reasons including the interaction among these factors when more than one changes, changes in actuarial and investment return and future investment activity assumptions, actual experience differing from the assumptions, changes in business mix, effective tax rates and other market factors, and the general limitations of our internal models.

Potential impact on net income attributed to shareholders arising from changes to asset related assumptions supporting actuarial liabilities

	Increase (decrease) in after-tax net income attributed to shareholders			
As at	**June 30, 2022**		December 31, 2021	
($ millions)	Increase	Decrease	Increase	Decrease
Asset related assumptions updated periodically in valuation basis changes				
100 basis point change in future annual returns for public equities[1]	**$ 400**	**$ (400)**	$ 500	$ (500)
100 basis point change in future annual returns for ALDA[2]	**3,100**	**(3,600)**	3,900	(4,700)
100 basis point change in equity volatility assumption for stochastic segregated fund modelling[3]	**(100)**	**100**	(200)	200

(1) The sensitivity to public equity returns above includes the impact on both segregated fund guarantee reserves and on other policy liabilities. Expected long-term annual market growth assumptions for public equities are based on long-term historical observed experience and compliance with actuarial standards. As at June 30, 2022, the growth rates inclusive of dividends in the major markets used in the stochastic valuation models for valuing segregated fund guarantees are 9.0% per annum in Canada, 9.6% per annum in the U.S. and 6.2% per annum in Japan. Growth assumptions for European equity funds are market-specific and vary between 8.3% and 9.9%.

(2) ALDA include commercial real estate, timber, farmland, infrastructure and private equities, some of which relate to oil and gas. Expected long-term return assumptions for ALDA and public equity are set in accordance with the Standards of Practice for the valuation of insurance contract liabilities and guidance published by the CIA. Annual best estimate return assumptions for ALDA and public equity include market growth rates and annual income, such as rent, production proceeds and dividends, and will vary based on our holding period. As of June 30, 2022, over a 20-year horizon, our best estimate return assumptions range between 5.25% and 11.5%, with an average of 9.2% based on the current asset mix backing our guaranteed insurance and annuity business. As of June 30, 2022, our return assumptions including the margins for adverse deviations in our valuation, which take into account the uncertainty of achieving the returns, range between 2.5% and 7.5%, with an average of 6.0% based on the asset mix backing our guaranteed insurance and annuity business.

(3) Volatility assumptions for public equities are based on long-term historical observed experience and compliance with actuarial standards. As of June 30, 2022, the resulting volatility assumptions are 16.5% per annum in Canada and 17.1% per annum in the U.S. for large-cap public equities, and 19.1% per annum in Japan. For European equity funds, the volatility varies between 16.3% and 17.7%.

D3 Accounting and reporting changes

For accounting and reporting changes during the quarter, refer to note 2 of our unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2022.

E OTHER

E1 Outstanding common shares - selected information

As at July 31, 2022, MFC had 1,906,598,018 common shares outstanding.

E2 Legal and regulatory proceedings

We are regularly involved in legal actions, both as a defendant and as a plaintiff. Information on legal and regulatory proceedings can be found in note 12 of our unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2022.

E3 Non-GAAP and other financial measures

The Company prepares its Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. We use a number of non-GAAP and other financial measures to evaluate overall performance and to assess each of our businesses. This section includes information required by National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure* in respect of "specified financial measures" (as defined therein).

Non-GAAP financial measures include core earnings (loss); pre-tax core earnings; core earnings available to common shareholders; core earnings before income taxes, depreciation and amortization ("core EBITDA"); core general expenses; Manulife Bank net lending assets; Manulife Bank average net lending assets; assets under management ("AUM"); assets under management and administration ("AUMA"); Global WAM managed AUMA; and net annualized fee income. In addition, non-GAAP financial measures include the following stated on a constant exchange rate ("CER") basis: any of the foregoing non-GAAP financial measures; Global WAM revenue; net income attributed to shareholders; and common shareholders' net income.

Non-GAAP ratios include core ROE; diluted core earnings per common share ("core EPS"); common share core dividend payout ratio ("dividend payout ratio"); expense efficiency ratio; core EBITDA margin; effective tax rate on core earnings and net fee income yield. In addition, non-GAAP ratios include the percentage growth/decline on a CER basis in any of the above non-GAAP financial measures; Global WAM revenue; net income attributed to shareholders; common shareholders' net income; pre-tax net income attributed to shareholders; general expenses; basic earnings per common share ("basic EPS"); and diluted earnings per common share ("diluted EPS").

Other specified financial measures include assets under administration ("AUA"); consolidated capital; new business value ("NBV"); new business value margin ("NBV margin"); sales; annualized premium equivalent ("APE") sales; gross flows; net flows; average assets under management and administration ("average AUMA"), Global WAM average managed AUMA; average assets under administration; remittances; any of the foregoing specified financial measures stated on a CER basis; and percentage growth/decline in any of the foregoing specified financial measures on a CER basis.

Non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under GAAP and, therefore, might not be comparable to similar financial measures disclosed 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.

Core earnings (loss) is a financial measure which we believe aids investors in better understanding the long-term earnings capacity and valuation of the business. Core earnings allows investors to focus on the Company's operating performance by excluding the direct impact of changes in equity markets and interest rates, changes in actuarial methods and assumptions as well as a number of other items, outlined below, that we believe are material, but do not reflect the underlying earnings capacity of the business. For example, due to the long-term nature of our business, the mark-to-market movements of equity markets, interest rates, foreign currency exchange rates and commodity prices from period-to-period can, and frequently do, have a substantial impact on the reported amounts of our assets, liabilities and net income attributed to shareholders. These reported amounts are not actually realized at the time and may never be realized if the markets move in the opposite direction in a subsequent period. This makes it very difficult for investors to evaluate how our businesses are performing from period-to-period and to compare our performance with other issuers.

We believe that core earnings better reflect the underlying earnings capacity and valuation of our business. We use core earnings as the basis for management planning and reporting and, along with net income attributed to shareholders, as a key metric used in our short and mid-term incentive plans at the total Company and operating segment level. We also base our mid and long-term strategic priorities on core earnings.

While core earnings is relevant to how we manage our business and offers a consistent methodology, it is not insulated from macro-economic factors which can have a significant impact. See below for reconciliation of core earnings to net income attributed to shareholders and income before income taxes. Net income attributed to shareholders excludes net income attributed to participating policyholders and non-controlling interests.

The items included in core earnings and items excluded from core earnings are determined in accordance with the methodology under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline and are listed below.

Any future changes to the core earnings definition referred to below, will be disclosed.

Items included in core earnings:

1. Expected earnings on in-force policies, including expected release of provisions for adverse deviation, fee income, margins on group business and spread business such as Manulife Bank and asset fund management.
2. Macro hedging costs based on expected market returns.
3. New business strain and gains.
4. Policyholder experience gains or losses.
5. Acquisition and operating expenses compared with expense assumptions used in the measurement of policy liabilities.
6. Up to $400 million of net favourable investment-related experience reported 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. To the extent any investment-related experience losses cannot be fully offset in a quarter they will be carried forward to be offset against investment-related experience gains in subsequent quarters in the same year, for purposes of determining core investment gains. Investment-related experience relates to fixed income investing, ALDA returns, credit experience and asset mix changes other than those related to a strategic change. An example of a strategic asset mix change is outlined below.
   - This favourable and unfavourable investment-related experience is a combination of reported investment experience as well as the impact of investing activities on the measurement of our policy liabilities. We do not attribute specific components of investment-related experience to amounts included or excluded from core earnings.
   - The $400 million threshold represents the estimated average annualized amount of net favourable investment-related experience that the Company reasonably expects to achieve through-the-business cycle based on historical experience. It is not a forecast of expected net favourable investment-related experience for any given fiscal year.
   - Our average net annualized investment-related experience, including core investment gains, calculated from the introduction of core earnings in 2012 to the end of 2021 was $546 million (2012 to the end of 2020 was $380 million).
   - The decision announced on December 22, 2017 to reduce the allocation to ALDA in the portfolio asset mix supporting our legacy businesses was the first strategic asset mix change since we introduced the core earnings metric in 2012. We refined our description of investment-related experience in 2017 to note that asset mix changes other than those related to a strategic change are taken into consideration in the investment-related experience component of core investment gains.
   - While historical investment return time horizons may vary in length based on underlying asset classes generally exceeding 20 years, for purposes of establishing the threshold, we look at a business cycle that is five or more years and includes a recession. We monitor the appropriateness of the threshold as part of our annual five-year planning process and would adjust it, either to a higher or lower amount, in the future if we believed that our threshold was no longer appropriate.
   - Specific criteria used for evaluating a potential adjustment to the threshold may include, but are not limited to, the extent to which actual investment-related experience differs materially from actuarial assumptions

used in measuring insurance contract liabilities, material market events, material dispositions or acquisitions of assets, and regulatory or accounting changes.

Core investment gains are reported in the Corporate and Other segment, with an offsetting adjustment to investment-related experience gains and losses in items excluded from core earnings.

7. Earnings on surplus other than mark-to-market items. Gains on available-for-sale ("AFS") equities and seed money investments in segregated and mutual funds are included in core earnings.
8. Routine or non-material legal settlements.
9. All other items not specifically excluded.
10. Tax on the above items.
11. All tax related items except the impact of enacted or substantively enacted income tax rate changes.

Items excluded from core earnings:

1. The direct impact of equity markets and interest rates and variable annuity guarantee liabilities includes the items listed below.
   - The earnings impact of the difference between the net increase (decrease) in variable annuity liabilities that are dynamically hedged and the performance of the related hedge assets. Our variable annuity dynamic hedging strategy is not designed to completely offset the sensitivity of insurance and investment contract liabilities to all risks or measurements associated with the guarantees embedded in these products for a number of reasons, including: provisions for adverse deviation, fund performance, the portion of the interest rate risk that is not dynamically hedged, realized equity and interest rate volatilities and changes to policyholder behaviour.
   - Gains (charges) on variable annuity guarantee liabilities not dynamically hedged.
   - Gains (charges) on general fund equity investments supporting policy liabilities and on fee income.
   - Gains (charges) on macro equity hedges relative to expected costs. The expected cost of macro hedges is calculated using the equity assumptions used in the valuation of insurance and investment contract liabilities.
   - Gains (charges) on higher (lower) fixed income reinvestment rates assumed in the valuation of insurance and investment contract liabilities.
   - Gains (charges) on sale of AFS bonds and open derivatives not in hedging relationships in the Corporate and Other segment.
2. Net favourable investment-related experience in excess of $400 million per annum or net unfavourable investment-related experience on a year-to-date basis.
3. Mark-to-market gains or losses on assets held in the Corporate and Other segment other than gains on AFS equities and seed money investments in new segregated or mutual funds.
4. Changes in actuarial methods and assumptions. As noted in the "Critical actuarial and accounting policies" section of our 2021 MD&A, policy liabilities for IFRS are valued in Canada under standards established by the Actuarial Standards Board. The standards require a comprehensive review of actuarial methods and assumptions to be performed annually. The review is designed to reduce the Company's exposure to uncertainty by ensuring assumptions for both asset related and liability related risks remain appropriate and is accomplished by monitoring experience and selecting assumptions which represent a current best estimate view of expected future experience, and margins that are appropriate for the risks assumed. Changes related to ultimate reinvestment rates ("URR") are included in the direct impact of equity markets and interest rates and variable annuity guarantee liabilities. By excluding the results of the annual reviews, core earnings assist investors in evaluating our operational performance and comparing our operational performance from period to period with other global insurance companies because the associated gain or loss is not reflective of current year performance and not reported in net income in most actuarial standards outside of Canada.

5. The impact on the measurement of policy liabilities of changes in product features or new reinsurance transactions, if material.
6. Goodwill impairment charges.
7. Gains or losses on disposition of a business.
8. Material one-time only adjustments, including highly unusual/extraordinary and material legal settlements or other items that are material and exceptional in nature.
9. Tax on the above items.
10. Net income (loss) attributed to participating policyholders and non-controlling interests.
11. Impact of enacted or substantially enacted income tax rate changes.

Reconciliation of core earnings to net income attributed to shareholders

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2Q22 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	$ **216**	$ **224**	$ **1,010**	$ **362**	$ **(555)**	$ **1,257**
Income tax (expense) recovery						
Core earnings	**(74)**	**(119)**	**(92)**	**(57)**	**4**	**(338)**
Items excluded from core earnings	**44**	**64**	**(82)**	**-**	**54**	**80**
Income tax (expense) recovery	**(30)**	**(55)**	**(174)**	**(57)**	**58**	**(258)**
Net income (post-tax)	**186**	**169**	**836**	**305**	**(497)**	**999**
Less: Net income (post-tax) attributed to						
Non-controlling interests	**(11)**	**-**	**-**	**-**	**-**	**(11)**
Participating policyholders	**(164)**	**84**	**4**	**-**	**-**	**(76)**
Net income (loss) attributed to shareholders (post-tax)	**361**	**85**	**832**	**305**	**(497)**	**1,086**
Less: Items excluded from core earnings[1]						
Investment-related experience outside of core earnings	**80**	**86**	**591**	**-**	**(166)**	**591**
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	**(232)**	**(346)**	**(215)**	**-**	**(274)**	**(1,067)**
Change in actuarial methods and assumptions	**-**	**-**	**-**	**-**	**-**	**-**
Restructuring charge	**-**	**-**	**-**	**-**	**-**	**-**
Reinsurance transactions, tax related items and other	**-**	**-**	**-**	**-**	**-**	**-**
Core earnings (post-tax)	$ **513**	$ **345**	$ **456**	$ **305**	$ **(57)**	$ **1,562**
Income tax on core earnings (see above)	**74**	**119**	**92**	**57**	**(4)**	**338**
Core earnings (pre-tax)	$ **587**	$ **464**	$ **548**	$ **362**	$ **(61)**	$ **1,900**

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

Core earnings, CER basis and U.S. dollars

(Canadian $ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2Q22 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Core earnings (post-tax)	$ **513**	$ **345**	$ **456**	$ **305**	$ **(57)**	$ **1,562**
CER adjustment[1]	**-**	**-**	**-**	**-**	**-**	**-**
Core earnings, CER basis (post-tax)	$ **513**	$ **345**	$ **456**	$ **305**	$ **(57)**	$ **1,562**
Income tax on core earnings, CER basis[2]	**74**	**119**	**92**	**57**	**(4)**	**338**
Core earnings, CER basis (pre-tax)	$ **587**	$ **464**	$ **548**	$ **362**	$ **(61)**	$ **1,900**
Core earnings (U.S. dollars) - Asia and U.S. segments						
Core earnings (post-tax)[3], US $	$ **401**		$ **357**			
CER adjustment US $[1]	**-**		**-**			
Core earnings, CER basis (post-tax), US $	$ **401**		$ **357**			

[1] The impact of updating foreign exchange rates to that which was used in 2Q22.
[2] Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
[3] Core earnings (post-tax) in Canadian $ is translated to US $ using the US $ Statement of Income exchange rate for 2Q22.

Reconciliation of core earnings to net income attributed to shareholders

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	1Q22 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	$ 681	$ 880	$ 2,577	$ 386	$ (813)	$ 3,711
Income tax (expense) recovery						
Core earnings	(74)	(110)	(105)	(61)	26	(324)
Items excluded from core earnings	(11)	(115)	(405)	-	46	(485)
Income tax (expense) recovery	(85)	(225)	(510)	(61)	72	(809)
Net income (post-tax)	596	655	2,067	325	(741)	2,902
Less: Net income (post-tax) attributed to						
Non-controlling interests	20	-	-	1	-	21
Participating policyholders	(197)	108	-	-	-	(89)
Net income (loss) attributed to shareholders (post-tax)	773	547	2,067	324	(741)	2,970
Less: Items excluded from core earnings[(1)]						
Investment-related experience outside of core earnings	64	53	527	-	(86)	558
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	180	180	212	-	(475)	97
Change in actuarial methods and assumptions	-	-	-	-	-	-
Restructuring charge	-	-	-	-	-	-
Reinsurance transactions, tax related items and other	(8)	-	842	-	(71)	763
Core earnings (post-tax)	$ 537	$ 314	$ 486	$ 324	$ (109)	$ 1,552
Income tax on core earnings (see above)	74	110	105	61	(26)	324
Core earnings (pre-tax)	$ 611	$ 424	$ 591	$ 385	$ (135)	$ 1,876

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

Core earnings, CER basis and U.S. dollars

(Canadian $ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	1Q22 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Core earnings (post-tax)	$ 537	$ 314	$ 486	$ 324	$ (109)	$ 1,552
CER adjustment[(1)]	(10)	-	4	1	-	(5)
Core earnings, CER basis (post-tax)	$ 527	$ 314	$ 490	$ 325	$ (109)	$ 1,547
Income tax on core earnings, CER basis[(2)]	72	110	106	61	(26)	323
Core earnings, CER basis (pre-tax)	$ 599	$ 424	$ 596	$ 386	$ (135)	$ 1,870
Core earnings (U.S. dollars) - Asia and U.S. segments						
Core earnings (post-tax)[(3)], US $	$ 424		$ 384			
CER adjustment US $[(1)]	(12)		-			
Core earnings, CER basis (post-tax), US $	$ 412		$ 384			

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.
(2) Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
(3) Core earnings (post-tax) in Canadian $ is translated to US $ using the US $ Statement of Income exchange rate for 1Q22.

Reconciliation of core earnings to net income attributed to shareholders

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	4Q21 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	$ 684	$ 806	$ 614	$ 438	$ (61)	$ 2,481
Income tax (expense) recovery						
Core earnings	(68)	(101)	(117)	(52)	(8)	(346)
Items excluded from core earnings	(15)	(77)	(4)	2	10	(84)
Income tax (expense) recovery	(83)	(178)	(121)	(50)	2	(430)
Net income (post-tax)	601	628	493	388	(59)	2,051
Less: Net income (post-tax) attributed to						
Non-controlling interests	32	-	-	1	(1)	32
Participating policyholders	(76)	12	(1)	-	-	(65)
Net income (loss) attributed to shareholders (post-tax)	645	616	494	387	(58)	2,084
Less: Items excluded from core earnings[1]						
Investment-related experience outside of core earnings	58	90	58	-	(80)	126
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	32	240	125	-	1	398
Change in actuarial methods and assumptions	-	-	-	-	-	-
Restructuring charge	-	-	-	-	-	-
Reinsurance transactions, tax related items and other	8	-	(156)	-	-	(148)
Core earnings (post-tax)	$ 547	$ 286	$ 467	$ 387	$ 21	$ 1,708
Income tax on core earnings (see above)	68	101	117	52	8	346
Core earnings (pre-tax)	$ 615	$ 387	$ 584	$ 439	$ 29	$ 2,054

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

Core earnings, CER basis and U.S. dollars

(Canadian $ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	4Q21 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Core earnings (post-tax)	$ 547	$ 286	$ 467	$ 387	$ 21	$ 1,708
CER adjustment[1]	(8)	-	6	4	-	2
Core earnings, CER basis (post-tax)	$ 539	$ 286	$ 473	$ 391	$ 21	$ 1,710
Income tax on core earnings, CER basis[2]	67	101	119	51	8	346
Core earnings, CER basis (pre-tax)	$ 606	$ 387	$ 592	$ 442	$ 29	$ 2,056
Core earnings (U.S. dollars) - Asia and U.S. segments						
Core earnings (post-tax)[3], US $	$ 435		$ 370			
CER adjustment US $[1]	(13)		-			
Core earnings, CER basis (post-tax), US $	$ 422		$ 370			

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.
(2) Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
(3) Core earnings (post-tax) in Canadian $ is translated to US $ using the US $ Statement of Income exchange rate for 4Q21.

Reconciliation of core earnings to net income attributed to shareholders

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	3Q21 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	$ 650	$ (101)	$ 800	$ 418	$ (287)	$ 1,480
Income tax (expense) recovery						
Core earnings	(52)	(109)	(79)	(66)	12	(294)
Items excluded from core earnings	(31)	153	(16)	(1)	23	128
Income tax (expense) recovery	(83)	44	(95)	(67)	35	(166)
Net income (post-tax)	567	(57)	705	351	(252)	1,314
Less: Net income (post-tax) attributed to						
Non-controlling interests	48	-	-	-	-	48
Participating policyholders	(303)	(31)	8	-	-	(326)
Net income (loss) attributed to shareholders (post-tax)	822	(26)	697	351	(252)	1,592
Less: Items excluded from core earnings[(1)]						
Investment-related experience outside of core earnings	62	97	617	-	(76)	700
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(129)	(369)	(96)	-	(3)	(597)
Change in actuarial methods and assumptions	343	(65)	(314)	-	(5)	(41)
Restructuring charge	-	-	-	-	-	-
Reinsurance transactions, tax related items and other	13	-	-	-	-	13
Core earnings (post-tax)	$ 533	$ 311	$ 490	$ 351	$ (168)	$ 1,517
Income tax on core earnings (see above)	52	109	79	66	(12)	294
Core earnings (pre-tax)	$ 585	$ 420	$ 569	$ 417	$ (180)	$ 1,811

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

Core earnings, CER basis and U.S. dollars

(Canadian $ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	3Q21 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Core earnings (post-tax)	$ 533	$ 311	$ 490	$ 351	$ (168)	$ 1,517
CER adjustment[(1)]	(12)	-	7	2	(2)	(5)
Core earnings, CER basis (post-tax)	$ 521	$ 311	$ 497	$ 353	$ (170)	$ 1,512
Income tax on core earnings, CER basis[(2)]	51	110	80	66	(12)	295
Core earnings, CER basis (pre-tax)	$ 572	$ 421	$ 577	$ 419	$ (182)	$ 1,807
Core earnings (U.S. dollars) - Asia and U.S. segments						
Core earnings (post-tax)[(3)], US $	$ 424		$ 389			
CER adjustment US $[(1)]	(16)		-			
Core earnings, CER basis (post-tax), US $	$ 408		$ 389			

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.
(2) Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
(3) Core earnings (post-tax) in Canadian $ is translated to US $ using the US $ Statement of Income exchange rate for 3Q21.

Reconciliation of core earnings to net income attributed to shareholders

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2Q21 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	$ 736	$ 1,031	$ 986	$ 419	$ 120	$ 3,292
Income tax (expense) recovery						
Core earnings	(78)	(112)	(106)	(64)	6	(354)
Items excluded from core earnings	(22)	(107)	(83)	1	(45)	(256)
Income tax (expense) recovery	(100)	(219)	(189)	(63)	(39)	(610)
Net income (post-tax)	636	812	797	356	81	2,682
Less: Net income (post-tax) attributed to						
Non-controlling interests	84	-	-	-	-	84
Participating policyholders	(81)	29	4	-	-	(48)
Net income (loss) attributed to shareholders (post-tax)	633	783	793	356	81	2,646
Less: Items excluded from core earnings[1]						
Investment-related experience outside of core earnings	121	207	506	-	(95)	739
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(22)	258	(191)	-	172	217
Change in actuarial methods and assumptions	-	-	-	-	-	-
Restructuring charge	-	-	-	-	-	-
Reinsurance transactions, tax related items and other	8	-	-	-	-	8
Core earnings (post-tax)	$ 526	$ 318	$ 478	$ 356	$ 4	$ 1,682
Income tax on core earnings (see above)	78	112	106	64	(6)	354
Core earnings (pre-tax)	$ 604	$ 430	$ 584	$ 420	$ (2)	$ 2,036

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

Core earnings, CER basis and U.S. dollars

(Canadian $ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2Q21 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Core earnings (post-tax)	$ 526	$ 318	$ 478	$ 356	$ 4	$ 1,682
CER adjustment[1]	1	-	19	9	1	30
Core earnings, CER basis (post-tax)	$ 527	$ 318	$ 497	$ 365	$ 5	$ 1,712
Income tax on core earnings, CER basis[2]	80	111	109	65	(5)	360
Core earnings, CER basis (pre-tax)	$ 607	$ 429	$ 606	$ 430	$ -	$ 2,072
Core earnings (U.S. dollars) - Asia and U.S. segments						
Core earnings (post-tax)[3], US $	$ 427		$ 389			
CER adjustment US $[1]	(14)		-			
Core earnings, CER basis (post-tax), US $	$ 413		$ 389			

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.
(2) Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
(3) Core earnings (post-tax) in Canadian $ is translated to US $ using the US $ Statement of Income exchange rate for 2Q21.

Reconciliation of core earnings to net income attributed to shareholders

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	YTD 2022 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	$ 897	$ 1,104	$ 3,587	$ 748	$ (1,368)	$ 4,968
Income tax (expense) recovery						
Core earnings	(148)	(229)	(197)	(118)	30	(662)
Items excluded from core earnings	33	(51)	(487)	-	100	(405)
Income tax (expense) recovery	(115)	(280)	(684)	(118)	130	(1,067)
Net income (post-tax)	782	824	2,903	630	(1,238)	3,901
Less: Net income (post-tax) attributed to						
Non-controlling interests	9	-	-	1	-	10
Participating policyholders	(361)	192	4	-	-	(165)
Net income (loss) attributed to shareholders (post-tax)	1,134	632	2,899	629	(1,238)	4,056
Less: Items excluded from core earnings[(1)]						
Investment-related experience outside of core earnings	144	139	1,118	-	(252)	1,149
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(52)	(166)	(3)	-	(749)	(970)
Change in actuarial methods and assumptions	-	-	-	-	-	-
Restructuring charge	-	-	-	-	-	-
Reinsurance transactions, tax related items and other	(8)	-	842	-	(71)	763
Core earnings (post-tax)	$ 1,050	$ 659	$ 942	$ 629	$ (166)	$ 3,114
Income tax on core earnings (see above)	148	229	197	118	(30)	662
Core earnings (pre-tax)	$ 1,198	$ 888	$ 1,139	$ 747	$ (196)	$ 3,776

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

Core earnings, CER basis and U.S. dollars

(Canadian $ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	YTD 2022 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Core earnings (post-tax)	$ 1,050	$ 659	$ 942	$ 629	$ (166)	$ 3,114
CER adjustment[(1)]	(10)	-	4	1	-	(5)
Core earnings, CER basis (post-tax)	$ 1,040	$ 659	$ 946	$ 630	$ (166)	$ 3,109
Income tax on core earnings, CER basis[(2)]	146	229	198	118	(30)	661
Core earnings, CER basis (pre-tax)	$ 1,186	$ 888	$ 1,144	$ 748	$ (196)	$ 3,770
Core earnings (U.S. dollars) - Asia and U.S. segments						
Core earnings (post-tax)[(3)], US $	$ 825		$ 741			
CER adjustment US $[(1)]	(12)		-			
Core earnings, CER basis (post-tax), US $	$ 813		$ 741			

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.
(2) Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
(3) Core earnings (post-tax) in Canadian $ is translated to US $ using the US $ Statement of Income exchange rate for the two respective quarters that make up 2Q22 year-to-date core earnings.

Reconciliation of core earnings to net income attributed to shareholders

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	YTD 2021 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	$ 1,854	$ 1,086	$ 1,070	$ 785	$ (631)	$ 4,164
Income tax (expense) recovery						
Core earnings	(202)	(203)	(222)	(116)	23	(720)
Items excluded from core earnings	(76)	1	52	-	126	103
Income tax (expense) recovery	(278)	(202)	(170)	(116)	149	(617)
Net income (post-tax)	1,576	884	900	669	(482)	3,547
Less: Net income (post-tax) attributed to						
Non-controlling interests	174	-	-	1	-	175
Participating policyholders	(188)	120	11	-	-	(57)
Net income (loss) attributed to shareholders (post-tax)	1,590	764	889	668	(482)	3,429
Less: Items excluded from core earnings(1)						
Investment-related experience outside of core earnings	193	142	666	-	(185)	816
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	266	40	(756)	-	(168)	(618)
Change in actuarial methods and assumptions	-	-	-	-	-	-
Restructuring charge	-	-	-	-	(115)	(115)
Reinsurance transactions, tax related items and other	35	-	-	-	-	35
Core earnings (post-tax)	$ 1,096	$ 582	$ 979	$ 668	$ (14)	$ 3,311
Income tax on core earnings (see above)	202	203	222	116	(23)	720
Core earnings (pre-tax)	$ 1,298	$ 785	$ 1,201	$ 784	$ (37)	$ 4,031

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

Core earnings, CER basis and U.S. dollars

(Canadian $ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	YTD 2021 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Core earnings (post-tax)	$ 1,096	$ 582	$ 979	$ 668	$ (14)	$ 3,311
CER adjustment(1)	(18)	-	23	10	1	16
Core earnings, CER basis (post-tax)	$ 1,078	$ 582	$ 1,002	$ 678	$ (13)	$ 3,327
Income tax on core earnings, CER basis(2)	200	202	227	117	(23)	723
Core earnings, CER basis (pre-tax)	$ 1,278	$ 784	$ 1,229	$ 795	$ (36)	$ 4,050
Core earnings (U.S. dollars) - Asia and U.S. segments						
Core earnings (post-tax)(3), US $	$ 877		$ 785			
CER adjustment US $(1)	(33)		-			
Core earnings, CER basis (post-tax), US $	$ 844		$ 785			

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.
(2) Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
(3) Core earnings (post-tax) in Canadian $ is translated to US $ using the US $ Statement of Income exchange rate for the two respective quarters that make up 2Q21 year-to-date core earnings.

Reconciliation of core earnings to net income attributed to shareholders

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2021 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	$ 3,188	$ 1,791	$ 2,484	$ 1,641	$ (979)	$ 8,125
Income tax (expense) recovery						
Core earnings	(322)	(413)	(418)	(234)	27	(1,360)
Items excluded from core earnings	(122)	77	32	1	159	147
Income tax (expense) recovery	(444)	(336)	(386)	(233)	186	(1,213)
Net income (post-tax)	2,744	1,455	2,098	1,408	(793)	6,912
Less: Net income (post-tax) attributed to						
Non-controlling interests	254	-	-	2	(1)	255
Participating policyholders	(567)	101	18	-	-	(448)
Net income (loss) attributed to shareholders (post-tax)	3,057	1,354	2,080	1,406	(792)	7,105
Less: Items excluded from core earnings[1]						
Investment-related experience outside of core earnings	313	329	1,341	-	(341)	1,642
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	169	(89)	(727)	-	(170)	(817)
Change in actuarial methods and assumptions	343	(65)	(314)	-	(5)	(41)
Restructuring charge	-	-	-	-	(115)	(115)
Reinsurance transactions, tax related items and other	56	-	(156)	-	-	(100)
Core earnings (post-tax)	$ 2,176	$ 1,179	$ 1,936	$ 1,406	$ (161)	$ 6,536
Income tax on core earnings (see above)	322	413	418	234	(27)	1,360
Core earnings (pre-tax)	$ 2,498	$ 1,592	$ 2,354	$ 1,640	$ (188)	$ 7,896

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

Core earnings, CER basis and U.S. dollars

(Canadian $ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2021 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Core earnings (post-tax)	$ 2,176	$ 1,179	$ 1,936	$ 1,406	$ (161)	$ 6,536
CER adjustment[1]	(38)	-	35	16	-	13
Core earnings, CER basis (post-tax)	$ 2,138	$ 1,179	$ 1,971	$ 1,422	$ (161)	$ 6,549
Income tax on core earnings, CER basis[2]	319	413	426	234	(27)	1,365
Core earnings, CER basis (pre-tax)	$ 2,457	$ 1,592	$ 2,397	$ 1,656	$ (188)	$ 7,914
Core earnings (U.S. dollars) - Asia and U.S. segments						
Core earnings (post-tax)[3], US $	$ 1,736		$ 1,544			
CER adjustment US $[1]	(62)		-			
Core earnings, CER basis (post-tax), US $	$ 1,674		$ 1,544			

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.
(2) Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
(3) Core earnings (post-tax) in Canadian $ is translated to US $ using the US $ Statement of Income exchange rates for the four respective quarters that make up 2021 core earnings.

Segment core earnings by business line or geographic source

($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

Asia

	Quarterly Results					YTD Results		Full Year Results
(US $ millions)	**2Q22**	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Hong Kong	**$ 216**	$ 219	$ 270	$ 248	$ 214	**$ 435**	$ 431	$ 949
Japan	**84**	77	77	86	78	**161**	160	323
Asia Other[(1)]	**132**	156	132	125	169	**288**	362	619
Mainland China								*96*
Singapore								*162*
Vietnam								*290*
Other Emerging Markets[(2)]								*71*
Regional Office	**(31)**	(28)	(44)	(35)	(34)	**(59)**	(76)	(155)
Total Asia core earnings	**$ 401**	$ 424	$ 435	$ 424	$ 427	**$ 825**	$ 877	$ 1,736

(1) Core earnings for Asia Other is reported by country annually, on a full year basis.
(2) Other Emerging Markets includes Indonesia, the Philippines, Malaysia, Thailand, Cambodia and Myanmar.

	Quarterly Results					YTD Results		Full Year Results
(US $ millions), CER basis[(1)]	**2Q22**	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Hong Kong	**$ 216**	$ 219	$ 270	$ 248	$ 214	**$ 435**	$ 431	$ 949
Japan	**84**	68	68	72	66	**152**	133	273
Asia Other[(2)]	**132**	153	128	123	166	**285**	356	607
Mainland China								*94*
Singapore								*159*
Vietnam								*287*
Other Emerging Markets[(3)]								*67*
Regional Office	**(31)**	(28)	(44)	(35)	(33)	**(59)**	(76)	(155)
Total Asia core earnings, CER basis	**$ 401**	$ 412	$ 422	$ 408	$ 413	**$ 813**	$ 844	$ 1,674

(1) Core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.
(2) Core earnings for Asia Other is reported by country annually, on a full year basis.
(3) Other Emerging Markets includes Indonesia, the Philippines, Malaysia, Thailand, Cambodia and Myanmar.

Canada

	Quarterly Results					YTD Results		Full Year Results
(Canadian $ millions)	**2Q22**	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Insurance	**$ 233**	$ 206	$ 184	$ 211	$ 210	**$ 439**	$ 375	$ 770
Annuities	**68**	70	62	56	64	**138**	116	234
Manulife Bank	**44**	38	40	44	44	**82**	91	175
Total Canada core earnings	**$ 345**	$ 314	$ 286	$ 311	$ 318	**$ 659**	$ 582	$ 1,179

U.S.

	Quarterly Results					YTD Results		Full Year Results
(US $ millions)	**2Q22**	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
U.S. Insurance	**$ 316**	$ 328	$ 274	$ 279	$ 298	**$ 644**	$ 575	$ 1,128
U.S. Annuities	**41**	56	96	110	91	**97**	210	416
Total U.S. core earnings	**$ 357**	$ 384	$ 370	$ 389	$ 389	**$ 741**	$ 785	$ 1,544

Global WAM by business line

(Canadian $ millions)	Quarterly Results 2Q22	1Q22	4Q21	3Q21	2Q21	YTD Results 2022	2021	Full Year Results 2021
Retirement	**$ 165**	$ 177	$ 218	$ 206	$ 206	**$ 342**	$ 395	$ 819
Retail	**126**	141	160	136	137	**267**	255	551
Institutional asset management	**14**	6	9	9	13	**20**	18	36
Total Global WAM core earnings	**$ 305**	$ 324	$ 387	$ 351	$ 356	**$ 629**	$ 668	$ 1,406

(Canadian $ millions), CER basis[1]	Quarterly Results 2Q22	1Q22	4Q21	3Q21	2Q21	YTD Results 2022	2021	Full Year Results 2021
Retirement	**$ 165**	$ 178	$ 220	$ 208	$ 213	**$ 343**	$ 403	$ 831
Retail	**126**	142	161	137	139	**268**	258	555
Institutional asset management	**14**	5	10	8	13	**19**	17	36
Total Global WAM core earnings, CER basis	**$ 305**	$ 325	$ 391	$ 353	$ 365	**$ 630**	$ 678	$ 1,422

[1] Core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

Global WAM by geographic source

(Canadian $ millions)	Quarterly Results 2Q22	1Q22	4Q21	3Q21	2Q21	YTD Results 2022	2021	Full Year Results 2021
Asia	**$ 76**	$ 86	$ 88	$ 103	$ 103	**$ 162**	$ 206	$ 397
Canada	**109**	108	119	106	108	**217**	204	429
U.S.	**120**	130	180	142	145	**250**	258	580
Total Global WAM core earnings	**$ 305**	$ 324	$ 387	$ 351	$ 356	**$ 629**	$ 668	$ 1,406

(Canadian $ millions), CER basis[1]	Quarterly Results 2Q22	1Q22	4Q21	3Q21	2Q21	YTD Results 2022	2021	Full Year Results 2021
Asia	**$ 76**	$ 86	$ 90	$ 103	$ 107	**$ 162**	$ 210	$ 403
Canada	**109**	108	119	106	108	**217**	204	429
U.S.	**120**	131	182	144	150	**251**	264	590
Total Global WAM core earnings, CER basis	**$ 305**	$ 325	$ 391	$ 353	$ 365	**$ 630**	$ 678	$ 1,422

[1] Core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

Corporate and Other

(Canadian $ millions)	Quarterly Results 2Q22	1Q22	4Q21	3Q21	2Q21	YTD Results 2022	2021	Full Year Results 2021
Corporate and Other excluding core investment gains	**$ (157)**	$ (209)	$ (79)	$ (268)	$ (96)	**$ (366)**	$ (214)	$ (561)
Core investment gains	**100**	100	100	100	100	**200**	200	400
Total Corporate and Other core earnings	**$ (57)**	$ (109)	$ 21	$ (168)	$ 4	**$ (166)**	$ (14)	$ (161)

Core earnings available to common shareholders is a financial measure that is used in the calculation of core ROE and core EPS. It is calculated as core earnings (post-tax) less preferred share dividends.

($ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Core earnings	**$ 1,562**	$ 1,552	$ 1,708	$ 1,517	$ 1,682	**$ 3,114**	$ 3,311	$ 6,536
Less: Preferred share dividends	**(60)**	(52)	(71)	(37)	(64)	**(112)**	(107)	(215)
Core earnings available to common shareholders	**1,502**	1,500	1,637	1,480	1,618	**3,002**	3,204	6,321
CER adjustment[1]	**-**	(5)	2	(5)	30	**(5)**	16	13
Core earnings available to common shareholders, CER basis	**$ 1,502**	$ 1,495	$ 1,639	$ 1,475	$ 1,648	**$ 2,997**	$ 3,220	$ 6,334

[1] The impact of updating foreign exchange rates to that which was used in 2Q22.

Core ROE measures profitability using core earnings available to common shareholders as a percentage of the capital deployed to earn the core earnings. The Company calculates core ROE using average common shareholders' equity quarterly, as the average of common shareholders' equity at the start and end of the quarter, and annually, as the average of the quarterly average common shareholders' equity for the year.

($ millions, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Core earnings available to common shareholders	**$ 1,502**	$ 1,500	$ 1,637	$ 1,480	$ 1,618	**$ 3,002**	$ 3,204	$ 6,321
Annualized core earnings available to common shareholders	**$ 6,022**	$ 6,085	$ 6,483	$ 5,874	$ 6,485	**$ 6,053**	$ 6,460	$ 6,321
Average common shareholders' equity (see below)	**$ 49,814**	$ 51,407	$ 51,049	$ 49,075	$ 46,757	**$ 50,611**	$ 46,865	$ 48,463
Core ROE (annualized) (%)	**12.1%**	11.8%	12.7%	12.0%	13.9%	**12.0%**	13.8%	13.0%
Average common shareholders' equity								
Total shareholders' and other equity	**$ 55,500**	$ 56,457	$ 58,408	$ 55,457	$ 53,466	**$ 55,500**	$ 53,466	$ 58,408
Less: Preferred shares and other equity	**(6,660)**	(5,670)	(6,381)	(5,387)	(5,387)	**(6,660)**	(5,387)	(6,381)
Common shareholders' equity	**$ 48,840**	$ 50,787	$ 52,027	$ 50,070	$ 48,079	**$ 48,840**	$ 48,079	$ 52,027
Average common shareholders' equity	**$ 49,814**	$ 51,407	$ 51,049	$ 49,075	$ 46,757	**$ 50,611**	$ 46,865	$ 48,463

Core EPS is equal to core earnings available to common shareholders divided by diluted weighted average common shares outstanding**.**

($ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Core EPS								
Core earnings available to common shareholders	**$ 1,502**	$ 1,500	$ 1,637	$ 1,480	$ 1,618	**$ 3,002**	$ 3,204	$ 6,321
Diluted weighted average common shares outstanding (millions)	**1,924**	1,942	1,946	1,946	1,946	**1,933**	1,946	1,946
Core earnings per share	**$ 0.78**	$ 0.77	$ 0.84	$ 0.76	$ 0.83	**$ 1.55**	$ 1.65	$ 3.25
Core EPS, CER basis								
Core earnings available to common shareholders, CER basis	**$ 1,502**	$ 1,495	$ 1,639	$ 1,475	$ 1,648	**$ 2,997**	$ 3,220	$ 6,334
Diluted weighted average common shares outstanding (millions)	**1,924**	1,942	1,946	1,946	1,946	**1,933**	1,946	1,946
Core earnings per share, CER basis	**$ 0.78**	$ 0.77	$ 0.84	$ 0.76	$ 0.85	**$ 1.55**	$ 1.65	$ 3.25

Core earnings related to strategic priorities

The Company measures its progress on certain strategic priorities using core earnings, including core earnings from highest potential businesses. The core earnings for these businesses is calculated consistent with our definition of core earnings.

Highest potential businesses

For the six months ended June 30, ($ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period)	**2022**	2021
Core earnings highest potential businesses[1]	**$ 1,909**	$ 2,021
Core earnings - All other businesses excl. core investment gains	**1,105**	1,190
Core investment gains	**100**	100
Core earnings	**3,114**	3,311
Items excluded from core earnings	**942**	118
Net income (loss) attributed to shareholders	**$ 4,056**	$ 3,429
Highest Potential Businesses core earnings contribution	**61%**	61%

[1] Includes core earnings from Asia and Global WAM segments, Canada group benefits, and behavioural insurance products.

The **effective tax rate on core earnings** is equal to income tax on core earnings divided by pre-tax core earnings.

The Company also uses financial performance measures that are prepared on a **constant exchange rate basis**, which exclude the impact of currency fluctuations (from local currency to Canadian dollars at a total Company level and from local currency to U.S. dollars in Asia). Such financial measures may be stated on a constant exchange rate basis or the percentage growth/decline in the financial measure on a constant exchange rate basis, using the income statement and balance sheet exchange rates effective for the second quarter of 2022.

Information supporting constant exchange rate basis for GAAP and non-GAAP financial measures is presented below and throughout the rest of this section.

Net income financial measures on a CER basis

($ Canadian millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Net income (loss) attributed to shareholders:								
Asia	**$ 361**	$ 773	$ 645	$ 822	$ 633	**$ 1,134**	$ 1,590	$ 3,057
Canada	**85**	547	616	(26)	783	**632**	764	1,354
U.S.	**832**	2,067	494	697	793	**2,899**	889	2,080
Global WAM	**305**	324	387	351	356	**629**	668	1,406
Corporate and Other	**(497)**	(741)	(58)	(252)	81	**(1,238)**	(482)	(792)
Total net income (loss) attributed to shareholders	**1,086**	2,970	2,084	1,592	2,646	**4,056**	3,429	7,105
Preferred share dividends and other equity distributions	**(60)**	(52)	(71)	(37)	(64)	**(112)**	(107)	(215)
Common shareholders net income (loss)	**$ 1,026**	$ 2,918	$ 2,013	$ 1,555	$ 2,582	**$ 3,944**	$ 3,322	$ 6,890
CER adjustment[1]								
Asia	**$ -**	$ 25	$ 18	$ (5)	$ (12)	**$ 25**	$ 38	$ 51
Canada	**-**	-	-	-	-	**-**	-	-
U.S.	**-**	14	8	12	34	**14**	41	61
Global WAM	**-**	-	4	-	8	**-**	9	13
Corporate and Other	**-**	(2)	(1)	(3)	3	**(2)**	8	4
Total net income (loss) attributed to shareholders	**-**	37	29	4	33	**37**	96	129
Preferred share dividends and other equity distributions	**-**	-	-	-	-	**-**	-	-
Common shareholders net income (loss)	**$ -**	$ 37	$ 29	$ 4	$ 33	**$ 37**	$ 96	$ 129
Net income (loss) attributed to shareholders, CER basis								
Asia	**$ 361**	$ 798	$ 663	$ 817	$ 621	**$ 1,159**	$ 1,628	$ 3,108
Canada	**85**	547	616	(26)	783	**632**	764	1,354
U.S.	**832**	2,081	502	709	827	**2,913**	930	2,141
Global WAM	**305**	324	391	351	364	**629**	677	1,419
Corporate and Other	**(497)**	(743)	(59)	(255)	84	**(1,240)**	(474)	(788)
Total net income (loss) attributed to shareholders, CER basis	**1,086**	3,007	2,113	1,596	2,679	**4,093**	3,525	7,234
Preferred share dividends and other equity distributions, CER basis	**(60)**	(52)	(71)	(37)	(64)	**(112)**	(107)	(215)
Common shareholders net income (loss), CER basis	**$ 1,026**	$ 2,955	$ 2,042	$ 1,559	$ 2,615	**$ 3,981**	$ 3,418	$ 7,019
Asia net income attributed to shareholders, U.S. dollars								
Asia net income (loss) attributed to shareholders, US $[2]	**$ 283**	$ 610	$ 513	$ 654	$ 515	**$ 893**	$ 1,270	$ 2,437
CER adjustment, US $[1]	**-**	16	6	(15)	(28)	**16**	5	(4)
Asia net income (loss) attributed to shareholders, U.S. $, CER basis[1]	**$ 283**	$ 626	$ 519	$ 639	$ 487	**$ 909**	$ 1,275	$ 2,433
Net income (loss) attributed to shareholders (pre-tax)								
Net income (loss) attributed to shareholders (post-tax)	**$ 1,086**	$ 2,970	$ 2,084	$ 1,592	$ 2,646	**$ 4,056**	$ 3,429	$ 7,105
Tax on net income attributed to shareholders	**188**	778	440	171	605	**966**	574	1,185
Net income (loss) attributed to shareholders (pre-tax)	**1,274**	3,748	2,524	1,763	3,251	**5,022**	4,003	8,290
CER adjustment[1]	**-**	17	(2)	3	46	**17**	(41)	(40)
Net income (loss) attributed to shareholders (pre-tax), CER basis	**$ 1,274**	$ 3,765	$ 2,522	$ 1,766	$ 3,297	**$ 5,039**	$ 3,962	$ 8,250

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.
(2) Asia net income attributed to shareholders (post-tax) in Canadian dollars is translated to U.S. dollars using the U.S. dollar Statement of Income rate for the reporting period.

Basic EPS and diluted EPS, CER basis

($ millions, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Common shareholders net income, CER basis[1]	**$ 1,026**	$ 2,955	$ 2,042	$ 1,559	$ 2,615	**$ 3,981**	$ 3,418	$ 7,019
Weighted average common shares outstanding (millions)	**1,921**	1,938	1,943	1,942	1,942	**1,929**	1,942	1,942
Basic EPS, CER basis	**$ 0.53**	$ 1.52	$ 1.05	$ 0.80	$ 1.35	**$ 2.06**	$ 1.76	$ 3.61
Common shareholders net income, CER basis[1]	**$ 1,026**	$ 2,955	$ 2,042	$ 1,559	$ 2,615	**$ 3,981**	$ 3,418	$ 7,019
Diluted weighted average common shares outstanding (millions)	**1,924**	1,942	1,946	1,946	1,946	**1,933**	1,946	1,946
Diluted EPS, CER basis	**$ 0.53**	$ 1.52	$ 1.05	$ 0.80	$ 1.34	**$ 2.06**	$ 1.76	$ 3.61

(1) Common shareholders net income adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

General expenses, CER basis

($ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
General expenses	**$ 1,843**	$ 1,898	$ 2,000	$ 1,904	$ 1,892	**$ 3,741**	$ 3,924	$ 7,828
CER adjustment[1]	**-**	(11)	(6)	(10)	21	**(11)**	(9)	(25)
General expenses, CER basis	**$ 1,843**	$ 1,887	$ 1,994	$ 1,894	$ 1,913	**$ 3,730**	$ 3,915	$ 7,803

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.

Global WAM revenue, CER basis

($ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Total revenue	**$ (2,401)**	$ (3,630)	$ 21,611	$ 15,983	$ 25,824	**$ (6,031)**	$ 24,227	$ 61,821
Less: Revenue for segments other than Global WAM	**(3,922)**	(5,216)	19,884	14,303	24,217	**(9,138)**	21,093	55,280
Global WAM revenue	**1,521**	1,586	1,727	1,680	1,607	**3,107**	3,134	6,541
CER adjustment[1]	**-**	4	10	7	36	**4**	36	53
Global WAM revenue, CER basis	**$ 1,521**	$ 1,590	$ 1,737	$ 1,687	$ 1,643	**$ 3,111**	$ 3,170	$ 6,594

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.

Common share core dividend payout ratio is a ratio that measures the percentage of core earnings paid to common shareholders as dividends. It is calculated as dividends per common share divided by core EPS.

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Per share dividend	**$ 0.33**	$ 0.33	$ 0.33	$ 0.28	$ 0.28	**$ 0.66**	$ 0.56	$ 1.17
Core EPS	**$ 0.78**	$ 0.77	$ 0.84	$ 0.76	$ 0.83	**$ 1.55**	$ 1.65	$ 3.25
Common share core dividend payout ratio	**42%**	43%	39%	37%	34%	**43%**	34%	36%

AUMA is a financial measure of the size of the Company. It is comprised of AUM and AUA. AUM includes assets of general account, consisting of total invested assets and segregated funds net assets, and external client assets for which we provide investment management services, consisting of mutual fund, institutional asset management and other fund net assets. AUA are assets for which we provide administrative services only. Assets under management and administration is a common industry metric for wealth and asset management businesses.

Our Global WAM business also manages assets on behalf of other segments of the Company. **Global WAM-managed AUMA** is a financial measure equal to the sum of Global WAM's AUMA and assets managed by Global WAM on behalf of other segments. It is an important measure of the assets managed by Global WAM.

AUM and AUMA reconciliations

(Canadian $ in millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	CAD $						US $[4]	
	June 30, 2022						**June 30, 2022**	
As at	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	Asia	U.S.
Total Invested Assets								
Manulife Bank net lending assets	$ -	$ 24,500	$ -	$ -	$ -	$ 24,500	$ -	$ -
Derivative reclassification[1]	-	-	-	-	5,233	5,233	-	-
Invested assets excluding above items	117,128	82,755	149,506	3,967	19,240	372,596	90,822	115,901
Total	117,128	107,255	149,506	3,967	24,473	402,329	90,822	115,901
Segregated funds net assets								
Segregated funds net assets - Institutional	-	-	-	4,098	-	4,098	-	-
Segregated funds net assets - Other[2]	21,874	35,577	64,200	209,181	(27)	330,805	16,953	49,770
Total	21,874	35,577	64,200	213,279	(27)	334,903	16,953	49,770
AUM per financial statements	139,002	142,832	213,706	217,246	24,446	737,232	107,775	165,671
Mutual funds	-	-	-	250,445	-	250,445	-	-
Institutional asset management[3]	-	-	-	100,205	-	100,205	-	-
Other funds	-	-	-	12,110	-	12,110	-	-
Total AUM	139,002	142,832	213,706	580,006	24,446	1,099,992	107,775	165,671
Assets under administration	-	-	-	164,697	-	164,697	-	-
Total AUMA	$ 139,002	$ 142,832	$ 213,706	$ 744,703	$ 24,446	$ 1,264,689	$ 107,775	$ 165,671
Total AUMA, US $[4]						$ 980,379		
Total AUMA	$ 139,002	$ 142,832	$ 213,706	$ 744,703	$ 24,446	$ 1,264,689		
CER adjustment[5]	-	-	-	-	-	-		
Total AUMA, CER basis	$ 139,002	$ 142,832	$ 213,706	$ 744,703	$ 24,446	$ 1,264,689		
Global WAM Managed AUMA								
Global WAM AUMA				$ 744,703				
AUM managed by Global WAM for Manulife's other segments				220,103				
Total				$ 964,806				

(1) Corporate and Other consolidation adjustment related to net derivative assets reclassified from total invested assets to other lines on the Statement of Financial Position.
(2) Corporate and Other segregated funds net asset represents elimination of amounts held by the Company.
(3) Institutional asset management excludes Institutional segregated funds net assets.
(4) US $ AUMA is calculated as total AUMA in Canadian $ divided by the US $ exchange rate in effect at the end of the quarter.
(5) The impact of updating foreign exchange rates to that which was used in 2Q22.

	CAD $						US $[4]	
	March 31, 2022						March 31, 2022	
As at	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	Asia	U.S.
Total Invested Assets								
Manulife Bank net lending assets	$ -	$ 24,004	$ -	$ -	$ -	$ 24,004	$ -	$ -
Derivative reclassification[1]	-	-	-	-	(270)	(270)	-	-
Invested assets excluding above items	120,529	88,736	150,989	3,468	21,945	385,667	96,463	120,830
Total	120,529	112,740	150,989	3,468	21,675	409,401	96,463	120,830
Segregated funds net assets								
Segregated funds net assets - Institutional	-	-	-	4,338	-	4,338	-	-
Segregated funds net assets - Other[2]	23,868	39,649	71,823	232,276	(26)	367,590	19,108	57,476
Total	23,868	39,649	71,823	236,614	(26)	371,928	19,108	57,476
AUM per financial statements	144,397	152,389	222,812	240,082	21,649	781,329	115,571	178,306
Mutual funds	-	-	-	274,665	-	274,665	-	-
Institutional asset management[3]	-	-	-	101,105	-	101,105	-	-
Other funds	-	-	-	13,269	-	13,269	-	-
Total AUM	144,397	152,389	222,812	629,121	21,649	1,170,368	115,571	178,306
Assets under administration	-	-	-	178,843	-	178,843	-	-
Total AUMA	$ 144,397	$ 152,389	$ 222,812	$ 807,964	$ 21,649	$ 1,349,211	$ 115,571	$ 178,306
Total AUMA, US $[4]						$ 1,079,714		
Total AUMA	$ 144,397	$ 152,389	$ 222,812	$ 807,964	$ 21,649	$ 1,349,211		
CER adjustment[5]	(255)	-	7,157	15,962	-	22,864		
Total AUMA, CER basis	$ 144,142	$ 152,389	$ 229,969	$ 823,926	$ 21,649	$ 1,372,075		
Global WAM Managed AUMA								
Global WAM AUMA				$ 807,964				
AUM managed by Global WAM for Manulife's other segments				231,373				
Total				$ 1,039,337				

Note: For footnotes (1) to (5), refer to the “AUM and AUMA reconciliation” table as at June 30, 2022 above.

As at	CAD $ December 31, 2021 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	US $[4] December 31, 2021 Asia	U.S.
Total Invested Assets								
Manulife Bank net lending assets	$ -	$ 23,447	$ -	$ -	$ -	$ 23,447	$ -	$ -
Derivative reclassification[1]	-	-	-	-	(7,475)	(7,475)	-	-
Invested assets excluding above items	129,207	96,425	164,830	4,458	16,206	411,126	101,893	130,013
Total	129,207	119,872	164,830	4,458	8,731	427,098	101,893	130,013
Segregated funds net assets								
Segregated funds net assets - Institutional	-	-	-	4,470	-	4,470	-	-
Segregated funds net assets - Other[2]	25,505	42,124	79,620	248,097	(28)	395,318	20,112	62,801
Total	25,505	42,124	79,620	252,567	(28)	399,788	20,112	62,801
AUM per financial statements	154,712	161,996	244,450	257,025	8,703	826,886	122,005	192,814
Mutual funds	-	-	-	290,863	-	290,863	-	-
Institutional asset management[3]	-	-	-	106,407	-	106,407	-	-
Other funds	-	-	-	14,001	-	14,001	-	-
Total AUM	154,712	161,996	244,450	668,296	8,703	1,238,157	122,005	192,814
Assets under administration	-	-	-	187,631	-	187,631	-	-
Total AUMA	$ 154,712	$ 161,996	$ 244,450	$ 855,927	$ 8,703	$1,425,788	$ 122,005	$ 192,814
Total AUMA, US $[4]						$1,124,616		
Total AUMA	$ 154,712	$ 161,996	$ 244,450	$ 855,927	$ 8,703	$1,425,788		
CER adjustment[5]	(4,133)	-	4,239	6,878	-	6,984		
Total AUMA, CER basis	$ 150,579	$ 161,996	$ 248,689	$ 862,805	$ 8,703	$1,432,772		
Global WAM Managed AUMA								
Global WAM AUMA				$ 855,927				
AUM managed by Global WAM for Manulife's other segments				246,773				
Total				$1,102,700				

Note: For footnotes (1) to (5), refer to the “AUM and AUMA reconciliation” table as at June 30, 2022 above.

	CAD $						US $[4]	
	September 30, 2021						September 30, 2021	
As at	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	Asia	U.S.
Total Invested Assets								
Manulife Bank net lending assets	$ -	$ 23,139	$ -	$ -	$ -	$ 23,139	$ -	$ -
Derivative reclassification[1]	-	-	-	-	(6,226)	(6,226)	-	-
Invested assets excluding above items	124,880	94,510	162,720	4,333	15,731	402,174	98,022	127,714
Total	124,880	117,649	162,720	4,333	9,505	419,087	98,022	127,714
Segregated funds net assets								
Segregated funds net assets - Institutional	-	-	-	4,400	-	4,400	-	-
Segregated funds net assets - Other[2]	24,892	40,178	78,223	240,151	(45)	383,399	19,540	61,395
Total	24,892	40,178	78,223	244,551	(45)	387,799	19,540	61,395
AUM per financial statements	149,772	157,827	240,943	248,884	9,460	806,886	117,562	189,109
Mutual funds	-	-	-	277,421	-	277,421	-	-
Institutional asset management[3]	-	-	-	103,732	-	103,732	-	-
Other funds	-	-	-	12,562	-	12,562	-	-
Total AUM	149,772	157,827	240,943	642,599	9,460	1,200,601	117,562	189,109
Assets under administration	-	-	-	181,013	-	181,013	-	-
Total AUMA	$ 149,772	$ 157,827	$ 240,943	$ 823,612	$ 9,460	$1,381,614	$ 117,562	$ 189,109
Total AUMA, US $[4]						$1,084,384		
Total AUMA	$ 149,772	$ 157,827	$ 240,943	$ 823,612	$ 9,460	$1,381,614		
CER adjustment[5]	(5,224)	-	2,970	3,490	-	1,236		
Total AUMA, CER basis	$ 144,548	$ 157,827	$ 243,913	$ 827,102	$ 9,460	$1,382,850		
Global WAM Managed AUMA								
Global WAM AUMA				$ 823,612				
AUM managed by Global WAM for Manulife's other segments				240,798				
Total				$1,064,410				

Note: For footnotes (1) to (5), refer to the “AUM and AUMA reconciliation” table as at June 30, 2022 above.

As at	CAD $ June 30, 2021 Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	US $[4] June 30, 2021 Asia	U.S.
Total Invested Assets								
Manulife Bank net lending assets	$ -	$ 22,884	$ -	$ -	$ -	$ 22,884	$ -	$ -
Derivative reclassification[1]	-	-	-	-	(6,907)	(6,907)	-	-
Invested assets excluding above items	117,808	94,950	156,171	4,211	16,092	389,232	95,089	126,005
Total	117,808	117,834	156,171	4,211	9,185	405,209	95,089	126,005
Segregated funds net assets								
Segregated funds net assets - Institutional	-	-	-	4,229	-	4,229	-	-
Segregated funds net assets - Other[2]	24,117	39,666	77,488	238,389	(44)	379,616	19,466	62,521
Total	24,117	39,666	77,488	242,618	(44)	383,845	19,466	62,521
AUM per financial statements	141,925	157,500	233,659	246,829	9,141	789,054	114,555	188,526
Mutual funds	-	-	-	265,110	-	265,110	-	-
Institutional asset management[3]	-	-	-	99,983	-	99,983	-	-
Other funds	-	-	-	12,232	-	12,232	-	-
Total AUM	141,925	157,500	233,659	624,154	9,141	1,166,379	114,555	188,526
Assets under administration	-	-	-	174,376	-	174,376	-	-
Total AUMA	$ 141,925	$ 157,500	$ 233,659	$ 798,530	$ 9,141	$1,340,755	$ 114,555	$ 188,526
Total AUMA, US $[4]						$1,081,777		
Total AUMA	$ 141,925	$ 157,500	$ 233,659	$ 798,530	$ 9,141	$1,340,755		
CER adjustment[5]	(1,937)	-	9,492	19,372	-	26,927		
Total AUMA, CER basis	$ 139,988	$ 157,500	$ 243,151	$ 817,902	$ 9,141	$1,367,682		
Global WAM Managed AUMA								
Global WAM AUMA				$ 798,530				
AUM managed by Global WAM for Manulife's other segments				235,234				
Total				$1,033,764				

Note: For footnotes (1) to (5), refer to the “AUM and AUMA reconciliation” table as at June 30, 2022 above.

Global WAM AUMA and managed AUMA by business line and geographic source

($ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

As at	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021
Global WAM AUMA by business line					
Retirement	**$ 377,674**	$ 412,689	$ 440,831	$ 426,742	$ 418,907
Retail	**261,354**	289,008	303,232	287,717	274,661
Institutional asset management	**105,675**	106,267	111,864	109,153	104,962
Total	**$ 744,703**	$ 807,964	$ 855,927	$ 823,612	$ 798,530
Global WAM AUMA by business line, CER basis[1]					
Retirement	**$ 377,674**	$ 423,056	$ 446,757	$ 430,794	$ 432,032
Retail	**261,354**	293,923	305,204	288,800	280,840
Institutional asset management	**105,675**	106,947	110,844	107,508	105,030
Total	**$ 744,703**	$ 823,926	$ 862,805	$ 827,102	$ 817,902
Global WAM AUMA by geographic source					
Asia	**$ 96,510**	$ 98,608	$ 104,584	$ 100,899	$ 95,510
Canada	**206,073**	227,252	238,798	228,347	224,693
U.S.	**442,120**	482,104	512,545	494,366	478,327
Total	**$ 744,703**	$ 807,964	$ 855,927	$ 823,612	$ 798,530
Global WAM AUMA by geographic source, CER basis[1]					
Asia	**$ 96,510**	$ 99,005	$ 102,519	$ 98,246	$ 95,612
Canada	**206,073**	227,252	238,798	228,347	224,693
U.S.	**442,120**	497,669	521,488	500,509	497,597
Total	**$ 744,703**	$ 823,926	$ 862,805	$ 827,102	$ 817,902
Global WAM Managed AUMA by business line					
Retirement	**$ 377,674**	$ 412,689	$ 440,831	$ 426,742	$ 418,907
Retail	**335,367**	370,999	391,911	373,685	359,520
Institutional asset management	**251,765**	255,649	269,958	263,983	255,337
Total	**$ 964,806**	$ 1,039,337	$ 1,102,700	$ 1,064,410	$ 1,033,764
Global WAM Managed AUMA by business line, CER basis[1]					
Retirement	**$ 377,674**	$ 423,056	$ 446,757	$ 430,794	$ 432,032
Retail	**335,367**	377,558	394,846	375,446	367,916
Institutional asset management	**251,765**	260,468	271,319	263,997	260,603
Total	**$ 964,806**	$ 1,061,082	$ 1,112,922	$ 1,070,237	$ 1,060,551
Global WAM Managed AUMA by geographic source					
Asia	**$ 190,301**	$ 195,346	$ 207,827	$ 200,976	$ 191,704
Canada	**254,400**	279,700	293,902	281,523	278,309
U.S.	**520,105**	564,291	600,971	581,911	563,751
Total	**$ 964,806**	$ 1,039,337	$ 1,102,700	$ 1,064,410	$ 1,033,764
Global WAM Managed AUMA by geographic source, CER basis[1]					
Asia	**$ 190,301**	$ 198,874	$ 207,561	$ 199,570	$ 195,738
Canada	**254,400**	279,700	293,902	281,523	278,309
U.S.	**520,105**	582,508	611,459	589,144	586,504
Total	**$ 964,806**	$ 1,061,082	$ 1,112,922	$ 1,070,237	$ 1,060,551

[1] AUMA adjusted to reflect the foreign exchange rates for the Statement of Financial Position in effect for 2Q22.

Average assets under management and administration ("average AUMA") is the average of Global WAM's AUMA during the reporting period. It is a measure used in analyzing and explaining fee income and earnings of our Global WAM segment. It is calculated as the average of the opening balance of AUMA and the ending balance of AUMA using daily balances where available and month-end or quarter-end averages when daily averages are unavailable. Similarly, Global WAM **average managed AUMA and average AUA** are the average of Global WAM's managed AUMA and AUA, respectively, and are calculated in a manner consistent with average AUMA.

Manulife Bank net lending assets is a financial measure equal to the sum of Manulife Bank's loans and mortgages, net of allowances. **Manulife Bank average net lending assets** is a financial measure which is calculated as the quarter-end average of the opening and the ending balance of net lending assets. Both of these financial measures are a measure of the size of Manulife Bank's portfolio of loans and mortgages and are used to analyze and explain its earnings.

As at ($ millions)	**Jun 30, 2022**	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021
Mortgages	**$ 53,422**	$ 52,287	$ 52,014	$ 51,001	$ 50,309
Less: mortgages not held by Manulife Bank	**31,704**	30,950	31,073	30,202	29,643
Total mortgages held by Manulife Bank	**21,718**	21,337	20,941	20,799	20,666
Loans to bank clients	**2,782**	2,667	2,506	2,340	2,218
Manulife Bank net lending assets	**$ 24,500**	$ 24,004	$ 23,447	$ 23,139	$ 22,884
Manulife Bank average net lending assets					
Beginning of period	**$ 24,004**	$ 23,447	$ 23,139	$ 22,884	$ 22,770
End of period	**24,500**	24,004	23,447	23,139	22,884
Manulife Bank average net lending assets by quarter	**$ 24,252**	$ 23,726	$ 23,293	$ 23,012	$ 22,827
Manulife Bank average net lending assets – Year-to-date	**$ 23,974**				$ 22,824
Manulife Bank average net lending assets – full year			$ 23,105		

Consolidated capital serves as a foundation of our capital management activities at the MFC level. Consolidated capital is calculated as the sum of: (i) total equity excluding accumulated other comprehensive income ("AOCI") on cash flow hedges; and (ii) certain other capital instruments that qualify as regulatory capital. For regulatory reporting purposes under the LICAT framework, the numbers are further adjusted for various additions or deductions to capital as mandated by the guidelines defined by OSFI.

As at ($ millions)	**Jun 30, 2022**	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Total equity	**$ 55,798**	$ 56,849	$ 58,869	$ 55,951	$ 54,254
Exclude AOCI gain/(loss) on cash flow hedges	**(48)**	(70)	(156)	(159)	(166)
Total equity excluding AOCI on cash flow hedges	**55,846**	56,919	59,025	56,110	54,420
Qualifying capital instruments	**7,001**	6,950	6,980	6,986	6,936
Consolidated capital	**$ 62,847**	$ 63,869	$ 66,005	$ 63,096	$ 61,356

Core EBITDA is a financial measure which Manulife uses to better understand the long-term earnings capacity and valuation of our Global WAM business on a basis more comparable to how the profitability of global asset managers is generally measured. Core EBITDA presents core earnings before the impact of interest, taxes, depreciation, and amortization. Core EBITDA excludes certain acquisition expenses related to insurance contracts in our retirement businesses which are deferred and amortized over the expected lifetime of the customer relationship under the CALM. Core EBITDA was selected as a key performance indicator for our Global WAM business, as EBITDA is widely used among asset management peers, and core earnings is a primary profitability metric for the Company overall.

Reconciliation of Global WAM core earnings to core EBITDA and Global WAM core EBITDA by business line and geographic source

($ millions, pre-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Global WAM core earnings (post-tax)	**$ 305**	$ 324	$ 387	$ 351	$ 356	**$ 629**	$ 668	$ 1,406
Addback taxes, acquisition costs, other expenses and deferred sales commissions								
Core income tax (expense) recovery (see above)	**57**	61	52	66	64	**118**	116	234
Acquisition costs, other expenses	**80**	81	79	86	79	**161**	158	323
Deferred sales commissions	**25**	24	25	26	22	**49**	48	99
Core EBITDA	**$ 467**	$ 490	$ 543	$ 529	$ 521	**$ 957**	$ 990	$ 2,062
CER adjustment[1]	**-**	2	4	4	5	**2**	1	9
Core EBITDA, CER basis	**$ 467**	$ 492	$ 547	$ 533	$ 526	**$ 959**	$ 991	$ 2,071
Core EBITDA by business line								
Retirement	**$ 263**	$ 277	$ 306	$ 313	$ 305	**$ 540**	$ 591	$ 1,210
Retail	**179**	201	220	199	196	**380**	371	790
Institutional asset management	**25**	12	17	17	20	**37**	28	62
Total	**$ 467**	$ 490	$ 543	$ 529	$ 521	**$ 957**	$ 990	$ 2,062
Core EBITDA by geographic source								
Asia	**$ 106**	$ 113	$ 115	$ 134	$ 131	**$ 219**	$ 262	$ 511
Canada	**171**	171	185	172	169	**342**	325	682
U.S.	**190**	206	243	223	221	**396**	403	869
Total	**$ 467**	$ 490	$ 543	$ 529	$ 521	**$ 957**	$ 990	$ 2,062
Core EBITDA by business line, CER basis[2]								
Retirement	**$ 263**	$ 279	$ 309	$ 316	$ 314	**$ 542**	$ 602	$ 1,227
Retail	**179**	202	221	200	193	**381**	363	783
Institutional asset management	**25**	11	17	17	19	**36**	26	61
Total, CER basis	**$ 467**	$ 492	$ 547	$ 533	$ 526	**$ 959**	$ 991	$ 2,071
Core EBITDA by geographic source, CER basis[2]								
Asia	**$ 106**	$ 113	$ 116	$ 136	$ 127	**$ 219**	$ 252	$ 504
Canada	**171**	171	185	172	169	**342**	325	682
U.S.	**190**	208	246	225	230	**398**	414	885
Total, CER basis	**$ 467**	$ 492	$ 547	$ 533	$ 526	**$ 959**	$ 991	$ 2,071

(1) The impact of updating foreign exchange rates to that which was used in 2Q22.

(2) Core EBITDA adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

Core EBITDA margin is a financial measure which Manulife uses to better understand the long-term profitability of our Global WAM business on a more comparable basis to how profitability of global asset managers are measured. Core EBITDA margin presents core earnings before the impact of interest, taxes, depreciation, and amortization divided by total revenue from these businesses. Core EBITDA margin was selected as a key performance indicator for our Global WAM business, as EBITDA margin is widely used among asset management peers, and core earnings is a primary profitability metric for the Company overall.

	Quarterly Results					YTD Results		Full Year Results
($ millions, unless otherwise stated)	**2Q22**	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Core EBITDA margin								
Core EBITDA	**$ 467**	$ 490	$ 543	$ 529	$ 521	**$ 957**	$ 990	$ 2,062
Global WAM revenue	**$ 1,521**	$ 1,586	$ 1,727	$ 1,680	$ 1,607	**$ 3,107**	$ 3,134	$ 6,541
Core EBITDA margin	**30.7%**	30.9%	31.4%	31.5%	32.4%	**30.8%**	31.6%	31.5%

Expense efficiency ratio is a financial measure which Manulife uses to measure progress towards our target to be more efficient. It is defined as core general expenses divided by the sum of core earnings before income taxes ("pre-tax core earnings") and core general expenses. **Core general expenses** is used to calculate our expense efficiency ratio and is equal to pre-tax general expenses included in core earnings and excludes such items as material legal provisions for settlements, restructuring charges and expenses related to integration and acquisitions.

	Quarterly Results					YTD Results		Full Year Results
($ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	**2Q22**	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Expense Efficiency Ratio								
Core general expenses	**$ 1,843**	$ 1,877	$ 1,973	$ 1,904	$ 1,794	**$ 3,720**	$ 3,676	$ 7,553
Core earnings (pre-tax)	**1,900**	1,876	2,054	1,811	2,036	**3,776**	4,031	7,896
Total - Core earnings (pre-tax) and Core general expenses	**$ 3,743**	$ 3,753	$ 4,027	$ 3,715	$ 3,830	**$ 7,496**	$ 7,707	$ 15,449
Expense Efficiency Ratio	**49.2%**	50.0%	49.0%	51.3%	46.8%	**49.6%**	47.7%	48.9%
Core general expenses								
General expenses - Financial Statements	**$ 1,843**	$ 1,898	$ 2,000	$ 1,904	$ 1,892	**$ 3,741**	$ 3,924	$ 7,828
Less: General expenses included in items excluded from core earnings								
Restructuring charge	**-**	-	-	-	-	**-**	150	150
Integration and acquisition	**-**	8	-	-	-	**8**	-	-
Legal provisions and Other expenses	**-**	13	27	-	98	**13**	98	125
Total	**$ -**	$ 21	$ 27	$ -	$ 98	**$ 21**	$ 248	$ 275
Core general expenses	**$ 1,843**	$ 1,877	$ 1,973	$ 1,904	$ 1,794	**$ 3,720**	$ 3,676	$ 7,553
Core general expenses	**$ 1,843**	$ 1,877	$ 1,973	$ 1,904	$ 1,794	**$ 3,720**	$ 3,676	$ 7,553
CER adjustment[1]	**-**	(11)	(7)	(11)	17	**(11)**	(9)	(26)
Core general expenses, CER basis	**$ 1,843**	$ 1,866	$ 1,966	$ 1,893	$ 1,811	**$ 3,709**	$ 3,667	$ 7,527

[1] The impact of updating foreign exchange rates to that which was used in 2Q22.

Embedded value ("EV") is a measure of the present value of shareholders' interests in the expected future distributable earnings on in-force business reflected in the Consolidated Statements of Financial Position of Manulife, excluding any value associated with future new business. EV is calculated as the sum of the adjusted net worth and the value of in-force business calculated as at December 31. The adjusted net worth is the IFRS shareholders' equity adjusted for goodwill and intangible assets, fair value of surplus assets, the fair value of debt, preferred shares, and other equity, and local statutory balance sheet, regulatory reserve, and capital for our Asian businesses. The value of in-force business business in Canada and the U.S. is the present value of expected future IFRS earnings, on an IFRS 4 basis, on in-force business less the present value of the cost of holding capital to support the in-force business under the LICAT framework. The value of in-force business in Asia reflects local statutory earnings and capital requirements. The value of in-force excludes Global WAM, Bank or P&C Reinsurance businesses.

Net annualized fee income yield on average AUMA ("Net fee income yield") is a financial measure that represents the net annualized fee income from Global WAM channels over average AUMA. This measure provides information on Global WAM's adjusted return generated from managing AUMA.

Net annualized fee income is a financial measure that represents Global WAM income before income taxes, adjusted to exclude items unrelated to net fee income, including general expenses, investment income, non-AUMA related net benefits and claims, and net premium taxes. It also excludes the components of Global WAM net fee income from managing assets on behalf of other segments. This measure is annualized based on the number of days in the year divided the number of days in the reporting period.

Reconciliation of income before income taxes to net fee income yield

	Quarterly Results					YTD Results		Full Year Results
($ millions, unless otherwise stated)	**2Q22**	1Q22	4Q21	3Q21	2Q21	**2022**	2021	2021
Income before income taxes	**$ 1,257**	$ 3,711	$ 2,481	$ 1,480	$ 3,292	**$ 4,968**	$ 4,164	$ 8,125
Less: Income before income taxes for segments other than Global WAM	**895**	3,325	2,043	1,062	2,873	**4,220**	3,379	6,484
Global WAM income before income taxes	**362**	386	438	418	419	**748**	785	1,641
Items unrelated to net fee income	**580**	600	616	599	548	**1,180**	1,109	2,324
Global WAM net fee income	**942**	986	1,054	1,017	967	**1,928**	1,894	3,965
Less: Net fee income from other segments	**112**	118	122	118	109	**230**	218	458
Global WAM net fee income excluding net fee income from other segments	**830**	868	932	899	858	**1,698**	1,676	3,507
Net annualized fee income	**$ 3,328**	$ 3,516	$ 3,698	$ 3,565	$ 3,441	**$ 3,423**	$ 3,380	$ 3,507
Average Assets under Management and Administration	**$ 776,833**	$ 820,393	$ 835,494	$ 815,927	$ 775,849	**$ 798,939**	$ 771,218	$ 798,022
Net fee income yield (bps)	**42.8**	42.9	44.3	43.7	44.4	**42.8**	43.8	43.9

New business value ("NBV") is the change in embedded value as a result of sales in the reporting period. NBV is calculated as the present value of shareholders' interests in expected future distributable earnings, after the cost of capital calculated under the LICAT framework in Canada and the U.S. and the local capital requirements in Asia, on actual new business sold in the period using assumptions that are consistent with the assumptions used in the calculation of embedded value. NBV excludes businesses with immaterial insurance risks, such as the Company's Global WAM, Manulife Bank and the P&C Reinsurance businesses. NBV is a useful metric to evaluate the value created by the Company's new business franchise.

New business value margin ("NBV margin") is calculated as NBV divided by APE sales excluding non-controlling interests. APE sales are calculated as 100% of regular premiums and deposits sales and 10% of single premiums and deposits sales. NBV margin is a useful metric to help understand the profitability of our new business.

Sales are measured according to product type:

For individual insurance, sales include 100% of new annualized premiums and 10% of both excess and single premiums. For individual insurance, new annualized premiums reflect the annualized premium expected in the first year of a policy that requires premium payments for more than one year. Single premium is the lump sum premium from the sale of a single premium product, e.g. travel insurance. Sales are reported gross before the impact of reinsurance.

For group insurance, sales include new annualized premiums and administrative services only premium equivalents on new cases, as well as the addition of new coverages and amendments to contracts, excluding rate increases.

Insurance-based wealth accumulation product sales include all new deposits into variable and fixed annuity contracts. As we discontinued sales of new variable annuity contracts in the U.S. in 1Q13, subsequent deposits into existing U.S. variable annuity contracts are not reported as sales. Asia variable annuity deposits are included in APE sales.

APE sales are comprised of 100% of regular premiums and deposits and 10% of excess and single premiums and deposits for both insurance and insurance-based wealth accumulation products.

Gross flows is a new business measure presented for our Global WAM business and includes all deposits into mutual funds, group pension/retirement savings products, private wealth and institutional asset management products. Gross flows is a common industry metric for WAM businesses as it provides a measure of how successful the businesses are at attracting assets.

Net flows is presented for our Global WAM business and includes gross flows less redemptions for mutual funds, group pension/retirement savings products, private wealth and institutional asset management products. In addition, net flows include the net flows of exchange traded funds and non-proprietary product sold by Manulife Securities. Net flows is a common industry metric for WAM businesses as it provides a measure of how successful the businesses are at attracting and retaining assets. When net flows are positive, they are referred to as net inflows. Conversely, negative net flows are referred to as net outflows.

Remittances is defined as the cash remitted or available for distribution to the Manulife Group from operating subsidiaries and excess capital generated by standalone Canadian operations. It is one of the key metrics used by management to evaluate our financial flexibility.

E4 Caution regarding forward-looking statements

From time to time, MFC makes written and/or oral forward-looking statements, including in this document. 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 document include, but are not limited to, statements with respect to the expected annual savings related to actions taken in the first quarter of 2021, the estimated impact of our annual review of actuarial methods and assumptions, the Company’s strategic priorities and 2022 target and 2025 supplemental goal for net promoter score, the impact of IFRS 17 and the Company’s earnings presentation and reporting under the new accounting standard and our medium-term financial and operating targets under IFRS 17, including our core ROE target, dividend payout ratio target and new CSM targets, and the impact of changes in tax laws 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”, “suspect”, “outlook”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “forecast”, “objective”, “seek”, “aim”, “continue”, “goal”, “restore”, “embark” and “endeavour” (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, inflation rates, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); the ongoing prevalence of COVID-19, including any variants, as well as actions that have been, or may be taken by governmental authorities in response to COVID-

19, including the impacts of any variants; changes in laws and regulations; changes in accounting standards applicable in any of the territories in which we operate; changes in regulatory capital requirements; 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; geopolitical uncertainty, including international conflicts; acquisitions and our ability to complete acquisitions including the availability of equity and debt financing for this purpose; the disruption of or changes to key elements of the Company’s or public infrastructure systems; environmental concerns, including climate change; 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 this document under “Risk Management and Risk Factors Update” and “Critical Actuarial and Accounting Policies”, under “Risk Management and Risk Factors” and “Critical Actuarial and Accounting Policies” in the Management’s Discussion and Analysis in our most recent annual report and, in the “Risk Management” note to the consolidated financial statements in our most recent annual and interim reports and elsewhere in our filings with Canadian and U.S. securities regulators.

The forward-looking statements in this document 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.

E5 Quarterly financial information

The following table provides summary information related to our eight most recently completed quarters.

As at and for the three months ended ($ millions, except per share amounts or otherwise stated, unaudited)	**Jun 30, 2022**	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020
Revenue								
Premium income								
Life and health insurance[1]	**$ 8,783**	$ 9,521	$ 9,159	$ 9,269	$ 8,716	$ 8,986	$ 8,651	$ 5,302
Annuities and pensions[2]	**844**	(19)	901	714	698	622	672	704
Net premium income	**9,627**	9,502	10,060	9,983	9,414	9,608	9,323	6,006
Investment income	**3,675**	3,417	4,350	3,964	4,099	3,214	4,366	3,521
Realized and unrealized gains and losses on assets supporting insurance and investment contract liabilities[3]	**(17,760)**	(18,540)	4,460	(958)	9,551	(17,056)	1,683	1,100
Other revenue	**2,057**	1,991	2,741	2,994	2,760	2,637	2,497	2,749
Total revenue	**$ (2,401)**	$(3,630)	$21,611	$15,983	$25,824	$(1,597)	$17,869	$13,376
Income (loss) before income taxes	**$ 1,257**	$ 3,711	$ 2,481	$ 1,480	$ 3,292	$ 872	$ 2,065	$ 2,170
Income tax (expense) recovery	**(258)**	(809)	(430)	(166)	(610)	(7)	(224)	(381)
Net income (loss)	**$ 999**	$ 2,902	$ 2,051	$ 1,314	$ 2,682	$ 865	$ 1,841	$ 1,789
Net income (loss) attributed to shareholders	**$ 1,086**	$ 2,970	$ 2,084	$ 1,592	$ 2,646	$ 783	$ 1,780	$ 2,068
Basic earnings (loss) per common share	**$ 0.53**	$ 1.51	$ 1.04	$ 0.80	$ 1.33	$ 0.38	$ 0.90	$ 1.04
Diluted earnings (loss) per common share	**$ 0.53**	$ 1.50	$ 1.03	$ 0.80	$ 1.33	$ 0.38	$ 0.89	$ 1.04
Segregated funds deposits	**$ 10,094**	$12,328	$10,920	$10,929	$10,301	$12,395	$ 9,741	$ 9,158
Total assets (in billions)	**$ 821**	$ 865	$ 918	$ 898	$ 879	$ 859	$ 880	$ 876
Weighted average common shares (in millions)	**1,921**	1,938	1,943	1,942	1,942	1,941	1,940	1,940
Diluted weighted average common shares (in millions)	**1,924**	1,942	1,946	1,946	1,946	1,945	1,943	1,942
Dividends per common share	**$ 0.330**	$ 0.330	$ 0.330	$ 0.280	$ 0.280	$ 0.280	$ 0.280	$ 0.280
CDN$ to US$1 - Statement of Financial Position	**1.2900**	1.2496	1.2678	1.2741	1.2394	1.2575	1.2732	1.3339
CDN$ to US$1 - Statement of Income	**1.2765**	1.2663	1.2601	1.2602	1.2282	1.2660	1.3030	1.3321

(1) Includes ceded premiums related to the reinsurance of a block of our legacy U.S. Bank-Owned Life Insurance of US$2.4 billion in 3Q20.
(2) Includes lower revenue related to the reinsurance of a block of our legacy U.S. variable annuity business of US$0.9 billion in 1Q22.
(3) For fixed income assets supporting insurance and investment contract liabilities and for equities supporting pass-through products and derivatives related to variable hedging programs, the impact of realized and unrealized gains (losses) on the assets is largely offset in the change in insurance and investment contract liabilities.

E6 Other

No changes were made in our internal control over financial reporting during the six months ended June 30, 2022, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

As in prior quarters, MFC's Audit Committee has reviewed this MD&A and the unaudited interim financial report and MFC's Board of Directors approved this MD&A prior to its release.

Consolidated Statements of Financial Position

As at (Canadian $ in millions, unaudited)	June 30, 2022	December 31, 2021
Assets		
Cash and short-term securities	**$ 21,015**	$ 22,594
Debt securities	**199,756**	224,139
Public equities	**22,530**	28,067
Mortgages	**53,422**	52,014
Private placements	**43,890**	42,842
Policy loans	**6,510**	6,397
Loans to Bank clients	**2,782**	2,506
Real estate	**13,596**	13,233
Other invested assets	**38,828**	35,306
Total invested assets (note 3)	**402,329**	427,098
Other assets		
Accrued investment income	**2,652**	2,641
Outstanding premiums	**1,295**	1,294
Derivatives (note 4)	**8,757**	17,503
Reinsurance assets	**45,720**	44,579
Deferred tax assets	**5,458**	5,254
Goodwill and intangible assets	**9,799**	9,915
Miscellaneous	**9,609**	9,571
Total other assets	**83,290**	90,757
Segregated funds net assets (note 14)	**334,903**	399,788
Total assets	**$ 820,522**	$ 917,643
Liabilities and Equity		
Liabilities		
Insurance contract liabilities (note 5)	**$ 359,335**	$ 392,275
Investment contract liabilities (note 5)	**3,158**	3,117
Deposits from Bank clients	**21,589**	20,720
Derivatives (note 4)	**13,994**	10,038
Deferred tax liabilities	**2,646**	2,769
Other liabilities	**16,167**	18,205
	416,889	447,124
Long-term debt (note 7)	**5,931**	4,882
Capital instruments (note 8)	**7,001**	6,980
Segregated funds net liabilities (note 14)	**334,903**	399,788
Total liabilities	**764,724**	858,774
Equity		
Preferred shares and other equity (note 9)	**6,660**	6,381
Common shares (note 9)	**22,724**	23,093
Contributed surplus	**262**	262
Shareholders' and other equity holders' retained earnings	**25,737**	23,492
Shareholders' accumulated other comprehensive income (loss) (“AOCI”):		
Pension and other post-employment plans	**(48)**	(114)
Available-for-sale securities	**(4,289)**	848
Cash flow hedges	**(48)**	(156)
Real estate revaluation reserve	**23**	23
Translation of foreign operations	**4,479**	4,579
Total shareholders' and other equity	**55,500**	58,408
Participating policyholders' equity	**(1,398)**	(1,233)
Non-controlling interests	**1,696**	1,694
Total equity	**55,798**	58,869
Total liabilities and equity	**$ 820,522**	$ 917,643

The accompanying notes are an integral part of these unaudited Interim Consolidated Financial Statements.

Roy Gori
President and Chief Executive Officer

John Cassaday
Chairman of the Board of Directors

Consolidated Statements of Income

For the	three months ended June 30,		six months ended June 30,	
(Canadian $ in millions except per share amounts, unaudited)	**2022**	2021	**2022**	2021
Revenue				
Premium income				
Gross premiums	**$ 10,876**	$ 10,614	**$ 22,530**	$ 21,606
Premiums ceded to reinsurers	**(1,249)**	(1,200)	**(3,401)**	(2,584)
Net premiums	**9,627**	9,414	**19,129**	19,022
Investment income (note 3)				
Investment income	**3,675**	4,099	**7,092**	7,313
Realized and unrealized gains (losses) on assets supporting insurance and investment contract liabilities and on the macro hedge program	**(17,760)**	9,551	**(36,300)**	(7,505)
Net investment income (loss)	**(14,085)**	13,650	**(29,208)**	(192)
Other revenue (note 10)	**2,057**	2,760	**4,048**	5,397
Total revenue	**(2,401)**	25,824	**(6,031)**	24,227
Contract benefits and expenses				
To contract holders and beneficiaries				
Gross claims and benefits (note 5)	**7,889**	7,637	**16,406**	15,280
Increase (decrease) in insurance contract liabilities	**(13,838)**	11,614	**(31,366)**	(1,411)
Increase (decrease) in investment contract liabilities	**13**	22	**(1)**	24
Benefits and expenses ceded to reinsurers	**(1,601)**	(1,591)	**(3,603)**	(3,379)
(Increase) decrease in reinsurance assets	**(367)**	432	**(966)**	590
Net benefits and claims	**(7,904)**	18,114	**(19,530)**	11,104
General expenses	**1,843**	1,892	**3,741**	3,924
Investment expenses	**448**	541	**889**	1,021
Commissions	**1,532**	1,621	**3,129**	3,298
Interest expense	**318**	259	**561**	509
Net premium taxes	**105**	105	**211**	207
Total contract benefits and expenses	**(3,658)**	22,532	**(10,999)**	20,063
Income before income taxes	**1,257**	3,292	**4,968**	4,164
Income tax (expense) recovery	**(258)**	(610)	**(1,067)**	(617)
Net income	**$ 999**	$ 2,682	**$ 3,901**	$ 3,547
Net income (loss) attributed to:				
Non-controlling interests	**$ (11)**	$ 84	**$ 10**	$ 175
Participating policyholders	**(76)**	(48)	**(165)**	(57)
Shareholders and other equity holders	**1,086**	2,646	**4,056**	3,429
	$ 999	$ 2,682	**$ 3,901**	$ 3,547
Net income attributed to shareholders	**$ 1,086**	$ 2,646	**$ 4,056**	$ 3,429
Preferred share dividends and other equity distributions	**(60)**	(64)	**(112)**	(107)
Common shareholders' net income	**$ 1,026**	$ 2,582	**$ 3,944**	$ 3,322
Earnings per share				
Basic earnings per common share (note 9)	**$ 0.53**	$ 1.33	**$ 2.04**	$ 1.71
Diluted earnings per common share (note 9)	**0.53**	1.33	**2.04**	1.71
Dividends per common share	**0.33**	0.28	**0.66**	0.56

The accompanying notes are an integral part of these unaudited Interim Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

For the (Canadian $ in millions, unaudited)	three months ended June 30, 2022	three months ended June 30, 2021	six months ended June 30, 2022	six months ended June 30, 2021
Net income	**$ 999**	$ 2,682	**$ 3,901**	$ 3,547
Other comprehensive income (loss) ("OCI"), net of tax				
Items that may be subsequently reclassified to net income:				
Foreign exchange gains (losses) on:				
Translation of foreign operations	**870**	(689)	**(40)**	(1,594)
Net investment hedges	**(154)**	96	**(60)**	192
Available-for-sale financial securities:				
Unrealized gains (losses) arising during the period	**(2,724)**	1,148	**(5,258)**	(1,497)
Reclassification of net realized (gains) losses and impairments to net income	**10**	13	**110**	(35)
Cash flow hedges:				
Unrealized gains (losses) arising during the period	**50**	(33)	**124**	65
Reclassification of realized gains (losses) to net income	**(28)**	(16)	**(16)**	(2)
Share of other comprehensive income (losses) of associates	**2**	1	**2**	3
Total items that may be subsequently reclassified to net income	**(1,974)**	520	**(5,138)**	(2,868)
Items that will not be reclassified to net income:				
Change in actuarial gains (losses) on pension and other post-employment plans	**53**	91	**66**	176
Real estate revaluation reserve	**-**	-	**-**	(11)
Total items that will not be reclassified to net income	**53**	91	**66**	165
Other comprehensive income (loss), net of tax	**(1,921)**	611	**(5,072)**	(2,703)
Total comprehensive income (loss), net of tax	**$ (922)**	$ 3,293	**$ (1,171)**	$ 844
Total comprehensive income (loss) attributed to:				
Non-controlling interests	**$ (16)**	$ 85	**$ 1**	$ 173
Participating policyholders	**(76)**	(48)	**(165)**	(58)
Shareholders and other equity holders	**(830)**	3,256	**(1,007)**	729

Income Taxes included in Other Comprehensive Income

For the (Canadian $ in millions, unaudited)	three months ended June 30, 2022	three months ended June 30, 2021	six months ended June 30, 2022	six months ended June 30, 2021
Income tax expense (recovery) on:				
Unrealized gains (losses) on available-for-sale financial securities	**$ (480)**	$ 188	**$ (933)**	$ (263)
Reclassification of realized gains (losses) and recoveries (impairments) to net income on available-for-sale financial securities	**(5)**	4	**27**	(3)
Unrealized gains (losses) on cash flow hedges	**16**	(9)	**31**	11
Reclassification of realized gains (losses) to net income on cash flow hedges	**(8)**	(5)	**(5)**	-
Unrealized foreign exchange gains (losses) on translation of foreign operations	**-**	(1)	**-**	(1)
Unrealized foreign exchange gains (losses) on net investment hedges	**(16)**	14	**(5)**	29
Share of other comprehensive income (loss) of associates	**-**	-	**-**	(1)
Change in pension and other post-employment plans	**17**	26	**25**	54
Total income tax expense (recovery)	**$ (476)**	$ 217	**$ (860)**	$ (174)

The accompanying notes are an integral part of these unaudited Interim Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

For the six months ended June 30, (Canadian $ in millions, unaudited)	2022	2021
Preferred shares and other equity		
Balance, beginning of period	**$ 6,381**	$ 3,822
Issued (note 9)	**1,000**	2,000
Redeemed (note 9)	**(711)**	(418)
Issuance costs, net of tax	**(10)**	(17)
Balance, end of period	**6,660**	5,387
Common shares		
Balance, beginning of period	**23,093**	23,042
Repurchased (note 9)	**(385)**	-
Issued on exercise of stock options and deferred share units	**16**	41
Balance, end of period	**22,724**	23,083
Contributed surplus		
Balance, beginning of period	**262**	261
Exercise of stock options and deferred share units	**(3)**	(7)
Stock option expense	**3**	6
Balance, end of period	**262**	260
Shareholders' and other equity holders' retained earnings		
Balance, beginning of period	**23,492**	18,887
Net income attributed to shareholders and other equity holders	**4,056**	3,429
Common shares repurchased	**(420)**	-
Preferred share dividends and other equity distributions	**(112)**	(107)
Preferred shares redeemed (note 9)	**(14)**	(7)
Common share dividends	**(1,265)**	(1,089)
Balance, end of period	**25,737**	21,113
Shareholders' accumulated other comprehensive income (loss)		
Balance, beginning of period	**5,180**	6,323
Change in unrealized foreign exchange gains (losses) on net foreign operations	**(100)**	(1,401)
Change in actuarial gains (losses) on pension and other post-employment plans	**66**	176
Change in unrealized gains (losses) on available-for-sale financial securities	**(5,139)**	(1,530)
Change in unrealized gains (losses) on derivative instruments designated as cash flow hedges	**108**	63
Change in real estate revaluation reserve	**-**	(11)
Share of other comprehensive income (losses) of associates	**2**	3
Balance, end of period	**117**	3,623
Total shareholders' and other equity, end of period	**55,500**	53,466
Participating policyholders' equity		
Balance, beginning of period	**(1,233)**	(784)
Net income (loss) attributed to participating policyholders	**(165)**	(57)
Other comprehensive income (losses) attributed to participating policyholders	**-**	(1)
Balance, end of period	**(1,398)**	(842)
Non-controlling interests		
Balance, beginning of period	**1,694**	1,455
Net income attributed to non-controlling interests	**10**	175
Other comprehensive income (losses) attributed to non-controlling interests	**(9)**	(2)
Contributions (distributions), net	**1**	2
Balance, end of period	**1,696**	1,630
Total equity, end of period	**$ 55,798**	$ 54,254

The accompanying notes are an integral part of these unaudited Interim Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the six months ended June 30, (Canadian $ in millions, unaudited)	2022	2021
Operating activities		
Net income	**$ 3,901**	$ 3,547
Adjustments:		
Increase (decrease) in insurance contract liabilities	**(29,918)**	(1,411)
Increase (decrease) in investment contract liabilities	**(1)**	24
(Increase) decrease in reinsurance assets	**(134)**	590
Amortization of (premium) discount on invested assets	**48**	80
Other amortization	**265**	268
Net realized and unrealized (gains) losses and impairment on assets	**39,308**	8,323
Gain on U.S. variable annuity reinsurance transaction (pre-tax) (Note 5)	**(1,065)**	-
Deferred income tax expense (recovery)	**345**	17
Stock option expense	**3**	6
Cash provided by operating activities before undernoted items	**12,752**	11,444
Cash decrease due to U.S. variable annuity reinsurance transaction (Note 5)	**(1,263)**	-
Changes in policy related and operating receivables and payables	**(4,158)**	(1,855)
Cash provided by (used in) operating activities	**7,331**	9,589
Investing activities		
Purchases and mortgage advances	**(61,773)**	(63,023)
Disposals and repayments	**52,865**	48,144
Change in investment broker net receivables and payables	**(117)**	634
Net cash flows from acquisition and disposal of subsidiaries and businesses	**-**	(4)
Cash provided by (used in) investing activities	**(9,025)**	(14,249)
Financing activities		
Issue of long-term debt, net (note 7)	**946**	-
Redemption of long-term debt	**-**	(1,250)
Redemption of capital instruments (note 8)	**-**	(818)
Secured borrowings	**548**	17
Change in repurchase agreements and securities sold but not yet purchased	**64**	520
Changes in deposits from Bank clients, net	**850**	(323)
Lease payments	**(62)**	(62)
Shareholders' dividends and other equity distributions	**(1,391)**	(1,203)
Common shares repurchased	**(805)**	-
Common shares issued, net (note 9)	**16**	41
Preferred shares and other equity issued, net (note 9)	**990**	1,983
Preferred shares redeemed, net (note 9)	**(711)**	(418)
Contributions from (distributions to) non-controlling interests, net	**1**	2
Cash provided by (used in) financing activities	**446**	(1,511)
Cash and short-term securities		
Increase (decrease) during the period	**(1,248)**	(6,171)
Effect of foreign exchange rate changes on cash and short-term securities	**(39)**	(546)
Balance, beginning of period	**21,930**	25,583
Balance, end of period	**20,643**	18,866
Cash and short-term securities		
Beginning of period		
Gross cash and short-term securities	**22,594**	26,167
Net payments in transit, included in other liabilities	**(664)**	(584)
Net cash and short-term securities, beginning of period	**21,930**	25,583
End of period		
Gross cash and short-term securities	**21,015**	19,721
Net payments in transit, included in other liabilities	**(372)**	(855)
Net cash and short-term securities, end of period	**$ 20,643**	$ 18,866
Supplemental disclosures on cash flow information		
Interest received	**$ 5,681**	$ 5,681
Interest paid	**554**	520
Income taxes paid	**980**	225

The accompanying notes are an integral part of these unaudited Interim Consolidated Financial Statements.

CONDENSED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Canadian $ in millions except per share amounts or unless otherwise stated, unaudited)

Note 1 Nature of Operations and Significant Accounting Policies

(a) Reporting entity

Manulife Financial Corporation ("MFC") is a publicly traded company and the holding company of The Manufacturers Life Insurance Company ("MLI"), a Canadian life insurance company. MFC and its subsidiaries (collectively, "Manulife" or the "Company") is a leading financial services group with principal operations in Asia, Canada and the United States. Manulife's international network of employees, agents and distribution partners offers financial protection and wealth management products and services to personal and business clients as well as asset management services to institutional customers. The Company operates as Manulife in Canada and Asia and as John Hancock in the United States.

These Interim Consolidated Financial Statements and condensed notes have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"), using accounting policies which are consistent with those used in the Company's 2021 Annual Consolidated Financial Statements, except as disclosed in note 2.

These Interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the year ended December 31, 2021, included on pages 129 to 213 of the Company's 2021 Annual Report, as well as the disclosures on risk in denoted components of the "Risk Management and Risk Factors" section of the Second Quarter 2022 Management Discussion and Analysis ("MD&A"). These risk disclosures are an integral part of these Interim Consolidated Financial Statements.

These Interim Consolidated Financial Statements as at and for the three and six months ended June 30, 2022 were authorized for issue by MFC's Board of Directors on August 10, 2022.

(b) Basis of preparation

Refer to note 1 of the Company's 2021 Annual Consolidated Financial Statements for a summary of the most significant estimation processes used in the preparation of the Consolidated Financial Statements under IFRS and description of the Company's measurement techniques in determining carrying values and respective fair values of its assets and liabilities.

The Company's results and operations have been and may continue to be adversely impacted by COVID -19 and the economic environment. The Company has applied appropriate measurement techniques using reasonable judgment and estimates from the perspective of a market participant to reflect current economic conditions. The impact of these techniques has been reflected in these Interim Consolidated Financial Statements. Changes in the inputs used could materially impact the respective carrying values.

Note 2 Accounting and Reporting Changes

(a) Changes in accounting and reporting policy

(I) Annual Improvements 2018–2020 Cycle

Annual Improvements 2018–2020 Cycle was issued in May 2020 and is effective on or after January 1, 2022. The IASB issued four minor amendments to different standards as part of the Annual Improvements process, to be applied prospectively. Adoption of these amendments did not have a significant impact on the Company's Consolidated Financial Statements.

(II) Amendments to IFRS 3 "Business Combinations"

Amendments to IFRS 3 "Business Combinations" were issued in May 2020, and are effective on or after January 1, 2022, with earlier application permitted. The amendments update references within IFRS 3 to the 2018 Conceptual Framework and require that the principles in IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" be used to identify liabilities and contingent assets arising from a business combination. Adoption of these amendments did not have a significant impact on the Company's Consolidated Financial Statements.

(III) Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”

Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” were issued in May 2020, and are effective on or after January 1, 2022, with earlier application permitted. The amendments address identifying onerous contracts and specify the cost of fulfilling a contract which includes all costs directly related to the contract. These include incremental direct costs and allocations of other costs that relate directly to fulfilling the contract. Adoption of these amendments did not have a significant impact on the Company’s Consolidated Financial Statements.

(b) Future accounting and reporting changes

(I) IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”

IFRS 17 “Insurance Contracts” was issued in May 2017 to be effective for years beginning on January 1, 2021. Amendments to IFRS 17 “Insurance Contracts” were issued in June 2020 and include a two-year deferral of the effective date. IFRS 17 as amended, is effective for years beginning on January 1, 2023, to be applied retrospectively. If full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard will replace IFRS 4 “Insurance Contracts” and therefore will also replace the Canadian Asset Liability Method (“CALM”) and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company’s Financial Statements.

Narrow-scope amendments to IFRS 17 “Insurance Contracts” were issued in December 2021 and are effective on initial application of IFRS 17 and IFRS 9 “Financial Instruments” which the Company will adopt on January 1, 2023. The amendments remove accounting mismatches between insurance contract liabilities and financial assets in scope of IFRS 9 within comparative prior periods when initially applying IFRS 17 and IFRS 9. The amendments allow insurers to present comparative information on financial assets as if IFRS 9 were fully applicable during the comparative period. The amendments do not permit application of IFRS 9 hedge accounting principles to the comparative period. The Company is considering the effect of these amendments on its IFRS 9 transition disclosures.

The principles underlying IFRS 17 differ from CALM as permitted by IFRS 4. While there are many differences, the following outlines some of the key differences:

- Under IFRS 17 new business gains are recorded on the Consolidated Statements of Financial Position (in the Contractual Service Margin (“CSM”) component of the insurance contract liability) and amortized into income as services are provided. New business losses are recorded into income immediately. Under CALM, both new business gains and new business losses are recognized in income immediately.
- Under IFRS 17 the discount rate used to estimate the present value of insurance contract liabilities is based on the characteristics of the liability, whereas under CALM, the Company uses the rates of returns for current and projected assets supporting insurance contract liabilities to value the liabilities. The difference in the discount rate approach also impacts the timing of investment results. Under IFRS 17, the impact of investing activities will emerge into earnings over the life of the assets, whereas under CALM, the impact of investing activities is capitalized into reserves and therefore earnings in the period they occur.
- Under IFRS 17 the discount rate is not related to the expected return on Alternative Long-Duration Assets (“ALDA”) and public equity assets, and as a result, the earnings sensitivity of a change in return assumptions for ALDA and public equity will be significantly reduced.
- Under IFRS 17 the Company will elect the option to record changes in insurance contract liabilities arising from changes in interest rates through other comprehensive income and will classify debt instruments as fair value through other comprehensive income under IFRS 9. Under CALM, changes in insurance contract liabilities are recorded in net income.

The overall impact of establishing the CSM, as well as other measurement impacts on our assets and liabilities, is expected to decrease equity upon transition by approximately 20%.

The Company continues its assessment of the implications of this standard and expects that it will have a significant impact on the Company’s Consolidated Financial Statements. The establishment of a CSM on in-force business is expected to lead to an increase in insurance contract liabilities and a corresponding decrease in equity upon transition. The CSM represents unearned profits that are expected to amortize into income as services are provided. The Company continues to evaluate the potential impacts of all other changes including available accounting policy choices under IFRS 17 on the measurement of its insurance contract liabilities.

Note 3 Invested Assets and Investment Income

(a) Carrying values and fair values of invested assets

As at June 30, 2022	FVTPL(1)	AFS(2)	Other(3)	Total carrying value	Total fair value
Cash and short-term securities(4)	**$ 1,882**	**$ 12,481**	**$ 6,652**	**$ 21,015**	**$ 21,015**
Debt securities(3),(5),(6)					
Canadian government and agency	**15,312**	**5,196**	**-**	**20,508**	**20,508**
U.S. government and agency	**9,494**	**15,916**	**868**	**26,278**	**26,124**
Other government and agency	**20,652**	**3,102**	**-**	**23,754**	**23,754**
Corporate	**119,795**	**6,327**	**475**	**126,597**	**126,472**
Mortgage/asset-backed securities	**2,464**	**155**	**-**	**2,619**	**2,619**
Public equities	**20,966**	**1,564**	**-**	**22,530**	**22,530**
Mortgages	**-**	**-**	**53,422**	**53,422**	**50,964**
Private placements(6)	**-**	**-**	**43,890**	**43,890**	**40,258**
Policy loans	**-**	**-**	**6,510**	**6,510**	**6,510**
Loans to Bank clients	**-**	**-**	**2,782**	**2,782**	**2,772**
Real estate					
Own use property	**-**	**-**	**1,827**	**1,827**	**3,076**
Investment property	**-**	**-**	**11,769**	**11,769**	**11,769**
Other invested assets					
Alternative long-duration assets(7)	**23,498**	**91**	**10,952**	**34,541**	**35,233**
Various other	**128**	**-**	**4,159**	**4,287**	**4,287**
Total invested assets	**$ 214,191**	**$ 44,832**	**$ 143,306**	**$ 402,329**	**$ 397,891**

As at December 31, 2021	FVTPL(1)	AFS(2)	Other(3)	Total carrying value	Total fair value
Cash and short-term securities(4)	$ 2,214	$ 14,339	$ 6,041	$ 22,594	$ 22,594
Debt securities(3),(5),(6)					
Canadian government and agency	18,706	3,964	-	22,670	22,670
U.S. government and agency	12,607	18,792	852	32,251	32,254
Other government and agency	21,888	2,871	-	24,759	24,759
Corporate	133,763	7,332	468	141,563	141,560
Mortgage/asset-backed securities	2,758	138	-	2,896	2,896
Public equities	25,716	2,351	-	28,067	28,067
Mortgages	-	-	52,014	52,014	54,089
Private placements(6)	-	-	42,842	42,842	47,276
Policy loans	-	-	6,397	6,397	6,397
Loans to Bank clients	-	-	2,506	2,506	2,503
Real estate					
Own use property	-	-	1,812	1,812	3,024
Investment property	-	-	11,421	11,421	11,421
Other invested assets					
Alternative long-duration assets(7)	21,022	89	10,093	31,204	31,863
Various other	135	-	3,967	4,102	4,102
Total invested assets	$ 238,809	$ 49,876	$ 138,413	$ 427,098	$ 435,475

(1) FVTPL classification was elected for securities backing insurance contract liabilities to substantially reduce any accounting mismatch arising from changes in the fair value of these assets and changes in the value of the related insurance contract liabilities. If this election had not been made and instead the available-for-sale ("AFS") classification was selected, there would be an accounting mismatch because changes in insurance contract liabilities are recognized in net income rather than in OCI.

(2) Securities that are designated as AFS are not actively traded by the Company but sales do occur as circumstances warrant. Such sales result in a reclassification of any accumulated unrealized gain (loss) in AOCI to net income as a realized gain (loss).

(3) Primarily includes assets classified as loans and carried at amortized cost, own use properties, investment properties, equity method accounted investments, and leveraged leases. Also includes debt securities classified as held-to-maturity which are accounted for at amortized cost.

(4) Includes short-term securities with maturities of less than one year at acquisition amounting to $5,765 (December 31, 2021 – $7,314) cash equivalents with maturities of less than 90 days at acquisition amounting to $8,598 (December 31, 2021 – $9,239) and cash of $6,652 (December 31, 2021 – $6,041).

(5) Debt securities include securities which were acquired with maturities of less than one year and less than 90 days of $1,439 and $364, respectively (December 31, 2021 – $2,196 and $347, respectively).

(6) Floating rate invested assets above which are subject to interest rate benchmark reform, but have not yet transitioned to replacement reference rates, include debt securities benchmarked to CDOR and USD LIBOR of $158 and $898 (December 31, 2021 – $176 and $1,002 respectively), and private placements benchmarked to USD LIBOR, AUD BBSW and NZD BKBM of $1,894, $159 and $40 (December 31, 2021 – $1,984, $166 and $43, respectively). Exposures indexed to USD LIBOR represent floating rate invested assets with maturity dates beyond June 30, 2023 while exposures to CDOR represent floating rate invested assets with maturity dates beyond June 28, 2024. The interest rate benchmark reform is expected to have an impact on the valuation of invested assets whose value is tied to the affected interest rate benchmarks. The Company has assessed its exposure at the contract level, by benchmark and instrument type. The Company is monitoring market developments with respect to alternative reference rates and the time horizon during which they will evolve. As at June 30, 2022, the interest rate benchmark reform has not resulted in significant changes in the Company's risk management strategy.

(7) Alternative long-duration assets ("ALDA") include investments in private equity of $12,957, infrastructure of $11,096, oil and gas of $2,057, timber and agriculture of $5,512 and various other invested assets of $2,919 (December 31, 2021 – $11,598, $9,824, $1,950, $5,259 and $2,573, respectively).

(b) Investment income

For the	three months ended June 30, 2022	three months ended June 30, 2021	six months ended June 30, 2022	six months ended June 30, 2021
Interest income	**$ 2,837**	$ 2,796	**$ 5,756**	$ 5,691
Dividend, rental income and other income	**1,013**	1,098	**1,943**	1,787
Impairments, provisions and recoveries, net	**(10)**	39	**(26)**	4
Realized and unrealized gains (losses) on surplus assets excluding the macro hedge program	**(165)**	166	**(581)**	(169)
	3,675	4,099	**7,092**	7,313
Realized and unrealized gains (losses) on assets supporting insurance and investment contract liabilities and, on the macro hedge program				
Debt securities	**(11,643)**	4,400	**(25,950)**	(5,159)
Public equities	**(2,566)**	1,389	**(3,430)**	2,385
Mortgages	**37**	20	**101**	65
Private placements	**242**	(7)	**453**	215
Real estate	**70**	304	**367**	263
Other invested assets	**1,148**	830	**1,520**	1,492
Derivatives, including macro hedge program	**(5,048)**	2,615	**(9,361)**	(6,766)
	(17,760)	9,551	**(36,300)**	(7,505)
Total investment income (loss)	**$ (14,085)**	$ 13,650	**$ (29,208)**	$ (192)

(c) Fair value measurement

The following table presents fair values and the fair value hierarchy of invested assets and segregated funds net assets measured at fair value in the Consolidated Statements of Financial Position.

As at June 30, 2022	Total fair value	Level 1	Level 2	Level 3
Cash and short-term securities				
FVTPL	$ **1,882**	$ -	$ 1,882	$ -
AFS	**12,481**	-	12,481	-
Other	**6,652**	6,652	-	-
Debt securities				
FVTPL				
Canadian government and agency	**15,312**	-	15,312	-
U.S. government and agency	**9,494**	-	9,494	-
Other government and agency	**20,652**	-	20,652	-
Corporate	**119,795**	-	119,783	12
Residential mortgage-backed securities	**7**	-	7	-
Commercial mortgage-backed securities	**835**	-	835	-
Other asset-backed securities	**1,622**	-	1,596	26
AFS				
Canadian government and agency	**5,196**	-	5,196	-
U.S. government and agency	**15,916**	-	15,916	-
Other government and agency	**3,102**	-	3,093	9
Corporate	**6,327**	-	6,327	-
Residential mortgage-backed securities	**1**	-	1	-
Commercial mortgage-backed securities	**47**	-	47	-
Other asset-backed securities	**107**	-	107	-
Public equities				
FVTPL	**20,966**	20,965	-	1
AFS	**1,564**	1,564	-	-
Real estate - investment property[1]	**11,769**	-	-	11,769
Other invested assets[2]	**27,099**	319	-	26,780
Segregated funds net assets[3]	**334,903**	300,731	29,798	4,374
Total	$ **615,729**	$ 330,231	$ 242,527	$ 42,971

As at December 31, 2021		Total fair value		Level 1		Level 2		Level 3
Cash and short-term securities								
FVTPL	$	2,214	$	-	$	2,214	$	-
AFS		14,339		-		14,339		-
Other		6,041		6,041		-		-
Debt securities								
FVTPL								
Canadian government and agency		18,706		-		18,706		-
U.S. government and agency		12,607		-		12,607		-
Other government and agency		21,888		-		21,888		-
Corporate		133,763		-		133,723		40
Residential mortgage-backed securities		8		-		8		-
Commercial mortgage-backed securities		1,103		-		1,103		-
Other asset-backed securities		1,647		-		1,619		28
AFS								
Canadian government and agency		3,964		-		3,964		-
U.S. government and agency		18,792		-		18,792		-
Other government and agency		2,871		-		2,871		-
Corporate		7,332		-		7,331		1
Residential mortgage-backed securities		1		-		1		-
Commercial mortgage-backed securities		79		-		79		-
Other asset-backed securities		58		-		58		-
Public equities								
FVTPL		25,716		25,716		-		-
AFS		2,351		2,349		2		-
Real estate - investment property(1)		11,421		-		-		11,421
Other invested assets(2)		24,300		257		-		24,043
Segregated funds net assets(3)		399,788		361,447		34,060		4,281
Total	$	708,989	$	395,810	$	273,365	$	39,814

(1) For real estate investment properties, the significant unobservable inputs are capitalization rates (ranging from 2.25% to 9.00% during the period and ranging from 2.25% to 9.00% during the year 2021) and terminal capitalization rates (ranging from 3.25% to 9.50% during the period and ranging from 3.25% to 9.25% during the year 2021). Holding other factors constant, a lower capitalization or terminal capitalization rate will tend to increase the fair value of an investment property. Changes in fair value based on variations in unobservable inputs generally cannot be extrapolated because the relationship between the directional changes of each input is not usually linear.

(2) Other invested assets measured at fair value are held primarily in infrastructure and timber sectors. The significant inputs used in the valuation of the Company's infrastructure investments are primarily future distributable cash flows, terminal values and discount rates. Holding other factors constant, an increase to future distributable cash flows or terminal values would tend to increase the fair value of an infrastructure investment, while an increase in the discount rate would have the opposite effect. Discount rates during the period ranged from 7.00% to 15.6% (for the year ended December 31, 2021 – ranged from 7.25% to 20.0%). Disclosure of distributable cash flow and terminal value ranges are not meaningful given the disparity in estimates by project. The significant inputs used in the valuation of the Company's investments in timberland properties are timber prices and discount rates. Holding other factors constant, an increase to timber prices would tend to increase the fair value of a timberland investment, while an increase in the discount rates would have the opposite effect. Discount rates during the period ranged from 4.5% to 7.0% (for the year ended December 31, 2021 – ranged from 4.5% to 7.0%). A range of prices for timber is not meaningful as the market price depends on factors such as property location and proximity to markets and export yards.

(3) Segregated funds net assets are measured at fair value. The Company's Level 3 segregated funds assets are predominantly in real estate investment properties and timberland properties valued as described above.

The following table presents fair value of invested assets not measured at fair value by the fair value hierarchy.

As at June 30, 2022	Carrying value	Total fair value	Level 1	Level 2	Level 3
Mortgages	**$ 53,422**	**$ 50,964**	**$ -**	**$ -**	**$ 50,964**
Private placements	**43,890**	**40,258**	**-**	**35,617**	**4,641**
Policy loans	**6,510**	**6,510**	**-**	**6,510**	**-**
Loans to Bank clients	**2,782**	**2,772**	**-**	**2,772**	**-**
Real estate - own use property	**1,827**	**3,076**	**-**	**-**	**3,076**
Public Bonds HTM	**1,343**	**1,064**	**-**	**1,064**	**-**
Other invested assets(1)	**11,729**	**12,421**	**117**	**-**	**12,304**
Total invested assets disclosed at fair value	**$ 121,503**	**$ 117,065**	**$ 117**	**$ 45,963**	**$ 70,985**

As at December 31, 2021	Carrying value	Total fair value	Level 1	Level 2	Level 3
Mortgages	$ 52,014	$ 54,089	$ -	$ -	$ 54,089
Private placements	42,842	47,276	-	42,110	5,166
Policy loans	6,397	6,397	-	6,397	-
Loans to Bank clients	2,506	2,503	-	2,503	-
Real estate - own use property	1,812	3,024	-	-	3,024
Public Bonds HTM	1,320	1,320	-	1,320	-
Other invested assets(1)	11,006	11,665	120	-	11,545
Total invested assets disclosed at fair value	$ 117,897	$ 126,274	$ 120	$ 52,330	$ 73,824

(1) Other invested assets disclosed at fair value include $3,590 (December 31, 2021 – $3,457) of leveraged leases which are disclosed at their carrying values as fair value is not routinely calculated on these investments.

Transfers between Level 1 and Level 2

The Company records transfers of assets and liabilities between Level 1 and Level 2 at their fair values as at the end of each reporting period, consistent with the date of the determination of fair value. Assets are transferred out of Level 1 when they are no longer transacted with sufficient frequency and volume in an active market. Conversely, assets are transferred from Level 2 to Level 1 when transaction volume and frequency are indicative of an active market. During the three and six months ended June 30, 2022 and 2021, the Company had $nil transfers between Level 1 and Level 2.

For segregated funds net assets, the Company had $nil and $nil transfers from Level 1 to Level 2 for the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 – $134 and $416). The Company had $nil and $nil transfers from Level 2 to Level 1 for the three and six months ended June 30, 2022 (three and six months ended June 30, 2021 – $14 and $2).

Invested assets and segregated funds net assets measured at fair value on the Consolidated Statements of Financial Position using significant unobservable inputs (Level 3)

The Company classifies fair values of the invested assets and segregated funds net assets as Level 3 if there are no observable markets for these assets or, in the absence of active markets, most of the inputs used to determine fair value are based on the Company's own assumptions about market participant assumptions. The Company prioritizes the use of market-based inputs over entity-based assumptions in determining Level 3 fair values. The gains and losses in the table below includes the changes in fair value due to both observable and unobservable factors.

The following table presents a roll forward for invested assets, net derivatives and segregated funds net assets measured at fair value using significant unobservable inputs (Level 3) for the three months ended June 30, 2022 and 2021.

For the three months ended June 30, 2022	Balance, April 1, 2022	Total gains (losses) included in net income[(1)]	Total gains (losses) included in AOCI[(2)]	Purchases	Sales	Settlements	Transfer in[(3)]	Transfer out[(3)]	Currency movement	**Balance, June 30, 2022**	Change in unrealized gains (losses) on assets still held
Debt securities											
FVTPL											
Corporate	$ 13	$ -	$ -	$ -	$ -	$ -	$ -	$ (1)	$ -	$ 12	$ -
Other securitized assets	26	2	-	-	-	-	-	-	(2)	26	2
AFS											
Other government & agency	10	-	-	-	-	-	(1)	-	-	9	-
Corporate	-	-	-	-	-	-	-	-	-	-	-
Public equities											
FVTPL	1	-	-	-	-	-	-	-	-	1	-
Investment property	11,551	99	-	45	(47)	-	-	-	121	11,769	91
Other invested assets	24,607	991	1	1,439	(267)	(405)	-	-	414	26,780	970
Total invested assets	36,208	1,092	1	1,484	(314)	(405)	(1)	(1)	533	38,597	1,063
Derivatives, net	(27)	(1,958)	(47)	1	-	58	-	(77)	(11)	(2,061)	(1,920)
Segregated funds net assets	4,379	68	-	79	(204)	(18)	-	(1)	71	4,374	59
Total	$ 40,560	$ (798)	$ (46)	$ 1,564	$ (518)	$ (365)	$ (1)	$ (79)	$ 593	$ 40,910	$ (798)

For the three months ended June 30, 2021	Balance, April 1, 2021	Total gains (losses) included in net income[(1)]	Total gains (losses) included in AOCI[(2)]	Purchases	Sales	Settlements	Transfer in[(3)]	Transfer out[(3)]	Currency movement	**Balance, June 30, 2021**	Change in unrealized gains (losses) on assets still held
Debt securities											
FVTPL											
Corporate	$ 46	$ 1	$ -	$ -	$ (20)	$ -	$ -	$ -	$ (1)	$ 26	$ 7
Other securitized assets	37	-	-	-	-	(12)	-	-	-	25	(1)
AFS											
Corporate	2	-	1	-	(2)	-	-	-	-	1	-
Public equities											
FVTPL	-	1	-	40	(34)	-	-	-	-	7	-
Investment property	10,881	305	-	21	(252)	-	-	-	(82)	10,873	277
Other invested assets	19,826	835	(4)	1,378	(112)	(377)	-	-	(262)	21,284	855
Total invested assets	30,792	1,142	(3)	1,439	(420)	(389)	-	-	(345)	32,216	1,138
Derivatives, net	60	1,277	(27)	4	-	54	-	65	9	1,442	1,300
Segregated funds net assets	4,195	103	-	8	(37)	(8)	-	-	(31)	4,230	72
Total	$ 35,047	$ 2,522	$ (30)	$ 1,451	$ (457)	$ (343)	$ -	$ 65	$ (367)	$ 37,888	$ 2,510

(1) These amounts are included in net investment income in the Consolidated Statements of Income except for the amount related to segregated funds net assets, where the amount is recorded in changes in segregated funds net assets, refer to note 14.

(2) These amounts are included in AOCI on the Consolidated Statements of Financial Position.

(3) The Company uses fair values of the assets at the beginning of the period for assets transferred into and out of Level 3 except for derivatives, where the Company uses fair value at the end of the period and at the beginning of the period, respectively.

The following table presents a roll forward for invested assets, net derivatives and segregated funds net assets measured at fair value using significant unobservable inputs (Level 3) for the six months ended June 30, 2022 and 2021.

For the six months ended June 30, 2022	Balance, January 1, 2022	Total gains (losses) included in net income[1]	Total gains (losses) included in AOCI[2]	Purchases	Sales	Settlements	Transfer in[3]	Transfer out[3]	Currency movement	**Balance, June 30, 2022**	Change in unrealized gains (losses) on assets still held
Debt securities											
FVTPL											
Corporate	**$ 40**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (28)**	**$ -**	**$ 12**	**$ -**
Other securitized assets	**28**	**3**	**-**	**-**	**-**	**(2)**	**-**	**-**	**(3)**	**26**	**3**
AFS											
Other government & agency	**-**	**-**	**-**	**-**	**-**	**-**	**9**	**-**	**-**	**9**	**-**
Corporate	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**
Public equities											
FVTPL	**-**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**
Investment property	**11,421**	**380**	**-**	**95**	**(149)**	**-**	**-**	**-**	**22**	**11,769**	**375**
Other invested assets	**24,043**	**1,276**	**10**	**2,453**	**(298)**	**(774)**	**4**	**-**	**66**	**26,780**	**1,409**
Total invested assets	**35,533**	**1,660**	**10**	**2,548**	**(447)**	**(776)**	**13**	**(29)**	**85**	**38,597**	**1,787**
Derivatives, net	**2,101**	**(3,792)**	**(26)**	**1**	**-**	**170**	**-**	**(513)**	**(2)**	**(2,061)**	**(3,255)**
Segregated funds net assets	**4,281**	**194**	**-**	**147**	**(255)**	**(30)**	**-**	**(1)**	**38**	**4,374**	**93**
Total	**$ 41,915**	**$ (1,938)**	**$ (16)**	**$ 2,696**	**$ (702)**	**$ (636)**	**$ 13**	**$ (543)**	**$ 121**	**$ 40,910**	**$ (1,375)**

For the six months ended June 30, 2021	Balance, January 1, 2021	Total gains (losses) included in net income[1]	Total gains (losses) included in AOCI[2]	Purchases	Sales	Settlements	Transfer in[3]	Transfer out[3]	Currency movement	**Balance, June 30, 2021**	Change in unrealized gains (losses) on assets still held
Debt securities											
FVTPL											
Corporate	$ 510	$ 9	$ -	$ -	$ (93)	$ -	$ -	$ (397)	$ (3)	$ 26	$ (9)
Other securitized assets	45	2	-	-	(9)	(12)	-	-	(1)	25	-
AFS											
Corporate	3	1	-	-	(3)	-	-	-	-	1	-
Public equities											
FVTPL	-	1	-	40	(34)	-	-	-	-	7	-
Investment property	10,982	262	-	80	(267)	-	-	-	(184)	10,873	233
Other invested assets	19,049	1,446	(3)	2,247	(260)	(649)	-	-	(546)	21,284	1,501
Total invested assets	30,589	1,721	(3)	2,367	(666)	(661)	-	(397)	(734)	32,216	1,725
Derivatives, net	3,443	(1,900)	3	12	-	(15)	-	(93)	(8)	1,442	(1,672)
Segregated funds net assets	4,202	155	-	26	(86)	(8)	-	-	(59)	4,230	97
Total	$ 38,234	$ (24)	$ -	$ 2,405	$ (752)	$ (684)	$ -	$ (490)	$ (801)	$ 37,888	$ 150

(1) These amounts are included in net investment income in the Consolidated Statements of Income except for the amount related to segregated funds net assets, where the amount is recorded in changes in segregated funds net assets, refer to note 14.

(2) These amounts are included in AOCI on the Consolidated Statements of Financial Position.

(3) The Company uses fair values of the assets at the beginning of the year for assets transferred into and out of Level 3 except for derivatives, where the Company uses fair value at the end of the period and at the beginning of the year, respectively.

Transfers into Level 3 primarily result from securities that were impaired during the periods or securities where a lack of observable market data (versus the previous period) resulted in reclassifying assets into Level 3. Transfers from Level 3 primarily result from observable market data becoming available for the entire term structure of the debt security.

Note 4 Derivative and Hedging Instruments

Fair value of derivatives

The following table presents gross notional amount and fair value of derivative instruments by the underlying risk exposure for derivatives in qualifying hedge accounting relationships and derivatives not designated in qualifying hedge accounting relationships.

As at		June 30, 2022			December 31, 2021		
		Notional	Fair value		Notional	Fair value	
Type of hedge	Instrument type	amount	Assets	Liabilities	amount	Assets	Liabilities
Derivatives in qualifying hedge accounting relationships							
Fair value hedges	Foreign currency swaps	**$ 46**	**$ 2**	**$ -**	$ 57	$ 1	$ 1
Cash flow hedges	Foreign currency swaps	**1,139**	**-**	**232**	1,251	5	379
	Equity contracts	**212**	**5**	**-**	145	10	-
Net investment hedges	Forward contracts	**589**	**6**	**-**	671	9	-
Total derivatives in qualifying hedge accounting relationships		**1,986**	**13**	**232**	2,124	25	380
Derivatives not designated in qualifying hedge accounting relationships							
	Interest rate swaps	**256,861**	**6,512**	**7,535**	300,556	11,832	7,347
	Interest rate futures	**10,930**	**-**	**-**	11,944	-	-
	Interest rate options	**8,803**	**231**	**-**	10,708	514	-
	Foreign currency swaps	**36,697**	**1,367**	**2,032**	36,405	790	1,722
	Currency rate futures	**2,370**	**-**	**-**	3,086	-	-
	Forward contracts	**43,683**	**245**	**3,879**	45,295	2,674	562
	Equity contracts	**15,789**	**388**	**316**	18,577	1,667	27
	Credit default swaps	**76**	**1**	**-**	44	1	-
	Equity futures	**4,393**	**-**	**-**	11,359	-	-
Total derivatives not designated in qualifying hedge accounting relationships		**379,602**	**8,744**	**13,762**	437,974	17,478	9,658
Total derivatives		**$ 381,588**	**$ 8,757**	**$ 13,994**	$ 440,098	$ 17,503	$ 10,038

The total notional amount of $382 billion (December 31, 2021 – $440 billion) includes $77 billion (December 31, 2021 – $121 billion) related to derivatives utilized in the Company's variable annuity guarantee dynamic hedging and macro risk hedging programs. Due to the Company's variable annuity hedging practices, many trades are in offsetting positions, resulting in materially lower net fair value exposure to the Company than what the gross notional amount would suggest.

The total notional amount above includes $219 billion (December 31, 2021 – $258 billion) of derivative instruments which reference rates that are impacted under the interest rate benchmark reform, with a significant majority to USD LIBOR, and CDOR. Exposures indexed to USD LIBOR and CDOR represent derivatives with maturity dates beyond June 30, 2023 and June 28, 2024, respectively. The exposure in the Company's hedge accounting programs is primarily to USD LIBOR and CDOR benchmarks. Compared to the overall risk exposure, the effect of interest rate benchmark reform on existing accounting hedges is not significant. The Company continues to apply high probability and high effectiveness expectation assumptions for cash flows and there would be no automatic de-designation of qualifying hedge relationships due to the impact from interest rate benchmark reform.

The following table presents the fair values of derivative instruments by remaining term to maturity. Fair values disclosed below do not incorporate the impact of master netting agreements (refer to note 6).

	Remaining term to maturity				
As at June 30, 2022	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Derivative assets	**$ 481**	**$ 594**	**$ 454**	**$ 7,228**	**$ 8,757**
Derivative liabilities	**2,511**	**1,604**	**979**	**8,900**	**13,994**

	Remaining term to maturity				
As at December 31, 2021	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Derivative assets	$ 2,500	$ 1,803	$ 1,000	$ 12,200	$ 17,503
Derivative liabilities	294	387	379	8,978	10,038

The following table presents fair value of derivative contracts within the fair value hierarchy.

As at June 30, 2022	Fair value	Level 1	Level 2	Level 3
Derivative assets				
Interest rate contracts	**$ 6,798**	**$ -**	**$ 6,526**	**$ 272**
Foreign exchange contracts	**1,565**	**-**	**1,564**	**1**
Equity contracts	**393**	**-**	**362**	**31**
Credit default swaps	**1**	**-**	**1**	**-**
Total derivative assets	**$ 8,757**	**$ -**	**$ 8,453**	**$ 304**
Derivative liabilities				
Interest rate contracts	**$ 11,280**	**$ -**	**$ 8,937**	**$ 2,343**
Foreign exchange contracts	**2,398**	**-**	**2,396**	**2**
Equity contracts	**316**	**-**	**296**	**20**
Total derivative liabilities	**$ 13,994**	**$ -**	**$ 11,629**	**$ 2,365**

As at December 31, 2021	Fair value	Level 1	Level 2	Level 3
Derivative assets				
Interest rate contracts	$ 14,971	$ -	$ 12,510	$ 2,461
Foreign exchange contracts	854	-	854	-
Equity contracts	1,677	-	1,616	61
Credit default swaps	1	-	1	-
Total derivative assets	$ 17,503	$ -	$ 14,981	$ 2,522
Derivative liabilities				
Interest rate contracts	$ 7,829	$ -	$ 7,419	$ 410
Foreign exchange contracts	2,182	-	2,181	1
Equity contracts	27	-	17	10
Total derivative liabilities	$ 10,038	$ -	$ 9,617	$ 421

Level 3 roll forward information for net derivative contracts measured using significant unobservable inputs is disclosed in note 3(c).

Note 5 Insurance and Investment Contract Liabilities

(a) Insurance and investment contracts

The Company monitors experience and reviews the assumptions used in the calculation of insurance and investment contract liabilities on an ongoing basis to ensure they appropriately reflect future expected experience and any changes in the risk profile of the business. Any changes to the methods and assumptions used in projecting future asset and liability cash flows will result in a change in insurance and investment contract liabilities.

For the three and six months ended June 30, 2022 and 2021, changes in assumptions and model enhancements did not impact insurance and investment contract liabilities or net income attributed to shareholders.

(b) Investment contracts – Fair value measurement

As at June 30, 2022, the fair value of investment contract liabilities measured at fair value was $768 (December 31, 2021 – $802). The carrying value and fair value of investment contract liabilities measured at amortized cost were $2,390 and $2,487, respectively (December 31, 2021 – $2,315 and $2,618, respectively). The carrying value and fair value of investment contract liabilities net of reinsurance assets were $2,347 and $2,443, respectively (December 31, 2021 – $2,267 and $2,566, respectively).

(c) Gross claims and benefits

The following table presents a breakdown of gross claims and benefits for the three and six months ended June 30, 2022 and 2021.

	three months ended June 30,		six months ended June 30,	
For the	**2022**	2021	**2022**	2021
Death, disability and other claims	**$ 4,432**	$ 4,440	**$ 9,670**	$ 9,156
Maturity and surrender benefits	**2,688**	2,274	**5,054**	4,340
Annuity payments	**812**	787	**1,623**	1,629
Policyholder dividends and experience rating refunds	**304**	287	**629**	516
Net transfers from segregated funds	**(347)**	(151)	**(570)**	(361)
Total	**$ 7,889**	$ 7,637	**$ 16,406**	$ 15,280

(d) Reinsurance transaction

On November 15, 2021, the Company, through its subsidiary John Hancock Life Insurance Company (U.S.A.) ("JHUSA"), entered into a reinsurance agreement with Venerable Holdings, Inc. to reinsure a block of legacy U.S. variable annuity ("VA") policies. Under the terms of the transaction, the Company will retain responsibility for the maintenance of the policies with no intended impact to VA policyholders. The transaction was structured as coinsurance for the general fund liabilities and modified coinsurance for the segregated fund liabilities.

The transaction closed on February 1, 2022 resulting in a cumulative after-tax gain of $802 million, comprising a one-time after-tax gain of $842 million recognized in the first quarter 2022, and a one-time after-tax loss of $40 million recognized in the fourth quarter 2021.

Note 6 Risk Management

The Company's policies and procedures for managing risk related to financial instruments and insurance contracts can be found in note 8 of the Company's 2021 Annual Consolidated Financial Statements as well as the denoted text and tables in the "Risk Management" section of the Company's MD&A in the 2021 Annual Report.

(a) Risk disclosures included in the Second Quarter's MD&A

Market risk sensitivities related to variable annuity and segregated fund guarantees, publicly traded equity performance risk, interest rate and spread risk and alternative long-duration asset performance risk are disclosed in denoted text and tables in the "Risk Management and Risk Factors" section of the Second Quarter 2022 MD&A. These disclosures are in accordance with IFRS 7 "Financial Instruments: Disclosures" and IAS 34 "Interim Financial Reporting" and are an integral part of these Interim Consolidated Financial Statements.

(b) Credit risk

(I) Credit quality

The credit quality of commercial mortgages and private placements is assessed at least annually by using an internal rating based on regular monitoring of credit related exposures, considering both qualitative and quantitative factors.

The following table presents the credit quality and carrying value of the commercial mortgages and private placements.

As at June 30, 2022	AAA	AA	A	BBB	BB	B and lower	Total
Commercial mortgages							
Retail	**$ 123**	**$ 1,392**	**$ 4,947**	**$ 2,077**	**$ 188**	**$ 2**	**$ 8,729**
Office	**105**	**1,404**	**5,785**	**1,433**	**85**	**39**	**8,851**
Multi-family residential	**555**	**2,074**	**3,759**	**844**	**10**	**-**	**7,242**
Industrial	**52**	**715**	**3,057**	**434**	**-**	**-**	**4,258**
Other	**201**	**939**	**749**	**711**	**46**	**-**	**2,646**
Total commercial mortgages	**1,036**	**6,524**	**18,297**	**5,499**	**329**	**41**	**31,726**
Agricultural mortgages	**-**	**-**	**117**	**237**	**-**	**-**	**354**
Private placements	**939**	**6,503**	**15,887**	**16,592**	**923**	**3,046**	**43,890**
Total	**$ 1,975**	**$ 13,027**	**$ 34,301**	**$ 22,328**	**$ 1,252**	**$ 3,087**	**$ 75,970**

As at December 31, 2021	AAA	AA	A	BBB	BB	B and lower	Total
Commercial mortgages							
Retail	$ 113	$ 1,340	$ 5,179	$ 1,936	$ 228	$ 2	$ 8,798
Office	56	1,256	6,004	1,291	87	40	8,734
Multi-family residential	557	1,869	3,771	767	32	-	6,996
Industrial	47	376	2,808	328	-	-	3,559
Other	212	1,010	787	956	47	-	3,012
Total commercial mortgages	985	5,851	18,549	5,278	394	42	31,099
Agricultural mortgages	-	-	119	242	-	-	361
Private placements	976	5,721	16,147	16,220	1,161	2,618	42,843
Total	$ 1,961	$ 11,572	$ 34,815	$ 21,740	$ 1,555	$ 2,660	$ 74,303

The Company assesses credit quality of residential mortgages and loans to Bank clients at least annually with the loan status as performing or non-performing being the key credit quality indicator.

The following table presents the carrying value of residential mortgages and loans to Bank clients.

As at	**June 30, 2022**			December 31, 2021		
	Insured	Uninsured	Total	Insured	Uninsured	Total
Residential mortgages						
Performing	**$ 7,379**	**$ 13,945**	**$ 21,324**	$ 7,264	$ 13,272	$ 20,536
Non-performing[1]	**3**	**15**	**18**	6	12	18
Loans to Bank clients						
Performing	**n/a**	**2,782**	**2,782**	n/a	2,506	2,506
Non-performing[1]	**n/a**	**-**	**-**	n/a	-	-
Total	**$ 7,382**	**$ 16,742**	**$ 24,124**	$ 7,270	$ 15,790	$ 23,060

[1] Non-performing refers to payments that are 90 days or more past due.

(II) Past due or credit impaired financial assets

The following table presents the carrying value of financial assets with some or all of their contractual payments past due but which are not impaired and impaired financial assets and the allowance for credit losses.

	Past due but not impaired				
As at June 30, 2022	Less than 90 days	90 days and greater	Total	Total impaired	Allowance for credit losses
Debt securities[1]					
FVTPL	**$ 3,156**	**$ 2**	**$ 3,158**	**$ 2**	**$ -**
AFS	**283**	**-**	**283**	**-**	**-**
Private placements	**215**	**-**	**215**	**212**	**25**
Mortgages and loans to Bank clients	**69**	**-**	**69**	**50**	**22**
Other financial assets	**77**	**39**	**116**	**1**	**-**
Total	**$ 3,800**	**$ 41**	**$ 3,841**	**$ 265**	**$ 47**

	Past due but not impaired				
As at December 31, 2021	Less than 90 days	90 days and greater	Total	Total impaired	Allowance for credit losses
Debt securities					
FVTPL	$ 20	$ -	$ 20	$ 2	$ -
AFS	-	-	-	-	-
Private placements	63	-	63	175	22
Mortgages and loans to Bank clients	61	-	61	51	22
Other financial assets	261	47	308	-	-
Total	$ 405	$ 47	$ 452	$ 228	$ 44

(1) Payments of $35 on $3,439 (December 31, 2021 – $nil and $20, respectively) of debt securities past due less than 90 days are delayed due to operational issues among custodian banks rather than credit deterioration among issuers.

(c) Securities lending, repurchase and reverse repurchase transactions

As at June 30, 2022, the Company had loaned securities (which are included in invested assets), with a market value of $844 (December 31, 2021 – $564). The Company holds collateral with a current market value that exceeds the value of securities lent in all cases.

As at June 30, 2022, the Company had engaged in reverse repurchase transactions of $580 (December 31, 2021 – $1,490) which are recorded as receivables. In addition, the Company had engaged in repurchase transactions of $596 as at June 30, 2022 (December 31, 2021 – $536) which are recorded as payables.

(d) Credit default swaps

The Company replicates exposure to specific issuers by selling credit protection via credit default swaps ("CDS") to complement its cash debt securities investing. The Company does not write CDS protection in excess of its government bond holdings.

The following table presents details of the CDS protection sold by type of contract and external agency rating for the underlying reference security.

As at June 30, 2022	Notional amount[1]	Fair value	Weighted average maturity (in years)[2]
Single name CDS[3],[4] – Corporate debt			
A	**$ 52**	**$ 1**	**4**
BBB	**24**	**-**	**2**
Total single name CDS	**$ 76**	**$ 1**	**3**
Total CDS protection sold	**$ 76**	**$ 1**	**3**

As at December 31, 2021	Notional amount[1]	Fair value	Weighted average maturity (in years)[2]
Single name CDS[3],[4] – Corporate debt			
A	$ 16	$ -	1
BBB	28	1	2
Total single name CDS	$ 44	$ 1	2
Total CDS protection sold	$ 44	$ 1	2

(1) Notional amounts represent the maximum future payments the Company would have to pay its CDS counterparties assuming a default of the underlying credit and zero recovery on the underlying issuer obligations.
(2) The weighted average maturity of the CDS is weighted based on notional amounts.
(3) Ratings are based on S&P where available followed by Moody's, DBRS, and Fitch. If no rating is available from a rating agency, an internally developed rating is used.
(4) The Company held no purchased credit protection.

(e) Derivatives

The Company's point-in-time exposure to losses related to credit risk of a derivative counterparty is limited to the amount of any net gains that may have accrued with the particular counterparty. Gross derivative counterparty exposure is measured as the total fair value (including accrued interest) of all outstanding contracts in a gain position excluding any offsetting contracts in a loss position and the impact of collateral on hand. The Company limits the risk of credit losses from derivative counterparties by: using investment grade counterparties, entering into master netting arrangements which permit the offsetting of contracts in a loss position in the case of a counterparty default and entering into Credit Support Annex agreements whereby collateral must be provided when the exposure exceeds a certain threshold.

All contracts are held with, or guaranteed by investment grade counterparties, the majority of whom are rated A- or higher. As at June 30, 2022, the percentage of the Company's derivative exposure with counterparties rated AA- or higher was 30 per cent (December 31, 2021 – 17 per cent). As at June 30, 2022, the largest single counterparty exposure, without taking into consideration the impact of master netting agreements or the benefit of collateral held, was $1,419 (December 31, 2021 – $2,132). The net exposure to this counterparty, after taking into consideration master netting agreements and the fair value of collateral held, was $nil (December 31, 2021 – $nil).

(f) Offsetting financial assets and financial liabilities

Certain derivatives, securities lent and repurchase agreements have conditional offset rights. The Company does not offset these financial instruments in the Consolidated Statements of Financial Position, as the rights of offset are conditional. In the case of derivatives, collateral is collected from and pledged to counterparties and clearing houses to manage credit risk exposure in accordance with Credit Support Annexes to swap agreements and clearing agreements. Under master netting agreements, the Company has a right of offset in the event of default, insolvency, bankruptcy or other early termination.

In the case of reverse repurchase and repurchase transactions, additional collateral may be collected from or pledged to counterparties to manage credit exposure according to bilateral reverse repurchase or repurchase agreements. In the event of default by a counterparty, the Company is entitled to liquidate the collateral held to offset against the same counterparty's obligation.

The following table presents the effect of conditional master netting and similar arrangements. Similar arrangements may include global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral.

		Related amounts not set off in the Consolidated Statements of Financial Position			
As at June 30, 2022	Gross amounts of financial instruments(1)	Amounts subject to an enforceable master netting arrangement or similar agreements	Financial and cash collateral pledged (received)(2)	Net amount including financing entity(3)	Net amounts excluding financing entity
Financial assets					
Derivative assets	**$ 9,221**	**$ (7,400)**	**$ (1,692)**	**$ 129**	**$ 129**
Securities lending	**844**	**-**	**(844)**	**-**	**-**
Reverse repurchase agreements	**580**	**-**	**(580)**	**-**	**-**
Total financial assets	**$ 10,645**	**$ (7,400)**	**$ (3,116)**	**$ 129**	**$ 129**
Financial liabilities					
Derivative liabilities	**$ (14,666)**	**$ 7,400**	**$ 7,153**	**$ (113)**	**$ (61)**
Repurchase agreements	**(596)**	**-**	**596**	**-**	**-**
Total financial liabilities	**$ (15,262)**	**$ 7,400**	**$ 7,749**	**$ (113)**	**$ (61)**

		Related amounts not set off in the Consolidated Statements of Financial Position			
As at December 31, 2021	Gross amounts of financial instruments(1)	Amounts subject to an enforceable master netting arrangement or similar agreements	Financial and cash collateral pledged (received)(2)	Net amount including financing entity(3)	Net amounts excluding financing entity
Financial assets					
Derivative assets	$ 18,226	$ (8,410)	$ (9,522)	$ 294	$ 294
Securities lending	564	-	(564)	-	-
Reverse repurchase agreements	1,490	(183)	(1,307)	-	-
Total financial assets	$ 20,280	$ (8,593)	$ (11,393)	$ 294	$ 294
Financial liabilities					
Derivative liabilities	$ (10,940)	$ 8,410	$ 2,250	$ (280)	$ (79)
Repurchase agreements	(536)	183	353	-	-
Total financial liabilities	$ (11,476)	$ 8,593	$ 2,603	$ (280)	$ (79)

(1) Financial assets and liabilities include accrued interest of $467 and $672, respectively (December 31, 2021 – $725 and $902, respectively).

(2) Financial and cash collateral exclude over-collateralization. As at June 30, 2022, the Company was over-collateralized on OTC derivative assets, OTC derivative liabilities, securities lending and reverse repurchase agreements and repurchase agreements in the amounts of $736, $2,257, $22 and $3, respectively (December 31, 2021 – $599, $875, $36 and $2, respectively). As at June 30, 2022, collateral pledged (received) does not include collateral-in-transit on OTC instruments or include initial margin on exchange traded contracts or cleared contracts.

(3) Includes derivative contracts entered between the Company and its unconsolidated financing entity (refer to note 12). The Company does not exchange collateral on derivative contracts entered with this entity.

The Company also has certain credit linked note assets and variable surplus note liabilities which have unconditional offsetting rights. Under the netting agreements, the Company has rights of offset including in the event of the Company's default, insolvency, or bankruptcy. These financial instruments are offset in the Company's Consolidated Statements of Financial Position.

A credit linked note is a fixed income instrument the term of which, in this case, is linked to a variable surplus note. A surplus note is a subordinated debt obligation that often qualifies as surplus (the U.S. statutory equivalent of equity) by some U.S. state insurance regulators. Interest payments on surplus notes are made after all other contractual payments are made. The following table presents the effect of unconditional netting.

As at June 30, 2022	Gross amounts of financial instruments	Amounts subject to an enforceable netting arrangement	Net amounts of financial instruments
Credit linked note	**$ 1,127**	**$ (1,127)**	**$ -**
Variable surplus note	**(1,127)**	**1,127**	**-**

As at December 31, 2021	Gross amounts of financial instruments	Amounts subject to an enforceable netting arrangement	Net amounts of financial instruments
Credit linked note	$ 1,054	$ (1,054)	$ -
Variable surplus note	(1,054)	1,054	-

Note 7 Long-Term Debt

(a) Carrying value of long-term debt instruments

As at	Issue date	Maturity date	Par value	**June 30, 2022**	December 31, 2021
3.050% Senior notes(1)	August 27, 2020	August 27, 2060	US$1,155	**$ 1,482**	$ 1,455
5.375% Senior notes(1)	March 4, 2016	March 4, 2046	US$750	**956**	939
3.703% Senior notes(1),(2)	March 16, 2022	March 16, 2032	US$750	**961**	-
2.396% Senior notes(1)	June 1, 2020	June 1, 2027	US$200	**257**	253
2.484% Senior notes(1)	May 19, 2020	May 19, 2027	US$500	**641**	630
3.527% Senior notes(1)	December 2, 2016	December 2, 2026	US$270	**348**	342
4.150% Senior notes(1)	March 4, 2016	March 4, 2026	US$1,000	**1,286**	1,263
Total				**$ 5,931**	$ 4,882

(1) These U.S. dollar senior notes have been designated as hedges of the Company's net investment in its U.S. operations which reduces the earnings volatility that would otherwise arise from the re-measurement of these senior notes into Canadian dollars.

(2) Issued by MFC during the first quarter, interest is payable semi-annually. The Company may redeem the senior notes in whole or in part, at any time, at a redemption price equal to the greater of par and a price based on the yield of a corresponding U.S. Treasury bond, from redemption date to December 16, 2031, plus 25 bps, together with accrued and unpaid interest.

(b) Fair value measurement

Fair value of long-term debt instruments is determined using the following hierarchy:

Level 1 – Fair value is determined using quoted market prices where available.

Level 2 – When quoted market prices are not available, fair value is determined with reference to quoted prices of similar debt instruments or estimated using discounted cash flows based on observable market rates.

The Company measures long-term debt at amortized cost in the Consolidated Statements of Financial Position. As at June 30, 2022, the fair value of long-term debt was $5,583 (December 31, 2021 – $5,439). Fair value of long-term debt was determined using Level 2 valuation techniques (December 31, 2021 – Level 2).

Note 8 Capital Instruments

(a) Carrying value of capital instruments

As at	Issue date	Earliest par redemption date	Maturity date	Par value	June 30, 2022	December 31, 2021
JHFC Subordinated notes[1]	December 14, 2006	n/a	December 15, 2036	$650	**$ 647**	$ 647
2.818% MFC Subordinated debentures[1]	May 12, 2020	May 13, 2030	May 13, 2035	$1,000	**996**	995
4.061% MFC Subordinated notes[1],[2]	February 24, 2017	February 24, 2027	February 24, 2032	US$750	**964**	947
2.237% MFC Subordinated debentures[1]	May 12, 2020	May 12, 2025	May 12, 2030	$1,000	**997**	997
3.00% MFC Subordinated notes[1]	November 21, 2017	November 21, 2024	November 21, 2029	S$500	**462**	469
3.049% MFC Subordinated debentures[1]	August 18, 2017	August 20, 2024	August 20, 2029	$750	**749**	748
3.317% MFC Subordinated debentures[1]	May 9, 2018	May 9, 2023	May 9, 2028	$600	**599**	599
3.181% MLI Subordinated debentures[1]	November 20, 2015	November 22, 2022	November 22, 2027	$1,000	**1,000**	999
7.375% JHUSA Surplus notes	February 25, 1994	n/a	February 15, 2024	US$450	**587**	579
Total					**$ 7,001**	$ 6,980

(1) The Company is monitoring regulatory and market developments globally with respect to the interest rate benchmark reform. As these rates could potentially be discontinued in the future, the Company will take appropriate actions in due course to accomplish the necessary transitions or replacements. As at June 30, 2022, capital instruments of $647 (December 31, 2021 – $647) have interest rate referencing CDOR. In addition, capital instruments of $4,341, $964, and $462 (December 31, 2021 – $4,338, $947, and $469, respectively) have interest rate reset in the future referencing CDOR, the USD Mid-Swap rate, and the SGD swap rate, respectively.

(2) Designated as a hedge of the Company's net investment in its U.S. operations which reduces the earnings volatility that would otherwise arise from the re-measurement of the subordinated notes into Canadian dollars.

(b) Fair value measurement

Fair value of capital instruments is determined using the following hierarchy:

Level 1 – Fair value is determined using quoted market prices where available.

Level 2 – When quoted market prices are not available, fair value is determined with reference to quoted prices of similar debt instruments or estimated using discounted cash flows based on observable market rates.

The Company measures capital instruments at amortized cost in the Consolidated Statements of Financial Position. As at June 30, 2022, the fair value of capital instruments was $6,623 (December 31, 2021 – $7,213). Fair value of capital instruments was determined using Level 2 valuation techniques (December 31, 2021 – Level 2).

Note 9 Equity Capital and Earnings Per Share

(a) Preferred shares and other equity instruments

The following table presents information about the outstanding preferred shares and other equity instruments as at June 30, 2022 and December 31, 2021.

As at	Issue date	Annual dividend rate/ distribution[1]	Earliest redemption date[2],[3]	Number of shares (in millions)	Face amount	Net amount[4] June 30, 2022	Net amount[4] December 31, 2021
Preferred shares							
Class A preferred shares							
Series 2	February 18, 2005	4.65%	n/a	14	$ 350	**$ 344**	$ 344
Series 3	January 3, 2006	4.50%	n/a	12	300	**294**	294
Class 1 preferred shares							
Series 3[5],[6]	March 11, 2011	2.348%	June 19, 2026	7	163	**160**	160
Series 4[7]	June 20, 2016	floating	June 19, 2026	1	37	**36**	36
Series 7[8]	February 22, 2012	4.312%	March 19, 2022	10	250	**-**	244
Series 9[5],[6]	May 24, 2012	4.351%	September 19, 2022	10	250	**244**	244
Series 11[5],[6]	December 4, 2012	4.731%	March 19, 2023	8	200	**196**	196
Series 13[5],[6]	June 21, 2013	4.414%	September 19, 2023	8	200	**196**	196
Series 15[5],[6]	February 25, 2014	3.786%	June 19, 2024	8	200	**195**	195
Series 17[5],[6]	August 15, 2014	3.80%	December 19, 2024	14	350	**343**	343
Series 19[5],[6]	December 3, 2014	3.675%	March 19, 2025	10	250	**246**	246
Series 23[8]	November 22, 2016	4.85%	March 19, 2022	19	475	**-**	467
Series 25[5],[6]	February 20, 2018	4.70%	June 19, 2023	10	250	**245**	245
Other equity instruments							
Limited recourse capital notes							
Series 1[9],[12]	February 19, 2021	3.375%	May 19, 2026	n/a	2,000	**1,982**	1,982
Series 2[10],[12]	November 12, 2021	4.100%	February 19, 2027	n/a	1,200	**1,189**	1,189
Series 3[11],[12]	June 16, 2022	7.117%	June 19, 2027	n/a	1,000	**990**	-
Total				131	$ 7,475	**$ 6,660**	$ 6,381

(1) Holders of Class A and Class 1 preferred shares are entitled to receive non-cumulative preferential cash dividends on a quarterly basis, as and when declared by the Board of Directors. Non-deferrable distributions are payable to LRCN – Series 1 holders semi-annually at the Company's discretion.

(2) Redemption of all preferred shares is subject to regulatory approval. MFC may redeem each series, in whole or in part, at par, on the earliest redemption date or every five years thereafter, except for Class A Series 2, Class A Series 3 and Class 1 Series 4 preferred shares. Class A Series 2 and Series 3 preferred shares are past their respective earliest redemption date and MFC may redeem these shares, in whole or in part, at par at any time, subject to regulatory approval, as noted. MFC may redeem the Class 1 Series 4, in whole or in part, at any time, at $25.00 per share if redeemed on June 19, 2026 (the earliest redemption date) and on June 19 every five years thereafter, or at $25.50 per share if redeemed on any other date after June 19, 2021, subject to regulatory approval, as noted.

(3) Redemption of all LRCN series is subject to regulatory approval. MFC may at its option redeem each series in whole or in part, at a redemption price equal to par, together with accrued and unpaid interest. The redemption period for Series 1 is every five years during the period from May 19 to and including June 19, commencing in 2026. The redemption period for Series 2 is every five years during the period from February 19 to and including March 19, commencing in 2027. After the first redemption date, the redemption period for Series 3 is every five years during the period from May 19 to and including June 19, commencing in 2032.

(4) Net of after-tax issuance costs.

(5) On the earliest redemption date and every five years thereafter, the annual dividend rate will be reset to the five-year Government of Canada bond yield plus a yield specified for each series. The specified yield for Class 1 preferred shares is: Series 3 – 1.41%, Series 9 – 2.86%, Series 11 – 2.61%, Series 13 – 2.22%, Series 15 – 2.16%, Series 17 – 2.36%, Series 19 – 2.30%, and Series 25 – 2.55%.

(6) On the earliest redemption date and every five years thereafter, Class 1 preferred shares are convertible at the option of the holder into a new series that is one number higher than their existing series, and the holders are entitled to non-cumulative preferential cash dividends, payable quarterly if and when declared by the Board of Directors, at a rate equal to the three-month Government of Canada Treasury bill yield plus the rate specified in footnote 5 above.

(7) The floating dividend rate for the Class 1 Series 4 shares equals the three-month Government of Canada Treasury bill yield plus 1.41%.

(8) MFC redeemed in full the Class 1 Series 7 and Class 1 Series 23 preferred shares at par, on March 19, 2022, the earliest par redemption date.

(9) The LRCN – Series 1 distribute at a fixed rate of 3.375% payable semi-annually, until June 18, 2026. On June 19, 2026 and every five years thereafter until June 19, 2076, the rate on the LRCN – Series 1 will be reset at a rate equal to the five-year Government of Canada yield as defined in the prospectus, plus 2.839%. Non-deferrable distributions are payable semi-annually on the LRCN – Series 1 at the Company's discretion. Non-payment of distributions or principal when due will result in a recourse event, with the noteholders' sole remedy being receipt of their proportionate share of Class 1 Series 27 preferred shares held in a consolidated trust (the Limited Recourse Trust).

(10) The LRCN – Series 2 distribute at a fixed rate of 4.10% payable semi-annually, until March 18, 2027. On March 19, 2027 and every five years thereafter until March 19, 2077, the rate on the LRCN – Series 2 will be reset at a rate equal to the five-year Government of Canada yield as defined in the prospectus, plus 2.704%. Non-deferrable distributions are payable semi-annually on the LRCN – Series 2 at the Company's discretion. Non-payment of distributions or principal when due will result in a recourse event, with the noteholders' sole remedy being receipt of their proportionate share of Class 1 Series 28 preferred shares held in the Limited Recourse Trust.

(11) The LRCN Series 3 distribute at a fixed rate of 7.117% payable semi-annually, until June 18, 2027. On June 19, 2027 and every five years thereafter until June 19, 2077, the rate on the LRCN Series 3 will be reset at a rate equal to the five-year Government of Canada yield as defined in the prospectus, plus 3.95%. Non-deferrable distributions are payable semi-annually on the LRCN Series 3 at the Company's discretion. Non-payment of distributions or principal when due will result in a recourse event, with the noteholders' sole remedy being receipt of their proportionate share of Class 1 Series 29 preferred shares held in the Limited Recourse Trust.

(12) All claims of the holders of LRCN series against MFC will be extinguished upon receipt of the corresponding trust assets. The Class 1 Series 27, Class 1 Series 28, and Class 1 Series 29 preferred shares are eliminated on the Company's Consolidated Statements of Financial Position while being held in the Limited Recourse Trust.

(b) Common shares

As at June 30, 2022, there were 21 million outstanding stock options and deferred share units that entitle the holder to receive common shares or payment in cash or common shares, at the option of the holder (December 31, 2021 – 22 million).

For the Number of common shares (in millions)	six months ended June 30, 2022	year ended December 31, 2021
Balance, beginning of period	**1,943**	1,940
Purchased for cancellation	**(33)**	-
Issued on exercise of stock options and deferred share units	**1**	3
Balance, end of period	**1,911**	1,943

Normal Course Issuer Bid

On February 1, 2022, the Company announced that the Toronto Stock Exchange ("TSX") approved a normal course issuer bid ("NCIB") permitting the purchase for cancellation of up to 97 million common shares. Purchases under the NCIB commenced on February 3, 2022 and will continue until February 2, 2023, when the NCIB expires, or such earlier date as the Company completes its purchases. During the six months ended June 30, 2022, the Company purchased 32.4 million shares for $805. Of this, $385 was recorded in common shares and $420 was recorded in retained earnings in the Consolidated Statements of Changes in Equity.

(c) Earnings per share

The following is a reconciliation of the denominator (number of shares) in the calculation of basic and diluted earnings per common share.

For the	three months ended June 30,		six months ended June 30,	
(in millions)	**2022**	2021	**2022**	2021
Weighted average number of common shares	**1,921**	1,942	**1,930**	1,942
Dilutive stock-based awards[(1)]	**3**	4	**3**	4
Weighted average number of diluted common shares	**1,924**	1,946	**1,933**	1,946

(1) The dilutive effect of stock-based awards was calculated using the treasury stock method. This method calculates the number of incremental shares by assuming the outstanding stock-based awards are (i) exercised and (ii) then reduced by the number of shares assumed to be repurchased from the issuance proceeds, using the average market price of MFC common shares for the period.

Note 10 Revenue from Service Contracts

The Company provides investment management services, administrative services and distribution and related services to proprietary and third-party investment funds, retirement plans, group benefit plans and other arrangements. The Company also provides real estate management services to tenants of the Company's investment properties.

The Company's service contracts generally impose single performance obligations, each consisting of a series of similar related services for each customer.

The Company's performance obligations within service arrangements are generally satisfied over time as the customer simultaneously receives and consumes the benefits of the services rendered, measured using an output method. Fees typically include variable consideration and the related revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty is subsequently resolved.

Asset based fees vary with asset values of accounts under management, subject to market conditions and investor behaviors beyond the Company's control. Transaction processing and administrative fees vary with activity volume, also beyond the Company's control. Some fees, including distribution fees, are based on account balances and transaction volumes. Fees related to account balances and transaction volumes are measured daily. Real estate management service fees include fixed portions plus recovery of variable costs of services rendered to tenants. Fees related to services provided are generally recognized as services are rendered, which is when it becomes highly probable that no significant reversal of cumulative revenue recognized will occur. The Company has determined that its service contracts have no significant financing components as fees are collected monthly. The Company has no significant contract assets or contract liabilities.

The following tables present revenue from service contracts by service lines and reporting segments as disclosed in note 13.

For the three months ended June 30, 2022	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Investment management and other related fees	**$ 58**	**$ 61**	**$ 107**	**$ 761**	**$ (60)**	**$ 927**
Transaction processing, administration, and service fees	**71**	**216**	**3**	**595**	**(4)**	**881**
Distribution fees and other	**36**	**7**	**23**	**189**	**(18)**	**237**
Total included in other revenue	**165**	**284**	**133**	**1,545**	**(82)**	**2,045**
Revenue from non-service lines	**115**	**39**	**(25)**	**(4)**	**(113)**	**12**
Total other revenue	**$ 280**	**$ 323**	**$ 108**	**$ 1,541**	**$ (195)**	**$ 2,057**
Real estate management services included in net investment income	**$ 7**	**$ 34**	**$ 32**	**$ -**	**$ 2**	**$ 75**

For the three months ended June 30, 2021	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Investment management and other related fees	$ 40	$ 57	$ 123	$ 775	$ (61)	$ 934
Transaction processing, administration, and service fees	70	224	2	616	(3)	909
Distribution fees and other	74	4	17	194	(22)	267
Total included in other revenue	184	285	142	1,585	(86)	2,110
Revenue from non-service lines	219	37	338	1	55	650
Total other revenue	$ 403	$ 322	$ 480	$ 1,586	$ (31)	$ 2,760
Real estate management services included in net investment income	$ 9	$ 31	$ 35	$ -	$ 1	$ 76

For the six months ended June 30, 2022	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Investment management and other related fees	**$ 117**	**$ 122**	**$ 221**	**$ 1,562**	**$ (122)**	**$ 1,900**
Transaction processing, administration, and service fees	**145**	**445**	**6**	**1,217**	**(3)**	**1,810**
Distribution fees and other	**79**	**12**	**41**	**391**	**(29)**	**494**
Total included in other revenue	**341**	**579**	**268**	**3,170**	**(154)**	**4,204**
Revenue from non-service lines	**231**	**122**	**(319)**	**(5)**	**(185)**	**(156)**
Total other revenue	**$ 572**	**$ 701**	**$ (51)**	**$ 3,165**	**$ (339)**	**$ 4,048**
Real estate management services included in net investment income	**$ 19**	**$ 69**	**$ 65**	**$ -**	**$ 4**	**$ 157**

For the six months ended June 30, 2021	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Investment management and other related fees	$ 83	$ 112	$ 245	$ 1,519	$ (117)	$ 1,842
Transaction processing, administration, and service fees	141	438	6	1,215	(7)	1,793
Distribution fees and other	148	8	34	387	(28)	549
Total included in other revenue	372	558	285	3,121	(152)	4,184
Revenue from non-service lines	548	115	494	(2)	58	1,213
Total other revenue	$ 920	$ 673	$ 779	$ 3,119	$ (94)	$ 5,397
Real estate management services included in net investment income	$ 19	$ 65	$ 64	$ -	$ 3	$ 151

Note 11 Employee Future Benefits

The Company maintains a number of pension plans, both defined benefit and defined contribution, and retiree welfare plans for eligible employees and agents. Information about the financial impacts of the Company's material pension and retiree welfare plans in the U.S. and Canada is as follows.

	Pension plans		Retiree welfare plans(1)	
For the three months ended June 30,	**2022**	2021	**2022**	2021
Defined benefit current service cost	**$ 11**	$ 11	**$ -**	$ -
Defined benefit administrative expenses	**2**	3	**1**	1
Service cost	**13**	14	**1**	1
Interest on net defined benefit (asset) liability	**1**	2	**-**	-
Defined benefit cost	**14**	16	**1**	1
Defined contribution cost	**21**	23	**-**	-
Net benefit cost reported in earnings	**$ 35**	$ 39	**$ 1**	$ 1
Actuarial (gain) loss on economic assumption changes	**$ (315)**	$ 80	**$ (45)**	$ 12
Investment (gain) loss (excluding interest income)	**280**	(171)	**29**	(16)
Change in effect of asset limit	**3**	-	**-**	-
Remeasurement (gain) loss recorded in AOCI, net of tax	**$ (32)**	$ (91)	**$ (16)**	$ (4)

	Pension plans		Retiree welfare plans(1)	
For the six months ended June 30,	**2022**	2021	**2022**	2021
Defined benefit current service cost	**$ 22**	$ 22	**$ -**	$ -
Defined benefit administrative expenses	**5**	5	**1**	1
Service cost	**27**	27	**1**	1
Interest on net defined benefit (asset) liability	**1**	3	**-**	-
Defined benefit cost	**28**	30	**1**	1
Defined contribution cost	**46**	45	**-**	-
Net benefit cost reported in earnings	**$ 74**	$ 75	**$ 1**	$ 1
Actuarial (gain) loss on economic assumption changes	**$ (621)**	$ (151)	**$ (85)**	$ (18)
Investment (gain) loss (excluding interest income)	**573**	(11)	**58**	-
Change in effect of asset limit	**12**	-	**-**	-
Remeasurement (gain) loss recorded in AOCI, net of tax	**$ (36)**	$ (162)	**$ (27)**	$ (18)

(1) There are no significant current service costs for the retiree welfare plans as they are closed and mostly frozen. The remeasurement gain or loss on these plans is due to the volatility of discount rates and investment returns.

Note 12 Commitments and Contingencies

(a) Legal proceedings

The Company is regularly involved in legal actions, both as a defendant and as a plaintiff. The legal actions where the Company is a party ordinarily relate to its activities as a provider of insurance protection or wealth management products, reinsurance, or in its capacity as an investment adviser, employer, or taxpayer. Other life insurers and asset managers, operating in the jurisdictions in which the Company does business, have been subject to a wide variety of other types of actions, some of which resulted in substantial judgments or settlements against the defendants; it is possible that the Company may become involved in similar actions in the future. In addition, government and regulatory bodies in Canada, the United States, Asia and other jurisdictions where the Company conducts business regularly make inquiries and, from time to time, require the production of information or conduct examinations concerning the Company's compliance with, among other things, insurance laws, securities laws, and laws governing the activities of broker-dealers.

In June 2018, a class action was initiated against John Hancock Life Insurance Company (U.S.A.) ("JHUSA") and John Hancock Life Insurance Company of New York ("JHNY") in the U.S. District Court for the Southern District of New York on behalf of owners of approximately 1,500 Performance Universal Life ("UL") policies issued between 2003 and 2010 whose policies were subject to a Cost of Insurance ("COI") increase announced in 2018. On May 17, 2022, at a Fairness Hearing, the Court approved the class Settlement Agreement that it had preliminary approved on January 5, 2022. The settlement has been implemented. In the Class Notice process, an institutional investor which owns approximately 150 of the policies that met the class definition "opted out" of the settlement. No subsequent action has thus far been taken with respect to those opt out policies.

In addition to the class action, nine individual lawsuits opposing the Performance UL COI increases were also filed. Each of the lawsuits, except two, is brought by plaintiffs owning multiple policies and/or by entities managing them for investment purposes. One of the individual lawsuits has settled. Of the remaining eight non-class/individual lawsuits, three are pending in New York state court; and the balance are pending in the U.S. District Court for the Southern District of New York. Discovery has commenced in these cases. With respect to the non-class/individual lawsuits pending in the New York federal district court, the court has approved a briefing schedule and set the final pre-trial hearing for February 23, 2023. The Company continues to defend the individual lawsuits. In 2021, the Company recorded an accrual in relation to the class and individual lawsuits.

(b) Guarantees

(I) Guarantees regarding Manulife Finance (Delaware), L.P. ("MFLP")

MFC has guaranteed the payment of amounts on the $650 subordinated debentures due on December 15, 2041 issued by MFLP, a wholly owned unconsolidated financing entity.

(II) Guarantees regarding The Manufacturers Life Insurance Company

MFC has provided a subordinated guarantee for the $1,000 subordinated debentures issued by MLI on November 20, 2015.

The following table presents certain condensed consolidated financial information for MFC and MFLP.

Condensed Consolidated Statements of Income Information

For the three months ended June 30, 2022	MFC (Guarantor)	MLI consolidated	Other subsidiaries of MFC on a combined basis	Consolidation adjustments	Total consolidated amounts	MFLP
Total revenue	**$ 152**	**$ (2,393)**	**$ 154**	**$ (314)**	**$ (2,401)**	**$ 19**
Net income (loss) attributed to shareholders	**1,086**	**1,154**	**(151)**	**(1,003)**	**1,086**	**8**

For the three months ended June 30, 2021	MFC (Guarantor)	MLI consolidated	Other subsidiaries of MFC on a combined basis	Consolidation adjustments	Total consolidated amounts	MFLP
Total revenue	$ 156	$ 25,846	$ 183	$ (361)	$ 25,824	$ 6
Net income (loss) attributed to shareholders	2,646	2,733	(171)	(2,562)	2,646	(2)

For the six months ended June 30, 2022	MFC (Guarantor)	MLI consolidated	Other subsidiaries of MFC on a combined basis	Consolidation adjustments	Total consolidated amounts	MFLP
Total revenue	**$ 149**	**$ (6,018)**	**$ 154**	**$ (316)**	**$ (6,031)**	**$ 29**
Net income (loss) attributed to shareholders	**4,056**	**4,194**	**(151)**	**(4,043)**	**4,056**	**9**

For the six months ended June 30, 2021	MFC (Guarantor)	MLI consolidated	Other subsidiaries of MFC on a combined basis	Consolidation adjustments	Total consolidated amounts	MFLP
Total revenue	$ 156	$ 24,255	$ 183	$ (367)	$ 24,227	$ 16
Net income (loss) attributed to shareholders	3,429	3,599	(171)	(3,428)	3,429	-

Condensed Consolidated Statements of Financial Position Information

As at June 30, 2022	MFC (Guarantor)	MLI consolidated	Other subsidiaries of MFC on a combined basis	Consolidation adjustments	Total consolidated amounts	MFLP
Invested assets	**$ 85**	**$ 402,238**	**$ 6**	**$ -**	**$ 402,329**	**$ 2**
Total other assets	**88,720**	**86,938**	**41,561**	**(133,929)**	**83,290**	**946**
Segregated funds net assets	**-**	**334,903**	**-**	**-**	**334,903**	**-**
Insurance contract liabilities	**-**	**359,335**	**-**	**-**	**359,335**	**-**
Investment contract liabilities	**-**	**3,158**	**-**	**-**	**3,158**	**-**
Segregated funds net liabilities	**-**	**334,903**	**-**	**-**	**334,903**	**-**
Total other liabilities	**33,305**	**56,659**	**37,506**	**(60,142)**	**67,328**	**701**

As at December 31, 2021	MFC (Guarantor)	MLI consolidated	Other subsidiaries of MFC on a combined basis	Consolidation adjustments	Total consolidated amounts	MFLP
Invested assets	$ 78	$ 427,010	$ 10	$ -	$ 427,098	$ 3
Total other assets	68,866	91,412	3,203	(72,724)	90,757	1,088
Segregated funds net assets	-	399,788	-	-	399,788	-
Insurance contract liabilities	-	392,275	-	-	392,275	-
Investment contract liabilities	-	3,117	-	-	3,117	-
Segregated funds net liabilities	-	399,788	-	-	399,788	-
Total other liabilities	10,536	53,962	-	(904)	63,594	852

(III) Guarantees regarding John Hancock Life Insurance Company (U.S.A.) ("JHUSA")

Details of guarantees regarding certain securities issued or to be issued by JHUSA are outlined in note 15.

Note 13 Segment and Geographic Reporting

The Company's reporting segments are Asia, Canada, U.S., Global WAM and Corporate and Other. Each reporting segment is responsible for managing its operating results, developing products, defining strategies for services and distribution based on the profile and needs of its business and market. The Company's significant product and service offerings by the reporting segments are mentioned below.

Wealth and asset management businesses (Global WAM) – include mutual funds and exchange traded funds, group retirement and savings products, and institutional asset management services across all major asset classes. These products and services are distributed through multiple distribution channels, including agents and brokers affiliated with the Company, independent securities brokerage firms and financial advisors pension plan consultants and banks.

Insurance and annuity products (Asia, Canada and U.S.) – include a variety of individual life insurance, individual and group long-term care insurance and guaranteed and partially guaranteed annuity products. Products are distributed through multiple distribution channels, including insurance agents, brokers, banks, financial planners and direct marketing. Manulife Bank of Canada offers a variety of deposit and credit products to Canadian customers.

Corporate and Other Segment – comprised of investment performance of assets backing capital, net of amounts allocated to operating segments; costs incurred by the corporate office related to shareholder activities (not allocated to the operating segments); financing costs; Property and Casualty Reinsurance Business; and run-off reinsurance operations including variable annuities and accident and health.

The following tables present results by reporting segments and by geographical location.

(a) By Segment

For the three months ended June 30, 2022	**Asia**	**Canada**	**U.S.**	**Global WAM**	**Corporate and Other**	**Total**
Revenue						
Life and health insurance	**$ 4,467**	**$ 2,606**	**$ 1,671**	**$ -**	**$ 39**	**$ 8,783**
Annuities and pensions	**746**	**86**	**12**	**-**	**-**	**844**
Net premium income	**5,213**	**2,692**	**1,683**	**-**	**39**	**9,627**
Net investment income (loss)	**(2,994)**	**(4,751)**	**(6,120)**	**(20)**	**(200)**	**(14,085)**
Other revenue	**280**	**323**	**108**	**1,541**	**(195)**	**2,057**
Total revenue	**2,499**	**(1,736)**	**(4,329)**	**1,521**	**(356)**	**(2,401)**
Contract benefits and expenses						
Life and health insurance	**(197)**	**436**	**(5,799)**	**-**	**37**	**(5,523)**
Annuities and pensions	**1,228**	**(3,398)**	**(221)**	**10**	**-**	**(2,381)**
Net benefits and claims	**1,031**	**(2,962)**	**(6,020)**	**10**	**37**	**(7,904)**
Interest expense	**58**	**119**	**26**	**-**	**115**	**318**
Other expenses	**1,195**	**883**	**655**	**1,149**	**46**	**3,928**
Total contract benefits and expenses	**2,284**	**(1,960)**	**(5,339)**	**1,159**	**198**	**(3,658)**
Income (loss) before income taxes	**215**	**224**	**1,010**	**362**	**(554)**	**1,257**
Income tax recovery (expense)	**(29)**	**(55)**	**(174)**	**(57)**	**57**	**(258)**
Net income (loss)	**186**	**169**	**836**	**305**	**(497)**	**999**
Less net income (loss) attributed to:						
Non-controlling interests	**(11)**	**-**	**-**	**-**	**-**	**(11)**
Participating policyholders	**(164)**	**84**	**4**	**-**	**-**	**(76)**
Net income (loss) attributed to shareholders	**$ 361**	**$ 85**	**$ 832**	**$ 305**	**$ (497)**	**$ 1,086**

For the three months ended June 30, 2021	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Revenue						
Life and health insurance	$ 4,873	$ 2,304	$ 1,509	$ -	$ 30	$ 8,716
Annuities and pensions	607	76	15	-	-	698
Net premium income	5,480	2,380	1,524	-	30	9,414
Net investment income (loss)	3,239	3,230	6,878	21	282	13,650
Other revenue	403	322	480	1,586	(31)	2,760
Total revenue	9,122	5,932	8,882	1,607	281	25,824
Contract benefits and expenses						
Life and health insurance	6,131	2,954	6,698	-	(18)	15,765
Annuities and pensions	901	1,054	355	39	-	2,349
Net benefits and claims	7,032	4,008	7,053	39	(18)	18,114
Interest expense	60	58	11	1	129	259
Other expenses	1,294	835	832	1,148	50	4,159
Total contract benefits and expenses	8,386	4,901	7,896	1,188	161	22,532
Income (loss) before income taxes	736	1,031	986	419	120	3,292
Income tax recovery (expense)	(100)	(219)	(189)	(63)	(39)	(610)
Net income (loss)	636	812	797	356	81	2,682
Less net income (loss) attributed to:						
Non-controlling interests	84	-	-	-	-	84
Participating policyholders	(81)	29	4	-	-	(48)
Net income (loss) attributed to shareholders	$ 633	$ 783	$ 793	$ 356	$ 81	$ 2,646

As at and for the six months ended June 30, 2022	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Revenue						
Life and health insurance	**$ 10,032**	**$ 4,980**	**$ 3,213**	**$ -**	**$ 79**	**$ 18,304**
Annuities and pensions	**1,433**	**189**	**(797)**	**-**	**-**	**825**
Net premium income	**11,465**	**5,169**	**2,416**	**-**	**79**	**19,129**
Net investment income (loss)	**(6,526)**	**(9,889)**	**(12,038)**	**(58)**	**(697)**	**(29,208)**
Other revenue	**572**	**701**	**(51)**	**3,165**	**(339)**	**4,048**
Total revenue	**5,511**	**(4,019)**	**(9,673)**	**3,107**	**(957)**	**(6,031)**
Contract benefits and expenses						
Life and health insurance	**198**	**1,194**	**(11,894)**	**-**	**76**	**(10,426)**
Annuities and pensions	**1,866**	**(8,247)**	**(2,729)**	**6**	**-**	**(9,104)**
Net benefits and claims	**2,064**	**(7,053)**	**(14,623)**	**6**	**76**	**(19,530)**
Interest expense	**113**	**182**	**42**	**-**	**224**	**561**
Other expenses	**2,438**	**1,748**	**1,321**	**2,353**	**110**	**7,970**
Total contract benefits and expenses	**4,615**	**(5,123)**	**(13,260)**	**2,359**	**410**	**(10,999)**
Income (loss) before income taxes	**896**	**1,104**	**3,587**	**748**	**(1,367)**	**4,968**
Income tax recovery (expense)	**(114)**	**(280)**	**(684)**	**(118)**	**129**	**(1,067)**
Net income (loss)	**782**	**824**	**2,903**	**630**	**(1,238)**	**3,901**
Less net income (loss) attributed to:						
Non-controlling interests	**9**	**-**	**-**	**1**	**-**	**10**
Participating policyholders	**(361)**	**192**	**4**	**-**	**-**	**(165)**
Net income (loss) attributed to shareholders	**$ 1,134**	**$ 632**	**$ 2,899**	**$ 629**	**$ (1,238)**	**$ 4,056**
Total assets	**$ 147,231**	**$ 150,368**	**$ 261,286**	**$ 219,698**	**$ 41,939**	**$ 820,522**

As at and for the six months ended June 30, 2021	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Revenue						
Life and health insurance	$ 10,286	$ 4,418	$ 2,936	$ -	$ 62	$ 17,702
Annuities and pensions	1,113	186	21	-	-	1,320
Net premium income	11,399	4,604	2,957	-	62	19,022
Net investment income (loss)	2,643	(1,922)	(846)	15	(82)	(192)
Other revenue	920	673	779	3,119	(94)	5,397
Total revenue	14,962	3,355	2,890	3,134	(114)	24,227
Contract benefits and expenses						
Life and health insurance	8,957	4,640	1,211	-	(16)	14,792
Annuities and pensions	1,325	(4,147)	(917)	51	-	(3,688)
Net benefits and claims	10,282	493	294	51	(16)	11,104
Interest expense	121	120	21	1	246	509
Other expenses	2,705	1,656	1,505	2,297	287	8,450
Total contract benefits and expenses	13,108	2,269	1,820	2,349	517	20,063
Income (loss) before income taxes	1,854	1,086	1,070	785	(631)	4,164
Income tax recovery (expense)	(278)	(202)	(170)	(116)	149	(617)
Net income (loss)	1,576	884	900	669	(482)	3,547
Less net income (loss) attributed to:						
Non-controlling interests	174	-	-	1	-	175
Participating policyholders	(188)	120	11	-	-	(57)
Net income (loss) attributed to shareholders	$ 1,590	$ 764	$ 889	$ 668	$ (482)	$ 3,429
Total assets	$ 149,257	$ 165,356	$ 279,805	$ 248,887	$ 35,797	$ 879,102

(b) By Geographic Location

For the three months ended June 30, 2022	Asia	Canada	U.S.	Other	Total
Revenue					
Life and health insurance	**$ 4,487**	**$ 2,529**	**$ 1,672**	**$ 95**	**$ 8,783**
Annuities and pensions	**746**	**86**	**12**	**-**	**844**
Net premium income	**5,233**	**2,615**	**1,684**	**95**	**9,627**
Net investment income (loss)	**(2,978)**	**(4,936)**	**(6,368)**	**197**	**(14,085)**
Other revenue	**526**	**792**	**729**	**10**	**2,057**
Total revenue	**$ 2,781**	**$ (1,529)**	**$ (3,955)**	**$ 302**	**$ (2,401)**

For the three months ended June 30, 2021	Asia	Canada	U.S.	Other	Total
Revenue					
Life and health insurance	$ 4,894	$ 2,227	$ 1,510	$ 85	$ 8,716
Annuities and pensions	607	76	15	-	698
Net premium income	5,501	2,303	1,525	85	9,414
Net investment income (loss)	3,366	3,316	6,886	82	13,650
Other revenue	675	808	1,275	2	2,760
Total revenue	$ 9,542	$ 6,427	$ 9,686	$ 169	$ 25,824

For the six months ended June 30, 2022	Asia	Canada	U.S.	Other	Total
Revenue					
Life and health insurance	**$ 10,076**	**$ 4,824**	**$ 3,214**	**$ 190**	**$ 18,304**
Annuities and pensions	**1,433**	**189**	**(797)**	**-**	**825**
Net premium income	**11,509**	**5,013**	**2,417**	**190**	**19,129**
Net investment income (loss)	**(6,739)**	**(10,391)**	**(12,301)**	**223**	**(29,208)**
Other revenue	**1,104**	**1,625**	**1,280**	**39**	**4,048**
Total revenue	**$ 5,874**	**$ (3,753)**	**$ (8,604)**	**$ 452**	**$ (6,031)**

For the six months ended June 30, 2021	Asia	Canada	U.S.	Other	Total
Revenue					
Life and health insurance	$ 10,331	$ 4,254	$ 2,937	$ 180	$ 17,702
Annuities and pensions	1,113	186	21	-	1,320
Net premium income	11,444	4,440	2,958	180	19,022
Net investment income (loss)	2,795	(2,240)	(856)	109	(192)
Other revenue	1,462	1,649	2,284	2	5,397
Total revenue	$ 15,701	$ 3,849	$ 4,386	$ 291	$ 24,227

Note 14 Segregated Funds

The Company manages a number of segregated funds on behalf of policyholders. Policyholders are provided with the opportunity to invest in different categories of segregated funds that respectively hold a range of underlying investments. The underlying investments of the segregated funds consist of both individual securities and mutual funds. The carrying value and change in segregated funds net assets are as follows.

Segregated funds net assets

As at	June 30, 2022	December 31, 2021
Investments at market value		
Cash and short-term securities	**$ 4,530**	$ 3,955
Debt securities	**15,354**	18,651
Equities	**14,146**	16,844
Mutual funds	**297,144**	354,882
Other investments	**4,676**	4,613
Accrued investment income	**298**	2,340
Other assets and liabilities, net	**(901)**	(1,089)
Total segregated funds net assets	**$ 335,247**	$ 400,196
Composition of segregated funds net assets		
Held by policyholders	**$ 334,903**	$ 399,788
Held by the Company	**344**	408
Total segregated funds net assets	**$ 335,247**	$ 400,196

Changes in segregated funds net assets

	three months ended June 30,		six months ended June 30,	
For the	**2022**	2021	**2022**	2021
Net policyholder cash flows				
Deposits from policyholders	**$ 10,094**	$ 10,304	**$ 22,422**	$ 22,699
Net transfers to general fund	**(347)**	(151)	**(570)**	(361)
Payments to policyholders	**(11,200)**	(12,909)	**(24,207)**	(25,949)
	(1,453)	(2,756)	**(2,355)**	(3,611)
Investment related				
Interest and dividends	**1,261**	1,317	**3,129**	3,035
Net realized and unrealized investment gains (losses)	**(42,644)**	18,377	**(66,815)**	25,975
	(41,383)	19,694	**(63,686)**	29,010
Other				
Management and administration fees	**(920)**	(980)	**(2,013)**	(2,071)
Impact of changes in foreign exchange rates	**6,686**	(3,778)	**3,105**	(6,893)
	5,766	(4,758)	**1,092**	(8,964)
Net additions (deductions)	**(37,070)**	12,180	**(64,949)**	16,435
Segregated funds net assets, beginning of period	**372,317**	372,064	**400,196**	367,809
Segregated funds net assets, end of period	**$ 335,247**	$ 384,244	**$ 335,247**	$ 384,244

Segregated funds assets may be exposed to a variety of financial and other risks. These risks are primarily mitigated by investment guidelines that are actively monitored by professional and experienced portfolio advisors. The Company is not exposed to these risks beyond the liabilities related to the guarantees associated with certain variable life and annuity products included in segregated funds. Accordingly, the Company's exposure to loss from segregated fund products is limited to the value of these guarantees.

These guarantees are recorded within the Company's insurance contract liabilities. Assets supporting these guarantees are recognized in the Company's invested assets according to their investment type. The "Risk Management and Risk Factors Update" section of the Second Quarter 2022 MD&A provides information regarding market risk sensitivities associated with variable annuity and segregated fund guarantees.

Note 15 Information Provided in Connection with Investments in Deferred Annuity Contracts and SignatureNotes Issued or Assumed by John Hancock Life Insurance Company (U.S.A.)

The following condensed consolidated financial information, presented in accordance with IFRS, and the related disclosure have been included in these Interim Consolidated Financial Statements with respect to JHUSA in compliance with Regulation S-X and Rule 12h-5 of the United States Securities and Exchange Commission (the "Commission"). These financial statements are (i) incorporated by reference in the registration statements of MFC and JHUSA that relate to MFC's guarantee of certain securities to be issued by JHUSA and (ii) are provided in reliance on an exemption from continuous disclosure obligations of JHUSA. For information about JHUSA, the MFC guarantees and restrictions on the ability of MFC to obtain funds from its subsidiaries by dividend or loan, refer to note 23 to the Company's 2021 Annual Consolidated Financial Statements.

Condensed Consolidated Statement of Financial Position

As at June 30, 2022	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Assets					
Invested assets	$ 85	$ 111,682	$ 291,028	$ (466)	$ 402,329
Investments in unconsolidated subsidiaries	69,653	8,800	39,466	(117,919)	-
Reinsurance assets	-	60,818	10,470	(25,568)	45,720
Other assets	19,067	10,087	68,143	(59,727)	37,570
Segregated funds net assets	-	166,938	170,129	(2,164)	334,903
Total assets	$ 88,805	$ 358,325	$ 579,236	$ (205,844)	$ 820,522
Liabilities and equity					
Insurance contract liabilities	$ -	$ 153,867	$ 231,697	$ (26,229)	$ 359,335
Investment contract liabilities	-	1,334	1,824	-	3,158
Other liabilities	22,607	18,933	72,343	(59,487)	54,396
Long-term debt	5,931	-	-	-	5,931
Capital instruments	4,767	587	20,247	(18,600)	7,001
Segregated funds net liabilities	-	166,938	170,129	(2,164)	334,903
Shareholders' and other equity holders' equity	55,500	16,666	82,698	(99,364)	55,500
Participating policyholders' equity	-	-	(1,398)	-	(1,398)
Non-controlling interests	-	-	1,696	-	1,696
Total liabilities and equity	$ 88,805	$ 358,325	$ 579,236	$ (205,844)	$ 820,522

Condensed Consolidated Statement of Financial Position

As at December 31, 2021	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Assets					
Invested assets	$ 78	$ 116,705	$ 310,679	$ (364)	$ 427,098
Investments in unconsolidated subsidiaries	68,655	9,107	20,788	(98,550)	-
Reinsurance assets	-	63,838	11,309	(30,568)	44,579
Other assets	211	18,085	49,956	(22,074)	46,178
Segregated funds net assets	-	204,493	197,220	(1,925)	399,788
Total assets	$ 68,944	$ 412,228	$ 589,952	$ (153,481)	$ 917,643
Liabilities and equity					
Insurance contract liabilities	$ -	$ 166,535	$ 257,044	$ (31,304)	$ 392,275
Investment contract liabilities	-	1,227	1,890	-	3,117
Other liabilities	899	21,806	50,836	(21,809)	51,732
Long-term debt	4,882	-	-	-	4,882
Capital instruments	4,755	579	1,646	-	6,980
Segregated funds net liabilities	-	204,493	197,220	(1,925)	399,788
Shareholders' and other equity holders' equity	58,408	17,588	80,855	(98,443)	58,408
Participating policyholders' equity	-	-	(1,233)	-	(1,233)
Non-controlling interests	-	-	1,694	-	1,694
Total liabilities and equity	$ 68,944	$ 412,228	$ 589,952	$ (153,481)	$ 917,643

Condensed Consolidated Statement of Income

For the three months ended June 30, 2022	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Revenue					
Net premium income	**$ -**	**$ 1,080**	**$ 8,549**	**$ (2)**	**$ 9,627**
Net investment income (loss)	**153**	**(4,741)**	**(9,078)**	**(419)**	**(14,085)**
Other revenue	**(1)**	**70**	**1,477**	**511**	**2,057**
Total revenue	**152**	**(3,591)**	**948**	**90**	**(2,401)**
Contract benefits and expenses					
Net benefits and claims	**-**	**(4,061)**	**(4,672)**	**829**	**(7,904)**
Commissions, investment and general expenses	**7**	**692**	**3,400**	**(276)**	**3,823**
Other expenses	**104**	**68**	**714**	**(463)**	**423**
Total contract benefits and expenses	**111**	**(3,301)**	**(558)**	**90**	**(3,658)**
Income (loss) before income taxes	**41**	**(290)**	**1,506**	**-**	**1,257**
Income tax (expense) recovery	**(1)**	**54**	**(311)**	**-**	**(258)**
Income (loss) after income taxes	**40**	**(236)**	**1,195**	**-**	**999**
Equity in net income (loss) of unconsolidated subsidiaries	**1,046**	**301**	**65**	**(1,412)**	**-**
Net income (loss)	**$ 1,086**	**$ 65**	**$ 1,260**	**$ (1,412)**	**$ 999**
Net income (loss) attributed to:					
Non-controlling interests	**$ -**	**$ -**	**$ (11)**	**$ -**	**$ (11)**
Participating policyholders	**-**	**(238)**	**162**	**-**	**(76)**
Shareholders and other equity holders	**1,086**	**303**	**1,109**	**(1,412)**	**1,086**
	$ 1,086	**$ 65**	**$ 1,260**	**$ (1,412)**	**$ 999**

Condensed Consolidated Statement of Income

For the three months ended June 30, 2021	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Revenue					
Net premium income	$ -	$ 1,097	$ 8,321	$ (4)	$ 9,414
Net investment income (loss)	144	5,475	8,419	(388)	13,650
Other revenue	12	615	3,394	(1,261)	2,760
Total revenue	156	7,187	20,134	(1,653)	25,824
Contract benefits and expenses					
Net benefits and claims	-	5,721	13,322	(929)	18,114
Commissions, investment and general expenses	5	918	3,489	(358)	4,054
Other expenses	107	59	564	(366)	364
Total contract benefits and expenses	112	6,698	17,375	(1,653)	22,532
Income (loss) before income taxes	44	489	2,759	-	3,292
Income tax (expense) recovery	(6)	(78)	(526)	-	(610)
Income (loss) after income taxes	38	411	2,233	-	2,682
Equity in net income (loss) of unconsolidated subsidiaries	2,608	337	748	(3,693)	-
Net income (loss)	$ 2,646	$ 748	$ 2,981	$ (3,693)	$ 2,682
Net income (loss) attributed to:					
Non-controlling interests	$ -	$ -	$ 84	$ -	$ 84
Participating policyholders	-	(1)	(48)	1	(48)
Shareholders and other equity holders	2,646	749	2,945	(3,694)	2,646
	$ 2,646	$ 748	$ 2,981	$ (3,693)	$ 2,682

Condensed Consolidated Statement of Income

For the six months ended June 30, 2022	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Revenue					
Net premium income	**$ -**	**$ 3,051**	**$ 16,078**	**$ -**	**$ 19,129**
Net investment income (loss)	**141**	**(9,031)**	**(19,886)**	**(432)**	**(29,208)**
Other revenue	**8**	**(525)**	**3,174**	**1,391**	**4,048**
Total revenue	**149**	**(6,505)**	**(634)**	**959**	**(6,031)**
Contract benefits and expenses					
Net benefits and claims	**-**	**(8,531)**	**(11,555)**	**556**	**(19,530)**
Commissions, investment and general expenses	**15**	**1,475**	**6,856**	**(587)**	**7,759**
Other expenses	**194**	**128**	**(540)**	**990**	**772**
Total contract benefits and expenses	**209**	**(6,928)**	**(5,239)**	**959**	**(10,999)**
Income (loss) before income taxes	**(60)**	**423**	**4,605**	**-**	**4,968**
Income tax (expense) recovery	**30**	**(79)**	**(1,018)**	**-**	**(1,067)**
Income (loss) after income taxes	**(30)**	**344**	**3,587**	**-**	**3,901**
Equity in net income (loss) of unconsolidated subsidiaries	**4,086**	**669**	**1,013**	**(5,768)**	**-**
Net income (loss)	**$ 4,056**	**$ 1,013**	**$ 4,600**	**$ (5,768)**	**$ 3,901**
Net income (loss) attributed to:					
Non-controlling interests	**$ -**	**$ -**	**$ 10**	**$ -**	**$ 10**
Participating policyholders	**-**	**(238)**	**73**	**-**	**(165)**
Shareholders and other equity holders	**4,056**	**1,251**	**4,517**	**(5,768)**	**4,056**
	$ 4,056	**$ 1,013**	**$ 4,600**	**$ (5,768)**	**$ 3,901**

Condensed Consolidated Statement of Income

For the six months ended June 30, 2021	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Revenue					
Net premium income	$ -	$ 2,175	$ 16,847	$ -	$ 19,022
Net investment income (loss)	115	(1,258)	1,350	(399)	(192)
Other revenue	41	905	3,710	741	5,397
Total revenue	156	1,822	21,907	342	24,227
Contract benefits and expenses					
Net benefits and claims	-	159	9,495	1,450	11,104
Commissions, investment and general expenses	11	1,814	7,122	(704)	8,243
Other expenses	214	103	803	(404)	716
Total contract benefits and expenses	225	2,076	17,420	342	20,063
Income (loss) before income taxes	(69)	(254)	4,487	-	4,164
Income tax (expense) recovery	24	106	(747)	-	(617)
Income (loss) after income taxes	(45)	(148)	3,740	-	3,547
Equity in net income (loss) of unconsolidated subsidiaries	3,474	717	569	(4,760)	-
Net income (loss)	$ 3,429	$ 569	$ 4,309	$ (4,760)	$ 3,547
Net income (loss) attributed to:					
Non-controlling interests	$ -	$ -	$ 175	$ -	$ 175
Participating policyholders	-	(1)	(57)	1	(57)
Shareholders and other equity holders	3,429	570	4,191	(4,761)	3,429
	$ 3,429	$ 569	$ 4,309	$ (4,760)	$ 3,547

Consolidated Statement of Cash Flows

For the six months ended June 30, 2022	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Operating activities					
Net income (loss)	$ 4,056	$ 1,013	$ 4,600	$ (5,768)	$ 3,901
Adjustments:					
Equity in net income of unconsolidated subsidiaries	(4,086)	(669)	(1,013)	5,768	-
Increase (decrease) in insurance contract liabilities	-	(14,323)	(15,595)	-	(29,918)
Increase (decrease) in investment contract liabilities	-	20	(21)	-	(1)
(Increase) decrease in reinsurance	-	4,651	(4,785)	-	(134)
Amortization of (premium) discount on invested assets	-	25	23	-	48
Other amortization	4	61	200	-	265
Net realized and unrealized (gains) losses and impairment on assets	9	11,588	27,711	-	39,308
Gain on U.S. variable annuity reinsurance transaction (pre-tax)	-	(1,065)	-	-	(1,065)
Deferred income tax expense (recovery)	(30)	115	260	-	345
Stock option expense	-	(2)	5	-	3
Cash provided by (used in) operating activities before undernoted items	(47)	1,414	11,385	-	12,752
Dividends from unconsolidated subsidiary	-	193	734	(927)	-
Cash decrease due to U.S. variable annuity reinsurance transaction	-	(1,263)	-	-	(1,263)
Changes in policy related and operating receivables and payables	(145)	1,869	(5,882)	-	(4,158)
Cash provided by (used in) operating activities	(192)	2,213	6,237	(927)	7,331
Investing activities					
Purchases and mortgage advances	-	(16,909)	(44,864)	-	(61,773)
Disposals and repayments	-	13,441	39,424	-	52,865
Changes in investment broker net receivables and payables	-	(36)	(81)	-	(117)
Investment in common shares of subsidiaries	(1,962)	-	-	1,962	-
Capital contribution to unconsolidated subsidiaries	-	12	-	(12)	-
Notes receivable from parent	-	-	(21,701)	21,701	-
Notes receivable from subsidiaries	(18,585)	(6)	-	18,591	-
Cash provided by (used in) investing activities	(20,547)	(3,498)	(27,222)	42,242	(9,025)
Financing activities					
Issue of long-term debt, net	946	-	-	-	946
Secured borrowings	-	-	548	-	548
Change in repurchase agreements and securities sold but not yet purchased	-	266	(202)	-	64
Changes in deposits from Bank clients, net	-	-	850	-	850
Lease payments	-	(3)	(59)	-	(62)
Shareholders' dividends and other equity distributions	(1,391)	-	-	-	(1,391)
Common shares repurchased	(805)	-	-	-	(805)
Common shares issued, net	16	-	1,962	(1,962)	16
Preferred shares and other equity issued, net	990	-	-	-	990
Preferred shares redeemed, net	(711)	-	-	-	(711)
Contributions from (distributions to) non-controlling interests, net	-	-	1	-	1
Dividends paid to parent	-	(734)	(193)	927	-
Capital contributions by parent	-	-	(12)	12	-
Notes payable to parent	-	-	18,591	(18,591)	-
Notes payable to subsidiaries	21,701	-	-	(21,701)	-
Cash provided by (used in) financing activities	20,746	(471)	21,486	(41,315)	446
Cash and short-term securities					
Increase (decrease) during the period	7	(1,756)	501	-	(1,248)
Effect of foreign exchange rate changes on cash and short-term securities	-	25	(64)	-	(39)
Balance, beginning of period	78	3,565	18,287	-	21,930
Balance, end of period	85	1,834	18,724	-	20,643
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	85	2,091	18,839	-	21,015
Net payments in transit, included in other liabilities	-	(257)	(115)	-	(372)
Net cash and short-term securities, end of period	$ 85	$ 1,834	$ 18,724	$ -	$ 20,643
Supplemental disclosures on cash flow information:					
Interest received	$ 149	$ 1,874	$ 3,997	$ (339)	$ 5,681
Interest paid	183	71	639	(339)	554
Income taxes paid (refund)	-	117	863	-	980

Consolidated Statement of Cash Flows

For the six months ended June 30, 2021	MFC (Guarantor)	JHUSA (Issuer)	Other subsidiaries	Consolidation adjustments	Consolidated MFC
Operating activities					
Net income (loss)	$ 3,429	$ 569	$ 4,309	$ (4,760)	$ 3,547
Adjustments:					
Equity in net income of unconsolidated subsidiaries	(3,474)	(717)	(569)	4,760	-
Increase (decrease) in insurance contract liabilities	-	(2,971)	1,560	-	(1,411)
Increase (decrease) in investment contract liabilities	-	23	1	-	24
(Increase) decrease in reinsurance assets	-	1,306	(716)	-	590
Amortization of (premium) discount on invested assets	-	23	57	-	80
Other amortization	12	61	195	-	268
Net realized and unrealized (gains) losses and impairment on assets	69	3,743	4,511	-	8,323
Deferred income tax expense (recovery)	(18)	69	(34)	-	17
Stock option expense	-	(2)	8	-	6
Cash provided by (used in) operating activities before undernoted items	18	2,104	9,322	-	11,444
Dividends from unconsolidated subsidiary	-	193	-	(193)	-
Changes in policy related and operating receivables and payables	(213)	(2,012)	370	-	(1,855)
Cash provided by (used in) operating activities	(195)	285	9,692	(193)	9,589
Investing activities					
Purchases and mortgage advances	-	(16,904)	(46,119)	-	(63,023)
Disposals and repayments	-	14,810	33,334	-	48,144
Changes in investment broker net receivables and payables	-	(150)	784	-	634
Investment in common shares of subsidiaries	(2,000)	-	-	2,000	-
Net cash flows from acquisition and disposal of subsidiaries and businesses	-	-	(4)	-	(4)
Notes receivable from parent	-	-	(52,686)	52,686	-
Notes receivable from subsidiaries	(49,170)	-	-	49,170	-
Cash provided by (used in) investing activities	(51,170)	(2,244)	(64,691)	103,856	(14,249)
Financing activities					
Redemption of long-term debt	(1,250)	-	-	-	(1,250)
Redemption of capital instruments	(468)	-	(350)	-	(818)
Secured borrowings	-	-	17	-	17
Change in repurchase agreements and securities sold but not yet purchased	-	372	148	-	520
Changes in deposits from Bank clients, net	-	-	(323)	-	(323)
Lease payments	-	(3)	(59)	-	(62)
Shareholders' dividends and other equity distributions	(1,203)	-	-	-	(1,203)
Common shares issued, net	41	-	2,000	(2,000)	41
Other equity issued, net	1,983	-	-	-	1,983
Preferred shares redeemed, net	(418)	-	-	-	(418)
Contributions from (distributions to) non-controlling interests, net	-	-	2	-	2
Dividends paid to parent	-	-	(193)	193	-
Notes payable to parent	-	-	49,170	(49,170)	-
Notes payable to subsidiaries	52,686	-	-	(52,686)	-
Cash provided by (used in) financing activities	51,371	369	50,412	(103,663)	(1,511)
Cash and short-term securities					
Increase (decrease) during the period	6	(1,590)	(4,587)	-	(6,171)
Effect of foreign exchange rate changes on cash and short-term securities	-	(126)	(420)	-	(546)
Balance, beginning of period	47	4,907	20,629	-	25,583
Balance, end of period	53	3,191	15,622	-	18,866
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	53	3,651	16,017	-	19,721
Net payments in transit, included in other liabilities	-	(460)	(395)	-	(855)
Net cash and short-term securities, end of period	$ 53	$ 3,191	$ 15,622	$ -	$ 18,866
Supplemental disclosures on cash flow information:					
Interest received	$ 171	$ 2,079	$ 3,809	$ (378)	$ 5,681
Interest paid	222	33	643	(378)	520
Income taxes paid (refund)	-	(118)	343	-	225

SHAREHOLDER INFORMATION

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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 June 30, 2022, Manulife had total capital of C$62.8 billion, including C$55.5 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 second quarter. The common stock symbol is **MFC** on all exchanges except Hong Kong where it is **945**.

As at June 30, 2022, there were 1,911 million common shares outstanding.

April 1 – June 30, 2022	**Canada** Canadian $	**U.S.** United States $	**Hong Kong** Hong Kong $	**Philippines** Philippine Pesos
High	$26.94	$21.47	$167.40	P 1,050
Low	$21.43	$16.49	$134.40	P 851
Close	$22.32	$17.33	$135.50	P 851
Average Daily Volume (000)	13,253	4,820	32	0.3

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