Financial Strength

Manulife Financial Corporation is a leading international financial services group that helps people make their decisions easier and lives better. With our global headquarters in Toronto, Canada, we operate as Manulife across our offices in Canada, Asia, and Europe, and primarily as John Hancock in the United States. We provide financial advice, insurance, and wealth and asset management solutions for individuals, groups and institutions. At the end of 2019, we had more than 35,000 employees, over 98,000 agents, and thousands of distribution partners, serving almost 30 million customers.

Selecting a financial partner requires detailed evaluation, especially when your needs involve a long-term obligation such as a life insurance policy, pension or annuity. We understand that financial strength is at the core of our clients' decision-making process. Our high quality investment portfolio, diverse business and prudent risk management practices are key reasons clients choose Manulife and John Hancock. We are committed to delivering on obligations today, and for many years to come.

Well Recognized Brands with a History of Financial Stability

Manulife and John Hancock are internationally recognized brands which have stood for financial strength and integrity for more than 130 years. Millions of customers have chosen Manulife and John Hancock to provide them with solutions for their financial needs. We continue to focus on our ambition to be the most digital, customer-centric global company in our industry.

Strong Financial Strength Ratings

Ratings are a comprehensive measure of financial strength. Manulife and John Hancock have strong ratings from the following five rating agencies – A.M. Best, DBRS, Fitch, Moody's and S&P.

Rating Agency	Rating		Outlook
A.M. Best Company	A+	(Superior – 2nd of 13 ratings)	Stable
DBRS Limited	AA (low)	(Excellent – 4th of 22 ratings)	Positive
Fitch Ratings Inc.	AA-	(Very Strong – 4th of 21 ratings)	Stable
Moody's Investors Service Inc.	A1	(Low Credit Risk – 5th of 21 ratings)	Stable
S&P Global Ratings	AA-	(Very Strong – 4th of 21 Ratings)	Stable

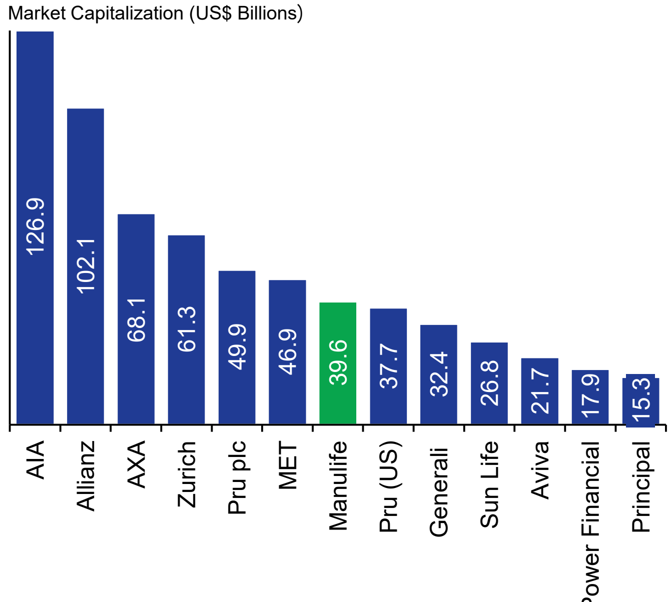
Financial Strength Ratings apply to the main life operating companies of Manulife Financial Corporation including The Manufacturers Life Insurance Company, John Hancock Life Insurance Co. (U.S.A.), John Hancock Life & Health Insurance Co. and John Hancock Life Insurance Co. of New York. DBRS does not rate the U.S. insurance subsidiaries separately. All ratings current as of December 31, 2019.

Significant Scale

Manulife's size and scale translate into a substantial capital base, a diversified operating platform and ample resources to fund growth opportunities – all factors indicative of our financial strength. As at December 31, 2019, our market capitalization was US$39.6 billion (C$51.4 billion), making Manulife one of the largest life insurance companies in the world.

Global Life Insurers

Market Capitalization (US$ Billions)



Market Data as at December 31, 2019. Source: IHS Markit

Manulife

Prudent Risk Management Practices

Risk management is a core strength and focus of our business – from the roots of the design of every individual product we sell, through the direct oversight of the Company's senior management.

Recognized Enterprise Risk Management

Manulife's approach to risk management is governed by its Enterprise Risk Management ("ERM") Framework, which provides a structured approach to risk-taking and risk management activities across the enterprise. Manulife has a strong commitment to ERM, demonstrated by our success in balancing the Company's risks with our strategic business, growth and profitability goals.

Managing Equity Market and Interest Rate Risk Exposures

We continue to manage our product offerings and product mix in order to produce high risk-adjusted returns. Equity market sensitivity[1,2] and interest rate sensitivity[1,3] are diligently managed within established Board approved risk appetite and limits. Since 2009, Manulife has undertaken significant hedging to mitigate equity market risk, and as of December 31, 2019, our earnings sensitivity to a 10% decline in equity markets was C$(520) million. At December 31, 2019, we estimated our earnings sensitivity[3] to a 50 basis point parallel decline in interest rates to be C$(100) million.

Significant Liquidity

In today's changing economic climate, liquidity is critical to all financial institutions. Manulife is fully self-funded, meaning our businesses generate enough cash flow to sustain our operations without being dependent on the commercial paper markets or other short-term funding arrangements. Manulife maintains a high level of liquidity and has consistently retained a high level of cash and high grade short-term assets, which totaled C$20.3 billion as at December 31, 2019.

[1] *See "Caution related to sensitivities" in the 2019 MD&A.*

[2] *Earnings sensitivity to equity markets is defined as the potential impact on net income attributed to shareholders of an immediate 10% decline in market values of publicly traded equities. See "Publicly traded equity performance risk sensitivities and exposure measures" in the 2019 MD&A.*

[3] *Earnings sensitivity to interest rates is defined as the impact of a 50bps parallel decline in interest rates on the net income attributed to shareholders. See "Interest rate and spread risk sensitivities and exposure measures" in the 2019 MD&A.*

[4] *Non-GAAP measure. See "Performance and Non-GAAP Measures" in the 2019 MD&A.*

Strong Capital Levels

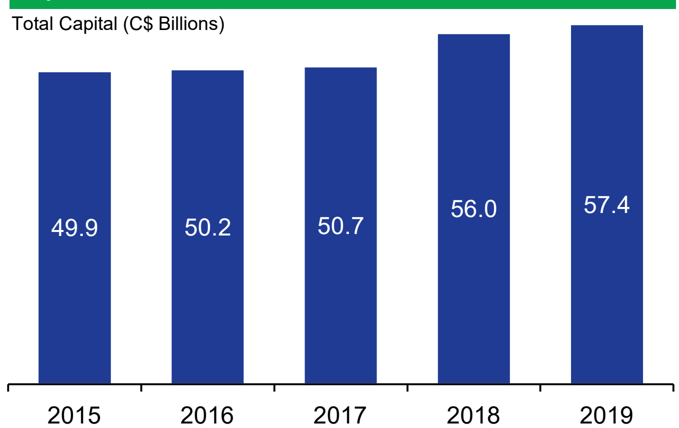
Strong capital levels are also a good measure of financial strength. Having a large capital base enables us to sustain strong credit ratings, finance new opportunities, and most importantly, maintain our commitments to our policyholders.

We monitor and manage our consolidated capital in compliance with the Life Insurance Capital Adequacy Test ("LICAT") guideline.

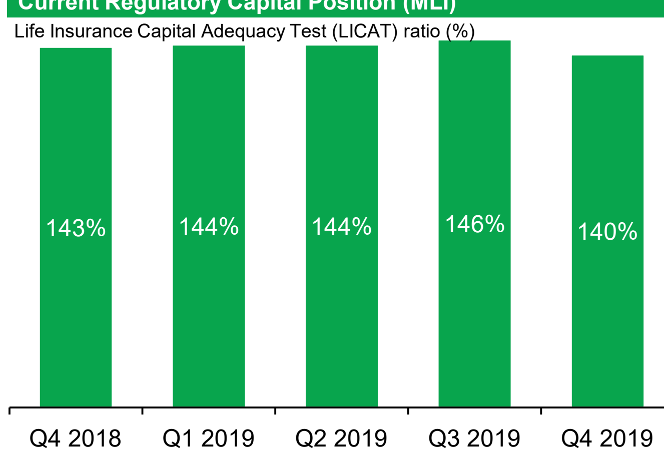
Our consolidated capital levels totaled C$57.4 billion as at December 31, 2019.

The Manufacturers Life Insurance Company (MLI) ended the fourth quarter 2019 with a LICAT ratio of 140%, well above the supervisory target of 100%. The year-over-year decrease in the MLI ratio was primarily driven by the narrowing of corporate spreads, and capital redemptions, partially offset by the decrease in risk-free rates and actions to release capital in our North American legacy businesses.

Capital[4]



Current Regulatory Capital Position (MLI)



Manulife

A Diverse Business Plan

At Manulife, we have successfully built a diverse business platform that offers a range of financial products in both developed and developing markets around the world. Through our principal operations in Asia, Canada and the United States, we address the needs of millions of clients with a mix of products and services that are relevant and tailored to their diverse needs. Diversity in geography, product, and distribution are key contributors to our financial strength.

Geographic Diversity

Manulife has market leading positions in Asia, Canada and the United States. Our diverse international operations allow us to leverage our people, products, technology and expertise across markets while helping provide natural hedges that ensure our risks and opportunities are effectively diversified. Our geographic footprint enables us to extend our brand, gain synergies, and benefit from economies of scale. This in turn provides operating earnings stability and a broadly diversified balance sheet, all of which help maintain our long-term financial strength.

Product Diversity

Manulife is a market leader in both financial protection and wealth management businesses. We provide a suite of products and services to meet the current and future needs of individual and group customers. Financial protection products and services include individual life insurance, group life, health and disability insurance, and long-term care. Wealth management products and services include group retirement, annuities, mutual funds, exchange-traded funds, Undertakings for Collective Investment in Transferable Securities, unit linked products, institutional asset management, and banking. We pride ourselves in providing the very best financial protection and investment management services, tailored to customers in every market where we do business.

Multiple Distribution Channels

Manulife has a strong, well diversified distribution platform which includes independent advisors, contracted agents, financial planners, brokers, broker-dealers and other distribution partners. We have deep and growing relationships across multiple channels worldwide. This allows us to meet the varying needs of our international base of customers, regardless of their chosen distribution channel.

Sales Rank

Canada	
#3	Group Benefits
#3	Retail Segregated Funds
#3	Retail Insurance
#10	Manulife Bank[1]

United States	
#8	Individual Life Insurance

Asia	
#1	Vietnam Insurance
#2	Singapore Insurance
#2	Cambodia Insurance
#3	China Insurance[2]
#5	Philippines Insurance[3]
#7	Hong Kong Insurance
#9	Malaysia Insurance
#10	Indonesia Insurance

Global Wealth and Asset Management[4]	
#1	HK Retirement[5]
#1	Canada Retirement[6]
#2	U.S. Retirement Small Case Market[6,7]
#4	U.S. Retirement Mid-Case Market[6,7]
#8	Canada Retail
#26	U.S. Retail[8]

Sources: Most recent market data available (based on 3Q19 YTD figures unless otherwise specified) from various independent market surveys including LIMRA, Tillinghast, Fraser, IFIC and other sources.

[1] Manulife Bank is based on assets compared to domestic banks from information available from OFSI reports.

[2] Represents the market rank among Foreign Invested Insurance Companies, based on agency produced individual business, for Manulife-Sinochem Life Insurance Co. Ltd.

[3] Based on most recent industry reporting for the year ended December 31, 2018.

[4] Rankings for Global WAM are volume based. Global WAM U.S. retirement pertains to small and mid-case markets.

[5] Based on Mandatory Provident Fund scheme sponsor net new cash flows and Asset Under Management.

[6] Based on rolling 12 month as of 3Q19

[7] U.S. retirement small case pertains to <$10 million and mid-case pertains to $10 – $100 million.

[8] November 2019 YTD

Manulife

A High Quality, Diversified Investment Portfolio

Our investment philosophy employs a bottom-up approach which combines our strong asset management skills with an in-depth understanding of the characteristics of each investment. We are not limited to fixed income investments but rather hold a diversified blend of assets, including a variety of alternative long-duration asset classes, which provides a distinctive positioning. We use a disciplined approach across all asset classes, and we do not chase yield in the riskier end of the fixed income or alternative asset markets. This philosophy has resulted in a well-diversified, high quality investment portfolio, with excellent credit experience.

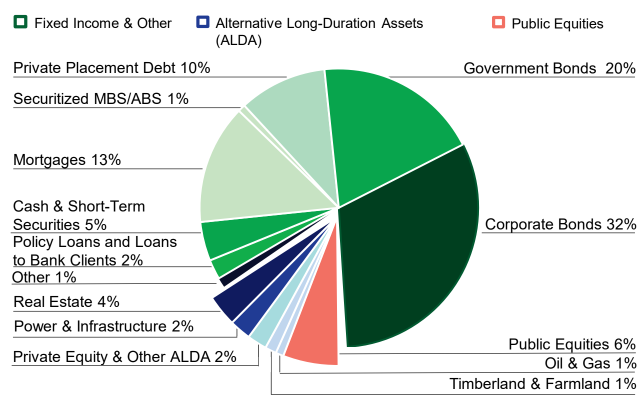
A Disciplined Investment Philosophy

Manulife has always followed a prudent investment approach – avoiding complexity, setting limits, diversifying, and applying a healthy dose of skepticism in all our credit decisions. This philosophy continues to serve us well.

Our invested assets totaled C$378.5 billion as at December 31, 2019 and included a variety of asset classes that are highly diversified by geography and sector. This diversification has historically produced superior returns while reducing overall portfolio risk.

Highly Diversified Asset Mix

C$378.5 billion, Carrying values as of December 31, 2019



Fixed Income Assets[1]

- Over 84% of the total portfolio, of which 98% is Investment Grade

Alternative Long-Duration Assets

- Diversified by asset class and geography
- Historically generated enhanced investment yields without having to pursue riskier fixed income strategies
- Equity like returns with significantly lower volatility than public equity

Public Equities

- Diversified by industry and geography
- Primarily backing participating or pass-through liabilities

Limited Net Exposure[2] to Notable Items

Our exposure to notable items is very limited in the context of our total invested assets, which totaled C$378.5 billion as at December 31, 2019.

- Financials fixed income net exposure[2] of C$16.7 billion is well diversified by geography, sub-sector and name
- Gross unrealized losses were limited to C$0.6 billion of our fixed income holdings
  - Gross unrealized losses for debt securities trading at less than 80% of amortized cost for more than 6 months is C$71 million
  - The potential future impact to shareholders' pre-tax earnings for debt securities trading at less than 80% of cost for greater than 6 month is limited to C$48 million
- Limited net exposure[2] to European bank hybrids (C$68 million)[3]
- Limited exposure to credit default swaps ("CDS"), with C$502 million notional outstanding of CDS protection sold

For additional details on our investment portfolio, please refer to our Investment Fact Sheet available on manulife.com.

All figures in accordance with International Financial Reporting Standards "IFRS" carrying value; quoted as at December 31, 2019 unless otherwise noted.

[1] Includes debt securities, private placement debt, mortgages, cash & short-term securities, policy loans, loans to bank clients, and other.

[2] Excludes par and pass-thru and reflects the cumulative impact of downgrades on reserves.

[3] Presented based on location of issuer.

Investor Relations Contact:
Adrienne O'Neill
Global Head of Investor Relations
200 Bloor Street East, Toronto ON, Canada M4W 1E5
Tel: (416) 926-6997

Media Relations Contact:
Brooke Tucker-Reid
Director Global Communications
200 Bloor Street East, Toronto ON, Canada M4W 1E5
Tel: (647) 528-9601

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