



Strength. Execution. Growth.

Phil Witherington, Chief Financial Officer
June 29, 2021

Agenda

- **Strong track record of execution**
- **IFRS 17**
- **Portfolio Optimization update**
- **Expense Efficiency update**
- **Expanded disclosure for Asia & Global Wealth and Asset Management**
- **Updated financial targets**

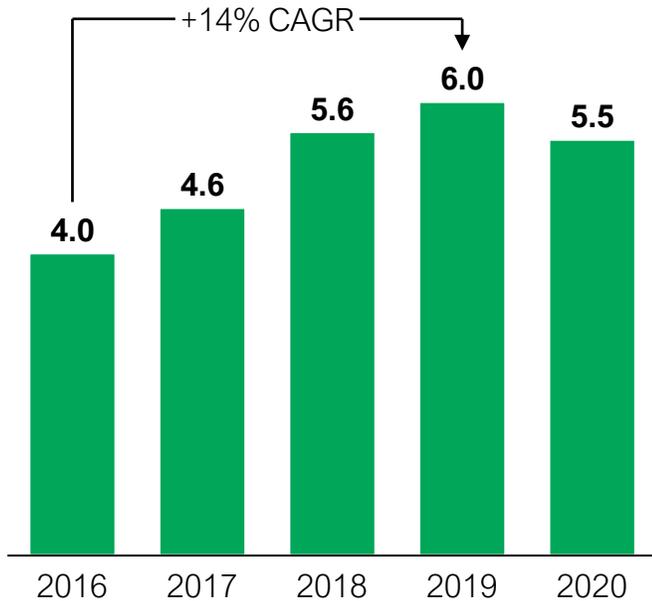
Key Messages

- Delivering **strong core earnings growth** primarily driven by **Asia and Global WAM**
- **Strength of our balance sheet** positions us well to focus on accelerating growth
- **IFRS 17** does not impact the economics of our business nor the financial results over the life of an insurance contract
- The **size** and **risk profile** of our legacy businesses have declined. We continue to **seek optimization opportunities** and are confident in our ability to manage the blocks successfully. Expanded the portfolio optimization mandate to **Global In-force Management** with a focus on improving returns and delivering capital efficiencies
- On track to **deliver on our Expense Efficiency target** and see opportunity to improve efficiency further as we build scale
- We believe our **financial targets** are **achievable** over the medium-term and we have a **clear path** to delivering on our Core EPS growth target of 10-12%

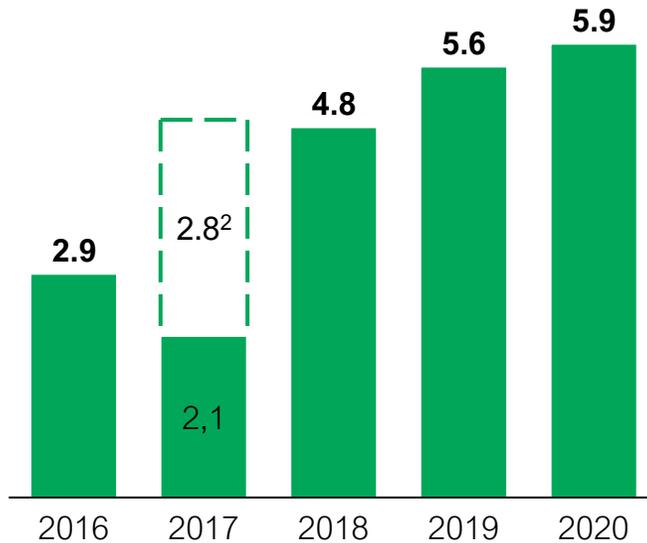
Strong track record of *execution*

We delivered *strong* annual growth in core earnings and *consistent* net income...

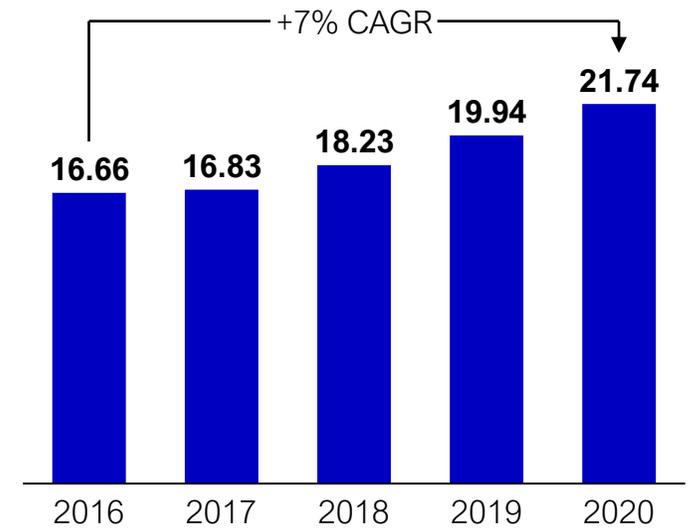
Core Earnings¹
(C\$ billions)



Net Income Attributable to Shareholders
(C\$ billions)



Book Value per Share excluding AOCI³
(C\$)



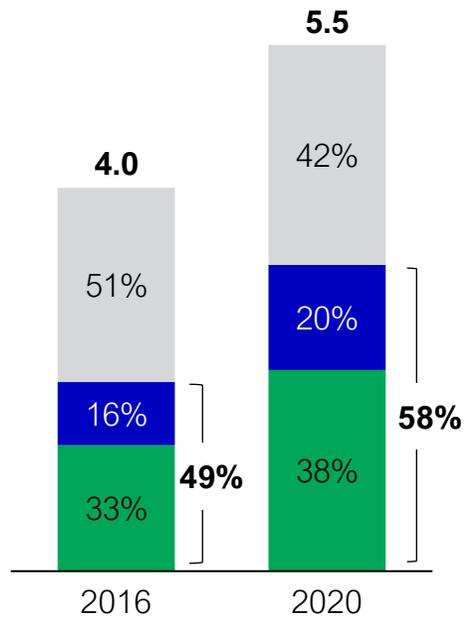
¹ Comparison to 2016 is stated on a constant exchange rate basis. Core earnings and constant exchange rate basis are non-GAAP measures. See slide entitled "Performance and Non-GAAP Measures" in 2021 Investor Day Legal Slides.

² Reflects the charge in 2017 related to the impact of U.S. Tax Reform, and changes to the portfolio asset mix backing certain legacy businesses. ³ Comparison to 2016 is stated on an actual exchange rate basis.

...driven by *strong growth* in Asia and Global WAM...

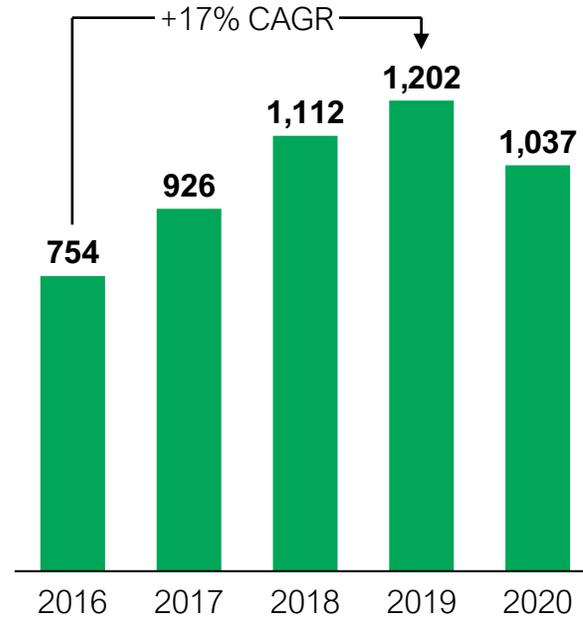
Core Earnings contributions from Asia and Global WAM are increasing

(C\$ billions) ■ Other ■ Global WAM ■ Asia



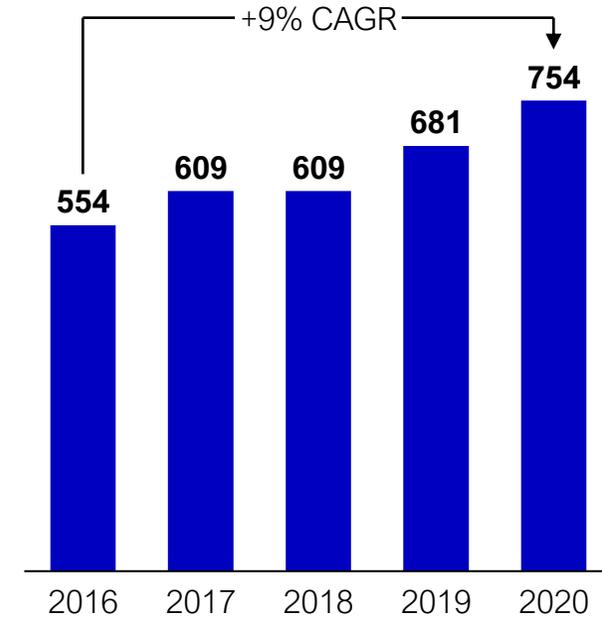
Clear top-tier pan-Asian market leader with strong NBV¹ growth in Asia

(US\$ millions)



Robust AUMA² growth in Global WAM

(C\$ billions)



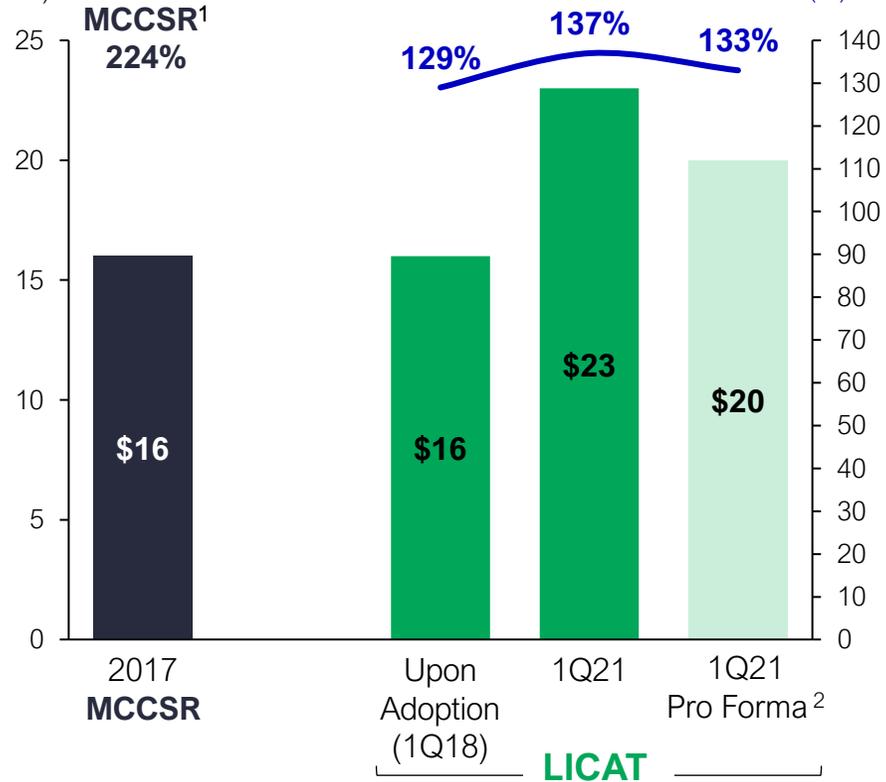
Note: Percentage changes are stated on a constant exchange rate basis. Core earnings, New Business Value, AUMA, and constant exchange rate basis are non-GAAP measures. See slide entitled "Performance and Non-GAAP Measures" in 2021 Investor Day Legal Slides. ¹ New Business Value. ² Assets Under Management and Administration.

...while extending *financial flexibility*

Capital Metrics

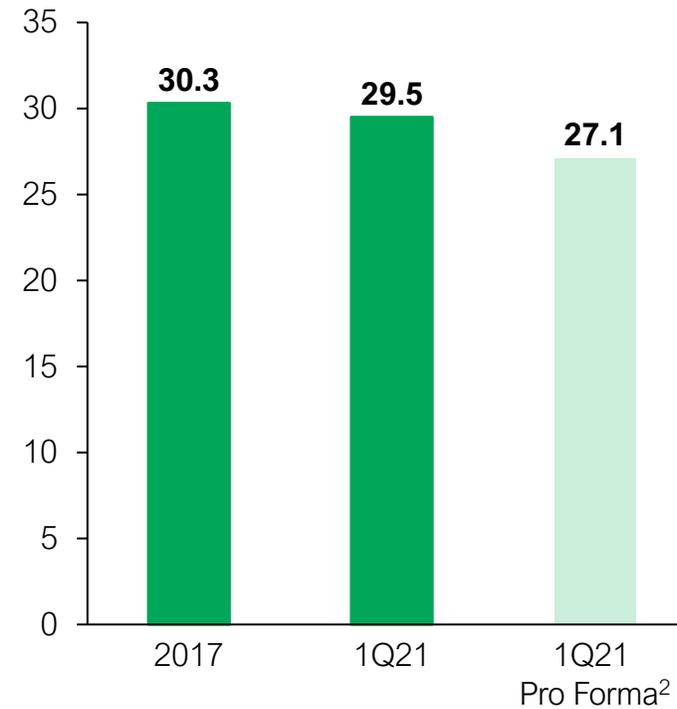
Capital over supervisory target

(C\$ billions)



Healthy Financial Leverage³

(%)

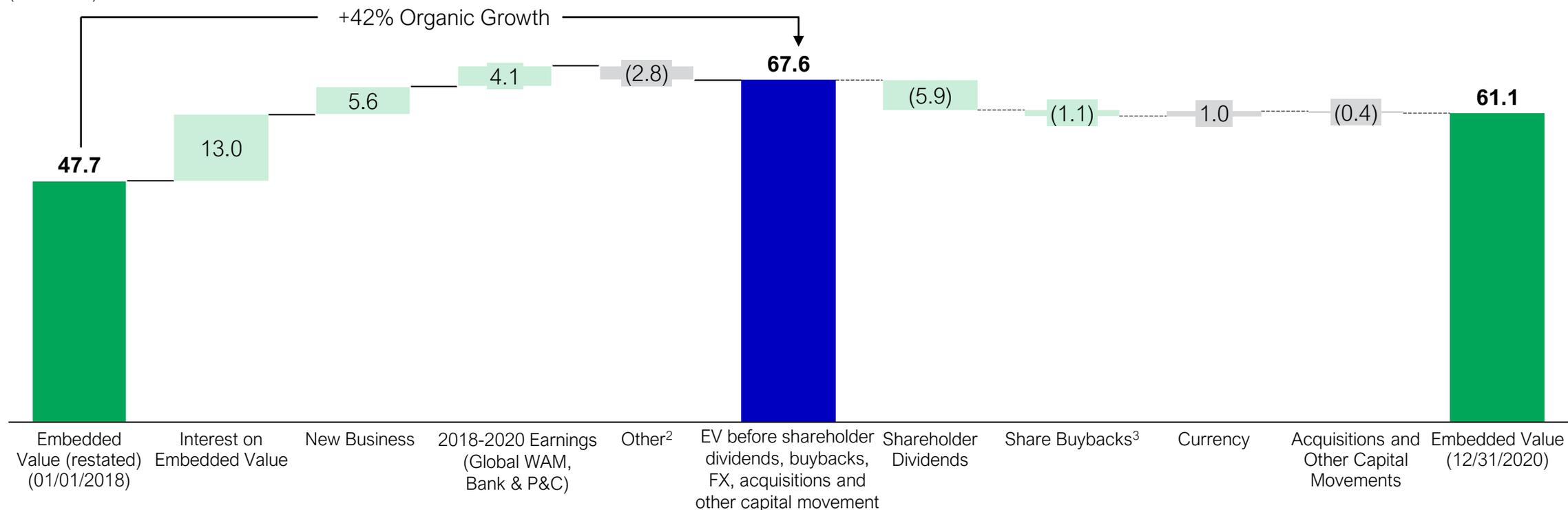


¹ Minimum Continuing Capital and Surplus Requirements (MCCR) and Life Insurance Capital Adequacy Test (LICAT) total ratio of The Manufacturers Life Insurance Company (MLI). ² The 1Q21 pro-forma LICAT and leverage ratios reflect the impact of the following redemptions: US\$1 billion of senior debt on June 23, 2021; S\$500 million of subordinated debt on May 25, 2021; and C\$425 million of preferred shares on June 19, 2021. ³ Leverage ratio calculation includes preferred shares which in 1Q21 results in a 5-percentage point increase.

Embedded Value growth reflects *robust contributions* from in-force and new business

Embedded Value¹

(C\$ billions)

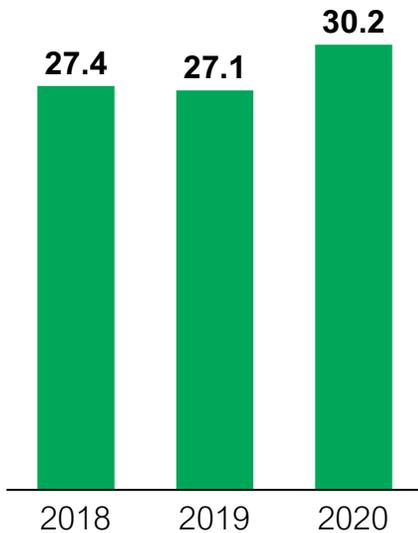


Note: Embedded value is a non-GAAP measure. See slide entitled "Performance and Non-GAAP Measures" in 2021 Investor Day Legal Slides.

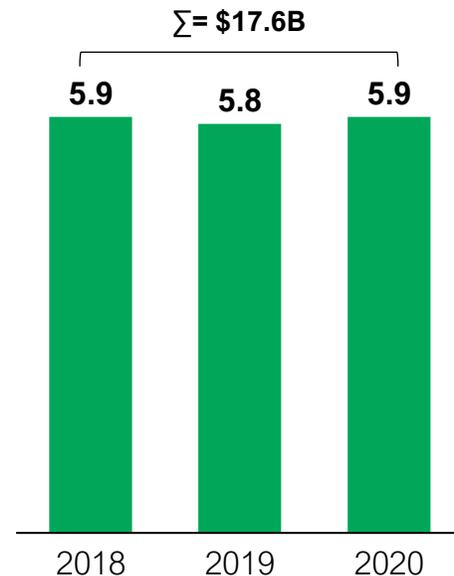
¹ Embedded value does not include any value of in-force related to Global WAM, the Bank and P&C reinsurance businesses or value of our insurance new business franchise. Embedded value excludes goodwill and intangible assets. ² Includes changes in investment and operating assumptions, changes in investment and operating experience and unallocated overhead expenses. ³ Share Buybacks are net of the dividend reinvestment program.

Investing in our *future*, while driving shareholder *value*

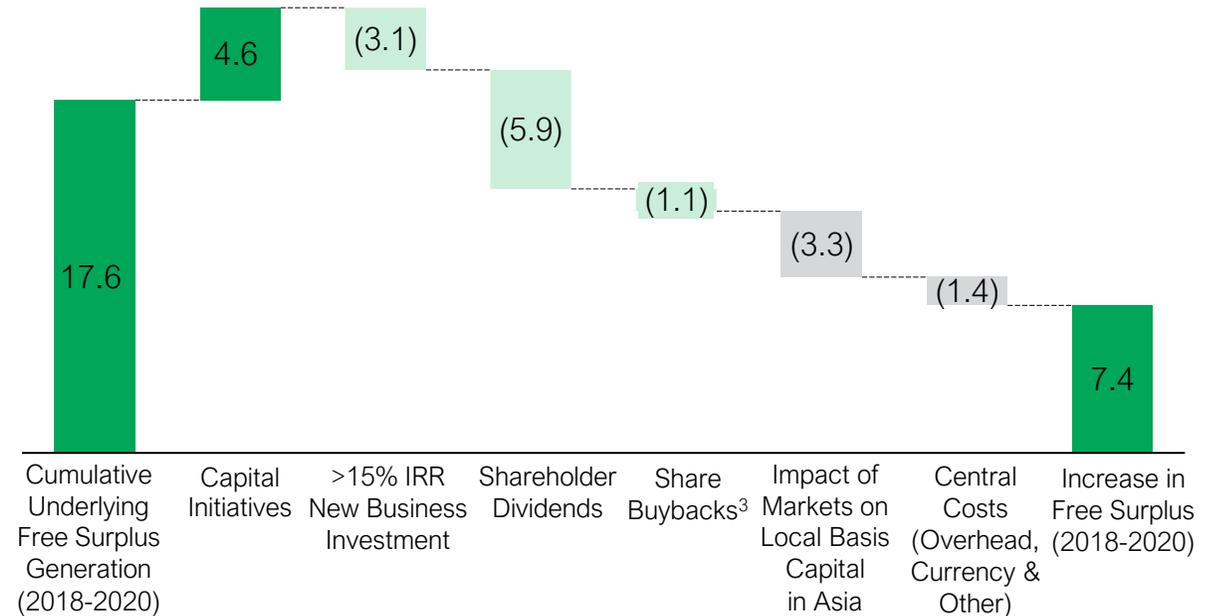
Value of In-force Business¹
(C\$ billions)



Underlying Free Surplus Generation²
(C\$ billions)



Use of Free Surplus
(C\$ billions)

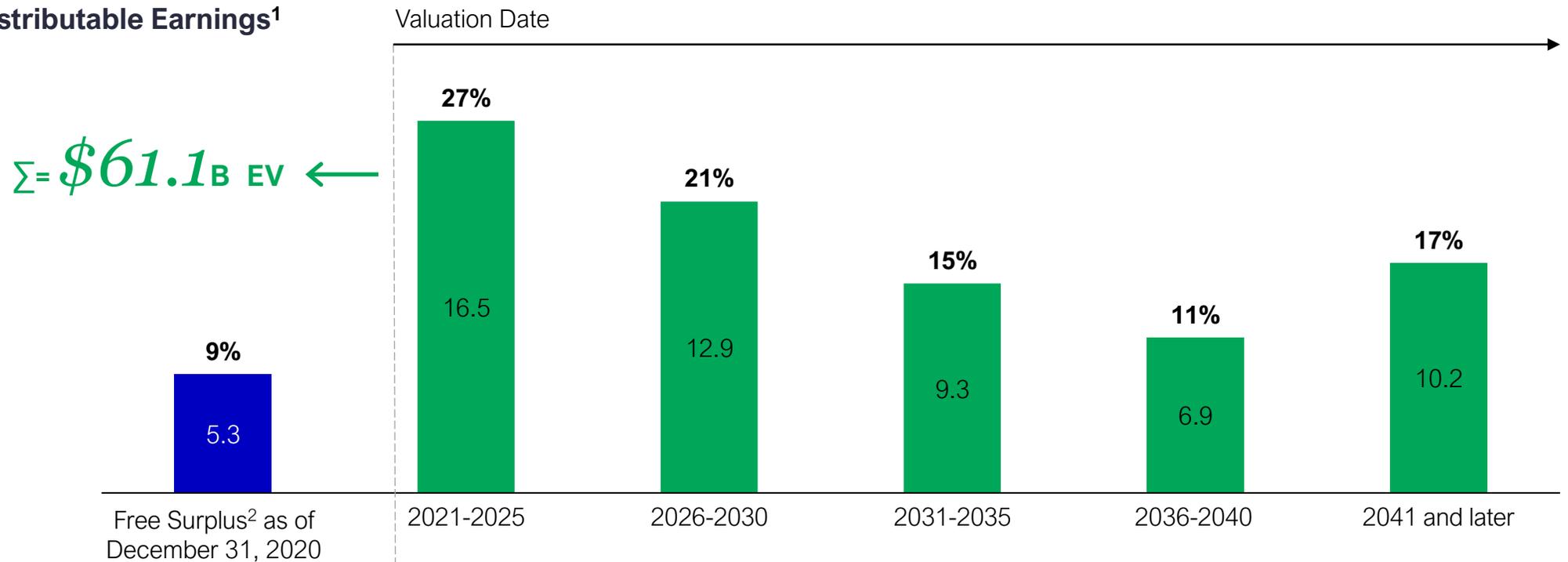


¹ Value of In-force Business is the present value of expected future post-tax operational earnings on in-force business less the present value of the cost of capital to support the in-force business. The unwinding of value of in-force, plus the expected release in required capital, is the expected distributable earnings. ² Underlying Free Surplus Generation is the expected distributable earnings generated from the in-force business (as determined from the annual Embedded Value exercise), plus the actual earnings on Global WAM, Bank, and P&C Reinsurance business, plus interest on free surplus at the EV Risk Discount Rate. The change in Free Surplus equals the Underlying Free Surplus Generation, New Business Investments, Shareholder Dividends and Share Buybacks, Central Costs plus or minus change in Free Surplus due to experience and Capital Initiatives. ³ Share Buybacks are net of the dividend reinvestment program.

Nearly *half* of distributable earnings are expected to emerge during the next 10 years

Discounted Distributable Earnings¹

(C\$ billions)



Note: See slide entitled "Caution regarding forward-looking statements" in 2021 Investor Day Legal Slides.

¹ Discounted distributable earnings is the present value of expected future post-tax operational earnings, plus release in required capital, and interest on required capital, on the in-force insurance business, as determined through the annual Embedded Value exercise. ² Allocated surplus, as disclosed in the 2020 Embedded Value report, net of carrying value of debt and preferred shares as of Dec 31, 2020.

IFRS 17: effective *January 1, 2023* for Canadian-based insurers

Overview of the *impacts of IFRS 17*

- The change in accounting standards **does not impact the fundamental economics** of our business
- However, it will impact **where**, **when**, and **how** specific items are recognized on the financial statements
- IFRS 17 introduces the Contractual Service Margin (CSM), which **defers** the recognition of new business gains over the lifetime of the insurance contract
 - The CSM represents unearned profits that are expected to amortize into income over time
 - At transition, we will establish a CSM on our in-force business. As the CSM is a new liability it is expected to lead to a decrease in equity upon transition.
- The **movement in the CSM** will become an **important metric** in analyzing and comparing the value of insurance businesses
- The discount rate on our liabilities will **no longer be directly linked** to the assets we hold and **sensitivity** to changes in ALDA return assumptions will be greatly reduced
- IFRS 17 is expected to have a minimal impact on regulatory capital for the Canadian insurance industry overall, however impacts on individual companies may vary

Portfolio Optimization update

Portfolio optimization *reduced* the size of the legacy block and *positively* impacted ROE

Long-Term Care

U.S. Individual LTC and U.S. Group LTC

Variable Annuities

U.S. VA and Canada segregated funds (ex. InvestmentPlus¹)

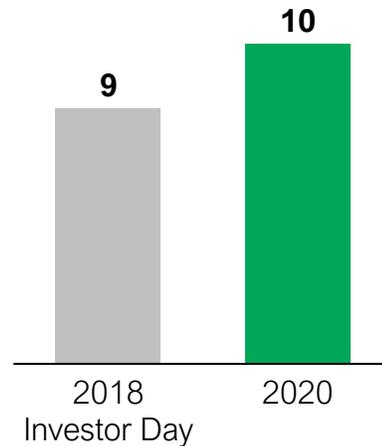
Life insurance

Closed life insurance blocks in the U.S. and Canada, including universal life (UL) with secondary guarantees

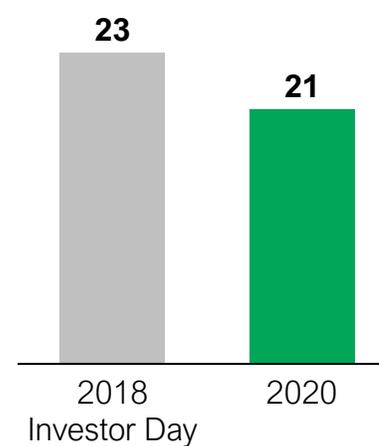
Fixed products

Closed fixed product blocks in the U.S. and Canada

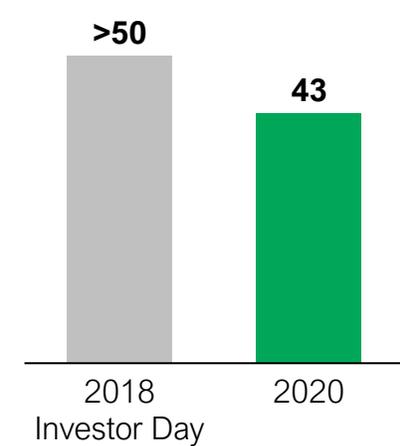
Legacy Core Return on Equity
(%)



Legacy Allocated Equity²
(C\$ billions)



Equity Allocated² to Legacy as a percentage of Total Company
(%)



Note: Core Return on Equity is a non-GAAP measure. See slide entitled "Performance and Non-GAAP Measures" in 2021 Investor Day Legal Slides.

¹ InvestmentPlus is a low-risk segregated fund product in Canada with a 75% death benefit and a 75% maturity benefit when the client reaches 100 years old. ² Proportional allocation as opposed to marginal.

We are *confident*
in our ability to manage
the long-term care block
***successfully* going forward**

Manulife

42%

margin over best estimate reserves

Peer average

5%

margin over required reserves based on loss recognition testing¹

Premium increases since 3Q19

US\$1B

approved

in line with our expectations; we've achieved >50% of the US\$1.9 billion embedded in reserves

Premium increases for life-to-date

US\$9B

approved

compared with a total of US\$14 billion of eligible premium increases

LTC policyholder experience

Neutral

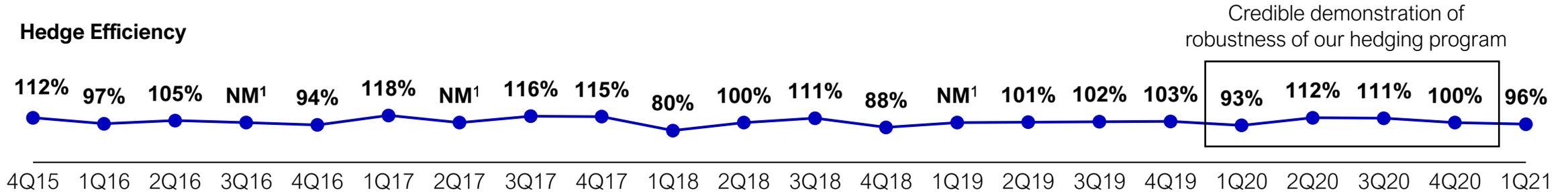
since 2019 actuarial review, excluding the favourable impact of COVID-19

Note: All figures as of March 31, 2021.

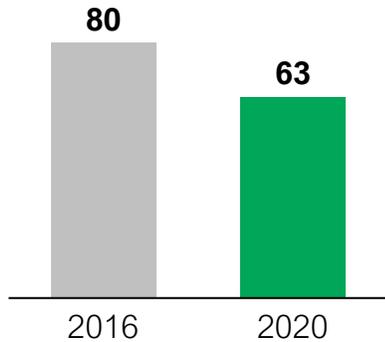
¹ S&P January 2019 report – Following the Trail of U.S. Insurers.

Variable annuities, *an effectively hedged block, with a decreasing risk profile*

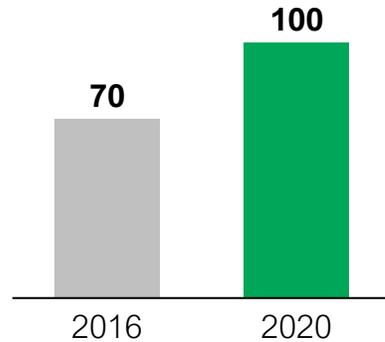
Hedge Efficiency



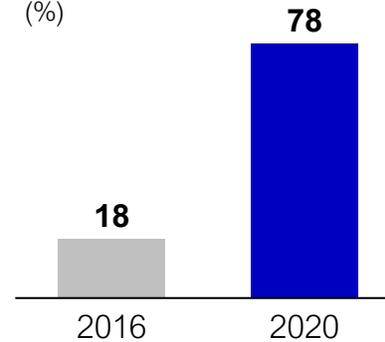
Guarantee Value has declined (C\$ billions)



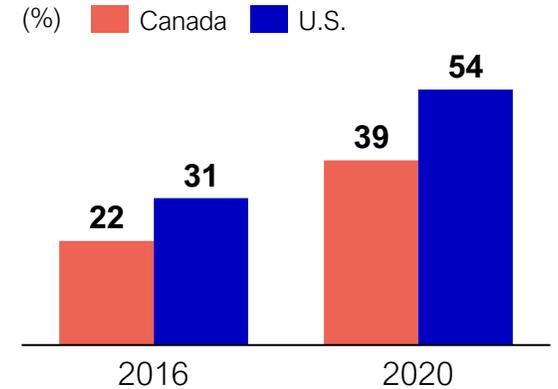
100% past surrender charge date (%)



78% U.S. GMWB² reached bonus date (%)



Increasing number taking income (%)



Less uncertainty regarding policyholder behaviour and consequently more certainty in the actuarial assumptions used to determine our liabilities

We are *delivering impact globally* through *in-force* management initiatives

Reinsurance

Executing risk transfer transactions and renegotiating/recapturing existing agreements to enhance ROE

Repricing

Managing adjustable product features to align with original pricing

Transfer & Buyout Programs

Offering transfer and buyout programs to respond to evolving customer needs

Claims Management

Increasing automation, enhancing fraud prevention and detection, and helping customers manage their benefits

Persistency Management

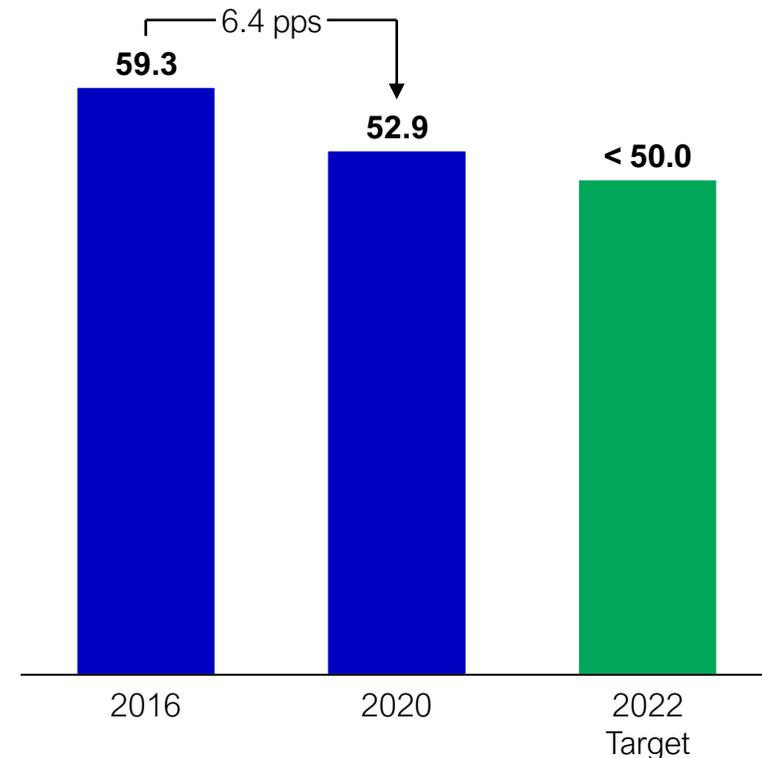
Improving persistency by enhancing customer experience and making product and compensation changes where appropriate

Expense Efficiency update

On track to *consistently* achieve an expense efficiency ratio of less than 50% by 2022...

Expense Efficiency Ratio
(%)

$$\frac{\text{Pre-tax core expenses}^1}{\text{Pre-tax (core earnings + core expenses}^1)}$$



Note: See slide entitled "Caution regarding forward-looking statements" in 2021 Investor Day Legal Slides.
¹ Core expenses are general expenses included in core earnings.

...and have identified a number of *opportunities* to improve expense efficiency further as we continue to build scale

Process Improvement

Automation opportunities across the organization, enabling scalability of our operations both in terms of capacity and efficiency with lower costs per unit

Real Estate

Success of remote working and the reduced need for physical back up sites. Opportunity extends to agency office space in Asia

Continued Simplification of the Organization

At scale markets, channels, customer propositions and operations

Third Party Spend and Procurement

Preferred supplier deals, expanding our procurement spend coverage and demand management

Digital Self-Service

Customer, distributor, and employee tools that provide for productivity and convenience

Expanded disclosure
for Asia & Global WAM

Enhancing *financial disclosure* for our growth engines: Asia & Global WAM

Asia segment

- Markets that were historically reported within **Asia Other** have delivered impressive growth and margin expansion over the last few years
- Expanded annual disclosures reflect this increased scale and will provide greater insight into our drivers of growth

Current	Expanded
Hong Kong	Hong Kong
Japan	Japan
Asia Other	China
	Singapore
	Vietnam
	Other Emerging Markets

Global Wealth & Asset Management segment

- Expanded quarterly disclosures provide more insight into the performance of our investment management capabilities, the composition of AUM and flows, and the underlying profitability of Global WAM
 - Investment Performance
 - AUM by Asset Class
 - AUMA rollforwards by Business Line and Geography
 - Net Fee Income Yield on Assets Under Management and Administration
 - Profitability by business line (Retirement, Retail, Institutional Asset Management)
 - Core EBITDA
 - Core Earnings

Click [here](#) to see updated 1Q21 SIP

Updated *financial targets*

We have a *clear path* to delivering on our **medium-term Core EPS growth target of 10-12%** which is *fueled by our growth businesses*

Asia

6%+

contribution to total company growth from Asia segment, reflecting the impact of new business and the release of PfADs from the in-force book

...plan to grow Asia segment core earnings at 15%+

Global WAM

3%+

contribution to total company growth from Global WAM segment, reflecting fees on existing AUMA and the impact of net inflows

...plan to grow Global WAM segment core earnings at 15%

Canada & U.S.

2%+

contribution to total company growth from the Canada and U.S. segments, reflecting the release of PfADs from the in-force book and the impact of new business

...combined, plan to grow Canada and the U.S. segment core earnings at 5%

Expense Efficiency and In-Force Management

1%+

contribution to total company growth from Expense Efficiency, including benefits from continued digitization, and In-Force Management activities

Note: See slide entitled "Caution regarding forward-looking statements" in 2021 Investor Day Legal Slides.

We believe our existing *financial targets* are *achievable* over the medium-term

	2017	2018	2019	2020	Medium-Term Target
Core EPS growth	+13%	+23%	+8%	-7%	10% – 12%
Core ROE	11.3%	13.7%	13.1%	10.9%	13%+
Leverage ratio	30.3%	28.6%	25.1%	26.6%	25%
Dividend payout¹	37%	33%	34%	41%	30% - 40%
Expense efficiency ratio	55.4%	52.0%	52.0%	52.9%	2022 Target <50%

Note: See slide entitled "Caution regarding forward-looking statements" in 2021 Investor Day Legal Slides.

¹Dividend payout ratio based on core earnings per share.

Key Messages

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- **Strength of our balance sheet** positions us well to focus on accelerating growth
- **IFRS 17** does not impact the economics of our business nor the financial results over the life of an insurance contract
- The **size** and **risk profile** of our legacy businesses have declined. We continue to **seek optimization opportunities** and are confident in our ability to manage the blocks successfully. Expanded the portfolio optimization mandate to **Global In-force Management** with a focus on improving returns and delivering capital efficiencies
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Appendix

LTC risk characteristics (as of 1Q21)

		3 rd party acquired block	1 st Generation	2 nd Generation	Group LTC	Total LTC Block	2018 Investor Day
Overview	Average issue date	1999	1999	2007	2003	2004	2004
	Number of policies/lives ('000)	62	114	404	305	885	974
	% of policies on claim	10%	11%	2%	2%	4%	4%
	Avg. annual premiums/policy (US\$)	\$1,799	\$2,590	\$2,492	\$1,163	\$1,998	\$1,818
Attained Age	Average attained age of ALR	81	82	72	67	72	69
	Average attained age of DLR	88	88	82	81	85	84
	% <70	4%	4%	33%	57%	36%	48%
	% 70-79	32%	29%	49%	32%	39%	34%
	% 80-89	51%	52%	17%	9%	21%	16%
	% 90+	14%	16%	1%	1%	4%	2%
Benefits	% Lifetime benefit by maximum daily benefit	36%	19%	12%	1%	9%	9%
	Avg. benefit period (for non-lifetime benefits)	3.7 years	4.3 years	4.1 years	4.9 years	4.4 years	4.4 years
	Avg. monthly benefit amount at issue (US\$)	\$3,745	\$3,993	\$4,629	\$6,244	\$5,043	\$5,100
	Avg. elimination period (days)	69	94	92	86	89	88
	% limited pay by policy count at issue (ALR)	0%	0%	3%	0%	1%	2%
Inflation Protection	5% compound	24%	17%	23%	5%	16%	17%
	<5% compound	24%	24%	18%	4%	14%	13%
	Other inflation	32%	27%	47%	1%	28%	27%
	No inflation	19%	32%	12%	91%	42%	43%
Stat Reserves (NAIC)	Total reserves (US\$ billions)	\$3.4	\$6.8	\$12.2	\$5.9	\$28.3	\$25.0
	Active life reserve (ALR) (US\$ billions)	\$2.2	\$4.6	\$10.5	\$5.2	\$22.4	\$19.8
	Disabled life reserve (DLR) (US\$ billions)	\$1.2	\$2.2	\$1.7	\$0.7	\$5.9	\$5.2
IFRS Reserves¹	Total reserves (US\$ billions)	\$5.7	\$8.0	\$16.5	\$8.1	\$38.4	\$32.6
	Per policy (US\$)	\$92,559	\$70,724	\$40,792	\$26,609	\$43,359	\$33,400

Data as of March 31, 2021. ALR is active life reserve and DLR is disabled life reserve.

¹ IFRS reserves are indicative as certain allocations are required in determining the reserves by block.



Manulife