

# Legal Slides

Investor Day 2021



# Performance and Non-GAAP financial measures

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

For more information on non-GAAP financial measures, including those referred to above, see "Performance and Non-GAAP Measures" in Manulife's 2020 Annual Report and First Quarter 2021 Report to Shareholders.

**Net annualized fee income yield on average AUMA ("net fee income yield")** is a non-GAAP ratio. It is equal to net annualized fee income from Global Wealth and Asset Management ("Global WAM") channels, expressed as a basis point ratio over average assets under management and administration (AUMA). This ratio provides information on the business' basis point return from managing AUMA.

**Net annualized fee income** represents Global WAM's income before income taxes, adjusted to exclude general expenses, investment income and non-AUMA related net benefits and claims. It also excludes the components of Global WAM's net fee income from managing assets on behalf of other Segments. The measure is annualized based on the number days in the year divided by the number of days in the reporting period.

# Caution regarding *forward-looking* statements

From time to time, Manulife 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 presentation include, but are not limited to, statements with respect to the Company’s strategic priorities and 2022 targets for net promoter score, employee engagement, its high potential businesses, expense efficiency and portfolio optimization; the next phase of the Company’s strategy and 2025 supplemental goals related to its highest potential businesses, net promoter score, straight-through-processing and portfolio optimization for the long-term care (LTC) and variable annuities (VA) businesses; its medium-term targets for shareholder returns, core EPS growth, core ROE, leverage ratio and common share dividend payout ratio; the Company’s plans to accelerate growth of its Asia and Global Wealth and Asset Management businesses and to become a digital, customer leader; the impact of IFRS 17 on the Company’s business; our embedded value and the expected emergence of distributable earnings over the next ten years; 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”, “aspire”, “allow”, “objective”, “see”, “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, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); the severity, duration and spread of the COVID-19 outbreak, as well as actions that have been, or may be taken by governmental authorities to contain COVID-19 or to treat its impact; changes in laws and regulations; changes in accounting standards applicable in any of the territories in which we operate; changes in regulatory capital requirements; our ability to execute strategic plans and changes to strategic plans; downgrades in our financial strength or credit ratings; our ability to maintain our reputation; impairments of goodwill or intangible assets or the establishment of provisions against future tax assets; the accuracy of estimates relating to morbidity, mortality and policyholder behaviour; the accuracy of other estimates used in applying accounting policies, actuarial methods and embedded value methods; our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies; our ability to source

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

Additional information about material risk factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in our most recent interim report under “Risk Management and Risk Factors Update” and “Critical Actuarial and Accounting Policies”, under “Risk Factors and Risk Management” and “Critical Actuarial and Accounting Policies” in 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 presentation are, unless otherwise indicated, stated as of the date hereof and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, except as required by law.

The Company’s strategic priorities and 2022 targets, medium-term targets, and 2025 supplemental goals do not constitute guidance. Achievement of the Company’s objectives are subject to, among other factors, assumptions and uncertainties described in today’s presentations and in Manulife’s public disclosures.



**Manulife**