

First Quarter 2021

Financial & Operating Results

May 6, 2021



REMINDER:

Manulife Investor Day 2021

When: Tuesday, June 29th, 2021

Where: Virtual

[Registration](#) is open

Caution regarding forward-looking statements

From time to time, Manulife makes written and/or oral forward-looking statements, including in this presentation. 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; and its medium-term targets for core EPS growth, core ROE, leverage ratio and common share dividend payout ratio; the expected annual savings related to actions taken in 1Q21 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 “will”, “expect”, “estimate”, “believe”, “plan”, “objective”, “continue”, and “goal”, (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 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 applicable in any of the territories in which we operate; 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 or divestitures, and our ability to complete transactions; 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 1Q21 Management’s Discussion and Analysis 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 our 2020 Management’s Discussion and Analysis and in the “Risk Management” note to the Consolidated Financial Statements for the year ended December 31, 2020 as well as 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.

Conference Call Participants

Roy Gori

President & Chief Executive Officer

Mike Doughty

General Manager, Canada

Steve Finch

Chief Actuary

Marianne Harrison

General Manager, U.S.

Scott Hartz

Chief Investment Officer

Rahim Hirji

Chief Risk Officer

Naveed Irshad

Head of North American Legacy Business

Paul Lorentz

President & CEO, Global Wealth and Asset Management

Anil Wadhwani

General Manager, Asia

Phil Witherington

Chief Financial Officer

Agenda

- **Overview and strategic update**
Roy Gori, President & Chief Executive Officer
- **Financial and operating results**
Phil Witherington, Chief Financial Officer
- **Embedded Value update**
Steve Finch, Chief Actuary
- **Question & Answer session**



Overview and strategic update



Roy Gori

President & Chief Executive Officer

1Q21 financial highlights

Net Income

\$783_m
-38%

Core Earnings

\$1.6_{bn}
+67%

New Business Value

\$599_m
+32%

Global WAM Core EBITDA Margin

30.7%
+340 bps






Core ROE

13.7%
+5.5 pps

Embedded Value per Share

\$31.49
+\$1.70

1Q21 strategic update

Progress update		2022 Target
 Portfolio Optimization	<ul style="list-style-type: none"> • Freed up \$65 million of capital in 1Q21 • Delivered a total of \$5.9 billion of cumulative capital benefits since 2018 • Achieved 2022 target three years ahead of schedule 	Free up \$5 billion in capital
 Expense Efficiency	<ul style="list-style-type: none"> • Expense Efficiency ratio of 48.5% in 1Q21 • Achieved 2022 cumulative expense efficiencies target of \$1.0 billion in 2020, two years ahead of schedule 	<50% expense efficiency ratio
 Accelerate Growth	<ul style="list-style-type: none"> • Highest potential businesses contributed 60% of core earnings in 1Q21 • Launched a digital sales platform in Vietnam that enables customers to purchase health insurance online¹ • Expanded Global WAM's ESG offerings with the launch of two ESG thematic investment strategies, <i>Sustainable Asia Bond</i> and <i>Global Climate</i> 	2/3 of core earnings from highest potential businesses
 Digital, Customer Leader	<ul style="list-style-type: none"> • In Canada, launched a new Advisor Portal across our businesses to improve the advisor experience • In the U.S., piloted a new portal for distributors to submit forms and client information for our International products • Launched a money market fund with OVO (PT Visionet Internasional) and its strategic partner Bareksa (PT Bareksa Portal Investasi), Indonesia's first online mutual fund marketplace 	Relationship NPS +30 points
 High Performing Team	<ul style="list-style-type: none"> • Launched the <i>Pursuit Learning Hub</i> with <i>LinkedIn Learning</i>, a world-class online resource with courses taught by internationally-respected experts around the world¹ 	Top Quartile employee engagement

Financial and operating results



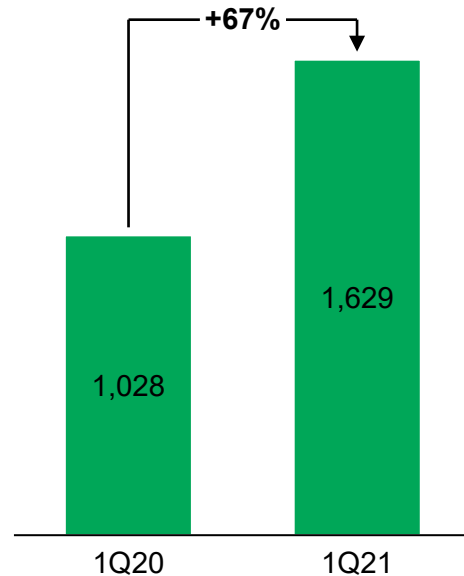
Phil Witherington
Chief Financial Officer

1Q21 financial summary

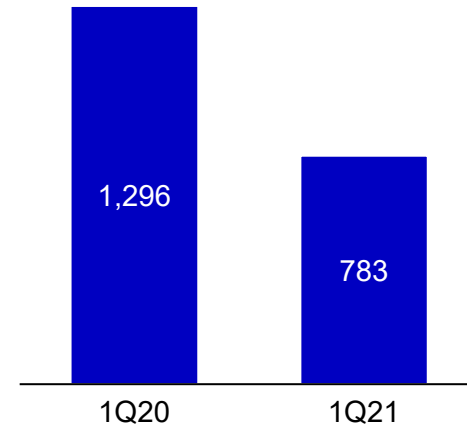
	(C\$ millions, unless noted)	1Q20	1Q21	Change ²
Profitability	Net income attributed to shareholders	\$1,296	\$783	▼ 38%
	Core earnings	\$1,028	\$1,629	▲ 67%
	Core return on equity (annualized)	8.2%	13.7%	▲ 5.5 pps
	Expense efficiency ratio	60.0%	48.5%	▼ 11.5 pps
Growth	APE sales (C\$ billions)	\$1.6	\$1.8	▲ 14%
	New business value	\$469	\$599	▲ 32%
	Global WAM net flows (C\$ billions)	\$3.2	\$1.4	▼ \$1.8
	Global WAM AUMA (C\$ billions)	\$636	\$764	▲ 31%
	Global WAM average AUMA (C\$ billions)	\$680	\$765	▲ 18%
Balance Sheet	MLI's LICAT total ratio ¹	155%	137%	▼ 18 pps
	Financial leverage ratio	23.0%	29.5%	▲ 6.5 pps
	Dividend per common share	28.0¢	28.0¢	In line

Delivered record core earnings of \$1.6 billion

Core earnings (C\$ millions)



Net income attributed to shareholders (C\$ millions)



Earnings reconciliation for the first quarter of 2021 (C\$ millions, except per share amounts)

	Post-Tax	Per Share
Core earnings before core investment gains	\$1,529	\$0.77
Core investment gains	100	0.05
Core earnings	\$1,629	\$0.82
Investment-related experience	77	0.04
Direct impact of interest rates	(838)	(0.43)
Direct impact of equity markets	3	0.00
Reinsurance transactions	8	0.00
Restructuring charge	(115)	(0.06)
Tax-related items and other	19	0.01
Net income attributed to shareholders	\$783	\$0.38

Core earnings driven by in-force growth, new business gains, core investment gains, and higher earnings on surplus

Source of earnings¹

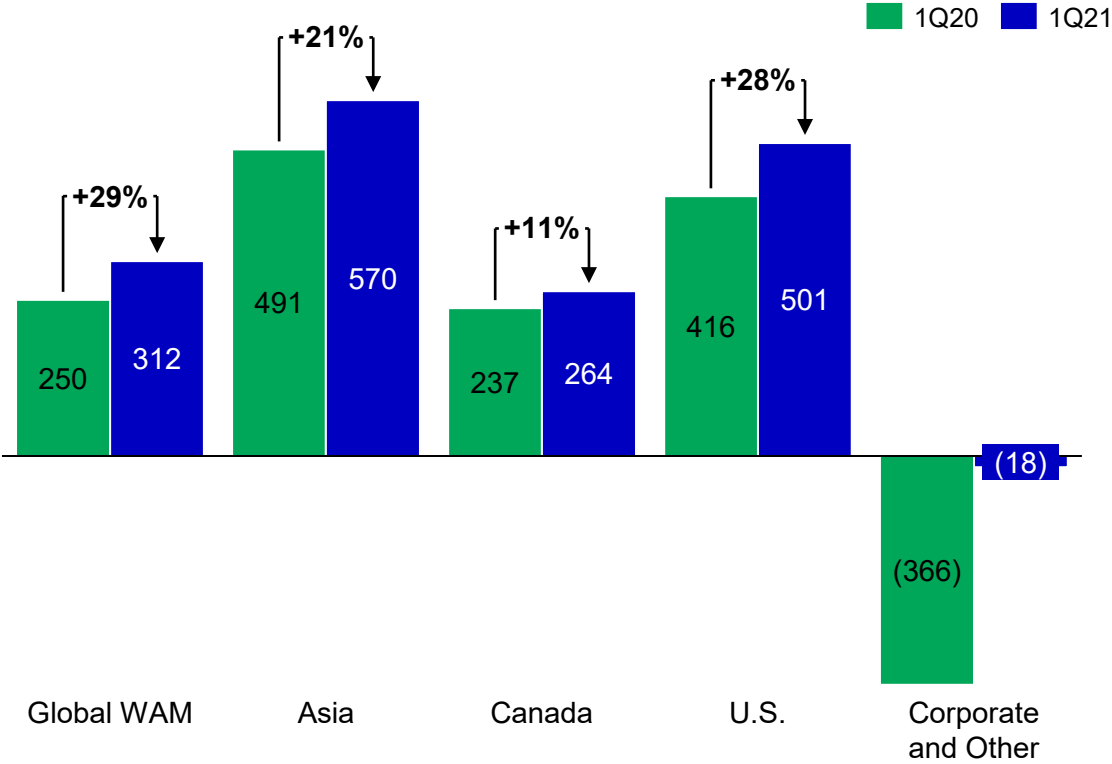
(C\$ millions)

	Core Earnings		Net Income	
	1Q20	1Q21	1Q20	1Q21
Expected profit from in-force business	1,010	1,079	1,010	1,079
Impact of new business	169	319	169	319
Core investment gains	–	132	–	132
Experience gains (losses) (excluding core investment gains)	(130)	(28)	110	(692)
Management actions and changes in assumptions	6	25	587	(119)
Earnings on surplus funds	(91)	108	(249)	(331)
Other	49	65	47	68
Insurance	1,013	1,700	1,674	456
Global Wealth and Asset Management	288	364	288	366
Manulife Bank	44	63	44	63
Unallocated overhead	(116)	(132)	(116)	(133)
Income before income taxes	1,229	1,995	1,890	752
Income tax (expense) recovery	(201)	(366)	(594)	31
Earnings available to shareholders	1,028	1,629	1,296	783

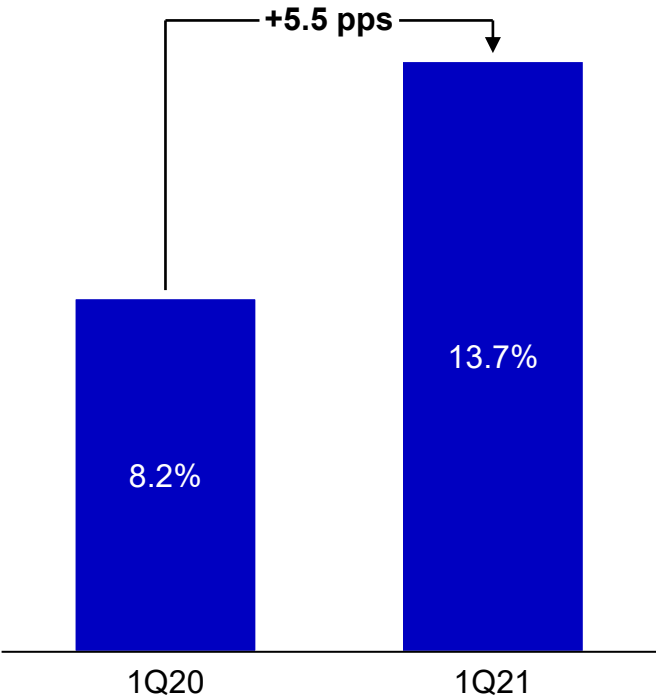
- In-force growth driven by Canada, the U.S., Japan, Hong Kong, and Vietnam
- Higher new business reflects higher sales and favourable product mix in mainland China, Vietnam, Hong Kong, the U.S. and Singapore
- Favourable policyholder experience driven by U.S. LTC, partially offset by U.S. Life and Canada Individual Insurance
- Earnings on surplus driven by gains on seed money investments, partially offset by lower fixed income yields
- Higher earnings in Global WAM driven by fee income from higher average AUMA

Double-digit growth in all operating segments

Core earnings
(C\$ millions)



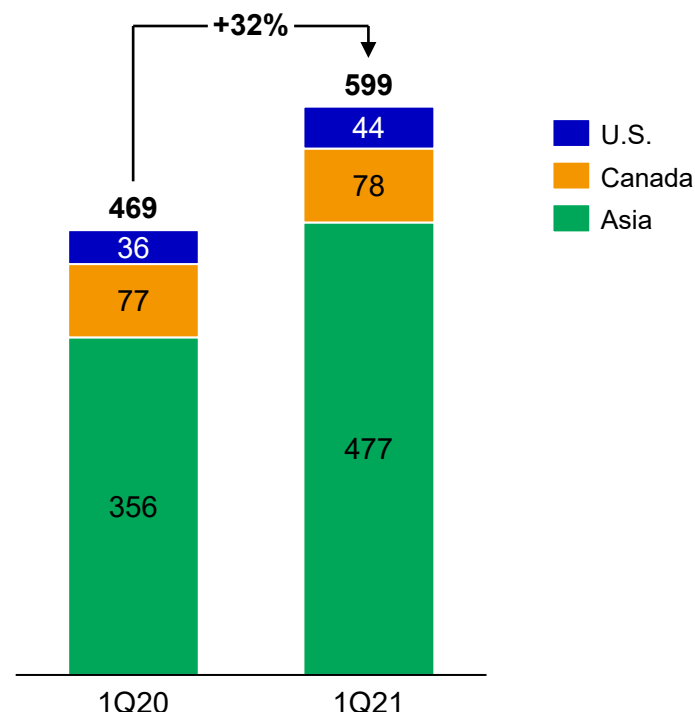
Core ROE
(%)



Delivered strong growth in NBV and APE sales with double-digit growth in Asia and the U.S.

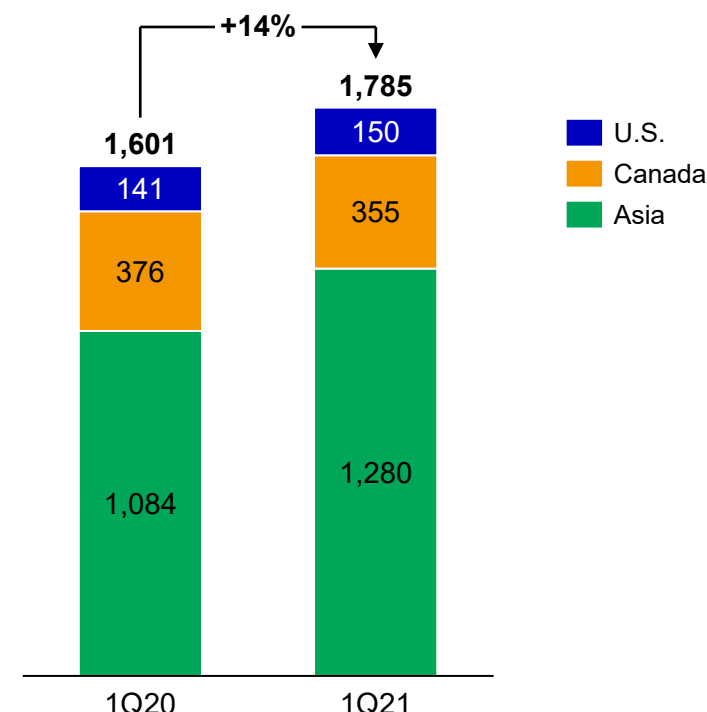
New Business Value (NBV)

(C\$ millions)



APE sales

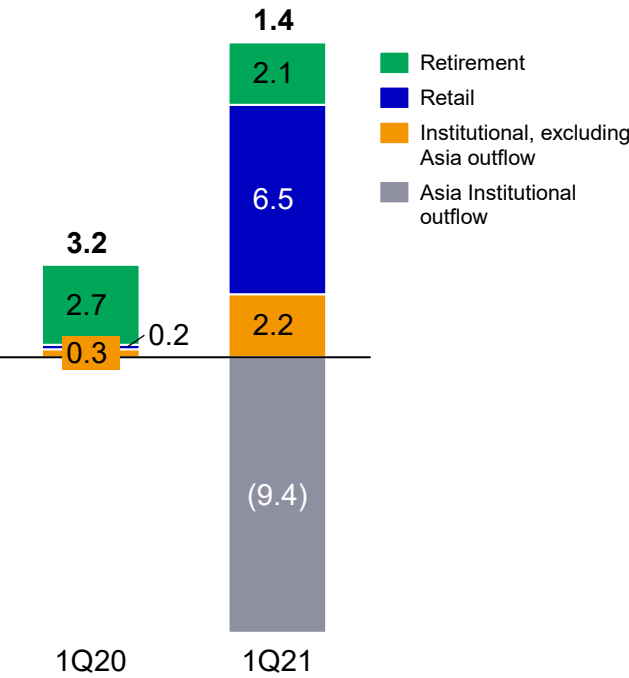
(C\$ millions)



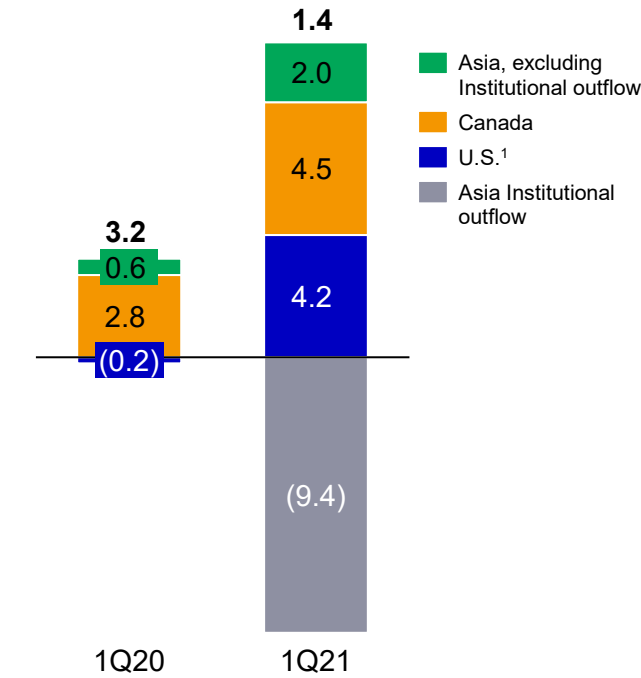
- Higher APE sales in Asia primarily driven by strong growth in the Hong Kong bank channel and double-digit growth in the Asia Other bancassurance and agency channels. Higher NBV driven by higher sales and product management actions in Hong Kong and higher sales and favourable product mix in Asia Other partially offset by lower sales and unfavourable product mix in Japan
- Lower APE sales in Canada driven by the non-recurrence of a large 1Q20 affinity markets sale, partially offset by higher sales of lower risk segregated fund products. NBV was consistent with the prior year quarter, as a more favourable product mix offset the impact of lower APE sales in Individual Insurance
- Higher NBV and APE sales in the U.S. driven by higher sales volumes and more favourable product mix

Growth in Global WAM AUMA reflects strong market performance and net inflows

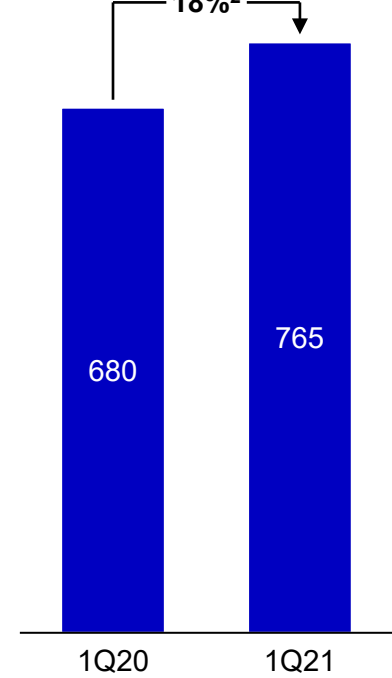
Net flows by business line
(C\$ billions)



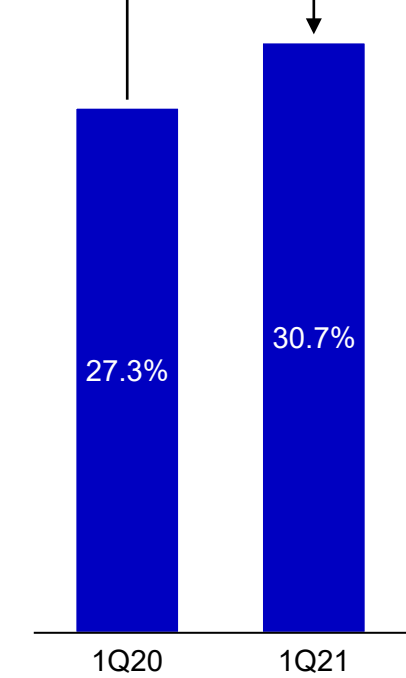
Net flows by geography
(C\$ billions)



Average AUMA
(C\$ billions)



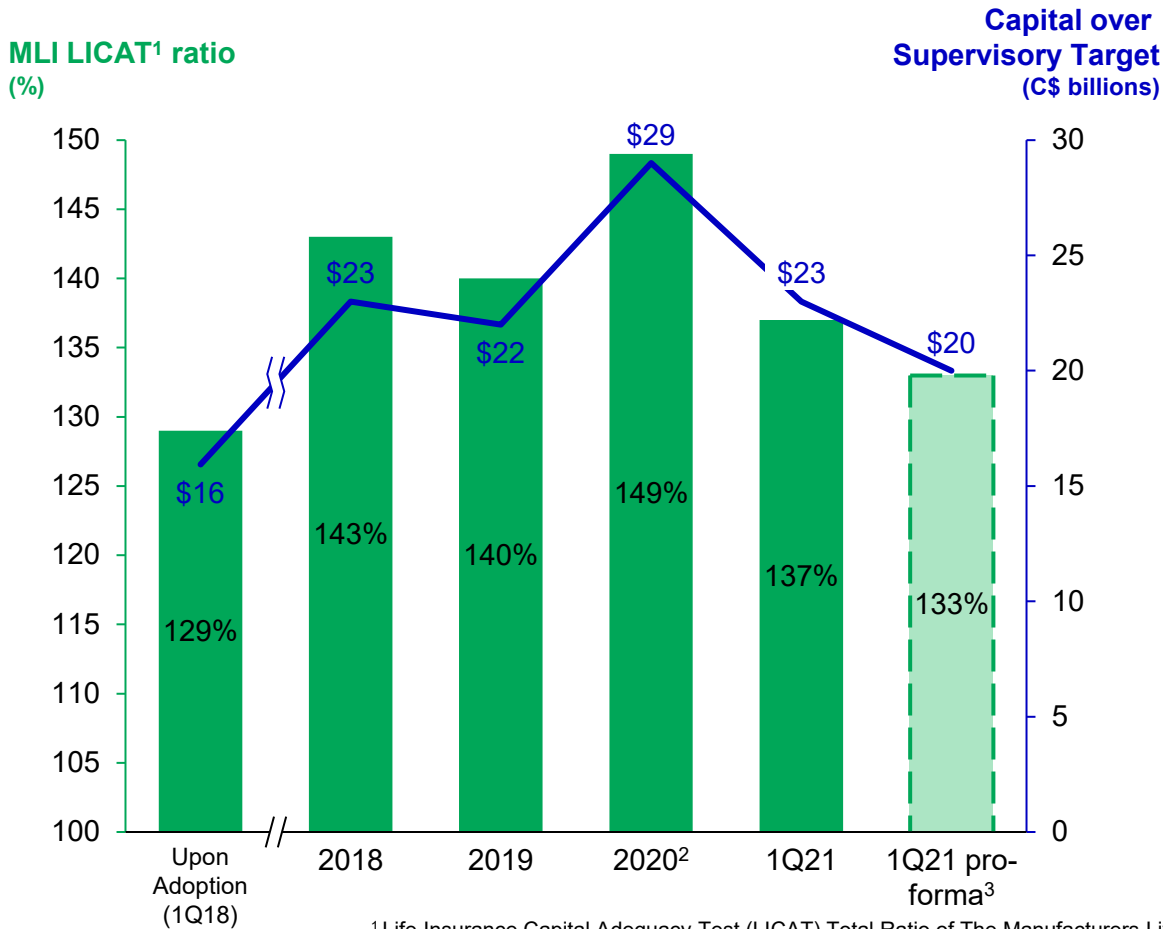
Core EBITDA margin
(%)



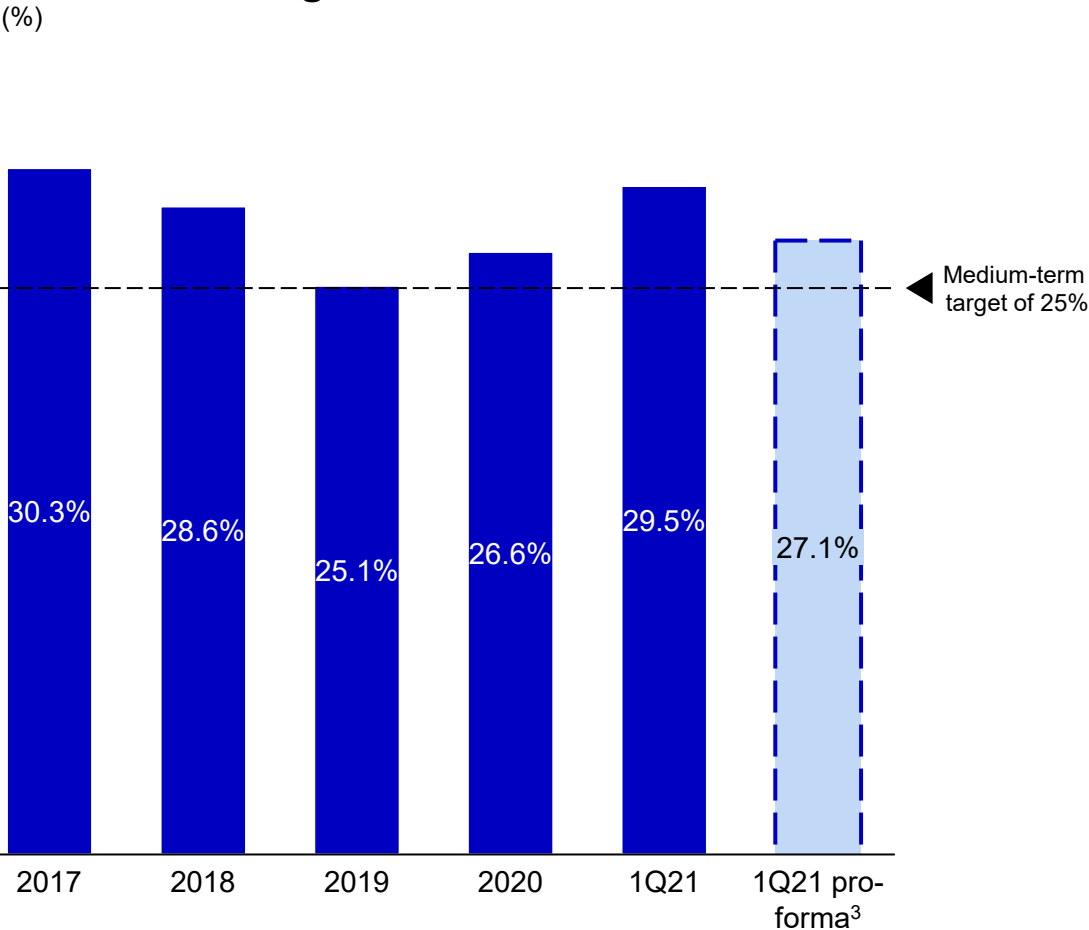
- Lower net inflows reflect a \$9.4 billion redemption in Asia Institutional, partially offset by higher Retail net inflows across all geographies
- Higher average AUMA driven by strong market performance and net inflows
- Core EBITDA margin increased as we continued to build scale

Strong capital position with financial flexibility

Capital Metrics



Financial leverage ratio



¹ Life Insurance Capital Adequacy Test (LICAT) Total Ratio of The Manufacturers Life Insurance Company (MLI). ² For LICAT, the 2020 ratio reflects the impact of the \$350 million capital redeemed in January 2021 (announced in November 2020) as the LICAT ratio reflects capital redemptions once the intention to redeem has been announced. ³ The 1Q21 pro-forma LICAT and leverage ratios reflect the impact of the following announced 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.

Financial targets

	2018	2019	2020	1Q21	Medium-Term Target
Core EPS growth	+23%	+8%	-7%	+61%	10% - 12%
Core ROE	13.7%	13.1%	10.9%	13.7%	13%+
Leverage ratio	28.6%	25.1%	26.6%	29.5%	25%
Dividend payout ¹	33%	34%	41%	34%	30% - 40%
Expense efficiency ratio	52.0%	52.0%	52.9%	48.5%	<50%
Capital benefits (cumulative) (C\$ billions)	\$3.0	\$5.1	\$5.9	\$5.9	\$5 billion

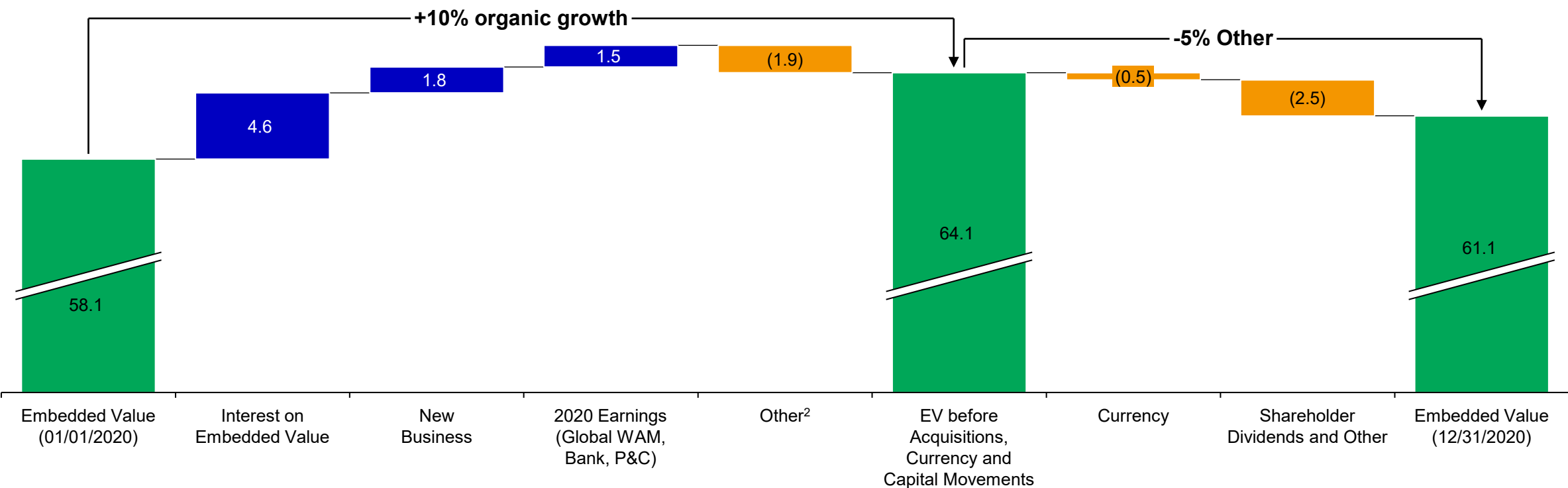
Embedded Value update



Steve Finch
Chief Actuary

Robust contributions from in-force and new business drove 10% organic growth in Embedded Value

Embedded Value (EV)¹
(C\$ billions)



- EV of \$31.49 per share reflects only a portion of the value of Manulife’s businesses¹

¹ Embedded value does not include any value of in-force related to Global Wealth and Asset Management, 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.

Question & Answer session

Appendix

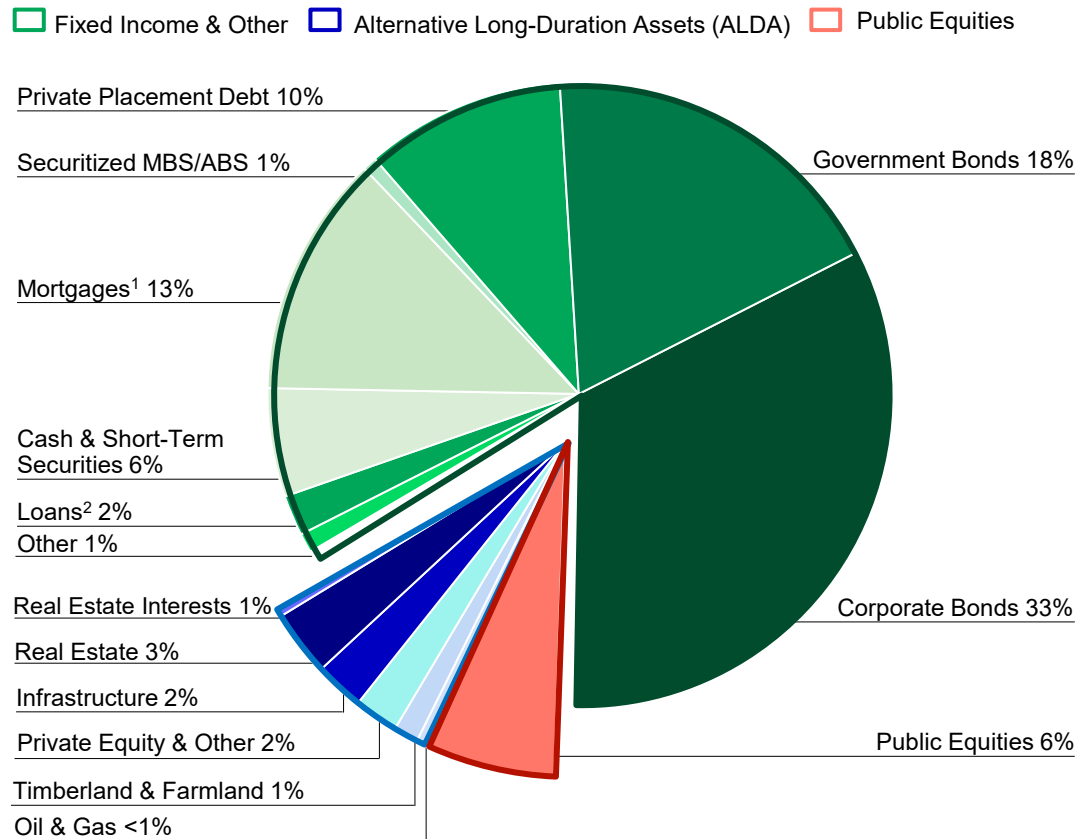
- Invested Asset Mix
- Credit Experience
- Operating Segment Performance
- Assets Under Management and Administration
- Sensitivities



Diversified high quality asset mix avoids risk concentrations

Total invested assets

(C\$397.9 billion, carrying values as of March 31, 2021)

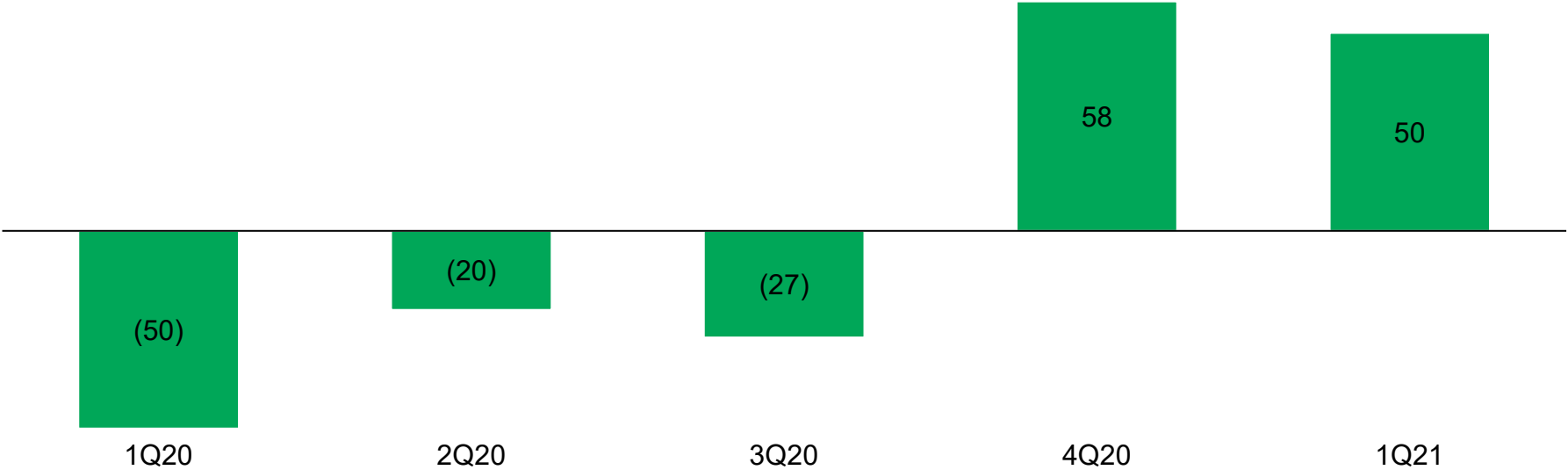


- High quality and diverse asset mix
 - 97% of fixed income assets are investment grade
 - Large holdings in defensive Government and Utility bonds
 - ALDA sell-down has reduced exposure in guaranteed segments
 - No Collateralized Loan Obligations (“CLO”) exposure
- ALDA generates enhanced yield; minimizes need to pursue riskier fixed income strategy
 - Portfolio positioned at the low end of the risk-return spectrum with ~60% in infrastructure and unlevered commercial real estate
- Robust risk management framework
 - Has supported our underwriting and favourable credit quality

Credit experience

Net credit experience

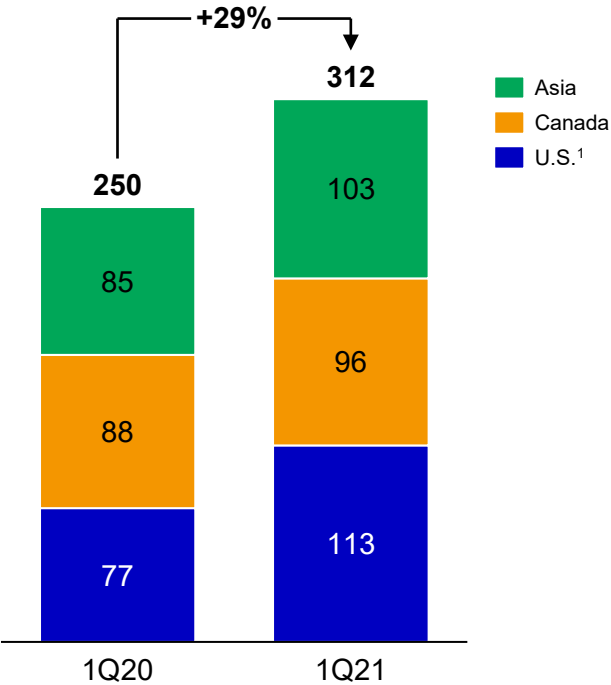
(C\$ millions, post-tax)



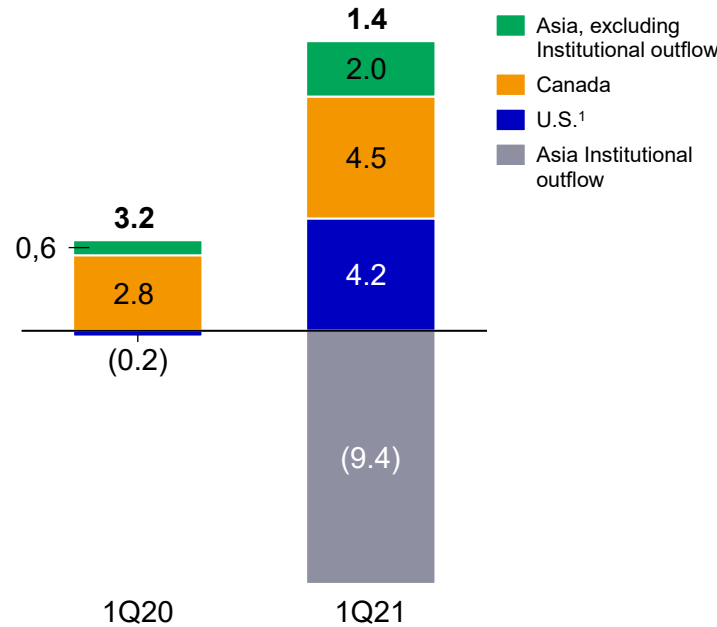
Credit Experience	1Q20	2Q20	3Q20	4Q20	1Q21
(C\$ millions)					
Change in ratings	(108)	4	(18)	1	(23)
Impairments, net of recoveries	(7)	(93)	(68)	(4)	12
Release of best estimate credit	65	69	59	61	61
Net Credit Experience	(50)	(20)	(27)	58	50

Global WAM: Record core earnings and robust gross flows fueled by Retail

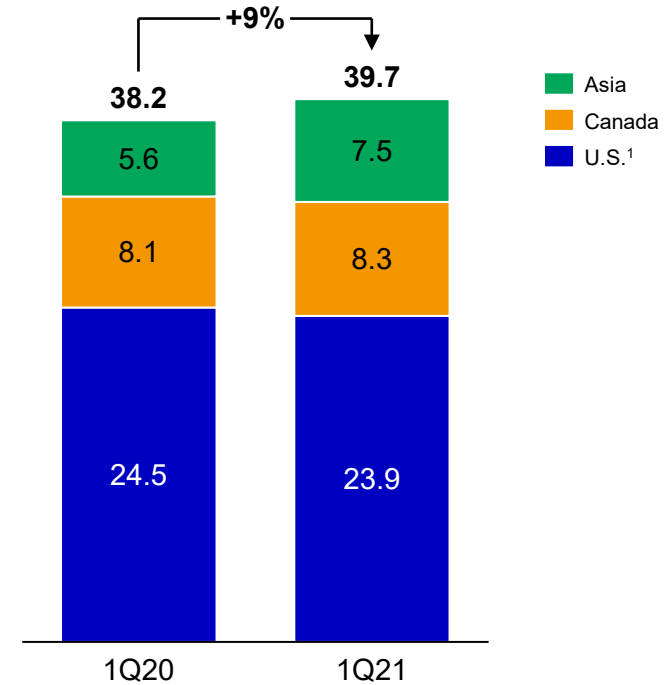
WAM core earnings
(C\$ millions)



WAM net flows
(C\$ billions)



WAM gross flows
(C\$ billions)

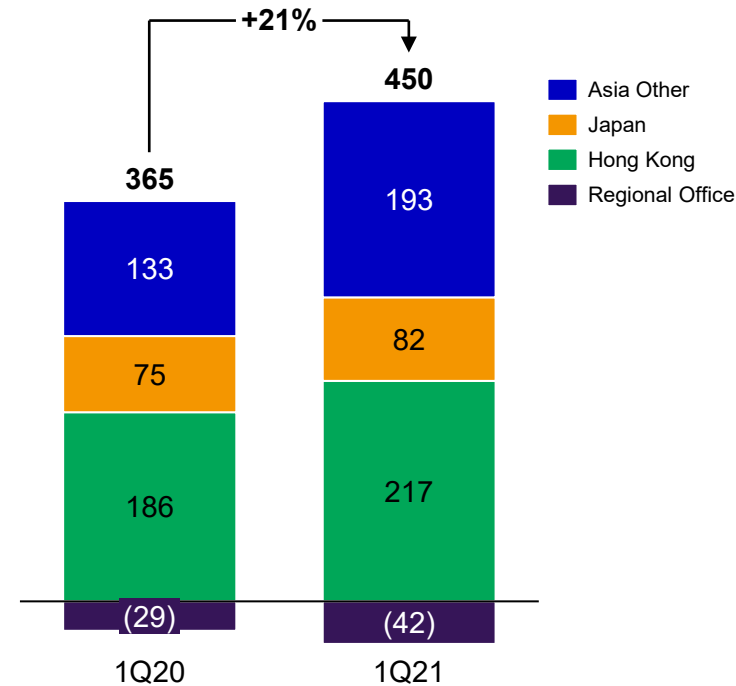


- Higher core earnings driven by higher average AUMA from the favourable impact of markets and net inflows
- Lower net inflows reflect a \$9.4 billion redemption in Asia Institutional, partially offset by higher Retail net flows across all geographies
- Higher gross flows driven by Retail across all geographies

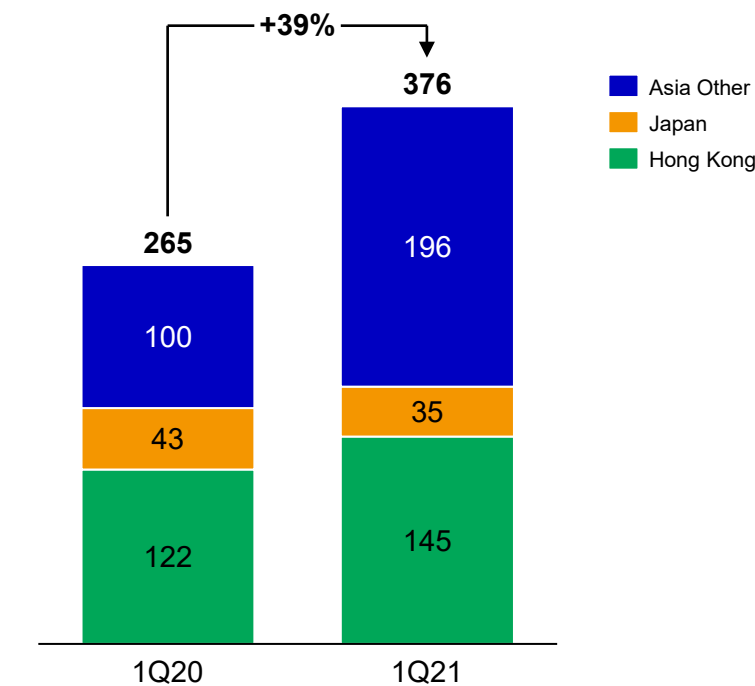
Note: Percentage changes are stated on a constant exchange rate basis, a Non-GAAP measure. See “Performance and Non-GAAP Measures” below. Order of the vertical bars on the chart correspond to the order in the legend.
¹ U.S. business line includes Europe.

Asia: Double-digit growth in core earnings, NBV, and APE sales

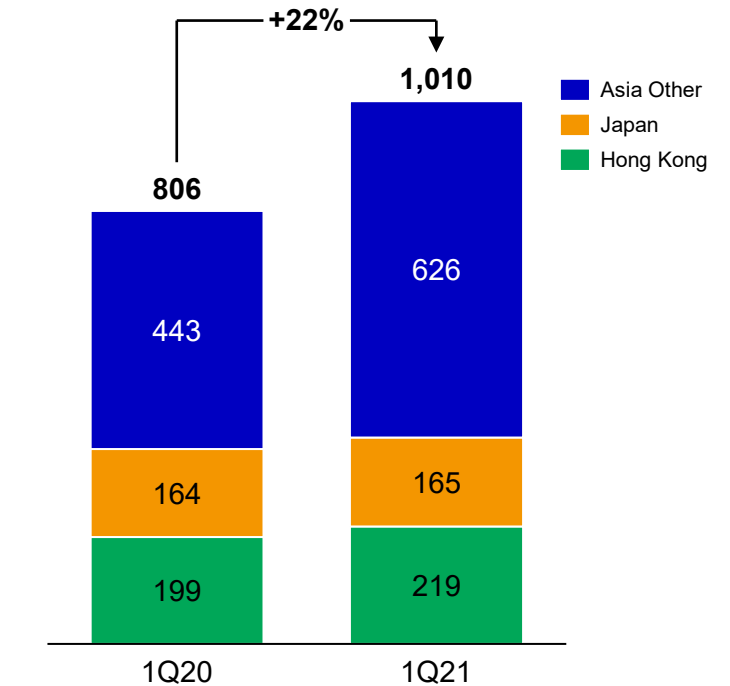
Core earnings
(US\$ millions)



New business value
(US\$ millions)



APE sales
(US\$ millions)



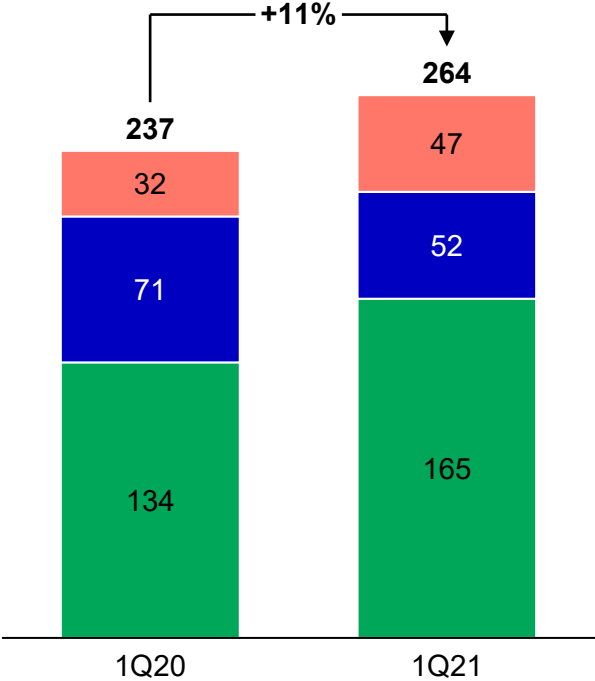
- Core earnings growth driven by higher new business volumes, favourable new business product mix in Hong Kong and Asia Other and in-force business growth across Asia
- NBV growth driven by higher sales volumes and product management actions in Hong Kong and higher sales and favourable product mix in Asia Other
- APE sales growth driven by strong growth in the Hong Kong bank channel and double-digit growth in the Asia Other bancassurance and agency channels

Canada: Strong core earnings and resilient NBV benefiting from favourable product mix

Core earnings

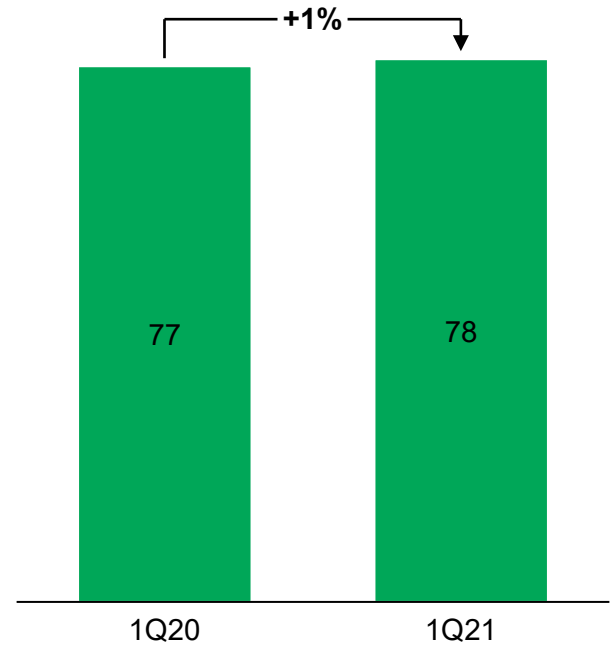
(C\$ millions)

Manulife Bank Annuities Insurance



New business value

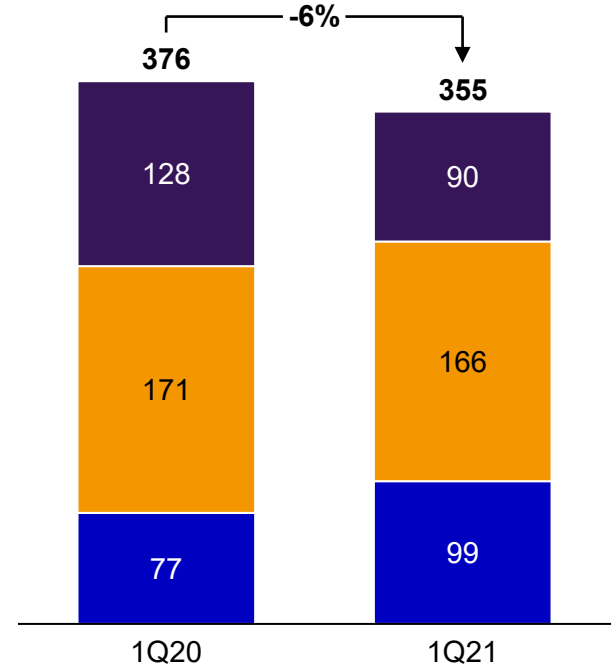
(C\$ millions)



APE sales

(C\$ millions)

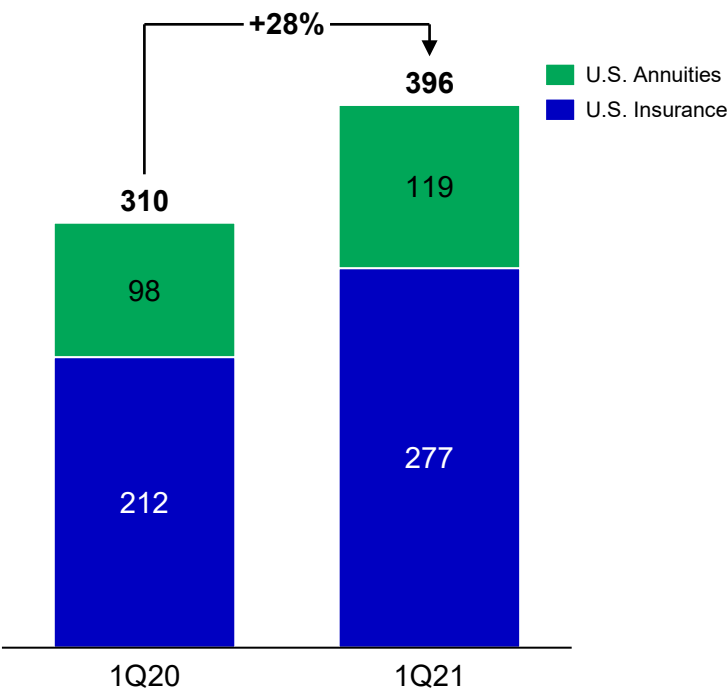
Individual Insurance Group Insurance Annuities



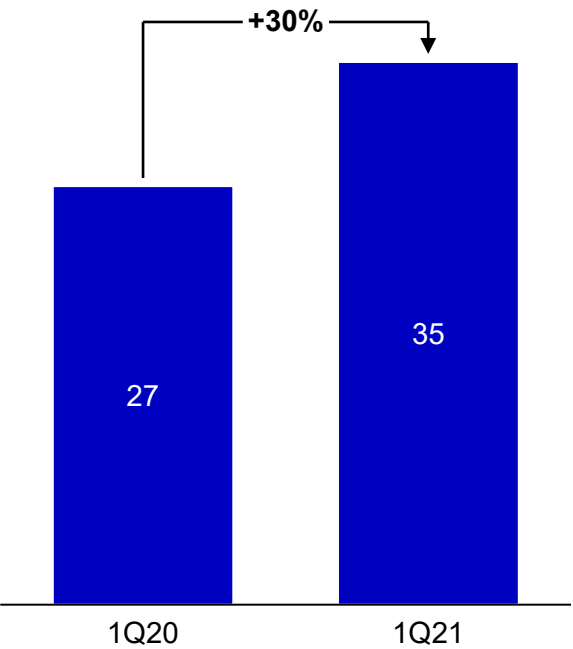
- Higher core earnings growth driven by the non-recurrence of COVID-19 related travel claims and higher in-force earnings, partially offset by unfavourable policyholder experience in Retail Insurance and lower interest on surplus
- NBV consistent with the prior year quarter, as a more favourable product mix offset the impact of lower APE sales in Individual Insurance
- Lower APE sales driven by the non-recurrence of a large 1Q20 affinity markets sale, partially offset by higher sales of lower risk segregated fund products

U.S.: Strong top line growth driven by favourable product mix

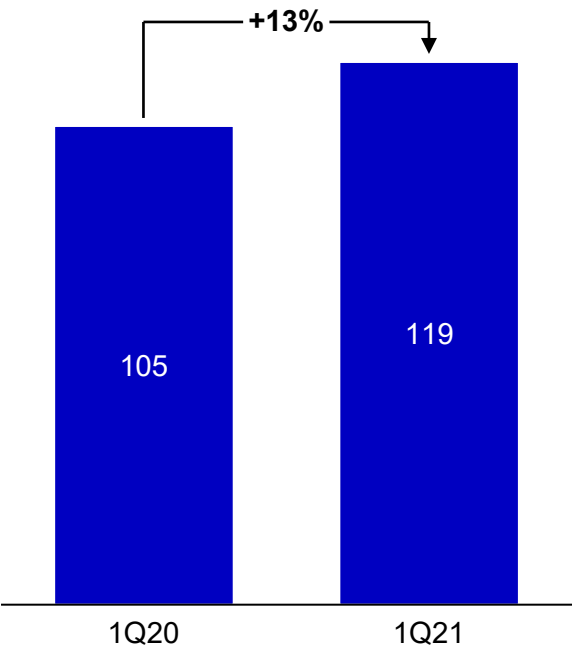
Core earnings
(US\$ millions)



New business value
(US\$ millions)



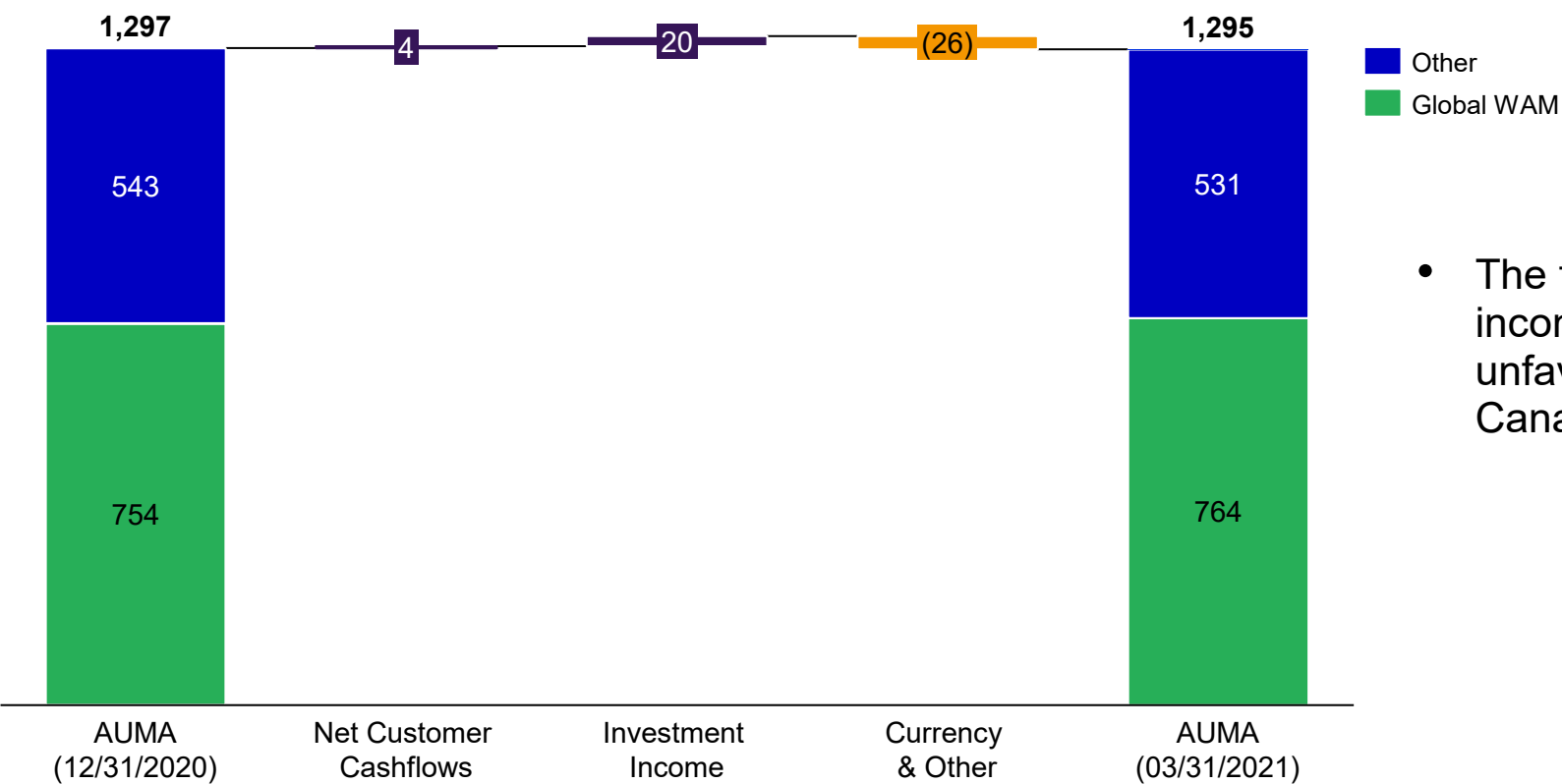
APE sales
(US\$ millions)



- Higher core earnings reflecting the impact of COVID-19 on policyholder experience, higher in-force earnings, robust new business gains from higher sales volumes and improved product mix, and higher gains from the Annuity Guaranteed Minimum Withdrawal Benefit offer program, partially offset by lower interest on surplus
- Higher NBV driven by higher sales volumes and a more favourable product mix
- Higher APE sales driven by our domestic indexed universal life products and recently-launched international savings product

Total company AUMA

Assets under management and administration (AUMA)
(C\$ billions)



- The favourable impact of investment income was more than offset by the unfavourable impact of a stronger Canadian dollar

Interest rate related sensitivities remain within our risk appetite limits

Potential impact¹ on net income of an immediate parallel change in “all rates”:				
(C\$ millions)				
	4Q20		1Q21	
	-50 bps	+50 bps	-50 bps	+50 bps
Excluding change in market value of AFS fixed income assets held in the Corporate and Other segment	\$ nil	\$ (100)	\$ 100	\$ (100)
From fair value changes in AFS fixed income assets held in the Corporate and Other segment, if realized ²	\$ 2,100	\$ (1,900)	\$ 1,800	\$ (1,600)
MLI's LICAT total ratio (change in percentage points) ³	8	(7)	5	(5)
Potential impact¹ on net income of a parallel change in corporate spreads:				
(C\$ millions)				
	4Q20		1Q21	
	-50 bps	+50 bps	-50 bps	+50 bps
Corporate spreads	\$ (1,000)	\$ 900	\$ (600)	\$ 500
MLI's LICAT total ratio (change in percentage points) ³	(4)	4	(4)	4
Potential impact¹ on net income of a parallel change in swap spreads:				
(C\$ millions)				
	4Q20		1Q21	
	-20 bps	+20 bps	-20 bps	+20 bps
Swap spreads	\$ –	\$ –	\$ –	\$ –
MLI's LICAT total ratio (change in percentage points)	nil	nil	nil	nil

¹ All estimated sensitivities are approximate and based on a single parameter. No simple formula can accurately estimate ultimate future impact. Please refer to “Caution related to sensitivities” in our 1Q21 Management's Discussion and Analysis. ² The amount of gain or loss that can be realized on AFS fixed income assets held in the surplus segment depends on the aggregate amount of unrealized gain or loss. ³ In accordance with OFSI guidelines, lower interest rates and/or corporate bond spreads could trigger a switch to a more adverse prescribed interest stress scenario that would increase LICAT capital. Refer to the “Interest Rate and Spread Risk Sensitivities and Exposure Measures” section in our 1Q21 Management's Discussion and Analysis.

Potential impact on net income attributed to shareholders arising from a 10% change in public equity returns^{1,2}

1Q21						
(C\$ millions)	-10%			+10%		
	Core earnings	Direct impact of equity markets	Total	Core earnings	Direct impact of equity markets	Total
S&P	(30)	(240)	(270)	30	110	140
TSX	—	(130)	(130)	—	110	110
HSI	—	(80)	(80)	—	80	80
Other ³	(20)	(80)	(100)	20	20	40
Total	(50)	(530)	(580)	50	320	370

- Core earnings: Represents the estimated earnings impact on seed money investments (immediate impact)
- Direct impact of equity markets: Represents the estimated earnings impact on variable annuity guarantees and general fund equity investments (immediate impact)

Performance and Non-GAAP Measures

Manulife uses a number of non-GAAP financial measures to measure overall performance and to assess each of its businesses.

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 ("core EPS"); core earnings before income taxes, depreciation and amortization ("core EBITDA"); core EBITDA margin; core investment gains; core general expenses ("core expenses"); constant exchange rate basis (measures that are reported on a constant exchange rate basis include percentage growth/declines in net income attributed to shareholders, core earnings, core expenses, sales, APE sales, gross flows, core EBITDA, new business value and assets under management and administration); capital; embedded value; new business value; new business value margin; sales; APE sales; gross flows; net flows; assets under management and administration; average assets under management and administration and expense efficiency ratio. 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 our 1Q21 Management's Discussion and Analysis.

Investor Relations Contact Information



Adrienne O'Neill

Global Head of Investor Relations

E adrienne_oneill@manulife.com

T 416 346 6433

200 Bloor Street East
Toronto, ON M4W 1E5



Louise Scott

AVP, Investor Relations

E louise_scott@manulife.com

T 416 420 3440

200 Bloor Street East
Toronto, ON M4W 1E5



Eileen Tam

Head of Investor Relations, Asia

E eileen_tam@manulife.com

T 852 9030 5618

10/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong



Derek Theobalds

AVP, Investor Relations

E derek_theobalds@manulife.com

T 416 254 1774

200 Bloor Street East
Toronto, ON M4W 1E5

