



Statistical Information Package

Q1 2017

| | <u>Page</u> | | <u>Page</u> |
|---|-------------|---|-------------|
| Financial Reporting Structure | 1 | Asset Information | |
| Notes to Readers | 2 | Asset Composition and Quality | |
| Financial Highlights | 3 | Portfolio Composition | 25 |
| | | Fixed Income Securities by Credit Quality and Geographic Location | 26 |
| | | Fixed Income Securities by Sector | 27 |
| | | Provisions, Impairments & Unrealized Losses | 28 |
| Consolidated Financial Statements | | Investment Income | 29 |
| Consolidated Statements of Income | 8 | | |
| Consolidated Statements of Financial Position | 9 | Actuarial Liabilities Information | |
| Statements of Changes in Equity | 10 | Variable Annuity and Segregated Fund Guarantees | 30 |
| Consolidated Statements of Cash Flows | 11 | New Business Value | 31 |
| Source of Earnings | 12 | | |
| Segmented Information | | Capital Information | |
| Asia Division | 13 | Regulatory Capital | 32 |
| Canadian Division | 18 | Supplementary Disclosure | |
| U.S. Division | 21 | Wealth and Asset Management | 33 |
| Corporate & Other | 24 | Glossary of Terms and Definitions | 36 |
| | | General Information | 37 |

MFC

ASIA DIVISION**INSURANCE**

*Individual Insurance
Group Life
Group Health*

WEALTH AND ASSET MANAGEMENT

*Group Pensions
Mutual Funds
Institutional Advisory Accounts*

OTHER WEALTH

*Single Premium Products
Variable Annuities
Fixed Annuities*

* Asia Division includes Hong Kong, Asia Other territories and Japan. Asia Other territories includes Indonesia, China, Taiwan, Malaysia, Philippines, Singapore, Thailand, Vietnam, Cambodia and Regional office.

CANADIAN DIVISION**INSURANCE**

*Retail Markets
Individual Life and Living Benefits

Institutional Markets
Group Benefits
Group Life
Group Health
Group Disability
Affinity Markets
(including International Group Program)*

WEALTH AND ASSET MANAGEMENT

*Mutual Funds
Group Retirement Solutions
Manulife Private Wealth
Institutional Advisory Accounts*

OTHER WEALTH

*Fixed Products
Annuities
GICs
Retail Segregated Fund Products
Manulife Bank*

U.S. DIVISION**INSURANCE**

*John Hancock Life
Variable Universal Life
Universal Life
Whole Life
Term Life
COLI

John Hancock Long-Term Care (LTC)
Retail LTC
Group LTC
Federal LTC*

WEALTH AND ASSET MANAGEMENT

*Defined Contribution
Mutual Funds (Includes ETF assets)
College Savings
Institutional Advisory Accounts*

OTHER WEALTH

*Variable Annuities
Fixed Deferred Annuities
Payout Annuities
Spread-based Products
Fee-based Products
ETF Products*

CORPORATE & OTHER**CORPORATE**

Corporate

REINSURANCE

*Property and Casualty
JH Accident and Health (discontinued)*

Use of this document:

Information in the document is supplementary to the Company's first quarter Press Release, MD&A and audited financial statements in the Company's most recent Annual Report and should be read in conjunction with those documents.

Performance and Non-GAAP Measures

We use a number of non-GAAP financial measures to measure overall performance and to assess each of our businesses. Non-GAAP measures include premiums and deposits, assets under management and administration, constant currency basis, new business value ("NBV"), NBV margin, core earnings (loss), core ROE, Diluted core earning per common share, core EBITDA, total annualized premium equivalents, total weighted premium income, capital, gross flows, net flows and sales. 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.

Premiums and deposits is a measure of top line growth. The Company calculates premiums and deposits as the aggregate of (i) general fund premiums net of reinsurance, reported as premiums on the Consolidated Statement of Income and investment contract deposits, (ii) premium equivalents for administration only group benefit contracts, (iii) premiums in the Canadian Group Benefit's reinsurance ceded agreement, (iv) segregated fund deposits, excluding seed money, (v) mutual fund deposits, (vi) deposits into institutional advisory accounts, and (vii) other deposits in other managed funds.

Assets under management and administration is a measure of the size of the Company. Assets Under Management include both assets of general account and external client assets for which we provide investment management services. Assets Under Administration include assets for which we provide administrative services only.

The definition we use for **capital** serves as a foundation of our capital management activities at the MFC level. For regulatory reporting purposes, the numbers are further adjusted for various additions or deductions to capital as mandated by the guidelines used by OSFI. Capital is calculated as the sum of (i) total equity excluding Accumulated Other Comprehensive Income (Loss) on cash flow hedges and (ii) liabilities for preferred shares and capital instruments.

Sales are measured according to product type.

(i) For individual insurance, sales include 100 per cent of new annualized premiums and 10 per cent 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.

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

(iii) For other wealth, all new deposits are reported as sales. This includes certain single premium wealth accumulation products in Asia and individual annuities, both fixed and variable. As we have discontinued sales of new VA contracts in the U.S., beginning in the first quarter of 2013, subsequent deposits into existing U.S VA contracts are not reported as sales.

Gross Flows is a new business measure for Manulife's wealth and asset management ("WAM") businesses and includes all deposits into the Company's mutual funds, college savings 529 plans, group pension/retirement savings products, private wealth and institutional asset management products. Gross flows are a common industry metric for WAM businesses as it provides a measure of how successful the businesses are at attracting assets.

Net flows (includes ETFs) is presented for our WAM businesses and includes gross flows less redemptions for our mutual funds, college savings 529 plans, group pension/retirement savings products, private wealth and institutional asset management products. Net flows are a common industry metric for WAM businesses as it provides a measure of how successful the businesses are at attracting and retaining assets.

Core earnings is a non-GAAP profitability measure. It shows what the net income (loss) attributed to shareholders would have been assuming that interest and equity markets performed as assumed in our policy valuation and certain other items had not occurred. It excludes the direct impact of equity markets and interest rates as well as a number of other items that are considered material and exceptional in nature.

Core earnings before income tax, depreciation and amortization ("Core EBITDA") is a non-GAAP profitability measure for our global wealth and asset management business. It shows core earnings adjusted to remove the impacts of amortization and impairment of intangible assets acquired in business combinations, amortization of deferred acquisition costs, interest income and expenses, and income tax.

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, 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 Manulife's wealth and asset management businesses and Manulife Bank. NBV is a useful metric to evaluate the value created by the Company's new business franchise.

NBV margin is calculated as NBV divided by annualized premium equivalents ("APE") excluding non-controlling interests. APE is calculated as 100% of annualized first year premiums for recurring premium products, and as 10% of single premiums for single premium products. Both NBV and APE used in the NBV margin calculation are after non-controlling interests and exclude wealth and asset management businesses and Manulife Bank. The NBV margin is a useful metric to help understand the profitability of our new business.

Constant currency basis

Quarterly amounts stated on a constant currency basis are calculated using Q1 2017 income statement and statement of financial position exchange rates as appropriate.

Core earnings per share is core earnings less preferred share dividends divided by weighted average outstanding common shares.

FINANCIAL HIGHLIGHTS

(Canadian \$ in millions unless otherwise stated and per share information, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Shareholders' Net Income (loss) by Division¹

| | | | | | | | |
|---|--------------|-----------|--------------|------------|--------------|------------|--------------|
| Asia | 587 | 431 | 561 | 28 | 121 | 385% | 1,141 |
| Canadian | 188 | 92 | 435 | 359 | 600 | -69% | 1,486 |
| U.S. | 768 | (73) | 559 | 407 | 241 | 219% | 1,134 |
| Corporate and other | (193) | (387) | (438) | (90) | 83 | - | (832) |
| Net income attributed to shareholders | 1,350 | 63 | 1,117 | 704 | 1,045 | 29% | 2,929 |
| Preferred share dividends | (41) | (33) | (34) | (37) | (29) | 41% | (133) |
| Common shareholders' net income | 1,309 | 30 | 1,083 | 667 | 1,016 | 29% | 2,796 |
| Common shareholders' net income on a constant currency basis | 1,309 | 24 | 1,125 | 688 | 997 | 31% | 2,834 |

Earnings Analysis¹

| | | | | | | | |
|---|--------------|--------------|--------------|------------|--------------|------------|--------------|
| Core earnings | | | | | | | |
| Asia | 408 | 388 | 394 | 342 | 371 | 10% | 1,495 |
| Canadian | 319 | 359 | 354 | 333 | 338 | -6% | 1,384 |
| U.S. | 515 | 471 | 394 | 361 | 389 | 32% | 1,615 |
| Corporate and other (excl. expected cost of macro hedges and core investment gains) | (166) | (75) | (102) | (125) | (107) | - | (409) |
| Expected cost of macro hedges | (21) | (36) | (61) | (78) | (86) | - | (261) |
| Investment-related experience in core earnings | 46 | 180 | 17 | - | - | - | 197 |
| Total core earnings | 1,101 | 1,287 | 996 | 833 | 905 | 22% | 4,021 |
| Investment-related experience outside of core earnings | - | - | 280 | 60 | (340) | - | - |
| Total core earnings and investment-related experience in excess of amounts included in core earnings | 1,101 | 1,287 | 1,276 | 893 | 565 | 95% | 4,021 |
| Items excluded from core earnings | | | | | | | |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 267 | (1,202) | 414 | (170) | 474 | -44% | (484) |
| Change in actuarial methods and assumptions | - | (10) | (455) | - | 12 | -100% | (453) |
| Integration and acquisition costs | (18) | (25) | (23) | (19) | (14) | - | (81) |
| Tax related items | - | (2) | 2 | - | 1 | -100% | 1 |
| Other items | - | 15 | (97) | - | 7 | -100% | (75) |
| Net income attributed to shareholders | 1,350 | 63 | 1,117 | 704 | 1,045 | 29% | 2,929 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment.

Selected Performance Measures

| | | | | | | | |
|--|--------|--------|--------|--------|--------|---------|---------|
| Basic earnings per common share | \$0.66 | \$0.01 | \$0.55 | \$0.34 | \$0.51 | 29% | \$ 1.42 |
| Basic earnings per common share on a constant currency basis | \$0.66 | \$0.01 | \$0.57 | \$0.35 | \$0.51 | 29% | |
| Diluted core earnings per common share | \$0.53 | \$0.63 | \$0.49 | \$0.40 | \$0.44 | 20% | \$ 1.96 |
| Diluted earnings per common share | \$0.66 | \$0.01 | \$0.55 | \$0.34 | \$0.51 | 29% | \$ 1.41 |
| Return on common shareholders' equity (annualized) (%) | 13.7% | 0.3% | 11.1% | 7.1% | 10.8% | 290 bps | 7.3% |
| Core ROE (annualized) (%) | 11.1% | 12.9% | 9.8% | 8.4% | 9.3% | 180 bps | 10.1% |

FINANCIAL HIGHLIGHTS (CONT'D)

(Canadian \$ in millions unless otherwise stated and per share information, unaudited)

| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Earnings Analysis (Pre-tax)

| | | | | | | | |
|---|-------|---------|-------|-------|-------|-------|-------|
| Core earnings | | | | | | | |
| Asia | 497 | 451 | 466 | 396 | 444 | 12% | 1,757 |
| Canadian | 420 | 447 | 416 | 401 | 424 | -1% | 1,688 |
| U.S. | 713 | 535 | 511 | 475 | 515 | 38% | 2,036 |
| Corporate and other (excl. expected cost of macro hedges and core investment gains) | (261) | (181) | (167) | (205) | (204) | - | (757) |
| Expected cost of macro hedges | (28) | (52) | (88) | (114) | (126) | - | (380) |
| Investment-related experience in core earnings | 53 | 260 | 24 | - | - | - | 284 |
| Total core earnings | 1,394 | 1,460 | 1,162 | 953 | 1,053 | 32% | 4,628 |
| Investment-related experience outside of core earnings | - | - | 396 | 142 | (470) | - | 68 |
| Total core earnings and investment-related experience in excess of amounts included in core earnings | 1,394 | 1,460 | 1,558 | 1,095 | 583 | 139% | 4,696 |
| Items excluded from core earnings | | | | | | | |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 324 | (1,827) | 493 | (138) | 750 | -57% | (722) |
| Change in actuarial methods and assumptions | - | (8) | (637) | - | 35 | -100% | (610) |
| Integration and acquisition costs | (22) | (50) | (31) | (22) | (18) | - | (121) |
| Other items | - | 38 | (149) | - | (7) | - | (118) |
| Net income attributed to shareholders | 1,696 | (387) | 1,234 | 935 | 1,343 | 26% | 3,125 |

Earnings Analysis (Tax Rate)

| | | | | | | | |
|---|-----|------|-----|------|------|--|------|
| Core earnings | | | | | | | |
| Asia | 18% | 14% | 15% | 14% | 16% | | 15% |
| Canadian | 24% | 20% | 15% | 17% | 20% | | 18% |
| U.S. | 28% | 12% | 23% | 24% | 24% | | 21% |
| Corporate and other (excl. expected cost of macro hedges and core investment gains) | 36% | 59% | 39% | 39% | 48% | | 46% |
| Expected cost of macro hedges | 25% | 31% | 31% | 32% | 32% | | 31% |
| Investment-related experience in core earnings | 13% | 31% | 29% | 0% | 0% | | 31% |
| Total core earnings | 21% | 12% | 14% | 13% | 14% | | 13% |
| Investment-related experience outside of core earnings | 0% | 0% | 29% | 58% | 28% | | 100% |
| Total core earnings and investment-related experience in excess of amounts included in core earnings | 21% | 12% | 18% | 18% | 3% | | 14% |
| Items excluded from core earnings | | | | | | | |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 18% | 34% | 16% | -23% | 37% | | 33% |
| Change in actuarial methods and assumptions | 0% | -25% | 29% | 0% | 66% | | 26% |
| Integration and acquisition costs | 18% | 50% | 26% | 14% | 22% | | 33% |
| Other items | 0% | 61% | 35% | 0% | 200% | | 36% |
| Net income attributed to shareholders | 20% | 116% | 9% | 25% | 22% | | 6% |

Core earnings by line of business

| | | | | | | | |
|--|-------|-------|-------|-------|-------|------|-------|
| Insurance¹ | | | | | | | |
| Asia | 262 | 273 | 240 | 232 | 249 | 5% | 994 |
| Canadian | 134 | 210 | 207 | 174 | 172 | -22% | 763 |
| U.S. | 295 | 210 | 191 | 151 | 183 | 61% | 735 |
| Total insurance | 691 | 693 | 638 | 557 | 604 | 14% | 2,492 |
| Wealth and asset management^{2,4} | | | | | | | |
| Asia | 51 | 48 | 52 | 37 | 38 | 34% | 175 |
| Canadian | 57 | 43 | 33 | 46 | 39 | 46% | 161 |
| U.S. | 74 | 84 | 82 | 68 | 64 | 16% | 298 |
| Corporate and other | - | 3 | (8) | 1 | (1) | - | (5) |
| Total wealth and asset management | 182 | 178 | 159 | 152 | 140 | 30% | 629 |
| Other wealth^{1,3} | | | | | | | |
| Asia | 95 | 69 | 101 | 73 | 84 | 13% | 327 |
| Canadian Manulife Bank | 36 | 29 | 30 | 25 | 30 | 20% | 114 |
| Canadian excluding Manulife Bank | 92 | 76 | 84 | 88 | 97 | -5% | 345 |
| Canadian | 128 | 105 | 114 | 113 | 127 | 1% | 459 |
| U.S. | 146 | 176 | 122 | 142 | 142 | 3% | 582 |
| Total other wealth | 369 | 350 | 337 | 328 | 353 | 5% | 1,368 |
| Corporate and other⁴ | (141) | 66 | (138) | (204) | (192) | -27% | (468) |
| Total core earnings | 1,101 | 1,287 | 996 | 833 | 905 | 22% | 4,021 |

¹ Insurance and other wealth businesses are included in new business value calculations (see page 31).

² Wealth and asset management is comprised of our fee based business with little or no insurance risk, including mutual funds, ETFs, pensions products and institutional asset management.

³ Other wealth includes single premium wealth accumulation products in Asia, annuities, GIC's and Manulife Bank.

⁴ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment.

FINANCIAL HIGHLIGHTS (CONT'D)

(Canadian \$ in millions unless otherwise stated and per share information, unaudited)

| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Premiums and Deposits - Insurance

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|-----------|---------------|
| Life and health insurance premiums | 5,973 | 6,070 | 5,928 | 5,476 | 5,706 | 5% | 23,180 |
| Segregated fund deposits | 619 | 641 | 613 | 571 | 578 | 7% | 2,403 |
| ASO premium equivalents | 841 | 833 | 748 | 869 | 868 | -3% | 3,318 |
| Group Benefits ceded | 1,038 | 1,095 | 1,058 | 1,506 | 1,034 | 0% | 4,693 |
| Premiums and deposits - Insurance | 8,471 | 8,639 | 8,347 | 8,422 | 8,186 | 3% | 33,594 |
| Premiums and deposits - Insurance on a constant currency basis | 8,471 | 8,547 | 8,285 | 8,479 | 7,996 | 6% | 33,307 |

Premiums and Deposits - Wealth and Asset Management ¹

| | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|------------|----------------|
| Pension premiums and investment contract deposits | 12 | 11 | 15 | 12 | 14 | -14% | 52 |
| Segregated fund deposits | 7,747 | 6,489 | 6,651 | 6,357 | 7,045 | 10% | 26,542 |
| Mutual fund deposits | 21,048 | 20,349 | 18,760 | 16,285 | 17,193 | 22% | 72,587 |
| Institutional advisory accounts | 4,011 | 11,168 | 1,869 | 3,864 | 3,832 | 5% | 20,733 |
| Other fund deposits ² | 136 | 143 | 123 | 126 | 144 | -6% | 536 |
| Premiums and deposits - Wealth and Asset Management | 32,954 | 38,160 | 27,418 | 26,644 | 28,228 | 17% | 120,450 |
| Premiums and deposits - Wealth and Asset Management on a constant currency basis | 32,954 | 37,719 | 27,602 | 26,819 | 27,291 | 21% | 119,431 |

¹ Wealth & asset management is comprised of our fee based business with little or no insurance risk, including mutual funds, ETFs, pensions products and institutional asset management.

² Other funds include College Savings (529 plan).

Premiums and Deposits - Other Wealth

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Annuity and investment contract deposits | 1,066 | 915 | 1,270 | 1,264 | 1,026 | 4% | 4,475 |
| Segregated fund deposits | 607 | 490 | 206 | 448 | 415 | 46% | 1,559 |
| Premiums and deposits - Other Wealth | 1,673 | 1,405 | 1,476 | 1,712 | 1,441 | 16% | 6,034 |
| Premiums and deposits - Other Wealth on a constant currency basis | 1,673 | 1,394 | 1,483 | 1,743 | 1,417 | 18% | 6,037 |
| Premiums and Deposits - Corporate & Other | 21 | 23 | 22 | 21 | 22 | -5% | 88 |

FINANCIAL HIGHLIGHTS (CONT'D)

(Canadian \$ in millions unless otherwise stated and per share information, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Insurance Sales ¹

| | | | | | | | |
|--|--------------|--------------|--------------|------------|------------|------------|--------------|
| Asia - US \$ | 632 | 507 | 525 | 510 | 460 | 37% | 2,002 |
| Canadian - C \$ | 299 | 237 | 181 | 120 | 155 | 93% | 693 |
| U.S. - US \$ | 113 | 120 | 110 | 107 | 122 | -7% | 459 |
| Insurance sales - C \$ | 1,285 | 1,074 | 1,010 | 914 | 954 | 35% | 3,952 |
| Insurance sales on a constant currency basis - C \$ | 1,285 | 1,056 | 989 | 913 | 923 | 39% | 3,881 |

¹ Insurance sales consist of recurring premiums and 10% of both excess and single premiums.

Wealth and Asset Management ² Gross Flows by Division

| | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|------------|----------------|
| Asia - US \$ | 4,167 | 8,475 | 3,817 | 4,349 | 2,969 | 40% | 19,610 |
| Canadian - C \$ | 6,558 | 9,639 | 5,215 | 4,731 | 5,072 | 29% | 24,657 |
| U.S. - US \$ | 15,774 | 12,899 | 13,197 | 12,652 | 13,903 | 13% | 52,651 |
| Wealth & asset management gross flows - C \$ | 32,954 | 38,160 | 27,418 | 26,644 | 28,228 | 17% | 120,450 |
| Wealth & asset management gross flows on a constant currency basis - C \$ | 32,954 | 37,719 | 27,602 | 26,819 | 27,291 | 21% | 119,431 |

² Wealth and asset management is comprised of our fee based business with little or no insurance risk, including mutual funds, ETFs, pensions products and institutional asset management.

Wealth and Asset Management Net Flows by Division ³

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Asia - US \$ | 785 | 3,475 | 1,020 | 1,949 | (79) | - | 6,365 |
| Canadian - C \$ | 1,046 | 4,723 | 1,277 | 1,489 | 869 | 20% | 8,358 |
| U.S. - US \$ | 1,665 | (2,461) | 64 | 638 | 666 | 150% | (1,093) |
| Total net flows - C\$ | 4,290 | 6,073 | 2,694 | 4,822 | 1,676 | 156% | 15,265 |
| Net flows on a constant currency basis - C\$ | 4,290 | 6,055 | 2,689 | 4,866 | 1,647 | 160% | 15,257 |

³ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment.

Other Wealth Sales excluding Manulife Bank

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| Asia - US \$ | 920 | 747 | 1,011 | 919 | 1,049 | -12% | 3,726 |
| Canadian - C \$ | 864 | 740 | 719 | 816 | 944 | -8% | 3,219 |
| Other wealth sales - C \$ | 2,081 | 1,737 | 2,038 | 2,000 | 2,384 | -13% | 8,159 |
| Other wealth sales on a constant currency basis - C \$ | 2,081 | 1,704 | 1,944 | 1,973 | 2,343 | -11% | 7,964 |

New Business Value ⁴

| | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|--------------|
| Asia | 326 | 294 | 256 | 227 | 221 | 48% | 998 |
| Canadian | 66 | 48 | 39 | 35 | 47 | 40% | 169 |
| U.S. | 2 | 25 | 5 | 10 | 19 | -90% | 59 |
| Total new business value | 394 | 367 | 300 | 272 | 287 | 37% | 1,226 |
| Total new business value on a constant currency basis - C \$ | 394 | 360 | 291 | 272 | 278 | 42% | 1,454 |

⁴ New Business Value is not calculated for Wealth & Asset Management business, Manulife Bank and Property and Casualty Reinsurance and GRS business.

FINANCIAL HIGHLIGHTS (CONT'D)

(Canadian \$ in millions unless otherwise stated and per share information, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Common Share Statistics

| | | | | | | | |
|--|-------|-------|-------|-------|-------|-----|-------|
| Share Price - Toronto (in Canadian \$) | | | | | | | |
| high | 25.57 | 25.42 | 18.84 | 19.68 | 20.53 | 25% | 25.42 |
| low | 22.39 | 18.35 | 16.53 | 16.43 | 15.32 | 46% | 15.32 |
| close | 23.59 | 23.91 | 18.51 | 17.67 | 18.38 | 28% | 23.91 |
| Share Price - New York (in U.S. \$) | | | | | | | |
| high | 19.52 | 19.04 | 14.49 | 15.22 | 14.73 | 33% | 19.04 |
| low | 16.72 | 13.97 | 12.69 | 12.55 | 10.99 | 52% | 10.99 |
| close | 17.74 | 17.82 | 14.11 | 13.67 | 14.13 | 26% | 17.82 |
| Common shares outstanding (millions) | | | | | | | |
| - end of period | 1,977 | 1,975 | 1,973 | 1,973 | 1,972 | 0% | 1,975 |
| - weighted average | 1,976 | 1,974 | 1,973 | 1,972 | 1,972 | 0% | 1,973 |
| - diluted weighted average | 1,984 | 1,980 | 1,976 | 1,976 | 1,976 | 0% | 1,977 |
| Dividend per common share paid in the quarter ¹ | 0.205 | 0.185 | 0.185 | 0.185 | 0.185 | 11% | 0.740 |
| Common share dividend payout ratio | 30.8% | nm | 33.6% | 54.6% | 33.5% | -8% | nm |

¹ On May 3, 2017, the Board of Directors approved a quarterly shareholders' dividend of 20.5 cents per share on the common shares of the Company, payable on or after June 19, 2017 to shareholders of record at the close of business on May 16, 2017.

Valuation Data

| | | | | | | | |
|---|-------|-------|-------|-------|-------|-----|-------|
| Book value per common share | 19.89 | 19.37 | 19.92 | 19.49 | 18.98 | 5% | 19.37 |
| Market value to book value ratio | 1.19 | 1.23 | 0.93 | 0.91 | 0.97 | 22% | 1.23 |
| Book value excluding goodwill per common share | 16.92 | 16.39 | 17.03 | 16.62 | 16.16 | 5% | 16.39 |
| Market value to book value excluding goodwill ratio | 1.39 | 1.46 | 1.09 | 1.06 | 1.14 | 23% | 1.46 |
| Market capitalization (\$ billions) | 46.6 | 47.2 | 36.5 | 34.9 | 36.2 | 29% | 47.2 |

Assets Under Management and Administration

| | | | | | | | |
|--|------------------|----------------|----------------|----------------|----------------|------------|----------------|
| Assets Under Management | | | | | | | |
| General fund | 328,237 | 321,869 | 328,756 | 321,664 | 306,827 | 7% | 321,869 |
| Segregated funds excluding institutional advisory accounts ² | 321,025 | 313,078 | 311,804 | 300,966 | 296,537 | 8% | 313,078 |
| Mutual funds ² | 177,286 | 169,919 | 161,933 | 153,851 | 150,423 | 18% | 169,919 |
| Institutional advisory accounts | 86,591 | 83,403 | 77,528 | 76,863 | 72,155 | 20% | 83,403 |
| Other funds ³ | 6,929 | 6,353 | 6,217 | 6,008 | 5,857 | 18% | 6,353 |
| Total assets under management | 920,068 | 894,622 | 886,238 | 859,352 | 831,799 | 11% | 894,622 |
| Assets under administration | 84,676 | 82,433 | 79,719 | 74,868 | 72,052 | 18% | 82,433 |
| Total assets under management and administration | 1,004,744 | 977,055 | 965,957 | 934,220 | 903,851 | 11% | 977,055 |
| Total assets under management and administration on a constant currency basis | | | | | | | |
| | 1,004,744 | 974,202 | 971,966 | 945,826 | 919,063 | 9% | 974,202 |

² Includes ETF assets

³ Other funds includes College Savings (529 plan).

Assets Under Management and Administration

| | | | | | | | |
|---|------------------|----------------|----------------|----------------|----------------|------------|----------------|
| Insurance | 269,471 | 262,794 | 266,966 | 257,529 | 245,551 | 10% | 262,794 |
| Wealth and asset management ^{4,5} | 564,535 | 544,313 | 525,444 | 502,924 | 487,834 | 16% | 544,313 |
| Other wealth | 174,856 | 174,353 | 182,165 | 180,785 | 175,184 | 0% | 174,353 |
| Corporate and other | (4,118) | (4,405) | (8,618) | (7,018) | (4,718) | - | (4,405) |
| Total assets under management and administration | 1,004,744 | 977,055 | 965,957 | 934,220 | 903,851 | 11% | 977,055 |

⁴ Wealth and asset management is comprised of our fee based business with little or no insurance risk, including mutual funds, ETFs, pensions products and institutional asset management.

⁵ The 2016 results have been restated to reflect the operations of Manulife Asset Management in the respective divisional results of WAM, previously included in Corporate and Other segment.

Assets Under Management and Administration

| | | | | | | | |
|--|------------------|----------------|----------------|----------------|----------------|------------|----------------|
| Assets Managed by Manulife Asset Management including General Account ⁶ | 477,307 | 460,718 | 449,682 | 434,722 | 420,959 | 13% | 460,718 |
| Assets Managed for General Account | 247,319 | 245,126 | 250,143 | 246,571 | 235,004 | 5% | 245,126 |
| Other Managed Assets | 195,417 | 188,778 | 186,413 | 178,059 | 175,836 | 11% | 188,778 |
| Assets under Administration | 84,701 | 82,433 | 79,719 | 74,868 | 72,052 | 18% | 82,433 |
| Total assets under management and administration | 1,004,744 | 977,055 | 965,957 | 934,220 | 903,851 | 11% | 977,055 |

⁶ Includes \$80.9 billion of assets managed by Manulife Asset Management for the General Account.

Capital Information

| | | | | | | | |
|---|--------|--------|--------|--------|--------|-------|--------|
| Total capital ⁷ | 52,287 | 50,235 | 51,840 | 50,930 | 49,384 | 6% | 50,235 |
| MCCSR - The Manufacturers Life Insurance Company ⁸ | 233% | 230% | 234% | 236% | 233% | 0 pts | 230% |

⁷ Total capital includes total equity less AOCI on cash flow hedges and liabilities for preferred shares and capital instruments. Total equity includes unrealized gains and losses on AFS bonds and AFS equities, net of taxes.

The net unrealized gain on AFS bonds, net of taxes, is no longer part of OSFI regulatory capital.

⁸ For The Manufacturers Life Insurance Company, the capital ratio has been determined in accordance with the Minimum Continuing Capital & Surplus Requirements (MCCSR) of the Office of the Superintendent of Financial Institutions (Canada).

Foreign Exchange Information⁹

| | | | | | | | |
|------------------------------------|------------------|--------|--------|--------|--------|--------|-----|
| - Statements of Financial Position | (CDN to \$ 1 US) | 1.3323 | 1.3426 | 1.3116 | 1.3009 | 1.2970 | 3% |
| | (CDN to 1 YEN) | 0.0120 | 0.0115 | 0.0130 | 0.0127 | 0.0115 | 4% |
| - Statements of Income | (CDN to \$ 1 US) | 1.3238 | 1.3343 | 1.3050 | 1.2889 | 1.3724 | -4% |
| | (CDN to 1 YEN) | 0.0117 | 0.0122 | 0.0128 | 0.0119 | 0.0119 | -2% |

⁹ Unless otherwise indicated, information contained in this supplement is in Canadian dollars. The exchange rates above are used for currency conversion from U.S. dollars and Japanese yen to Canadian dollars for financial statement purposes.

CONSOLIDATED STATEMENTS OF INCOME

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
| Revenue | | | | | | | |
| Premium income | | | | | | | |
| Gross premiums | 9,085 | 9,179 | 9,207 | 9,155 | 9,118 | 0% | 36,659 |
| Premiums ceded to reinsurers | (2,035) | (2,178) | (2,010) | (2,449) | (2,390) | -15% | (9,027) |
| Net premium income (ceded) | 7,050 | 7,001 | 7,197 | 6,706 | 6,728 | 5% | 27,632 |
| Investment income | | | | | | | |
| Investment income ¹ | 3,317 | 3,309 | 3,568 | 3,213 | 3,300 | 1% | 13,390 |
| Realized/ unrealized gains (losses) on assets supporting insurance and investment contract liabilities and on macro hedge program ¹ | 590 | (16,421) | 771 | 7,922 | 8,862 | -93% | 1,134 |
| Net investment income (loss) | 3,907 | (13,112) | 4,339 | 11,135 | 12,162 | -68% | 14,524 |
| Other revenue | 2,593 | 2,637 | 2,921 | 2,794 | 2,829 | -8% | 11,181 |
| Total revenue | 13,550 | (3,474) | 14,457 | 20,635 | 21,719 | -38% | 53,337 |
| Contract benefits and expenses | | | | | | | |
| To contract holders and beneficiaries | | | | | | | |
| Gross claims and benefits | 6,603 | 6,331 | 6,118 | 6,112 | 6,498 | 2% | 25,059 |
| Change in insurance contract liabilities ² | 1,451 | (11,644) | 5,393 | 12,107 | 12,158 | -88% | 18,014 |
| Change in investment contract liabilities | 54 | 12 | 47 | (2) | (57) | - | - |
| Benefits and expenses ceded to reinsurers | (2,152) | (2,025) | (1,947) | (2,069) | (2,056) | 5% | (8,097) |
| Change in reinsurance assets | 1,790 | (96) | (562) | (313) | 129 | nm | (842) |
| Net benefits and claims | 7,746 | (7,422) | 9,049 | 15,835 | 16,672 | -54% | 34,134 |
| General expenses | 1,707 | 1,834 | 1,834 | 1,690 | 1,637 | 4% | 6,995 |
| Investment expenses | 391 | 461 | 391 | 409 | 385 | 2% | 1,646 |
| Commissions | 1,624 | 1,556 | 1,487 | 1,394 | 1,381 | 18% | 5,818 |
| Interest expense | 259 | 266 | 288 | 258 | 201 | 29% | 1,013 |
| Net premium taxes | 86 | 116 | 94 | 102 | 90 | -4% | 402 |
| Total contract benefits and expenses | 11,813 | (3,189) | 13,143 | 19,688 | 20,366 | -42% | 50,008 |
| Income before income taxes | 1,737 | (285) | 1,314 | 947 | 1,353 | 28% | 3,329 |
| Income tax (expense) recovery | (346) | 450 | (117) | (231) | (298) | 16% | (196) |
| Net income | 1,391 | 165 | 1,197 | 716 | 1,055 | 32% | 3,133 |
| Less: net income (loss) attributed to non-controlling interests | 54 | 23 | 67 | 27 | 26 | 108% | 143 |
| Less: net income (loss) attributed to participating policyholders | (13) | 79 | 13 | (15) | (16) | -19% | 61 |
| Net income attributed to shareholders | 1,350 | 63 | 1,117 | 704 | 1,045 | 29% | 2,929 |
| Preferred share dividends | (41) | (33) | (34) | (37) | (29) | 41% | (133) |
| Common shareholders' net income | 1,309 | 30 | 1,083 | 667 | 1,016 | 29% | 2,796 |

¹ The volatility in realized/unrealized gains (losses) on assets supporting insurance and investment contract liabilities relates primarily to the impact of interest rate changes on bond and fixed income derivative positions as well as interest rate swaps supporting the dynamic hedge program and gains and losses on macro equity hedges used as part of our equity risk management program. These items are mostly offset by changes in the measurement of our policy obligations. For fixed income assets supporting insurance and investment contracts, equities supporting pass through products and derivatives related to variable annuity hedging programs, the impact of realized/ unrealized gains (losses) on the assets is largely offset in the change in insurance and investment contract liabilities.

² The volatility in investment income largely related to gains and losses on AFS bonds related to the management of interest rate exposures. These activities in the surplus segment are mostly offset in the measurement of our policy liabilities (see change in insurance contract liabilities).

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|--|------------|------------|------------|------------|------------|
|--|------------|------------|------------|------------|------------|

ASSETS

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Invested assets | | | | | |
| Cash and short-term securities | 16,011 | 15,151 | 18,179 | 20,902 | 17,864 |
| Securities | | | | | |
| Debt securities | 171,360 | 168,622 | 176,634 | 171,912 | 161,425 |
| Public equities | 20,767 | 19,496 | 18,142 | 17,082 | 16,641 |
| Loans | | | | | |
| Mortgages | 44,245 | 44,193 | 43,853 | 43,506 | 42,987 |
| Private placements | 30,555 | 29,729 | 28,492 | 26,869 | 26,224 |
| Policy loans | 5,999 | 6,041 | 5,952 | 5,691 | 5,675 |
| Loans to bank clients | 1,737 | 1,745 | 1,770 | 1,801 | 1,822 |
| Real estate | 14,226 | 14,132 | 13,907 | 13,385 | 14,870 |
| Other invested assets | 23,337 | 22,760 | 21,827 | 20,516 | 19,319 |
| Total invested assets | 328,237 | 321,869 | 328,756 | 321,664 | 306,827 |
| Other assets | | | | | |
| Accrued investment income | 2,236 | 2,260 | 2,117 | 2,130 | 2,126 |
| Outstanding premiums | 888 | 845 | 849 | 767 | 813 |
| Derivatives | 18,320 | 23,672 | 41,621 | 42,929 | 34,432 |
| Goodwill and intangible assets | 10,085 | 10,107 | 9,669 | 9,773 | 9,624 |
| Reinsurance assets | 32,784 | 34,952 | 34,164 | 33,395 | 33,017 |
| Deferred tax asset | 4,442 | 4,439 | 4,195 | 3,855 | 3,724 |
| Miscellaneous | 8,237 | 7,360 | 7,024 | 6,919 | 6,469 |
| Total other assets | 76,992 | 83,635 | 99,639 | 99,768 | 90,205 |
| Segregated funds net assets | 323,118 | 315,177 | 313,904 | 303,154 | 298,684 |
| Total assets | 728,347 | 720,681 | 742,299 | 724,586 | 695,716 |

LIABILITIES AND EQUITY

| | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| Policy liabilities | | | | | |
| Insurance contract liabilities | 298,816 | 297,505 | 307,493 | 299,849 | 284,885 |
| Investment contract liabilities | 3,249 | 3,275 | 3,268 | 3,249 | 3,253 |
| Deposits from bank clients | 18,283 | 17,919 | 18,269 | 18,570 | 18,135 |
| Deferred tax liability | 1,792 | 1,359 | 1,984 | 1,899 | 1,507 |
| Derivatives | 10,833 | 14,151 | 23,631 | 25,419 | 20,618 |
| Other liabilities | 14,485 | 15,596 | 16,916 | 16,582 | 15,582 |
| | 347,458 | 349,805 | 371,561 | 365,568 | 343,980 |
| Long-term debt | 5,661 | 5,696 | 5,385 | 5,349 | 4,048 |
| Liabilities for preferred shares and capital instruments | 8,179 | 7,180 | 8,134 | 8,132 | 7,653 |
| Segregated funds net liabilities | 323,118 | 315,177 | 313,904 | 303,154 | 298,684 |
| Total liabilities | 684,416 | 677,858 | 698,984 | 682,203 | 654,365 |
| Equity | | | | | |
| Issued share capital | | | | | |
| Preferred shares | 3,577 | 3,577 | 3,110 | 3,110 | 3,110 |
| Common shares | 22,891 | 22,865 | 22,819 | 22,815 | 22,804 |
| Contributed surplus | 287 | 284 | 289 | 287 | 286 |
| Shareholders' retained earnings | 10,665 | 9,759 | 10,096 | 9,377 | 9,074 |
| Shareholders' accumulated other comprehensive income (loss) | | | | | |
| Pension and other post-employment plans | (416) | (417) | (507) | (504) | (503) |
| Available-for-sale securities | (188) | (394) | 672 | 856 | 452 |
| Cash flow hedges | (177) | (232) | (391) | (415) | (380) |
| Translation of foreign operations and real estate revaluation surplus | 6,262 | 6,390 | 6,331 | 6,040 | 5,706 |
| Total shareholders' equity | 42,901 | 41,832 | 42,419 | 41,566 | 40,549 |
| Participating policyholders' equity | 235 | 248 | 169 | 156 | 171 |
| Non-controlling interests | 795 | 743 | 727 | 661 | 631 |
| Total equity | 43,931 | 42,823 | 43,315 | 42,383 | 41,351 |
| Total liabilities and equity | 728,347 | 720,681 | 742,299 | 724,586 | 695,716 |

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | Fiscal 2016 |
|--|---------------|---------------|---------------|---------------|---------------|----------------|
| Preferred shares | | | | | | |
| Balance, beginning of period | 3,577 | 3,110 | 3,110 | 3,110 | 2,693 | 2,693 |
| Issued | - | 475 | - | - | 425 | 900 |
| Issuance costs, net of tax | - | (8) | - | - | (8) | (16) |
| Balance, end of period | 3,577 | 3,577 | 3,110 | 3,110 | 3,110 | 3,577 |
| Common shares | | | | | | |
| Balance, beginning of period | 22,865 | 22,819 | 22,815 | 22,804 | 22,799 | 22,799 |
| Issued on exercise of stock options and deferred share units | 26 | 46 | 4 | 11 | 5 | 66 |
| Balance, end of period | 22,891 | 22,865 | 22,819 | 22,815 | 22,804 | 22,865 |
| Contributed surplus | | | | | | |
| Balance, beginning of period | 284 | 289 | 287 | 286 | 277 | 277 |
| Exercise of stock options and deferred share units | (5) | (9) | (1) | (2) | (1) | (13) |
| Stock option expense | 9 | 3 | 3 | 3 | 10 | 19 |
| Tax benefit (loss) of stock options exercised | (1) | 1 | - | - | - | 1 |
| Balance, end of period | 287 | 284 | 289 | 287 | 286 | 284 |
| Shareholders' retained earnings | | | | | | |
| Balance, beginning of period | 9,759 | 10,096 | 9,377 | 9,074 | 8,398 | 8,398 |
| Net income attributed to shareholders | 1,350 | 63 | 1,117 | 704 | 1,045 | 2,929 |
| Preferred share dividends | (41) | (33) | (34) | (37) | (29) | (133) |
| Common share dividends | (403) | (367) | (364) | (364) | (340) | (1,435) |
| Balance, end of period | 10,665 | 9,759 | 10,096 | 9,377 | 9,074 | 9,759 |
| Shareholders' accumulated other comprehensive income (loss) | | | | | | |
| Balance, beginning of period | 5,347 | 6,105 | 5,977 | 5,275 | 6,992 | 6,992 |
| Other comprehensive income (loss) | | | | | | |
| Remeasurement of pension and other post-employment plans, net of tax expense of \$1 | 1 | 90 | (3) | (1) | 18 | 104 |
| Available-for-sale ("AFS") securities unrealized gains (losses), net of tax expense of \$61 | 197 | (1,060) | 46 | 443 | 355 | (216) |
| AFS securities realized losses (gains) & impairments (recoveries), net of tax expense of \$4 | 8 | (6) | (230) | (40) | (247) | (523) |
| Cash flow hedges unrealized gains (losses), net of tax expense of \$23 | 53 | 156 | 21 | (37) | (119) | 21 |
| Cash flow hedges realized (gains) losses, net of tax expense of \$2 | 2 | 3 | 3 | 2 | 3 | 11 |
| Unrealized foreign exchange gains (losses), net of \$51 hedges and tax recovery of \$14 | (128) | 59 | 291 | 334 | (1,726) | (1,042) |
| Share of other comprehensive income (loss) of associates, net of tax expense of nil | 1 | - | - | 1 | (1) | - |
| Balance, end of period | 5,481 | 5,347 | 6,105 | 5,977 | 5,275 | 5,347 |
| Total shareholders' equity, end of period | 42,901 | 41,832 | 42,419 | 41,566 | 40,549 | 41,832 |
| Participating policyholders' equity | | | | | | |
| Balance, beginning of period | 248 | 169 | 156 | 171 | 187 | 187 |
| Net income (loss) attributed to participating policyholders | (13) | 79 | 13 | (15) | (16) | 61 |
| Balance, end of period | 235 | 248 | 169 | 156 | 171 | 248 |
| Non-controlling interests | | | | | | |
| Balance, beginning of period | 743 | 727 | 661 | 631 | 592 | 592 |
| Net income (loss) attributed to non-controlling interests | 54 | 23 | 67 | 27 | 26 | 143 |
| Other comprehensive income (loss) attributed to non-controlling interests | - | (3) | - | 1 | - | (2) |
| Contributions (distributions), net | (2) | (4) | (1) | 2 | 13 | 10 |
| Balance, end of period | 795 | 743 | 727 | 661 | 631 | 743 |
| Total equity, end of period | 43,931 | 42,823 | 43,315 | 42,383 | 41,351 | 42,823 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|----------------|----------------|----------------|----------------|----------------|---------------------------|-----------------|
| Operating activities | | | | | | | |
| Net income (loss) | 1,391 | 165 | 1,197 | 716 | 1,055 | 32% | 3,133 |
| Adjustments | - | - | - | - | - | | |
| Increase (decrease) in insurance contract liabilities | 1,451 | (11,644) | 5,393 | 12,107 | 12,158 | -88% | 18,014 |
| Increase (decrease) in investment contract liabilities | 54 | 12 | 47 | (2) | (57) | - | - |
| Decrease (increase) in reinsurance assets | 1,790 | (96) | (562) | (313) | 129 | nm | (842) |
| Amortization of premium/discount on invested assets | 35 | 37 | 4 | 16 | 21 | 67% | 78 |
| Other amortization | 131 | 144 | 282 | 130 | 137 | -4% | 693 |
| Net realized (gains) losses, including impairments on assets | (1,228) | 17,368 | (1,450) | (8,808) | (9,914) | -88% | (2,804) |
| Deferred income tax expense (recovery) | 589 | (578) | (180) | 113 | 410 | 44% | (235) |
| Stock option expense | 8 | 3 | 3 | 3 | 10 | -20% | 19 |
| Cash provided by operating activities before undernoted items | 4,221 | 5,411 | 4,734 | 3,962 | 3,949 | 7% | 18,056 |
| Changes in policy related and operating receivables and payables | (1,036) | (584) | 481 | 304 | (1,221) | -15% | (1,020) |
| Cash provided by operating activities | 3,185 | 4,827 | 5,215 | 4,266 | 2,728 | 17% | 17,036 |
| Investing activities | | | | | | | |
| Purchases and mortgage advances | (21,366) | (22,936) | (30,820) | (26,727) | (23,576) | -9% | (104,059) |
| Disposals and repayments | 17,746 | 17,045 | 23,331 | 23,457 | 18,168 | -2% | 82,001 |
| Changes in investment broker net receivables and payables | 134 | (217) | (119) | (10) | 160 | -16% | (186) |
| Net cash decrease from sale and purchase of subsidiaries and businesses | - | (392) | (14) | (78) | (11) | - | (495) |
| Cash provided by (used in) investing activities | (3,486) | (6,500) | (7,622) | (3,358) | (5,259) | -34% | (22,739) |
| Financing activities | | | | | | | |
| Increase (decrease) in repurchase agreements and securities sold but not yet purchased | 153 | (791) | 116 | (168) | 820 | -81% | (23) |
| Issue of long-term debt, net | - | 361 | - | 1,292 | 2,246 | -100% | 3,899 |
| Repayment of long-term debt, net | - | (150) | - | - | (8) | - | (158) |
| Issue (redemption) of capital instruments, net | 994 | (949) | - | 479 | - | - | (470) |
| Changes in deposits from bank clients, net | 378 | (355) | (305) | 428 | 75 | 404% | (157) |
| Shareholder dividends paid in cash | (444) | (400) | (398) | (401) | (394) | 13% | (1,593) |
| NCI dividends paid in cash | - | - | - | (2) | - | - | (2) |
| Funds borrowed (repaid), net | - | - | - | (17) | (2) | - | (19) |
| Secured borrowings from securitization transactions | 191 | 125 | 174 | 399 | 149 | 28% | 847 |
| Contributions from (distributions to) non-controlling interest, net | (2) | (4) | (1) | 4 | 13 | - | 12 |
| Common shares issued, net | 26 | 46 | 4 | 11 | 5 | 420% | 66 |
| Preferred shares issued, net | - | 467 | - | - | 417 | -100% | 884 |
| Cash provided by (used in) financing activities | 1,296 | (1,650) | (410) | 2,025 | 3,321 | -61% | 3,286 |
| Cash and short-term securities | | | | | | | |
| Increase (decrease) during the period | 995 | (3,323) | (2,817) | 2,933 | 790 | 26% | (2,417) |
| Effect of foreign exchange rate changes on cash and short-term securities | (25) | 47 | 117 | 126 | (637) | -96% | (347) |
| Balance, beginning of period | 14,238 | 17,514 | 20,214 | 17,155 | 17,002 | -16% | 17,002 |
| Balance, end of period | 15,208 | 14,238 | 17,514 | 20,214 | 17,155 | -11% | 14,238 |
| Cash and short-term securities | | | | | | | |
| Beginning of period | | | | | | | |
| Gross cash and short-term securities | 15,151 | 18,179 | 20,902 | 17,864 | 17,885 | -15% | 17,885 |
| Net payments in transit, included in other liabilities | (913) | (665) | (688) | (709) | (883) | 3% | (883) |
| Net cash and short-term securities, beginning of period | 14,238 | 17,514 | 20,214 | 17,155 | 17,002 | -16% | 17,002 |
| End of period | | | | | | | |
| Gross cash and short-term securities | 16,011 | 15,151 | 18,179 | 20,902 | 17,864 | -10% | 15,151 |
| Net payments in transit, included in other liabilities | (803) | (913) | (665) | (688) | (709) | 13% | (913) |
| Net cash and short-term securities, end of period | 15,208 | 14,238 | 17,514 | 20,214 | 17,155 | -11% | 14,238 |

CONSOLIDATED SOURCE OF EARNINGS

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Source of Earnings ¹

| | | | | | | | |
|---|--------------|--------------|--------------|------------|--------------|------------|--------------|
| Expected profit from in-force business | 1,356 | 1,288 | 1,301 | 1,234 | 1,255 | 8% | 5,078 |
| Impact of new business | 116 | 23 | 31 | (24) | (2) | - | 28 |
| Experience gains (losses) | 205 | (1,529) | 318 | (348) | (293) | - | (1,852) |
| Management actions and changes in assumptions | (58) | (203) | (540) | (80) | 228 | - | (595) |
| Earnings on surplus funds | 116 | 4 | 169 | 138 | 173 | -33% | 484 |
| Other ² | (39) | 30 | (45) | 15 | (18) | 117% | (18) |
| Income before income taxes | 1,696 | (387) | 1,234 | 935 | 1,343 | 26% | 3,125 |
| Income tax (expense) recovery | (346) | 450 | (117) | (231) | (298) | 16% | (196) |
| Net income attributed to shareholders | 1,350 | 63 | 1,117 | 704 | 1,045 | 29% | 2,929 |
| Preferred share dividends | (41) | (33) | (34) | (37) | (29) | 41% | (133) |
| Common shareholders' net income | 1,309 | 30 | 1,083 | 667 | 1,016 | 29% | 2,796 |
| Constant currency, expected profit from in-force business | 1,356 | 1,301 | 1,317 | 1,259 | 1,229 | 10% | |

Source of Earnings ^{1,3} excluding Wealth and Asset Management

| | | | | | | | |
|---|--------------|--------------|--------------|------------|--------------|------------|--------------|
| Expected profit from in-force business | 1,001 | 965 | 999 | 941 | 975 | 3% | 3,880 |
| Impact of new business | 255 | 162 | 157 | 96 | 121 | 111% | 536 |
| Experience gains (losses) | 207 | (1,536) | 324 | (353) | (298) | - | (1,863) |
| Management actions and changes in assumptions | (48) | (196) | (533) | (77) | 234 | - | (572) |
| Earnings on surplus funds | 109 | (2) | 163 | 131 | 167 | -35% | 459 |
| Other ² | (40) | 30 | (44) | 15 | (18) | 122% | (17) |
| Income (loss) before income taxes | 1,484 | (577) | 1,066 | 753 | 1,181 | 26% | 2,423 |
| Income tax (expense) recovery | (306) | 469 | (102) | (199) | (269) | 14% | (101) |
| Net income attributed to shareholders | 1,178 | (108) | 964 | 554 | 912 | 29% | 2,322 |

¹ Per OSFI instructions, the expected profit from in-force business denominated in foreign currencies is translated at the prior quarter's statement of financial position rate. 'Experience gains' includes the adjustment to get to the income statement rate.

² Includes the offsetting impact, net of tax, of the non-controlling interest primarily in China and Malaysia in the amounts included above.

³ For Wealth and Asset Management businesses and Manulife Bank, all pre-tax income is reported in 'Expected profit from in-force business' except the non-capitalized acquisition expenses which are reported in 'Impact of new business'.

Glossary

| | |
|---|---|
| Expected profit from in-force business | Formula-driven release of PfADs (Provisions for Adverse Deviations) on the non-fee businesses and expected profit on fee businesses. For Wealth and Asset Management businesses and Manulife Bank, all pretax income is reported in 'Expected profit from in-force business' except the non-capitalized acquisition expenses. Includes the non-controlling interests primarily in China and Malaysia. |
| Impact of new business | For non-fee income businesses, the capitalized value of future profits less PfADs in respect of new business. For fee income businesses, the non-capitalized acquisition expenses. Includes the non-controlling interests primarily in China and Malaysia. |
| Experience gains (losses) | Earnings impact of any differences between actual experience in the current period relative to expected experience implicit in the actuarial liabilities, and differences in current period fee income due to market performance. Includes the non-controlling interests primarily in China and Malaysia. |
| Management actions and changes in assumptions | Earnings impact of: -management initiated actions in the period that generate a non-recurring current period impact. -changes in methods and assumptions that impact actuarial liabilities or other liabilities. Includes the non-controlling interests primarily in China and Malaysia. |
| Earnings (loss) on surplus funds | Actual investment returns on the Company's surplus (shareholders' equity). Includes the non-controlling interests primarily in China and Malaysia. |
| Other | Earnings items not included in any other line of the SOE. Includes the offsetting impact, net of tax, of the non-controlling interest primarily in China and Malaysia in the amounts included above. |
| Income taxes | Tax charges to income, consistent with the amount on the statement of income. |

ASIA DIVISION ¹

(U.S. \$ in millions, unless otherwise stated, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Statements of Income

| | | | | | | | |
|---|-------|---------|-------|-------|-------|------|--------|
| Revenue | | | | | | | |
| Premium income | | | | | | | |
| Gross premiums | 3,147 | 2,878 | 3,180 | 3,000 | 3,026 | 4% | 12,084 |
| Premiums ceded to reinsurers | (133) | (110) | (109) | (116) | 8 | - | (327) |
| Investment income | 352 | 421 | 329 | 362 | 288 | 22% | 1,400 |
| Other revenue | 300 | 394 | 327 | 287 | 177 | 69% | 1,185 |
| Subtotal revenue | 3,666 | 3,583 | 3,727 | 3,533 | 3,499 | 5% | 14,342 |
| Realized/ unrealized gains on invested assets supporting insurance and investment contract liabilities ² | 363 | (1,502) | (155) | 722 | 1,139 | -68% | 204 |
| Total revenue | 4,029 | 2,081 | 3,572 | 4,255 | 4,638 | -13% | 14,546 |
| Contract benefits and expenses | | | | | | | |
| To contract holders and beneficiaries | | | | | | | |
| Gross benefits and claims paid and change in insurance contract liabilities ² | 2,554 | 855 | 2,207 | 3,419 | 3,917 | -35% | 10,398 |
| Ceded benefits and expenses and change in reinsurance assets | (53) | (52) | (74) | (82) | (60) | -12% | (268) |
| Change in investment contract liabilities | 19 | (9) | 14 | 14 | (93) | - | (74) |
| General expenses | 396 | 407 | 389 | 386 | 325 | 22% | 1,507 |
| Investment expenses | 49 | 21 | 29 | 25 | 24 | 104% | 99 |
| Commissions | 450 | 415 | 412 | 387 | 355 | 27% | 1,569 |
| Other | 36 | 35 | 35 | 33 | 33 | 9% | 136 |
| Total contract benefits and expenses | 3,451 | 1,672 | 3,012 | 4,182 | 4,501 | -23% | 13,367 |
| Income (loss) before income taxes | 578 | 409 | 560 | 73 | 137 | 322% | 1,179 |
| Income tax (expense) recovery | (80) | (65) | (65) | (23) | (30) | 167% | (183) |
| Net income (loss) | 498 | 344 | 495 | 50 | 107 | 365% | 996 |
| Less net income (loss) attributed to non-controlling interests | 40 | 14 | 30 | 22 | 21 | 90% | 87 |
| Less net income (loss) attributed to participating policyholders | 15 | 7 | 35 | 6 | (2) | - | 46 |
| Net income (loss) attributed to shareholders ³ | 443 | 323 | 430 | 22 | 88 | 403% | 863 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment.

² For fixed income assets supporting insurance and investment contract liabilities, equities supporting pass through products and derivatives related to variable annuity hedging programs, the impact of realized/unrealized gains (losses) on the assets is largely offset in the change in actuarial liabilities, included in contract benefits.

³ See the Q1 press release for a description of Q1 2017 results compared to Q1 2016.

Earnings Analysis²

| | | | | | | | |
|---|-----|------|-----|-------|-------|-------|-------|
| Total core earnings (loss) | 308 | 291 | 302 | 266 | 270 | 14% | 1,129 |
| Total core earnings - on constant currency basis | 308 | 287 | 288 | 259 | 270 | 14% | 1,104 |
| Investment gains related to fixed income trading, market value increases in excess of expected alternative assets investment returns, asset mix changes | 52 | 56 | 48 | (20) | (15) | - | 69 |
| Total core earnings and investment related gains | 360 | 347 | 350 | 246 | 255 | 41% | 1,198 |
| Items excluded from core earnings | | | | | | | |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 90 | (12) | 82 | (223) | (173) | - | (326) |
| Net impact of acquisitions and divestitures | (7) | (3) | (2) | (1) | (2) | 250% | (8) |
| Reinsurance recapture, tax rate changes and others | - | (9) | - | - | 8 | -100% | (1) |
| Total shareholders' net income (loss) | 443 | 323 | 430 | 22 | 88 | 403% | 863 |

ASIA DIVISION (CONT'D)¹

(U.S. \$ in millions, unless otherwise stated, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Source of Earnings

| | | | | | | | |
|---|------------|------------|------------|-----------|------------|-------------|--------------|
| Expected profit from in-force business | 242 | 243 | 241 | 235 | 219 | 11% | 938 |
| Impact of new business | 165 | 96 | 113 | 66 | 73 | 126% | 348 |
| Experience gains (losses) | 124 | 49 | 112 | (275) | (213) | - | (327) |
| Management actions and changes in assumptions | (7) | (12) | 1 | (1) | 15 | - | 3 |
| Earnings on surplus funds | 25 | 14 | 39 | 27 | 30 | -17% | 110 |
| Other ² | (26) | (2) | (11) | (7) | (6) | 333% | (26) |
| Income (loss) before income taxes | 523 | 388 | 495 | 45 | 118 | 343% | 1,046 |
| Income tax (expense) recovery | (80) | (65) | (65) | (23) | (30) | 167% | (183) |
| Net income (loss) attributed to shareholders | 443 | 323 | 430 | 22 | 88 | 403% | 863 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment. Also, the institutional wealth advisory accounts previously reported under Asia Other are now included retrospectively in 'Institutional Advisory accounts'. The 2016 premiums and deposits, gross flows and assets under management have been restated to reflect the above mentioned changes.

² Includes the offsetting impact, net of tax, of the non-controlling interest primarily in China and Malaysia in the amounts included above.

Insurance Sales

| | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|--------------|
| Hong Kong | 117 | 127 | 113 | 120 | 105 | 11% | 465 |
| Japan ³ | 236 | 156 | 167 | 151 | 158 | 49% | 632 |
| Asia Other ⁴ | 279 | 224 | 245 | 239 | 197 | 42% | 905 |
| Total insurance sales | 632 | 507 | 525 | 510 | 460 | 37% | 2,002 |
| Total insurance sales - on constant currency basis | 632 | 500 | 501 | 492 | 458 | 38% | 1,951 |

³ Japan Q1'17 insurance sales are up 47% compared to the prior year on a constant currency basis.

⁴ Asia Other Q1'17 insurance sales are up 45% compared to the prior year on a constant currency basis.

Wealth and Asset Management Gross Flows

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|------------|---------------|
| Hong Kong | 778 | 751 | 688 | 601 | 562 | 38% | 2,602 |
| Japan ⁵ | 228 | 92 | 28 | 130 | 21 | 986% | 271 |
| Asia Other ^{6,7} | 2,668 | 4,205 | 2,586 | 2,078 | 1,463 | 82% | 10,332 |
| Institutional Advisory Accounts ^{7,8} | 502 | 3,450 | 583 | 1,605 | 938 | -46% | 6,576 |
| Less: Investment in mutual funds from Institutional Advisory accounts | (9) | (23) | (68) | (65) | (15) | -40% | (171) |
| Total wealth and asset management gross flows | 4,167 | 8,475 | 3,817 | 4,349 | 2,969 | 40% | 19,610 |
| Total wealth and asset management gross flows - on constant currency basis | 4,167 | 8,327 | 3,717 | 4,208 | 2,907 | 43% | 19,159 |

⁵ Japan Q1'17 wealth and asset management gross flows are up 983% compared to the prior year on a constant currency basis.

⁶ Asia Other Q1'17 wealth and asset management gross flows are up 89% compared to the prior year on a constant currency basis.

⁷ This line includes the 49% interest in Manulife TEDA

⁸ Institutional Advisory Accounts Q1'17 wealth and asset management gross flows are down 46% compared to the prior year on a constant currency basis.

Other Wealth Sales

| | | | | | | | |
|--|------------|------------|--------------|------------|--------------|-------------|--------------|
| Hong Kong | 178 | 132 | 46 | 10 | 16 | nm | 204 |
| Japan ⁹ | | | | | | | |
| - Fixed Annuities and unit linked products | 475 | 407 | 730 | 674 | 791 | -40% | 2,602 |
| - Variable Annuities | 19 | 15 | 41 | 35 | 38 | -50% | 129 |
| Asia Other ¹⁰ | 248 | 193 | 194 | 200 | 204 | 22% | 791 |
| Total other wealth sales | 920 | 747 | 1,011 | 919 | 1,049 | -12% | 3,726 |
| Total other wealth sales - on constant currency basis | 920 | 728 | 926 | 874 | 1,057 | -13% | 3,585 |

⁹ Japan Q1'17 other wealth sales are down 41% compared to the prior year on a constant currency basis.

¹⁰ Asia Other Q1'17 other wealth sales are up 24% compared to the prior year on a constant currency basis.

Pension¹¹ Sales - for reference only

| | | | | | | | |
|---------------------|-----|-----|-----|-----|-----|----|-------|
| Asia Group Pensions | 333 | 440 | 395 | 303 | 327 | 2% | 1,465 |
|---------------------|-----|-----|-----|-----|-----|----|-------|

¹¹ Pension sales include both new regular premiums and deposits and single premiums sales. New regular premiums and deposits reflect an estimate of expected deposits in the first year of the plan with the Company. Single premium sales reflect the assets transferred from the previous plan provider.

ASIA DIVISION (CONT'D)¹

(U.S. \$ in millions, unless otherwise stated, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Annualized premium equivalents (insurance and other wealth excluding wealth and asset management) (APE)²

| | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|--------------|
| Hong Kong | 135 | 143 | 121 | 123 | 109 | 24% | 496 |
| Japan ³ | 332 | 233 | 277 | 245 | 264 | 26% | 1,019 |
| Asia Other ⁴ | 304 | 242 | 265 | 259 | 217 | 40% | 983 |
| Total APE | 771 | 618 | 663 | 627 | 590 | 31% | 2,498 |
| Total APE - on constant currency basis | 771 | 607 | 627 | 604 | 589 | 31% | 2,427 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment. Also, the institutional wealth advisory accounts previously reported under Asia Other are now included retrospectively in 'Institutional Advisory accounts'. The 2016 premiums and deposits, gross flows and assets under management have been restated to reflect the above mentioned changes.

² Total annualized premium equivalents (APE) is comprised of 100% of regular premiums/deposits sales and 10% of single premiums/deposits sales, for insurance, and other wealth products.

³ Japan Q1'17 APE are up 24% compared to the prior year on a constant currency basis.

⁴ Asia Other Q1'17 APE are up 43% compared to the prior year on a constant currency basis.

Premiums and Deposits

| | | | | | | | |
|---|--------------|---------------|--------------|--------------|--------------|------------|---------------|
| Premiums and investment contract deposits | 3,024 | 2,777 | 3,083 | 2,892 | 3,045 | -1% | 11,797 |
| Segregated fund and other deposits | 745 | 759 | 696 | 586 | 570 | 31% | 2,611 |
| Mutual fund deposits ⁵ | 3,438 | 4,785 | 3,068 | 2,597 | 1,801 | 91% | 12,251 |
| Institutional Advisory Accounts ⁵ | 502 | 3,450 | 583 | 1,605 | 938 | -46% | 6,576 |
| Less: Investment in mutual funds from Institutional Advisory accounts | (9) | (23) | (68) | (65) | (15) | -40% | (171) |
| Total premiums and deposits | 7,700 | 11,748 | 7,362 | 7,615 | 6,339 | 21% | 33,064 |
| Total premiums and deposits - on constant currency basis | 7,700 | 11,546 | 7,058 | 7,358 | 6,281 | 23% | 32,243 |

⁵ This line includes the non-controlling interest and 49% interested in Manulife TEDA.

Premiums and Deposits by Business Units

| | | | | | | | |
|---|--------------|---------------|--------------|--------------|--------------|------------|---------------|
| Hong Kong | 1,664 | 1,674 | 1,457 | 1,307 | 1,267 | 31% | 5,705 |
| Japan | 1,670 | 1,255 | 1,650 | 1,538 | 1,759 | -5% | 6,202 |
| Asia Other ⁵ | 3,873 | 5,392 | 3,740 | 3,230 | 2,390 | 62% | 14,752 |
| Institutional Advisory Accounts ⁵ | 502 | 3,450 | 583 | 1,605 | 938 | -46% | 6,576 |
| Less: Investment in mutual funds from Institutional Advisory accounts | (9) | (23) | (68) | (65) | (15) | -40% | (171) |
| Total premiums and deposits | 7,700 | 11,748 | 7,362 | 7,615 | 6,339 | 21% | 33,064 |

Premiums and Deposits

| | | | | | | | |
|--|--------------|---------------|--------------|--------------|--------------|------------|---------------|
| Insurance | 2,618 | 2,528 | 2,546 | 2,359 | 2,338 | 12% | 9,771 |
| Wealth and asset management ⁵ | 4,167 | 8,475 | 3,817 | 4,349 | 2,969 | 40% | 19,610 |
| Other wealth | 915 | 745 | 999 | 907 | 1,032 | -11% | 3,683 |
| Total premiums and deposits | 7,700 | 11,748 | 7,362 | 7,615 | 6,339 | 21% | 33,064 |

Total weighted premium income (insurance and other wealth excluding wealth and asset management) (TWPI)

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Hong Kong | 707 | 734 | 686 | 664 | 600 | 18% | 2,684 |
| Japan ⁶ | 1,136 | 903 | 1,047 | 880 | 988 | 15% | 3,818 |
| Asia Other ⁷ | 741 | 727 | 653 | 627 | 549 | 35% | 2,556 |
| TWPI | 2,584 | 2,364 | 2,386 | 2,171 | 2,137 | 21% | 9,058 |
| TWPI - on constant currency basis | 2,584 | 2,323 | 2,262 | 2,103 | 2,138 | 21% | 8,826 |

⁶ Japan Q1'17 TWPI is up 13% compared to the prior year on a constant currency basis.

⁷ Asia Other Q1'17 TWPI is up 38% compared to the prior year on a constant currency basis.

ASIA DIVISION (CONT'D)¹

(U.S. \$ in millions, unless otherwise stated, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Assets Under Management

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|---------------|------------|----------------|
| General fund | 51,059 | 47,188 | 50,343 | 48,061 | 43,929 | 16% | 47,188 |
| Segregated funds | 19,125 | 18,341 | 19,498 | 18,804 | 18,228 | 5% | 18,341 |
| Mutual funds ² | 24,311 | 22,557 | 20,842 | 18,918 | 18,447 | 32% | 22,557 |
| Institutional Advisory Accounts ² | 18,155 | 17,577 | 16,415 | 16,138 | 14,130 | 28% | 17,577 |
| Less: Investment in mutual funds from Institutional Advisory accounts | (537) | (515) | (573) | (498) | (512) | 5% | (515) |
| Total assets under management | 112,113 | 105,148 | 106,525 | 101,423 | 94,222 | 19% | 105,148 |
| Total assets under management - on constant currency basis | 112,113 | 107,457 | 102,106 | 97,667 | 93,463 | 20% | 107,457 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment. Also, the institutional wealth advisory accounts previously reported under Asia Other are now included retrospectively in 'Institutional Advisory accounts'. The 2016 premiums and deposits, gross flows and assets under management have been restated to reflect the above mentioned changes.

² This line includes the 49% interest in Manulife TEDA

Changes in Assets Under Management

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|---------------|------------|----------------|
| Beginning balance | 105,148 | 106,525 | 101,423 | 94,222 | 88,746 | 18% | 88,746 |
| Assets acquired (Standard Chartered Bank) | - | 1,353 | - | - | - | - | 1,353 |
| Premiums and deposits | 7,700 | 11,748 | 7,362 | 7,615 | 6,339 | 21% | 33,064 |
| Investment income (loss) ³ | 2,516 | (1,695) | 2,101 | 1,736 | 724 | 248% | 2,866 |
| Benefits and withdrawals | (4,892) | (6,400) | (4,154) | (3,549) | (4,116) | 19% | (18,219) |
| Other ⁴ | 1,641 | (6,383) | (207) | 1,399 | 2,529 | -35% | (2,662) |
| Ending balance | 112,113 | 105,148 | 106,525 | 101,423 | 94,222 | 19% | 105,148 |

³ Investment income (loss) consists of gross investment income for the general fund and interest, dividends and net realized and unrealized gains and losses for the segregated funds, mutual funds and other funds.

⁴ Other is comprised of all changes to the statement of income and the statement of financial position that are not specifically identified in the roll forward. These include general expenses, investment expenses, taxes, changes in receivables and payables, transfers to/from other business units and changes in allocated capital. This also includes deposits and withdrawals on externally managed funds which have not been included in premiums and deposits, and benefits and withdrawals.

Assets Under Management

| | | | | | | | |
|--|----------------|----------------|----------------|----------------|---------------|------------|----------------|
| Insurance | 45,428 | 42,402 | 44,845 | 43,154 | 39,799 | 14% | 42,402 |
| Wealth and asset management ² | 47,732 | 44,982 | 42,228 | 39,780 | 37,138 | 29% | 44,982 |
| Other wealth | 18,953 | 17,764 | 19,452 | 18,489 | 17,285 | 10% | 17,764 |
| Total assets under management | 112,113 | 105,148 | 106,525 | 101,423 | 94,222 | 19% | 105,148 |

Number of Agents

| | | | | | | | |
|--------------|---------------|---------------|---------------|---------------|---------------|------------|---------------|
| Hong Kong | 6,894 | 7,235 | 6,657 | 6,538 | 6,715 | 3% | 7,235 |
| Japan | 2,308 | 2,353 | 2,420 | 2,500 | 2,535 | -9% | 2,353 |
| Asia Other | 60,687 | 60,150 | 57,689 | 54,766 | 51,892 | 17% | 60,150 |
| Total | 69,889 | 69,738 | 66,766 | 63,804 | 61,142 | 14% | 69,738 |

Canadian \$ in millions - Key Metrics

| | | | | | | | |
|--|---------|---------|---------|---------|---------|------|---------|
| Sales - Insurance | 836 | 678 | 685 | 656 | 632 | 32% | 2,651 |
| Gross Flows - Wealth and asset management ¹ | 5,514 | 11,308 | 4,981 | 5,606 | 4,075 | 35% | 25,970 |
| Sales - Other wealth | 1,217 | 997 | 1,319 | 1,184 | 1,440 | -15% | 4,940 |
| Net income (loss) attributed to shareholders | 587 | 431 | 561 | 28 | 121 | 385% | 1,141 |
| Total premiums and deposits ¹ | 10,191 | 15,675 | 9,611 | 9,815 | 8,700 | 17% | 43,801 |
| Total assets under management ¹ | 149,378 | 141,207 | 139,723 | 131,952 | 122,177 | 22% | 141,207 |

ASIA DIVISION (CONT'D)

(U.S. \$ in millions, unless otherwise stated, Unaudited)



| 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|------------|------------|------------|------------|------------|---------------------------|----------------|
|------------|------------|------------|------------|------------|---------------------------|----------------|

New Business Value (NBV)¹

| | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|------------|
| Hong Kong | 70 | 98 | 63 | 68 | 49 | 44% | 278 |
| Japan ² | 107 | 60 | 79 | 51 | 70 | 53% | 260 |
| Asia Other ³ | 69 | 63 | 54 | 57 | 42 | 64% | 216 |
| Total | 246 | 221 | 196 | 176 | 161 | 53% | 754 |
| Total NBV - on a constant currency basis | 246 | 218 | 186 | 171 | 161 | 53% | 736 |

¹ NBV is not calculated for Wealth and Asset Management business.

² Japan Q1'17 NBV is up 51% compared to the prior year on a constant currency basis.

³ Asia Other Q1'17 NBV is up 68% compared to the prior year on a constant currency basis.

NBV Margin⁴

| | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Hong Kong | 52.1% | 68.8% | 52.1% | 55.5% | 44.9% | 56.2% |
| Japan | 32.2% | 25.6% | 28.7% | 20.7% | 26.5% | 25.5% |
| Asia Other | 28.4% | 29.5% | 22.8% | 25.4% | 22.6% | 25.1% |
| Total | 34.7% | 37.5% | 31.0% | 29.7% | 28.8% | 31.7% |
| Total NBV Margin - on a constant currency basis | 34.7% | 37.7% | 31.2% | 29.9% | 28.8% | 31.9% |

⁴ Margins are calculated using annualized premium equivalent (APE) excluding non-controlling interest. APE is calculated as 100% of annualized first year premiums for recurring premium products, and as 10% of single premiums for single premium products. Both NBV and APE used in the margin are calculated after non-controlling interest and exclude Wealth & Asset Management business.

CANADIAN DIVISION ¹

(Canadian \$ millions, Unaudited)



| 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|------------|------------|------------|------------|------------|---------------------------|----------------|
|------------|------------|------------|------------|------------|---------------------------|----------------|

Statements of Income

| Revenue | | | | | | | |
|---|---------|---------|---------|---------|---------|------|---------|
| Premium income | | | | | | | |
| Gross premiums | 2,515 | 2,652 | 2,517 | 3,021 | 2,518 | 0% | 10,708 |
| Premiums ceded to reinsurers | (1,292) | (1,391) | (1,304) | (1,757) | (1,284) | 1% | (5,736) |
| Investment income | | | | | | 4% | 3,936 |
| Other revenue | 816 | 799 | 924 | 937 | 820 | 0% | 3,480 |
| Subtotal revenue | | | | | | 1% | 12,390 |
| Realized/ unrealized gains on invested assets supporting insurance and investment contract liabilities ² | 334 | (4,597) | 910 | 2,208 | 1,796 | -81% | 317 |
| Total revenue | | | | | | -30% | 12,707 |
| Contract benefits and expenses | | | | | | | |
| To contract holders and beneficiaries | | | | | | | |
| Gross benefits and claims paid and change in insurance contract liabilities ³ | 2,929 | (1,676) | 3,467 | 4,937 | 3,917 | -25% | 10,645 |
| Ceded benefits and expenses and change in reinsurance assets | (964) | (1,098) | (1,070) | (1,108) | (1,021) | -6% | (4,297) |
| Change in investment contract liabilities | 12 | 8 | 12 | (36) | 54 | -78% | 38 |
| General expenses | 453 | 488 | 450 | 448 | 420 | 8% | 1,806 |
| Investment expenses | 160 | 158 | 155 | 149 | 139 | 15% | 601 |
| Commissions | 472 | 459 | 407 | 403 | 404 | 17% | 1,673 |
| Other | 118 | 137 | 137 | 138 | 92 | 28% | 504 |
| Total contract benefits and expenses | | | | | | -21% | 10,970 |
| Income (loss) before income taxes | 166 | 62 | 471 | 423 | 781 | -79% | 1,737 |
| Income tax (expense) recovery | (11) | 100 | (69) | (87) | (194) | -94% | (250) |
| Net income (loss) | | | | | | -74% | 1,487 |
| Less net income (loss) attributed to participating policyholders | (33) | 70 | (33) | (23) | (13) | 154% | 1 |
| Net income (loss) attributed to shareholders ³ | | | | | | -69% | 1,486 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment.

² For fixed income assets supporting insurance and investment contract liabilities, equities supporting pass through products and derivatives related to variable annuity hedging programs, the impact of realized/unrealized gains (losses) on the assets is largely offset in the change in actuarial liabilities, included in contract benefits.

³ See the Q1 press release for a description of Q1 2017 results compared to Q1 2016.

Earnings Analysis ²

| | | | | | | | | |
|---|------|-------|------|------|------|------|-------|--|
| Earnings Analysis | | | | | | | | |
| Total core earnings (loss) | 319 | 359 | 354 | 333 | 338 | -6% | 1,384 | |
| Investment gains related to fixed income trading, market value increases in excess of expected alternative assets investment returns, asset mix changes | (38) | 17 | 35 | (88) | (78) | -51% | (114) | |
| Total core earnings and investment related gains | 281 | 376 | 389 | 245 | 260 | 8% | 1,270 | |
| Items excluded from core earnings | | | | | | | | |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities ⁴ | (83) | (266) | 60 | 130 | 346 | - | 270 | |
| Integration and acquisition costs | (10) | (18) | (14) | (16) | (6) | 67% | (54) | |
| Total shareholders' net income (loss) | 188 | 92 | 435 | 359 | 600 | -69% | 1,486 | |

⁴ Segregated fund products include guarantees. These products are also referred to as variable annuities.

CANADIAN DIVISION (CONT'D)¹

(Canadian \$ millions, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Source of Earnings

| | | | | | | | |
|---|-------|-------|------|------|-------|------|-------|
| Expected profit from in-force business | 423 | 376 | 388 | 364 | 366 | 16% | 1,494 |
| Impact of new business | (27) | (43) | (41) | (49) | (44) | -39% | (177) |
| Experience gains (losses) | (255) | (444) | 80 | 70 | 397 | - | 103 |
| Management actions and changes in assumptions | (13) | 2 | 4 | (19) | (8) | 63% | (21) |
| Earnings on surplus funds | 92 | 88 | 88 | 89 | 88 | 5% | 353 |
| Other | (21) | 13 | (15) | (9) | (5) | 320% | (16) |
| Income (loss) before income taxes | 199 | (8) | 504 | 446 | 794 | -75% | 1,736 |
| Income tax (expense) recovery | (11) | 100 | (69) | (87) | (194) | -94% | (250) |
| Net income (loss) attributed to shareholders | 188 | 92 | 435 | 359 | 600 | -69% | 1,486 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment. The 2016 premiums and deposits, gross flows and assets under management have been restated to reflect the above mentioned changes.

Insurance Sales

| | | | | | | | |
|------------------------------|-----|-----|-----|-----|-----|------|-----|
| Retail Markets | 59 | 94 | 53 | 47 | 41 | 44% | 235 |
| Institutional Markets | 240 | 143 | 128 | 73 | 114 | 111% | 458 |
| Total insurance sales | 299 | 237 | 181 | 120 | 155 | 93% | 693 |

Wealth and Asset Management Gross Flows

| | | | | | | | |
|---|-------|-------|-------|-------|-------|-----|--------|
| Mutual funds and other funds gross deposits ² | 2,798 | 2,487 | 2,761 | 2,367 | 2,355 | 19% | 9,970 |
| Less: Investments in mutual funds from proprietary group segregated fund products | (39) | (41) | (52) | (40) | (40) | -3% | (173) |
| Group Retirement Solutions | 2,015 | 1,612 | 1,890 | 1,874 | 1,850 | 9% | 7,226 |
| Institutional Advisory Accounts | 1,784 | 5,581 | 616 | 530 | 907 | 97% | 7,634 |
| Total wealth and asset management gross flows | 6,558 | 9,639 | 5,215 | 4,731 | 5,072 | 29% | 24,657 |

Other Wealth Sales excluding Manulife Bank

| | | | | | | | |
|--|-----|-----|-----|-----|-----|------|-------|
| Retail segregated fund products ³ | 719 | 589 | 559 | 604 | 751 | -4% | 2,503 |
| Fixed products | 145 | 151 | 160 | 212 | 193 | -25% | 716 |
| Total other wealth sales | 864 | 740 | 719 | 816 | 944 | -8% | 3,219 |

Investments in mutual funds from proprietary products included above - for reference only

| | | | | | | | |
|--|-----|-----|-----|-----|-----|----|-------|
| Retail segregated fund products ³ | 659 | 627 | 821 | 523 | 655 | 1% | 2,626 |
|--|-----|-----|-----|-----|-----|----|-------|

Pension⁴ Sales - for reference only

| | | | | | | | |
|----------------------------|-----|-----|-----|-----|-----|-----|-------|
| Group Retirement Solutions | 504 | 314 | 679 | 520 | 340 | 48% | 1,853 |
|----------------------------|-----|-----|-----|-----|-----|-----|-------|

Premiums and Deposits

| | | | | | | | |
|---|-------|--------|-------|-------|-------|-----|---------|
| Premiums and investment contract deposits | 1,234 | 1,267 | 1,234 | 1,320 | 1,260 | -2% | 5,081 |
| Mutual funds and other funds gross deposits ² | 2,798 | 2,487 | 2,761 | 2,367 | 2,355 | 19% | 9,970 |
| Less: Investments in mutual funds from proprietary segregated fund products | (698) | (668) | (872) | (564) | (695) | 0% | (2,799) |
| Segregated fund deposits | 2,734 | 2,202 | 2,450 | 2,479 | 2,602 | 5% | 9,733 |
| ASO premium equivalents | 842 | 833 | 748 | 869 | 868 | -3% | 3,318 |
| Group Benefits ceded premiums | 1,038 | 1,095 | 1,058 | 1,506 | 1,034 | 0% | 4,693 |
| Institutional Advisory Accounts | 1,784 | 5,581 | 616 | 530 | 907 | 97% | 7,634 |
| Total premiums and deposits | 9,732 | 12,797 | 7,995 | 8,507 | 8,331 | 17% | 37,630 |

² Mutual funds and other funds gross deposits includes investments from proprietary segregated fund products.

³ Retail segregated fund products include guarantees. These products are also referred to as variable annuities.

⁴ Pension sales represent both new regular premiums and deposits and single premiums sales. New regular premiums and deposits reflect an estimate of expected deposits in the first year of the plan with the Company. Single premium sales reflect the assets transferred from the previous plan provider. Pension sales also include sales of Group Retirement Solutions Other Wealth products.

CANADIAN DIVISION (CONT'D)¹

(Canadian \$ millions, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Premiums and Deposits by Business

| | | | | | | | |
|--|--------------|---------------|--------------|--------------|--------------|------------|---------------|
| Retail Markets | 679 | 697 | 661 | 655 | 628 | 8% | 2,641 |
| Institutional Markets | 2,290 | 2,348 | 2,221 | 2,828 | 2,342 | -2% | 9,739 |
| Insurance | 2,969 | 3,045 | 2,882 | 3,483 | 2,970 | 0% | 12,380 |
| Wealth and asset management | 6,558 | 9,639 | 5,215 | 4,731 | 5,072 | 29% | 24,657 |
| Retail segregated fund products ² | 719 | 589 | 559 | 604 | 751 | -4% | 2,503 |
| Fixed products | 145 | 151 | 160 | 212 | 193 | -25% | 716 |
| Other wealth | 864 | 740 | 719 | 816 | 944 | -8% | 3,219 |
| Less: Investments in mutual funds from proprietary retail segregated fund products | (659) | (627) | (821) | (523) | (655) | 1% | (2,626) |
| Total premiums and deposits | 9,732 | 12,797 | 7,995 | 8,507 | 8,331 | 17% | 37,630 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment. The 2016 premiums and deposits, gross flows and assets under management have been restated to reflect the above mentioned changes.

² Retail segregated fund products include guarantees. These products are also referred to as variable annuities.

Assets Under Management

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|-----------|----------------|
| General fund, excluding Manulife Bank net lending assets | 93,235 | 90,972 | 94,558 | 92,994 | 88,748 | 5% | 90,972 |
| Manulife Bank net lending assets | 19,618 | 19,455 | 19,505 | 19,598 | 19,473 | 1% | 19,455 |
| Segregated funds | 99,126 | 97,220 | 97,191 | 93,767 | 91,775 | 8% | 97,220 |
| Mutual funds and other funds, including assets held by segregated funds | 52,013 | 50,177 | 49,781 | 47,280 | 45,402 | 15% | 50,177 |
| Less: Mutual funds held by proprietary segregated fund products | (23,598) | (22,983) | (23,019) | (22,230) | (21,596) | 9% | (22,983) |
| Institutional Advisory Accounts | 29,529 | 28,419 | 24,522 | 24,314 | 23,106 | 28% | 28,419 |
| Total assets under management | 269,923 | 263,260 | 262,538 | 255,723 | 246,908 | 9% | 263,260 |

Assets Under Management

| | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|-----------|----------------|
| Insurance | 63,043 | 62,009 | 63,632 | 62,045 | 60,385 | 4% | 62,009 |
| Wealth and asset management ³ | 143,471 | 138,888 | 134,146 | 128,898 | 124,399 | 15% | 138,888 |
| Manulife Bank net lending assets | 19,618 | 19,455 | 19,504 | 19,598 | 19,473 | 1% | 19,455 |
| Other wealth, excluding Manulife Bank net lending assets | 66,038 | 64,563 | 66,955 | 66,148 | 63,095 | 5% | 64,563 |
| Less: Mutual funds held by proprietary retail segregated fund products | (22,247) | (21,655) | (21,699) | (20,966) | (20,444) | 9% | (21,655) |
| Total assets under management | 269,923 | 263,260 | 262,538 | 255,723 | 246,908 | 9% | 263,260 |

³ Wealth & asset management includes investments from proprietary retail segregated funds.

Changes in Assets Under Management

| | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|-----------|----------------|
| Beginning balance | 263,260 | 262,538 | 255,723 | 246,908 | 242,332 | 9% | 242,332 |
| Premiums and deposits | 7,852 | 10,869 | 6,189 | 6,132 | 6,429 | 22% | 29,619 |
| Investment income (loss) ⁴ | 5,861 | (3,191) | 7,003 | 6,067 | 1,764 | 232% | 11,643 |
| Mutual fund withdrawals | (1,647) | (1,190) | (916) | (981) | (1,103) | 49% | (4,190) |
| Other benefits and withdrawals | (3,901) | (5,062) | (4,209) | (3,998) | (4,636) | -16% | (17,905) |
| Other ⁵ | (1,502) | (704) | (1,252) | 1,595 | 2,122 | - | 1,761 |
| Ending balance | 269,923 | 263,260 | 262,538 | 255,723 | 246,908 | 9% | 263,260 |

⁴ Investment income (loss) consists of gross investment income for the general fund and interest, dividends and net realized and unrealized gains and losses for the mutual, segregated funds and other funds.

⁵ Other is comprised of all changes to the statement of income and the statement of financial position that are not specifically identified in the roll forward. These include general expenses, investment expenses, taxes, changes in receivables and payables, transfers to/from other business units, changes in allocated capital, and net movement in Manulife Bank deposits.

U.S. DIVISION ¹

(U.S. \$ in millions, unless otherwise stated, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Statements of Income

| | | | | | | | |
|--|-------|---------|-------|-------|-------|------|---------|
| Revenue | | | | | | | |
| Premium income | | | | | | | |
| Gross premiums | 1,806 | 1,999 | 1,934 | 1,744 | 1,767 | 2% | 7,444 |
| Premiums ceded to reinsurers | (434) | (483) | (437) | (423) | (814) | -47% | (2,157) |
| Investment income | 1,374 | 1,428 | 1,328 | 1,304 | 1,186 | 16% | 5,246 |
| Other revenue | 1,183 | 908 | 1,160 | 1,089 | 1,066 | 11% | 4,223 |
| Subtotal revenue | 3,929 | 3,852 | 3,985 | 3,714 | 3,205 | 23% | 14,756 |
| Realized/ unrealized gains (losses) on invested assets supporting insurance and investment contract liabilities ² | (135) | (7,241) | 231 | 3,726 | 4,074 | - | 790 |
| Total revenue | 3,794 | (3,389) | 4,216 | 7,440 | 7,279 | -48% | 15,546 |
| Contract benefits and expenses | | | | | | | |
| To contract holders and beneficiaries | | | | | | | |
| Gross benefits and claims paid and change in insurance contract liabilities ² | 1,467 | (3,757) | 3,106 | 6,896 | 6,721 | -78% | 12,966 |
| Ceded benefits and expenses and change in reinsurance assets | 352 | (529) | (629) | (921) | (662) | - | (2,741) |
| Change in investment contract liabilities | 12 | 12 | 12 | 13 | 12 | 0% | 49 |
| General expenses | 454 | 396 | 471 | 364 | 358 | 27% | 1,589 |
| Investment expenses | 222 | 266 | 212 | 220 | 207 | 7% | 905 |
| Commissions | 436 | 424 | 431 | 390 | 378 | 15% | 1,623 |
| Other | 22 | 58 | 38 | 33 | 31 | -29% | 160 |
| Total contract benefits and expenses | 2,965 | (3,130) | 3,641 | 6,995 | 7,045 | -58% | 14,551 |
| Income (loss) before income taxes | 829 | (259) | 575 | 445 | 234 | 254% | 995 |
| Income tax (expense) recovery | (249) | 204 | (147) | (129) | (58) | 329% | (130) |
| Net income (loss) attributed to shareholders ³ | 580 | (55) | 428 | 316 | 176 | 230% | 865 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment.² For fixed income assets supporting insurance and investment contract liabilities, equities supporting pass through products and derivatives related to variable annuity hedging programs, the impact of realized/unrealized gains (losses) on the assets is largely offset in the change in actuarial liabilities, included in contract benefits. The gains (losses) primarily relate to fair value movements on bonds and derivatives.³ See the Q1 press release for a description of Q1 2017 results compared to Q1 2016.**Earnings Analysis**

| | | | | | | | |
|---|-----|-------|------|------|-------|-------|-------|
| Total core earnings (loss) | 389 | 353 | 302 | 280 | 283 | 37% | 1,218 |
| Investment gains related to fixed income trading, market value increases in excess of expected alternative assets investment returns, asset mix changes | 23 | 73 | 147 | 72 | (170) | - | 122 |
| Total core earnings and investment related gains | 412 | 426 | 449 | 352 | 113 | 265% | 1,340 |
| Items excluded from core earnings | | | | | | | |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 168 | (467) | 55 | (36) | 60 | 180% | (388) |
| Integration and acquisition costs | - | (1) | (3) | - | (3) | - | (7) |
| Intangibles write-off (LTC, Annuities) | - | - | (74) | - | - | - | (74) |
| Other | - | (13) | 1 | - | 6 | -100% | (6) |
| Total shareholders' net income (loss) | 580 | (55) | 428 | 316 | 176 | 230% | 865 |

U.S. DIVISION (CONT'D)¹

(U.S. \$ in millions, unless otherwise stated, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

U.S. INSURANCE
Source of Earnings

| | | | | | | | |
|---|-------------|-------------|------------|------------|------------|-------|------------|
| Expected profit from in-force business | 213 | 198 | 203 | 181 | 185 | 15% | 767 |
| Impact of new business | 10 | 20 | 3 | 11 | 15 | -33% | 49 |
| Experience gains (losses) | (371) | (321) | 321 | 52 | (99) | 275% | (47) |
| Management actions and changes in assumptions | - | (8) | (117) | - | 37 | -100% | (88) |
| Earnings on surplus funds | 80 | 69 | 69 | 69 | 69 | 16% | 276 |
| Other | 8 | 11 | (18) | 1 | (6) | - | (12) |
| Income (loss) before income taxes | (60) | (31) | 461 | 314 | 201 | - | 945 |
| Income tax (expense) recovery | 39 | 50 | (140) | (110) | (70) | - | (270) |
| Net income (loss) attributed to shareholders | (21) | 19 | 321 | 204 | 131 | - | 675 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment. The 2016 premiums and deposits, gross flows and assets under management and administration have been restated to reflect the above mentioned changes.

U.S. WEALTH AND ASSET MANAGEMENT AND U.S. OTHER WEALTH
Source of Earnings

| | | | | | | | |
|---|------------|--------------|------------|------------|-----------|------|------------|
| Expected profit from in-force business | 243 | 223 | 221 | 242 | 227 | 7% | 913 |
| Impact of new business | (66) | (47) | (47) | (49) | (49) | 35% | (192) |
| Experience gains (losses) | 677 | (436) | (90) | (95) | (151) | - | (772) |
| Management actions and changes in assumptions | (1) | - | (3) | - | (26) | -96% | (29) |
| Earnings on surplus funds | 35 | 31 | 32 | 32 | 31 | 13% | 126 |
| Other | 1 | 1 | 1 | 1 | 1 | 0% | 4 |
| Income (loss) before income taxes | 889 | (228) | 114 | 131 | 33 | nm | 50 |
| Income tax (expense) recovery | (288) | 154 | (7) | (19) | 12 | - | 140 |
| Net income (loss) attributed to shareholders | 601 | (74) | 107 | 112 | 45 | nm | 190 |

Source of Earnings

| | | | | | | | |
|---|------------|--------------|------------|------------|------------|------|------------|
| Expected profit from in-force business | 456 | 421 | 424 | 423 | 412 | 11% | 1,680 |
| Impact of new business | (56) | (27) | (44) | (38) | (34) | 65% | (143) |
| Experience gains (losses) | 306 | (757) | 231 | (43) | (250) | - | (819) |
| Management actions and changes in assumptions | (1) | (8) | (120) | - | 11 | - | (117) |
| Earnings on surplus funds | 115 | 100 | 101 | 101 | 100 | 15% | 402 |
| Other | 9 | 12 | (17) | 2 | (5) | - | (8) |
| Income (loss) before income taxes | 829 | (259) | 575 | 445 | 234 | 254% | 995 |
| Income tax (expense) recovery | (249) | 204 | (147) | (129) | (58) | 329% | (130) |
| Net income (loss) attributed to shareholders | 580 | (55) | 428 | 316 | 176 | 230% | 865 |

Insurance Sales

| | | | | | | | |
|------------------------------|------------|------------|------------|------------|------------|-------|------------|
| JH Life | 113 | 112 | 102 | 98 | 105 | 8% | 417 |
| JH Long-Term Care | - | 8 | 8 | 9 | 17 | -100% | 42 |
| Total Insurance Sales | 113 | 120 | 110 | 107 | 122 | -7% | 459 |

Wealth and Asset Management Gross Flows (Premiums and Deposits)

| | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|-----|---------------|
| JH Investments | 8,034 | 6,580 | 6,008 | 6,488 | 7,092 | 13% | 26,168 |
| JH Retirement Plan Services | 6,560 | 5,582 | 6,812 | 5,184 | 5,618 | 17% | 23,196 |
| Institutional Advisory Accounts | 1,180 | 737 | 377 | 980 | 1,193 | -1% | 3,287 |
| Total wealth and asset management gross flows | 15,774 | 12,899 | 13,197 | 12,652 | 13,903 | 13% | 52,651 |

Pension Sales² - for reference only

| | | | | | | | |
|-----------------------------|-------|-------|-------|-------|-------|-----|-------|
| JH Retirement Plan Services | 2,405 | 2,847 | 3,311 | 1,728 | 1,626 | 48% | 9,512 |
|-----------------------------|-------|-------|-------|-------|-------|-----|-------|

² Pension sales include both new regular premiums and deposits and single premiums sales. New regular premiums and deposits reflect an estimate of expected deposits in the first year of the plan with the Company. Single premium sales reflect the assets transferred from the previous plan provider.

U.S. DIVISION (CONT'D)¹

(U.S. \$ in millions, unless otherwise stated, Unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Premiums and Deposits

| | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|------------|---------------|
| Premiums and investment contract deposits | 1,372 | 1,516 | 1,497 | 1,321 | 953 | 44% | 5,287 |
| Segregated fund deposits | 4,375 | 3,754 | 3,752 | 3,619 | 3,860 | 13% | 14,985 |
| Mutual fund deposits | 10,580 | 8,780 | 9,421 | 8,396 | 9,169 | 15% | 35,766 |
| Institutional Advisory Accounts | 1,180 | 737 | 377 | 980 | 1,193 | -1% | 3,287 |
| Total premiums and deposits | 17,507 | 14,787 | 15,047 | 14,316 | 15,175 | 15% | 59,325 |

Premiums and Deposits - Insurance

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|-----------|--------------|
| JH Life | 982 | 1,091 | 1,088 | 927 | 932 | 5% | 4,038 |
| JH Long-Term Care | 556 | 574 | 553 | 543 | 531 | 5% | 2,201 |
| Total premiums and deposits - insurance | 1,538 | 1,665 | 1,641 | 1,470 | 1,463 | 5% | 6,239 |

Premiums and Deposits - Other Wealth

| | | | | | | | |
|---|------------|------------|------------|------------|--------------|----------|------------|
| JH Annuities | 195 | 223 | 209 | 194 | (191) | - | 435 |
| Total premiums and deposits - other wealth | 195 | 223 | 209 | 194 | (191) | - | 435 |

Assets Under Management and Administration

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|------------|----------------|
| Assets Under Management | | | | | | | |
| General fund | 113,559 | 113,437 | 119,775 | 117,910 | 112,715 | 1% | 113,437 |
| Segregated funds ² | 147,565 | 142,548 | 144,258 | 140,596 | 139,785 | 6% | 142,548 |
| Mutual funds ² and other funds | 93,169 | 88,993 | 87,525 | 85,209 | 84,203 | 11% | 88,993 |
| Institutional Advisory Accounts | 24,675 | 23,375 | 23,997 | 24,255 | 23,687 | 4% | 23,375 |
| Total assets under management | 378,968 | 368,353 | 375,555 | 367,970 | 360,390 | 5% | 368,353 |
| Assets under administration | 63,558 | 61,396 | 60,778 | 57,551 | 55,553 | 14% | 61,396 |
| Total assets under management and administration | 442,526 | 429,749 | 436,333 | 425,521 | 415,943 | 6% | 429,749 |

Assets Under Management and Administration

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|------------|----------------|
| Assets Under Management | | | | | | | |
| Insurance | 109,510 | 107,136 | 110,178 | 107,115 | 102,972 | 6% | 107,136 |
| Wealth and asset management | 204,758 | 195,579 | 195,318 | 190,175 | 187,526 | 9% | 195,579 |
| Other wealth | 64,700 | 65,638 | 70,059 | 70,680 | 69,892 | -7% | 65,638 |
| Total assets under management | 378,968 | 368,353 | 375,555 | 367,970 | 360,390 | 5% | 368,353 |
| Assets under administration | 63,558 | 61,396 | 60,778 | 57,551 | 55,553 | 14% | 61,396 |
| Total assets under management and administration | 442,526 | 429,749 | 436,333 | 425,521 | 415,943 | 6% | 429,749 |

Changes in Assets Under Management and Administration

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|-----------|----------------|
| Beginning balance | 429,749 | 436,333 | 425,521 | 415,943 | 411,602 | 4% | 411,602 |
| Premiums and deposits | 17,507 | 14,787 | 15,047 | 14,316 | 15,175 | 15% | 59,325 |
| Investment income (loss) ³ | 14,182 | (2,807) | 12,391 | 10,862 | 5,733 | 147% | 26,179 |
| JH Investment withdrawals | (7,507) | (7,208) | (6,549) | (6,804) | (6,682) | 12% | (27,243) |
| Retirement Plan Services withdrawals | (5,955) | (6,503) | (5,862) | (5,341) | (6,233) | -4% | (23,939) |
| Exchange traded fund net flows ⁴ | 79 | - | - | - | - | - | - |
| Other benefits and withdrawals | (3,769) | (3,676) | (3,852) | (3,284) | (3,236) | 16% | (14,048) |
| Other ⁵ | (1,760) | (1,177) | (363) | (171) | (416) | 323% | (2,127) |
| Ending balance | 442,526 | 429,749 | 436,333 | 425,521 | 415,943 | 6% | 429,749 |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment. The 2016 premiums and deposits, gross flows and assets under management and administration have been restated to reflect the above mentioned changes.

² Includes ETF assets

³ Investment income (loss) consists of gross investment income for the general fund and interest, dividends and net realized and unrealized gains and losses for the segregated funds and other funds.

⁴ Excludes ETFs that are not part of the WAM segment. The ETFs held in other wealth segments are included in 'premiums and deposits' and 'other benefits and withdrawals'.

⁵ Other is comprised of all changes to the statement of income and the statement of financial position that are not specifically identified in the roll forward. These include general expenses, investment expenses, taxes, changes in receivables and payables, transfers to/from other business units and changes in allocated capital.

Canadian \$ in millions - Key Metrics

| | | | | | | | |
|---|---------|---------|---------|---------|---------|------|---------|
| Sales - Insurance | 150 | 159 | 144 | 138 | 167 | -10% | 608 |
| Gross Flows - Wealth and asset management ¹ | 20,882 | 17,213 | 17,222 | 16,307 | 19,081 | 9% | 69,823 |
| Net income (loss) attributed to shareholders | 768 | (73) | 559 | 407 | 241 | 219% | 1,134 |
| Total premiums and deposits ¹ | 23,176 | 19,732 | 19,635 | 18,457 | 20,823 | 11% | 78,647 |
| Total assets under management and administration ¹ | 589,563 | 576,998 | 572,315 | 553,560 | 539,484 | 9% | 576,998 |

CORPORATE AND OTHER¹

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Statements of Income

| | | | | | | | |
|---|-------|-------|-------|-------|-------|------|---------|
| Revenue | | | | | | | |
| Gross investment income before items below | 271 | 122 | 272 | 311 | 261 | 4% | 966 |
| Gains (losses) on AFS equities | 74 | 67 | 68 | 55 | 35 | 111% | 225 |
| Gains (losses) on AFS bonds and related derivative positions | (6) | (180) | 336 | 56 | 300 | - | 512 |
| Gains (losses) on macro hedges | (46) | (143) | (244) | (78) | (88) | -48% | (553) |
| Interest on surplus funds allocated to divisions | (285) | (260) | (256) | (254) | (263) | 8% | (1,033) |
| Other revenue | (188) | 103 | 54 | 82 | 303 | - | 542 |
| Total revenue, net | (180) | (291) | 230 | 172 | 548 | - | 659 |
| Contract benefits and expenses | | | | | | | |
| General expenses | 127 | 271 | 258 | 275 | 278 | -54% | 1,082 |
| Investment expenses, net | (128) | (80) | (79) | (56) | (71) | 80% | (286) |
| Changes in actuarial methods and assumptions | - | 14 | 614 | 16 | (38) | - | 606 |
| Other | 143 | 99 | 119 | 105 | 337 | -58% | 660 |
| Total contract benefits and expenses | 142 | 304 | 912 | 340 | 506 | -72% | 2,062 |
| Income (loss) before income taxes | (322) | (595) | (682) | (168) | 42 | - | (1,403) |
| Income tax (expense) recovery | 104 | 174 | 236 | 53 | 16 | 550% | 479 |
| Net income (loss) | (218) | (421) | (446) | (115) | 58 | - | (924) |
| Less net income (loss) attributed to non-controlling interest | 1 | 5 | 27 | (1) | (3) | - | 28 |
| Net income (loss) attributed to shareholders - Corporate and Investments | (219) | (426) | (473) | (114) | 61 | - | (952) |
| Net income attributed to shareholders' for Reinsurance business | 26 | 39 | 35 | 24 | 22 | 18% | 120 |
| Net income (loss) attributed to shareholders² | (193) | (387) | (438) | (90) | 83 | - | (832) |

¹ Effective January 1, 2017, the operations of Manulife Asset Management are being reflected in the respective Divisional results. Previously, they were reported in the Corporate and Other segment. The 2016 premiums and deposits and assets under management have been restated to reflect the exclusion of MAM from the Corporate and Others results.

² See the Q1 press release for a description of Q1 2017 results compared to Q1 2016.

Earnings Analysis

| | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|
| Total core earnings (loss) | (141) | 69 | (146) | (203) | (193) | -27% | (473) |
| Investment-related experience including fixed income trading, market value increases in excess of expected alternative assets investment returns, asset mix changes and credit experience (excl. investment-related experience in core earnings) | (62) | (188) | (9) | 80 | (9) | 589% | (126) |
| Total core loss and investment related gains in excess of core investment gains | (203) | (119) | (155) | (123) | (202) | 0% | (599) |
| Items excluded from core loss | | | | | | | |
| Direct impact of equity markets and interest rates | 9 | (298) | 175 | 34 | 284 | -97% | 195 |
| Change in actuarial methods and assumptions (excl. URR changes) | - | (10) | (455) | - | 12 | -100% | (453) |
| Integration and acquisition costs | 1 | (2) | (3) | (1) | (2) | - | (8) |
| Other items | - | 42 | - | - | (9) | - | 33 |
| Net income (loss) attributed to shareholders | (193) | (387) | (438) | (90) | 83 | - | (832) |

Premiums and Deposits

| | | | | | | | |
|------------------------------------|----|----|----|----|----|-----|----|
| Premiums - Reinsurance business | 21 | 22 | 22 | 21 | 22 | -5% | 87 |
| Total premiums and deposits | 21 | 22 | 22 | 21 | 22 | -5% | 87 |

Assets Under Management

| | | | | | | | |
|---|---------|---------|---------|---------|---------|------|---------|
| General fund - Corporate and Investments ¹ | (4,777) | (5,174) | (9,365) | (7,735) | (5,412) | -12% | (5,174) |
| General fund - Reinsurance | 838 | 941 | 923 | 893 | 863 | -3% | 941 |
| Segregated funds - elimination of amounts held by the Company | (179) | (177) | (177) | (173) | (169) | 6% | (177) |
| Total assets under management | (4,118) | (4,410) | (8,619) | (7,015) | (4,718) | -13% | (4,410) |

Asset Information

INVESTED ASSETS - PORTFOLIO COMPOSITION

(Canadian \$ in millions, unaudited)

| | As at Q1 2017 | % | As at Q4 2016 | % | As at Q3 2016 | % | As at Q2 2016 | % | As at Q1 2016 | % |
|--|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|
| <i>Carrying value</i> | | | | | | | | | | |
| Cash and short-term securities | 16,011 | 4.9 % | 15,151 | 4.7 % | 18,179 | 5.6 % | 20,902 | 6.5 % | 17,864 | 5.9 % |
| Debt securities | | | | | | | | | | |
| Government | | | | | | | | | | |
| Canadian government & agency | 25,045 | 7.6 % | 24,745 | 7.7 % | 25,357 | 7.7 % | 25,284 | 7.9 % | 23,122 | 7.5 % |
| US government & agency | 26,313 | 8.0 % | 27,304 | 8.5 % | 30,044 | 9.1 % | 29,731 | 9.2 % | 28,989 | 9.4 % |
| Foreign governments & agency | 21,343 | 6.5 % | 20,941 | 6.5 % | 23,456 | 7.1 % | 23,042 | 7.2 % | 20,883 | 6.8 % |
| Corporate | 95,522 | 29.1 % | 92,415 | 28.8 % | 94,062 | 28.7 % | 90,802 | 28.1 % | 85,275 | 27.9 % |
| Securitized | | | | | | | | | | |
| CMBS | 711 | 0.2 % | 802 | 0.2 % | 864 | 0.3 % | 866 | 0.3 % | 799 | 0.3 % |
| RMBS | 70 | 0.0 % | 74 | 0.0 % | 79 | 0.0 % | 30 | 0.0 % | 63 | 0.0 % |
| ABS | 2,356 | 0.7 % | 2,341 | 0.7 % | 2,772 | 0.8 % | 2,157 | 0.7 % | 2,294 | 0.7 % |
| Total debt securities | 171,360 | 52.1 % | 168,622 | 52.4 % | 176,634 | 53.7 % | 171,912 | 53.4 % | 161,425 | 52.6 % |
| Private placement debt | 30,555 | 9.3 % | 29,729 | 9.3 % | 28,492 | 8.8 % | 26,869 | 8.4 % | 26,224 | 8.5 % |
| Mortgages | | | | | | | | | | |
| Commercial | | | | | | | | | | |
| Retail | 8,167 | 2.5 % | 8,200 | 2.5 % | 8,055 | 2.5 % | 7,811 | 2.4 % | 7,716 | 2.6 % |
| Office | 7,400 | 2.3 % | 7,324 | 2.3 % | 7,167 | 2.2 % | 7,204 | 2.2 % | 6,902 | 2.2 % |
| Multi family residential | 4,707 | 1.4 % | 4,806 | 1.5 % | 4,728 | 1.4 % | 4,475 | 1.4 % | 4,430 | 1.4 % |
| Industrial | 2,775 | 0.9 % | 2,834 | 0.9 % | 2,864 | 0.9 % | 2,846 | 0.9 % | 2,871 | 0.9 % |
| Other commercial | 2,598 | 0.8 % | 2,564 | 0.8 % | 2,544 | 0.8 % | 2,595 | 0.8 % | 2,610 | 0.9 % |
| Other mortgages | | | | | | | | | | |
| Manulife Bank single family residential | 17,809 | 5.4 % | 17,643 | 5.5 % | 17,672 | 5.2 % | 17,736 | 5.5 % | 17,597 | 5.7 % |
| Agriculture | 789 | 0.2 % | 822 | 0.2 % | 823 | 0.3 % | 839 | 0.3 % | 861 | 0.3 % |
| Total mortgages ¹ | 44,245 | 13.5 % | 44,193 | 13.7 % | 43,853 | 13.3 % | 43,506 | 13.5 % | 42,987 | 14.0 % |
| Policy loans | 5,999 | 1.9 % | 6,041 | 1.9 % | 5,952 | 1.8 % | 5,691 | 1.8 % | 5,675 | 1.9 % |
| Loans to bank clients | 1,737 | 0.6 % | 1,745 | 0.4 % | 1,770 | 0.4 % | 1,801 | 0.6 % | 1,822 | 0.6 % |
| Public equities | | | | | | | | | | |
| Par, equity-linked and pass-through | 14,098 | 4.3 % | 13,448 | 4.2 % | 11,559 | 3.5 % | 10,995 | 3.4 % | 10,309 | 3.4 % |
| Nonpar and surplus | 6,669 | 2.0 % | 6,048 | 1.9 % | 6,583 | 2.0 % | 6,087 | 1.9 % | 6,332 | 2.0 % |
| Total public equities | 20,767 | 6.3 % | 19,496 | 6.1 % | 18,142 | 5.5 % | 17,082 | 5.3 % | 16,641 | 5.4 % |
| Real estate & other invested assets | | | | | | | | | | |
| Alternative long-duration assets | | | | | | | | | | |
| Office | 9,512 | 2.9 % | 9,200 | 2.9 % | 9,091 | 2.7 % | 8,793 | 2.8 % | 10,370 | 3.4 % |
| Industrial | 977 | 0.3 % | 975 | 0.3 % | 944 | 0.3 % | 931 | 0.3 % | 908 | 0.3 % |
| Company use | 1,379 | 0.4 % | 1,376 | 0.4 % | 1,337 | 0.4 % | 1,319 | 0.4 % | 1,310 | 0.4 % |
| Other | 2,358 | 0.7 % | 2,581 | 0.8 % | 2,535 | 0.8 % | 2,342 | 0.7 % | 2,282 | 0.7 % |
| Total real estate | 14,226 | 4.3 % | 14,132 | 4.4 % | 13,907 | 4.2 % | 13,385 | 4.2 % | 14,870 | 4.8 % |
| Power & infrastructure | 6,728 | 2.0 % | 6,679 | 2.1 % | 6,236 | 2.0 % | 5,695 | 1.8 % | 5,127 | 1.8 % |
| Private equity | 4,815 | 1.4 % | 4,619 | 1.4 % | 4,373 | 1.3 % | 3,969 | 1.2 % | 3,743 | 1.2 % |
| Timberland | 3,848 | 1.2 % | 3,669 | 1.1 % | 3,593 | 1.1 % | 3,490 | 1.1 % | 3,426 | 1.1 % |
| Oil & gas | 2,180 | 0.7 % | 2,094 | 0.7 % | 2,016 | 0.6 % | 1,833 | 0.6 % | 1,593 | 0.5 % |
| Farmland | 1,315 | 0.4 % | 1,303 | 0.4 % | 1,293 | 0.4 % | 1,250 | 0.4 % | 1,143 | 0.4 % |
| Other | 510 | 0.2 % | 487 | 0.1 % | 477 | 0.1 % | 471 | 0.1 % | 418 | 0.1 % |
| Total alternative long-duration assets | 33,622 | 10.2 % | 32,983 | 10.2 % | 31,895 | 9.7 % | 30,093 | 9.4 % | 30,320 | 9.9 % |
| Leveraged leases | 3,370 | 1.0 % | 3,368 | 1.1 % | 3,312 | 1.0 % | 3,300 | 0.9 % | 3,353 | 1.0 % |
| Other | 571 | 0.2 % | 541 | 0.2 % | 527 | 0.2 % | 508 | 0.2 % | 516 | 0.2 % |
| Total real estate & other invested assets | 37,563 | 11.4 % | 36,892 | 11.5 % | 35,734 | 10.9 % | 33,901 | 10.5 % | 34,189 | 11.1 % |
| Total invested assets | 328,237 | 100.0 % | 321,869 | 100.0 % | 328,756 | 100.0 % | 321,664 | 100.0 % | 306,827 | 100.0 % |

¹ Includes government insured mortgages (\$8,122 or 18% as at March 31, 2017).

Fair value ²

| | | | | | |
|---|--------|--------|--------|--------|--------|
| Real estate | 15,380 | 15,280 | 15,039 | 14,506 | 15,959 |
| Total alternative long-duration assets | 35,140 | 34,474 | 33,301 | 31,507 | 31,705 |
| Total real estate & other invested assets | 39,081 | 38,383 | 37,140 | 35,315 | 35,574 |

² The fair values of real estate and other investments are disclosed in the table above since the changes in the fair value of those assets backing insurance and investment contract liabilities are reflected as earnings/charges through actuarial reserves.

INVESTED ASSETS - FIXED INCOME SECURITIES BY CREDIT QUALITY AND GEOGRAPHIC LOCATION

(Canadian \$ in millions, unaudited)

Debt Securities and Private Placement Portfolio by Credit Quality (at carrying value)

| | Credit Rating ¹ | NAIC designation | As at Q1 2017 | % | As at Q4 2016 | % | As at Q3 2016 | % | As at Q2 2016 | % | As at Q1 2016 | % |
|--------------------|----------------------------|------------------|---------------|------|---------------|------|---------------|------|---------------|------|---------------|------|
| Debt Securities | AAA | 1 | 40,189 | 24% | 41,466 | 25% | 43,569 | 24% | 43,699 | 25% | 43,050 | 27% |
| | AA | 1 | 24,136 | 14% | 23,355 | 14% | 24,042 | 14% | 23,283 | 14% | 20,606 | 13% |
| | A | 1 | 73,795 | 43% | 71,054 | 42% | 75,769 | 43% | 73,716 | 43% | 68,126 | 42% |
| | BBB | 2 | 29,357 | 17% | 28,968 | 17% | 29,659 | 17% | 27,854 | 16% | 26,439 | 16% |
| | BB | 3 | 3,424 | 2% | 3,407 | 2% | 3,191 | 2% | 2,912 | 2% | 2,651 | 2% |
| | B & lower, and unrated | 4 & below | 459 | 0% | 372 | 0% | 404 | 0% | 448 | 0% | 553 | 0% |
| | Total | | 171,360 | 100% | 168,622 | 100% | 176,634 | 100% | 171,912 | 100% | 161,425 | 100% |
| Private Placements | AAA | 1 | 1,120 | 4% | 1,086 | 4% | 1,037 | 4% | 995 | 4% | 961 | 4% |
| | AA | 1 | 4,368 | 14% | 4,466 | 15% | 4,303 | 15% | 3,573 | 13% | 3,579 | 14% |
| | A | 1 | 11,423 | 37% | 10,671 | 36% | 9,983 | 35% | 9,557 | 36% | 9,309 | 35% |
| | BBB | 2 | 11,736 | 39% | 11,606 | 39% | 11,204 | 39% | 10,811 | 40% | 10,395 | 40% |
| | BB | 3 | 1,008 | 3% | 936 | 3% | 999 | 4% | 1,073 | 4% | 1,150 | 4% |
| | B & lower, and unrated | 4 & below | 900 | 3% | 964 | 3% | 966 | 3% | 860 | 3% | 830 | 3% |
| | Total | | 30,555 | 100% | 29,729 | 100% | 28,492 | 100% | 26,869 | 100% | 26,224 | 100% |
| Total | AAA | 1 | 41,309 | 21% | 42,552 | 21% | 44,606 | 21% | 44,694 | 22% | 44,011 | 23% |
| | AA | 1 | 28,504 | 14% | 27,821 | 14% | 28,345 | 14% | 26,856 | 14% | 24,185 | 13% |
| | A | 1 | 85,218 | 42% | 81,725 | 41% | 85,752 | 42% | 83,273 | 42% | 77,435 | 41% |
| | BBB | 2 | 41,093 | 20% | 40,574 | 21% | 40,863 | 20% | 38,665 | 19% | 36,834 | 20% |
| | BB | 3 | 4,432 | 2% | 4,343 | 2% | 4,190 | 2% | 3,985 | 2% | 3,801 | 2% |
| | B & lower, and unrated | 4 & below | 1,359 | 1% | 1,336 | 1% | 1,370 | 1% | 1,308 | 1% | 1,383 | 1% |
| | Total | | 201,915 | 100% | 198,351 | 100% | 205,126 | 100% | 198,781 | 100% | 187,649 | 100% |

¹ The Company replicates exposure to specific issuers by selling credit protection via credit default swaps (CDS) to complement its cash bond investments. The Company does not use CDS to leverage its credit risk exposure and any CDS protection sold is backed by government security holdings. In order to reflect the actual credit exposure held by the Company, the credit quality carrying values have been adjusted to reflect the credit quality of the underlying issuers referenced in the CDS sold by the Company. At March 31, 2017, the Company had \$685 (December 31, 2016 : \$662) notional outstanding of CDS protection sold.

Debt Securities and Private Placement Portfolio by Geographic Location (at carrying value)

| | Country | As at Q1 2017 | % | As at Q4 2016 | % | As at Q3 2016 | % | As at Q2 2016 | % | As at Q1 2016 | % |
|--------------------|--------------|---------------|------|---------------|------|---------------|------|---------------|------|---------------|------|
| Debt Securities | U.S. | 75,018 | 44% | 74,747 | 44% | 78,472 | 44% | 76,663 | 44% | 73,324 | 45% |
| | Canada | 49,337 | 29% | 48,459 | 29% | 50,143 | 28% | 49,442 | 29% | 46,529 | 29% |
| | Europe | 4,476 | 2% | 4,490 | 3% | 4,599 | 3% | 4,566 | 3% | 4,593 | 3% |
| | Asia & Other | 42,529 | 25% | 40,926 | 24% | 43,420 | 25% | 41,241 | 24% | 36,979 | 23% |
| | Total | 171,360 | 100% | 168,622 | 100% | 176,634 | 100% | 171,912 | 100% | 161,425 | 100% |
| Private Placements | U.S. | 17,920 | 58% | 17,564 | 59% | 16,820 | 59% | 15,478 | 58% | 15,157 | 58% |
| | Canada | 9,413 | 31% | 9,112 | 31% | 8,765 | 31% | 8,716 | 32% | 8,327 | 32% |
| | Europe | 1,749 | 6% | 1,775 | 6% | 1,760 | 6% | 1,715 | 6% | 1,629 | 6% |
| | Asia & Other | 1,473 | 5% | 1,278 | 4% | 1,147 | 4% | 960 | 4% | 1,111 | 4% |
| | Total | 30,555 | 100% | 29,729 | 100% | 28,492 | 100% | 26,869 | 100% | 26,224 | 100% |
| Total | U.S. | 92,938 | 46% | 92,311 | 47% | 95,292 | 46% | 92,141 | 47% | 88,481 | 47% |
| | Canada | 58,750 | 29% | 57,571 | 29% | 58,908 | 29% | 58,158 | 29% | 54,856 | 29% |
| | Europe | 6,225 | 3% | 6,265 | 3% | 6,359 | 3% | 6,281 | 3% | 6,222 | 4% |
| | Asia & Other | 44,002 | 22% | 42,204 | 21% | 44,567 | 22% | 42,201 | 21% | 38,090 | 20% |
| | Total | 201,915 | 100% | 198,351 | 100% | 205,126 | 100% | 198,781 | 100% | 187,649 | 100% |

INVESTED ASSETS - FIXED INCOME SECURITIES BY SECTOR

(Canadian \$ in millions, unaudited)

Debt Securities and Private Placement Portfolio by Sector / Industry Holdings (at carrying value)

| | As at Q1 2017 | | | As at Q4 2016 | | | As at Q3 2016 | | | As at Q2 2016 | | | As at Q1 2016 | | | |
|--------------------|-----------------------------|----------------------------|-----|-------------------|----------------------------|-----|-------------------|----------------------------|-----|-------------------|----------------------------|-----|-------------------|----------------------------|-----|------|
| | Carrying value | Investment % grade % | | Carrying value | Investment % grade % | | Carrying value | Investment % grade % | | Carrying value | Investment % grade % | | Carrying value | Investment % grade % | | |
| Debt Securities | Government & agency | 72,701 | 42% | 97% | 72,990 | 43% | 98% | 78,857 | 45% | 98% | 78,057 | 45% | 98% | 72,994 | 45% | 98% |
| | Utilities | 23,504 | 14% | 99% | 23,015 | 14% | 99% | 23,735 | 13% | 99% | 23,517 | 14% | 99% | 21,642 | 13% | 99% |
| | Financial | 24,478 | 14% | 98% | 23,438 | 14% | 98% | 23,689 | 13% | 98% | 23,132 | 13% | 97% | 22,159 | 14% | 97% |
| | Energy | 14,422 | 8% | 96% | 14,104 | 8% | 96% | 13,942 | 8% | 96% | 13,170 | 8% | 96% | 11,756 | 7% | 96% |
| | Consumer (non-cyclical) | 9,262 | 5% | 98% | 8,882 | 5% | 98% | 9,043 | 5% | 100% | 8,587 | 5% | 100% | 8,295 | 5% | 100% |
| | Industrial | 10,935 | 6% | 99% | 10,594 | 6% | 99% | 10,794 | 6% | 99% | 10,243 | 6% | 100% | 9,646 | 6% | 100% |
| | Basic materials | 2,499 | 2% | 92% | 2,562 | 2% | 89% | 2,786 | 2% | 90% | 2,576 | 1% | 88% | 2,494 | 2% | 87% |
| | Consumer (cyclical) | 3,089 | 2% | 99% | 2,767 | 2% | 99% | 2,900 | 2% | 99% | 2,855 | 2% | 99% | 2,655 | 2% | 99% |
| | Securitized MBS/ABS | 3,137 | 2% | 99% | 3,217 | 2% | 99% | 3,715 | 2% | 99% | 3,053 | 2% | 99% | 3,156 | 2% | 98% |
| | Telecommunications | 3,174 | 2% | 99% | 3,049 | 2% | 99% | 3,102 | 2% | 99% | 2,865 | 2% | 99% | 3,017 | 2% | 99% |
| | Technology | 2,240 | 1% | 97% | 2,114 | 1% | 97% | 2,173 | 1% | 97% | 2,037 | 1% | 100% | 1,801 | 1% | 100% |
| | Media & internet | 1,097 | 1% | 100% | 1,104 | 1% | 100% | 1,155 | 1% | 100% | 1,110 | 1% | 100% | 1,187 | 1% | 100% |
| | Diversified & miscellaneous | 822 | 1% | 98% | 786 | 0% | 99% | 743 | 0% | 99% | 710 | 0% | 99% | 623 | 0% | 100% |
| Total | 171,360 | 100% | 98% | 168,622 | 100% | 98% | 176,634 | 100% | 98% | 171,912 | 100% | 98% | 161,425 | 100% | 98% | |
| Private Placements | Government & agency | 3,236 | 11% | 100% | 3,030 | 10% | 100% | 2,938 | 10% | 100% | 2,817 | 11% | 100% | 2,731 | 10% | 100% |
| | Utilities | 14,565 | 48% | 95% | 14,546 | 49% | 95% | 13,947 | 49% | 95% | 13,504 | 50% | 94% | 12,967 | 50% | 94% |
| | Financial | 1,688 | 5% | 93% | 1,589 | 5% | 96% | 1,668 | 6% | 96% | 1,617 | 6% | 96% | 1,758 | 7% | 96% |
| | Energy | 1,698 | 5% | 83% | 1,671 | 6% | 83% | 1,582 | 6% | 82% | 1,633 | 6% | 82% | 1,718 | 7% | 82% |
| | Consumer (non-cyclical) | 3,912 | 13% | 92% | 3,558 | 12% | 91% | 3,257 | 11% | 91% | 2,533 | 9% | 89% | 2,343 | 9% | 89% |
| | Industrial | 2,629 | 9% | 96% | 2,494 | 9% | 94% | 2,236 | 8% | 94% | 2,025 | 8% | 94% | 2,025 | 8% | 94% |
| | Basic materials | 799 | 3% | 84% | 825 | 3% | 84% | 879 | 3% | 85% | 863 | 3% | 84% | 835 | 3% | 84% |
| | Consumer (cyclical) | 1,511 | 5% | 87% | 1,489 | 5% | 87% | 1,496 | 5% | 88% | 1,488 | 6% | 88% | 1,513 | 6% | 87% |
| | Securitized MBS/ABS | 290 | 1% | 95% | 297 | 1% | 95% | 251 | 1% | 97% | 150 | 1% | 94% | 92 | 0% | 91% |
| | Telecommunications | 39 | 0% | 100% | 42 | 0% | 100% | 42 | 0% | 100% | 43 | 0% | 100% | 74 | 0% | 100% |
| | Technology | 117 | 0% | 66% | 117 | 0% | 66% | 115 | 1% | 66% | 114 | 0% | 67% | 113 | 0% | 67% |
| | Media & internet | 71 | 0% | 48% | 71 | 0% | 48% | 81 | 0% | 42% | 82 | 0% | 42% | 55 | 0% | 8% |
| | Diversified & miscellaneous | 0 | 0% | n/a | 0 | 0% | n/a | 0 | 0% | n/a | 0 | 0% | n/a | 0 | 0% | n/a |
| Total | 30,555 | 100% | 94% | 29,729 | 100% | 94% | 28,492 | 100% | 93% | 26,869 | 100% | 93% | 26,224 | 100% | 93% | |
| Total | Government & agency | 75,937 | 38% | 97% | 76,020 | 38% | 98% | 81,795 | 40% | 98% | 80,874 | 41% | 98% | 75,725 | 40% | 98% |
| | Utilities | 38,069 | 19% | 98% | 37,561 | 19% | 98% | 37,682 | 18% | 98% | 37,021 | 19% | 98% | 34,609 | 18% | 97% |
| | Financial | 26,166 | 13% | 98% | 25,027 | 13% | 98% | 25,357 | 12% | 98% | 24,749 | 12% | 97% | 23,917 | 13% | 97% |
| | Energy | 16,120 | 8% | 94% | 15,775 | 8% | 94% | 15,524 | 8% | 95% | 14,803 | 7% | 95% | 13,474 | 7% | 95% |
| | Consumer (non-cyclical) | 13,174 | 6% | 96% | 12,440 | 6% | 96% | 12,300 | 6% | 97% | 11,120 | 6% | 97% | 10,638 | 6% | 98% |
| | Industrial | 13,564 | 7% | 99% | 13,088 | 7% | 98% | 13,030 | 6% | 98% | 12,268 | 6% | 99% | 11,671 | 6% | 99% |
| | Basic materials | 3,298 | 2% | 90% | 3,387 | 2% | 88% | 3,665 | 2% | 89% | 3,439 | 2% | 87% | 3,329 | 2% | 86% |
| | Consumer (cyclical) | 4,600 | 2% | 95% | 4,256 | 2% | 95% | 4,396 | 2% | 95% | 4,343 | 2% | 95% | 4,168 | 2% | 95% |
| | Securitized MBS/ABS | 3,427 | 2% | 99% | 3,514 | 2% | 99% | 3,966 | 2% | 99% | 3,203 | 2% | 98% | 3,248 | 2% | 98% |
| | Telecommunications | 3,213 | 1% | 99% | 3,091 | 1% | 99% | 3,144 | 2% | 99% | 2,908 | 1% | 99% | 3,091 | 2% | 99% |
| | Technology | 2,357 | 1% | 96% | 2,231 | 1% | 95% | 2,288 | 1% | 95% | 2,151 | 1% | 98% | 1,914 | 1% | 98% |
| | Media & internet | 1,168 | 1% | 97% | 1,175 | 1% | 97% | 1,236 | 1% | 96% | 1,192 | 1% | 96% | 1,242 | 1% | 96% |
| | Diversified & miscellaneous | 822 | 0% | 98% | 786 | 0% | 99% | 743 | 0% | 99% | 710 | 0% | 99% | 623 | 0% | 100% |
| Total | 201,915 | 100% | 97% | 198,351 | 100% | 97% | 205,126 | 100% | 97% | 198,781 | 100% | 97% | 187,649 | 100% | 97% | |

INVESTED ASSETS - PROVISIONS, IMPAIRMENTS & UNREALIZED LOSSES

(Canadian \$ in millions, unaudited)

Unrealized (losses)

| | As at Q1 2017 | | | | As at Q4 2016 | | | | As at Q3 2016 | | | | As at Q2 2016 | | | | As at Q1 2016 | | | |
|---|----------------|------------------------------|-----------|-------------------------------|----------------|------------------------------|-----------|-------------------------------|----------------|------------------------------|-----------|-------------------------------|----------------|------------------------------|-----------|-----------------------------|----------------|------------------------------|-----------|-------------------------------|
| | Amortized cost | Gross unrealized (losses) \$ | % | Amounts < 80% cost > 6 months | Amortized cost | Gross unrealized (losses) \$ | % | Amounts < 80% cost > 6 months | Amortized cost | Gross unrealized (losses) \$ | % | Amounts < 80% cost > 6 months | Amortized cost | Gross unrealized (losses) \$ | % | Amounts 80% cost > 6 months | Amortized cost | Gross unrealized (losses) \$ | % | Amounts < 80% cost > 6 months |
| Debt securities | | | | | | | | | | | | | | | | | | | | |
| <i>Government</i> | 70,666 | (1,876) | 3% | (1) | 71,254 | (2,154) | 3% | (1) | 71,617 | (261) | 0% | (1) | 69,980 | (171) | 0% | (1) | 67,461 | (480) | 1% | (13) |
| <i>Corporate</i> | | | | | | | | | | | | | | | | | | | | |
| Financials | 23,504 | (131) | 1% | (15) | 22,593 | (183) | 1% | (15) | 22,131 | (62) | 0% | (28) | 21,588 | (74) | 0% | (34) | 20,934 | (102) | 0% | (26) |
| Non-financials | 67,270 | (626) | 1% | (5) | 65,549 | (831) | 1% | (14) | 63,455 | (261) | 0% | (46) | 61,207 | (331) | 1% | (45) | 59,050 | (840) | 1% | (40) |
| <i>Securitized</i> | | | | | | | | | | | | | | | | | | | | |
| CMBS | 711 | (3) | 0% | - | 804 | (6) | 1% | (2) | 857 | (4) | 0% | (2) | 855 | (3) | 0% | - | 792 | (3) | 0% | - |
| RMBS | 69 | - | 0% | - | 72 | - | 0% | - | 76 | - | 0% | - | 28 | - | 0% | - | 62 | (1) | 2% | - |
| ABS | 2,321 | (9) | 0% | - | 2,304 | (13) | 1% | - | 2,673 | (3) | 0% | - | 2,066 | (8) | 0% | - | 2,230 | (16) | 1% | - |
| Private placement debt | 30,555 | (290) | 1% | - | 29,729 | (322) | 1% | (3) | 28,492 | (76) | 0% | (1) | 26,869 | (125) | 0% | (4) | 26,224 | (252) | 1% | (8) |
| Fixed income securities ¹ | 195,096 | (2,935) | 2% | (21) | 192,305 | (3,509) | 2% | (35) | 189,301 | (667) | 0% | (78) | 182,593 | (712) | 0% | (84) | 176,753 | (1,694) | 1% | (87) |

¹ Gross unrealized losses consist of unrealized losses on AFS debt securities and private placements held at cost in the Corporate Surplus segments, as well as the difference between fair value and amortized cost on debt securities and private placements held in liability segments. Losses on AFS debt securities held in Surplus and on all private placements are realized upon sale or by credit impairment. However, for fixed income securities supporting CALM liabilities, losses are only realized upon credit impairment because unrealized gains and losses on debt securities, which impact net investment income, are largely offset by the changes in actuarial liabilities unless the security is credit impaired.

Provisions, impairments and recoveries ²

| | Q1 2017 | | | Q4 2016 | | | Q3 2016 | | | Q2 2016 | | | Q1 2016 | | |
|---|----------|------------|------------|------------|-------------|-------------|----------|-------------|-------------|----------|-------------|-------------|----------|-------------|-------------|
| | Par | Non-par | Total | Par | Non-par | Total | Par | Non-par | Total | Par | Non-par | Total | Par | Non-par | Total |
| Credit related | | | | | | | | | | | | | | | |
| Loans | - | 5 | 5 | - | (1) | (1) | (1) | 11 | 10 | - | 4 | 4 | - | (69) | (69) |
| Debt securities - FVTPL | 1 | - | 1 | (6) | (28) | (34) | 1 | 2 | 3 | 5 | 8 | 13 | - | (1) | (1) |
| Debt securities - AFS | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other ³ | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-total | 1 | 5 | 6 | (6) | (29) | (35) | - | 13 | 13 | 5 | 12 | 17 | - | (70) | (70) |
| Equity related | | | | | | | | | | | | | | | |
| Public - AFS | - | (4) | (4) | - | (5) | (5) | - | (14) | (14) | - | (20) | (20) | - | (10) | (10) |
| Private equities - AFS and Other ³ | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sub-total | - | (4) | (4) | - | (5) | (5) | - | (14) | (14) | - | (20) | (20) | - | (10) | (10) |
| Total | 1 | 1 | 2 | (6) | (34) | (40) | - | (1) | (1) | 5 | (8) | (3) | - | (80) | (80) |

² Includes net new (provisions) recoveries on loans and net (impairments) gains on sale on debt securities and other invested assets, including those held at fair value. Although GAAP does not require us to measure the impairment portion of unrealized losses on debt securities classified as FVTPL, we believe this is a key metric for our business.

³ Other credit related and equity related provisions, impairments and recoveries are included in investment income from Other Investments; please refer to the following page.

Net impaired fixed income assets

| | As at Q1 2017 | | | As at Q4 2016 | | | As at Q3 2016 | | | As at Q2 2016 | | | As at Q1 2016 | | |
|--|---------------|--------------|----------------|---------------|--------------|----------------|---------------|--------------|----------------|---------------|--------------|----------------|---------------|--------------|----------------|
| | Gross amount | Allowances | Impaired value | Gross amount | Allowances | Impaired value | Gross amount | Allowances | Impaired value | Gross amount | Allowances | Impaired value | Gross amount | Allowances | Impaired value |
| Loans | | | | | | | | | | | | | | | |
| Mortgages and loans to bank clients | 57 | (27) | 30 | 59 | (26) | 33 | 61 | (28) | 33 | 41 | (22) | 19 | 58 | (29) | 29 |
| Private placements | 138 | (74) | 64 | 244 | (92) | 152 | 248 | (91) | 157 | 222 | (110) | 112 | 221 | (109) | 112 |
| Sub-total | 195 | (101) | 94 | 303 | (118) | 185 | 309 | (119) | 190 | 263 | (132) | 131 | 279 | (138) | 141 |
| Other fixed income ⁴ | | | | | | | | | | | | | | | |
| Debt securities - FVTPL | 40 | - | 40 | 38 | - | 38 | 23 | - | 23 | 21 | - | 21 | 12 | - | 12 |
| Debt securities - AFS | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | 1 | - | 1 | 1 | - | 1 | 1 | - | 1 | 1 | - | 1 | 1 | - | 1 |
| Sub-total | 41 | - | 41 | 39 | - | 39 | 24 | - | 24 | 22 | - | 22 | 13 | - | 13 |
| Total | 236 | (101) | 135 | 342 | (118) | 224 | 333 | (119) | 214 | 285 | (132) | 153 | 292 | (138) | 154 |

⁴ Impairments of Other fixed income assets are charged directly to the carrying value of the asset. Accordingly, no allowances are shown against these assets.

INVESTMENT INCOME
(Canadian \$ in millions, unaudited)


| | Q1 2017 | | Q4 2016 | | Q3 2016 | | Q2 2016 | | Q1 2016 | |
|--|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|
| | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield | Amount | Yield |

Cash and short-term securities

| | | | | | | | | | | |
|-------------------|----|-----|----|-----|----|-----|----|-----|----|-----|
| Investment income | 42 | n/a | 23 | n/a | 32 | n/a | 32 | n/a | 36 | n/a |
|-------------------|----|-----|----|-----|----|-----|----|-----|----|-----|

Debt securities

| | | | | | | | | | | |
|--|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| Interest income | 1,406 | 3.5% | 1,440 | 3.7% | 1,420 | 3.7% | 1,369 | 3.7% | 1,409 | 3.8% |
| Recoveries (impairments), net ¹ | - | | (33) | | 3 | | 13 | | (1) | |
| Gains (losses) on assets backing surplus | (18) | | (75) | | 302 | | 25 | | 291 | |
| Total | 1,388 | 3.3% | 1,332 | 3.7% | 1,725 | 3.9% | 1,407 | 3.9% | 1,699 | 4.3% |

¹ Includes impairments on debt securities classified as AFS and FVTPL.

Public equities

| | | | | | | | | | | |
|--|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
| Dividend income | 124 | 2.5% | 231 | 3.5% | 110 | 2.9% | 149 | 3.1% | 102 | 2.5% |
| Impairments, net | (4) | | (5) | | (14) | | (19) | | (10) | |
| Gains (losses) on assets backing surplus | 74 | | 67 | | 68 | | 55 | | 35 | |
| Total | 194 | 3.9% | 293 | 4.5% | 164 | 3.8% | 185 | 3.8% | 127 | 3.2% |

Loans

| | | | | | | | | | | |
|---------------------------------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
| Mortgage loan interest income | 412 | 3.8% | 418 | 3.9% | 414 | 3.9% | 412 | 3.9% | 424 | 4.0% |
| Private placement interest income | 369 | 5.0% | 377 | 5.6% | 359 | 5.4% | 364 | 5.5% | 398 | 6.0% |
| Policy loan interest income | 92 | 6.1% | 96 | 6.1% | 89 | 6.0% | 86 | 4.7% | 87 | 4.6% |
| Loans to bank clients interest income | 16 | 3.7% | 17 | 3.9% | 17 | 3.9% | 17 | 3.9% | 17 | 3.9% |
| Recoveries (impairments), net | 5 | | (2) | | 10 | | 4 | | (69) | |
| Total | 894 | 4.5% | 906 | 4.6% | 889 | 4.6% | 883 | 4.4% | 857 | 4.3% |

Real estate

| | | | | | | | | | | |
|---------------------------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|------------|-------------|
| Rental and other income | 133 | 3.8% | 116 | 3.7% | 124 | 3.8% | 139 | 3.9% | 144 | 3.8% |
| Gains on assets backing surplus | (5) | | (7) | | 3 | | 45 | | (8) | |
| Total | 128 | 3.7% | 109 | 3.9% | 127 | 4.2% | 184 | 4.4% | 136 | 3.6% |

Other investments

| | | | | | | | | | | |
|-------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Investment income | 354 | n/a | 480 | n/a | 290 | n/a | 267 | n/a | 140 | n/a |
|-------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

Derivatives

| | | | | | | | | | | |
|-------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Investment income | 317 | n/a | 166 | n/a | 341 | n/a | 255 | n/a | 305 | n/a |
|-------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|

| | | | | | | | | | | |
|---------------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| Investment income ² | 3,317 | 4.2% | 3,309 | 4.3% | 3,568 | 4.5% | 3,213 | 4.4% | 3,300 | 4.4% |
|---------------------------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|

² Investment income includes dividends, interest, rental income and realized gains on assets supporting surplus, excluding the macro equity hedging program.

Realized and unrealized gains (losses) on assets supporting insurance and investment contract liabilities and on macro equity hedges

| | | | | | | | | | | |
|---|------------|------------|-----------------|------------|------------|------------|--------------|------------|--------------|------------|
| Debt securities | 548 | | (7,231) | | 297 | | 4,617 | | 3,979 | |
| Public equities | 702 | | 166 | | 616 | | 205 | | (2) | |
| Loans | (28) | | 132 | | 11 | | (53) | | 2 | |
| Real estate | 62 | | 12 | | 122 | | (38) | | 32 | |
| Other investments | (30) | | 209 | | 417 | | 261 | | (39) | |
| Derivatives, including macro equity hedging program | (664) | | (9,709) | | (692) | | 2,930 | | 4,890 | |
| Total | 590 | n/a | (16,421) | n/a | 771 | n/a | 7,922 | n/a | 8,862 | n/a |

| | | | | | | | | | | |
|--|--------------|-------------|-----------------|---------------|--------------|-------------|---------------|--------------|---------------|--------------|
| Total investment income (loss) | 3,907 | 4.9% | (13,112) | -15.2% | 4,339 | 5.6% | 11,135 | 16.1% | 12,162 | 16.8% |
| Investment expenses related to invested assets | (135) | n/a | (173) | n/a | (142) | n/a | (142) | n/a | (127) | n/a |
| Investment income (loss) less investment expenses | 3,772 | 4.8% | (13,285) | -15.4% | 4,197 | 5.5% | 10,993 | 15.1% | 12,035 | 16.6% |

Actuarial Liabilities Information

VARIABLE ANNUITY AND SEGREGATED FUND GUARANTEES

(Canadian \$millions, unaudited)

| | Guarantee Value | | | Net Amount at Risk ² | | | Policy Liabilities Held ^{3,5} | Target Capital (200 % of MCCSR) | Policy Liabilities Held plus Target Capital |
|----------------|------------------------------|---------------------|------------------------------------|---------------------------------|---------------------|------------------------------------|--|------------------------------------|--|
| | Gross Amount ⁴ | Amount Reinsured | Net of Reinsurance ¹ | Gross Amount ⁴ | Amount Reinsured | Net of Reinsurance ¹ | | | |
| Q1 2017 | 104,379 | 8,420 | 95,959 | 10,482 | 1,724 | 8,758 | 5,237 | 5,996 | 11,233 |
| Q4 2016 | 106,263 | 8,670 | 97,593 | 12,082 | 1,913 | 10,169 | 6,249 | 5,873 | 12,122 |
| Q3 2016 | 106,863 | 8,586 | 98,277 | 11,278 | 1,874 | 9,404 | 9,835 | 5,593 | 15,428 |
| Q2 2016 | 107,451 | 8,672 | 98,779 | 12,511 | 2,027 | 10,484 | 11,281 | 5,377 | 16,658 |
| Q1 2016 | 107,437 | 8,870 | 98,567 | 12,729 | 2,092 | 10,637 | 9,584 | 5,156 | 14,740 |

| As at Q1 2017 | Net of Reinsurance ¹ | | |
|--------------------------------|---------------------------------------|----------------------------------|--------------------------------------|
| | Total Guarantee Value ⁴ | Total Fund Value ⁴ | Net Amount at Risk ^{2,4} |
| U.S. | | | |
| Withdrawal Benefits | 46,264 | 40,285 | 6,240 |
| Income Benefits | 492 | 412 | 88 |
| Death Benefits | 4,340 | 4,906 | 498 |
| | 51,096 | 45,603 | 6,826 |
| Canada | | | |
| Withdrawal Benefits | 16,034 | 14,744 | 1,289 |
| Maturity Benefits | 15,090 | 15,079 | 10 |
| Death Benefits | 2,191 | 6,812 | 40 |
| | 33,315 | 36,635 | 1,339 |
| Japan | | | |
| Withdrawal Benefits | 4,488 | 4,238 | 263 |
| Maturity Benefits | 2,968 | 3,363 | 4 |
| Death Benefits | 1,046 | 995 | 28 |
| | 8,502 | 8,596 | 295 |
| Reinsurance & Other | 3,046 | 3,219 | 298 |

| Key markets, closing levels | S&P 500 | TSX | TOPIX | EAFE |
|--------------------------------|---------|--------|-------|-------|
| As at Q1 2017 | 2,363 | 15,548 | 1,513 | 1,793 |
| As at Q4 2016 | 2,239 | 15,288 | 1,519 | 1,684 |
| As at Q3 2016 | 2,168 | 14,724 | 1,323 | 1,702 |
| As at Q2 2016 | 2,099 | 14,065 | 1,246 | 1,608 |
| As at Q1 2016 | 2,060 | 13,494 | 1,347 | 1,652 |

¹ Net of amounts ceded to 3rd party reinsurers. Amounts reinsured include amounts covered under stop loss treaties as well as first dollar treaties. Some of the treaties include deductibles and claims limits.

² Net Amount at Risk is based on sum of excess of guarantee value over fund value only on contracts where amount at risk is currently positive.

³ Under Phase I of IFRS 4, former Canadian GAAP valuation practices continue to apply to insurance contracts. This requires that reserves for segregated fund and variable products have a Conditional Tail Expectation ("CTE") of between 60 and 80. We hold CTE(70) level policy liabilities for both unhedged business and dynamically hedged business.

⁴ Total Guarantee Value, Total Fund Value and Net Amount at Risk includes certain HK products which are classified as investment contracts under IFRS. There is no reinsurance or hedging for these products.

⁵ The policy liabilities are held within the insurance contract liabilities, investment contract liabilities and other liabilities, as applicable under IFRS and are shown net of reinsurance.

The net amount at risk is not currently payable. Guaranteed death benefits are contingent and only payable upon the eventual death of policyholders if fund values remain below guarantee values. Withdrawal, accumulation and income benefits are also contingent and only payable at scheduled maturity in the future, if the policyholders are still living and have not terminated their policies and fund values remain below guarantee values.

Guaranteed benefits in a single contract are frequently a combination of death benefit and living benefit (withdrawal / maturity / income).

Death benefit amounts shown reflect only stand alone death benefits plus any excess of death benefits over living benefits on contracts with both death and other benefit forms.

ACTUARIAL LIABILITIES - NEW BUSINESS VALUE

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

New Business Value (NBV)¹

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|--------------|
| Asia | | | | | | | |
| Hong Kong | 94 | 131 | 82 | 88 | 67 | 39% | 368 |
| Japan | 141 | 80 | 104 | 65 | 96 | 47% | 345 |
| Asia Other | 91 | 83 | 70 | 74 | 58 | 58% | 285 |
| Canadian | 66 | 48 | 39 | 35 | 47 | 40% | 169 |
| U.S. | 2 | 25 | 5 | 10 | 19 | -90% | 59 |
| Total | 394 | 367 | 300 | 272 | 287 | 37% | 1,226 |

¹ NBV is not calculated for Wealth & Asset Management business, Manulife Bank, Property & Casualty Reinsurance and GRS business.

REGULATORY CAPITAL

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 |
|--|------------|------------|------------|------------|------------|
|--|------------|------------|------------|------------|------------|

The Manufacturers Life Insurance Company's MCCR

Capital available:

| | | | | | |
|--------------------------------------|---------|---------|---------|---------|---------|
| Tier 1 capital | | | | | |
| Common shares | 31,437 | 30,451 | 29,616 | 29,616 | 27,862 |
| Retained earnings and CTA | 15,688 | 14,489 | 15,642 | 13,958 | 12,907 |
| Qualifying non-controlling interests | 699 | 649 | 633 | 572 | 543 |
| Innovative instruments | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Other | 2,257 | 2,288 | 2,239 | 2,224 | 2,121 |
| Gross Tier 1 capital | 51,081 | 48,877 | 49,130 | 47,370 | 44,433 |
| Deductions: | | | | | |
| Goodwill | (5,885) | (5,884) | (5,699) | (5,673) | (5,566) |
| Other | (8,866) | (8,187) | (9,128) | (7,874) | (7,539) |
| Adjustments | (1,232) | (1,214) | (1,213) | (1,162) | (1,121) |
| Net Tier 1 capital - A | 35,098 | 33,592 | 33,090 | 32,661 | 30,207 |

Tier 2 Capital

| | | | | | |
|------------------------------|---------|---------|---------|---------|---------|
| Tier 2A | 359 | 273 | 236 | 146 | 278 |
| Tier 2B allowed | 5,722 | 5,728 | 6,676 | 6,672 | 6,672 |
| Tier 2C | 8,522 | 8,155 | 7,886 | 6,905 | 6,858 |
| Adjustments | (1,232) | (1,214) | (1,213) | (1,162) | (1,121) |
| Total Tier 2 capital allowed | 13,371 | 12,942 | 13,585 | 12,561 | 12,687 |

| | | | | | |
|------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Total Tier 1 and Tier 2 capital | 48,469 | 46,534 | 46,675 | 45,222 | 42,894 |
| Less Adjustments | - | - | - | - | - |
| Total Capital Available - B | 48,469 | 46,534 | 46,675 | 45,222 | 42,894 |

Capital Required:

| | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Asset default & market risk | 13,550 | 13,064 | 12,508 | 11,916 | 11,555 |
| Insurance risks | 3,761 | 3,779 | 3,902 | 3,815 | 3,618 |
| Interest rate risks | 3,524 | 3,428 | 3,562 | 3,454 | 3,241 |
| Total Capital Required - C | 20,835 | 20,271 | 19,972 | 19,185 | 18,414 |

| | | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| MCCR Ratio: Total (B/C) x 100 | 233% | 230% | 234% | 236% | 233% |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|

Supplementary Disclosure

Wealth and Asset Management

WEALTH AND ASSET MANAGEMENT ¹

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Shareholders' Income Statement

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|------------|--------------|
| Revenue | | | | | | | |
| Fee income | 1,240 | 1,253 | 1,222 | 1,185 | 1,197 | 4% | 4,857 |
| Investment income | 11 | (16) | 7 | 9 | 5 | 120% | 5 |
| Total | 1,251 | 1,237 | 1,229 | 1,194 | 1,202 | 4% | 4,862 |
| Expenses | | | | | | | |
| General, administrative and investment expenses | 734 | 749 | 767 | 723 | 741 | -1% | 2,980 |
| Commissions | 306 | 298 | 294 | 289 | 299 | 2% | 1,180 |
| Total | 1,040 | 1,047 | 1,061 | 1,012 | 1,040 | 0% | 4,160 |
| Income before income taxes | 211 | 190 | 168 | 182 | 162 | 30% | 702 |
| Income tax (expense) recovery | (39) | (19) | (15) | (32) | (29) | 34% | (95) |
| Net income attributed to shareholders | 172 | 171 | 153 | 150 | 133 | 29% | 607 |

Earnings (loss) Analysis³

| | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|
| Core earnings | | | | | | | |
| Asia | 51 | 48 | 52 | 37 | 38 | 34% | 175 |
| Canadian | 57 | 43 | 33 | 46 | 39 | 46% | 161 |
| U.S. | 74 | 84 | 82 | 68 | 64 | 16% | 298 |
| Corporate and other | - | 3 | (8) | 1 | (1) | - | (5) |
| Core earnings | 182 | 178 | 159 | 152 | 140 | 30% | 629 |
| Core earnings on a constant currency basis | 182 | 178 | 160 | 155 | 137 | 33% | 630 |
| Material/exceptional items and tax rate changes | (10) | (7) | (6) | (2) | (7) | 43% | (22) |
| Direct impact of equity markets and interest rates & other investment experience | - | - | - | - | - | - | - |
| Net income attributed to shareholders | 172 | 171 | 153 | 150 | 133 | 29% | 607 |

Core EBITDA by Division³

| | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|--------------|
| Asia | 63 | 57 | 54 | 51 | 49 | 29% | 211 |
| Canadian | 105 | 83 | 78 | 83 | 82 | 29% | 326 |
| U.S. | 166 | 156 | 160 | 147 | 150 | 11% | 613 |
| Corporate and other | 0 | 10 | (4) | 7 | 4 | -99% | 17 |
| Core EBITDA | 335 | 306 | 288 | 288 | 285 | 18% | 1,167 |
| Core EBITDA on a constant currency basis | 335 | 304 | 291 | 294 | 278 | 20% | 1,167 |

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|----------------|--------------|
| Core EBITDA Margin ² | 26.8% | 24.7% | 23.4% | 24.1% | 23.7% | 310 bps | 24.0% |
|--|--------------|--------------|--------------|--------------|--------------|----------------|--------------|

Core Earnings before income taxes, depreciation and amortization (Core EBITDA) ^{2,3}

| | | | | | | | |
|---|------------|------------|------------|------------|------------|------------|--------------|
| Core EBITDA | 335 | 306 | 288 | 288 | 285 | 18% | 1,167 |
| Amortization of deferred acquisition costs and other depreciation | 85 | 85 | 89 | 77 | 85 | 0% | 336 |
| Amortization of deferred sales commissions | 28 | 24 | 24 | 26 | 29 | -3% | 103 |
| Total depreciation and amortization | 113 | 109 | 113 | 103 | 114 | -1% | 439 |
| Core earnings before income taxes | 222 | 197 | 175 | 185 | 171 | 30% | 728 |
| Core income tax (expense) recovery | (40) | (19) | (16) | (33) | (31) | 29% | (99) |
| Core Earnings | 182 | 178 | 159 | 152 | 140 | 30% | 629 |

Deferred Acquisition Costs and Deferred Sales Commissions

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|-----------|--------------|
| Asia | 330 | 328 | 313 | 305 | 300 | 10% | 328 |
| Canadian | 248 | 250 | 247 | 248 | 247 | 0% | 250 |
| U.S. | 1,796 | 1,813 | 1,771 | 1,766 | 1,769 | 2% | 1,813 |
| Total deferred acquisition costs and deferred sales commissions | 2,374 | 2,391 | 2,331 | 2,319 | 2,316 | 3% | 2,391 |

¹ Wealth and asset management is comprised of our fee based business with little or no insurance risk, including mutual funds, ETFs, pensions products and institutional asset management.

² Core EBITDA margin is Core EBITDA divided by total revenue.

³ Q1 2017 results include the institutional advisory accounts (previously reported under Corporate & Other segment).

WEALTH AND ASSET MANAGEMENT (CONT'D) ^{1,3}

(Canadian \$ in millions, unaudited)



| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Assets Under Management and Administration by Division

| | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|------------|----------------|
| Asia | 63,594 | 60,400 | 55,389 | 51,759 | 48,158 | 32% | 60,400 |
| Canadian | 143,471 | 138,888 | 134,146 | 128,898 | 124,399 | 15% | 138,888 |
| U.S. and other | 357,470 | 345,025 | 335,909 | 322,267 | 315,277 | 13% | 345,025 |
| Assets under management and administration | 564,535 | 544,313 | 525,444 | 502,924 | 487,834 | 16% | 544,313 |
| Assets under management and administration on a constant currency basis | 564,535 | 542,025 | 529,927 | 509,861 | 495,430 | 14% | 542,025 |

Assets Under Management and Administration by Business Line

| | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|------------|----------------|
| Pensions | 293,065 | 282,097 | 274,854 | 260,439 | 253,911 | 15% | 282,097 |
| Mutual funds ² | 184,547 | 178,461 | 172,686 | 165,322 | 161,487 | 14% | 178,461 |
| Institutional advisory accounts | 86,923 | 83,755 | 77,904 | 77,163 | 72,436 | 20% | 83,755 |
| Assets under management and administration | 564,535 | 544,313 | 525,444 | 502,924 | 487,834 | 16% | 544,313 |

Changes in Assets Under Management and Administration

| | | | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|------------|----------------|
| Beginning balance | 544,313 | 525,444 | 502,924 | 487,834 | 510,455 | 7% | 510,455 |
| Assets acquired | - | 1,817 | - | - | - | - | 1,817 |
| Gross flows | 32,954 | 38,160 | 27,418 | 26,644 | 28,228 | 17% | 120,450 |
| Exchange traded fund net flows | 105 | - | - | - | - | - | - |
| Redemptions | (28,664) | (32,087) | (24,724) | (21,822) | (26,552) | 8% | (105,185) |
| Investment income (loss) and other | 15,827 | 10,979 | 19,826 | 10,268 | (24,297) | - | 16,776 |
| Ending balance | 564,535 | 544,313 | 525,444 | 502,924 | 487,834 | 16% | 544,313 |

¹ Wealth and asset management is comprised of our fee based business with little or no insurance risk, including mutual funds and ETFs, pensions products and institutional asset management.

² Includes ETF assets

³ Q1 2017 results include the institutional advisory accounts (previously reported under Corporate & Other segment).

WEALTH AND ASSET MANAGEMENT (CONT'D) ^{1,4}

(Canadian \$ in millions, unaudited)

| | 2017 Q1 | 2016 Q4 | 2016 Q3 | 2016 Q2 | 2016 Q1 | 2017 Q1 vs. 2016 Q1 | Fiscal 2016 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

Net Flows by Client by Division

| | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Asia | 1,039 | 4,636 | 1,332 | 2,512 | (108) | - | 8,372 |
| Canadian | 1,046 | 4,723 | 1,277 | 1,489 | 869 | 20% | 8,358 |
| U.S. and other | 2,205 | (3,286) | 85 | 821 | 915 | 141% | (1,465) |
| Total net flows | 4,290 | 6,073 | 2,694 | 4,822 | 1,676 | 156% | 15,265 |
| Net flows on a constant currency basis | 4,290 | 6,055 | 2,689 | 4,866 | 1,647 | 160% | 15,257 |

Net Flows by Business Line

| | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|-------------|---------------|
| Pensions | 918 | (1,930) | 2,393 | 1,229 | 197 | 366% | 1,889 |
| Mutual funds ² | 1,621 | 868 | 1,111 | 1,064 | 687 | 136% | 3,730 |
| Institutional advisory accounts ³ | 1,751 | 7,135 | (810) | 2,529 | 792 | 121% | 9,646 |
| Total net flows | 4,290 | 6,073 | 2,694 | 4,822 | 1,676 | 156% | 15,265 |

Gross Flows by Division

| | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|------------|----------------|
| Asia | 5,514 | 11,308 | 4,981 | 5,606 | 4,075 | 35% | 25,970 |
| Canadian | 6,558 | 9,639 | 5,215 | 4,731 | 5,072 | 29% | 24,657 |
| U.S. and other | 20,882 | 17,213 | 17,222 | 16,307 | 19,081 | 9% | 69,823 |
| Total gross flows | 32,954 | 38,160 | 27,418 | 26,644 | 28,228 | 17% | 120,450 |
| Gross flows on a constant currency basis | 32,954 | 37,719 | 27,602 | 26,819 | 27,291 | 21% | 119,431 |

Gross Flows by Business Line

| | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|------------|----------------|
| Pensions | 11,804 | 10,152 | 11,752 | 9,416 | 10,486 | 13% | 41,806 |
| Mutual funds | 17,139 | 16,840 | 13,798 | 13,364 | 13,909 | 23% | 57,911 |
| Institutional advisory accounts ³ | 4,011 | 11,168 | 1,868 | 3,864 | 3,833 | 5% | 20,733 |
| Total gross flows | 32,954 | 38,160 | 27,418 | 26,644 | 28,228 | 17% | 120,450 |

¹ Wealth and asset management is comprised of our fee based business with little or no insurance risk, including mutual funds and ETFs, pensions products and institutional asset management.

² Includes ETF assets

³ Includes only the third party institutional business of Manulife Asset Management and not business from affiliates and the General Fund.

⁴ Q1 2017 results include the institutional advisory accounts (previously reported under Corporate & Other segment).

GLOSSARY OF TERMS AND DEFINITIONS

Accumulated Other Comprehensive Income (AOCI): A separate component of shareholders' equity which includes net unrealized gains and losses on available-for-sale securities, net unrealized gains and losses on derivative instruments designated within an effective cash flow hedge, unrealized foreign currency translation gains and losses and actuarial gains and losses on employee benefit plans. These items have been recognized in comprehensive income, but excluded from net income.

Return on Common Shareholders' Equity: Common shareholders' net income divided by average common shareholders' equity.

Annuity: A contract which allows the contract holder to either (i) accumulate funds for retirement planning, or (ii) receive scheduled payments, either periodically for a specified period of time or until death.

- **Fixed Annuity:** The return to the contract holder is specified in the contract, i.e., the Company bears the investment risk.

- **Book Value Annuity:** An annuity which provides a declared rate of interest for a specified contract while offering a guarantee of principal amount.

- **Variable Annuity:** Funds are invested in segregated funds (also called separate accounts in the U.S.) and the return to the contract holder fluctuates according to the earnings of the underlying investments. In some instances, guarantees are provided.

Assets Under Management and administration (AUMA): Assets under management include both assets of general account and external client assets for which we provide investment management services.

- **General Fund Assets:** Total invested assets as presented on the Company's balance sheet.

- **Segregated Fund Assets:** Net assets held by policyholders in segregated funds related to insurance, annuity and pension products. These funds are maintained separately from the Company's general account and the policyholder / contract holder bears the investment risk of the underlying fund.

- **Mutual Fund Assets:** Net assets held in proprietary mutual funds.

- **Institutional Advisory Accounts:** Accounts either separate or commingled of Institutional Clients for which Manulife Asset Management provides investment management services and that do not meet the definition of Segregated Funds.

- **Other Funds:** Funds managed or administered by the Company other than those associated with a contract issued by the Company.

- **Assets Under Administration:** includes assets for which we provide administrative services only.

Available-For-Sale (AFS) Financial Assets: Non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments, or held for trading.

Book Value per Share: Ratio obtained by dividing common shareholders' equity by the number of common shares outstanding at the end of the period.

Cash Flow Hedges: A hedge of the exposure to variability in cash flows associated with a recognized asset or liability, a forecasted transaction or a foreign currency risk in an unrecognized firm commitment that is attributable to a particular risk and could affect reported net income.

Corporate Owned Life Insurance (COLI): Life insurance purchased by organizations, predominantly to finance non-qualified executive deferred compensation plans.

Deferred Acquisition Costs (DAC): Costs directly attributable to the acquisition of new business, principally agents' compensation, which are capitalized on the Company's balance sheet and amortized into income over a specified period.

Fair Value: Amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Impaired Assets: Mortgages, bonds and other investment securities in default where there is no longer reasonable assurance of collection.

Institutional Clients: Organizations that are non-Manulife-affiliated for which Manulife Asset Management provides investment management services. Such clients include pensions, endowments and other external investment managers and wealth management organizations.

Investment Contracts: Products that do not contain insurance risk (as defined under IFRS) and are accounted for as financial liabilities at amortized cost or fair value.

Leveraged Leases: In these leases the financing provided by the long-term creditor is nonrecourse as to the general credit of the lessor. The amount of the financing is sufficient to provide the lessor with substantial "leverage" in the transaction. Income is recognized on a constant yield basis.

Long-Term Care (LTC): Insurance coverage available on an individual or group basis to provide reimbursement for medical and other services to the chronically ill, disabled or mentally challenged.

Minimum Continuing Capital and Surplus Requirements (MCCSR): The ratio of the available capital of a life insurance company to its required capital, each as calculated under the Office of the Superintendent of Financial Institutions' (OSFI) published guidelines.

Premiums and Deposits: Include general fund premiums, segregated fund deposits, institutional advisory account deposits, mutual fund deposits, other fund deposits and ASO premium equivalents.

- **General Fund Premiums:** Premiums earned on insurance and fixed annuity contracts as reflected in the Company's statement of operations.

- **Segregated Fund Deposits:** Deposits related to insurance, annuity and pension products which are invested in segregated funds.

- **Mutual Fund Deposits:** Deposits received in proprietary mutual funds.

- **Institutional Advisory Account Deposits:** Deposits received in the Institutional Advisory Accounts.

- **Other Fund Deposits:** Deposits received from customers related to non-proprietary funds for Manulife-branded products.

- **ASO Premium Equivalents:** ASO ("administrative services only") contracts are group insurance contracts administered by the Company on behalf of the client on which the Company earns a fee for its services but the client retains all risks inherent in the group insurance. ASO premium equivalents are a measure of the business volume calculated as expected claims plus administrative fees charged.

Sales: Sales are measured according to product type.

- **Individual Insurance:** Sales include 100 per cent of new annualized premiums expected in the first year of a policy that requires premium payments for more than one year and 10 per cent of both excess and single premiums. 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.

- **Group Insurance:** Sales include new annualized premiums and ASO premium equivalents on new cases, as well as the addition of new coverages and amendments to contracts, excluding rate increases.

- **Other Wealth:** All new deposits are reported as sales. This includes certain single premium wealth accumulation products in Asia and individual annuities, both fixed and variable. As we have discontinued sales of new VA contracts in the U.S., beginning in the first quarter of 2013, subsequent deposits into existing U.S VA contracts are not reported as sales.

- **Group Pensions:** Sales include both new regular premiums and deposits and single premiums sales. New regular premiums and deposits reflect an estimate of expected deposits in the first year of the plan with the Company. Single premium sales reflect the assets transferred from the previous plan provider.

Gross Flows: For wealth and asset management business, all new deposits are reported as gross flows. This includes mutual funds; group pensions/retirement savings; and, college 529 plans.

Total Capital: Capital funding that is both unsecured and permanent in nature. Comprises total equity (excluding AOCI on cash flow hedges) and liabilities for preferred shares and capital instruments.

Universal Life Insurance: A form of permanent life insurance with flexible premiums. The customer may vary the premium payment and death benefit within certain restrictions. The contract is credited with a rate of interest based on the return of a portfolio of assets held by the Company, possibly with a minimum rate guarantee, which may be reset periodically at the discretion of the Company.

Variable Universal Life Insurance: A form of permanent life insurance with flexible premiums in which the cash value and possibly the death benefit of the policy fluctuate according to the investment performance of segregated funds (or separate accounts).

NM: Represents percentage variance in excess of 1000%, assessed as not meaningful 'nm'.

GENERAL INFORMATION

MANULIFE FINANCIAL CORPORATION HEAD OFFICE

200 Bloor Street East
Toronto, Ontario
Canada M4W 1E5
Web Site: www.manulife.com

TRANSFER AGENT

Canada
CIBC Mellon Trust Company
1-800-783-9495
www.cibcmellon.com/investor

United States
Mellon Investor Services
1-800-249-7702
www.melloninvestor.com

COMMON STOCK

Common Stock of Manulife Financial is traded on:

| <u>Stock Exchange</u> | <u>Symbol</u> |
|-----------------------|---------------|
| Toronto | MFC |
| New York | MFC |
| Hong Kong | 945 |
| Philippines | MFC |

INVESTOR INFORMATION

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INDUSTRY RATING INFORMATION

The following credit rating agencies each assigned financial strength ratings to our main operating subsidiaries, The Manufacturers Life Insurance Company and John Hancock Life Insurance Company (U.S.A.), thereby recognizing these companies as having strong credit ratings in the insurance industry.

The Manufacturers Life Insurance Company

(as at May 3, 2017)

| <u>Purpose</u> | <u>Rating agency</u> | <u>Rating</u> |
|--------------------|----------------------|---------------|
| Financial strength | Standard & Poor's | AA- |
| | Moody's | A1 |
| | Fitch Ratings | AA- |
| | DBRS | AA (low) |
| | A.M. Best | A+ (Superior) |

John Hancock Life Insurance Company (U.S.A)

(as at May 3, 2017)

| <u>Purpose</u> | <u>Rating agency</u> | <u>Rating</u> |
|--------------------|----------------------|---------------|
| Financial strength | Standard & Poor's | AA- |
| | Moody's | A1 |
| | Fitch Ratings | AA- |
| | DBRS | not rated |
| | A.M. Best | A+ (Superior) |