



# Manulife

## **Statistical Information Package**

### **Q1 2019**



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**Use of this document:**

Information in the document is supplementary to the Company's current quarter Press Release, MD&A and unaudited financial statements in the 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 exchange rate basis ("CER"), 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.

**Reporting Segments** are Asia, Canada, U.S., Global Wealth and Asset Management, and Corporate and Other.

**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.

**Annualized Premium Equivalent ("APE") Sales** are comprised of 100% of regular premiums/deposits sales and 10% of single premiums/deposits sales.

(i) For individual insurance, APE and Insurance Sales 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, APE and Insurance Sales includes 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 annuities, APE reflect the annualized premium expected in the first year of a policy that requires premium payments for more than one year. This includes certain single premium wealth accumulation products and individual annuities, both fixed and variable.

**Annuities Sales** are comprised of 100% of all new deposits. 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.

**Total Weighted Premium Income** is comprised of 10% of single premiums/deposits and 100% of first year and renewal premiums/deposits before reinsurance. This applies to general fund and segregated funds of Insurance & Annuity business lines.

**Gross Flows** is a new business measure for Manulife's wealth and asset management ("WAM") businesses and includes all deposits into the Company's retirement, retail, and institutional asset management businesses. 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** is presented for our WAM businesses and includes gross flows less redemptions for our retirement, retail and institutional asset management businesses. For our retail businesses, it includes net flows for ETF 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.

**Expense Efficiency Ratio** is calculated as Pre-Tax Total Core General Expenses over Pre-Tax Total Core General Expenses plus Pre-Tax Total Core Earnings.

**Items excluded from core earnings** are disclosed at the Reporting Segment level as these items are managed at that level.

**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. Core EBITDA excludes certain acquisition expenses related to insurance contracts in our retirement businesses which are deferred and amortized over the expected life time of the customer relationship under the Canadian Asset Liability Method (CALM).

**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.

**Actual exchange rate basis ("AER")**

Quarterly amounts stated on an actual exchange rate basis are calculated using actual income statement and statement of financial position exchange rates for the respective periods as appropriate.

**Constant exchange rate basis ("CER")**

Quarterly amounts stated on a constant exchange rate basis are calculated using Q1 2019 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)



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER <sup>1</sup> | 2019 Q1<br>vs.<br>2018 Q1<br>CER <sup>1</sup> | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|---|---|----------------|
|--|------------|------------|------------|------------|------------|---|---|----------------|

### Shareholders' Net Income (loss) by Reporting Segment <sup>2</sup>

|   |              |            |              |              |              |            |            |              |
|---|--------------|------------|--------------|--------------|--------------|------------|------------|--------------|
| Asia  | 695          | 318        | 566          | 368          | 452          | 54%        | 46%        | 1,704        |
| Canada  | 751          | (74)       | 102          | 502          | 452          | 66%        | 66%        | 982          |
| U.S.  | 441          | 513        | 630          | 620          | 528          | -16%       | -20%       | 2,291        |
| Global Wealth and Asset Management                  | 233          | 218        | 280          | 233          | 223          | 4%         | 1%         | 954          |
| Corporate and other                                 | 56           | (382)      | (5)          | (461)        | (283)        | -          | -          | (1,131)      |
| <b>Net income (loss) attributed to shareholders</b> | <b>2,176</b> | <b>593</b> | <b>1,573</b> | <b>1,262</b> | <b>1,372</b> | <b>59%</b> | <b>54%</b> | <b>4,800</b> |
| Preferred share dividends                           | (43)         | (43)       | (42)         | (44)         | (39)         | -10%       |            | (168)        |
| <b>Common shareholders' net income (loss)</b>       | <b>2,133</b> | <b>550</b> | <b>1,531</b> | <b>1,218</b> | <b>1,333</b> | <b>60%</b> | <b>55%</b> | <b>4,632</b> |
| <b>Common shareholders' net income (loss) CER</b>   | <b>2,133</b> | <b>566</b> | <b>1,561</b> | <b>1,244</b> | <b>1,372</b> |            | <b>55%</b> | <b>4,743</b> |

### Earnings Analysis <sup>2</sup>

|   |              |              |              |              |              |            |            |              |
|---|--------------|--------------|--------------|--------------|--------------|------------|------------|--------------|
| <b>Core earnings</b>  |              |              |              |              |              |            |            |              |
| Asia  | 520          | 463          | 461          | 411          | 431          | 21%        | 17%        | 1,766        |
| Canada  | 283          | 305          | 344          | 395          | 283          | 0%         | 0%         | 1,327        |
| U.S.  | 475          | 454          | 467          | 446          | 422          | 13%        | 7%         | 1,789        |
| Global Wealth and Asset Management  | 233          | 231          | 288          | 239          | 227          | 3%         | -1%        | 985          |
| Corporate and other (excl. core investment gains)   | (63)         | (216)        | (121)        | (164)        | (156)        | 60%        | 60%        | (657)        |
| Core investment gains   | 100          | 100          | 100          | 104          | 96           | 4%         | 4%         | 400          |
| <b>Total core earnings</b>  | <b>1,548</b> | <b>1,337</b> | <b>1,539</b> | <b>1,431</b> | <b>1,303</b> | <b>19%</b> | <b>15%</b> | <b>5,610</b> |
| <b>Total core earnings CER</b>  | <b>1,548</b> | <b>1,352</b> | <b>1,563</b> | <b>1,456</b> | <b>1,349</b> |            | <b>15%</b> | <b>5,720</b> |
| <b>Items excluded from core earnings</b>  |              |              |              |              |              |            |            |              |
| Investment-related experience outside of core earnings  | 327          | (130)        | 312          | 18           | -            |            |            | 200          |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 249          | (675)        | (277)        | 45           | 50           |            |            | (857)        |
| Change in actuarial methods and assumptions   | -            | -            | (51)         | -            | -            |            |            | (51)         |
| Impact related to U.S. Tax Reform   | -            | -            | 124          | -            | -            |            |            | 124          |
| Restructuring charge  | -            | (63)         | -            | (200)        | -            |            |            | (263)        |
| Reinsurance transactions and other  | 52           | 124          | (74)         | (32)         | 19           |            |            | 37           |
| <b>Net income (loss) attributed to shareholders</b>   | <b>2,176</b> | <b>593</b>   | <b>1,573</b> | <b>1,262</b> | <b>1,372</b> | <b>59%</b> | <b>54%</b> | <b>4,800</b> |

<sup>1</sup> AER percentage changes are calculated using actual exchange rates. CER percentage changes are calculated on a constant exchange rate basis.

<sup>2</sup> 2018 earnings by segment reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

### Components of Direct Impact of Equity Markets and Interest Rates and Variable Annuity Guarantee Liabilities

|  |            |              |              |           |           |  |  |              |
|--|------------|--------------|--------------|-----------|-----------|--|--|--------------|
| Direct impact of equity markets and variable annuity guarantee liabilities                           | 367        | (723)        | 8            | (26)      | (187)     |  |  | (928)        |
| Fixed income reinvestment rates assumed in the valuation of policy liabilities                       | (160)      | 112          | (246)        | 175       | 313       |  |  | 354          |
| Sale of AFS bonds and derivative positions in the Corporate and Other segment                        | 42         | (64)         | (39)         | (104)     | (76)      |  |  | (283)        |
| <b>Direct impact of equity markets and interest rates and variable annuity guarantee liabilities</b> | <b>249</b> | <b>(675)</b> | <b>(277)</b> | <b>45</b> | <b>50</b> |  |  | <b>(857)</b> |

### Selected Performance Measures

|  |        |        |        |        |        |         |  |         |
|--|--------|--------|--------|--------|--------|---------|--|---------|
| Basic earnings (loss) per common share                 | \$1.09 | \$0.28 | \$0.77 | \$0.61 | \$0.67 | 63%     |  | \$ 2.34 |
| Diluted core earnings per common share                 | \$0.76 | \$0.65 | \$0.75 | \$0.70 | \$0.64 | 19%     |  | \$ 2.74 |
| Diluted earnings (loss) per common share               | \$1.08 | \$0.28 | \$0.77 | \$0.61 | \$0.67 | 61%     |  | \$ 2.33 |
| Return on common shareholders' equity (annualized) (%) | 20.1%  | 5.3%   | 15.1%  | 12.3%  | 14.1%  | 6 pps   |  | 11.6%   |
| Core ROE (annualized) (%)                              | 14.2%  | 12.5%  | 14.8%  | 14.0%  | 13.4%  | 0.8 pps |  | 13.7%   |

**FINANCIAL HIGHLIGHTS (CONT'D)**

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



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER | 2019 Q1<br>vs.<br>2018 Q1<br>CER | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|

**Earnings Analysis (Pre-tax) <sup>1</sup>**

|   |       |       |       |       |       |      |      |         |
|---|-------|-------|-------|-------|-------|------|------|---------|
| <b>Core earnings</b>  |       |       |       |       |       |      |      |         |
| Asia  | 608   | 532   | 564   | 516   | 522   | 16%  | 14%  | 2,134   |
| Canada  | 378   | 396   | 452   | 467   | 376   | 1%   | 1%   | 1,691   |
| U.S.  | 583   | 557   | 572   | 542   | 532   | 10%  | 4%   | 2,203   |
| Global Wealth and Asset Management  | 267   | 263   | 306   | 271   | 258   | 3%   | 0%   | 1,098   |
| Corporate and other (excl. core investment gains)   | (130) | (345) | (155) | (201) | (200) | 35%  | 35%  | (901)   |
| Core investment gains   | 105   | 174   | 127   | 114   | 130   | -19% | -19% | 545     |
| <b>Total core earnings</b>  | 1,811 | 1,577 | 1,866 | 1,709 | 1,618 | 12%  | 8%   | 6,770   |
| <b>Items excluded from core earnings</b>  |       |       |       |       |       |      |      |         |
| Investment-related experience outside of core earnings  | 344   | (183) | 395   | 19    | -     |      |      | 231     |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 273   | (780) | (384) | 72    | 65    |      |      | (1,027) |
| Change in actuarial methods and assumptions   | -     | -     | (65)  | -     | -     |      |      | (65)    |
| Charge related to U.S. Tax Reform   | -     | -     | (196) | -     | -     |      |      | (196)   |
| Restructuring charges   | -     | (96)  | -     | (250) | -     |      |      | (346)   |
| Reinsurance transactions and Other  | 66    | 158   | (94)  | (34)  | 32    |      |      | 62      |
| <b>Net income attributed to shareholders</b>  | 2,494 | 676   | 1,522 | 1,516 | 1,715 | 45%  | 40%  | 5,429   |

**Earnings Analysis (Tax Rate) <sup>1</sup>**

|   |       |       |        |       |       |  |  |        |
|---|-------|-------|--------|-------|-------|--|--|--------|
| <b>Core earnings</b>  |       |       |        |       |       |  |  |        |
| Asia  | 14%   | 13%   | 18%    | 20%   | 17%   |  |  | 17%    |
| Canada  | 25%   | 23%   | 24%    | 15%   | 25%   |  |  | 22%    |
| U.S.  | 19%   | 18%   | 18%    | 18%   | 21%   |  |  | 19%    |
| Global Wealth and Asset Management  | 13%   | 12%   | 6%     | 12%   | 12%   |  |  | 10%    |
| Corporate and other (excl. core investment gains)   | (52)% | (37)% | (22)%  | (18)% | (22)% |  |  | (27)%  |
| Core investment gains   | 5%    | 43%   | 21%    | 9%    | 26%   |  |  | 27%    |
| <b>Total core earnings <sup>1</sup></b>   | 15%   | 15%   | 18%    | 16%   | 19%   |  |  | 17%    |
| <b>Items excluded from core earnings</b>  |       |       |        |       |       |  |  |        |
| Investment-related experience outside of core earnings  | 5%    | (29)% | 21%    | 5%    | -     |  |  | 13%    |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 9%    | (13)% | (28)%  | 38%   | 23%   |  |  | (17)%  |
| Change in actuarial methods and assumptions   | -     | -     | (22)%  | -     | -     |  |  | (22)%  |
| Charge related to U.S. Tax Reform   | -     | -     | (163)% | -     | -     |  |  | (163)% |
| Restructuring charge  | -     | (34)% | -      | (20)% | -     |  |  | (24)%  |
| Reinsurance transactions and other  | 21%   | 22%   | (21)%  | (6)%  | 41%   |  |  | 40%    |
| <b>Net income attributed to shareholders</b>  | 13%   | 12%   | (3)%   | 17%   | 20%   |  |  | 12%    |

**Core General Expenses**

|                                    |       |       |       |       |       |       |     |       |
|------------------------------------|-------|-------|-------|-------|-------|-------|-----|-------|
| Asia                               | 524   | 575   | 546   | 521   | 481   | 9%    | 6%  | 2,123 |
| Canada                             | 330   | 354   | 329   | 324   | 334   | -1%   | -1% | 1,341 |
| U.S.                               | 278   | 270   | 284   | 275   | 268   | 4%    | -1% | 1,097 |
| Global Wealth and Asset Management | 534   | 570   | 539   | 552   | 539   | -1%   | -5% | 2,200 |
| Corporate and Other                | 135   | 174   | 132   | 124   | 133   | 2%    | 2%  | 563   |
| <b>Total core general expenses</b> | 1,801 | 1,943 | 1,830 | 1,796 | 1,755 | 3%    | 0%  | 7,324 |
| <b>Non-core general expenses</b>   |       |       |       |       |       |       |     |       |
| Restructuring charge               | -     | 96    | -     | 250   | -     | -     |     | 346   |
| Integration and acquisition costs  | -     | 19    | 9     | 9     | 8     | -100% |     | 45    |
| Other                              | -     | 119   | 14    | 37    | 72    | -100% |     | 242   |
| <b>Total general expenses</b>      | 1,801 | 2,177 | 1,853 | 2,092 | 1,835 | -2%   | -5% | 7,957 |

**Expense Efficiency <sup>1</sup>**

|                                    |       |       |       |       |       |  |  |       |
|------------------------------------|-------|-------|-------|-------|-------|--|--|-------|
| Asia                               | 46.3% | 52.0% | 49.1% | 50.2% | 48.0% |  |  | 49.9% |
| Canada                             | 46.6% | 47.1% | 42.2% | 41.0% | 47.1% |  |  | 44.2% |
| U.S.                               | 32.3% | 32.7% | 33.2% | 33.6% | 33.5% |  |  | 33.3% |
| Global Wealth and Asset Management | 66.6% | 68.5% | 63.7% | 67.1% | 67.6% |  |  | 66.7% |
| <b>Total company</b>               | 49.9% | 55.2% | 49.5% | 51.2% | 52.0% |  |  | 52.0% |

<sup>1</sup> 2018 earnings and expense efficiency by segment reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

# FINANCIAL HIGHLIGHTS - SOURCE OF EARNINGS

(Canadian \$ in millions, unaudited)



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER | 2019 Q1<br>vs.<br>2018 Q1<br>CER | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|

## Source of Earnings <sup>1,2</sup>

|   |              |            |              |              |              |            |            |              |
|---|--------------|------------|--------------|--------------|--------------|------------|------------|--------------|
| Expected profit from in-force business                  | 991          | 939        | 1,016        | 967          | 935          | 6%         | 2%         | 3,857        |
| Impact of new business                                  | 276          | 276        | 275          | 195          | 171          | 61%        | 58%        | 917          |
| Core investment gains                                   | 105          | 174        | 127          | 114          | 130          | -19%       | -19%       | 545          |
| Experience gains (losses) (excl. core investment gains) | 401          | (832)      | 7            | 241          | 214          | 87%        | 76%        | (370)        |
| Management actions and changes in assumptions           | 119          | (10)       | (400)        | (366)        | 18           | 561%       | 567%       | (758)        |
| Earnings on surplus funds                               | 327          | (39)       | 201          | 140          | 97           | 237%       | 211%       | 399          |
| Other <sup>3</sup>                                      | 51           | 9          | 50           | 17           | (53)         | -          | -          | 23           |
| Insurance   | 2,270        | 517        | 1,276        | 1,308        | 1,512        | 50%        | 45%        | 4,613        |
| Global Wealth and Asset Management                      | 267          | 247        | 299          | 263          | 253          | 6%         | 2%         | 1,062        |
| Manulife Bank   | 54           | 41         | 45           | 38           | 49           | 10%        | 10%        | 173          |
| Unallocated overhead <sup>4</sup>                       | (97)         | (129)      | (98)         | (93)         | (99)         | 2%         | 2%         | (419)        |
| <b>Income (loss) before income taxes</b>                | <b>2,494</b> | <b>676</b> | <b>1,522</b> | <b>1,516</b> | <b>1,715</b> | <b>45%</b> | <b>40%</b> | <b>5,429</b> |
| Income tax (expense) recovery                           | (318)        | (83)       | 51           | (254)        | (343)        | 7%         | 10%        | (629)        |
| <b>Net income attributed to shareholders</b>            | <b>2,176</b> | <b>593</b> | <b>1,573</b> | <b>1,262</b> | <b>1,372</b> | <b>59%</b> | <b>54%</b> | <b>4,800</b> |
| Preferred share dividends                               | (43)         | (43)       | (42)         | (44)         | (39)         | -10%       |            | (168)        |
| <b>Common shareholders' net income</b>                  | <b>2,133</b> | <b>550</b> | <b>1,531</b> | <b>1,218</b> | <b>1,333</b> | <b>60%</b> | <b>55%</b> | <b>4,632</b> |
| Expected profit from in-force business CER              | 991          | 948        | 1,031        | 985          | 968          |            | 2%         | 3,932        |

## Source of Earnings - Core

|   |              |              |              |              |              |            |            |              |
|---|--------------|--------------|--------------|--------------|--------------|------------|------------|--------------|
| Expected profit from in-force business                  | 991          | 939          | 1,016        | 967          | 935          | 6%         | 2%         | 3,857        |
| Impact of new business                                  | 276          | 276          | 275          | 195          | 171          | 61%        | 58%        | 917          |
| Core investment gains                                   | 105          | 174          | 127          | 114          | 130          | -19%       | -19%       | 545          |
| Experience gains (losses) (excl. core investment gains) | (35)         | 10           | (30)         | 27           | 18           | -          | -          | 25           |
| Management actions and changes in assumptions           | (4)          | (4)          | (2)          | (5)          | (2)          | -100%      | -92%       | (13)         |
| Earnings on surplus funds                               | 210          | 5            | 182          | 135          | 138          | 52%        | 42%        | 460          |
| Other <sup>3</sup>                                      | 44           | 4            | 44           | 60           | 20           | 120%       | 144%       | 128          |
| Insurance   | 1,587        | 1,404        | 1,612        | 1,493        | 1,410        | 13%        | 9%         | 5,919        |
| Global Wealth and Asset Management                      | 267          | 263          | 306          | 271          | 258          | 3%         | 0%         | 1,098        |
| Manulife Bank   | 54           | 41           | 45           | 38           | 49           | 10%        | 10%        | 173          |
| Unallocated overhead <sup>4</sup>                       | (97)         | (131)        | (97)         | (93)         | (99)         | 2%         | 2%         | (420)        |
| <b>Core Earnings before income taxes</b>                | <b>1,811</b> | <b>1,577</b> | <b>1,866</b> | <b>1,709</b> | <b>1,618</b> | <b>12%</b> | <b>8%</b>  | <b>6,770</b> |
| Income tax (expense) recovery                           | (263)        | (240)        | (327)        | (278)        | (315)        | 17%        | 18%        | (1,160)      |
| <b>Total Core Earnings</b>                              | <b>1,548</b> | <b>1,337</b> | <b>1,539</b> | <b>1,431</b> | <b>1,303</b> | <b>19%</b> | <b>15%</b> | <b>5,610</b> |

<sup>1</sup> 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.

<sup>2</sup> The 'Source of Earnings' lines excludes the portion related to non-controlling interest.

<sup>3</sup> Includes tax items related to minority interest and release of premium income tax allowables. These balances are offset in the Income tax (expense) recovery line.

<sup>4</sup> Unallocated overhead represents Corporate and Other segment general expenses net of recoveries.

## Glossary

|   |   |
|---|---|
| Expected profit from in-force business        | Formula-driven release of PfADs (Provisions for Adverse Deviations).  |
| Impact of new business                        | The capitalized value of future profits less PfADs in respect of new business.  |
| 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. |
| Management actions and changes in assumptions | Earnings impact of:<br>-management initiated actions in the period that generate a non-recurring current period impact.<br>-changes in methods and assumptions that impact actuarial liabilities or other liabilities.            |
| Earnings (loss) on surplus funds              | Actual investment returns on the Company's surplus (shareholders' equity).  |
| Other   | Earnings items not included in any other line of the SOE.   |
| Income taxes                                  | Tax charges to income.  |

## FINANCIAL HIGHLIGHTS (CONT'D)

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



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER | 2019 Q1<br>vs.<br>2018 Q1<br>CER | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|

### Annualized Premium Equivalents Sales

|   |              |              |              |              |              |            |            |              |
|---|--------------|--------------|--------------|--------------|--------------|------------|------------|--------------|
| Asia  | 1,336        | 1,040        | 1,070        | 918          | 984          | 36%        | 32%        | 4,012        |
| Canada  | 261          | 277          | 210          | 198          | 290          | -10%       | -10%       | 975          |
| U.S.  | 143          | 152          | 159          | 129          | 113          | 27%        | 20%        | 553          |
| <b>Total Annualized premium equivalents sales</b>     | <b>1,740</b> | <b>1,469</b> | <b>1,439</b> | <b>1,245</b> | <b>1,387</b> | <b>25%</b> | <b>23%</b> | <b>5,540</b> |
| <b>Total Annualized premium equivalents sales CER</b> | <b>1,740</b> | <b>1,493</b> | <b>1,469</b> | <b>1,262</b> | <b>1,420</b> |            | <b>23%</b> | <b>5,644</b> |

### Insurance Sales <sup>1</sup>

|                                  |              |              |              |            |              |            |            |              |
|----------------------------------|--------------|--------------|--------------|------------|--------------|------------|------------|--------------|
| Asia                             | 1,177        | 861          | 871          | 713        | 764          | 54%        | 50%        | 3,209        |
| Canada                           | 205          | 227          | 156          | 145        | 217          | -6%        | -6%        | 745          |
| U.S.                             | 143          | 152          | 159          | 129        | 113          | 27%        | 20%        | 553          |
| <b>Total Insurance sales</b>     | <b>1,525</b> | <b>1,240</b> | <b>1,186</b> | <b>987</b> | <b>1,094</b> | <b>39%</b> | <b>36%</b> | <b>4,507</b> |
| <b>Total Insurance sales CER</b> | <b>1,525</b> | <b>1,259</b> | <b>1,213</b> | <b>999</b> | <b>1,118</b> |            | <b>36%</b> | <b>4,589</b> |

<sup>1</sup> Insurance sales consist of 100% of recurring premiums and 10% of both excess and single premiums.

### Annuities Sales <sup>2</sup>

|                                  |              |              |              |              |              |             |             |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|
| Asia                             | 1,007        | 1,227        | 1,428        | 1,499        | 1,592        | -37%        | -39%        | 5,746        |
| Canada                           | 556          | 500          | 537          | 528          | 733          | -24%        | -24%        | 2,298        |
| <b>Total Annuities sales</b>     | <b>1,563</b> | <b>1,727</b> | <b>1,965</b> | <b>2,027</b> | <b>2,325</b> | <b>-33%</b> | <b>-34%</b> | <b>8,044</b> |
| <b>Total Annuities sales CER</b> | <b>1,563</b> | <b>1,757</b> | <b>2,002</b> | <b>2,060</b> | <b>2,383</b> |             | <b>-34%</b> | <b>8,202</b> |

<sup>2</sup> Annuities sales, including single premium accumulation products, in Asia is comprised of 100% regular premiums/deposits sales and 100% single premium/deposits sales.

### New Business Value ("NBV") <sup>3</sup>

|                                     |            |            |            |            |            |            |            |              |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Asia                                | 411        | 402        | 382        | 334        | 325        | 26%        | 23%        | 1,443        |
| Canada                              | 62         | 51         | 42         | 65         | 49         | 27%        | 27%        | 207          |
| U.S.                                | 46         | 48         | 28         | 12         | 10         | 360%       | 337%       | 98           |
| <b>Total New business value</b>     | <b>519</b> | <b>501</b> | <b>452</b> | <b>411</b> | <b>384</b> | <b>35%</b> | <b>31%</b> | <b>1,748</b> |
| <b>Total New business value CER</b> | <b>519</b> | <b>509</b> | <b>461</b> | <b>417</b> | <b>396</b> |            | <b>31%</b> | <b>1,783</b> |

<sup>3</sup> New Business Value is not calculated for Global Wealth and Asset Management businesses, Manulife Bank, Property and Casualty Reinsurance and GRS business.

### Global Wealth and Asset Management Gross Flows

|   |               |               |               |               |               |             |             |                |
|---|---------------|---------------|---------------|---------------|---------------|-------------|-------------|----------------|
| Asia  | 4,611         | 5,255         | 5,155         | 5,809         | 7,434         | -38%        | -39%        | 23,653         |
| Canada  | 6,349         | 4,918         | 4,712         | 5,472         | 8,024         | -21%        | -21%        | 23,126         |
| U.S.  | 16,913        | 16,133        | 17,261        | 17,821        | 21,008        | -19%        | -23%        | 72,223         |
| <b>Total Global Wealth and Asset Management Gross flows</b>     | <b>27,873</b> | <b>26,306</b> | <b>27,128</b> | <b>29,102</b> | <b>36,466</b> | <b>-24%</b> | <b>-26%</b> | <b>119,002</b> |
| <b>Total Global Wealth and Asset Management Gross flows CER</b> | <b>27,873</b> | <b>26,489</b> | <b>27,565</b> | <b>29,625</b> | <b>37,681</b> |             | <b>-26%</b> | <b>121,360</b> |

### Global Wealth and Asset Management Net Flows

|   |                |                |            |           |               |          |          |              |
|---|----------------|----------------|------------|-----------|---------------|----------|----------|--------------|
| Asia  | 614            | 1,078          | 1,008      | 1,612     | 2,008         | -69%     | -71%     | 5,706        |
| Canada  | 2,052          | (666)          | (1,491)    | 694       | 3,461         | -41%     | -41%     | 1,998        |
| U.S.  | (3,989)        | (9,366)        | 931        | (2,214)   | 4,508         | -        | -        | (6,141)      |
| <b>Total Global Wealth and Asset Management Net flows</b>     | <b>(1,323)</b> | <b>(8,954)</b> | <b>448</b> | <b>92</b> | <b>9,977</b>  | <b>-</b> | <b>-</b> | <b>1,563</b> |
| <b>Total Global Wealth and Asset Management Net flows CER</b> | <b>(1,323)</b> | <b>(9,027)</b> | <b>489</b> | <b>61</b> | <b>10,296</b> |          | <b>-</b> | <b>1,819</b> |

# FINANCIAL HIGHLIGHTS (CONT'D)

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



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER | 2019 Q1<br>vs.<br>2018 Q1<br>CER | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|

## Premiums and Deposits - Insurance

|  |               |              |              |               |               |            |            |               |
|--|---------------|--------------|--------------|---------------|---------------|------------|------------|---------------|
| Net premiums and investment contract deposits <sup>1,2</sup> | 8,427         | 1,928        | 5,209        | 8,859         | 8,437         | 0%         |            | 24,433        |
| Segregated fund deposits                                     | 1,792         | 2,003        | 2,078        | 2,011         | 2,345         | -24%       |            | 8,437         |
| ASO premium equivalents                                      | 821           | 836          | 790          | 848           | 821           | 0%         |            | 3,295         |
| <b>Total Premiums and deposits - Insurance</b>               | <b>11,040</b> | <b>4,767</b> | <b>8,077</b> | <b>11,718</b> | <b>11,603</b> | <b>-5%</b> | <b>-7%</b> | <b>36,165</b> |
| <b>Total Premiums and deposits - Insurance CER</b>           | <b>11,040</b> | <b>4,828</b> | <b>8,184</b> | <b>11,872</b> | <b>11,886</b> |            | <b>-7%</b> | <b>36,770</b> |

<sup>1</sup> Net premiums include life, health and annuity premiums, and premiums in the Canada Group Benefits reinsurance ceded agreement.

<sup>2</sup> Includes the \$7.0 billion impact of the Group Pay-out Annuity transaction in Q4 2018, \$3.7 billion impact of the Individual Pay-out Annuity transaction in Q3 2018, and the \$0.7 billion John Hancock Life Insurance Company of New York ("JHNY") portion of both transactions in Q1 2019.

|  |           |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Premiums and Deposits - Corporate &amp; Other</b> | <b>24</b> | <b>27</b> | <b>24</b> | <b>24</b> | <b>23</b> | <b>4%</b> | <b>4%</b> | <b>98</b> |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

## Assets Under Management and Administration <sup>3</sup>

|   |                  |                  |                  |                  |                  |           |           |                  |
|---|------------------|------------------|------------------|------------------|------------------|-----------|-----------|------------------|
| Asia  | 110,999          | 108,109          | 99,679           | 99,977           | 97,497           | 14%       | 13%       | 108,109          |
| Canada  | 146,586          | 141,913          | 144,250          | 145,010          | 143,435          | 2%        | 2%        | 141,913          |
| U.S. <sup>2</sup>   | 224,290          | 223,646          | 225,787          | 231,997          | 228,270          | -2%       | -5%       | 223,646          |
| Global Wealth and Asset Management <sup>4</sup>             | 648,143          | 608,759          | 643,956          | 639,887          | 626,839          | 3%        | 1%        | 608,759          |
| Corporate and Other   | 4,494            | 1,095            | 3,788            | 1,483            | 2,006            | 124%      | 124%      | 1,095            |
| <b>Total Assets under management and administration</b>     | <b>1,134,512</b> | <b>1,083,522</b> | <b>1,117,460</b> | <b>1,118,354</b> | <b>1,098,047</b> | <b>3%</b> | <b>1%</b> | <b>1,083,522</b> |
| <b>Total Assets under management and administration CER</b> | <b>1,134,512</b> | <b>1,067,605</b> | <b>1,144,994</b> | <b>1,129,904</b> | <b>1,122,365</b> |           | <b>1%</b> | <b>1,067,605</b> |

<sup>3</sup> 2018 AUMA by segment reflects a restatement of 2018 assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

<sup>4</sup> Global Wealth and Asset Management AUMA at March 31, 2019 is \$837 billion and includes \$189 billion of asset managed on behalf of other segments. (see page 23).

## Assets Under Management and Administration <sup>3</sup>

|  |                  |                  |                  |                  |                  |           |           |                  |
|--|------------------|------------------|------------------|------------------|------------------|-----------|-----------|------------------|
| <b>Assets Under Management</b>                             |                  |                  |                  |                  |                  |           |           |                  |
| General fund <sup>2</sup>                                  | 359,458          | 353,664          | 344,568          | 348,974          | 342,389          | 5%        |           | 353,664          |
| Segregated funds excluding institutional advisory accounts | 332,687          | 311,373          | 330,511          | 329,886          | 323,998          | 3%        |           | 311,373          |
| Mutual funds <sup>5</sup>                                  | 194,227          | 182,219          | 203,340          | 201,839          | 197,854          | -2%       |           | 182,219          |
| Institutional asset management                             | 105,451          | 104,159          | 101,100          | 102,886          | 100,288          | 5%        |           | 104,159          |
| Other funds <sup>6</sup>                                   | 8,488            | 7,658            | 7,850            | 7,711            | 7,247            | 17%       |           | 7,658            |
| <b>Total assets under management</b>                       | <b>1,000,311</b> | <b>959,073</b>   | <b>987,369</b>   | <b>991,296</b>   | <b>971,776</b>   | <b>3%</b> | <b>0%</b> | <b>959,073</b>   |
| Assets under administration                                | 134,201          | 124,449          | 130,091          | 127,058          | 126,271          | 6%        | 3%        | 124,449          |
| <b>Total assets under management and administration</b>    | <b>1,134,512</b> | <b>1,083,522</b> | <b>1,117,460</b> | <b>1,118,354</b> | <b>1,098,047</b> | <b>3%</b> | <b>1%</b> | <b>1,083,522</b> |

<sup>5</sup> Includes ETF assets.

<sup>6</sup> Other funds includes College Savings (529 plan).



## FINANCIAL HIGHLIGHTS (CONT'D)

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



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

### Common Share Statistics

|  |       |       |       |       |       |        |       |
|--|-------|-------|-------|-------|-------|--------|-------|
| Share Price - Toronto (in Canadian \$)                     |       |       |       |       |       |        |       |
| high   | 23.85 | 23.04 | 24.76 | 25.20 | 27.77 | -14%   | 27.77 |
| low  | 18.94 | 18.33 | 22.68 | 23.11 | 23.55 | -20%   | 18.33 |
| close  | 22.60 | 19.37 | 23.09 | 23.62 | 23.92 | -6%    | 19.37 |
| Share Price - New York (in U.S \$)                         |       |       |       |       |       |        |       |
| high   | 17.96 | 17.97 | 18.95 | 19.63 | 22.16 | -19%   | 22.16 |
| low  | 13.90 | 13.33 | 17.44 | 17.75 | 18.22 | -24%   | 13.33 |
| close  | 16.91 | 14.19 | 17.88 | 17.97 | 18.58 | -9%    | 14.19 |
| Common shares outstanding (millions)                       |       |       |       |       |       |        |       |
| - end of period  | 1,970 | 1,971 | 1,985 | 1,984 | 1,983 | -1%    | 1,971 |
| - weighted average   | 1,965 | 1,980 | 1,984 | 1,984 | 1,983 | -1%    | 1,983 |
| - diluted weighted average                                 | 1,969 | 1,983 | 1,989 | 1,989 | 1,989 | -1%    | 1,988 |
| Dividend per common share paid in the quarter <sup>1</sup> | 0.250 | 0.250 | 0.220 | 0.220 | 0.220 | 14%    | 0.910 |
| Common share dividend payout ratio                         | 23%   | 91%   | 29%   | 36%   | 32%   | -9 pps | 39%   |
| Common share core dividend payout ratio                    | 33%   | 38%   | 29%   | 31%   | 34%   | -1 pps | 33%   |

<sup>1</sup> On May 1, 2019, the Board of Directors approved quarterly shareholders' dividend of 25.0 cents per share on the common shares of the Company, payable on or after June 19, 2019 to shareholders of record at the close of business on May 14, 2019.

### Change in Common Shares Outstanding

|  |       |       |       |       |       |  |       |
|--|-------|-------|-------|-------|-------|--|-------|
| Beginning Balance  | 1,971 | 1,985 | 1,984 | 1,983 | 1,982 |  | 1,975 |
| Repurchased for cancellation                                 | (10)  | (23)  | -     | -     | -     |  | (23)  |
| Issued under dividend reinvestment plans                     | 8     | 9     | -     | -     | -     |  | 9     |
| Issued on exercise of stock options and deferred share units | 1     | 0     | 1     | 1     | 1     |  | 3     |
| Ending Balance   | 1,970 | 1,971 | 1,985 | 1,984 | 1,983 |  | 1,971 |

### Valuation Data

|   |       |       |       |       |       |      |       |
|---|-------|-------|-------|-------|-------|------|-------|
| Book value per common share                         | 22.34 | 21.38 | 20.24 | 20.32 | 19.72 | 13%  | 21.38 |
| Market value to book value ratio                    | 1.01  | 0.91  | 1.14  | 1.16  | 1.21  | -17% | 0.91  |
| Book value excluding goodwill per common share      | 19.40 | 18.41 | 17.32 | 17.38 | 16.80 | 15%  | 18.41 |
| Book value excluding AOCI per common share          | 19.06 | 18.23 | 18.23 | 17.68 | 17.28 | 10%  | 18.23 |
| Market value to book value excluding goodwill ratio | 1.17  | 1.05  | 1.33  | 1.36  | 1.42  | -18% | 1.05  |
| Market capitalization (\$ billions)                 | 44.5  | 38.2  | 45.8  | 46.9  | 47.4  | -6%  | 38.2  |

### Capital Information

|  |        |        |        |        |        |          |        |
|--|--------|--------|--------|--------|--------|----------|--------|
| Consolidated capital <sup>2</sup>                            | 57,325 | 56,010 | 54,444 | 54,345 | 52,510 | 9%       | 56,010 |
| Financial leverage ratio <sup>3</sup>                        | 27.0%  | 28.6%  | 29.2%  | 29.4%  | 29.7%  | -2.7 pps | 28.6%  |
| LICAT Total Ratio - The Manufacturers Life Insurance Company | 144%   | 143%   | 134%   | 132%   | 129%   | 15 pps   | 143%   |

<sup>2</sup> Consolidated capital includes total equity less AOCI on cash flow hedges 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.

<sup>3</sup> Financial leverage ratio is calculated as the sum of long-term debt, capital instruments, and preferred shares divided by the sum of long-term debt, capital instruments, and total equity.

### Foreign Exchange Information <sup>4</sup>

|                                    |                  |        |        |        |        |        |    |
|------------------------------------|------------------|--------|--------|--------|--------|--------|----|
| - Statements of Financial Position | (CDN to \$ 1 US) | 1.3363 | 1.3642 | 1.2945 | 1.3168 | 1.2894 | 4% |
|                                    | (CDN to 1 YEN)   | 0.0121 | 0.0124 | 0.0114 | 0.0119 | 0.0121 | 0% |
| - Statements of Income             | (CDN to \$ 1 US) | 1.3295 | 1.3204 | 1.3069 | 1.2912 | 1.2647 | 5% |
|                                    | (CDN to 1 YEN)   | 0.0121 | 0.0117 | 0.0117 | 0.0118 | 0.0117 | 3% |

<sup>4</sup> 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)



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
| <b>Revenue</b>   |            |            |            |            |            |                           |                |
| <b>Premium income</b>  |            |            |            |            |            |                           |                |
| Gross premiums   | 10,187     | 9,990      | 9,863      | 9,831      | 9,466      | 8%                        | 39,150         |
| Premiums ceded to reinsurers <sup>1</sup>  | (1,873)    | (8,158)    | (4,762)    | (1,077)    | (1,141)    | -64%                      | (15,138)       |
| Net premiums   | 8,314      | 1,832      | 5,101      | 8,754      | 8,325      | 0%                        | 24,012         |
| <b>Investment income</b>   |            |            |            |            |            |                           |                |
| Investment income  | 3,747      | 3,278      | 3,481      | 3,566      | 3,235      | 16%                       | 13,560         |
| Realized/ unrealized gains (losses) on assets supporting insurance and investment contract liabilities and on macro hedge program <sup>2</sup> | 8,926      | 1,113      | (3,210)    | (1,615)    | (5,316)    | -                         | (9,028)        |
| Net investment income (loss)   | 12,673     | 4,391      | 271        | 1,951      | (2,081)    | -                         | 4,532          |
| <b>Other revenue</b>   | 2,562      | 2,291      | 2,671      | 2,964      | 2,502      | 2%                        | 10,428         |
| <b>Total revenue</b>   | 23,549     | 8,514      | 8,043      | 13,669     | 8,746      | 169%                      | 38,972         |
| <b>Contract benefits and expenses</b>  |            |            |            |            |            |                           |                |
| To contract holders and beneficiaries  |            |            |            |            |            |                           |                |
| Gross claims and benefits  | 7,169      | 7,521      | 6,533      | 7,177      | 6,647      | 8%                        | 27,878         |
| Increase (decrease) in insurance contract liabilities <sup>2</sup>   | 11,407     | 4,893      | (808)      | 1,389      | (2,567)    | -                         | 2,907          |
| Increase (decrease) in investment contract liabilities   | 43         | 47         | (91)       | 35         | 44         | -2%                       | 35             |
| Benefits and expenses ceded to reinsurers  | (1,474)    | (1,437)    | (1,160)    | (1,343)    | (1,213)    | -22%                      | (5,153)        |
| Decrease (increase) in reinsurance assets <sup>3</sup>   | (298)      | (7,563)    | (2,624)    | 475        | (21)       | nm                        | (9,733)        |
| <b>Net benefits and claims</b>   | 16,847     | 3,461      | 1,850      | 7,733      | 2,890      | 483%                      | 15,934         |
| General expenses   | 1,801      | 2,177      | 1,853      | 2,092      | 1,835      | -2%                       | 7,957          |
| Investment expenses  | 403        | 487        | 399        | 416        | 406        | -1%                       | 1,708          |
| Commissions  | 1,548      | 1,576      | 1,619      | 1,457      | 1,521      | 2%                        | 6,173          |
| Interest expense   | 328        | 359        | 312        | 318        | 286        | 15%                       | 1,275          |
| Net premium taxes  | 98         | 95         | 99         | 118        | 94         | 4%                        | 406            |
| <b>Total contract benefits and expenses</b>  | 21,025     | 8,155      | 6,132      | 12,134     | 7,032      | 199%                      | 33,453         |
| <b>Income before income taxes</b>  | 2,524      | 359        | 1,911      | 1,535      | 1,714      | 47%                       | 5,519          |
| Income tax (expense) recovery  | (289)      | (43)       | (6)        | (246)      | (337)      | 14%                       | (632)          |
| <b>Net income</b>  | 2,235      | 316        | 1,905      | 1,289      | 1,377      | 62%                       | 4,887          |
| Less: net income (loss) attributed to non-controlling interests  | 73         | 10         | 83         | 67         | 54         | 35%                       | 214            |
| Less: net income (loss) attributed to participating policyholders  | (14)       | (287)      | 249        | (40)       | (49)       | 71%                       | (127)          |
| <b>Net income attributed to shareholders</b>   | 2,176      | 593        | 1,573      | 1,262      | 1,372      | 59%                       | 4,800          |
| Preferred share dividends  | (43)       | (43)       | (42)       | (44)       | (39)       | -10%                      | (168)          |
| <b>Common shareholders' net income</b>   | 2,133      | 550        | 1,531      | 1,218      | 1,333      | 60%                       | 4,632          |

<sup>1</sup> Includes the \$7.0 billion impact of the Group Pay-out Annuity transaction in Q4 2018, the \$3.7 billion impact of the Individual Pay-out Annuity transaction in Q3 2018, and the \$0.7 billion JHNY portion of both transactions in Q1 2019.

<sup>2</sup> 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. The volatility related to gains and losses on AFS bonds is related to the management of interest rate exposures. These activities in the surplus segment are mostly offset in the measurement of our policy liabilities.

<sup>3</sup> Includes the \$7.5 billion impact of the Group Pay-out Annuity transaction in Q4 2018, the \$3.6 billion impact of the Individual Pay-out Annuity transaction in Q3 2018, and the \$0.8 billion JHNY portion of both transactions in Q1 2019.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Canadian \$ in millions, unaudited)



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 |
|--|------------|------------|------------|------------|------------|---------------------------|
|--|------------|------------|------------|------------|------------|---------------------------|

**ASSETS**

|                                    |                |                |                |                |                |            |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|------------|
| Invested assets                    |                |                |                |                |                |            |
| Cash and short-term securities     | 16,097         | 16,215         | 15,642         | 17,230         | 17,020         | -5%        |
| Securities                         |                |                |                |                |                |            |
| Debt securities                    | 188,486        | 185,594        | 177,385        | 180,821        | 178,198        | 6%         |
| Public equities                    | 21,146         | 19,179         | 21,407         | 21,567         | 21,211         | 0%         |
| Loans                              |                |                |                |                |                |            |
| Mortgages                          | 48,519         | 48,363         | 47,902         | 47,019         | 45,527         | 7%         |
| Private placements                 | 36,390         | 35,754         | 35,236         | 34,701         | 33,373         | 9%         |
| Policy loans                       | 6,390          | 6,446          | 6,102          | 6,117          | 5,987          | 7%         |
| Loans to bank clients              | 1,793          | 1,793          | 1,785          | 1,803          | 1,772          | 1%         |
| Real estate                        | 12,801         | 12,777         | 12,779         | 14,216         | 14,456         | -11%       |
| Other invested assets              | 27,836         | 27,543         | 26,330         | 25,500         | 24,845         | 12%        |
| <b>Total invested assets</b>       | <b>359,458</b> | <b>353,664</b> | <b>344,568</b> | <b>348,974</b> | <b>342,389</b> | <b>5%</b>  |
| Other assets                       |                |                |                |                |                |            |
| Accrued investment income          | 2,483          | 2,427          | 2,372          | 2,263          | 2,313          | 7%         |
| Outstanding premiums               | 1,610          | 1,369          | 1,240          | 1,256          | 1,172          | 37%        |
| Derivatives                        | 15,959         | 13,703         | 11,238         | 13,145         | 13,821         | 15%        |
| Reinsurance assets                 | 42,430         | 43,053         | 33,304         | 31,296         | 31,165         | 36%        |
| Deferred tax asset                 | 4,196          | 4,318          | 4,291          | 4,775          | 4,797          | -13%       |
| Goodwill and intangible assets     | 10,004         | 10,097         | 9,972          | 10,065         | 9,980          | 0%         |
| Miscellaneous                      | 9,349          | 8,431          | 8,597          | 8,456          | 8,175          | 14%        |
| <b>Total other assets</b>          | <b>86,031</b>  | <b>83,398</b>  | <b>71,014</b>  | <b>71,256</b>  | <b>71,423</b>  | <b>20%</b> |
| <b>Segregated funds net assets</b> | <b>334,425</b> | <b>313,209</b> | <b>332,256</b> | <b>331,995</b> | <b>326,011</b> | <b>3%</b>  |
| <b>Total assets</b>                | <b>779,914</b> | <b>750,271</b> | <b>747,838</b> | <b>752,225</b> | <b>739,823</b> | <b>5%</b>  |

**LIABILITIES AND EQUITY**

|   |                |                |                |                |                |            |
|---|----------------|----------------|----------------|----------------|----------------|------------|
| Policy liabilities  |                |                |                |                |                |            |
| Insurance contract liabilities                              | 335,269        | 328,654        | 309,842        | 315,473        | 310,481        | 8%         |
| Investment contract liabilities                             | 3,209          | 3,265          | 3,160          | 3,201          | 3,161          | 2%         |
| Deposits from bank clients                                  | 19,984         | 19,684         | 19,085         | 19,122         | 18,976         | 5%         |
| Derivatives   | 8,249          | 7,803          | 7,268          | 7,183          | 7,433          | 11%        |
| Deferred tax liabilities                                    | 2,025          | 1,814          | 1,506          | 1,457          | 1,448          | 40%        |
| Other liabilities   | 14,902         | 15,190         | 15,866         | 14,985         | 15,043         | -1%        |
|   | <b>383,638</b> | <b>376,410</b> | <b>356,727</b> | <b>361,421</b> | <b>356,542</b> | <b>8%</b>  |
| Long-term debt  | 4,672          | 4,769          | 4,525          | 4,603          | 4,906          | -5%        |
| Capital instruments   | 8,185          | 8,732          | 8,843          | 8,888          | 8,275          | -1%        |
| <b>Segregated funds net liabilities</b>                     | <b>334,425</b> | <b>313,209</b> | <b>332,256</b> | <b>331,995</b> | <b>326,011</b> | <b>3%</b>  |
| <b>Total liabilities</b>                                    | <b>730,920</b> | <b>703,120</b> | <b>702,351</b> | <b>706,907</b> | <b>695,734</b> | <b>5%</b>  |
| <b>Equity</b>   |                |                |                |                |                |            |
| Issued share capital  |                |                |                |                |                |            |
| Preferred shares  | 3,822          | 3,822          | 3,822          | 3,822          | 3,822          | 0%         |
| Common shares   | 23,052         | 22,961         | 23,045         | 23,031         | 23,010         | 0%         |
| Contributed surplus   | 265            | 265            | 274            | 274            | 275            | -4%        |
| Shareholders' retained earnings                             | 14,239         | 12,704         | 12,862         | 11,768         | 10,987         | 30%        |
| Shareholders' accumulated other comprehensive income (loss) |                |                |                |                |                |            |
| Pension and other post-employment plans                     | (423)          | (426)          | (386)          | (388)          | (385)          | -10%       |
| Available-for-sale securities                               | 687            | (265)          | (611)          | (115)          | (159)          | -          |
| Cash flow hedges  | (146)          | (127)          | (114)          | (139)          | (146)          | 0%         |
| Real estate revaluation surplus                             | 31             | 20             | 20             | 21             | 21             | 48%        |
| Translation of foreign operations                           | 6,319          | 7,010          | 5,076          | 5,870          | 5,509          | 15%        |
| <b>Total shareholders' equity</b>                           | <b>47,846</b>  | <b>45,964</b>  | <b>43,988</b>  | <b>44,144</b>  | <b>42,934</b>  | <b>11%</b> |
| Participating policyholders' equity                         | 77             | 94             | 380            | 132            | 173            | -55%       |
| Non-controlling interests                                   | 1,071          | 1,093          | 1,119          | 1,042          | 982            | 9%         |
| <b>Total equity</b>   | <b>48,994</b>  | <b>47,151</b>  | <b>45,487</b>  | <b>45,318</b>  | <b>44,089</b>  | <b>11%</b> |
| <b>Total liabilities and equity</b>                         | <b>779,914</b> | <b>750,271</b> | <b>747,838</b> | <b>752,225</b> | <b>739,823</b> | <b>5%</b>  |

# **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Canadian \$ in millions, unaudited)



|  | 2019<br>Q1    | 2018<br>Q4    | 2018<br>Q3    | 2018<br>Q2    | 2018<br>Q1    | Fiscal<br>2018 |
|--|---------------|---------------|---------------|---------------|---------------|----------------|
| <b>Preferred shares</b>  |               |               |               |               |               |                |
| Balance, beginning of period   | 3,822         | 3,822         | 3,822         | 3,822         | 3,577         | 3,577          |
| Issued   | -             | -             | -             | -             | 250           | 250            |
| Issuance costs, net of tax   | -             | -             | -             | -             | (5)           | (5)            |
| <b>Balance, end of period</b>  | <b>3,822</b>  | <b>3,822</b>  | <b>3,822</b>  | <b>3,822</b>  | <b>3,822</b>  | <b>3,822</b>   |
| <b>Common shares</b>   |               |               |               |               |               |                |
| Balance, beginning of period   | 22,961        | 23,045        | 23,031        | 23,010        | 22,989        | 22,989         |
| Repurchased  | (116)         | (269)         | -             | -             | -             | (269)          |
| Issued on exercise of stock options and deferred share units                                   | 14            | 3             | 14            | 21            | 21            | 59             |
| Issued under Dividend Reinvestment and Share Purchase Plans                                    | 193           | 182           | -             | -             | -             | 182            |
| <b>Balance, end of period</b>  | <b>23,052</b> | <b>22,961</b> | <b>23,045</b> | <b>23,031</b> | <b>23,010</b> | <b>22,961</b>  |
| <b>Contributed surplus</b>   |               |               |               |               |               |                |
| Balance, beginning of period   | 265           | 274           | 274           | 275           | 277           | 277            |
| Exercise of stock options and deferred share units   | (3)           | -             | (3)           | (4)           | (3)           | (10)           |
| Stock option expense   | 3             | 3             | 3             | 3             | 1             | 10             |
| Acquisition of non-controlling interest  | -             | (12)          | -             | -             | -             | (12)           |
| <b>Balance, end of period</b>  | <b>265</b>    | <b>265</b>    | <b>274</b>    | <b>274</b>    | <b>275</b>    | <b>265</b>     |
| <b>Shareholders' retained earnings</b>   |               |               |               |               |               |                |
| Balance, beginning of period   | 12,704        | 12,862        | 11,768        | 10,987        | 10,083        | 10,083         |
| Opening adjustment on adoption of IFRS 16  | (19)          | -             | -             | -             | -             | -              |
| Net income attributed to shareholders  | 2,176         | 593           | 1,573         | 1,262         | 1,372         | 4,800          |
| Preferred share dividends  | (43)          | (43)          | (42)          | (44)          | (39)          | (168)          |
| Common share dividends   | (489)         | (499)         | (437)         | (437)         | (429)         | (1,802)        |
| Common shares repurchased  | (90)          | (209)         | -             | -             | -             | (209)          |
| <b>Balance, end of period</b>  | <b>14,239</b> | <b>12,704</b> | <b>12,862</b> | <b>11,768</b> | <b>10,987</b> | <b>12,704</b>  |
| <b>Shareholders' accumulated other comprehensive income (loss)</b>                             |               |               |               |               |               |                |
| Balance, beginning of period   | 6,212         | 3,985         | 5,249         | 4,840         | 4,087         | 4,087          |
| Other comprehensive income (loss)  |               |               |               |               |               |                |
| Remeasurement of pension and other post-employment plans, net of tax expense of \$1            | 3             | (40)          | 2             | (3)           | (21)          | (62)           |
| Real estate revaluation reserve, net of tax expense of nil                                     | 11            | -             | (1)           | -             | -             | (1)            |
| Available-for-sale ("AFS") securities unrealized gains (losses), net of tax expense of \$252   | 990           | 340           | (467)         | (4)           | (325)         | (456)          |
| AFS securities realized losses (gains) & impairments (recoveries), net of tax recovery of \$11 | (39)          | 7             | (29)          | 48            | (13)          | 13             |
| Cash flow hedges unrealized gains (losses), net of tax recovery of \$3                         | (19)          | (19)          | 21            | 4             | (40)          | (34)           |
| Cash flow hedges realized (gains) losses, net of tax expense of nil                            | -             | 6             | 4             | 3             | 3             | 16             |
| Unrealized foreign exchange gains (losses), net of \$97 hedges and tax expense of \$14         | (691)         | 1,933         | (793)         | 361           | 1,149         | 2,650          |
| Share of other comprehensive income (loss) of associates, net of tax expense of nil            | 1             | -             | (1)           | -             | -             | (1)            |
| <b>Balance, end of period</b>  | <b>6,468</b>  | <b>6,212</b>  | <b>3,985</b>  | <b>5,249</b>  | <b>4,840</b>  | <b>6,212</b>   |
| <b>Total shareholders' equity, end of period</b>   | <b>47,846</b> | <b>45,964</b> | <b>43,988</b> | <b>44,144</b> | <b>42,934</b> | <b>45,964</b>  |
| <b>Participating policyholders' equity</b>   |               |               |               |               |               |                |
| Balance, beginning of period   | 94            | 380           | 132           | 173           | 221           | 221            |
| Opening adjustment on adoption of IFRS 16  | (3)           | -             | -             | -             | -             | -              |
| Net income (loss) attributed to participating policyholders                                    | (14)          | (287)         | 249           | (40)          | (49)          | (127)          |
| Other comprehensive income attributed to participating policyholders                           | -             | 1             | (1)           | (1)           | 1             | -              |
| <b>Balance, end of period</b>  | <b>77</b>     | <b>94</b>     | <b>380</b>    | <b>132</b>    | <b>173</b>    | <b>94</b>      |
| <b>Non-controlling interests</b>   |               |               |               |               |               |                |
| Balance, beginning of period   | 1,093         | 1,119         | 1,042         | 982           | 929           | 929            |
| Net income (loss) attributed to non-controlling interests                                      | 73            | 10            | 83            | 67            | 54            | 214            |
| Other comprehensive income (loss) attributed to non-controlling interests                      | 2             | 1             | (1)           | -             | (2)           | (2)            |
| Contributions (distributions), net   | (97)          | (37)          | (5)           | (7)           | 1             | (48)           |
| <b>Balance, end of period</b>  | <b>1,071</b>  | <b>1,093</b>  | <b>1,119</b>  | <b>1,042</b>  | <b>982</b>    | <b>1,093</b>   |
| <b>Total equity, end of period</b>   | <b>48,994</b> | <b>47,151</b> | <b>45,487</b> | <b>45,318</b> | <b>44,089</b> | <b>47,151</b>  |

# CONSOLIDATED STATEMENTS OF CASH FLOWS

(Canadian \$ in millions, unaudited)



|  | 2019<br>Q1     | 2018<br>Q4     | 2018<br>Q3     | 2018<br>Q2     | 2018<br>Q1     | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018  |
|--|----------------|----------------|----------------|----------------|----------------|---------------------------|-----------------|
| <b>Operating activities</b>  |                |                |                |                |                |                           |                 |
| Net income (loss)  | 2,235          | 316            | 1,905          | 1,289          | 1,377          | 62%                       | 4,887           |
| Adjustments  |                |                |                |                |                |                           |                 |
| Increase (decrease) in insurance contract liabilities                                  | 11,407         | 4,893          | (808)          | 1,389          | (2,567)        | -                         | 2,907           |
| Increase (decrease) in investment contract liabilities                                 | 43             | 47             | (91)           | 35             | 44             | -2%                       | 35              |
| Decrease (increase) in reinsurance assets  | 414            | (557)          | 996            | 475            | (21)           | -                         | 893             |
| Amortization of premium/discount on invested assets                                    | 30             | 42             | 57             | 57             | 56             | -46%                      | 212             |
| Other amortization   | 155            | 261            | 177            | 170            | 139            | 12%                       | 747             |
| Net realized (gains) losses, including impairments on assets                           | (9,311)        | (1,159)        | 3,104          | 1,957          | 4,825          | -                         | 8,727           |
| Deferred income tax expense (recovery)   | 132            | 228            | 633            | 68             | 1              | nm                        | 930             |
| Restructuring charge   | -              | (44)           | -              | 200            | -              | -                         | 156             |
| Stock option expense   | 3              | 3              | 3              | 3              | 1              | 200%                      | 10              |
| Cash provided by operating activities before undernoted items                          | 5,108          | 4,030          | 5,976          | 5,643          | 3,855          | 33%                       | 19,504          |
| Changes in policy related and operating receivables and payables                       | (1,197)        | 706            | (333)          | (682)          | (7)            | nm                        | (316)           |
| <b>Cash provided by (used in) operating activities</b>                                 | <b>3,911</b>   | <b>4,736</b>   | <b>5,643</b>   | <b>4,961</b>   | <b>3,848</b>   | <b>2%</b>                 | <b>19,188</b>   |
| <b>Investing activities</b>  |                |                |                |                |                |                           |                 |
| Purchases and mortgage advances  | (19,525)       | (23,706)       | (25,635)       | (28,221)       | (23,610)       | 17%                       | (101,172)       |
| Disposals and repayments   | 15,925         | 21,036         | 17,698         | 23,485         | 19,892         | -20%                      | 82,111          |
| Changes in investment broker net receivables and payables                              | 130            | (1,094)        | 872            | 115            | (21)           | -                         | (128)           |
| Net cash decrease from sale and purchase of subsidiaries and businesses                | 253            | 187            | -              | -              | -              | -                         | 187             |
| <b>Cash provided by (used in) investing activities</b>                                 | <b>(3,217)</b> | <b>(3,577)</b> | <b>(7,065)</b> | <b>(4,621)</b> | <b>(3,739)</b> | <b>14%</b>                | <b>(19,002)</b> |
| <b>Financing activities</b>  |                |                |                |                |                |                           |                 |
| Increase (decrease) in repurchase agreements and securities sold but not yet purchased | 203            | (714)          | 477            | (89)           | 137            | 48%                       | (189)           |
| Issue of long-term debt, net   | -              | -              | -              | -              | -              | -                         | -               |
| Redemption of long-term debt, net  | -              | -              | -              | (400)          | -              | -                         | (400)           |
| Issue (redemption) of capital instruments, net   | (500)          | (250)          | -              | 597            | (200)          | -150%                     | 147             |
| Secured borrowings from securitization transactions                                    | -              | 250            | -              | -              | -              | -                         | 250             |
| Changes in deposits from bank clients, net   | 308            | 560            | (36)           | 126            | 840            | -63%                      | 1,490           |
| Lease payments   | (27)           | -              | -              | -              | -              | -                         | -               |
| Shareholder dividends paid in cash   | (339)          | (360)          | (479)          | (481)          | (468)          | 28%                       | (1,788)         |
| NCI dividends paid in cash   | -              | -              | -              | (2)            | -              | -                         | (2)             |
| Contributions from (distributions to) non-controlling interest, net                    | -              | (49)           | (5)            | (5)            | 1              | -100%                     | (58)            |
| Common shares repurchased  | (206)          | (478)          | -              | -              | -              | -                         | (478)           |
| Common shares issued, net  | 14             | 3              | 14             | 21             | 21             | -33%                      | 59              |
| Preferred shares issued, net   | -              | -              | -              | -              | 245            | -100%                     | 245             |
| <b>Cash provided by (used in) financing activities</b>                                 | <b>(547)</b>   | <b>(1,038)</b> | <b>(29)</b>    | <b>(233)</b>   | <b>576</b>     | <b>-</b>                  | <b>(724)</b>    |
| <b>Cash and short-term securities</b>  |                |                |                |                |                |                           |                 |
| Increase (decrease) during the period  | 147            | 121            | (1,451)        | 107            | 685            | -79%                      | (538)           |
| Effect of foreign exchange rate changes on cash and short-term securities              | (206)          | 572            | (236)          | 141            | 345            | -                         | 822             |
| Balance, beginning of period   | 15,382         | 14,689         | 16,376         | 16,128         | 15,098         | 2%                        | 15,098          |
| <b>Balance, end of period</b>  | <b>15,323</b>  | <b>15,382</b>  | <b>14,689</b>  | <b>16,376</b>  | <b>16,128</b>  | <b>-5%</b>                | <b>15,382</b>   |
| <b>Cash and short-term securities</b>  |                |                |                |                |                |                           |                 |
| <b>Beginning of period</b>   |                |                |                |                |                |                           |                 |
| Gross cash and short-term securities   | 16,215         | 15,642         | 17,230         | 16,128         | 15,965         | 2%                        | 15,965          |
| Net payments in transit, included in other liabilities                                 | (833)          | (953)          | (854)          | -              | (867)          | -4%                       | (867)           |
| <b>Net cash and short-term securities, beginning of period</b>                         | <b>15,382</b>  | <b>14,689</b>  | <b>16,376</b>  | <b>16,128</b>  | <b>15,098</b>  | <b>2%</b>                 | <b>15,098</b>   |
| <b>End of period</b>   |                |                |                |                |                |                           |                 |
| Gross cash and short-term securities   | 16,097         | 16,215         | 15,642         | 17,230         | 17,020         | -5%                       | 16,215          |
| Net payments in transit, included in other liabilities                                 | (774)          | (833)          | (953)          | (854)          | (892)          | -13%                      | (833)           |
| <b>Net cash and short-term securities, end of period</b>                               | <b>15,323</b>  | <b>15,382</b>  | <b>14,689</b>  | <b>16,376</b>  | <b>16,128</b>  | <b>-5%</b>                | <b>15,382</b>   |

**ASIA**

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



| 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018 |
|------------|------------|------------|------------|------------|---------------------------|----------------|
|------------|------------|------------|------------|------------|---------------------------|----------------|

**Statements of Income <sup>1</sup>**

|   |       |       |       |       |       |      |         |
|---|-------|-------|-------|-------|-------|------|---------|
| <b>Revenue</b>  |       |       |       |       |       |      |         |
| <b>Premium income</b>   |       |       |       |       |       |      |         |
| Gross premiums  | 4,034 | 3,608 | 3,712 | 3,472 | 3,691 | 9%   | 14,483  |
| Premiums ceded to reinsurers  | (146) | (120) | (116) | (128) | (143) | -2%  | (507)   |
| <b>Investment income</b>  | 424   | 423   | 496   | 486   | 412   | 3%   | 1,817   |
| <b>Other revenue</b>  | 248   | 230   | 241   | 321   | 208   | 19%  | 1,000   |
| <b>Subtotal revenue</b>   | 4,560 | 4,141 | 4,333 | 4,151 | 4,168 | 9%   | 16,793  |
| Realized/ unrealized gains on invested assets supporting insurance and investment contract liabilities <sup>2</sup> | 2,024 | (129) | (388) | (323) | (759) | -    | (1,599) |
| <b>Total revenue</b>  | 6,584 | 4,012 | 3,945 | 3,828 | 3,409 | 93%  | 15,194  |
| <b>Contract benefits and expenses</b>   |       |       |       |       |       |      |         |
| To contract holders and beneficiaries   |       |       |       |       |       |      |         |
| Gross benefits and claims paid and change in insurance contract liabilities <sup>2</sup>                            | 4,997 | 2,965 | 2,615 | 2,611 | 2,171 | 130% | 10,362  |
| Ceded benefits and expenses and change in reinsurance assets  | (114) | (76)  | (221) | (69)  | (89)  | -28% | (455)   |
| Change in investment contract liabilities   | (2)   | 1     | 6     | -     | (6)   | 67%  | 1       |
| General expenses  | 394   | 436   | 417   | 403   | 381   | 3%   | 1,637   |
| Investment expenses   | 36    | 29    | 33    | 26    | 30    | 20%  | 118     |
| Commissions   | 527   | 495   | 491   | 434   | 458   | 15%  | 1,878   |
| Other   | 49    | 45    | 44    | 42    | 42    | 17%  | 173     |
| <b>Total contract benefits and expenses</b>   | 5,887 | 3,895 | 3,385 | 3,447 | 2,987 | 97%  | 13,714  |
| <b>Income (loss) before income taxes</b>  | 697   | 117   | 560   | 381   | 422   | 65%  | 1,480   |
| Income tax (expense) recovery   | (88)  | (16)  | (113) | (76)  | (73)  | -21% | (278)   |
| <b>Net income (loss)</b>  | 609   | 101   | 447   | 305   | 349   | 74%  | 1,202   |
| Less net income (loss) attributed to non-controlling interests  | 55    | 4     | 63    | 50    | 44    | 25%  | 161     |
| Less net income (loss) attributed to participating policyholders  | 32    | (143) | (50)  | (29)  | (54)  | -    | (276)   |
| <b>Net income (loss) attributed to shareholders</b>   | 522   | 240   | 434   | 284   | 359   | 45%  | 1,317   |
| <b>Net income (loss) attributed to shareholders CER</b>   | 522   | 248   | 435   | 285   | 357   | 46%  | 1,325   |

<sup>1</sup> 2018 earnings reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

<sup>2</sup> 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.

# ASIA (CONT'D)

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



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER <sup>1</sup> | 2019 Q1<br>vs.<br>2018 Q1<br>CER <sup>2</sup> | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|---|---|----------------|
|--|------------|------------|------------|------------|------------|---|---|----------------|

## Earnings Analysis <sup>3</sup>

|   |            |            |            |            |            |            |            |              |
|---|------------|------------|------------|------------|------------|------------|------------|--------------|
| Hong Kong   | 169        | 159        | 144        | 139        | 145        | 17%        | 17%        | 587          |
| Japan   | 136        | 120        | 126        | 96         | 106        | 28%        | 31%        | 448          |
| Asia Other  | 118        | 103        | 118        | 111        | 122        | -3%        | 1%         | 454          |
| Regional Office   | (32)       | (32)       | (36)       | (27)       | (31)       | -3%        | -3%        | (126)        |
| <b>Total Core earnings (loss)</b>   | <b>391</b> | <b>350</b> | <b>352</b> | <b>319</b> | <b>342</b> | <b>14%</b> | <b>17%</b> | <b>1,363</b> |
| <b>Total Core earnings CER</b>  | <b>391</b> | <b>356</b> | <b>356</b> | <b>314</b> | <b>335</b> |            | <b>17%</b> | <b>1,361</b> |
| <b>Items excluded from core earnings</b>  |            |            |            |            |            |            |            |              |
| Investment-related experience outside of core earnings  | 87         | 75         | 71         | 35         | 38         |            |            | 219          |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 44         | (185)      | (13)       | (68)       | (21)       |            |            | (287)        |
| Change in actuarial methods and assumptions   | -          | -          | 21         | -          | -          |            |            | 21           |
| Reinsurance transactions and Other  | -          | -          | 3          | (2)        | -          |            |            | 1            |
| <b>Net income (loss) attributed to shareholders</b>   | <b>522</b> | <b>240</b> | <b>434</b> | <b>284</b> | <b>359</b> | <b>45%</b> | <b>46%</b> | <b>1,317</b> |

## Source of Earnings - Core <sup>3, 4</sup>

|   |            |            |            |            |            |            |            |              |
|---|------------|------------|------------|------------|------------|------------|------------|--------------|
| Expected profit from in-force business        | 204        | 198        | 196        | 197        | 192        | 6%         | 8%         | 783          |
| Impact of new business                        | 177        | 177        | 184        | 140        | 150        | 18%        | 21%        | 651          |
| Experience gains (losses)                     | 15         | (30)       | (20)       | (13)       | -          | -          | -          | (63)         |
| Management actions and changes in assumptions | -          | -          | -          | (3)        | -          | -          | -          | (3)          |
| Earnings on surplus funds                     | 41         | 38         | 37         | 39         | 38         | 8%         | 9%         | 152          |
| Other <sup>5</sup>                            | 21         | 21         | 34         | 40         | 33         | -36%       | -34%       | 128          |
| <b>Core earnings before income taxes</b>      | <b>458</b> | <b>404</b> | <b>431</b> | <b>400</b> | <b>413</b> | <b>11%</b> | <b>14%</b> | <b>1,648</b> |
| Income tax (expense) recovery                 | (67)       | (54)       | (79)       | (81)       | (71)       | 6%         | 3%         | (285)        |
| <b>Total Core earnings</b>                    | <b>391</b> | <b>350</b> | <b>352</b> | <b>319</b> | <b>342</b> | <b>14%</b> | <b>17%</b> | <b>1,363</b> |

<sup>1</sup> AER percentage changes are calculated using actual exchange rates.

<sup>2</sup> CER percentage changes are calculated on a constant exchange rate basis.

<sup>3</sup> 2018 earnings reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

<sup>4</sup> The 'Source of Earnings - Core' lines excludes the portion related to non-controlling interest.

<sup>5</sup> Includes tax items related to minority interest and release of premium income tax allowables. These balances are offset in the Income tax (expense) recovery line.

## ASIA (CONT'D)

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



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER | 2019 Q1<br>vs.<br>2018 Q1<br>CER | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|

### Annualized Premium Equivalents Sales

|   |              |            |            |            |            |            |            |              |
|---|--------------|------------|------------|------------|------------|------------|------------|--------------|
| Hong Kong   | 165          | 186        | 170        | 142        | 149        | 11%        | 11%        | 647          |
| Japan   | 409          | 295        | 303        | 232        | 257        | 59%        | 62%        | 1,087        |
| Asia Other  | 431          | 306        | 345        | 337        | 372        | 16%        | 20%        | 1,360        |
| <b>Total Annualized premium equivalents sales</b>     | <b>1,005</b> | <b>787</b> | <b>818</b> | <b>711</b> | <b>778</b> | <b>29%</b> | <b>32%</b> | <b>3,094</b> |
| <b>Total Annualized premium equivalents sales CER</b> | <b>1,005</b> | <b>800</b> | <b>826</b> | <b>701</b> | <b>760</b> |            | <b>32%</b> | <b>3,087</b> |

### Insurance Sales

|                                  |            |            |            |            |            |            |            |              |
|----------------------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Hong Kong                        | 148        | 161        | 137        | 111        | 111        | 33%        | 33%        | 520          |
| Japan                            | 319        | 195        | 205        | 127        | 150        | 113%       | 117%       | 677          |
| Asia Other                       | 418        | 295        | 325        | 314        | 343        | 22%        | 27%        | 1,277        |
| <b>Total Insurance sales</b>     | <b>885</b> | <b>651</b> | <b>667</b> | <b>552</b> | <b>604</b> | <b>47%</b> | <b>50%</b> | <b>2,474</b> |
| <b>Total Insurance sales CER</b> | <b>885</b> | <b>661</b> | <b>673</b> | <b>543</b> | <b>589</b> |            | <b>50%</b> | <b>2,466</b> |

### Annuities Sales

|                                  |            |            |              |              |              |             |             |              |
|----------------------------------|------------|------------|--------------|--------------|--------------|-------------|-------------|--------------|
| Hong Kong                        | 168        | 257        | 331          | 308          | 381          | -56%        | -56%        | 1,277        |
| Japan                            | 466        | 566        | 575          | 613          | 590          | -21%        | -20%        | 2,344        |
| Asia Other                       | 124        | 106        | 187          | 240          | 288          | -57%        | -56%        | 821          |
| <b>Total Annuities sales</b>     | <b>758</b> | <b>929</b> | <b>1,093</b> | <b>1,161</b> | <b>1,259</b> | <b>-40%</b> | <b>-39%</b> | <b>4,442</b> |
| <b>Total Annuities sales CER</b> | <b>758</b> | <b>945</b> | <b>1,103</b> | <b>1,153</b> | <b>1,241</b> |             | <b>-39%</b> | <b>4,442</b> |

### New Business Value (NBV)

|                      |            |            |            |            |            |            |            |              |
|----------------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Hong Kong            | 98         | 127        | 110        | 89         | 92         | 7%         | 7%         | 418          |
| Japan                | 115        | 91         | 84         | 79         | 75         | 55%        | 57%        | 329          |
| Asia Other           | 96         | 86         | 99         | 90         | 90         | 6%         | 10%        | 365          |
| <b>Total NBV</b>     | <b>309</b> | <b>304</b> | <b>293</b> | <b>258</b> | <b>257</b> | <b>20%</b> | <b>23%</b> | <b>1,112</b> |
| <b>Total NBV CER</b> | <b>309</b> | <b>308</b> | <b>294</b> | <b>256</b> | <b>252</b> |            | <b>23%</b> | <b>1,110</b> |

### New Business Value (NBV) Margin <sup>1</sup>

|                             |              |              |              |              |              |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Hong Kong                   | 59.5%        | 68.0%        | 64.6%        | 62.9%        | 61.8%        |
| Japan                       | 28.2%        | 31.0%        | 27.7%        | 34.2%        | 29.0%        |
| Asia Other                  | 27.6%        | 31.2%        | 32.0%        | 30.5%        | 29.1%        |
| <b>Total NBV margin</b>     | <b>33.6%</b> | <b>40.2%</b> | <b>37.4%</b> | <b>38.6%</b> | <b>35.9%</b> |
| <b>Total NBV margin CER</b> | <b>33.6%</b> | <b>40.1%</b> | <b>37.3%</b> | <b>38.6%</b> | <b>35.9%</b> |

<sup>1</sup> 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.



## ASIA (CONT'D)

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



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER | 2019 Q1<br>vs.<br>2018 Q1<br>CER | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|

### Premiums and Deposits

|   |              |              |              |              |              |           |           |               |
|---|--------------|--------------|--------------|--------------|--------------|-----------|-----------|---------------|
| Premiums and investment contract deposits | 3,891        | 3,482        | 3,598        | 3,344        | 3,550        | 10%       |           | 13,974        |
| Segregated fund and other deposits        | 579          | 652          | 785          | 773          | 910          | -36%      |           | 3,120         |
| <b>Total Premiums and deposits</b>        | <b>4,470</b> | <b>4,134</b> | <b>4,383</b> | <b>4,117</b> | <b>4,460</b> | <b>0%</b> | <b>2%</b> | <b>17,094</b> |
| <b>Total Premiums and deposits CER</b>    | <b>4,470</b> | <b>4,177</b> | <b>4,403</b> | <b>4,066</b> | <b>4,369</b> |           | <b>2%</b> | <b>17,015</b> |

### Premiums and Deposits by Business Units

|                                    |              |              |              |              |              |           |           |               |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|---------------|
| Hong Kong                          | 1,110        | 1,305        | 1,242        | 1,160        | 1,204        | -8%       | -8%       | 4,911         |
| Japan                              | 1,789        | 1,481        | 1,594        | 1,492        | 1,723        | 4%        | 7%        | 6,290         |
| Asia Other                         | 1,571        | 1,348        | 1,547        | 1,465        | 1,533        | 2%        | 6%        | 5,893         |
| <b>Total Premiums and deposits</b> | <b>4,470</b> | <b>4,134</b> | <b>4,383</b> | <b>4,117</b> | <b>4,460</b> | <b>0%</b> | <b>2%</b> | <b>17,094</b> |

### Total Weighted Premium Income (TWPI)

|                 |              |              |              |              |              |            |            |               |
|-----------------|--------------|--------------|--------------|--------------|--------------|------------|------------|---------------|
| Hong Kong       | 828          | 936          | 848          | 825          | 782          | 6%         | 6%         | 3,391         |
| Japan           | 1,496        | 1,090        | 1,197        | 1,063        | 1,334        | 12%        | 14%        | 4,684         |
| Asia Other      | 1,203        | 1,015        | 976          | 963          | 976          | 23%        | 28%        | 3,930         |
| <b>TWPI</b>     | <b>3,527</b> | <b>3,041</b> | <b>3,021</b> | <b>2,851</b> | <b>3,092</b> | <b>14%</b> | <b>16%</b> | <b>12,005</b> |
| <b>TWPI CER</b> | <b>3,527</b> | <b>3,089</b> | <b>3,048</b> | <b>2,816</b> | <b>3,031</b> |            | <b>16%</b> | <b>11,984</b> |

### Assets Under Management <sup>1</sup>

|  |               |               |               |               |               |            |            |               |
|--|---------------|---------------|---------------|---------------|---------------|------------|------------|---------------|
| General fund                             | 67,857        | 65,075        | 62,150        | 61,275        | 60,578        | 12%        |            | 65,075        |
| Segregated funds                         | 15,182        | 14,176        | 14,828        | 14,644        | 15,034        | 1%         |            | 14,176        |
| <b>Total Assets under management</b>     | <b>83,039</b> | <b>79,251</b> | <b>76,978</b> | <b>75,919</b> | <b>75,612</b> | <b>10%</b> | <b>13%</b> | <b>79,251</b> |
| <b>Total Assets under management CER</b> | <b>83,039</b> | <b>79,242</b> | <b>77,772</b> | <b>75,759</b> | <b>73,749</b> |            | <b>13%</b> | <b>79,242</b> |

<sup>1</sup> 2018 AUM and earnings on assets backing capital allocated to each segment from the Corporate and Other segment have been restated to align with the capital allocation methodology used in 2019.

### Number of Agents

|                               |               |               |               |               |               |            |  |               |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|------------|--|---------------|
| Hong Kong                     | 8,696         | 8,817         | 7,936         | 7,637         | 7,633         | 14%        |  | 8,817         |
| Japan                         | 2,107         | 2,107         | 2,150         | 2,196         | 2,272         | -7%        |  | 2,107         |
| Asia Other                    | 70,332        | 68,644        | 67,443        | 62,172        | 58,455        | 20%        |  | 68,644        |
| <b>Total Number of agents</b> | <b>81,135</b> | <b>79,568</b> | <b>77,529</b> | <b>72,005</b> | <b>68,360</b> | <b>19%</b> |  | <b>79,568</b> |

### Canadian \$ in millions - Key Metrics <sup>1</sup>

|  |         |         |        |        |        |      |      |         |
|--|---------|---------|--------|--------|--------|------|------|---------|
| Core earnings                                | 520     | 463     | 461    | 411    | 431    | 21%  | 17%  | 1,766   |
| Items excluded from core earnings            | 175     | (145)   | 105    | (43)   | 21     | 733% |      | (62)    |
| Net income (loss) attributed to shareholders | 695     | 318     | 566    | 368    | 452    | 54%  | 46%  | 1,704   |
| Annualized Premium Equivalents Sales         | 1,336   | 1,040   | 1,070  | 918    | 984    | 36%  | 32%  | 4,012   |
| Insurance Sales                              | 1,177   | 861     | 871    | 713    | 764    | 54%  | 50%  | 3,209   |
| Annuities Sales                              | 1,007   | 1,227   | 1,428  | 1,499  | 1,592  | -37% | -39% | 5,746   |
| New Business Value (NBV)                     | 411     | 402     | 382    | 334    | 325    | 26%  | 23%  | 1,443   |
| Premiums and Deposits                        | 5,942   | 5,462   | 5,727  | 5,316  | 5,640  | 5%   | 2%   | 22,145  |
| Assets Under Management                      | 110,999 | 108,109 | 99,679 | 99,977 | 97,497 | 14%  | 13%  | 108,109 |

**CANADA**

(Canadian \$ millions, unaudited)


**Manulife**
**2019  
Q1**
**2018  
Q4**
**2018  
Q3**
**2018  
Q2**
**2018  
Q1**
**2019 Q1  
vs.  
2018 Q1**
**Fiscal  
2018**
**Statements of Income <sup>1</sup>**

|   |       |       |         |       |       |      |         |
|---|-------|-------|---------|-------|-------|------|---------|
| <b>Revenue</b>  |       |       |         |       |       |      |         |
| <b>Premium income</b>   |       |       |         |       |       |      |         |
| Gross premiums  | 2,599 | 2,677 | 2,587   | 3,143 | 2,567 | 1%   | 10,974  |
| Premiums ceded to reinsurers  | (379) | (394) | (377)   | (362) | (414) | 8%   | (1,547) |
| <b>Investment income</b>  | 1,258 | 920   | 1,054   | 1,088 | 1,057 | 19%  | 4,119   |
| <b>Other revenue</b>  | 288   | 343   | 379     | 362   | 362   | -20% | 1,446   |
| <b>Subtotal revenue</b>   | 3,766 | 3,546 | 3,643   | 4,231 | 3,572 | 5%   | 14,992  |
| Realized/ unrealized gains on invested assets supporting insurance and investment contract liabilities <sup>2</sup> | 3,324 | 284   | (1,546) | 256   | (388) | -    | (1,394) |
| <b>Total revenue</b>  | 7,090 | 3,830 | 2,097   | 4,487 | 3,184 | 123% | 13,598  |
| <b>Contract benefits and expenses</b>   |       |       |         |       |       |      |         |
| To contract holders and beneficiaries   |       |       |         |       |       |      |         |
| Gross benefits and claims paid and change in insurance contract liabilities <sup>2</sup>                            | 5,681 | 3,189 | 1,131   | 3,269 | 2,052 | 177% | 9,641   |
| Ceded benefits and expenses and change in reinsurance assets  | (252) | (174) | (396)   | (233) | (316) | 20%  | (1,119) |
| Change in investment contract liabilities   | 10    | 9     | 10      | 9     | 12    | -17% | 40      |
| General expenses  | 330   | 356   | 334     | 325   | 337   | -2%  | 1,352   |
| Investment expenses   | 80    | 87    | 80      | 86    | 89    | -10% | 342     |
| Commissions   | 294   | 319   | 298     | 274   | 267   | 10%  | 1,158   |
| Other   | 175   | 188   | 156     | 174   | 140   | 25%  | 658     |
| <b>Total contract benefits and expenses</b>   | 6,318 | 3,974 | 1,613   | 3,904 | 2,581 | 145% | 12,072  |
| <b>Income (loss) before income taxes</b>  | 772   | (144) | 484     | 583   | 603   | 28%  | 1,526   |
| Income tax (expense) recovery   | (78)  | (28)  | (68)    | (83)  | (132) | 41%  | (311)   |
| <b>Net income (loss)</b>  | 694   | (172) | 416     | 500   | 471   | 47%  | 1,215   |
| Less: net income (loss) attributed to participating policyholders   | (57)  | (98)  | 314     | (2)   | 19    | -    | 233     |
| <b>Net income (loss) attributed to shareholders</b>   | 751   | (74)  | 102     | 502   | 452   | 66%  | 982     |

<sup>1</sup> 2018 earnings reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

<sup>2</sup> 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.

**CANADA (CONT'D)**  
(Canadian \$ millions, unaudited)



| 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018 |
|------------|------------|------------|------------|------------|---------------------------|----------------|
|------------|------------|------------|------------|------------|---------------------------|----------------|

**Earnings Analysis <sup>1</sup>**

|  |            |             |            |            |            |            |              |
|--|------------|-------------|------------|------------|------------|------------|--------------|
| Insurance  | 185        | 210         | 241        | 278        | 161        | 15%        | 890          |
| Annuities  | 58         | 65          | 69         | 90         | 85         | -32%       | 309          |
| Manulife Bank  | 40         | 30          | 34         | 27         | 37         | 8%         | 128          |
| <b>Total core earnings (loss)</b>  | <b>283</b> | <b>305</b>  | <b>344</b> | <b>395</b> | <b>283</b> | <b>0%</b>  | <b>1,327</b> |
| <b>Items excluded from core earnings</b>   |            |             |            |            |            |            |              |
| Investment-related experience outside of core earnings   | 453        | (143)       | 155        | 83         | 145        |            | 240          |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities <sup>2</sup> | 11         | (234)       | (26)       | 13         | (60)       |            | (307)        |
| Change in actuarial methods and assumptions  | -          | -           | (370)      | -          | -          |            | (370)        |
| Charge related to decision to change asset mix in legacy business  | -          | -           | -          | -          | -          |            | -            |
| Charge related to U.S. Tax Reform  | -          | -           | (2)        | -          | -          |            | (2)          |
| Reinsurance transactions and Other   | 4          | (2)         | 1          | 11         | 84         |            | 94           |
| <b>Net income (loss) attributed to shareholders</b>  | <b>751</b> | <b>(74)</b> | <b>102</b> | <b>502</b> | <b>452</b> | <b>66%</b> | <b>982</b>   |

<sup>1</sup> 2018 earnings reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

<sup>2</sup> Segregated fund products include guarantees. These products are also referred to as variable annuities.

**Source of Earnings - Core <sup>1</sup>**

|   |            |            |            |            |            |           |              |
|---|------------|------------|------------|------------|------------|-----------|--------------|
| Expected profit from in-force business        | 241        | 249        | 273        | 242        | 251        | -4%       | 1,015        |
| Impact of new business                        | 10         | 14         | 5          | 10         | (2)        | -         | 27           |
| Experience gains (losses)                     | (14)       | 2          | 35         | 72         | (23)       | 39%       | 86           |
| Management actions and changes in assumptions | -          | -          | -          | -          | -          | -         | -            |
| Earnings on surplus funds                     | 86         | 94         | 94         | 93         | 94         | -9%       | 375          |
| Other   | -          | (4)        | -          | 12         | 7          | -100%     | 15           |
| Insurance                                     | 323        | 355        | 407        | 429        | 327        | -1%       | 1,518        |
| Manulife Bank                                 | 55         | 41         | 45         | 38         | 49         | 12%       | 173          |
| <b>Core Earnings before income taxes</b>      | <b>378</b> | <b>396</b> | <b>452</b> | <b>467</b> | <b>376</b> | <b>1%</b> | <b>1,691</b> |
| Income tax (expense) recovery                 | (95)       | (91)       | (108)      | (72)       | (93)       | -2%       | (364)        |
| <b>Total Core Earnings</b>                    | <b>283</b> | <b>305</b> | <b>344</b> | <b>395</b> | <b>283</b> | <b>0%</b> | <b>1,327</b> |

**CANADA (CONT'D)**  
(Canadian \$ millions, unaudited)



**Manulife**

|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

**Annualized Premium Equivalents Sales**

|                      |            |            |            |            |            |             |            |
|----------------------|------------|------------|------------|------------|------------|-------------|------------|
| Individual Insurance | 78         | 94         | 78         | 63         | 54         | 44%         | 289        |
| Group Insurance      | 127        | 133        | 78         | 82         | 163        | -22%        | 456        |
| Annuities            | 56         | 50         | 54         | 53         | 73         | -23%        | 230        |
| <b>Total Sales</b>   | <b>261</b> | <b>277</b> | <b>210</b> | <b>198</b> | <b>290</b> | <b>-10%</b> | <b>975</b> |

**Annuities Sales <sup>1</sup>**

|  |            |            |            |            |            |             |              |
|--|------------|------------|------------|------------|------------|-------------|--------------|
| Retail segregated fund products <sup>2</sup> | 531        | 474        | 506        | 485        | 696        | -24%        | 2,161        |
| Fixed Products                               | 25         | 26         | 31         | 41         | 38         | -34%        | 136          |
| <b>Total Annuities Sales</b>                 | <b>556</b> | <b>500</b> | <b>537</b> | <b>526</b> | <b>734</b> | <b>-24%</b> | <b>2,297</b> |

<sup>1</sup> Annuities sales is comprised of 100% regular premiums/deposits sales and 100% single premium/deposit sales.

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

**Premiums and Deposits**

|  |              |              |              |              |              |            |               |
|--|--------------|--------------|--------------|--------------|--------------|------------|---------------|
| Net premiums <sup>3</sup> and investment contract deposits | 2,353        | 2,414        | 2,340        | 2,911        | 2,285        | 3%         | 9,950         |
| Segregated fund deposits                                   | 531          | 475          | 507          | 486          | 697          | -24%       | 2,165         |
| ASO premium equivalents                                    | 821          | 836          | 790          | 848          | 821          | 0%         | 3,295         |
| <b>Total premiums and deposits</b>                         | <b>3,705</b> | <b>3,725</b> | <b>3,637</b> | <b>4,245</b> | <b>3,803</b> | <b>-3%</b> | <b>15,410</b> |

<sup>3</sup> Net premiums include life, health and annuity premiums, and premiums in the Canada Group Benefits reinsurance ceded agreement.

**Premiums and Deposits by Business**

|                                    |              |              |              |              |              |            |               |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|------------|---------------|
| Individual Insurance               | 883          | 968          | 884          | 897          | 817          | 8%         | 3,566         |
| Group Insurance                    | 2,266        | 2,257        | 2,214        | 2,820        | 2,252        | 1%         | 9,543         |
| Annuities                          | 556          | 500          | 539          | 528          | 734          | -24%       | 2,301         |
| <b>Total premiums and deposits</b> | <b>3,705</b> | <b>3,725</b> | <b>3,637</b> | <b>4,245</b> | <b>3,803</b> | <b>-3%</b> | <b>15,410</b> |

**Assets Under Management <sup>4</sup>**

|   |                |                |                |                |                |           |                |
|---|----------------|----------------|----------------|----------------|----------------|-----------|----------------|
| General funds, excluding Manulife Bank net lending assets | 89,493         | 86,981         | 86,554         | 87,913         | 86,784         | 3%        | 86,981         |
| Manulife Bank net lending assets                          | 21,791         | 21,626         | 21,407         | 21,197         | 20,735         | 5%        | 21,626         |
| Segregated funds  | 35,302         | 33,306         | 36,289         | 35,900         | 35,916         | -2%       | 33,306         |
| <b>Total assets under management</b>                      | <b>146,586</b> | <b>141,913</b> | <b>144,250</b> | <b>145,010</b> | <b>143,435</b> | <b>2%</b> | <b>141,913</b> |

<sup>4</sup> 2018 AUM reflects a restatement of 2018 assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

|   |               |               |               |               |               |           |               |
|---|---------------|---------------|---------------|---------------|---------------|-----------|---------------|
| <b>Manulife Bank Average Net Lending Assets</b> | <b>21,709</b> | <b>21,517</b> | <b>21,302</b> | <b>20,966</b> | <b>20,581</b> | <b>5%</b> | <b>21,027</b> |
|---|---------------|---------------|---------------|---------------|---------------|-----------|---------------|

**U.S.**

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



**Manulife**

| 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018 |
|------------|------------|------------|------------|------------|---------------------------|----------------|
|------------|------------|------------|------------|------------|---------------------------|----------------|

**Statements of Income <sup>1</sup>**

|  |         |         |         |         |         |       |          |
|--|---------|---------|---------|---------|---------|-------|----------|
| <b>Revenue</b>   |         |         |         |         |         |       |          |
| <b>Premium income</b>  |         |         |         |         |         |       |          |
| Gross premiums   | 1,660   | 1,914   | 1,844   | 1,692   | 1,751   | -5%   | 7,201    |
| Premiums ceded to reinsurers <sup>2</sup>  | (982)   | (5,765) | (3,246) | (431)   | (436)   | -125% | (9,878)  |
| <b>Investment income</b>   | 1,261   | 1,475   | 1,327   | 1,495   | 1,327   | -5%   | 5,624    |
| <b>Other revenue</b>   | 490     | 281     | 501     | 688     | 496     | -1%   | 1,966    |
| <b>Subtotal revenue</b>  | 2,429   | (2,095) | 426     | 3,444   | 3,138   | -23%  | 4,913    |
| Realized/ unrealized gains (losses) on invested assets supporting insurance and investment contract liabilities <sup>3</sup> | 2,189   | 737     | (882)   | (1,146) | (3,132) | -     | (4,423)  |
| <b>Total revenue</b>   | 4,618   | (1,358) | (456)   | 2,298   | 6       | nm    | 490      |
| <b>Contract benefits and expenses</b>  |         |         |         |         |         |       |          |
| To contract holders and beneficiaries  |         |         |         |         |         |       |          |
| Gross benefits and claims paid and change in insurance contract liabilities <sup>3</sup>                                     | 4,699   | 4,019   | 950     | 1,483   | (559)   | -     | 5,893    |
| Ceded benefits and expenses and change in reinsurance assets <sup>4</sup>  | (1,028) | (6,616) | (2,390) | (417)   | (638)   | -61%  | (10,061) |
| Change in investment contract liabilities  | 9       | 11      | (95)    | 18      | 5       | 80%   | (61)     |
| General expenses   | 209     | 306     | 229     | 244     | 272     | -23%  | 1,051    |
| Investment expenses  | 77      | 139     | 79      | 79      | 72      | 7%    | 369      |
| Commissions  | 208     | 250     | 299     | 259     | 296     | -30%  | 1,104    |
| Other  | 34      | 42      | 40      | 45      | 36      | -6%   | 163      |
| <b>Total contract benefits and expenses</b>  | 4,208   | (1,849) | (888)   | 1,711   | (516)   | -     | (1,542)  |
| <b>Income (loss) before income taxes</b>   | 410     | 491     | 432     | 587     | 522     | -21%  | 2,032    |
| Income tax (expense) recovery  | (78)    | (102)   | 50      | (107)   | (105)   | 26%   | (264)    |
| <b>Net income (loss) attributed to shareholders</b>  | 332     | 389     | 482     | 480     | 417     | -20%  | 1,768    |

<sup>1</sup> 2018 earnings reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

<sup>2</sup> Includes the US\$5.3 billion impact of the Group Pay-out Annuity transaction in Q4 2018, the US\$2.8 billion impact of the Individual Pay-out Annuity transaction in Q3 2018, and the US\$0.5 billion JHNY portion of both transactions in Q1 2019.

<sup>3</sup> 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.

<sup>4</sup> Includes the US\$5.7 billion impact of the Group Pay-out Annuity transaction in Q4 2018, the US\$2.8 billion impact of the Individual Pay-out Annuity transaction in Q3 2018, and the US\$0.6 billion JHNY portion of both transactions in Q1 2019.

**U.S. (CONT'D)**

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


**Manulife**
**2019  
Q1**
**2018  
Q4**
**2018  
Q3**
**2018  
Q2**
**2018  
Q1**
**2019 Q1  
vs.  
2018 Q1**
**Fiscal  
2018**
**Earnings Analysis <sup>1</sup>**

|   |            |            |            |            |            |             |              |
|---|------------|------------|------------|------------|------------|-------------|--------------|
| U.S. Insurance  | 255        | 246        | 235        | 223        | 194        | 31%         | 898          |
| U.S. Annuities  | 102        | 99         | 122        | 122        | 139        | -27%        | 482          |
| <b>Total core earnings (loss)</b>   | <b>357</b> | <b>345</b> | <b>357</b> | <b>345</b> | <b>333</b> | <b>7%</b>   | <b>1,380</b> |
| <b>Items excluded from core earnings</b>  |            |            |            |            |            |             |              |
| Investment-related experience outside of core earnings  | (107)      | 11         | 124        | (45)       | (80)       |             | 10           |
| Direct impact of equity markets and interest rates and variable annuity guarantee liabilities | 45         | (72)       | (156)      | 207        | 212        |             | 191          |
| Change in actuarial methods and assumptions   | -          | -          | 219        | -          | -          |             | 219          |
| Charge related to decision to change portfolio asset mix supporting our legacy businesses     | -          | -          | -          | -          | -          |             | -            |
| Charge related to U.S. Tax Reform   | -          | -          | (5)        | -          | -          |             | (5)          |
| Reinsurance transactions and other  | 37         | 105        | (57)       | (27)       | (48)       |             | (27)         |
| <b>Total net income (loss) attributed to shareholders</b>                                     | <b>332</b> | <b>389</b> | <b>482</b> | <b>480</b> | <b>417</b> | <b>-20%</b> | <b>1,768</b> |

<sup>1</sup> 2018 earnings reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

**Source of Earnings - Core <sup>1</sup>**

|   |            |            |            |            |            |           |              |
|---|------------|------------|------------|------------|------------|-----------|--------------|
| Expected profit from in-force business        | 329        | 319        | 352        | 350        | 339        | -3%       | 1,360        |
| Impact of new business                        | 24         | 22         | 23         | 3          | (14)       | -         | 34           |
| Experience gains (losses)                     | (17)       | 6          | (28)       | (22)       | 29         | -         | (15)         |
| Management actions and changes in assumptions | -          | -          | -          | -          | -          | -         | -            |
| Earnings on surplus funds                     | 91         | 90         | 90         | 92         | 89         | 2%        | 361          |
| Other   | 11         | (14)       | -          | (3)        | (23)       | -         | (40)         |
| <b>Core Earnings before income taxes</b>      | <b>438</b> | <b>423</b> | <b>437</b> | <b>420</b> | <b>420</b> | <b>4%</b> | <b>1,700</b> |
| Income tax (expense) recovery                 | (81)       | (78)       | (80)       | (75)       | (87)       | 7%        | (320)        |
| <b>Total Core Earnings</b>                    | <b>357</b> | <b>345</b> | <b>357</b> | <b>345</b> | <b>333</b> | <b>7%</b> | <b>1,380</b> |

# U.S. (CONT'D)

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



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|---------------------------|----------------|
|--|------------|------------|------------|------------|------------|---------------------------|----------------|

## Annualized Premium Equivalents Sales

|                    |     |     |     |    |    |     |     |
|--------------------|-----|-----|-----|----|----|-----|-----|
| JH Life            | 108 | 115 | 122 | 99 | 90 | 20% | 426 |
| <b>Total Sales</b> | 108 | 115 | 122 | 99 | 90 | 20% | 426 |

## Premiums and Deposits

|  |       |         |         |       |       |      |         |
|--|-------|---------|---------|-------|-------|------|---------|
| Premiums and investment contract deposits <sup>1</sup> | 678   | (3,851) | (1,403) | 1,262 | 1,315 | -48% | (2,677) |
| Segregated fund deposits                               | 370   | 504     | 418     | 408   | 394   | -6%  | 1,724   |
| <b>Total premiums and deposits</b>                     | 1,048 | (3,347) | (985)   | 1,670 | 1,709 | -39% | (953)   |

## Premiums and Deposits

|                                    |       |         |         |       |       |      |         |
|------------------------------------|-------|---------|---------|-------|-------|------|---------|
| JH Life                            | 869   | 1,037   | 1,022   | 893   | 937   | -7%  | 3,889   |
| JH Long-Term Care                  | 547   | 576     | 564     | 555   | 552   | -1%  | 2,247   |
| JH Annuities <sup>1</sup>          | (368) | (4,960) | (2,571) | 222   | 220   | -    | (7,089) |
| <b>Total premiums and deposits</b> | 1,048 | (3,347) | (985)   | 1,670 | 1,709 | -39% | (953)   |

## Assets Under Management <sup>2</sup>

|                                      |         |         |         |         |         |     |         |
|--------------------------------------|---------|---------|---------|---------|---------|-----|---------|
| General fund <sup>1</sup>            | 110,681 | 110,520 | 114,389 | 116,609 | 116,830 | -5% | 110,520 |
| Segregated funds                     | 57,164  | 53,420  | 60,031  | 59,571  | 60,205  | -5% | 53,420  |
| <b>Total assets under management</b> | 167,845 | 163,940 | 174,420 | 176,180 | 177,035 | -5% | 163,940 |

## Canadian \$ in millions - Key Metrics <sup>2</sup>

|  |         |         |         |         |         |      |         |
|--|---------|---------|---------|---------|---------|------|---------|
| Core earnings                                | 475     | 454     | 467     | 446     | 422     | 13%  | 1,789   |
| Items excluded from core earnings            | (34)    | 59      | 163     | 174     | 106     | -    | 502     |
| Net income (loss) attributed to shareholders | 441     | 513     | 630     | 620     | 528     | -16% | 2,291   |
| Annualized Premium Equivalents Sales         | 143     | 152     | 159     | 129     | 113     | 27%  | 553     |
| Total premiums and deposits <sup>1</sup>     | 1,393   | (4,420) | (1,286) | 2,156   | 2,160   | -36% | (1,390) |
| Total assets under management <sup>1</sup>   | 224,290 | 223,646 | 225,787 | 231,997 | 228,270 | -2%  | 223,646 |

<sup>1</sup> Includes the US\$5.3 billion impact of the Group Pay-out Annuity transaction in Q4 2018, the US\$2.8 billion impact of the Individual Pay-out Annuity transaction in Q3 2018, and the US\$0.5 billion JHNY portion of both transactions in Q1 2019.

<sup>2</sup> 2018 AUM and earnings on assets backing capital allocated to each segment from the Corporate and Other segment have been restated to align with the methodology used in 2019.

**GLOBAL WEALTH AND ASSET MANAGEMENT**

(Canadian \$ in millions, unaudited)



| 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER <sup>1</sup> | 2019 Q1<br>vs.<br>2018 Q1<br>CER <sup>2</sup> | Fiscal<br>2018 |
|------------|------------|------------|------------|------------|---|---|----------------|
|------------|------------|------------|------------|------------|---|---|----------------|

**Shareholders' Income Statement**

|  |       |       |       |       |       |      |       |
|--|-------|-------|-------|-------|-------|------|-------|
| <b>Revenue</b>                                   |       |       |       |       |       |      |       |
| Fee income                                       | 1,311 | 1,371 | 1,396 | 1,361 | 1,344 | -2%  | 5,472 |
| Investment income                                | 23    | -     | (10)  | (2)   | 3     | 667% | (9)   |
| <b>Total revenue</b>                             | 1,334 | 1,371 | 1,386 | 1,359 | 1,347 | -1%  | 5,463 |
| <b>Expenses</b>                                  |       |       |       |       |       |      |       |
| General, administrative and investment expenses  | 778   | 839   | 788   | 796   | 783   | -1%  | 3,206 |
| Commissions                                      | 289   | 285   | 299   | 300   | 311   | -7%  | 1,195 |
| <b>Total expenses</b>                            | 1,067 | 1,124 | 1,087 | 1,096 | 1,094 | -2%  | 4,401 |
| <b>Income before income taxes</b>                | 267   | 247   | 299   | 263   | 253   | 6%   | 1,062 |
| Income tax (expense) recovery                    | (34)  | (29)  | (19)  | (30)  | (30)  | -13% | (108) |
| <b>Net income attributed to shareholders</b>     | 233   | 218   | 280   | 233   | 223   | 4%   | 954   |
| <b>Net income attributed to shareholders CER</b> | 233   | 219   | 285   | 237   | 231   | 1%   | 972   |

**Earnings (loss) Analysis**

|  |     |      |     |     |     |      |       |
|--|-----|------|-----|-----|-----|------|-------|
| <b>Core earnings</b>                         |     |      |     |     |     |      |       |
| Asia   | 67  | 53   | 64  | 69  | 71  | -6%  | 257   |
| Canada                                       | 70  | 63   | 73  | 71  | 59  | 19%  | 266   |
| U.S.   | 96  | 115  | 151 | 99  | 97  | -1%  | 462   |
| <b>Core earnings</b>                         | 233 | 231  | 288 | 239 | 227 | 3%   | 985   |
| <b>Core earnings CER</b>                     | 233 | 233  | 292 | 244 | 235 | -1%  | 1,004 |
| <b>Items excluded from core earnings</b>     |     |      |     |     |     |      |       |
| Impact related to U.S. Tax Reform            | -   | -    | (2) | -   | -   | -    | (2)   |
| Other  | -   | (13) | (6) | (6) | (4) | 100% | (29)  |
| <b>Net income attributed to shareholders</b> | 233 | 218  | 280 | 233 | 223 | 4%   | 954   |

**Core EBITDA by Geographic Source <sup>3</sup>**

|   |      |      |      |      |      |      |       |
|---|------|------|------|------|------|------|-------|
| Asia  | 83   | 67   | 80   | 88   | 93   | -11% | 328   |
| Canada  | 120  | 105  | 119  | 117  | 106  | 13%  | 447   |
| U.S.  | 163  | 190  | 206  | 165  | 161  | 1%   | 722   |
| <b>Core EBITDA</b>  | 366  | 362  | 405  | 370  | 360  | 2%   | 1,497 |
| <b>Core EBITDA CER</b>  | 366  | 364  | 411  | 377  | 373  | -2%  | 1,525 |
| Amortization of deferred acquisition costs and other Depreciation | 76   | 77   | 76   | 75   | 73   | 4%   | 301   |
| Amortization of deferred sales commissions                        | 23   | 22   | 23   | 24   | 29   | -21% | 98    |
| Total depreciation and amortization                               | 99   | 99   | 99   | 99   | 102  | -3%  | 399   |
| <b>Core earnings before income taxes</b>                          | 267  | 263  | 306  | 271  | 258  | 3%   | 1,098 |
| Core income tax (expense) recovery                                | (34) | (32) | (18) | (32) | (31) | -10% | (113) |
| <b>Core Earnings</b>  | 233  | 231  | 288  | 239  | 227  | 3%   | 985   |

|  |       |       |       |       |       |        |       |
|--|-------|-------|-------|-------|-------|--------|-------|
| <b>Core EBITDA Margin <sup>4</sup></b> | 27.4% | 26.4% | 29.2% | 27.2% | 26.7% | 70 bps | 27.4% |
|--|-------|-------|-------|-------|-------|--------|-------|

**Deferred Acquisition Costs and Deferred Sales Commissions by Geographic Source**

|  |       |       |       |       |       |     |       |
|--|-------|-------|-------|-------|-------|-----|-------|
| Asia   | 417   | 415   | 384   | 380   | 363   | 15% | 415   |
| Canada   | 250   | 251   | 249   | 250   | 249   | 0%  | 251   |
| U.S.   | 1,799 | 1,842 | 1,740 | 1,771 | 1,735 | 4%  | 1,842 |
| <b>Total deferred acquisition costs and deferred sales commissions</b> | 2,466 | 2,508 | 2,373 | 2,401 | 2,347 | 5%  | 2,508 |

<sup>1</sup> AER percentage changes are calculated using actual exchange rates.

<sup>2</sup> CER percentage changes are calculated on a constant exchange rate basis.

<sup>3</sup> Core EBITDA excludes certain acquisition expenses related to insurance contracts in our retirement businesses, which are deferred and amortized over the expected life time of the customer relationship under the Canadian Asset Liability Method (CALM).

<sup>4</sup> Core EBITDA margin is Core EBITDA divided by total revenue.



# GLOBAL WEALTH AND ASSET MANAGEMENT (CONT'D)

(Canadian \$ in millions, unaudited)



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER | 2019 Q1<br>vs.<br>2018 Q1<br>CER | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|

## Assets Under Management and Administration by Geographic Source

|   |                |                |                |                |                |           |           |                |
|---|----------------|----------------|----------------|----------------|----------------|-----------|-----------|----------------|
| Asia  | 157,136        | 150,178        | 141,988        | 145,224        | 143,700        | 9%        | 7%        | 150,178        |
| Canada  | 216,785        | 200,425        | 212,139        | 212,722        | 208,192        | 4%        | 4%        | 200,425        |
| U.S. and other  | 463,237        | 439,750        | 471,569        | 469,264        | 460,166        | 1%        | -3%       | 439,750        |
| <b>Total WAM-managed Assets under management and administration</b> | <b>837,158</b> | <b>790,353</b> | <b>825,696</b> | <b>827,210</b> | <b>812,058</b> | <b>3%</b> | <b>1%</b> | <b>790,353</b> |
| Less: Assets managed on behalf of other segments <sup>1</sup>       | (189,015)      | (181,594)      | (181,740)      | (187,323)      | (185,219)      | -2%       |           | (181,594)      |
| <b>Assets under management and administration</b>                   | <b>648,143</b> | <b>608,759</b> | <b>643,956</b> | <b>639,887</b> | <b>626,839</b> | <b>3%</b> | <b>1%</b> | <b>608,759</b> |
| <b>Assets under management and administration CER</b>               | <b>648,143</b> | <b>599,603</b> | <b>659,928</b> | <b>646,728</b> | <b>641,791</b> |           | <b>1%</b> | <b>599,603</b> |

|   |                |                |                |                |                |           |           |                |
|---|----------------|----------------|----------------|----------------|----------------|-----------|-----------|----------------|
| Asia  | 81,880         | 77,877         | 76,567         | 76,031         | 75,569         | 8%        | 7%        | 77,877         |
| Canada  | 174,964        | 160,613        | 169,610        | 170,649        | 166,761        | 5%        | 5%        | 160,613        |
| U.S. and other                                    | 391,299        | 370,269        | 397,779        | 393,207        | 384,509        | 2%        | -2%       | 370,269        |
| <b>Assets under management and administration</b> | <b>648,143</b> | <b>608,759</b> | <b>643,956</b> | <b>639,887</b> | <b>626,839</b> | <b>3%</b> | <b>1%</b> | <b>608,759</b> |

|  |         |         |         |         |         |    |    |         |
|--|---------|---------|---------|---------|---------|----|----|---------|
| Assets under administration <sup>2</sup> | 134,201 | 124,449 | 130,091 | 127,058 | 126,271 | 6% | 3% | 124,449 |
|--|---------|---------|---------|---------|---------|----|----|---------|

## Assets Under Management and Administration by Business Line

|   |                |                |                |                |                |           |           |                |
|---|----------------|----------------|----------------|----------------|----------------|-----------|-----------|----------------|
| Retirement  | 336,522        | 311,706        | 326,783        | 321,733        | 316,149        | 6%        | 4%        | 311,706        |
| Retail  | 210,869        | 198,194        | 222,341        | 221,781        | 216,502        | -3%       | -5%       | 198,194        |
| Institutional Asset Management <sup>3</sup>       | 100,752        | 98,859         | 94,832         | 96,373         | 94,188         | 7%        | 6%        | 98,859         |
| <b>Assets under management and administration</b> | <b>648,143</b> | <b>608,759</b> | <b>643,956</b> | <b>639,887</b> | <b>626,839</b> | <b>3%</b> | <b>1%</b> | <b>608,759</b> |

## Changes in Assets Under Management and Administration

|   |                |                |                |                |                |           |           |                |
|---|----------------|----------------|----------------|----------------|----------------|-----------|-----------|----------------|
| <b>Beginning balance</b>                              | <b>608,759</b> | <b>643,956</b> | <b>639,887</b> | <b>626,839</b> | <b>609,002</b> | <b>0%</b> |           | <b>609,002</b> |
| Assets acquired                                       | -              | -              | 1,306          | -              | -              | -         |           | 1,306          |
| Gross flows   | 27,873         | 26,306         | 27,128         | 29,102         | 36,466         | -24%      |           | 119,002        |
| Manulife Securities non-proprietary product net flows | 512            | 223            | (322)          | 266            | 315            | 63%       |           | 482            |
| Exchange traded fund net flows <sup>4</sup>           | 268            | 209            | 197            | 211            | 116            | 131%      |           | 733            |
| Redemptions   | (29,976)       | (35,692)       | (26,555)       | (29,487)       | (26,920)       | -11%      |           | (118,654)      |
| Investment income (loss) and other                    | 40,707         | (26,243)       | 2,315          | 12,956         | 7,860          | 418%      |           | (3,112)        |
| <b>Ending balance</b>                                 | <b>648,143</b> | <b>608,759</b> | <b>643,956</b> | <b>639,887</b> | <b>626,839</b> | <b>3%</b> | <b>1%</b> | <b>608,759</b> |

<sup>1</sup> Reflects assets managed by WAM business units on behalf of other, non-WAM business lines.

<sup>2</sup> Reflects WAM-sourced assets under administration included in Assets under management and administration.

<sup>3</sup> Includes the third party institutional business of Manulife Asset Management ("MAM"); includes derivative notional associated with the Company's liability driven investment product ("LDI"); and excludes assets managed on behalf of the Insurance businesses and the General Fund.

<sup>4</sup> Excludes ETF assets that are managed on behalf of insurance businesses.

# GLOBAL WEALTH AND ASSET MANAGEMENT (CONT'D)

(Canadian \$ in millions, unaudited)



|  | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1<br>AER | 2019 Q1<br>vs.<br>2018 Q1<br>CER | Fiscal<br>2018 |
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|
|--|------------|------------|------------|------------|------------|----------------------------------|----------------------------------|----------------|

## Net Flows by Geographic Source

|                            |         |         |         |         |        |      |      |         |
|----------------------------|---------|---------|---------|---------|--------|------|------|---------|
| Asia                       | 614     | 1,078   | 1,008   | 1,612   | 2,008  | -69% | -71% | 5,706   |
| Canada                     | 2,052   | (666)   | (1,491) | 694     | 3,461  | -41% | -41% | 1,998   |
| U.S. and other             | (3,989) | (9,366) | 931     | (2,214) | 4,508  | -    | -    | (6,141) |
| <b>Total Net flows</b>     | (1,323) | (8,954) | 448     | 92      | 9,977  | -    | -    | 1,563   |
| <b>Total Net flows CER</b> | (1,323) | (9,027) | 489     | 61      | 10,296 |      |      | 1,819   |

## Net Flows by Business Line

|   |         |          |         |         |       |     |     |         |
|---|---------|----------|---------|---------|-------|-----|-----|---------|
| Retirement                                  | 1,837   | (541)    | 1,375   | (3,754) | 1,453 | 26% | 22% | (1,467) |
| Retail                                      | (2,245) | (10,108) | (1,253) | 2,049   | 3,256 | -   | -   | (6,056) |
| Institutional Asset Management <sup>1</sup> | (915)   | 1,695    | 326     | 1,797   | 5,268 | -   | -   | 9,086   |
| <b>Total Net flows</b>                      | (1,323) | (8,954)  | 448     | 92      | 9,977 | -   | -   | 1,563   |

## Gross Flows by Geographic Source

|                              |        |        |        |        |        |      |      |         |
|------------------------------|--------|--------|--------|--------|--------|------|------|---------|
| Asia                         | 4,611  | 5,255  | 5,155  | 5,809  | 7,434  | -38% | -39% | 23,653  |
| Canada                       | 6,349  | 4,918  | 4,712  | 5,472  | 8,024  | -21% | -21% | 23,126  |
| U.S. and other               | 16,913 | 16,133 | 17,261 | 17,821 | 21,008 | -19% | -23% | 72,223  |
| <b>Total Gross flows</b>     | 27,873 | 26,306 | 27,128 | 29,102 | 36,466 | -24% | -26% | 119,002 |
| <b>Total Gross flows CER</b> | 27,873 | 26,489 | 27,565 | 29,625 | 37,681 |      | -26% | 121,360 |

## Gross Flows by Business Line

|   |        |        |        |        |        |      |      |         |
|---|--------|--------|--------|--------|--------|------|------|---------|
| Retirement                                  | 12,874 | 10,970 | 11,622 | 10,808 | 11,820 | 9%   | 5%   | 45,220  |
| Retail                                      | 13,001 | 10,378 | 11,940 | 13,735 | 17,424 | -25% | -28% | 53,477  |
| Institutional Asset Management <sup>1</sup> | 1,998  | 4,958  | 3,566  | 4,559  | 7,222  | -72% | -73% | 20,305  |
| <b>Total Gross flows</b>                    | 27,873 | 26,306 | 27,128 | 29,102 | 36,466 | -24% | -26% | 119,002 |

<sup>1</sup> Includes the third party institutional business of Manulife Asset Management ("MAM"); includes derivative notional associated with the Company's liability driven investment product ("LDI"); and excludes assets managed on behalf of the Insurance businesses and the General Fund.

# CORPORATE AND OTHER

(Canadian \$ in millions, unaudited)



**Manulife**

| 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 | 2019 Q1<br>vs.<br>2018 Q1 | Fiscal<br>2018 |
|------------|------------|------------|------------|------------|---------------------------|----------------|
|------------|------------|------------|------------|------------|---------------------------|----------------|

## Statements of Income <sup>1</sup>

|   |             |              |              |              |              |      |                |
|---|-------------|--------------|--------------|--------------|--------------|------|----------------|
| <b>Revenue</b>  |             |              |              |              |              |      |                |
| Gross investment income before items below                                      | 355         | 268          | 252          | 277          | 243          | 46%  | 1,040          |
| Gains (losses) on AFS equities and seed capital                                 | 111         | (74)         | 108          | 64           | 80           | 39%  | 178            |
| Gains (losses) on AFS bonds and related derivative positions                    | 57          | (83)         | (50)         | (130)        | (93)         | -    | (356)          |
| Gains (losses) on macro hedges  | (42)        | 27           | (1)          | (1)          | (3)          | nm   | 22             |
| Interest on surplus funds allocated to reporting segments                       | (265)       | (267)        | (265)        | (265)        | (261)        | -2%  | (1,058)        |
| Other revenue   | (16)        | (102)        | (71)         | (62)         | (95)         | 83%  | (330)          |
| <b>Total revenue, net</b>   | <b>200</b>  | <b>(231)</b> | <b>(27)</b>  | <b>(117)</b> | <b>(129)</b> | -    | <b>(504)</b>   |
| <b>Contract benefits and expenses</b>   |             |              |              |              |              |      |                |
| General expenses  | 133         | 268          | 132          | 372          | 131          | 2%   | 903            |
| Investment expenses, net  | (33)        | (52)         | (59)         | (30)         | (40)         | 18%  | (181)          |
| Changes in actuarial methods and assumptions                                    | -           | -            | -            | -            | -            | -    | -              |
| Other   | 120         | 135          | 114          | 130          | 142          | -15% | 521            |
| <b>Total contract benefits and expenses</b>                                     | <b>220</b>  | <b>351</b>   | <b>187</b>   | <b>472</b>   | <b>233</b>   | -6%  | <b>1,243</b>   |
| <b>Income (loss) before income taxes</b>  | <b>(20)</b> | <b>(582)</b> | <b>(214)</b> | <b>(589)</b> | <b>(362)</b> | 94%  | <b>(1,747)</b> |
| Income tax (expense) recovery   | 45          | 168          | 158          | 103          | 51           | -12% | 480            |
| <b>Net income (loss)</b>  | <b>25</b>   | <b>(414)</b> | <b>(56)</b>  | <b>(486)</b> | <b>(311)</b> | -    | <b>(1,267)</b> |
| Less net income (loss) attributed to non-controlling interest                   | (1)         | 4            | 2            | 2            | (2)          | 50%  | 6              |
| <b>Net income (loss) attributed to shareholders - Corporate and Investments</b> | <b>26</b>   | <b>(418)</b> | <b>(58)</b>  | <b>(488)</b> | <b>(309)</b> | -    | <b>(1,273)</b> |
| Net income attributed to shareholders' for Reinsurance business                 | 30          | 36           | 53           | 27           | 26           | 15%  | 142            |
| <b>Net income (loss) attributed to shareholders</b>                             | <b>56</b>   | <b>(382)</b> | <b>(5)</b>   | <b>(461)</b> | <b>(283)</b> | -    | <b>(1,131)</b> |

## Earnings Analysis <sup>1</sup>

|   |           |              |             |              |              |     |                |
|---|-----------|--------------|-------------|--------------|--------------|-----|----------------|
| <b>Core earnings</b>  |           |              |             |              |              |     |                |
| Corporate and other excluding core investment gains             | (63)      | (216)        | (121)       | (164)        | (156)        | 60% | (657)          |
| Core investment gains   | 100       | 100          | 100         | 104          | 96           | 4%  | 400            |
| <b>Total core earnings (loss)</b>                               | <b>37</b> | <b>(116)</b> | <b>(21)</b> | <b>(60)</b>  | <b>(60)</b>  | -   | <b>(257)</b>   |
| <b>Items excluded from core loss</b>                            |           |              |             |              |              |     |                |
| Investment-related experience outside of core earnings          | (99)      | (101)        | (96)        | (52)         | (92)         | -8% | (341)          |
| Direct impact of equity markets and interest rates              | 118       | (102)        | (29)        | (149)        | (131)        | -   | (411)          |
| Change in actuarial methods and assumptions (excl. URR changes) | -         | -            | 6           | -            | -            | -   | 6              |
| Impact related to U.S. Tax Reform                               | -         | -            | 135         | -            | -            | -   | 135            |
| Restructuring charge  | -         | (63)         | -           | (200)        | -            | -   | (263)          |
| Other   | -         | -            | -           | -            | -            | -   | -              |
| <b>Net income (loss) attributed to shareholders</b>             | <b>56</b> | <b>(382)</b> | <b>(5)</b>  | <b>(461)</b> | <b>(283)</b> | -   | <b>(1,131)</b> |

## Premiums and Deposits

|                                    |           |           |           |           |           |           |           |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Premiums - Reinsurance business    | 24        | 27        | 24        | 24        | 23        | 4%        | 98        |
| <b>Total premiums and deposits</b> | <b>24</b> | <b>27</b> | <b>24</b> | <b>24</b> | <b>23</b> | <b>4%</b> | <b>98</b> |

## Assets Under Management <sup>1, 2</sup>

|   |              |              |              |              |              |             |              |
|---|--------------|--------------|--------------|--------------|--------------|-------------|--------------|
| General fund - Corporate and Investments                      | 3,720        | 115          | 2,854        | 541          | 1,107        | 236%        | 115          |
| General fund - Reinsurance                                    | 895          | 1,098        | 1,046        | 1,055        | 1,015        | -12%        | 1,098        |
| Segregated funds - elimination of amounts held by the Company | (121)        | (118)        | (112)        | (113)        | (116)        | -4%         | (118)        |
| <b>Total assets under management</b>                          | <b>4,494</b> | <b>1,095</b> | <b>3,788</b> | <b>1,483</b> | <b>2,006</b> | <b>124%</b> | <b>1,095</b> |

<sup>1</sup> 2018 earnings and AUM reflects a restatement of 2018 earnings on assets backing capital allocated to each segment from the Corporate and Other segment to align with the methodology used in 2019.

<sup>2</sup> Includes consolidation entries relating to net derivative assets reclassified from invested assets to other lines on the balance sheet.

# **Asset Information**

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**INVESTED ASSETS - PORTFOLIO COMPOSITION**

(Canadian \$ in millions, unaudited)



|  | As at<br>Q1 2019 | %            |          | As at<br>Q4 2018 | %            |          | As at<br>Q3 2018 | %            |          | As at<br>Q2 2018 | %            |          | As at<br>Q1 2018 | %            |
|--|------------------|--------------|----------|------------------|--------------|----------|------------------|--------------|----------|------------------|--------------|----------|------------------|--------------|
| <b>Carrying value</b>                                |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| <b>Cash and short-term securities</b>                | <b>16,097</b>    | <b>4.5</b>   | <b>%</b> | <b>16,215</b>    | <b>4.6</b>   | <b>%</b> | <b>15,642</b>    | <b>4.5</b>   | <b>%</b> | <b>17,230</b>    | <b>4.9</b>   | <b>%</b> | <b>17,020</b>    | <b>5.0</b>   |
| Debt securities                                      |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| Government   |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| Canadian government & agency                         | 23,396           | 6.5          | %        | 23,787           | 6.7          | %        | 23,077           | 6.7          | %        | 24,246           | 7.0          | %        | 23,592           | 6.9          |
| US government & agency                               | 25,488           | 7.1          | %        | 25,924           | 7.3          | %        | 23,992           | 7.0          | %        | 22,767           | 6.5          | %        | 23,469           | 6.9          |
| Foreign governments & agency                         | 20,887           | 5.8          | %        | 20,260           | 5.7          | %        | 18,915           | 5.5          | %        | 20,386           | 5.8          | %        | 20,652           | 6.0          |
| Corporate  | 115,491          | 32.1         | %        | 112,670          | 31.9         | %        | 108,443          | 31.5         | %        | 110,298          | 31.6         | %        | 107,226          | 31.3         |
| Securitized  |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| CMBS   | 1,456            | 0.4          | %        | 1,472            | 0.5          | %        | 1,423            | 0.4          | %        | 1,288            | 0.4          | %        | 1,316            | 0.4          |
| RMBS   | 14               | 0.0          | %        | 15               | 0.0          | %        | 18               | 0.0          | %        | 38               | 0.0          | %        | 49               | 0.0          |
| ABS  | 1,754            | 0.5          | %        | 1,466            | 0.4          | %        | 1,517            | 0.4          | %        | 1,798            | 0.5          | %        | 1,894            | 0.5          |
| <b>Total debt securities</b>                         | <b>188,486</b>   | <b>52.4</b>  | <b>%</b> | <b>185,594</b>   | <b>52.5</b>  | <b>%</b> | <b>177,385</b>   | <b>51.5</b>  | <b>%</b> | <b>180,821</b>   | <b>51.8</b>  | <b>%</b> | <b>178,198</b>   | <b>52.0</b>  |
| <b>Private placement debt</b>                        | <b>36,390</b>    | <b>10.1</b>  | <b>%</b> | <b>35,754</b>    | <b>10.1</b>  | <b>%</b> | <b>35,236</b>    | <b>10.2</b>  | <b>%</b> | <b>34,701</b>    | <b>9.9</b>   | <b>%</b> | <b>33,373</b>    | <b>9.7</b>   |
| Mortgages  |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| Commercial   |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| Retail   | 8,635            | 2.4          | %        | 8,377            | 2.4          | %        | 8,382            | 2.5          | %        | 8,289            | 2.4          | %        | 8,100            | 2.4          |
| Office   | 8,737            | 2.5          | %        | 8,706            | 2.5          | %        | 8,517            | 2.5          | %        | 8,400            | 2.4          | %        | 8,059            | 2.4          |
| Multi family residential                             | 5,210            | 1.5          | %        | 5,323            | 1.5          | %        | 5,319            | 1.5          | %        | 4,928            | 1.4          | %        | 4,559            | 1.3          |
| Industrial   | 2,674            | 0.7          | %        | 2,814            | 0.8          | %        | 2,793            | 0.8          | %        | 2,718            | 0.8          | %        | 2,538            | 0.7          |
| Other commercial                                     | 3,004            | 0.8          | %        | 2,995            | 0.8          | %        | 2,920            | 0.8          | %        | 2,862            | 0.8          | %        | 2,833            | 0.8          |
| Other mortgages                                      |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| Manulife Bank single family residential              | 19,734           | 5.5          | %        | 19,596           | 5.5          | %        | 19,438           | 5.6          | %        | 19,248           | 5.5          | %        | 18,846           | 5.5          |
| Agriculture  | 525              | 0.1          | %        | 552              | 0.2          | %        | 533              | 0.2          | %        | 574              | 0.2          | %        | 592              | 0.2          |
| <b>Total mortgages<sup>1</sup></b>                   | <b>48,519</b>    | <b>13.5</b>  | <b>%</b> | <b>48,363</b>    | <b>13.7</b>  | <b>%</b> | <b>47,902</b>    | <b>13.9</b>  | <b>%</b> | <b>47,019</b>    | <b>13.5</b>  | <b>%</b> | <b>45,527</b>    | <b>13.3</b>  |
| <b>Policy loans</b>                                  | <b>6,390</b>     | <b>1.8</b>   | <b>%</b> | <b>6,446</b>     | <b>1.8</b>   | <b>%</b> | <b>6,102</b>     | <b>1.8</b>   | <b>%</b> | <b>6,117</b>     | <b>1.8</b>   | <b>%</b> | <b>5,987</b>     | <b>1.8</b>   |
| <b>Loans to bank clients</b>                         | <b>1,793</b>     | <b>0.5</b>   | <b>%</b> | <b>1,793</b>     | <b>0.5</b>   | <b>%</b> | <b>1,785</b>     | <b>0.5</b>   | <b>%</b> | <b>1,803</b>     | <b>0.5</b>   | <b>%</b> | <b>1,772</b>     | <b>0.6</b>   |
| <b>Public equities</b>                               |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| Par, equity-linked and pass-through                  | 15,614           | 4.3          | %        | 13,940           | 3.9          | %        | 15,613           | 4.5          | %        | 15,787           | 4.5          | %        | 15,499           | 4.5          |
| Nonpar and surplus                                   | 5,532            | 1.6          | %        | 5,239            | 1.5          | %        | 5,794            | 1.7          | %        | 5,780            | 1.7          | %        | 5,712            | 1.7          |
| <b>Total public equities</b>                         | <b>21,146</b>    | <b>5.9</b>   | <b>%</b> | <b>19,179</b>    | <b>5.4</b>   | <b>%</b> | <b>21,407</b>    | <b>6.2</b>   | <b>%</b> | <b>21,567</b>    | <b>6.2</b>   | <b>%</b> | <b>21,211</b>    | <b>6.2</b>   |
| <b>Real estate &amp; other invested assets</b>       |                  | 0.0          |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| Alternative long-duration assets                     |                  |              |          |                  |              |          |                  |              |          |                  |              |          |                  |              |
| Office   | 7,068            | 2.0          | %        | 7,064            | 2.0          | %        | 7,291            | 2.1          | %        | 8,204            | 2.4          | %        | 9,387            | 2.7          |
| Industrial   | 785              | 0.2          | %        | 775              | 0.2          | %        | 780              | 0.2          | %        | 844              | 0.2          | %        | 814              | 0.2          |
| Company use  | 2,002            | 0.5          | %        | 2,016            | 0.6          | %        | 1,925            | 0.6          | %        | 2,114            | 0.6          | %        | 1,317            | 0.4          |
| Other  | 2,946            | 0.8          | %        | 2,922            | 0.8          | %        | 2,783            | 0.8          | %        | 3,054            | 0.9          | %        | 2,938            | 0.9          |
| <b>Total real estate</b>                             | <b>12,801</b>    | <b>3.5</b>   | <b>%</b> | <b>12,777</b>    | <b>3.6</b>   | <b>%</b> | <b>12,779</b>    | <b>3.7</b>   | <b>%</b> | <b>14,216</b>    | <b>4.1</b>   | <b>%</b> | <b>14,456</b>    | <b>4.2</b>   |
| Power & infrastructure                               | 8,138            | 2.3          | %        | 7,970            | 2.3          | %        | 7,408            | 2.1          | %        | 7,171            | 2.1          | %        | 7,336            | 2.1          |
| Private equity                                       | 6,793            | 1.9          | %        | 6,769            | 1.9          | %        | 5,994            | 1.7          | %        | 5,408            | 1.4          | %        | 5,188            | 1.5          |
| Timberland   | 3,332            | 0.9          | %        | 3,378            | 1.0          | %        | 3,761            | 1.1          | %        | 3,763            | 1.1          | %        | 3,607            | 1.1          |
| Oil & gas  | 3,528            | 1.0          | %        | 3,416            | 1.0          | %        | 3,385            | 1.0          | %        | 3,211            | 0.9          | %        | 3,014            | 0.9          |
| Farmland   | 1,212            | 0.3          | %        | 1,115            | 0.3          | %        | 1,113            | 0.4          | %        | 1,340            | 0.4          | %        | 1,197            | 0.3          |
| Other  | 947              | 0.3          | %        | 791              | 0.1          | %        | 765              | 0.2          | %        | 635              | 0.2          | %        | 595              | 0.2          |
| <b>Total alternative long-duration assets</b>        | <b>36,751</b>    | <b>10.2</b>  | <b>%</b> | <b>36,216</b>    | <b>10.2</b>  | <b>%</b> | <b>35,205</b>    | <b>10.2</b>  | <b>%</b> | <b>35,744</b>    | <b>10.2</b>  | <b>%</b> | <b>35,393</b>    | <b>10.3</b>  |
| Leveraged leases                                     | 3,361            | 0.9          | %        | 3,575            | 1.1          | %        | 3,390            | 1.0          | %        | 3,446            | 1.0          | %        | 3,399            | 1.0          |
| Other  | 525              | 0.2          | %        | 529              | 0.1          | %        | 514              | 0.2          | %        | 526              | 0.2          | %        | 509              | 0.1          |
| <b>Total real estate &amp; other invested assets</b> | <b>40,637</b>    | <b>11.3</b>  | <b>%</b> | <b>40,320</b>    | <b>11.4</b>  | <b>%</b> | <b>39,109</b>    | <b>11.4</b>  | <b>%</b> | <b>39,716</b>    | <b>11.4</b>  | <b>%</b> | <b>39,301</b>    | <b>11.4</b>  |
| <b>Total invested assets</b>                         | <b>359,458</b>   | <b>100.0</b> | <b>%</b> | <b>353,664</b>   | <b>100.0</b> | <b>%</b> | <b>344,568</b>   | <b>100.0</b> | <b>%</b> | <b>348,974</b>   | <b>100.0</b> | <b>%</b> | <b>342,389</b>   | <b>100.0</b> |

<sup>1</sup> Includes government insured mortgages (\$7,211 or 15% as at March 31, 2019).

**Fair value<sup>2</sup>**

|   |        |        |        |        |        |
|---|--------|--------|--------|--------|--------|
| Real estate                               | 14,045 | 13,940 | 13,870 | 15,439 | 15,640 |
| Total alternative long-duration assets    | 38,658 | 38,151 | 37,087 | 37,684 | 37,309 |
| Total real estate & other invested assets | 42,544 | 42,255 | 40,991 | 41,656 | 41,217 |

<sup>2</sup> 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 <sup>1</sup> | NAIC designation | As at Q1 2019  | %           | As at Q4 2018  | %           | As at Q3 2018  | %           | As at Q2 2018  | %           | As at Q1 2018  | %           |
|--------------------|----------------------------|------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Debt Securities    | AAA                        | 1                | 34,419         | 18%         | 36,108         | 20%         | 33,624         | 19%         | 32,715         | 18%         | 32,479         | 18%         |
|                    | AA                         | 1                | 33,093         | 18%         | 32,147         | 17%         | 29,973         | 17%         | 30,022         | 17%         | 29,115         | 17%         |
|                    | A                          | 1                | 80,159         | 43%         | 78,016         | 42%         | 76,280         | 43%         | 79,127         | 44%         | 79,986         | 45%         |
|                    | BBB                        | 2                | 38,226         | 20%         | 36,945         | 20%         | 35,156         | 20%         | 36,497         | 20%         | 34,054         | 19%         |
|                    | BB                         | 3                | 1,647          | 1%          | 1,621          | 1%          | 1,614          | 1%          | 1,737          | 1%          | 1,851          | 1%          |
|                    | B & lower, and unrated     | 4 & below        | 942            | 0%          | 757            | 0%          | 738            | 0%          | 723            | 0%          | 713            | 0%          |
|                    | <b>Total</b>               |                  | <b>188,486</b> | <b>100%</b> | <b>185,594</b> | <b>100%</b> | <b>177,385</b> | <b>100%</b> | <b>180,821</b> | <b>100%</b> | <b>178,198</b> | <b>100%</b> |
| Private Placements | AAA                        | 1                | 1,112          | 3%          | 1,143          | 3%          | 1,111          | 3%          | 1,132          | 3%          | 1,123          | 3%          |
|                    | AA                         | 1                | 4,901          | 13%         | 4,968          | 14%         | 4,534          | 13%         | 4,466          | 13%         | 4,247          | 13%         |
|                    | A                          | 1                | 13,643         | 38%         | 13,304         | 37%         | 13,415         | 38%         | 13,026         | 38%         | 12,436         | 37%         |
|                    | BBB                        | 2                | 14,206         | 39%         | 14,055         | 39%         | 14,016         | 40%         | 14,011         | 40%         | 13,596         | 41%         |
|                    | BB                         | 3                | 910            | 3%          | 733            | 2%          | 770            | 2%          | 918            | 3%          | 838            | 3%          |
|                    | B & lower, and unrated     | 4 & below        | 1,618          | 4%          | 1,551          | 5%          | 1,390          | 4%          | 1,148          | 3%          | 1,133          | 3%          |
|                    | <b>Total</b>               |                  | <b>36,390</b>  | <b>100%</b> | <b>35,754</b>  | <b>100%</b> | <b>35,236</b>  | <b>100%</b> | <b>34,701</b>  | <b>100%</b> | <b>33,373</b>  | <b>100%</b> |
| Total              | AAA                        | 1                | 35,531         | 16%         | 37,251         | 17%         | 34,735         | 17%         | 33,847         | 16%         | 33,602         | 16%         |
|                    | AA                         | 1                | 37,994         | 17%         | 37,115         | 17%         | 34,507         | 16%         | 34,488         | 16%         | 33,362         | 16%         |
|                    | A                          | 1                | 93,802         | 42%         | 91,320         | 41%         | 89,695         | 42%         | 92,153         | 43%         | 92,422         | 44%         |
|                    | BBB                        | 2                | 52,432         | 23%         | 51,000         | 23%         | 49,172         | 23%         | 50,508         | 23%         | 47,650         | 22%         |
|                    | BB                         | 3                | 2,557          | 1%          | 2,354          | 1%          | 2,384          | 1%          | 2,655          | 1%          | 2,689          | 1%          |
|                    | B & lower, and unrated     | 4 & below        | 2,560          | 1%          | 2,308          | 1%          | 2,128          | 1%          | 1,871          | 1%          | 1,846          | 1%          |
|                    | <b>Total</b>               |                  | <b>224,876</b> | <b>100%</b> | <b>221,348</b> | <b>100%</b> | <b>212,621</b> | <b>100%</b> | <b>215,522</b> | <b>100%</b> | <b>211,571</b> | <b>100%</b> |

<sup>1</sup> 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, 2019, the Company had \$633 (December 31, 2018 : \$652) notional outstanding of CDS protection sold.

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

|                    | Country      | As at Q1 2019  | %           | As at Q4 2018  | %           | As at Q3 2018  | %           | As at Q2 2018  | %           | As at Q1 2018  | %           |
|--------------------|--------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Debt Securities    | U.S.         | 82,213         | 44%         | 81,282         | 44%         | 78,206         | 44%         | 78,864         | 44%         | 78,631         | 44%         |
|                    | Canada       | 48,737         | 26%         | 47,820         | 26%         | 47,207         | 27%         | 49,118         | 27%         | 48,401         | 27%         |
|                    | Europe       | 5,561          | 3%          | 5,401          | 3%          | 4,964          | 3%          | 4,980          | 3%          | 4,609          | 3%          |
|                    | Asia & Other | 51,975         | 27%         | 51,091         | 27%         | 47,008         | 26%         | 47,859         | 26%         | 46,557         | 26%         |
|                    | <b>Total</b> | <b>188,486</b> | <b>100%</b> | <b>185,594</b> | <b>100%</b> | <b>177,385</b> | <b>100%</b> | <b>180,821</b> | <b>100%</b> | <b>178,198</b> | <b>100%</b> |
| Private Placements | U.S.         | 20,502         | 56%         | 20,837         | 58%         | 20,530         | 58%         | 20,188         | 58%         | 19,388         | 58%         |
|                    | Canada       | 10,924         | 30%         | 10,612         | 30%         | 10,526         | 30%         | 10,234         | 30%         | 9,832          | 30%         |
|                    | Europe       | 2,174          | 6%          | 1,995          | 6%          | 1,987          | 6%          | 2,027          | 6%          | 2,032          | 6%          |
|                    | Asia & Other | 2,790          | 8%          | 2,310          | 6%          | 2,193          | 6%          | 2,252          | 6%          | 2,121          | 6%          |
|                    | <b>Total</b> | <b>36,390</b>  | <b>100%</b> | <b>35,754</b>  | <b>100%</b> | <b>35,236</b>  | <b>100%</b> | <b>34,701</b>  | <b>100%</b> | <b>33,373</b>  | <b>100%</b> |
| Total              | U.S.         | 102,715        | 46%         | 102,119        | 46%         | 98,736         | 47%         | 99,052         | 46%         | 98,019         | 46%         |
|                    | Canada       | 59,661         | 27%         | 58,432         | 27%         | 57,733         | 27%         | 59,352         | 28%         | 58,233         | 28%         |
|                    | Europe       | 7,735          | 3%          | 7,396          | 3%          | 6,951          | 3%          | 7,007          | 3%          | 6,641          | 3%          |
|                    | Asia & Other | 54,765         | 24%         | 53,401         | 24%         | 49,201         | 23%         | 50,111         | 23%         | 48,678         | 23%         |
|                    | <b>Total</b> | <b>224,876</b> | <b>100%</b> | <b>221,348</b> | <b>100%</b> | <b>212,621</b> | <b>100%</b> | <b>215,522</b> | <b>100%</b> | <b>211,571</b> | <b>100%</b> |

**INVESTED ASSETS - FIXED INCOME SECURITIES BY SECTOR AND UNREALIZED LOSSES**

(Canadian \$ in millions, unaudited)


**Portfolio by Sector / Industry Holdings (at carrying value)**

|  | As at Q1 2019  |              |            | As at Q4 2018  |              |            | As at Q3 2018  |              |            | As at Q2 2018  |              |            | As at Q1 2018  |              |            |
|--|----------------|--------------|------------|----------------|--------------|------------|----------------|--------------|------------|----------------|--------------|------------|----------------|--------------|------------|
|  | Carrying value | Investment % | grade %    | Carrying value | Investment % | grade %    | Carrying value | Investment % | grade %    | Carrying value | Investment % | grade %    | Carrying value | Investment % | grade %    |
| <b>Government &amp; agency</b>         | 73,863         | 33%          | 99%        | 73,858         | 33%          | 99%        | 69,725         | 33%          | 99%        | 71,119         | 33%          | 99%        | 71,375         | 34%          | 99%        |
| <b>Utilities</b>                       | 42,758         | 19%          | 98%        | 41,929         | 19%          | 99%        | 41,966         | 20%          | 99%        | 42,981         | 20%          | 99%        | 42,153         | 20%          | 98%        |
| <b>Financial</b>                       | 31,835         | 14%          | 97%        | 31,340         | 14%          | 97%        | 29,579         | 14%          | 97%        | 29,608         | 14%          | 97%        | 29,080         | 14%          | 98%        |
| <b>Energy</b>                          | 18,367         | 8%           | 97%        | 17,685         | 8%           | 97%        | 17,688         | 8%           | 96%        | 17,797         | 8%           | 96%        | 16,982         | 8%           | 96%        |
| <b>Consumer (non-cyclical)</b>         | 17,095         | 8%           | 97%        | 16,483         | 7%           | 97%        | 15,411         | 7%           | 96%        | 15,412         | 7%           | 97%        | 14,675         | 7%           | 97%        |
| <b>Industrial</b>                      | 18,256         | 8%           | 98%        | 17,508         | 8%           | 98%        | 16,598         | 8%           | 98%        | 16,426         | 8%           | 98%        | 15,868         | 8%           | 98%        |
| <b>Basic materials</b>                 | 3,898          | 2%           | 92%        | 3,539          | 2%           | 92%        | 3,441          | 2%           | 92%        | 3,686          | 2%           | 91%        | 3,470          | 1%           | 94%        |
| <b>Consumer (cyclical)</b>             | 7,344          | 3%           | 94%        | 7,707          | 3%           | 95%        | 6,999          | 3%           | 95%        | 6,833          | 3%           | 96%        | 6,366          | 3%           | 96%        |
| <b>Securitized MBS/ABS</b>             | 3,562          | 2%           | 100%       | 3,300          | 2%           | 100%       | 3,351          | 1%           | 100%       | 3,473          | 1%           | 100%       | 3,583          | 2%           | 99%        |
| <b>Telecommunications</b>              | 3,871          | 2%           | 99%        | 3,716          | 2%           | 99%        | 3,656          | 2%           | 100%       | 3,523          | 2%           | 100%       | 3,350          | 1%           | 100%       |
| <b>Technology</b>                      | 2,292          | 1%           | 98%        | 2,352          | 1%           | 96%        | 2,272          | 1%           | 97%        | 2,439          | 1%           | 96%        | 2,471          | 1%           | 96%        |
| <b>Media &amp; internet</b>            | 1,049          | 0%           | 95%        | 1,112          | 1%           | 92%        | 1,156          | 1%           | 93%        | 1,257          | 1%           | 93%        | 1,244          | 1%           | 96%        |
| <b>Diversified &amp; miscellaneous</b> | 686            | 0%           | 85%        | 819            | 0%           | 97%        | 779            | 0%           | 97%        | 968            | 0%           | 98%        | 954            | 0%           | 98%        |
| <b>Total</b>                           | <b>224,876</b> | <b>100%</b>  | <b>98%</b> | <b>221,348</b> | <b>100%</b>  | <b>98%</b> | <b>212,621</b> | <b>100%</b>  | <b>98%</b> | <b>215,522</b> | <b>100%</b>  | <b>98%</b> | <b>211,571</b> | <b>100%</b>  | <b>98%</b> |

**Unrealized (losses)**

|  | As at Q1 2019  |                              |           |                               | As at Q4 2018  |                              |           |                               | As at Q3 2018  |                              |           |                               | As at Q2 2018  |                              |           |                               | As at Q1 2018  |                              |           |                               |
|--|----------------|------------------------------|-----------|-------------------------------|----------------|------------------------------|-----------|-------------------------------|----------------|------------------------------|-----------|-------------------------------|----------------|------------------------------|-----------|-------------------------------|----------------|------------------------------|-----------|-------------------------------|
|  | 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 |
| <b>Debt securities</b>                     |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |
| <i>Government</i>                          | 65,793         | (627)                        | 1%        | -                             | 68,534         | (1,449)                      | 2%        | (248)                         | 66,093         | (2,193)                      | 3%        | (163)                         | 65,714         | (1,380)                      | 2%        | -                             | 65,879         | (1,405)                      | 2%        | -                             |
| <i>Corporate</i>                           |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |
| Financials                                 | 29,223         | (104)                        | 0%        | (9)                           | 29,433         | (398)                        | 1%        | (9)                           | 27,949         | (510)                        | 2%        | (9)                           | 27,751         | (466)                        | 2%        | (9)                           | 27,084         | (343)                        | 1%        | (9)                           |
| Non-financials                             | 81,372         | (496)                        | 1%        | (18)                          | 82,168         | (1,803)                      | 2%        | (21)                          | 79,266         | (1,623)                      | 2%        | (5)                           | 80,050         | (1,330)                      | 2%        | -                             | 76,301         | (877)                        | 1%        | -                             |
| <i>Securitized</i>                         |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |                |                              |           |                               |
| CMBS                                       | 1,458          | (11)                         | 1%        | -                             | 1,491          | (22)                         | 1%        | -                             | 1,455          | (32)                         | 2%        | -                             | 1,317          | (30)                         | 2%        | -                             | 1,340          | (24)                         | 2%        | -                             |
| RMBS                                       | 13             | -                            | 0%        | -                             | 14             | -                            | 0%        | -                             | 17             | -                            | 0%        | -                             | 37             | -                            | 0%        | -                             | 48             | -                            | 0%        | -                             |
| ABS  | 1,733          | (9)                          | 1%        | -                             | 1,475          | (25)                         | 2%        | -                             | 1,537          | (29)                         | 2%        | -                             | 1,821          | (35)                         | 2%        | -                             | 1,904          | (25)                         | 1%        | -                             |
| <b>Private placement debt</b>              | 36,390         | (245)                        | 1%        | (26)                          | 35,754         | (838)                        | 2%        | -                             | 35,236         | (699)                        | 2%        | -                             | 34,701         | (608)                        | 2%        | -                             | 33,373         | (410)                        | 1%        | -                             |
| <b>Fixed income securities<sup>1</sup></b> | <b>215,982</b> | <b>(1,492)</b>               | <b>1%</b> | <b>(53)</b>                   | <b>218,869</b> | <b>(4,535)</b>               | <b>2%</b> | <b>(278)</b>                  | <b>211,553</b> | <b>(5,086)</b>               | <b>2%</b> | <b>(177)</b>                  | <b>211,391</b> | <b>(3,849)</b>               | <b>2%</b> | <b>(9)</b>                    | <b>205,929</b> | <b>(3,084)</b>               | <b>1%</b> | <b>(9)</b>                    |

<sup>1</sup> 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.

# **Actuarial Liabilities Information**

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# VARIABLE ANNUITY AND SEGREGATED FUND GUARANTEES

(Canadian \$millions, unaudited)



|                | Guarantee Value           |                  |                                 | Net Amount at Risk <sup>2</sup> |                  |                                 | Policy Liabilities Held <sup>3,5</sup> | SFG Capital <sup>6</sup> | Policy Liabilities Held plus Capital |
|----------------|---------------------------|------------------|---------------------------------|---------------------------------|------------------|---------------------------------|--|--------------------------|--------------------------------------|
|                | Gross Amount <sup>4</sup> | Amount Reinsured | Net of Reinsurance <sup>1</sup> | Gross Amount <sup>4</sup>       | Amount Reinsured | Net of Reinsurance <sup>1</sup> |  |                          |                                      |
| <b>Q1 2019</b> | 92,004                    | 6,592            | 85,412                          | 10,414                          | 1,405            | 9,009                           | 5,461                                  | 5,062                    | 10,523                               |
| <b>Q4 2018</b> | 95,032                    | 6,868            | 88,164                          | 14,689                          | 1,836            | 12,853                          | 6,020                                  | 4,936                    | 10,956                               |
| <b>Q3 2018</b> | 93,419                    | 6,658            | 86,761                          | 8,718                           | 1,256            | 7,462                           | 3,252                                  | 4,873                    | 8,125                                |
| <b>Q2 2018</b> | 96,085                    | 6,889            | 89,196                          | 9,510                           | 1,351            | 8,159                           | 4,301                                  | 4,850                    | 9,151                                |
| <b>Q1 2018</b> | 96,563                    | 7,581            | 88,982                          | 9,459                           | 1,413            | 8,046                           | 4,640                                  | 4,800                    | 9,440                                |

| As at Q1 2019                  | Net of Reinsurance <sup>1</sup>    |                               |                                   |
|--------------------------------|------------------------------------|-------------------------------|-----------------------------------|
|                                | Total Guarantee Value <sup>4</sup> | Total Fund Value <sup>4</sup> | Net Amount at Risk <sup>2,4</sup> |
| <b>U.S.</b>                    |                                    |                               |                                   |
| Withdrawal Benefits            | 40,918                             | 34,924                        | 6,286                             |
| Income Benefits                | 511                                | 417                           | 101                               |
| Death Benefits                 | 4,277                              | 4,924                         | 428                               |
|                                | 45,706                             | 40,265                        | 6,815                             |
| <b>Canada</b>                  |                                    |                               |                                   |
| Withdrawal Benefits            | 13,454                             | 11,804                        | 1,649                             |
| Maturity Benefits              | 15,777                             | 15,765                        | 12                                |
| Death Benefits                 | 1,920                              | 7,448                         | 38                                |
|                                | 31,151                             | 35,017                        | 1,699                             |
| <b>Japan</b>                   |                                    |                               |                                   |
| Withdrawal Benefits            | 3,672                              | 3,470                         | 213                               |
| Maturity Benefits              | 823                                | 952                           | 3                                 |
| Death Benefits                 | 875                                | 858                           | 31                                |
|                                | 5,370                              | 5,280                         | 247                               |
|                                | -                                  | -                             | -                                 |
| <b>Reinsurance &amp; Other</b> | 3,185                              | 3,537                         | 248                               |

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

<sup>6</sup> Starting Q1 2018, the Segregated Fund Guaranteed (SFG) Capital is approximated by 100% of the LICAT capital requirement multiplied by a scalar of 1.05 and grossed up based on a 120% capital ratio

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.

**REGULATORY CAPITAL**

(Canadian \$ in millions, unaudited)



|   | 2019<br>Q1 | 2018<br>Q4 | 2018<br>Q3 | 2018<br>Q2 | 2018<br>Q1 |
|---|------------|------------|------------|------------|------------|
| <b>The Manufacturers Life Insurance Company's LICAT</b> |            |            |            |            |            |

**Available Capital Components:**

## Tier 1 capital

|                          |          |          |          |          |          |
|--------------------------|----------|----------|----------|----------|----------|
| Common shares            | 34,447   | 34,447   | 34,447   | 34,447   | 33,847   |
| Retained earnings        | 10,628   | 8,402    | 10,734   | 8,844    | 7,550    |
| Other Tier 1 capital     | 13,415   | 13,279   | 10,851   | 12,040   | 11,624   |
| Gross Tier 1 capital     | 58,490   | 56,128   | 56,032   | 55,331   | 53,021   |
| Deductions:              |          |          |          |          |          |
| Goodwill and Intangibles | (9,117)  | (9,190)  | (8,984)  | (9,072)  | (8,991)  |
| Other                    | (11,204) | (10,655) | (13,423) | (14,702) | (13,809) |
| Tier 1 capital (A)       | 38,169   | 36,283   | 33,625   | 31,557   | 30,221   |

## Tier 2 Capital

|                      |        |        |        |        |        |
|----------------------|--------|--------|--------|--------|--------|
| Gross Tier 2 capital | 11,069 | 11,608 | 12,143 | 13,351 | 13,161 |
| Deductions           | -      | -      | -      | -      | -      |
| Tier 2 capital (B)   | 11,069 | 11,608 | 12,143 | 13,351 | 13,161 |

|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| <b>Total Available Capital (C) = (A+B)</b>         | 49,238 | 47,891 | 45,768 | 44,908 | 43,382 |
| <b>Surplus Allowance and Eligible Deposits (D)</b> | 29,908 | 29,846 | 28,351 | 28,270 | 28,132 |

**Base Solvency Buffer Components**

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Non-Participating Business   |         |         |         |         |         |
| Credit risk  | 9,602   | 9,501   | 8,999   | 8,785   | 8,816   |
| Market risk  | 17,562  | 16,923  | 18,730  | 18,918  | 19,453  |
| Insurance risk   | 27,184  | 27,518  | 26,521  | 26,900  | 26,464  |
| Less: Credits for Adjustable Products  | (7,226) | (7,000) | (6,894) | (7,012) | (7,032) |
| Participating Business   |         |         |         |         |         |
| Capital Requirements for Credit, Market and Insurance Risks for Participating Products, net of Par Credits | 5,306   | 4,967   | 5,370   | 5,400   | 5,391   |
| Less: Diversification and Other Credits  | (8,700) | (8,666) | (8,591) | (8,696) | (8,643) |
| Capital Requirements for Non-Participating and Participating Business, net of Credits                      | 43,728  | 43,243  | 44,135  | 44,295  | 44,449  |
| Segregated fund risk   | 4,017   | 3,918   | 3,868   | 3,850   | 3,810   |
| Operational and other risks  | 4,741   | 4,641   | 4,688   | 4,689   | 4,681   |
| <b>Subtotal of Base Solvency Buffer Components (E)</b>   | 52,487  | 51,802  | 52,691  | 52,834  | 52,940  |
| <b>Base Solvency Buffer (F) = E x 105%</b>   | 55,112  | 54,389  | 55,325  | 55,475  | 55,587  |

|                                    |      |      |      |      |      |
|------------------------------------|------|------|------|------|------|
| <b>Total LICAT Ratio = (C+D)/F</b> | 144% | 143% | 134% | 132% | 129% |
|------------------------------------|------|------|------|------|------|

|  |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|
| <b>Excess Total Capital over Supervisory Target Ratio of 100% = (C+D) - 100% x F</b> | 24,034 | 23,348 | 18,794 | 17,702 | 15,928 |
|--|--------|--------|--------|--------|--------|

**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):** A measure of the size of the Company. It is comprised of the non-GAAP measures assets under management ("AUM"), which includes both assets of general account and external client assets for which we provide investment management services, and assets under administration ("AUA"), which 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 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.

**Life Insurance Capital Adequacy Test (LICAT):** The new LICAT regulatory capital regime established by the Office of the Superintendent of Financial Institutions (OSFI) came into effect in Canada on January 1, 2018, replacing the Minimum Continuing Capital and Surplus framework. The LICAT ratio compares the qualifying regulatory capital resources of a life insurance company to its required capital, each as specified under OSFI's LICAT guideline.

**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. Also includes premiums in the Canada Group Benefits reinsurance ceded agreement.

- **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 primarily a measure of the business volume calculated as expected claims plus administrative fees charged.

**Global Wealth and Asset Management:** Global Wealth and Asset Management is comprised of our fee based businesses with little or no insurance risk, including Retirement, Retail and Institutional Asset Management businesses.

**Consolidated 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'.

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**TRANSFER AGENT**

Canada  
 CIBC Mellon Trust Company  
 1-800-783-9495  
[www.cibcmellon.com/investor](http://www.cibcmellon.com/investor)

United States  
 Mellon Investor Services  
 1-800-249-7702  
[www.melloninvestor.com](http://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 1, 2019)

| <u>Purpose</u>     | <u>Rating agency</u>           | <u>Rating</u> |
|--------------------|--------------------------------|---------------|
| Financial strength | S&P Global Ratings             | AA-           |
|                    | Moody's Investors Service Inc. | A1            |
|                    | Fitch Ratings Inc.             | AA-           |
|                    | DBRS Limited                   | AA (low)      |
|                    | A.M. Best Company              | A+ (Superior) |

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

(as at May 1, 2019)

| <u>Purpose</u>     | <u>Rating agency</u>           | <u>Rating</u> |
|--------------------|--------------------------------|---------------|
| Financial strength | S&P Global Ratings             | AA-           |
|                    | Moody's Investors Service Inc. | A1            |
|                    | Fitch Ratings Inc.             | AA-           |
|                    | DBRS Limited                   | not rated     |
|                    | A.M. Best Company              | A+ (Superior) |