



**Driving shareholder value
through NBV generation**
May 3, 2017



Caution regarding forward-looking statements

This presentation contains forward-looking statements within the “safe harbor” provisions of Canadian provincial securities laws and the U.S. Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to projections and statements regarding future experience. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including the assumptions described in this report, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: general business and economic conditions (including but not limited to the performance, volatility and correlation of equity markets, interest rates, credit and swap spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); changes in laws and regulations; changes in accounting standards applicable in any of the territories in which we operate; changes in regulatory capital requirements; our ability to execute strategic plans and changes to strategic plans; downgrades in our insurance subsidiaries financial strength or credit ratings; our ability to maintain our reputation; the establishment of provisions against future tax assets; the accuracy of estimates relating to morbidity, mortality and policyholder behaviour; the accuracy of other estimates used in applying accounting policies actuarial methods, and EV and NBV methods; our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies; our ability to source appropriate assets to back our long-dated liabilities; level of competition and consolidation; our ability to market and distribute products through current and future distribution channels; unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses; our liquidity, including the availability of financing to satisfy existing financial liabilities on expected maturity dates when required; obligations to pledge additional collateral; the availability of letters of credit to provide capital management flexibility; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; the availability, affordability and adequacy of reinsurance; legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings; our ability to attract and retain key executives, employees and agents; the appropriate use and interpretation of complex models or deficiencies in models used; political, legal, operational and other risks; acquisitions and our ability to complete acquisitions including the availability of equity and debt financing for this purpose; the failure to realize some or all of the expected benefits of the acquisitions; the disruption of or changes to key elements of the Company’s or public infrastructure systems; environmental concerns; and our ability to protect our intellectual property and exposure to claims of infringement. We do not undertake to update any forward-looking statements, except as required by law.

Note to users – Performance and Non-GAAP Measures

EV, NBV and NBV margin are non-GAAP financial measures. A financial measure is considered a non-GAAP measure for Canadian securities law purposes if it is presented other than in accordance with generally accepted accounting principles used for the Company’s audited financial statements. Non-GAAP financial measures are not defined terms under GAAP and, therefore, are unlikely to be comparable to similar terms used by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with GAAP. For more information on non-GAAP financial measures, including those referred to above, see “Performance and Non-GAAP Measures” in our 2016 Management’s Discussion and Analysis.

Summary

<p>What is Embedded Value (“EV”) and New Business Value (“NBV”)?</p>	<p>EV is the present value of the shareholders’ future expected distributable earnings from <u>in-force</u> Insurance and Other Wealth¹ businesses plus the adjusted net worth of the organization. NBV is the EV generated by new business written in the period.</p> <ul style="list-style-type: none"> ▪ Distributable earnings² = post-tax earnings + changes in required capital ▪ Includes only tangible book value for WAM³, the Bank & P&C retrocession businesses ▪ Uses risk based discount rates that vary by jurisdiction
<p>What does EV not include?</p>	<p>EV does not include any value for future insurance and other wealth business, and only includes the tangible book value for our wealth and asset management businesses, Manulife Bank and P&C retrocession businesses.</p>
<p>Why is EV important?</p>	<p>Provides insight into the intrinsic value of our insurance and other wealth businesses and speed of the emergence of distributable earnings</p> <ul style="list-style-type: none"> ▪ Useful in benchmarking Asia operations against peers
<p>Why is NBV important?</p>	<p>Measure of the quality of new business generated in the period by focusing on its profitability</p> <ul style="list-style-type: none"> ▪ Encourages business discipline which should lead to higher ROE over time ▪ Measure used to compensate management on top-line performance in Insurance and Other Wealth businesses
<p>What are the Manulife-specific insights?</p>	<p>Favourable distributable earnings profile driven by Asia, with significant amount emerging in earlier years:</p> <ul style="list-style-type: none"> ▪ Expected to emerge into earnings faster and with less inherent risk <p>Asia new business is a key driver of short- and medium-term earnings growth</p> <ul style="list-style-type: none"> ▪ Already meaningfully shifting the business mix towards Asia ▪ Asia NBV is fast growing and accounts for over 80% of total Company NBV ▪ We are outpacing most peers in terms of NBV growth and margin improvement <p>EV of \$23.43 per share, including only tangible book value for our WAM businesses, Manulife Bank and P&C retrocession businesses and not taking into account the value of future new Insurance and Other Wealth business</p>

Note: Please see our 2016 Embedded Value report available at Manulife.com for more information.

¹ Other Wealth includes all new deposits into variable and fixed annuity contracts in Canada and Asia, as well as certain single premium products in Asia. ² Local basis accounting for Asia. ³ Wealth and Asset Management (WAM) consists of mutual fund, pension and institutional advisory products.

EV and NBV aligns with shareholders' interests by focusing on both current and future profitability

For illustrative purposes only

Embedded Value

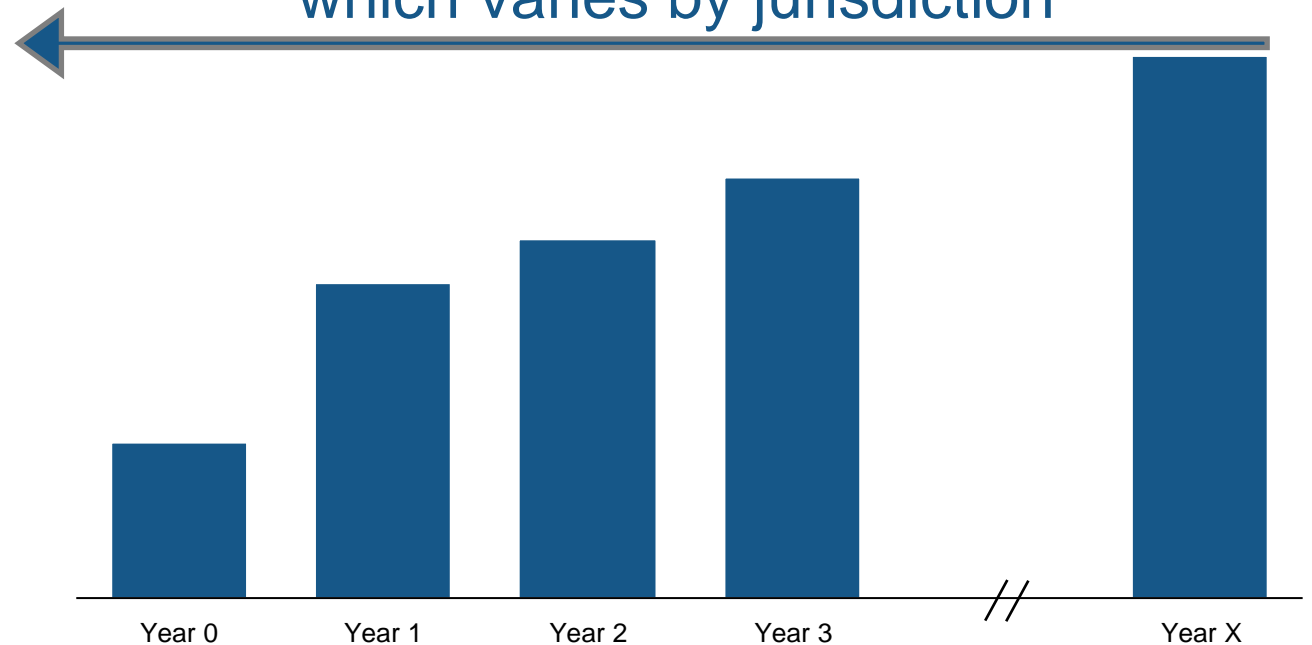
Adjusted net worth

Plus

Value of in-force business

- Release of/additional required capital from new business written in the period¹
- Release of/additional required capital from previous period's in-force business¹
- Earnings impact from new business written in the period
- Earnings impact from previous period's in-force business

Distributable earnings from in-force are discounted at a risk based discount rate which varies by jurisdiction

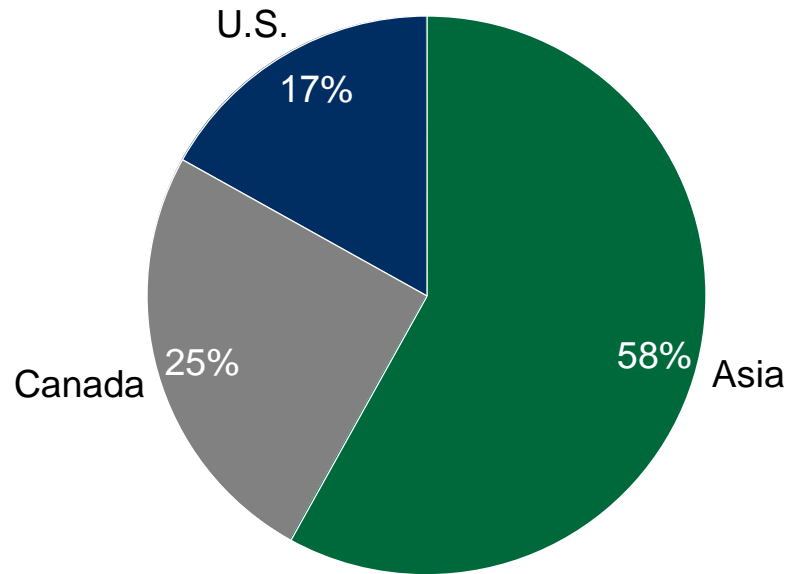


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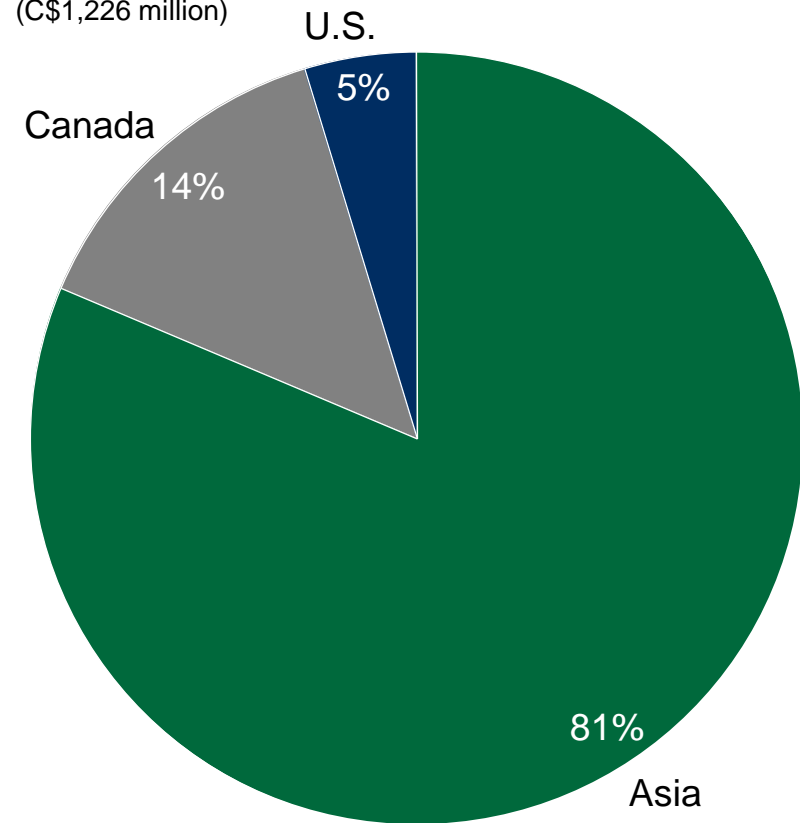
¹ Required capital for EV and distributable earnings projections is set using the capital level documented in our EV disclosures. These capital levels are below our operating targets and are aligned with market practice for the purpose of EV disclosure.

Asia generates the majority and an increasing proportion of Manulife's new business value

2014 New Business Value
(C\$697 million)



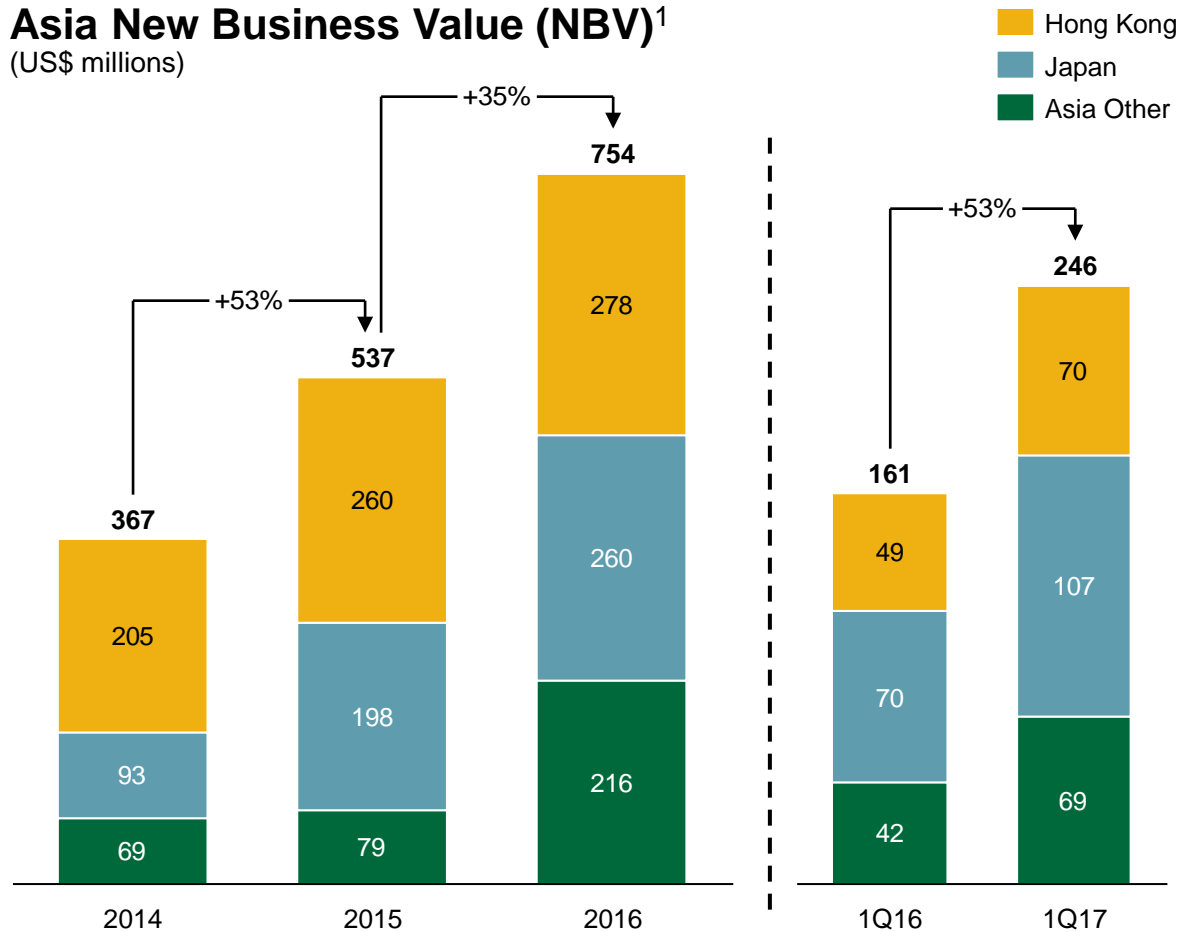
2016 New Business Value
(C\$1,226 million)



Asia accounted for 81% of new business value in 2016, up from 58% in 2014

NBV in Asia is growing at a rapid pace, with very strong growth outside of Hong Kong and Japan...

Asia New Business Value (NBV)¹ (US\$ millions)



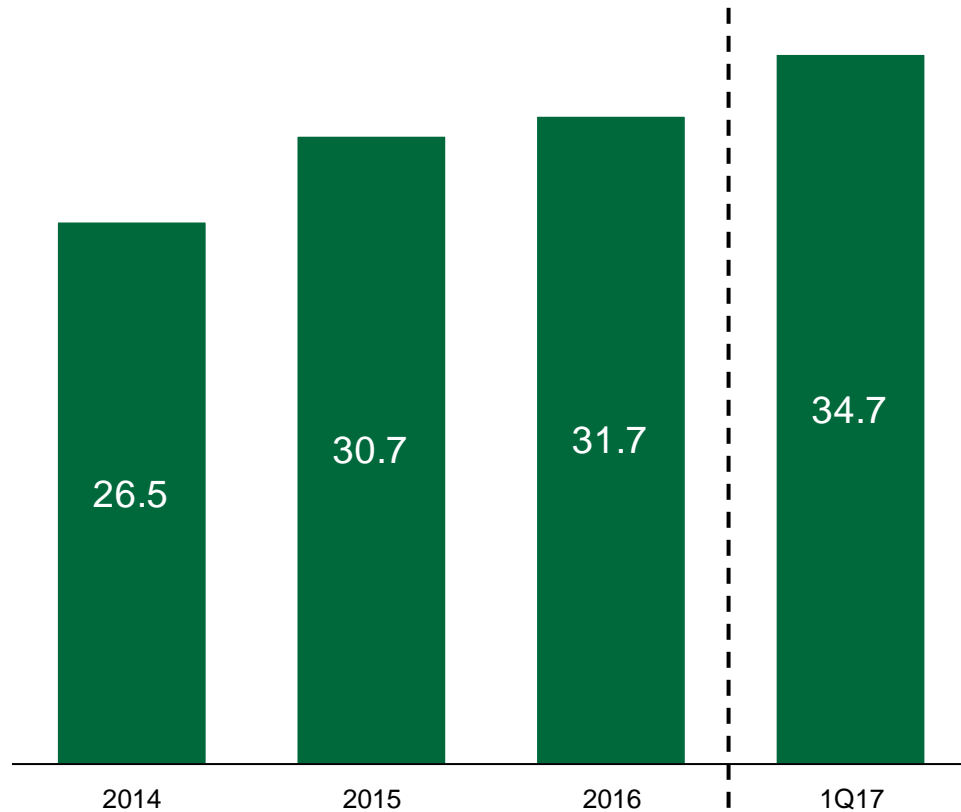
Key growth drivers of Asia NBV include:

- + Increased sales volumes, including through DBS partnership
- + Improved margins
- + Scale efficiency
- Challenging interest rate environment

¹ Growth in new business value stated on a constant currency basis, a Non-GAAP measure.

...and NBV margins are improving...

Asia New Business Value Margin
(%)

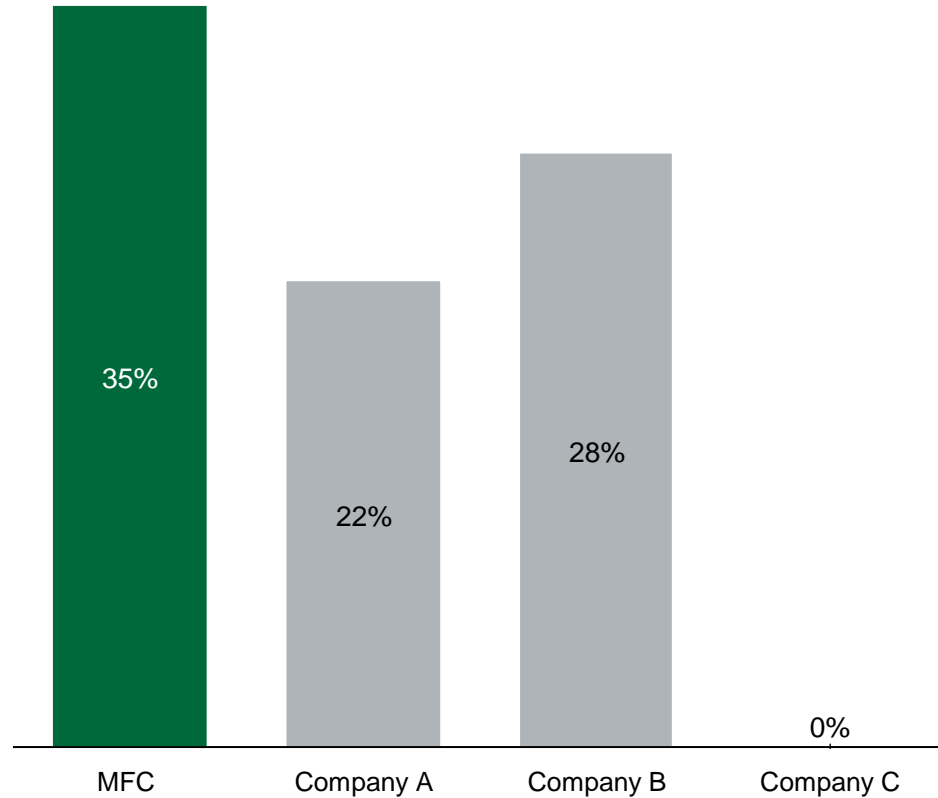


**Actions taken to improve
NBV margins include:**

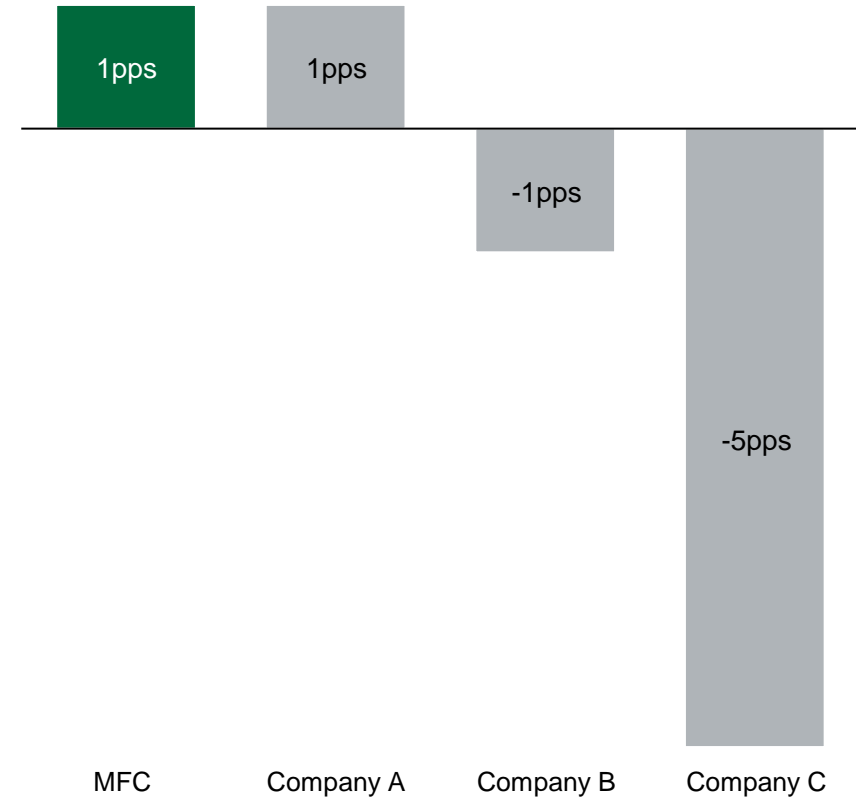
- + Achieving scale in Asia Other segment
- + Repricing
- + Changes to product mix

In 2016, our growth outpaced peers

Asia NBV growth (% increase 2016 vs. 2015)



Asia NBV margin growth (percentage point increase 2016 vs. 2015)



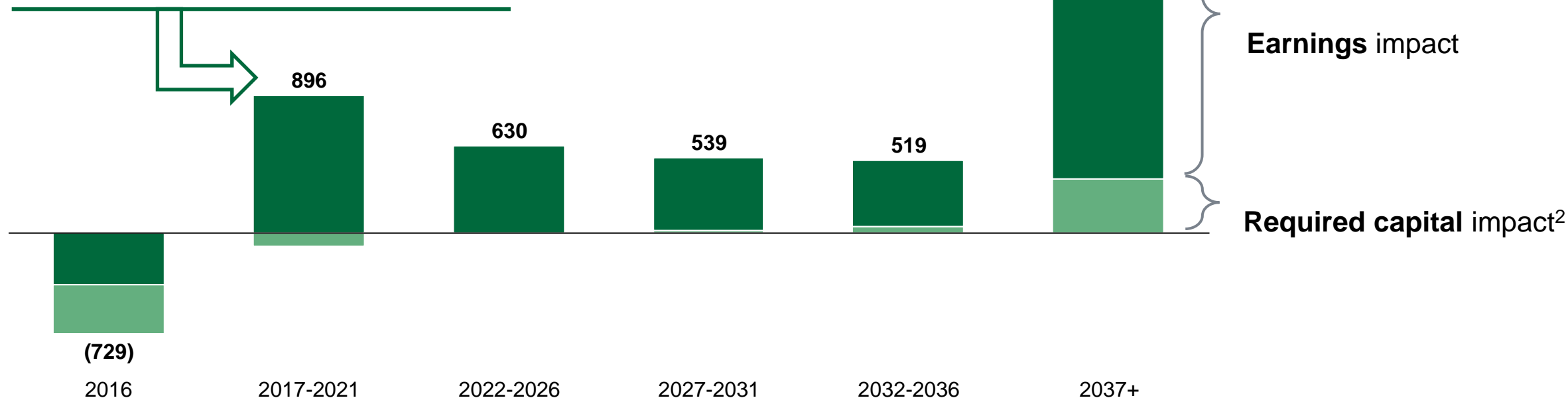
Source: Increases/decreases are on a constant currency basis.

Asia's new business has a short payback period

Asia projected distributable earnings from 2016 new business (local basis accounting¹)

(US\$ millions; undiscounted)

Earnings profile from Asia's new business sold in 2016 is attractive, with significant distributable earnings in the early years.



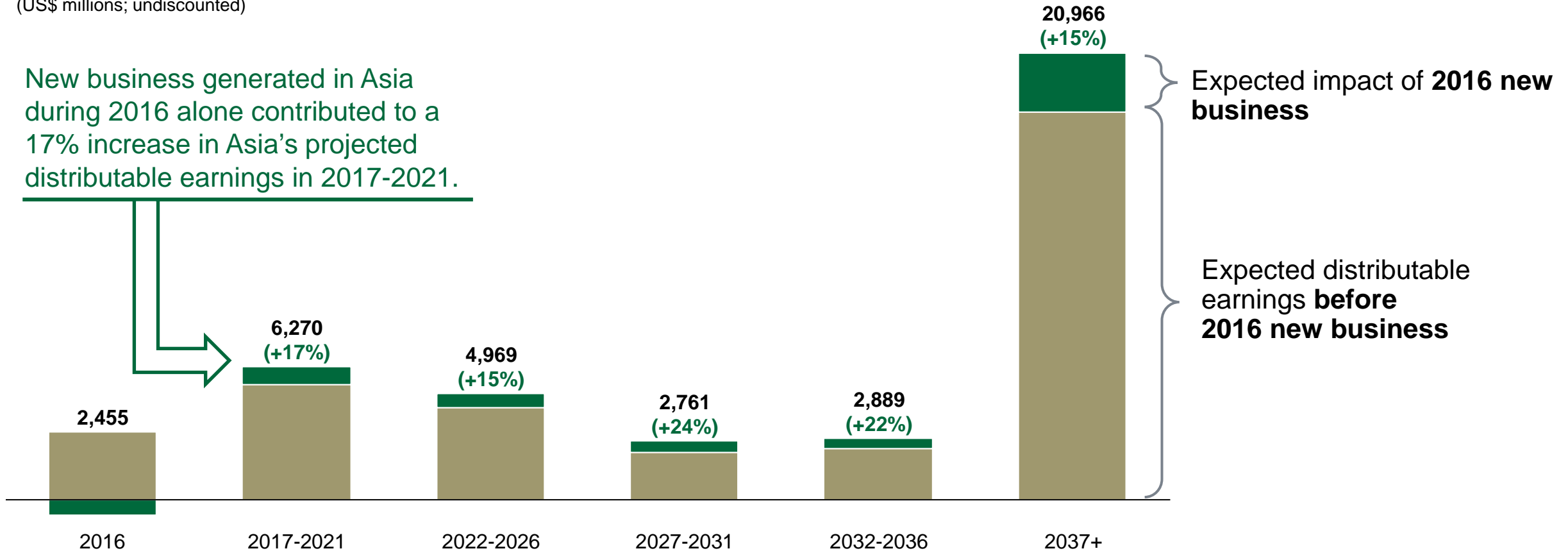
¹ Differs from IFRS impacts to varying degrees, based on individual jurisdictions. ² Required capital for EV and distributable earnings projections is set using the capital level documented in our EV disclosures. These capital levels are below our operating targets and are aligned with market practice for the purpose of EV disclosure.

Asia's NBV generated in 2016 drove a significant increase in Asia's projected distributable earnings...

Asia projected total distributable earnings (local basis accounting¹)

(US\$ millions; undiscounted)

New business generated in Asia during 2016 alone contributed to a 17% increase in Asia's projected distributable earnings in 2017-2021.



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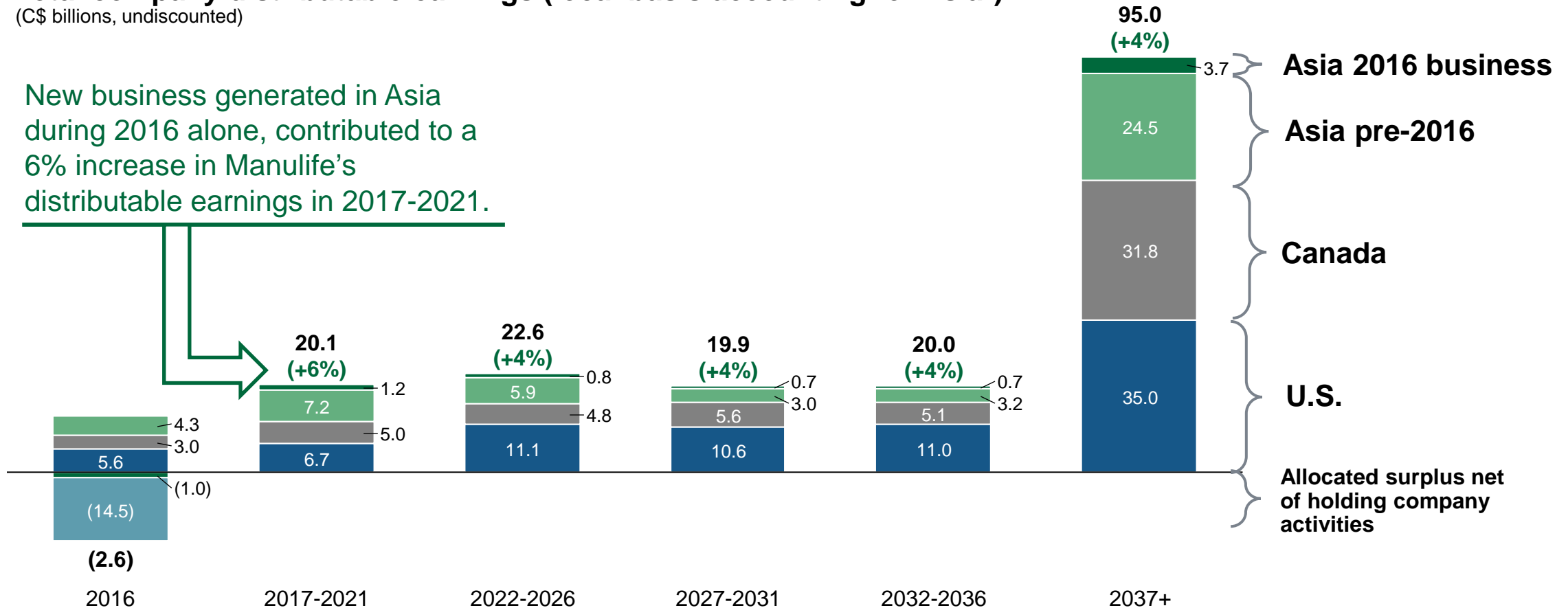
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... and adds to significant and steady contributions from our large North American inforce businesses

Total company distributable earnings (local basis accounting for Asia¹)

(C\$ billions, undiscounted)

New business generated in Asia during 2016 alone, contributed to a 6% increase in Manulife's distributable earnings in 2017-2021.



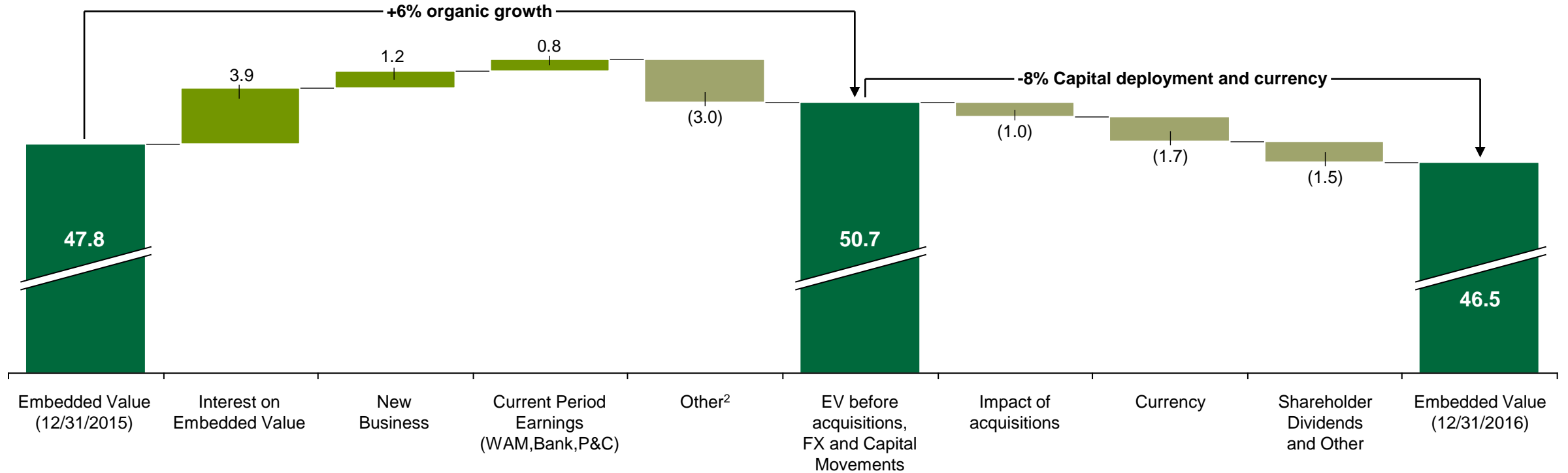
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Embedded value (“EV”) of \$46.5 billion (or \$23.53/share) for our Insurance and Other Wealth businesses...

Embedded Value¹

(C\$ billions)



- Organic growth increased EV by \$2.9 billion or 6% from 2015 with solid contribution from new business
 - Interest rates and impact of 3Q16’s annual actuarial review reduced EV
- Normal course dividend payments, increased intangible assets created by acquisitions and partnerships, and currency all reduced EV

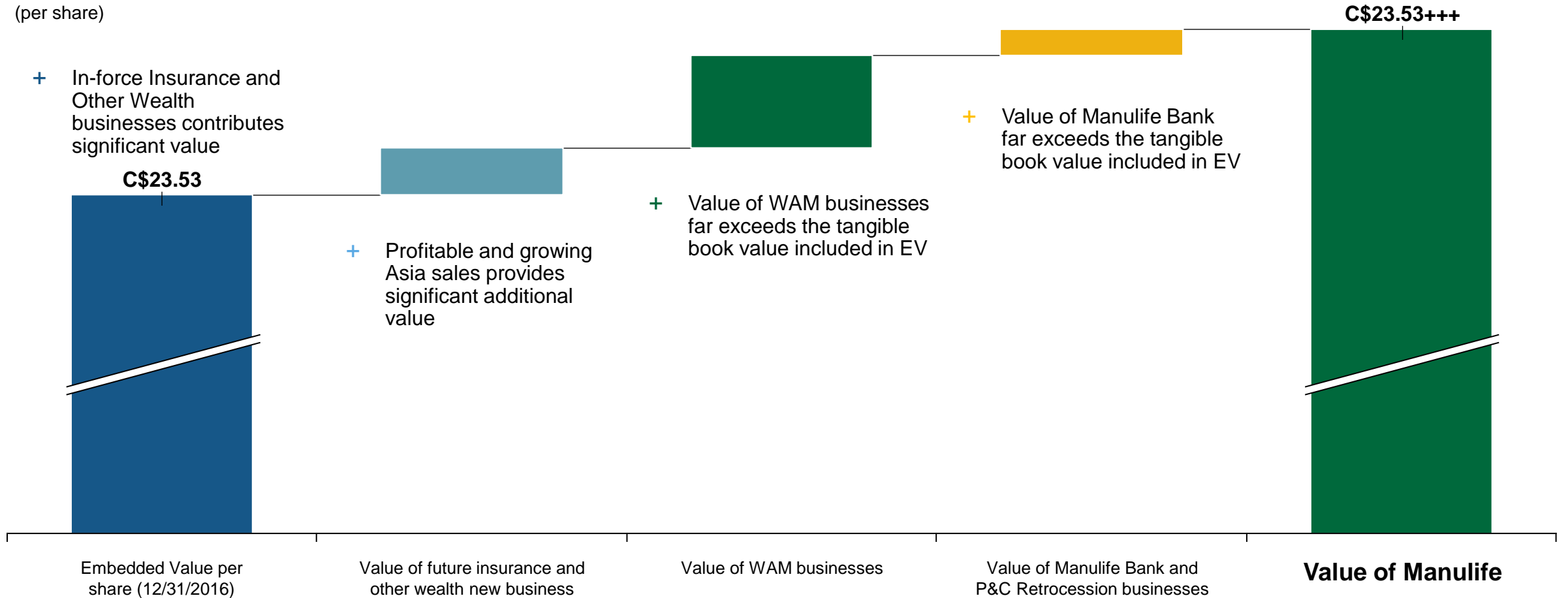
¹ Embedded value does not include any value of in-force related to our Wealth and Asset Management businesses, the Bank or P&C reinsurance business. Embedded value excludes goodwill and intangible assets. ² Largely relates to changes in investment and operating assumptions, and investment and operating experience.

...which only represents a portion of the value of Manulife

For illustrative purposes only. Relative proportions – Not to scale.

Sum-of-the-Parts Valuation

(per share)



Thank you



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