



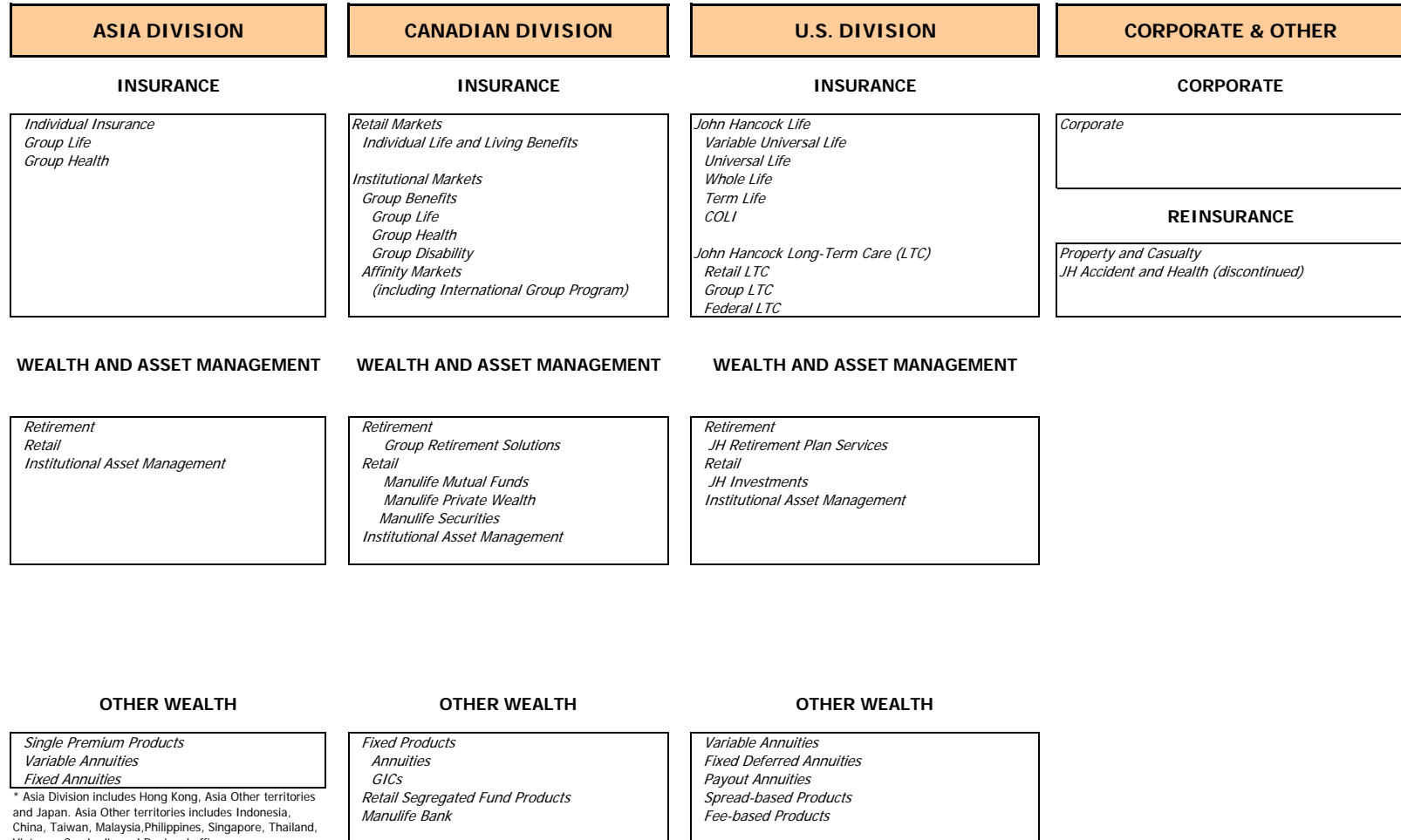
# **Statistical Information Package**

## **Q2 2017**

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MFC



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

**Use of this document:**

Information in the document is supplementary to the Company's second quarter Press Release, MD&A and unaudited financial statements and the 2016 Annual Report and should be read in conjunction with those documents.

**Performance and Non-GAAP Measures**

We use a number of non-GAAP financial measures to measure overall performance and to assess each of our businesses. Non-GAAP measures include premiums and deposits, assets under management and administration, constant currency basis, new business value ("NBV"), NBV margin, core earnings (loss), core ROE, Diluted core earning per common share, core EBITDA, total annualized premium equivalents, total weighted premium income, capital, gross flows, net flows and sales. Non-GAAP financial measures are not defined terms under GAAP and, therefore, are unlikely to be comparable to similar terms used by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with GAAP.

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

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

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

**Sales** are measured according to product type.

- (i) For individual insurance, sales include 100 per cent of new annualized premiums and 10 per cent of both excess and single premiums. For individual insurance, new annualized premiums reflect the annualized premium expected in the first year of a policy that requires premium payments for more than one year. Single premium is the lump sum premium from the sale of a single premium product, e.g. travel insurance. Sales are reported gross before the impact of reinsurance.
- (ii) For group insurance, sales include new annualized premiums and administrative services only (ASO) premium equivalents on new cases, as well as the addition of new coverages and amendments to contracts, excluding rate increases.
- (iii) For other wealth, all new deposits are reported as sales. This includes certain single premium wealth accumulation products in Asia and individual annuities, both fixed and variable. As we have discontinued sales of new VA contracts in the U.S., beginning in the first quarter of 2013, subsequent deposits into existing U.S VA contracts are not reported as sales.
- (iv) Retirement: Sales include both new regular premiums and deposits and single premiums sales. New regular premiums and deposits reflect an estimate of expected deposits in the first year of the plan with the Company. Single premium sales reflect the assets transferred from the previous plan provider.

**Gross Flows** 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.

**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.

**Constant currency basis**

Quarterly amounts stated on a constant currency basis are calculated using Q2 2017 income statement and statement of financial position exchange rates as appropriate.

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

**FINANCIAL HIGHLIGHTS**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Shareholders' Net Income (loss) by Division<sup>1</sup>**

Asia	555	587	431	561	28	nm	1,142	149	666%	1,141
Canadian	84	188	92	435	359	-77%	272	959	-72%	1,486
U.S.	774	768	(73)	559	407	90%	1,542	648	138%	1,134
Corporate and other	(158)	(193)	(387)	(438)	(90)	-	(351)	(7)	-	(832)
<b>Net income attributed to shareholders</b>	<b>1,255</b>	<b>1,350</b>	<b>63</b>	<b>1,117</b>	<b>704</b>	<b>78%</b>	<b>2,605</b>	<b>1,749</b>	<b>49%</b>	<b>2,929</b>
Preferred share dividends	(39)	(41)	(33)	(34)	(37)	5%	(80)	(66)	21%	(133)
<b>Common shareholders' net income</b>	<b>1,216</b>	<b>1,309</b>	<b>30</b>	<b>1,083</b>	<b>667</b>	<b>82%</b>	<b>2,525</b>	<b>1,683</b>	<b>50%</b>	<b>2,796</b>
<b>Common shareholders' net income on a constant currency basis</b>	<b>1,216</b>	<b>1,327</b>	<b>27</b>	<b>1,124</b>	<b>694</b>	<b>75%</b>	<b>2,543</b>	<b>1,709</b>	<b>49%</b>	<b>2,860</b>

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

<b>Core earnings</b>										
Asia	405	408	388	394	342	18%	813	713	14%	1,495
Canadian	345	319	359	354	333	4%	664	671	-1%	1,384
U.S.	452	515	471	394	361	25%	967	750	29%	1,615
Corporate and other (excl. expected cost of macro hedges and core investment gains)	(168)	(166)	(75)	(102)	(125)	-	(334)	(232)	-	(409)
Expected cost of macro hedges	(14)	(21)	(36)	(61)	(78)	-	(35)	(164)	-	(261)
Investment-related experience in core earnings	154	46	180	17	-	-	200	-	-	197
<b>Total core earnings</b>	<b>1,174</b>	<b>1,101</b>	<b>1,287</b>	<b>996</b>	<b>833</b>	<b>41%</b>	<b>2,275</b>	<b>1,738</b>	<b>31%</b>	<b>4,021</b>
Investment-related experience outside of core earnings	138	-	-	280	60	130%	138	(280)	-	-
<b>Total core earnings and investment-related experience in excess of amounts included in core earnings</b>	<b>1,312</b>	<b>1,101</b>	<b>1,287</b>	<b>1,276</b>	<b>893</b>	<b>47%</b>	<b>2,413</b>	<b>1,458</b>	<b>66%</b>	<b>4,021</b>
<b>Items excluded from core earnings</b>										
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(37)	267	(1,202)	414	(170)	-	230	304	-24%	(484)
Change in actuarial methods and assumptions	-	-	(10)	(455)	-	-	-	12	-100%	(453)
Integration and acquisition costs	(20)	(18)	(25)	(23)	(19)	-	(38)	(33)	-	(81)
Tax related items	-	-	(2)	2	-	-	-	1	-100%	1
Other items	-	-	15	(97)	-	-	-	7	-100%	(75)
<b>Net income attributed to shareholders</b>	<b>1,255</b>	<b>1,350</b>	<b>63</b>	<b>1,117</b>	<b>704</b>	<b>78%</b>	<b>2,605</b>	<b>1,749</b>	<b>49%</b>	<b>2,929</b>

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

**Selected Performance Measures**

Basic earnings per common share	\$0.62	\$0.66	\$0.01	\$0.55	\$0.34	82%	\$ 1.28	\$0.85	51%	\$ 1.42
Basic earnings per common share on a constant currency basis	\$0.62	\$0.67	\$0.01	\$0.59	\$0.36	72%				
Diluted core earnings per common share	\$0.57	\$0.53	\$0.63	\$0.49	\$0.40	43%	\$ 1.11	\$0.84	32%	\$ 1.96
Diluted earnings per common share	\$0.61	\$0.66	\$0.01	\$0.55	\$0.34	79%	\$ 1.27	\$0.85	49%	\$ 1.41
Return on common shareholders' equity (annualized) (%)	12.4%	13.7%	0.3%	11.1%	7.1%	530 bps	13.0%	8.9%	410 bps	7.3%
Core ROE (annualized) (%)	11.5%	11.1%	12.9%	9.8%	8.4%	310 bps	11.3%	8.9%	240 bps	10.1%

**FINANCIAL HIGHLIGHTS (CONT'D)**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
<b>Earnings Analysis (Pre-tax)</b>										
<b>Core earnings</b>										
Asia	495	497	451	466	396	25%	992	840	18%	1,757
Canadian	435	420	447	416	401	8%	855	825	4%	1,688
U.S.	608	713	535	511	475	28%	1,321	990	33%	2,036
Corporate and other (excl. expected cost of macro hedges and core investment gains)	(244)	(261)	(181)	(167)	(205)	-	(505)	(409)	23%	(757)
Expected cost of macro hedges	(19)	(28)	(52)	(88)	(114)	-	(47)	(240)	-80%	(380)
Investment-related experience in core earnings	206	53	260	24	-	-	259	-	-	284
<b>Total core earnings</b>	<b>1,481</b>	<b>1,394</b>	<b>1,460</b>	<b>1,162</b>	<b>953</b>	<b>55%</b>	<b>2,875</b>	<b>2,006</b>	<b>43%</b>	<b>4,628</b>
Investment-related experience outside of core earnings	184	-	-	396	142	30%	184	(328)	-	68
<b>Total core earnings and investment-related experience in excess of amounts included in core earnings</b>	<b>1,665</b>	<b>1,394</b>	<b>1,460</b>	<b>1,558</b>	<b>1,095</b>	<b>52%</b>	<b>3,059</b>	<b>1,678</b>	<b>82%</b>	<b>4,696</b>
<b>Items excluded from core earnings</b>										
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(82)	324	(1,827)	493	(138)	-	242	612	-60%	(722)
Change in actuarial methods and assumptions	-	-	(8)	(637)	-	-	-	35	-100%	(610)
Integration and acquisition costs	(24)	(22)	(50)	(31)	(22)	-	(46)	(40)	15%	(121)
Other items	-	-	38	(149)	-	-	-	(7)	-	(118)
<b>Net income attributed to shareholders</b>	<b>1,559</b>	<b>1,696</b>	<b>(387)</b>	<b>1,234</b>	<b>935</b>	<b>67%</b>	<b>3,255</b>	<b>2,278</b>	<b>43%</b>	<b>3,125</b>
<b>Earnings Analysis (Tax Rate)</b>										
<b>Core earnings</b>										
Asia	18%	18%	14%	15%	14%		18%	15%		15%
Canadian	21%	24%	20%	15%	17%		22%	19%		18%
U.S.	26%	28%	12%	23%	24%		27%	24%		21%
Corporate and other (excl. expected cost of macro hedges and core investment gains)	31%	36%	59%	39%	39%		34%	43%		46%
Expected cost of macro hedges	26%	25%	31%	31%	32%		26%	32%		31%
Investment-related experience in core earnings	25%	13%	31%	29%	0%		23%	0%		31%
<b>Total core earnings</b>	<b>21%</b>	<b>21%</b>	<b>12%</b>	<b>14%</b>	<b>13%</b>		<b>21%</b>	<b>13%</b>		<b>13%</b>
Investment-related experience outside of core earnings	25%	0%	0%	29%	58%		25%	15%		100%
<b>Total core earnings and investment-related experience in excess of amounts included in core earnings</b>	<b>21%</b>	<b>21%</b>	<b>12%</b>	<b>18%</b>	<b>18%</b>		<b>21%</b>	<b>13%</b>		<b>14%</b>
<b>Items excluded from core earnings</b>										
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	55%	18%	34%	16%	-23%		5%	50%		33%
Change in actuarial methods and assumptions	0%	0%	-25%	29%	0%		0%	66%		26%
Integration and acquisition costs	17%	18%	50%	26%	14%		17%	18%		33%
Other items	0%	0%	61%	35%	0%		0%	200%		36%
<b>Net income attributed to shareholders</b>	<b>19%</b>	<b>20%</b>	<b>116%</b>	<b>9%</b>	<b>25%</b>		<b>20%</b>	<b>23%</b>		<b>6%</b>
<b>Core earnings by line of business</b>										
<b>Insurance<sup>1</sup></b>										
Asia	260	262	273	240	232	12%	522	481	9%	994
Canadian	162	134	210	207	174	-7%	296	346	-14%	763
U.S.	225	295	210	191	151	49%	520	334	56%	735
<b>Total insurance</b>	<b>647</b>	<b>691</b>	<b>693</b>	<b>638</b>	<b>557</b>	<b>16%</b>	<b>1,338</b>	<b>1,161</b>	<b>15%</b>	<b>2,492</b>
<b>Wealth and asset management<sup>2,4</sup></b>										
Asia	55	51	48	52	37	49%	106	75	41%	175
Canadian	59	57	43	33	46	28%	116	85	36%	161
U.S.	93	74	84	82	68	37%	167	132	27%	298
Corporate and other	-	-	3	(8)	1	-100%	-	-	-	(5)
<b>Total wealth and asset management</b>	<b>207</b>	<b>182</b>	<b>178</b>	<b>159</b>	<b>152</b>	<b>36%</b>	<b>389</b>	<b>292</b>	<b>33%</b>	<b>629</b>
<b>Other wealth<sup>1,3</sup></b>										
Asia	90	95	69	101	73	23%	185	157	18%	327
Canadian Manulife Bank	32	36	29	30	25	28%	68	55	24%	114
Canadian excluding Manulife Bank	92	92	76	84	88	5%	184	185	-1%	345
Canadian	124	128	105	114	113	10%	252	240	5%	459
U.S.	134	146	176	122	142	-6%	280	284	-1%	582
<b>Total other wealth</b>	<b>348</b>	<b>369</b>	<b>350</b>	<b>337</b>	<b>328</b>	<b>6%</b>	<b>717</b>	<b>681</b>	<b>5%</b>	<b>1,368</b>
<b>Corporate and other<sup>4</sup></b>	<b>(28)</b>	<b>(141)</b>	<b>66</b>	<b>(138)</b>	<b>(204)</b>	<b>-86%</b>	<b>(169)</b>	<b>(396)</b>	<b>-57%</b>	<b>(468)</b>
<b>Total core earnings</b>	<b>1,174</b>	<b>1,101</b>	<b>1,287</b>	<b>996</b>	<b>833</b>	<b>41%</b>	<b>2,275</b>	<b>1,738</b>	<b>31%</b>	<b>4,021</b>

<sup>1</sup> Insurance and other wealth businesses are included in new business value calculations (see page 6).

<sup>2</sup> Wealth and asset management is comprised of our fee based business with little or no insurance risk, including retail, retirement, and institutional asset management.

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

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

**FINANCIAL HIGHLIGHTS (CONT'D)**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Premiums and Deposits - Insurance**

Life and health insurance premiums	6,018	5,973	6,070	5,928	5,476	10%	11,991	11,182	7%	23,180
Segregated fund deposits	639	619	641	613	571	12%	1,258	1,149	9%	2,403
ASO premium equivalents	884	841	833	748	869	2%	1,725	1,737	-1%	3,318
Group Benefits ceded	1,054	1,038	1,095	1,058	1,506	-30%	2,092	2,540	-18%	4,693
<b>Premiums and deposits - Insurance</b>	<b>8,595</b>	<b>8,471</b>	<b>8,639</b>	<b>8,347</b>	<b>8,422</b>	<b>2%</b>	<b>17,066</b>	<b>16,608</b>	<b>3%</b>	<b>33,594</b>
<b>Premiums and deposits - Insurance on a constant currency basis</b>	<b>8,595</b>	<b>8,595</b>	<b>8,663</b>	<b>8,401</b>	<b>8,585</b>	<b>0%</b>	<b>17,190</b>	<b>16,694</b>	<b>3%</b>	<b>33,758</b>

**Premiums and Deposits - Wealth and Asset Management <sup>1</sup>**

Pension premiums and investment contract deposits	12	12	11	15	12	0%	24	26	-8%	52
Segregated fund deposits	6,605	7,747	6,489	6,651	6,357	4%	14,352	13,402	7%	26,542
Mutual fund deposits	19,749	21,048	20,349	18,760	16,285	21%	40,797	33,478	22%	72,587
Institutional asset management	4,447	4,011	11,168	1,869	3,864	15%	8,458	7,696	10%	20,733
Other fund deposits <sup>2</sup>	126	136	143	123	126	0%	262	270	-3%	536
<b>Premiums and deposits - Wealth and Asset Management</b>	<b>30,939</b>	<b>32,954</b>	<b>38,160</b>	<b>27,418</b>	<b>26,644</b>	<b>16%</b>	<b>63,893</b>	<b>54,872</b>	<b>16%</b>	<b>120,450</b>
<b>Premiums and deposits - Wealth and Asset Management on a constant currency basis</b>	<b>30,939</b>	<b>33,410</b>	<b>38,303</b>	<b>27,987</b>	<b>27,447</b>	<b>13%</b>	<b>64,349</b>	<b>55,153</b>	<b>17%</b>	<b>121,443</b>

<sup>1</sup> Wealth & asset management is comprised of our fee based business with little or no insurance risk, including retail, retirement and institutional asset management.

<sup>2</sup> Other funds include College Savings (529 plan).

**Premiums and Deposits - Other Wealth**

Annuity and investment contract deposits	962	1,066	915	1,270	1,264	-24%	2,028	2,290	-11%	4,475
Segregated fund deposits	643	607	490	206	448	44%	1,250	863	45%	1,559
<b>Premiums and deposits - Other Wealth</b>	<b>1,605</b>	<b>1,673</b>	<b>1,405</b>	<b>1,476</b>	<b>1,712</b>	<b>-6%</b>	<b>3,278</b>	<b>3,153</b>	<b>4%</b>	<b>6,034</b>
<b>Premiums and deposits - Other Wealth on a constant currency basis</b>	<b>1,605</b>	<b>1,699</b>	<b>1,415</b>	<b>1,507</b>	<b>1,766</b>	<b>-9%</b>	<b>3,304</b>	<b>3,203</b>	<b>3%</b>	<b>6,125</b>
<b>Premiums and Deposits - Corporate &amp; Other</b>	<b>22</b>	<b>21</b>	<b>23</b>	<b>22</b>	<b>21</b>	<b>5%</b>	<b>43</b>	<b>43</b>	<b>0%</b>	<b>88</b>

**FINANCIAL HIGHLIGHTS (CONT'D)**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Insurance Sales <sup>1</sup>**

Asia - US \$	551	632	507	525	510	8%	1,183	970	22%	2,002
Canadian - C \$	458	299	237	181	120	282%	757	275	175%	693
U.S. - US \$	123	113	120	110	107	15%	236	229	3%	459
<b>Insurance sales - C \$</b>	<b>1,364</b>	<b>1,285</b>	<b>1,074</b>	<b>1,010</b>	<b>914</b>	<b>49%</b>	<b>2,649</b>	<b>1,868</b>	<b>42%</b>	<b>3,952</b>
<b>Insurance sales on a constant currency basis - C \$</b>	<b>1,364</b>	<b>1,310</b>	<b>1,076</b>	<b>1,009</b>	<b>932</b>	<b>46%</b>	<b>2,674</b>	<b>1,874</b>	<b>43%</b>	<b>3,959</b>

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

**Wealth and Asset Management <sup>2</sup> Gross Flows by Division**

Asia - US \$	4,959	4,167	8,475	3,817	4,349	14%	9,126	7,318	25%	19,610
Canadian - C \$	5,473	6,558	9,639	5,215	4,731	16%	12,031	9,803	23%	24,657
U.S. - US \$	13,974	15,774	12,899	13,197	12,652	10%	29,748	26,555	12%	52,651
<b>Wealth &amp; asset management gross flows - C \$</b>	<b>30,939</b>	<b>32,954</b>	<b>38,160</b>	<b>27,418</b>	<b>26,644</b>	<b>16%</b>	<b>63,893</b>	<b>54,872</b>	<b>16%</b>	<b>120,450</b>
<b>Wealth &amp; asset management gross flows on a constant currency basis - C \$</b>	<b>30,939</b>	<b>33,410</b>	<b>38,303</b>	<b>27,987</b>	<b>27,447</b>	<b>13%</b>	<b>64,349</b>	<b>55,153</b>	<b>17%</b>	<b>121,443</b>

<sup>2</sup> Wealth and asset management is comprised of our fee based business with little or no insurance risk, including retail, retirement and institutional asset management.

**Wealth and Asset Management Net Flows by Division<sup>3</sup>**

Asia - US \$	1,061	785	3,475	1,020	1,949	-46%	1,846	1,870	-1%	6,365
Canadian - C \$	500	1,046	4,723	1,277	1,489	-66%	1,546	2,358	-34%	8,358
U.S. - US \$	2,722	1,665	(2,461)	64	638	327%	4,387	1,304	236%	(1,093)
<b>Total net flows - C \$</b>	<b>5,588</b>	<b>4,290</b>	<b>6,073</b>	<b>2,694</b>	<b>4,822</b>	<b>16%</b>	<b>9,878</b>	<b>6,498</b>	<b>52%</b>	<b>15,265</b>
<b>Net flows on a constant currency basis - C \$</b>	<b>5,588</b>	<b>4,347</b>	<b>6,082</b>	<b>2,712</b>	<b>4,926</b>	<b>13%</b>	<b>9,935</b>	<b>6,582</b>	<b>51%</b>	<b>15,376</b>

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

**Other Wealth Sales excluding Manulife Bank**

Asia - US \$	911	920	747	1,011	919	-1%	1,831	1,968	-7%	3,726
Canadian - C \$	730	864	740	719	816	-11%	1,594	1,760	-9%	3,219
<b>Other wealth sales - C \$</b>	<b>1,956</b>	<b>2,081</b>	<b>1,737</b>	<b>2,038</b>	<b>2,000</b>	<b>-2%</b>	<b>4,037</b>	<b>4,384</b>	<b>-8%</b>	<b>8,159</b>
<b>Other wealth sales on a constant currency basis - C \$</b>	<b>1,956</b>	<b>2,118</b>	<b>1,733</b>	<b>1,986</b>	<b>2,013</b>	<b>-3%</b>	<b>4,074</b>	<b>4,407</b>	<b>-8%</b>	<b>8,126</b>

**New Business Value <sup>4</sup>**

Asia	268	326	294	256	227	19%	594	448	33%	998
Canadian	60	66	48	39	35	70%	126	82	53%	169
U.S.	18	2	25	5	10	85%	20	29	-33%	59
<b>Total new business value</b>	<b>346</b>	<b>394</b>	<b>367</b>	<b>300</b>	<b>272</b>	<b>28%</b>	<b>740</b>	<b>559</b>	<b>32%</b>	<b>1,226</b>
<b>Total new business value on a constant currency basis - C \$</b>	<b>346</b>	<b>403</b>	<b>368</b>	<b>297</b>	<b>278</b>	<b>24%</b>	<b>749</b>	<b>563</b>	<b>33%</b>	<b>1,228</b>

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



**FINANCIAL HIGHLIGHTS (CONT'D)**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Common Share Statistics**

<b>Share Price - Toronto (in Canadian \$)</b>										
high	24.87	25.57	25.42	18.84	19.68	26%	25.57	20.53	25%	25.42
low	22.61	22.39	18.35	16.53	16.43	38%	22.39	15.32	46%	15.32
close	24.31	23.59	23.91	18.51	17.67	38%	24.31	17.67	38%	23.91
<b>Share Price - New York (in U.S \$)</b>										
high	18.95	19.52	19.04	14.49	15.22	25%	19.52	15.22	28%	19.04
low	16.62	16.72	13.97	12.69	12.55	32%	16.62	10.99	51%	10.99
close	18.76	17.74	17.82	14.11	13.67	37%	18.76	13.67	37%	17.82
<b>Common shares outstanding (millions)</b>										
- end of period	1,977	1,977	1,975	1,973	1,973	0%	1,977	1,973	0%	1,975
- weighted average	1,977	1,976	1,974	1,973	1,972	0%	1,976	1,972	0%	1,973
- diluted weighted average	1,984	1,984	1,980	1,976	1,976	0%	1,984	1,976	0%	1,977
Dividend per common share paid in the quarter <sup>1</sup>	0.205	0.205	0.185	0.185	0.185	11%	0.410	0.370	11%	0.740
Common share dividend payout ratio	33.4%	30.8%	nm	33.6%	54.6%	-39%	32.0%	41.8%	-23%	nm

<sup>1</sup> On August 9, 2017, the Board of Directors approved quarterly shareholders' dividend of 20.5 cents per share on the common shares of the Company, payable on or after September 19, 2017 to shareholders of record at the close of business on August 22, 2017.

**Valuation Data**

Book value per common share	20.01	19.89	19.37	19.92	19.49	3%	20.01	19.49	3%	19.37
Market value to book value ratio	1.22	1.19	1.23	0.93	0.91	34%	1.22	0.91	34%	1.23
Book value excluding goodwill per common share	17.07	16.92	16.39	17.03	16.62	3%	17.07	16.62	3%	16.39
Market value to book value excluding goodwill ratio	1.42	1.39	1.46	1.09	1.06	34%	1.42	1.06	34%	1.46
Market capitalization (\$ billions)	48.1	46.6	47.2	36.5	34.9	38%	48.1	34.9	38%	47.2

**Assets Under Management and Administration**

<b>Assets Under Management</b>										
General fund	329,296	328,237	321,869	328,756	321,664	2%	329,296	321,664	2%	321,869
Segregated funds excluding institutional advisory accounts <sup>2</sup>	319,254	321,025	313,078	311,804	300,966	6%	319,254	300,966	6%	313,078
Mutual funds <sup>2</sup>	182,160	177,286	169,919	161,933	153,851	18%	182,160	153,851	18%	169,919
Institutional asset management	88,929	86,591	83,403	77,528	76,863	16%	88,929	76,863	16%	83,403
Other funds <sup>3</sup>	7,094	6,929	6,353	6,217	6,008	18%	7,094	6,008	18%	6,353
<b>Total assets under management</b>	<b>926,733</b>	<b>920,068</b>	<b>894,622</b>	<b>886,238</b>	<b>859,352</b>	<b>8%</b>	<b>926,733</b>	<b>859,352</b>	<b>8%</b>	<b>894,622</b>
Assets under administration	85,127	84,676	82,433	79,719	74,868	14%	85,127	74,868	14%	82,433
<b>Total assets under management and administration</b>	<b>1,011,860</b>	<b>1,004,744</b>	<b>977,055</b>	<b>965,957</b>	<b>934,220</b>	<b>8%</b>	<b>1,011,860</b>	<b>934,220</b>	<b>8%</b>	<b>977,055</b>
<b>Total assets under management and administration on a constant currency basis</b>	<b>1,011,860</b>	<b>987,747</b>	<b>957,736</b>	<b>955,047</b>	<b>929,291</b>	<b>9%</b>	<b>1,011,860</b>	<b>929,291</b>	<b>9%</b>	<b>957,736</b>

<sup>2</sup> Includes ETF assets

<sup>3</sup> Other funds includes College Savings (529 plan).

**Assets Under Management and Administration**

Insurance	271,202	269,471	262,794	266,966	257,529	5%	271,202	257,529	5%	262,794
Wealth and asset management <sup>4,5</sup>	572,455	564,535	544,313	525,444	502,924	14%	572,455	502,924	14%	544,313
Other wealth	172,335	174,856	174,353	182,165	180,785	-5%	172,335	180,785	-5%	174,353
Corporate and other	(4,132)	(4,118)	(4,405)	(8,618)	(7,018)	-	(4,132)	(7,018)	-	(4,405)
<b>Total assets under management and administration</b>	<b>1,011,860</b>	<b>1,004,744</b>	<b>977,055</b>	<b>965,957</b>	<b>934,220</b>	<b>8%</b>	<b>1,011,860</b>	<b>934,220</b>	<b>8%</b>	<b>977,055</b>

<sup>4</sup> Wealth and asset management is comprised of our fee based business with little or no insurance risk, including retail, retirement and institutional asset management.

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

**Assets Under Management and Administration**

Assets Managed by Manulife Asset Management including General Account <sup>6</sup>	480,169	477,307	460,718	449,682	434,722	10%	480,169	434,722	10%	460,718
Assets Managed for General Account	247,778	247,319	245,126	250,143	246,571	0%	247,778	246,571	0%	245,126
Other Managed Assets	198,786	195,442	188,778	186,413	178,059	12%	198,786	178,059	12%	188,778
Assets under Administration	85,127	84,676	82,433	79,719	74,868	14%	85,127	74,868	14%	82,433
<b>Total assets under management and administration</b>	<b>1,011,860</b>	<b>1,004,744</b>	<b>977,055</b>	<b>965,957</b>	<b>934,220</b>	<b>8%</b>	<b>1,011,860</b>	<b>934,220</b>	<b>8%</b>	<b>977,055</b>

<sup>6</sup> Includes \$81.5 billion of assets managed by Manulife Asset Management for the General Account.

**Capital Information**

Total capital <sup>7</sup>	52,003	52,287	50,235	51,840	50,930	2%	52,003	50,930	2%	50,235
MCCSR - The Manufacturers Life Insurance Company <sup>8</sup>	230%	233%	230%	234%	236%	-6 pts	230%	236%	-6 pts	230%

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

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

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

**Foreign Exchange Information<sup>8</sup>**

- Statements of Financial Position	(CDN to \$ 1 US)	1.2977	1.3323	1.3426	1.3116	1.3009	0%
	(CDN to 1 YEN)	0.0116	0.0120	0.0115	0.0130	0.0127	-9%
- Statements of Income	(CDN to \$ 1 US)	1.3450	1.3238	1.3343	1.3050	1.2889	4%
	(CDN to 1 YEN)	0.0121	0.0117	0.0122	0.0128	0.0119	1%

<sup>8</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)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
<b>Revenue</b>										
<b>Premium income</b>										
Gross premiums	9,030	9,085	9,179	9,207	9,155	-1%	18,115	18,273	-1%	36,659
Premiums ceded to reinsurers	(2,056)	(2,035)	(2,178)	(2,010)	(2,449)	-16%	(4,091)	(4,839)	-15%	(9,027)
<b>Net premium income (ceded)</b>	<b>6,974</b>	<b>7,050</b>	<b>7,001</b>	<b>7,197</b>	<b>6,706</b>	<b>4%</b>	<b>14,024</b>	<b>13,434</b>	<b>4%</b>	<b>27,632</b>
<b>Investment income</b>										
Investment income <sup>1</sup>	3,444	3,317	3,309	3,568	3,213	7%	6,761	6,513	4%	13,390
Realized/ unrealized gains (losses) on assets supporting insurance and investment contract liabilities and on macro hedge program <sup>1</sup>	3,303	590	(16,421)	771	7,922	-58%	3,893	16,784	-77%	1,134
<b>Net investment income (loss)</b>	<b>6,747</b>	<b>3,907</b>	<b>(13,112)</b>	<b>4,339</b>	<b>11,135</b>	<b>-39%</b>	<b>10,654</b>	<b>23,297</b>	<b>-54%</b>	<b>14,524</b>
<b>Other revenue</b>	<b>2,872</b>	<b>2,593</b>	<b>2,637</b>	<b>2,921</b>	<b>2,794</b>	<b>3%</b>	<b>5,465</b>	<b>5,623</b>	<b>-3%</b>	<b>11,181</b>
<b>Total revenue</b>	<b>16,593</b>	<b>13,550</b>	<b>(3,474)</b>	<b>14,457</b>	<b>20,635</b>	<b>-20%</b>	<b>30,143</b>	<b>42,354</b>	<b>-29%</b>	<b>53,337</b>
<b>Contract benefits and expenses</b>										
To contract holders and beneficiaries										
Gross claims and benefits	6,525	6,603	6,331	6,118	6,112	7%	13,128	12,610	4%	25,059
Change in insurance contract liabilities <sup>2</sup>	6,113	1,451	(11,644)	5,393	12,107	-50%	7,564	24,265	-69%	18,014
Change in investment contract liabilities	41	54	12	47	(2)	-	95	(59)	-	-
Benefits and expenses ceded to reinsurers	(2,218)	(2,152)	(2,025)	(1,947)	(2,069)	7%	(4,370)	(4,125)	6%	(8,097)
Change in reinsurance assets	467	1,790	(96)	(562)	(313)	-	2,257	(184)	-	(842)
<b>Net benefits and claims</b>	<b>10,928</b>	<b>7,746</b>	<b>(7,422)</b>	<b>9,049</b>	<b>15,835</b>	<b>-31%</b>	<b>18,674</b>	<b>32,507</b>	<b>-43%</b>	<b>34,134</b>
General expenses	1,785	1,707	1,834	1,834	1,690	6%	3,492	3,327	5%	6,995
Investment expenses	398	391	461	391	409	-3%	789	794	-1%	1,646
Commissions	1,491	1,624	1,556	1,487	1,394	7%	3,115	2,775	12%	5,818
Interest expense	279	259	266	288	258	8%	538	459	17%	1,013
Net premium taxes	94	86	116	94	102	-8%	180	192	-6%	402
<b>Total contract benefits and expenses</b>	<b>14,975</b>	<b>11,813</b>	<b>(3,189)</b>	<b>13,143</b>	<b>19,688</b>	<b>-24%</b>	<b>26,788</b>	<b>40,054</b>	<b>-33%</b>	<b>50,008</b>
<b>Income before income taxes</b>	<b>1,618</b>	<b>1,737</b>	<b>(285)</b>	<b>1,314</b>	<b>947</b>	<b>71%</b>	<b>3,355</b>	<b>2,300</b>	<b>46%</b>	<b>3,329</b>
Income tax (expense) recovery	(304)	(346)	450	(117)	(231)	32%	(650)	(529)	23%	(196)
<b>Net income</b>	<b>1,314</b>	<b>1,391</b>	<b>165</b>	<b>1,197</b>	<b>716</b>	<b>84%</b>	<b>2,705</b>	<b>1,771</b>	<b>53%</b>	<b>3,133</b>
Less: net income (loss) attributed to non-controlling interests	61	54	23	67	27	126%	115	53	117%	143
Less: net income (loss) attributed to participating policyholders	(2)	(13)	79	13	(15)	-87%	(15)	(31)	-52%	61
<b>Net income attributed to shareholders</b>	<b>1,255</b>	<b>1,350</b>	<b>63</b>	<b>1,117</b>	<b>704</b>	<b>78%</b>	<b>2,605</b>	<b>1,749</b>	<b>49%</b>	<b>2,929</b>
Preferred share dividends	(39)	(41)	(33)	(34)	(37)	5%	(80)	(66)	21%	(133)
<b>Common shareholders' net income</b>	<b>1,216</b>	<b>1,309</b>	<b>30</b>	<b>1,083</b>	<b>667</b>	<b>82%</b>	<b>2,525</b>	<b>1,683</b>	<b>50%</b>	<b>2,796</b>

<sup>1</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.

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Canadian \$ in millions, unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2
<b>ASSETS</b>					
Invested assets					
Cash and short-term securities	15,866	16,011	15,151	18,179	20,902
Securities					
Debt securities	172,103	171,360	168,622	176,634	171,912
Public equities	20,741	20,767	19,496	18,142	17,082
Loans					
Mortgages	44,700	44,245	44,193	43,853	43,506
Private placements	31,125	30,555	29,729	28,492	26,869
Policy loans	5,907	5,999	6,041	5,952	5,691
Loans to bank clients	1,727	1,737	1,745	1,770	1,801
Real estate	14,102	14,226	14,132	13,907	13,385
Other invested assets	23,025	23,337	22,760	21,827	20,516
<b>Total invested assets</b>	<b>329,296</b>	<b>328,237</b>	<b>321,869</b>	<b>328,756</b>	<b>321,664</b>
Other assets					
Accrued investment income	2,147	2,236	2,260	2,117	2,130
Outstanding premiums	843	888	845	849	767
Derivatives	18,088	18,320	23,672	41,621	42,929
Goodwill and intangible assets	9,998	10,085	10,107	9,669	9,773
Reinsurance assets	31,446	32,784	34,952	34,164	33,395
Deferred tax asset	4,555	4,442	4,439	4,195	3,855
Miscellaneous	8,106	8,237	7,360	7,024	6,919
<b>Total other assets</b>	<b>75,183</b>	<b>76,992</b>	<b>83,635</b>	<b>99,639</b>	<b>99,768</b>
<b>Segregated funds net assets</b>	<b>321,267</b>	<b>323,118</b>	<b>315,177</b>	<b>313,904</b>	<b>303,154</b>
<b>Total assets</b>	<b>725,746</b>	<b>728,347</b>	<b>720,681</b>	<b>742,299</b>	<b>724,586</b>

**LIABILITIES AND EQUITY**

Policy liabilities					
Insurance contract liabilities	298,839	298,816	297,505	307,493	299,849
Investment contract liabilities	3,195	3,249	3,275	3,268	3,249
Deposits from bank clients	18,238	18,283	17,919	18,269	18,570
Deferred tax liability	1,991	1,792	1,359	1,984	1,899
Derivatives	10,009	10,833	14,151	23,631	25,419
Other liabilities	14,811	14,485	15,596	16,916	16,582
	347,083	347,458	349,805	371,561	365,568
Long-term debt	5,541	5,661	5,696	5,385	5,349
Liabilities for preferred shares and capital instruments	7,630	8,179	7,180	8,134	8,132
<b>Segregated funds net liabilities</b>	<b>321,267</b>	<b>323,118</b>	<b>315,177</b>	<b>313,904</b>	<b>303,154</b>
<b>Total liabilities</b>	<b>681,521</b>	<b>684,416</b>	<b>677,858</b>	<b>698,984</b>	<b>682,203</b>
<b>Equity</b>					
Issued share capital					
Preferred shares	3,577	3,577	3,577	3,110	3,110
Common shares	22,904	22,891	22,865	22,819	22,815
Contributed surplus	287	287	284	289	287
Shareholders' retained earnings	11,475	10,665	9,759	10,096	9,377
Shareholders' accumulated other comprehensive income (loss)					
Pension and other post-employment plans	(411)	(416)	(417)	(507)	(504)
Available-for-sale securities	49	(188)	(394)	672	856
Cash flow hedges	(148)	(177)	(232)	(391)	(415)
Translation of foreign operations and real estate revaluation surplus	5,406	6,262	6,390	6,331	6,040
<b>Total shareholders' equity</b>	<b>43,139</b>	<b>42,901</b>	<b>41,832</b>	<b>42,419</b>	<b>41,566</b>
Participating policyholders' equity	233	235	248	169	156
Non-controlling interests	853	795	743	727	661
<b>Total equity</b>	<b>44,225</b>	<b>43,931</b>	<b>42,823</b>	<b>43,315</b>	<b>42,383</b>
<b>Total liabilities and equity</b>	<b>725,746</b>	<b>728,347</b>	<b>720,681</b>	<b>742,299</b>	<b>724,586</b>

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Canadian \$ in millions, unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	YTD 2017	YTD 2016	Fiscal 2016
<b>Preferred shares</b>								
Balance, beginning of period	3,577	3,577	3,110	3,110	3,110	3,577	2,693	2,693
Issued	-	-	475	-	-	-	425	900
Issuance costs, net of tax	-	-	(8)	-	-	-	(8)	(16)
<b>Balance, end of period</b>	<b>3,577</b>	<b>3,577</b>	<b>3,577</b>	<b>3,110</b>	<b>3,110</b>	<b>3,577</b>	<b>3,110</b>	<b>3,577</b>
<b>Common shares</b>								
Balance, beginning of period	22,891	22,865	22,819	22,815	22,804	22,865	22,799	22,799
Issued on exercise of stock options and deferred share units	13	26	46	4	11	39	16	66
Issued in exchange of subscription receipts	-	-	-	-	-	-	-	-
<b>Balance, end of period</b>	<b>22,904</b>	<b>22,891</b>	<b>22,865</b>	<b>22,819</b>	<b>22,815</b>	<b>22,904</b>	<b>22,815</b>	<b>22,865</b>
<b>Contributed surplus</b>								
Balance, beginning of period	287	284	289	287	286	284	277	277
Exercise of stock options and deferred share units	(2)	(5)	(9)	(1)	(2)	(7)	(3)	(13)
Stock option expense	2	9	3	3	3	11	13	19
Tax benefit (loss) of stock options exercised	-	(1)	1	-	-	(1)	-	1
<b>Balance, end of period</b>	<b>287</b>	<b>287</b>	<b>284</b>	<b>289</b>	<b>287</b>	<b>287</b>	<b>287</b>	<b>284</b>
<b>Shareholders' retained earnings</b>								
Balance, beginning of period	10,665	9,759	10,096	9,377	9,074	9,759	8,398	8,398
Net income attributed to shareholders	1,255	1,350	63	1,117	704	2,605	1,749	2,929
Preferred share dividends	(39)	(41)	(33)	(34)	(37)	(80)	(66)	(133)
Common share dividends	(406)	(403)	(367)	(364)	(364)	(809)	(704)	(1,435)
<b>Balance, end of period</b>	<b>11,475</b>	<b>10,665</b>	<b>9,759</b>	<b>10,096</b>	<b>9,377</b>	<b>11,475</b>	<b>9,377</b>	<b>9,759</b>
<b>Shareholders' accumulated other comprehensive income (loss)</b>								
Balance, beginning of period	5,481	5,347	6,105	5,977	5,275	5,347	6,992	6,992
Other comprehensive income (loss)								
Remeasurement of pension and other post-employment plans, net of tax expense of \$2	5	1	90	(3)	(1)	6	17	104
Available-for-sale ("AFS") securities unrealized gains (losses), net of tax expense of \$76	233	197	(1,060)	46	443	430	798	(216)
AFS securities realized losses (gains) & impairments (recoveries), net of tax expense of \$12	4	8	(6)	(230)	(40)	12	(287)	(523)
Cash flow hedges unrealized gains (losses), net of tax expense of \$7	26	53	156	21	(37)	79	(156)	21
Cash flow hedges realized (gains) losses, net of tax expense of \$1	3	2	3	3	2	5	5	11
Unrealized foreign exchange gains (losses), net of \$131 hedges and tax expense of \$24	(856)	(128)	59	291	334	(984)	(1,392)	(1,042)
Share of other comprehensive income (loss) of associates, net of tax expense of nil	-	1	-	-	1	1	-	-
<b>Balance, end of period</b>	<b>4,896</b>	<b>5,481</b>	<b>5,347</b>	<b>6,105</b>	<b>5,977</b>	<b>4,896</b>	<b>5,977</b>	<b>5,347</b>
<b>Total shareholders' equity, end of period</b>	<b>43,139</b>	<b>42,901</b>	<b>41,832</b>	<b>42,419</b>	<b>41,566</b>	<b>43,139</b>	<b>41,566</b>	<b>41,832</b>
<b>Participating policyholders' equity</b>								
Balance, beginning of period	235	248	169	156	171	248	187	187
Net income (loss) attributed to participating policyholders	(2)	(13)	79	13	(15)	(15)	(31)	61
Other comprehensive income attributed to participating policyholders	-	-	-	-	-	-	-	-
<b>Balance, end of period</b>	<b>233</b>	<b>235</b>	<b>248</b>	<b>169</b>	<b>156</b>	<b>233</b>	<b>156</b>	<b>248</b>
<b>Non-controlling interests</b>								
Balance, beginning of period	795	743	727	661	631	743	592	592
Net income (loss) attributed to non-controlling interests	61	54	23	67	27	115	53	143
Other comprehensive income (loss) attributed to non-controlling interests	-	-	(3)	-	1	-	1	(2)
Contributions (distributions), net	(3)	(2)	(4)	(1)	2	(5)	15	10
<b>Balance, end of period</b>	<b>853</b>	<b>795</b>	<b>743</b>	<b>727</b>	<b>661</b>	<b>853</b>	<b>661</b>	<b>743</b>
<b>Total equity, end of period</b>	<b>44,225</b>	<b>43,931</b>	<b>42,823</b>	<b>43,315</b>	<b>42,383</b>	<b>44,225</b>	<b>42,383</b>	<b>42,823</b>

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Canadian \$ in millions, unaudited)

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
<b>Operating activities</b>										
Net income (loss)	1,314	1,391	165	1,197	716	84%	2,705	1,771	53%	3,133
Adjustments										
Increase (decrease) in insurance contract liabilities	6,113	1,451	(11,644)	5,393	12,107	-50%	7,564	24,265	-69%	18,014
Increase (decrease) in investment contract liabilities	41	54	12	47	(2)	-	95	(59)	-	-
Decrease (increase) in reinsurance assets	467	1,790	(96)	(562)	(313)	-	2,257	(184)	-	(842)
Amortization of premium/discount on invested assets	41	35	37	4	16	156%	76	37	105%	78
Other amortization	134	131	144	282	130	3%	265	267	-1%	693
Net realized (gains) losses, including impairments on assets	(3,516)	(1,228)	17,368	(1,450)	(8,808)	-60%	(4,744)	(18,722)	-75%	(2,804)
Deferred income tax expense (recovery)	(24)	589	(578)	(180)	113	-	565	523	8%	(235)
Stock option expense	2	8	3	3	3	-33%	10	13	-23%	19
Cash provided by operating activities before undernoted items	4,572	4,221	5,411	4,734	3,962	15%	8,793	7,911	11%	18,056
Changes in policy related and operating receivables and payables	299	(1,036)	(584)	481	287	4%	(737)	(936)	-21%	(1,039)
<b>Cash provided by operating activities</b>	<b>4,871</b>	<b>3,185</b>	<b>4,827</b>	<b>5,215</b>	<b>4,249</b>	<b>15%</b>	<b>8,056</b>	<b>6,975</b>	<b>15%</b>	<b>17,017</b>
<b>Investing activities</b>										
Purchases and mortgage advances	(22,500)	(21,366)	(22,936)	(30,820)	(26,727)	-16%	(43,866)	(50,303)	-13%	(104,059)
Disposals and repayments	18,716	17,746	17,045	23,331	23,457	-20%	36,462	41,625	-12%	82,001
Changes in investment broker net receivables and payables	32	134	(217)	(119)	(10)	-420%	166	150	11%	(186)
Net cash decrease from sale and purchase of subsidiaries and businesses	(10)	-	(392)	(14)	(78)	-87%	(10)	(89)	-89%	(495)
<b>Cash provided by (used in) investing activities</b>	<b>(3,762)</b>	<b>(3,486)</b>	<b>(6,500)</b>	<b>(7,622)</b>	<b>(3,358)</b>	<b>12%</b>	<b>(7,248)</b>	<b>(8,617)</b>	<b>-16%</b>	<b>(22,739)</b>
<b>Financing activities</b>										
Increase (decrease) in repurchase agreements and securities sold but not yet purchased	(152)	153	(791)	116	(168)	-10%	1	652	-100%	(23)
Issue of long-term debt, net	-	-	361	-	1,292	-100%	-	3,538	-100%	3,899
Repayment of long-term debt, net	-	-	(150)	-	-	-	-	(8)	-	(158)
Issue (redemption) of capital instruments, net	(499)	994	(949)	-	479	-	495	479	3%	(470)
Changes in deposits from bank clients, net	(36)	378	(355)	(305)	428	-	342	503	-32%	(157)
Shareholder dividends paid in cash	(445)	(444)	(400)	(398)	(401)	11%	(889)	(795)	12%	(1,593)
NCI dividends paid in cash	(2)	-	-	-	(2)	0%	(2)	(2)	0%	(2)
Secured borrowings from securitization transactions	250	191	125	174	399	-37%	441	548	-20%	847
Contributions from (distributions to) non-controlling interest, net	(1)	(2)	(4)	(1)	4	-	(3)	17	-	12
Common shares issued, net	13	26	46	4	11	18%	39	16	144%	66
Preferred shares issued, net	-	-	467	-	-	-	-	417	-100%	884
<b>Cash provided by (used in) financing activities</b>	<b>(872)</b>	<b>1,296</b>	<b>(1,650)</b>	<b>(410)</b>	<b>2,042</b>	<b>-</b>	<b>424</b>	<b>5,365</b>	<b>-92%</b>	<b>3,305</b>
<b>Cash and short-term securities</b>										
Increase (decrease) during the period	237	995	(3,323)	(2,817)	2,933	-92%	1,232	3,723	-67%	(2,417)
Effect of foreign exchange rate changes on cash and short-term securities	(285)	(25)	47	117	126	-	(310)	(511)	-39%	(347)
Balance, beginning of period	15,208	14,238	17,514	20,214	17,155	-11%	14,238	17,002	-16%	17,002
<b>Balance, end of period</b>	<b>15,160</b>	<b>15,208</b>	<b>14,238</b>	<b>17,514</b>	<b>20,214</b>	<b>-25%</b>	<b>15,160</b>	<b>20,214</b>	<b>-25%</b>	<b>14,238</b>
<b>Cash and short-term securities</b>										
<b>Beginning of period</b>										
Gross cash and short-term securities	16,011	15,151	18,179	20,902	17,864	-10%	15,151	17,885	-15%	17,885
Net payments in transit, included in other liabilities	(803)	(913)	(665)	(688)	(709)	13%	(913)	(883)	3%	(883)
<b>Net cash and short-term securities, beginning of period</b>	<b>15,208</b>	<b>14,238</b>	<b>17,514</b>	<b>20,214</b>	<b>17,155</b>	<b>-11%</b>	<b>14,238</b>	<b>17,002</b>	<b>-16%</b>	<b>17,002</b>
<b>End of period</b>										
Gross cash and short-term securities	15,866	16,011	15,151	18,179	20,902	-24%	15,866	20,902	-24%	15,151
Net payments in transit, included in other liabilities	(706)	(803)	(913)	(665)	(688)	3%	(706)	(688)	3%	(913)
<b>Net cash and short-term securities, end of period</b>	<b>15,160</b>	<b>15,208</b>	<b>14,238</b>	<b>17,514</b>	<b>20,214</b>	<b>-25%</b>	<b>15,160</b>	<b>20,214</b>	<b>-25%</b>	<b>14,238</b>

**CONSOLIDATED SOURCE OF EARNINGS**

(Canadian \$ in millions, unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Source of Earnings**<sup>1,4</sup>

Expected profit from in-force business	1,410	1,356	1,288	1,301	1,234	14%	2,766	2,489	11%	5,078
Impact of new business <sup>2</sup>	78	116	23	31	(24)	-	194	(26)	-	28
Experience gains (losses)	29	205	(1,529)	318	(348)	-	234	(641)	-	(1,852)
Management actions and changes in assumptions	(89)	(58)	(203)	(540)	(80)	11%	(147)	148	-	(595)
Earnings on surplus funds	195	116	4	169	138	41%	311	311	0%	484
Other <sup>3</sup>	(64)	(39)	30	(45)	15	-	(103)	(3)	nm	(18)
<b>Income before income taxes</b>	<b>1,559</b>	<b>1,696</b>	<b>(387)</b>	<b>1,234</b>	<b>935</b>	<b>67%</b>	<b>3,255</b>	<b>2,278</b>	<b>43%</b>	<b>3,125</b>
Income tax (expense) recovery	(304)	(346)	450	(117)	(231)	32%	(650)	(529)	23%	(196)
<b>Net income attributed to shareholders</b>	<b>1,255</b>	<b>1,350</b>	<b>63</b>	<b>1,117</b>	<b>704</b>	<b>78%</b>	<b>2,605</b>	<b>1,749</b>	<b>49%</b>	<b>2,929</b>
Preferred share dividends	(39)	(41)	(33)	(34)	(37)	5%	(80)	(66)	21%	(133)
<b>Common shareholders' net income</b>	<b>1,216</b>	<b>1,309</b>	<b>30</b>	<b>1,083</b>	<b>667</b>	<b>82%</b>	<b>2,525</b>	<b>1,683</b>	<b>50%</b>	<b>2,796</b>
Constant currency, expected profit from in-force business	1,410	1,355	1,299	1,315	1,256	12%	2,765	2,484	11%	

**Source of Earnings**<sup>1</sup> excluding Wealth and Asset Management

Expected profit from in-force business	1,012	1,001	965	999	941	8%	2,013	1,916	5%	3,880
Impact of new business <sup>2</sup>	225	255	162	157	96	134%	480	217	121%	536
Experience gains (losses)	29	207	(1,536)	324	(353)	-	236	(651)	-	(1,863)
Management actions and changes in assumptions	(79)	(48)	(196)	(533)	(77)	3%	(127)	157	-	(572)
Earnings on surplus funds	188	109	(2)	163	131	44%	297	298	0%	459
Other <sup>3</sup>	(63)	(40)	30	(44)	15	-	(103)	(3)	nm	(17)
<b>Income (loss) before income taxes</b>	<b>1,312</b>	<b>1,484</b>	<b>(577)</b>	<b>1,066</b>	<b>753</b>	<b>74%</b>	<b>2,796</b>	<b>1,934</b>	<b>45%</b>	<b>2,423</b>
Income tax (expense) recovery	(254)	(306)	469	(102)	(199)	28%	(560)	(468)	20%	(101)
<b>Net income attributed to shareholders</b>	<b>1,058</b>	<b>1,178</b>	<b>(108)</b>	<b>964</b>	<b>554</b>	<b>91%</b>	<b>2,236</b>	<b>1,466</b>	<b>53%</b>	<b>2,322</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 'Impact of new business' line includes non-controlling interest amounts as follows (in millions): \$43 (Q2 2017), \$56 (Q1 2017), \$25 (Q4 2016), \$28 (Q3 2016) and \$18 (Q2 2016).

<sup>3</sup> Includes the offsetting impact, net of tax, of the non-controlling interest primarily in mainland China in the amounts included above.

<sup>4</sup> For Wealth and Asset Management businesses and Manulife Bank, all pre-tax income is reported in 'Expected profit from in-force business' except the non-capitalized acquisition expenses which are reported in 'Impact of new business'.

**Glossary**

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

**ASIA DIVISION <sup>1</sup>**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Statements of Income**

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
<b>Revenue</b>										
<b>Premium income</b>										
Gross premiums	2,989	3,147	2,878	3,180	3,000	0%	6,136	6,026	2%	12,084
Premiums ceded to reinsurers	(114)	(133)	(110)	(109)	(116)	-2%	(247)	(108)	129%	(327)
<b>Investment income</b>	396	352	421	329	362	9%	748	650	15%	1,400
<b>Other revenue</b>	356	300	394	327	287	24%	656	464	41%	1,185
<b>Subtotal revenue</b>	3,627	3,666	3,583	3,727	3,533	3%	7,293	7,032	4%	14,342
Realized/ unrealized gains on invested assets supporting insurance and investment contract liabilities <sup>2</sup>	573	363	(1,502)	(155)	722	-21%	936	1,861	-50%	204
<b>Total revenue</b>	4,200	4,029	2,081	3,572	4,255	-1%	8,229	8,893	-7%	14,546
<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>	2,783	2,554	855	2,207	3,419	-19%	5,337	7,336	-27%	10,398
Ceded benefits and expenses and change in reinsurance assets	(100)	(53)	(52)	(74)	(82)	22%	(153)	(142)	8%	(268)
Change in investment contract liabilities	14	19	(9)	14	14	0%	33	(79)	-	(74)
General expenses	426	396	407	389	386	10%	822	711	16%	1,507
Investment expenses	51	49	21	29	25	104%	100	49	104%	99
Commissions	441	450	415	412	387	14%	891	742	20%	1,569
Other	38	36	35	35	33	15%	74	66	12%	136
<b>Total contract benefits and expenses</b>	3,653	3,451	1,672	3,012	4,182	-13%	7,104	8,683	-18%	13,367
<b>Income (loss) before income taxes</b>	547	578	409	560	73	649%	1,125	210	436%	1,179
Income tax (expense) recovery	(84)	(80)	(65)	(65)	(23)	265%	(164)	(53)	209%	(183)
<b>Net income (loss)</b>	463	498	344	495	50	826%	961	157	512%	996
Less net income (loss) attributed to non-controlling interests	45	40	14	30	22	105%	85	43	98%	87
Less net income (loss) attributed to participating policyholders	5	15	7	35	6	-17%	20	4	400%	46
<b>Net income (loss) attributed to shareholders <sup>3</sup></b>	413	443	323	430	22	nm	856	110	678%	863

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

<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.

<sup>3</sup> See the Q2 press release for a description of Q2 2017 results compared to Q2 2016.

**Earnings Analysis<sup>2</sup>**

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
<b>Total core earnings (loss)</b>	301	308	291	302	266	13%	609	536	14%	1,129
<b>Total core earnings - on constant currency basis</b>	301	312	289	291	261	15%	613	534	15%	1,114
Investment gains related to fixed income trading, market value increases in excess of expected alternative assets investment returns, asset mix changes	46	52	56	48	(20)	-	98	(35)	-	69
<b>Total core earnings and investment related gains</b>	347	360	347	350	246	41%	707	501	41%	1,198
<b>Items excluded from core earnings</b>										
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	71	90	(12)	82	(223)	-	161	(396)	-	(326)
Net impact of acquisitions and divestitures	(5)	(7)	(3)	(2)	(1)	400%	(12)	(3)	300%	(8)
Reinsurance recapture, tax rate changes and others	-	-	(9)	-	-	-	-	8	-100%	(1)
<b>Total shareholders' net income (loss)</b>	413	443	323	430	22	nm	856	110	678%	863

**ASIA DIVISION (CONT'D)<sup>1</sup>**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Source of Earnings**

Expected profit from in-force business	253	242	243	241	235	8%	495	454	9%	938
Impact of new business <sup>2</sup>	135	165	96	113	66	105%	300	139	116%	348
Experience gains (losses)	112	124	49	112	(275)	-	236	(488)	-	(327)
Management actions and changes in assumptions	(5)	(7)	(12)	1	(1)	400%	(12)	14	-	3
Earnings on surplus funds	30	25	14	39	27	11%	55	57	-4%	110
Other <sup>3</sup>	(28)	(26)	(2)	(11)	(7)	300%	(54)	(13)	315%	(26)
<b>Income (loss) before income taxes</b>	<b>497</b>	<b>523</b>	<b>388</b>	<b>495</b>	<b>45</b>	<b>nm</b>	<b>1,020</b>	<b>163</b>	<b>526%</b>	<b>1,046</b>
Income tax (expense) recovery	(84)	(80)	(65)	(65)	(23)	265%	(164)	(53)	209%	(183)
<b>Net income (loss) attributed to shareholders</b>	<b>413</b>	<b>443</b>	<b>323</b>	<b>430</b>	<b>22</b>	<b>nm</b>	<b>856</b>	<b>110</b>	<b>678%</b>	<b>863</b>

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

<sup>2</sup> The 'Impact of new business' line includes non-controlling interest amounts as follows (in millions): \$32 (Q2 2017), \$42 (Q1 2017), \$19 (Q4 2016), \$21 (Q3 2016) and \$14 (Q2 2016).

<sup>3</sup> Includes the offsetting impact, net of tax, of the non-controlling interest primarily in mainland China in the amounts included above.

**Insurance Sales**

Hong Kong	97	117	127	113	120	-19%	214	225	-5%	465
Japan <sup>4</sup>	206	236	156	167	151	36%	442	309	43%	632
Asia Other <sup>5</sup>	248	279	224	245	239	4%	527	436	21%	905
<b>Total insurance sales</b>	<b>551</b>	<b>632</b>	<b>507</b>	<b>525</b>	<b>510</b>	<b>8%</b>	<b>1,183</b>	<b>970</b>	<b>22%</b>	<b>2,002</b>
<b>Total insurance sales - on constant currency basis</b>	<b>551</b>	<b>639</b>	<b>505</b>	<b>505</b>	<b>497</b>	<b>11%</b>	<b>1,190</b>	<b>960</b>	<b>24%</b>	<b>1,970</b>

<sup>4</sup> Japan Q2'17 insurance sales are up 41% compared to the prior year on a constant currency basis. YTD Q2'17 insurance sales are up 44% compared to the prior year on a constant currency basis.

<sup>5</sup> Asia Other Q2'17 insurance sales are up 7% compared to the prior year on a constant currency basis. YTD Q2'17 insurance sales are up 24% compared to the prior year on a constant currency basis.

**Wealth and Asset Management Gross Flows**

Hong Kong	943	778	751	688	601	57%	1,721	1,163	48%	2,602
Japan <sup>6</sup>	103	228	92	28	130	-21%	331	151	119%	271
Asia Other <sup>7,8</sup>	3,185	2,668	4,205	2,586	2,078	53%	5,853	3,541	65%	10,332
Institutional Asset Management <sup>8,9</sup>	834	502	3,450	583	1,605	-48%	1,336	2,543	-47%	6,576
Less: Investment in mutual funds from Institutional Asset Management	(106)	(9)	(23)	(68)	(65)	63%	(115)	(80)	44%	(171)
<b>Total wealth and asset management gross flows</b>	<b>4,959</b>	<b>4,167</b>	<b>8,475</b>	<b>3,817</b>	<b>4,349</b>	<b>14%</b>	<b>9,126</b>	<b>7,318</b>	<b>25%</b>	<b>19,610</b>
<b>Total wealth and asset management gross flows - on constant currency basis</b>	<b>4,959</b>	<b>4,193</b>	<b>8,414</b>	<b>3,737</b>	<b>4,239</b>	<b>17%</b>	<b>9,152</b>	<b>7,165</b>	<b>28%</b>	<b>19,316</b>

<sup>6</sup> Japan Q2'17 wealth and asset management gross flows are down 18% compared to the prior year on a constant currency basis. YTD Q2'17 wealth and asset management gross flows are up 127% compared to the prior year on a constant currency basis.

<sup>7</sup> Asia Other Q2'17 wealth and asset management gross flows are up 58% compared to the prior year on a constant currency basis. YTD Q2'17 wealth and asset management gross flows are up 71% compared to the prior year on a constant currency basis.

<sup>8</sup> This line includes the 49% interest in Manulife TEDA

<sup>9</sup> Institutional Asset Management Q2'17 gross flows are down 47% compared to the prior year on a constant currency basis. YTD Q2'17 gross flows are down 46% compared to the prior year on a constant currency basis.

**Other Wealth Sales**

Hong Kong	276	178	132	46	10	nm	454	26	nm	204
Japan <sup>10</sup>										
- Fixed Annuities and unit linked products	430	475	407	730	674	-36%	905	1,465	-38%	2,602
- Variable Annuities	1	19	15	41	35	-97%	20	73	-73%	129
Asia Other <sup>11</sup>	204	248	193	194	200	2%	452	404	12%	791
<b>Total other wealth sales</b>	<b>911</b>	<b>920</b>	<b>747</b>	<b>1,011</b>	<b>919</b>	<b>-1%</b>	<b>1,831</b>	<b>1,968</b>	<b>-7%</b>	<b>3,726</b>
<b>Total other wealth sales - on constant currency basis</b>	<b>911</b>	<b>933</b>	<b>739</b>	<b>942</b>	<b>891</b>	<b>2%</b>	<b>1,844</b>	<b>1,969</b>	<b>-6%</b>	<b>3,650</b>

<sup>10</sup> Japan Q2'17 other wealth sales are down 37% compared to the prior year on a constant currency basis. YTD Q2'17 other wealth sales are down 40% compared to the prior year on a constant currency basis.

<sup>11</sup> Asia Other Q2'17 other wealth sales are up 7% compared to the prior year on a constant currency basis. YTD Q2'17 other wealth sales are up 15% compared to the prior year on a constant currency basis.

**Retirement<sup>12</sup> Sales - for reference only**

Retirement - Asia Group Pensions	644	333	440	395	303	113%	977	630	55%	1,465
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<sup>12</sup> Retirement sales include both new regular premiums and deposits and single premium sales. New regular premiums and deposits reflect an estimate of expected deposits in the first year of the plan with the Company. Single premium sales reflect the assets transferred from the previous plan provider.



**ASIA DIVISION (CONT'D)<sup>1</sup>**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Annualized premium equivalents (insurance and other wealth excluding wealth and asset management) (APE)<sup>2</sup>**

Hong Kong	125	135	143	121	123	2%	260	232	12%	496
Japan <sup>3</sup>	293	332	233	277	245	20%	625	509	23%	1,019
Asia Other <sup>4</sup>	268	304	242	265	259	3%	572	476	20%	983
<b>Total APE</b>	<b>686</b>	<b>771</b>	<b>618</b>	<b>663</b>	<b>627</b>	<b>9%</b>	<b>1,457</b>	<b>1,217</b>	<b>20%</b>	<b>2,498</b>
<b>Total APE - on constant currency basis</b>	<b>686</b>	<b>780</b>	<b>614</b>	<b>634</b>	<b>612</b>	<b>12%</b>	<b>1,466</b>	<b>1,208</b>	<b>21%</b>	<b>2,456</b>

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

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

<sup>3</sup> Japan Q2'17 APE are up 24% compared to the prior year on a constant currency basis. YTD Q2'17 APE are up 24% compared to the prior year on a constant currency basis.

<sup>4</sup> Asia Other Q2'17 APE are up 7% compared to the prior year on a constant currency basis. YTD Q2'17 APE are up 23% compared to the prior year on a constant currency basis.

**Premiums and Deposits**

Premiums and investment contract deposits	2,884	3,024	2,777	3,083	2,892	0%	5,908	5,937	0%	11,797
Segregated fund and other deposits	953	745	759	696	586	63%	1,698	1,156	47%	2,611
Mutual funds gross deposits <sup>5</sup>	3,896	3,438	4,785	3,068	2,597	50%	7,334	4,398	67%	12,251
Institutional Asset Management <sup>5</sup>	834	502	3,450	583	1,605	-48%	1,336	2,543	-47%	6,576
Less: Investment in mutual funds from Institutional Asset Management	(106)	(9)	(23)	(68)	(65)	63%	(115)	(80)	44%	(171)
<b>Total premiums and deposits</b>	<b>8,461</b>	<b>7,700</b>	<b>11,748</b>	<b>7,362</b>	<b>7,615</b>	<b>11%</b>	<b>16,161</b>	<b>13,954</b>	<b>16%</b>	<b>33,064</b>
<b>Total premiums and deposits - on constant currency basis</b>	<b>8,461</b>	<b>7,770</b>	<b>11,669</b>	<b>7,120</b>	<b>7,429</b>	<b>14%</b>	<b>16,231</b>	<b>13,777</b>	<b>18%</b>	<b>32,566</b>

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

**Premiums and Deposits by Business Units**

Hong Kong	1,996	1,664	1,674	1,457	1,307	53%	3,660	2,574	42%	5,705
Japan	1,357	1,670	1,255	1,650	1,538	-12%	3,027	3,297	-8%	6,202
Asia Other <sup>5</sup>	4,380	3,873	5,392	3,740	3,230	36%	8,253	5,620	47%	14,752
Institutional Asset Management <sup>5</sup>	834	502	3,450	583	1,605	-48%	1,336	2,543	-47%	6,576
Less: Investment in mutual funds from Institutional Asset Management	(106)	(9)	(23)	(68)	(65)	63%	(115)	(80)	44%	(171)
<b>Total premiums and deposits</b>	<b>8,461</b>	<b>7,700</b>	<b>11,748</b>	<b>7,362</b>	<b>7,615</b>	<b>11%</b>	<b>16,161</b>	<b>13,954</b>	<b>16%</b>	<b>33,064</b>

**Premiums and Deposits**

Insurance	2,581	2,618	2,528	2,546	2,359	9%	5,199	4,697	11%	9,771
Wealth and asset management <sup>5</sup>	4,959	4,167	8,475	3,817	4,349	14%	9,126	7,318	25%	19,610
Other wealth	921	915	745	999	907	2%	1,836	1,939	-5%	3,683
<b>Total premiums and deposits</b>	<b>8,461</b>	<b>7,700</b>	<b>11,748</b>	<b>7,362</b>	<b>7,615</b>	<b>11%</b>	<b>16,161</b>	<b>13,954</b>	<b>16%</b>	<b>33,064</b>

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

Hong Kong	756	707	734	686	664	14%	1,463	1,264	16%	2,684
Japan <sup>6</sup>	990	1,136	903	1,047	880	13%	2,126	1,868	14%	3,818
Asia Other <sup>7</sup>	742	741	727	653	627	18%	1,483	1,176	26%	2,556
<b>TWPI</b>	<b>2,488</b>	<b>2,584</b>	<b>2,364</b>	<b>2,386</b>	<b>2,171</b>	<b>15%</b>	<b>5,072</b>	<b>4,308</b>	<b>18%</b>	<b>9,058</b>
<b>TWPI - on constant currency basis</b>	<b>2,488</b>	<b>2,614</b>	<b>2,348</b>	<b>2,287</b>	<b>2,125</b>	<b>17%</b>	<b>5,102</b>	<b>4,288</b>	<b>19%</b>	<b>8,923</b>

<sup>6</sup> Japan Q2'17 TWPI is up 16% compared to the prior year on a constant currency basis. YTD Q2'17 TWPI are up 16% compared to the prior year on a constant currency basis.

<sup>7</sup> Asia Other Q2'17 TWPI is up 22% compared to the prior year on a constant currency basis. YTD Q2'17 TWPI are up 33% compared to the prior year on a constant currency basis.

**ASIA DIVISION (CONT'D)<sup>1</sup>**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Assets Under Management**

General fund	53,859	51,059	47,188	50,343	48,061	12%	53,859	48,061	12%	47,188
Segregated funds	19,560	19,125	18,341	19,498	18,804	4%	19,560	18,804	4%	18,341
Mutual funds <sup>2</sup>	26,160	24,311	22,557	20,842	18,918	38%	26,160	18,918	38%	22,557
Institutional Asset Management	18,908	18,155	17,577	16,415	16,138	17%	18,908	16,138	17%	17,577
Less: Investment in mutual funds from Institutional Asset Management	(614)	(537)	(515)	(573)	(498)	23%	(614)	(498)	23%	(515)
<b>Total assets under management</b>	<b>117,873</b>	<b>112,113</b>	<b>105,148</b>	<b>106,525</b>	<b>101,423</b>	<b>16%</b>	<b>117,873</b>	<b>101,423</b>	<b>16%</b>	<b>105,148</b>
<b>Total assets under management - on constant currency basis</b>	<b>117,873</b>	<b>112,107</b>	<b>107,442</b>	<b>102,101</b>	<b>97,646</b>	<b>21%</b>	<b>117,873</b>	<b>97,646</b>	<b>21%</b>	<b>107,442</b>

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

<sup>2</sup> This line includes the 49% interest in Manulife TEDA

**Changes in Assets Under Management**

<b>Beginning balance</b>	112,113	105,148	106,525	101,423	94,222	19%	105,148	88,746	18%	88,746
Assets acquired (Standard Chartered Bank)	-	-	1,353	-	-	-	-	-	-	1,353
Premiums and deposits	8,461	7,700	11,748	7,362	7,615	11%	16,161	13,954	16%	33,064
Investment income (loss) <sup>3</sup>	2,812	2,516	(1,695)	2,101	1,736	62%	5,328	2,460	117%	2,866
Benefits and withdrawals	(5,453)	(4,892)	(6,400)	(4,154)	(3,549)	54%	(10,345)	(7,665)	35%	(18,219)
Other <sup>4</sup>	(60)	1,641	(6,383)	(207)	1,399	-	1,581	3,928	-60%	(2,662)
<b>Ending balance</b>	<b>117,873</b>	<b>112,113</b>	<b>105,148</b>	<b>106,525</b>	<b>101,423</b>	<b>16%</b>	<b>117,873</b>	<b>101,423</b>	<b>16%</b>	<b>105,148</b>

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

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

**Assets Under Management**

Insurance	47,810	45,428	42,402	44,845	43,154	11%	47,810	43,154	11%	42,402
Wealth and asset management <sup>2</sup>	50,534	47,732	44,982	42,228	39,780	27%	50,534	39,780	27%	44,982
Other wealth	19,529	18,953	17,764	19,452	18,489	6%	19,529	18,489	6%	17,764
<b>Total assets under management</b>	<b>117,873</b>	<b>112,113</b>	<b>105,148</b>	<b>106,525</b>	<b>101,423</b>	<b>16%</b>	<b>117,873</b>	<b>101,423</b>	<b>16%</b>	<b>105,148</b>

**Number of Agents**

Hong Kong	6,950	6,894	7,235	6,657	6,538	6%	6,950	6,538	6%	7,235
Japan	2,300	2,308	2,353	2,420	2,500	-8%	2,300	2,500	-8%	2,353
Asia Other	62,631	60,687	60,150	57,689	54,766	14%	62,631	54,766	14%	60,150
<b>Total</b>	<b>71,881</b>	<b>69,889</b>	<b>69,738</b>	<b>66,766</b>	<b>63,804</b>	<b>13%</b>	<b>71,881</b>	<b>63,804</b>	<b>13%</b>	<b>69,738</b>

**Canadian \$ in millions - Key Metrics**

Sales - Insurance	741	836	678	685	656	13%	1,577	1,288	22%	2,651
Gross Flows - Wealth and asset management <sup>1</sup>	6,671	5,514	11,308	4,981	5,606	19%	12,185	9,681	26%	25,970
Sales - Other wealth	1,226	1,217	997	1,319	1,184	4%	2,443	2,624	-7%	4,940
Net income (loss) attributed to shareholders	555	587	431	561	28	nm	1,142	149	666%	1,141
Total premiums and deposits <sup>1</sup>	11,380	10,191	15,675	9,611	9,815	16%	21,571	18,515	17%	43,801
Total assets under management <sup>1</sup>	152,942	149,378	141,207	139,723	131,952	16%	152,942	131,952	16%	141,207

## ASIA DIVISION (CONT'D)

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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### New Business Value (NBV)<sup>1</sup>

Hong Kong	64	70	98	63	68	-7%	134	117	14%	278
Japan <sup>2</sup>	71	107	60	79	51	41%	178	121	48%	260
Asia Other <sup>3</sup>	65	69	63	54	57	13%	134	99	35%	216
<b>Total</b>	<b>200</b>	<b>246</b>	<b>221</b>	<b>196</b>	<b>176</b>	<b>13%</b>	<b>446</b>	<b>337</b>	<b>32%</b>	<b>754</b>
<b>Total NBV - on a constant currency basis</b>	<b>200</b>	<b>249</b>	<b>219</b>	<b>188</b>	<b>173</b>	<b>16%</b>	<b>449</b>	<b>336</b>	<b>34%</b>	<b>743</b>

<sup>1</sup> NBV is not calculated for Wealth and Asset Management business.

<sup>2</sup> Japan Q2'17 NBV is up 45% compared to the prior year on a constant currency basis. YTD Q2'17 NBV is up 49% compared to the prior year on a constant currency basis.

<sup>3</sup> Asia Other Q2'17 NBV is up 17% compared to the prior year on a constant currency basis. YTD Q2'17 NBV is up 39% compared to the prior year on a constant currency basis.

### NBV Margin<sup>4</sup>

Hong Kong	51.0%	52.1%	68.8%	52.1%	55.5%		51.6%	50.5%		56.2%
Japan	24.3%	32.2%	25.6%	28.7%	20.7%		28.5%	23.7%		25.5%
Asia Other	27.7%	28.4%	29.5%	22.8%	25.4%		28.1%	24.2%		25.1%
<b>Total</b>	<b>30.6%</b>	<b>34.7%</b>	<b>37.5%</b>	<b>31.0%</b>	<b>29.7%</b>		<b>32.7%</b>	<b>29.3%</b>		<b>31.7%</b>
<b>Total NBV Margin - on a constant currency basis</b>	<b>30.6%</b>	<b>34.6%</b>	<b>37.5%</b>	<b>31.1%</b>	<b>29.8%</b>		<b>32.7%</b>	<b>29.3%</b>		<b>31.8%</b>

<sup>4</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 and exclude Wealth & Asset Management business.

**CANADIAN DIVISION <sup>1</sup>**

(Canadian \$ millions, Unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Statements of Income**

<b>Revenue</b>										
<b>Premium income</b>										
Gross premiums	2,516	2,515	2,652	2,517	3,021	-17%	5,031	5,539	-9%	10,708
Premiums ceded to reinsurers	(1,311)	(1,292)	(1,391)	(1,304)	(1,757)	-25%	(2,603)	(3,041)	-14%	(5,736)
<b>Investment income</b>	984	973	1,075	982	945	4%	1,957	1,881	4%	3,938
<b>Other revenue</b>	949	816	799	924	937	1%	1,765	1,757	0%	3,480
<b>Subtotal revenue</b>	3,138	3,012	3,135	3,119	3,146	0%	6,150	6,136	0%	12,390
Realized/ unrealized gains on invested assets supporting insurance and investment contract liabilities <sup>2</sup>	481	334	(4,597)	910	2,208	-78%	815	4,004	-80%	317
<b>Total revenue</b>	3,619	3,346	(1,462)	4,029	5,354	-32%	6,965	10,140	-31%	12,707
<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>	3,414	2,929	(1,676)	3,467	4,937	-31%	6,343	8,854	-28%	10,645
Ceded benefits and expenses and change in reinsurance assets	(968)	(964)	(1,098)	(1,070)	(1,108)	-13%	(1,932)	(2,129)	-9%	(4,297)
Change in investment contract liabilities	8	12	8	12	(36)	-	20	18	11%	38
General expenses	476	453	488	450	448	6%	929	868	7%	1,806
Investment expenses	174	160	158	155	149	17%	334	288	16%	601
Commissions	376	472	459	407	403	-7%	848	807	5%	1,673
Other	115	118	137	137	138	-17%	233	230	1%	504
<b>Total contract benefits and expenses</b>	3,595	3,180	(1,524)	3,558	4,931	-27%	6,775	8,936	-24%	10,970
<b>Income (loss) before income taxes</b>	24	166	62	471	423	-94%	190	1,204	-84%	1,737
Income tax (expense) recovery	51	(11)	100	(69)	(87)	-	40	(281)	-	(250)
<b>Net income (loss)</b>	75	155	162	402	336	-78%	230	923	-75%	1,487
Less net income (loss) attributed to participating policyholders	(9)	(33)	70	(33)	(23)	-61%	(42)	(36)	17%	1
<b>Net income (loss) attributed to shareholders <sup>3</sup></b>	84	188	92	435	359	-77%	272	959	-72%	1,486

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

<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.

<sup>3</sup> See the Q2 press release for a description of Q2 2017 results compared to Q2 2016.

**Earnings Analysis <sup>2</sup>**

<b>Total core earnings (loss)</b>	345	319	359	354	333	4%	664	671	-1%	1,384
Investment gains related to fixed income trading, market value increases in excess of expected alternative assets investment returns, asset mix changes	(11)	(38)	17	35	(88)	-88%	(49)	(166)	-70%	(114)
<b>Total core earnings and investment related gains</b>	334	281	376	389	245	36%	615	505	22%	1,270
<b>Items excluded from core earnings</b>										
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities <sup>4</sup>	(238)	(83)	(266)	60	130	-	(321)	476	-	270
Integration and acquisition costs	(12)	(10)	(18)	(14)	(16)	-25%	(22)	(22)	0%	(54)
<b>Total shareholders' net income (loss)</b>	84	188	92	435	359	-77%	272	959	-72%	1,486

<sup>4</sup> Segregated fund products include guarantees. These products are also referred to as variable annuities.

**CANADIAN DIVISION (CONT'D)<sup>1</sup>**

(Canadian \$ millions, Unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Source of Earnings**

Expected profit from in-force business	422	423	376	388	364	16%	845	730	16%	1,494
Impact of new business	(45)	(27)	(43)	(41)	(49)	-8%	(72)	(93)	-23%	(177)
Experience gains (losses)	(407)	(255)	(444)	80	70	-	(662)	467	-	103
Management actions and changes in assumptions	(16)	(13)	2	4	(19)	-16%	(29)	(27)	7%	(21)
Earnings on surplus funds	92	92	88	88	89	3%	184	177	4%	353
Other	(13)	(21)	13	(15)	(9)	44%	(34)	(14)	143%	(16)
<b>Income (loss) before income taxes</b>	<b>33</b>	<b>199</b>	<b>(8)</b>	<b>504</b>	<b>446</b>	<b>-93%</b>	<b>232</b>	<b>1,240</b>	<b>-81%</b>	<b>1,736</b>
Income tax (expense) recovery	51	(11)	100	(69)	(87)	-	40	(281)	-	(250)
<b>Net income (loss) attributed to shareholders</b>	<b>84</b>	<b>188</b>	<b>92</b>	<b>435</b>	<b>359</b>	<b>-77%</b>	<b>272</b>	<b>959</b>	<b>-72%</b>	<b>1,486</b>

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

**Insurance Sales**

Retail Markets	37	59	94	53	47	-21%	96	88	9%	235
Institutional Markets	421	240	143	128	73	477%	661	187	253%	458
<b>Total insurance sales</b>	<b>458</b>	<b>299</b>	<b>237</b>	<b>181</b>	<b>120</b>	<b>282%</b>	<b>757</b>	<b>275</b>	<b>175%</b>	<b>693</b>

**Wealth and Asset Management Gross Flows**

Retail - Mutual fund and other funds gross deposits <sup>2</sup>	2,581	2,798	2,487	2,761	2,367	9%	5,379	4,722	14%	9,970
Less: Investments in mutual funds from proprietary group segregated fund products	(70)	(39)	(41)	(52)	(40)	75%	(109)	(80)	36%	(173)
Retirement - Group Retirement Solutions	1,547	2,015	1,612	1,890	1,874	-17%	3,562	3,724	-4%	7,226
Institutional Asset Management	1,415	1,784	5,581	616	530	167%	3,199	1,437	123%	7,634
<b>Total wealth and asset management gross flows</b>	<b>5,473</b>	<b>6,558</b>	<b>9,639</b>	<b>5,215</b>	<b>4,731</b>	<b>16%</b>	<b>12,031</b>	<b>9,803</b>	<b>23%</b>	<b>24,657</b>

**Other Wealth Sales excluding Manulife Bank**

Retail segregated fund products <sup>3</sup>	596	719	589	559	604	-1%	1,315	1,355	-3%	2,503
Fixed products	134	145	151	160	212	-37%	279	405	-31%	716
<b>Total other wealth sales</b>	<b>730</b>	<b>864</b>	<b>740</b>	<b>719</b>	<b>816</b>	<b>-11%</b>	<b>1,594</b>	<b>1,760</b>	<b>-9%</b>	<b>3,219</b>

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

Retail segregated fund products <sup>3</sup>	657	659	627	821	523	26%	1,316	1,178	12%	2,626
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**Retirement<sup>4</sup> Sales - for reference only**

Retirement - Group Retirement Solutions	174	504	314	679	520	-67%	678	860	-21%	1,853
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**Premiums and Deposits**

Premiums and investment contract deposits	1,230	1,234	1,267	1,234	1,320	-7%	2,464	2,580	-4%	5,081
Retail - Mutual fund and other funds gross deposits <sup>2</sup>	2,581	2,798	2,487	2,761	2,367	9%	5,379	4,722	14%	9,970
Less: Investments in mutual funds from proprietary segregated fund products	(727)	(698)	(668)	(872)	(564)	29%	(1,425)	(1,259)	13%	(2,799)
Segregated fund deposits	2,145	2,734	2,202	2,450	2,479	-13%	4,879	5,081	-4%	9,733
ASO premium equivalents	883	842	833	748	869	2%	1,725	1,737	-1%	3,318
Group Benefits ceded premiums	1,054	1,038	1,095	1,058	1,506	-30%	2,092	2,540	-18%	4,693
Institutional Asset Management	1,415	1,784	5,581	616	530	167%	3,199	1,437	123%	7,634
<b>Total premiums and deposits</b>	<b>8,581</b>	<b>9,732</b>	<b>12,797</b>	<b>7,995</b>	<b>8,507</b>	<b>1%</b>	<b>18,313</b>	<b>16,838</b>	<b>9%</b>	<b>37,630</b>

<sup>2</sup> Mutual funds and other funds gross deposits includes investments from proprietary segregated fund products.

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

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

**CANADIAN DIVISION (CONT'D)<sup>1</sup>**

(Canadian \$ millions, Unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Premiums and Deposits by Business**

Retail Markets	655	679	697	661	655	0%	1,334	1,283	4%	2,641
Institutional Markets	2,380	2,290	2,348	2,221	2,828	-16%	4,670	5,170	-10%	9,739
<b>Insurance</b>	<b>3,035</b>	<b>2,969</b>	<b>3,045</b>	<b>2,882</b>	<b>3,483</b>	<b>-13%</b>	<b>6,004</b>	<b>6,453</b>	<b>-7%</b>	<b>12,380</b>
<b>Wealth and asset management</b>	<b>5,473</b>	<b>6,558</b>	<b>9,639</b>	<b>5,215</b>	<b>4,731</b>	<b>16%</b>	<b>12,031</b>	<b>9,803</b>	<b>23%</b>	<b>24,657</b>
Retail segregated fund products <sup>2</sup>	596	719	589	559	604	-1%	1,315	1,355	-3%	2,503
Fixed products	134	145	151	160	212	-37%	279	405	-31%	716
<b>Other wealth</b>	<b>730</b>	<b>864</b>	<b>740</b>	<b>719</b>	<b>816</b>	<b>-11%</b>	<b>1,594</b>	<b>1,760</b>	<b>-9%</b>	<b>3,219</b>
Less: Investments in mutual funds from proprietary retail segregated fund products	(657)	(659)	(627)	(821)	(523)	26%	(1,316)	(1,178)	12%	(2,626)
<b>Total premiums and deposits</b>	<b>8,581</b>	<b>9,732</b>	<b>12,797</b>	<b>7,995</b>	<b>8,507</b>	<b>1%</b>	<b>18,313</b>	<b>16,838</b>	<b>9%</b>	<b>37,630</b>

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

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

**Assets Under Management**

General fund, excluding Manulife Bank net lending assets	92,597	93,235	90,972	94,558	92,994	0%	92,597	92,994	0%	90,972
Manulife Bank net lending assets	19,839	19,618	19,455	19,505	19,598	1%	19,839	19,598	1%	19,455
Segregated funds	99,395	99,126	97,220	97,191	93,767	6%	99,395	93,767	6%	97,220
Retail - Mutual funds and other funds, including assets held by segregated funds	53,561	52,013	50,177	49,781	47,280	13%	53,561	47,280	13%	50,177
Less: Mutual funds held by proprietary segregated fund products	(23,899)	(23,598)	(22,983)	(23,019)	(22,230)	8%	(23,899)	(22,230)	8%	(22,983)
Institutional Asset Management	30,157	29,529	28,419	24,522	24,314	24%	30,157	24,314	24%	28,419
<b>Total assets under management</b>	<b>271,650</b>	<b>269,923</b>	<b>263,260</b>	<b>262,538</b>	<b>255,723</b>	<b>6%</b>	<b>271,650</b>	<b>255,723</b>	<b>6%</b>	<b>263,260</b>

**Assets Under Management**

Insurance	62,979	63,043	62,009	63,632	62,045	2%	62,979	62,045	2%	62,009
Wealth and asset management <sup>3</sup>	145,813	143,471	138,888	134,146	128,898	13%	145,813	128,898	13%	138,888
Manulife Bank net lending assets	19,839	19,618	19,455	19,504	19,598	1%	19,839	19,598	1%	19,455
Other wealth, excluding Manulife Bank net lending assets	65,636	66,038	64,563	66,955	66,148	-1%	65,636	66,148	-1%	64,563
Less: Mutual funds held by proprietary retail segregated fund products	(22,617)	(22,247)	(21,655)	(21,699)	(20,966)	8%	(22,617)	(20,966)	8%	(21,655)
<b>Total assets under management</b>	<b>271,650</b>	<b>269,923</b>	<b>263,260</b>	<b>262,538</b>	<b>255,723</b>	<b>6%</b>	<b>271,650</b>	<b>255,723</b>	<b>6%</b>	<b>263,260</b>

<sup>3</sup> Wealth & asset management includes investments from proprietary retail segregated funds.

**Changes in Assets Under Management**

<b>Beginning balance</b>	<b>269,923</b>	<b>263,260</b>	<b>262,538</b>	<b>255,723</b>	<b>246,908</b>	<b>9%</b>	<b>263,260</b>	<b>242,332</b>	<b>9%</b>	<b>242,332</b>
Premiums and deposits <sup>5</sup>	6,644	7,852	10,869	6,189	6,132	8%	14,496	12,561	15%	29,619
Investment income (loss) <sup>4</sup>	4,015	5,861	(3,191)	7,003	6,067	-34%	9,876	7,831	26%	11,643
Mutual fund withdrawals	(1,262)	(1,647)	(1,190)	(916)	(981)	29%	(2,909)	(2,084)	40%	(4,190)
Exchange traded fund net flows <sup>5</sup>	208	-	-	-	-	-	208	-	-	-
Other benefits and withdrawals <sup>5</sup>	(5,372)	(5,491)	(5,062)	(4,209)	(3,998)	34%	(10,863)	(8,634)	26%	(17,905)
Other <sup>6</sup>	(2,506)	88	(704)	(1,252)	1,595	-	(2,418)	3,717	-	1,761
<b>Ending balance</b>	<b>271,650</b>	<b>269,923</b>	<b>263,260</b>	<b>262,538</b>	<b>255,723</b>	<b>6%</b>	<b>271,650</b>	<b>255,723</b>	<b>6%</b>	<b>263,260</b>

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

<sup>5</sup> Excludes ETFs that are not part of the WAM segment. The ETFs held in other wealth segments are included in 'premiums and deposits' and 'other benefits and withdrawals'.

<sup>6</sup> Other is comprised of all changes to the statement of income and the statement of financial position that are not specifically identified in the roll forward. These include general expenses, investment expenses, taxes, changes in receivables and payables, transfers to/from other business units, changes in allocated capital, and net movement in Manulife Bank deposits.

**U.S. DIVISION <sup>1</sup>**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Statements of Income**

<b>Revenue</b>										
<b>Premium income</b>										
Gross premiums	1,843	1,806	1,999	1,934	1,744	6%	3,649	3,511	4%	7,444
Premiums ceded to reinsurers	(444)	(434)	(483)	(437)	(423)	5%	(878)	(1,237)	-29%	(2,157)
<b>Investment income</b>	1,377	1,374	1,428	1,328	1,304	6%	2,751	2,490	10%	5,246
<b>Other revenue</b>	1,187	1,183	908	1,160	1,089	9%	2,370	2,155	10%	4,223
<b>Subtotal revenue</b>	3,963	3,929	3,852	3,985	3,714	7%	7,892	6,919	14%	14,756
Realized/ unrealized gains (losses) on invested assets supporting insurance and investment contract liabilities <sup>2</sup>	1,587	(135)	(7,241)	231	3,726	-57%	1,452	7,800	-81%	790
<b>Total revenue</b>	5,550	3,794	(3,389)	4,216	7,440	-25%	9,344	14,719	-37%	15,546
<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>	4,075	1,467	(3,757)	3,106	6,896	-41%	5,542	13,617	-59%	12,966
Ceded benefits and expenses and change in reinsurance assets	(487)	352	(529)	(629)	(921)	-47%	(135)	(1,583)	-91%	(2,741)
Change in investment contract liabilities	12	12	12	12	13	-8%	24	25	-4%	49
General expenses	454	454	396	471	364	25%	908	722	26%	1,589
Investment expenses	222	222	266	212	220	1%	444	427	4%	905
Commissions	406	436	424	431	390	4%	842	768	10%	1,623
Other	41	22	58	38	33	24%	63	64	-2%	160
<b>Total contract benefits and expenses</b>	4,723	2,965	(3,130)	3,641	6,995	-32%	7,688	14,040	-45%	14,551
<b>Income (loss) before income taxes</b>	827	829	(259)	575	445	86%	1,656	679	144%	995
Income tax (expense) recovery	(252)	(249)	204	(147)	(129)	95%	(501)	(187)	168%	(130)
<b>Net income (loss) attributed to shareholders <sup>3</sup></b>	575	580	(55)	428	316	82%	1,155	492	135%	865

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

<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.

<sup>3</sup> See the Q2 press release for a description of Q2 2017 results compared to Q2 2016.

**Earnings Analysis**

<b>Total core earnings (loss)</b>	336	389	353	302	280	20%	725	563	29%	1,218
Investment gains related to fixed income trading, market value increases in excess of expected alternative assets investment returns, asset mix changes	122	23	73	147	72	69%	145	(98)	-	122
<b>Total core earnings and investment related gains</b>	458	412	426	449	352	30%	870	465	87%	1,340
<b>Items excluded from core earnings</b>										
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	118	168	(467)	55	(36)	-	286	24	nm	(388)
Integration and acquisition costs	(1)	-	(1)	(3)	-	-	(1)	(3)	-67%	(7)
Intangibles write-off (LTC, Annuities)	-	-	-	(74)	-	-	-	-	-	(74)
Other	-	-	(13)	1	-	-	-	6	-100%	(6)
<b>Total shareholders' net income (loss)</b>	575	580	(55)	428	316	82%	1,155	492	135%	865

**U.S. DIVISION (CONT'D)<sup>1</sup>**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**U.S. INSURANCE**
**Source of Earnings**

Expected profit from in-force business	221	213	198	203	181	22%	434	366	19%	767
Impact of new business	24	10	20	3	11	118%	34	26	31%	49
Experience gains (losses)	256	(371)	(321)	321	52	392%	(115)	(47)	145%	(47)
Management actions and changes in assumptions	(14)	-	(8)	(117)	-	-	(14)	37	-	(88)
Earnings on surplus funds	81	80	69	69	69	17%	161	138	17%	276
Other	2	8	11	(18)	1	100%	10	(5)	-	(12)
<b>Income (loss) before income taxes</b>	<b>570</b>	<b>(60)</b>	<b>(31)</b>	<b>461</b>	<b>314</b>	<b>82%</b>	<b>510</b>	<b>515</b>	<b>-1%</b>	<b>945</b>
Income tax (expense) recovery	(185)	39	50	(140)	(110)	68%	(146)	(180)	-19%	(270)
<b>Net income (loss) attributed to shareholders</b>	<b>385</b>	<b>(21)</b>	<b>19</b>	<b>321</b>	<b>204</b>	<b>89%</b>	<b>364</b>	<b>335</b>	<b>9%</b>	<b>675</b>

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

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

Expected profit from in-force business	263	243	223	221	242	9%	506	469	8%	913
Impact of new business	(67)	(66)	(47)	(47)	(49)	37%	(133)	(98)	36%	(192)
Experience gains (losses)	26	677	(436)	(90)	(95)	-	703	(246)	-	(772)
Management actions and changes in assumptions	(1)	(1)	-	(3)	-	-	(2)	(26)	-92%	(29)
Earnings on surplus funds	34	35	31	32	32	6%	69	63	10%	126
Other	2	1	1	1	1	100%	3	2	50%	4
<b>Income (loss) before income taxes</b>	<b>257</b>	<b>889</b>	<b>(228)</b>	<b>114</b>	<b>131</b>	<b>96%</b>	<b>1,146</b>	<b>164</b>	<b>599%</b>	<b>50</b>
Income tax (expense) recovery	(67)	(288)	154	(7)	(19)	253%	(355)	(7)	nm	140
<b>Net income (loss) attributed to shareholders</b>	<b>190</b>	<b>601</b>	<b>(74)</b>	<b>107</b>	<b>112</b>	<b>70%</b>	<b>791</b>	<b>157</b>	<b>404%</b>	<b>190</b>

**Source of Earnings**

Expected profit from in-force business	484	456	421	424	423	14%	940	835	13%	1,680
Impact of new business	(43)	(56)	(27)	(44)	(38)	13%	(99)	(72)	38%	(143)
Experience gains (losses)	282	306	(757)	231	(43)	-	588	(293)	-	(819)
Management actions and changes in assumptions	(15)	(1)	(8)	(120)	-	-	(16)	11	-	(117)
Earnings on surplus funds	115	115	100	101	101	14%	230	201	14%	402
Other	4	9	12	(17)	2	100%	13	(3)	-	(8)
<b>Income (loss) before income taxes</b>	<b>827</b>	<b>829</b>	<b>(259)</b>	<b>575</b>	<b>445</b>	<b>86%</b>	<b>1,656</b>	<b>679</b>	<b>144%</b>	<b>995</b>
Income tax (expense) recovery	(252)	(249)	204	(147)	(129)	95%	(501)	(187)	168%	(130)
<b>Net income (loss) attributed to shareholders</b>	<b>575</b>	<b>580</b>	<b>(55)</b>	<b>428</b>	<b>316</b>	<b>82%</b>	<b>1,155</b>	<b>492</b>	<b>135%</b>	<b>865</b>

**Insurance Sales**

JH Life	123	113	112	102	98	26%	236	203	16%	417
JH Long-Term Care	-	-	8	8	9	-100%	-	26	-100%	42
<b>Total Insurance Sales</b>	<b>123</b>	<b>113</b>	<b>120</b>	<b>110</b>	<b>107</b>	<b>15%</b>	<b>236</b>	<b>229</b>	<b>3%</b>	<b>459</b>

**Wealth and Asset Management Gross Flows (Premiums and Deposits)**

Retail - JH Investments	7,095	8,034	6,580	6,008	6,488	9%	15,129	13,580	11%	26,168
Retirement - JH Retirement Plan Services	5,458	6,560	5,582	6,812	5,184	5%	12,018	10,802	11%	23,196
Institutional Asset Management	1,421	1,180	737	377	980	45%	2,601	2,173	20%	3,287
<b>Total wealth and asset management gross flows</b>	<b>13,974</b>	<b>15,774</b>	<b>12,899</b>	<b>13,197</b>	<b>12,652</b>	<b>10%</b>	<b>29,748</b>	<b>26,555</b>	<b>12%</b>	<b>52,651</b>

**Retirement Sales<sup>2</sup> - for reference only**

Retirement - JH Retirement Plan Services	1,838	2,405	2,847	3,311	1,728	6%	4,243	3,354	27%	9,512
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<sup>2</sup> Retirement sales include both new regular premiums and deposits and single premium sales. New regular premiums and deposits reflect an estimate of expected deposits in the first year of the plan with the Company. Single premium sales reflect the assets transferred from the previous plan provider.



**U.S. DIVISION (CONT'D)<sup>1</sup>**

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



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Premiums and Deposits**

Premiums and investment contract deposits	1,399	1,372	1,516	1,497	1,321	6%	2,771	2,274	22%	5,287
Segregated fund deposits	3,769	4,375	3,754	3,752	3,619	4%	8,144	7,479	9%	14,985
Retail - Mutual fund gross deposits	9,157	10,580	8,780	9,421	8,396	9%	19,737	17,565	12%	35,766
Institutional Asset Management	1,421	1,180	737	377	980	45%	2,601	2,173	20%	3,287
<b>Total premiums and deposits</b>	<b>15,746</b>	<b>17,507</b>	<b>14,787</b>	<b>15,047</b>	<b>14,316</b>	<b>10%</b>	<b>33,253</b>	<b>29,491</b>	<b>13%</b>	<b>59,325</b>

**Premiums and Deposits - Insurance**

JH Life	994	982	1,091	1,088	927	7%	1,976	1,859	6%	4,038
JH Long-Term Care	561	556	574	553	543	3%	1,117	1,074	4%	2,201
<b>Total premiums and deposits - insurance</b>	<b>1,555</b>	<b>1,538</b>	<b>1,665</b>	<b>1,641</b>	<b>1,470</b>	<b>6%</b>	<b>3,093</b>	<b>2,933</b>	<b>5%</b>	<b>6,239</b>

**Premiums and Deposits - Other Wealth**

JH Annuities	217	195	223	209	194	12%	412	3	nm	435
<b>Total premiums and deposits - other wealth</b>	<b>217</b>	<b>195</b>	<b>223</b>	<b>209</b>	<b>194</b>	<b>12%</b>	<b>412</b>	<b>3</b>	<b>nm</b>	<b>435</b>

**Assets Under Management and Administration**

<b>Assets Under Management</b>										
General fund	116,307	113,559	113,437	119,775	117,910	-1%	116,307	117,910	-1%	113,437
Segregated funds <sup>2</sup>	150,005	147,565	142,548	144,258	140,596	7%	150,005	140,596	7%	142,548
Retail - Mutual funds <sup>2</sup> and other funds	97,436	93,169	88,993	87,525	85,209	14%	97,436	85,209	14%	88,993
Institutional Asset Management	26,383	24,675	23,375	23,997	24,255	9%	26,383	24,255	9%	23,375
<b>Total assets under management</b>	<b>390,131</b>	<b>378,968</b>	<b>368,353</b>	<b>375,555</b>	<b>367,970</b>	<b>6%</b>	<b>390,131</b>	<b>367,970</b>	<b>6%</b>	<b>368,353</b>
<b>Assets under administration</b>	<b>65,598</b>	<b>63,558</b>	<b>61,396</b>	<b>60,778</b>	<b>57,551</b>	<b>14%</b>	<b>65,598</b>	<b>57,551</b>	<b>14%</b>	<b>61,396</b>
<b>Total assets under management and administration</b>	<b>455,729</b>	<b>442,526</b>	<b>429,749</b>	<b>436,333</b>	<b>425,521</b>	<b>7%</b>	<b>455,729</b>	<b>425,521</b>	<b>7%</b>	<b>429,749</b>

**Assets Under Management and Administration**

<b>Assets Under Management</b>										
Insurance	112,650	109,510	107,136	110,178	107,115	5%	112,650	107,115	5%	107,136
Wealth and asset management	212,643	204,758	195,579	195,318	190,175	12%	212,643	190,175	12%	195,579
Other wealth	64,838	64,700	65,638	70,059	70,680	-8%	64,838	70,680	-8%	65,638
<b>Total assets under management</b>	<b>390,131</b>	<b>378,968</b>	<b>368,353</b>	<b>375,555</b>	<b>367,970</b>	<b>6%</b>	<b>390,131</b>	<b>367,970</b>	<b>6%</b>	<b>368,353</b>
<b>Assets under administration</b>	<b>65,598</b>	<b>63,558</b>	<b>61,396</b>	<b>60,778</b>	<b>57,551</b>	<b>14%</b>	<b>65,598</b>	<b>57,551</b>	<b>14%</b>	<b>61,396</b>
<b>Total assets under management and administration</b>	<b>455,729</b>	<b>442,526</b>	<b>429,749</b>	<b>436,333</b>	<b>425,521</b>	<b>7%</b>	<b>455,729</b>	<b>425,521</b>	<b>7%</b>	<b>429,749</b>

**Changes in Assets Under Management and Administration**

<b>Beginning balance</b>	<b>442,526</b>	<b>429,749</b>	<b>436,333</b>	<b>425,521</b>	<b>415,943</b>	<b>6%</b>	<b>429,749</b>	<b>411,602</b>	<b>4%</b>	<b>411,602</b>
Premiums and deposits <sup>4</sup>	15,746	17,507	14,787	15,047	14,316	10%	33,253	29,491	13%	59,325
Investment income (loss) <sup>3</sup>	12,388	14,182	(2,807)	12,391	10,862	14%	26,570	16,595	60%	26,179
JH Investment withdrawals	(5,615)	(7,586)	(7,208)	(6,549)	(6,804)	-17%	(13,201)	(13,486)	-2%	(27,243)
JH Retirement Plan Services withdrawals	(5,501)	(5,955)	(6,503)	(5,862)	(5,341)	3%	(11,456)	(11,574)	-1%	(23,939)
Exchange traded fund net flows <sup>4</sup>	85	79	-	-	-	-	164	-	-	-
Other benefits and withdrawals <sup>4</sup>	(3,280)	(3,769)	(3,676)	(3,852)	(3,284)	0%	(7,049)	(6,520)	8%	(14,048)
Other <sup>5</sup>	(620)	(1,681)	(1,177)	(363)	(171)	263%	(2,301)	(587)	292%	(2,127)
<b>Ending balance</b>	<b>455,729</b>	<b>442,526</b>	<b>429,749</b>	<b>436,333</b>	<b>425,521</b>	<b>7%</b>	<b>455,729</b>	<b>425,521</b>	<b>7%</b>	<b>429,749</b>

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

<sup>2</sup> Includes ETF assets

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

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

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

**Canadian \$ in millions - Key Metrics**

Sales - Insurance	165	150	159	144	138	20%	315	305	3%	608
Gross Flows - Wealth and asset management <sup>1</sup>	18,795	20,882	17,213	17,222	16,307	15%	39,677	35,388	12%	69,823
Net income (loss) attributed to shareholders	774	768	(73)	559	407	90%	1,542	648	138%	1,134
Total premiums and deposits <sup>1</sup>	21,177	23,176	19,732	19,635	18,457	15%	44,353	39,280	13%	78,647
Total assets under management and administration <sup>1</sup>	591,400	589,563	576,998	572,315	553,560	7%	591,400	553,560	7%	576,998

**CORPORATE AND OTHER<sup>1</sup>**

(Canadian \$ in millions, unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Statements of Income**

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
<b>Revenue</b>										
Gross investment income before items below	256	271	122	272	311	-18%	527	572	-8%	966
Gains (losses) on AFS equities	79	74	67	68	55	44%	153	90	70%	225
Gains (losses) on AFS bonds and related derivative positions	(28)	(6)	(180)	336	56	-	(34)	356	-	512
Gains (losses) on macro hedges	(32)	(46)	(143)	(244)	(78)	-59%	(78)	(166)	-53%	(553)
Interest on surplus funds allocated to divisions	(290)	(285)	(260)	(256)	(254)	14%	(575)	(517)	11%	(1,033)
Other revenue	(150)	(188)	103	54	82	-	(338)	385	-	542
<b>Total revenue, net</b>	(165)	(180)	(291)	230	172	-	(345)	720	-	659
<b>Contract benefits and expenses</b>										
General expenses	124	127	271	258	275	-55%	251	553	-55%	1,082
Investment expenses, net	(141)	(128)	(80)	(79)	(56)	152%	(269)	(127)	112%	(286)
Changes in actuarial methods and assumptions	-	-	14	614	16	-100%	-	(22)	-	606
Other	130	143	99	119	105	24%	273	442	-38%	660
<b>Total contract benefits and expenses</b>	113	142	304	912	340	-67%	255	846	-70%	2,062
<b>Income (loss) before income taxes</b>	(278)	(322)	(595)	(682)	(168)	65%	(600)	(126)	376%	(1,403)
Income tax (expense) recovery	99	104	174	236	53	87%	203	69	194%	479
<b>Net income (loss)</b>	(179)	(218)	(421)	(446)	(115)	56%	(397)	(57)	596%	(924)
Less net income (loss) attributed to non-controlling interest	1	1	5	27	(1)	-	2	(4)	-	28
<b>Net income (loss) attributed to shareholders - Corporate and Investments</b>	(180)	(219)	(426)	(473)	(114)	58%	(399)	(53)	653%	(952)
Net income attributed to shareholders' for Reinsurance business	22	26	39	35	24	-8%	48	46	4%	120
<b>Net income (loss) attributed to shareholders<sup>2</sup></b>	(158)	(193)	(387)	(438)	(90)	76%	(351)	(7)	nm	(832)

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

<sup>2</sup> See the Q2 press release for a description of Q2 2017 results compared to Q2 2016.

**Earnings Analysis**

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
<b>Total core earnings (loss)</b>	(28)	(141)	69	(146)	(203)	-86%	(169)	(396)	-57%	(473)
Investment-related experience including fixed income trading, market value increases in excess of expected alternative assets investment returns, asset mix changes and credit experience (excl. investment-related experience in core earnings)	(77)	(62)	(188)	(9)	80	-	(139)	71	-	(126)
<b>Total core loss and investment related gains in excess of core investment gains</b>	(105)	(203)	(119)	(155)	(123)	-15%	(308)	(325)	-5%	(599)
<b>Items excluded from core loss</b>										
Direct impact of equity markets and interest rates	(53)	9	(298)	175	34	-	(44)	318	-	195
Change in actuarial methods and assumptions (excl. URR changes)	-	-	(10)	(455)	-	-	-	12	-100%	(453)
Integration and acquisition costs	-	1	(2)	(3)	(1)	-	1	(3)	-	(8)
Other items	-	-	42	-	-	-	-	(9)	-	33
<b>Net income (loss) attributed to shareholders</b>	(158)	(193)	(387)	(438)	(90)	76%	(351)	(7)	nm	(832)

**Premiums and Deposits**

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
Premiums - Reinsurance business	22	21	22	22	21	5%	43	43	0%	87
<b>Total premiums and deposits</b>	22	21	22	22	21	5%	43	43	0%	87

**Assets Under Management**

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
General fund - Corporate and Investments <sup>1</sup>	(4,801)	(4,777)	(5,174)	(9,365)	(7,735)	-38%	(4,801)	(7,735)	-38%	(5,174)
General fund - Reinsurance	846	838	941	923	893	-5%	846	893	-5%	941
Segregated funds - elimination of amounts held by the Company	(177)	(179)	(177)	(177)	(173)	2%	(177)	(173)	2%	(177)
<b>Total assets under management</b>	(4,132)	(4,118)	(4,410)	(8,619)	(7,015)	-41%	(4,132)	(7,015)	-41%	(4,410)

# **Asset Information**



**INVESTED ASSETS - PORTFOLIO COMPOSITION**

(Canadian \$ in millions, unaudited)



	As at Q2 2017	%	As at Q1 2017	%	As at Q4 2016	%	As at Q3 2016	%	As at Q2 2016	%
<b>Carrying value</b>										
<b>Cash and short-term securities</b>	<b>15,866</b>	<b>4.8 %</b>	<b>16,011</b>	<b>4.9 %</b>	<b>15,151</b>	<b>4.7 %</b>	<b>18,179</b>	<b>5.6 %</b>	<b>20,902</b>	<b>6.5 %</b>
Debt securities										
Government										
Canadian government & agency	24,432	7.4 %	25,045	7.6 %	24,745	7.7 %	25,357	7.7 %	25,284	7.9 %
US government & agency	25,712	7.8 %	26,313	8.0 %	27,304	8.5 %	30,044	9.1 %	29,731	9.2 %
Foreign governments & agency	20,472	6.2 %	21,343	6.5 %	20,941	6.5 %	23,456	7.1 %	23,042	7.2 %
Corporate	98,289	29.8 %	95,522	29.1 %	92,415	28.8 %	94,062	28.7 %	90,802	28.1 %
Securitized										
CMBS	781	0.2 %	711	0.2 %	802	0.2 %	864	0.3 %	866	0.3 %
RMBS	62	0.0 %	70	0.0 %	74	0.0 %	79	0.0 %	30	0.0 %
ABS	2,355	0.7 %	2,356	0.7 %	2,341	0.7 %	2,772	0.8 %	2,157	0.7 %
<b>Total debt securities</b>	<b>172,103</b>	<b>52.1 %</b>	<b>171,360</b>	<b>52.1 %</b>	<b>168,622</b>	<b>52.4 %</b>	<b>176,634</b>	<b>53.7 %</b>	<b>171,912</b>	<b>53.4 %</b>
<b>Private placement debt</b>	<b>31,125</b>	<b>9.5 %</b>	<b>30,555</b>	<b>9.3 %</b>	<b>29,729</b>	<b>9.3 %</b>	<b>28,492</b>	<b>8.8 %</b>	<b>26,869</b>	<b>8.4 %</b>
Mortgages										
Commercial										
Retail	8,335	2.5 %	8,167	2.5 %	8,200	2.5 %	8,055	2.5 %	7,811	2.4 %
Office	7,587	2.3 %	7,400	2.3 %	7,324	2.3 %	7,167	2.2 %	7,204	2.2 %
Multi family residential	4,690	1.4 %	4,707	1.4 %	4,806	1.5 %	4,728	1.4 %	4,475	1.4 %
Industrial	2,675	0.8 %	2,775	0.9 %	2,834	0.9 %	2,864	0.9 %	2,846	0.9 %
Other commercial	2,557	0.8 %	2,598	0.8 %	2,564	0.8 %	2,544	0.8 %	2,595	0.8 %
Other mortgages										
Manulife Bank single family residential	18,030	5.5 %	17,809	5.4 %	17,643	5.5 %	17,672	5.2 %	17,736	5.5 %
Agriculture	826	0.3 %	789	0.2 %	822	0.2 %	823	0.3 %	839	0.3 %
<b>Total mortgages <sup>1</sup></b>	<b>44,700</b>	<b>13.6 %</b>	<b>44,245</b>	<b>13.5 %</b>	<b>44,193</b>	<b>13.7 %</b>	<b>43,853</b>	<b>13.3 %</b>	<b>43,506</b>	<b>13.5 %</b>
<b>Policy loans</b>	<b>5,907</b>	<b>1.8 %</b>	<b>5,999</b>	<b>1.9 %</b>	<b>6,041</b>	<b>1.9 %</b>	<b>5,952</b>	<b>1.8 %</b>	<b>5,691</b>	<b>1.8 %</b>
<b>Loans to bank clients</b>	<b>1,727</b>	<b>0.5 %</b>	<b>1,737</b>	<b>0.6 %</b>	<b>1,745</b>	<b>0.4 %</b>	<b>1,770</b>	<b>0.4 %</b>	<b>1,801</b>	<b>0.6 %</b>
<b>Public equities</b>										
Par, equity-linked and pass-through	14,296	4.3 %	14,098	4.3 %	13,448	4.2 %	11,559	3.5 %	10,995	3.4 %
Nonpar and surplus	6,445	2.0 %	6,669	2.0 %	6,048	1.9 %	6,583	2.0 %	6,087	1.9 %
<b>Total public equities</b>	<b>20,741</b>	<b>6.3 %</b>	<b>20,767</b>	<b>6.3 %</b>	<b>19,496</b>	<b>6.1 %</b>	<b>18,142</b>	<b>5.5 %</b>	<b>17,082</b>	<b>5.3 %</b>
<b>Real estate &amp; other invested assets</b>										
Alternative long-duration assets										
Office	9,641	2.9 %	9,512	2.9 %	9,200	2.9 %	9,091	2.7 %	8,793	2.8 %
Industrial	890	0.3 %	977	0.3 %	975	0.3 %	944	0.3 %	931	0.3 %
Company use	1,354	0.4 %	1,379	0.4 %	1,376	0.4 %	1,337	0.4 %	1,319	0.4 %
Other	2,217	0.7 %	2,358	0.7 %	2,581	0.8 %	2,535	0.8 %	2,342	0.7 %
<b>Total real estate</b>	<b>14,102</b>	<b>4.3 %</b>	<b>14,226</b>	<b>4.3 %</b>	<b>14,132</b>	<b>4.4 %</b>	<b>13,907</b>	<b>4.2 %</b>	<b>13,385</b>	<b>4.2 %</b>
Power & infrastructure	6,513	2.0 %	6,728	2.0 %	6,679	2.1 %	6,236	2.0 %	5,695	1.8 %
Private equity	4,833	1.5 %	4,815	1.4 %	4,619	1.4 %	4,373	1.3 %	3,969	1.2 %
Timberland	3,777	1.1 %	3,848	1.2 %	3,669	1.1 %	3,593	1.1 %	3,490	1.1 %
Oil & gas	2,191	0.7 %	2,180	0.7 %	2,094	0.7 %	2,016	0.6 %	1,833	0.6 %
Farmland	1,367	0.4 %	1,315	0.4 %	1,303	0.4 %	1,293	0.4 %	1,250	0.4 %
Other	531	0.2 %	510	0.2 %	487	0.1 %	477	0.1 %	471	0.1 %
<b>Total alternative long-duration assets</b>	<b>33,314</b>	<b>10.2 %</b>	<b>33,622</b>	<b>10.2 %</b>	<b>32,983</b>	<b>10.2 %</b>	<b>31,895</b>	<b>9.7 %</b>	<b>30,093</b>	<b>9.4 %</b>
Leveraged leases	3,317	1.0 %	3,370	1.0 %	3,368	1.1 %	3,312	1.0 %	3,300	0.9 %
Other	496	0.2 %	571	0.2 %	541	0.2 %	527	0.2 %	508	0.2 %
<b>Total real estate &amp; other invested assets</b>	<b>37,127</b>	<b>11.4 %</b>	<b>37,563</b>	<b>11.4 %</b>	<b>36,892</b>	<b>11.5 %</b>	<b>35,734</b>	<b>10.9 %</b>	<b>33,901</b>	<b>10.5 %</b>
<b>Total invested assets</b>	<b>329,296</b>	<b>100.0 %</b>	<b>328,237</b>	<b>100.0 %</b>	<b>321,869</b>	<b>100.0 %</b>	<b>328,756</b>	<b>100.0 %</b>	<b>321,664</b>	<b>100.0 %</b>

<sup>1</sup> Includes government insured mortgages (\$7,963 or 18% as at June 30, 2017).

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

Real estate	15,253	15,380	15,280	15,039	14,506
Total alternative long-duration assets	34,783	35,140	34,474	33,301	31,507
Total real estate & other invested assets	38,596	39,081	38,383	37,140	35,315

<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 Q2 2017		As at Q1 2017		As at Q4 2016		As at Q3 2016		As at Q2 2016	
				%		%		%		%		%
Debt Securities	AAA	1	38,255	22%	40,189	24%	41,466	25%	43,569	24%	43,699	25%
	AA	1	27,597	16%	24,136	14%	23,355	14%	24,042	14%	23,283	14%
	A	1	72,629	43%	73,795	43%	71,054	42%	75,769	43%	73,716	43%
	BBB	2	31,048	18%	29,357	17%	28,968	17%	29,659	17%	27,854	16%
	BB	3	2,134	1%	3,424	2%	3,407	2%	3,191	2%	2,912	2%
	B & lower, and unrated	4 & below	440	0%	459	0%	372	0%	404	0%	448	0%
<b>Total</b>			<b>172,103</b>	<b>100%</b>	<b>171,360</b>	<b>100%</b>	<b>168,622</b>	<b>100%</b>	<b>176,634</b>	<b>100%</b>	<b>171,912</b>	<b>100%</b>
Private Placements	AAA	1	1,094	4%	1,120	4%	1,086	4%	1,037	4%	995	4%
	AA	1	4,195	13%	4,368	14%	4,466	15%	4,303	15%	3,573	13%
	A	1	11,640	37%	11,423	37%	10,671	36%	9,983	35%	9,557	36%
	BBB	2	12,407	40%	11,736	39%	11,606	39%	11,204	39%	10,811	40%
	BB	3	889	3%	1,008	3%	936	3%	999	4%	1,073	4%
	B & lower, and unrated	4 & below	900	3%	900	3%	964	3%	966	3%	860	3%
<b>Total</b>			<b>31,125</b>	<b>100%</b>	<b>30,555</b>	<b>100%</b>	<b>29,729</b>	<b>100%</b>	<b>28,492</b>	<b>100%</b>	<b>26,869</b>	<b>100%</b>
Total	AAA	1	39,349	19%	41,309	21%	42,552	21%	44,606	21%	44,694	22%
	AA	1	31,792	16%	28,504	14%	27,821	14%	28,345	14%	26,856	14%
	A	1	84,269	41%	85,218	42%	81,725	41%	85,752	42%	83,273	42%
	BBB	2	43,455	21%	41,093	20%	40,574	21%	40,863	20%	38,665	19%
	BB	3	3,023	2%	4,432	2%	4,343	2%	4,190	2%	3,985	2%
	B & lower, and unrated	4 & below	1,340	1%	1,359	1%	1,336	1%	1,370	1%	1,308	1%
<b>Total</b>			<b>203,228</b>	<b>100%</b>	<b>201,915</b>	<b>100%</b>	<b>198,351</b>	<b>100%</b>	<b>205,126</b>	<b>100%</b>	<b>198,781</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 June 30, 2017, the Company had \$674 (March 31, 2016 : \$685) notional outstanding of CDS protection sold.

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

	Country	As at Q2 2017		As at Q1 2017		As at Q4 2016		As at Q3 2016		As at Q2 2016	
			%		%		%		%		%
Debt Securities	U.S.	75,281	44%	75,018	44%	74,747	44%	78,472	44%	76,663	44%
	Canada	49,495	29%	49,337	29%	48,459	29%	50,143	28%	49,442	29%
	Europe	4,453	2%	4,476	2%	4,490	3%	4,599	3%	4,566	3%
	Asia & Other	42,874	25%	42,529	25%	40,926	24%	43,420	25%	41,241	24%
	<b>Total</b>		<b>172,103</b>	<b>100%</b>	<b>171,360</b>	<b>100%</b>	<b>168,622</b>	<b>100%</b>	<b>176,634</b>	<b>100%</b>	<b>171,912</b>
Private Placements	U.S.	18,371	59%	17,920	58%	17,564	59%	16,820	59%	15,478	58%
	Canada	9,423	30%	9,413	31%	9,112	31%	8,765	31%	8,716	32%
	Europe	1,809	6%	1,749	6%	1,775	6%	1,760	6%	1,715	6%
	Asia & Other	1,522	5%	1,473	5%	1,278	4%	1,147	4%	960	4%
	<b>Total</b>		<b>31,125</b>	<b>100%</b>	<b>30,555</b>	<b>100%</b>	<b>29,729</b>	<b>100%</b>	<b>28,492</b>	<b>100%</b>	<b>26,869</b>
Total	U.S.	93,652	46%	92,938	46%	92,311	47%	95,292	46%	92,141	47%
	Canada	58,918	29%	58,750	29%	57,571	29%	58,908	29%	58,158	29%
	Europe	6,262	3%	6,225	3%	6,265	3%	6,359	3%	6,281	3%
	Asia & Other	44,396	22%	44,002	22%	42,204	21%	44,567	22%	42,201	21%
	<b>Total</b>		<b>203,228</b>	<b>100%</b>	<b>201,915</b>	<b>100%</b>	<b>198,351</b>	<b>100%</b>	<b>205,126</b>	<b>100%</b>	<b>198,781</b>

**INVESTED ASSETS - FIXED INCOME SECURITIES BY SECTOR**

(Canadian \$ in millions, unaudited)

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

	As at Q2 2017			As at Q1 2017			As at Q4 2016			As at Q3 2016			As at Q2 2016		
	Carrying value	Investment %	grade %	Carrying value	Investment %	grade %	Carrying value	Investment %	grade %	Carrying value	Investment %	grade %	Carrying value	Investment %	grade %
<b>Debt Securities</b>															
Government & agency	70,616	41%	99%	72,701	42%	97%	72,990	43%	98%	78,857	45%	98%	78,057	45%	98%
Utilities	24,214	14%	99%	23,504	14%	99%	23,015	14%	99%	23,735	13%	99%	23,517	14%	99%
Financial	25,662	15%	98%	24,478	14%	98%	23,438	14%	98%	23,689	13%	98%	23,132	13%	97%
Energy	14,542	8%	96%	14,422	8%	96%	14,104	8%	96%	13,942	8%	96%	13,170	8%	96%
Consumer (non-cyclical)	9,604	6%	99%	9,262	5%	98%	8,882	5%	98%	9,043	5%	100%	8,587	5%	100%
Industrial	11,199	6%	99%	10,935	6%	99%	10,594	6%	99%	10,794	6%	99%	10,243	6%	100%
Basic materials	2,390	1%	92%	2,499	2%	92%	2,562	2%	89%	2,786	2%	90%	2,576	1%	88%
Consumer (cyclical)	3,275	2%	99%	3,089	2%	99%	2,767	2%	99%	2,900	2%	99%	2,855	2%	99%
Securitized MBS/ABS	3,198	2%	99%	3,137	2%	99%	3,217	2%	99%	3,715	2%	99%	3,053	2%	99%
Telecommunications	3,187	2%	99%	3,174	2%	99%	3,049	2%	99%	3,102	2%	99%	2,865	2%	99%
Technology	2,291	1%	97%	2,240	1%	97%	2,114	1%	97%	2,173	1%	97%	2,037	1%	100%
Media & internet	1,039	1%	100%	1,097	1%	100%	1,104	1%	100%	1,155	1%	100%	1,110	1%	100%
Diversified & miscellaneous	886	1%	98%	822	1%	98%	786	0%	99%	743	0%	99%	710	0%	99%
<b>Total</b>	<b>172,103</b>	<b>100%</b>	<b>99%</b>	<b>171,360</b>	<b>100%</b>	<b>98%</b>	<b>168,622</b>	<b>100%</b>	<b>98%</b>	<b>176,634</b>	<b>100%</b>	<b>98%</b>	<b>171,912</b>	<b>100%</b>	<b>98%</b>
<b>Private Placements</b>															
Government & agency	3,288	10%	100%	3,236	11%	100%	3,030	10%	100%	2,938	10%	100%	2,817	11%	100%
Utilities	14,595	47%	96%	14,565	48%	95%	14,546	49%	95%	13,947	49%	95%	13,504	50%	94%
Financial	1,621	5%	93%	1,688	5%	93%	1,589	5%	96%	1,668	6%	96%	1,617	6%	96%
Energy	1,573	5%	88%	1,698	5%	83%	1,671	6%	83%	1,582	6%	82%	1,633	6%	82%
Consumer (non-cyclical)	3,912	13%	91%	3,912	13%	92%	3,558	12%	91%	3,257	11%	91%	2,533	9%	89%
Industrial	2,667	9%	94%	2,629	9%	96%	2,494	9%	94%	2,236	8%	94%	2,025	8%	94%
Basic materials	824	3%	86%	799	3%	84%	825	3%	84%	879	3%	85%	863	3%	84%
Consumer (cyclical)	2,133	7%	89%	1,511	5%	87%	1,489	5%	87%	1,496	5%	88%	1,488	6%	88%
Securitized MBS/ABS	303	1%	96%	290	1%	95%	297	1%	95%	251	1%	97%	150	1%	94%
Telecommunications	38	0%	100%	39	0%	100%	42	0%	100%	42	0%	100%	43	0%	100%
Technology	114	0%	66%	117	0%	66%	117	0%	66%	115	1%	66%	114	0%	67%
Media & internet	57	0%	59%	71	0%	48%	71	0%	48%	81	0%	42%	82	0%	42%
Diversified & miscellaneous	0	0%	n/a	0	0%	n/a	0	0%	n/a	0	0%	n/a	0	0%	n/a
<b>Total</b>	<b>31,125</b>	<b>100%</b>	<b>94%</b>	<b>30,555</b>	<b>100%</b>	<b>94%</b>	<b>29,729</b>	<b>100%</b>	<b>94%</b>	<b>28,492</b>	<b>100%</b>	<b>93%</b>	<b>26,869</b>	<b>100%</b>	<b>93%</b>
<b>Total</b>															
Government & agency	73,904	36%	99%	75,937	38%	97%	76,020	38%	98%	81,795	40%	98%	80,874	41%	98%
Utilities	38,809	19%	98%	38,069	19%	98%	37,561	19%	98%	37,682	18%	98%	37,021	19%	98%
Financial	27,283	13%	98%	26,166	13%	98%	25,027	13%	98%	25,357	12%	98%	24,749	12%	97%
Energy	16,115	8%	95%	16,120	8%	94%	15,775	8%	94%	15,524	8%	95%	14,803	7%	95%
Consumer (non-cyclical)	13,516	7%	96%	13,174	6%	96%	12,440	6%	96%	12,300	6%	97%	11,120	6%	97%
Industrial	13,866	7%	98%	13,564	7%	99%	13,088	7%	98%	13,030	6%	98%	12,268	6%	99%
Basic materials	3,214	1%	90%	3,298	2%	90%	3,387	2%	88%	3,665	2%	89%	3,439	2%	87%
Consumer (cyclical)	5,408	3%	95%	4,600	2%	95%	4,256	2%	95%	4,396	2%	95%	4,343	2%	95%
Securitized MBS/ABS	3,501	2%	99%	3,427	2%	99%	3,514	2%	99%	3,966	2%	99%	3,203	2%	98%
Telecommunications	3,225	2%	99%	3,213	1%	99%	3,091	1%	99%	3,144	2%	99%	2,908	1%	99%
Technology	2,405	1%	96%	2,357	1%	96%	2,231	1%	95%	2,288	1%	95%	2,151	1%	98%
Media & internet	1,096	1%	98%	1,168	1%	97%	1,175	1%	97%	1,236	1%	96%	1,192	1%	96%
Diversified & miscellaneous	886	0%	98%	822	0%	98%	786	0%	99%	743	0%	99%	710	0%	99%
<b>Total</b>	<b>203,228</b>	<b>100%</b>	<b>97%</b>	<b>201,915</b>	<b>100%</b>	<b>97%</b>	<b>198,351</b>	<b>100%</b>	<b>97%</b>	<b>205,126</b>	<b>100%</b>	<b>97%</b>	<b>198,781</b>	<b>100%</b>	<b>97%</b>

**INVESTED ASSETS - PROVISIONS, IMPAIRMENTS & UNREALIZED LOSSES**

(Canadian \$ in millions, unaudited)


**Unrealized (losses)**

	As at Q2 2017				As at Q1 2017				As at Q4 2016				As at Q3 2016				As at Q2 2016			
	Amortized cost	Gross unrealized (losses) \$	%	Amounts < 80% cost > 6 months	Amortized cost	Gross unrealized (losses) \$	%	Amounts < 80% cost > 6 months	Amortized cost	Gross unrealized (losses) \$	%	Amounts < 80% cost > 6 months	Amortized cost	Gross unrealized (losses) \$	%	Amounts < 80% cost > 6 months	Amortized cost	Gross unrealized (losses) \$	%	Amounts < 80% cost > 6 months
<b>Debt securities</b>																				
Government	67,540	(1,188)	2%	(111)	70,666	(1,876)	3%	(1)	71,254	(261)	3%	(1)	71,617	(261)	0%	(1)	69,980	(171)	0%	(1)
Corporate																				
Financials	24,553	(107)	0%	(14)	23,504	(131)	1%	(15)	22,593	(62)	1%	(15)	22,131	(62)	0%	(28)	21,588	(74)	0%	(34)
Non-financials	67,665	(424)	1%	(2)	67,270	(626)	1%	(5)	65,549	(261)	1%	(14)	63,455	(261)	0%	(46)	61,207	(331)	1%	(45)
Securitized																				
CMBS	781	(3)	0%	-	711	(3)	0%	-	804	(4)	1%	(2)	857	(4)	0%	(2)	855	(3)	0%	-
RMBS	60	-	0%	-	69	-	0%	-	72	-	0%	-	76	-	0%	-	28	-	0%	-
ABS	2,313	(6)	0%	-	2,321	(9)	0%	-	2,304	(3)	1%	-	2,673	(3)	0%	-	2,066	(8)	0%	-
Private placement debt	31,125	(161)	1%	-	30,555	(290)	1%	-	29,729	(76)	1%	(3)	28,492	(76)	0%	(1)	26,869	(125)	0%	(4)
<b>Fixed income securities<sup>1</sup></b>	<b>194,037</b>	<b>(1,889)</b>	<b>1%</b>	<b>(127)</b>	<b>195,096</b>	<b>(2,935)</b>	<b>2%</b>	<b>(21)</b>	<b>192,305</b>	<b>(667)</b>	<b>2%</b>	<b>(35)</b>	<b>189,301</b>	<b>(667)</b>	<b>0%</b>	<b>(78)</b>	<b>182,593</b>	<b>(712)</b>	<b>0%</b>	<b>(84)</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.

**Provisions, impairments and recoveries<sup>2</sup>**

	Q2 2017			Q1 2017			Q4 2016			Q3 2016			Q2 2016		
	Par	Non-par	Total	Par	Non-par	Total	Par	Non-par	Total	Par	Non-par	Total	Par	Non-par	Total
<b>Credit related</b>															
Loans	1	(1)	-	-	5	5	-	(1)	(1)	(1)	11	10	-	4	4
Debt securities - FVTPL	4	12	16	1	-	1	(6)	(28)	(34)	1	2	3	5	8	13
Debt securities - AFS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>5</b>	<b>11</b>	<b>16</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>(6)</b>	<b>(29)</b>	<b>(35)</b>	<b>-</b>	<b>13</b>	<b>13</b>	<b>5</b>	<b>12</b>	<b>17</b>
<b>Equity related</b>															
Public - AFS	-	(5)	(5)	-	(4)	(4)	-	(5)	(5)	-	(14)	(14)	-	(20)	(20)
Private equities - AFS and Other <sup>3</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>(5)</b>	<b>(5)</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>	<b>-</b>	<b>(5)</b>	<b>(5)</b>	<b>-</b>	<b>(14)</b>	<b>(14)</b>	<b>-</b>	<b>(20)</b>	<b>(20)</b>
<b>Total</b>	<b>5</b>	<b>6</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>(6)</b>	<b>(34)</b>	<b>(40)</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>5</b>	<b>(8)</b>	<b>(3)</b>

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

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

**Net impaired fixed income assets**

	As at Q2 2017			As at Q1 2017			As at Q4 2016			As at Q3 2016			As at Q2 2016		
	Gross amount	Allowances	Impaired value	Gross amount	Allowances	Impaired value	Gross amount	Allowances	Impaired value	Gross amount	Allowances	Impaired value	Gross amount	Allowances	Impaired value
<b>Loans</b>															
Mortgages and loans to bank clients	55	(25)	30	57	(27)	30	59	(26)	33	61	(28)	33	41	(22)	19
Private placements	96	(49)	47	138	(74)	64	244	(92)	152	248	(91)	157	222	(110)	112
<b>Sub-total</b>	<b>151</b>	<b>(74)</b>	<b>77</b>	<b>195</b>	<b>(101)</b>	<b>94</b>	<b>303</b>	<b>(118)</b>	<b>185</b>	<b>309</b>	<b>(119)</b>	<b>190</b>	<b>263</b>	<b>(132)</b>	<b>131</b>
<b>Other fixed income<sup>4</sup></b>															
Debt securities - FVTPL	51	-	51	40	-	40	38	-	38	23	-	23	21	-	21
Debt securities - AFS	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Other	1	-	1	1	-	1	1	-	1	1	-	1	1	-	1
<b>Sub-total</b>	<b>53</b>	<b>-</b>	<b>53</b>	<b>41</b>	<b>-</b>	<b>41</b>	<b>39</b>	<b>-</b>	<b>39</b>	<b>24</b>	<b>-</b>	<b>24</b>	<b>22</b>	<b>-</b>	<b>22</b>
<b>Total</b>	<b>204</b>	<b>(74)</b>	<b>130</b>	<b>236</b>	<b>(101)</b>	<b>135</b>	<b>342</b>	<b>(118)</b>	<b>224</b>	<b>333</b>	<b>(119)</b>	<b>214</b>	<b>285</b>	<b>(132)</b>	<b>153</b>

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

**INVESTMENT INCOME**

(Canadian \$ in millions, unaudited)



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

**Cash and short-term securities**

Investment income	43	n/a	42	n/a	23	n/a	32	n/a	32	n/a
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**Debt securities**

Interest income	1,459	3.5%	1,406	3.5%	1,440	3.7%	1,420	3.7%	1,369	3.7%
Recoveries (impairments), net <sup>1</sup>	16		-		(33)		3		13	
Gains (losses) on assets backing surplus	(80)		(18)		(75)		302		25	
<b>Total</b>	<b>1,395</b>	<b>3.3%</b>	<b>1,388</b>	<b>3.3%</b>	<b>1,332</b>	<b>3.7%</b>	<b>1,725</b>	<b>3.9%</b>	<b>1,407</b>	<b>3.9%</b>

<sup>1</sup> Includes impairments on debt securities classified as AFS and FVTPL.

**Public equities**

Dividend income	144	2.6%	124	2.5%	231	3.5%	110	2.9%	149	3.1%
Impairments, net	(5)		(4)		(5)		(14)		(19)	
Gains (losses) on assets backing surplus	79		74		67		68		55	
<b>Total</b>	<b>218</b>	<b>4.1%</b>	<b>194</b>	<b>3.9%</b>	<b>293</b>	<b>4.5%</b>	<b>164</b>	<b>3.8%</b>	<b>185</b>	<b>3.8%</b>

**Loans**

Mortgage loan interest income	421	3.9%	412	3.8%	418	3.9%	414	3.9%	412	3.9%
Private placement interest income	397	5.3%	369	5.0%	377	5.6%	359	5.4%	364	5.5%
Policy loan interest income	97	6.2%	92	6.1%	96	6.1%	89	6.0%	86	4.7%
Loans to bank clients interest income	16	3.8%	16	3.7%	17	3.9%	17	3.9%	17	3.9%
Recoveries (impairments), net	-		5		(2)		10		4	
<b>Total</b>	<b>931</b>	<b>4.5%</b>	<b>894</b>	<b>4.5%</b>	<b>906</b>	<b>4.6%</b>	<b>889</b>	<b>4.6%</b>	<b>883</b>	<b>4.4%</b>

**Real estate**

Rental and other income	141	3.9%	133	3.8%	116	3.7%	124	3.8%	139	3.9%
Gains on assets backing surplus	-		(5)		(7)		3		45	
<b>Total</b>	<b>141</b>	<b>3.8%</b>	<b>128</b>	<b>3.7%</b>	<b>109</b>	<b>3.9%</b>	<b>127</b>	<b>4.2%</b>	<b>184</b>	<b>4.4%</b>

**Other investments**

Investment income	477	n/a	354	n/a	480	n/a	290	n/a	267	n/a
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**Derivatives**

Investment income	239	n/a	317	n/a	166	n/a	341	n/a	255	n/a
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<b>Investment income <sup>2</sup></b>	<b>3,444</b>	<b>4.2%</b>	<b>3,317</b>	<b>4.2%</b>	<b>3,309</b>	<b>4.3%</b>	<b>3,568</b>	<b>4.5%</b>	<b>3,213</b>	<b>4.4%</b>
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<sup>2</sup> Investment income includes dividends, interest, rental income and realized gains on assets supporting surplus, excluding the macro equity hedging program.

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

Debt securities	2,311		548		(7,231)		297		4,617	
Public equities	245		702		166		616		205	
Loans	54		(28)		132		11		(53)	
Real estate	131		62		12		122		(38)	
Other investments	100		(30)		209		417		261	
Derivatives, including macro equity hedging program	462		(664)		(9,709)		(692)		2,930	
<b>Total</b>	<b>3,303</b>	<b>n/a</b>	<b>590</b>	<b>n/a</b>	<b>(16,421)</b>	<b>n/a</b>	<b>771</b>	<b>n/a</b>	<b>7,922</b>	<b>n/a</b>

<b>Total investment income (loss)</b>	<b>6,747</b>	<b>6.7%</b>	<b>3,907</b>	<b>4.9%</b>	<b>(13,112)</b>	<b>-15.2%</b>	<b>4,339</b>	<b>5.6%</b>	<b>11,135</b>	<b>16.1%</b>
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Investment expenses related to invested assets	(135)	n/a	(135)	n/a	(173)	n/a	(142)	n/a	(142)	n/a
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<b>Investment income (loss) less investment expenses</b>	<b>6,612</b>	<b>6.5%</b>	<b>3,772</b>	<b>4.8%</b>	<b>(13,285)</b>	<b>-15.4%</b>	<b>4,197</b>	<b>5.5%</b>	<b>10,993</b>	<b>15.1%</b>
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# **Actuarial Liabilities Information**



**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>	Target Capital (200 % of MCCSR)	Policy Liabilities Held plus Target 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>Q2 2017</b>	100,846	8,011	92,835	9,582	1,579	8,003	5,129	6,083	11,212
<b>Q1 2017</b>	104,379	8,420	95,959	10,482	1,724	8,758	5,237	5,996	11,233
<b>Q4 2016</b>	106,263	8,670	97,593	12,082	1,913	10,169	6,249	5,873	12,122
<b>Q3 2016</b>	106,863	8,586	98,277	11,278	1,874	9,404	9,835	5,593	15,428
<b>Q2 2016</b>	107,451	8,672	98,779	12,511	2,027	10,484	11,281	5,377	16,658

As at Q2 2017	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	44,464	39,197	5,636
Income Benefits	498	427	82
Death Benefits	4,091	4,721	463
	<u>49,053</u>	<u>44,345</u>	<u>6,181</u>
<b>Canada</b>			
Withdrawal Benefits	15,741	14,484	1,256
Maturity Benefits	15,179	15,157	22
Death Benefits	2,184	6,858	52
	<u>33,104</u>	<u>36,499</u>	<u>1,330</u>
<b>Japan</b>			
Withdrawal Benefits	4,225	4,049	195
Maturity Benefits	2,502	2,887	3
Death Benefits	982	952	21
	<u>7,709</u>	<u>7,888</u>	<u>219</u>
<b>Reinsurance &amp; Other</b>	2,969	3,197	273

Key markets, closing levels	S&P 500	TSX	TOPIX	EAFE
<b>As at Q2 2017</b>	2,423	15,182	1,612	1,883
<b>As at Q1 2017</b>	2,363	15,548	1,513	1,793
<b>As at Q4 2016</b>	2,239	15,288	1,519	1,684
<b>As at Q3 2016</b>	2,168	14,724	1,323	1,702
<b>As at Q2 2016</b>	2,099	14,065	1,246	1,608

<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.

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)



2017	2017	2016	2016	2016
Q2	Q1	Q4	Q3	Q2

**The Manufacturers Life Insurance Company's MCCSR****Capital available:**

## Tier 1 capital

Common shares	31,437	31,437	30,451	29,616	29,616
Retained earnings and CTA	15,944	15,688	14,489	15,642	13,958
Qualifying non-controlling interests	758	699	649	633	572
Innovative instruments	1,000	1,000	1,000	1,000	1,000
Other	2,256	2,257	2,288	2,239	2,224
<b>Gross Tier 1 capital</b>	<b>51,395</b>	<b>51,081</b>	<b>48,877</b>	<b>49,130</b>	<b>47,370</b>
Deductions:					
Goodwill	(5,816)	(5,885)	(5,884)	(5,699)	(5,673)
Other	(9,341)	(8,866)	(8,187)	(9,128)	(7,874)
Adjustments	(1,234)	(1,232)	(1,214)	(1,213)	(1,162)
<b>Net Tier 1 capital - A</b>	<b>35,004</b>	<b>35,098</b>	<b>33,592</b>	<b>33,090</b>	<b>32,661</b>

## Tier 2 Capital

Tier 2A	279	359	273	236	146
Tier 2B allowed	5,203	5,722	5,728	6,676	6,672
Tier 2C	8,580	8,522	8,155	7,886	6,905
Adjustments	(1,234)	(1,232)	(1,214)	(1,213)	(1,162)
<b>Total Tier 2 capital allowed</b>	<b>12,828</b>	<b>13,371</b>	<b>12,942</b>	<b>13,585</b>	<b>12,561</b>

<b>Total Tier 1 and Tier 2 capital</b>	<b>47,832</b>	<b>48,469</b>	<b>46,534</b>	<b>46,675</b>	<b>45,222</b>
Less Adjustments	-	-	-	-	-
<b>Total Capital Available - B</b>	<b>47,832</b>	<b>48,469</b>	<b>46,534</b>	<b>46,675</b>	<b>45,222</b>

**Capital Required:**

Asset default & market risk	13,523	13,550	13,064	12,508	11,916
Insurance risks	3,749	3,761	3,779	3,902	3,815
Interest rate risks	3,558	3,524	3,428	3,562	3,454
<b>Total Capital Required - C</b>	<b>20,830</b>	<b>20,835</b>	<b>20,271</b>	<b>19,972</b>	<b>19,185</b>

<b>MCCSR Ratio: Total (B/C) x 100</b>	<b>230%</b>	<b>233%</b>	<b>230%</b>	<b>234%</b>	<b>236%</b>
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# **Supplementary Disclosure**

## Wealth and Asset Management



**WEALTH AND ASSET MANAGEMENT** <sup>1,2</sup>

(Canadian \$ in millions, unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Shareholders' Income Statement**

<b>Revenue</b>										
Fee income	1,284	1,240	1,253	1,222	1,185	8%	2,524	2,382	6%	4,857
Investment income	16	11	(16)	7	9	78%	27	14	93%	5
<b>Total</b>	<b>1,300</b>	<b>1,251</b>	<b>1,237</b>	<b>1,229</b>	<b>1,194</b>	<b>9%</b>	<b>2,551</b>	<b>2,396</b>	<b>6%</b>	<b>4,862</b>
<b>Expenses</b>										
General, administrative and investment expenses	759	733	749	767	723	5%	1,492	1,464	2%	2,980
Commissions	294	306	298	294	289	2%	600	588	2%	1,180
<b>Total</b>	<b>1,053</b>	<b>1,039</b>	<b>1,047</b>	<b>1,061</b>	<b>1,012</b>	<b>4%</b>	<b>2,092</b>	<b>2,052</b>	<b>2%</b>	<b>4,160</b>
<b>Income before income taxes</b>	<b>247</b>	<b>212</b>	<b>190</b>	<b>168</b>	<b>182</b>	<b>36%</b>	<b>459</b>	<b>344</b>	<b>33%</b>	<b>702</b>
Income tax (expense) recovery	(50)	(40)	(19)	(15)	(32)	56%	(90)	(61)	48%	(95)
<b>Net income attributed to shareholders</b>	<b>197</b>	<b>172</b>	<b>171</b>	<b>153</b>	<b>150</b>	<b>31%</b>	<b>369</b>	<b>283</b>	<b>30%</b>	<b>607</b>

**Earnings (loss) Analysis**<sup>2</sup>

<b>Core earnings</b>										
Asia	55	51	48	52	37	49%	106	75	41%	175
Canadian	59	57	43	33	46	28%	116	85	36%	161
U.S.	93	74	84	82	68	37%	167	132	27%	298
Corporate and other	-	-	3	(8)	1	-100%	-	-	-	(5)
<b>Core earnings</b>	<b>207</b>	<b>182</b>	<b>178</b>	<b>159</b>	<b>152</b>	<b>36%</b>	<b>389</b>	<b>292</b>	<b>33%</b>	<b>629</b>
<b>Core earnings on a constant currency basis</b>	<b>207</b>	<b>184</b>	<b>178</b>	<b>162</b>	<b>157</b>	<b>32%</b>	<b>391</b>	<b>295</b>	<b>33%</b>	<b>635</b>
Material/exceptional items and tax rate changes	(10)	(10)	(7)	(6)	(2)	400%	(20)	(9)	122%	(22)
Direct impact of equity markets and interest rates & other investment experience	-	-	-	-	-	-	-	-	-	-
<b>Net income attributed to shareholders</b>	<b>197</b>	<b>172</b>	<b>171</b>	<b>153</b>	<b>150</b>	<b>31%</b>	<b>369</b>	<b>283</b>	<b>30%</b>	<b>607</b>

**Core EBITDA by Division**<sup>2,3</sup>

Asia	70	63	57	54	51	37%	133	100	33%	211
Canadian	104	105	83	78	83	25%	209	165	27%	326
U.S.	196	166	156	160	147	33%	362	297	22%	613
Corporate and other	(0)	0	10	(4)	7	-	-	11	-100%	17
<b>Core EBITDA</b>	<b>369</b>	<b>335</b>	<b>306</b>	<b>288</b>	<b>288</b>	<b>28%</b>	<b>704</b>	<b>573</b>	<b>23%</b>	<b>1,167</b>
<b>Core EBITDA on a constant currency basis</b>	<b>369</b>	<b>338</b>	<b>307</b>	<b>294</b>	<b>297</b>	<b>24%</b>	<b>707</b>	<b>578</b>	<b>22%</b>	<b>338</b>

**Core EBITDA Margin**<sup>4</sup>

	28.4%	26.8%	24.7%	23.4%	24.1%	430 bps	27.6%	23.9%	370 bps	24.0%
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**Core Earnings before income taxes, depreciation and amortization (Core EBITDA)**<sup>3</sup>

<b>Core EBITDA</b>	<b>369</b>	<b>335</b>	<b>306</b>	<b>288</b>	<b>288</b>	<b>28%</b>	<b>704</b>	<b>573</b>	<b>23%</b>	<b>1,167</b>
Amortization of deferred acquisition costs and other depreciation	88	85	85	89	77	14%	173	162	7%	336
Amortization of deferred sales commissions	23	28	24	24	26	-12%	51	55	-7%	103
<b>Total depreciation and amortization</b>	<b>111</b>	<b>113</b>	<b>109</b>	<b>113</b>	<b>103</b>	<b>8%</b>	<b>224</b>	<b>217</b>	<b>3%</b>	<b>439</b>
<b>Core earnings before income taxes</b>	<b>258</b>	<b>222</b>	<b>197</b>	<b>175</b>	<b>185</b>	<b>40%</b>	<b>480</b>	<b>356</b>	<b>35%</b>	<b>728</b>
Core income tax (expense) recovery	(51)	(40)	(19)	(16)	(33)	55%	(91)	(64)	42%	(99)
<b>Core Earnings</b>	<b>207</b>	<b>182</b>	<b>178</b>	<b>159</b>	<b>152</b>	<b>36%</b>	<b>389</b>	<b>292</b>	<b>33%</b>	<b>629</b>

**Deferred Acquisition Costs and Deferred Sales Commissions by Division**

Asia	332	330	328	313	305	9%	332	305	9%	328
Canadian	248	248	250	247	248	0%	248	248	0%	250
U.S.	1,747	1,796	1,813	1,771	1,766	-1%	1,747	1,766	-1%	1,813
<b>Total deferred acquisition costs and deferred sales commissions</b>	<b>2,327</b>	<b>2,374</b>	<b>2,391</b>	<b>2,331</b>	<b>2,319</b>	<b>0%</b>	<b>2,327</b>	<b>2,319</b>	<b>0%</b>	<b>2,391</b>

<sup>1</sup> Wealth and asset management is comprised of our fee based businesses with little or no insurance risk, including retirement, retail and institutional asset management.

<sup>2</sup> The 2017 results for Asia, Canadian and U.S. Divisions include institutional asset management (previously reported under Corporate & Other segment).

<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.

**WEALTH AND ASSET MANAGEMENT (CONT'D)** <sup>1,2</sup>

(Canadian \$ in millions, unaudited)



	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
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**Assets Under Management and Administration by Division**

Asia	65,569	63,594	60,400	55,389	51,759	27%	65,569	51,759	27%	60,400
Canadian	145,813	143,471	138,888	134,146	128,898	13%	145,813	128,898	13%	138,888
U.S. and other	361,073	357,470	345,025	335,909	322,267	12%	361,073	322,267	12%	345,025
<b>Assets under management and administration</b>	<b>572,455</b>	<b>564,535</b>	<b>544,313</b>	<b>525,444</b>	<b>502,924</b>	<b>14%</b>	<b>572,455</b>	<b>502,924</b>	<b>14%</b>	<b>544,313</b>
<b>Assets under management and administration on a constant currency basis</b>	<b>572,455</b>	<b>555,814</b>	<b>533,663</b>	<b>521,699</b>	<b>501,881</b>	<b>14%</b>	<b>572,455</b>	<b>501,881</b>	<b>14%</b>	<b>533,663</b>

**Assets Under Management and Administration by Business Line**

Retirement	294,833	293,065	282,097	274,854	260,439	13%	294,833	260,439	13%	282,097
Retail	188,391	184,547	178,461	172,686	165,322	14%	188,391	165,322	14%	178,461
Institutional Asset Management <sup>3</sup>	89,231	86,923	83,755	77,904	77,163	16%	89,231	77,163	16%	83,755
<b>Assets under management and administration</b>	<b>572,455</b>	<b>564,535</b>	<b>544,313</b>	<b>525,444</b>	<b>502,924</b>	<b>14%</b>	<b>572,455</b>	<b>502,924</b>	<b>14%</b>	<b>544,313</b>

**Changes in Assets Under Management and Administration**

<b>Beginning balance</b>	<b>564,535</b>	<b>544,313</b>	<b>525,444</b>	<b>502,924</b>	<b>487,834</b>	<b>16%</b>	<b>543,926</b>	<b>510,455</b>	<b>7%</b>	<b>510,455</b>
Assets acquired	-	-	1,817	-	-	-	-	-	-	1,817
Gross flows	30,939	32,954	38,160	27,418	26,644	16%	63,893	54,872	16%	120,450
Exchange traded fund net flows	322	105	-	-	-	-	427	-	-	-
Redemptions	(25,673)	(28,769)	(32,087)	(24,724)	(21,822)	18%	(54,442)	(48,374)	13%	(105,185)
Investment income (loss) and other	2,332	15,932	10,979	19,826	10,268	-77%	19,078	(14,029)	-	16,776
<b>Ending balance</b>	<b>572,455</b>	<b>564,535</b>	<b>544,313</b>	<b>525,444</b>	<b>502,924</b>	<b>14%</b>	<b>572,455</b>	<b>502,924</b>	<b>14%</b>	<b>544,313</b>

<sup>1</sup> Wealth and asset management is comprised of our fee based business with little or no insurance risk, including retirement, retail and institutional asset management.

<sup>2</sup> The 2017 results for Asia, Canadian and U.S. Divisions include institutional asset management (previously reported under Corporate & Other segment).

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

**WEALTH AND ASSET MANAGEMENT (CONT'D)** <sup>1,2</sup>

(Canadian \$ in millions, unaudited)

	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2017 Q2 vs. 2016 Q2	YTD 2017	YTD 2016	YTD 2017 vs. YTD 2016	Fiscal 2016
<b>Net Flows by Division</b>										
Asia	1,428	1,039	4,636	1,332	2,512	-43%	2,467	2,404	3%	8,372
Canadian	500	1,046	4,723	1,277	1,489	-66%	1,546	2,358	-34%	8,358
U.S. and other	3,660	2,205	(3,286)	85	821	346%	5,865	1,736	238%	(1,465)
<b>Total net flows</b>	<b>5,588</b>	<b>4,290</b>	<b>6,073</b>	<b>2,694</b>	<b>4,822</b>	<b>16%</b>	<b>9,878</b>	<b>6,498</b>	<b>52%</b>	<b>15,265</b>
<b>Net flows on a constant currency basis</b>	<b>5,588</b>	<b>4,347</b>	<b>6,082</b>	<b>2,712</b>	<b>4,926</b>	<b>13%</b>	<b>9,935</b>	<b>6,582</b>	<b>51%</b>	<b>15,376</b>
<b>Net Flows by Business Line</b>										
Retirement	660	918	(1,930)	2,393	1,229	-46%	1,578	1,426	11%	1,889
Retail	3,227	1,621	868	1,111	1,064	203%	4,848	1,751	177%	3,730
Institutional Asset Management <sup>3</sup>	1,701	1,751	7,135	(810)	2,529	-33%	3,452	3,321	4%	9,646
<b>Total net flows</b>	<b>5,588</b>	<b>4,290</b>	<b>6,073</b>	<b>2,694</b>	<b>4,822</b>	<b>16%</b>	<b>9,878</b>	<b>6,498</b>	<b>52%</b>	<b>15,265</b>
<b>Gross Flows by Division</b>										
Asia	6,671	5,514	11,308	4,981	5,606	19%	12,185	9,681	26%	25,970
Canadian	5,473	6,558	9,639	5,215	4,731	16%	12,031	9,803	23%	24,657
U.S. and other	18,795	20,882	17,213	17,222	16,307	15%	39,677	35,388	12%	69,823
<b>Total gross flows</b>	<b>30,939</b>	<b>32,954</b>	<b>38,160</b>	<b>27,418</b>	<b>26,644</b>	<b>16%</b>	<b>63,893</b>	<b>54,872</b>	<b>16%</b>	<b>120,450</b>
<b>Gross flows on a constant currency basis</b>	<b>30,939</b>	<b>33,410</b>	<b>38,303</b>	<b>27,987</b>	<b>27,447</b>	<b>13%</b>	<b>64,349</b>	<b>55,153</b>	<b>17%</b>	<b>121,443</b>
<b>Gross Flows by Business Line</b>										
Retirement	10,345	11,804	10,152	11,752	9,416	10%	22,149	19,902	11%	41,806
Retail	16,147	17,139	16,840	13,798	13,364	21%	33,286	27,273	22%	57,911
Institutional Asset Management <sup>3</sup>	4,447	4,011	11,168	1,868	3,864	15%	8,458	7,697	10%	20,733
<b>Total gross flows</b>	<b>30,939</b>	<b>32,954</b>	<b>38,160</b>	<b>27,418</b>	<b>26,644</b>	<b>16%</b>	<b>63,893</b>	<b>54,872</b>	<b>16%</b>	<b>120,450</b>

<sup>1</sup> Wealth and asset management is comprised of our fee based business with little or no insurance risk, including retirement, retail and institutional asset management.

<sup>2</sup> The 2017 results for Asia, Canadian and U.S. Divisions include institutional asset management (previously reported under Corporate & Other segment).

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

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

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

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

- **Fixed Annuity:** The return to the contract holder is specified in the contract, i.e., the Company bears the investment risk.
- **Book Value Annuity:** An annuity which provides a declared rate of interest for a specified contract while offering a guarantee of principal amount.
- **Variable Annuity:** Funds are invested in segregated funds (also called separate accounts in the U.S.) and the return to the contract holder fluctuates according to the earnings of the underlying investments. In some instances, guarantees are provided.

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

- **General Fund Assets:** Total invested assets as presented on the Company's balance sheet.
- **Segregated Fund Assets:** Net assets held by policyholders in segregated funds related to insurance, annuity and pension products. These funds are maintained separately from the Company's general account and the policyholder / contract holder bears the investment risk of the underlying fund.
- **Mutual Fund Assets:** Net assets held in proprietary mutual funds.
- **Institutional Asset Management:** Accounts either separate or commingled of Institutional Clients for which Manulife provides investment management services and that do not meet the definition of Segregated Funds.
- **Other Funds:** Funds managed or administered by the Company other than those associated with a contract issued by the Company.
- **Assets Under Administration:** includes assets for which we provide administrative services only.

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

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

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

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

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

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

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

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

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

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

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

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

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

- **General Fund Premiums:** Premiums earned on insurance and fixed annuity contracts as reflected in the Company's statement of operations.
- **Segregated Fund Deposits:** Deposits related to insurance, annuity and pension products which are invested in segregated funds.
- **Mutual Fund Deposits:** Deposits received in proprietary mutual funds.
- **Institutional Advisory Account Deposits:** Deposits received in the Institutional Advisory Accounts.
- **Other Fund Deposits:** Deposits received from customers related to non-proprietary funds for Manulife-branded products.
- **ASO Premium Equivalents:** ASO ("administrative services only") contracts are group insurance contracts administered by the Company on behalf of the client on which the Company earns a fee for its services but the client retains all risks inherent in the group insurance. ASO premium equivalents are a measure of the business volume calculated as expected claims plus administrative fees charged.

**Wealth and Asset Management:** 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.

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

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

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

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



## GENERAL INFORMATION

### MANULIFE FINANCIAL CORPORATION HEAD OFFICE

200 Bloor Street East  
 Toronto, Ontario  
 Canada M4W 1E5  
 Web Site: [www.manulife.com](http://www.manulife.com)

### 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 August 9, 2017)

<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 August 9, 2017)

<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)