



Third Quarter 2017  
**Financial &  
Operating Results**

November 9, 2017



# Caution regarding forward-looking statements

From time to time, MFC makes written and/or oral forward-looking statements, including in this presentation. In addition, our representatives may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the “safe harbour” provisions of Canadian provincial securities laws and the U.S. Private Securities Litigation Reform Act of 1995.

The forward-looking statements in this presentation include, but are not limited to, statements with respect to the provision for estimated property and casualty reinsurance claims related to recent hurricanes affecting the Caribbean and the United States and the potential impact of proposed tax reform legislation in the United States. The forward-looking statements in this presentation also relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as “may”, “will”, “could”, “should”, “would”, “likely”, “suspect”, “outlook”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “forecast”, “objective”, “seek”, “aim”, “continue”, “goal”, “restore”, “embark” and “endeavour” (or the negative thereof) and words and expressions of similar import, and include statements concerning possible or assumed future results. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements and they should not be interpreted as confirming market or analysts’ expectations in any way.

Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: general business and economic conditions (including but not limited to the performance, volatility and correlation of equity markets, interest rates, credit and swap spreads, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); changes in laws and regulations; changes in accounting standards applicable in any of the territories in which we operate; changes in regulatory capital requirements applicable in any of the territories in which we operate; our ability to execute strategic plans and changes to strategic plans; downgrades in our financial strength or credit ratings; our ability to maintain our reputation; impairments of goodwill or intangible assets or the establishment of provisions against future tax assets; the accuracy of estimates relating to morbidity, mortality and policyholder behaviour; the accuracy of other estimates used in applying accounting policies, actuarial methods and embedded value methods; our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies; our ability to source appropriate assets to back our long-dated liabilities; level of competition and consolidation; our ability to market and distribute products through current and future distribution channels; unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses; the realization of losses arising from the sale of investments classified as available-for-sale; our liquidity, including the availability of financing to satisfy existing financial liabilities on expected maturity dates when required; obligations to pledge additional collateral; the availability of letters of credit to provide capital management flexibility; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; the availability, affordability and adequacy of reinsurance; legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings; our ability to adapt products and services to the changing market; our ability to attract and retain key executives, employees and agents; the appropriate use and interpretation of complex models or deficiencies in models used; political, legal, operational and other risks associated with our non-North American operations; acquisitions and our ability to complete acquisitions including the availability of equity and debt financing for this purpose; environmental concerns; our ability to protect our intellectual property and exposure to claims of infringement; and our inability to withdraw cash from subsidiaries.

Additional information about material risk factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found under “Risk Management”, “Risk Factors” and “Critical Accounting and Actuarial Policies” in the Management’s Discussion and Analysis in our most recent annual report, under “Risk Management and Risk Factors Update” and “Critical Accounting and Actuarial Policies” in the Management’s Discussion and Analysis in our most recent interim report, in the “Risk Management” note to consolidated financial statements in our most recent annual and interim reports and elsewhere in our filings with Canadian and U.S. securities regulators. The forward-looking statements in this presentation are, unless otherwise indicated, stated as of the date hereof and are presented for the purpose of assisting investors and others in understanding our financial position and results of operations, our future operations, as well as our objectives and strategic priorities, and may not be appropriate for other purposes. We do not undertake to update any forward-looking statements, except as required by law.

# Conference Call Participants

---

**Roy Gori**

President and Chief Executive Officer

**Steve Roder**

Chief Financial Officer

**Linda Mantia**

Chief Operating Officer

**Marianne Harrison**

General Manager, U.S.

**Mike Doughty**

General Manager, Canada

**Phil Witherington**

Interim General Manager, Asia

**Warren Thomson**

Chief Investment Officer

**Paul Lorentz**

Global Head of Wealth and Asset Management

**Scott Hartz**

Head of General Account Investments

**Rahim Hirji**

Chief Risk Officer

**Steve Finch**

Chief Actuary

# CEO's remarks

---



**Roy Gori**

President & Chief Executive Officer

# 3Q17 highlights

---

- Core earnings of \$1.1 billion
- Net income attributed to shareholders of \$1.1 billion
- Strong growth in core earnings and new business value in Asia
- Continued to generate positive net flows in our wealth and asset management businesses
- Delivered over \$1 trillion in assets under management and administration
- Announced leadership and structural changes

# Narrowing our priorities to the things that matter most

## Objectives

### *Portfolio Optimization*

- Actively manage our legacy businesses to optimize financial results and reduce risk
- Consider all options, both organic and inorganic

### *Accelerate Asia and WAM*

- Accelerate growth in high return and high growth Asia and WAM businesses
- Focus of capital deployment

### *Expense and operational efficiency*

- Become bolder and more ambitious on expense efficiencies and drive accountability throughout the organization
- Simplify and digitize processes to drive significant savings and promote efficient growth

### *Customer and digitization*

- Improve customer experience through innovation and digitization
- Opportunity to differentiate ourselves

### *High performance team and culture*

- Drive execution by aligning around a narrower set of priorities
- Improve accountability to deliver on short-term results while executing on long-term opportunities

# Solid progress on our priorities

## Recent achievements

### *Portfolio Optimization*

- Announced new structure for our North American legacy businesses to improve accountability
- Appointed general manager of legacy businesses

### *Accelerate Asia and WAM*

- Strengthened accountability of WAM structure
- Appointed new general managers of Asia and WAM

### *Expense and operational efficiency*

- Started to evaluate the possibilities and build project plans

### *Customer and digitization*

- Announced exclusive bancassurance partnership with Techcombank
- Expanded claims submissions in Canada to allow all claims through online and mobile channels
- New partnerships to promote customer health and expand distribution in the U.S.

### *High performance team and culture*

- Announced leadership changes
- Structural changes in WAM and legacy businesses

# CFO's remarks

---



**Steve Roder**  
Chief Financial Officer



# 3Q17 financial summary

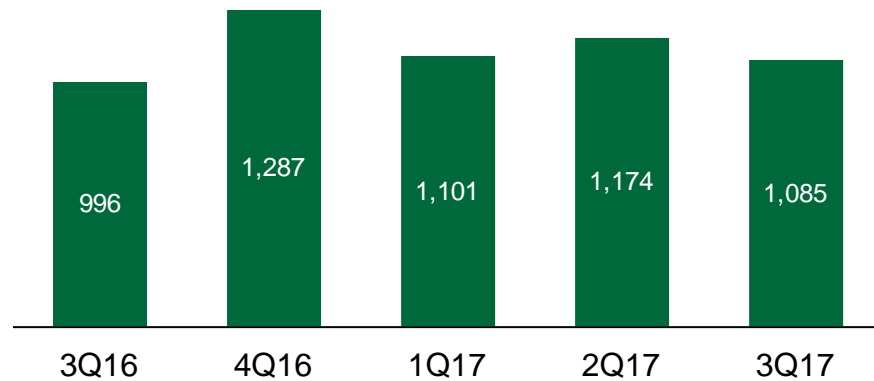
	(C\$ millions, unless noted)	3Q16	3Q17	Change <sup>2</sup>
<b>Profitability</b>	Net income attributed to shareholders	\$1,117	\$1,105	▼ 1%
	Core earnings	\$996	\$1,085	▲ 9%
	Diluted core earnings per share	\$0.49	\$0.53	▲ 8%
	Core return on equity (annualized)	9.8%	10.6%	▲ 0.8 pps
	Return on equity (annualized)	11.1%	10.8%	▼ 0.3 pps
<b>Growth</b>	Insurance sales (C\$ billions)	\$1.0	\$1.1	▲ 10%
	WAM net flows (C\$ billions)	\$2.7	\$4.0	▲ 52%
	WAM gross flows (C\$ billions)	\$27.4	\$27.5	▲ 4%
	Other wealth sales (C\$ billions)	\$2.0	\$1.9	▲ 2%
	New business value	\$300	\$343	▲ 22%
	Total assets under management and administration (AUMA) (C\$ billions)	\$966	\$1,006	▲ 8%
	Wealth and asset management AUMA (C\$ billions)	\$525	\$574	▲ 13%
<b>Financial Strength</b>	MLI's MCCR Ratio <sup>1</sup>	234%	234%	► 0 pps
	Financial leverage ratio	29.3%	29.5%	▲ 0.2 pps

<sup>1</sup> Minimum Continuing Capital and Surplus Requirements (MCCR) of The Manufacturers Life Insurance Company (MLI). <sup>2</sup> Percentage changes in sales, gross flows, new business value, AUMA, Asia core earnings, new business value and new business value margin are stated on a constant currency basis, a Non-GAAP measure. See "Note to users – Performance and Non-GAAP Measures".

# Solid core earnings driven by strong investment-related experience and improved operating results across our businesses

## Core earnings

(C\$ millions)

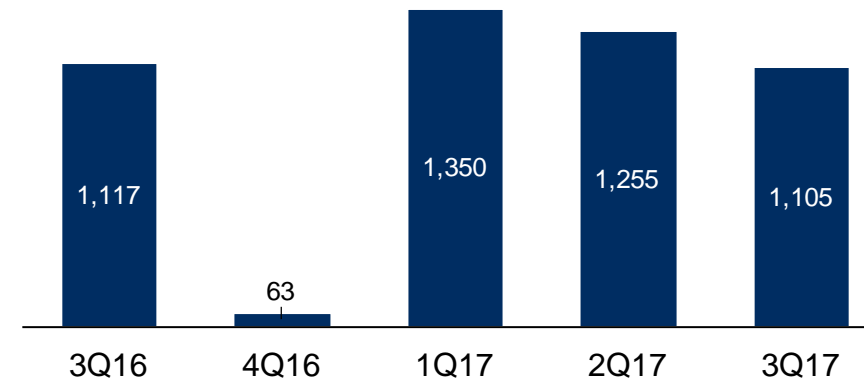


3Q17 core earnings of \$1,085 million, up 9% vs. 3Q16:

- + Favourable tax benefits
- + Core investment gains
- + Lower equity hedging costs
- + Strong new business and in-force growth in Asia
- + Higher fee income from our Wealth and Asset Management (“WAM”) businesses
- Strengthening of the Canadian dollar
- P&C claims provision for hurricanes

## Net income attributed to shareholders

(C\$ millions)



3Q17 net income of \$1,105 million, in line with 3Q16:

- Lower investment-related experience gains
- Direct impact of markets
- + Growth in core earnings
- + Neutral annual actuarial review compared to prior year charges

# Neutral impact of the annual actuarial review

## Earnings reconciliation for the third quarter of 2017

In C\$ millions except on a per share amount	Pre-tax	Post-tax	Per Share
<b>Core earnings</b>	<b>\$1,298</b>	<b>\$1,085</b>	<b>\$0.53<sup>1</sup></b>
Investment-related experience outside of core earnings	19	11	0.01
<b>Core earnings and investment-related experience</b>	<b>\$1,317</b>	<b>\$1,096</b>	<b>\$0.54<sup>1</sup></b>
Impact of the following items excluded from core earnings:			
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities <sup>2</sup>	65	47	0.02
Change in actuarial methods and assumptions	(141)	(2)	(0.00)
Other items	(107)	(22)	(0.01)
Integration and acquisition costs	(16)	(14)	(0.01)
<b>Net Income attributed to shareholders<sup>2</sup></b>	<b>\$1,118</b>	<b>\$1,105</b>	<b>\$0.54<sup>1</sup></b>

<sup>1</sup> Per common share of MFC

<sup>2</sup> Please refer to the 3Q17 Report to Shareholders for more information

# Strong growth in expected profit largely from higher assets in our WAM businesses and in-force growth in Asia

## Source of earnings<sup>1</sup>

(C\$ millions)

	3Q16	3Q17
Expected Profit on In-Force	1,301	1,411
Impact of New Business <sup>3</sup>	31	75
Experience Gains/(Losses)	318	(183)
Mgmt Actions & Chgs in Assumptions	(540)	(295)
Earnings on Surplus Funds	169	198
Other	(45)	(88)
Income Before Taxes	1,234	1,118
Income Taxes	(117)	(13)
<b>Net Income</b>	<b>1,117</b>	<b>1,105</b>
Preferred Dividends	(34)	(39)
<b>Common Shareholders' Net Income</b>	<b>1,083</b>	<b>1,066</b>
<i>Currency Adjusted Expected Profit on In-force</i>	<i>1,286</i>	<i>1,411</i>

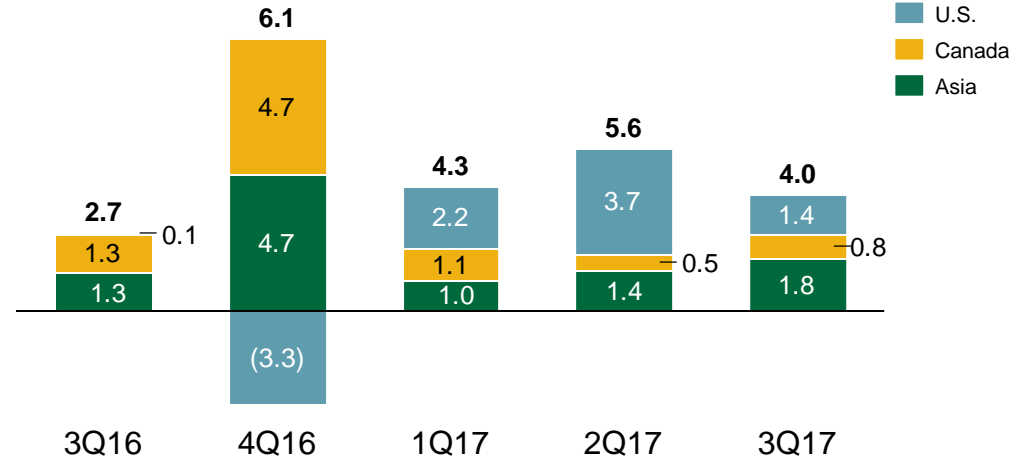
- **Expected Profit on In-Force** increased by 10%<sup>2</sup> primarily due to higher fee income in our WAM businesses from higher assets under management, in-force growth in Asia, the increase in interest rates and lower amortization of deferred acquisition costs in our U.S. VA business
- **Impact of New Business** reflects strong insurance volumes in Asia
- **Experience Gains/(Losses)** reflects the favourable impact of investment-related experience, more than offset by the \$240 million (pre-tax and post-tax) P&C hurricane provision, and other policyholder experience charges of \$68 million pre-tax (\$48 million post-tax)
- **Management Actions & Changes in Assumptions** includes charges of \$141 million pre-tax (\$2 million post-tax) for the annual actuarial review, realized losses on available-for-sale bonds, the expected cost of macro equity hedging and integration costs
- **Earnings on Surplus Funds** reflects pre-tax gains of \$164 million included in core earnings and \$34 million outside of core earnings. The increase versus the prior year primarily relates to higher gains on available-for-sale equities
- **Other** largely reflects the impact of non-controlling interests in Asia
- **Income Taxes** reflect the variability of distribution of income by jurisdiction and favourable tax items

<sup>1</sup> The Source of Earnings (SOE) analysis is prepared following OSFI regulatory guidelines and draft guidelines of the Canadian Institute of Actuaries. The SOE is used to identify the primary sources of gains or losses in each reporting period. Per OSFI instructions, Expected Profit on In-Force denominated in foreign currencies is translated at the prior quarter's balance sheet exchange rates, with the difference between those rates and the average rates used in the Statement of Income being included in Experience gains (losses). <sup>2</sup> Expected Profit on In-Force increase (decrease) is on a constant currency basis. <sup>3</sup> Impact of New Business includes non-controlling interest amounts of \$34 million in 3Q17 and \$28 million in 3Q16.

# 31<sup>st</sup> consecutive quarter of positive net flows in our wealth and asset management businesses

## Wealth & asset management net flows

(C\$ billions)

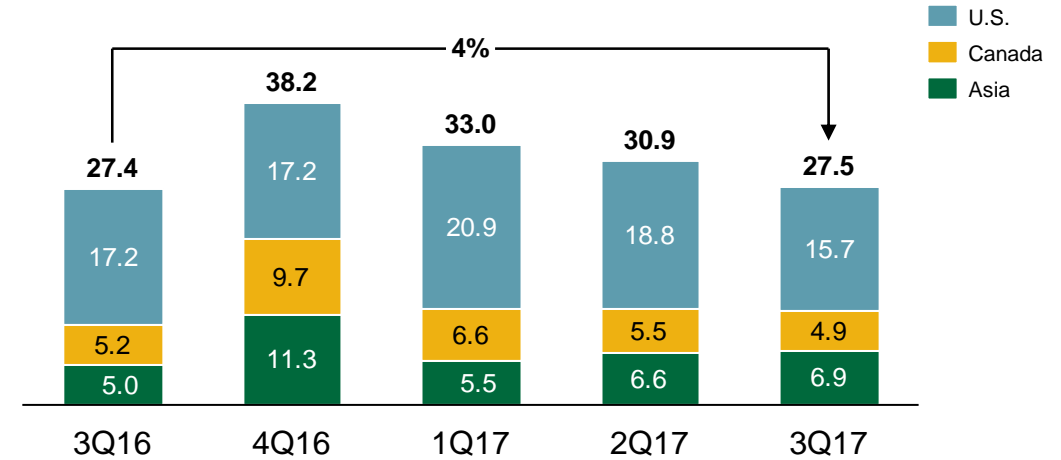


3Q17 wealth and asset management (WAM) net flows of \$4.0 billion:

- + Strong gross flows and favourable redemption rates in U.S. retail
- + Strong Asia net flows in retail, institutional and retirement
- + Favourable redemptions in Canadian retail

## Wealth & asset management gross flows

(C\$ billions)



3Q17 WAM gross flows of \$27.5 billion, up 4% vs. 3Q16:

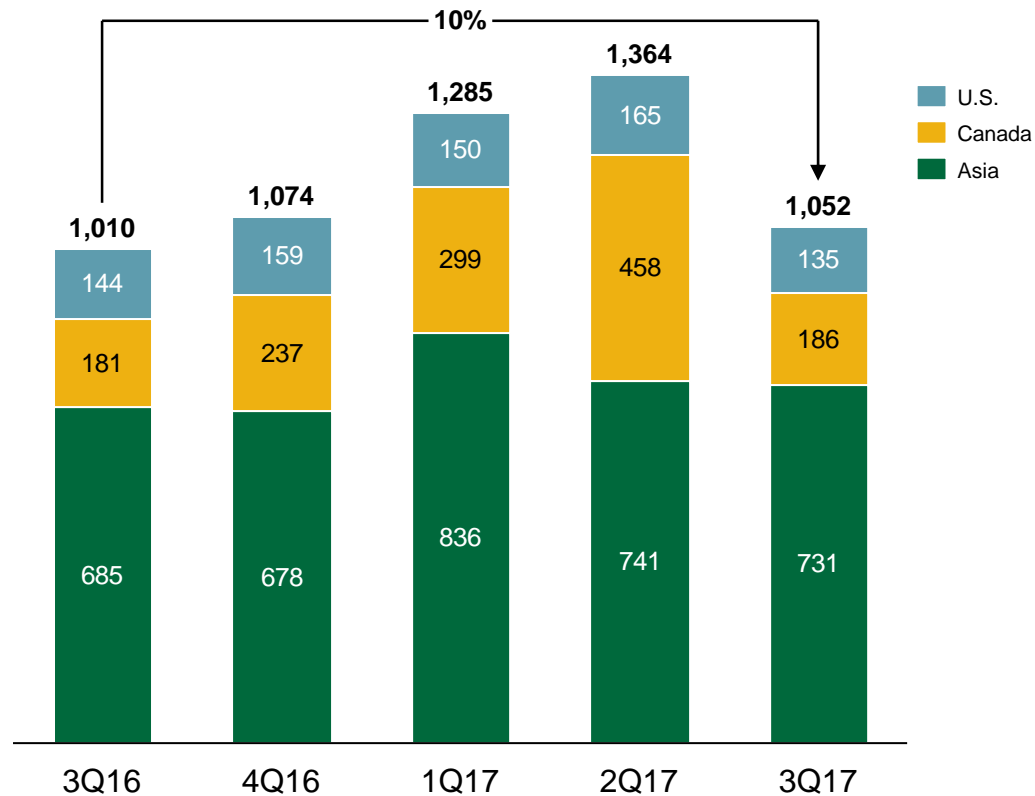
- + Money market fund sales in mainland China
- + Retirement flows in Hong Kong
- Retail and retirement sales in Canada
- Non-recurrence of record-sized retirement sale in the U.S.

Note: Order of the vertical bars on the chart correspond to the order in the legend with the exception of the 4Q16 Wealth & Asset Management Net Flows, which as the result of outflows in our U.S. business are stated in the following order: Canada, Asia and the U.S.

# Insurance sales growth driven by Asia

## Insurance sales

(C\$ millions)



3Q17 insurance sales of \$1,052 million, up 10% vs. 3Q16:

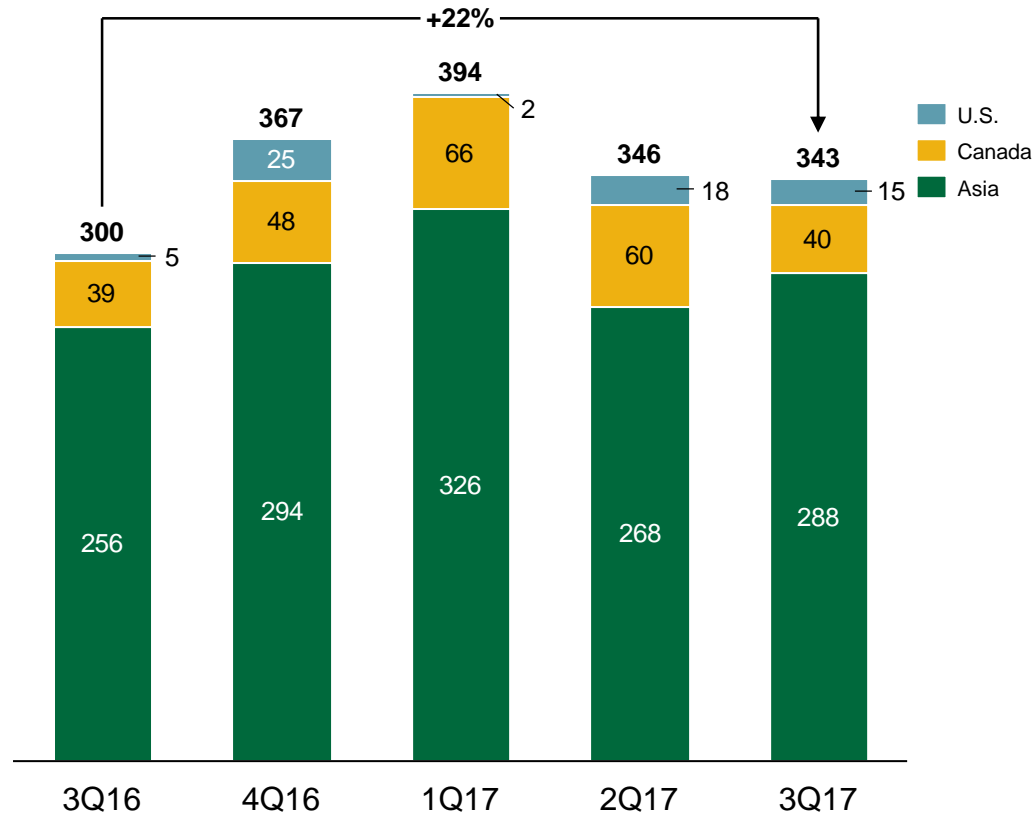
- + Strong growth in Singapore, mainland China and Vietnam
- + Small/medium case group benefits sales in Canada, partially offset by lower retail insurance sales due to pricing actions and strong prior year sales in advance of regulatory changes
- ± Higher large case life insurance sales in the U.S. offset by ceasing stand-alone retail LTC sales

Note: Order of the vertical bars on the chart correspond to the order in the legend.

# New business value creation driven by strong sales and management actions in Asia

## New business value (NBV)<sup>1</sup>

(C\$ millions)



3Q17 new business value<sup>1</sup> of \$343 million, up 22% vs. 3Q16:

- + Strong volumes and management actions to improve margins in Asia
- Unfavourable product mix shift in Japan

Asia new business value margin<sup>1</sup> was 33.2% in 3Q17, up 2.1 percentage points from 3Q16:

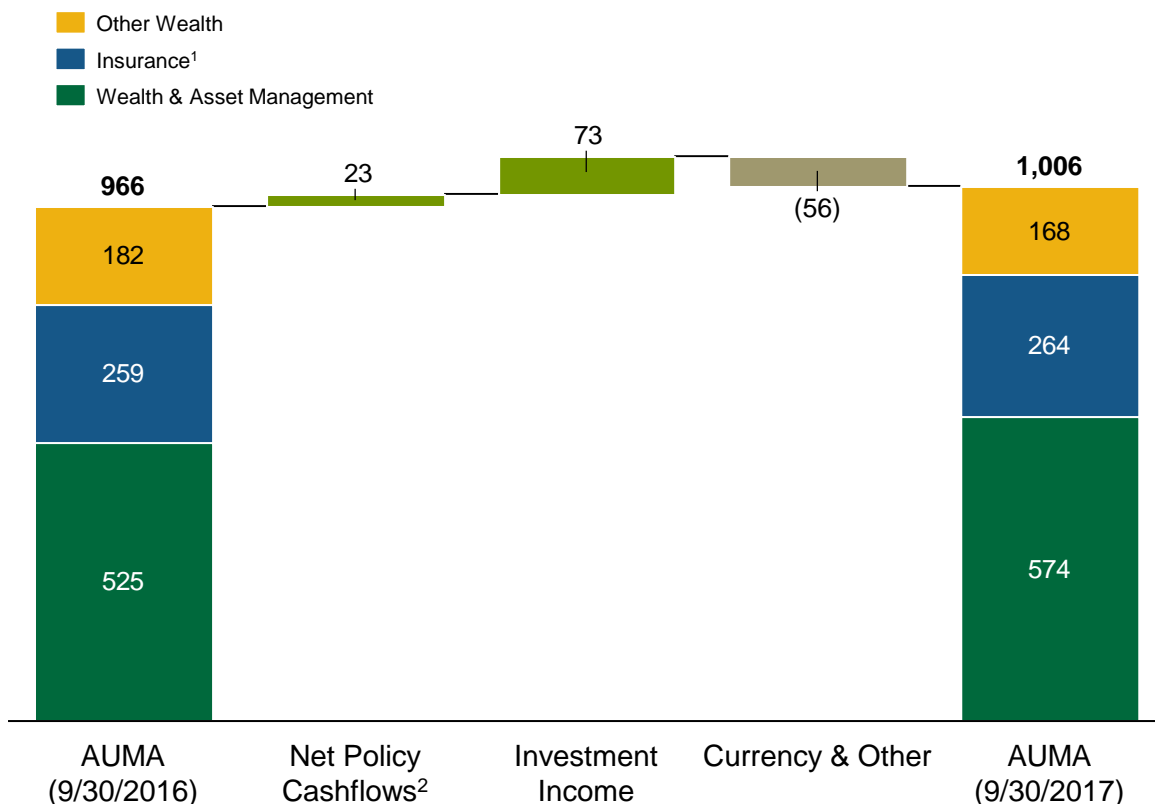
- + Scale benefits
- + Actions to improve margins

<sup>1</sup> Excludes Wealth and Asset Management businesses, the Bank and P&C reinsurance business.  
Note: Order of the vertical bars on the chart correspond to the order in the legend.

# Over \$1 trillion in assets under management and administration

## Assets under management and administration (AUMA)

(C\$ billions)



3Q17 assets under management and administration of \$1 trillion, up \$40 billion or 8% on a constant currency basis from 3Q16:

- + Strong investment returns
- + Customer inflows
- Strengthening of the Canadian dollar

3Q17 assets under management and administration in our Wealth & Asset Management businesses of \$574 billion, up \$49 billion or 13% from 3Q16:

- + Strong investment returns
- + Net flows

<sup>1</sup> Includes Corporate & Other assets.

<sup>2</sup> Excludes administrative services only premium equivalents and group benefits ceded premiums.

Note: Order of the vertical bars on the chart correspond to the order in the legend.



# Summary

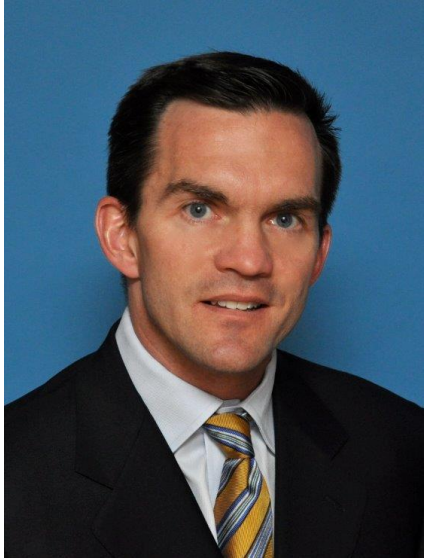
---

In 3Q17, Manulife:

- Delivered \$1,105 million in net income
- Achieved \$1,085 million in core earnings
- Generated 17% growth in core earnings and 21% growth in new business value in Asia
- Continued to generate positive net flows in our wealth and asset management businesses
- Delivered 8% growth in AUMA

# Chief Actuary's remarks

---



**Steve Finch**  
Chief Actuary

# Neutral impact of annual review of actuarial methods and assumptions

## Impact of 3Q17 changes in actuarial methods and assumptions<sup>1</sup>

(C\$ millions, after-tax)

Mortality and morbidity updates	285
Lapses and policyholder behavior	(783)
Other updates	
ALDA and public equity investment return assumptions	(892)
Corporate spread assumptions	344
Refinement to liability and tax cash flows	696
Other	348
<b>Total impact of changes in actuarial methods and assumptions</b>	<b>\$(2)</b>

<sup>1</sup> Please refer to section F2 of the 3Q17 MD&A for more information



# Question & Answer session



# Appendix

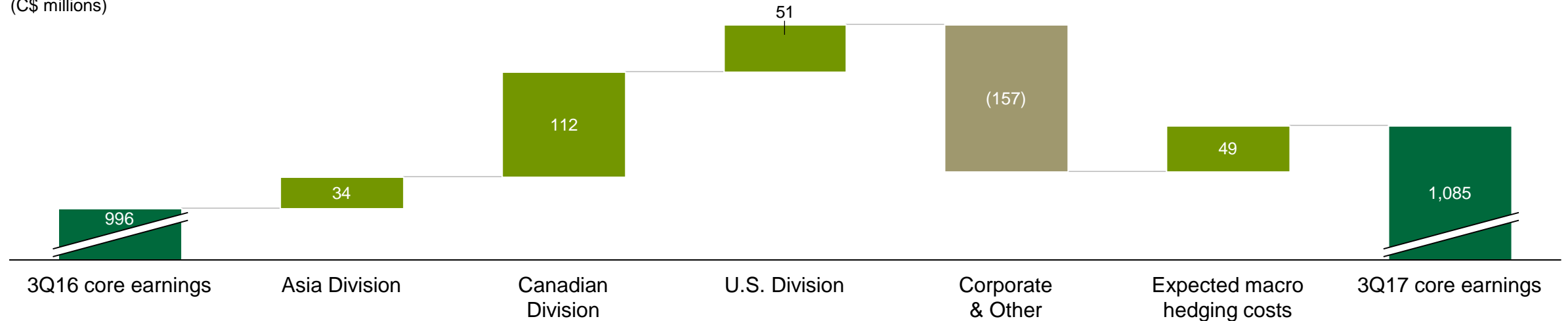


- Core Earnings Change by Division
- Core Earnings Change by Business Line
- Operating Performance by Division/Wealth & Asset Management
- Other Wealth Sales
- Capital and Leverage
- Invested Asset Mix & Credit Experience
- Direct Market Impacts
- Earnings Sensitivities - Equity Exposure and Swap Exposure by Market

# Core earnings change by division

## Core earnings

(C\$ millions)



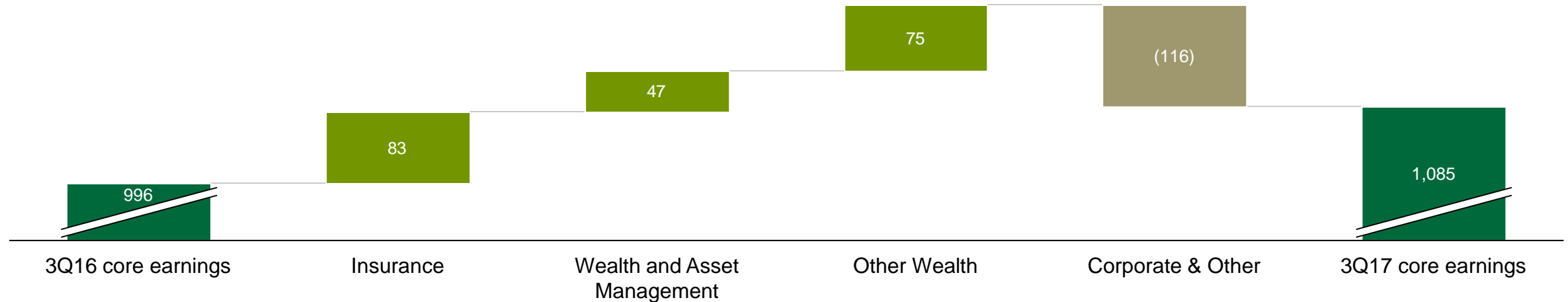
- **Asia Division** core earnings increased driven by strong new business volumes, continued growth of in-force business, partially offset by a small policyholder experience charge (compared to a prior year gain) and the strengthening of the Canadian dollar.
- **Canadian Division** core earnings increased reflecting a tax benefit as a result of the release of provisions for uncertain tax positions of prior years, higher fee income from higher AUMA in our WAM businesses and a number of more favourable smaller items.
- **U.S. Division** core earnings increased driven by improved WAM core earnings from higher AUMA, lower amortization of deferred acquisition costs in our VA business and favourable tax items, partially offset by the strengthening of the Canadian dollar.
- **Corporate & Other** core loss increased reflecting the \$240 million provision for hurricanes, partially offset by the inclusion of \$100 million of core investment gains (compared to \$17 million in 3Q16) and higher realized gains on AFS equities.
- **Expected macro hedging costs** declined due to market appreciation and actions taken over the last year.

Note: Core earnings changes for Asia Division and the U.S. Division are presented on a Canadian dollar basis. Beginning in 1Q17, earnings for Manulife Asset Management are no longer reported in the Corporate & Other segment and are reported in the respective divisions.

# Core earnings change by business line

## Core earnings

(C\$ millions)

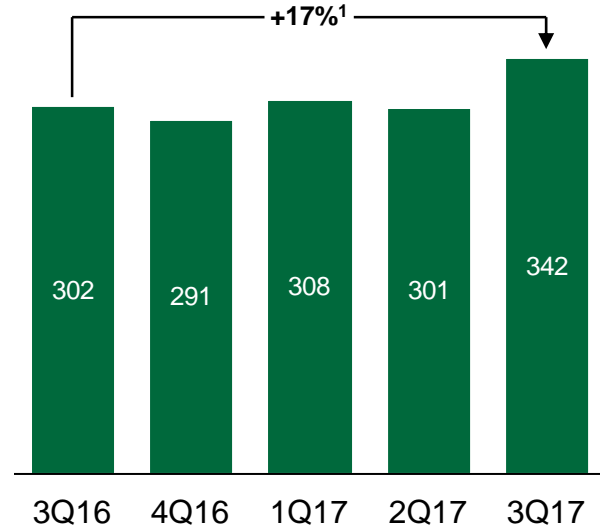


- **Insurance** core earnings improved driven by inforce and new business growth in Asia and tax benefits from the release of provisions for uncertain tax positions from prior years.
- **Wealth and asset management** core earnings increased driven by higher fee income on higher asset levels and favourable expenses.
- **Other wealth** core earnings improved driven by favourable tax items in Canada and lower amortization of variable annuity deferred acquisition costs in the U.S.
- **Corporate & Other** core loss increased reflecting the \$240 million provision for hurricanes, partially offset by the inclusion of \$100 million of core investment gains (compared to \$17 million in 3Q16), lower macro hedge expected costs and higher realized gains on AFS equities.

# Asia: Generated strong top line growth and solid core earnings

## Core earnings

(US\$ millions)

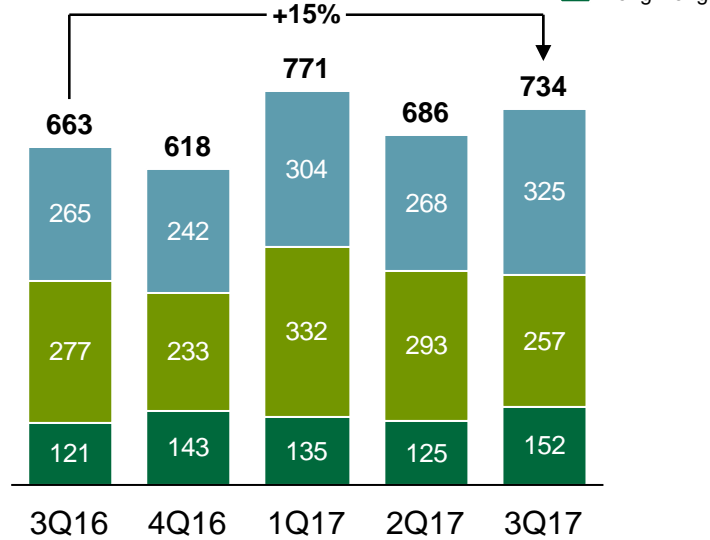


3Q17 **core earnings** of US\$342 million, up 17%<sup>1</sup> vs. 3Q16:

- + Strong new business volumes
- + Continued growth of in-force business
- Small policyholder experience charge

## APE sales

(US\$ millions)

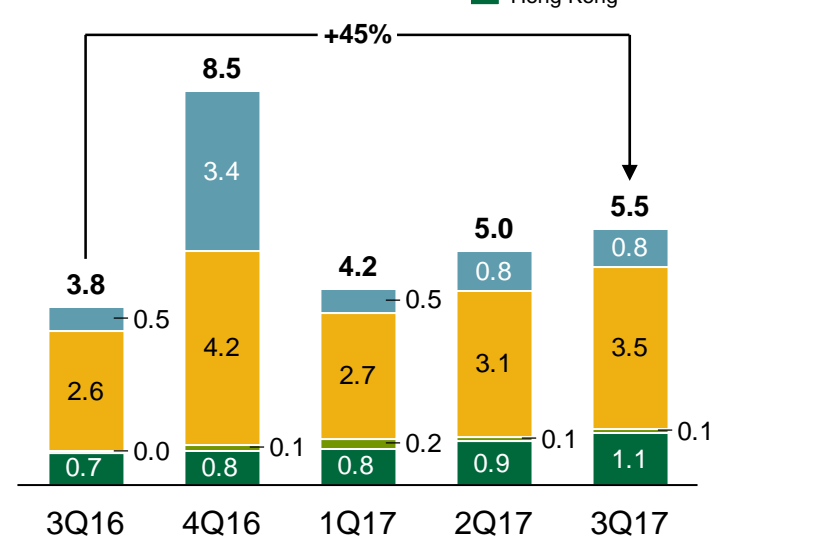


3Q17 **APE sales** of US\$734 million, up 15% vs. 3Q16:

- + Strong sales from recently launched customer solutions in Hong Kong
- + Strong double digit growth in Singapore, mainland China and Vietnam
- + Solid growth across both agency and bancassurance channels

## WAM gross flows

(US\$ billions)



3Q17 **WAM gross flows** of US\$5.5 billion, up 45% vs. 3Q16:

- + Money market sales in mainland China
- + Strong retirement flows in Hong Kong
- + Strong institutional flows from Japan, Indonesia and Hong Kong

<sup>1</sup> Core earnings percent increase is adjusted for currency.

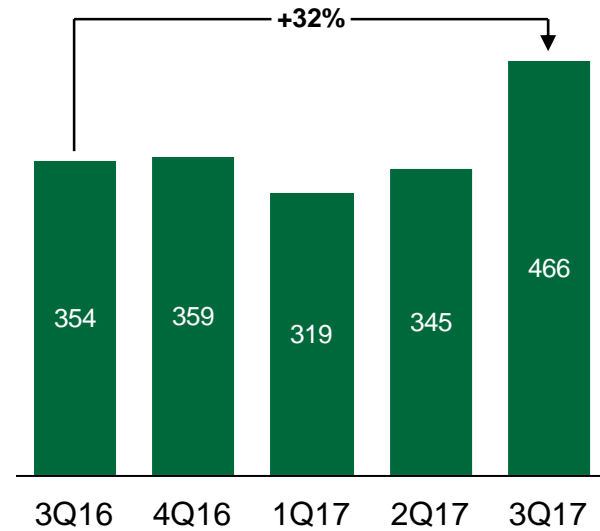
Note: Order of the vertical bars on the chart correspond to the order in the legend.



# Canada: Delivered strong core earnings growth

## Core earnings

(C\$ millions)

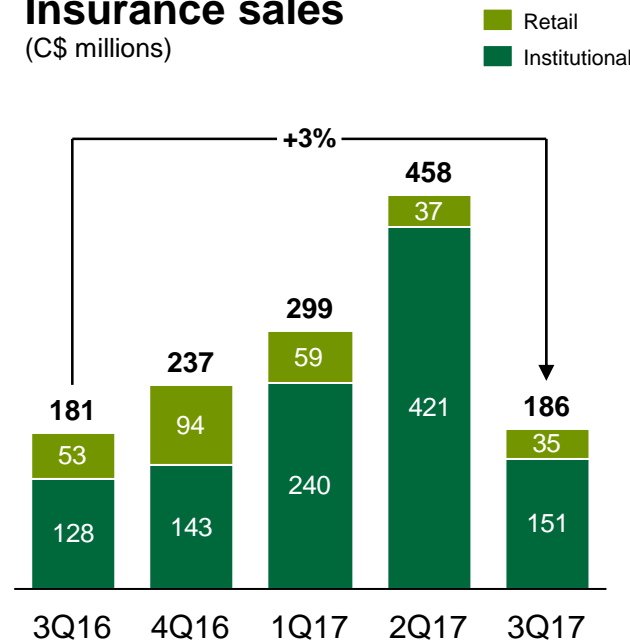


3Q17 **core earnings** of \$466 million, up 32% vs. 3Q16:

- + Tax benefit from release of provisions for uncertain tax positions from prior years
- + Higher fee income from higher AUMA in our WAM businesses
- + A number of more favourable smaller items

## Insurance sales

(C\$ millions)

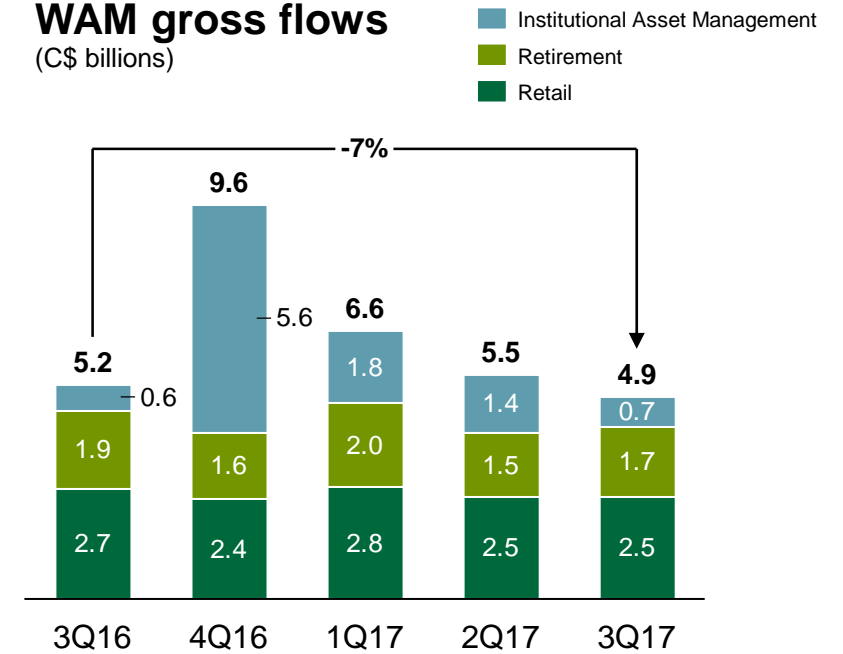


3Q17 **insurance sales** of \$186 million, up 3% vs. 3Q16:

- + Strong small/medium case institutional sales
- Lower retail insurance sales due to pricing actions and higher prior year sales in advance of regulatory changes

## WAM gross flows

(C\$ billions)



3Q17 **WAM gross flows** of \$4.9 billion, down 7% vs. 3Q16:

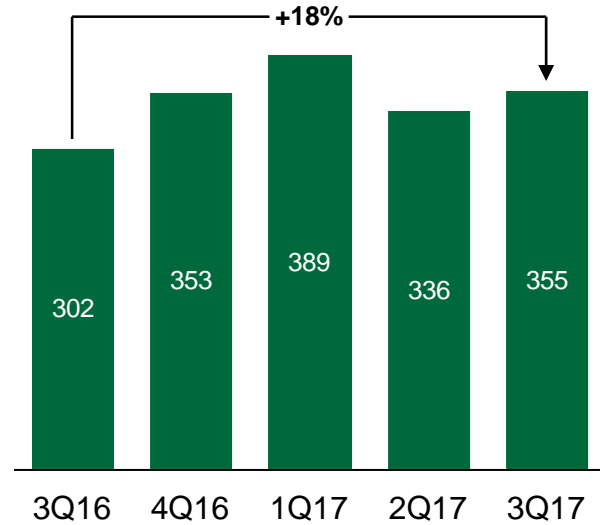
- + Funding of institutional mandates from new and existing customers
- Higher prior year large case retirement sales
- Lower retail gross flows

Note: Order of the vertical bars on the chart correspond to the order in the legend.

# U.S.: Delivered strong core earnings growth

## Core earnings

(US\$ millions)

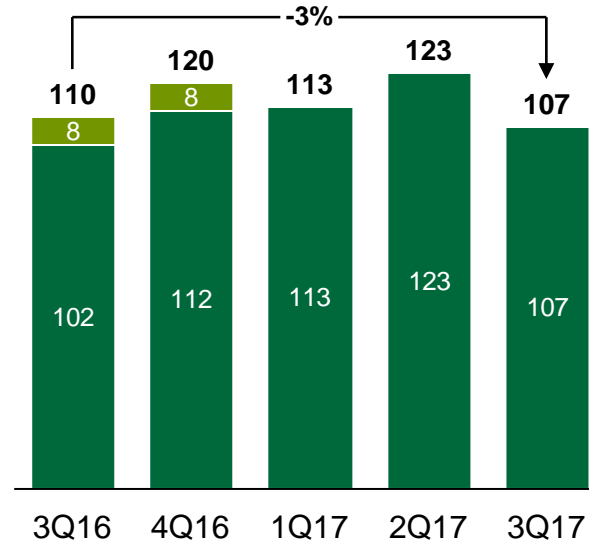


3Q17 **core earnings** of US\$355 million, up 18% vs. 3Q16:

- + Higher WAM earnings from higher AUMA
- + Lower amortization of deferred acquisition costs in V.A. business
- + Favourable tax items
- ± Policyholder experience

## Insurance sales

(US\$ millions)

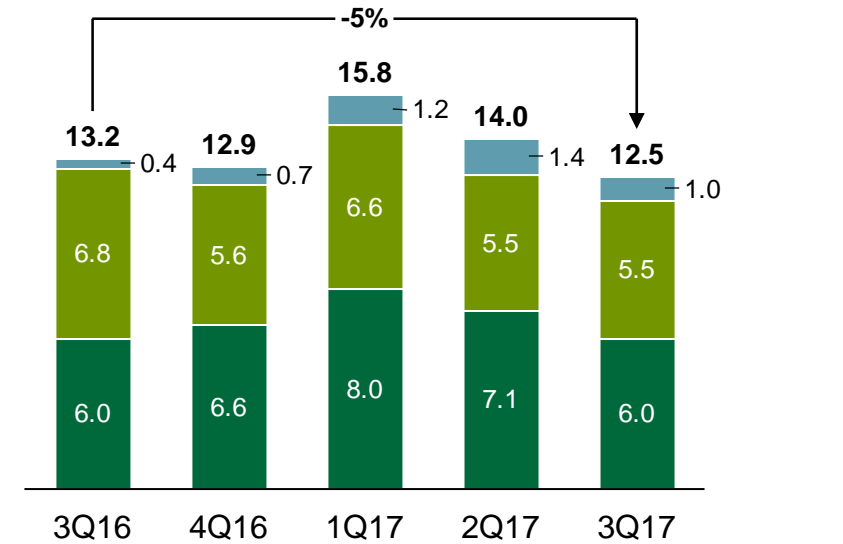


3Q17 **life insurance sales** of US\$107 million, up 5% vs. 3Q16:

- + Large case Universal life and term sales

## WAM gross flows

(US\$ billions)



3Q17 **WAM gross flows** of US\$12.5 billion, down 5% vs. 3Q16:

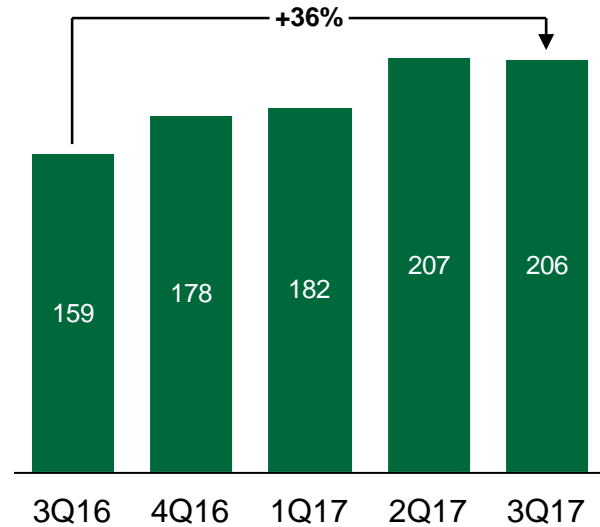
- Record-sized retirement plan sale in prior year
- + Strong funding of public and private market institutional mandates

Note: Order of the vertical bars on the chart correspond to the order in the legend.

# Wealth and asset management: Strong growth in core earnings and assets and continued net flows

## WAM core earnings

(C\$ millions)

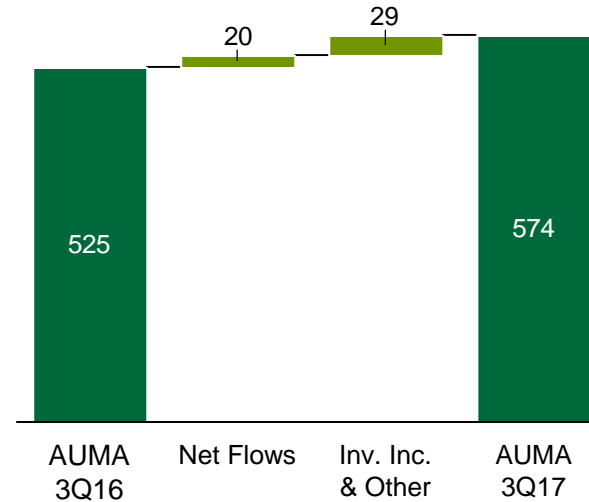


3Q17 **core earnings** of \$206 million, up 36% vs. 3Q16:

- + Higher fee income from higher AUMA
- + Expenses

## WAM AUMA

(C\$ billions)

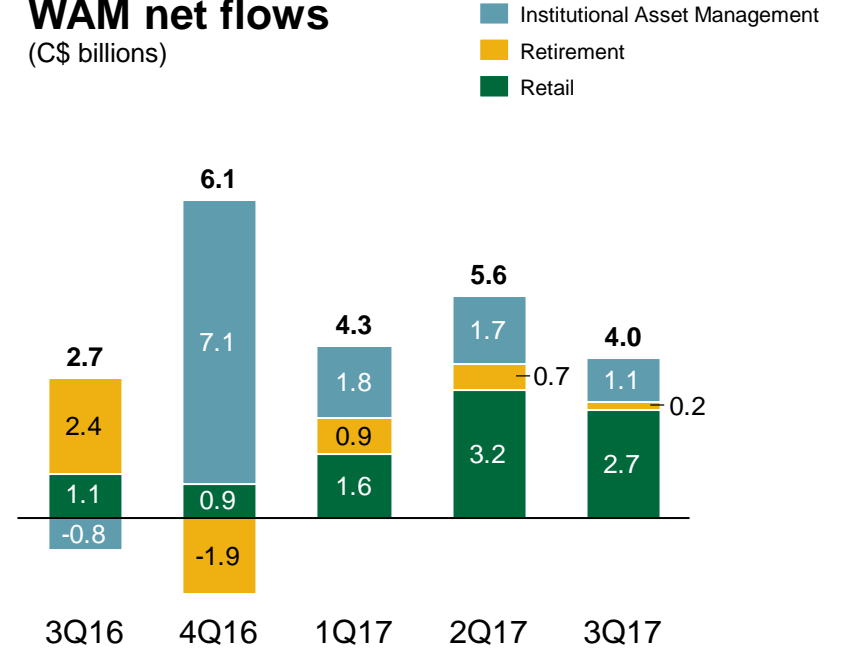


3Q17 **AUMA** of \$574 billion, up 13% vs. 3Q16:

- + Strong investment returns
- + Net flows

## WAM net flows

(C\$ billions)



3Q17 **WAM net flows** of \$4.0 billion:

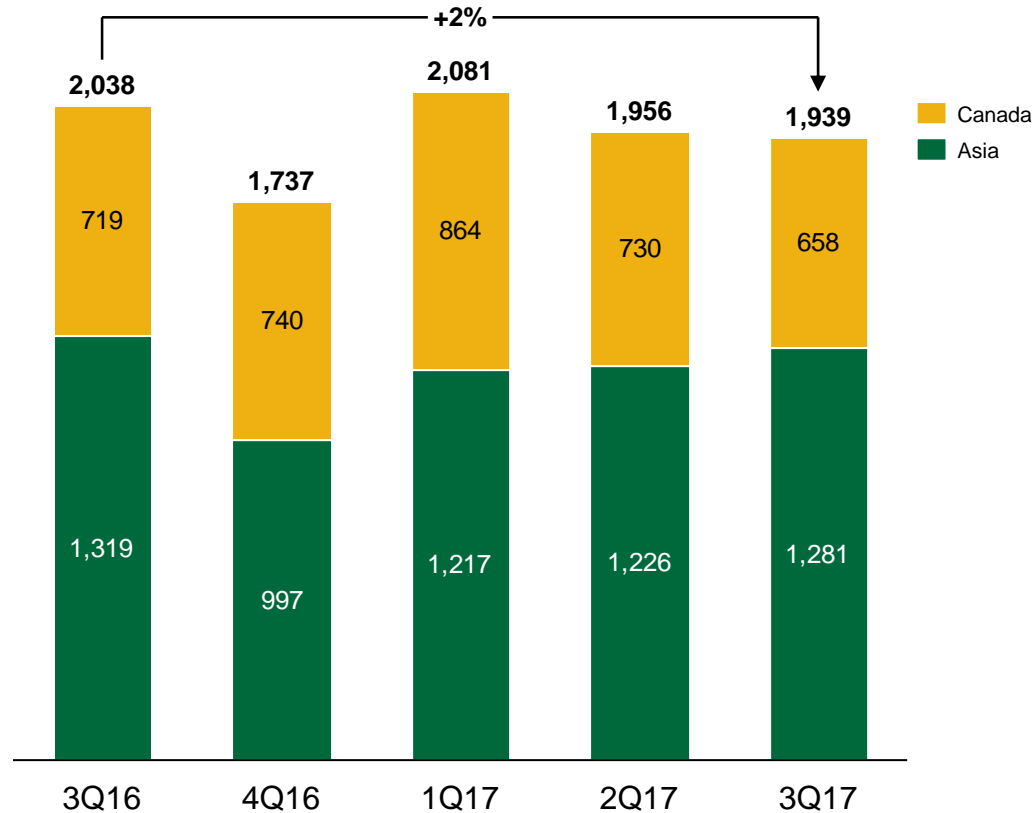
- + Strong institutional asset management flows
- + Sales momentum and favourable redemptions in U.S. retail
- + Favourable redemptions in Canadian retail
- + Strong Hong Kong retirement flows
- Record-sized U.S. retirement plan sale in prior year

Note: Order of the vertical bars on the chart correspond to the order in the legend with the exception of 3Q16 and 4Q16 net flows, which due to institutional asset management and retirement outflows is presented as: Retirement, Retail and Institutional Asset Management in 3Q16, and Institutional Asset Management, Retail and Retirement in 4Q16.

# Other wealth sales in line with prior year

## Other wealth sales

(C\$ millions)



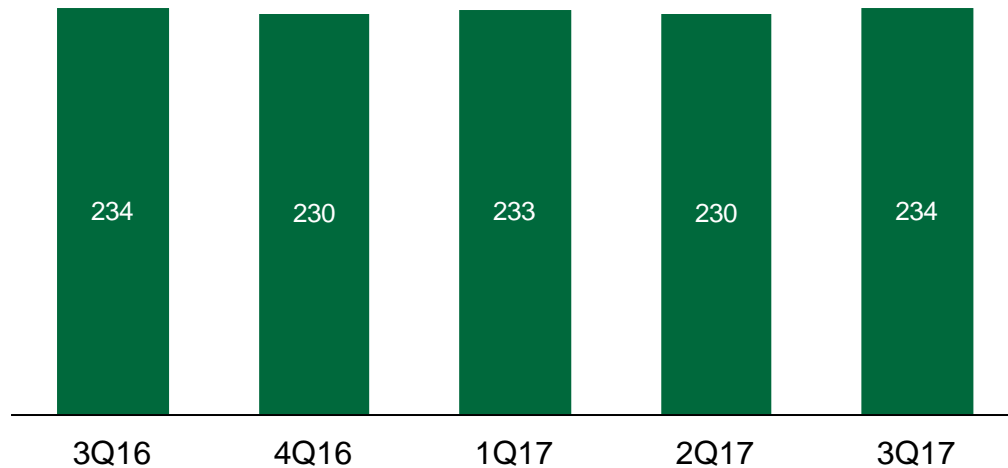
3Q17 other wealth sales of \$1.9 billion, in line vs. 3Q16:

- + Recently launched single premium products in Asia
- Actions in Canada to improve margins

Note: Order of the vertical bars on the chart correspond to the order in the legend.

# Maintained a strong capital position

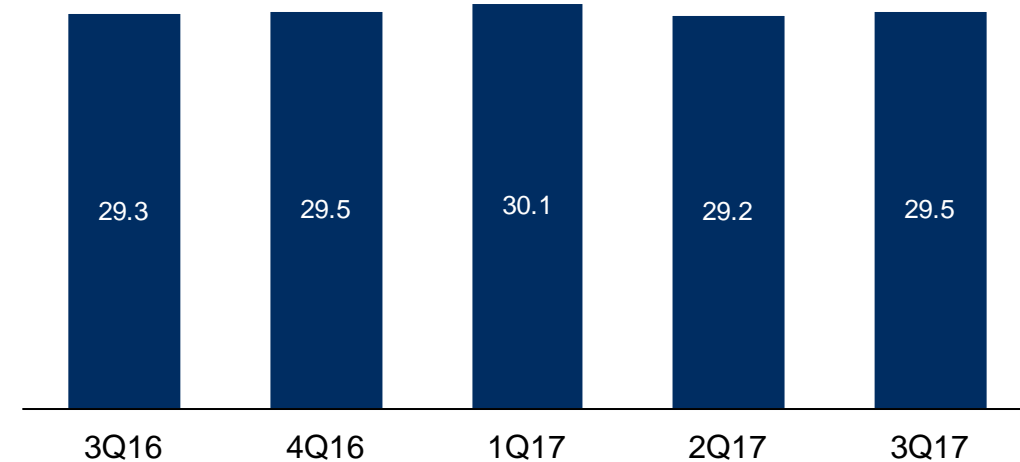
**MCCSR<sup>1</sup> Ratio**  
(%)



MLI ended 3Q17 with an MCCSR ratio of 234%, up from 230% in 2Q17:

- + Growth in retained earnings
- + \$350 million net issuance of subordinated debt
- Modest growth in required capital

**Financial leverage ratio**  
(%)



Financial Leverage Ratio of 29.5%, up from 29.2% in 2Q17, reflecting:

- + \$350 million net issuance of subordinated debt
- + Reduction in equity due to strengthening of Canadian dollar

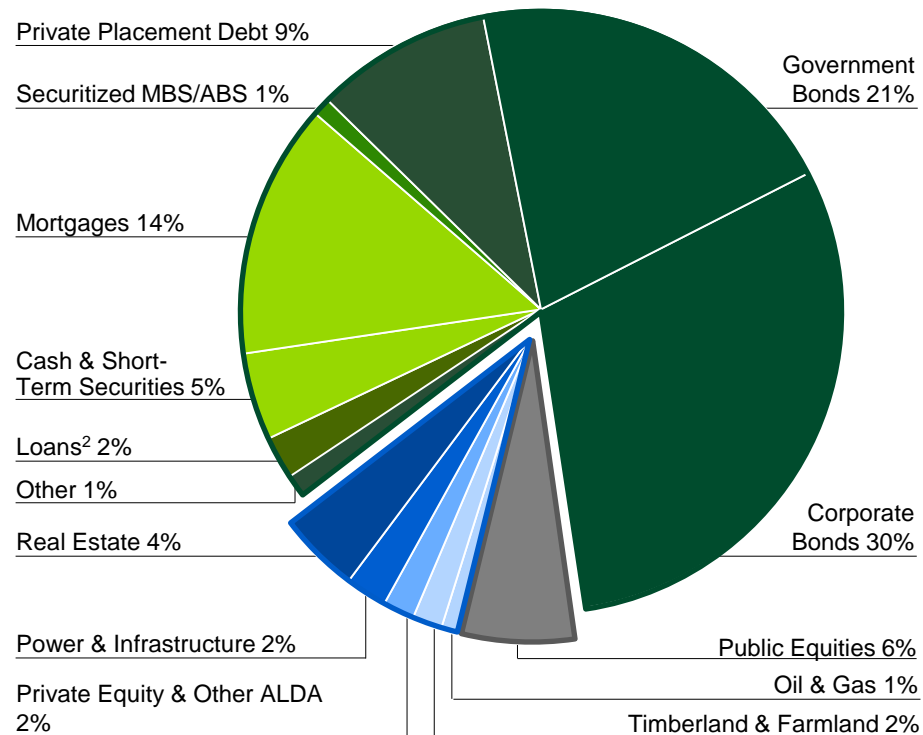
<sup>1</sup> Minimum Continuing Capital and Surplus Requirements (MCCSR) of The Manufacturers Life Insurance Company (MLI).

# Diversified high quality asset mix avoids risk concentrations

## Total Invested Assets

(C\$325 billion, Carrying values as of September 30, 2017)

- Fixed Income & Other
- Alternative Long-Duration Assets (ALDA)
- Public Equities



### Fixed Income & Other<sup>1</sup>

- Over 83% of the total portfolio
- Over 98% of debt securities and private placement debt are investment grade
- Energy holdings represent 8% of total debt securities and private placements, of which 95% is investment grade

### Alternative Long-Duration Assets

- Diversified by asset class and geography
- Historically generated enhanced yields without having to pursue riskier fixed income strategies
- Oil & Gas ALDA holdings represent less than 1% of our total invested asset portfolio

### Public Equities

- Diversified by industry and geography
- Primarily backing participating or pass-through liabilities

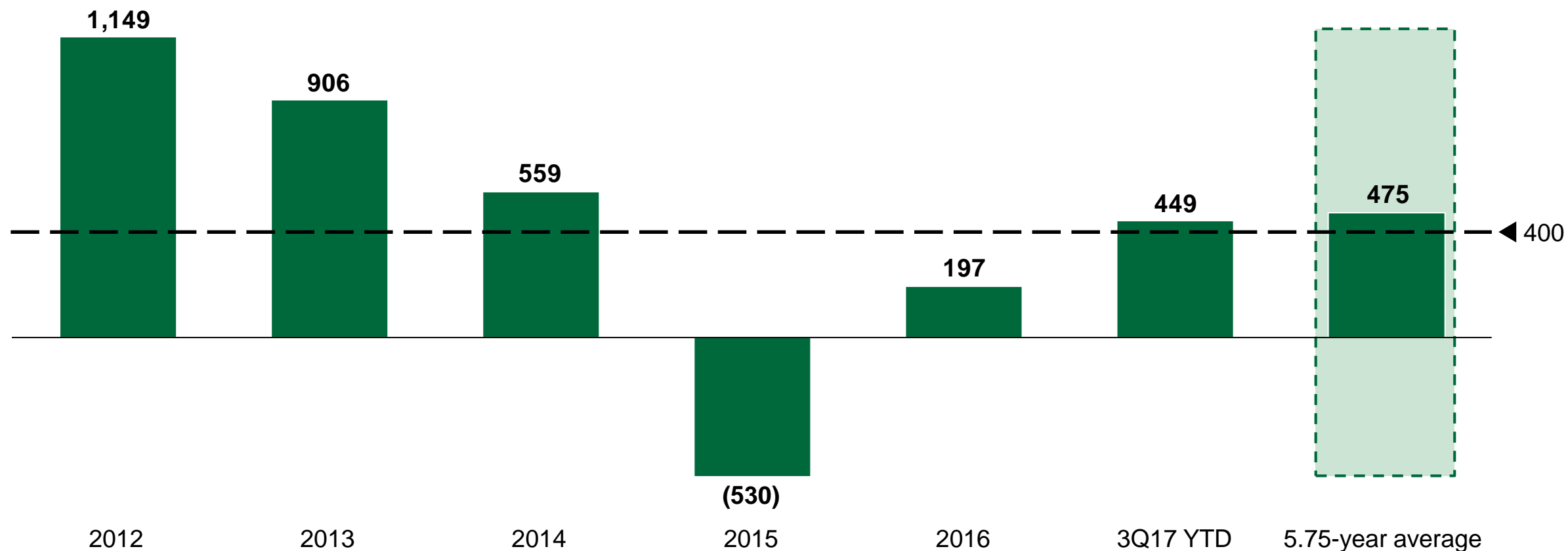
<sup>1</sup> Includes Policy Loans and Loans to Bank Clients.

<sup>2</sup> Includes debt securities (government bonds, corporate bonds and securitized MBS/ABS), private placement debt, mortgages, cash & short-term securities, policy loans, loans to bank clients, and other.

# Investment-related experience has exceeded our annual \$400M through-the-cycle expectation, on average, since 2012

## Investment-related experience gains

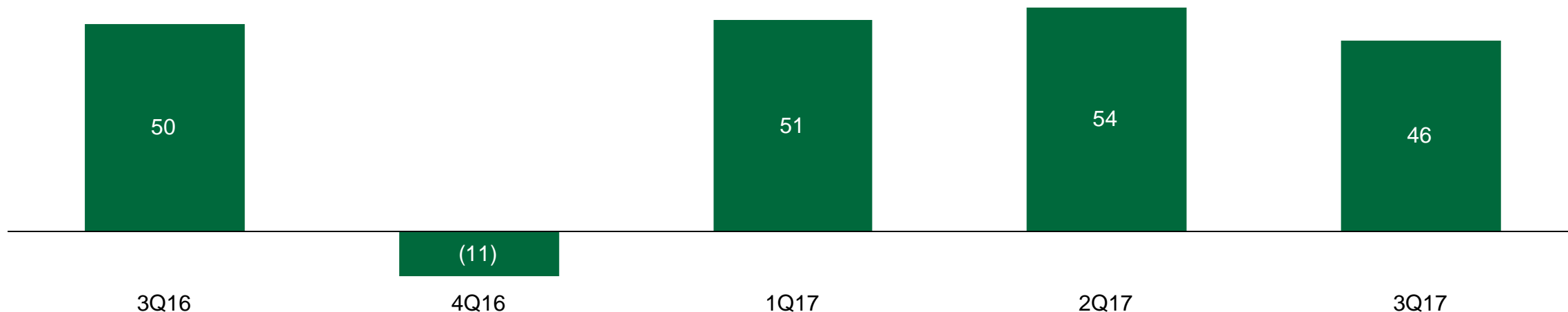
(C\$ millions)



# Continued strong credit experience in 3Q17

## Net credit experience

(C\$ millions, post-tax)



## Impact on earnings

(C\$ millions, post-tax)

	3Q16	4Q16	1Q17	2Q17	3Q17
Credit (impairments) / recoveries	\$10	\$(19)	\$2	\$2	\$(13)
Credit (downgrades) / upgrades	(3)	(27)	6	7	14
<b>Total credit impacts</b>	<b>\$7</b>	<b>\$(46)</b>	<b>\$8</b>	<b>\$9</b>	<b>\$1</b>
Assumed in policy liabilities	43	35	43	45	45
<b>Net credit experience Gain/(Loss)</b>	<b>\$50</b>	<b>\$(11)</b>	<b>\$51</b>	<b>\$54</b>	<b>\$46</b>



# Interest rate related sensitivities remain well within our risk appetite limits

Potential impact <sup>1</sup> of an immediate parallel change in “all rates”: (C\$ millions)	2Q17		3Q17	
	-50 bps	+50 bps	-50 bps	+50 bps
Excluding change in market value of AFS bonds held in surplus	\$ (200)	\$ 100	\$ (100)	\$ -
From fair value changes in AFS bonds held in surplus, if realized <sup>2</sup>	\$ 1,000	\$ (900)	\$ 1,000	\$ (900)

MLI MCCR Ratio impact:				
- Excluding change in market value of AFS bonds held in surplus	(7) pts	6 pts	(7) pts	7 pts
- From fair value changes in AFS bonds held in surplus, if realized	3 pts	(5) pts	3 pts	(5) pts

Potential impact <sup>1</sup> of a parallel change in corporate bond spreads: (C\$ millions)	2Q17		3Q17	
	-50 bps	+50 bps	-50 bps	+50 bps
Corporate spreads	\$ (900)	\$ 900	\$ (800)	\$ 700

Potential impact <sup>1</sup> of a parallel change in swap spreads: (C\$ millions)	2Q17		3Q17	
	-20 bps	+20 bps	-20 bps	+20 bps
Swap spreads	\$ 500	\$ (500)	\$ 400	\$ (400)

<sup>1</sup> All estimated sensitivities are approximate and based on a single parameter. No simple formula can accurately estimate ultimate future impact. Please refer to “Caution related to sensitivities” in our 3Q17 Report to Shareholders.

<sup>2</sup> The amount of gain or loss that can be realized on AFS fixed income assets held in the surplus segment depends on the aggregate amount of unrealized gain or loss.

# Equity exposure by market

## Potential impact on net income attributed to shareholders arising from a 10% decline in public equity returns<sup>1,2</sup>

(C\$ millions)	2Q17	3Q17
S&P	(230)	(210)
TSX	(90)	(90)
TOPIX	(20)	(20)
EAFE (Europe, Australasia & Asia ex. Japan) <sup>3</sup>	(100)	(100)
Net income impact assuming full hedge offset	<b>(440)</b>	<b>(420)</b>
Assumed partial dynamic hedge offset	(200)	(180)
<b>Net income impact assuming partial dynamic hedge offset</b>	<b>(640)</b>	<b>(600)</b>

<sup>1</sup> All estimated sensitivities are approximate and based on a single parameter. No simple formula can accurately estimate ultimate future impact.

<sup>2</sup> Please note the Company's disclosures which describe risk factors for hedging and reinsurance strategies.

<sup>3</sup> EAFE ex. Japan exposure is mainly to Hong Kong and Singapore markets.

---

## Note to users – 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. A financial measure is considered a non-GAAP measure if it is presented other than in accordance with generally accepted accounting principles used for the Company's audited financial statements. Non-GAAP measures referenced in this presentation include: Core Earnings (Loss); Core ROE; Diluted Core Earnings Per Common Share; Core Investment Gains; Constant Currency Basis (measures that are reported on a constant currency basis include percentage growth in Core Earnings in Asia Division, Sales, APE Sales, Gross Flows, New Business Value, New Business Value Margin and Assets under Management and Administration); Assets under Management; Assets under Management and Administration; Capital; Embedded Value; New Business Value; New Business Value Margin; Sales; APE Sales; Gross Flows; and Net Flows. Non-GAAP financial measures are not defined terms under GAAP and, therefore, are unlikely to be comparable to similar terms used by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with GAAP. For more information on non-GAAP financial measures, including those referred to above, see "Performance and Non-GAAP Measures" in our 3Q17 and 2016 Management's Discussion and Analysis.

# Thank you

---



## Investor Relations contacts

**Robert Veloso**, MBA, CFA  
Head of Investor Relations  
robert\_veloso@manulife.com  
(416) 852-8982

**Daniel Kenigsberg**, MBA, CFA  
daniel\_kenigsberg@manulife.com  
(416) 852-7208

**Shubha Khan**  
shubha\_khan@manulife.com  
(416) 852-4459

**Eileen Tam**, HKICPA  
eileen\_tam@manulife.com  
(852) 2202-1101

---

We operate as John Hancock in the United States and Manulife in other parts of the world.