



# Financial Highlights\*

## Quarter Highlights

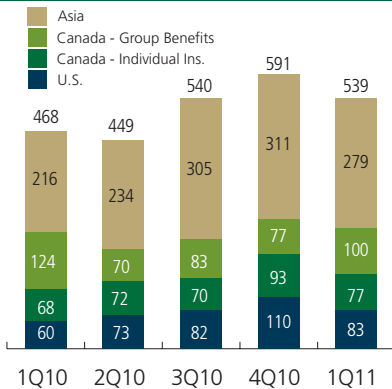
- Sales<sup>1</sup> of wealth and insurance products targeted for growth up 22% and 15%, respectively, compared to first quarter 2010.
- Asia generated substantial sales growth in targeted wealth and insurance products with wealth sales more than doubling and insurance sales increasing 27% compared to first quarter 2010.
- Record mutual fund sales in the U.S. of \$3.5 billion and in Canada of \$595 million.
- Record funds under management<sup>1</sup> of \$478 billion.
- Continued progress on obtaining state approvals of John Hancock Long-Term Care in-force price increases.
- Ahead of timetable in reducing equity market and interest rate sensitivity. Actions to reduce interest rate sensitivity in the liability segment resulted in a gain of \$254 million after-tax in the quarter.
- Fair value gains on oil and gas and real estate investments and favourable credit experience.
- First quarter 2011 net income attributed to shareholders of \$985 million and diluted earnings per share (excluding convertible instruments) of \$0.54 despite much higher hedging costs relative to a year ago and the \$151 million estimated net impact from P&C reinsurance claims related to the earthquake in Japan.
- Strong capital levels with MLI MCCR ratio of 243%.
- Adopted International Financial Reporting Standards ("IFRS") effective January 1, 2011 which replaced prior Canadian Generally Accepted Accounting Principles ("GAAP").

\* See press release announcing our 2011 first quarter results for additional information.  
<sup>1</sup> Non-GAAP measure.

## Notable Items (\$M after-tax)

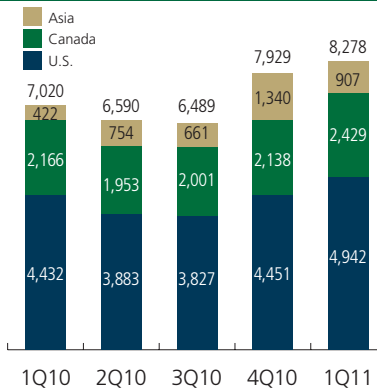
- 111** Direct impact of equity markets and interest rates
- (100)** Expected macro hedging losses based on long-term valuation assumptions
- (151)** Expected net impact from P&C reinsurance claims related to the earthquake in Japan
- 254** Impact on policy liabilities related to activities to reduce interest rate exposures
- 170** Market gains on non-fixed income assets, strong credit results, and trading gains
- 8** Refinements in assumptions and models used to value policy liabilities

## Insurance Sales (targeted growth products)



- 1Q11 targeted insurance sales<sup>1</sup> were \$539 million, up 15%<sup>2</sup> versus 1Q10:
  - Asia insurance sales up 27%<sup>2</sup>, driven by 50%<sup>2</sup> increase in Japan
  - U.S. Life sales were up 44%<sup>2</sup>, including initial success in new Universal Life product
  - Record first quarter Individual Life and Affinity sales in Canada

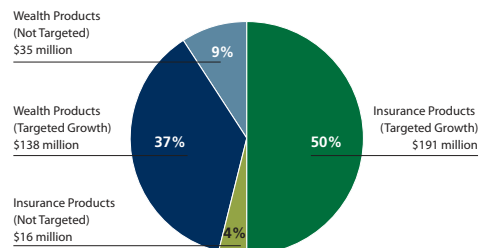
## Wealth Sales (targeted growth products)



- 1Q11 sales<sup>1</sup> of targeted wealth products were \$8.3 billion, up 22%<sup>2</sup> versus 1Q10:
  - Growth across all three geographic divisions, including doubling of Asian wealth sales
  - Mutual funds sales up 68% and 42%<sup>2</sup> in Canada and the U.S., respectively
  - Strong sales of InvestmentPlus in Canada, a low risk variable annuity

## New Business Embedded Value<sup>1</sup>

\$380M



- Targeted growth products represented 87%<sup>2</sup> of 1Q11 New Business Embedded Value
- New methodology for calculating NBEV in 2011

<sup>1</sup> Non-GAAP measure.  
<sup>2</sup> Sales growth stated on a constant currency basis.

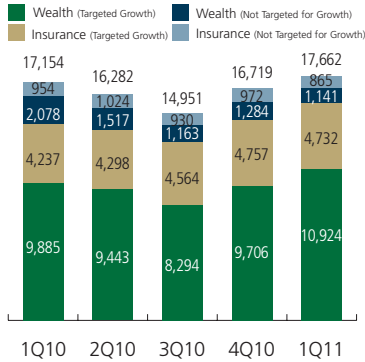
\* Targeted growth products\* in Insurance exclude Universal Life with No-Lapse Guarantees, Guaranteed Non-Par Whole Life and Long-Term Care insurance in the United States. \*Targeted growth products\* in Wealth Management exclude Variable Annuities across all geographies and Book Value Deferred Annuities in the United States.

Key Financial Statistics	1Q11	Quarter Highlights	1Q11	1Q10	Source of Earnings	1Q11	4Q10
Market Capitalization (in millions)	\$30,632	Shareholders' Earnings	\$985	\$1,224	Expected Profit on In-Force	\$828	\$891
Common Shares Outstanding (in millions)	1,783	Basic earnings (loss) per Common Share	\$0.54	\$0.68	Impact of New Business	(83)	(145)
Common Share Price - Toronto	\$17.18	ROE <sup>1</sup> (% annualized)	17.4%	19.2%	Experience Gains (Losses)	789	1,478
Book Value per Common Share	\$12.84	Insurance Sales <sup>1</sup> (targeted for growth)	\$539	\$468	Mgmt Actions & Changes in Assumptions	(340)	(209)
Market Value to Book Value Ratio	1.34	Wealth Sales <sup>1</sup> (targeted for growth)	\$8,278	\$7,020	Earnings on Surplus Funds	122	101
Book Value excl. goodwill per Common Share	\$10.60	Insurance Sales <sup>1</sup> (not targeted for growth)	\$59	\$126	Other	(24)	29
Market Value to Book Value excl. goodwill Ratio	1.62	Wealth Sales <sup>1</sup> (not targeted for growth)	\$1,145	\$2,108	<b>Income Before Taxes</b>	<b>1,292</b>	<b>2,145</b>
					Income Taxes	(307)	(349)
					<b>Shareholders' Net Income</b>	<b>\$985</b>	<b>\$1,796</b>

<sup>1</sup> Non-GAAP measure.  
All figures in CSM unless otherwise noted.

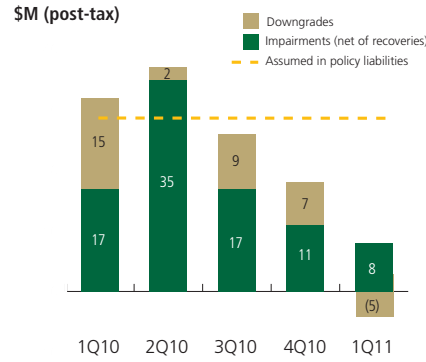
# Operational Highlights

## Premiums and Deposits (P&D)



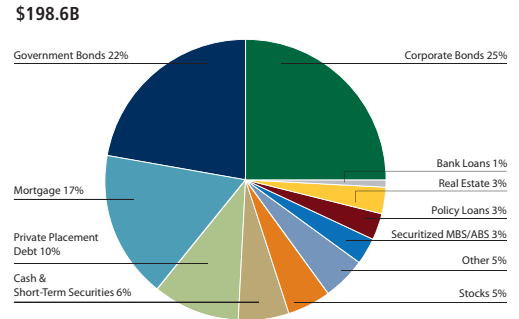
- 1Q11 targeted insurance products P&D<sup>1</sup> up 13%<sup>2</sup> over 1Q10
  - JH Life executing repositioning as planned
  - Growth of in-force business and new product launches in Asia
- 1Q11 targeted wealth products P&D up 15%<sup>2</sup> over 1Q10
  - Strong North American mutual fund deposits
  - Asian Wealth Management
- 1Q11 Insurance and Wealth P&D for products not targeted for growth down 4%<sup>2</sup> and 44%<sup>2</sup>, respectively from 1Q10
  - Consistent with actions taken globally to reposition products to improve ROE and rebalance risk

## Credit Impairments & Downgrades/(Upgrades)<sup>1</sup>



- Credit gain reflective of investment discipline
- Net charge for credit impairments and downgrades of \$3 million, was significantly below the \$28 million assumed in policy liabilities

## Total Invested Assets



- Limited Net Exposure<sup>1</sup> to:
  - Residential mortgage backed securities (C\$521 million)
  - Monoline wrapped bonds (C\$495 million)
  - European bank hybrids (C\$207 million)
  - Sovereign debt of "PIIGS" nations (C\$74 million)

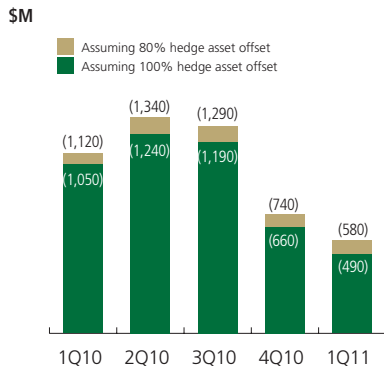
<sup>1</sup> Non-GAAP measure.

<sup>2</sup> P&D growth stated on a constant currency basis.

<sup>1</sup> On Non-Par holdings only and excludes the long-term amount assumed in the valuation of policy liabilities of approximately \$28 million after-tax.

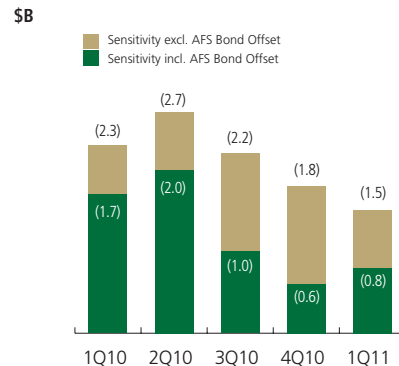
<sup>1</sup> Net Exposure excludes par and pass-through and reflects the impact of downgrades on reserves.

## Equity Market Sensitivity<sup>1</sup>



- Estimated impact of 10% equity market decline is between \$(490) to \$(580) million to earnings and (5) pts to MCCSR
- Continued progress in reducing sensitivity
  - \$8.5 billion of guaranteed value added to dynamic hedging program
  - \$200 million of TOPIX futures contracts short sold under our macro hedging program
- 59% - 65% of underlying earnings sensitivity to equity market changes now hedged, achieving our year end goal for 2012

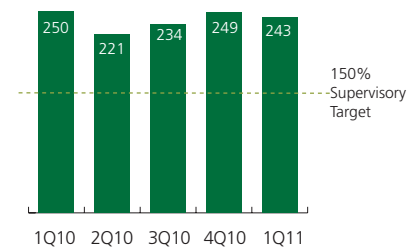
## Interest Rate Sensitivity<sup>1</sup>



- Estimated impact of 1% parallel decline in interest rates excluding AFS bond offset is \$(1.5) billion to earnings and (21) points to MCCSR
- Estimated impact of 1% parallel decline in interest rates including AFS bond offset is \$(800) million to earnings
- Achieved 2012 goal for reducing interest rate sensitivity and well on our way to achieving our goal of reducing sensitivity by 50% by year end 2014

## Current Regulatory Capital Position

### Minimum Continuing Capital and Surplus Requirements (MLI) (%)



- 1Q11 MCCR ratio of 243%, down 6 points from 4Q10
  - Subordinated debt maturity, partially offset by preferred equity issuance
  - Impact of IFRS adoption
  - Change in 2011 to MCCR treatment regarding certain reinsurance agreements
- With reduced equity market and interest rate sensitivities, 243% represents a substantial buffer relative to financial market volatility

<sup>1</sup> Earnings sensitivity to equity markets is defined as the impact of a 10% decline in the market value of equity funds on the net income attributed to shareholders. Earnings sensitivity to interest rates is defined as the impact of a 1% parallel decline in interest rates on the net income attributed to shareholders.

All figures in CSM unless otherwise noted

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