



# Strength & Diversity

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Senior Executive Vice President &  
Chief Investment Officer

February 24, 2009



# Legal Disclaimer

## ***Caution Regarding Forward-Looking Statements***

This document contains forward-looking statements within the meaning of the “safe harbour” provisions of Canadian provincial securities laws and the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements 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”, “suspect”, “outlook”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “forecast”, “objective”, “continue” 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. 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 performance of equity markets, interest rate fluctuations, currency rates, investment losses and defaults, movements in credit spreads, market liquidity and creditworthiness of guarantors and counterparties); level of competition and consolidation; changes in laws and regulations; Company liquidity, including the availability of financing to satisfy existing financial liabilities on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; accuracy of accounting policies and actuarial methods used by the Company; the ability to maintain the Company’s reputation; legal and regulatory proceedings; the ability to adapt products and services to the changing market; the ability to implement effective hedging strategies; the ability to attract and retain key executives; the ability to complete acquisitions including the availability of equity and debt financing for this purpose; the ability to execute strategic plans; the disruption of or changes to key elements of the Company’s or public infrastructure systems; and environmental concerns. Additional information about material 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 in the body of this document as well as under “Risk Factors” in our most recent Annual Information Form, under “Risk Management” and “Critical Accounting and Actuarial Policies” in the Management’s Discussion and Analysis in our most recent annual and interim reports, 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. We do not undertake to update any forward-looking statements except as required by law.



# MFC Highlights

- Track record of growth
- Diversified earnings platform
- Record sales and leading market shares
- Profitable new business growth
- High quality and diversified investments
- Conservative balance sheet



# The Challenge

- Has a highly theoretical tail risk – a non-cash charge for a long deferred contingent risk - overwhelmed the reality of an exceptionally strong global franchise?
  - We are the first to admit that equity dilution, if required, **is** real
  - Consequently, MFC has a strong preference for alternatives to equity dilution

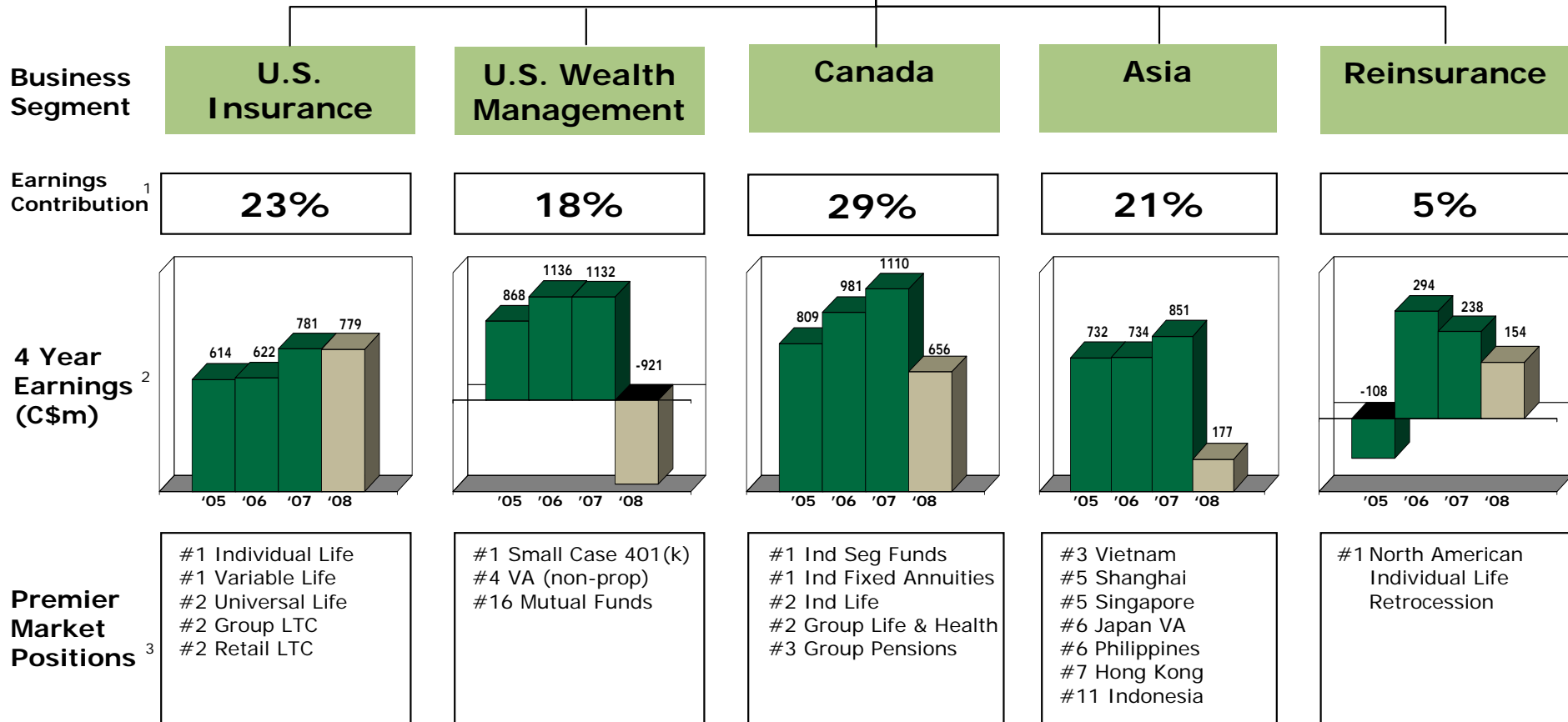


# Key Investment Considerations

- For how long will equity markets decline?
  - Will equity markets recover before the general economy?
- For how long will the economy be in recession?
  - How will MFC fare versus other FI's in these challenging credit conditions?
- What is the upside for survivors in terms of profit margin as insurers seek to restore their capital levels?
- What is the upside for survivors in terms of market share growth and acquisition opportunities?
- Is it likely that MFC will not only survive, but prosper, as a result of the current financial disruption?

# MFC at a glance ...

## Manulife Financial



CANADA    UNITED STATES    HONG KONG    INDONESIA    SINGAPORE    JAPAN    TAIWAN    MACAU    MALAYSIA    PHILIPPINES    VIETNAM  
 THAILAND    UNITED KINGDOM    CHINA    GERMANY    BELGIUM    BERMUDA    BARBADOS    AUSTRALIA

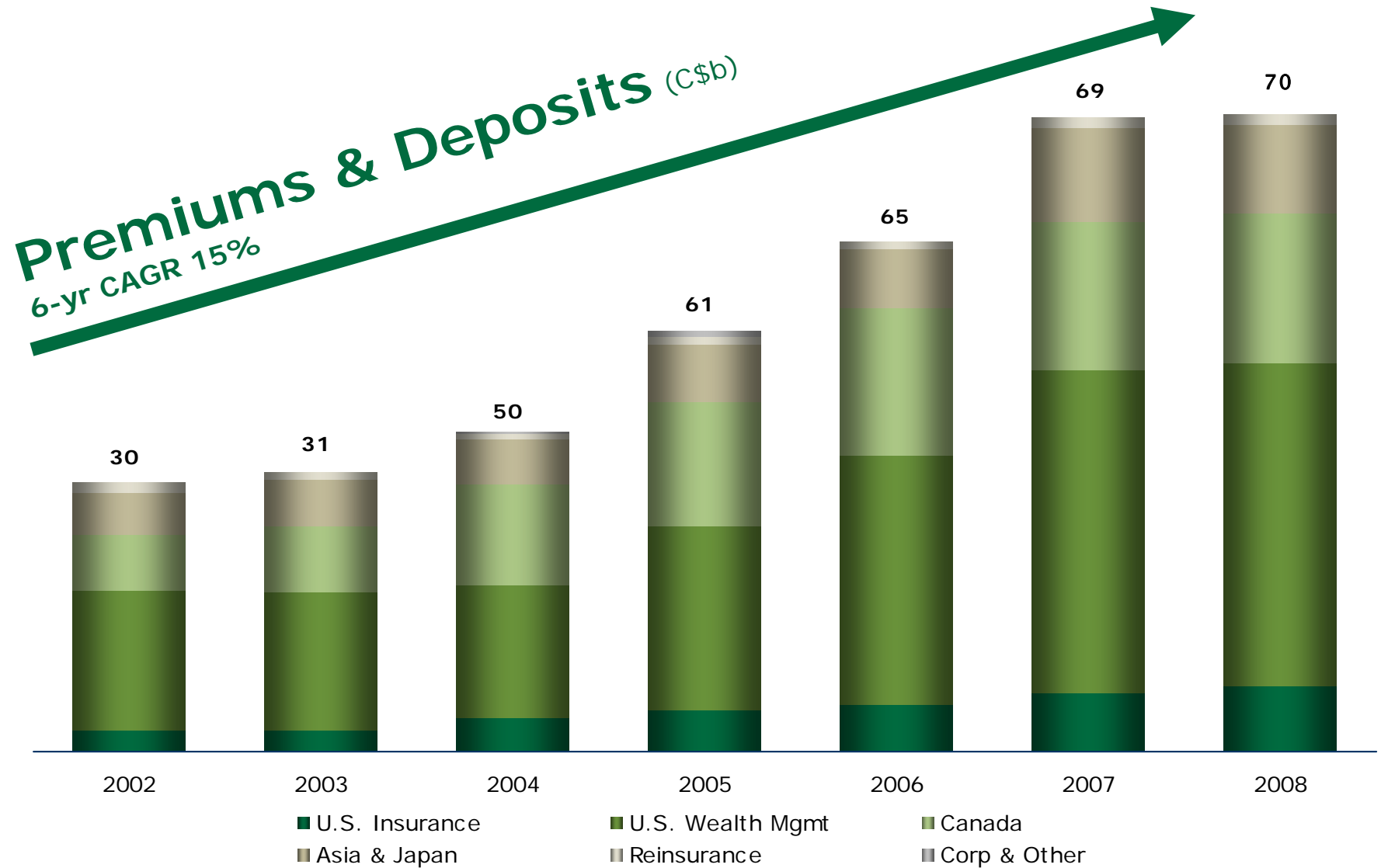
<sup>1</sup> Earnings contribution is calculated based on average over last 4-years. Refer to note 2 below for data set used

<sup>2</sup> Earnings data prior to 2007 is on a pre-investment pooling basis

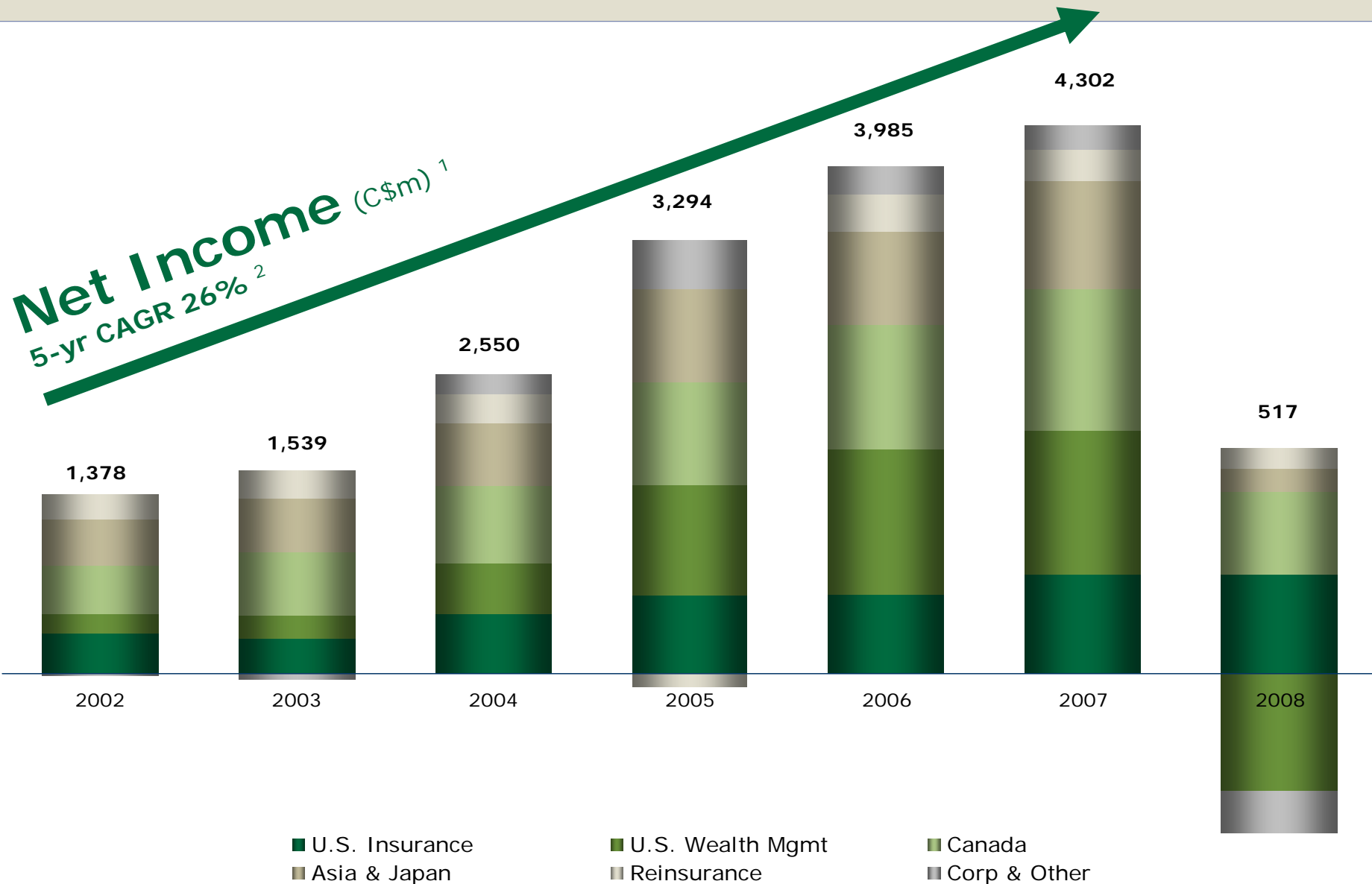
<sup>3</sup> Based on most recent market data available from various independent market surveys including LIMRA, Tillinghast, MARC, ICI and other sources



# Steady Top Line Growth



# Strong Bottom Line Growth

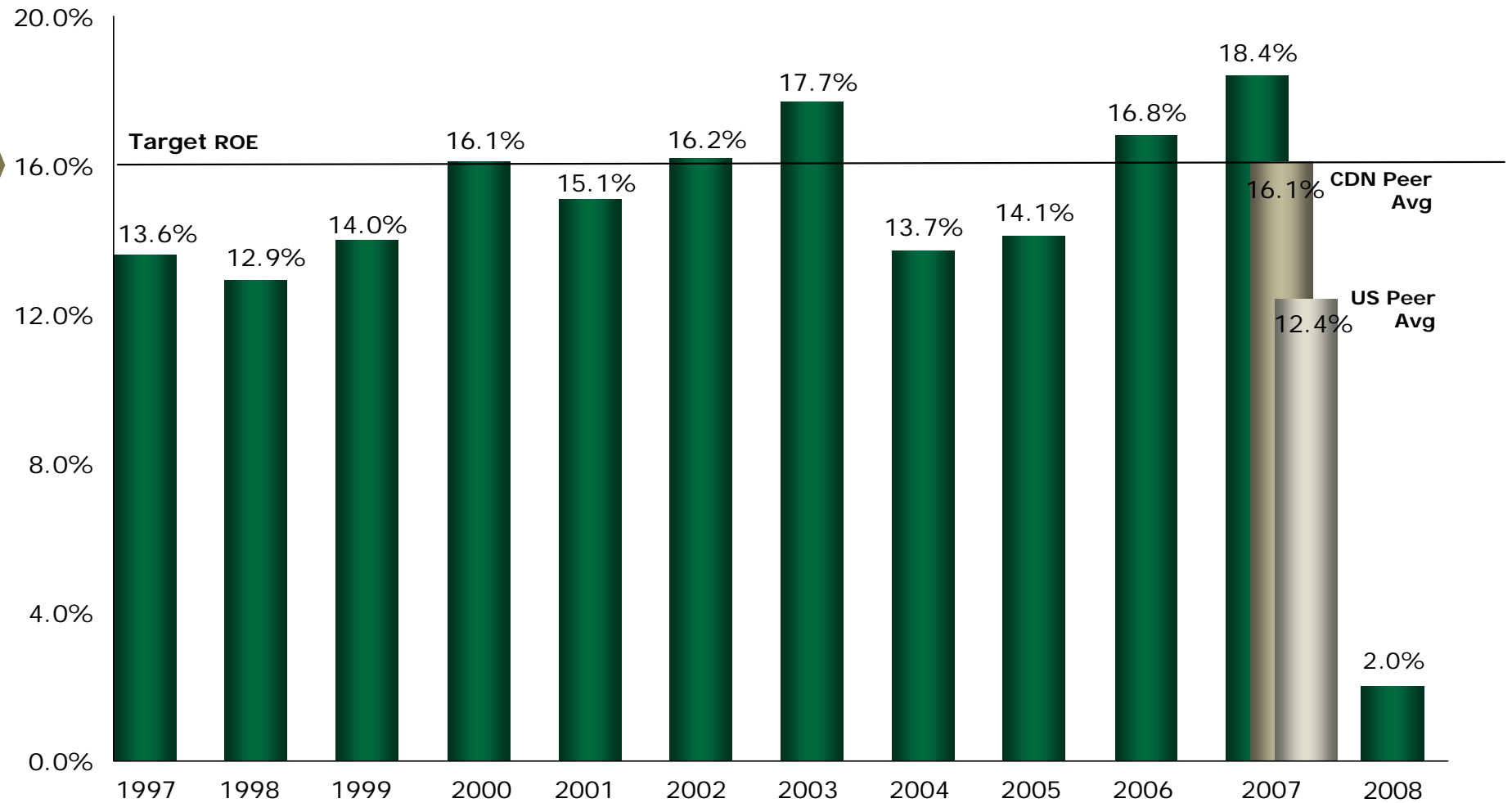


<sup>1</sup> Earnings data prior to 2007 is on a pre-investment pooling basis

<sup>2</sup> The 5-year CAGR excludes 2008 results



# High Historical Return on Equity



CDN Peer group includes GWO, SLF and IAG. US Peer group includes MET, PRU, HIG, LNC and PFG. Peer group ROE Avgs calculated as sum of earnings over sum of implied equity based on published ROEs. Source: Company reports, MFC calculations.

# Industry Leading Ratings

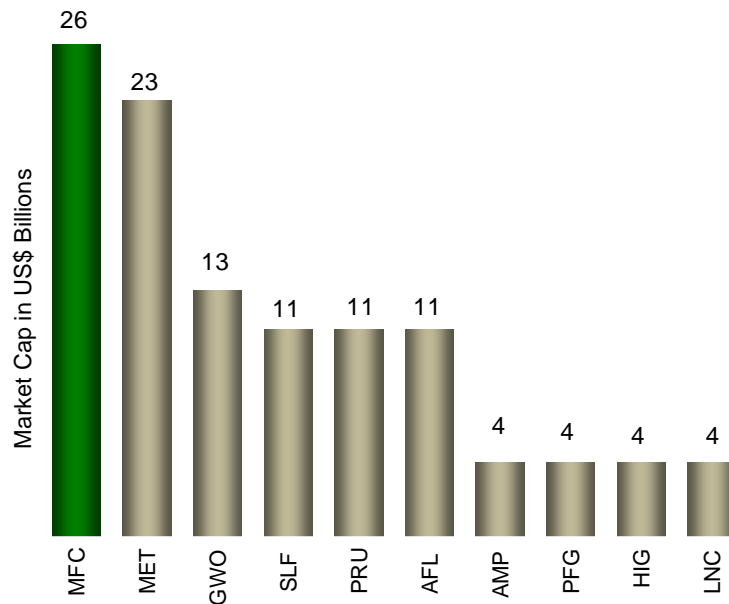
Agency	Rating	Outlook
<b>S&amp;P</b>	<b>AAA</b> 1 <sup>st</sup> of 8 categories	Negative
<b>Moody's</b>	<b>Aa1</b> 2 <sup>nd</sup> of 9 categories	Review for possible downgrade
<b>A.M. Best</b>	<b>A+ +</b> 1 <sup>st</sup> of 15 categories	Negative
<b>DBRS</b>	<b>IC-1</b> 1 <sup>st</sup> of 5 categories	Stable
<b>Fitch</b>	<b>AA+</b> 2 <sup>nd</sup> of 9 categories	Negative

as at February 20, 2009

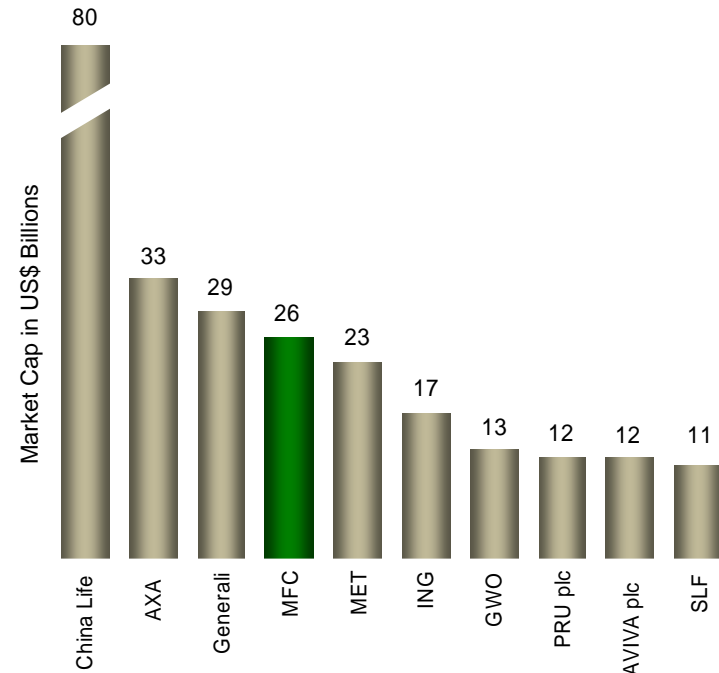
- Manulife's financial discipline and record of strong operational performance over time have resulted in its key operating subsidiaries having among the highest ratings in the industry

# Significant Scale

## North American Life Insurers



## Global Life Insurers



- Manulife's size and scale translate into a higher capital base, a diversified operating platform and ample resources to fund growth opportunities
- As at January 31, 2009, Manulife's market capitalization was US\$26 billion, making it the largest life insurance company in North America and the 4<sup>th</sup> largest in the world

Market data as at January 31, 2009. Source: Thomson Reuters



# 2008 Operating Highlights

- **Turbulent global markets and challenging conditions**
  - Financial sector crisis resulted in unprecedented failures and government bailouts
  - Sharp decline in global equity markets and interest rates
  - MFC was not immune, but acted swiftly
  
- **Capital position above targets despite sharp declines in equity markets**
  - Bolstered capital with proceeds from \$2.0B term loan and \$2.3B equity issue
  - MLI MCCR of 233%, above internal targets and regulatory requirement
  - JHLICO RBC estimated at 400%, above 200% regulatory target
  
- **Investment portfolio positioned for challenging credit cycle**
  - Improved credit quality in anticipation of downturn
  - Disciplined and prudent investment approach avoided complexity and chasing yield
  - Limited exposure to notable items
  
- **Global franchises strong despite unprecedented market conditions**
  - Maintained or increased leading market shares in core markets
  - Continued expansion of distribution capabilities
  - Diversified product offerings meeting the changing needs of consumers



# Record Sales & Leading Market Shares

	'08 YoY Growth <sup>1</sup>	'08 Market Share <sup>2</sup>	'08 Market Rank <sup>2</sup>	'07 Market Rank
JH Life	+1%	8%	1	1
JH Long Term Care	-10%	21%	2	1
JH Variable Annuities <sup>3</sup>	-12%	8%	4	3
JH Retirement Plan Services <sup>4</sup>	-5%	24%	1	1
Canada Life Insurance	+12%	19%	2	2
Canada Seg Funds	+18%	33%	1	1
Canada Group Retirement <sup>5</sup>	-32%	11%	3	2
Canada Group Benefits <sup>5</sup>	+4%	18%	2	1
Hong Kong Insurance	+5%	5%	7	7
Japan Variable Annuities	+11%	11%	6	6

Market Share and Rank data from various independent market surveys including LIMRA, Tillinghast, MARC, ICI and other sources

1 Based on full year 2008 vs. full year 2007 sales volumes

2 Based on most recently available market data

3 Through Non-Proprietary sales channel

4 Small case 401(k)

5 '08 YoY Growth excludes significant non-recurring large case sales that occurred in 2007



# 2008 Financial Highlights

(C\$ millions, except per share data)	2008	Y/Y
Shareholders' Earnings	\$517	-88%
Fully Diluted Earnings per Share	\$0.32	-88%
Return on Equity <sup>1</sup>	2.0%	-16.4%
Insurance Sales	\$2,386	+4%
Wealth Management Sales	\$43,540	-1%
New Business Embedded Value	\$2,260	+10%

<sup>1</sup> ROE excludes AOCI from shareholders' equity.

# Equity Market Impact on Earnings

Equity Markets	31-Dec-07	31-Dec-08	Change
S&P TSX	13,833	8,988	-35.0%
S&P 500	1,468	903	-38.5%
Hang Seng	27,813	14,387	-48.3%
Nikkei 225	15,308	8,860	-42.1%

## Impact on 2008 Earnings (C\$ millions):

Segregated Fund Guarantees	2,824
Equities supporting general account liabilities	443
Variable Life Reserves	203
Fee Income	78
Surplus segment equity impairments	<u>199</u>
<b>Total Impact</b>	<b>\$3,747</b>



# Earnings Analysis

(C\$ Millions)

2008 Reported Earnings	517
Equity Market Impact on Earnings	3,747
2008 Earnings excluding Equity Market Impact	4,264
2007 Reported Earnings	4,302

- Excluding equity market impact, 2008 earnings were in line with the strong prior year levels
- Cash provided from operations was \$7.9 billion in 2008, up from \$7.2 billion in 2007, reflecting the non-cash nature of the equity market impact on earnings



# Segregated Fund Guarantees

## Description of Product

- Products are designed to provide consumers with the equivalent of a private pension plan tailored to their individual needs
- Products sold primarily in the U.S., Canada and Japan
- Benefits across this portfolio are generally payable 7 to 30 years in the future
- No liquidity risk as guarantees are not current obligations



# Segregated Fund Guarantees Reserves & Capital

December 31, 2008  
(C\$ Millions)

## Fund Value

Net of amounts reinsured

74,422

## Amount at Risk

Excess of guaranteed values over fund values, net of amounts reinsured

26,809

## Expected Profit

PV of fees minus PV of costs based on average of all scenarios (CTE0)

135

## Balance Sheet Reserves

PV of costs minus PV of fees based on average of worst 35% of all scenarios (CTE65)

5,783

## Total Reserve + 200% of Required Capital

Balance sheet reserves plus 200% of MCCSR Required Capital

10,681

- Balance Sheet Reserves increased by over \$5 billion; Reserves + Capital up by almost \$9 billion over 2007 levels
- Coverage of 40% of current amount at risk
- Assets supporting total reserves plus 200% of required capital exceed expected result by over \$10 billion
- Entire balance sheet reserve is a margin (PfAD) given expected result



# Regulatory Capital Recent Developments

Proceeds of recent debt and equity financings contributed to insurance subsidiaries:

- **New Term Loan**

- \$2 billion loan with five year term
- Financed by leading Canadian banks
- Repayable at any time, without penalty
- Floating rate of 3 month BAs + 380bps

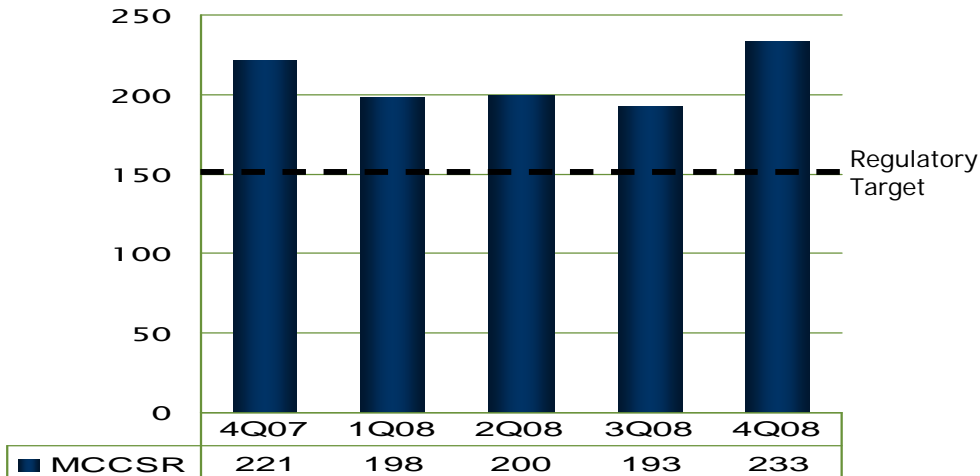
- **New Equity Issue**

- \$2.275 billion of new common equity
  - \$1.125 billion via private placement to eight existing investors
  - \$1.150 billion via 'bought deal' public offering



# Regulatory Capital Current Position

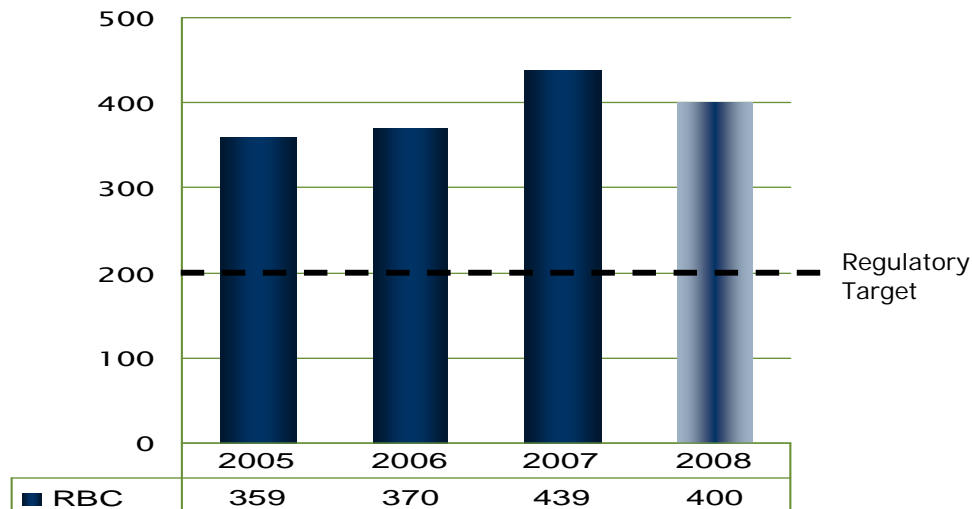
### MCCSR – Manufacturers Life Ins Co



- Year end capital ratios for MLI and JHLICO are above internal and regulatory targets

- MLI increase in 4Q08 reflects new capital raised, partially offset by sharp declines in global equity markets

### RBC – John Hancock Life Ins Co



- JHLICO capital ratio not finalized but estimated 4Q08 position to be approximately 400%



# Sensitivity of Capital & Earnings

## Consolidated MLI MCCSR Ratio:

4Q08 As Reported 233%

Impact of 10% equity market correction  
from December 31, 2008 levels ~20 Pts

## MFC Earnings:

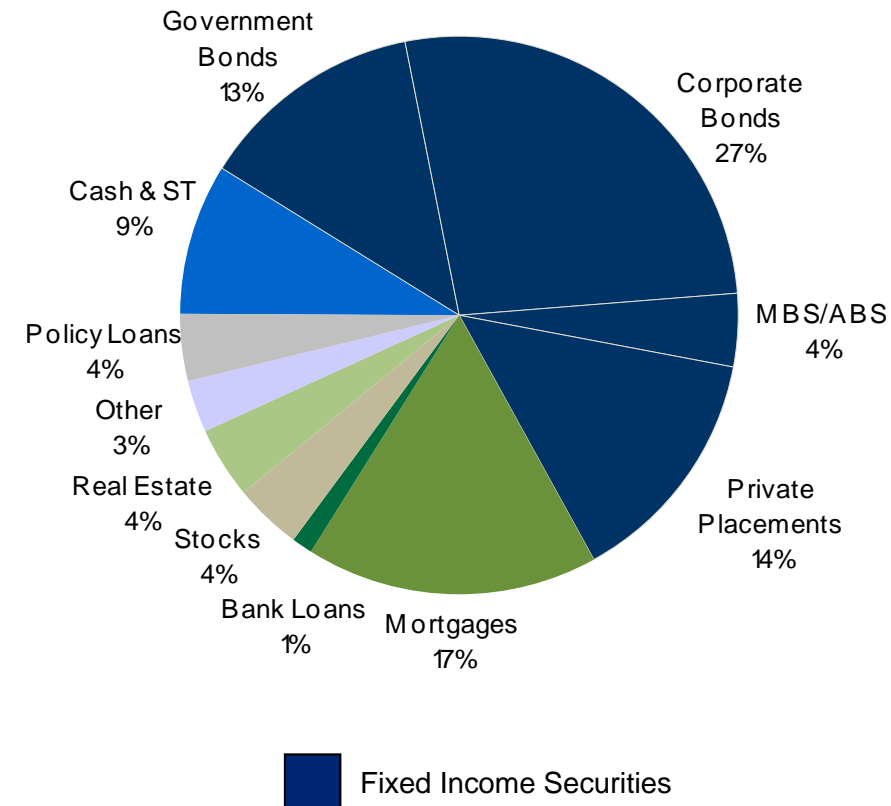
Impact of 10% equity market correction  
from December 31, 2008 levels ~(\$1.6 billion)



# Diversified High Quality Asset Mix

- Diversified, high quality portfolio
  - 13% in Cash & Policy Loans
  - 18% in high grade Mortgages & Bank Loans
  - 58% in high quality Bonds & Privates
  - 95% of Bonds are Investment Grade and highly diversified by geography and sector
- Gross unrealized losses on fixed income securities is C\$9 billion or 8% of total fixed income securities
- Fixed income securities trading <80% of cost for > 6 months is less than C\$1 billion or 1% of total fixed income securities
- Limited exposure to:
  - Sub-prime [MV of C\$408 million]
  - Monoline wrapped bonds [MV of C\$1 billion]
  - UK bank hybrids [MV of \$356 million]
- No exposure to hedge funds

## Total Invested Assets C\$187.5 billion



All data based on Carrying Value as at December 31, 2008 in C\$

# Minimal Impact from “In the News” Items

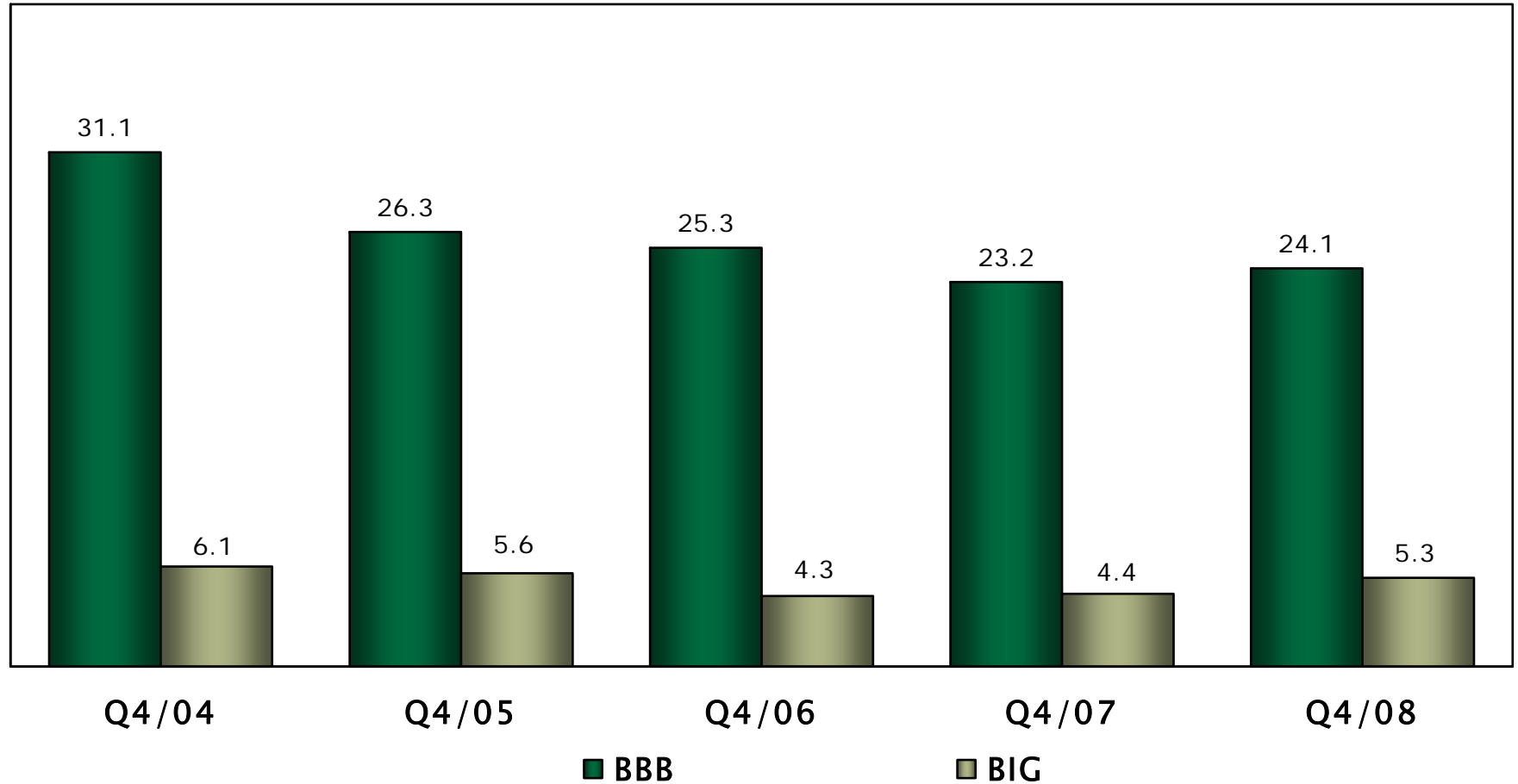
Type	Market Value	Amortized Cost	Comments
Asset Backed Securities (ABS)	\$2.0B	\$2.1B	92% rated AA or higher; no sub-prime exposures
Securities Lending	\$1.2B	\$1.2B	Over collateralized, backed by highest quality, liquid collateral
Monoline Insurers	\$1.0B In wrapped bonds	\$1.2B In wrapped bonds	Nominal exposure to downgrades as do not rely on monoline wraps
Residential Mortgage Backed Securities (RMBS)	\$819m (\$408m Sub-prime; \$154m Alt-A)	\$1.5B (\$747m Sub-prime; \$287m Alt-A)	81% rated A or higher 83% originated in 2005 or prior
Collateralized Debt Obligations (CDO)	\$231m	\$460m	None have subprime mortgages
UK Bank Hybrids	\$356m	\$750m	RBS ~ 40%; Barclays ~ 35% Shareholder portion ~ 65%
European Bank Hybrids	\$111m	\$200m	Max single name limit ~ 20% Shareholder portion ~ 60%
Hedge Funds	None	None	No exposure
Credit Default Swaps (CDS) written	None	None	Never wrote Credit Default Swap (CDS) protection

All data as at December 31, 2008 in C\$



# Bond Portfolio High Credit Quality

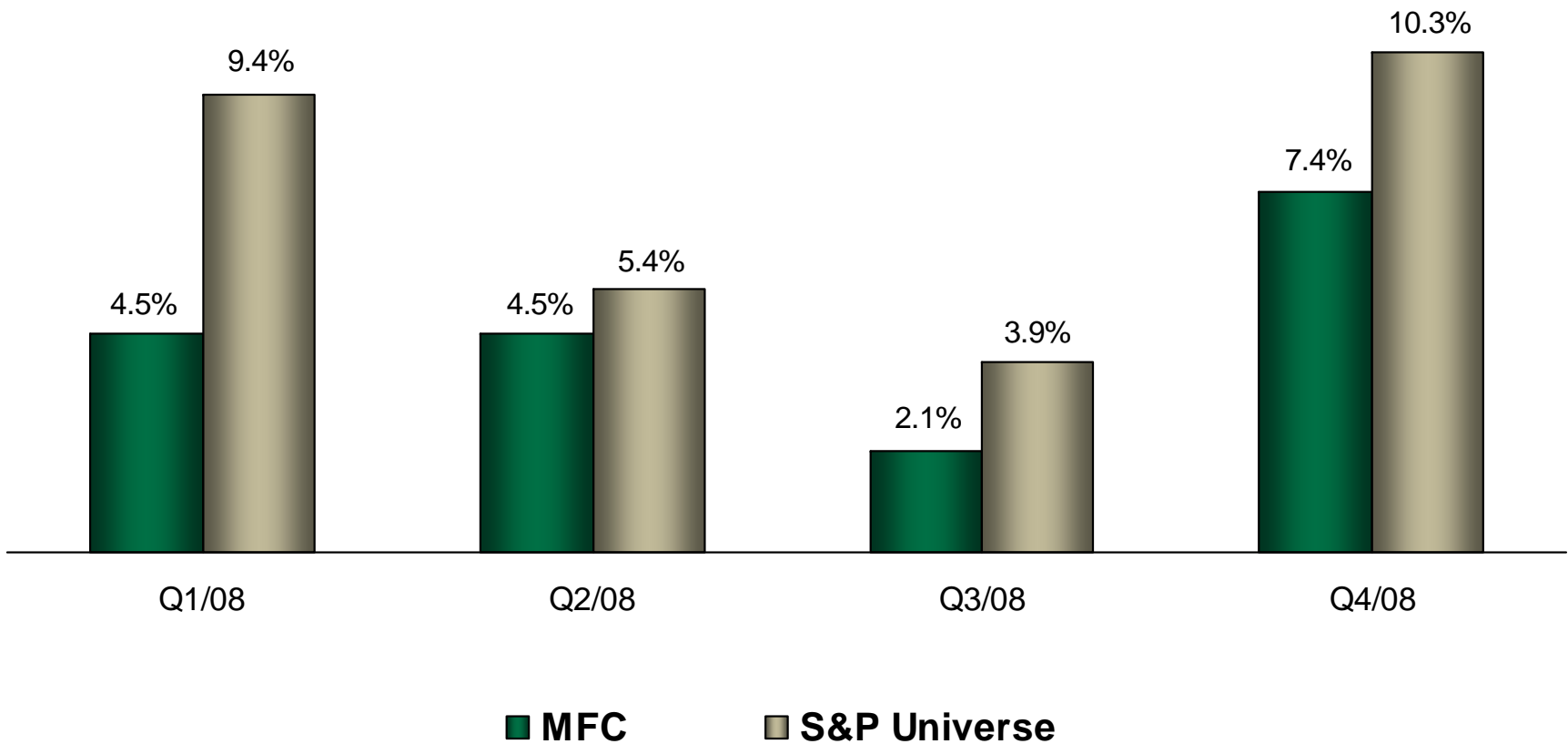
Percentage of Total Bond Portfolio





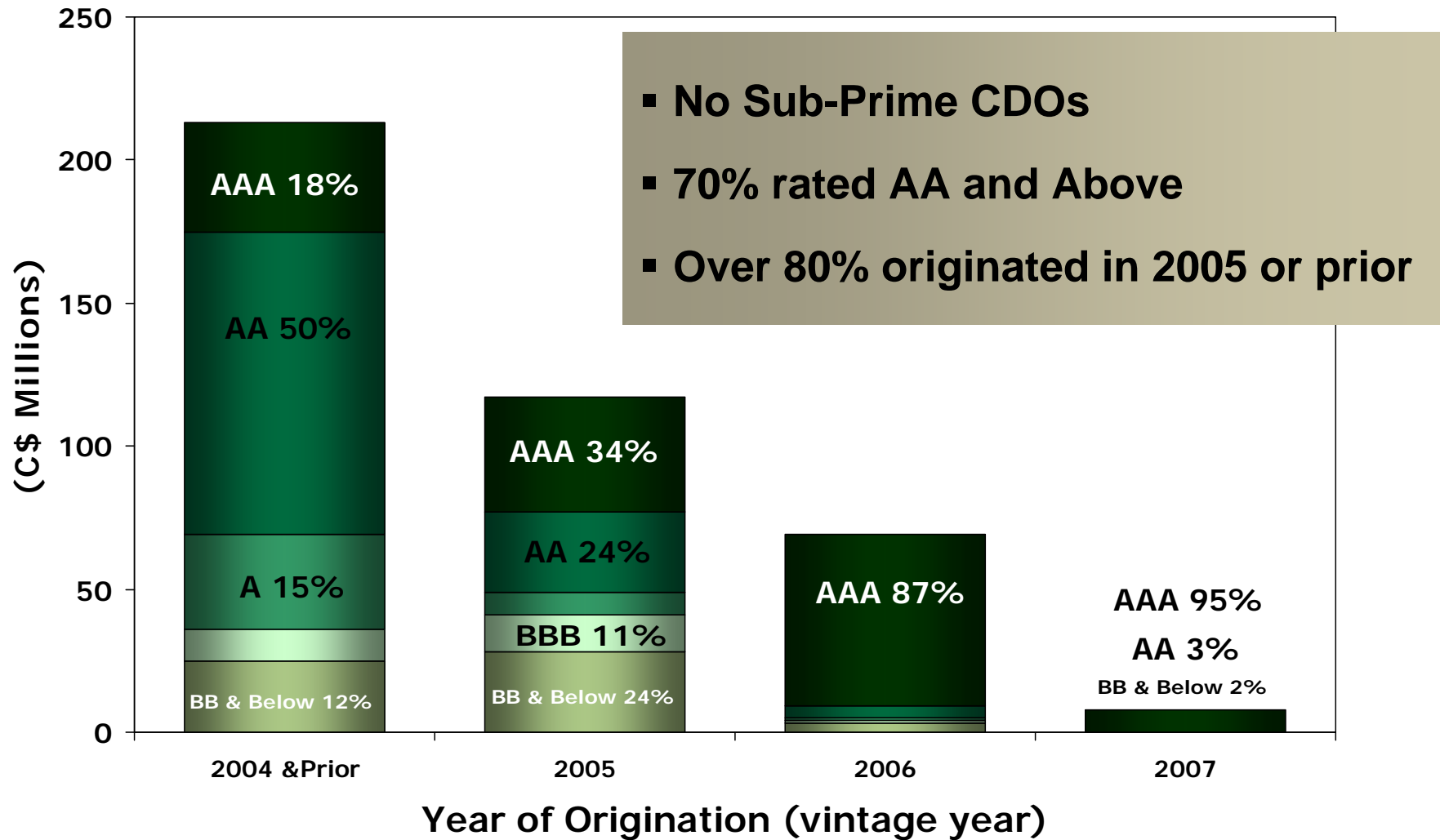
# Bond Portfolio Performing Better Relative to Market

**Downgrades as % of Total Issuers**



# Sub-Prime RMBS Portfolio

**C\$408 million, representing 0.22% of Total Invested Assets**

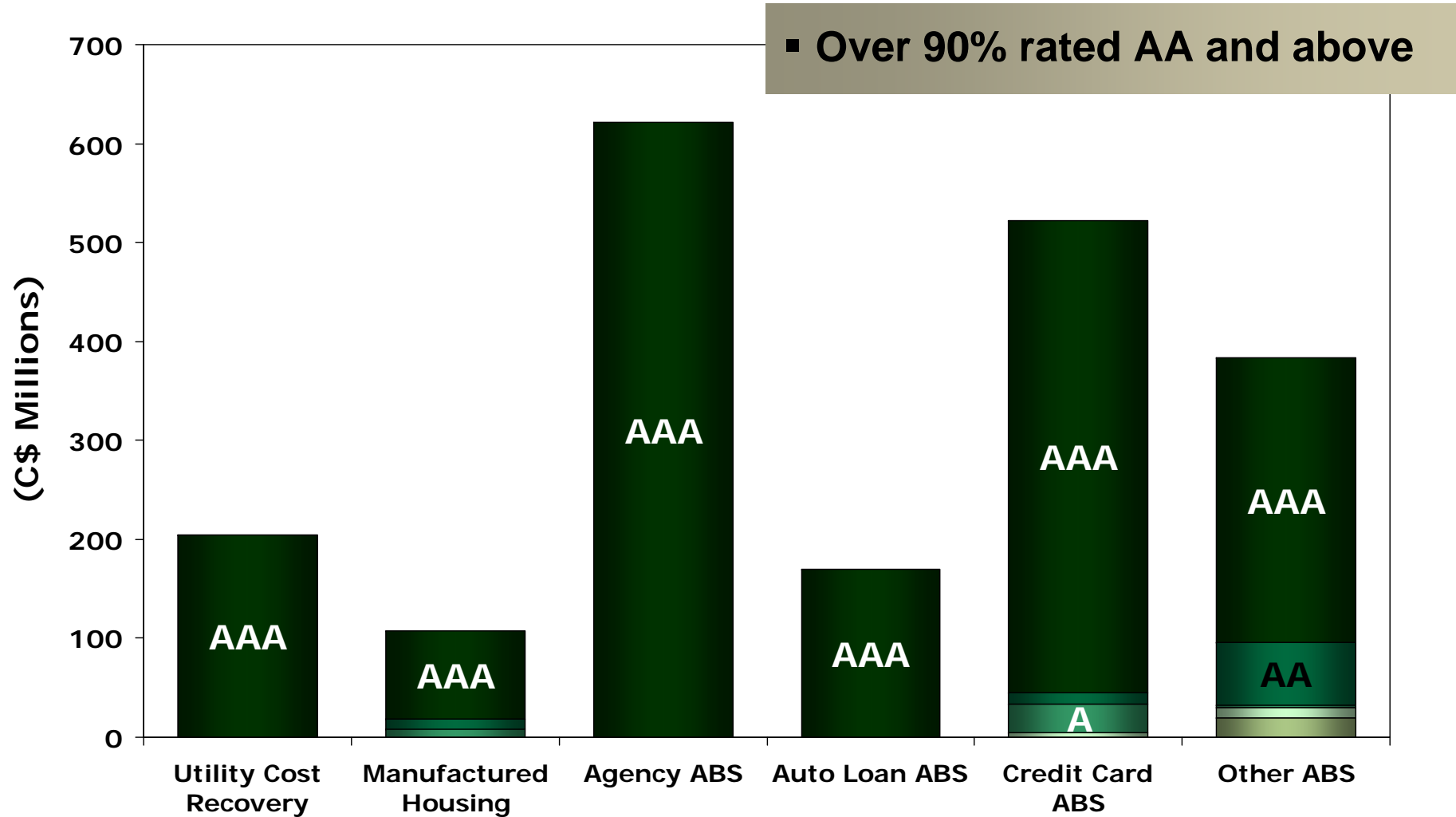


All data based on Carrying Value quoted as at December 31, 2008



# ABS Portfolio

**C\$2.0 billion, representing 1.1% of Total Invested Assets**

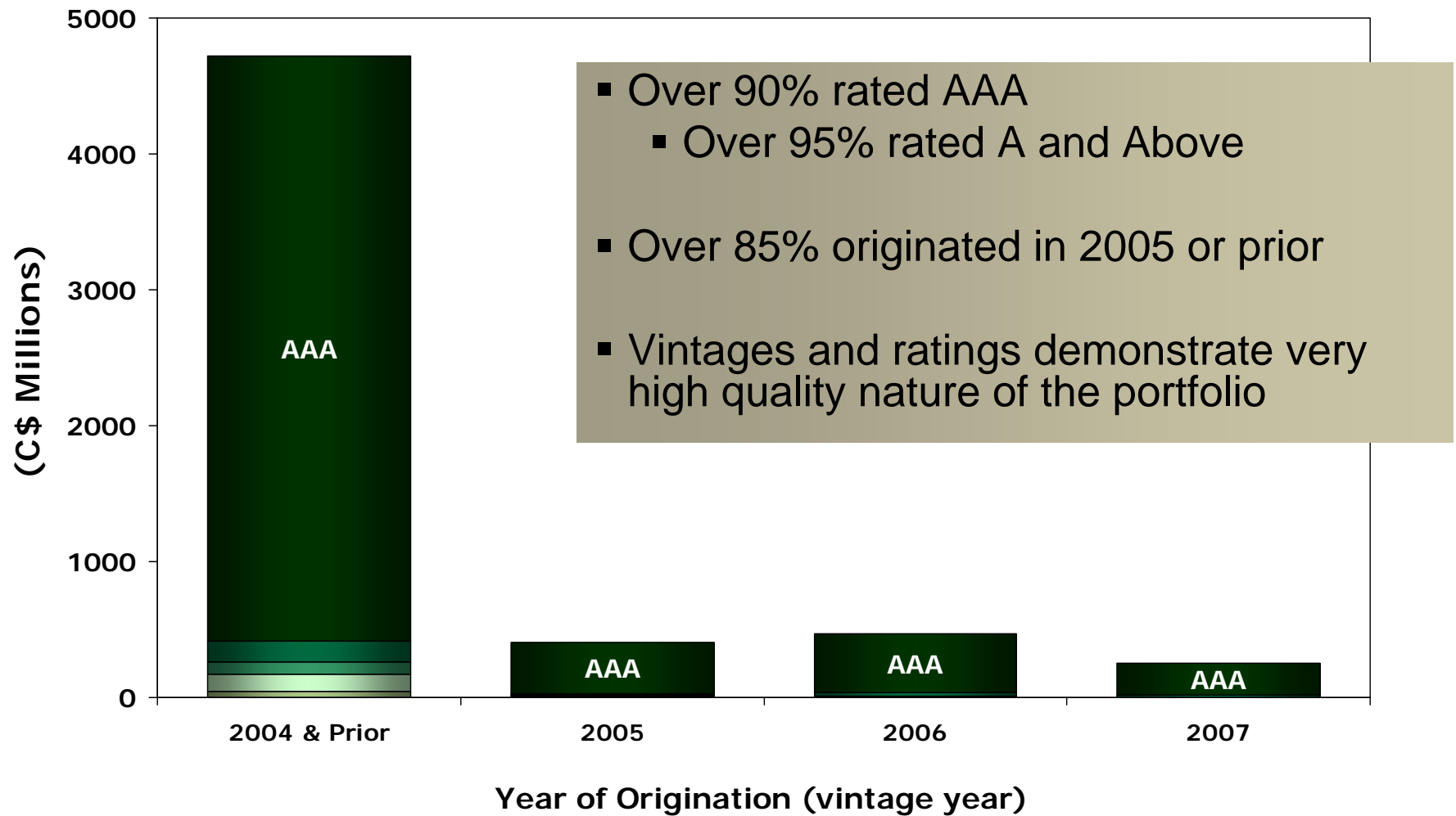


All data based on Carrying Value quoted as at December 31, 2008



# CMBS Portfolio

**C\$5.9 billion, representing 3.1% of Total Invested Assets**



All data based on Carrying Value quoted as at December 31, 2008

# Unrealized Losses – Fixed Income

<b>Unrealized Losses on Fixed Income Securities</b>	<b>Total</b>	<b>AFS</b>	<b>FVO</b>	<b>Loans</b>
Gross Unrealized Losses	\$9.0B	\$1.1B	\$6.2B	\$1.7B
Less: Gross Unrealized Gains	3.8B	1.1B	2.5B	0.2B
<b>Net Unrealized Loss</b>	<b>\$5.2B</b>	<b>\$0.0B</b>	<b>\$3.7B</b>	<b>\$1.5B</b>
Fixed Income Securities (Amortized Cost)	\$112.6B	\$12.7B	\$74.2B	\$25.7B
<b>Gross Unrealized Loss as a % of Total Fixed Income Securities</b>	<b>8.0%</b>	<b>8.7%</b>	<b>8.4%</b>	<b>6.6%</b>
<b>Gross Unrealized Loss on Securities trading &lt; 80% of amortized cost for &gt; 6 months</b>	<b>\$998M</b>	<b>\$185M</b>	<b>\$785M</b>	<b>\$27M</b>

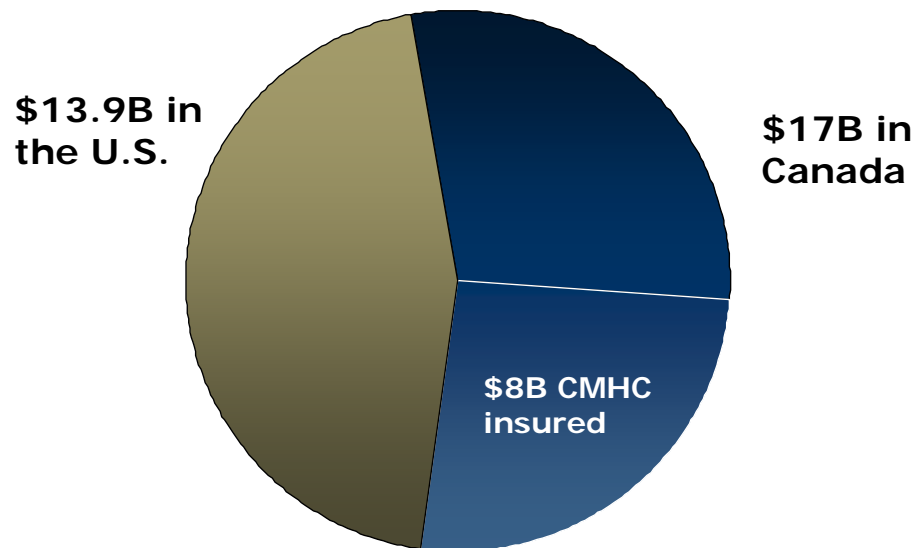
All data as at December 31, 2008 in C\$



# Mortgage Portfolio

**C\$30.9 billion, representing 16.5% of Total Invested Assets**

Mortgage Portfolio by Geography



- **\$8B of portfolio CMHC insured**
- **Commercial Loan book of \$21.7B is extremely high quality:**

- Low loan-to-value ratios (Canada 61.7%, US 62.1%)
- High debt service coverage ratios (Canada 1.61x, US 1.62x)
- Conservative underwriting and selective sector mix
- Minimal in arrears:
  - Canada: \$1.8 million (2 loans which are CMHC insured)
  - US: \$32 million (4 loans)

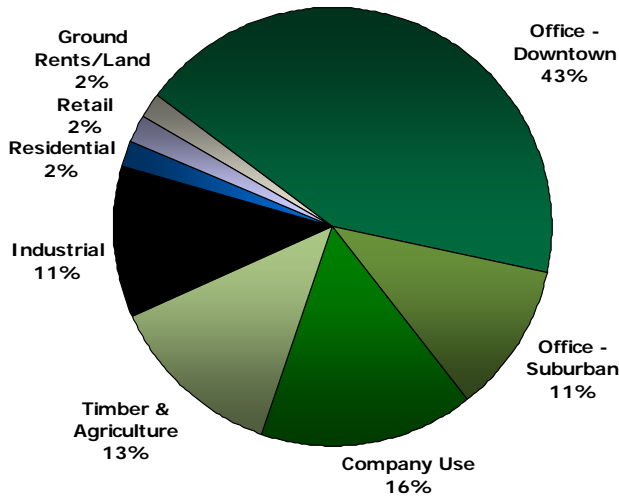
All data based on Carrying Value quoted as at December 31, 2008 in C\$



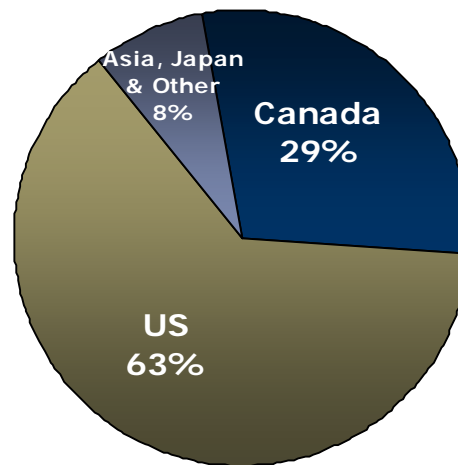
# Real Estate Portfolio

**C\$7.3 billion, representing 3.9% of Total Invested Assets**

By Type



By Geography



Commercial Real Estate

	Carrying Value	Occupancy Rates
Toronto	1,198	96%
Washington	887	99%
Boston	759	96%
Chicago	744	83%
Los Angeles	690	93%
Atlanta	595	91%
Calgary / Edmonton	225	100%
Ottawa / Montreal	219	90%
Vancouver	160	100%

- Virtually no leverage
- Average occupancy rate of 93%
- Average lease term of 5.6 years

All data based on Principal Balance as at December 31, 2008 in C\$



# Equities

- Public and Private equity exposure of approximately C\$8.0 billion in Shareholder accounts (excludes Par and Pass-throughs)
- Highly diversified portfolio
- Positive returns in Private Equity and Mezzanine portfolios

All data based on Carrying Value quoted as at December 31, 2008



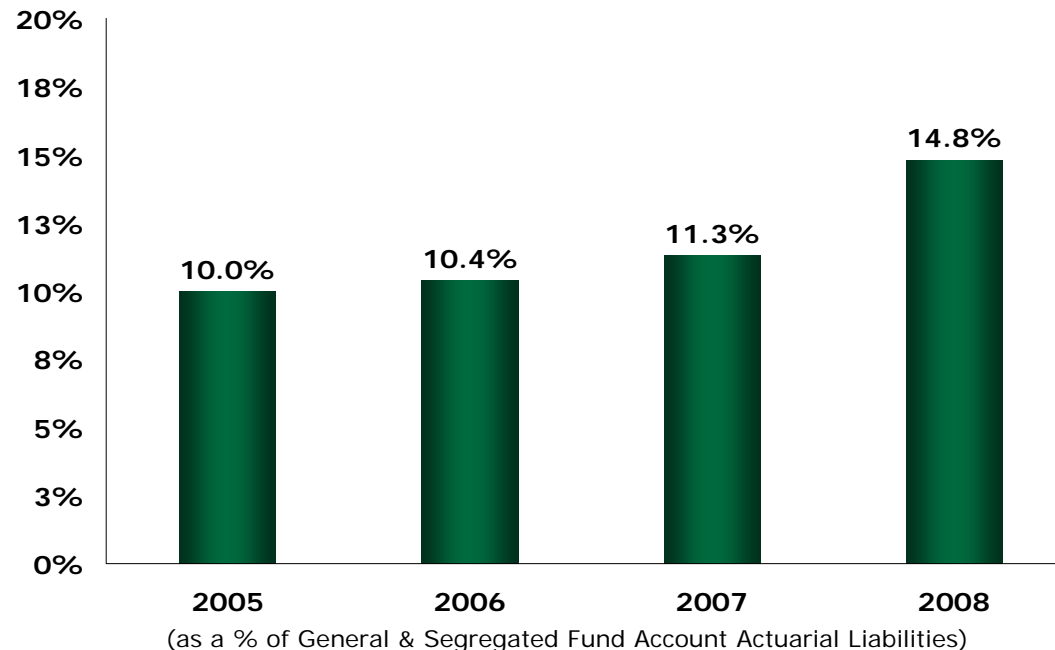
# Unrealized Losses - Equities

<b>Unrealized Losses on Equities</b>	<b>AFS</b>
Gross Unrealized Losses	\$828M
Less: Gross Unrealized Gains	77M
<b>Net Unrealized Loss</b>	<b>\$751M</b>
Total Equity Portfolio (Cost)	\$3,585M
<b>Gross Unrealized Loss as a % of Total AFS Equity Portfolio</b>	<b>23.1%</b>
<b>Gross Unrealized Loss on Securities trading below &lt; 80% of amortized cost for &gt; 6 months</b>	<b>\$49M</b>

All data as at December 31, 2008 in C\$

# Prudent Actuarial Reserves

## General & Segregated Fund Account PfADs



- Reserves provide for expected cost of future obligations
- Provisions for Adverse Deviations (PfADs) provide **additional** margins on top of expected costs
- PfADs continue to be at the higher end of our historic ranges, and in the higher end of ranges permitted under professional standards



# Embedded Value

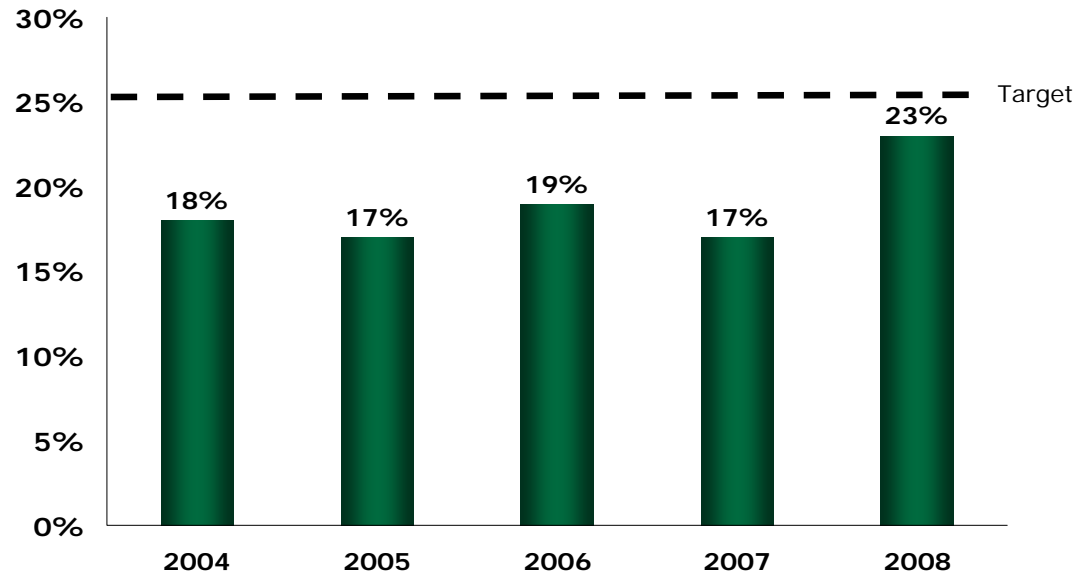
	EV		BVPS
	Total	Per Share	
<b>as at January 1, 2008</b>	<b>32,799</b>	<b>\$21.85</b>	<b>\$15.73</b>
Interest on EV	2,560		
New Business	2,260		
Experience Variances and Changes in Actuarial Assumptions	(4,583)		
<b>Operational Embedded Value</b>	<b>33,036</b>	<b>\$22.01</b>	
<b>Change in Operational EV (from year start)</b>	<b>1%</b>	<b>1%</b>	
Discount Rate Changes	6,493		
Currency	6,303		
Shareholder Dividends	(1,494)		
Other Capital Movements	1,845		
<b>as at December 31, 2008</b>	<b>46,183</b>	<b>\$28.68</b>	<b>\$16.62</b>
<b>Change in Value</b>	<b>41%</b>	<b>31%</b>	<b>6%</b>

C\$ millions, except per share data



# Moderate Leverage

Financial Leverage ratios remain below target levels



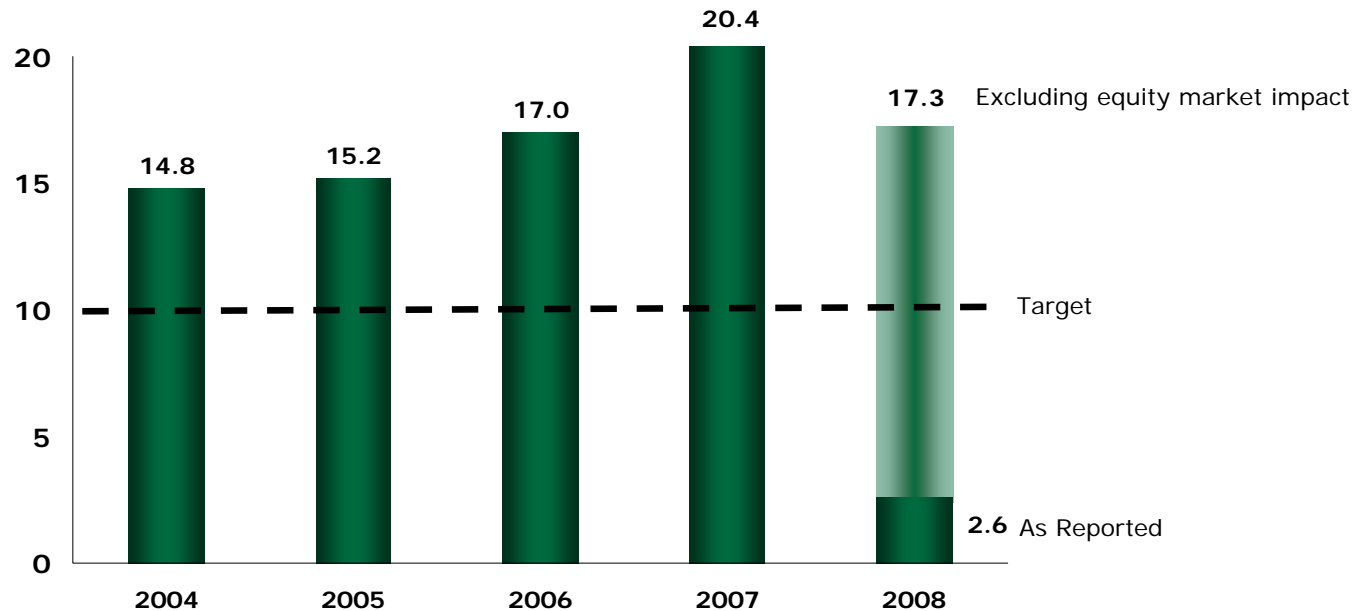
Source: 2004 thru 2007 per S&P Ratings Report on MFC 19Dec08; 2008 per MFC calculations based on S&P methodology

- Total financial leverage is below 25% (S&P AAA standard)
- Significant flexibility in capital structure
- Strong balance sheet and overall financial condition
  - Clean and robust balance sheet (both assets and liabilities)



# Strong Earnings Coverage

## Historically strong Earnings Coverage Ratios



Source: 2004 thru 2007 per S&P Ratings Report on MFC 19Dec08; 2008 per MFC calculations based on S&P methodology

- Earnings coverage, prior to 2008, has been historically higher than S&P's AAA standard of 10x earnings coverage



# Strong Liquidity

## Strong liquidity position and cash flow generation

C\$m	2008	2007
Cash and Short-term Securities	\$17,269	\$12,354
Government Bonds	\$24,280	\$21,793
Total	\$41,549	\$34,147

- High percentage of assets (20%) invested in cash / short-term investments and government bonds
- Despite lower earnings in 2008 due to non-cash charges, cash provided from operations was \$7.9 billion, up from \$7.2 billion in 2007



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# The Challenge

- Has a highly theoretical tail risk – a non-cash charge for a long deferred contingent risk - overwhelmed the reality of an exceptionally strong global franchise?
  - We are the first to admit that equity dilution, if required, **is** real
  - Consequently, MFC has a strong preference for alternatives to equity dilution



# Key Investment Considerations

- For how long will equity markets decline?
  - Will equity markets recover before the general economy?
- For how long will the economy be in recession?
  - How will MFC fare versus other FI's in these challenging credit conditions?
- What is the upside for survivors in terms of profit margin as insurers seek to restore their capital levels?
- What is the upside for survivors in terms of market share growth and acquisition opportunities?
- Is it likely that MFC will not only survive, but prosper, as a result of the current financial disruption?



# 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. Non-GAAP measures include return on common shareholders' equity, premiums and deposits, funds under management and new business embedded value. Return on equity is a profitability measure that presents the net income available to common shareholders as a percentage of the capital deployed to earn the income. The implementation of the new accounting standards for financial instruments resulted in unrealized gains and losses on AFS securities and cash flow hedges, which do not have an impact on reported income for the period, being reflected in a new component of shareholders' equity. Accordingly, the Company calculates return on equity using average common shareholders' equity excluding accumulated other comprehensive income on AFS securities and on cash flow hedges. Non-GAAP financial measures are not defined terms under GAAP and, therefore, are unlikely to be comparable to similar terms used by other issuers.

## Investor Relations Contacts

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