



# Second Quarter 2008 Financial & Operating Results

August 7, 2008



# 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” and “continue” (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: level of competition and consolidation, changes in laws and regulations, the ability to complete acquisitions and execute strategic plans, general business and economic conditions including market price volatility, interest rate changes and currency rates, Company liquidity, 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 adapt products and services to the changing market, the ability to maintain the Company’s reputation, legal and regulatory proceedings, the disruption of or changes to key elements of the Company’s or to public infrastructure systems, the ability to attract and retain key executives and environmental concerns. Additional information about material factors that could cause actual result 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 Report, and elsewhere in our filings with Canadian and U.S. securities regulators. We do not undertake to update any forward-looking statements.



# CEO's Remarks

**Dominic D'Alessandro**  
**President & Chief Executive Officer**



# 2Q08 Financial Highlights

(C\$ millions, except per share data)	2Q08	Y/Y	Y/Y <i>Constant Currency</i>
Shareholders' Earnings	\$1,008	-9%	-5%
Fully Diluted Earnings per Share	\$0.66	-7%	-3%
Return on Equity <sup>1</sup>	17.0%	-150bps	
Insurance Sales	\$601	+13%	+18%
Wealth Management Sales	\$10,939	+9%	+14%
New Business Embedded Value	\$562	+15%	

<sup>1</sup> ROE based on average common shareholders' equity excluding accumulated other comprehensive income on available-for-sale securities and on cash flow hedges.



# 2Q08 Operating Highlights

## ▪ **United States**

- Continue to have industry-leading sales market share in Life & LTC
- Maintained sales market share in Variable Annuities
- Launched Guaranteed Income for Life in 401(k) market
- Near record-level sales in open-end mutual funds

## ▪ **Canada**

- Secured #1 ranking in Individual Life and Segregated Fund sales in Q1
- IncomePlus deposits exceed \$5 billion less than 20 months since launch
- ManulifeOne sets sales record, exceeding \$1 billion
- Launched Group IncomePlus for group retirement savings

## ▪ **Asia & Japan**

- Very strong insurance and wealth sales in Japan
- Successful product introductions in Japan and Hong Kong
- Strong insurance sales in Other Asia, namely Singapore and China



# CFO's Remarks

**Peter Rubenovitch**  
**Senior Executive Vice President &**  
**Chief Financial Officer**



# Shareholders' Earnings



Shareholders' earnings of \$1,008 million, and EPS of \$0.66

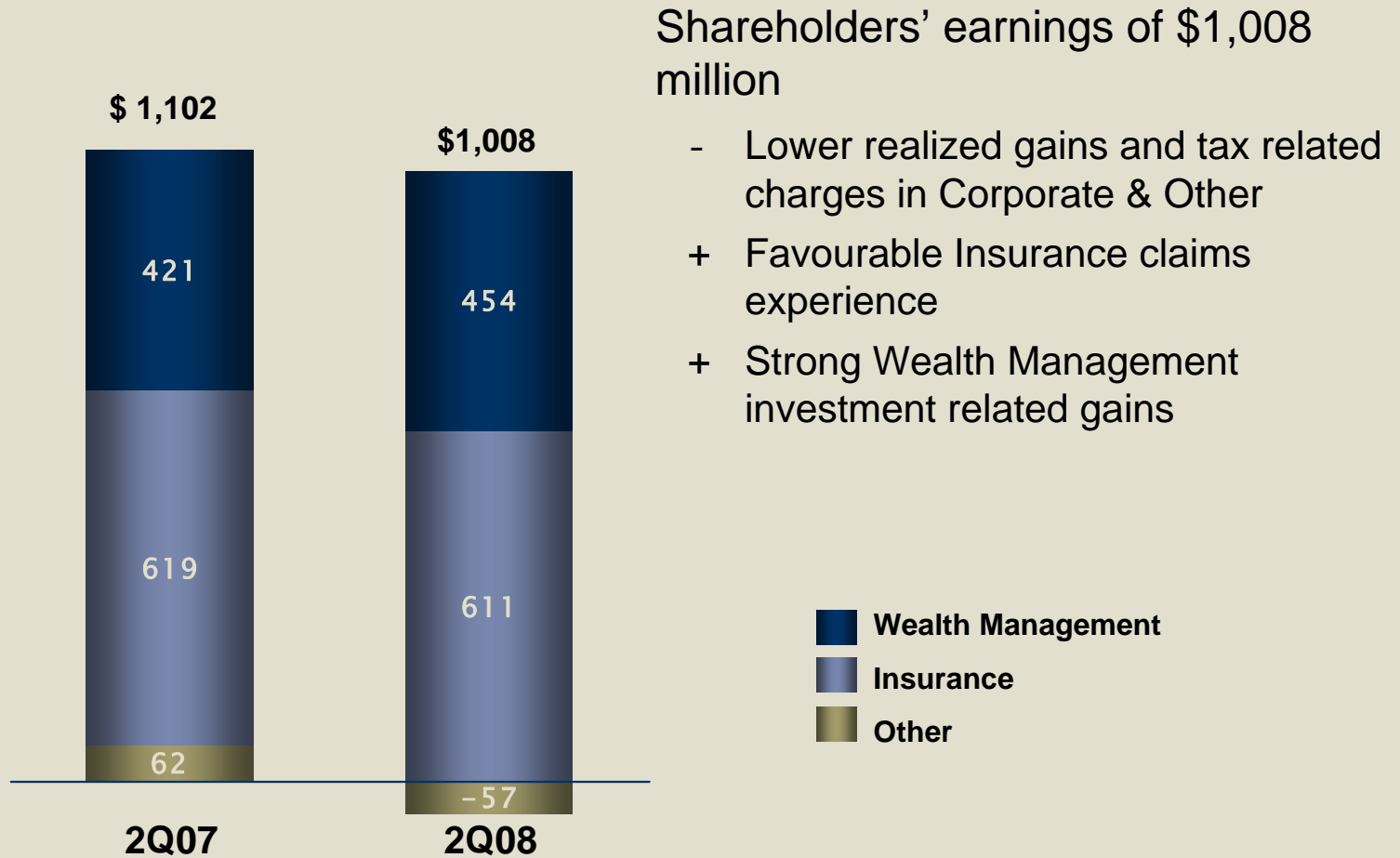
Earnings, compared to 2Q07, reduced by:

- \$130 million due to equity market declines
- \$45 million due to higher new business strain
- \$41 million due to unfavourable currency movements
- \$33 million due to tax related provisions

C\$ millions, except per share data



# Shareholders' Earnings



C\$ Millions

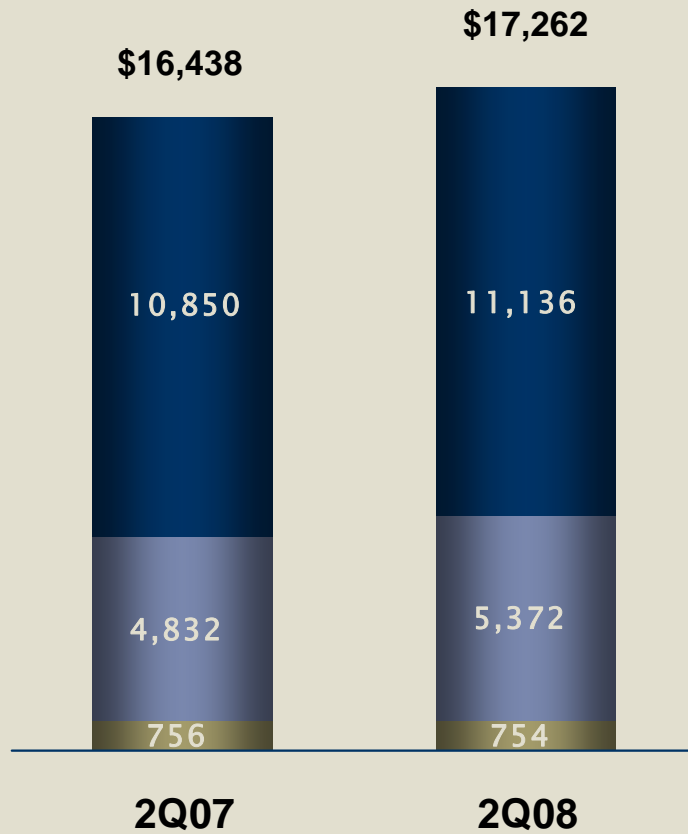
# Source of Earnings

	2Q07	3Q07	4Q07	1Q08	2Q08
Expected Profit on In-Force	818	820	808	785	805
Impact of New Business	(60)	(68)	(92)	(90)	(129)
Experience Gains	339	488	313	133	480
Mgmt Actions & Chgs in Assumptions	(36)	(31)	116	36	12
Earnings on Surplus Funds	367	283	296	304	248
Other	15	(25)	(13)	(9)	(61)
<b>Income Before Taxes</b>	<b>1,443</b>	<b>1,467</b>	<b>1,428</b>	<b>1,159</b>	<b>1,355</b>
Income Taxes	(341)	(397)	(284)	(290)	(347)
<b>Shareholders' Net Income</b>	<b>1,102</b>	<b>1,070</b>	<b>1,144</b>	<b>869</b>	<b>1,008</b>

C\$ Millions



# Premiums & Deposits



P&D of \$17.3 billion, up 5% and 11% on a constant currency basis

+ Strong growth in sales and recurring premiums & deposits

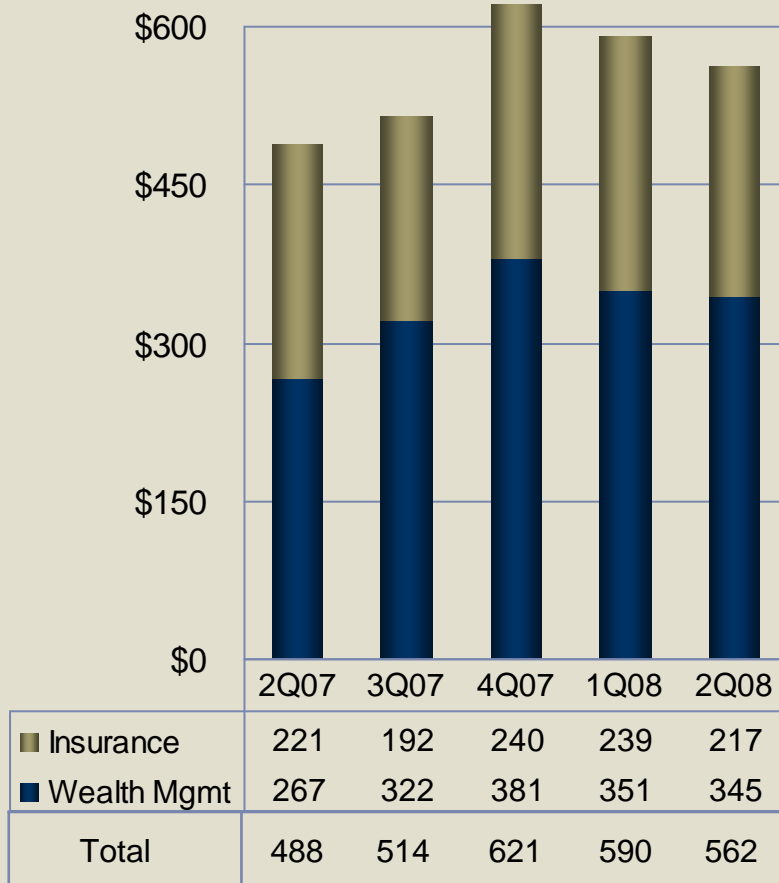
- Deposits
- Premiums
- Other<sup>1</sup>

C\$ Millions

<sup>1</sup> Other includes ASO Premium Equivalents and Other



# New Business Embedded Value



Record second Quarter NBEV of \$562 million, up 15%

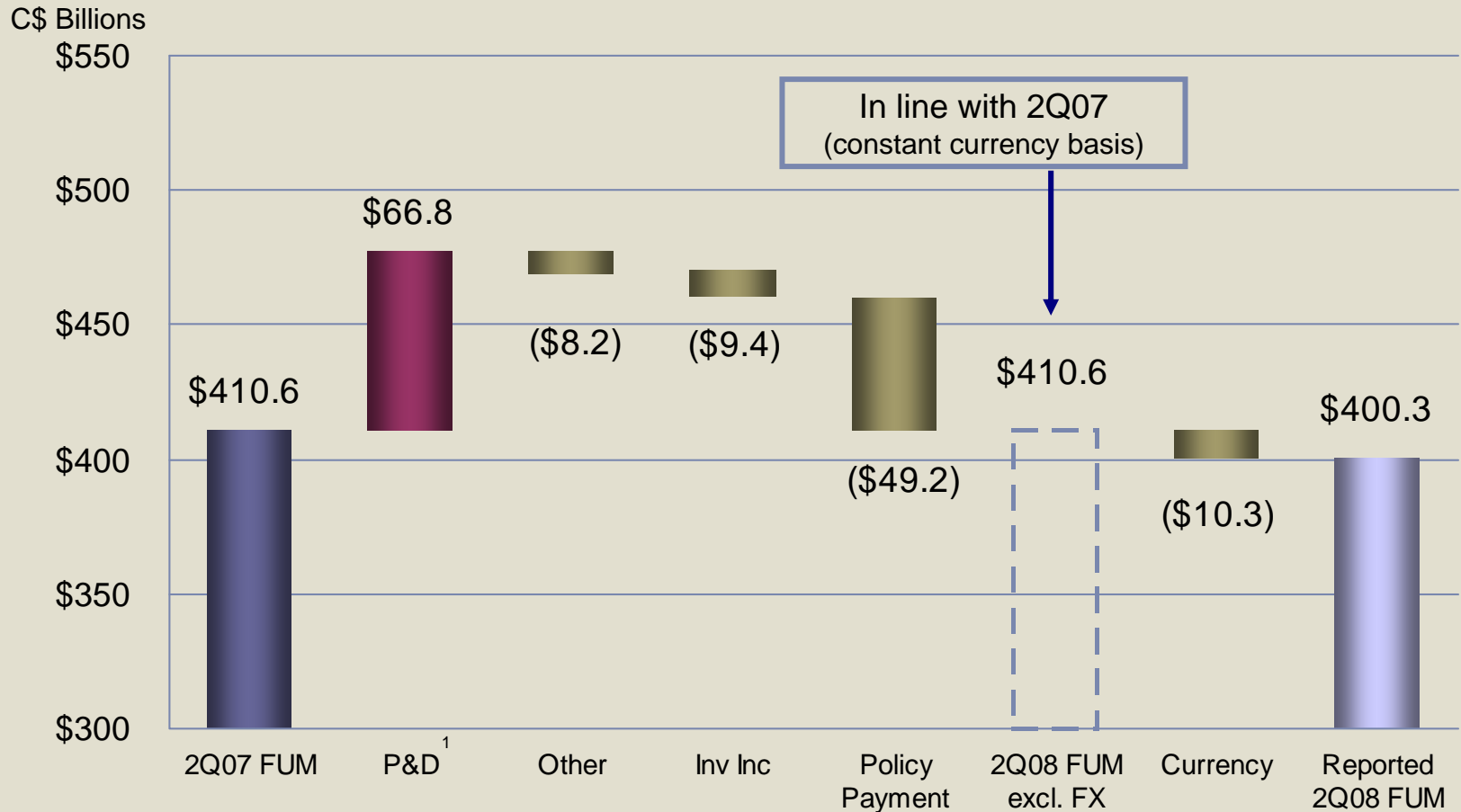
- + Wealth management up 29%, driven by strong growth in Canada and Japan
- + Increase from life insurance businesses offset by lower P&C volumes and less favourable business mix

C\$ Millions



# Funds Under Management

## *Year over Year Movement*



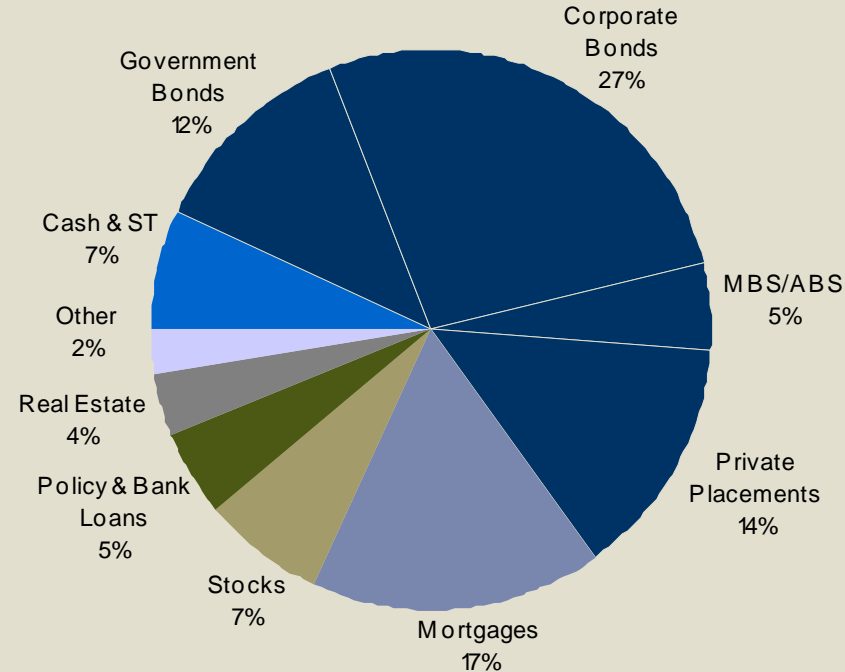
<sup>1</sup> P&D excludes ASO premium equivalents



# Diversified High Quality Asset Mix

- Diversified, high quality portfolio
  - 12% in Cash, Policy and Bank Loans
  - 17% in high grade Mortgages
  - 58% in high quality Bonds and Privates
  - 95% of Bonds are Investment Grade and highly diversified by geography and sector
- Sub-Prime RMBS holdings of \$519 million
- Monoline insurance exposure limited to \$953 million of wrapped bonds
- No exposure to issues in Asset Backed Commercial Paper (ABCP)
- No exposure to Special Investment Vehicles (SIVs)
- No Synthetic Securitizations
- We do not write credit derivatives

## Total Invested Assets C\$164.4 billion

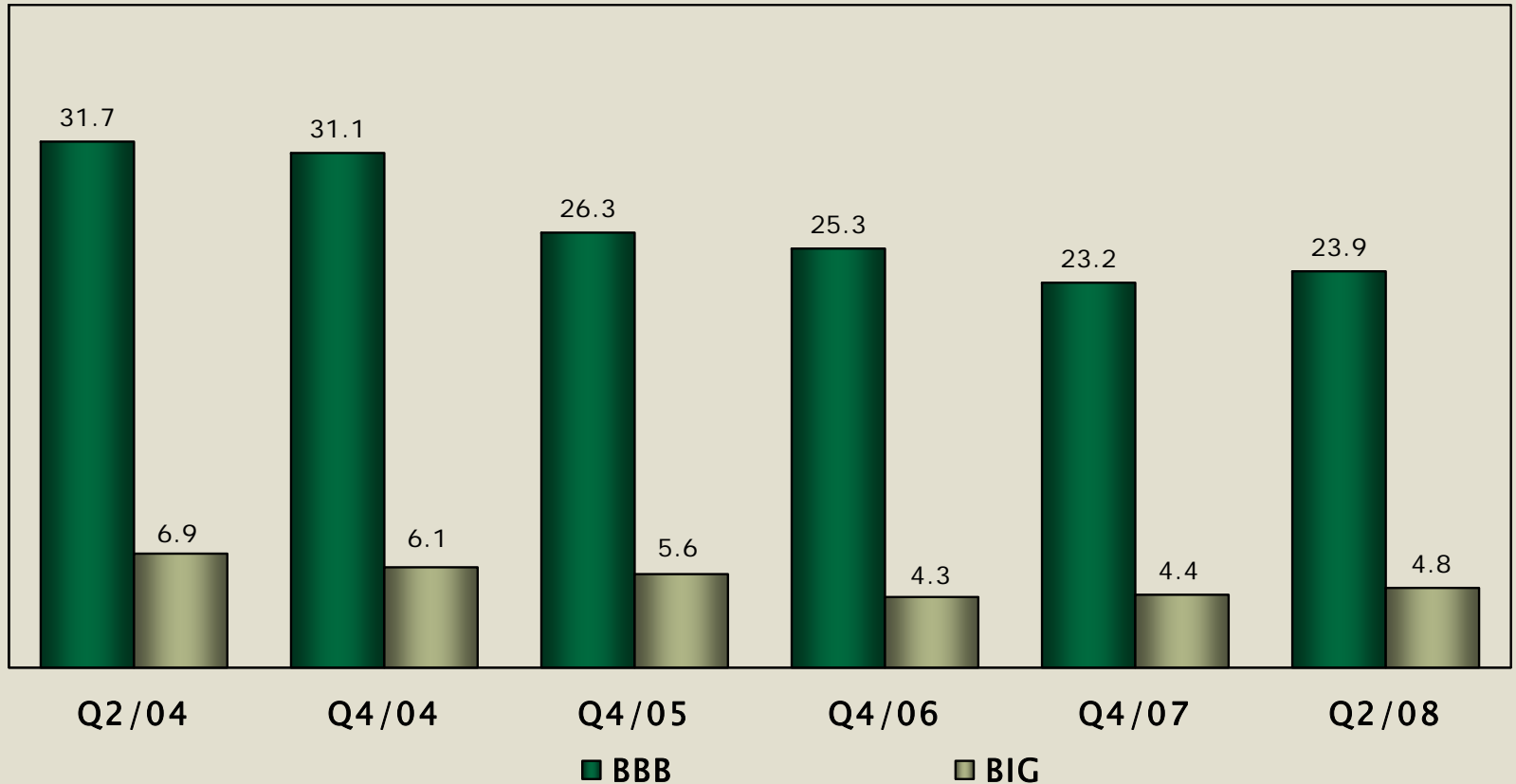


All data based on Carrying Value quoted as at June 30, 2008



# Bond Portfolio Credit Profile

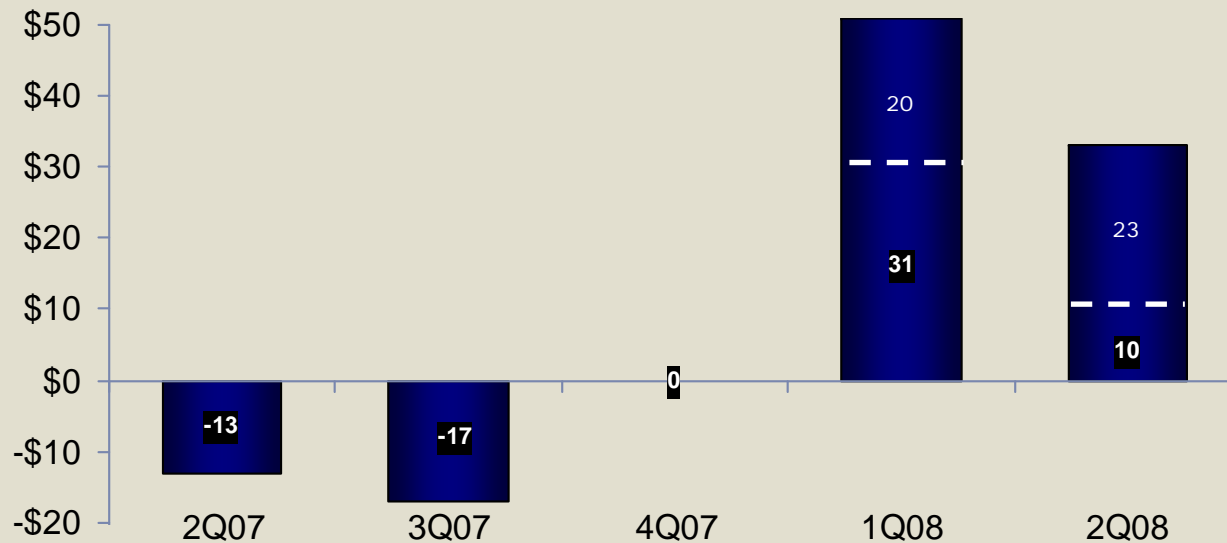
Percentage of Total Bond Portfolio





# Credit Impairments Returning to Normal Levels

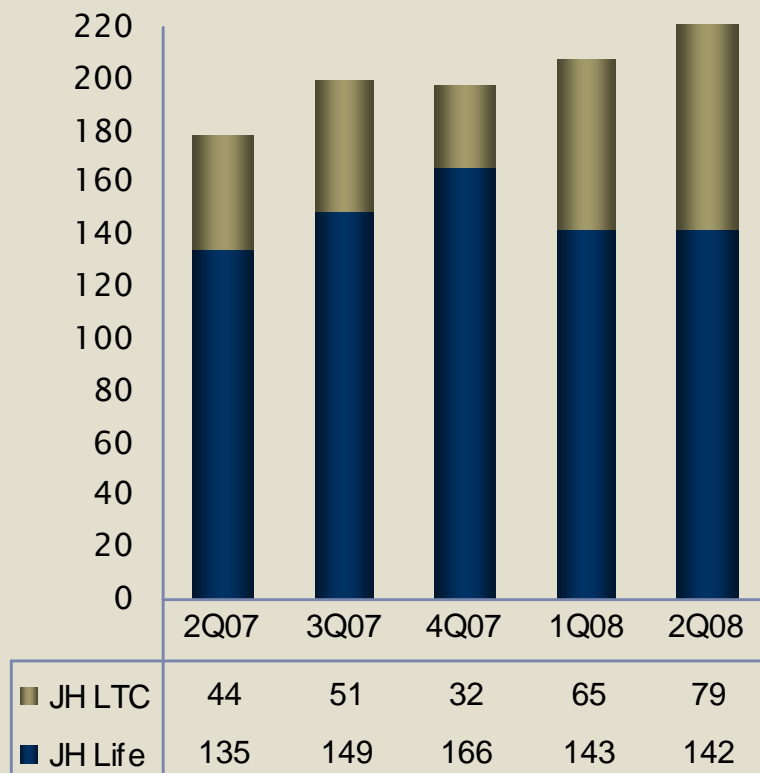
## Pre-Tax Net Credit Impairments (Recoveries)



Net Impairments on Non-Par Loans and Bonds  
C\$ Millions



# U.S. Insurance Shareholders' Net Income



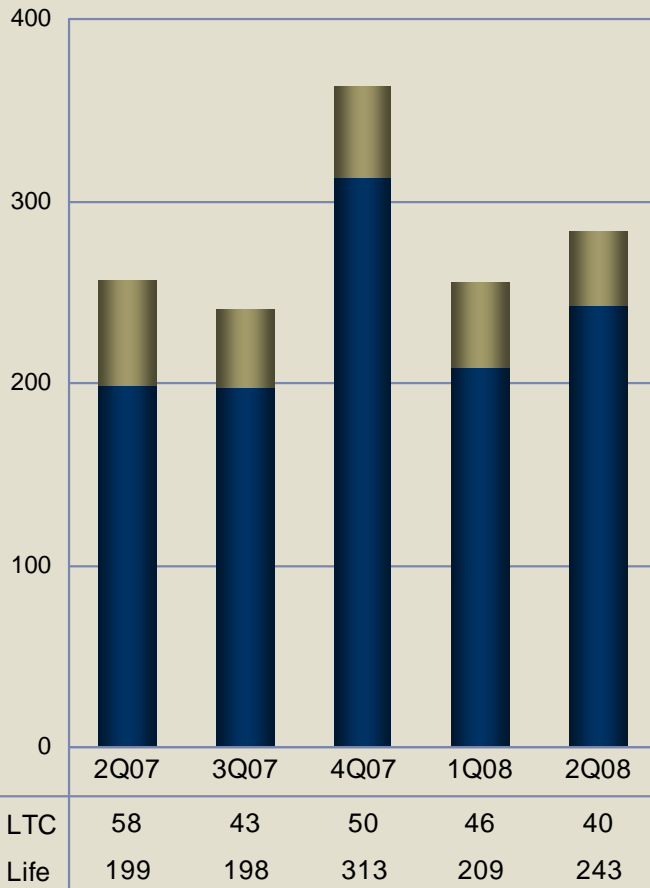
Earnings of US\$221 million, up 23%

- + In-force business growth of 25%
- + Favourable claims experience
- Higher new business strain

US\$ Millions



# U.S. Insurance Sales



US\$ Millions

Sales represent new annualized premiums and 10% of both excess and single premiums

Record Q2 Life sales of US\$243 million, up 22%

- + Increases across all major product lines
- + Continues to enhance product offering and gain market share

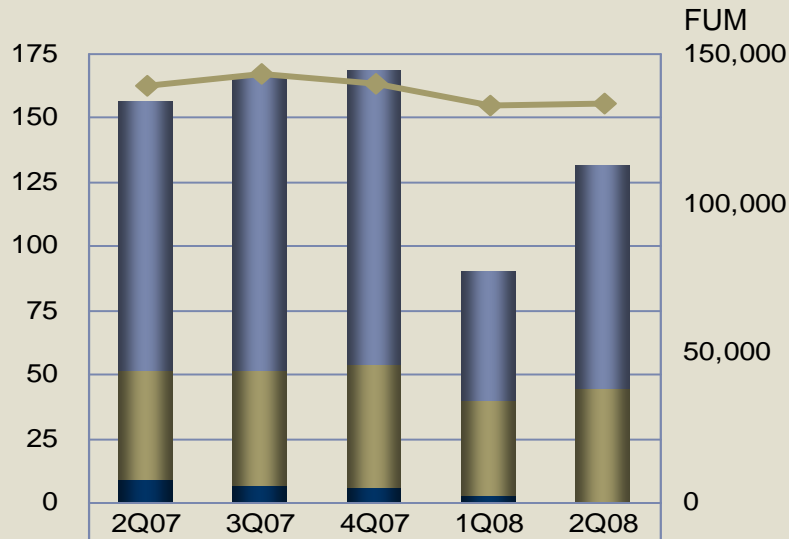
LTC sales of US\$40 million

- + Continued to post industry leading Q1 sales results
- + Product enhancements introduced
- Non-recurrence of very strong Group sales in 2Q07



# U.S. Wealth Management Shareholders' Net Income

## Variable Products Group



Earnings of US\$132 million, decreased due to continued weak equity markets

- Lower asset-driven fee income
- Weaker results on segregated fund guarantees

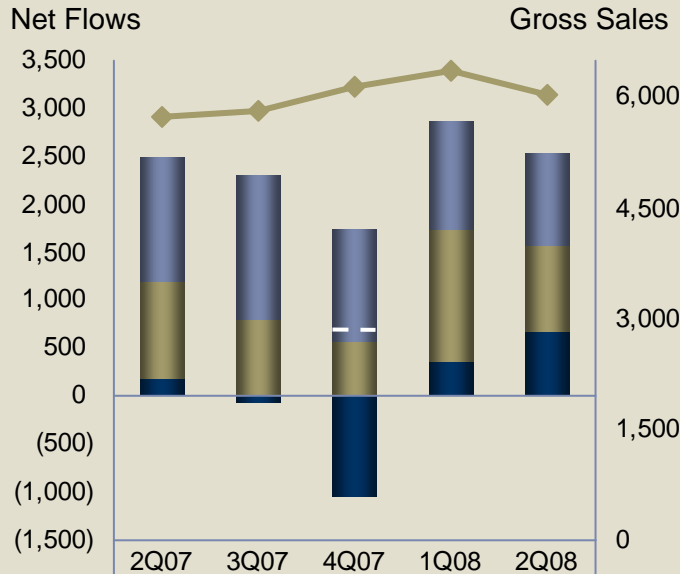
JH VAs	105	115	115	50	87
JH Pensions	42	45	48	37	44
JH MF	9	7	6	3	1
Total FUM	139,654	143,249	140,105	132,559	133,358

US\$ Millions



# U.S. Wealth Management Sales & Net Flows

## Variable Products Group



### Net flows of US\$2.5 billion

- + Variable annuities introduced new product features and investment options
- + Group pensions launched Guaranteed Income for Life
- + Mutual Funds sales up 31% over the prior year, with strong performance in several key funds and expanded distribution

JH VAs	1,277	1,505	1,184	1,130	977
JH Pensions	1,012	809	562	1,384	890
JH Mutual Funds	197	(59)	(1,037)	365	675
Gross Sales	5,745	5,821	6,148	6,365	6,041

US\$ Millions

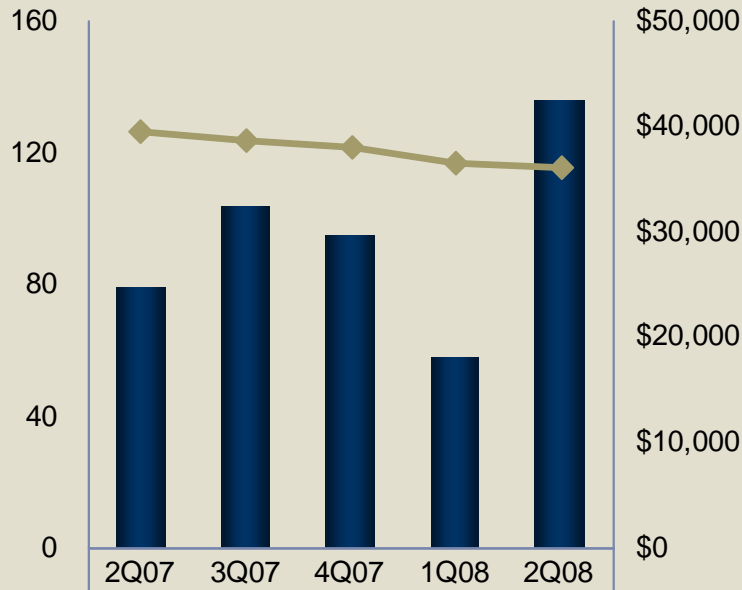
Net flows include premiums and deposits less withdrawals



# U.S. Wealth Management Shareholders' Net Income

## John Hancock Fixed

Shareholders' Earnings



Earnings of US\$136 million

- + Reflects strong investment related gains in Wealth segment in the quarter

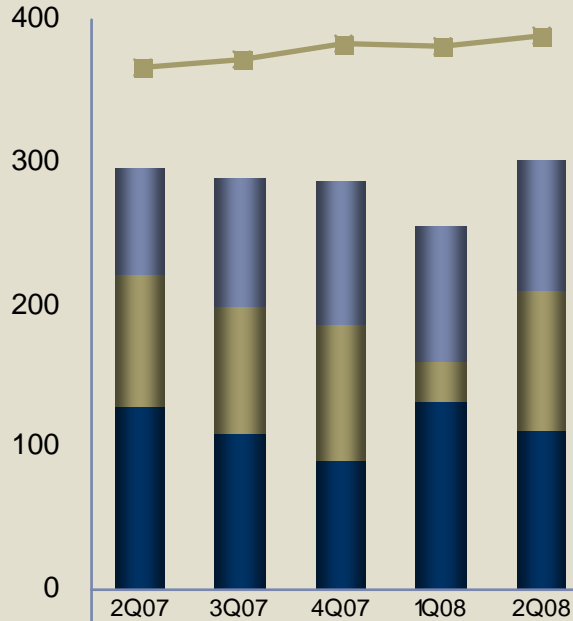
Earnings	79	104	95	58	136
Total FUM	39,514	38,683	38,014	36,513	36,172

US\$ Millions



# Canada Shareholders' Net Income

Shareholders' Earnings



FUM

Record Q2 earnings of \$302 million

- + In-force business growth
- + Improved claims experience
- + Favourable investment results
- Less favourable results related to segregated fund guarantees
- Higher new business strain due to rising insurance sales

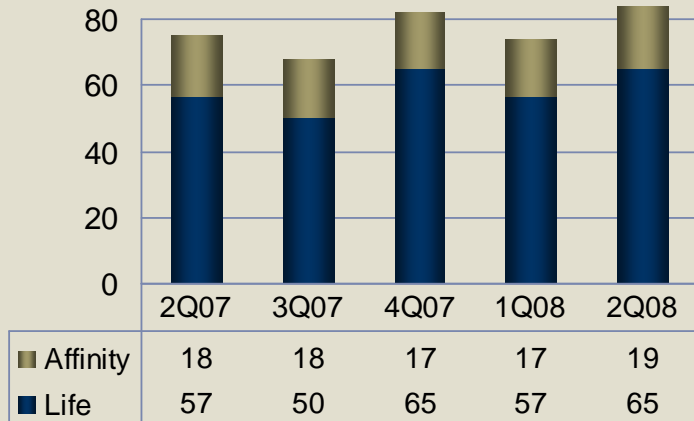
■ Group	75	89	101	94	91
■ IWM	92	91	95	28	100
■ Ind. Ins.	129	109	91	132	111
■ FUM	82,639	83,550	86,151	85,779	87,641

C\$ Millions



# Canada Sales

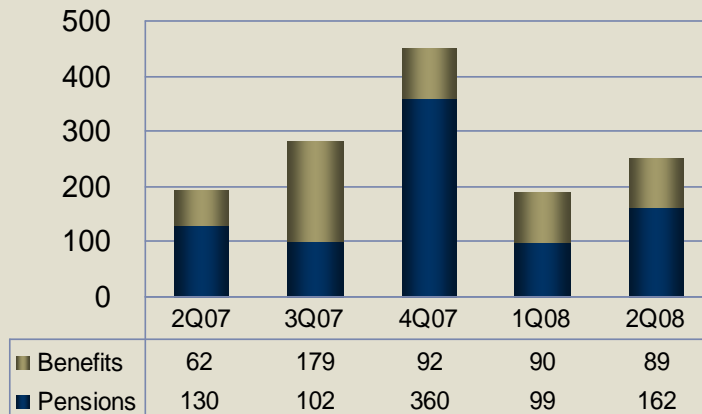
## Individual Insurance



Sales of \$84 million, up 12%

- Ranked #1 with sales market share over 20% in 1Q08
- Affinity Markets sales up 6%

## Group Businesses



- Group Benefits sales up 44%, driven by large case sales
- Group Pensions sales up 25%, due to higher Defined Contribution and Single Premium Immediate Annuity sales

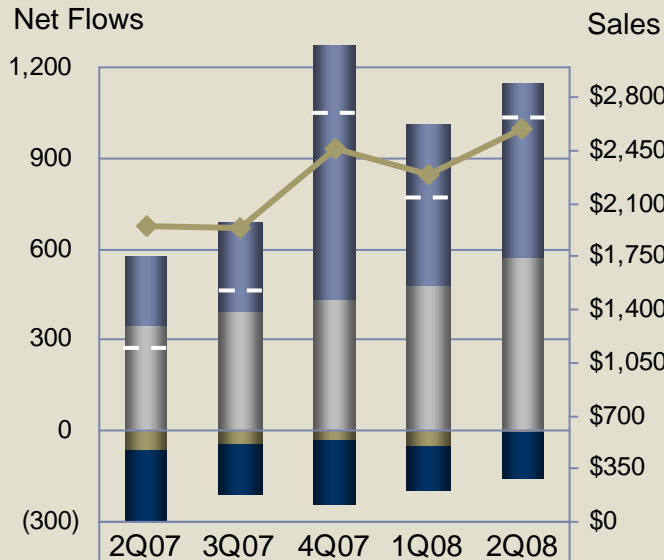
C\$ Millions

Sales: Ind. Ins.: new annualized premiums ("NAP"), Group Benefits: NAP and single premium sales including ASO premium equivalents, Group Pensions: NAP and single premium sales.



# Canada Sales & Net Flows

## Individual Wealth Management



Net Flows of \$989 million more than double as gross sales up 33%

- + Strong sales and retention in Seg Funds driven by IncomePlus
- + ManulifeOne achieved new quarterly sales record
- + Increased sales in Guaranteed Products and Mutual Funds

C\$ Millions

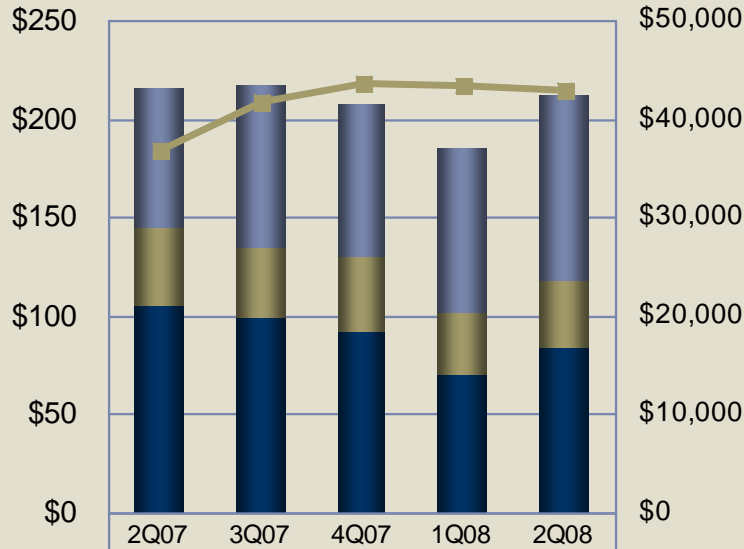
— — Total Net Flows

Net flows are based on premiums and deposits less withdrawals except for Manulife Bank which is based on combined change in Mortgages and Bank Loans



# Asia and Japan Shareholders' Net Income

Shareholders' Earnings



Japan	70	82	78	84	94
Other Asia	40	35	37	32	33
Hong Kong	106	100	93	70	85
FUM	36,866	41,743	43,779	43,393	42,911

## Earnings of US\$212 million

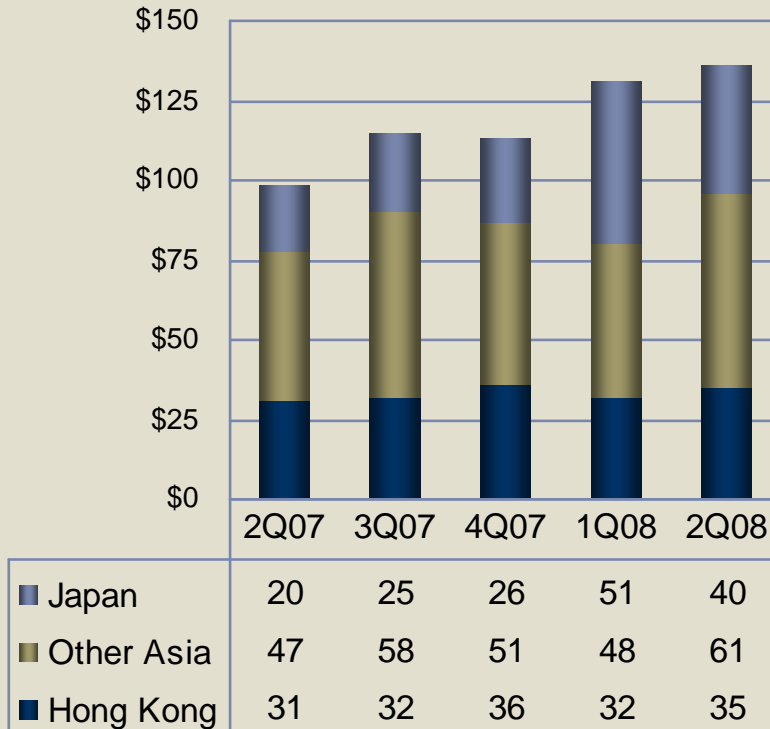
- + In-force business growth in Japan
- Less favourable investment results in Other Asia
- Lower fee income due to declining equity markets in Hong Kong

US\$ Millions



# Asia and Japan Sales

## Insurance



US\$ millions

Insurance sales based on new annualized premiums

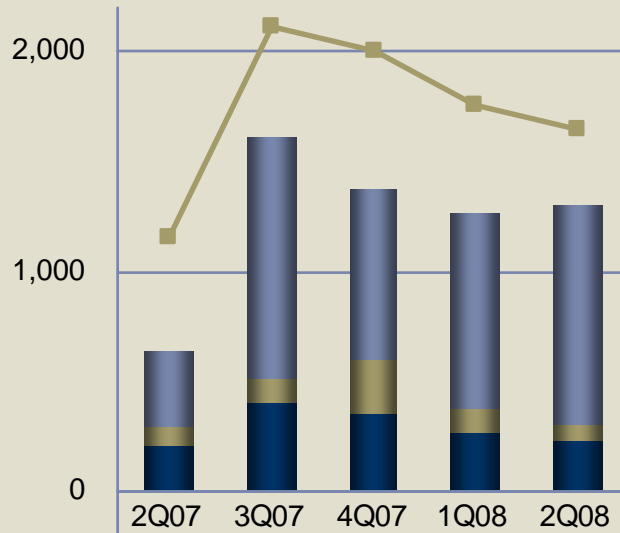
Insurance sales of US\$136 million, up 39%

- + Japan sales nearly doubled, driven by launch of new Cancer product
- + Other Asia sales up 29%, driven by strong sales in Singapore and China
- + Hong Kong sales up 12%, attributable to product enhancements and new marketing initiatives



# Asia and Japan Sales & Net Flows

## Wealth Management



Japan	349	1,087	771	885	1,001
Other Asia	91	109	243	120	70
Hong Kong	203	408	362	267	234
Gross Sales	1,151	2,118	1,998	1,757	1,644

US\$ millions

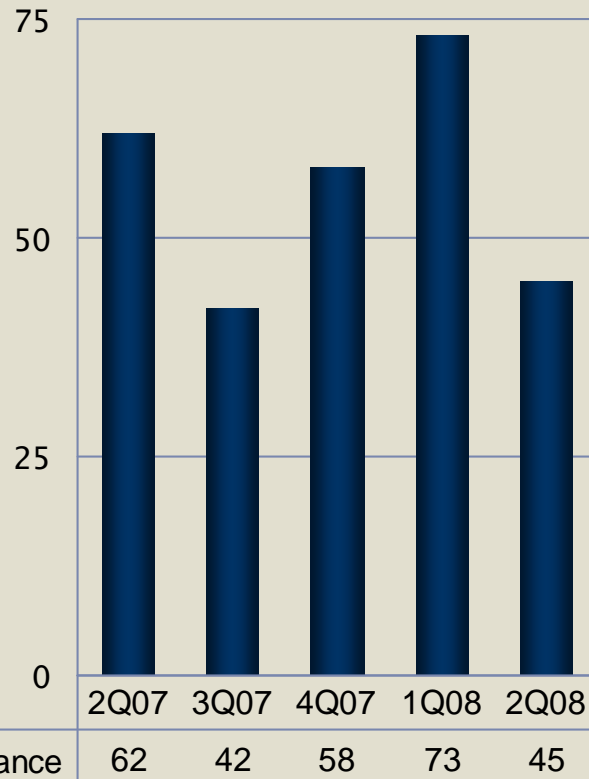
Net flows based on premiums and deposits less withdrawals

Net flows of US\$1.3 billion, double prior year

- + Japan sales rose by 139% due to broadening of distribution channels and continued success with new VA offering
- + Hong Kong driven by strong pension sales in the Preserved Account market
- Other Asia down due to slower mutual fund sales



# Reinsurance Shareholders' Net Income



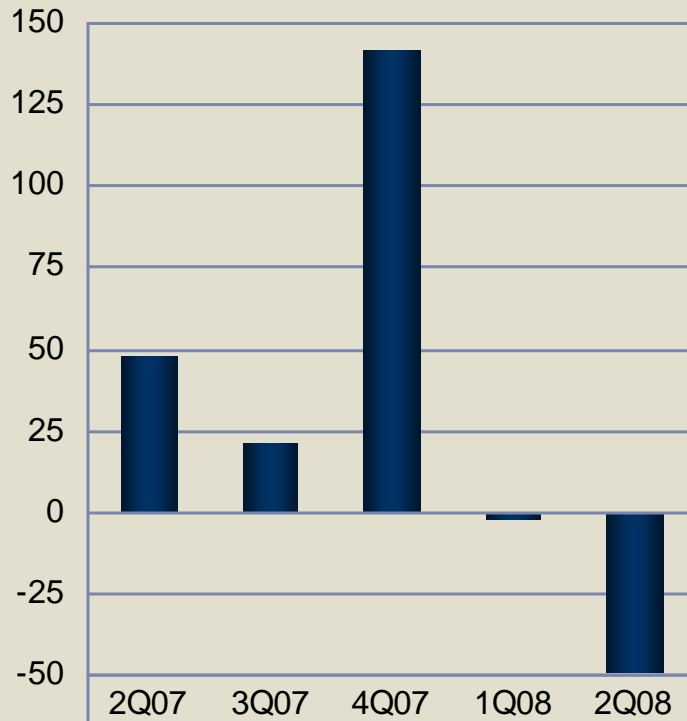
## Earnings of US\$45 million

- Unfavourable claims experience in Life due to claims loss caused by a few large life claims
- Weaker equity market impact on segregated fund guarantees
- + Improved claims experience in P&C

US\$ Millions



# Corporate and Other Shareholders' Earnings



■ Earnings	48	21	142	(2)	(49)
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C\$ millions

Loss of \$49 million

- Lower gains realized on available-for-sale assets
- Tax-related charges on leveraged lease investments



# In Conclusion

- Strong sales levels in our core businesses
- Good growth in new business embedded value
- We added high quality assets at attractive spreads
- Credit experience and expense control remain satisfactory
- Good operational results, strong balance sheet, excellent distribution capabilities and leading market shares position us advantageously



# Question & Answer Session



# 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

Amir Gorgi, AVP, Investor Relations

416-852-8311

[amir\\_gorgi@manulife.com](mailto:amir_gorgi@manulife.com)

Jeronimo De Miguel, Director, Investor Relations

416-926-3383

[jeronimo\\_demiguel@manulife.com](mailto:jeronimo_demiguel@manulife.com)

[www.manulife.com](http://www.manulife.com)