



# Fourth Quarter 2007 Financial & Operating Results

February 14, 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, general business and economic conditions, currency rates and 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, 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, environmental concerns, the ability to complete acquisitions and execute strategic plans, and the ability to adapt products and services to the changing market. 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**



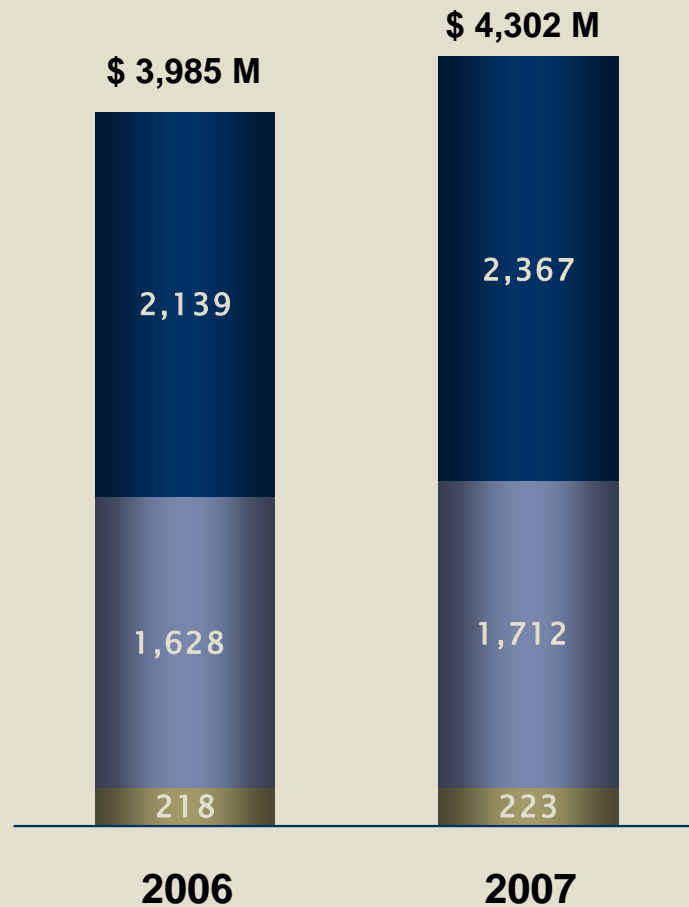
# 2007 Financial Highlights

(C\$ millions, except per share data)	2007	Y/Y Increase
Shareholders' Earnings	\$4,302	8%
Fully Diluted Earnings per Share	\$2.78	11%
Return on Equity <sup>1</sup>	18.4%	160Bps
Premiums and Deposits	\$69,438	7%
New Business Embedded Value	\$2,189	18%

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



# 2007 Shareholders' Earnings



+ Insurance earnings up 11%

+ Wealth Management earnings up 5%

- Insurance
- Wealth Management
- Other

C\$



# 2007 Operating Highlights

- **Continued product innovation and development**

- New VA products launched in Singapore and Taiwan
- Next generation VA products introduced in U.S., Canada and Japan
- New insurance products in the U.S. and equity funds in Hong Kong

- **Continued expansion of distribution capabilities**

- Distribution partnership with Edward Jones in US
- Berkshire-TWC acquisition in Canada
- China expansion continues with 28 licenses

- **Robust financial, risk and capital management**

- Moody's upgrade to Aa1
- Successfully navigating subprime and credit risks
- Significant share buybacks and two dividend increases

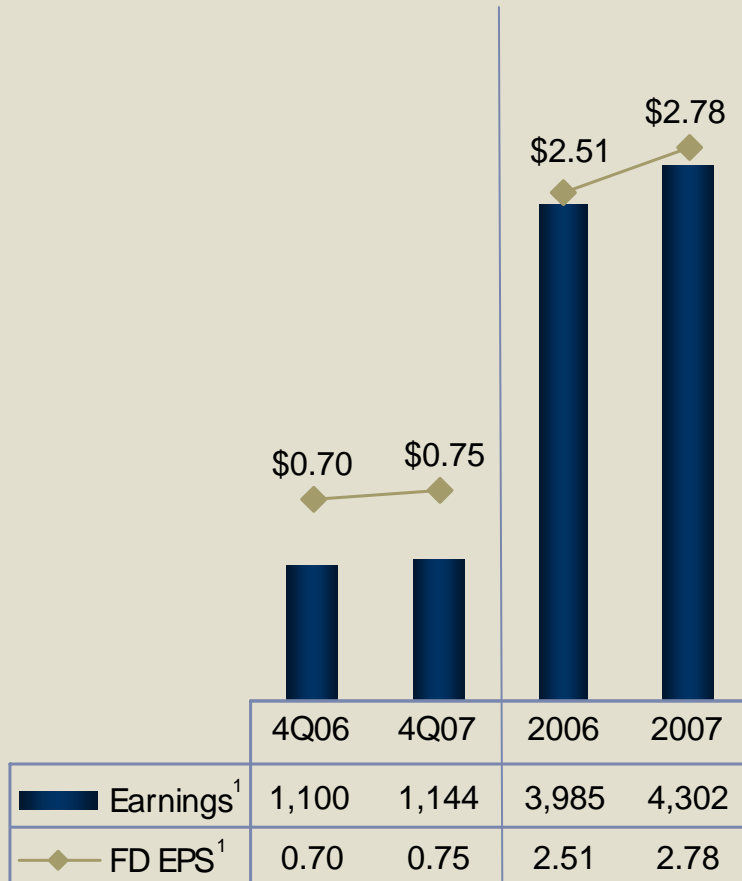


# CFO's Remarks

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



# Shareholders' Earnings



Shareholders' earnings of \$4,302 million, and diluted EPS of \$2.78

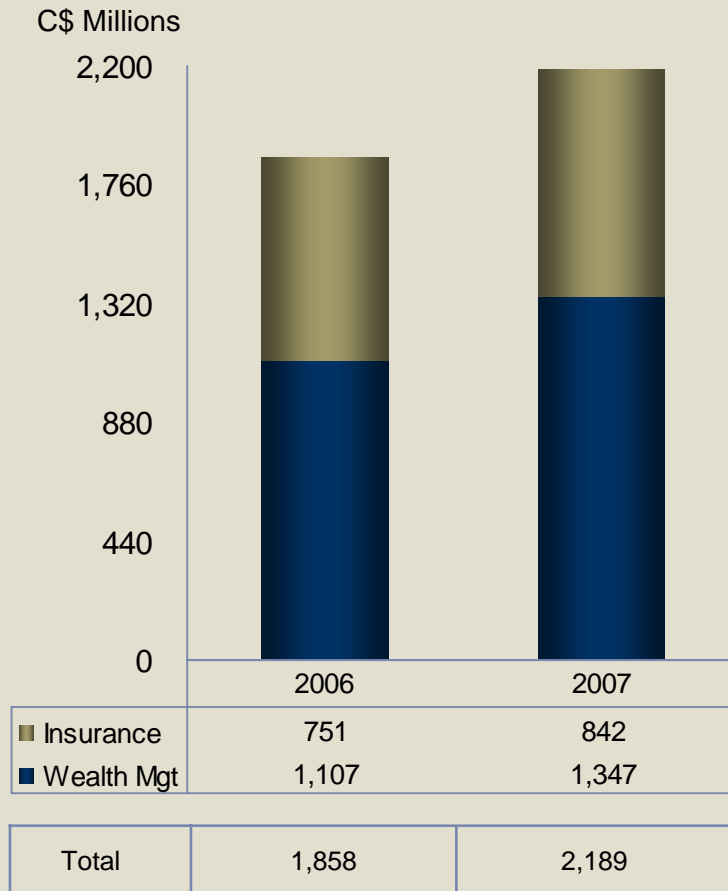
- + In-force business growth
- + Strong investment related gains
- Unfavourable interest rate movements
- Negative impact of currency movements

C\$ millions, except per share data

<sup>1</sup> As a result of the new investment accounting standards which became effective January 1, 2007, the Company realigned its assets, resulting in a one-time charge to earnings of \$69 in Q1 2007. Excluding this charge, 2007 shareholders' earnings were \$4,371 and diluted EPS was \$2.83.



# New Business Embedded Value



NBEV of \$2,189 million, up 18% versus 2006

- + Insurance NBEV of \$842 million, up 12%
- + Wealth NBEV of \$1,347 million, up 22%

2006 new business embedded value adjusted to current basis.



# Embedded Value

	<i>Total</i>	<i>Per Share</i>
<b>EV as at January 1, 2007</b>	<b>32,371</b>	<b>\$20.92</b>
Interest on EV	2,596	
New Business	2,189	
Experience Variances and Changes in Actuarial Assumptions	2,826	
<b>Operational Embedded Value</b>	<b>39,982</b>	<b>\$25.84</b>
<b>Change in Operational EV (from year start)</b>	<b>24%</b>	<b>24%</b>
Discount Rate Changes	1,003	
Currency	(4,887)	
Shareholder Dividends	(1,341)	
Other Capital Movements	(1,958)	
<b>EV as at December 31, 2007</b>	<b>32,799</b>	<b>\$21.85</b>
<b>Change in Embedded Value</b>	<b>1%</b>	<b>4%</b>

C\$ millions, except per share data



# Insurance Sales Highlights

	4Q07	Y/Y	2007	Y/Y
Canada Individual Life	C\$65	+18%	C\$216	+15%
Canada Affinity Markets	C\$17	-	C\$69	+13%
Canada Group Benefits <sup>1</sup>	C\$92	+11%	C\$437	+36%
JH Life	US\$316	+54%	US\$862	+15%
JH Long Term Care	US\$50	+4%	US\$197	+24%
Other Asia Territories	US\$48	+17%	US\$184	+32%
<b>Total Insurance</b>	<b>C\$642</b>	<b>+15%</b>	<b>C\$2,255</b>	<b>+14%</b>

All data quoted in \$ Millions representative of new annualized premiums

<sup>1</sup> Sales for Group Benefits are measured by new annualized and single premium sales, including ASO premium equivalents

Indicates record fourth quarter or full year sales level.



# Wealth Management Sales Highlights

	4Q07	Y/Y	2007	Y/Y
JH Variable Annuities	US\$2,817	+27%	US\$10,758	+18%
Japan Variable Annuities	US\$933	+167%	US\$3,163	+30%
Canada Segregated Funds	C\$1,306	+42%	C\$3,936	+36%
Manulife Bank	C\$928	+45%	C\$3,531	+35%
Canada Group Savings	C\$360	+210%	C\$1,927	+120%
HK Group Pension	US\$186	+84%	US\$564	+56%
HK Individual Wealth	US\$325	+121%	US\$1,167	+53%
Other Asia Territories	US\$554	+104%	US\$1,505	+162%
<b>Total Wealth Management</b>	<b>C\$11,483</b>	<b>+24%</b>	<b>C\$44,151</b>	<b>+13%</b>

\$ Millions

Indicates record fourth quarter or full year sales level.



# Source of Earnings

<b>Source of Earnings</b>	<b>2006</b>	<b>2007</b>
Expected profit on in-force	\$3,024	\$3,249
Impact of new business	(218)	(286)
Experience gains	1,406	1,485
Mgt actions and changes in assumptions	70	(7)
Earnings on surplus funds	1,013	1,251
Other	56	(13)
<b>Income before taxes</b>	<b>5,351</b>	<b>5,679</b>
Income taxes	(1,366)	(1,377)
<b>Shareholders' net income</b>	<b>3,985</b>	<b>4,302</b>

C\$ Millions



# Level of PfAD

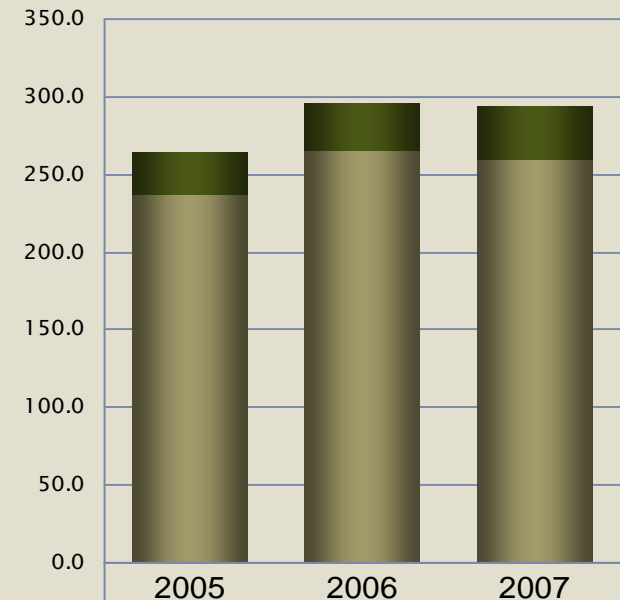
### General Account



■ Margins (PfAD)	19.0	20.9	21.6
■ Best Estimate	105.4	102.5	96.0
Total Actuarial Liabilities	124.4	123.4	117.7
<b>PfAD as % of Total Policy Liabilities</b>	<b>15.3%</b>	<b>16.9%</b>	<b>18.4%</b>

C\$ Billions

### General Account & Seg Funds



■ Margins (PfAD)	26.5	30.7	33.2
■ Best Estimate	237.6	265.7	260.0
Total Actuarial Liabilities & Seg Funds	264.1	296.4	293.2
<b>PfAD as % of Total Policy Liabilities</b>	<b>10.0%</b>	<b>10.4%</b>	<b>11.3%</b>



# Valuation Basis Changes

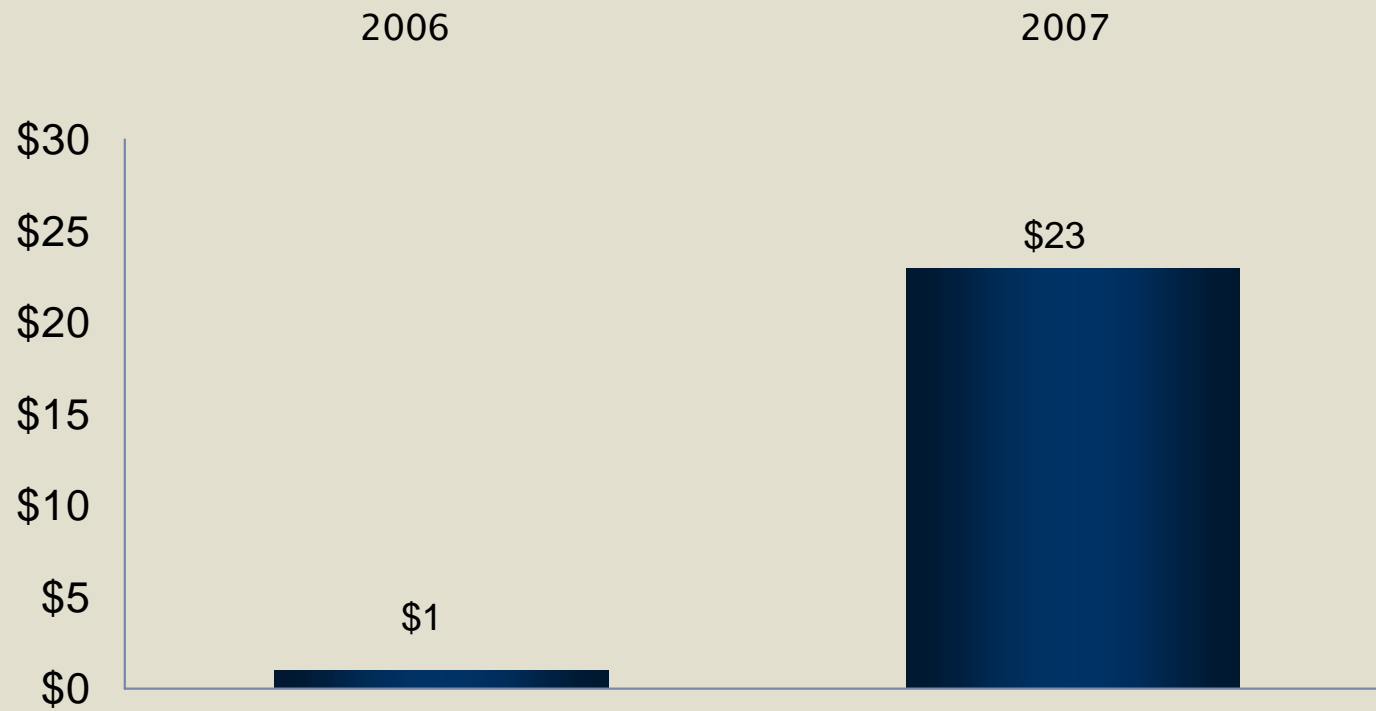
C\$ Millions

<b>Impact on Shareholders' Earnings</b>	<b>1Q07-3Q07</b>	<b>4Q07</b>	<b>FY 2007</b>	<b>FY 2006</b>
Earnings impact of reserve release (strengthening)	(93)	61	(32)	67
Par surplus, minority interests and income taxes	37	28	65	43
<b>Net benefit (charge) to Shareholders' Earnings</b>	<b>(56)</b>	<b>89</b>	<b>33</b>	<b>24</b>
Reserve change as a % of Total Reserves	(0.07%)	0.05%	(0.03)%	0.05%



# Investments Continued Strong Performance

## Net Provisions



C\$ Millions



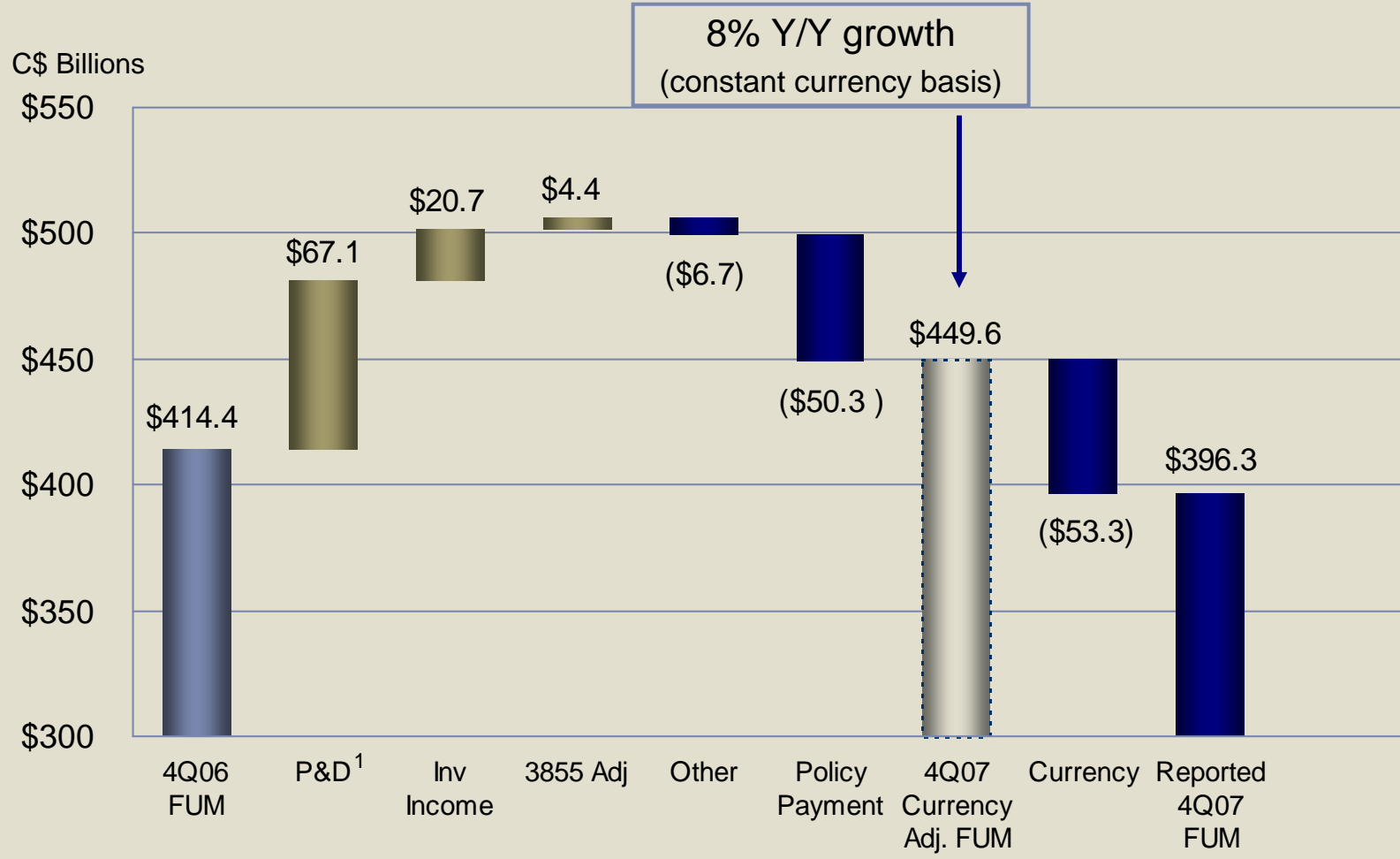
# Investment Income

(C\$ millions)	2006	2007
<b>Assets supporting liability segments:</b>		
Amortization of DRGs and move to market <sup>1</sup>	998	0
Net realized and unrealized gains on Trading securities and derivatives <sup>1</sup>	0	810
<b>Assets supporting surplus segment:</b>		
Amortization of DRGs and move to market	309	0
Net realized gains on AFS securities	0	424
(Impairments) recoveries	(1)	(23)
Other investment income	9,127	9,130
<b>Total investment income</b>	<b>\$10,433</b>	<b>\$10,341</b>

<sup>1</sup> Includes trading gains and losses on assets supporting Canadian equity linked product



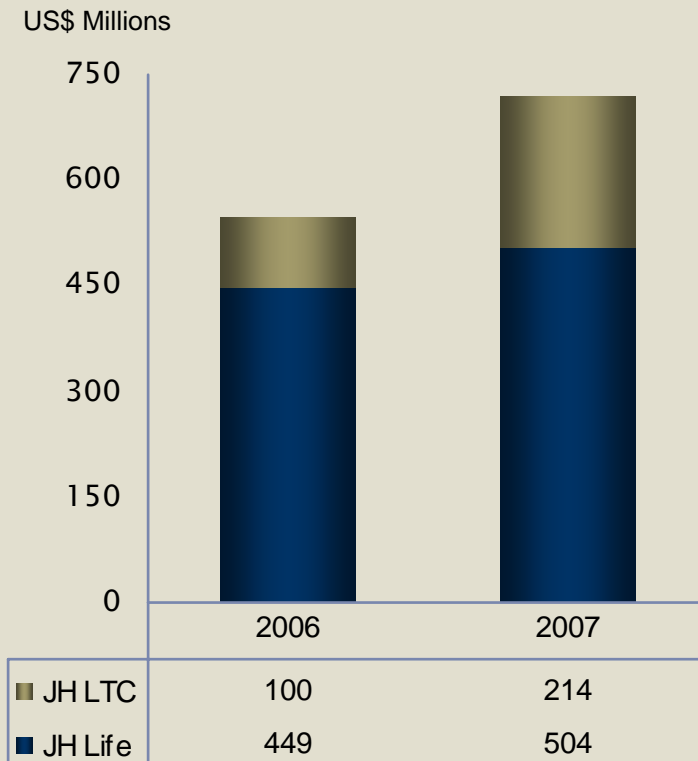
# Funds Under Management *Year over Year Movement*



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



# U.S. Insurance Shareholders' Net Income



JH Life earnings of US\$504 million

- + Investment related gains
- Lower mortality gains than in 2006
- Increased new business expenses

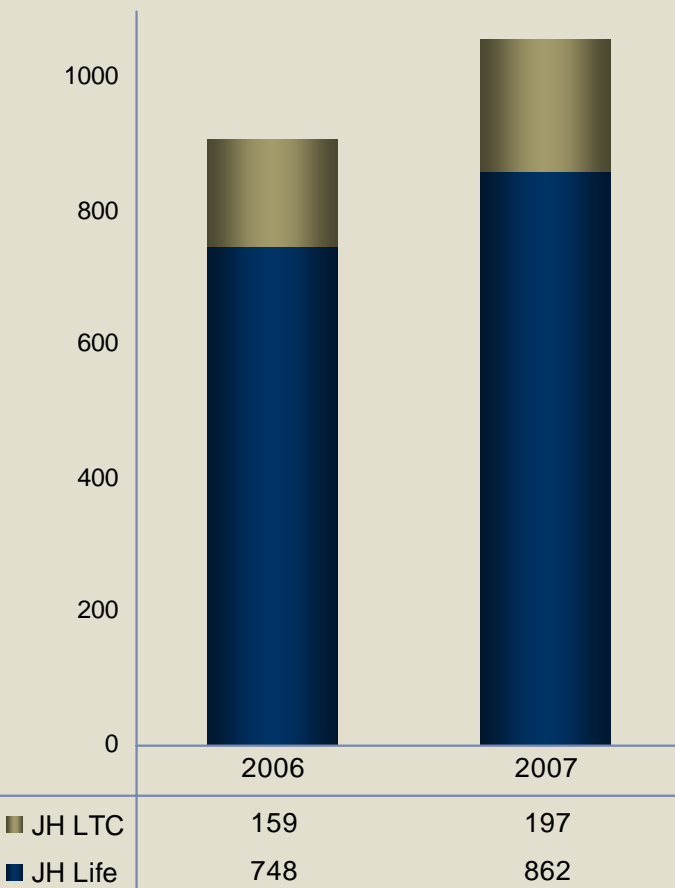
JH LTC earnings of US\$214 million

- + Investment related gains
- Unfavourable claims experience
- Increased new business expenses



# U.S. Insurance Sales

US\$ Millions



JH Life sales of US\$862 million

- + Record fourth quarter and full year sales
- + Strong sales across all major product categories and distribution channels

JH LTC sales of US\$197 million

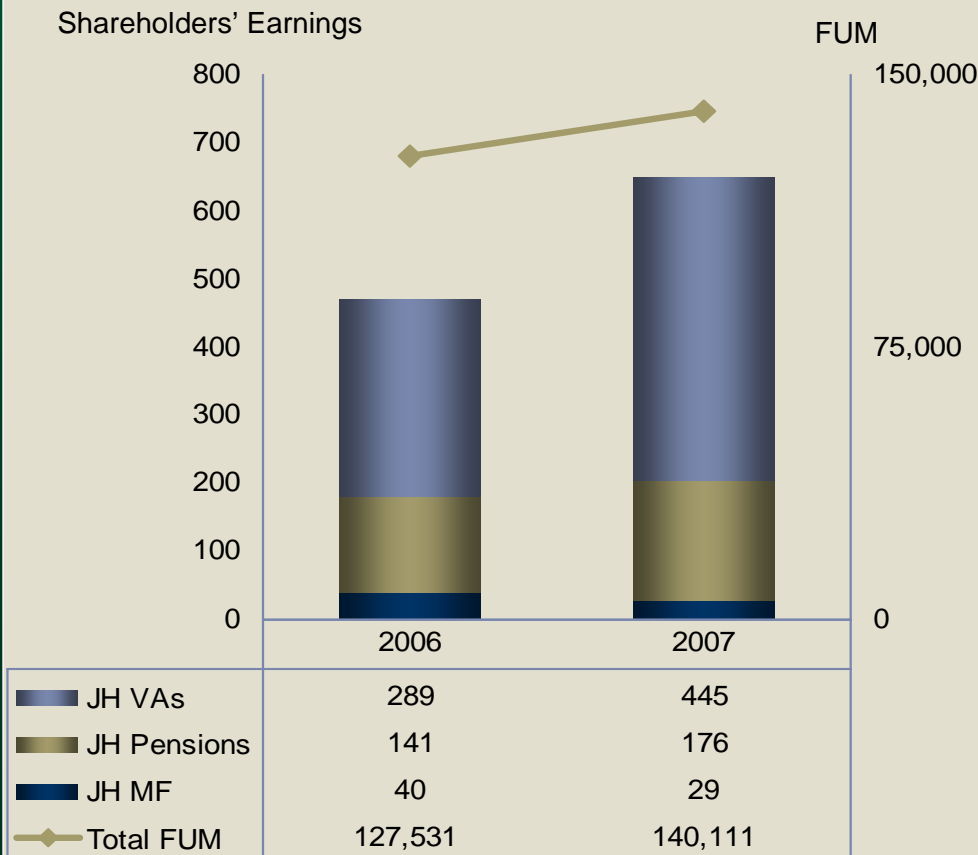
- + Strong sales in retail and group segments
- + Continued market share gains

Sales represent new annualized premiums.



# U.S. Wealth Management Shareholders' Net Income

## Variable Products Group



US\$ Millions

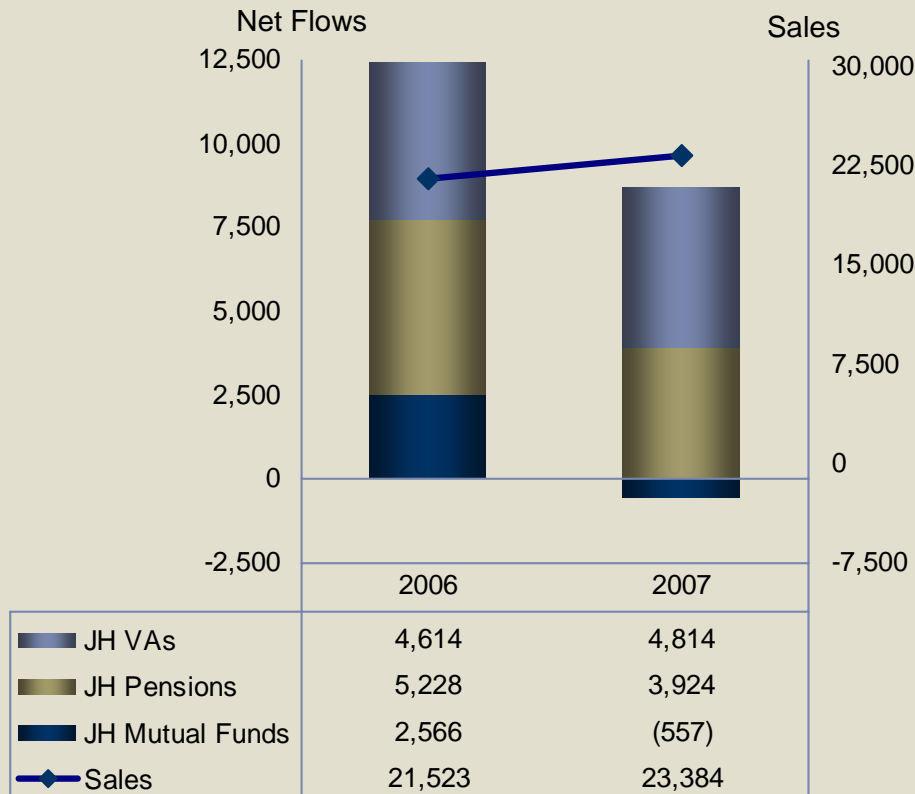
Earnings of US\$650 million, up 38% from 2006

- + Strong growth in FUM and higher asset-driven fee income in Variable Annuities and Pensions
- Increased distribution expenses in Mutual Funds



# U.S. Wealth Management Net Flows

## Variable Products Group



US\$ Millions  
Net flows include premiums and deposits less withdrawals.

### Net flows of US\$8.2 billion

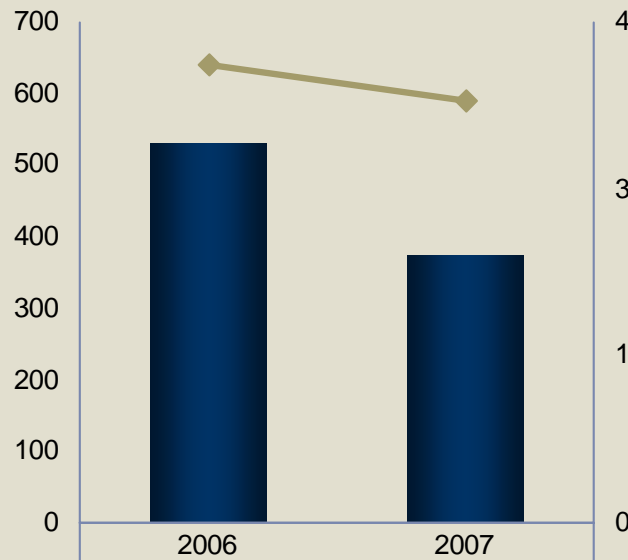
- + Strong variable annuity sales and net flows, driven primarily by Income Plus for Life rider
- Group pension net flows down due to higher lapses
- Mutual fund net outflows due to market volatility and higher withdrawals



# U.S. Wealth Management Shareholders' Net Income

## John Hancock Fixed

Shareholders' Earnings



Earnings	532	374
Total FUM	41,243	37,975

US\$ Millions

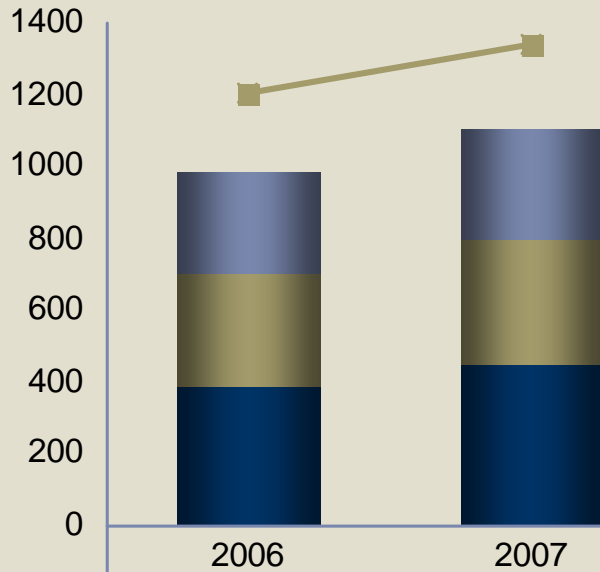
## Earnings of US\$374 million

- Non-recurrence of exceptional investment related gains in 2006
- Lower FUM due to scheduled withdrawals and restricted sales



# Canada Shareholders' Net Income

Shareholders' Earnings



FUM



Shareholders' earnings of \$1,103 million, up 12% from 2006

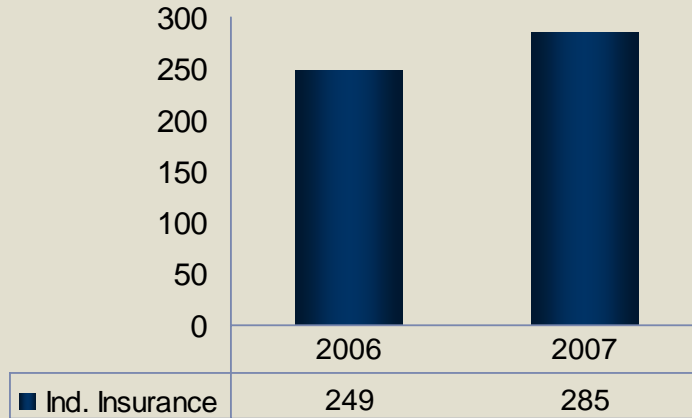
- + Business growth in segregated fund AUM and Manulife Bank
- + Strong investment gains
- + Favourable claims experience in Individual Insurance

C\$ Millions



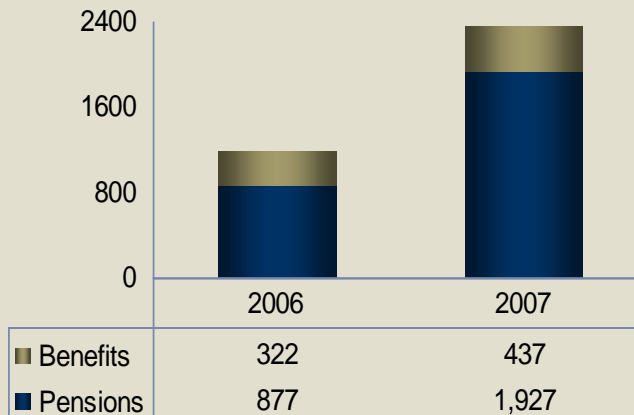
# Canada Sales

## Individual Insurance



- Sales of \$285 million with growth in both individual life and affinity markets

## Group Businesses



- Group Benefits 2007 sales of \$437 million, up 36% from 2006
- Group Pensions up 120% from 2006, driven by large case sales

C\$ Millions

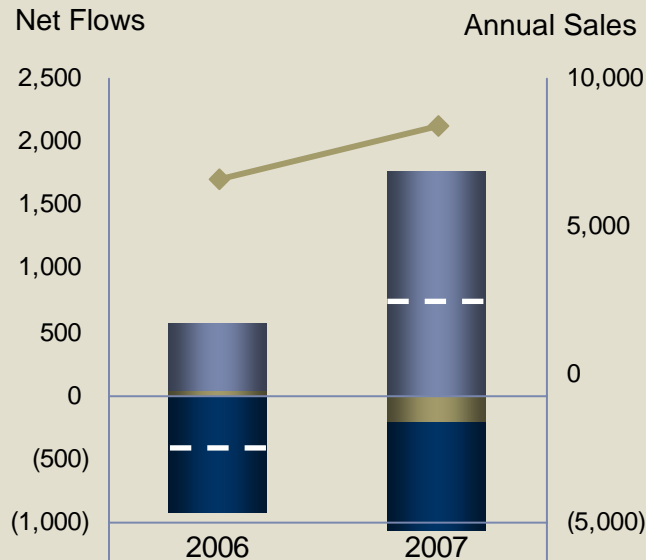
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Sales: Group Benefits: new annualized premiums ("NAP") and single premium sales including ASO premium equivalents, Ind. Insurance: NAP, Group Savings and Retirement Solutions: NAP and single premium sales.



# Canada Net Flows

## Individual Wealth Management



Fixed	(923)	(846)
Seg Funds	517	1,762
Mutual Funds	47	(210)
<b>Total Net Flows</b>	<b>(359)</b>	<b>706</b>
<b>Sales</b>	<b>6,606</b>	<b>8,413</b>

Sales of \$8.4 billion, up 27% with net flows of \$706 million, up \$1.1 billion

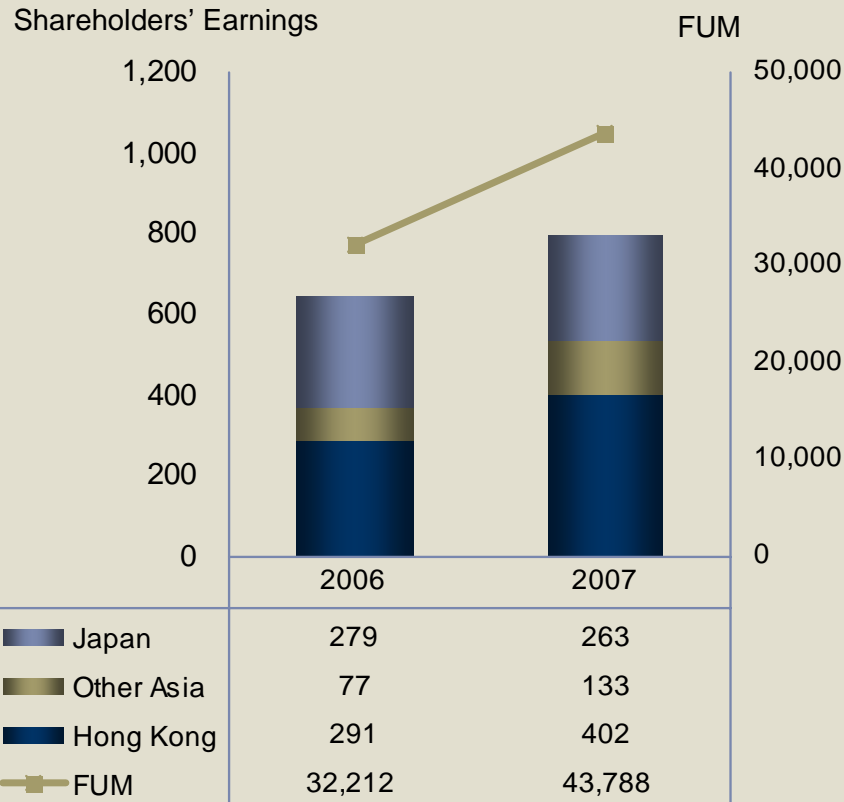
- + Segregated fund sales up 36% versus 2006, driven by continued strong sales of Income Plus
- Net outflows of fixed products due to low interest rate environment
- + Manulife Bank new lending volumes exceeded \$3.5 billion, up 35%

C\$ Millions

Net flows are based on premiums and deposits less withdrawals and do not include Manulife Bank loans.



# Asia and Japan Shareholders' Net Income



US\$ Millions

Earnings of US\$798 million, up 23% year over year

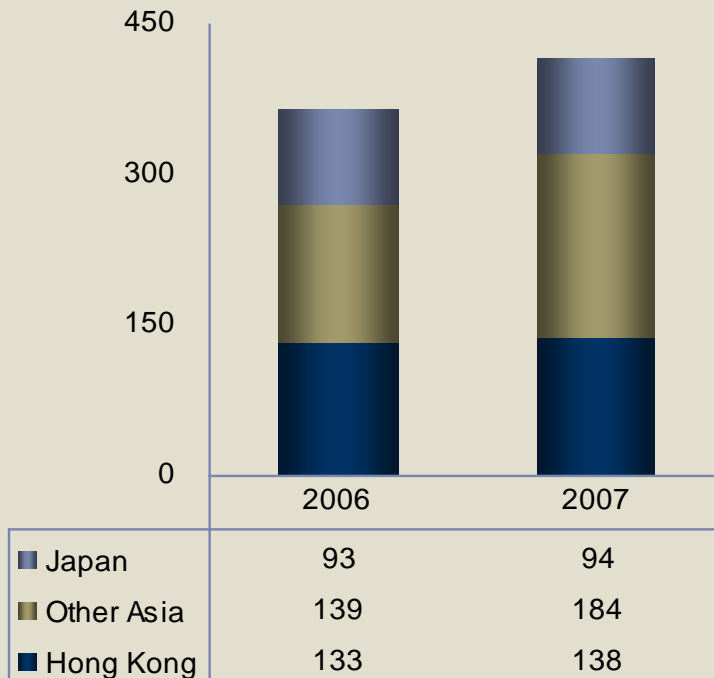
- + Impact on investment income of rising equity markets in Hong Kong
- + Increased fee income from growth in wealth management FUM
- Japan down due primarily to negative impact of equity markets



# Asia and Japan Sales

## Insurance

US\$ millions



Total insurance sales of US\$416 million, up 14% year over year

+ Other Asia sales of US\$184 million, up 32% versus 2006

+ Growth across majority of territories

+ New sales offices in China

+ Agent growth in Taiwan

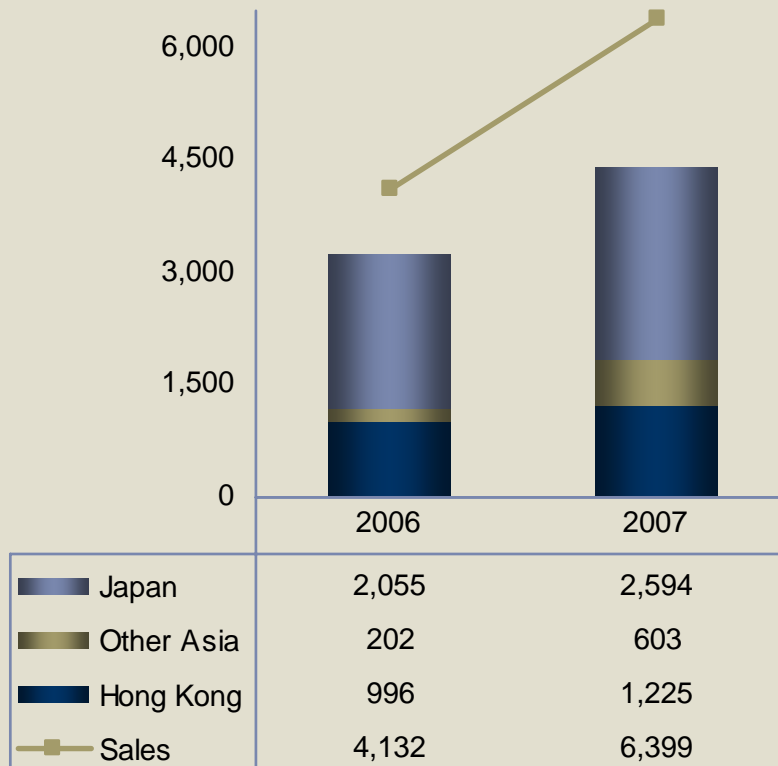
Insurance sales based on new annualized premiums.



# Asia and Japan Net Flows

## Wealth Management

Sales & Net Flows



US\$ millions

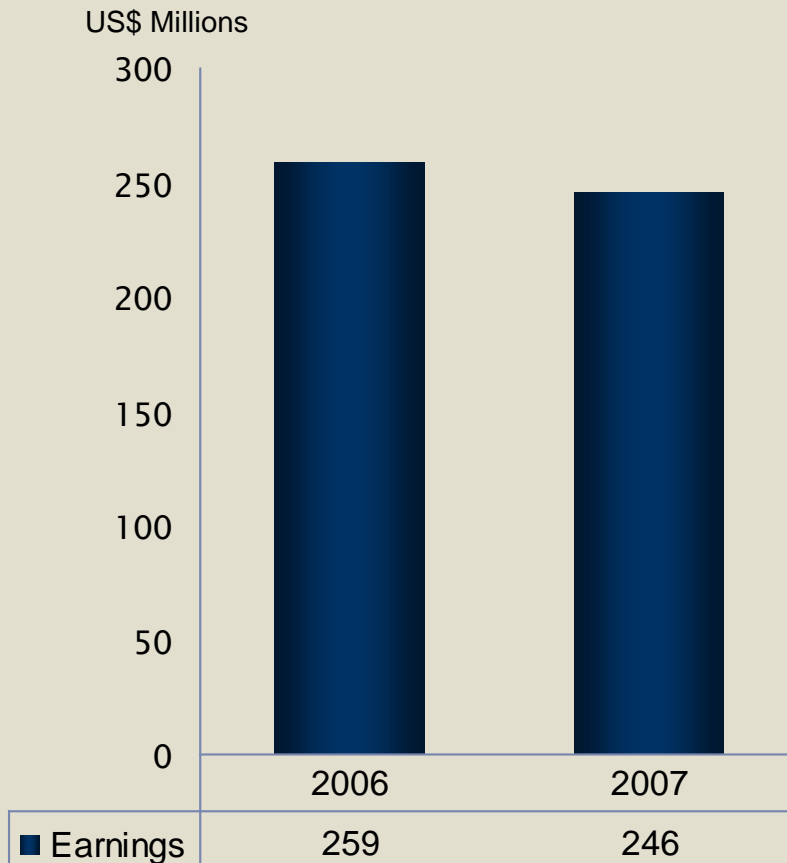
Net flows based on premiums and deposits less withdrawals.

Net flows of US\$4.4 billion, up 36% from 2006

- + Strong net policy cash flow from VA sales in Japan
- + Hong Kong net flows up from 2006
- + Other Asia up on higher mutual fund and overall wealth sales



# Reinsurance Shareholders' Net Income

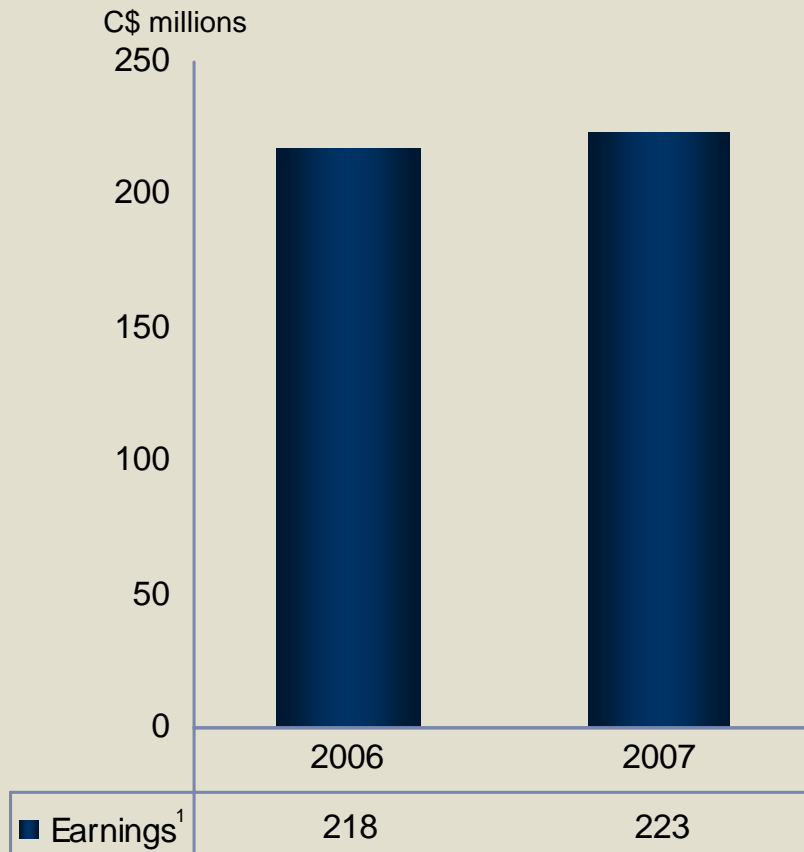


2007 shareholders' earnings of US\$246 million, down 5% over 2006

- + Strong investment results and improved claims experience in Life
- Unfavourable claims experience and lower business volumes in P&C



# Corporate and Other Shareholders' Earnings



## Earnings of \$223 million

- + Higher investment income
- + Favourable claims experience in John Hancock Accident & Health business
- Less favourable credit experience versus exceptional experience in 2006
- Asset repositioning charge
- Interest rate mismatch charge

<sup>1</sup> As a result of the new investment accounting standards which became effective January 1, 2007, the Company realigned its assets, resulting in a one-time charge to Corporate earnings of \$69 in Q1 2007. Excluding this charge, 2007 earnings in the Corporate segment were \$292.



# Returning Capital to Shareholders

(C\$ millions)	2006	2007
Number of common shares repurchased	45.0	56.4
Total value of shares repurchased	\$1,631	\$2,245
Common share dividends	\$1,133	\$1,341
Common share dividend payout ratio	28.4%	30.9%



## In Conclusion

- Shareholders' earnings of \$4,302 million, up 8% from 2006; 14% on a constant currency basis
- Full Year Diluted EPS of \$2.78, up 11% from 2006; 17% on a constant currency basis
- Strong sales with record levels established in several businesses
- Record new business embedded value of \$2,189 million, up 18% from 2006
- ROE of 18.4 per cent, up 160 basis points



# CIO's Remarks

**Donald Guloien**  
**Senior Executive Vice President &**  
**Chief Investment Officer**



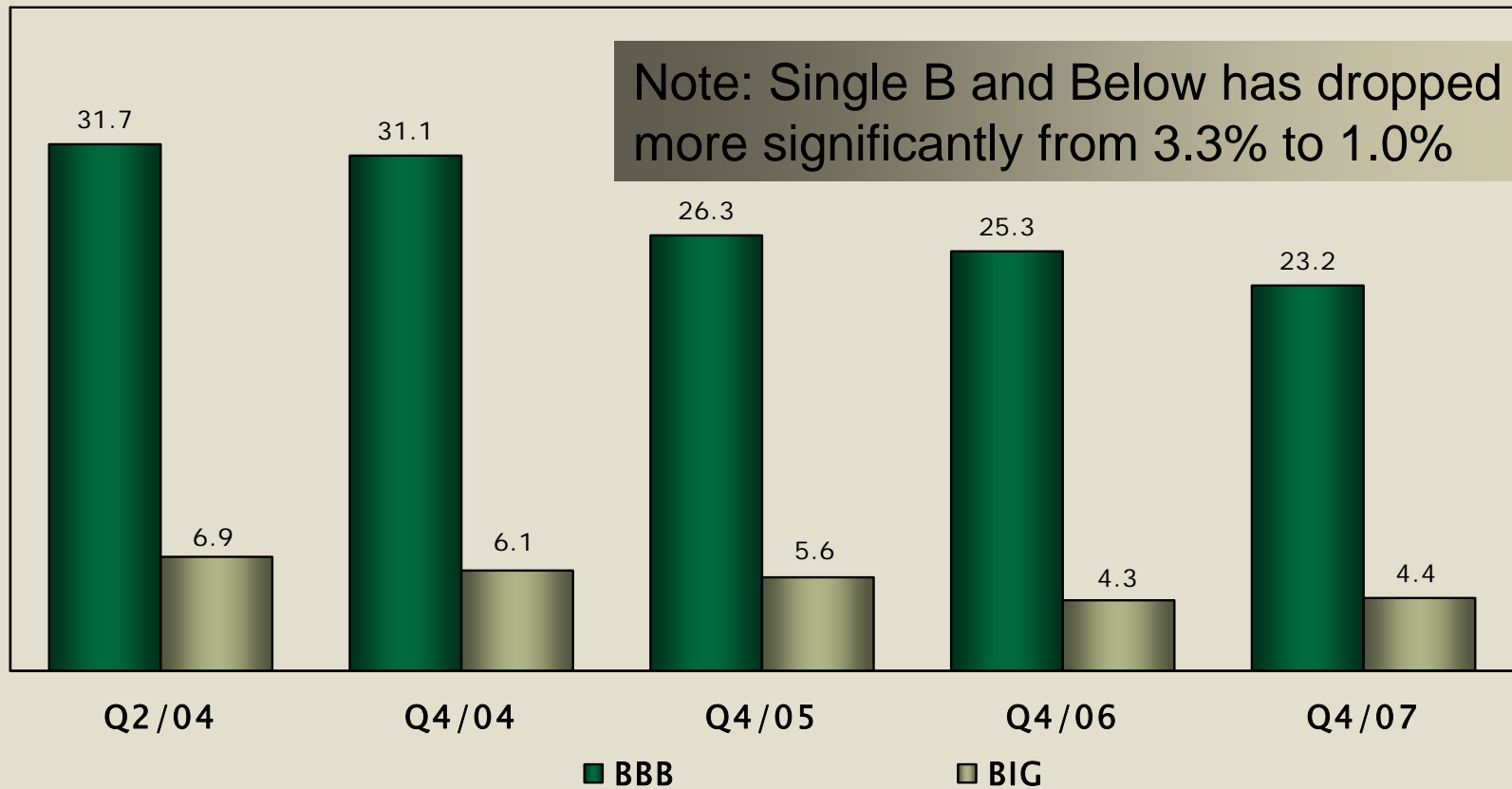
# Our Investment Philosophy

- Bottom-up development of asset mix to match needs of individual product segments
- Blend of asset types not limited to fixed income assets
- Derive superior return and risk reduction by using a blend of assets
- Curtail liability originations when credit risk exceeds spread economics
  
- Not dependent on riskier end of fixed income markets in order to meet yield requirements



# Bond Portfolio Improving Credit Quality

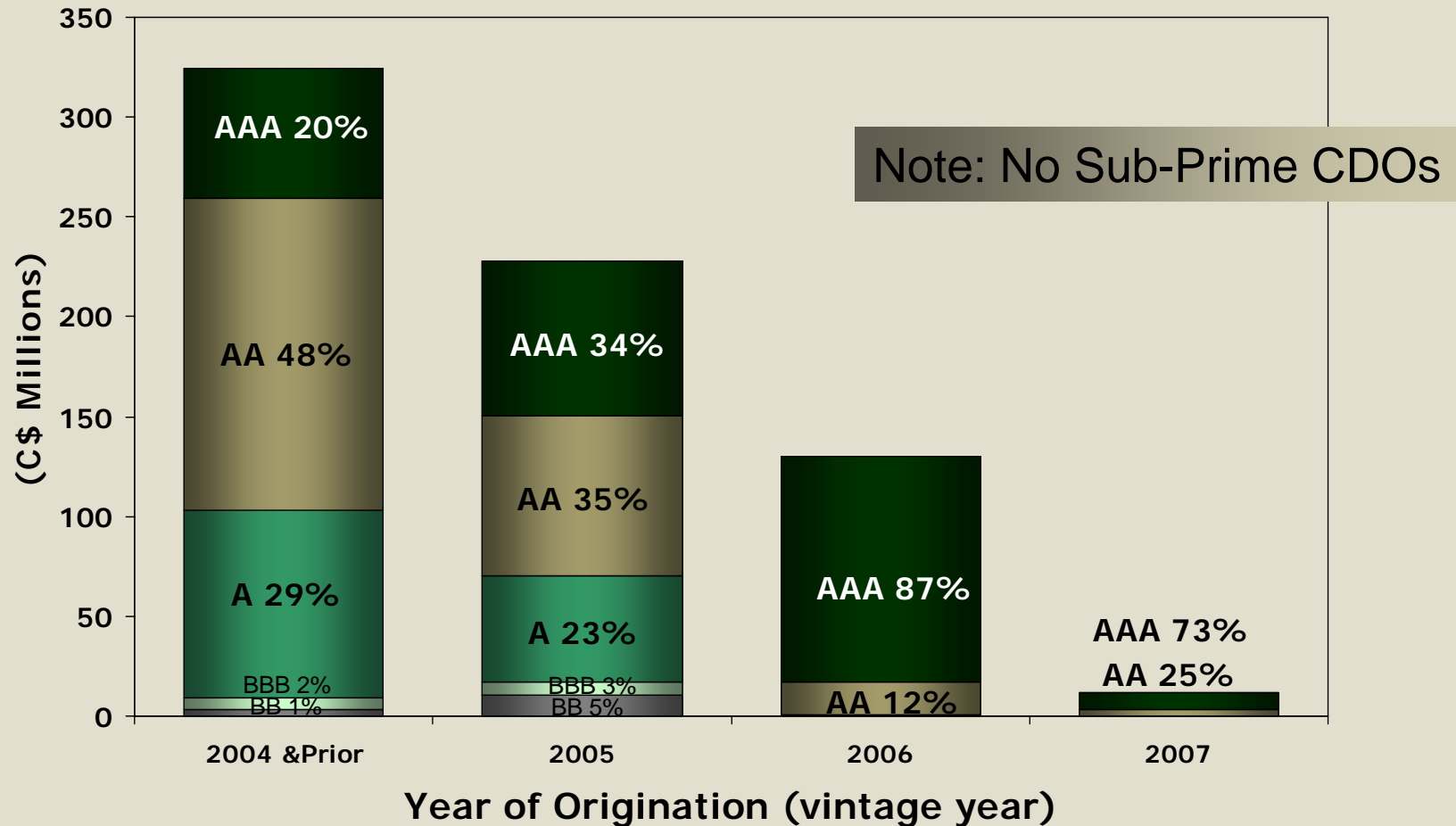
Percentage of Total Bond Portfolio





# Sub-Prime RMBS Holdings

**C\$694 million, representing 0.43% of Total Invested Assets**

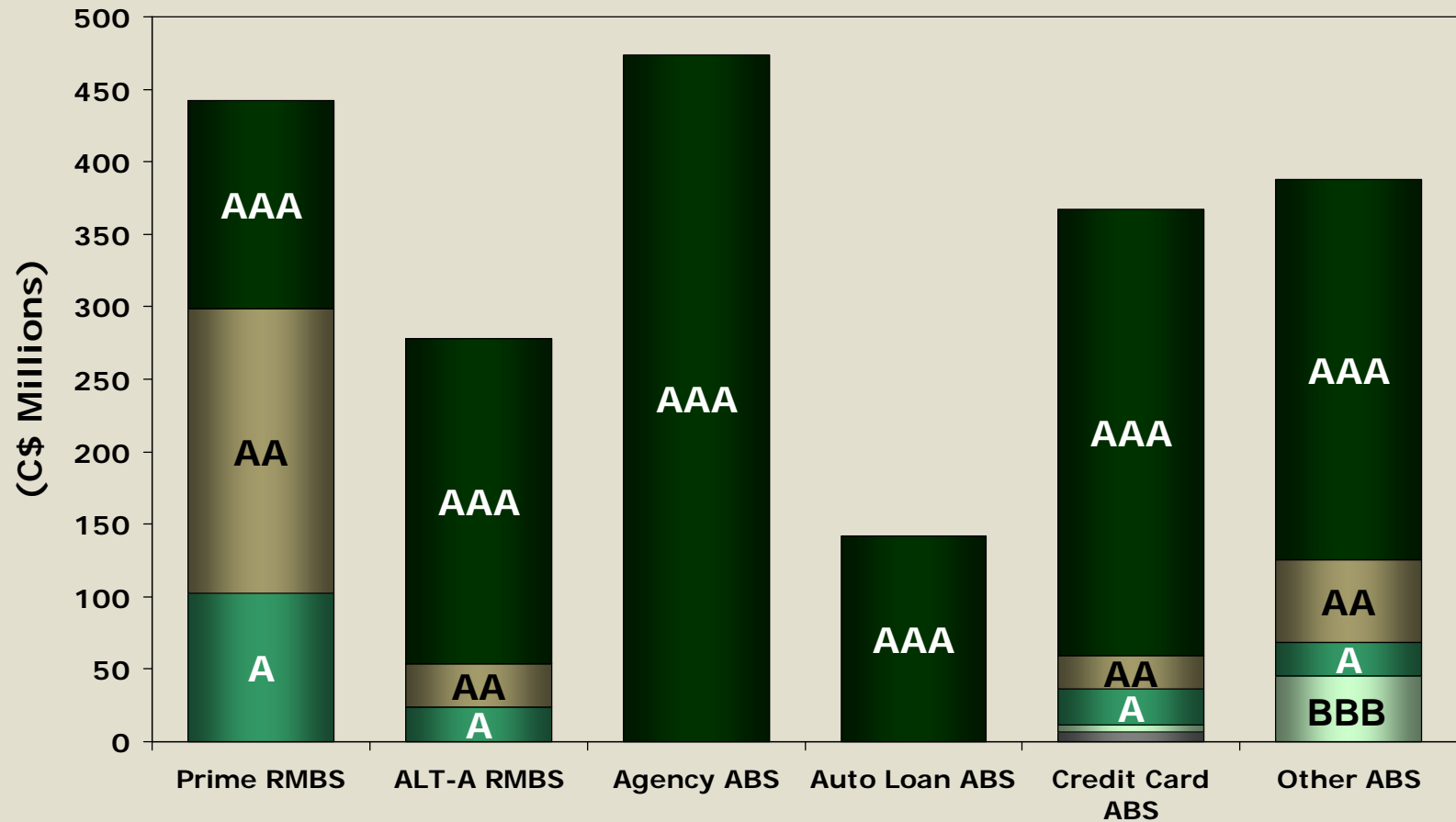


All data based on Carrying Value quoted as at December 31, 2007



# Other ABS Holdings

**C\$2.1 billion, representing 1.3% of Total Invested Assets**



All data based on Carrying Value quoted as at December 31, 2007



## Other Notable Items

- No exposure to issues in Asset Backed Commercial Paper
  - None in General Account
  - None in the Money Market Funds we manage
  - None in collateral from security lending programs
- No exposure to Special Investment Vehicles
  - No exposure to commercial paper issued by SIVs
- No Synthetic Securitizations
- We do not write Credit Derivatives



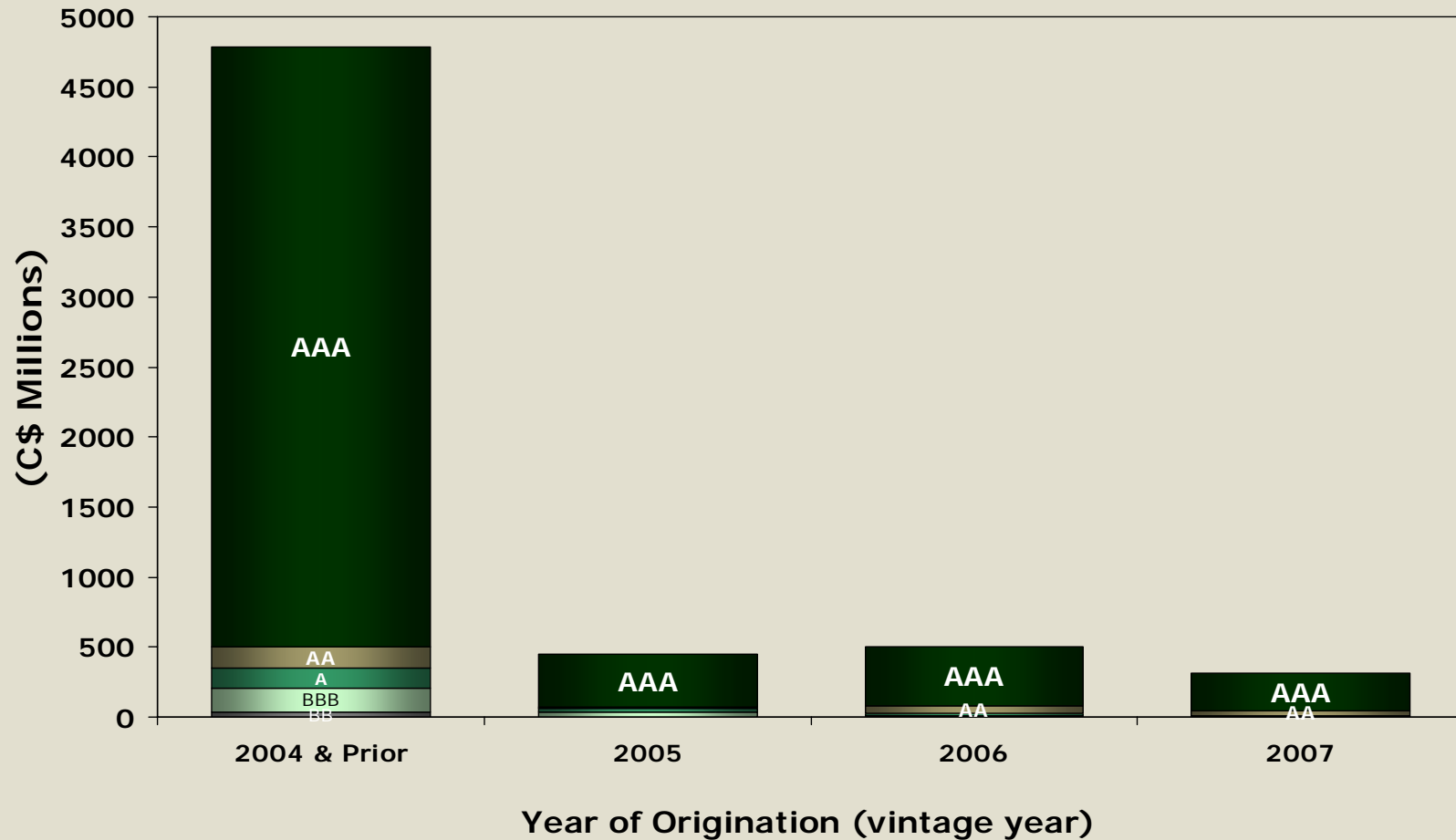
# Commercial Real Estate

- Unlike many aspects of residential market:
  - Very little speculative buying
  - Absorption rates exceed available supply
  - Borrowers are not relying on unusual or promotional terms (ARM, Negative Amortization, Teaser Rates, etc)
  - Borrowers are generally qualified
- Having said that, we have seen deterioration in underwriting standards in securitized vehicles and have responded appropriately



# CMBS Holdings

**C\$6.0 billion, representing 3.7% of Total Invested Assets**



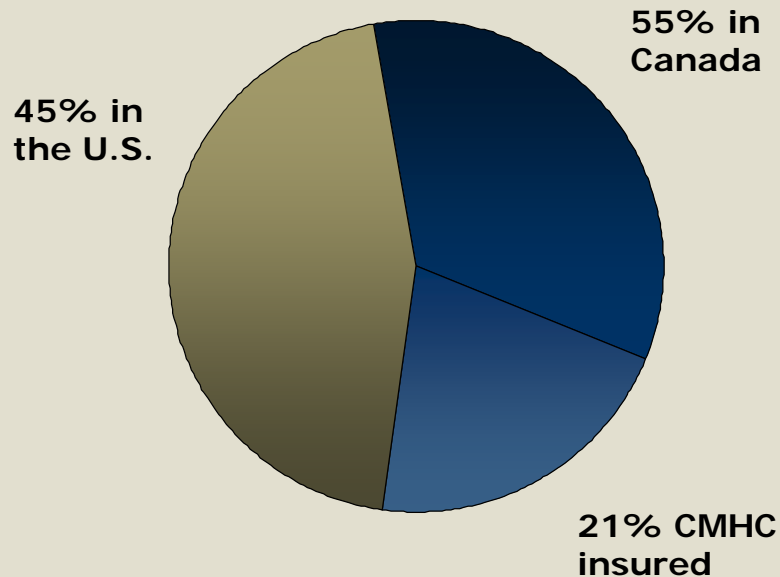
All data based on Carrying Value quoted as at December 31, 2007



# Mortgage Portfolio High Quality & Diversified

**C\$26.1 billion, representing 16.2% of Total Invested Assets**

Mortgage Portfolio by Geography



## Extremely high quality Commercial Loan book:

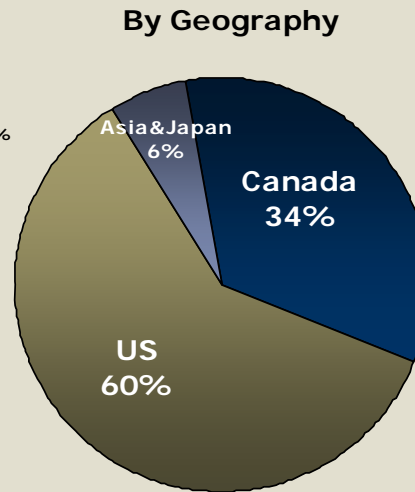
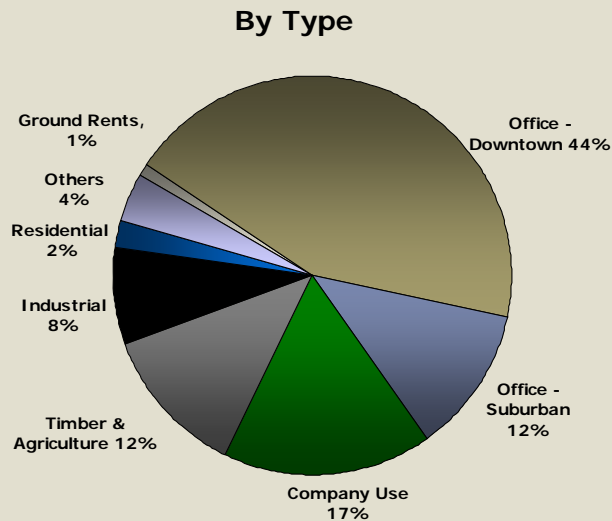
- Low loan-to-value ratios (Canada 61%, US 59%)
- High debt service coverage ratios (Canada 1.68x, US 1.57x)
- No arrears, except for \$1.8 million which is CMHC insured

All data based on Carrying Value quoted as at December 31, 2007



# Real Estate Holdings

**C\$5.7 billion, representing 3.5% of Total Invested Assets**



Commercial Real Estate		
	Carrying Value	Occupancy Rates
Toronto	1,245	97%
Washington	683	98%
Chicago	599	91%
Boston	586	97%
Atlanta	395	88%
Los Angeles	280	99%
Calgary / Edmonton	195	98%
Vancouver	149	99%
Ottawa	137	96%

- Virtually no leverage
- Average occupancy rate of 96%
- Average lease term of 6.7 years (US only, 7.9 years)

All data based on Carrying Value quoted as at December 31, 2007



# Financial Guarantors

- Exposure limited to \$883 million in wrapped bonds
  - 97% of underlying is Investment Grade
  - We underwrite individual securities and treat the guarantee as an incidental feature
  - Estimated impact less than \$25 million if all guarantors failed and all holdings were downgraded to underlying credit ratings
- Not an issue for MFC

All data based on Carrying Value quoted as at December 31, 2007



# Equities

- Public and Private equity exposure of approximately \$8.5 billion in Shareholder accounts (excludes Par and Pass-throughs)
- Highly diversified portfolio
- Overweight in Canada and Europe versus U.S., resulting in better returns in recent periods
- Excellent returns in Private Equity and Mezzanine portfolios

All data based on Carrying Value quoted as at December 31, 2007



## In Conclusion

- We have been preparing for this credit crunch
- Our Balance Sheet is in excellent shape
- We hold high quality invested assets
- Looking for opportunities created by this crisis



# Question and Answer Session