

**Prospectus Supplement**  
**To Short Form Base Shelf Prospectus dated September 29, 2021**

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement together with the short form base shelf prospectus dated September 29, 2021 to which it relates, as amended or supplemented, and each document incorporated by reference in the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S (“Regulation S”) under the U.S. Securities Act), or to, or for the account or benefit of, a U.S. person (as such term is defined in Regulation S) (a “U.S. Person”), except in certain transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus supplement and the accompanying short form base shelf prospectus dated September 29, 2021 from documents filed with securities regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Manulife Financial Corporation at 200 Bloor Street East, NT-10, Toronto, Ontario, Canada M4W 1E5 (Telephone: (416) 926-3000), and are also available electronically at [www.secdar.com](http://www.secdar.com).

New Issue

November 5, 2021



**\$1,200,000,000**

**4.10% Limited Recourse Capital Notes Series 2 (Subordinated Indebtedness)**

**\$1,200,000,000**

**1,200,000 Non-Cumulative Fixed Rate Reset Class 1 Shares Series 28**

Manulife Financial Corporation (“we” or “MFC”) is offering \$1,200,000,000 aggregate principal amount of 4.10% Limited Recourse Capital Notes Series 2 (Subordinated Indebtedness) (the “Notes”). The Notes will mature on March 19, 2082. We will pay interest on the Notes in equal (subject to the reset of the interest rate and the short first coupon) semi-annual instalments in arrears on March 19 and September 19 of each year, with the first payment on March 19, 2022. From the date of issue to but excluding March 19, 2027, the interest rate on the Notes will be fixed at 4.10% per annum. Starting on March 19, 2027 and on every fifth anniversary of such date thereafter until March 19, 2077 (each such date, an “Interest Reset Date”), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield (as defined below) on the business day prior to such Interest Reset Date (each, a “Fixed Rate Calculation Date”) plus 2.704%. See page S-11 for a definition of Government of Canada Yield. Assuming the Notes are issued on November 12, 2021, the first interest payment on the Notes on March 19, 2022 will be in an amount of \$14.265753425 per \$1,000 principal amount of Notes.

This prospectus supplement, together with the short form base shelf prospectus dated September 29, 2021 to which it relates (the “prospectus”), also qualifies the distribution of 1,200,000 Non-Cumulative Fixed Rate Reset Class 1 Shares Series 28 of MFC (the “Series 28 Shares”), at a price of \$1,000 per share to be issued to the Limited Recourse Trustee (as defined below) in connection with the issuance of the Notes. The Series 28 Shares offered hereby will be issued prior to the closing of the offering of the Notes.

**The Notes are intended to qualify as “Tier 1 Capital Instruments other than Common Shares” within the meaning of the Office of the Superintendent of Financial Institutions Canada’s (“OSFI”) Life Insurance Capital Adequacy Test (“LICAT”) Guideline to which we are subject. In the event of a non-payment by MFC of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of holders of Notes shall be the delivery of the Corresponding Trust Assets (as defined below), which initially shall consist of the Series 28 Shares. See “Description of the Notes – Limited Recourse”.**

The Notes will be our direct unsecured obligations which, if we become insolvent or are wound-up, will rank: (a) subordinate in right of payment to the prior payment of all Policy Liabilities (as defined below) and all Higher Ranked Indebtedness (as defined below), including all Subordinated Indebtedness (as defined below) and Deeply Subordinated Indebtedness (as defined below) other than Junior Subordinated Indebtedness (as defined below) and (b) in right of payment equally with our Junior Subordinated Indebtedness (as defined below) (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), provided that in any such case, in case of MFC's non-payment of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Corresponding Trust Assets. Upon the occurrence of a Recourse Event (as defined below) the recourse of each holder of the Notes will be limited to the holder's proportionate share of the Corresponding Trust Assets, and all claims of the holders of Notes against MFC under the Notes will be extinguished upon receipt of the Corresponding Trust Assets. If the Corresponding Trust Assets that are delivered to holders of the Notes under such circumstances comprise Series 28 Shares, such Series 28 Shares will rank on parity with all other Class 1 Shares of MFC ("**Class 1 Shares**") and Class A Shares of MFC ("**Class A Shares**"). See "Description of the Notes".

**The Notes will be direct unsecured obligations of MFC constituting subordinated indebtedness for the purposes of the *Insurance Companies Act (Canada)* (the "**ICA**") and will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.**

The Notes may be redeemed at the option of MFC, with the prior written approval of the Superintendent of Financial Institutions (Canada) (the "**Superintendent**"), in whole or in part on not less than 15 nor more than 60 days' prior notice by MFC, every five years during the period from February 19 to and including March 19, commencing in 2027, at the Redemption Price (as defined below). Upon the occurrence of certain regulatory and tax events, we may, with the written approval of the Superintendent, redeem all of the Notes. In addition, in the event of the redemption of the Series 28 Shares, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Series 28 Shares redeemed will be automatically redeemed. In the event that there is non-payment by us of interest on the Notes on an Interest Payment Date (as defined below), and we have not cured such non-payment by subsequently paying such interest prior to the fifth business day following such Interest Payment Date, a Recourse Event will have occurred and the sole remedy of each holder of Notes shall be the delivery of such holder's proportionate share of the Corresponding Trust Assets. Immediately after the Failed Coupon Payment Date (as defined below), pursuant to the limited recourse feature described in this prospectus supplement, each holder of Notes will receive such holder's proportionate share of the Corresponding Trust Assets. Upon delivery to holders of their proportionate share of the Corresponding Trust Assets following a Failed Coupon Payment Date, all Notes will cease to be outstanding and each holder of the Notes will cease to be entitled to interest thereon. See "Description of the Notes" and "Description of Series 28 Shares".

An investment in the Notes (and Series 28 Shares upon delivery of the Corresponding Trust Assets) bears certain risks. See "Risk Factors" beginning on page S-29 of this prospectus supplement and page 20 of the prospectus.

	<u>Price to the Public</u>	<u>Dealers' Fee</u>	<u>Net Proceeds to MFC<sup>(1)</sup></u>
Per \$1,000 principal amount of Notes <sup>(2)</sup> .....	\$1,000	\$10	\$990
Total .....	\$1,200,000,000	\$12,000,000	\$1,188,000,000

(1) After deducting the Dealers' fee (the "**Dealers' Fee**") shown in the table above, but before deducting expenses of the offering, estimated to be approximately \$465,000, all of which will be paid by MFC.

(2) The Notes will be issued only in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The purchase price for the Series 28 Shares qualified hereby shall be satisfied by funds paid by MFC to the Limited Recourse Trustee to satisfy the subscription price for voting trust units of the Limited Recourse Trust (as defined below). As a result, no proceeds will be raised from the offering of the Series 28 Shares pursuant to this prospectus supplement.

RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Merrill Lynch Canada Inc., Manulife Securities Incorporated, HSBC Securities (Canada) Inc., BNP Paribas (Canada) Securities Inc., Desjardins Securities Inc., Laurentian Bank Securities Inc. and Raymond James Ltd. (collectively, the "**Dealers**"), as agents, conditionally offer the Notes, subject to prior sale, on a

best efforts basis, if, as and when issued by MFC in accordance with the conditions contained in the Dealer Agreement described under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of MFC by Torys LLP, and on behalf of the Dealers by McCarthy Tétrault LLP. See “Plan of Distribution”.

**Manulife Securities Incorporated, one of the Dealers, is a wholly-owned subsidiary of MFC. By virtue of such ownership, MFC is a related and connected issuer of Manulife Securities Incorporated under applicable securities laws. See “Plan of Distribution”.**

The Notes may only be offered and sold in Canada to “accredited investors” (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”) or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each Dealer will represent and covenant, severally and not on a joint and several basis, to MFC that it will only sell the Notes to such purchasers in Canada. **By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to MFC and the Dealer from whom the purchase confirmation is received that such purchaser is an “accredited investor” (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who is not an individual.**

In order to qualify as “Tier 1 Capital Instruments other than Common Shares” within the meaning of the LICAT Guideline, the Notes and the Series 28 Shares must satisfy certain requirements. These requirements include, among other things, that (i) the Notes and the Series 28 Shares have a minimum par or stated value of \$1,000, (ii) the Notes and the Series 28 Shares must be traded on institutional desks and therefore may not be listed on any exchange, (iii) the Notes may only be issued to institutional investors in the primary distribution; and (iv) the Notes may only be issued in minimum denominations of at least \$200,000 and integral multiples of \$1,000 in excess thereof.

**No underwriter has been involved in the issuance of the Series 28 Shares to the Limited Recourse Trustee.**

In connection with this offering, the Dealers may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the Notes at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

**There is no market through which these securities may be sold and purchasers of Notes may not be able to resell Notes purchased under this prospectus supplement and purchasers of Series 28 Shares may not be able to resell Series 28 Shares purchased under this prospectus supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

Our head and registered office is located at 200 Bloor Street East, Toronto, Ontario, Canada M4W 1E5.

Subscriptions for Notes received will be subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will take place on November 12, 2021, or such later date as we and the Dealers may agree. The Notes will be issued in “book-entry only” form. The aggregate principal amount of the Notes will be issued in certificated or uncertificated form and registered in the name of CDS Clearing & Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS or its nominee on the closing date. No physical certificates evidencing the Notes will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Notes will receive only a customer confirmation from the Dealer or other registered dealer who is a participant in the depository service of CDS and from or through whom a beneficial interest in the Notes is purchased. See “Description of the Notes”.

The CUSIP No./ISIN for the Notes will be 56501RAM8 / CA56501RAM84. The CUSIP No./ISIN for the Series 28 Shares will be 56501R577 / CA56501R5776.

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## PRESENTATION OF INFORMATION

In this prospectus supplement, unless otherwise indicated or unless the context otherwise requires:

- all references to “**MFC**” and to “**MLI**” refer to Manulife Financial Corporation and The Manufacturers Life Insurance Company, respectively, not including their subsidiaries;
- MFC and its subsidiaries, including MLI, are collectively referred to as “**Manulife**”; and
- references to “**us**”, “**we**” and “**our**” refer to Manulife.

In this prospectus supplement, unless otherwise indicated, capitalized terms which are defined in the accompanying prospectus are used in this prospectus supplement with the meanings defined in the prospectus. All references in this prospectus supplement to “Canada” mean Canada, its provinces, its territories, its possessions and all areas subject to its jurisdiction. Unless otherwise indicated, all references in this prospectus supplement to “\$” or “dollars” are to Canadian dollars, all references to “US\$” are to U.S. dollars and all references to “S\$” are to Singapore dollars.

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, MFC makes written and/or oral forward-looking statements, including in the prospectus, this prospectus supplement and the documents incorporated by reference in the prospectus and this prospectus supplement. 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 the prospectus, this prospectus supplement and the documents incorporated by reference in the prospectus and this prospectus supplement include, but are not limited to, statements with respect to MFC’s possible or assumed future results set out under “General Development of the Business” and “Business Operations” in our most recent annual information form (“**AIF**”) and in the management’s discussion and analysis in our most recent annual report and our most recent interim financial report, the next phase of MFC’s strategy and 2025 supplemental goals related to MFC’s highest potential businesses, net promoter score, straight-through-processing, portfolio optimization, MFC’s long-term care and variable annuities businesses, and MFC’s medium-term targets for core return on common shareholders’ equity, leverage ratio, common share dividend payout ratio and core earnings per common share growth.

The forward-looking statements in the prospectus, this prospectus supplement, and the documents incorporated by reference in the prospectus and this prospectus supplement also relate to, among other things, MFC’s 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 MFC believes 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);

- the severity, duration and spread of the COVID-19 outbreak, as well as actions that have been, or may be taken by governmental authorities to contain COVID-19 or to treat its impact;
- changes in laws and regulations;
- changes in accounting standards applicable in any of the territories in which we operate;
- changes in regulatory capital requirements;
- 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;
- the disruption of or changes to key elements of Manulife’s or public infrastructure systems;
- environmental concerns;
- our ability to protect our intellectual property and exposure to claims of infringement; and
- the inability of MFC and MLI 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 in the prospectus and this prospectus supplement under “Risk Factors” as well as under “Risk Management” in our AIF, under “Risk Factors and Risk Management” and “Critical Actuarial and Accounting Policies” in the management’s discussion and analysis in our most recent annual report, under “Risk Management and Risk Factors Update” and “Critical Actuarial and Accounting Policies” in the management’s discussion and analysis in our most recent interim financial report, in the “Risk Management” note to the consolidated financial statements in our most recent annual report and most recent interim financial report, and elsewhere in MFC’s filings with Canadian and U.S. securities regulatory authorities.

The forward-looking statements in the prospectus, this prospectus supplement and the documents incorporated by reference in the prospectus and this prospectus supplement are, unless otherwise indicated, stated as of the date thereof, hereof or the date of the document incorporated by reference, as the case may be, 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. MFC does not undertake to update any forward-looking statement, except as required by law.

### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Torys LLP, counsel to MFC, and McCarthy Tétrault LLP, counsel to the Dealers, based on the current provisions of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder, the Notes and the Series 28 Shares, if issued on the date of this prospectus supplement, would be, on such date, qualified investments under the Tax Act and the regulations thereunder for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan (“**RESP**”), a registered disability savings plan (“**RDSP**”), a deferred profit sharing plan (other than, in respect of the Notes, trusts governed by deferred profit sharing plans for which any employer is MFC, or a corporation with which MFC does not deal at arm’s length within the meaning of the Tax Act), or a tax-free savings account (“**TFSA**”).

Notwithstanding that the Notes or the Series 28 Shares may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under an RRSP or RRIF, the subscriber of an RESP or the holder of an RDSP or a TFSA will be subject to a penalty tax with respect to the Notes or the Series 28 Shares, as the case may be, if the Notes or the Series 28 Shares are a “prohibited investment” for the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be. The Notes and the Series 28 Shares will generally not be a “prohibited investment” provided the annuitant, the subscriber or the holder, as the case may be: (i) deals at arm’s length with MFC for purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in subsection 207.01(4) of the Tax Act) in MFC. In addition, the Series 28 Shares will generally not be a “prohibited investment” for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP if they are “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for such trusts. Holders of a TFSA or a RDSP, annuitants under an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors regarding whether the Notes or the Series 28 Shares will be prohibited investments in their particular circumstances.

## DOCUMENTS INCORPORATED BY REFERENCE

This prospectus supplement is deemed to be incorporated by reference, as of the date hereof, in the accompanying prospectus solely for the purpose of the Notes and Series 28 Shares issued hereunder. The following documents, which have been filed by MFC with the securities regulatory authorities in Canada, are specifically incorporated by reference in the prospectus and this prospectus supplement:

- (a) AIF dated February 10, 2021;
- (b) audited consolidated financial statements and the notes thereto for the years ended December 31, 2020 and 2019, together with the *Reports of Independent Registered Public Accounting Firm* thereon, filed with the securities regulatory authorities in Canada on February 10, 2021;
- (c) management's discussion and analysis for the audited consolidated financial statements referred to in the preceding item;
- (d) unaudited interim consolidated financial statements and the notes thereto for the three- and nine-month periods ended September 30, 2021;
- (e) management's discussion and analysis for the unaudited interim consolidated financial statements referred to in the preceding item; and
- (f) management information circular dated March 10, 2021, regarding MFC's annual meeting of shareholders held on May 6, 2021.

Any documents of the type described in Section 11.1 of Form 44-101F1—*Short Form Prospectus* filed by MFC with the Commissions (as defined below) pursuant to the requirements of applicable securities legislation after the date of this prospectus supplement and prior to the termination of the distribution of the Notes under this prospectus supplement are deemed to be incorporated by reference in the prospectus and this prospectus supplement.

**Any statement contained in this prospectus supplement, the prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus supplement or in the prospectus shall be deemed to be modified or superseded, for the purposes of this prospectus supplement, or the prospectus, as the case may be, to the extent that a statement contained herein, or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement or the prospectus.**

## MARKETING MATERIALS

The "template version" (as defined in National Instrument 41-101 — *General Prospectus Requirements* ("NI 41-101")) of the indicative term sheet dated November 5, 2021 (the "**Indicative Term Sheet**") and the final term sheet dated November 5, 2021 (the "**Final Term Sheet**"), in each case filed with the securities commissions or similar authorities in each of the provinces and territories of Canada (the "**Commissions**"), are specifically incorporated by reference into this prospectus supplement, solely for the purpose of the Notes and Series 28 Shares offered hereunder. The template version of any additional marketing materials (as defined in NI 41-101) filed with the Commissions in connection with the offering of the Notes hereunder on or after the date hereof but prior to the termination of the distribution of the Notes under this prospectus supplement (including any amendments to, or an amended version of, the marketing materials) are deemed to be incorporated by reference herein. The template version of any marketing materials, including the Indicative Term Sheet and the Final Term Sheet, are not part of this prospectus supplement to

the extent that the contents thereof have been modified or superseded by a statement contained in this prospectus supplement.

## USE OF PROCEEDS

The net proceeds to us from the sale of the Notes, after deducting estimated expenses of the issues and the Dealers' Fee, are estimated to be approximately \$1,187,535,000. The net proceeds to us from the sale of Notes will be used for general corporate purposes, including investment in subsidiaries and potential future redemptions of existing securities.

It is expected that the Notes will qualify as our "Tier 1 Capital Instruments other than Common Shares" within the meaning of OSFI's LICAT Guideline to which we are subject.

The purchase price for the Series 28 Shares qualified hereby shall be satisfied by funds paid by MFC to the Limited Recourse Trustee to satisfy the subscription price for voting trust units of the Limited Recourse Trust. As a result, no proceeds will be raised from the offering of the Series 28 Shares pursuant to this prospectus supplement. The offering price of the Series 28 Shares qualified under this prospectus supplement is \$1,000 per share.

## RECENT DEVELOPMENTS

### *Redemption of Series 5 Shares*

On November 4, 2021, MFC announced that it intends to redeem all 8,000,000 of its outstanding Non-Cumulative Rate Reset Class 1 Shares Series 5 (the "**Series 5 Shares**") on December 19, 2021.

### *Increase of Common Shareholders' Dividend*

On November 5, 2021, MFC announced a 5 cents per share dividend on its common shares (the "**Common Shares**"), payable on and after December 20, 2021 to shareholders of record at the close of business on December 1, 2021. Combined with its quarterly common shareholders' dividend of \$0.28 per share announced on November 3, 2021, this supplementary dividend results in a total quarterly common shareholders' dividend of \$0.33 per share or an 18% increase from the previous quarter. On March 13, 2020, OSFI announced its expectation that all federally regulated financial institutions halt dividend increases and suspend share repurchases. This dividend increase follows the announcement by OSFI on November 4, 2021, that this expectation is no longer in place.

### *Normal Course Issuer Bid*

On November 5, 2021, MFC announced that, following OSFI's November 4, 2021 announcement and subject to the approval of OSFI and the Toronto Stock Exchange (the "**TSX**"), it intends to launch a normal course issuer bid permitting the purchase for cancellation of up to 39 million Common Shares, representing approximately 2% of MFC's issued and outstanding Common Shares.

## CONSOLIDATED CAPITALIZATION

The following table sets forth selected consolidated financial data of MFC: (a) as of September 30, 2021; and (b) as of September 30, 2021, after giving effect to the completion of the offering of the Notes and the Series 28 Shares, in both cases net of issuance costs, and the redemption of the Series 5 Shares. Other than the offering of the Notes and the Series 28 Shares and the redemption of the Series 5 Shares, there have been no material changes to the share or loan capital of MFC on a consolidated basis since September 30, 2021. The table below should be read together with the detailed information and financial statements appearing in the documents incorporated by reference in the prospectus and this prospectus supplement.

(unaudited)  
As of September 30, 2021  
(\$ in millions)

	Actual	As Adjusted to Give Effect to the offering of the Notes and the Series 28 Shares and the redemption of the Series 5 Shares <sup>(1)</sup>
Long-term senior debt .....	\$4,905	\$4,905
Capital instruments.....	6,986	6,986
Equity		
Non-controlling interests .....	1,661	1,661
Participating policyholders' equity .....	(1,167)	(1,167)
Shareholders' equity		
Limited Recourse Capital Notes <sup>(2)</sup> .....	1,982	3,170
Preferred shares <sup>(3)</sup> .....	3,405	3,205
Common shares .....	23,087	23,087
Contributed surplus .....	261	261
Shareholders' retained earnings.....	22,125	22,125
Shareholders' accumulated other comprehensive income .....	4,597	4,597
Total equity .....	<u>\$55,951</u>	<u>\$56,939</u>
Total capitalization.....	<u>\$67,842</u>	<u>\$68,830</u>

<sup>(1)</sup> Net of issuance costs.

<sup>(2)</sup> After giving effect to this offering, Limited Recourse Capital Notes would have amounted to approximately \$3,170 million as at September 30, 2021. For accounting purposes, the Notes are presented as equity.

<sup>(3)</sup> For accounting purposes, the Series 28 Shares would be eliminated on our consolidated balance sheet for so long as the Series 28 Shares are held by the Limited Recourse Trustee. Accordingly, after giving effect to this offering, there would have been no change in preferred shares as at September 30, 2021.

### EARNINGS COVERAGE

In calculating the earnings coverage ratios below, foreign currency amounts have been converted to Canadian dollars using the average rates of exchange for each quarter. For the 12 months ended December 31, 2020, the average exchange rate was \$1.3414 per US\$1.00. For the 12 months ended September 30, 2021, the average exchange rate was \$1.2644 per US\$1.00.

#### For the twelve months ended December 31, 2020:

MFC's actual dividend requirements on all of its outstanding preferred shares ("**Dividends**"), as adjusted to a before-tax equivalent using an effective income tax rate of 17.7%, for the 12 months ended December 31, 2020 would have amounted to \$178 million after giving effect to the coverage adjustments for the December 2020 period set forth below.

MFC's borrowing costs ("**Borrowing Costs**"), defined as interest requirements on all its outstanding long-term debt, capital instruments, and limited recourse capital notes for the twelve months ended December 31, 2020 would have amounted to \$515 million after giving effect to the coverage adjustments for the December 2020 period set forth below.

The consolidated earnings of MFC before income taxes and Borrowing Costs for the twelve months ended December 31, 2020 amounted to \$7,259 million, which is approximately 10.5 times MFC's Borrowing Costs and Dividends for this period after giving effect to the coverage adjustments for the December 2020 period.

MFC's total interest ("**Total Interest**"), defined as the sum of (a) interest requirements on other outstanding indebtedness, and (b) Borrowing Costs, for the twelve months ended December 31, 2020 would have amounted to \$1,208 million after giving effect to the coverage adjustments for the December 2020 period. From MFC's perspective, the other outstanding indebtedness represents operational leverage, not financial leverage.

The consolidated earnings of MFC before income taxes and Total Interest for the twelve months ended December 31, 2020 amounted to \$7,953 million, which is approximately 5.7 times MFC's Total Interest and Dividends for this period after giving effect to the coverage adjustments for the December 2020 period.

For the 12 months ended December 31, 2020, the earnings coverage ratios have been adjusted to give effect to:

- i. the issuance of the Notes;
- ii. the issuance by MFC of \$2,000,000,000 principal amount of 3.375% Limited Recourse Capital Notes Series 1 (Subordinated Indebtedness) (the "**Series 1 LRCNs**") on February 19, 2021;
- iii. the redemption by MLI of all of its outstanding \$350,000,000 principal amount of 2.389% Fixed/Floating Subordinated Debentures due January 5, 2026 on January 5, 2021;
- iv. the redemption by MFC of all of its outstanding \$500,000,000 principal amount of 3.85% Subordinated Notes due May 25, 2026 on May 25, 2021;
- v. the redemption by MFC of all of its outstanding 17,000,000 Non-Cumulative Rate Reset Class 1 Shares Series 21 on June 19, 2021; and
- vi. the redemption by MFC of all of its outstanding US\$1,000,000,000 principal amount of 4.70% Senior Notes due June 23, 2046 on June 23, 2021

(collectively, the "**coverage adjustments for the December 2020 period**").

**For the twelve months ended September 30, 2021:**

MFC's Dividends, as adjusted to a before-tax equivalent using an effective income tax rate of 13.1%, for the 12 months ended September 30, 2021 would have amounted to \$189 million after giving effect to the coverage adjustments for the September 2021 period set forth below.

MFC's Borrowing Costs for the twelve months ended September 30, 2021 would have amounted to \$535 million after giving effect to the coverage adjustments for the September 2021 period set forth below.

The consolidated earnings of MFC before income taxes and Borrowing Costs for the twelve months ended September 30, 2021 amounted to \$8,173 million, which is approximately 11.3 times MFC's Borrowing Costs and Dividends for this period after giving effect to the coverage adjustments for the September 2021 period.

MFC's Total Interest for the twelve months ended September 30, 2021 would have amounted to \$1,109 million after giving effect to the coverage adjustments for the September 2021 period.

The consolidated earnings of MFC before income taxes and Total Interest for the twelve months ended September 30, 2021 amounted to \$8,747 million, which is approximately 6.7 times MFC's Total Interest and Dividends for this period after giving effect to the coverage adjustments for the September 2021 period.

For the 12 months ended September 30, 2021, the earnings coverage ratios have been adjusted to give effect to the issuance of the Notes (the "**coverage adjustments for the September 2021 period**").

## TRADING PRICE AND VOLUME

The Common Shares are listed on the TSX and are quoted under the symbol “MFC”. The Class A Shares Series 2, Class A Shares Series 3, Class 1 Shares Series 3, Class 1 Shares Series 4, Class 1 Shares Series 5, Class 1 Shares Series 7, Class 1 Shares Series 9, Class 1 Shares Series 11, Class 1 Shares Series 13, Class 1 Shares Series 15, Class 1 Shares Series 17, Class 1 Shares Series 19, Class 1 Shares Series 23 and Class 1 Shares Series 25 are listed for trading on the TSX under the symbols “MFC.PR.B”, “MFC.PR.C”, “MFC.PR.F”, “MFC.PR.P”, “MFC.PR.G”, “MFC.PR.H”, “MFC.PR.I”, “MFC.PR.J”, “MFC.PR.K”, “MFC.PR.L”, “MFC.PR.M”, “MFC.PR.N”, “MFC.PR.R” and “MFC.PR.Q”, respectively. The following tables set forth, for the periods indicated, the market price ranges and trading volumes of the Common Shares, Class A Shares Series 1, Class A Shares Series 2, Class A Shares Series 3, Class 1 Shares Series 3, Class 1 Shares Series 4, Class 1 Shares Series 5, Class 1 Shares Series 7, Class 1 Shares Series 9, Class 1 Shares Series 11, Class 1 Shares Series 13, Class 1 Shares Series 15, Class 1 Shares Series 17, Class 1 Shares Series 19, Class 1 Shares Series 21, Class 1 Shares Series 23 and Class 1 Shares Series 25 on the TSX.

	Class A Shares Series 2			Class A Shares Series 3			Class 1 Shares Series 3		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
<b>2020</b>									
November	24.78	23.66	156,377	25.06	23.10	182,699	11.51	10.55	47,175
December	24.99	24.04	351,237	24.97	23.99	220,980	12.30	11.08	68,531
<b>2021</b>									
January	24.62	24.10	96,124	24.68	23.97	97,604	13.15	11.85	145,593
February	25.32	24.39	219,832	25.22	24.00	463,820	16.06	12.83	1,061,659
March	25.10	24.31	285,979	24.84	23.97	165,903	17.20	15.91	263,216
April	25.30	24.33	120,053	24.90	24.05	114,848	17.73	16.66	419,839
May	25.21	24.79	96,801	25.14	24.64	152,273	17.50	16.55	135,784
June	25.43	24.75	91,691	25.14	24.75	253,576	18.00	16.97	145,235
July	25.45	25.03	64,438	25.20	24.92	101,022	17.95	17.20	84,433
August	25.59	25.14	235,626	25.50	24.95	99,702	17.97	17.00	101,330
September	25.71	25.25	408,706	25.59	25.12	536,345	18.72	17.27	297,746
October	25.45	24.90	195,826	25.47	24.76	128,426	19.04	18.20	196,531
November 1 to 4	25.23	24.80	39,038	24.94	24.71	24,262	18.89	18.57	20,550

	Class 1 Shares Series 4			Class 1 Shares Series 5			Class 1 Shares Series 7		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
<b>2020</b>									
November	11.35	10.45	17,086	21.09	19.75	95,757	23.00	20.97	125,994
December	12.37	11.01	15,233	22.50	21.00	108,929	23.99	22.70	171,307
<b>2021</b>									
January	12.90	11.69	113,570	23.07	22.17	133,222	24.50	23.44	156,259
February	15.99	12.79	68,685	25.19	22.57	254,887	25.98	24.05	368,463
March	16.96	15.01	143,500	24.80	24.34	173,083	25.16	24.62	413,159
April	17.26	16.51	54,535	24.99	24.33	171,649	25.50	24.86	251,014
May	17.25	16.51	22,520	25.35	24.72	269,814	25.45	25.13	306,051
June	18.06	16.23	10,259	25.31	24.64	237,144	25.80	25.10	344,714
July	16.76	16.45	8,512	25.30	24.85	129,007	25.60	25.20	79,948
August	16.78	16.67	9,000	25.45	25.00	194,301	25.57	25.18	105,074
September	16.70	16.00	21,400	25.15	25.01	153,443	25.55	25.15	51,330
October	18.14	17.10	5,726	25.20	25.05	66,594	25.40	25.11	82,627
November 1 to 4	17.70	17.60	1,100	25.25	25.08	56,790	25.39	25.25	60,961

	Class 1 Shares Series 9			Class 1 Shares Series 11			Class 1 Shares Series 13		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
<b>2020</b>									
November	21.48	20.31	172,293	20.01	18.71	72,388	18.15	17.02	41,370
December	22.95	21.15	181,468	21.14	20.08	144,000	19.20	18.01	58,888
<b>2021</b>									
January	23.23	22.21	82,978	22.31	20.99	107,837	20.65	18.82	158,700
February	25.08	22.80	186,865	24.50	21.89	236,715	23.50	19.86	314,568
March	24.73	24.00	654,082	24.35	23.37	432,183	22.59	22.10	159,020
April	24.88	24.05	171,488	24.50	23.54	137,025	22.99	21.75	82,039
May	25.31	24.79	261,203	25.00	24.39	196,118	23.60	22.65	128,874
June	25.40	24.63	69,554	25.25	24.85	117,401	24.15	23.18	213,738
July	25.14	24.82	108,573	25.15	24.79	204,463	24.14	23.75	230,928
August	25.54	24.90	74,335	25.53	25.03	113,885	24.31	23.87	70,391
September	25.32	25.00	101,795	25.50	25.06	46,812	24.44	24.00	85,592
October	25.62	25.09	179,410	25.63	25.18	66,443	24.65	24.20	362,490
November 1 to 4	25.63	25.52	48,249	25.50	25.22	16,269	24.65	24.55	10,357

	Class 1 Shares Series 15			Class 1 Shares Series 17			Class 1 Shares Series 19		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
<b>2020</b>									
November	17.20	16.30	53,296	19.03	17.65	352,952	18.54	17.42	51,533
December	18.52	17.10	72,197	19.99	18.42	82,752	19.53	18.25	323,152
<b>2021</b>									
January	19.50	18.30	105,343	20.51	19.46	241,010	20.46	19.36	239,849
February	22.30	18.76	208,116	23.60	20.08	343,322	24.32	20.02	193,619
March	21.87	21.06	133,692	23.05	22.40	314,966	22.93	22.30	84,921
April	22.40	21.18	98,944	23.70	22.65	252,869	23.00	22.30	95,946
May	22.93	22.12	238,330	23.98	22.95	149,306	23.49	22.75	128,612
June	23.71	22.72	63,431	24.47	23.45	119,798	23.96	22.90	51,821
July	23.60	22.40	43,797	24.00	23.02	93,017	23.79	22.93	63,278
August	23.86	23.41	93,626	24.37	23.51	80,657	24.50	23.50	143,183
September	23.75	23.25	133,206	24.34	23.97	65,155	24.37	23.97	63,440
October	23.98	23.31	39,368	24.55	24.18	238,505	24.45	24.06	89,026
November 1 to 4	23.96	23.64	8,648	24.44	24.04	20,993	24.48	24.14	7,334

	Class 1 Shares Series 23			Class 1 Shares Series 25		
	High (\$)	Low (\$)	Volume	High (\$)	Low (\$)	Volume
<b>2020</b>						
November	25.35	24.89	166,635	20.33	19.09	107,497
December	25.23	24.94	584,497	21.19	19.98	132,623
<b>2021</b>						
January	25.53	25.00	127,466	21.98	20.80	204,982
February	25.75	25.20	319,054	24.35	21.80	143,421
March	25.73	25.18	349,872	24.00	23.47	180,304
April	25.70	25.35	455,929	24.64	23.42	374,130
May	25.92	25.47	119,362	24.95	24.45	279,590
June	25.95	25.40	251,232	25.00	24.60	205,848
July	25.75	25.12	171,479	25.04	24.50	127,118
August	25.98	25.31	285,781	25.35	24.90	137,000
September	25.54	25.28	219,577	25.47	24.67	62,105
October	25.54	25.36	100,143	25.75	25.16	87,966
November 1 to 4	25.52	25.40	23,382	25.58	25.36	14,000

## PRIOR SALES

MFC has not issued any limited recourse capital notes or Class 1 Shares or any other securities convertible into, or exchangeable for, limited recourse capital notes or Class 1 Shares of MFC during the 12 months preceding the date of this prospectus supplement, other than the issuance as of February 19, 2021 of the Series 1 LRCNs at a price of \$1,000 per \$1,000 principal amount of such notes and the issuance as of February 17, 2021 of 2,000,000 Non-Cumulative Fixed Rate Reset Class 1 Shares Series 27 at a price of \$1,000 per share.

## DESCRIPTION OF THE NOTES

The following summarizes certain provisions of the Notes and the Trust Indenture (as defined below), but does not describe every aspect of the Notes or the Trust Indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the Notes and the Trust Indenture, including the definitions of certain terms that are not defined in this prospectus supplement. In this summary, we describe only some of the more important terms. You must look to the Trust Indenture for a complete description of what we summarize below. A copy of the Trust Indenture will be available on SEDAR at [www.sedar.com](http://www.sedar.com). The following description of the Notes supplements (and, where different from, supersedes) the description of the Notes in the prospectus.

As used in this description, the terms “we”, “us” and “our” refer only to Manulife Financial Corporation and not to any of its subsidiaries.

### General

The Notes will be issued as subordinated debt securities under an indenture to be dated as of the closing date of the offering hereunder (the “**Trust Indenture**”) between MFC and BNY Trust Company of Canada, as trustee (the “**indenture trustee**”). The Trust Indenture will be subject to the provisions of the ICA and governed by the laws of Ontario and the federal laws of Canada applicable therein. Subject to regulatory capital requirements applicable to MFC, there is no limit on the amount of limited recourse capital notes or other subordinated indebtedness MFC may issue.

The Notes will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the ICA which, if we become insolvent or are wound up, will rank: (a) subordinate in right of payment to the prior payment of all Policy Liabilities and all Higher Ranked Indebtedness, including all Subordinated Indebtedness and Deeply Subordinated Indebtedness other than Junior Subordinated Indebtedness and (b) in right of payment equally with and not prior to our Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), provided that in any such case, in case of MFC’s non-payment of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Corresponding Trust Assets. Upon the occurrence of a Recourse Event, the recourse of each holder of the Notes will be limited to such holder’s proportionate share of the Corresponding Trust Assets. Upon delivery to the holders of Notes of their proportionate share of the Corresponding Trust Assets, all Notes will cease to be outstanding.

**The Notes will be direct unsecured obligations of MFC constituting subordinated indebtedness for the purposes of the ICA and will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.**

The Notes are not entitled to the benefits of any sinking fund.

### Principal, Interest and Maturity

The Notes will be issued in an aggregate principal amount of \$1,200,000,000 and will be repayable at 100% of the principal amount at maturity on March 19, 2082. On maturity, we will repay to holders of the Notes the principal amount, plus any accrued and unpaid interest to but excluding the maturity date of the Notes.

We will pay interest on the Notes in equal (subject to the reset of the interest rate and the short first coupon) semi-annual instalments in arrears on March 19 and September 19 of each year (each, an “**Interest Payment Date**”), with the first payment on March 19, 2022. From the date of issue to but excluding March 19, 2027, the Notes will bear

interest at the rate of 4.10% per annum. Starting on March 19, 2027 and on every fifth anniversary of such date thereafter until March 19, 2077 (each such date an “**Interest Reset Date**”), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield on the business day prior to such Interest Reset Date (each, a “**Fixed Rate Calculation Date**”), plus 2.704%. Assuming the Notes are issued on November 12, 2021, the first interest payment on the Notes on March 19, 2022 will be in an amount of \$14.265753425 per \$1,000 principal amount of Notes. The principal of, and interest on, the Notes will be paid in Canadian dollars.

Each payment of interest on the Notes will include interest accrued to but excluding the applicable Interest Payment Date or the date of maturity (or earlier purchase or redemption, if applicable). Any payment of principal or interest required to be made on a day which is not a business day will be made on the next succeeding business day (without any additional interest or other payment in respect of the delay).

“**Bloomberg Screen GCAN5YR Page**” means the display designated on page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

A “**business day**” means any day on which Canadian chartered banks are open for business in Toronto and which is not a Saturday or Sunday.

“**Government of Canada Yield**” as at any Fixed Rate Calculation Date, means the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the related Subsequent Fixed Rate Period, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada or any successor to or of the Investment Industry Regulatory Organization of Canada) selected by MFC, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span such Subsequent Fixed Rate Period on such Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“**Subsequent Fixed Rate Period**” means the period from and including March 19, 2027 to but excluding March 19, 2032 and each five-year period thereafter from and including the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period to but excluding March 19 in the fifth year thereafter.

### **Form, Denomination and Transfer**

The Notes will be issued only in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Notes will be issued in “**book-entry only**” form and must be purchased or transferred through participants in the depository service of CDS. See “Book-Entry Only Securities” in the prospectus.

### **Subordination**

The Notes will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the ICA and will therefore rank subordinate to our policy liabilities. **The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*.** See “Description of the Notes – General”.

The Trust Indenture provides that, in the event that proceedings are commenced by or against MFC as a result of its insolvency or in the event of the liquidation or winding-up of MFC or if proceedings are commenced which effect a reorganization, arrangement, or compromise of debt of MFC, the Notes will rank: (a) subordinate in right of payment

to the prior payment in full of all Policy Liabilities and all Higher Ranked Indebtedness (including all Subordinated Indebtedness and Deeply Subordinated Indebtedness other than Junior Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), in each case from time to time outstanding, provided that in any such case, in case of MFC's non-payment of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Corresponding Trust Assets. As of September 30, 2021, we had approximately \$11.9 billion of Higher Ranked Indebtedness outstanding which would rank ahead of the Notes. Upon the occurrence of a Recourse Event, including an event of default, the recourse of each holder of the Notes will be limited to such holder's proportionate share of the Corresponding Trust Assets, and all claims of the holders of Notes against MFC under the Notes will be extinguished upon receipt of the Corresponding Trust Assets. If the Corresponding Trust Assets that are delivered to holders of the Notes under such circumstances comprise Series 28 Shares, such Series 28 Shares will rank on parity with all other Class 1 Shares and Class A Shares. For the avoidance of doubt, as a result of the limited recourse feature described in this prospectus supplement, the ranking of the Notes will not be relevant during insolvency proceedings or wind-up of MFC, since the Corresponding Trust Assets shall have been delivered to the holders of Notes, such delivery will have exhausted all remedies of such holders against MFC, and the Notes shall have ceased to be outstanding.

For these purposes,

- **“Deeply Subordinated Indebtedness”** means Indebtedness which ranks senior in right of payment to Junior Subordinated Indebtedness, but is, by its respective terms, subordinate in right of payment to all other Subordinated Indebtedness.
- **“Higher Ranked Indebtedness”** means all Indebtedness (including all Subordinated Indebtedness and Deeply Subordinated Indebtedness other than Junior Subordinated Indebtedness).
- **“Indebtedness”** means the principal of and the interest and premium, if any, on:
  - (a) indebtedness of MFC whether outstanding on the date of the Trust Indenture or thereafter created, incurred, assumed or guaranteed, for money borrowed by MFC or for money borrowed by others for the payment of which MFC is responsible or liable;
  - (b) indebtedness of MFC whether outstanding on the date of the Trust Indenture or thereafter created, incurred, assumed or guaranteed by MFC in connection with the acquisition by MFC or by others of any business, property or other assets;
  - (c) renewals, extensions or refundings of any indebtedness referred to in (a) or (b) above;
  - (d) obligations of MFC to trade creditors incurred in the ordinary course of business; and
  - (e) any other indebtedness of MFC that does not constitute a Policy Liability.
- **“Junior Subordinated Indebtedness”** means Indebtedness which by its terms ranks equally in right of payment with, or is subordinate to, the Notes.
- **“Policy Liabilities”** means all claims of holders of policies of insurance issued by MFC or for which MFC is responsible or liable and described in paragraph 161(1)(c) of the *Winding-Up and Restructuring Act* (Canada) and any other statute hereafter enacted in substitution therefor, as such act or substituted statute may be amended from time to time.
- **“Subordinated Indebtedness”** means MFC's subordinated indebtedness within the meaning of the ICA.

## Events of Default

The Trust Indenture will provide that an “**event of default**” in respect of the Notes will occur if (i) an order is made or an effective resolution is passed for the winding-up or liquidation of MFC or in the event of any other dissolution of MFC by operation of law, except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Article 9 of the Trust Indenture are duly observed and performed; or (ii) MFC makes a general assignment for the benefit of its creditors, or otherwise acknowledges its insolvency, becomes insolvent or is declared bankrupt or consents to the institution of bankruptcy or insolvency proceedings against it under any bankruptcy, insolvency or analogous laws, or if a custodian, sequestrator, liquidator, receiver, receiver and manager or any other officer with similar powers is appointed of MFC or of the property of MFC or any part thereof which is, in the opinion of the indenture trustee, a substantial part thereof. An event of default is a Recourse Event. On the occurrence of a Recourse Event, the recourse of each holder of Notes will be limited to such holder’s proportionate share of the Corresponding Trust Assets. The delivery of the Corresponding Trust Assets to the holders of the Notes will exhaust all remedies of such holders in connection with such event of default, and all claims of holders of Notes against MFC under the Notes will be extinguished upon receipt of the Corresponding Trust Assets. See “– Limited Recourse”.

An order or an effective resolution for the winding-up or liquidation of MFC or any other dissolution of MFC by operation of law made or passed in the course of carrying out or pursuant to a transaction in respect of which the conditions of Article 9 of the Trust Indenture are duly observed and performed shall not constitute an event of default and does not entitle a holder of Notes to demand payment of principal prior to maturity.

If an event of default occurs under the Trust Indenture with respect to the Notes, MFC shall forthwith give notice in writing of same to the indenture trustee and the indenture trustee shall give notice of same to the holders of the Notes as soon as reasonably practicable, but in any event not later than 30 days after receipt by the indenture trustee of notice in writing of such default (unless the indenture trustee in good faith determines that the withholding of such notice is in the best interests of the holders of the Notes and has so advised MFC in writing) and as and to the extent provided by relevant legislation.

## Limited Recourse

In the event of non-payment by MFC of the principal amount of, interest on, or redemption price for, the Notes when due, while a holder of Notes will have a claim against MFC for the principal amount of the Notes and any accrued and unpaid interest (which will then be due and payable), the recourse of each holder of the Notes shall be limited to the assets held in respect of the Notes by Computershare Trust Company of Canada, as trustee (the “**Limited Recourse Trustee**”) of Manulife LRCN Limited Recourse Trust (the “**Limited Recourse Trust**”) from time to time (“**Corresponding Trust Assets**”). The Limited Recourse Trustee will hold legal title to the Corresponding Trust Assets for the benefit of MFC to satisfy the recourse of the holders of Notes in respect of MFC’s obligations under the Trust Indenture. The Corresponding Trust Assets in respect of the Notes may consist of (i) Series 28 Shares (or proceeds with respect to the subscription for units of the Limited Recourse Trust by MFC, which are to be used by the Limited Recourse Trustee to subscribe for Series 28 Shares), (ii) cash from the redemption, or the purchase by MFC for cancellation, of Series 28 Shares (other than any portion of such cash in respect of any declared and unpaid dividends), or (iii) any combination thereof, depending on the circumstances. On the closing of the offering of the Notes, the Corresponding Trust Assets in respect of the Notes shall consist of 1,200,000 Series 28 Shares. At no time shall the Corresponding Trust Assets include any dividends paid on the Series 28 Shares or any right to receive declared, but unpaid, dividends on the Series 28 Shares.

The Limited Recourse Trust is a trust established under the laws of Manitoba, governed by an amended and restated declaration of trust dated February 17, 2021 (as may be further amended or restated from time to time, the “**Limited Recourse Trust Declaration**”). The Limited Recourse Trust’s objective is to acquire and hold the Corresponding Trust Assets in accordance with the terms of the Limited Recourse Trust Declaration. The Limited Recourse Trustee will hold trust assets in respect of more than one series of limited recourse capital notes of MFC, and the Limited Recourse Trustee will hold the trust assets for each such series of notes (including MFC’s preferred shares) separate from the trust assets for any other series of such notes and shall deliver such trust assets only in respect of the relevant series of notes.

If a Recourse Event occurs, MFC will, no later than one business day after the occurrence of such Recourse Event, notify the Limited Recourse Trustee of the occurrence of such Recourse Event. “**Recourse Event**” means any of the following: (i) there is non-payment by MFC of the principal amount of the Notes, together with any accrued and unpaid interest, on the maturity date of the Notes, (ii) a Failed Coupon Payment Date occurs, (iii) in connection with the redemption of the Notes, on the redemption date for such redemption, MFC does not pay the applicable redemption price in cash, or (iv) the occurrence of an event of default under the Trust Indenture. “**Failed Coupon Payment Date**” means the fifth business day immediately following an interest payment date upon which MFC does not pay interest on the Notes in cash and has not cured such non-payment by subsequently paying such interest in cash prior to such fifth business day. Upon a Recourse Event, the principal amount of, and accrued and unpaid interest on, all of the Notes will become immediately due and payable by MFC without any declaration or other act on the part of the indenture trustee or any holders of the Notes, provided that the sole remedy of the holders of the Notes for such amounts due and payable by MFC shall be, the delivery of the Corresponding Trust Assets.

Following receipt of a notice of a Recourse Event, MFC will take any necessary actions to cause the Limited Recourse Trustee to deliver the Corresponding Trust Assets in respect of the Notes to the holders of Notes in accordance with the terms of the Limited Recourse Trust Declaration and the Trust Indenture, provided that notwithstanding any other provision in the Limited Recourse Trust Declaration or the Trust Indenture, MFC reserves the right not to (a) deliver some or all of the Series 28 Shares to any person whom MFC or its transfer agent has reason to believe is an Ineligible Person (as defined below) or any person who, by virtue of that delivery, would become a Significant Shareholder (as defined below), or (b) record in its securities register a transfer or issue of Series 28 Shares to any person whom MFC or its transfer agent has reason to believe is an Ineligible Government Holder (as defined below) based on a declaration submitted to MFC or its transfer agent by or on behalf of such person. In such circumstances, MFC will hold, as agent for such persons, the Series 28 Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Series 28 Shares to parties other than the Limited Recourse Trust or MFC and its affiliates on behalf of such persons through a registered dealer to be retained by MFC on behalf of such persons. Those sales (if any) may be made at any time and at any price as MFC, in its sole discretion, may determine. MFC will not be subject to any liability for failure to sell such Series 28 Shares on behalf of such persons or at any particular price on any particular day. The net proceeds received by MFC from the sale of any such Series 28 Shares will be divided among the applicable persons in proportion to the number of Series 28 Shares that would otherwise have been delivered to them after deducting the costs of sale and any applicable withholding taxes. For purposes of the foregoing:

- “**Ineligible Government Holder**” means any person who is the federal or a provincial government in Canada or agent or agency thereof, or the government of a foreign country or any political subdivision of a foreign country, or any agent or agency of a foreign government, in each case to the extent that the recording in MFC’s securities register of a transfer or issue of any share of MFC to such person would cause MFC to contravene the ICA.
- “**Ineligible Person**” means (i) any person whose address is in, or whom MFC or the transfer agent for the Series 28 Shares has reason to believe is a resident of, any jurisdiction outside Canada where the issue or delivery to that person of Series 28 Shares would require MFC to take any action to comply with insurance, securities or analogous laws of that jurisdiction, and (ii) any person to the extent that the issuance by MFC or delivery by its transfer agent to that person of Series 28 Shares would cause MFC to be in violation of any law to which MFC is subject.
- “**Significant Shareholder**” means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, shares of any class of MFC in excess of that permitted by the ICA.

Subject to the foregoing restrictions regarding Ineligible Persons, Significant Shareholders and Ineligible Government Holders, if the Corresponding Trust Assets consist of Series 28 Shares at the time a Recourse Event occurs, the Limited Recourse Trustee will deliver to each holder of Notes one Series 28 Share for each \$1,000.00 principal amount of Notes held by such holder, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Series 28 Shares will exhaust all remedies of each holder of Notes against MFC for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable.

The Limited Recourse Trustee shall distribute the proceeds from the redemption of the Series 28 Shares held by the Limited Recourse Trustee to the holders of the Notes.

The Limited Recourse Trust will only be dissolved following the earlier to occur of the following events: (a) no Notes (or any other limited recourse capital notes) are outstanding and held by a person other than MFC (whether through (i) a cash redemption by MFC of all preferred shares held by the Limited Recourse Trust and corresponding cash redemption of all corresponding limited recourse capital notes, (ii) delivery of all preferred shares held by the Limited Recourse Trust to holders of the corresponding limited recourse capital notes on maturity or any earlier date on which the principal amount of and interest on the corresponding limited recourse capital notes becomes due and payable, or (iii) the purchase for cancellation of all limited recourse capital notes by MFC); and (b) each of the Limited Recourse Trustee and MFC elects in writing to terminate the Limited Recourse Trust and such termination is approved by the holders of the Notes in accordance with the terms of the Trust Indenture and the holders of any other limited recourse capital notes in accordance with the terms of the indentures under which they are issued.

Any amendment or supplement to the Limited Recourse Trust Declaration for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Limited Recourse Trust Declaration requires the prior consent of the holders of the Notes in accordance with the terms of the Trust Indenture and the holders of any other limited recourse capital notes in accordance with the terms of the indentures under which they are issued.

By acquiring any Note, each holder and beneficial holder irrevocably acknowledges and agrees with, and for the benefit of, MFC and the indenture trustee that the delivery of such holder's proportionate share of the Corresponding Trust Assets to such holder shall exhaust all remedies of such holder against MFC under the Notes, including in connection with any event of default. All claims of a holder of the Notes against MFC shall be extinguished upon receipt by such holder of such holder's proportionate share of the Corresponding Trust Assets. If a holder's proportionate share of the Corresponding Trust Assets is not delivered as required to such holder, the sole remedy of such holder for any claims against MFC shall be recourse to such holder's proportionate share of the Corresponding Trust Assets. The delivery of Corresponding Trust Assets to the holders of the Notes shall be applied to the payment of the principal amount of the Notes held by such holder and will extinguish all claims of such holders against MFC for repayment of the principal amount of the Notes and any accrued and unpaid interest thereon when due and payable. In case of any shortfall resulting from the value of the Corresponding Trust Assets being less than the principal amount of and any accrued and unpaid interest on the Notes, all losses arising from such shortfall shall be borne by the holders of the Notes and no claim may be made against MFC or the indenture trustee.

MFC has entered into an agreement (the "**MFC Indemnity Agreement**") to indemnify the Limited Recourse Trustee against certain claims, liabilities, losses and damages suffered by the Limited Recourse Trustee in connection with acting as trustee of the Limited Recourse Trust. The Limited Recourse Trustee has agreed to exercise and exhaust all its remedies against MFC under the MFC Indemnity Agreement prior to exercising any rights of indemnity under the Limited Recourse Trust Declaration. Provided that the Limited Recourse Trustee has so exercised and exhausted its rights under the MFC Indemnity Agreement, the Limited Recourse Trustee will be indemnified and saved harmless by the Corresponding Trust Assets from and against all claims, liabilities, losses, damages, penalties, actions, suits, demands, levies, expenses and disbursements including, without limitation, any and all reasonable legal and adviser fees and disbursements, whether groundless or otherwise, including costs (including legal costs on a solicitor and client basis), charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Limited Recourse Trustee and also from and against all other costs (including legal costs on a solicitor and client basis), charges, and expenses which it sustains or incurs in or about or in relation to the affairs of the Limited Recourse Trust, except such as may be incurred as a result of the wilful misconduct, gross negligence, fraud or bad faith of the Limited Recourse Trustee or breach by it of its standard of care owed to the Limited Recourse Trust.

The Limited Recourse Trustee has entered into an agreement (as amended from time to time) (the "**Administration Agreement**") with MFC pursuant to which the Limited Recourse Trustee has appointed MFC to provide services on behalf of the Limited Recourse Trustee, subject to the direction and control of the Limited Recourse Trustee, in relation to the administration of the Limited Recourse Trust. MFC, in its role as administrative agent under the Administration Agreement (the "**Administrative Agent**"), will administer on behalf of and for the account of the Limited Recourse Trust the activities of the Limited Recourse Trust in connection with the direct or indirect acquisition, administration

and management by the Limited Recourse Trustee of the assets of the Limited Recourse Trust. The Administrative Agent may, from time to time, delegate or sub-contract all or a portion of its obligations under the Administration Agreement to one or more persons. The Administrative Agent will not, in connection with the delegation or sub-contracting of any of such obligations, be discharged or relieved in any respect from its obligations under the Administration Agreement. The Administrative Agent will not receive a fee from the Limited Recourse Trustee for performing its obligations under the Administration Agreement.

The Administrative Agent's rights and obligations under the Administration Agreement will terminate if the Administrative Agent receives a termination notice in writing from the Limited Recourse Trustee or the Limited Recourse Trustee receives a termination notice in writing from the Administrative Agent, in each case at least 20 business days prior to the last business day of a month, in which case the Administration Agreement will terminate on the last day of that month. Notwithstanding the foregoing, the Administrative Agent will not be permitted to resign until a replacement administrative agent has been appointed and has entered into an administration agreement whereby the replacement administrative agent will assume, in all material respects, the obligations of the Administrative Agent under the Administration Agreement.

## **Redemption**

### *Redemption at the Option of MFC*

MFC may, at its option, with the prior written approval of the Superintendent, redeem the Notes in cash, in whole or in part from time to time, on a full and permanent basis, on not less than 15 days' and not more than 60 days' prior notice to the registered holders of the Notes, every five years during the period from February 19 to and including March 19, commencing in 2027, at a redemption price which is equal to the aggregate of (i) the principal amount of the Notes to be redeemed, and (ii) any accrued and unpaid interest on such Notes up to but excluding the date of redemption.

In cases of partial redemption, the Notes to be redeemed will be selected by the indenture trustee on a *pro rata* basis or in such other manner as it shall deem equitable and, where applicable, in accordance with the procedures of CDS. Any Notes offered hereby that are redeemed by MFC will be cancelled and will not be reissued.

### *Special Redemption for Capital or Tax Reasons*

We may, at our option, with the prior written approval of the Superintendent and without the consent of the holders of the Notes, redeem all (but not less than all) of the Notes, on a full and permanent basis, at any time upon at least 30 days and not more than 60 days prior written notice on or following a regulatory event date (as defined below) or a tax event date (as defined below). Any such redemption may not occur before the relevant regulatory event date or tax event date, but may occur on or after such regulatory event date or tax event date, as the case may be.

A “**regulatory event date**” means the date specified in a letter from the Superintendent to MFC on which the Notes will no longer be recognized in full as eligible “Tier 1 Capital Instruments other than Common Shares” or will no longer be eligible to be included in full as risk-based “Available Capital” on a consolidated basis, in each case under the LICAT Guideline as interpreted by the Superintendent.

A “**tax event date**” means the date on which MFC has received an opinion of independent counsel of nationally recognized standing experienced in such matters (who may be counsel to MFC) to the effect that as a result of (1) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada or any political subdivision or taxing authority thereof or therein, affecting taxation, (2) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “**Administrative Action**”) or (3) any amendment to, clarification of, or change (including any announced prospective change) in, the official position with respect to or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case (1), (2) or (3), by any

legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, Administrative Action, interpretation or pronouncement is made known, which amendment, clarification, change or Administrative Action is effective or which interpretation, pronouncement or Administrative Action is announced on or after the date of issue of the Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or Administrative Action is effective and applicable) that (A) MFC or the Limited Recourse Trust is, or may be, subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Notes (including the treatment by MFC of interest on the Notes) or the treatment of the Notes or the Series 28 Shares (including dividends thereon) or other assets of the Limited Recourse Trust or the Limited Recourse Trust, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority, or (B) the Limited Recourse Trust is, or will be, subject to more than a *de minimis* amount of taxes, duties or other governmental charges or civil liabilities.

If we redeem the Notes because of the occurrence of a regulatory event date or tax event date, we will do so at a redemption price per Note equal to the principal amount of the Note together with any accrued and unpaid interest on the Note up to but excluding the date of redemption.

#### ***Mandatory Redemption on Redemption of Series 28 Shares***

Upon redemption by MFC of the Series 28 Shares held in the Limited Recourse Trust in accordance with the terms of such shares, a corresponding number of outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Series 28 Shares redeemed by MFC shall automatically and immediately be redeemed, on a full and permanent basis, without any action on the part of, or the consent of, the holders of such Notes, for a cash amount equal to the principal amount of the Notes being redeemed together with any accrued and unpaid interest on the Notes up to but excluding the date of redemption. The Limited Recourse Trust shall distribute the proceeds from the redemption of the Series 28 Shares held by the Limited Recourse Trustee to the holders of the Notes in partial satisfaction of such redemption price and MFC shall be required to fund the balance in an amount equal to the accrued and unpaid interest. For certainty, to the extent that, in accordance with the terms of the Trust Indenture, MFC has immediately prior to or concurrently with such redemption of Series 28 Shares redeemed or purchased for cancellation a corresponding number of outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Series 28 Shares being redeemed, such requirement to redeem a corresponding number of Notes shall be deemed satisfied. See “Description of Series 28 Shares – Redemption” below for a description of the circumstances under which the Series 28 Shares may be redeemed by MFC.

MFC will not redeem the Notes under any circumstances if such redemption would, directly or indirectly, result in MFC’s breach of any provision of the ICA or OSFI’s LICAT Guideline, as may be amended from time to time.

As a result of the redemption provisions applicable to the Series 28 Shares and the Notes, the Limited Recourse Trustee will, at all times prior to a Recourse Event, hold one Series 28 Share for each \$1,000 principal amount of Notes outstanding.

Any Notes redeemed by MFC shall be cancelled and may not be reissued.

#### **Open Market Purchases**

MFC will have the right at any time, subject to the prior written approval of the Superintendent and provided that it is not in default under the Trust Indenture, to purchase Notes in the market or by invitation for tenders or by private contract at any price. All Notes that are purchased by MFC will be cancelled and will not be reissued. Notwithstanding the foregoing, any of MFC’s subsidiaries may purchase Notes in the ordinary course of their business of dealing in securities.

## **No Restriction on Other Indebtedness**

MFC may create, issue or incur any other Indebtedness which, in the event of the insolvency or winding-up of MFC, would rank in right of payment in priority to, equally with, or subordinate to the Notes.

## **Amalgamation, Merger, Consolidation or Sale of Assets**

MFC may from time to time be involved in corporate reorganizations or other transactions which could involve the acquisition or divestiture of material subsidiaries or material assets. MFC may not, however, enter into any transaction by way of amalgamation (except by way of a vertical short-form amalgamation with one or more wholly-owned subsidiaries pursuant to the ICA), merger, reconstruction, reorganization, consolidation, transfer, sale, lease or otherwise, where by all or substantially all of its undertaking, property and assets would become the property of another person, or in the case of an amalgamation, of the continuing corporation resulting therefrom, unless:

- that other person or successor entity (a “**successor entity**”) is organized and validly existing under the laws of its incorporation, formation or organization;
- the successor entity assumes the liability for the due and punctual payment of all the Notes and the interest thereon and all other moneys payable under the Trust Indenture, and agrees to perform all of MFC’s obligations under the Notes and the Trust Indenture;
- such transaction is, to the satisfaction of the indenture trustee and in the opinion of counsel, upon such terms as substantially to preserve and not to impair any of the rights and powers of the indenture trustee or of the holders of Notes and upon such terms as are not in any way prejudicial to the interests of the holders of Notes (including, where the successor entity is not organized under the laws of Canada or a province or territory thereof, would not cause any material adverse tax consequences to the holders of Notes); and
- no condition or event exists in respect of MFC or the successor entity, either at the time of such transaction or immediately after giving full effect to such transaction, which constitutes or would, after the giving of notice or the lapse of time or both, constitute an event of default under the Trust Indenture.

## **Amendments Affecting Capital Treatment**

MFC and the indenture trustee will agree, and each holder of a Note, by such holder’s acceptance thereof, will likewise agree, not to make any changes to the Trust Indenture or the Notes, without, but may from time to time with, the prior written approval of the Superintendent, which might affect the classification afforded the Notes from time to time for capital adequacy purposes pursuant to the ICA or the LICAT Guideline (or any successor or replacement capital requirements applicable to MFC) for Canadian federally regulated life insurance companies.

## **Modification and Waiver**

### *Modification*

Subject to the voting rights discussed below, the Trust Indenture and the rights of the holders of Notes may, in certain circumstances, be modified, including by way of an extraordinary resolution of the holders of Notes. For that purpose, among others, the Trust Indenture contains provisions making extraordinary resolutions binding upon all holders of Notes. “**Extraordinary resolution**” is defined in the Trust Indenture to mean a resolution passed by the affirmative vote of the holders of not less than 66⅔% of the principal amount of Notes represented and voted at a meeting duly called and held in accordance with the Trust Indenture at which the holders of more than 50% of the principal amount of the Notes then outstanding are present in person or by proxy, or as a resolution contained in one or more instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the Notes then outstanding.

### *Waiver*

The holders of at least 50% of the principal amount of the Notes then outstanding may, on behalf of the holders of all Notes, waive any event of default under the Trust Indenture. The holders of the Notes may also by extraordinary

resolution waive and direct the indenture trustee to waive any default or event of default under the Trust Indenture either unconditionally or upon any conditions specified in such extraordinary resolution.

### DESCRIPTION OF SERIES 28 SHARES

On or prior to the closing of the offering of the Notes, the Series 28 Shares will be issued as a series of Class 1 Shares to the Limited Recourse Trustee to be held in accordance with the terms of the Limited Recourse Trust Declaration.

#### **Certain Provisions of the Class 1 Shares as a Class**

See “Share Structure — Certain Provisions of the Class 1 Shares as a Class” and “Share Structure — Certain Provisions Common to the Class A Shares, Class B Shares and Class 1 Shares” in the prospectus for a summary of the provisions attaching to the Class 1 Shares as a class.

The board of directors of MFC (the “**Board of Directors**”) may from time to time issue Class 1 Shares in one or more series. Prior to issuing shares in a series, the Board of Directors is required to fix the number of shares in the series and determine the designation, rights, privileges, restrictions and conditions attaching to that series of Class 1 Shares.

The Series 28 Shares will be issued as a series of Class 1 Shares.

#### **Certain Provisions of the Series 28 Shares as a Series**

**The following is a summary of certain provisions attaching to the Series 28 Shares as a series.**

##### *Definition of Terms*

The following definitions are relevant to the Series 28 Shares.

“**Annual Fixed Dividend Rate**” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 2.704%.

“**Fixed Period End Date**” means March 19, 2027 and each March 19 every fifth year thereafter.

“**Fixed Rate Calculation Date**” means, for any Subsequent Fixed Rate Period, the business day prior to the first day of such Subsequent Fixed Rate Period.

“**Government of Canada Yield**” as at any Fixed Rate Calculation Date means the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the related Subsequent Fixed Rate Period, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada or any successor to or of the Investment Industry Regulatory Organization of Canada) selected by MFC, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely span such Subsequent Fixed Rate Period on such Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“**Initial Annual Fixed Dividend Rate**” means, for the Initial Fixed Rate Period, the rate equal to the interest rate per annum on the Notes in effect on the date of issue of the Notes.

**“Initial Fixed Rate Period”** means the period from and including the date of issue of the Series 28 Shares to but excluding March 19, 2027.

**“Initial Reset Date”** means March 19, 2027.

**“Subsequent Fixed Rate Period”** means the period from and including the Initial Reset Date to but excluding the next Fixed Period End Date and each five-year period thereafter from and including such Fixed Period End Date to but excluding the next Fixed Period End Date.

### *Issue Price*

The Series 28 Shares will have an issue price of \$1,000.00 per share.

### *Dividends*

During the Initial Fixed Rate Period, the holders of the Series 28 Shares will be entitled to receive fixed rate semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the ICA, on the 19th day of March and September in each year, at an annual amount per share determined by multiplying the Initial Annual Fixed Dividend Rate by \$1,000.00 (less any applicable withholding tax); provided that, whenever it is necessary to compute any dividend amount in respect of the Series 28 Shares for a period of less than one full semi-annual dividend period, such dividend amount shall be calculated on the basis of the actual number of days in the period and a year of 365 days.

During each Subsequent Fixed Rate Period, the holders of the Series 28 Shares will be entitled to receive fixed rate semi-annual non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the ICA, on the 19th day of March and September in each year, at an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$1,000.00 (less any applicable withholding tax).

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by MFC on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon MFC and upon all holders of Series 28 Shares. MFC will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 28 Shares.

If the Board of Directors does not declare the dividends, or any part thereof, on the Series 28 Shares on or before the dividend payment date for a particular semi-annual period, then the entitlement of the holders of the Series 28 Shares to such dividends, or to any part thereof, for such semi-annual period will be forever extinguished.

We are restricted under the ICA from paying dividends on the Series 28 Shares in certain circumstances. See “ICA Restrictions and Approvals” in the prospectus.

The Limited Recourse Trustee, as trustee of the Limited Recourse Trust, will, by written notice, provide to MFC a waiver of its right to receive any and all dividends on the Series 28 Shares during the period from and including the date of the waiver to and including the date upon which the Limited Recourse Trustee, as trustee of the Limited Recourse Trust, provides, by written notice, a revocation of such waiver to MFC (the “**Dividend Waiver**”). Accordingly, no dividends are expected to be declared or paid on the Series 28 Shares while the Series 28 Shares are held by the Limited Recourse Trustee. The Dividend Waiver is applicable to the Limited Recourse Trustee and will not bind a subsequent holder of the Series 28 Shares. MFC will provide a covenant to the Limited Recourse Trustee that, at any time while the Series 28 Shares are held by the Limited Recourse Trustee and the Dividend Waiver is no longer in effect, if it does not declare and pay dividends in full on the Series 28 Shares, it will not declare or pay cash dividends on any of its other outstanding series of Class 1 Shares or any of its Class A Shares.

## ***Redemption***

The Series 28 Shares will not be redeemable by MFC prior to February 19, 2027, except upon the occurrence of a Special Event Date (as defined below). During the period from February 19, 2027 to and including March 19, 2027 and during the period from February 19 to and including March 19 every fifth year thereafter, but subject to the provisions of the ICA, the regulations thereto and the applicable guidelines established by OSFI, including the requirement to obtain the prior written approval of the Superintendent, and subject to certain other restrictions set out in “Share Structure” and “— Restrictions on Dividends and Retirement of Series 28 Shares”, MFC may, at its option, on at least 15 days but not more than 60 days prior written notice to the registered holders of the Series 28 Shares, redeem all or from time to time any part of the outstanding Series 28 Shares by payment in cash of a per share sum equal to \$1,000.00, in each case with an amount equal to all declared and unpaid dividends (of which none are expected for so long as the Series 28 Shares are held by the Limited Recourse Trustee) on such Series 28 Shares up to but excluding the date fixed for redemption (less any applicable withholding tax).

Upon the occurrence of a Special Event Date (as defined below), but subject to the provisions of the ICA, the regulations thereto and the applicable guidelines established by OSFI, including the requirement to obtain the prior written approval of the Superintendent, and subject to certain other restrictions set out in “Share Structure” and “— Restrictions on Dividends and Retirement of Series 28 Shares”, MFC may, at its option, at any time on or following a Special Event Date, on at least 30 days but not more than 60 days prior written notice to the registered holders of the Series 28 Shares, redeem all of the outstanding Series 28 Shares by payment in cash of a per share sum equal to \$1,000.00, with an amount equal to all declared and unpaid dividends (of which none are expected for so long as the Series 28 Shares are held by the Limited Recourse Trustee) on such Series 28 Shares up to but excluding the date fixed for redemption (less any applicable withholding tax) (a “**Special Event Redemption**”), and apply the proceeds of such redemption towards the redemption of the Notes. “**Special Event Date**” means a regulatory event date or a tax event date as described above in respect of the Notes under the heading “Description of the Notes — Redemption — Special Redemption for Capital or Tax Reasons”.

If at any time MFC, with the prior written approval of the Superintendent, redeems Notes in accordance with their terms or purchases Notes, in whole or in part, in the market or by tender or by private contract, for cancellation, then MFC shall, subject to the provisions of the ICA, the regulations thereto and the applicable guidelines established by OSFI, including the requirement to obtain the prior written approval of the Superintendent, and subject to certain other restrictions set out in “Share Structure” and “— Restrictions on Dividends and Retirement of Series 28 Shares”, redeem such number of Series 28 Shares with an aggregate face amount equal to the aggregate principal amount of Notes redeemed or purchased for cancellation by MFC, by the payment of an amount in cash for each share redeemed of \$1,000.00 plus any declared and unpaid dividends (of which none are expected for so long as the Series 28 Shares are held by the Limited Recourse Trustee) up to but excluding the date fixed for redemption (less any applicable withholding tax), and apply the proceeds of such redemption towards the purchase of the Notes.

Concurrently with or upon the maturity of the Notes, MFC shall, subject to the provisions of the ICA, the regulations thereto and the applicable guidelines established by OSFI, including the requirement to obtain the prior written approval of the Superintendent, and subject to certain other restrictions set out in “Share Structure” and “— Restrictions on Dividends and Retirement of Series 28 Shares”, redeem all of the outstanding Series 28 Shares by the payment of an amount in cash for each share redeemed of \$1,000.00 plus any declared and unpaid dividends (of which none are expected for so long as the Series 28 Shares are held by the Limited Recourse Trustee) up to but excluding the date fixed for redemption (less any applicable withholding tax), and apply, or cause the Limited Recourse Trustee to apply, the proceeds of such redemption towards the repayment of the aggregate principal amount of and any accrued and unpaid interest on the Notes, unless otherwise satisfied by MFC.

Notice of any redemption will be given by MFC to the registered holders of the Series 28 Shares (i) at least 30 days but not more than 60 days prior to the date fixed for redemption in the case of a redemption of Series 28 Shares in connection with the occurrence of a Special Event Date, and (ii) at least 15 days but not more than 60 days prior to the date fixed for redemption in all other cases. If less than all of the outstanding Series 28 Shares are to be redeemed, the shares to be redeemed shall be selected on a *pro rata* basis disregarding fractions, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series 28 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series 28 Shares. See “Risk Factors”.

As a result of the redemption provisions applicable to the Series 28 Shares and the Notes, the Limited Recourse Trustee will, at all times prior to a Recourse Event, hold one Series 28 Share for each \$1,000 principal amount of Notes outstanding.

#### *Purchase for Cancellation*

Subject to the provisions of the ICA, the regulations thereto and the applicable guidelines established by OSFI, including the requirement to obtain the prior written approval of the Superintendent, and subject to certain other restrictions set out under “Share Structure” and “— Restrictions on Dividends and Retirement of Series 28 Shares”, MFC may at any time or times purchase for cancellation all or any part of the Series 28 Shares outstanding from time to time, in the market or by tender or by private contract, at any price.

#### *Priority*

The Series 28 Shares shall rank on a parity with every other series of the Class 1 Shares with respect to dividends and return of capital. The Series 28 Shares shall rank equally with the Class A Shares and shall be entitled to a preference over the Class B Shares of MFC (“**Class B Shares**”), the Common Shares and any other shares ranking junior to the Series 28 Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of any liquidation, dissolution or winding-up of MFC, whether voluntary or involuntary, or any other distribution of the assets of MFC among its shareholders for the specific purpose of winding-up its affairs.

#### *Rights on Liquidation*

In the event of the liquidation, dissolution or winding-up of MFC, whether voluntary or involuntary, or any other distribution of assets of MFC for the purpose of winding-up its affairs, the holders of Series 28 Shares will be entitled to receive \$1,000.00 for each Series 28 Share held by them, plus any dividends declared and unpaid to the date of distribution (of which none are expected for so long as the Series 28 Shares are held by the Limited Recourse Trustee), before any amounts are paid or any assets of MFC distributed to holders of any shares ranking junior to the Series 28 Shares. After payment of those amounts, the holders of Series 28 Shares will not be entitled to share in any further distribution of the property or assets of MFC.

#### *Voting Rights*

Subject to applicable law, holders of the Series 28 Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of MFC unless and until the first time at which the rights of such holders to any undeclared dividends have been extinguished as described under “— Dividends”. In that event, subject to the provisions of the ICA, the holders of the Series 28 Shares will be entitled to receive notice of, and to attend, only meetings of shareholders of MFC at which directors are to be elected and will be entitled to one vote for each Series 28 Share held in the election of directors voting together with all other shareholders of MFC who are entitled to vote at such meetings, and the holders of the Series 28 Shares will not be entitled to vote in respect of any other business conducted at such meetings. The voting rights of the holders of the Series 28 Shares shall cease upon payment by MFC of the whole amount of a dividend on the Series 28 Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Series 28 Shares have again been extinguished, such voting rights shall become effective again and so on from time to time.

For certainty, the Limited Recourse Trustee, as holder of the Series 28 Shares, will not be entitled to the voting rights described in the preceding paragraph at any time while the Dividend Waiver has been delivered to MFC and not revoked. If the Dividend Waiver has been revoked and the Limited Recourse Trustee becomes entitled to voting rights, the Limited Recourse Trustee will exercise any voting rights in respect of the Series 28 Shares held by the Limited Recourse Trustee only as directed by MFC, and MFC will provide instructions as to the voting of Series 28 Shares only upon receiving directions from the holders of the Notes.

### ***Restrictions on Dividends and Retirement of Series 28 Shares***

As long as any of the Series 28 Shares are outstanding, MFC will not, without the approval of the holders of the Series 28 Shares given as specified under “— Shareholder Approvals”:

- declare, pay or set apart for payment any dividend on the Common Shares or any other shares ranking junior to the Series 28 Shares (other than stock dividends in any shares ranking junior to the Series 28 Shares);
- redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series 28 Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 28 Shares);
- redeem, purchase or otherwise retire less than all of the Series 28 Shares; or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of MFC, redeem, purchase or otherwise retire any other shares ranking on a parity with the Series 28 Shares,

unless, in each case, all dividends on the Series 28 Shares up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Series 28 Shares, have been declared and paid or set apart for payment.

### ***Issue of Additional Series of Class 1 Shares and Amendments to the Series 28 Shares***

Although the approval of the holders of the Class 1 Shares voting separately as a class or series is not required on a proposal to amend the by-laws of MFC to create a new class of shares equal to or superior to the Class 1 Shares, MFC will not create any such class of shares superior to the Class 1 Shares without the approval of the holders of the series of Class 1 Shares voting together as a class. MFC may issue other series of Class 1 Shares ranking on a parity with the Series 28 Shares without the approval of the holders of the Series 28 Shares. MFC will not without, but may from time to time with, the approval of the holders of the Series 28 Shares given as specified under “— Shareholder Approvals” and the prior written approval of the Superintendent, add, delete or vary any rights, privileges, restrictions and conditions attaching to the Series 28 Shares.

### ***Amendments Affecting Capital Treatment***

MFC will not without, but may from time to time with, the prior written approval of the Superintendent, make any deletion, amendment or variation which might affect the classification afforded the Series 28 Shares from time to time for capital adequacy purposes pursuant to the ICA or the LICAT Guideline (or any successor or replacement capital requirements applicable to MFC) for Canadian federally regulated life insurance companies.

### ***Shareholder Approvals***

Any approval given by the holders of Series 28 Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed with the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of the holders of the Series 28 Shares duly called and held, in accordance with the terms and conditions attaching to the Series 28 Shares and the Class 1 Shares as a class, as if such class provisions referred to authorization by holders of the Series 28 Shares.

### ***Tax Election***

The Series 28 Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series 28 Shares require MFC to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be

subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 28 Shares. See “Certain Canadian Federal Income Tax Considerations”.

### ***Business Days***

If any action is required to be taken by MFC on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Torys LLP, counsel to MFC, and McCarthy Tétrault LLP, counsel to the Dealers (collectively, “**Counsel**”), the following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Notes, including entitlement to all payments thereunder, as beneficial owner, pursuant to this prospectus supplement; and Series 28 Shares on a Recourse Event, and who, for purposes of the Tax Act and at all relevant times, is, or is deemed to be, resident in Canada, deals at arm’s length with MFC and each of the Dealers, is not affiliated with MFC or any of the Dealers, and holds Notes and will hold any Series 28 Shares as capital property (a “**Holder**”).

Generally, Notes and Series 28 Shares will be capital property to a Holder, provided the Holder does not acquire Notes or Series 28 Shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of trade. Certain Holders whose Notes or Series 28 Shares would not otherwise qualify as capital property may, in certain circumstances, be entitled to have them and all other “Canadian securities” of the Holder, as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Holder (i) that is a “financial institution” as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (iii) that reports its “Canadian tax results”, as defined in the Tax Act, in a currency other than Canadian currency; or (iv) that has entered into, with respect to the Notes or Series 28 Shares a “derivative forward arrangement” as defined in the Tax Act. Such Holders should consult their own tax advisors. Furthermore, this summary is not applicable to a Holder that is a “specified financial institution” (as defined in the Tax Act) that receives (or is deemed to receive) dividends in respect of Series 28 Shares acquired on a Recourse Event. Such Holders should consult their own tax advisors.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), the *Canada-United States Tax Convention*, and Counsel’s understanding of the administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) (the “**Minister**”) prior to the date hereof (the “**Tax Proposals**”) and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign tax considerations which may differ from those discussed herein.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder and no representation with respect to the income tax consequences to any particular Holder is made. This summary is not exhaustive of all federal income tax considerations. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances.**

### **Notes**

#### ***Interest***

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Notes that accrues (or is

deemed to accrue) to it to the end of the particular taxation year or that has become receivable by or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing the Holder's income for a preceding taxation year.

Any other Holder, including an individual (other than a trust described in the immediately preceding paragraph), will be required to include in income for a taxation year all interest on Notes that is received or receivable by such Holder in that taxation year (depending upon the method regularly followed by the Holder in computing income), except to the extent that the interest was included in the Holder's income for a preceding taxation year.

### ***Dispositions of Notes***

On a disposition or deemed disposition of Notes by a Holder, including a repayment by MFC upon maturity or a purchase or redemption by MFC, other than a disposition as the result of a Recourse Event, a Holder will generally be required to include in computing its income for the taxation year in which the disposition occurred the amount of interest (including amounts considered to be interest) that has accrued or been deemed to accrue on the Notes from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

On a disposition of Notes by a Holder as a result of a Recourse Event, a Holder that has previously included an amount in income in respect of accrued and unpaid interest on the Notes that exceeds the amount of interest received by such Holder prior to the Recourse Event may be entitled to an offsetting deduction in the year of disposition in an amount equal to the amount of such excess.

Any premium paid by MFC to a Holder on the repurchase of a Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public) will generally be deemed to be interest received by the Holder at the time of the payment to the extent that it can reasonably be considered to relate to, and does not exceed the value at that time of, the interest that would have been paid or payable by MFC on the Note for a taxation year of MFC ending after the time of the payment. Such interest will be required to be included in computing the Holder's income in the manner described above.

In general, on a disposition or deemed disposition of Notes, a Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount required to be included in the Holder's income as interest or otherwise, exceed (or are exceeded by) the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. On a Recourse Event, the proceeds of disposition will be the fair market value of the Series 28 Shares received on such Recourse Event. The cost of a Series 28 Share received on such Recourse Event will generally equal the fair market value of such share on the date of acquisition and will be averaged with the adjusted cost base of all Series 28 Shares held by such Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

## **Series 28 Shares**

### ***Dividends***

Dividends (including deemed dividends) received on the Series 28 Shares by a Holder that is an individual (other than certain trusts) will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals from taxable Canadian corporations. Taxable dividends received that are designated by MFC as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the Tax Act. Dividends (including deemed dividends) on the Series 28 Shares received by a Holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

The Series 28 Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series 28 Shares require MFC to make the necessary election under Part VI.1 of the Tax Act so that corporate Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 28 Shares.

A Holder that is a “private corporation” or a “subject corporation”, each as defined in the Tax Act, will generally be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received by it on the Series 28 Shares to the extent such dividends are deductible in computing its taxable income.

### *Dispositions of Series 28 Shares*

A Holder who disposes of or is deemed to dispose of Series 28 Shares (including, generally, on redemption or purchase for cancellation of the shares by MFC for cash or otherwise) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to that Holder immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption or purchase for cancellation, as applicable, by MFC of Series 28 Shares will generally not be included in computing the proceeds of disposition to any Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “*Acquisitions by MFC of Series 28 Shares*” below. If the Holder is a corporation, any such capital loss realized on a disposition of a Series 28 Share may, in certain circumstances, be reduced by the amount of any dividends which have been received or which are deemed to have been received on such share. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

### *Acquisitions by MFC of Series 28 Shares*

If MFC redeems for cash or otherwise acquires Series 28 Shares other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Holder will be deemed to have received a dividend equal to the amount, if any, paid by MFC, including any redemption premium, in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. See “*Dividends*” above. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “*Dispositions of Series 28 Shares*” above. In the case of a corporate Holder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

### **Taxation of Capital Gains and Capital Losses**

One-half of the amount of any capital gain (a “**taxable capital gain**”) realized by a Holder in a taxation year will generally be included in the Holder’s income for the year. Subject to and in accordance with the provisions of the Tax Act, a Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Holder in the year. Any excess allowable capital losses over taxable capital gains of the Holder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

### **Additional Refundable Tax**

A Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income including amounts in respect of interest, dividends received or deemed to be received that are not deductible in computing income for a year and the amount of any taxable capital gains. Any such Holder should consult with its own tax advisors in this regard.

### **Alternative Minimum Tax**

Capital gains realized and taxable dividends received by a Holder who is an individual (other than certain trusts) may result in such Holder being liable for alternative minimum tax under the Tax Act.

## SHARE STRUCTURE

MFC's authorized share capital consists of an unlimited number of Common Shares, an unlimited number of Class A Shares, an unlimited number of Class B Shares and an unlimited number of Class 1 Shares. As of November 4, 2021, MFC had issued and outstanding approximately 1.942 million Common Shares; 14 million Class A Shares Series 2; 12 million Class A Shares Series 3; 6.5 million Class 1 Shares Series 3; 1.5 million Class 1 Shares Series 4; 8 million Class 1 Shares Series 5; 10 million Class 1 Shares Series 7; 10 million Class 1 Shares Series 9; 8 million Class 1 Shares Series 11; 8 million Class 1 Shares Series 13; 8 million Class 1 Shares Series 15; 14 million Class 1 Shares Series 17; 10 million Class 1 Shares Series 19; 19 million Class 1 Shares Series 23; 10 million Class 1 Shares Series 25; and 2 million Class 1 Shares Series 27. MFC has authorized but not issued Class 1 Shares Series 6; Class 1 Shares Series 8; Class 1 Shares Series 10; Class 1 Shares Series 12; Class 1 Shares Series 14; Class 1 Shares Series 16; Class 1 Shares Series 18; Class 1 Shares Series 20; Class 1 Shares Series 24; and Class 1 Shares Series 26.

The prospectus sets out a summary of the restrictions contained in the ICA concerning the purchase or other acquisition, issue, transfer and voting of any shares of MFC, including the preferred shares of MFC and the Common Shares. If a person contravenes any of these restrictions, the Minister of Finance may, by order, direct such person to dispose of all or any portion of those shares. See "Constraints on Shares" in the prospectus. The prospectus also sets out a summary of additional statutory and contractual restrictions concerning the declaration of dividends by MFC and of the statutory restrictions concerning the redemption or purchase by MFC of its shares. See "ICA Restrictions and Approvals" in the prospectus.

## RATINGS

The Notes have been assigned a provisional rating of "A (low)" with a Stable trend by DBRS Limited ("**DBRS**") and a provisional rating of "BBB+" by S&P Global Ratings, acting through Standard & Poor's Financial Services LLC ("**S&P**").

DBRS' credit ratings are on a long-term debt rating scale that ranges from "AAA" to "D", which represents the range from highest to lowest quality of such securities rated. The ratings from "AA" to "C" may be modified by the addition of a "(high)" or "(low)" modifier to show relative standing within the major rating categories. The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. Each DBRS rating is appended with one of three rating trends – "Positive", "Stable", or "Negative". The rating trend indicates the direction in which DBRS considers the rating may move if present circumstances continue, or in some cases, unless challenges are addressed; a positive or negative trend does not necessarily indicate that a rating change is imminent. The "A" rating is the third highest of the rating categories used by DBRS for long-term debt obligations behind "AAA" and "AA". According to the DBRS rating system, an obligation rated "A" is good credit quality. The capacity for payment of financial obligations is substantial, but of lesser credit quality than "AA". The obligor may be vulnerable to future events, but qualifying negative factors are considered manageable.

S&P's credit ratings are on a long-term debt rating scale that ranges from "AAA" to "D", which represents the range from highest to lowest quality of such securities rated. The ratings from "AA" to "CCC" may be modified by the addition of a "plus (+)" or "minus (-)" sign to show relative standing within the major rating categories. The "BBB" rating is the fourth highest of the rating categories used by S&P for long-term debt obligations behind "AAA", "AA" and "A". According to the S&P rating system, an obligation rated "BBB+" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.

The Series 28 Shares have been assigned a provisional rating of "Pfd-2 (high)" with a "Stable" trend by DBRS and a provisional rating of "BBB+" by S&P, using S&P's global debt rating scale.

A "Pfd-2 (high)" rating by DBRS is the highest of three subcategories within the second highest of six categories used by DBRS for preferred shares. According to the DBRS rating system, preferred shares rated "Pfd-2 (high)" are generally of good credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet and coverage ratios are not as strong as "Pfd-1" rated companies. Each category is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

A “BBB+” rating by S&P is the highest of three subcategories within the third highest of nine categories used by S&P in its global debt rating scale. According to the S&P rating system, preferred shares rated “BBB+” exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. S&P global debt rating scale ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the Notes and the Series 28 Shares may not reflect the potential impact of all risks on the value of the Notes and the Series 28 Shares. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings.

MFC has paid customary rating fees to DBRS and S&P in connection with the above-mentioned ratings and will pay customary rating fees to DBRS and S&P in connection with the confirmation of such ratings for purposes of the offering of the Notes. In addition, MFC has made customary payments in respect of certain other services provided to MFC by each of DBRS and S&P during the last two years.

### PLAN OF DISTRIBUTION

Under an agreement dated November 5, 2021 between the Dealers and MFC (the “**Dealer Agreement**”), the Dealers have agreed to act as our agents to offer the Notes for sale to the public on a best efforts basis, if, as and when issued by MFC, subject to compliance with all necessary legal requirements and in accordance with the terms and conditions of the Dealer Agreement. The offering price of the Notes was established by negotiation between MFC and the Dealers. The Dealers will receive a fee equal to \$10.00 for each \$1,000 principal amount of Notes sold.

Manulife Securities Incorporated, one of the Dealers, is a wholly-owned subsidiary of MFC. By virtue of such ownership, MFC is a related and connected issuer of Manulife Securities Incorporated under applicable securities laws. The decision to distribute the Notes and the determination of the terms of the offering of the Notes were made through negotiations between MFC and the Dealers. Manulife Securities Incorporated will not receive any benefit in connection with the offering of the Notes, other than its share of the Dealers’ Fee payable by MFC.

Under applicable Canadian securities laws, RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. are independent underwriters acting as agents in connection with the offering and are not related or connected to MFC. In that capacity, RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. have participated with all other Dealers in due diligence meetings relating to this prospectus supplement with MFC and its representatives, have reviewed this prospectus supplement and have had the opportunity to propose such changes to this prospectus supplement as they considered appropriate. In addition, RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. have participated, together with the other Dealers, in the structuring and pricing of the offering.

The Series 28 Shares qualified by this prospectus supplement will be issued to the Limited Recourse Trustee. No underwriter has been involved in the offering of the Series 28 Shares qualified by this prospectus supplement. The offering price of the Series 28 Shares was established by MFC.

The Notes may only be offered and sold in Canada to “accredited investors” (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each Dealer will represent and covenant, severally and not on a joint and several basis, to MFC that it will only sell the Notes to such purchasers in Canada. **By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to MFC and the Dealer from whom the purchase confirmation is received that such purchaser is an “accredited investor” (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who is not an individual.**

The obligations of the Dealers under the Dealer Agreement may be terminated in their discretion on the basis of their assessment of the state of the financial markets and also upon the occurrence of certain stated events. While the Dealers

have agreed to use their best efforts to sell the Notes offered under this prospectus supplement, the Dealers will not be obligated to purchase any Notes which are not sold.

Each of the Dealers has represented and agreed that it will not solicit offers to purchase or sell the Notes so as to require registration thereof or filing of a prospectus with respect thereto under the laws of any jurisdiction including, without limitation, the United States.

The Notes and the Series 28 Shares to be issued pursuant to this prospectus supplement have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person, except in certain transactions exempt from registration under the U.S. Securities Act and applicable U.S. state securities laws.

This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Notes or the Series 28 Shares within the United States. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes or the Series 28 Shares within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than reliance on an exemption from the registration requirements of the U.S. Securities Act.

In connection with the offering of Notes, the Dealers may, subject to applicable laws, over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

We may withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part (whether placed directly with us or through the Dealers). Each Dealer may, in its discretion reasonably exercised, reject in whole or in part any offer to purchase Notes received by it.

Neither the Notes nor the Series 28 Shares will be listed on any securities exchange and do not have an established trading market. Each of the Dealers may from time to time purchase and sell Notes in the secondary market, but no Dealer is obligated to do so, and there is no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the Dealers may make a market in the Notes, but the Dealers are not obligated to do so and may discontinue any market-making activity at any time.

## **RISK FACTORS**

An investment in the Notes (and Series 28 Shares upon delivery of the Corresponding Trust Assets) is subject to various risks, including those risks inherent in investing in a diversified financial institution. Before deciding whether to invest in the Notes, prospective investors should carefully consider the risks relating to Manulife and the other information in the prospectus, this prospectus supplement and the documents incorporated by reference in the prospectus and this prospectus supplement, including the risks and uncertainties discussed under “Risk Management” in our AIF, under “Risk Factors and Risk Management” and “Critical Actuarial and Accounting Policies” in the management’s discussion and analysis in our most recent annual report, under “Risk Management and Risk Factors Update” and “Critical Actuarial and Accounting Policies” in the management’s discussion and analysis in our most recent interim financial report, in the “Risk Management” note to the consolidated financial statements in our most recent annual report, and elsewhere in MFC’s filings with Canadian and U.S. securities regulatory authorities.

The risks and uncertainties described below, in the prospectus and in the documents incorporated by reference are not the only ones we may face. Additional risks and uncertainties that we are unaware of, or that we currently deem to be immaterial, may also become important factors that affect us. If any of these risks actually occurs, our business, financial condition or results of operations could be materially adversely affected, with the result that the trading price of the Notes could decline and investors could lose all or part of their investment.

As an investment in the Notes may become an investment in Series 28 Shares in certain circumstances, potential investors in the Notes should also consider the risks set out herein regarding the Series 28 Shares and in the documents

incorporated by reference herein and in the prospectus regarding our Class 1 Shares, in addition to the other risks set out herein regarding the Notes.

*The value of the Notes and Series 28 Shares will be affected by the general creditworthiness of MFC.*

The value of the Notes and Series 28 Shares will be affected by the general creditworthiness of MFC. Real or anticipated changes in credit ratings on the Notes or the Series 28 Shares may affect the market value of the Notes or the Series 28 Shares, respectively. No assurance can be given that any credit rating assigned to the Notes or the Series 28 Shares will not be lowered or withdrawn entirely by the relevant rating agency. In addition, real or anticipated changes in credit ratings could adversely impact the marketability of the insurance and wealth management products offered by us and could affect the cost at which we obtain funding, thereby affecting our liquidity, business, financial condition or results of operations.

During 2021, S&P, Moody's Investors Service, Inc., Fitch Ratings Inc., DBRS, and AM Best Company maintained their assigned ratings of MFC and its primary insurance operating companies. The outlook for these ratings is stable. There can be no guarantee that downgrades will not occur.

*The market value of the Notes and the Series 28 Shares may fluctuate.*

Prevailing interest rates on similar debt instruments and yields on similar securities will affect the market value of the Notes and the Series 28 Shares, respectively. Assuming all other factors remain unchanged, the market value of the Notes and the Series 28 Shares would be expected to decline as prevailing interest rates for comparable debt instruments and yields for similar securities, as applicable, rise, and would be expected to increase as prevailing interest rates for comparable debt instruments and yields for similar securities, as applicable, decline.

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Notes and the Series 28 Shares for reasons unrelated to our performance. The continuing volatility in financial markets may adversely affect us and the market price of the Notes and the Series 28 Shares. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect us and the market price of the Notes and the Series 28 Shares. Additionally, the value of the Notes and the Series 28 Shares is subject to market value fluctuations based upon factors which influence our operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

*We are subject to an extensive regulatory regime that is designed to protect policyholders and beneficiaries first and foremost, not shareholders.*

We are subject to extensive regulatory oversight in the jurisdictions in which we do business. These regulations are primarily intended to protect policyholders and beneficiaries first and foremost, not shareholders. Our business could be adversely affected by changes in applicable law or regulation or the interpretation or enforcement thereof.

The redemption or purchase by MFC of the Series 28 Shares is subject to the written approval of the Superintendent and other restrictions contained in the ICA. See "Description of Series 28 Shares — Redemption" and "Share Structure".

*A holder of Notes will have limited remedies.*

In the event of a non-payment by MFC of the principal amount of, interest on, or redemption price for, the Notes when due or the occurrence of an event of default, the sole remedy of holders of Notes shall be the delivery of the Corresponding Trust Assets. If the Corresponding Trust Assets consist of Series 28 Shares at the time such an event occurs, the Limited Recourse Trustee will deliver to each holder of Notes one Series 28 Share for each \$1,000 principal amount of Notes held, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Series 28 Shares will exhaust all remedies of each holder of Notes against MFC for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable. The market value of the Corresponding Trust Assets could be significantly less than the face value of the Notes. In the event that the value of

the Corresponding Trust Assets delivered to holders of Notes is less than the principal amount of and any accrued and unpaid interest on, or the redemption price of, the Notes, all losses arising from such shortfall shall be borne by such holders and no claim may be made against MFC.

*The Notes will rank subordinate to all Policy Liabilities and all Higher Ranked Indebtedness in the event of our insolvency, dissolution or winding-up.*

The Notes will be our direct unsecured obligations constituting subordinated indebtedness for the purpose of the ICA and will therefore rank subordinate to our policy liabilities. If we become insolvent or are wound-up, the Notes will rank: (a) subordinate in right of payment to the prior payment in full of all Policy Liabilities and all Higher Ranked Indebtedness (including all Subordinated Indebtedness and Deeply Subordinated Indebtedness other than Junior Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes), in each case from time to time outstanding, provided that in any such case, in case of MFC's non-payment of the principal amount of, interest on, or redemption price for, the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Corresponding Trust Assets. Except to the extent regulatory capital requirements affect our decisions or ability to issue subordinated or more senior debt, there is no limit on our ability to incur additional subordinated debt or more senior debt. For the avoidance of doubt, as a result of the limited recourse feature described in this prospectus supplement, the ranking of the Notes will not be relevant during insolvency proceedings or wind-up of MFC, since the Corresponding Trust Assets shall have been delivered to the holders of Notes, such delivery will have exhausted all remedies of such holders against MFC, and the Notes shall have ceased to be outstanding.

*The Series 28 Shares will be structurally subordinated to all existing and future liabilities of our subsidiaries.*

The Series 28 Shares are equity capital of MFC which rank equally with other Class 1 Shares and every series of Class A Shares in the event of an insolvency or winding-up of MFC. If MFC becomes insolvent or is wound-up, its assets must be used to satisfy outstanding indebtedness and other liabilities of MFC, including subordinated indebtedness of MFC, before payment may be made on the Series 28 Shares.

Our subsidiaries have no obligation to pay any amounts due on the Series 28 Shares. Furthermore, except to the extent MFC has a priority or equal claim against its subsidiaries as a creditor, the Series 28 Shares will be structurally subordinated to debt and preferred shares at the subsidiary level because, as the common shareholder of its subsidiaries, MFC will be subject to the prior claims of creditors of its subsidiaries. As a result, a holder of Series 28 Shares will not have any claim as a creditor against our subsidiaries. Accordingly, the Series 28 Shares are structurally subordinated to all liabilities of MFC's subsidiaries, including liabilities to policyholders and contract holders. Therefore, holders of Series 28 Shares should rely only on MFC's assets for payments on the shares. As of September 30, 2021, MFC's subsidiaries had \$2.2 billion of long-term debt and capital instruments.

*An investment in the Notes may become an investment in Series 28 Shares in certain circumstances.*

In the event of a Recourse Event, the sole remedy of holders of the Notes will be the delivery of the Corresponding Trust Assets, which may comprise Series 28 Shares. Delivery of Corresponding Trust Assets to the holders of Notes shall be applied to the payment of the principal amount of the Notes and will exhaust the holders' remedies against MFC for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon when due and payable. As a result, you may become a holder of the Series 28 Shares at a time when our financial condition is deteriorating or when we have become insolvent or have been ordered to be wound-up or liquidated. In the event of our liquidation, the claims of our policyholders and creditors (including holders of subordinated indebtedness) would be entitled to priority of payment over holders of Series 28 Shares. If we were to become insolvent or be ordered to be wound-up or liquidated after your investment in the Notes has become an investment in Series 28 Shares, you may receive, if anything, substantially less than you would have received as a holder of the Notes.

*There is no market for the Notes or the Series 28 Shares.*

Neither the Notes nor the Series 28 Shares will be listed on any stock exchange or quotation system, consequently, there may be no market through which the Notes may be sold and purchasers may therefore be unable to resell such

Notes or the Series 28 Shares. This may affect the pricing of the Notes and the Series 28 Shares in any secondary market, the transparency and availability of trading prices, the liquidity of the Notes and the Series 28 Shares and the extent of issuer regulation. Each of the Dealers may from time to time purchase and sell Notes in the secondary market or make a market for the Notes, but no Dealer is obliged to do so and there can be no assurance as to a secondary market for the Notes, liquidity in any such market or any market making activities by any Dealer.

*The market value of the Notes is subject to interest rate risk and the Notes may trade at a discount from their initial offering price.*

Future trading prices of the Notes will depend on many factors, including prevailing interest rates, foreign exchange movements, the market for similar securities, general economic conditions and MFC's financial condition, performance, prospects and other factors. If any of the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price.

Prevailing interest rates will affect the market value of the Notes. Assuming all other factors remain unchanged, the market value of the Notes would be expected to decline as prevailing interest rates for similar securities rise, and would be expected to increase as prevailing interest rates for similar securities decline. Spreads over the Government of Canada Yield and comparable benchmark rates of interest for similar securities will also affect the market value of the Notes and the Series 28 Shares in an analogous manner.

*The Series 28 Shares are non-cumulative and there is a risk MFC will be unable to pay dividends on the shares.*

The Series 28 Shares are non-cumulative and dividends are payable at the discretion of the Board of Directors. See "Consolidated Capitalization", "Earnings Coverage" and "Share Structure" in this prospectus supplement, each of which is relevant to an assessment of the risk that MFC will be unable to pay dividends and any redemption price on the Series 28 Shares when due.

*Ranking of Series 28 Shares on insolvency, dissolution or winding-up.*

The Series 28 Shares are equity capital of MFC. The Series 28 Shares will rank equally with other Class 1 Shares and Class A Shares in the event of an insolvency, dissolution or winding-up of MFC. If MFC becomes insolvent, is dissolved or is wound-up, MFC's assets must be used to pay policy liabilities and other debt, including subordinated debt, before payments may be made on the Series 28 Shares, if any, and other Class 1 Shares and the Class A Shares.

*The Notes may be affected by changes in law.*

The terms and conditions of the Notes are based on the laws of the Province of Ontario and the federal laws of Canada applicable therein as at the date of the issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario or the federal laws of Canada applicable therein or administrative practice after the date of issue of the Notes.

*The interest rate in respect of the Notes will reset.*

The interest rate in respect of Notes will reset every five years. In each case, the new interest rate is unlikely to be the same as, and may be lower than, the interest rate for the applicable preceding interest rate period.

*MFC may redeem the Notes in certain situations.*

MFC may elect to redeem the Notes, or the Notes may be automatically redeemed, without the consent of the holders of the Notes in the circumstances described under "Description of the Notes – Redemption" and "Description of Series 28 Shares — Redemption." If MFC redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case investors may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at the time and consider potential uncertainty with respect to both the rate

of interest payable on the Notes, which may fluctuate, and with respect to the length of the remaining term of the Notes, which will be dependent upon whether or not the Notes are redeemed prior to their maturity. MFC's redemption right also may adversely impact a purchaser's ability to sell Notes as an optional redemption period approaches.

*The dividend rate in respect of the Series 28 Shares will reset.*

The dividend rate in respect of Series 28 Shares will reset every five years. The new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

*MFC may redeem the Series 28 Shares at its option in certain situations.*

MFC may elect to redeem the Series 28 Shares without the consent of the holders of the Series 28 Shares in the circumstances described under "Description of Series 28 Shares – Redemption". In addition, the redemption of Series 28 Shares is subject to the written approval of the Superintendent and other restrictions contained in the ICA and the regulations and guidelines thereunder, including OSFI's LICAT Guideline, as may be amended from time to time. See "ICA Restrictions and Approvals" in the prospectus and "Description of Series 28 Shares – Restrictions on Dividends and Retirement of Shares" in this prospectus supplement. In the event of the redemption of the Series 28 Shares, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Series 28 Shares redeemed will be automatically redeemed.

*MFC reserves the right not to deliver Series 28 Shares to the holders of Notes.*

Upon a Recourse Event, MFC reserves the right not to (a) deliver some or all of the Series 28 Shares issuable thereupon to any person whom MFC or its transfer agent has reason to believe is an Ineligible Person or any person who, by virtue of that delivery, would become a Significant Shareholder, or (b) record in its securities register a transfer or issue of Series 28 Shares to any person whom MFC or its transfer agent has reason to believe is an Ineligible Government Holder based on a declaration submitted to MFC or its transfer agent by or on behalf of such person. In such circumstances, MFC will hold, as agent for such persons, the Series 28 Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Series 28 Shares to parties other than the Limited Recourse Trust or MFC and its affiliates on behalf of such persons through a registered dealer to be retained by MFC on behalf of such persons. Those sales (if any) may be made at any time and at any price as MFC, in its sole discretion, may determine. MFC will not be subject to any liability for failure to sell such Series 28 Shares on behalf of such persons or at any particular price on any particular day.

*MFC has no limitation on issuing senior or pari passu securities; the Trust Indenture does not include any event risk protection.*

The Trust Indenture governing the Notes will not contain any financial covenants and will contain only limited restrictive covenants. In addition, the Trust Indenture will not limit MFC's or its subsidiaries' ability to incur additional indebtedness, issue or repurchase securities or engage in transactions with affiliates. MFC's ability to incur additional indebtedness and use its funds for any purpose in MFC's discretion may increase the risk that MFC may be unable to service its debt, including paying its obligations under the Notes. The Trust Indenture will also not contain any provision that would afford holders protection should MFC be involved in a highly leveraged, change of control or similar transaction.

*The Notes are not covered by deposit insurance.*

The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act*. Therefore, you will not be entitled to insurance from the Canada Deposit Insurance Corporation or other such protection, and as a result, you could lose all or a portion of your investment.

*Our holding company structure may adversely affect the ability of holders of Notes and Series 28 Shares to receive payments on the Notes and the Series 28 Shares.*

MFC is a holding company that relies on dividends and interest payments from its insurance and other subsidiaries as the principal source of cash flow to meet its obligations, including with respect to its indebtedness (including the Notes and the Series 28 Shares). As a result, MFC's cash flows and ability to service its obligations, including the Notes and the Series 28 Shares, are dependent upon the earnings of its subsidiaries and the distribution of those earnings and other funds by its subsidiaries to it. Substantially all of MFC's business is currently conducted through its subsidiaries.

MLI is MFC's principal operating subsidiary. The payment of dividends to MFC by MLI is subject to restrictions set out in the ICA. The ICA prohibits the declaration or payment of any dividend on shares of an insurance company if there are reasonable grounds for believing: (i) the company does not have adequate capital and adequate and appropriate forms of liquidity; or (ii) the declaration or the payment of the dividend would cause the company to be in contravention of any regulation made under the ICA respecting the maintenance of adequate capital and adequate and appropriate forms of liquidity, or of any direction made to the company by the Superintendent. All of our U.S. and Asian operating life insurance companies are subsidiaries of MLI. Accordingly, a restriction on dividends from MLI would restrict MFC's ability to obtain dividends from its U.S. and Asian businesses.

Certain of MFC's U.S. insurance subsidiaries also are subject to insurance laws in Michigan, New York and Massachusetts, the jurisdictions in which these subsidiaries are domiciled, which impose general limitations on the payment of dividends and other upstream distributions by these subsidiaries to MLI. Our Asian insurance subsidiaries are also subject to restrictions in the jurisdictions in which these subsidiaries are domiciled which could affect their ability to pay dividends to MLI in certain circumstances. In addition, the ability of MFC's insurance subsidiaries to pay dividends to MFC in the future will depend on their earnings, macroeconomic conditions, and their respective local regulatory requirements and restrictions, including capital adequacy and requirements, exchange controls and economic or trade sanctions. These subsidiaries are subject to a variety of insurance and other laws and regulations that vary by jurisdiction and are intended to protect policyholders and beneficiaries in that jurisdiction first and foremost, rather than investors. These subsidiaries are generally required to maintain solvency and capital standards as set by their local regulators and may also be subject to other regulatory restrictions, all of which may limit the ability of subsidiary companies to pay dividends or make distributions to MFC. Such limits could have a material adverse effect on MFC's liquidity, including its ability to pay dividends to shareholders and service its debt (including the Notes).

Potential changes to regulatory capital and actuarial and accounting standards could also limit the ability of the insurance subsidiaries to pay dividends or make distributions and could have a material adverse effect on MFC's liquidity and on internal capital mobility, including on MFC's ability to pay dividends to shareholders and service its debt, including the Notes. We may be required to raise additional capital, which could be dilutive to existing shareholders, or to limit the new business we write, or to pursue actions that would support capital needs but adversely impact our subsequent earnings potential. In addition, the timing and outcome of these initiatives could have a significantly adverse impact on our competitive position relative to that of other Canadian and international financial institutions with which we compete for business and capital.

Since MFC conducts its business activities through subsidiary companies, it is entitled only to the residual equity of its subsidiaries after all obligations of its subsidiaries are discharged. To the extent any such subsidiary has or incurs debt with a third party, the rights of holders of the Notes will effectively be subordinated to the claims of the holders of such third party indebtedness, including in the event of liquidation or upon a realization of the assets of any such subsidiary.

MFC seeks to maintain capital in its insurance subsidiaries in excess of the minimum required in all jurisdictions in which Manulife does business. The minimum requirements in each jurisdiction may increase due to regulatory changes and we may decide to maintain additional capital in our operating subsidiaries to fund expected growth of the business or to deal with changes in the risk profile of such subsidiaries. Any such increases in the level of capital may reduce the ability of the operating companies to pay dividends or make distributions and have a material adverse effect on MFC's liquidity.

*The Series 28 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 28 Shares.*

The Series 28 Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 28 Shares. The ability of a holder to liquidate its holdings of Series 28 Shares may be limited.

#### **TRANSFER AGENT AND REGISTRAR**

BNY Trust Company of Canada will act as trustee, registrar and transfer agent for the Notes at its principal office in Toronto, Ontario. TSX Trust Company will act as transfer agent and registrar for the Series 28 Shares at its principal office in Toronto, Ontario.

#### **LEGAL MATTERS**

Certain legal matters relating to this offering will be passed upon by Torys LLP on our behalf and by McCarthy Tétrault LLP on behalf of the Dealers.

#### **INTERESTS OF EXPERTS**

As at November 5, 2021, the partners, counsel and associates of each of Torys LLP and McCarthy Tétrault LLP beneficially owned, directly or indirectly, less than 1% of the issued and outstanding securities of each class of MFC or of any associate or affiliate of MFC.

## CERTIFICATE OF THE DEALERS

Dated: November 5, 2021

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of all of the provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

By: (signed)  
"Andrew Franklin"

SCOTIA CAPITAL INC.

By: (signed)  
"Michal Cegielski"

TD SECURITIES INC.

By: (signed)  
"Greg McDonald"

BMO NESBITT BURNS INC.

By: (signed)  
"Kris Somers"

CIBC WORLD MARKETS INC.

By: (signed)  
"Amber Choudhry"

NATIONAL BANK FINANCIAL INC.

By: (signed)  
"Tushar Kittur"

MERRILL LYNCH CANADA INC.

By: (signed) "Jonathan Amar"

MANULIFE SECURITIES  
INCORPORATED

By: (signed) "Stephen Arvanitidis"

HSBC SECURITIES (CANADA) INC.

By: (signed) "David Loh"

BNP PARIBAS (CANADA)  
SECURITIES INC.

By: (signed)  
"Dany Blanchette"

DESJARDINS  
SECURITIES INC.

By: (signed)  
"Ryan Godfrey"

LAURENTIAN BANK  
SECURITIES INC.

By: (signed)  
"Benoit Lalonde"

RAYMOND JAMES LTD.

By: (signed)  
"Sean Martin"