



Manulife Financial Corporation

Management's Discussion and Analysis

For the three and six months ended June 30, 2022

# MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") is current as of August 10, 2022, unless otherwise noted. This MD&A should be read in conjunction with our unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2022 and the MD&A and audited Consolidated Financial Statements contained in our 2021 Annual Report.

For further information relating to our risk management practices and risk factors affecting the Company, see "Risk Management and Risk Factors" and "Critical Actuarial and Accounting Policies" in the MD&A in our 2021 Annual Report and the "Risk Management" note to the Consolidated Financial Statements in our most recent annual and interim reports.

In this MD&A, the terms "Company", "Manulife", "we" and "our" mean Manulife Financial Corporation ("MFC") and its subsidiaries. All amounts are reported in Canadian dollars, unless otherwise indicated. Any information contained in, or otherwise accessible through, websites mentioned in this MD&A does not form a part of this document.

## Contents

---

### **A. TOTAL COMPANY PERFORMANCE**

1. Profitability
2. Business performance
3. Financial strength
4. Revenue
5. Assets under management and administration
6. Impact of fair value accounting
7. Impact of foreign currency exchange rates
8. Business highlights
9. Annual review of actuarial methods and assumptions
10. Update on transition to IFRS 17

### **B. PERFORMANCE BY SEGMENT**

1. Asia
2. Canada
3. U.S.
4. Global Wealth and Asset Management
5. Corporate and Other

### **C. RISK MANAGEMENT AND RISK FACTORS UPDATE**

1. Variable annuity and segregated fund guarantees
2. Caution related to sensitivities
3. Publicly traded equity performance risk
4. Interest rate and spread risk sensitivities and exposure measures
5. Alternative long-duration asset performance risk
6. Credit risk exposure measures
7. Risk factors – strategic risk from changes in tax laws

### **D. CRITICAL ACTUARIAL AND ACCOUNTING POLICIES**

1. Critical actuarial and accounting policies
2. Sensitivity of earnings to asset related assumptions
3. Accounting and reporting changes

### **E. OTHER**

1. Outstanding common shares - selected information
2. Legal and regulatory proceedings
3. Non-GAAP and other financial measures
4. Caution regarding forward-looking statements
5. Quarterly financial information
6. Other

## A TOTAL COMPANY PERFORMANCE

### A1 Profitability

(\$ millions, unless otherwise stated)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Net income attributed to shareholders	\$ 1,086	\$ 2,970	\$ 2,646	\$ 4,056	\$ 3,429
Core earnings <sup>(1)</sup>	\$ 1,562	\$ 1,552	\$ 1,682	\$ 3,114	\$ 3,311
Diluted earnings per common share (\$)	\$ 0.53	\$ 1.50	\$ 1.33	\$ 2.04	\$ 1.71
Diluted core earnings per common share ("core EPS") (\$) <sup>(2)</sup>	\$ 0.78	\$ 0.77	\$ 0.83	\$ 1.55	\$ 1.65
Return on common shareholders' equity ("ROE")	8.3%	23.0%	22.2%	15.7%	14.3%
Core ROE <sup>(2)</sup>	12.1%	11.8%	13.9%	12.0%	13.8%
Expense efficiency ratio <sup>(2)</sup>	49.2%	50.0%	46.8%	49.6%	47.7%
General expenses	1,843	1,898	1,892	3,741	3,924

<sup>(1)</sup> This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

<sup>(2)</sup> This item is a non-GAAP ratio. See "Non-GAAP and other financial measures" below for more information.

#### Quarterly profitability

Manulife's net income attributed to shareholders was \$1,086 million in the second quarter of 2022 ("2Q22") compared with \$2,646 million in the second quarter of 2021 ("2Q21"). Net income attributed to shareholders is comprised of core earnings (consisting of items we believe reflect the underlying earnings capacity of the business), which amounted to \$1,562 million in 2Q22 compared with \$1,682 million in 2Q21, and items excluded from core earnings, which amounted to a net charge of \$476 million in 2Q22 compared with a net gain of \$964 million in 2Q21. The effective tax rate on net income attributed to shareholders in 2Q22 was 15% compared with 19% in 2Q21, reflecting differences in the jurisdictional mix of pre-tax profits and losses.

Net income attributed to shareholders decreased \$1,560 million compared with 2Q21, driven by charges from the direct impact of markets (compared with net gains in 2Q21), smaller gains from investment-related experience, and lower core earnings. The charge from the direct impact of markets in 2Q22 was primarily driven by the impact of unfavourable equity market performance and interest rate hedge ineffectiveness due to significant interest rate movements across several markets of differing magnitudes and shape changes. In addition, foreign exchange movements, losses from the sale of available-for-sale ("AFS") bonds, and losses from non-parallel movements in swap spreads also contributed. Investment-related experience in 2Q22 reflected higher-than-expected returns (including fair value changes) on alternative long-duration assets ("ALDA") primarily driven by fair value gains on private equity investments, the favourable impact of fixed income reinvestment activities, and favourable credit experience.

Core earnings decreased \$120 million or 9% on a constant exchange rate basis<sup>1</sup> compared with 2Q21. The decrease in core earnings in 2Q22 compared with 2Q21 was driven by the unfavourable impact of markets on seed money investments in new segregated and mutual funds of \$93 million in 2Q22 (compared with gains of \$31 million in 2Q21) in Corporate and Other and on net fee income in Global Wealth and Asset Management ("Global WAM"). In addition, core earnings were also impacted by lower new business gains across our insurance segments, lower in-force earnings in U.S. Annuities of \$50 million related to the variable annuity reinsurance transaction that closed in the first quarter of 2022 ("1Q22") and lower fee spread in Global WAM. These items were partially offset by in-force business growth in Asia, U.S. Insurance and Canada, higher yields on fixed income investments and gains on AFS equities in Corporate and Other, and improved policyholder experience in the U.S. In 2Q22, core earnings included a net charge of \$2 million (net gain of \$5 million pre-tax) related to policyholder insurance and annuity experience compared with a net charge of \$12 million (\$15 million pre-tax) in 2Q21.<sup>2</sup> Actions to improve the capital efficiency of our legacy business resulted in \$50 million lower core earnings

<sup>1</sup> Percentage growth / declines in core earnings, core general expenses, pre-tax core earnings, assets under management and administration, assets under management, core EBITDA, general expenses, Manulife Bank average net lending assets and Global Wealth and Asset Management ("Global WAM") revenue are stated on a constant exchange rate basis, a non-GAAP ratio. See "Non-GAAP and other financial measures" below for more information.

<sup>2</sup> Policyholder experience includes gains of \$6 million post-tax in 2Q22 (2Q21 – gains of \$9 million post-tax) from the release of margins on medical policies in Hong Kong that have lapsed for customers who have opted to change their existing policies to the new Voluntary Health Insurance Scheme ("VHIS") products. These gains did not have a material impact on core earnings as they were mostly offset by new business strain.

in 2Q22 compared with 2Q21. Excluding these actions, in-force business increased 7%<sup>1</sup> compared with 2Q21.

## Year-to-date profitability

Net income attributed to shareholders for the six months ended June 30, 2022 was \$4,056 million compared with \$3,429 million for the six months ended June 30, 2021. Year-to-date core earnings amounted to \$3,114 million in 2022 compared with \$3,311 million in the same period of 2021, and items excluded from year-to-date core earnings amounted to a net gain of \$942 million in 2022 compared with a net gain of \$118 million in the same period of 2021. The effective tax rate on year-to-date net income attributed to shareholders was 19% in 2022 compared with 14% for the same period in 2021, reflecting differences in the jurisdictional mix of pre-tax profits and losses.

The increase of \$627 million in year-to-date net income attributed to shareholders in 2022 compared with 2021 reflects a decline in year-to-date core earnings of \$197 million and a net gain of \$942 million in items excluded from year-to-date core earnings in 2022 compared with a net gain in items excluded from year-to-date core earnings of \$118 million in 2021.

The \$197 million or 7% decrease in year-to-date core earnings compared with the same period of 2021 was driven by the unfavourable impact of markets of \$156 million in 2022 on seed money investments in new segregated and mutual funds (compared with gains of \$47 million in the same period of 2021), lower new business gains in Asia and lower core earnings in Global WAM. These items were partially offset by higher in-force business growth, net of an \$85 million decrease related to the U.S. Annuities variable annuity reinsurance transaction, higher other experience gains, and higher yields on fixed income investments and lower cost of external debt in Corporate and Other. Year-to-date net policyholder experience gains were \$34 million (\$55 million pre-tax) in 2022 compared with gains of \$37 million (\$46 million pre-tax) in the same period of 2021.<sup>2</sup> Actions to improve the capital efficiency of our legacy businesses resulted in \$85 million lower year-to-date core earnings in 2022 compared with 2021. Excluding these actions, in-force business increased 7%<sup>1</sup> compared with 2021.

On a year-to-date basis, the items excluded from core earnings were a net gain of \$942 million in 2022 consisting primarily of a net gain from investment-related experience and a \$842 million gain related to the U.S. variable annuity reinsurance transaction partially offset by a net charge from the direct impact of markets.

Core earnings by segment is presented in the table below.

Core earnings by segment (\$ millions, unaudited)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Asia	\$ 513	\$ 537	\$ 526	\$ 1,050	\$ 1,096
Canada	345	314	318	659	582
U.S.	456	486	478	942	979
Global Wealth and Asset Management	305	324	356	629	668
Corporate and Other (excluding core investment gains)	(157)	(209)	(96)	(366)	(214)
Core investment gains <sup>(1),(2)</sup>	100	100	100	200	200
<b>Total core earnings</b>	<b>\$ 1,562</b>	<b>\$ 1,552</b>	<b>\$ 1,682</b>	<b>\$ 3,114</b>	<b>\$ 3,311</b>

<sup>(1)</sup> This item is disclosed under the Office of the Superintendent of Financial Institution's ("OSFI's") Source of Earnings Disclosure (Life Insurance Companies) guideline.

<sup>(2)</sup> As outlined in our definition of core earnings in section E3 "Non-GAAP and other financial measures": Up to \$400 million of net favourable investment-related experience will be reported in core earnings in a single year, which are referred to as "core investment gains". This means up to \$100 million in the first quarter, up to \$200 million on a year-to-date basis in the second quarter, up to \$300 million on a year-to-date basis in the third quarter and up to \$400 million on a full year basis in the fourth quarter. Any investment-related experience losses reported in a quarter will be offset against the net year-to-date investment-related experience gains with the difference being included in core earnings subject to a maximum of the year-to-date core investment gains and a minimum of zero, which reflects our expectation that investment-related experience will be positive through-the-business cycle.

<sup>1</sup> Excludes \$63 million (pre-tax) and \$108 million (pre-tax) in 2Q22 and year-to-date 2022, respectively, of lost expected profit on in-force relating to the U.S. variable annuity reinsurance transaction that closed in 1Q22. Percentage growth is based on the pre-tax impact of these actions, and is stated on a constant exchange rate basis.

<sup>2</sup> Year-to-date policyholder experience includes gains of \$20 million post-tax in 2022 (2021 – gains of \$19 million post-tax) from the release of margins on medical policies in Hong Kong that have lapsed for customers who have opted to change their existing policies to the new VHIS products. These gains did not have a material impact on year-to-date core earnings as they were mostly offset by new business strain.

The table below presents net income attributed to shareholders consisting of core earnings and items excluded from core earnings.

(\$ millions, unaudited)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
<b>Core earnings</b>	\$ 1,562	\$ 1,552	\$ 1,682	\$ 3,114	\$ 3,311
<b>Items excluded from core earnings:</b> <sup>(1)</sup>					
Investment-related experience outside of core earnings <sup>(2)</sup>	591	558	739	1,149	816
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities <sup>(3)</sup>	(1,067)	97	217	(970)	(618)
<i>Direct impact of equity markets and variable annuity guarantee liabilities</i>	(623)	(110)	177	(733)	180
<i>Fixed income reinvestment rates assumed in the valuation of policy liabilities</i>	(365)	351	76	(14)	(756)
<i>Sale of AFS bonds and derivative positions in the Corporate and Other segment</i>	(79)	(144)	(36)	(223)	(42)
Restructuring charge <sup>(4)</sup>	-	-	-	-	(115)
Reinsurance transactions, tax-related items and other <sup>(5)</sup>	-	763	8	763	35
<b>Total items excluded from core earnings</b>	<b>(476)</b>	<b>1,418</b>	<b>964</b>	<b>942</b>	<b>118</b>
<b>Net income attributed to shareholders</b>	<b>\$ 1,086</b>	<b>\$ 2,970</b>	<b>\$ 2,646</b>	<b>\$ 4,056</b>	<b>\$ 3,429</b>

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

<sup>(2)</sup> Total investment-related experience in 2Q22 was a net gain of \$691 million, compared with a net gain of \$839 million in 2Q21, and in accordance with our definition of core earnings, we included \$100 million of investment-related experience gains in core earnings and a \$591 million gain in items excluded from core earnings in 2Q22 (\$100 million of core investment gains and a gain of \$739 million, respectively, in 2Q21). Investment-related experience gains in 2Q22 reflected higher-than-expected returns (including fair value changes) on ALDA primarily driven by fair value gains on private equity investments, the favourable impact of fixed income reinvestment activities, and favourable credit experience. Investment-related experience gains in 2Q21 reflected higher-than-expected returns (including fair value changes) on ALDA primarily driven by fair value gains on private equity investments, the favourable impact of fixed income reinvestment activities and favourable credit experience.

<sup>(3)</sup> The direct impact of markets was a net charge of \$1,067 million in 2Q22 primarily driven by the impact of unfavourable equity market performance, interest rate hedge ineffectiveness due to significant interest rate movements across several markets of differing magnitudes and shape changes, foreign exchange movements, losses from the sale of AFS bonds, and losses from non-parallel movements in swap spreads. The direct impact of markets was a net gain of \$217 million in 2Q21 driven by strong equity market performance and flattening of the yield curve, partially offset by a charge on the sale of AFS bonds.

<sup>(4)</sup> In 1Q21, we reported a restructuring charge of \$150 million pre-tax (\$115 million post-tax) related to actions that are expected to result in recurring total annual expense savings of \$250 million (pre-tax) by 2023; \$100 million (pre-tax) of these expected total annual savings were realized in 2021, and \$200 million (pre-tax) of total annual savings are expected in 2022.<sup>1</sup>

<sup>(5)</sup> The 1Q22 net gain of \$763 million includes an \$842 million gain resulting from the U.S. variable annuity reinsurance transaction, partially offset by a charge of \$71 million related to withholding tax on anticipated remittances resulting from the U.S. variable annuity reinsurance transaction and an integration charge of \$8 million in our Vietnam operation. In 2Q21, the reinsurance transactions in Asia contributed gains of \$8 million.

Net income attributed to shareholders by segment is presented in the following table.

Net income attributed to shareholders by segment (\$ millions, unaudited)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Asia	\$ 361	\$ 773	\$ 633	\$ 1,134	\$ 1,590
Canada	85	547	783	632	764
U.S.	832	2,067	793	2,899	889
Global Wealth and Asset Management	305	324	356	629	668
Corporate and Other	(497)	(741)	81	(1,238)	(482)
<b>Total net income attributed to shareholders</b>	<b>\$ 1,086</b>	<b>\$ 2,970</b>	<b>\$ 2,646</b>	<b>\$ 4,056</b>	<b>\$ 3,429</b>

The **expense efficiency ratio** was 49.2% for 2Q22, compared with 46.8% in 2Q21. The 2.4 percentage point increase in the ratio compared with 2Q21 was driven by an 8% decrease in pre-tax core earnings<sup>2</sup> and a 2% increase in core general expenses<sup>2</sup>. Core general expenses reflected higher 2Q22 workforce costs partially offset by lower distribution-related and discretionary expenses reflecting lower 2Q22 sales and lower pension costs due to a decline in equity markets. Expense management, including initiatives to improve productivity, remains an important strategic priority as we aim to maintain an expense efficiency ratio of less than 50%.

Total general expenses in 2Q22 decreased 4% compared with 2Q21 on a constant exchange rate basis reflecting the nonrecurrence of a legal provision in 2Q21. Total general expenses in 2Q22 decreased 3% compared with

<sup>1</sup> See "Caution regarding forward-looking statements" below.

<sup>2</sup> This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

2Q21 on an actual exchange rate basis reflecting the previously noted item, partially offset by the unfavourable impact of the weakening of the Canadian dollar compared with the U.S. dollar.

On a year-to-date basis, the expense efficiency ratio was 49.6% in 2022 compared with 47.7% in 2021. The 1.9 percentage point increase in the ratio compared with 2021 was driven by a 7% decrease in year-to-date pre-tax core earnings and a 1% increase in year-to-date core general expenses. Year-to-date core general expenses reflect similar items as noted above for the quarter.

Total year-to-date general expenses in 2022 decreased 5% compared with 2021 on a constant exchange rate basis due to the nonrecurrence of a restructuring charge and the establishment of a legal provision in 2021, partially offset by a 2022 integration charge in our Vietnam operation and expenses associated with the U.S. variable annuity reinsurance transaction. Total general expenses in 2022 decreased 5% compared with 2021 on an actual exchange rate basis reflecting the previously noted items.

## A2 Business performance

(\$ millions, unless otherwise stated) (unaudited)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Asia APE sales	\$ 838	\$ 1,048	\$ 950	\$ 1,886	\$ 2,230
Canada APE sales	\$ 361	\$ 363	\$ 274	\$ 724	\$ 629
U.S. APE sales	\$ 209	\$ 199	\$ 191	\$ 408	\$ 341
Total APE sales <sup>(1)</sup>	\$ 1,408	\$ 1,610	\$ 1,415	\$ 3,018	\$ 3,200
Asia new business value	\$ 337	\$ 340	\$ 399	\$ 677	\$ 876
Canada new business value	\$ 82	\$ 104	\$ 76	\$ 186	\$ 154
U.S. new business value	\$ 92	\$ 69	\$ 75	\$ 161	\$ 119
Total new business value <sup>(1)</sup>	\$ 511	\$ 513	\$ 550	\$ 1,024	\$ 1,149
Global Wealth and Asset Management net flows (\$ billions) <sup>(1)</sup>	\$ 1.7	\$ 6.9	\$ 8.6	\$ 8.6	\$ 10.0
Global Wealth and Asset Management gross flows (\$ billions) <sup>(1)</sup>	\$ 33.6	\$ 38.5	\$ 33.7	\$ 72.1	\$ 73.4
Global Wealth and Asset Management assets under management and administration (\$ billions) <sup>(2)</sup>	\$ 744.7	\$ 808.0	\$ 798.5	\$ 744.7	\$ 798.5
Global Wealth and Asset Management total invested assets (\$ billions)	\$ 4.0	\$ 3.5	\$ 4.2	\$ 4.0	\$ 4.2
Global Wealth and Asset Management segregated funds net assets (\$ billions)	\$ 213.3	\$ 236.6	\$ 242.6	\$ 213.3	\$ 242.6
Total assets under management and administration (\$billions) <sup>(2),(3)</sup>	\$ 1,264.7	\$ 1,349.2	\$ 1,340.8	\$ 1,264.7	\$ 1,340.8
Total invested assets (\$ billions) <sup>(3)</sup>	\$ 402.3	\$ 409.4	\$ 405.2	\$ 402.3	\$ 405.2
Total segregated fund net assets (\$ billions) <sup>(3)</sup>	\$ 334.9	\$ 371.9	\$ 383.8	\$ 334.9	\$ 383.8

<sup>(1)</sup> For more information on this metric, see "Non-GAAP and other financial measures" below.

<sup>(2)</sup> This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

<sup>(3)</sup> See section A5 below for more information.

**Annualized premium equivalent ("APE") sales** were \$1.4 billion in 2Q22, a decrease of 1%<sup>1</sup> compared with 2Q21. In Asia, APE sales decreased 12% compared with 2Q21, reflecting continued adverse impacts from COVID-19 in Hong Kong, lower corporate-owned life insurance ("COLI") product sales in Japan, and lower sales in Asia Other<sup>2</sup>. In Hong Kong, APE sales decreased 32% compared with 2Q21 driven by the continued effect of COVID-19 in Hong Kong and tighter containment measures in Macau during the quarter. In Japan, APE sales decreased 15% compared with 2Q21 as a result of lower COLI product sales, partially offset by higher individual protection and other wealth sales. Asia Other APE sales decreased 3% compared with 2Q21, reflecting lower agency sales in Vietnam, mainland China and Indonesia, partially offset by higher bancassurance sales in Singapore, Vietnam and mainland China. In Canada, APE sales increased 32% compared with 2Q21, primarily driven by higher large-case group insurance and individual insurance par sales, partially offset by lower segregated fund sales. In the U.S., APE sales increased 6% compared with 2Q21, primarily due to strong international sales, which are reported as part of the U.S. segment results. This increase was partially offset by

<sup>1</sup> Percentage growth / declines in APE sales, gross flows, net flows, and NBV are stated on a constant exchange rate basis.

<sup>2</sup> Asia Other excludes Hong Kong and Japan.

lower sales of domestic protection-oriented insurance products, as the impact of higher inflation on household discretionary spending reduced demand. APE sales of products with the John Hancock Vitality PLUS feature increased 13% compared with 2Q21, reflecting greater consumer interest in improving baseline health due to the impact of COVID-19, making our Vitality feature a desirable solution in the current environment.

Year-to-date APE sales of \$3.0 billion in 2022 were 5% lower than the same period of 2021, driven by lower sales in Asia partially offset by higher sales in Canada and the U.S.

**New business value (“NBV”)** was \$511 million in 2Q22, a decrease of 9% compared with 2Q21. In Asia, NBV decreased 17% compared with 2Q21 reflecting lower sales in Hong Kong, Japan COLI and Asia Other, as well as unfavourable product mix in Asia Other, partially offset by higher individual protection and other wealth sales in Japan. In Canada, NBV increased 8% compared with 2Q21, driven by higher volumes in large-case group insurance, partially offset by less favourable business mix in Insurance. In the U.S., NBV increased 18% compared with 2Q21, driven by improved margins due to product actions, higher international sales volumes and higher interest rates.

Year-to-date NBV was \$1,024 million in 2022, a decrease of 11% compared with the same period of 2021 primarily due to lower sales in Asia and an unfavourable product mix in Asia Other partially offset by higher sales and improved margins in Canada and the U.S.

**Global Wealth and Asset Management reported net inflows** of \$1.7 billion in 2Q22 compared with net inflows of \$8.6 billion in 2Q21. Net inflows in Retirement were \$1.0 billion in 2Q22 compared with net outflows of \$0.6 billion in 2Q21, driven by growth in member contributions and lower plan redemptions. Net outflows in Retail were \$1.9 billion in 2Q22 compared with net inflows of \$7.3 billion in 2Q21, reflecting higher mutual fund redemption rates and lower gross flows due to decreased investor demand amid equity market declines and higher interest rates. Net inflows in Institutional Asset Management were \$2.5 billion in 2Q22 compared with net inflows of \$1.9 billion in 2Q21, driven by a \$1.9 billion sale of an equity mandate, partially offset by the non-recurrence of a \$1.0 billion sale to an existing client in the prior year.

Year-to-date net inflows were \$8.6 billion in 2022, compared with \$10.0 billion in same period of 2021. The decrease was primarily driven by higher retail mutual fund redemption rates and lower gross flows in both Retail and Institutional Asset Management. This was partially offset by the non-recurrence of a \$9.4 billion institutional redemption in Asia in the first quarter of 2021 (“1Q21”) and higher retirement gross flows from growth in member contributions.

### A3 Financial strength

(unaudited)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
MLI’s LICAT ratio <sup>(1)</sup>	137%	140%	137%	137%	137%
Financial leverage ratio	28.5%	26.4%	25.9%	28.5%	25.9%
Consolidated capital (\$ billions) <sup>(2)</sup>	\$ 62.8	\$ 63.9	\$ 61.4	\$ 62.8	\$ 61.4
Book value per common share (\$)	\$ 25.56	\$ 26.33	\$ 24.76	\$ 25.56	\$ 24.76
Book value per common share excluding AOCI (\$)	\$ 25.49	\$ 25.28	\$ 22.89	\$ 25.49	\$ 22.89

<sup>(1)</sup> This item is disclosed under OSFI’s Life Insurance Capital Adequacy Test Public Disclosure Requirements guideline.

<sup>(2)</sup> This item is a capital management measure. For more information on this metric, see “Non-GAAP and other financial measures” below.

**The Life Insurance Capital Adequacy Test (“LICAT”)** ratio for The Manufacturers Life Insurance Company (“MLI”) as at June 30, 2022 was 137% compared with 140% as at March 31, 2022. The three percentage point decrease was driven by a net unfavourable impact from market movements on capital, mainly from an increase in risk-free rates, partly offset by the favourable impact of a net capital issuance.

MFC's LICAT ratio was 125% as at June 30, 2022, compared with 128% as at March 31, 2022. The difference between the MLI and MFC ratios as at June 30, 2022 was largely due to the \$5.9 billion of MFC senior debt outstanding that does not qualify as available capital at the MFC level but, based on the form it was down-streamed, qualifies as regulatory capital for MLI.

**MFC's financial leverage ratio** as at June 30, 2022 was 28.5%, an increase of 2.1 percentage points from 26.4% as at March 31, 2022. The increase in the ratio was driven by the issuance of securities<sup>1</sup>, and a reduction in the carrying value of AFS debt securities due to higher interest rates.

**MFC's consolidated capital** was \$62.8 billion as at June 30, 2022, a decrease of \$3.2 billion compared with \$66.0 billion as at December 31, 2021, driven by a decline in total equity due to a reduction in the carrying value of AFS debt securities due to higher interest rates, and common share buybacks, partially offset by growth in retained earnings and net capital issuances.

**Cash and cash equivalents and marketable securities**<sup>2</sup> was \$237.7 billion as at June 30, 2022 compared with \$268.4 billion as at December 31, 2021. The reduction was primarily driven by the lower market value of fixed income instruments due to higher interest rates and the lower market value of public equities due to a decline in equity markets.

**Book value per common share** as at June 30, 2022 was \$25.56, a 5% decrease compared with \$26.78 as at December 31, 2021. Book value per common share excluding accumulated other comprehensive income ("AOCI") was \$25.49 as at June 30, 2022, a 6% increase compared with \$24.12 as at December 31, 2021. The number of common shares outstanding was 1,911 million as at June 30, 2022 and was 1,943 million as at December 31, 2021.

## A4 Revenue

(\$ millions, unaudited)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Gross premiums	\$ 10,876	\$ 11,654	\$ 10,614	\$ 22,530	\$ 21,606
Premiums ceded to reinsurers	(1,249)	(2,152)	(1,200)	(3,401)	(2,584)
Net premium income	9,627	9,502	9,414	19,129	19,022
Investment income	3,675	3,417	4,099	7,092	7,313
Other revenue	2,057	1,991	2,760	4,048	5,397
Revenue before realized and unrealized investment gains and losses	15,359	14,910	16,273	30,269	31,732
Realized and unrealized gains and losses on assets supporting insurance and investment contract liabilities and on the macro hedge program <sup>(1)</sup>	(17,760)	(18,540)	9,551	(36,300)	(7,505)
<b>Total revenue</b>	<b>\$ (2,401)</b>	<b>\$ (3,630)</b>	<b>\$ 25,824</b>	<b>\$ (6,031)</b>	<b>\$ 24,227</b>

<sup>(1)</sup> See section A6 "Impact of fair value accounting". Also see section A1 "Profitability" for information on the direct impact of equity markets and interest rates and variable annuity guarantee liabilities.

Total revenue in 2Q22 was a net loss of \$2.4 billion compared with a net gain of \$25.8 billion in 2Q21. The amount of revenue reported in any fiscal period can be significantly affected by fair value accounting, which can materially impact the reported realized and unrealized investment gains or losses on assets supporting insurance and investment contract liabilities and on the macro hedge program, a component of revenue (see section A7 "Impact of fair value accounting" below). Accordingly, we discuss specific drivers of revenue in each segment before realized and unrealized investment gains and losses in section B "Performance by Segment" below.

2Q22 revenue before realized and unrealized investment gains and losses on assets supporting insurance and investment contract liabilities and on the macro hedge program ("net realized and unrealized investment gains and losses") of \$15.4 billion decreased \$0.9 billion compared with 2Q21, driven by lower other revenue primarily due to the impact of the U.S. variable annuity reinsurance transaction that closed in 1Q22 and lower investment income. Net realized and unrealized investment gains and losses was a net charge of \$17.8 billion in 2Q22 compared with

<sup>1</sup> The issuance of securities in 2Q22 consists of the issuance of Limited Recourse Capital Notes (reported as other equity instruments) of \$1.0 billion.

<sup>2</sup> Includes cash & cash equivalents, comprised of cash on deposit, Canadian and U.S. Treasury Bills and high quality short-term investments, and marketable assets, comprised of investment grade government and agency bonds, investment grade corporate bonds, investment grade securitized instruments, publicly traded common stocks and preferred shares.

a net gain of \$9.6 billion in 2Q21. The charge in 2Q22 was primarily driven by the impact of higher interest rates and lower equity markets partially offset by fair value gains in other invested assets. The 2Q21 gain was primarily driven by the impact of interest rate declines, overall growth in equity markets and fair value gains in other invested assets.

On a year-to-date basis, revenue before net realized and unrealized investment gains and losses of \$30.3 billion was \$1.5 billion lower than the same period of 2021 due to similar factors noted above as well as higher ceded premiums from the U.S. variable annuity reinsurance transaction noted above. Year-to-date net realized and unrealized investment gains and losses was a net charge of \$36.3 billion in 2022 compared with a net charge of \$7.5 billion in 2021. The year-to-date charge in 2022 was primarily driven by the impact of interest rate increases and lower equity markets partially offset by fair value gains in other invested assets. The year-to-date charge in 2021 was primarily due to the impact of interest rate increases partially offset by overall growth in equity markets, and fair value gains in other invested assets.

See section A6 “Impact of fair value accounting” below. Also, see section A1 “Profitability” for additional information on the impact on 2Q22 net income attributed to shareholders from the direct impact of equity markets and interest rates and variable annuity guarantee liabilities.

## **A5 Assets under management and administration (“AUMA”)**

AUMA as at June 30, 2022 was \$1.3 trillion, a decrease of 11% compared with December 31, 2021, primarily due to the impact of higher interest rates and lower equity markets, partially offset by year-to-date net inflows. Total invested assets and segregated funds net assets decreased 6% and 16%, respectively, on an actual exchange rate basis primarily due to the impact of higher interest rates and lower equity markets.

## **A6 Impact of fair value accounting**

Fair value accounting policies affect the measurement of both our assets and our liabilities. The difference between the reported amounts of our assets and liabilities determined as of the balance sheet date and the immediately preceding balance sheet date in accordance with the applicable fair value accounting principles is reported as investment-related experience and the direct impact of equity markets and interest rates and variable annuity guarantees, each of which impacts net income attributed to shareholders (see section A1 “Profitability” above for discussion of 2Q22 experience).

Net realized and unrealized investment losses on assets supporting insurance and investment contract liabilities and on the macro hedge program were \$17.8 billion for 2Q22 (2Q21 – net gain of \$9.6 billion) and on a year-to-date basis, were net losses of \$36.3 billion in 2022 (2021 – net losses of \$7.5 billion). See “Revenue” section above for discussion of results.

As outlined in “Critical Actuarial and Accounting Policies” in the MD&A in our 2021 Annual Report, net insurance contract liabilities under IFRS are determined using Canadian Asset Liability Method (“CALM”), as required by the Canadian Institute of Actuaries (“CIA”). The measurement of policy liabilities includes the estimated value of future policyholder benefits and settlement obligations to be paid over the term remaining on in-force policies, including the costs of servicing the policies, reduced by the future expected policy revenues and future expected investment income on assets supporting the policies. Investment returns are projected using current asset portfolios and projected reinvestment strategies. Experience gains and losses are reported when current period activity differs from what was assumed in the policy liabilities at the beginning of the period. We classify gains and losses by assumption type. For example, current period investing activities that increase (decrease) the future expected investment income on assets supporting the policies will result in an investment-related experience gain (loss). See description of investment-related experience in “Non-GAAP and other financial measures” below.

## **A7 Impact of foreign currency exchange rates**

Changes in foreign currency exchange rates from 2Q21 to 2Q22, increased core earnings by \$23 million in 2Q22 primarily due to a weaker Canadian dollar compared with the U.S. dollar. Changes in foreign currency exchange rates increased year-to-date core earnings by \$14 million in 2022 compared with the same period of 2021 due to similar factors noted above for the quarter. The impact of foreign currency exchange rates on items excluded from core earnings does not provide relevant information given the nature of those items.

## **A8 Business highlights**

Manulife ranked among Corporate Knights' 2022 Best 50 Corporate Citizens, which recognizes the rising standard and ambition for corporate sustainability leadership in Canada. In Asia, we became the first life insurer in Vietnam to offer healthcare solutions via the MoMo e-wallet, providing the app's 31 million users with access to our award-winning Max-Health insurance product. MoMo users can now easily purchase Manulife Vietnam's Max-Health product in less than one minute through a simple three-step process. In our U.S. segment, we reported the highest ever quarterly sales in our international business. We signed new distributors in the Latin America region and launched a whole life product to support continued sales growth and diversify the business across geographies. In Global WAM, we published our 2022 Manulife Investment Management Stewardship report, detailing our commitment to sustainability as a global investment manager and outlining actions we are taking to address material sustainability risks and opportunities, build more resilient portfolios, and pursue long-term value creation. We continue to make progress on customer experience with our rolling four quarter average relationship net promoter score ("rNPS") reaching +22 as of 2Q22, up one point from December 31, 2021 and a 21 point increase from the 2017 baseline of +1. As noted in our 1Q22 MD&A, our service levels were impacted by temporary workforce capacity constraints. While we have addressed these issues, we expect the rolling four quarter average rNPS to fall short of our ambitious 2022 target of +31 but remain confident that our 2025 goal of +37 can be achieved.<sup>1</sup>

In addition, we continued to make progress on our digital journey in 2Q22. In Asia, we enabled our distribution force with an advanced suite of digital tools, with the proportion of new policies sold being digitally submitted reaching 85.5%, an increase of 10 percentage points compared with 2Q21. In Canada, we continued to advance our digital solutions with enhancements to Manulife.ca that included enabling artificial intelligence and natural-language processing capabilities to make searching for product information quick, accurate and intuitive. In the U.S., we enhanced our digital capabilities by launching eDelivery notification of client correspondence to improve preferred producer experience and response to customers. In Global WAM, we launched a new mobile app feature in Canada Retirement that enables members to make additional contributions to their Registered Retirement Savings Plans, providing them with greater control over their financial future.

## **A9 Annual review of actuarial methods and assumptions**

In the third quarter of 2022 ("3Q22"), we will complete our annual review of actuarial methods and assumptions. The review includes a comprehensive study of our U.S. long-term care ("LTC") experience and, although work is still ongoing, preliminary indications suggest that the net impact to net income attributed to shareholders in 3Q22 will be approximately neutral in total and for LTC; however, there could be variability in this outcome.<sup>1</sup> The LTC review includes all aspects of assumptions on claims and future premium rate increases. Other assumptions being reviewed this year include mortality and certain lapse assumptions for Canada life insurance, as well as lapse and mortality assumptions for certain Asia markets. Per our definition of core earnings, any impact of this review will be reported in items excluded from core earnings. Please see "Non-GAAP and other financial measures" section below.

---

<sup>1</sup> See "Caution regarding forward-looking statements" below.

## A10 Update on transition to IFRS 17<sup>1</sup>

As noted in “Critical Actuarial and Accounting Policies – Future Accounting and Reporting Changes” in the MD&A in our 2021 Annual Report, IFRS 17 “Insurance Contracts” will replace IFRS 4 “Insurance Contracts” effective for years beginning on January 1, 2023. The new standard will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company’s financial statements. We will be electing the option to record changes in insurance contract liabilities arising from changes in interest rates through other comprehensive income and will classify debt instruments as fair value through other comprehensive income under IFRS 9 “Financial Instruments”. The impacts of IFRS 17 are expected to include:

- The establishment of a Contractual Service Margin (“CSM”) on our in-force business which is expected to lead to an increase in insurance contract liabilities. The CSM represents unearned profits that are expected to amortize into income as services are provided. We continue to evaluate the potential impacts of all other changes including available accounting policy choices under IFRS 17 on the measurement of our insurance contract liabilities. While there is a range of outcomes for the CSM and all other changes impacting insurance contract liabilities, a significant portion of the impact to equity is expected to result from establishing a CSM on our in-force business. The overall impact of establishing the CSM, as well as other measurement impacts on our assets and liabilities, is expected to decrease equity upon transition by approximately 20%. We expect the impact of IFRS 17 to be approximately neutral to the LICAT capital ratio based on markets as of June 30, 2022 and calibration adjustments that OSFI made to the LICAT guideline<sup>2</sup> for 2023, relating to the inclusion of CSM in available capital and the reduction of the scalar on base solvency buffer. We expect our capital position will continue to be strong under IFRS 17. The actual impact at transition will depend on macro-economic conditions as at January 1, 2023.
- The deferral of the recognition of new business gains via the CSM, and to a substantially lesser extent, the timing of investments results, will shift earnings out into future periods. As a result, on transition, net income and core earnings in 2022 are expected to be lower under IFRS 17 compared to IFRS 4. This impact will be partially offset by the amortization into income of the CSM that will be established on our in-force business. Overall, considering these items along with the various other impacts, on transition we expect 2022 core earnings to decline by approximately 10% under IFRS 17 compared with IFRS 4. A transition impact on our net income attributed to shareholders is difficult to predict as it is also impacted by prevailing market conditions. In addition, we expect IFRS 17 to improve the stability of both our core earnings and net income attributed to shareholders.
- Core earnings will remain a key performance metric and the definition will be adapted to align with IFRS 17. Under the revised definition, core earnings will exclude items such as the direct impact of markets and interest rates, including investment experience from ALDA, realized gains and losses on AFS assets, hedge ineffectiveness, and changes in methods and assumptions recorded directly in profit or loss. We believe that the revised core earnings definition represents our operating performance and the long-term earnings capacity of the business.
- The treatment of new business gains under IFRS 17 is materially different from IFRS 4. The CSM is an intrinsic part of the value of an insurance business and is a measure of growth and future earnings generation capability. This highlights the importance of the CSM as a GAAP performance measure and as such, on transition, we will be adding two new medium-term targets:
  - i.) 15% growth per year for new business CSM, and
  - ii.) 8% to 10% growth per year in the CSM balance.

In 1Q22, we confirmed our medium-term financial and operating targets under IFRS 17, and upon transition, will adjust certain targets as follows:

- Core ROE will be increased to 15%+ (from 13%+ currently) due to the expected changes to core earnings and equity,

<sup>1</sup> See “Caution regarding forward-looking statements” below. The information presented reflects the Company’s current interpretation of IFRS 17 based on its facts and circumstances as of the date hereof. Such interpretation, or the underlying relevant facts and circumstances, may change. The Company’s interpretation may also change pending the final issuance of regulatory and industry guidance relating to IFRS 17.

<sup>2</sup> As indicated in OSFI’s final Life Insurance Capital Adequacy Test (LICAT) 2023 guideline issued on July 21, 2022.

- Common share core dividend payout ratio<sup>1</sup> will be increased to 35% to 45% (from 30% to 40% currently) due to the expected changes to core earnings, and
- Leverage ratio definition will be adjusted to include the CSM in the denominator given the CSM represents unearned profit and available capital under LICAT.

We reported \$222 million (post-tax) from the impact of new business<sup>2</sup>, which is included in core earnings and net income attributed to shareholders in 2Q22 (2Q21 – \$278 million). On a year-to-date basis, the impact of new business was \$413 million (post-tax) in 2022 (2021 – \$558 million). Under IFRS 17, the impact of new business will be recorded in the CSM and amortized into earnings as services are provided, unless the contracts are onerous<sup>3</sup> at issue, which does not necessarily mean that the contract is not profitable over its lifetime, in which case the impact will be recorded directly in earnings.

## B PERFORMANCE BY SEGMENT

### B1 Asia

(\$ millions, unless otherwise stated)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
<i>Canadian dollars</i>					
Net income attributed to shareholders <sup>(1)</sup>	\$ 361	\$ 773	\$ 633	\$ 1,134	\$ 1,590
Core earnings <sup>(1)</sup>	513	537	526	1,050	1,096
Annualized premium equivalent sales	838	1,048	950	1,886	2,230
New business value	337	340	399	677	876
Revenue	2,499	3,012	9,122	5,511	14,962
Revenue before realized and unrealized investment gains and losses <sup>(2)</sup>	6,654	7,568	6,603	14,222	13,824
Assets under management (\$ billions) <sup>(3)</sup>	139.0	144.4	141.9	139.0	141.9
Total invested assets (\$ billions)	117.1	120.5	117.8	117.1	117.8
Segregated fund invested assets (\$ billions)	21.9	23.9	24.1	21.9	24.1
<i>U.S. dollars</i>					
Net income attributed to shareholders <sup>(1)</sup>	US\$ 283	US\$ 610	US\$ 515	US\$ 893	US\$ 1,270
Core earnings <sup>(1)</sup>	401	424	427	825	877
Annualized premium equivalent sales	656	827	773	1,483	1,783
New business value	264	268	325	532	701
Revenue	1,957	2,377	7,426	4,334	12,036
Revenue before realized and unrealized investment gains and losses <sup>(2)</sup>	5,211	5,975	5,376	11,186	11,077
Assets under management (\$ billions) <sup>(3)</sup>	107.8	115.6	114.6	107.8	114.6
Total invested assets (\$ billions)	90.8	96.5	95.1	90.8	95.1
Segregated fund invested assets (\$ billions)	17.0	19.1	19.5	17.0	19.5

<sup>(1)</sup> See “Non-GAAP and other financial measures” below for a reconciliation of core earnings to net income (loss) attributed to shareholders.

<sup>(2)</sup> See section A6 “Impact of fair value accounting”.

<sup>(3)</sup> This item is a non-GAAP financial measure. See “Non-GAAP and other financial measures” below for more information.

**Asia’s net income attributed to shareholders** was \$361 million in 2Q22 compared with \$633 million in 2Q21. Net income attributed to shareholders is comprised of core earnings, which was \$513 million in 2Q22 compared with \$526 million in 2Q21, and items excluded from core earnings, which amounted to a net charge of \$152 million in 2Q22 compared with a net gain of \$107 million in 2Q21. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of core earnings to net income (loss) attributed to shareholders, and section A1 “Profitability” above, for explanations of the items excluded from core earnings. The changes in net income attributed to shareholders and core earnings expressed in Canadian dollars were due to the factors described below and, in addition, the change in core earnings reflected a net \$3 million unfavourable impact due to changes in foreign currency exchange rates versus the Canadian dollar.

<sup>1</sup> This item is a non-GAAP ratio. See “Non-GAAP and other financial measures” below for more information.

<sup>2</sup> The impact of new business represents the financial impact of all new business written in the period, including acquisition expenses.

<sup>3</sup> Under IFRS 17, an insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to the contract and premiums, acquisition expenses and commissions arising from the contract at the date of initial recognition, in total are a net outflow (i.e. if there is a loss at initial recognition). An onerous designation does not necessarily mean that the contract is not profitable over its lifetime.

Expressed in U.S. dollars, the presentation currency of the segment, net income attributed to shareholders was US\$283 million in 2Q22 compared with US\$515 million in 2Q21 and core earnings were US\$401 million in 2Q22 compared with US\$427 million in 2Q21. Items excluded from core earnings were a net charge of US\$118 million in 2Q22 compared with a net gain of US\$88 million in 2Q21.

Core earnings in 2Q22 decreased 3% compared with 2Q21 driven by lower new business volumes reflecting COVID-19 containment measures in Hong Kong and several markets in Asia Other, unfavourable policyholder experience in mainland China and Vietnam, and unfavourable product mix in mainland China. These items were partially offset by in-force business growth, higher new business gains in Singapore and favourable policyholder experience in Japan and Hong Kong. In addition, higher investment income on allocated capital increased core earnings by US\$12 million compared with 2Q21 (see Corporate and Other segment).

Year-to-date net income attributed to shareholders was US\$893 million in 2022 compared with US\$1,270 million in the same period of 2021. Year-to-date core earnings of US\$825 million in 2022 decreased 4% compared with the same period of 2021 primarily due to similar factors noted above and the impact of lower 1Q22 COLI product sales in Japan. In addition, higher year-to-date investment income on allocated capital increased core earnings by US\$25 million compared with 2021 (see Corporate and Other segment). Items excluded from year-to-date core earnings were a net gain of US\$68 million in 2022 compared with a net gain of US\$393 million for the same period of 2021. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of year-to-date core earnings to year-to-date net income (loss) attributed to shareholders. Expressed in Canadian dollars, year-to-date core earnings reflected a net \$12 million unfavourable impact of changes in foreign currency exchange rates versus the Canadian dollar.

**APE sales** in 2Q22 were US\$656 million, a decrease of 12% compared with 2Q21. The decrease reflects continued adverse impacts from COVID-19 in Hong Kong, lower COLI product sales in Japan and lower sales in Asia Other. NBV in 2Q22 was US\$264 million, a 17% decrease compared with 2Q21, reflecting lower sales in Hong Kong, Japan COLI and Asia Other, and unfavourable product mix in Asia Other, partially offset by higher individual protection and other wealth sales in Japan. Year-to-date APE sales and NBV were US\$1,483 million and US\$532 million in 2022, a decrease of 15% and 23%, respectively, compared with the same period of 2021, driven by similar reasons noted above for the quarter. New business value margin (“NBV margin”)<sup>1</sup> was 43.1% in 2Q22 compared with 44.6% in 2Q21.

- Hong Kong APE sales in 2Q22 were US\$133 million, a 32% decrease compared with 2Q21. The decrease in sales was driven by the continued effect of COVID-19 in Hong Kong and tighter containment measures in Macau during the quarter. Restrictions on travel between Hong Kong and mainland China continued to impact cross-border commerce. Hong Kong NBV was US\$107 million in 2Q22, a decrease of 28% compared with 2Q21 due to lower sales volumes. Hong Kong NBV margin was 80.5% in 2Q22, an increase of 4.7 percentage points compared with 2Q21 driven by favourable product mix.
- Japan APE sales in 2Q22 were US\$77 million, a 15% decrease compared with 2Q21, as a result of lower COLI product sales, partially offset by higher individual protection and other wealth sales. Japan NBV in 2Q22 of US\$23 million increased 10% compared with 2Q21 due to a higher non-COLI product mix. Japan NBV margin was 29.9% in 2Q22, an increase of 6.9 percentage points compared with 2Q21 driven by favourable product mix.
- Asia Other APE sales in 2Q22 were US\$446 million, a 3% decrease compared with 2Q21 reflecting lower agency sales in Vietnam, mainland China and Indonesia, partially offset by higher bancassurance sales in Singapore, Vietnam and mainland China. Asia Other NBV in 2Q22 of US\$134 million decreased 10% compared with 2Q21, primarily due to lower sales volumes and unfavourable product mix. Asia Other NBV margin was 33.2% in 2Q22, a decrease of 2.5 percentage points compared with 2Q21 driven by unfavourable product mix.

---

<sup>1</sup> For more information on this metric, see “Non-GAAP and other financial measures” below.

**Assets under management** were US\$107.8 billion as at June 30, 2022, a decrease of US\$14.2 billion or 8% compared with December 31, 2021, driven by lower total invested assets and segregated funds net assets. The decrease was driven by the impact of market movements resulting from higher interest rates and unfavourable equity market performance, partially offset by net customer inflows of US\$5.8 billion.

**Revenue** was US\$2.0 billion in 2Q22 compared with US\$7.4 billion in 2Q21. The reduction in revenue reflected higher net realized and unrealized investment losses in 2Q22 driven by the impact of higher interest rates and unfavourable equity market performance on total invested assets. Revenue before realized and unrealized investment gains and losses was US\$5.2 billion in 2Q22, a decrease of US\$0.2 billion compared with 2Q21, driven by lower new business premiums, partially offset by recurring premium growth from in-force business. Year-to-date revenue was US\$4.3 billion in 2022 compared with US\$12.0 billion in the same period of 2021. Year-to-date revenue before realized and unrealized investment gains and losses was US\$11.2 billion in 2022, compared with US\$11.1 billion in the same period of 2021.

**Business highlights** – In 2Q22, we:

- became the first life insurer in Vietnam to offer healthcare solutions via MoMo e-wallet, providing the app's 31 million users with access to our award-winning Max–Health insurance product. MoMo users can now easily purchase Manulife Vietnam's Max–Health product in less than one minute through a simple three-step process;
- launched ManuAcademy, a learning platform for approximately 45,000 insurance agents in Vietnam. Using artificial intelligence, the platform delivers localised, tailored training on demand to agents at scale. By year end, launches are planned for Hong Kong, Indonesia, Malaysia and the Philippines, reaching a further 35,000 agents; and
- enabled our distribution force with an advanced suite of digital tools, with the proportion of new policies sold being digitally submitted reaching 85.5%, an increase of 10 percentage points compared with 2Q21.

## B2 Canada

(\$ millions, unless otherwise stated)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Net income (loss) attributed to shareholders <sup>(1)</sup>	\$ 85	\$ 547	\$ 783	\$ 632	\$ 764
Core earnings <sup>(1)</sup>	345	314	318	659	582
Annualized premium equivalent sales	361	363	274	724	629
Manulife Bank average net lending assets (\$ billions) <sup>(2)</sup>	24.3	23.7	22.8	24.0	22.8
Revenue	(1,736)	(2,283)	5,932	(4,019)	3,355
Revenue before realized and unrealized investment income gains and losses	4,102	3,933	3,920	8,035	7,470
Assets under management (\$ billions)	142.8	152.4	157.5	142.8	157.5
Total invested assets (\$ billions)	107.2	112.7	117.8	107.2	117.8
Segregated funds net assets (\$ billions)	35.6	39.7	39.7	35.6	39.7

<sup>(1)</sup> See "Non-GAAP and other financial measures" below for a reconciliation of core earnings to net income (loss) attributed to shareholders.

<sup>(2)</sup> This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

**Canada's 2Q22 net income attributed to shareholders** was \$85 million compared with \$783 million in 2Q21. Net income attributed to shareholders is comprised of core earnings, which were \$345 million in 2Q22 compared with \$318 million in 2Q21, and items excluded from core earnings, which amounted to a net charge of \$260 million in 2Q22 compared with a net gain of \$465 million in 2Q21. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings to net income (loss) attributed to shareholders, and section A1 "Profitability" above, for explanations of the items excluded from core earnings.

Core earnings of \$345 million increased by \$27 million or 8% compared with 2Q21, primarily reflecting favourable experience gains in Individual Insurance and Annuities and higher in-force earnings in our insurance businesses, partially offset by less favourable experience gains in Group Insurance and lower new business gains due to business mix.

Year-to-date net income attributed to shareholders was \$632 million in 2022 compared with \$764 million in the same period of 2021 and year-to-date core earnings were \$659 million in 2022 compared with \$582 million in the same period of 2021. The increase in year-to-date core earnings of \$77 million was primarily driven by favourable experience gains in Individual Insurance and Annuities and higher in-force earnings in all businesses, partially offset by less favourable experience gains in Group Insurance and lower Manulife Bank earnings. Items excluded from year-to-date core earnings were a net charge of \$27 million in 2022 compared with a net gain of \$182 million for the same period of 2021. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of year-to-date core earnings to year-to-date net income (loss) attributed to shareholders.

**APE sales** of \$361 million in 2Q22 increased by \$87 million or 32% compared with 2Q21, primarily driven by higher large-case group insurance and individual insurance par sales, partially offset by lower segregated fund sales. Year-to-date APE sales in 2022 were \$724 million, \$95 million or 15% higher than in the same period of 2021, primarily due to similar factors as noted above.

- Individual insurance APE sales in 2Q22 of \$107 million increased \$6 million or 6% compared with 2Q21, primarily due to higher par and travel insurance sales, partially offset by lower universal life sales.
- Group insurance APE sales in 2Q22 of \$193 million increased \$99 million or 105% compared with 2Q21, primarily due to higher large-case sales.
- Annuities APE sales in 2Q22 of \$61 million decreased \$18 million or 23% compared with 2Q21, due to the impact of market uncertainty.

**Manulife Bank average net lending assets** for the quarter were \$24.3 billion as at June 30, 2022, up \$1.0 billion or 4% compared with the quarter ended December 31, 2021.

**Assets under management** were \$142.8 billion as at June 30, 2022, a decrease of \$19.2 billion or 12% compared with December 31, 2021, due to lower total invested assets and segregated funds net assets, primarily reflecting the impact of higher interest rates and a decline in equity markets.

**Revenue** in 2Q22 was a net loss of \$1.7 billion compared with a net gain of \$5.9 billion in 2Q21. The 2Q22 net loss reflected net realized and unrealized investment losses, driven by the impact of markets as noted above. Revenue before realized and unrealized investment gains and losses was \$4.1 billion in 2Q22, an increase of \$0.2 billion compared with 2Q21, due to business growth. Year-to-date revenue was a net loss of \$4.0 billion in 2022 compared with a net gain of \$3.4 billion in the same period of 2021, a decrease of \$7.4 billion compared with the same period of 2021, driven by similar factors noted above for the quarter. Year-to-date revenue before realized and unrealized investment gains and losses was \$8.0 billion in 2022, an increase of 8% compared with the same period of 2021, also driven by similar factors noted above for the quarter.

**Business highlights** – In 2Q22, we continued to advance our digital solutions with enhancements to Manulife.ca that included enabling artificial intelligence and natural-language processing capabilities to make searching for product information quick, accurate and intuitive.

## B3 U.S.

(\$ millions, unless otherwise stated)

Canadian dollars	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Net income attributed to shareholders <sup>(1)</sup>	\$ 832	\$ 2,067	\$ 793	\$ 2,899	\$ 889
Core earnings <sup>(1)</sup>	456	486	478	942	979
Annualized premium equivalent sales	209	199	191	408	341
Revenue	(4,329)	(5,344)	8,882	(9,673)	2,890
Revenue before realized and unrealized investment income gains and losses	3,593	2,373	3,915	5,966	7,448
Assets under management (\$ billions)	213.7	222.8	233.7	213.7	233.7
Total invested assets (\$ billions)	149.5	151.0	156.2	149.5	156.2
Segregated funds net assets (\$ billions)	64.2	71.8	77.5	64.2	77.5

  

U.S. dollars					
Net income attributed to shareholders <sup>(1)</sup>	US\$ 651	US\$ 1,633	US\$ 646	US\$ 2,284	US\$ 722
Core earnings <sup>(1)</sup>	357	384	389	741	785
Annualized premium equivalent sales	164	157	155	321	274
Revenue	(3,391)	(4,220)	7,232	(7,611)	2,499
Revenue before realized and unrealized investment income gains and losses	2,815	1,875	3,185	4,690	5,976
Assets under management (\$ billions)	165.7	178.3	188.5	165.7	188.5
Total invested assets (\$ billions)	115.9	120.8	126.0	115.9	126.0
Segregated funds net assets (\$ billions)	49.8	57.5	62.5	49.8	62.5

<sup>(1)</sup> See "Non-GAAP and other financial measures" below for a reconciliation of core earnings to net income (loss) attributed to shareholders.

**U.S. 2Q22 net income attributed to shareholders** was \$832 million compared with \$793 million in 2Q21. Net income attributed to shareholders is comprised of core earnings, which amounted to \$456 million in 2Q22 compared with \$478 million in 2Q21, and items excluded from core earnings, which amounted to a net gain of \$376 million in 2Q22 compared with a net gain of \$315 million in 2Q21. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings to net income (loss) attributed to shareholders, and section A1 "Profitability" above, for explanations of the items excluded from core earnings. The changes in net income attributed to shareholders and core earnings expressed in Canadian dollars were due to the factors described below and, in addition, the change in core earnings reflected a \$17 million favourable impact from the strengthening of the U.S. dollar compared with the Canadian dollar.

Expressed in U.S. dollars, the functional currency of the segment, 2Q22 net income attributed to shareholders was US\$651 million compared with US\$646 million in 2Q21, core earnings were US\$357 million in 2Q22 compared with US\$389 million in 2Q21, and items excluded from core earnings were a net gain of US\$294 million in 2Q22 compared with a net gain of US\$257 million in 2Q21.

Core earnings decreased US\$32 million or 8% compared with 2Q21, with lower core earnings in Annuities partially offset by an increase in Insurance. The decline in Annuities core earnings was driven primarily by reduced in-force earnings of US\$39 million related to the reinsurance of a significant portion of the variable annuity block in 1Q22. The growth in Insurance core earnings was driven by improved mortality experience in life insurance and higher in-force earnings partially offset by unfavorable lapse experience in life insurance and lower new business gains. In addition, higher investment income on allocated capital increased core earnings by US\$6 million compared with 2Q21 (see Corporate and Other segment). Long-term care policyholder experience was neutral in both 2Q22 and 2Q21.

Year-to-date net income attributed to shareholders was US\$2,284 million in 2022 compared with US\$722 million in the same period of 2021 and year-to-date core earnings were US\$741 million in 2022 compared with US\$785 million in the same period of 2021. Year-to-date core earnings decreased US\$44 million due to lower in-force earnings in Annuities of US\$67 million related to the previously mentioned variable annuity reinsurance transaction in 1Q22, and the non-recurrence of prior year gains from the Annuity Guaranteed Minimum Withdrawal Benefit offer program. These items were partially offset by improved and net positive experience gains in 2022 compared to losses in the same period of 2021. Compared with the same period of 2021, improved, but still, unfavourable life insurance policyholder experience was partially offset by less favourable long-term care policyholder experience,

and less favourable annuities policyholder experience. In addition, higher year-to-date investment income on allocated capital increased core earnings by US\$12 million compared with 2021 (see Corporate and Other segment). Items excluded from year-to-date core earnings were a net gain of US\$1,543 million in 2022 compared with a net charge of US\$63 million for the same period of 2021. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of year-to-date core earnings to year-to-date net income (loss) attributed to shareholders. Items excluded from year-to-date core earnings included a gain of US\$665 million related to the variable annuity reinsurance transaction which closed on February 1, 2022. Expressed in Canadian dollars, year-to-date core earnings reflected a \$17 million favourable impact of changes in foreign currency exchange rates versus the Canadian dollar.

**APE sales** in 2Q22 of US\$164 million increased 6% compared with 2Q21 primarily due to strong international sales. This increase was partially offset by lower sales of domestic protection-oriented insurance products, as the impact of higher inflation on household discretionary spending reduced demand. Year-to-date APE sales in 2022 of US\$321 million increased 17% compared with the same period of 2021 primarily due to higher customer demand for international, domestic indexed universal life and variable universal life product offerings. APE sales of products with the John Hancock Vitality PLUS feature increased 13% in 2Q22 compared with 2Q21 and 38% in 2022 compared with the same period 2021, reflecting greater consumer interest in improving baseline health due to the impact of COVID-19, making our Vitality feature a desirable solution in the current environment.

**Assets under management** as at June 30, 2022 were US\$165.7 billion, a decrease of 14% compared with December 31, 2021. The decrease in total invested assets and segregated funds net assets was primarily due to the impact from markets, reflecting an increase in interest rates and a decline in equity markets, and the continued run-off of the annuity business, including the impact on total invested assets from the above-noted variable annuity reinsurance transaction in 1Q22.

**Revenue** in 2Q22 was a net loss of US\$3.4 billion compared with a net gain of US\$7.2 billion in 2Q21. The 2Q22 net loss reflected net realized and unrealized investment losses driven by the impact of markets on total invested assets as noted above. Revenue before net realized and unrealized investment gains and losses was US\$2.8 billion in 2Q22 compared with US\$3.2 billion in 2Q21. The US\$0.4 billion decrease was driven by lower other revenue due to the impact of the above-noted variable annuity reinsurance transaction and lower investment income due to the impact of markets. Year-to-date revenue was a net loss of US\$7.6 billion in 2022, compared with a net gain of US\$2.5 billion in the same period of 2021. The US\$10.1 billion decrease was driven by similar factors noted above. Year-to-date revenue before realized and unrealized investment gains and losses was US\$4.7 billion in 2022 compared with US\$6.0 billion in the same period of 2021. The US\$1.3 billion decrease was primarily driven by the year-to-date impact of the above-noted variable annuity reinsurance transaction.

**Business highlights** – In 2Q22, we:

- reported the highest ever quarterly sales in our international business. We signed new distributors in the Latin America region and launched a whole life product to support continued sales growth and diversify the business across geographies; and
- enhanced our digital capabilities by launching:
  - eDelivery notification of client correspondence to improve preferred producer experience and response time to customers,
  - automatic appointments through our licensing system for our Digital Brokerage channel to accelerate producers’ ability to place cases with us, and
  - additional chatbot and search functionality to improve the experience for JH Vitality customers.

## B4 Global Wealth and Asset Management

(\$ millions, unless otherwise stated)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Net income attributed to shareholders <sup>(1)</sup>	\$ 305	\$ 324	\$ 356	\$ 629	\$ 668
Core earnings <sup>(1)</sup>	305	324	356	629	668
Core EBITDA <sup>(2)</sup>	467	490	521	957	990
Core EBITDA margin (%) <sup>(3)</sup>	30.7%	30.9%	32.4%	30.8%	31.6%
Sales					
Wealth and asset management gross flows	33,602	38,469	33,739	72,071	73,448
Wealth and asset management net flows	1,713	6,891	8,628	8,604	9,985
Revenue	1,521	1,586	1,607	3,107	3,134
Assets under management and administration (\$ billions)	744.7	808.0	798.5	744.7	798.5
Total invested assets (\$ billions)	4.0	3.5	4.2	4.0	4.2
Segregated funds net assets (\$ billions)	213.3	236.6	242.6	213.3	242.6
Average assets under management and administration (\$ billions) <sup>(4)</sup>	776.8	820.4	775.8	798.9	771.2

<sup>(1)</sup> See "Non-GAAP and other financial measures" below for a reconciliation of core earnings to net income (loss) attributed to shareholders.

<sup>(2)</sup> This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

<sup>(3)</sup> This item is a non-GAAP ratio. See "Non-GAAP and other financial measures" below for more information.

<sup>(4)</sup> For more information on this metric, see "Non-GAAP and other financial measures" below.

**Global Wealth and Asset Management's net income attributed to shareholders** was \$305 million in 2Q22 compared with \$356 million in 2Q21. Net income attributed to shareholders is comprised of core earnings, which were \$305 million in 2Q22 compared with \$356 million in 2Q21 and items excluded from core earnings, which were nil in both 2Q22 and 2Q21. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings to net income (loss) attributed to shareholders.

Core earnings in 2Q22 decreased 16% compared with 2Q21 driven by a decrease in net fee income from lower fee spread, and lower average AUMA on a constant exchange rate basis due to equity market declines and higher interest rates in 2022, as well as higher general expenses from higher workforce compensation and increased travel and conference spending due to easing of COVID-19-related restrictions. Net income attributed to shareholders decreased \$51 million in 2Q22 compared with 2Q21 driven by the same factors noted above for core earnings.

Core EBITDA was \$467 million in 2Q22, a decrease of 11% compared with 2Q21, driven by similar factors as mentioned above. Core EBITDA margin was 30.7% in 2Q22, a decrease of 170 basis points compared with 2Q21 driven by a decline in net fee income and higher general expenses. See section E3 "Non-GAAP and other financial measures" below, for additional information on core EBITDA and core EBITDA margin. Income before income taxes for Global WAM was \$362 million in 2Q22, a decrease of \$57 million compared with 2Q21, driven by similar factors as noted above for core EBITDA.

Year-to-date net income attributed to shareholders was \$629 million in 2022 compared with \$668 million in the same period of 2021 and year-to-date core earnings were \$629 million in 2022 compared with \$668 million in the same period of 2021. The decrease in year-to-date core earnings of \$39 million or 7% was due to higher general expenses, mainly from growth in business volumes and higher workforce compensation, and lower fee spread, partially offset by higher average AUMA from the favourable impact of net inflows over the past 12 months. Items excluded from year-to-date core earnings were nil in both 2022 and 2021. See section E3 "Non-GAAP and other financial measures" below, for a reconciliation of core earnings to net income (loss) attributed to shareholders. Year-to-date net income attributed to shareholders decreased \$39 million in 2022 compared with 2021 driven by the same factors noted above for year-to-date core earnings.

Year-to-date core EBITDA was \$957 million in 2022 compared with \$990 million in the same period of 2021. The decrease in year-to-date core EBITDA of \$33 million or 3% was driven by the factors noted above for year-to-date core earnings. Year-to-date core EBITDA margin was 30.8% in 2022 compared with 31.6% in the same period of 2021. The decrease of 80 basis points was driven by the factors as noted above for year-to-date core earnings. See section E3 "Non-GAAP and other financial measures" below, for additional information on year-to-date core EBITDA and year-to-date core EBITDA margin. Year-to-date income before income taxes for Global WAM was

\$748 million in 2022, a decrease of \$37 million compared with 2021, driven by similar factors as noted above for year-to-date core EBITDA.

**Wealth and asset management gross flows** were \$33.6 billion in 2Q22, a decline of 3% compared with 2Q21. By business line, the results were:

- Retirement gross flows in 2Q22 were \$12.2 billion, an increase of 4% compared with 2Q21, driven by growth in member contributions.
- Retail gross flows in 2Q22 were \$16.6 billion, a decrease of 12% compared with 2Q21, driven by lower investor demand amid equity market declines and higher interest rates.
- Institutional Asset Management gross flows in 2Q22 were \$4.7 billion, an increase of 24% compared with 2Q21, driven by a \$1.9 billion sale of an equity mandate, partially offset by the non-recurrence of a \$1.0 billion sale to an existing client in the prior year.

Year-to-date gross flows were \$72.1 billion in 2022, a decrease of 3% compared with the same period of 2021, driven by lower retail gross flows due to the factors mentioned above and lower sales of fixed income mandates in Institutional Asset Management. This was partially offset by a \$1.9 billion sale of an institutional equity mandate and higher retirement gross flows from growth in member contributions.

**Wealth and asset management net inflows** were \$1.7 billion in 2Q22, compared with net inflows of \$8.6 billion in 2Q21. By business line, the results were:

- Retirement net inflows were \$1.0 billion in 2Q22 compared with net outflows of \$0.6 billion in 2Q21, reflecting higher gross flows as mentioned above and lower plan redemptions.
- Net outflows in Retail were \$1.9 billion in 2Q22 compared with net inflows of \$7.3 billion in 2Q21, reflecting higher mutual fund redemption rates and lower gross flows as mentioned above.
- Net inflows in Institutional were \$2.5 billion in 2Q22 compared with net inflows of \$1.9 billion in 2Q21, driven by higher gross flows as mentioned above.

Year-to-date net inflows were \$8.6 billion in 2022, compared with \$10.0 billion in same period of 2021. The decrease was primarily driven by higher retail mutual fund redemption rates and lower gross flows in both Retail and Institutional Asset Management. This was partially offset by the non-recurrence of a \$9.4 billion institutional redemption in Asia in 1Q21 and higher retirement gross flows from growth in member contributions.

**Assets under management and administration** of \$744.7 billion as at June 30, 2022 decreased 13% compared with December 31, 2021. The decrease was driven by equity market declines and the impact of higher interest rates, partially offset by year-to-date net inflows of \$8.6 billion. As at June 30, 2022, Global WAM also managed \$220.1 billion in assets for the Company's non-WAM reporting segments. Including those managed assets, AUMA managed by Global WAM<sup>1</sup> was \$964.8 billion compared with \$1,102.7 billion as at December 31, 2021.

Segregated funds net assets were \$213.3 billion for June 30, 2022, 16% lower compared with December 31, 2021 on an actual exchange rate basis, driven by equity market declines and the impact of higher interest rates. Total invested assets in our general fund form a small portion of Global WAM AUMA.

**Revenue** in 2Q22 was \$1.5 billion, a decrease of 7% compared with 2Q21, driven by lower average AUMA and lower fee spread. Year-to-date revenue in 2022 was \$3.1 billion, a decrease of 2% compared with the same period of 2021 due to lower investment income. Fee income was in line with the prior year as impacts from lower fee spread offset higher average AUMA.

**Business highlights** – In 2Q22, we:

- published our 2022 Manulife Investment Management Stewardship report, detailing our commitment to sustainability as a global investment manager and outlining actions we are taking to address material sustainability risks and opportunities, build more resilient portfolios, and pursue long-term value creation;
- launched a new mobile app feature in Canada Retirement that enables members to make additional contributions to their Registered Retirement Savings Plans, providing them with greater control over their

---

<sup>1</sup> This item is a non-GAAP financial measure. See "Non-GAAP and other financial measures" below for more information.

financial future. In addition, members signing onto the mobile app after registering online increased by 21% compared with the prior quarter; and

- launched multiple new mobile app features in Hong Kong Retirement to enable our members to manage their investment portfolio with greater convenience, receive the latest market updates and get access to exclusive member benefits. These new features increased our app download rate by 82% compared with the prior quarter.

## B5 Corporate and Other

(\$ millions, unless otherwise stated)	Quarterly Results			YTD Results	
	2Q22	1Q22	2Q21	2022	2021
Net income (loss) attributed to shareholders <sup>(1)</sup>	\$ (497)	\$ (741)	\$ 81	\$ (1,238)	\$ (482)
Core loss excluding core investment gains <sup>(1)</sup>	\$ (157)	\$ (209)	\$ (96)	\$ (366)	\$ (214)
Core investment gains	100	100	100	200	200
Total core earnings (loss)	\$ (57)	\$ (109)	\$ 4	\$ (166)	\$ (14)
Revenue	\$ (356)	\$ (601)	\$ 281	\$ (957)	\$ (114)

<sup>(1)</sup> See “Non-GAAP and other financial measures” below for a reconciliation of core earnings to net income (loss) attributed to shareholders.

**Corporate and Other is composed of** investment performance on assets backing capital, net of amounts allocated to operating segments; financing costs; costs incurred by the corporate office related to shareholder activities (not allocated to the operating segments); our Property and Casualty (“P&C”) Reinsurance business; as well as our run-off reinsurance operation including variable annuities and accident and health.

For segment reporting purposes, settlement costs for macro equity hedges and other non-operating items are included in Corporate and Other earnings. This segment is also where we reclassify favourable investment-related experience to core earnings from items excluded from core earnings, subject to certain limits (see “Non-GAAP and other financial measures” below). In each of the operating segments, we report all investment-related experience in items excluded from core earnings.

**Corporate and Other reported a net loss attributed to shareholders** of \$497 million in 2Q22 compared with net income attributed to shareholders of \$81 million in 2Q21. The core loss was \$57 million in 2Q22 compared with core earnings of \$4 million in 2Q21 and the items excluded from core earnings amounted to a net charge of \$440 million in 2Q22 compared with a net gain of \$77 million in 2Q21. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of core earnings (loss) to net income (loss) attributed to shareholders.

The \$61 million increase in core loss was primarily due to the unfavourable impact of markets of \$93 million on seed money investments in new segregated funds and mutual funds in 2Q22 compared with a \$31 million gain in 2Q21 and \$31 million of higher interest on allocated capital to operating segments in 2Q22. These losses were partially offset by higher yields on fixed income investments, higher gains on sales of AFS equities, lower expenses and lower interest on external debt.

The 2Q22 items excluded from core loss was a net charge of \$440 million, primarily driven by losses on sales of AFS bonds and other direct impacts of markets and the reclassification of \$100 million of the total Company’s favourable investment-related experience to core earnings.

On a year-to-date basis, the net loss attributed to shareholders was \$1,238 million in 2022 compared with a net loss attributed to shareholders of \$482 million in the same period of 2021. The year-to-date core loss was \$166 million in 2022 compared with a core loss of \$14 million in the same period of 2021. The unfavourable variance in the year-to-date core loss of \$152 million was primarily attributable to the unfavourable year-to-date impact of markets of \$156 million on seed money investments in new segregated funds and mutual funds in 2022 compared with a \$47 million year-to-date gain in 2021, and \$58 million of higher year-to-date interest on allocated capital to operating segments in the first half of 2022. These losses were partially offset by higher yields on fixed income investments, lower interest on external debt, and lower expenses. Items excluded from the year-to-date core loss were a net loss of \$1,072 million in 2022 compared with a net loss of \$468 million in the same period of 2021. See section E3 “Non-GAAP and other financial measures” below, for a reconciliation of core earnings to net income (loss) attributed to shareholders.

**Revenue** in 2Q22 was a loss of \$356 million compared with a gain of \$281 million in 2Q21. The \$637 million decrease in revenue was primarily driven by losses from seed money investments and derivative positions in 2Q22 compared to the gains in 2Q21, higher losses in fixed income investments that are classified as fair value through profit and loss, and higher realized losses on the sale of AFS bonds in 2Q22. These amounts were partially offset by higher gains from AFS equities.

Year-to-date revenue was a loss of \$957 million in 2022 compared with a loss of \$114 million in the same period of 2021. The increase in the loss was largely due to similar variances mentioned above.

## C RISK MANAGEMENT AND RISK FACTORS UPDATE

This section provides an update to our risk management practices and risk factors outlined in the MD&A in our 2021 Annual Report (“2021 MD&A”). Text and tables in this section of the MD&A represent our disclosure on market and liquidity risk in accordance with IFRS 7 “Financial Instruments – Disclosures”. Disclosures in accordance with IFRS 7 are identified by a vertical line in the left margin of each page. The identified text and tables represent an integral part of our unaudited Interim Consolidated Financial Statements.

### C1 Variable annuity and segregated fund guarantees

As described in the MD&A in our 2021 Annual Report, guarantees on variable annuity products and segregated funds may include one or more of death, maturity, income and withdrawal guarantees. Variable annuity and segregated fund guarantees are contingent and only payable upon the occurrence of the relevant event, if fund values at that time are below guaranteed values. Depending on future equity market levels, liabilities on current in-force business would be due primarily in the period from 2022 to 2042.

We seek to mitigate a portion of the risks embedded in our retained (i.e. net of reinsurance) variable annuity and segregated fund guarantee business through the combination of our dynamic and macro hedging strategies (see section C3 “Publicly traded equity performance risk” below).

The table below shows selected information regarding the Company’s variable annuity and segregated fund investment-related guarantees gross and net of reinsurance.

#### Variable annuity and segregated fund guarantees, net of reinsurance

As at (\$ millions)	June 30, 2022			December 31, 2021		
	Guarantee value <sup>(1)</sup>	Fund value	Amount at risk <sup>(1),(2),(3)</sup>	Guarantee value <sup>(1)</sup>	Fund value	Amount at risk <sup>(1),(2),(3)</sup>
Guaranteed minimum income benefit	\$ 4,292	\$ 2,715	\$ 1,585	\$ 4,419	\$ 3,603	\$ 918
Guaranteed minimum withdrawal benefit	37,939	34,380	5,266	39,098	41,809	2,233
Guaranteed minimum accumulation benefit	20,249	20,209	214	19,820	20,226	12
Gross living benefits <sup>(4)</sup>	62,480	57,304	7,065	63,337	65,638	3,163
Gross death benefits <sup>(5)</sup>	10,647	15,317	2,289	11,105	22,920	618
Total gross of reinsurance	73,127	72,621	9,354	74,442	88,558	3,781
Living benefits reinsured	25,040	22,343	4,255	3,788	3,102	771
Death benefits reinsured	3,723	2,519	979	639	547	253
Total reinsured <sup>(6)</sup>	28,763	24,862	5,234	4,427	3,649	1,024
<b>Total, net of reinsurance</b>	<b>\$ 44,364</b>	<b>\$ 47,759</b>	<b>\$ 4,120</b>	<b>\$ 70,015</b>	<b>\$ 84,909</b>	<b>\$ 2,757</b>

<sup>(1)</sup> Guaranteed Value and Net Amount at Risk in respect of guaranteed minimum withdrawal business in Canada and the U.S. reflect the time value of money of these claims.

<sup>(2)</sup> Amount at risk (in-the-money amount) is the excess of guarantee values over fund values on all policies where the guarantee value exceeds the fund value. For guaranteed minimum death benefit, the amount at risk is defined as the current guaranteed minimum death benefit in excess of the current account balance and assumes that all claims are immediately payable. In practice, guaranteed death benefits are contingent and only payable upon the eventual death of policyholders if fund values remain below guarantee values. For guaranteed minimum withdrawal benefit, the amount at risk assumes that the benefit is paid as a lifetime annuity commencing at the earliest contractual income start age. These benefits are also contingent and only payable at scheduled maturity/income start dates in the future, if the policyholders are still living and have not terminated their policies and fund values remain below guarantee values. For all guarantees, the amount at risk is floored at zero at the single contract level.

<sup>(3)</sup> The amount at risk net of reinsurance at June 30, 2022 was \$4,120 million (December 31, 2021 – \$2,757 million) of which: US\$947 million (December 31, 2021 – US\$1,336 million) was on our U.S. business, \$2,387 million (December 31, 2021 – \$886 million) was on our Canadian business, US\$197 million (December 31, 2021 – US\$53 million) was on our Japan business and US\$200 million (December 31, 2021 – US\$87 million) was related to Asia (other than Japan) and our run-off reinsurance business.

<sup>(4)</sup> Where a policy includes both living and death benefits, the guarantee in excess of the living benefit is included in the death benefit category as outlined in footnote 5.

<sup>(5)</sup> Death benefits include standalone guarantees and guarantees in excess of living benefit guarantees where both death and living benefits are provided on a policy.

<sup>(6)</sup> Reinsured amounts at June 30, 2022 reflect the U.S. variable annuity reinsurance transaction which closed on February 1, 2022.

## C2 Caution related to sensitivities

In this document, we provide sensitivities and risk exposure measures for certain risks. These include sensitivities due to specific changes in market prices and interest rate levels projected using internal models as at a specific date, and are measured relative to a starting level reflecting the Company's assets and liabilities at that date and the actuarial factors, investment activity and investment returns assumed in the determination of policy liabilities. The risk exposures measure the impact of changing one factor at a time and assume that all other factors remain unchanged. Actual results can differ significantly from these estimates for a variety of reasons including the interaction among these factors when more than one changes; changes in actuarial and investment return and future investment activity assumptions; actual experience differing from the assumptions, changes in business mix, effective tax rates and other market factors; and the general limitations of our internal models. For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined below. Given the nature of these calculations, we cannot provide assurance that the actual impact on net income attributed to shareholders or on MLI's LICAT ratio will be as indicated.

Market movements affect LICAT capital sensitivities both through income and other components of the regulatory capital framework. For example, LICAT is affected by changes to other comprehensive income.

## C3 Publicly traded equity performance risk

As outlined in our 2021 Annual Report, we have net exposure to equity risk through asset and liability mismatches; our variable annuity guarantee dynamic hedging strategy is not designed to completely offset the sensitivity of policy liabilities to all risks associated with the guarantees embedded in these products. The macro hedging strategy is designed to mitigate public equity risk arising from variable annuity guarantees not dynamically hedged and from other unhedged exposures in our insurance liabilities (see pages 58 and 59 of our 2021 Annual Report).

Changes in public equity prices may impact other items including, but not limited to, asset-based fees earned on assets under management and administration or policyholder account value, and estimated profits and amortization of deferred policy acquisition and other costs. These items are not hedged.

The table below shows the potential impact on net income attributed to shareholders resulting from an immediate 10%, 20% and 30% change in market values of publicly traded equities followed by a return to the expected level of growth assumed in the valuation of policy liabilities. If market values were to remain flat for an entire year, the potential impact would be roughly equivalent to an immediate decline in market values equal to the expected level of annual growth assumed in the valuation of policy liabilities. Further, if after market values dropped 10%, 20% or 30% they continued to decline, remained flat, or grew more slowly than assumed in the valuation the potential impact on net income attributed to shareholders could be considerably more than shown. Refer to section D2 "Sensitivity of earnings to asset related assumptions" for more information on the level of growth assumed and on the net income sensitivity to changes in these long-term assumptions. The potential impact is shown after taking into account the impact of the change in markets on the hedge assets. While we cannot reliably estimate the amount of the change in dynamically hedged variable annuity guarantee liabilities that will not be offset by the profit or loss on the dynamic hedge assets, we make certain assumptions for the purposes of estimating the impact on net income attributed to shareholders.

This estimate assumes that the performance of the dynamic hedging program would not completely offset the gain/loss from the dynamically hedged variable annuity guarantee liabilities. It assumes that the hedge assets are based on the actual position at the period end, and that equity hedges in the dynamic program are rebalanced at 5% intervals. In addition, we assume that the macro hedge assets are rebalanced in line with market changes.

It is also important to note that these estimates are illustrative, and that the dynamic and macro hedging programs may underperform these estimates, particularly during periods of high realized volatility and/or periods where both interest rates and equity market movements are unfavourable.

The Standards of Practice for the valuation of insurance contract liabilities and guidance published by the CIA constrain the investment return assumptions for public equities and certain ALDA assets based on historical return benchmarks for public equities. The potential impact on net income attributed to shareholders does not take into

account possible changes to investment return assumptions resulting from the impact of declines in public equity market values on these historical return benchmarks.

### Potential immediate impact on net income attributed to shareholders arising from changes to public equity returns<sup>(1),(2),(3)</sup>

As at June 30, 2022

(\$ millions)	-30%	-20%	-10%	+10%	+20%	+30%
<b>Underlying sensitivity to net income attributed to shareholders<sup>(4)</sup></b>						
Variable annuity guarantees	\$ (1,210)	\$ (740)	\$ (350)	\$ 240	\$ 460	\$ 630
General fund equity investments <sup>(5)</sup>	(1,620)	(1,080)	(530)	400	790	1,180
Total underlying sensitivity before hedging	(2,830)	(1,820)	(880)	640	1,250	1,810
Impact of macro and dynamic hedge assets <sup>(6)</sup>	1,010	620	280	(240)	(440)	(600)
<b>Net potential impact on net income attributed to shareholders after impact of hedging<sup>(7)</sup></b>	<b>\$ (1,820)</b>	<b>\$ (1,200)</b>	<b>\$ (600)</b>	<b>\$ 400</b>	<b>\$ 810</b>	<b>\$ 1,210</b>

As at December 31, 2021

(\$ millions)	-30%	-20%	-10%	+10%	+20%	+30%
<b>Underlying sensitivity to net income attributed to shareholders<sup>(4)</sup></b>						
Variable annuity guarantees	\$ (2,560)	\$ (1,480)	\$ (630)	\$ 440	\$ 750	\$ 960
General fund equity investments <sup>(5)</sup>	(1,430)	(890)	(440)	450	880	1,320
Total underlying sensitivity before hedging	(3,990)	(2,370)	(1,070)	890	1,630	2,280
Impact of macro and dynamic hedge assets <sup>(6)</sup>	2,060	1,190	500	(470)	(820)	(1,110)
<b>Net potential impact on net income attributed to shareholders after impact of hedging<sup>(7)</sup></b>	<b>\$ (1,930)</b>	<b>\$ (1,180)</b>	<b>\$ (570)</b>	<b>\$ 420</b>	<b>\$ 810</b>	<b>\$ 1,170</b>

(1) See "Caution related to sensitivities" above.

(2) The tables above show the potential impact on net income attributed to shareholders resulting from an immediate 10%, 20% and 30% change in market values of publicly traded equities followed by a return to the expected level of growth assumed in the valuation of policy liabilities, excluding impacts from asset-based fees earned on assets under management and policyholder account value.

(3) Please refer to section D2 "Sensitivity of earnings to asset related assumptions" for more information on the level of growth assumed and on the net income sensitivity to changes in these long-term assumptions.

(4) Defined as earnings sensitivity to a change in public equity markets including settlements on reinsurance contracts, but before the offset of hedge assets or other risk mitigants.

(5) This impact for general fund equity investments includes general fund investments supporting our policy liabilities, investment in seed money investments (in segregated and mutual funds made by Corporate and Other segment) and the impact on policy liabilities related to the projected future fee income on variable universal life and other unit linked products. The impact does not include: (i) any potential impact on public equity weightings; (ii) any gains or losses on AFS public equities held in the Corporate and Other segment; or (iii) any gains or losses on public equity investments held in Manulife Bank. The participating policy funds are largely self-supporting and generate no material impact on net income attributed to shareholders as a result of changes in equity markets.

(6) Includes the impact of rebalancing equity hedges in the macro and dynamic hedging program. The impact of dynamic hedge rebalancing represents the impact of rebalancing equity hedges for dynamically hedged variable annuity guarantee best estimate liabilities at 5% intervals, but does not include any impact in respect of other sources of hedge ineffectiveness (e.g. fund tracking, realized volatility and equity, interest rate correlations different from expected among other factors).

(7) The sensitivity on net income attributed to shareholders from changes in public equity returns after the impact of hedging is largely unchanged as at June 30, 2022 compared with December 31, 2021. This is due to the decline in sensitivities in 1Q22 as a result of the U.S. variable annuity reinsurance transaction being largely offset by the increase in sensitivities in 2Q22 as a result of the impact of equity market declines on our variable universal life business projected fee income.

Changes in equity markets impact our available and required components of the LICAT total ratio. The following table shows the potential impact to MLI's LICAT total ratio resulting from changes in public equity market values.

### Potential immediate impact on MLI's LICAT total ratio arising from public equity returns different than the expected returns assumed in the valuation of policy liabilities<sup>(1),(2),(3)</sup>

Percentage points	Impact on MLI's LICAT total ratio					
	-30%	-20%	-10%	+10%	+20%	+30%
<b>June 30, 2022</b>	<b>(2)</b>	<b>(1)</b>	-	-	<b>1</b>	<b>1</b>
December 31, 2021	(1)	-	-	-	1	-

(1) See "Caution related to sensitivities" above. In addition, estimates exclude changes to the net actuarial gains/losses with respect to the Company's pension obligations as a result of changes in equity markets, as the impact on the quoted sensitivities is not considered to be material.

(2) The potential impact is shown assuming that the change in value of the hedge assets does not completely offset the change in the dynamically hedged variable annuity guarantee liabilities. The estimated amount that would not be completely offset relates to our practices of not hedging the provisions for adverse deviation and of rebalancing equity hedges for dynamically hedged variable annuity liabilities at 5% intervals.

(3) The Office of the Superintendent of Financial Institutions ("OSFI") rules for segregated fund guarantees reflect full capital impacts of shocks over 20 quarters within a prescribed range. As such, the deterioration in equity markets could lead to further increases in capital requirements after the initial shock.

#### C4 Interest rate and spread risk sensitivities and exposure measures

As at June 30, 2022, we estimated the sensitivity of our net income attributed to shareholders to a 50 basis point parallel decline in interest rates to be a charge of \$200 million, and to a 50 basis point parallel increase in interest rates to be a benefit of \$100 million.

The table below shows the potential impact on net income attributed to shareholders from a 50 basis point parallel move in interest rates. This includes a change of 50 basis points in current government, swap and corporate rates for all maturities across all markets with no change in credit spreads between government, swap and corporate rates, and with a floor of zero on government rates where government rates are not currently negative (currently zero floor applies to all countries we operate in except Japan), relative to the rates assumed in the valuation of policy liabilities, including embedded derivatives. For variable annuity guarantee liabilities that are dynamically hedged, it is assumed that interest rate hedges are rebalanced at 20 basis point intervals.

As the sensitivity to a 50 basis point change in interest rates includes any associated change in the applicable reinvestment scenarios, the impact of changes to interest rates for less than, or more than 50 basis points is unlikely to be linear. Furthermore, our sensitivities are not consistent across all regions in which we operate, and the impact of yield curve changes will vary depending upon the geography where the change occurs.

Reinvestment assumptions used in the valuation of policy liabilities tend to amplify the negative effects of a decrease in interest rates and dampen the positive effects of interest rate increases. This is because the reinvestment assumptions used in the valuation of our insurance liabilities are based on interest rate scenarios and calibration criteria set by the Canadian Actuarial Standards Board. Therefore, in any particular quarter, changes to the reinvestment assumptions are not fully aligned to changes in current market interest rates especially when there is a significant change in the shape of the interest rate curve. As a result, the impact from non-parallel movements may be materially different from the estimated impact of parallel movements. For example, if long-term interest rates increase more than short-term interest rates (sometimes referred to as a steepening of the yield curve) in North America, the decrease in the value of our swaps may be greater than the decrease in the value of our insurance liabilities. This could result in a charge to net income attributed to shareholders in the short-term even though the rising and steepening of the yield curve, if sustained, may have a positive long-term economic impact.

The interest rate and spread risk sensitivities are determined in isolation of each other and therefore do not reflect the combined impact of changes in government rates and credit spreads between government, swap and corporate rates occurring simultaneously. As a result, the impact of the summation of each individual sensitivity may be materially different from the impact of sensitivities to simultaneous changes in interest rate and spread risk.

The potential impact on net income attributed to shareholders does not take into account any future potential changes to our ultimate reinvestment rate ("URR") assumptions or calibration criteria for stochastic risk-free rates. At June 30, 2022, we estimated the sensitivity of our net income attributed to shareholders to a 10 basis point reduction in the ultimate reinvestment rate ("URR") in all geographies, and a corresponding change to stochastic risk-free modeling, to be a charge of \$300 million (post-tax); and note that the impact of changes to the URR are not linear. The long-term URR for risk-free rates in Canada is prescribed at 2.9% and we use the same assumption for the U.S. Our assumption for Japan is 1.5%.

The potential impact on net income attributable to shareholders does not take into account other potential impacts of lower interest rate levels, for example, increased strain on the sale of new business or lower interest earned on our surplus assets. The impact on net income attributed to shareholders also does not reflect any unrealized gains or losses on AFS fixed income assets held in our Corporate and Other segment. Changes in the market value of these assets may provide a natural economic offset to the interest rate risk arising from our product liabilities. In order for there to also be an accounting offset, the Company would need to realize a portion of the AFS fixed income asset unrealized gains or losses. It is not certain we would realize any of the unrealized gains or losses available.

The impact does not reflect any potential effect of changing interest rates to the value of our ALDA assets. Rising interest rates could negatively impact the value of our ALDA (see "Critical Actuarial and Accounting Policies – Fair

Value of Invested Assets”, on page 95 of our 2021 Annual Report). More information on ALDA assets can be found under the section C5 “Alternative long-duration asset performance risk”.

Under LICAT, changes in unrealized gains or losses in our AFS bond portfolio resulting from interest rate shocks tend to dominate capital sensitivities. As a result, the reduction in interest rates improves LICAT ratios and vice-versa.

The following table shows the potential impact on net income attributed to shareholders as well as the change in the market value of AFS fixed income assets held in our Corporate and Other segment, which could be realized through the sale of these assets.

**Potential impact on net income attributed to shareholders and MLI’s LICAT ratio of an immediate parallel change in interest rates relative to rates assumed in the valuation of policy liabilities<sup>(1),(2),(3),(4)</sup>**

As at	June 30, 2022		December 31, 2021	
	-50bp	+50bp	-50bp	+50bp
Net income attributed to shareholders (\$ millions)	\$ (200)	\$ 100	\$ (200)	\$ nil
Changes in other comprehensive income from fair value changes in AFS fixed income assets held in the Corporate and Other segment (\$ millions)	1,600	(1,400)	2,100	(1,900)
MLI’s LICAT ratio (change in percentage points) <sup>(5)</sup>	3	(3)	5	(4)

<sup>(1)</sup> See “Caution related to sensitivities” above. In addition, estimates exclude changes to the net actuarial gains/losses with respect to the Company’s pension obligations as a result of changes in interest rates, as the impact on the quoted sensitivities is not considered to be material.

<sup>(2)</sup> Includes guaranteed insurance and annuity products, including variable annuity contracts as well as adjustable benefit products where benefits are generally adjusted as interest rates and investment returns change, a portion of which have minimum credited rate guarantees. For adjustable benefit products subject to minimum rate guarantees, the sensitivities are based on the assumption that credited rates will be floored at the minimum.

<sup>(3)</sup> The amount of gain or loss that can be realized on AFS fixed income assets held in the Corporate and Other segment will depend on the aggregate amount of unrealized gain or loss.

<sup>(4)</sup> Sensitivities are based on projected asset and liability cash flows and the impact of realizing fair value changes in AFS fixed income is based on the holdings at the end of the period.

<sup>(5)</sup> LICAT impacts include realized and unrealized fair value changes in AFS fixed income assets. LICAT impacts do not reflect the impact of the scenario switch discussed below.

The following tables show the potential impact on net income attributed to shareholders resulting from a change in corporate spreads and swap spreads over government bond rates for all maturities across all markets with a floor of zero on the total interest rate, relative to the spreads assumed in the valuation of policy liabilities.

**Potential impact on net income attributed to shareholders and MLI’s LICAT ratio arising from changes to corporate spreads and swap spreads relative to spreads assumed in the valuation of policy liabilities<sup>(1),(2),(3)</sup>**

Corporate spreads <sup>(4),(5)</sup>	June 30, 2022		December 31, 2021	
	-50bp	+50bp	-50bp	+50bp
As at				
Net income attributed to shareholders (\$ millions) <sup>(6)</sup>	\$ nil	\$ nil	\$ (600)	\$ 500
MLI’s LICAT ratio (change in percentage points) <sup>(7)</sup>	(3)	3	(3)	4

Swap spreads	June 30, 2022		December 31, 2021	
	-20bp	+20bp	-20bp	+20bp
As at				
Net income attributed to shareholders (\$ millions)	\$ nil	\$ nil	\$ nil	\$ nil
MLI’s LICAT ratio (change in percentage points) <sup>(7)</sup>	nil	nil	nil	nil

<sup>(1)</sup> See “Caution related to sensitivities” above.

<sup>(2)</sup> The impact on net income attributed to shareholders assumes no gains or losses are realized on our AFS fixed income assets held in the Corporate and Other segment and excludes the impact of changes in segregated fund bond values due to changes in credit spreads. The participating policy funds are largely self-supporting and generate no material impact on net income attributed to shareholders as a result of changes in corporate and swap spreads.

<sup>(3)</sup> Sensitivities are based on projected asset and liability cash flows.

<sup>(4)</sup> Corporate spreads are assumed to grade to the long-term average over five years.

<sup>(5)</sup> As the sensitivity to a 50 basis point decline in corporate spreads includes the impact of a change in deterministic reinvestment scenarios where applicable, the impact of changes to corporate spreads for less than, or more than, the amounts indicated are unlikely to be linear.

<sup>(6)</sup> The sensitivity on net income attributed to shareholders due to changes in corporate spreads decreased significantly as at June 30, 2022 compared with December 31, 2021, as the rise in risk-free interest rates reduced projected reinvestments in the actuarial valuation models.

<sup>(7)</sup> LICAT impacts include realized and unrealized fair value change in AFS fixed income assets. Under LICAT, spread movements are determined from a selection of investment grade bond indices with BBB and better bonds for each jurisdiction. For LICAT, we use the following indices: FTSE TMX Canada All Corporate Bond Index, Barclays USD Liquid Investment Grade Corporate Index, and Nomura-BPI (Japan). LICAT impacts presented for corporate spreads do not reflect the impact of the scenario switch discussed below.

## LICAT Scenario Switch

Typically, a reduction in interest rates improves LICAT ratios and vice-versa. However, when interest rates decline past a certain threshold, reflecting the combined movement in risk-free rates and corporate spreads, a different prescribed interest rate stress scenario needs to be taken into account in the LICAT ratio calculation in accordance with OSFI guidelines for LICAT.

The LICAT guideline specifies four stress scenarios for interest rates and prescribes the methodology to determine the most adverse scenario to apply for each LICAT geographic region<sup>1</sup> based on current market inputs and the Company's balance sheet.

With the rise in interest rates in 2022, the probability of a scenario switch has decreased significantly. In a lower interest rate environment, we would estimate the incremental impact of a potential switch in the scenarios to be approximately a one-time six percentage point decrease in MLI's LICAT ratio. Should a scenario switch be triggered in a LICAT geographic region, the full impact would be reflected immediately for non-participating products while the impact for participating products would be reflected over six quarters using a rolling average of interest rate risk capital, in line with the smoothing approach prescribed in the OSFI Advisory effective January 1, 2021.

The potential negative impact of a switch in scenarios is not reflected in the stated risk-free rate and corporate spread sensitivities, as it is a one-time impact. After this one-time event, further decreases in risk-free interest rates would continue to improve the LICAT capital position, similar to the sensitivity above.

The level of interest rates and corporate spreads that would trigger a switch in the scenarios is dependent on market conditions and movements in the Company's asset and liability position. The scenario switch, if triggered, could reverse in response to subsequent increases in interest rates and/or corporate spreads.

## C5 Alternative long-duration asset performance risk

The following table shows the potential impact on net income attributed to shareholders resulting from an immediate 10% change in market values of ALDA followed by a return to the expected level of growth assumed in the valuation of policy liabilities. If market values were to remain flat for an entire year, the potential impact would be roughly equivalent to an immediate decline in market values equal to the expected level of annual growth assumed in the valuation of policy liabilities. Further, if after market values dropped 10% they continued to decline, remained flat, or grew more slowly than assumed in the valuation of policy liabilities, the potential impact on net income attributed to shareholders could be considerably more than shown. Refer to section D2 "Sensitivity of earnings to asset related assumptions", for more information on the level of growth assumed and on the net income sensitivity to changes in these long-term assumptions.

ALDA includes commercial real estate, timber and farmland real estate, infrastructure, and private equities, some of which relate to oil and gas.

---

<sup>1</sup> LICAT geographic locations include North America, the United Kingdom, Europe, Japan, and Other Region.

**Potential impact on net income attributed to shareholders and MLI LICAT ratio arising from changes in ALDA returns relative to returns assumed in the valuation of policy liabilities** <sup>(1),(2),(3),(4),(5),(6)</sup>

As at (\$ millions)	June 30, 2022		December 31, 2021	
	-10%	+10%	-10%	+10%
<b>Net income attributed to shareholders</b>				
Real estate, agriculture and timber assets	\$ (1,300)	\$ 1,200	\$ (1,400)	\$ 1,400
Private equities and other ALDA	(1,600)	1,600	(1,900)	1,800
<b>Total<sup>(7)</sup></b>	<b>\$ (2,900)</b>	<b>\$ 2,800</b>	<b>\$ (3,300)</b>	<b>\$ 3,200</b>
<b>MLI's LICAT ratio (change in percentage points)</b>	<b>(3)</b>	<b>2</b>	<b>(4)</b>	<b>3</b>

<sup>(1)</sup> See "Caution Related to Sensitivities" above.

<sup>(2)</sup> This impact is calculated as at a point-in-time impact and does not include: (i) any potential impact on ALDA weightings; or (ii) any gains or losses on ALDA held in the Corporate and Other segment.

<sup>(3)</sup> The participating policy funds are largely self-supporting and generate no material impact on net income attributed to shareholders as a result of changes in ALDA returns. For some classes of ALDA, where there is not an appropriate long-term benchmark available, the return assumptions used in valuation are not permitted by the Standards of Practice and CIA guidance to result in a lower reserve than an assumption based on a historical return benchmark for public equities in the same jurisdiction.

<sup>(4)</sup> Net income impact does not consider any impact of the market correction on assumed future return assumptions.

<sup>(5)</sup> Please refer to section D2 "Sensitivity of earnings to asset related assumptions" for more information on the level of growth assumed and on the net income sensitivity to changes in these long-term assumptions.

<sup>(6)</sup> The impact of changes to the portfolio asset mix supporting our North American legacy businesses are reflected in the sensitivities when the changes take place.

<sup>(7)</sup> The decrease in net income sensitivity under each ALDA returns scenario was primarily driven by the increase in fixed income yields since December 31, 2021. This led to higher fixed income reinvestment rates relative to ALDA returns, which decreases the ALDA sensitivity because more fixed income assets are held compared to ALDA.

## C6 Credit risk exposure measures

Allowances for losses on loans are established taking into consideration normal historical credit loss levels and future expectations, with an allowance for adverse deviations. Additionally, we make general provisions for credit losses from future asset impairments in the determination of policy liabilities. The amount of the provision for credit losses included in policy liabilities is established through regular monitoring of all credit related exposures, considering such information as general market conditions, industry and borrower specific credit events and any other relevant trends or conditions. To the extent that an asset is written off, or disposed of, any allowance and general provisions for credit losses are released.

Our general provision for credit losses included in policyholder liabilities as at June 30, 2022 was \$3,131 million compared with \$4,109 million as at December 31, 2021. The decline in the provision compared with December 31, 2021 is due to higher interest rates. This provision represents 1.2% of our fixed income assets<sup>1</sup> supporting policy liabilities reported on our Consolidated Statements of Financial Position as at June 30, 2022.

The impact of a 50% increase in fixed income credit default rates over the next year in excess of the rates assumed in policy liabilities would reduce net income attributed to shareholders by \$75 million and \$70 million, respectively, as at June 30, 2022 and December 31, 2021.

Credit downgrades of fixed income investments would adversely impact our regulatory capital, as required capital levels for these investments are based on the credit quality of each instrument. In addition, credit downgrades could also lead to a higher general provision for credit losses than had been assumed in policy liabilities, resulting in an increase in policy liabilities and a reduction in net income attributed to shareholders. The estimated impact of a one-notch<sup>2</sup> ratings downgrade across 25% of fixed income assets would result in an increase to policy liabilities and a decrease to our net income attributed to shareholders of \$250 million post-tax. This ratings downgrade would result in a one percentage point reduction to our LICAT ratio.

Approximately 14% of the impact from the one-notch ratings downgrade on our policy liabilities and net income attributed to shareholders noted above relates to fixed income assets rated below investment grade. Approximately 1% of our fixed income assets as of June 30, 2022 is rated below investment grade.

<sup>1</sup> Includes debt securities, private placements and mortgages.

<sup>2</sup> A one-notch downgrade is equivalent to a ratings downgrade from A to A- or BBB- to BB+.

The table below shows net impaired assets and allowances for loan losses.

### Net impaired assets and loan losses

As at (\$ millions, unless otherwise stated)	June 30, 2022	December 31, 2021
Net impaired fixed income assets	\$ 264	\$ 228
Net impaired fixed income assets as a % of total invested assets	0.066%	0.053%
Allowance for loan losses	\$ 47	\$ 44

## C7 Risk factors – strategic risk from changes in tax laws

As noted in “Risk Management and Risk Factors – Strategic Risk Factors” in the MD&A in our 2021 Annual Report, we outlined risk factors that could impact on our financial plans and ability to implement our business strategy. The macro-economic environment can be significantly impacted by the actions of both the government sector, including central banks, and the private sector. Changes in tax laws, tax regulations, or interpretations of such laws or regulations could make some of our products less attractive to consumers, could increase our corporate taxes or cause us to change the value of our deferred tax assets and liabilities as well as our tax assumptions included in the valuation of our policy liabilities. This could have a material adverse effect on our business, results of operations and financial condition.

- In 2021, 136 of the 140 members of the Organization for Economic Co-Operation and Development (“OECD”) / G20 Inclusive Framework agreed on a two-pillar solution to address tax challenges from the digital economy, and to close the gaps in international tax systems. These include a new approach to allocating certain profits of multinational entities amongst countries and a global minimum income tax rate of 15%. These rules are targeted to be effective in 2023, pending release of implementation guidelines, enactment of domestic tax laws and amendment of bilateral tax treaties beforehand. On April 7, 2022, the Canadian government reaffirmed its commitment to the two-pillar solution in its 2022 Budget statement. The Company is closely monitoring developments and potential impacts and, in particular, for issues unique to the insurance industry. If enacted, we expect an increase in the effective tax rate, pending further details on timing and specific implementation in both Canada and other affected countries.
- Canada’s 2022 Budget statement also provided clarity on how the one-time Canada Recovery Dividend and permanent corporate tax rate increase for certain financial institutions would be applied. Both tax measures are expected to apply to Canada’s insurance and banking operations. Draft legislation was released for consultation on August 9, 2022. The proposed form of the Canada Recovery Dividend is a one-time 15% tax applicable to the average taxable income for 2020 and 2021 in excess of \$1 billion and is not expected to be a material cost to the Company. Upon substantive enactment in 2022, the 1.5% corporate tax rate increase on Canadian taxable income over \$100 million is estimated to have an immediate favourable impact on the value of our existing deferred tax asset, offset over time by a slight increase to our effective tax rate as future Canadian insurance and banking earnings are taxed at the new higher federal corporate tax rate of 16.5%.
- The Canada 2022 Budget statement additionally provided more guidance on the transition to IFRS 17 for Canadian tax purposes. The five-year transition period for both insurance reserves and revaluations of investments under IFRS 9 should generally smooth the current tax impact of the change in accounting standard but is not expected to have a material effect on the Company’s annual cash tax payable.

## D CRITICAL ACTUARIAL AND ACCOUNTING POLICIES

### D1 Critical actuarial and accounting policies

Our significant accounting policies are described in note 1 to our Consolidated Financial Statements for the year ended December 31, 2021. The critical actuarial and accounting policies and estimation processes relate to the determination of insurance and investment contract liabilities, assessment of control over other entities for consolidation, estimation of fair value of invested assets, evaluation of invested asset impairment, accounting for derivative financial instruments, determination of pension and other post-employment benefit obligations and expenses, accounting for income taxes and uncertain tax positions and valuation and impairment of goodwill and intangible assets starting on page 87 of our 2021 Annual Report.

## D2 Sensitivity of earnings to asset related assumptions

When the assumptions underlying our determination of policy liabilities are updated to reflect recent and emerging experience or change in outlook, the result is a change in the value of policy liabilities which in turn affects net income attributed to shareholders. The sensitivity of net income attributed to shareholders to changes in certain asset related assumptions underlying policy liabilities is shown below and assumes that there is a simultaneous change in the assumptions across all business units.

For changes in asset related assumptions, the sensitivity is shown net of the corresponding impact on net income attributed to shareholders of the change in the value of the assets supporting policy liabilities. In practice, experience for each assumption will frequently vary by geographic market and business, and assumption updates are made on a business/geographic specific basis. Actual results can differ materially from these estimates for a variety of reasons including the interaction among these factors when more than one changes, changes in actuarial and investment return and future investment activity assumptions, actual experience differing from the assumptions, changes in business mix, effective tax rates and other market factors, and the general limitations of our internal models.

### Potential impact on net income attributed to shareholders arising from changes to asset related assumptions supporting actuarial liabilities

As at (\$ millions)	Increase (decrease) in after-tax net income attributed to shareholders			
	June 30, 2022		December 31, 2021	
	Increase	Decrease	Increase	Decrease
<b>Asset related assumptions updated periodically in valuation basis changes</b>				
100 basis point change in future annual returns for public equities <sup>(1)</sup>	\$ 400	\$ (400)	\$ 500	\$ (500)
100 basis point change in future annual returns for ALDA <sup>(2)</sup>	3,100	(3,600)	3,900	(4,700)
100 basis point change in equity volatility assumption for stochastic segregated fund modelling <sup>(3)</sup>	(100)	100	(200)	200

<sup>(1)</sup> The sensitivity to public equity returns above includes the impact on both segregated fund guarantee reserves and on other policy liabilities. Expected long-term annual market growth assumptions for public equities are based on long-term historical observed experience and compliance with actuarial standards. As at June 30, 2022, the growth rates inclusive of dividends in the major markets used in the stochastic valuation models for valuing segregated fund guarantees are 9.0% per annum in Canada, 9.6% per annum in the U.S. and 6.2% per annum in Japan. Growth assumptions for European equity funds are market-specific and vary between 8.3% and 9.9%.

<sup>(2)</sup> ALDA include commercial real estate, timber, farmland, infrastructure and private equities, some of which relate to oil and gas. Expected long-term return assumptions for ALDA and public equity are set in accordance with the Standards of Practice for the valuation of insurance contract liabilities and guidance published by the CIA. Annual best estimate return assumptions for ALDA and public equity include market growth rates and annual income, such as rent, production proceeds and dividends, and will vary based on our holding period. As of June 30, 2022, over a 20-year horizon, our best estimate return assumptions range between 5.25% and 11.5%, with an average of 9.2% based on the current asset mix backing our guaranteed insurance and annuity business. As of June 30, 2022, our return assumptions including the margins for adverse deviations in our valuation, which take into account the uncertainty of achieving the returns, range between 2.5% and 7.5%, with an average of 6.0% based on the asset mix backing our guaranteed insurance and annuity business.

<sup>(3)</sup> Volatility assumptions for public equities are based on long-term historical observed experience and compliance with actuarial standards. As of June 30, 2022, the resulting volatility assumptions are 16.5% per annum in Canada and 17.1% per annum in the U.S. for large-cap public equities, and 19.1% per annum in Japan. For European equity funds, the volatility varies between 16.3% and 17.7%.

## D3 Accounting and reporting changes

For accounting and reporting changes during the quarter, refer to note 2 of our unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2022.

## E OTHER

### E1 Outstanding common shares - selected information

As at July 31, 2022, MFC had 1,906,598,018 common shares outstanding.

### E2 Legal and regulatory proceedings

We are regularly involved in legal actions, both as a defendant and as a plaintiff. Information on legal and regulatory proceedings can be found in note 12 of our unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2022.

### E3 Non-GAAP and other financial measures

The Company prepares its Consolidated Financial Statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. We use a number of non-GAAP and other financial measures to evaluate overall performance and to assess each of our businesses. This section includes information required by National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure* in respect of “specified financial measures” (as defined therein).

**Non-GAAP financial measures** include core earnings (loss); pre-tax core earnings; core earnings available to common shareholders; core earnings before income taxes, depreciation and amortization (“core EBITDA”); core general expenses; Manulife Bank net lending assets; Manulife Bank average net lending assets; assets under management (“AUM”); assets under management and administration (“AUMA”); Global WAM managed AUMA; and net annualized fee income. In addition, non-GAAP financial measures include the following stated on a constant exchange rate (“CER”) basis: any of the foregoing non-GAAP financial measures; Global WAM revenue; net income attributed to shareholders; and common shareholders’ net income.

**Non-GAAP ratios** include core ROE; diluted core earnings per common share (“core EPS”); common share core dividend payout ratio (“dividend payout ratio”); expense efficiency ratio; core EBITDA margin; effective tax rate on core earnings and net fee income yield. In addition, non-GAAP ratios include the percentage growth/decline on a CER basis in any of the above non-GAAP financial measures; Global WAM revenue; net income attributed to shareholders; common shareholders’ net income; pre-tax net income attributed to shareholders; general expenses; basic earnings per common share (“basic EPS”); and diluted earnings per common share (“diluted EPS”).

**Other specified financial measures** include assets under administration (“AUA”); consolidated capital; new business value (“NBV”); new business value margin (“NBV margin”); sales; annualized premium equivalent (“APE”) sales; gross flows; net flows; average assets under management and administration (“average AUMA”), Global WAM average managed AUMA; average assets under administration; remittances; any of the foregoing specified financial measures stated on a CER basis; and percentage growth/decline in any of the foregoing specified financial measures on a CER basis.

Non-GAAP financial measures and non-GAAP ratios are not standardized financial measures under GAAP and, therefore, might not be comparable to similar financial measures disclosed by other issuers. Therefore, they should not be considered in isolation or as a substitute for any other financial information prepared in accordance with GAAP.

**Core earnings (loss)** is a financial measure which we believe aids investors in better understanding the long-term earnings capacity and valuation of the business. Core earnings allows investors to focus on the Company’s operating performance by excluding the direct impact of changes in equity markets and interest rates, changes in actuarial methods and assumptions as well as a number of other items, outlined below, that we believe are material, but do not reflect the underlying earnings capacity of the business. For example, due to the long-term nature of our business, the mark-to-market movements of equity markets, interest rates, foreign currency exchange rates and commodity prices from period-to-period can, and frequently do, have a substantial impact on the reported amounts of our assets, liabilities and net income attributed to shareholders. These reported amounts are not actually realized at the time and may never be realized if the markets move in the opposite direction in a subsequent period. This makes it very difficult for investors to evaluate how our businesses are performing from period-to-period and to compare our performance with other issuers.

We believe that core earnings better reflect the underlying earnings capacity and valuation of our business. We use core earnings as the basis for management planning and reporting and, along with net income attributed to shareholders, as a key metric used in our short and mid-term incentive plans at the total Company and operating segment level. We also base our mid and long-term strategic priorities on core earnings.

While core earnings is relevant to how we manage our business and offers a consistent methodology, it is not insulated from macro-economic factors which can have a significant impact. See below for reconciliation of core earnings to net income attributed to shareholders and income before income taxes. Net income attributed to shareholders excludes net income attributed to participating policyholders and non-controlling interests.

The items included in core earnings and items excluded from core earnings are determined in accordance with the methodology under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline and are listed below.

Any future changes to the core earnings definition referred to below, will be disclosed.

**Items included in core earnings:**

1. Expected earnings on in-force policies, including expected release of provisions for adverse deviation, fee income, margins on group business and spread business such as Manulife Bank and asset fund management.
2. Macro hedging costs based on expected market returns.
3. New business strain and gains.
4. Policyholder experience gains or losses.
5. Acquisition and operating expenses compared with expense assumptions used in the measurement of policy liabilities.
6. Up to \$400 million of net favourable investment-related experience reported in a single year, which are referred to as "core investment gains". This means up to \$100 million in the first quarter, up to \$200 million on a year-to-date basis in the second quarter, up to \$300 million on a year-to-date basis in the third quarter and up to \$400 million on a full year basis in the fourth quarter. Any investment-related experience losses reported in a quarter will be offset against the net year-to-date investment-related experience gains with the difference being included in core earnings subject to a maximum of the year-to-date core investment gains and a minimum of zero, which reflects our expectation that investment-related experience will be positive through-the-business cycle. To the extent any investment-related experience losses cannot be fully offset in a quarter they will be carried forward to be offset against investment-related experience gains in subsequent quarters in the same year, for purposes of determining core investment gains. Investment-related experience relates to fixed income investing, ALDA returns, credit experience and asset mix changes other than those related to a strategic change. An example of a strategic asset mix change is outlined below.
  - This favourable and unfavourable investment-related experience is a combination of reported investment experience as well as the impact of investing activities on the measurement of our policy liabilities. We do not attribute specific components of investment-related experience to amounts included or excluded from core earnings.
  - The \$400 million threshold represents the estimated average annualized amount of net favourable investment-related experience that the Company reasonably expects to achieve through-the-business cycle based on historical experience. It is not a forecast of expected net favourable investment-related experience for any given fiscal year.
  - Our average net annualized investment-related experience, including core investment gains, calculated from the introduction of core earnings in 2012 to the end of 2021 was \$546 million (2012 to the end of 2020 was \$380 million).
  - The decision announced on December 22, 2017 to reduce the allocation to ALDA in the portfolio asset mix supporting our legacy businesses was the first strategic asset mix change since we introduced the core earnings metric in 2012. We refined our description of investment-related experience in 2017 to note that asset mix changes other than those related to a strategic change are taken into consideration in the investment-related experience component of core investment gains.
  - While historical investment return time horizons may vary in length based on underlying asset classes generally exceeding 20 years, for purposes of establishing the threshold, we look at a business cycle that is five or more years and includes a recession. We monitor the appropriateness of the threshold as part of our annual five-year planning process and would adjust it, either to a higher or lower amount, in the future if we believed that our threshold was no longer appropriate.
  - Specific criteria used for evaluating a potential adjustment to the threshold may include, but are not limited to, the extent to which actual investment-related experience differs materially from actuarial assumptions

used in measuring insurance contract liabilities, material market events, material dispositions or acquisitions of assets, and regulatory or accounting changes.

Core investment gains are reported in the Corporate and Other segment, with an offsetting adjustment to investment-related experience gains and losses in items excluded from core earnings.

7. Earnings on surplus other than mark-to-market items. Gains on available-for-sale (“AFS”) equities and seed money investments in segregated and mutual funds are included in core earnings.
8. Routine or non-material legal settlements.
9. All other items not specifically excluded.
10. Tax on the above items.
11. All tax related items except the impact of enacted or substantively enacted income tax rate changes.

**Items excluded from core earnings:**

1. The direct impact of equity markets and interest rates and variable annuity guarantee liabilities includes the items listed below.
  - The earnings impact of the difference between the net increase (decrease) in variable annuity liabilities that are dynamically hedged and the performance of the related hedge assets. Our variable annuity dynamic hedging strategy is not designed to completely offset the sensitivity of insurance and investment contract liabilities to all risks or measurements associated with the guarantees embedded in these products for a number of reasons, including: provisions for adverse deviation, fund performance, the portion of the interest rate risk that is not dynamically hedged, realized equity and interest rate volatilities and changes to policyholder behaviour.
  - Gains (charges) on variable annuity guarantee liabilities not dynamically hedged.
  - Gains (charges) on general fund equity investments supporting policy liabilities and on fee income.
  - Gains (charges) on macro equity hedges relative to expected costs. The expected cost of macro hedges is calculated using the equity assumptions used in the valuation of insurance and investment contract liabilities.
  - Gains (charges) on higher (lower) fixed income reinvestment rates assumed in the valuation of insurance and investment contract liabilities.
  - Gains (charges) on sale of AFS bonds and open derivatives not in hedging relationships in the Corporate and Other segment.
2. Net favourable investment-related experience in excess of \$400 million per annum or net unfavourable investment-related experience on a year-to-date basis.
3. Mark-to-market gains or losses on assets held in the Corporate and Other segment other than gains on AFS equities and seed money investments in new segregated or mutual funds.
4. Changes in actuarial methods and assumptions. As noted in the “Critical actuarial and accounting policies” section of our 2021 MD&A, policy liabilities for IFRS are valued in Canada under standards established by the Actuarial Standards Board. The standards require a comprehensive review of actuarial methods and assumptions to be performed annually. The review is designed to reduce the Company’s exposure to uncertainty by ensuring assumptions for both asset related and liability related risks remain appropriate and is accomplished by monitoring experience and selecting assumptions which represent a current best estimate view of expected future experience, and margins that are appropriate for the risks assumed. Changes related to ultimate reinvestment rates (“URR”) are included in the direct impact of equity markets and interest rates and variable annuity guarantee liabilities. By excluding the results of the annual reviews, core earnings assist investors in evaluating our operational performance and comparing our operational performance from period to period with other global insurance companies because the associated gain or loss is not reflective of current year performance and not reported in net income in most actuarial standards outside of Canada.

5. The impact on the measurement of policy liabilities of changes in product features or new reinsurance transactions, if material.
6. Goodwill impairment charges.
7. Gains or losses on disposition of a business.
8. Material one-time only adjustments, including highly unusual/extraordinary and material legal settlements or other items that are material and exceptional in nature.
9. Tax on the above items.
10. Net income (loss) attributed to participating policyholders and non-controlling interests.
11. Impact of enacted or substantially enacted income tax rate changes.

## Reconciliation of core earnings to net income attributed to shareholders

	2Q22					
(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	\$ 216	\$ 224	\$ 1,010	\$ 362	\$ (555)	\$ 1,257
Income tax (expense) recovery						
Core earnings	(74)	(119)	(92)	(57)	4	(338)
Items excluded from core earnings	44	64	(82)	-	54	80
Income tax (expense) recovery	(30)	(55)	(174)	(57)	58	(258)
<b>Net income (post-tax)</b>	<b>186</b>	<b>169</b>	<b>836</b>	<b>305</b>	<b>(497)</b>	<b>999</b>
Less: Net income (post-tax) attributed to						
Non-controlling interests	(11)	-	-	-	-	(11)
Participating policyholders	(164)	84	4	-	-	(76)
<b>Net income (loss) attributed to shareholders (post-tax)</b>	<b>361</b>	<b>85</b>	<b>832</b>	<b>305</b>	<b>(497)</b>	<b>1,086</b>
Less: Items excluded from core earnings <sup>(1)</sup>						
Investment-related experience outside of core earnings	80	86	591	-	(166)	591
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(232)	(346)	(215)	-	(274)	(1,067)
Change in actuarial methods and assumptions	-	-	-	-	-	-
Restructuring charge	-	-	-	-	-	-
Reinsurance transactions, tax related items and other	-	-	-	-	-	-
<b>Core earnings (post-tax)</b>	<b>\$ 513</b>	<b>\$ 345</b>	<b>\$ 456</b>	<b>\$ 305</b>	<b>\$ (57)</b>	<b>\$ 1,562</b>
Income tax on core earnings (see above)	74	119	92	57	(4)	338
<b>Core earnings (pre-tax)</b>	<b>\$ 587</b>	<b>\$ 464</b>	<b>\$ 548</b>	<b>\$ 362</b>	<b>\$ (61)</b>	<b>\$ 1,900</b>

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

## Core earnings, CER basis and U.S. dollars

	2Q22					
(Canadian \$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
<b>Core earnings (post-tax)</b>	<b>\$ 513</b>	<b>\$ 345</b>	<b>\$ 456</b>	<b>\$ 305</b>	<b>\$ (57)</b>	<b>\$ 1,562</b>
CER adjustment <sup>(1)</sup>	-	-	-	-	-	-
<b>Core earnings, CER basis (post-tax)</b>	<b>\$ 513</b>	<b>\$ 345</b>	<b>\$ 456</b>	<b>\$ 305</b>	<b>\$ (57)</b>	<b>\$ 1,562</b>
Income tax on core earnings, CER basis <sup>(2)</sup>	74	119	92	57	(4)	338
<b>Core earnings, CER basis (pre-tax)</b>	<b>\$ 587</b>	<b>\$ 464</b>	<b>\$ 548</b>	<b>\$ 362</b>	<b>\$ (61)</b>	<b>\$ 1,900</b>
<b>Core earnings (U.S. dollars) - Asia and U.S. segments</b>						
<b>Core earnings (post-tax)<sup>(3)</sup>, US \$</b>	<b>\$ 401</b>		<b>\$ 357</b>			
CER adjustment US \$ <sup>(1)</sup>	-		-			
<b>Core earnings, CER basis (post-tax), US \$</b>	<b>\$ 401</b>		<b>\$ 357</b>			

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(3)</sup> Core earnings (post-tax) in Canadian \$ is translated to US \$ using the US \$ Statement of Income exchange rate for 2Q22.

## Reconciliation of core earnings to net income attributed to shareholders

	1Q22						
(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	
Income (loss) before income taxes	\$ 681	\$ 880	\$ 2,577	\$ 386	\$ (813)	\$ 3,711	
Income tax (expense) recovery							
Core earnings	(74)	(110)	(105)	(61)	26	(324)	
Items excluded from core earnings	(11)	(115)	(405)	-	46	(485)	
Income tax (expense) recovery	(85)	(225)	(510)	(61)	72	(809)	
<b>Net income (post-tax)</b>	<b>596</b>	<b>655</b>	<b>2,067</b>	<b>325</b>	<b>(741)</b>	<b>2,902</b>	
Less: Net income (post-tax) attributed to							
Non-controlling interests	20	-	-	1	-	21	
Participating policyholders	(197)	108	-	-	-	(89)	
<b>Net income (loss) attributed to shareholders (post-tax)</b>	<b>773</b>	<b>547</b>	<b>2,067</b>	<b>324</b>	<b>(741)</b>	<b>2,970</b>	
Less: Items excluded from core earnings <sup>(1)</sup>							
Investment-related experience outside of core earnings	64	53	527	-	(86)	558	
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	180	180	212	-	(475)	97	
Change in actuarial methods and assumptions	-	-	-	-	-	-	
Restructuring charge	-	-	-	-	-	-	
Reinsurance transactions, tax related items and other	(8)	-	842	-	(71)	763	
<b>Core earnings (post-tax)</b>	<b>\$ 537</b>	<b>\$ 314</b>	<b>\$ 486</b>	<b>\$ 324</b>	<b>\$ (109)</b>	<b>\$ 1,552</b>	
Income tax on core earnings (see above)	74	110	105	61	(26)	324	
<b>Core earnings (pre-tax)</b>	<b>\$ 611</b>	<b>\$ 424</b>	<b>\$ 591</b>	<b>\$ 385</b>	<b>\$ (135)</b>	<b>\$ 1,876</b>	

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

## Core earnings, CER basis and U.S. dollars

	1Q22						
(Canadian \$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	
<b>Core earnings (post-tax)</b>	\$ 537	\$ 314	\$ 486	\$ 324	\$ (109)	\$ 1,552	
CER adjustment <sup>(1)</sup>	(10)	-	4	1	-	(5)	
<b>Core earnings, CER basis (post-tax)</b>	<b>\$ 527</b>	<b>\$ 314</b>	<b>\$ 490</b>	<b>\$ 325</b>	<b>\$ (109)</b>	<b>\$ 1,547</b>	
Income tax on core earnings, CER basis <sup>(2)</sup>	72	110	106	61	(26)	323	
<b>Core earnings, CER basis (pre-tax)</b>	<b>\$ 599</b>	<b>\$ 424</b>	<b>\$ 596</b>	<b>\$ 386</b>	<b>\$ (135)</b>	<b>\$ 1,870</b>	
<b>Core earnings (U.S. dollars) - Asia and U.S. segments</b>							
<b>Core earnings (post-tax)<sup>(3)</sup>, US \$</b>	\$ 424		\$ 384				
CER adjustment US \$ <sup>(1)</sup>	(12)		-				
<b>Core earnings, CER basis (post-tax), US \$</b>	<b>\$ 412</b>		<b>\$ 384</b>				

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(3)</sup> Core earnings (post-tax) in Canadian \$ is translated to US \$ using the US \$ Statement of Income exchange rate for 1Q22.

## Reconciliation of core earnings to net income attributed to shareholders

(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	4Q21					
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	\$ 684	\$ 806	\$ 614	\$ 438	\$ (61)	\$ 2,481
Income tax (expense) recovery						
Core earnings	(68)	(101)	(117)	(52)	(8)	(346)
Items excluded from core earnings	(15)	(77)	(4)	2	10	(84)
Income tax (expense) recovery	(83)	(178)	(121)	(50)	2	(430)
<b>Net income (post-tax)</b>	<b>601</b>	<b>628</b>	<b>493</b>	<b>388</b>	<b>(59)</b>	<b>2,051</b>
Less: Net income (post-tax) attributed to						
Non-controlling interests	32	-	-	1	(1)	32
Participating policyholders	(76)	12	(1)	-	-	(65)
<b>Net income (loss) attributed to shareholders (post-tax)</b>	<b>645</b>	<b>616</b>	<b>494</b>	<b>387</b>	<b>(58)</b>	<b>2,084</b>
Less: Items excluded from core earnings <sup>(1)</sup>						
Investment-related experience outside of core earnings	58	90	58	-	(80)	126
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	32	240	125	-	1	398
Change in actuarial methods and assumptions	-	-	-	-	-	-
Restructuring charge	-	-	-	-	-	-
Reinsurance transactions, tax related items and other	8	-	(156)	-	-	(148)
<b>Core earnings (post-tax)</b>	<b>\$ 547</b>	<b>\$ 286</b>	<b>\$ 467</b>	<b>\$ 387</b>	<b>\$ 21</b>	<b>\$ 1,708</b>
Income tax on core earnings (see above)	68	101	117	52	8	346
<b>Core earnings (pre-tax)</b>	<b>\$ 615</b>	<b>\$ 387</b>	<b>\$ 584</b>	<b>\$ 439</b>	<b>\$ 29</b>	<b>\$ 2,054</b>

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

## Core earnings, CER basis and U.S. dollars

(Canadian \$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	4Q21					
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
<b>Core earnings (post-tax)</b>	\$ 547	\$ 286	\$ 467	\$ 387	\$ 21	\$ 1,708
CER adjustment <sup>(1)</sup>	(8)	-	6	4	-	2
<b>Core earnings, CER basis (post-tax)</b>	<b>\$ 539</b>	<b>\$ 286</b>	<b>\$ 473</b>	<b>\$ 391</b>	<b>\$ 21</b>	<b>\$ 1,710</b>
Income tax on core earnings, CER basis <sup>(2)</sup>	67	101	119	51	8	346
<b>Core earnings, CER basis (pre-tax)</b>	<b>\$ 606</b>	<b>\$ 387</b>	<b>\$ 592</b>	<b>\$ 442</b>	<b>\$ 29</b>	<b>\$ 2,056</b>
<b>Core earnings (U.S. dollars) - Asia and U.S. segments</b>						
<b>Core earnings (post-tax)<sup>(3)</sup>, US \$</b>	\$ 435		\$ 370			
CER adjustment US \$ <sup>(1)</sup>	(13)		-			
<b>Core earnings, CER basis (post-tax), US \$</b>	<b>\$ 422</b>		<b>\$ 370</b>			

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(3)</sup> Core earnings (post-tax) in Canadian \$ is translated to US \$ using the US \$ Statement of Income exchange rate for 4Q21.

## Reconciliation of core earnings to net income attributed to shareholders

	3Q21						
(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other		Total
Income (loss) before income taxes	\$ 650	\$ (101)	\$ 800	\$ 418	\$ (287)		\$ 1,480
Income tax (expense) recovery							
Core earnings	(52)	(109)	(79)	(66)	12		(294)
Items excluded from core earnings	(31)	153	(16)	(1)	23		128
Income tax (expense) recovery	(83)	44	(95)	(67)	35		(166)
<b>Net income (post-tax)</b>	<b>567</b>	<b>(57)</b>	<b>705</b>	<b>351</b>	<b>(252)</b>		<b>1,314</b>
Less: Net income (post-tax) attributed to							
Non-controlling interests	48	-	-	-	-		48
Participating policyholders	(303)	(31)	8	-	-		(326)
<b>Net income (loss) attributed to shareholders (post-tax)</b>	<b>822</b>	<b>(26)</b>	<b>697</b>	<b>351</b>	<b>(252)</b>		<b>1,592</b>
Less: Items excluded from core earnings <sup>(1)</sup>							
Investment-related experience outside of core earnings	62	97	617	-	(76)		700
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(129)	(369)	(96)	-	(3)		(597)
Change in actuarial methods and assumptions	343	(65)	(314)	-	(5)		(41)
Restructuring charge	-	-	-	-	-		-
Reinsurance transactions, tax related items and other	13	-	-	-	-		13
<b>Core earnings (post-tax)</b>	<b>\$ 533</b>	<b>\$ 311</b>	<b>\$ 490</b>	<b>\$ 351</b>	<b>\$ (168)</b>		<b>\$ 1,517</b>
Income tax on core earnings (see above)	52	109	79	66	(12)		294
<b>Core earnings (pre-tax)</b>	<b>\$ 585</b>	<b>\$ 420</b>	<b>\$ 569</b>	<b>\$ 417</b>	<b>\$ (180)</b>		<b>\$ 1,811</b>

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

## Core earnings, CER basis and U.S. dollars

	3Q21						
(Canadian \$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other		Total
<b>Core earnings (post-tax)</b>	\$ 533	\$ 311	\$ 490	\$ 351	\$ (168)		\$ 1,517
CER adjustment <sup>(1)</sup>	(12)	-	7	2	(2)		(5)
<b>Core earnings, CER basis (post-tax)</b>	<b>\$ 521</b>	<b>\$ 311</b>	<b>\$ 497</b>	<b>\$ 353</b>	<b>\$ (170)</b>		<b>\$ 1,512</b>
Income tax on core earnings, CER basis <sup>(2)</sup>	51	110	80	66	(12)		295
<b>Core earnings, CER basis (pre-tax)</b>	<b>\$ 572</b>	<b>\$ 421</b>	<b>\$ 577</b>	<b>\$ 419</b>	<b>\$ (182)</b>		<b>\$ 1,807</b>
<b>Core earnings (U.S. dollars) - Asia and U.S. segments</b>							
<b>Core earnings (post-tax)<sup>(3)</sup>, US \$</b>	\$ 424		\$ 389				
CER adjustment US \$ <sup>(1)</sup>	(16)		-				
<b>Core earnings, CER basis (post-tax), US \$</b>	<b>\$ 408</b>		<b>\$ 389</b>				

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(3)</sup> Core earnings (post-tax) in Canadian \$ is translated to US \$ using the US \$ Statement of Income exchange rate for 3Q21.

## Reconciliation of core earnings to net income attributed to shareholders

	2Q21						
(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	
Income (loss) before income taxes	\$ 736	\$ 1,031	\$ 986	\$ 419	\$ 120	\$ 3,292	
Income tax (expense) recovery							
Core earnings	(78)	(112)	(106)	(64)	6	(354)	
Items excluded from core earnings	(22)	(107)	(83)	1	(45)	(256)	
Income tax (expense) recovery	(100)	(219)	(189)	(63)	(39)	(610)	
<b>Net income (post-tax)</b>	636	812	797	356	81	2,682	
Less: Net income (post-tax) attributed to							
Non-controlling interests	84	-	-	-	-	84	
Participating policyholders	(81)	29	4	-	-	(48)	
<b>Net income (loss) attributed to shareholders (post-tax)</b>	633	783	793	356	81	2,646	
Less: Items excluded from core earnings <sup>(1)</sup>							
Investment-related experience outside of core earnings	121	207	506	-	(95)	739	
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(22)	258	(191)	-	172	217	
Change in actuarial methods and assumptions	-	-	-	-	-	-	
Restructuring charge	-	-	-	-	-	-	
Reinsurance transactions, tax related items and other	8	-	-	-	-	8	
<b>Core earnings (post-tax)</b>	\$ 526	\$ 318	\$ 478	\$ 356	\$ 4	\$ 1,682	
Income tax on core earnings (see above)	78	112	106	64	(6)	354	
<b>Core earnings (pre-tax)</b>	\$ 604	\$ 430	\$ 584	\$ 420	\$ (2)	\$ 2,036	

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

## Core earnings, CER basis and U.S. dollars

	2Q21						
(Canadian \$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	
<b>Core earnings (post-tax)</b>	\$ 526	\$ 318	\$ 478	\$ 356	\$ 4	\$ 1,682	
CER adjustment <sup>(1)</sup>	1	-	19	9	1	30	
<b>Core earnings, CER basis (post-tax)</b>	\$ 527	\$ 318	\$ 497	\$ 365	\$ 5	\$ 1,712	
Income tax on core earnings, CER basis <sup>(2)</sup>	80	111	109	65	(5)	360	
<b>Core earnings, CER basis (pre-tax)</b>	\$ 607	\$ 429	\$ 606	\$ 430	\$ -	\$ 2,072	
<b>Core earnings (U.S. dollars) - Asia and U.S. segments</b>							
<b>Core earnings (post-tax)<sup>(3)</sup>, US \$</b>	\$ 427		\$ 389				
CER adjustment US \$ <sup>(1)</sup>	(14)		-				
<b>Core earnings, CER basis (post-tax), US \$</b>	\$ 413		\$ 389				

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(3)</sup> Core earnings (post-tax) in Canadian \$ is translated to US \$ using the US \$ Statement of Income exchange rate for 2Q21.

## Reconciliation of core earnings to net income attributed to shareholders

	YTD 2022						
(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	
Income (loss) before income taxes	\$ 897	\$ 1,104	\$ 3,587	\$ 748	\$ (1,368)	\$ 4,968	
Income tax (expense) recovery							
Core earnings	(148)	(229)	(197)	(118)	30	(662)	
Items excluded from core earnings	33	(51)	(487)	-	100	(405)	
Income tax (expense) recovery	(115)	(280)	(684)	(118)	130	(1,067)	
<b>Net income (post-tax)</b>	<b>782</b>	<b>824</b>	<b>2,903</b>	<b>630</b>	<b>(1,238)</b>	<b>3,901</b>	
Less: Net income (post-tax) attributed to							
Non-controlling interests	9	-	-	1	-	10	
Participating policyholders	(361)	192	4	-	-	(165)	
<b>Net income (loss) attributed to shareholders (post-tax)</b>	<b>1,134</b>	<b>632</b>	<b>2,899</b>	<b>629</b>	<b>(1,238)</b>	<b>4,056</b>	
Less: Items excluded from core earnings <sup>(1)</sup>							
Investment-related experience outside of core earnings	144	139	1,118	-	(252)	1,149	
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	(52)	(166)	(3)	-	(749)	(970)	
Change in actuarial methods and assumptions	-	-	-	-	-	-	
Restructuring charge	-	-	-	-	-	-	
Reinsurance transactions, tax related items and other	(8)	-	842	-	(71)	763	
<b>Core earnings (post-tax)</b>	<b>\$ 1,050</b>	<b>\$ 659</b>	<b>\$ 942</b>	<b>\$ 629</b>	<b>\$ (166)</b>	<b>\$ 3,114</b>	
Income tax on core earnings (see above)	148	229	197	118	(30)	662	
<b>Core earnings (pre-tax)</b>	<b>\$ 1,198</b>	<b>\$ 888</b>	<b>\$ 1,139</b>	<b>\$ 747</b>	<b>\$ (196)</b>	<b>\$ 3,776</b>	

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

## Core earnings, CER basis and U.S. dollars

	YTD 2022						
(Canadian \$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	
<b>Core earnings (post-tax)</b>	<b>\$ 1,050</b>	<b>\$ 659</b>	<b>\$ 942</b>	<b>\$ 629</b>	<b>\$ (166)</b>	<b>\$ 3,114</b>	
CER adjustment <sup>(1)</sup>	(10)	-	4	1	-	(5)	
<b>Core earnings, CER basis (post-tax)</b>	<b>\$ 1,040</b>	<b>\$ 659</b>	<b>\$ 946</b>	<b>\$ 630</b>	<b>\$ (166)</b>	<b>\$ 3,109</b>	
Income tax on core earnings, CER basis <sup>(2)</sup>	146	229	198	118	(30)	661	
<b>Core earnings, CER basis (pre-tax)</b>	<b>\$ 1,186</b>	<b>\$ 888</b>	<b>\$ 1,144</b>	<b>\$ 748</b>	<b>\$ (196)</b>	<b>\$ 3,770</b>	
<b>Core earnings (U.S. dollars) - Asia and U.S. segments</b>							
<b>Core earnings (post-tax)<sup>(3)</sup>, US \$</b>	<b>\$ 825</b>		<b>\$ 741</b>				
CER adjustment US \$ <sup>(1)</sup>	(12)		-				
<b>Core earnings, CER basis (post-tax), US \$</b>	<b>\$ 813</b>		<b>\$ 741</b>				

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(3)</sup> Core earnings (post-tax) in Canadian \$ is translated to US \$ using the US \$ Statement of Income exchange rate for the two respective quarters that make up 2Q22 year-to-date core earnings.

## Reconciliation of core earnings to net income attributed to shareholders

	YTD 2021					
(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	\$ 1,854	\$ 1,086	\$ 1,070	\$ 785	\$ (631)	\$ 4,164
Income tax (expense) recovery						
Core earnings	(202)	(203)	(222)	(116)	23	(720)
Items excluded from core earnings	(76)	1	52	-	126	103
Income tax (expense) recovery	(278)	(202)	(170)	(116)	149	(617)
<b>Net income (post-tax)</b>	<b>1,576</b>	<b>884</b>	<b>900</b>	<b>669</b>	<b>(482)</b>	<b>3,547</b>
Less: Net income (post-tax) attributed to						
Non-controlling interests	174	-	-	1	-	175
Participating policyholders	(188)	120	11	-	-	(57)
<b>Net income (loss) attributed to shareholders (post-tax)</b>	<b>1,590</b>	<b>764</b>	<b>889</b>	<b>668</b>	<b>(482)</b>	<b>3,429</b>
Less: Items excluded from core earnings <sup>(1)</sup>						
Investment-related experience outside of core earnings	193	142	666	-	(185)	816
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	266	40	(756)	-	(168)	(618)
Change in actuarial methods and assumptions	-	-	-	-	-	-
Restructuring charge	-	-	-	-	(115)	(115)
Reinsurance transactions, tax related items and other	35	-	-	-	-	35
<b>Core earnings (post-tax)</b>	<b>\$ 1,096</b>	<b>\$ 582</b>	<b>\$ 979</b>	<b>\$ 668</b>	<b>\$ (14)</b>	<b>\$ 3,311</b>
Income tax on core earnings (see above)	202	203	222	116	(23)	720
<b>Core earnings (pre-tax)</b>	<b>\$ 1,298</b>	<b>\$ 785</b>	<b>\$ 1,201</b>	<b>\$ 784</b>	<b>\$ (37)</b>	<b>\$ 4,031</b>

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

## Core earnings, CER basis and U.S. dollars

	YTD 2021					
(Canadian \$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
<b>Core earnings (post-tax)</b>	\$ 1,096	\$ 582	\$ 979	\$ 668	\$ (14)	\$ 3,311
CER adjustment <sup>(1)</sup>	(18)	-	23	10	1	16
<b>Core earnings, CER basis (post-tax)</b>	<b>\$ 1,078</b>	<b>\$ 582</b>	<b>\$ 1,002</b>	<b>\$ 678</b>	<b>\$ (13)</b>	<b>\$ 3,327</b>
Income tax on core earnings, CER basis <sup>(2)</sup>	200	202	227	117	(23)	723
<b>Core earnings, CER basis (pre-tax)</b>	<b>\$ 1,278</b>	<b>\$ 784</b>	<b>\$ 1,229</b>	<b>\$ 795</b>	<b>\$ (36)</b>	<b>\$ 4,050</b>
<b>Core earnings (U.S. dollars) - Asia and U.S. segments</b>						
<b>Core earnings (post-tax)<sup>(3)</sup>, US \$</b>	\$ 877		\$ 785			
CER adjustment US \$ <sup>(1)</sup>	(33)		-			
<b>Core earnings, CER basis (post-tax), US \$</b>	<b>\$ 844</b>		<b>\$ 785</b>			

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(3)</sup> Core earnings (post-tax) in Canadian \$ is translated to US \$ using the US \$ Statement of Income exchange rate for the two respective quarters that make up 2Q21 year-to-date core earnings.

## Reconciliation of core earnings to net income attributed to shareholders

(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2021					
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
Income (loss) before income taxes	\$ 3,188	\$ 1,791	\$ 2,484	\$ 1,641	\$ (979)	\$ 8,125
Income tax (expense) recovery						
Core earnings	(322)	(413)	(418)	(234)	27	(1,360)
Items excluded from core earnings	(122)	77	32	1	159	147
Income tax (expense) recovery	(444)	(336)	(386)	(233)	186	(1,213)
<b>Net income (post-tax)</b>	<b>2,744</b>	<b>1,455</b>	<b>2,098</b>	<b>1,408</b>	<b>(793)</b>	<b>6,912</b>
Less: Net income (post-tax) attributed to						
Non-controlling interests	254	-	-	2	(1)	255
Participating policyholders	(567)	101	18	-	-	(448)
<b>Net income (loss) attributed to shareholders (post-tax)</b>	<b>3,057</b>	<b>1,354</b>	<b>2,080</b>	<b>1,406</b>	<b>(792)</b>	<b>7,105</b>
Less: Items excluded from core earnings <sup>(1)</sup>						
Investment-related experience outside of core earnings	313	329	1,341	-	(341)	1,642
Direct impact of equity markets and interest rates and variable annuity guarantee liabilities	169	(89)	(727)	-	(170)	(817)
Change in actuarial methods and assumptions	343	(65)	(314)	-	(5)	(41)
Restructuring charge	-	-	-	-	(115)	(115)
Reinsurance transactions, tax related items and other	56	-	(156)	-	-	(100)
<b>Core earnings (post-tax)</b>	<b>\$ 2,176</b>	<b>\$ 1,179</b>	<b>\$ 1,936</b>	<b>\$ 1,406</b>	<b>\$ (161)</b>	<b>\$ 6,536</b>
Income tax on core earnings (see above)	322	413	418	234	(27)	1,360
<b>Core earnings (pre-tax)</b>	<b>\$ 2,498</b>	<b>\$ 1,592</b>	<b>\$ 2,354</b>	<b>\$ 1,640</b>	<b>\$ (188)</b>	<b>\$ 7,896</b>

<sup>(1)</sup> These items are disclosed under OSFI's Source of Earnings Disclosure (Life Insurance Companies) guideline.

## Core earnings, CER basis and U.S. dollars

(Canadian \$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2021					
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total
<b>Core earnings (post-tax)</b>	<b>\$ 2,176</b>	<b>\$ 1,179</b>	<b>\$ 1,936</b>	<b>\$ 1,406</b>	<b>\$ (161)</b>	<b>\$ 6,536</b>
CER adjustment <sup>(1)</sup>	(38)	-	35	16	-	13
<b>Core earnings, CER basis (post-tax)</b>	<b>\$ 2,138</b>	<b>\$ 1,179</b>	<b>\$ 1,971</b>	<b>\$ 1,422</b>	<b>\$ (161)</b>	<b>\$ 6,549</b>
Income tax on core earnings, CER basis <sup>(2)</sup>	319	413	426	234	(27)	1,365
<b>Core earnings, CER basis (pre-tax)</b>	<b>\$ 2,457</b>	<b>\$ 1,592</b>	<b>\$ 2,397</b>	<b>\$ 1,656</b>	<b>\$ (188)</b>	<b>\$ 7,914</b>
<b>Core earnings (U.S. dollars) - Asia and U.S. segments</b>						
<b>Core earnings (post-tax)<sup>(3)</sup>, US \$</b>	<b>\$ 1,736</b>		<b>\$ 1,544</b>			
CER adjustment US \$ <sup>(1)</sup>	(62)		-			
<b>Core earnings, CER basis (post-tax), US \$</b>	<b>\$ 1,674</b>		<b>\$ 1,544</b>			

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Income tax on core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(3)</sup> Core earnings (post-tax) in Canadian \$ is translated to US \$ using the US \$ Statement of Income exchange rates for the four respective quarters that make up 2021 core earnings.

## Segment core earnings by business line or geographic source

(\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

### Asia

(US \$ millions)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Hong Kong	\$ 216	\$ 219	\$ 270	\$ 248	\$ 214	\$ 435	\$ 431	\$ 949
Japan	84	77	77	86	78	161	160	323
Asia Other <sup>(1)</sup>	132	156	132	125	169	288	362	619
Mainland China								96
Singapore								162
Vietnam								290
Other Emerging Markets <sup>(2)</sup>								71
Regional Office	(31)	(28)	(44)	(35)	(34)	(59)	(76)	(155)
<b>Total Asia core earnings</b>	<b>\$ 401</b>	<b>\$ 424</b>	<b>\$ 435</b>	<b>\$ 424</b>	<b>\$ 427</b>	<b>\$ 825</b>	<b>\$ 877</b>	<b>\$ 1,736</b>

<sup>(1)</sup> Core earnings for Asia Other is reported by country annually, on a full year basis.

<sup>(2)</sup> Other Emerging Markets includes Indonesia, the Philippines, Malaysia, Thailand, Cambodia and Myanmar.

(US \$ millions), CER basis <sup>(1)</sup>	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Hong Kong	\$ 216	\$ 219	\$ 270	\$ 248	\$ 214	\$ 435	\$ 431	\$ 949
Japan	84	68	68	72	66	152	133	273
Asia Other <sup>(2)</sup>	132	153	128	123	166	285	356	607
Mainland China								94
Singapore								159
Vietnam								287
Other Emerging Markets <sup>(3)</sup>								67
Regional Office	(31)	(28)	(44)	(35)	(33)	(59)	(76)	(155)
<b>Total Asia core earnings, CER basis</b>	<b>\$ 401</b>	<b>\$ 412</b>	<b>\$ 422</b>	<b>\$ 408</b>	<b>\$ 413</b>	<b>\$ 813</b>	<b>\$ 844</b>	<b>\$ 1,674</b>

<sup>(1)</sup> Core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

<sup>(2)</sup> Core earnings for Asia Other is reported by country annually, on a full year basis.

<sup>(3)</sup> Other Emerging Markets includes Indonesia, the Philippines, Malaysia, Thailand, Cambodia and Myanmar.

### Canada

(Canadian \$ millions)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Insurance	\$ 233	\$ 206	\$ 184	\$ 211	\$ 210	\$ 439	\$ 375	\$ 770
Annuities	68	70	62	56	64	138	116	234
Manulife Bank	44	38	40	44	44	82	91	175
<b>Total Canada core earnings</b>	<b>\$ 345</b>	<b>\$ 314</b>	<b>\$ 286</b>	<b>\$ 311</b>	<b>\$ 318</b>	<b>\$ 659</b>	<b>\$ 582</b>	<b>\$ 1,179</b>

### U.S.

(US \$ millions)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
U.S. Insurance	\$ 316	\$ 328	\$ 274	\$ 279	\$ 298	\$ 644	\$ 575	\$ 1,128
U.S. Annuities	41	56	96	110	91	97	210	416
<b>Total U.S. core earnings</b>	<b>\$ 357</b>	<b>\$ 384</b>	<b>\$ 370</b>	<b>\$ 389</b>	<b>\$ 389</b>	<b>\$ 741</b>	<b>\$ 785</b>	<b>\$ 1,544</b>

## Global WAM by business line

(Canadian \$ millions)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Retirement	\$ 165	\$ 177	\$ 218	\$ 206	\$ 206	\$ 342	\$ 395	\$ 819
Retail	126	141	160	136	137	267	255	551
Institutional asset management	14	6	9	9	13	20	18	36
<b>Total Global WAM core earnings</b>	<b>\$ 305</b>	<b>\$ 324</b>	<b>\$ 387</b>	<b>\$ 351</b>	<b>\$ 356</b>	<b>\$ 629</b>	<b>\$ 668</b>	<b>\$ 1,406</b>

(Canadian \$ millions), CER basis <sup>(1)</sup>	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Retirement	\$ 165	\$ 178	\$ 220	\$ 208	\$ 213	\$ 343	\$ 403	\$ 831
Retail	126	142	161	137	139	268	258	555
Institutional asset management	14	5	10	8	13	19	17	36
<b>Total Global WAM core earnings, CER basis</b>	<b>\$ 305</b>	<b>\$ 325</b>	<b>\$ 391</b>	<b>\$ 353</b>	<b>\$ 365</b>	<b>\$ 630</b>	<b>\$ 678</b>	<b>\$ 1,422</b>

<sup>(1)</sup> Core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

## Global WAM by geographic source

(Canadian \$ millions)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Asia	\$ 76	\$ 86	\$ 88	\$ 103	\$ 103	\$ 162	\$ 206	\$ 397
Canada	109	108	119	106	108	217	204	429
U.S.	120	130	180	142	145	250	258	580
<b>Total Global WAM core earnings</b>	<b>\$ 305</b>	<b>\$ 324</b>	<b>\$ 387</b>	<b>\$ 351</b>	<b>\$ 356</b>	<b>\$ 629</b>	<b>\$ 668</b>	<b>\$ 1,406</b>

(Canadian \$ millions), CER basis <sup>(1)</sup>	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Asia	\$ 76	\$ 86	\$ 90	\$ 103	\$ 107	\$ 162	\$ 210	\$ 403
Canada	109	108	119	106	108	217	204	429
U.S.	120	131	182	144	150	251	264	590
<b>Total Global WAM core earnings, CER basis</b>	<b>\$ 305</b>	<b>\$ 325</b>	<b>\$ 391</b>	<b>\$ 353</b>	<b>\$ 365</b>	<b>\$ 630</b>	<b>\$ 678</b>	<b>\$ 1,422</b>

<sup>(1)</sup> Core earnings adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

## Corporate and Other

(Canadian \$ millions)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Corporate and Other excluding core investment gains	\$ (157)	\$ (209)	\$ (79)	\$ (268)	\$ (96)	\$ (366)	\$ (214)	\$ (561)
Core investment gains	100	100	100	100	100	200	200	400
<b>Total Corporate and Other core earnings</b>	<b>\$ (57)</b>	<b>\$ (109)</b>	<b>\$ 21</b>	<b>\$ (168)</b>	<b>\$ 4</b>	<b>\$ (166)</b>	<b>\$ (14)</b>	<b>\$ (161)</b>

**Core earnings available to common shareholders** is a financial measure that is used in the calculation of core ROE and core EPS. It is calculated as core earnings (post-tax) less preferred share dividends.

(\$ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Core earnings	\$ 1,562	\$ 1,552	\$ 1,708	\$ 1,517	\$ 1,682	\$ 3,114	\$ 3,311	\$ 6,536
Less: Preferred share dividends	(60)	(52)	(71)	(37)	(64)	(112)	(107)	(215)
<b>Core earnings available to common shareholders</b>	<b>1,502</b>	1,500	1,637	1,480	1,618	<b>3,002</b>	3,204	6,321
CER adjustment <sup>(1)</sup>	-	(5)	2	(5)	30	(5)	16	13
<b>Core earnings available to common shareholders, CER basis</b>	<b>\$ 1,502</b>	\$ 1,495	\$ 1,639	\$ 1,475	\$ 1,648	<b>\$ 2,997</b>	\$ 3,220	\$ 6,334

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

**Core ROE** measures profitability using core earnings available to common shareholders as a percentage of the capital deployed to earn the core earnings. The Company calculates core ROE using average common shareholders' equity quarterly, as the average of common shareholders' equity at the start and end of the quarter, and annually, as the average of the quarterly average common shareholders' equity for the year.

(\$ millions, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Core earnings available to common shareholders	\$ 1,502	\$ 1,500	\$ 1,637	\$ 1,480	\$ 1,618	\$ 3,002	\$ 3,204	\$ 6,321
<b>Annualized core earnings available to common shareholders</b>	<b>\$ 6,022</b>	\$ 6,085	\$ 6,483	\$ 5,874	\$ 6,485	<b>\$ 6,053</b>	\$ 6,460	\$ 6,321
<b>Average common shareholders' equity (see below)</b>	<b>\$ 49,814</b>	\$ 51,407	\$ 51,049	\$ 49,075	\$ 46,757	<b>\$ 50,611</b>	\$ 46,865	\$ 48,463
<b>Core ROE (annualized) (%)</b>	<b>12.1%</b>	11.8%	12.7%	12.0%	13.9%	<b>12.0%</b>	13.8%	13.0%
<b>Average common shareholders' equity</b>								
Total shareholders' and other equity	\$ 55,500	\$ 56,457	\$ 58,408	\$ 55,457	\$ 53,466	\$ 55,500	\$ 53,466	\$ 58,408
Less: Preferred shares and other equity	(6,660)	(5,670)	(6,381)	(5,387)	(5,387)	(6,660)	(5,387)	(6,381)
<b>Common shareholders' equity</b>	<b>\$ 48,840</b>	\$ 50,787	\$ 52,027	\$ 50,070	\$ 48,079	<b>\$ 48,840</b>	\$ 48,079	\$ 52,027
<b>Average common shareholders' equity</b>	<b>\$ 49,814</b>	\$ 51,407	\$ 51,049	\$ 49,075	\$ 46,757	<b>\$ 50,611</b>	\$ 46,865	\$ 48,463

**Core EPS** is equal to core earnings available to common shareholders divided by diluted weighted average common shares outstanding.

(\$ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
<b>Core EPS</b>								
Core earnings available to common shareholders	\$ 1,502	\$ 1,500	\$ 1,637	\$ 1,480	\$ 1,618	\$ 3,002	\$ 3,204	\$ 6,321
Diluted weighted average common shares outstanding (millions)	1,924	1,942	1,946	1,946	1,946	1,933	1,946	1,946
<b>Core earnings per share</b>	\$ 0.78	\$ 0.77	\$ 0.84	\$ 0.76	\$ 0.83	\$ 1.55	\$ 1.65	\$ 3.25
<b>Core EPS, CER basis</b>								
Core earnings available to common shareholders, CER basis	\$ 1,502	\$ 1,495	\$ 1,639	\$ 1,475	\$ 1,648	\$ 2,997	\$ 3,220	\$ 6,334
Diluted weighted average common shares outstanding (millions)	1,924	1,942	1,946	1,946	1,946	1,933	1,946	1,946
<b>Core earnings per share, CER basis</b>	\$ 0.78	\$ 0.77	\$ 0.84	\$ 0.76	\$ 0.85	\$ 1.55	\$ 1.65	\$ 3.25

### Core earnings related to strategic priorities

The Company measures its progress on certain strategic priorities using core earnings, including core earnings from highest potential businesses. The core earnings for these businesses is calculated consistent with our definition of core earnings.

### Highest potential businesses

For the six months ended June 30, (\$ millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period)	2022	2021
Core earnings highest potential businesses <sup>(1)</sup>	\$ 1,909	\$ 2,021
Core earnings - All other businesses excl. core investment gains	1,105	1,190
Core investment gains	100	100
<b>Core earnings</b>	<b>3,114</b>	<b>3,311</b>
Items excluded from core earnings	942	118
<b>Net income (loss) attributed to shareholders</b>	<b>\$ 4,056</b>	<b>\$ 3,429</b>
<b>Highest Potential Businesses core earnings contribution</b>	<b>61%</b>	<b>61%</b>

<sup>(1)</sup> Includes core earnings from Asia and Global WAM segments, Canada group benefits, and behavioural insurance products.

The **effective tax rate on core earnings** is equal to income tax on core earnings divided by pre-tax core earnings.

The Company also uses financial performance measures that are prepared on a **constant exchange rate basis**, which exclude the impact of currency fluctuations (from local currency to Canadian dollars at a total Company level and from local currency to U.S. dollars in Asia). Such financial measures may be stated on a constant exchange rate basis or the percentage growth/decline in the financial measure on a constant exchange rate basis, using the income statement and balance sheet exchange rates effective for the second quarter of 2022.

Information supporting constant exchange rate basis for GAAP and non-GAAP financial measures is presented below and throughout the rest of this section.

## Net income financial measures on a CER basis

(\$ Canadian millions, post-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
<b>Net income (loss) attributed to shareholders:</b>								
Asia	\$ 361	\$ 773	\$ 645	\$ 822	\$ 633	\$ 1,134	\$ 1,590	\$ 3,057
Canada	85	547	616	(26)	783	632	764	1,354
U.S.	832	2,067	494	697	793	2,899	889	2,080
Global WAM	305	324	387	351	356	629	668	1,406
Corporate and Other	(497)	(741)	(58)	(252)	81	(1,238)	(482)	(792)
<b>Total net income (loss) attributed to shareholders</b>	<b>1,086</b>	<b>2,970</b>	<b>2,084</b>	<b>1,592</b>	<b>2,646</b>	<b>4,056</b>	<b>3,429</b>	<b>7,105</b>
Preferred share dividends and other equity distributions	(60)	(52)	(71)	(37)	(64)	(112)	(107)	(215)
<b>Common shareholders net income (loss)</b>	<b>\$ 1,026</b>	<b>\$ 2,918</b>	<b>\$ 2,013</b>	<b>\$ 1,555</b>	<b>\$ 2,582</b>	<b>\$ 3,944</b>	<b>\$ 3,322</b>	<b>\$ 6,890</b>
<b>CER adjustment<sup>(1)</sup></b>								
Asia	\$ -	\$ 25	\$ 18	\$ (5)	\$ (12)	\$ 25	\$ 38	\$ 51
Canada	-	-	-	-	-	-	-	-
U.S.	-	14	8	12	34	14	41	61
Global WAM	-	-	4	-	8	-	9	13
Corporate and Other	-	(2)	(1)	(3)	3	(2)	8	4
<b>Total net income (loss) attributed to shareholders</b>	<b>-</b>	<b>37</b>	<b>29</b>	<b>4</b>	<b>33</b>	<b>37</b>	<b>96</b>	<b>129</b>
Preferred share dividends and other equity distributions	-	-	-	-	-	-	-	-
<b>Common shareholders net income (loss)</b>	<b>\$ -</b>	<b>\$ 37</b>	<b>\$ 29</b>	<b>\$ 4</b>	<b>\$ 33</b>	<b>\$ 37</b>	<b>\$ 96</b>	<b>\$ 129</b>
<b>Net income (loss) attributed to shareholders, CER basis</b>								
Asia	\$ 361	\$ 798	\$ 663	\$ 817	\$ 621	\$ 1,159	\$ 1,628	\$ 3,108
Canada	85	547	616	(26)	783	632	764	1,354
U.S.	832	2,081	502	709	827	2,913	930	2,141
Global WAM	305	324	391	351	364	629	677	1,419
Corporate and Other	(497)	(743)	(59)	(255)	84	(1,240)	(474)	(788)
<b>Total net income (loss) attributed to shareholders, CER basis</b>	<b>1,086</b>	<b>3,007</b>	<b>2,113</b>	<b>1,596</b>	<b>2,679</b>	<b>4,093</b>	<b>3,525</b>	<b>7,234</b>
Preferred share dividends and other equity distributions, CER basis	(60)	(52)	(71)	(37)	(64)	(112)	(107)	(215)
<b>Common shareholders net income (loss), CER basis</b>	<b>\$ 1,026</b>	<b>\$ 2,955</b>	<b>\$ 2,042</b>	<b>\$ 1,559</b>	<b>\$ 2,615</b>	<b>\$ 3,981</b>	<b>\$ 3,418</b>	<b>\$ 7,019</b>
<b>Asia net income attributed to shareholders, U.S. dollars</b>								
Asia net income (loss) attributed to shareholders, US \$ <sup>(2)</sup>	\$ 283	\$ 610	\$ 513	\$ 654	\$ 515	\$ 893	\$ 1,270	\$ 2,437
CER adjustment, US \$ <sup>(1)</sup>	-	16	6	(15)	(28)	16	5	(4)
<b>Asia net income (loss) attributed to shareholders, U.S. \$, CER basis<sup>(1)</sup></b>	<b>\$ 283</b>	<b>\$ 626</b>	<b>\$ 519</b>	<b>\$ 639</b>	<b>\$ 487</b>	<b>\$ 909</b>	<b>\$ 1,275</b>	<b>\$ 2,433</b>
<b>Net income (loss) attributed to shareholders (pre-tax)</b>								
Net income (loss) attributed to shareholders (post-tax)	\$ 1,086	\$ 2,970	\$ 2,084	\$ 1,592	\$ 2,646	\$ 4,056	\$ 3,429	\$ 7,105
Tax on net income attributed to shareholders	188	778	440	171	605	966	574	1,185
<b>Net income (loss) attributed to shareholders (pre-tax)</b>	<b>1,274</b>	<b>3,748</b>	<b>2,524</b>	<b>1,763</b>	<b>3,251</b>	<b>5,022</b>	<b>4,003</b>	<b>8,290</b>
CER adjustment <sup>(1)</sup>	-	17	(2)	3	46	17	(41)	(40)
<b>Net income (loss) attributed to shareholders (pre-tax), CER basis</b>	<b>\$ 1,274</b>	<b>\$ 3,765</b>	<b>\$ 2,522</b>	<b>\$ 1,766</b>	<b>\$ 3,297</b>	<b>\$ 5,039</b>	<b>\$ 3,962</b>	<b>\$ 8,250</b>

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Asia net income attributed to shareholders (post-tax) in Canadian dollars is translated to U.S. dollars using the U.S. dollar Statement of Income rate for the reporting period.

## Basic EPS and diluted EPS, CER basis

(\$ millions, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Common shareholders net income, CER basis <sup>(1)</sup>	\$ 1,026	\$ 2,955	\$ 2,042	\$ 1,559	\$ 2,615	\$ 3,981	\$ 3,418	\$ 7,019
Weighted average common shares outstanding (millions)	1,921	1,938	1,943	1,942	1,942	1,929	1,942	1,942
<b>Basic EPS, CER basis</b>	<b>\$ 0.53</b>	<b>\$ 1.52</b>	<b>\$ 1.05</b>	<b>\$ 0.80</b>	<b>\$ 1.35</b>	<b>\$ 2.06</b>	<b>\$ 1.76</b>	<b>\$ 3.61</b>
Common shareholders net income, CER basis <sup>(1)</sup>	\$ 1,026	\$ 2,955	\$ 2,042	\$ 1,559	\$ 2,615	\$ 3,981	\$ 3,418	\$ 7,019
Diluted weighted average common shares outstanding (millions)	1,924	1,942	1,946	1,946	1,946	1,933	1,946	1,946
<b>Diluted EPS, CER basis</b>	<b>\$ 0.53</b>	<b>\$ 1.52</b>	<b>\$ 1.05</b>	<b>\$ 0.80</b>	<b>\$ 1.34</b>	<b>\$ 2.06</b>	<b>\$ 1.76</b>	<b>\$ 3.61</b>

<sup>(1)</sup> Common shareholders net income adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

## General expenses, CER basis

(\$ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
General expenses	\$ 1,843	\$ 1,898	\$ 2,000	\$ 1,904	\$ 1,892	\$ 3,741	\$ 3,924	\$ 7,828
CER adjustment <sup>(1)</sup>	-	(11)	(6)	(10)	21	(11)	(9)	(25)
<b>General expenses, CER basis</b>	<b>\$ 1,843</b>	<b>\$ 1,887</b>	<b>\$ 1,994</b>	<b>\$ 1,894</b>	<b>\$ 1,913</b>	<b>\$ 3,730</b>	<b>\$ 3,915</b>	<b>\$ 7,803</b>

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

## Global WAM revenue, CER basis

(\$ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Total revenue	\$ (2,401)	\$ (3,630)	\$ 21,611	\$ 15,983	\$ 25,824	\$ (6,031)	\$ 24,227	\$ 61,821
Less: Revenue for segments other than Global WAM	(3,922)	(5,216)	19,884	14,303	24,217	(9,138)	21,093	55,280
Global WAM revenue	1,521	1,586	1,727	1,680	1,607	3,107	3,134	6,541
CER adjustment <sup>(1)</sup>	-	4	10	7	36	4	36	53
<b>Global WAM revenue, CER basis</b>	<b>\$ 1,521</b>	<b>\$ 1,590</b>	<b>\$ 1,737</b>	<b>\$ 1,687</b>	<b>\$ 1,643</b>	<b>\$ 3,111</b>	<b>\$ 3,170</b>	<b>\$ 6,594</b>

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

**Common share core dividend payout ratio** is a ratio that measures the percentage of core earnings paid to common shareholders as dividends. It is calculated as dividends per common share divided by core EPS.

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
Per share dividend	\$ 0.33	\$ 0.33	\$ 0.33	\$ 0.28	\$ 0.28	\$ 0.66	\$ 0.56	\$ 1.17
Core EPS	\$ 0.78	\$ 0.77	\$ 0.84	\$ 0.76	\$ 0.83	\$ 1.55	\$ 1.65	\$ 3.25
<b>Common share core dividend payout ratio</b>	<b>42%</b>	<b>43%</b>	<b>39%</b>	<b>37%</b>	<b>34%</b>	<b>43%</b>	<b>34%</b>	<b>36%</b>

**AUMA** is a financial measure of the size of the Company. It is comprised of AUM and AUA. AUM includes assets of general account, consisting of total invested assets and segregated funds net assets, and external client assets for which we provide investment management services, consisting of mutual fund, institutional asset management and other fund net assets. AUA are assets for which we provide administrative services only. Assets under management and administration is a common industry metric for wealth and asset management businesses.

Our Global WAM business also manages assets on behalf of other segments of the Company. **Global WAM-managed AUMA** is a financial measure equal to the sum of Global WAM's AUMA and assets managed by Global WAM on behalf of other segments. It is an important measure of the assets managed by Global WAM.

## AUM and AUMA reconciliations

(Canadian \$ in millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

As at	CAD \$						US \$ <sup>(4)</sup>	
	June 30, 2022						June 30, 2022	
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	Asia	U.S.
<b>Total Invested Assets</b>								
Manulife Bank net lending assets	\$ -	\$ 24,500	\$ -	\$ -	\$ -	\$ 24,500	\$ -	\$ -
Derivative reclassification <sup>(1)</sup>	-	-	-	-	5,233	5,233	-	-
Invested assets excluding above items	117,128	82,755	149,506	3,967	19,240	372,596	90,822	115,901
<b>Total</b>	<b>117,128</b>	<b>107,255</b>	<b>149,506</b>	<b>3,967</b>	<b>24,473</b>	<b>402,329</b>	<b>90,822</b>	<b>115,901</b>
<b>Segregated funds net assets</b>								
Segregated funds net assets - Institutional	-	-	-	4,098	-	4,098	-	-
Segregated funds net assets - Other <sup>(2)</sup>	21,874	35,577	64,200	209,181	(27)	330,805	16,953	49,770
<b>Total</b>	<b>21,874</b>	<b>35,577</b>	<b>64,200</b>	<b>213,279</b>	<b>(27)</b>	<b>334,903</b>	<b>16,953</b>	<b>49,770</b>
<b>AUM per financial statements</b>	<b>139,002</b>	<b>142,832</b>	<b>213,706</b>	<b>217,246</b>	<b>24,446</b>	<b>737,232</b>	<b>107,775</b>	<b>165,671</b>
Mutual funds	-	-	-	250,445	-	250,445	-	-
Institutional asset management <sup>(3)</sup>	-	-	-	100,205	-	100,205	-	-
Other funds	-	-	-	12,110	-	12,110	-	-
<b>Total AUM</b>	<b>139,002</b>	<b>142,832</b>	<b>213,706</b>	<b>580,006</b>	<b>24,446</b>	<b>1,099,992</b>	<b>107,775</b>	<b>165,671</b>
Assets under administration	-	-	-	164,697	-	164,697	-	-
<b>Total AUMA</b>	<b>\$ 139,002</b>	<b>\$ 142,832</b>	<b>\$ 213,706</b>	<b>\$ 744,703</b>	<b>\$ 24,446</b>	<b>\$ 1,264,689</b>	<b>\$ 107,775</b>	<b>\$ 165,671</b>
<b>Total AUMA, US \$<sup>(4)</sup></b>						<b>\$ 980,379</b>		
Total AUMA	\$ 139,002	\$ 142,832	\$ 213,706	\$ 744,703	\$ 24,446	\$ 1,264,689		
CER adjustment <sup>(5)</sup>	-	-	-	-	-	-		
<b>Total AUMA, CER basis</b>	<b>\$ 139,002</b>	<b>\$ 142,832</b>	<b>\$ 213,706</b>	<b>\$ 744,703</b>	<b>\$ 24,446</b>	<b>\$ 1,264,689</b>		
<b>Global WAM Managed AUMA</b>								
Global WAM AUMA				\$ 744,703				
AUM managed by Global WAM for Manulife's other segments				220,103				
<b>Total</b>				<b>\$ 964,806</b>				

<sup>(1)</sup> Corporate and Other consolidation adjustment related to net derivative assets reclassified from total invested assets to other lines on the Statement of Financial Position.

<sup>(2)</sup> Corporate and Other segregated funds net asset represents elimination of amounts held by the Company.

<sup>(3)</sup> Institutional asset management excludes Institutional segregated funds net assets.

<sup>(4)</sup> US \$ AUMA is calculated as total AUMA in Canadian \$ divided by the US \$ exchange rate in effect at the end of the quarter.

<sup>(5)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

As at	CAD \$						US \$( <sup>4</sup> )	
	March 31, 2022						March 31, 2022	
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	Asia	U.S.
<b>Total Invested Assets</b>								
Manulife Bank net lending assets	\$ -	\$ 24,004	\$ -	\$ -	\$ -	\$ 24,004	\$ -	\$ -
Derivative reclassification <sup>(1)</sup>	-	-	-	-	(270)	(270)	-	-
Invested assets excluding above items	120,529	88,736	150,989	3,468	21,945	385,667	96,463	120,830
<b>Total</b>	<b>120,529</b>	<b>112,740</b>	<b>150,989</b>	<b>3,468</b>	<b>21,675</b>	<b>409,401</b>	<b>96,463</b>	<b>120,830</b>
<b>Segregated funds net assets</b>								
Segregated funds net assets - Institutional	-	-	-	4,338	-	4,338	-	-
Segregated funds net assets - Other <sup>(2)</sup>	23,868	39,649	71,823	232,276	(26)	367,590	19,108	57,476
<b>Total</b>	<b>23,868</b>	<b>39,649</b>	<b>71,823</b>	<b>236,614</b>	<b>(26)</b>	<b>371,928</b>	<b>19,108</b>	<b>57,476</b>
<b>AUM per financial statements</b>	<b>144,397</b>	<b>152,389</b>	<b>222,812</b>	<b>240,082</b>	<b>21,649</b>	<b>781,329</b>	<b>115,571</b>	<b>178,306</b>
Mutual funds	-	-	-	274,665	-	274,665	-	-
Institutional asset management <sup>(3)</sup>	-	-	-	101,105	-	101,105	-	-
Other funds	-	-	-	13,269	-	13,269	-	-
<b>Total AUM</b>	<b>144,397</b>	<b>152,389</b>	<b>222,812</b>	<b>629,121</b>	<b>21,649</b>	<b>1,170,368</b>	<b>115,571</b>	<b>178,306</b>
Assets under administration	-	-	-	178,843	-	178,843	-	-
<b>Total AUMA</b>	<b>\$ 144,397</b>	<b>\$ 152,389</b>	<b>\$ 222,812</b>	<b>\$ 807,964</b>	<b>\$ 21,649</b>	<b>\$ 1,349,211</b>	<b>\$ 115,571</b>	<b>\$ 178,306</b>
<b>Total AUMA, US \$(<sup>4</sup>)</b>						<b>\$ 1,079,714</b>		
Total AUMA	\$ 144,397	\$ 152,389	\$ 222,812	\$ 807,964	\$ 21,649	\$ 1,349,211		
CER adjustment <sup>(5)</sup>	(255)	-	7,157	15,962	-	22,864		
<b>Total AUMA, CER basis</b>	<b>\$ 144,142</b>	<b>\$ 152,389</b>	<b>\$ 229,969</b>	<b>\$ 823,926</b>	<b>\$ 21,649</b>	<b>\$ 1,372,075</b>		
<b>Global WAM Managed AUMA</b>								
Global WAM AUMA				\$ 807,964				
AUM managed by Global WAM for Manulife's other segments				231,373				
<b>Total</b>				<b>\$ 1,039,337</b>				

Note: For footnotes (1) to (5), refer to the "AUM and AUMA reconciliation" table as at June 30, 2022 above.

As at	CAD \$						US \$( <sup>4</sup> )	
	December 31, 2021						December 31, 2021	
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	Asia	U.S.
<b>Total Invested Assets</b>								
Manulife Bank net lending assets	\$ -	\$ 23,447	\$ -	\$ -	\$ -	\$ 23,447	\$ -	\$ -
Derivative reclassification <sup>(1)</sup>	-	-	-	-	(7,475)	(7,475)	-	-
Invested assets excluding above items	129,207	96,425	164,830	4,458	16,206	411,126	101,893	130,013
<b>Total</b>	<b>129,207</b>	<b>119,872</b>	<b>164,830</b>	<b>4,458</b>	<b>8,731</b>	<b>427,098</b>	<b>101,893</b>	<b>130,013</b>
<b>Segregated funds net assets</b>								
Segregated funds net assets - Institutional	-	-	-	4,470	-	4,470	-	-
Segregated funds net assets - Other <sup>(2)</sup>	25,505	42,124	79,620	248,097	(28)	395,318	20,112	62,801
<b>Total</b>	<b>25,505</b>	<b>42,124</b>	<b>79,620</b>	<b>252,567</b>	<b>(28)</b>	<b>399,788</b>	<b>20,112</b>	<b>62,801</b>
<b>AUM per financial statements</b>	<b>154,712</b>	<b>161,996</b>	<b>244,450</b>	<b>257,025</b>	<b>8,703</b>	<b>826,886</b>	<b>122,005</b>	<b>192,814</b>
Mutual funds	-	-	-	290,863	-	290,863	-	-
Institutional asset management <sup>(3)</sup>	-	-	-	106,407	-	106,407	-	-
Other funds	-	-	-	14,001	-	14,001	-	-
<b>Total AUM</b>	<b>154,712</b>	<b>161,996</b>	<b>244,450</b>	<b>668,296</b>	<b>8,703</b>	<b>1,238,157</b>	<b>122,005</b>	<b>192,814</b>
Assets under administration	-	-	-	187,631	-	187,631	-	-
<b>Total AUMA</b>	<b>\$ 154,712</b>	<b>\$ 161,996</b>	<b>\$ 244,450</b>	<b>\$ 855,927</b>	<b>\$ 8,703</b>	<b>\$ 1,425,788</b>	<b>\$ 122,005</b>	<b>\$ 192,814</b>
<b>Total AUMA, US \$(<sup>4</sup>)</b>						<b>\$ 1,124,616</b>		
Total AUMA	\$ 154,712	\$ 161,996	\$ 244,450	\$ 855,927	\$ 8,703	\$ 1,425,788		
CER adjustment <sup>(5)</sup>	(4,133)	-	4,239	6,878	-	6,984		
<b>Total AUMA, CER basis</b>	<b>\$ 150,579</b>	<b>\$ 161,996</b>	<b>\$ 248,689</b>	<b>\$ 862,805</b>	<b>\$ 8,703</b>	<b>\$ 1,432,772</b>		
<b>Global WAM Managed AUMA</b>								
Global WAM AUMA				\$ 855,927				
AUM managed by Global WAM for Manulife's other segments				246,773				
<b>Total</b>				<b>\$ 1,102,700</b>				

Note: For footnotes (1) to (5), refer to the "AUM and AUMA reconciliation" table as at June 30, 2022 above.

As at	CAD \$						US \$( <sup>4</sup> )	
	September 30, 2021						September 30, 2021	
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	Asia	U.S.
<b>Total Invested Assets</b>								
Manulife Bank net lending assets	\$ -	\$ 23,139	\$ -	\$ -	\$ -	\$ 23,139	\$ -	\$ -
Derivative reclassification <sup>(1)</sup>	-	-	-	-	(6,226)	(6,226)	-	-
Invested assets excluding above items	124,880	94,510	162,720	4,333	15,731	402,174	98,022	127,714
<b>Total</b>	<b>124,880</b>	<b>117,649</b>	<b>162,720</b>	<b>4,333</b>	<b>9,505</b>	<b>419,087</b>	<b>98,022</b>	<b>127,714</b>
<b>Segregated funds net assets</b>								
Segregated funds net assets - Institutional	-	-	-	4,400	-	4,400	-	-
Segregated funds net assets - Other <sup>(2)</sup>	24,892	40,178	78,223	240,151	(45)	383,399	19,540	61,395
<b>Total</b>	<b>24,892</b>	<b>40,178</b>	<b>78,223</b>	<b>244,551</b>	<b>(45)</b>	<b>387,799</b>	<b>19,540</b>	<b>61,395</b>
<b>AUM per financial statements</b>	<b>149,772</b>	<b>157,827</b>	<b>240,943</b>	<b>248,884</b>	<b>9,460</b>	<b>806,886</b>	<b>117,562</b>	<b>189,109</b>
Mutual funds	-	-	-	277,421	-	277,421	-	-
Institutional asset management <sup>(3)</sup>	-	-	-	103,732	-	103,732	-	-
Other funds	-	-	-	12,562	-	12,562	-	-
<b>Total AUM</b>	<b>149,772</b>	<b>157,827</b>	<b>240,943</b>	<b>642,599</b>	<b>9,460</b>	<b>1,200,601</b>	<b>117,562</b>	<b>189,109</b>
Assets under administration	-	-	-	181,013	-	181,013	-	-
<b>Total AUMA</b>	<b>\$ 149,772</b>	<b>\$ 157,827</b>	<b>\$ 240,943</b>	<b>\$ 823,612</b>	<b>\$ 9,460</b>	<b>\$ 1,381,614</b>	<b>\$ 117,562</b>	<b>\$ 189,109</b>
<b>Total AUMA, US \$(<sup>4</sup>)</b>						<b>\$ 1,084,384</b>		
Total AUMA	\$ 149,772	\$ 157,827	\$ 240,943	\$ 823,612	\$ 9,460	\$ 1,381,614		
CER adjustment <sup>(5)</sup>	(5,224)	-	2,970	3,490	-	1,236		
<b>Total AUMA, CER basis</b>	<b>\$ 144,548</b>	<b>\$ 157,827</b>	<b>\$ 243,913</b>	<b>\$ 827,102</b>	<b>\$ 9,460</b>	<b>\$ 1,382,850</b>		
<b>Global WAM Managed AUMA</b>								
Global WAM AUMA				\$ 823,612				
AUM managed by Global WAM for Manulife's other segments				240,798				
<b>Total</b>				<b>\$ 1,064,410</b>				

Note: For footnotes (1) to (5), refer to the "AUM and AUMA reconciliation" table as at June 30, 2022 above.

As at	CAD \$						US \$ <sup>(4)</sup>	
	June 30, 2021						June 30, 2021	
	Asia	Canada	U.S.	Global WAM	Corporate and Other	Total	Asia	U.S.
<b>Total Invested Assets</b>								
Manulife Bank net lending assets	\$ -	\$ 22,884	\$ -	\$ -	\$ -	\$ 22,884	\$ -	\$ -
Derivative reclassification <sup>(1)</sup>	-	-	-	-	(6,907)	(6,907)	-	-
Invested assets excluding above items	117,808	94,950	156,171	4,211	16,092	389,232	95,089	126,005
<b>Total</b>	<b>117,808</b>	<b>117,834</b>	<b>156,171</b>	<b>4,211</b>	<b>9,185</b>	<b>405,209</b>	<b>95,089</b>	<b>126,005</b>
<b>Segregated funds net assets</b>								
Segregated funds net assets - Institutional	-	-	-	4,229	-	4,229	-	-
Segregated funds net assets - Other <sup>(2)</sup>	24,117	39,666	77,488	238,389	(44)	379,616	19,466	62,521
<b>Total</b>	<b>24,117</b>	<b>39,666</b>	<b>77,488</b>	<b>242,618</b>	<b>(44)</b>	<b>383,845</b>	<b>19,466</b>	<b>62,521</b>
<b>AUM per financial statements</b>	<b>141,925</b>	<b>157,500</b>	<b>233,659</b>	<b>246,829</b>	<b>9,141</b>	<b>789,054</b>	<b>114,555</b>	<b>188,526</b>
Mutual funds	-	-	-	265,110	-	265,110	-	-
Institutional asset management <sup>(3)</sup>	-	-	-	99,983	-	99,983	-	-
Other funds	-	-	-	12,232	-	12,232	-	-
<b>Total AUM</b>	<b>141,925</b>	<b>157,500</b>	<b>233,659</b>	<b>624,154</b>	<b>9,141</b>	<b>1,166,379</b>	<b>114,555</b>	<b>188,526</b>
Assets under administration	-	-	-	174,376	-	174,376	-	-
<b>Total AUMA</b>	<b>\$ 141,925</b>	<b>\$ 157,500</b>	<b>\$ 233,659</b>	<b>\$ 798,530</b>	<b>\$ 9,141</b>	<b>\$ 1,340,755</b>	<b>\$ 114,555</b>	<b>\$ 188,526</b>
<b>Total AUMA, US \$<sup>(4)</sup></b>						<b>\$1,081,777</b>		
Total AUMA	\$ 141,925	\$ 157,500	\$ 233,659	\$ 798,530	\$ 9,141	\$ 1,340,755		
CER adjustment <sup>(5)</sup>	(1,937)	-	9,492	19,372	-	26,927		
<b>Total AUMA, CER basis</b>	<b>\$ 139,988</b>	<b>\$ 157,500</b>	<b>\$ 243,151</b>	<b>\$ 817,902</b>	<b>\$ 9,141</b>	<b>\$ 1,367,682</b>		
<b>Global WAM Managed AUMA</b>								
Global WAM AUMA				\$ 798,530				
AUM managed by Global WAM for Manulife's other segments				235,234				
<b>Total</b>				<b>\$1,033,764</b>				

Note: For footnotes (1) to (5), refer to the "AUM and AUMA reconciliation" table as at June 30, 2022 above.

## Global WAM AUMA and managed AUMA by business line and geographic source

(\$ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

As at	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021
<b>Global WAM AUMA by business line</b>					
Retirement	\$ 377,674	\$ 412,689	\$ 440,831	\$ 426,742	\$ 418,907
Retail	261,354	289,008	303,232	287,717	274,661
Institutional asset management	105,675	106,267	111,864	109,153	104,962
<b>Total</b>	<b>\$ 744,703</b>	<b>\$ 807,964</b>	<b>\$ 855,927</b>	<b>\$ 823,612</b>	<b>\$ 798,530</b>
<b>Global WAM AUMA by business line, CER basis<sup>(1)</sup></b>					
Retirement	\$ 377,674	\$ 423,056	\$ 446,757	\$ 430,794	\$ 432,032
Retail	261,354	293,923	305,204	288,800	280,840
Institutional asset management	105,675	106,947	110,844	107,508	105,030
<b>Total</b>	<b>\$ 744,703</b>	<b>\$ 823,926</b>	<b>\$ 862,805</b>	<b>\$ 827,102</b>	<b>\$ 817,902</b>
<b>Global WAM AUMA by geographic source</b>					
Asia	\$ 96,510	\$ 98,608	\$ 104,584	\$ 100,899	\$ 95,510
Canada	206,073	227,252	238,798	228,347	224,693
U.S.	442,120	482,104	512,545	494,366	478,327
<b>Total</b>	<b>\$ 744,703</b>	<b>\$ 807,964</b>	<b>\$ 855,927</b>	<b>\$ 823,612</b>	<b>\$ 798,530</b>
<b>Global WAM AUMA by geographic source, CER basis<sup>(1)</sup></b>					
Asia	\$ 96,510	\$ 99,005	\$ 102,519	\$ 98,246	\$ 95,612
Canada	206,073	227,252	238,798	228,347	224,693
U.S.	442,120	497,669	521,488	500,509	497,597
<b>Total</b>	<b>\$ 744,703</b>	<b>\$ 823,926</b>	<b>\$ 862,805</b>	<b>\$ 827,102</b>	<b>\$ 817,902</b>
<b>Global WAM Managed AUMA by business line</b>					
Retirement	\$ 377,674	\$ 412,689	\$ 440,831	\$ 426,742	\$ 418,907
Retail	335,367	370,999	391,911	373,685	359,520
Institutional asset management	251,765	255,649	269,958	263,983	255,337
<b>Total</b>	<b>\$ 964,806</b>	<b>\$ 1,039,337</b>	<b>\$ 1,102,700</b>	<b>\$ 1,064,410</b>	<b>\$ 1,033,764</b>
<b>Global WAM Managed AUMA by business line, CER basis<sup>(1)</sup></b>					
Retirement	\$ 377,674	\$ 423,056	\$ 446,757	\$ 430,794	\$ 432,032
Retail	335,367	377,558	394,846	375,446	367,916
Institutional asset management	251,765	260,468	271,319	263,997	260,603
<b>Total</b>	<b>\$ 964,806</b>	<b>\$ 1,061,082</b>	<b>\$ 1,112,922</b>	<b>\$ 1,070,237</b>	<b>\$ 1,060,551</b>
<b>Global WAM Managed AUMA by geographic source</b>					
Asia	\$ 190,301	\$ 195,346	\$ 207,827	\$ 200,976	\$ 191,704
Canada	254,400	279,700	293,902	281,523	278,309
U.S.	520,105	564,291	600,971	581,911	563,751
<b>Total</b>	<b>\$ 964,806</b>	<b>\$ 1,039,337</b>	<b>\$ 1,102,700</b>	<b>\$ 1,064,410</b>	<b>\$ 1,033,764</b>
<b>Global WAM Managed AUMA by geographic source, CER basis<sup>(1)</sup></b>					
Asia	\$ 190,301	\$ 198,874	\$ 207,561	\$ 199,570	\$ 195,738
Canada	254,400	279,700	293,902	281,523	278,309
U.S.	520,105	582,508	611,459	589,144	586,504
<b>Total</b>	<b>\$ 964,806</b>	<b>\$ 1,061,082</b>	<b>\$ 1,112,922</b>	<b>\$ 1,070,237</b>	<b>\$ 1,060,551</b>

<sup>(1)</sup> AUMA adjusted to reflect the foreign exchange rates for the Statement of Financial Position in effect for 2Q22.

**Average assets under management and administration (“average AUMA”)** is the average of Global WAM’s AUMA during the reporting period. It is a measure used in analyzing and explaining fee income and earnings of our Global WAM segment. It is calculated as the average of the opening balance of AUMA and the ending balance of AUMA using daily balances where available and month-end or quarter-end averages when daily averages are unavailable. Similarly, Global WAM **average managed AUMA and average AUA** are the average of Global WAM’s managed AUMA and AUA, respectively, and are calculated in a manner consistent with average AUMA.

**Manulife Bank net lending assets** is a financial measure equal to the sum of Manulife Bank’s loans and mortgages, net of allowances. **Manulife Bank average net lending assets** is a financial measure which is calculated as the quarter-end average of the opening and the ending balance of net lending assets. Both of these financial measures are a measure of the size of Manulife Bank’s portfolio of loans and mortgages and are used to analyze and explain its earnings.

As at (\$ millions)	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021
Mortgages	\$ 53,422	\$ 52,287	\$ 52,014	\$ 51,001	\$ 50,309
Less: mortgages not held by Manulife Bank	31,704	30,950	31,073	30,202	29,643
Total mortgages held by Manulife Bank	21,718	21,337	20,941	20,799	20,666
Loans to bank clients	2,782	2,667	2,506	2,340	2,218
<b>Manulife Bank net lending assets</b>	<b>\$ 24,500</b>	<b>\$ 24,004</b>	<b>\$ 23,447</b>	<b>\$ 23,139</b>	<b>\$ 22,884</b>
<b>Manulife Bank average net lending assets</b>					
Beginning of period	\$ 24,004	\$ 23,447	\$ 23,139	\$ 22,884	\$ 22,770
End of period	24,500	24,004	23,447	23,139	22,884
<b>Manulife Bank average net lending assets by quarter</b>	<b>\$ 24,252</b>	<b>\$ 23,726</b>	<b>\$ 23,293</b>	<b>\$ 23,012</b>	<b>\$ 22,827</b>
<b>Manulife Bank average net lending assets – Year-to-date</b>	<b>\$ 23,974</b>				<b>\$ 22,824</b>
<b>Manulife Bank average net lending assets – full year</b>			<b>\$ 23,105</b>		

**Consolidated capital** serves as a foundation of our capital management activities at the MFC level. Consolidated capital is calculated as the sum of: (i) total equity excluding accumulated other comprehensive income (“AOCI”) on cash flow hedges; and (ii) certain other capital instruments that qualify as regulatory capital. For regulatory reporting purposes under the LICAT framework, the numbers are further adjusted for various additions or deductions to capital as mandated by the guidelines defined by OSFI.

As at (\$ millions)	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sep 30, 2021	Jun 30, 2021
Total equity	\$ 55,798	\$ 56,849	\$ 58,869	\$ 55,951	\$ 54,254
Exclude AOCI gain/(loss) on cash flow hedges	(48)	(70)	(156)	(159)	(166)
Total equity excluding AOCI on cash flow hedges	55,846	56,919	59,025	56,110	54,420
Qualifying capital instruments	7,001	6,950	6,980	6,986	6,936
<b>Consolidated capital</b>	<b>\$ 62,847</b>	<b>\$ 63,869</b>	<b>\$ 66,005</b>	<b>\$ 63,096</b>	<b>\$ 61,356</b>

**Core EBITDA** is a financial measure which Manulife uses to better understand the long-term earnings capacity and valuation of our Global WAM business on a basis more comparable to how the profitability of global asset managers is generally measured. Core EBITDA presents core earnings before the impact of interest, taxes, depreciation, and amortization. Core EBITDA excludes certain acquisition expenses related to insurance contracts in our retirement businesses which are deferred and amortized over the expected lifetime of the customer relationship under the CALM. Core EBITDA was selected as a key performance indicator for our Global WAM business, as EBITDA is widely used among asset management peers, and core earnings is a primary profitability metric for the Company overall.

## Reconciliation of Global WAM core earnings to core EBITDA and Global WAM core EBITDA by business line and geographic source

(\$ millions, pre-tax and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)

	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
<b>Global WAM core earnings (post-tax)</b>	<b>\$ 305</b>	<b>\$ 324</b>	<b>\$ 387</b>	<b>\$ 351</b>	<b>\$ 356</b>	<b>\$ 629</b>	<b>\$ 668</b>	<b>\$ 1,406</b>
Addback taxes, acquisition costs, other expenses and deferred sales commissions								
Core income tax (expense) recovery (see above)	57	61	52	66	64	118	116	234
Acquisition costs, other expenses	80	81	79	86	79	161	158	323
Deferred sales commissions	25	24	25	26	22	49	48	99
<b>Core EBITDA</b>	<b>\$ 467</b>	<b>\$ 490</b>	<b>\$ 543</b>	<b>\$ 529</b>	<b>\$ 521</b>	<b>\$ 957</b>	<b>\$ 990</b>	<b>\$ 2,062</b>
CER adjustment <sup>(1)</sup>	-	2	4	4	5	2	1	9
<b>Core EBITDA, CER basis</b>	<b>\$ 467</b>	<b>\$ 492</b>	<b>\$ 547</b>	<b>\$ 533</b>	<b>\$ 526</b>	<b>\$ 959</b>	<b>\$ 991</b>	<b>\$ 2,071</b>
<b>Core EBITDA by business line</b>								
Retirement	\$ 263	\$ 277	\$ 306	\$ 313	\$ 305	\$ 540	\$ 591	\$ 1,210
Retail	179	201	220	199	196	380	371	790
Institutional asset management	25	12	17	17	20	37	28	62
<b>Total</b>	<b>\$ 467</b>	<b>\$ 490</b>	<b>\$ 543</b>	<b>\$ 529</b>	<b>\$ 521</b>	<b>\$ 957</b>	<b>\$ 990</b>	<b>\$ 2,062</b>
<b>Core EBITDA by geographic source</b>								
Asia	\$ 106	\$ 113	\$ 115	\$ 134	\$ 131	\$ 219	\$ 262	\$ 511
Canada	171	171	185	172	169	342	325	682
U.S.	190	206	243	223	221	396	403	869
<b>Total</b>	<b>\$ 467</b>	<b>\$ 490</b>	<b>\$ 543</b>	<b>\$ 529</b>	<b>\$ 521</b>	<b>\$ 957</b>	<b>\$ 990</b>	<b>\$ 2,062</b>
<b>Core EBITDA by business line, CER basis<sup>(2)</sup></b>								
Retirement	\$ 263	\$ 279	\$ 309	\$ 316	\$ 314	\$ 542	\$ 602	\$ 1,227
Retail	179	202	221	200	193	381	363	783
Institutional asset management	25	11	17	17	19	36	26	61
<b>Total, CER basis</b>	<b>\$ 467</b>	<b>\$ 492</b>	<b>\$ 547</b>	<b>\$ 533</b>	<b>\$ 526</b>	<b>\$ 959</b>	<b>\$ 991</b>	<b>\$ 2,071</b>
<b>Core EBITDA by geographic source, CER basis<sup>(2)</sup></b>								
Asia	\$ 106	\$ 113	\$ 116	\$ 136	\$ 127	\$ 219	\$ 252	\$ 504
Canada	171	171	185	172	169	342	325	682
U.S.	190	208	246	225	230	398	414	885
<b>Total, CER basis</b>	<b>\$ 467</b>	<b>\$ 492</b>	<b>\$ 547</b>	<b>\$ 533</b>	<b>\$ 526</b>	<b>\$ 959</b>	<b>\$ 991</b>	<b>\$ 2,071</b>

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

<sup>(2)</sup> Core EBITDA adjusted to reflect the foreign exchange rates for the Statement of Income in effect for 2Q22.

**Core EBITDA margin** is a financial measure which Manulife uses to better understand the long-term profitability of our Global WAM business on a more comparable basis to how profitability of global asset managers are measured. Core EBITDA margin presents core earnings before the impact of interest, taxes, depreciation, and amortization divided by total revenue from these businesses. Core EBITDA margin was selected as a key performance indicator for our Global WAM business, as EBITDA margin is widely used among asset management peers, and core earnings is a primary profitability metric for the Company overall.

(\$ millions, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
<b>Core EBITDA margin</b>								
Core EBITDA	\$ 467	\$ 490	\$ 543	\$ 529	\$ 521	\$ 957	\$ 990	\$ 2,062
Global WAM revenue	\$ 1,521	\$ 1,586	\$ 1,727	\$ 1,680	\$ 1,607	\$ 3,107	\$ 3,134	\$ 6,541
<b>Core EBITDA margin</b>	<b>30.7%</b>	30.9%	31.4%	31.5%	32.4%	<b>30.8%</b>	31.6%	31.5%

**Expense efficiency ratio** is a financial measure which Manulife uses to measure progress towards our target to be more efficient. It is defined as core general expenses divided by the sum of core earnings before income taxes (“pre-tax core earnings”) and core general expenses. **Core general expenses** is used to calculate our expense efficiency ratio and is equal to pre-tax general expenses included in core earnings and excludes such items as material legal provisions for settlements, restructuring charges and expenses related to integration and acquisitions.

(\$ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
<b>Expense Efficiency Ratio</b>								
Core general expenses	\$ 1,843	\$ 1,877	\$ 1,973	\$ 1,904	\$ 1,794	\$ 3,720	\$ 3,676	\$ 7,553
Core earnings (pre-tax)	1,900	1,876	2,054	1,811	2,036	3,776	4,031	7,896
Total - Core earnings (pre-tax) and Core general expenses	\$ 3,743	\$ 3,753	\$ 4,027	\$ 3,715	\$ 3,830	\$ 7,496	\$ 7,707	\$ 15,449
<b>Expense Efficiency Ratio</b>	<b>49.2%</b>	50.0%	49.0%	51.3%	46.8%	<b>49.6%</b>	47.7%	48.9%
<b>Core general expenses</b>								
General expenses - Financial Statements	\$ 1,843	\$ 1,898	\$ 2,000	\$ 1,904	\$ 1,892	\$ 3,741	\$ 3,924	\$ 7,828
Less: General expenses included in items excluded from core earnings								
Restructuring charge	-	-	-	-	-	-	150	150
Integration and acquisition	-	8	-	-	-	8	-	-
Legal provisions and Other expenses	-	13	27	-	98	13	98	125
Total	\$ -	\$ 21	\$ 27	\$ -	\$ 98	\$ 21	\$ 248	\$ 275
<b>Core general expenses</b>	<b>\$ 1,843</b>	\$ 1,877	\$ 1,973	\$ 1,904	\$ 1,794	<b>\$ 3,720</b>	\$ 3,676	\$ 7,553
Core general expenses	\$ 1,843	\$ 1,877	\$ 1,973	\$ 1,904	\$ 1,794	\$ 3,720	\$ 3,676	\$ 7,553
CER adjustment <sup>(1)</sup>	-	(11)	(7)	(11)	17	(11)	(9)	(26)
<b>Core general expenses, CER basis</b>	<b>\$ 1,843</b>	\$ 1,866	\$ 1,966	\$ 1,893	\$ 1,811	<b>\$ 3,709</b>	\$ 3,667	\$ 7,527

<sup>(1)</sup> The impact of updating foreign exchange rates to that which was used in 2Q22.

**Embedded value (“EV”)** is a measure of the present value of shareholders’ interests in the expected future distributable earnings on in-force business reflected in the Consolidated Statements of Financial Position of Manulife, excluding any value associated with future new business. EV is calculated as the sum of the adjusted net worth and the value of in-force business calculated as at December 31. The adjusted net worth is the IFRS shareholders’ equity adjusted for goodwill and intangible assets, fair value of surplus assets, the fair value of debt, preferred shares, and other equity, and local statutory balance sheet, regulatory reserve, and capital for our Asian

businesses. The value of in-force business in Canada and the U.S. is the present value of expected future IFRS earnings, on an IFRS 4 basis, on in-force business less the present value of the cost of holding capital to support the in-force business under the LICAT framework. The value of in-force business in Asia reflects local statutory earnings and capital requirements. The value of in-force excludes Global WAM, Bank or P&C Reinsurance businesses.

**Net annualized fee income yield on average AUMA ("Net fee income yield")** is a financial measure that represents the net annualized fee income from Global WAM channels over average AUMA. This measure provides information on Global WAM's adjusted return generated from managing AUMA.

**Net annualized fee income** is a financial measure that represents Global WAM income before income taxes, adjusted to exclude items unrelated to net fee income, including general expenses, investment income, non-AUMA related net benefits and claims, and net premium taxes. It also excludes the components of Global WAM net fee income from managing assets on behalf of other segments. This measure is annualized based on the number of days in the year divided the number of days in the reporting period.

### Reconciliation of income before income taxes to net fee income yield

(\$ millions, unless otherwise stated)	Quarterly Results					YTD Results		Full Year Results
	2Q22	1Q22	4Q21	3Q21	2Q21	2022	2021	2021
<b>Income before income taxes</b>	<b>\$ 1,257</b>	\$ 3,711	\$ 2,481	\$ 1,480	\$ 3,292	<b>\$ 4,968</b>	\$ 4,164	\$ 8,125
Less: Income before income taxes for segments other than Global WAM	<b>895</b>	3,325	2,043	1,062	2,873	<b>4,220</b>	3,379	6,484
Global WAM income before income taxes	<b>362</b>	386	438	418	419	<b>748</b>	785	1,641
Items unrelated to net fee income	<b>580</b>	600	616	599	548	<b>1,180</b>	1,109	2,324
Global WAM net fee income	<b>942</b>	986	1,054	1,017	967	<b>1,928</b>	1,894	3,965
Less: Net fee income from other segments	<b>112</b>	118	122	118	109	<b>230</b>	218	458
Global WAM net fee income excluding net fee income from other segments	<b>830</b>	868	932	899	858	<b>1,698</b>	1,676	3,507
<b>Net annualized fee income</b>	<b>\$ 3,328</b>	\$ 3,516	\$ 3,698	\$ 3,565	\$ 3,441	<b>\$ 3,423</b>	\$ 3,380	\$ 3,507
Average Assets under Management and Administration	<b>\$ 776,833</b>	\$ 820,393	\$ 835,494	\$ 815,927	\$ 775,849	<b>\$ 798,939</b>	\$ 771,218	\$ 798,022
<b>Net fee income yield (bps)</b>	<b>42.8</b>	42.9	44.3	43.7	44.4	<b>42.8</b>	43.8	43.9

**New business value ("NBV")** is the change in embedded value as a result of sales in the reporting period. NBV is calculated as the present value of shareholders' interests in expected future distributable earnings, after the cost of capital calculated under the LICAT framework in Canada and the U.S. and the local capital requirements in Asia, on actual new business sold in the period using assumptions that are consistent with the assumptions used in the calculation of embedded value. NBV excludes businesses with immaterial insurance risks, such as the Company's Global WAM, Manulife Bank and the P&C Reinsurance businesses. NBV is a useful metric to evaluate the value created by the Company's new business franchise.

**New business value margin ("NBV margin")** is calculated as NBV divided by APE sales excluding non-controlling interests. APE sales are calculated as 100% of regular premiums and deposits sales and 10% of single premiums and deposits sales. NBV margin is a useful metric to help understand the profitability of our new business.

#### Sales are measured according to product type:

For individual insurance, sales include 100% of new annualized premiums and 10% of both excess and single premiums. For individual insurance, new annualized premiums reflect the annualized premium expected in the first year of a policy that requires premium payments for more than one year. Single premium is the lump sum premium from the sale of a single premium product, e.g. travel insurance. Sales are reported gross before the impact of reinsurance.

For group insurance, sales include new annualized premiums and administrative services only premium equivalents on new cases, as well as the addition of new coverages and amendments to contracts, excluding rate increases.

Insurance-based wealth accumulation product sales include all new deposits into variable and fixed annuity contracts. As we discontinued sales of new variable annuity contracts in the U.S. in 1Q13, subsequent deposits into existing U.S. variable annuity contracts are not reported as sales. Asia variable annuity deposits are included in APE sales.

**APE sales** are comprised of 100% of regular premiums and deposits and 10% of excess and single premiums and deposits for both insurance and insurance-based wealth accumulation products.

**Gross flows** is a new business measure presented for our Global WAM business and includes all deposits into mutual funds, group pension/retirement savings products, private wealth and institutional asset management products. Gross flows is a common industry metric for WAM businesses as it provides a measure of how successful the businesses are at attracting assets.

**Net flows** is presented for our Global WAM business and includes gross flows less redemptions for mutual funds, group pension/retirement savings products, private wealth and institutional asset management products. In addition, net flows include the net flows of exchange traded funds and non-proprietary product sold by Manulife Securities. Net flows is a common industry metric for WAM businesses as it provides a measure of how successful the businesses are at attracting and retaining assets. When net flows are positive, they are referred to as net inflows. Conversely, negative net flows are referred to as net outflows.

**Remittances** is defined as the cash remitted or available for distribution to the Manulife Group from operating subsidiaries and excess capital generated by standalone Canadian operations. It is one of the key metrics used by management to evaluate our financial flexibility.

#### **E4 Caution regarding forward-looking statements**

From time to time, MFC makes written and/or oral forward-looking statements, including in this document. 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 this document include, but are not limited to, statements with respect to the expected annual savings related to actions taken in the first quarter of 2021, the estimated impact of our annual review of actuarial methods and assumptions, the Company’s strategic priorities and 2022 target and 2025 supplemental goal for net promoter score, the impact of IFRS 17 and the Company’s earnings presentation and reporting under the new accounting standard and our medium-term financial and operating targets under IFRS 17, including our core ROE target, dividend payout ratio target and new CSM targets, and the impact of changes in tax laws and, also relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as “may”, “will”, “could”, “should”, “would”, “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 we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements 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, inflation rates, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); the ongoing prevalence of COVID-19, including any variants, as well as actions that have been, or may be taken by governmental authorities in response to COVID-

19, including the impacts of any variants; 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; geopolitical uncertainty, including international conflicts; 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 the Company's or public infrastructure systems; environmental concerns, including climate change; our ability to protect our intellectual property and exposure to claims of infringement; and our inability 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 this document under "Risk Management and Risk Factors Update" and "Critical Actuarial and Accounting Policies", under "Risk Management and Risk Factors" and "Critical Actuarial and Accounting Policies" in the Management's Discussion and Analysis in our most recent annual report and, in the "Risk Management" note to the consolidated financial statements in our most recent annual and interim reports and elsewhere in our filings with Canadian and U.S. securities regulators.

The forward-looking statements in this document are, unless otherwise indicated, stated as of the date hereof 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. We do not undertake to update any forward-looking statements, except as required by law.

## E5 Quarterly financial information

The following table provides summary information related to our eight most recently completed quarters.

As at and for the three months ended (\$ millions, except per share amounts or otherwise stated, unaudited)	Jun 30, 2022	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020
<b>Revenue</b>								
Premium income								
Life and health insurance <sup>(1)</sup>	\$ 8,783	\$ 9,521	\$ 9,159	\$ 9,269	\$ 8,716	\$ 8,986	\$ 8,651	\$ 5,302
Annuities and pensions <sup>(2)</sup>	844	(19)	901	714	698	622	672	704
Net premium income	9,627	9,502	10,060	9,983	9,414	9,608	9,323	6,006
Investment income	3,675	3,417	4,350	3,964	4,099	3,214	4,366	3,521
Realized and unrealized gains and losses on assets supporting insurance and investment contract liabilities <sup>(3)</sup>	(17,760)	(18,540)	4,460	(958)	9,551	(17,056)	1,683	1,100
Other revenue	2,057	1,991	2,741	2,994	2,760	2,637	2,497	2,749
<b>Total revenue</b>	<b>\$ (2,401)</b>	<b>\$(3,630)</b>	<b>\$21,611</b>	<b>\$15,983</b>	<b>\$25,824</b>	<b>\$(1,597)</b>	<b>\$17,869</b>	<b>\$13,376</b>
Income (loss) before income taxes	\$ 1,257	\$ 3,711	\$ 2,481	\$ 1,480	\$ 3,292	\$ 872	\$ 2,065	\$ 2,170
Income tax (expense) recovery	(258)	(809)	(430)	(166)	(610)	(7)	(224)	(381)
<b>Net income (loss)</b>	<b>\$ 999</b>	<b>\$ 2,902</b>	<b>\$ 2,051</b>	<b>\$ 1,314</b>	<b>\$ 2,682</b>	<b>\$ 865</b>	<b>\$ 1,841</b>	<b>\$ 1,789</b>
<b>Net income (loss) attributed to shareholders</b>	<b>\$ 1,086</b>	<b>\$ 2,970</b>	<b>\$ 2,084</b>	<b>\$ 1,592</b>	<b>\$ 2,646</b>	<b>\$ 783</b>	<b>\$ 1,780</b>	<b>\$ 2,068</b>
<b>Basic earnings (loss) per common share</b>	<b>\$ 0.53</b>	<b>\$ 1.51</b>	<b>\$ 1.04</b>	<b>\$ 0.80</b>	<b>\$ 1.33</b>	<b>\$ 0.38</b>	<b>\$ 0.90</b>	<b>\$ 1.04</b>
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.53</b>	<b>\$ 1.50</b>	<b>\$ 1.03</b>	<b>\$ 0.80</b>	<b>\$ 1.33</b>	<b>\$ 0.38</b>	<b>\$ 0.89</b>	<b>\$ 1.04</b>
<b>Segregated funds deposits</b>	<b>\$ 10,094</b>	<b>\$12,328</b>	<b>\$10,920</b>	<b>\$10,929</b>	<b>\$10,301</b>	<b>\$12,395</b>	<b>\$ 9,741</b>	<b>\$ 9,158</b>
<b>Total assets (in billions)</b>	<b>\$ 821</b>	<b>\$ 865</b>	<b>\$ 918</b>	<b>\$ 898</b>	<b>\$ 879</b>	<b>\$ 859</b>	<b>\$ 880</b>	<b>\$ 876</b>
<b>Weighted average common shares (in millions)</b>	<b>1,921</b>	<b>1,938</b>	<b>1,943</b>	<b>1,942</b>	<b>1,942</b>	<b>1,941</b>	<b>1,940</b>	<b>1,940</b>
<b>Diluted weighted average common shares (in millions)</b>	<b>1,924</b>	<b>1,942</b>	<b>1,946</b>	<b>1,946</b>	<b>1,946</b>	<b>1,945</b>	<b>1,943</b>	<b>1,942</b>
<b>Dividends per common share</b>	<b>\$ 0.330</b>	<b>\$ 0.330</b>	<b>\$ 0.330</b>	<b>\$ 0.280</b>	<b>\$ 0.280</b>	<b>\$ 0.280</b>	<b>\$ 0.280</b>	<b>\$ 0.280</b>
<b>CDN\$ to US\$1 - Statement of Financial Position</b>	<b>1.2900</b>	<b>1.2496</b>	<b>1.2678</b>	<b>1.2741</b>	<b>1.2394</b>	<b>1.2575</b>	<b>1.2732</b>	<b>1.3339</b>
<b>CDN\$ to US\$1 - Statement of Income</b>	<b>1.2765</b>	<b>1.2663</b>	<b>1.2601</b>	<b>1.2602</b>	<b>1.2282</b>	<b>1.2660</b>	<b>1.3030</b>	<b>1.3321</b>

<sup>(1)</sup> Includes ceded premiums related to the reinsurance of a block of our legacy U.S. Bank-Owned Life Insurance of US\$2.4 billion in 3Q20.

<sup>(2)</sup> Includes lower revenue related to the reinsurance of a block of our legacy U.S. variable annuity business of US\$0.9 billion in 1Q22.

<sup>(3)</sup> For fixed income assets supporting insurance and investment contract liabilities and for equities supporting pass-through products and derivatives related to variable hedging programs, the impact of realized and unrealized gains (losses) on the assets is largely offset in the change in insurance and investment contract liabilities.

## E6 Other

No changes were made in our internal control over financial reporting during the six months ended June 30, 2022, that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

As in prior quarters, MFC's Audit Committee has reviewed this MD&A and the unaudited interim financial report and MFC's Board of Directors approved this MD&A prior to its release.