

Manulife announces \$13 billion reinsurance transaction, including \$6 billion of Long-Term Care

Largest ever LTC reinsurance transaction

December 11, 2023

Caution regarding *forward-looking* statements

From time to time, Manulife makes written and/or oral forward-looking statements, including in this presentation. 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 disposal of ALDA assets, the expected closing time of the reinsurance transactions referred to in this document and their associated capital release, possible share buybacks under a normal course issuer bid and the impact of organic LTC initiatives and the development of an active LTC reinsurance market 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 impact 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 obtain premium rate increases on in-force policies; 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 amount of contractual service margin recognized for service provided; 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 fair value through other comprehensive income; 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 or divestitures, and our ability to complete transactions; 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 and the fact that the amount and timing of any future common share repurchases will depend on the earnings, cash requirements and financial condition of Manulife, market conditions, capital requirements (including under LICAT capital standards), common share issuance requirements, applicable law and regulations (including Canadian and U.S. securities laws and Canadian insurance company regulations), and other factors deemed relevant by Manulife, and may be subject to regulatory approval or conditions, our ability to sell ALDA assets and our ability to execute our plans for inorganic LTC initiatives and close the reinsurance transactions described in this document.

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 our 3Q23 Management’s Discussion and Analysis under “Risk Management and Risk Factors Update” and “Critical Actuarial and Accounting Policies”, in our 2022 Management’s Discussion and Analysis under “Risk Management and Risk Factors” and “Critical Actuarial and Accounting Policies”, 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 presentation 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.

Conference call participants

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President & Chief Executive Officer

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Global Head of Inforce Management

Steve Finch

Chief Actuary

Colin Simpson

Chief Financial Officer

Halina von dem Hagen

Chief Risk Officer

Scott Hartz

Chief Investment Officer

Reinsurance transaction *unlocks significant value for shareholders, while reducing risk*

- 1. Significant milestone in our journey to reshape our portfolio: reinsuring \$13 billion of reserves¹ across 4 legacy/low ROE blocks, including significant LTC risk reduction**
 - Reinsuring **\$6 billion of LTC reserves** (14% of total LTC reserves); **largest ever** LTC reinsurance transaction
 - Transaction also includes blocks of U.S. structured settlements (\$1.6 billion) and two Japan whole life products (\$5.6 billion)
 - **Full risk transfer**, backed by trust and collateral protection
 - Disposing **\$1.7 billion of ALDA**
 - Cumulatively **released over \$10 billion² of capital** through portfolio optimization, and since 2017 have improved core ROE by **>4 percentage points** to 15.7%³ and core earnings contribution from LTC and VA has **decreased from 24%⁴ to 11%⁵**
- 2. Unlocks significant value for shareholders**
 - Estimated **capital release of \$1.2 billion**; plan to **return full amount of freed up capital to shareholders** via share buybacks
 - Received OSFI **approval to buy back up to ~2.8% of our common shares** commencing February 2024
 - **Accretive to EPS⁶, core EPS⁶, ROE⁶ and core ROE⁶**; **attractive 9.5x⁷ earnings multiple** and **1.0x book value⁸ multiple**
- 3. Further validates our LTC reserves and assumptions**
 - Transaction with leading reinsurance counterparty **provides external validation of LTC reserves and assumptions**
 - Modest negative \$270 million⁹ LTC cede (~5% of IFRS reserves) driven by **different return expectations on deployed capital**, rather than reserving assumptions
- 4. Ongoing focus on Portfolio Optimization, including the remaining LTC**
 - Committed to further **organic and inorganic actions**
 - Transaction is an important step in **establishing an active LTC reinsurance market**

Unlocking *significant value* for shareholders

Attractive deal multiples

\$1.2B

Capital release

~9.5x

Earnings multiple¹

1.0x

Book value multiple²

\$130M

Foregone Core Earnings³

\$15M

Foregone Net Income³

Accretive to key financial metrics (pro forma, post-share buybacks)

+\$0.01

Core EPS⁴ accretion

+\$0.07

EPS⁴ accretion

+0.13pps

Core ROE⁴ accretion

+0.33pps

ROE⁴ accretion

Further reduces LTC & VA's contribution to core earnings by **1 percentage point to 11%⁵**;
Marks **significant progress** from 2017 contribution of 24%⁶

Accumulated experience *supported transaction* on LTC block with more generous policyholder benefits

Summary of LTC block benefits

- Transacted LTC block¹ has **more generous policyholder benefits**, including higher percentage of lifetime benefits and policies with inflation protection of benefits, compared with our retained LTC blocks

Features	Transacted block	Retained blocks
Lifetime benefits (%)	19%	8%
Inflation protection (%)	71%	57%

- Transacted block is **more mature** with average attained age of 83 years on active lives and well developed experience data
 - \$3.8 billion of reserves in our retained LTC blocks² are of the same vintage as the transacted block

Further validation of LTC reserving by 3rd party reinforces existing robust reserving practices

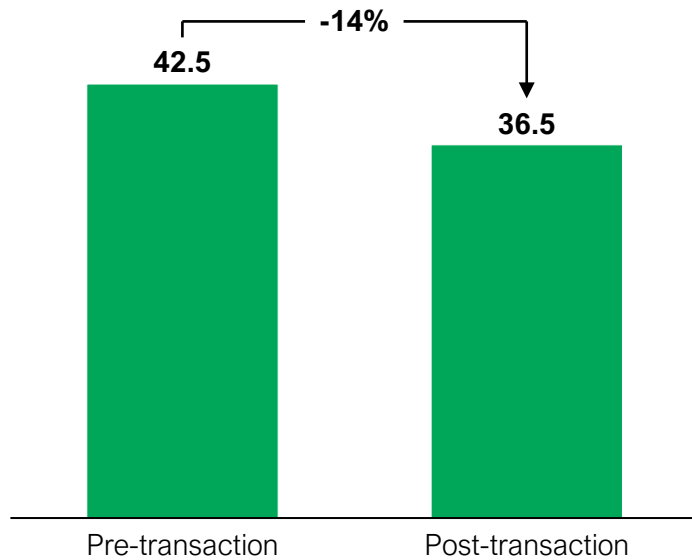
- Under Canadian accounting standards we **regularly update actuarial assumptions** based on our own experience and industry data
- OSFI requires Canadian insurers to have an independent **peer reviewer provide opinions on our assumptions** and provide a report to the Audit Committee on an ongoing basis
- IFRS reserves of \$36.5 billion³, which includes \$5.8 billion of risk adjustment (**19% buffer over best estimate liability**), were **strengthened only once in the past decade** through four comprehensive assumption reviews⁴

Modest negative cede on transacted LTC block principally reflects different return expectations on deployed capital

Reducing risks from LTC

Reduces LTC IFRS reserves¹

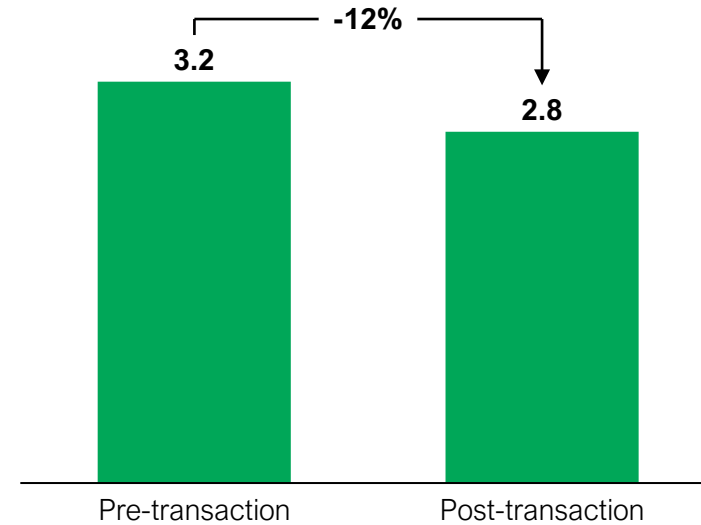
(C\$ billions)



- LTC U.S. statutory reserves will decrease by 16% to \$35.2 billion²

Reduces LTC morbidity sensitivities

(C\$ billions, post-tax, potential impact on reserves³ for a 5% adverse change in LTC morbidity assumptions)



- Material reduction in morbidity sensitivity illustrates the transacted block has similar risk profile to remaining blocks
- Sensitivity does not assume any benefits from our ability to contractually raise premium rates in such events

Driving additional *organic actions* while continuing to *pursue inorganic opportunities*

Premium increases

Strong track-record of obtaining approvals (over US\$10 billion cumulative premium increase approvals to-date); will seek additional price increases if experience deteriorates

Buyout programs

Making cash buyout a standard alternative to premium increases; releases us from the liability and future risk, and offers additional options to policyholders

Wellness offerings

Launched new wellness programs; helps manage claims by eliminating and delaying claim onset while also reducing the cost of those on claim

Anti-fraud

Continuing to make significant investments, including improved digital claim controls and advanced analytical modeling

Digitization

Investing in self-service and automation improves expense efficiency

Transaction represents an important milestone in the marketability of LTC blocks; we expect the LTC reinsurance market to develop further

Key messages

- 1. Significant milestone in our journey to reshape our portfolio**
- 2. Reinsuring \$13 billion of legacy/low ROE blocks, including \$6 billion of LTC reserves, reducing LTC risk**
- 3. Deal unlocks significant shareholder value; returning freed up capital to shareholders**
- 4. Further validates our LTC reserves and assumptions**
- 5. Committed to continue unlocking shareholder value, including through both organic and inorganic actions**

Appendix

- Transaction summary
- Structural protection
- Overview of LTC risk characteristics

Transaction *summary*

Deal structure	<ul style="list-style-type: none"> We have entered into an agreement to reinsure four legacy/low ROE blocks of business to Global Atlantic and its partners. The reinsured blocks are portions of U.S. LTC, U.S. structured settlements, and two Japan whole life products. Full risk transfer backed by trust and collateral protection; 80% quota share on the ceded LTC block, and 100% quota share on the other ceded blocks Manulife will transfer a \$13.16 billion portfolio of liquid assets to Global Atlantic Manulife will continue to administer all policies going forward 												
IFRS 17 reserves on transacted blocks	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">U.S. LTC</td> <td style="text-align: right;">\$6.0 billion</td> </tr> <tr> <td style="padding-left: 20px;">U.S. structured settlements</td> <td style="text-align: right;">\$1.6 billion</td> </tr> <tr> <td style="padding-left: 20px;">Japan whole life</td> <td style="text-align: right;">\$5.6 billion</td> </tr> <tr> <td style="padding-left: 20px;">Total IFRS 17 reserves¹</td> <td style="text-align: right;">\$13.14 billion</td> </tr> </table>	U.S. LTC	\$6.0 billion	U.S. structured settlements	\$1.6 billion	Japan whole life	\$5.6 billion	Total IFRS 17 reserves ¹	\$13.14 billion				
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Approval and timing	The deal is expected to close in 1H24 and is subject to regulatory approval												

Full risk transfer with significant structural protections

Full risk transfer

Backed by trust and collateral protection

- 80% quota share of the ceded LTC block
- 100% quota share of the ceded Japan blocks
- 100% quota share of the ceded U.S. Structured Settlements block

Experienced counterparty

Global Atlantic is a highly experienced reinsurer that has 2 existing reinsurance arrangements with Manulife

Global Atlantic will reinsure 100% of LTC insurance risks with a highly rated third-party global reinsurer

Structural protections

Counterparty's investment assets to be held in overcollateralized trusts

Option to recapture and take possession of trust assets at Manulife's discretion based on various triggers

Investment guidelines

Counterparty subject to agreed upon investment guidelines

Reinsurance of diverse blocks by product and geography enhances valuation for counterparties

<p>U.S. Long-Term Care</p>	<ul style="list-style-type: none"> • Insurance coverage to provide reimbursement for medical and other services to the chronically ill, disabled, or mentally challenged • High protection component • Reinsuring reserves of \$6 billion¹; negative ceding commission of 5% of reserves
<p>U.S. structured settlements</p>	<ul style="list-style-type: none"> • Term certain payout annuities with funding from legal claim settlements • Reinsuring reserves of \$1.6 billion¹; negative ceding commission of 4% of reserves
<p>Japan life products</p>	<ul style="list-style-type: none"> • Limited pay or single pay whole life insurance products with cash surrender value providing investment elements • Reinsuring reserves of \$5.6 billion¹; positive ceding commission of 6% of reserves

Overview of LTC risk *characteristics*

		Transacted LTC block ^{1,2}	Retained LTC blocks
Overview	Average issue date	2001	2006
Benefits	% Lifetime benefit by policy count	19%	8%
Inflation Protection	% Inflation protection by policy count	71%	57%
Attained Age	Average attained age of active life reserve (ALR)	83	72
	Average attained age of disabled life reserve (DLR)	88	84
Stat Reserves (NAIC)	Total reserves (C\$ billions)	\$6.6	\$35.2
	ALR (%)	66%	81%
	DLR (%)	34%	19%
IFRS Reserves	Total reserves ³ (C\$ billions)	\$6.0	\$36.5

Non-GAAP and other financial measures

Manulife 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). Core earnings is a Non-GAAP financial measure and diluted core earnings per common share ("core EPS") and core ROE are Non-GAAP ratios. For more information on the non-GAAP and other financial measures in this document and a complete list of transitional financial measures, please see section A1 "Implementation of IFRS 17 and IFRS 9" and section E3 "Non-GAAP and other financial measures" of the 3Q23 MD&A which are incorporated by reference and available on the SEDAR+ website at www.sedarplus.com.

Footnotes

Slide	Footnote
4	<p>Note: See slide entitled “Caution regarding forward-looking statements” above. All data as of September 30, 2023, unless otherwise noted. All figures and estimates based on exchange rate of US\$1.00 to C\$1.352. ¹ IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin. ² Pro-forma. Includes \$9 billion of capital release from 2018 to 2022 under IFRS 4, \$0.2 billion from year-to-date (“YTD”) 3Q23 other initiatives under IFRS 17, and an estimated \$1.2 billion capital release under IFRS 17 from this transaction to be recognized in 2024. ³ 3Q23 YTD. ⁴ FY2017 on IFRS 4 basis. ⁵ Pro forma based on 3Q23 YTD. ⁶ On an annualized basis post expected share buybacks. Diluted core earnings per common share (“Core EPS”) and core ROE are non-GAAP ratios. See slide entitled “Non-GAAP and other financial measures”. ⁷ On IFRS basis. Ratio of capital release to annual core earnings impact. ⁸ On IFRS basis. Ratio of the market value of assets transferred to the sum of IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin. ⁹ On IFRS basis.</p>
5	<p>Note: See slide entitled “Caution regarding forward-looking statements” above. ¹ Ratio of capital release to annual core earnings impact. ² On IFRS basis. Ratio of the market value of assets transferred to the sum of IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin. ³ Annual, post-tax basis. Foregone net income and core earnings expected to decrease over time as the blocks run off. Core Earnings is a Non-GAAP financial measure. See slide entitled “Non-GAAP and other financial measures”. ⁴ Share buybacks are expected to result in accretion to core EPS, EPS, Core ROE and ROE. Assumes the full capital release is deployed towards buybacks. ⁵ Pro-forma based on 3Q23 YTD. ⁶ FY2017 on IFRS 4 basis.</p>
6	<p>Note: all data as of September 30, 2023. ¹ Transaction is 80% quota share on the block. Transacted block represents ~66% of first generation business, inclusive of third party acquired block. Policies on transacted block were issued between 1987 and 2006. ² IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin. Reflects third party acquired block. ³ Pro forma as of September 30, 2023. IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin. ⁴ In 3Q13, 3Q16, 3Q19 and 3Q22.</p>
7	<p>Note: See slide entitled “Caution regarding forward-looking statements” above. All data as of September 30, 2023. ¹ Pro forma. IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin. ² Pro forma. ³ Pro forma. Impact of a change in reserves would be reported through the contractual service margin, net income attributed to shareholders, and other comprehensive income attributed to shareholders.</p>
8	<p>Note: See slide entitled “Caution regarding forward-looking statements” above.</p>
9	<p>Note: See slide entitled “Caution regarding forward-looking statements” above. All data as of September 30, 2023.</p>
11	<p>Note: pro forma as of September 30, 2023, unless otherwise noted and subject to closing. See slide entitled “Caution regarding forward-looking statements” above. All figures and estimates based on exchange rate of US\$1.00 to C\$1.352. ¹ IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin.</p>
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13	<p>Note: all data as of September 30, 2023. ¹ Transacted block represents ~66% of first generation business, inclusive of third party acquired block. Policies on transacted block were issued between 1987 and 2006. ² Reserves reflect 80% quota share of the ceded LTC block. ³ IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin.</p>

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