

Manulife announces largest Canadian Universal Life reinsurance transaction

March 25, 2024

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 reinsurance of a Canadian Universal Life block to RGA, including the associated capital release, possible share buybacks under our normal course issuer bid, the pro forma capital return to shareholders, and expected accretion to core ROE and core EPS 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; 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; and the timing to 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 in our 2023 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.

Milestone reinsurance transaction *that further transforms our portfolio toward higher ROE*

1. Executed the largest ever Universal Life reinsurance transaction in Canada

- Reinsuring **\$5.8 billion of reserves**¹ of low ROE Canadian Universal Life block
- **Full risk transfer** with RGA, a highly-rated global reinsurer
- Disposing of **\$0.6 billion of ALDA**

2. Delivers significant value for shareholders

- **Accretive** 0.14pps to core ROE² and \$0.01 to core EPS²; attractive 16.2x³ earnings multiple and 1.0x book value⁴ multiple
- **Capital release** of \$0.8 billion; to be returned to shareholders via **share buybacks**
- Received **OSFI approval** to expand our existing buyback program from up to 2.8% to up to 5.0% of our common shares

3. Continued momentum on our transformation journey

- **Strong execution on transforming our portfolio** toward higher ROE
- Released **~\$11 billion**⁵ of capital through portfolio optimization, and since 2017 have improved core ROE by ~5% and reducing risks
- Actively exploring **additional organic and inorganic actions**

Delivering *significant value* for shareholders

Attractive deal multiples

16.2x

Earnings multiple¹

1.0x

Book value multiple²

\$0.8B

Capital release

\$50M

Foregone Core Earnings³

Accretive to key financial metrics

(pro forma, post-share buybacks)

+0.14pps

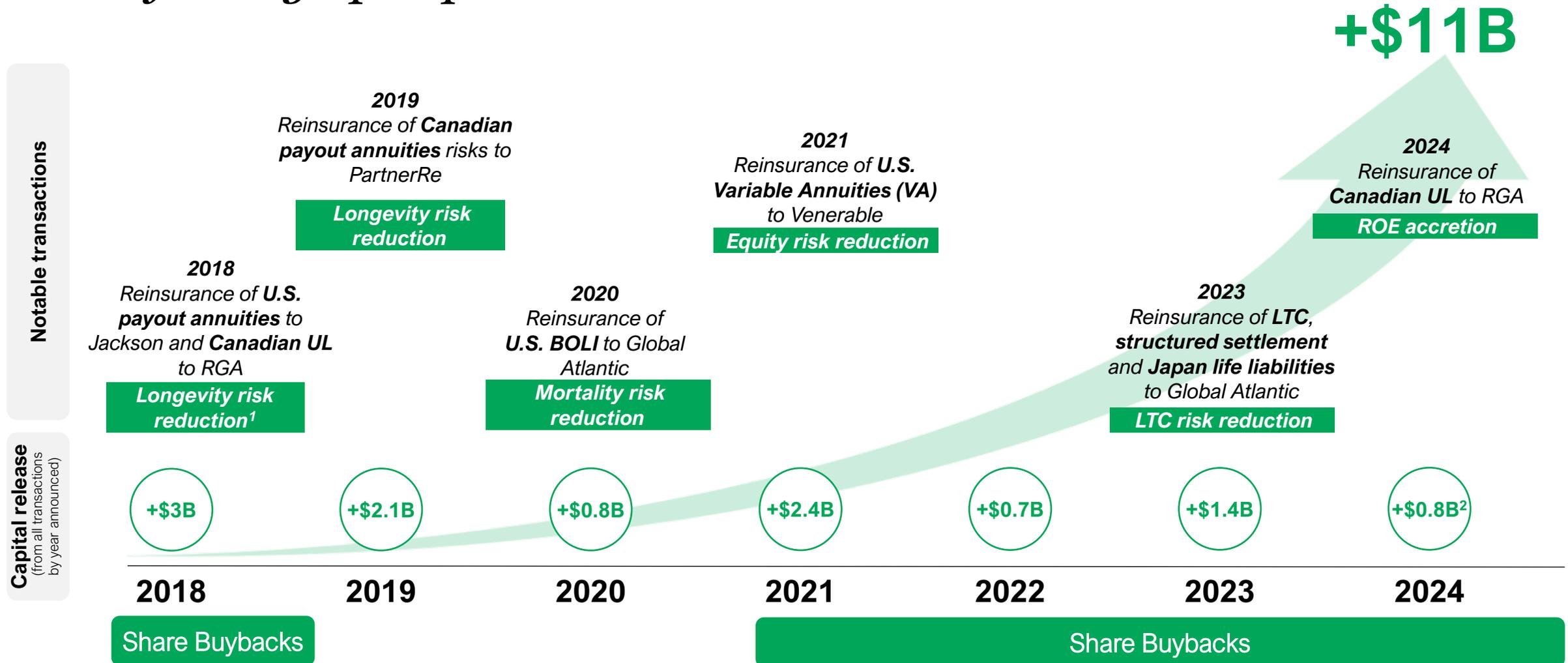
Core ROE accretion⁴

+\$0.01

Core EPS accretion⁴

Demonstrates strong execution on **transforming our portfolio** by transacting on a **low ROE business** and **disposing the supporting ALDA** while being accretive to ROE and EPS

Continued momentum in *reducing legacy and low ROE business* and *freeing up capital to return to shareholders*



Transaction *summary*

Deal structure	<ul style="list-style-type: none"> We have entered into an agreement to reinsure a portion of Canadian low ROE Universal Life insurance block to RGA Life Reinsurance Company of Canada ("RGA") Full risk transfer (100% quota share) with collateral protection Manulife will continue to administer all policies going forward
IFRS 17 reserves on transacted block	<ul style="list-style-type: none"> Total IFRS 17 reserves¹ \$5.8 billion
Ceding commission on transacted block	<ul style="list-style-type: none"> Total negative ceding commission \$60 million Total negative ceding commission (% of transacted IFRS reserves) 1.0%
Financial impact	<ul style="list-style-type: none"> Expected capital release \$0.8 billion Foregone annual core earnings, forecasted to decrease as the block run off \$50 million Foregone annual net income attributed to shareholders, forecasted to decrease as the blocks run off \$40 million Transacted at 1.0x book value multiple and deploying the released capital through buybacks, generating core ROE, ROE, core EPS and EPS accretion Expect to recognize in net income \$0.1 billion of unrealized losses on assets currently recorded in OCI, with no associated impact to book value or LICAT capital
Reduction in Assets	<ul style="list-style-type: none"> Reduction in ALDA \$0.6 billion Reduction in Public Equity \$0.5 billion
Approval and Timing	<ul style="list-style-type: none"> The transaction is not subject to closing conditions and is expected to close in early 2Q24

Footnotes

Slide	Footnote
3	<p>Note: All data as of December 31, 2023, unless otherwise noted. All figures and estimates based on exchange rate of US\$1.00 to C\$1.3186. ¹ IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin. ² On an annualized basis post expected share buybacks. Accretive 0.16pps to ROE and \$0.02 to EPS. Core ROE and diluted core earnings per common share (“Core EPS”) are non-GAAP ratios. ³ Ratio of capital release to annual core earnings impact. ⁴ 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. ⁵ Pro-forma. Includes \$9 billion of capital release from 2018 to 2022 under IFRS 4, \$0.2 billion from 2023 other initiatives under IFRS 17, an estimated \$1.2 billion of capital release under IFRS 17 from the December 2023 reinsurance transaction including LTC with Global Atlantic expected to be recognized in 2024 and \$0.8 billion of capital release under IFRS 17 from this transaction expected to be recognized in 2024.</p>
4	<p>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 core earnings expected to decrease over time as the blocks run off. Core earnings is a Non-GAAP financial measure. ⁴ Core ROE and diluted core earnings per common share (“Core EPS”) are non-GAAP ratios. On an annualized basis, share buybacks are expected to result in accretion to core ROE and core EPS. Assumes the full capital release is deployed towards buybacks.</p>
5	<p>¹ Longevity risk for U.S. payout annuities. Mortality and lapse risk for Canadian universal life (“UL”). ² Pro-forma as of December 31, 2023.</p>
6	<p>Note: Pro-forma as of December 31, 2023, unless otherwise noted and subject to closing. All figures and estimates based on exchange rate of US\$1.00 to C\$1.3186. ¹ IFRS 17 current estimate of present value of future cashflows + risk adjustment + contractual service margin.</p>

Investor Relations

contact information

Hung Ko

Global Head, Investor Relations

hung_ko@manulife.com
416 806 9921

200 Bloor Street East
Toronto, ON M4W 1E5

Jun Bu

AVP, Investor Relations

jun_bu@manulife.com
437 423 8267

200 Bloor Street East
Toronto, ON M4W 1E5

Yan Decelles

AVP, Investor Relations

yan_decelles@manulife.ca
438 869 7005

900 Boulevard de Maisonneuve
Ouest, Montreal, QC

Craig Knight

AVP, Investor Relations

craig_knight@manulife.com
416 605 6483

200 Bloor Street East
Toronto, ON M4W 1E5

Fulin Liang

AVP, Investor Relations

fulin_liang@manulife.com
852 6280 5326

Manulife Tower, One Bay East,
83 Hoi Bun Road, Ngau Tau Kok,
Kowloon, Hong Kong



Manulife