

# Winning in our Home Market

Investor Day 2024: Canada

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# Strong foundation *in home market*

## Looking back: *Top takeaways*

- Leading presence in home market
- Excellent track record of execution and delivering results
- At scale operating units drive strong returns with optimized product portfolios
- Culture of expense efficiency and exceptional customer experience
- Attractive opportunity for growth in Canada

## Leading presence in our *home market*



### Presence at home

**1 in 4** Canadians served

**>7M** Unique customers

**>3M** Customers with multiple products

**>10k** Independent financial advisors

**>27k** Plan sponsors



Leading bank for independent financial advisors

### Strong market rankings

**#2** Group insurance<sup>1</sup>

**#2** Retail individual insurance<sup>1</sup>

**#1** Group retirement<sup>1</sup>

**#2** Mortgage creditor<sup>2</sup>

**#1** Travel insurance<sup>2</sup>

**#1** Association health & dental<sup>2</sup>

## **Right to win in our *home market***

### **Strong brand with a 135+ year history highlighted by many industry-leading firsts in Canada**

- First Canadian insurer to underwrite using artificial intelligence
- First to provide coverage to Canadians living with diabetes or HIV
- First to lower premiums for non-smokers

### **Top-tier product shelf meets diverse needs of Canadians across all segments**

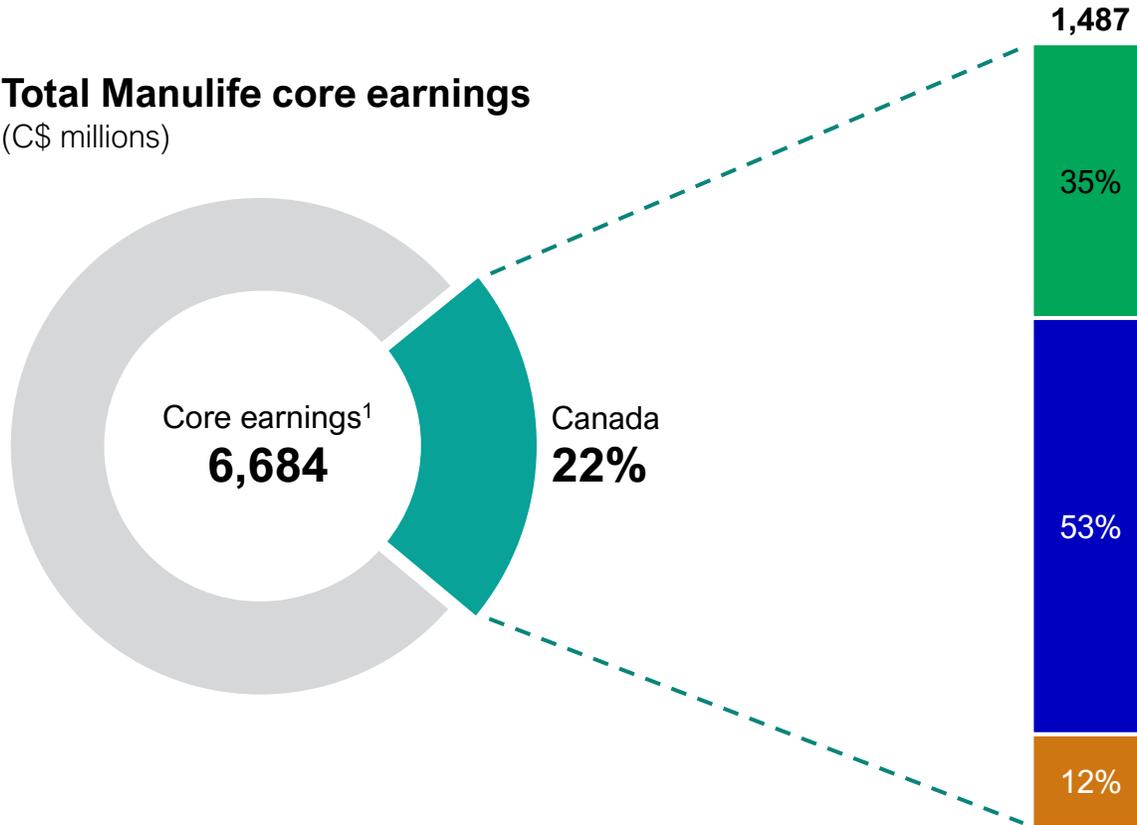
- Leading presence in individual retail, small business, mid-market and corporate groups
- First to fully embrace behavioural-based insurance with *Vitality*<sup>™</sup> at no additional cost to Canadians

### **Broad multi-channel distribution network, providing advisors and customers preferred choice of channel**

- Over 10 thousand independent financial advisors in our network
- Leading direct-to-consumer offerings, travel agency partnerships
- High-touch, advice-based, and diversified network of mortgage brokers and lenders
- Strong relationships with group benefit consultant firms

# Diversified operating units drive sustainable annual core earnings

**Total Manulife core earnings**  
(C\$ millions)



## 2023 Sales

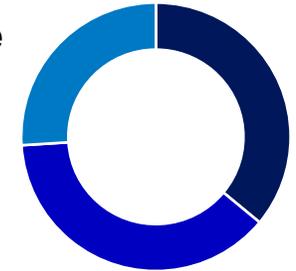
### Group Insurance

- Corporate
- Mid-Market
- Small Business



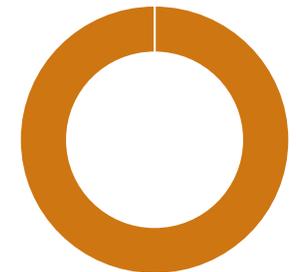
### Individual Insurance

- Retail
- Affinity
- Annuities

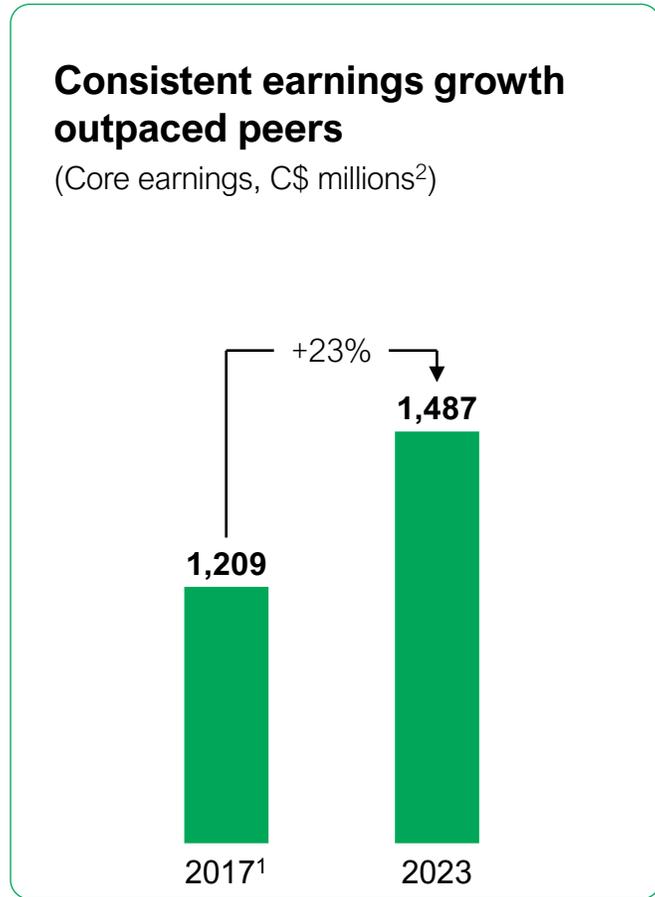
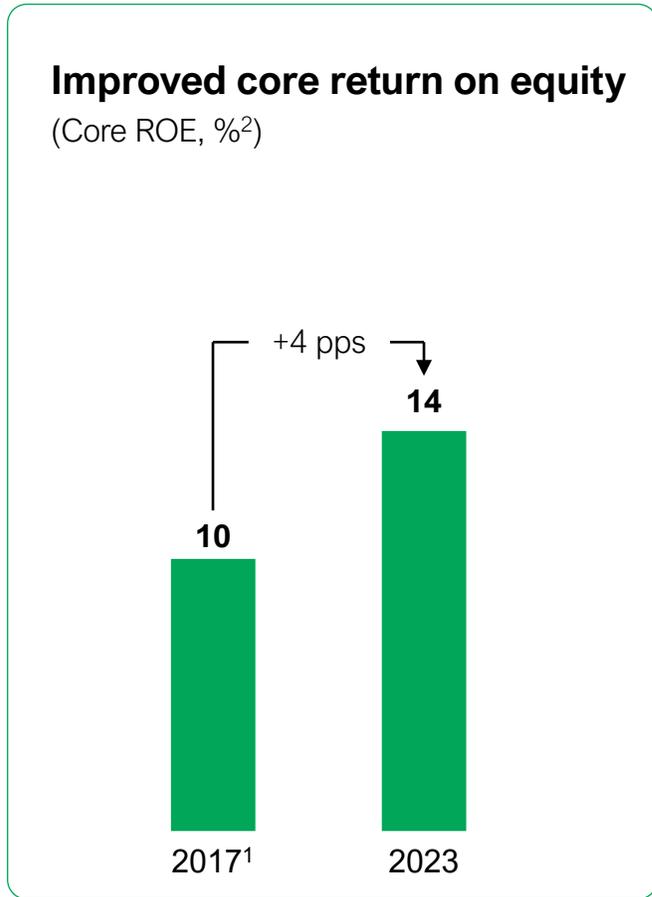


### Bank

- Secured Loans



## Track record of *execution and delivery*



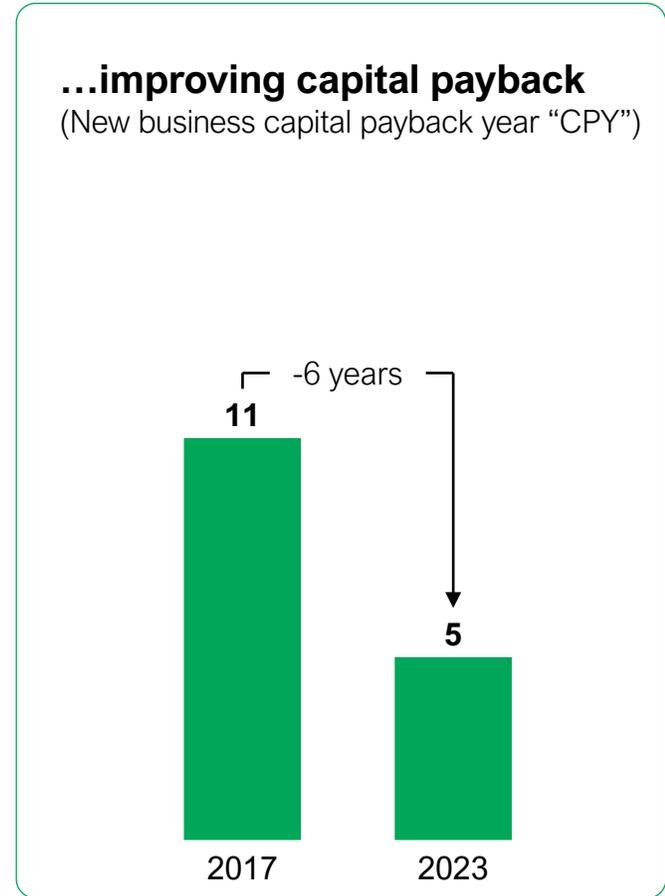
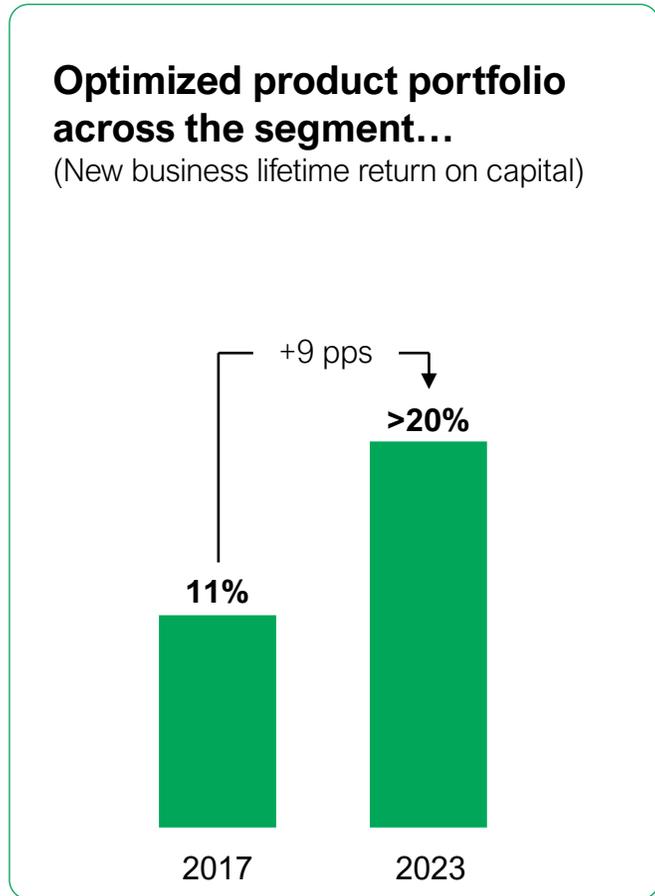
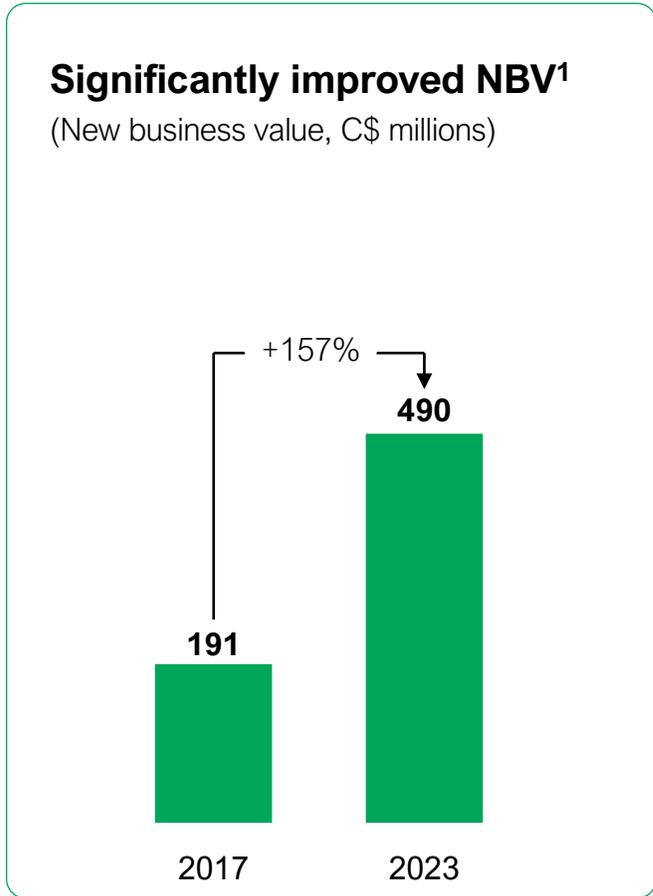
Peer average<sup>3</sup> +15%

**Delivered sustained annual remittances<sup>4</sup>**  
(C\$)

**\$10.5B**

Cumulative remittances  
2017-2023

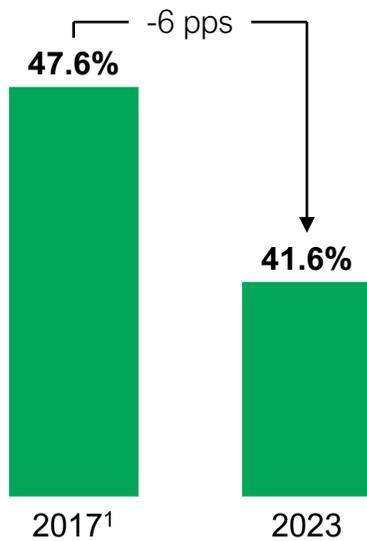
# Driving returns on new business and *effectively deploying capital*



## Improved expense efficiency *driving competitive advantage*

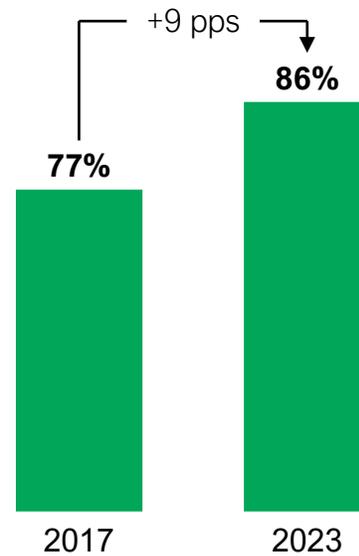
### Drove efficiencies across the segment

(Expense efficiency ratio<sup>1</sup>)

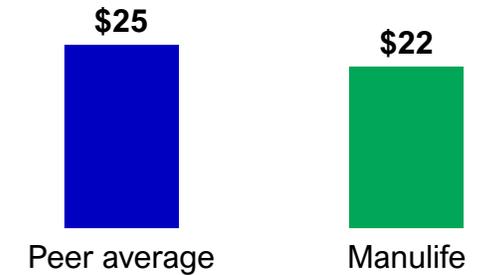


### Improved experience through digitization

(Straight-through-processing)

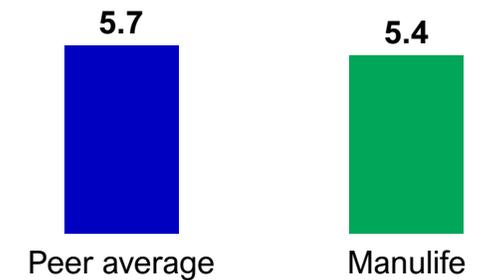


### Individual inforce servicing cost<sup>2</sup>



### Group insurance expenses<sup>3</sup>

(As % of premium excluding overhead)



**Looking back:**  
*Summary*

- Leading presence in our home market
- At scale operating units drive strong returns
- Culture of expense efficiency

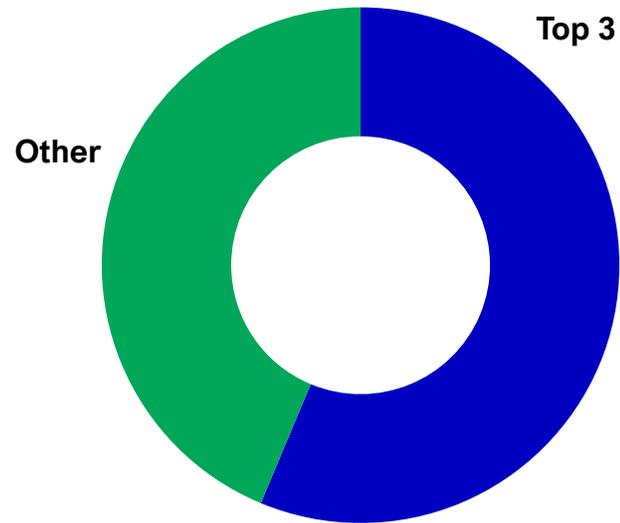
# Ambitious vision *for future*

**Looking ahead:**  
*Top takeaways*

- Well-positioned to meet growing needs of Canadians
- Opportunity in Canada is attractive as population growth accelerates, and health protection gap widens
- Focused on delivering best-in-class core product and service offerings
- Ambitiously pushing our digital agenda, expanding distribution and differentiating through health

# Canada is an *attractive* market

**Top 3 players account for over half of individual life insurance sales<sup>1</sup>**



**Record population growth in Canada, highest since 1957<sup>2</sup>**

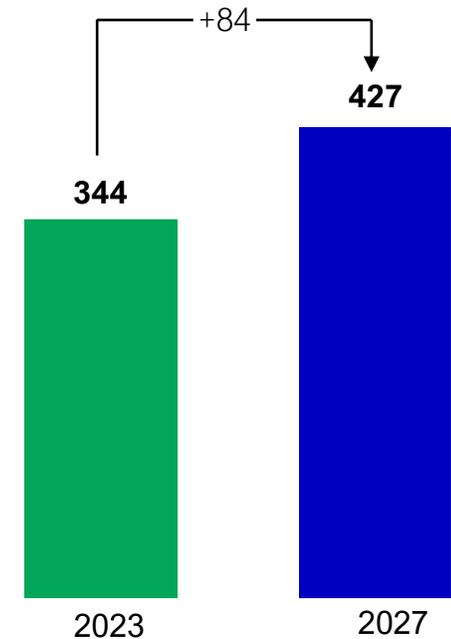
**>48M** Projected Canadian population<sup>3</sup> in 2041

**Underpinned by:**

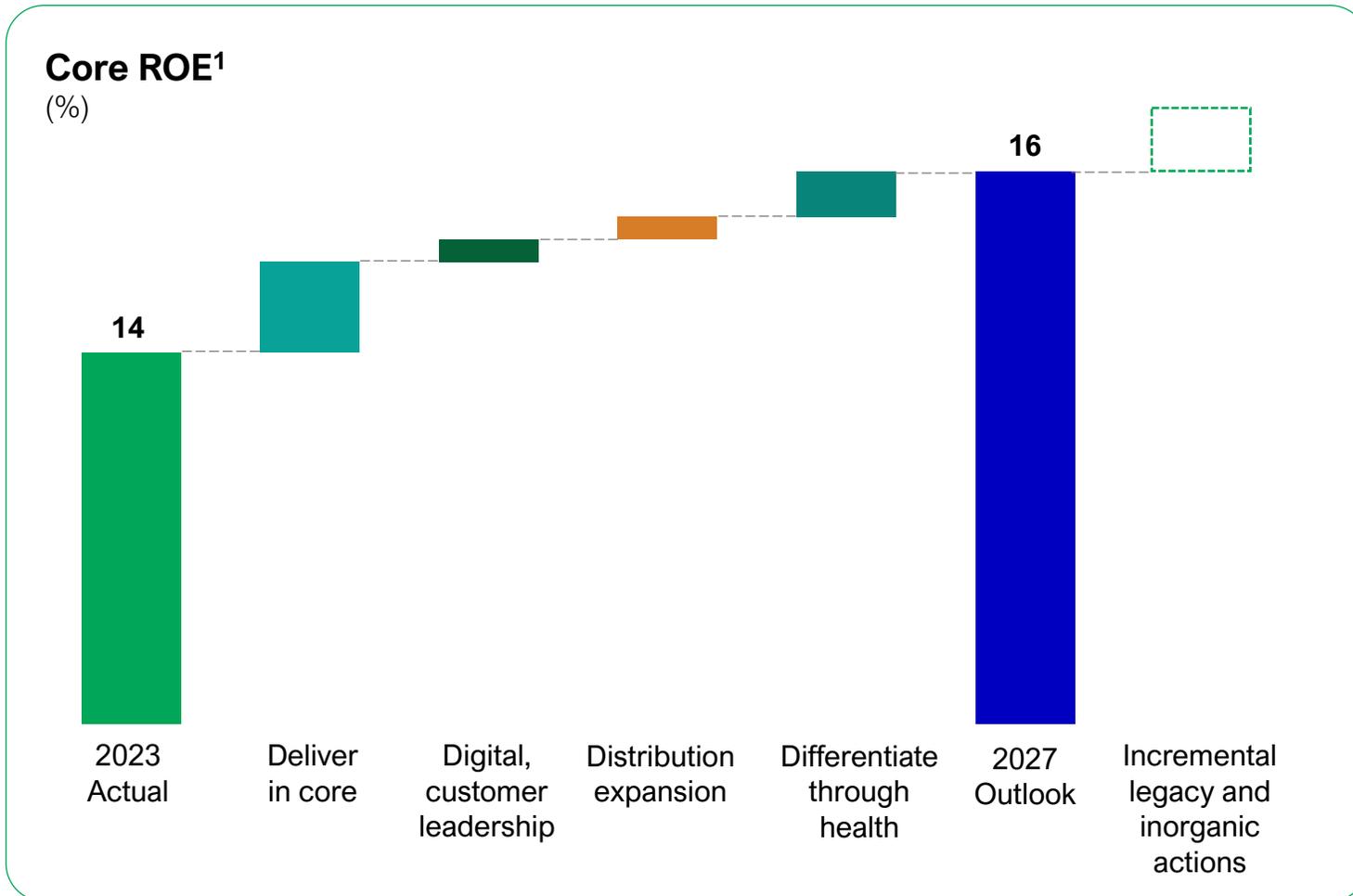
**\$1T** Opportunity for insurance industry, an estimated 10M Canadians are under-insured<sup>6,7</sup>

**\$1T** Canadian intergenerational wealth transfer changing hands from baby boomers to succeeding generations<sup>8</sup>

**Canadians are spending increasingly more each year on healthcare<sup>4,5</sup>**  
(C\$ billions)



# Enhance core ROE and become the *undisputed insurance leader in Canada*



<b>+1.0-1.5</b> (pps) <b>Deliver in core</b>	Continue to launch innovative product solutions and maintain strong service standards
<b>+0.25-0.75</b> (pps) <b>Digital, customer leadership</b>	Achieve digital, customer leadership through industry-leading digital experiences and adoption
<b>+0.25-0.75</b> (pps) <b>Distribution expansion</b>	Expand distribution reach to support more Canadians
<b>+0.5-0.75</b> (pps) <b>Differentiate through health</b>	Become an engrained health partner for Canadians – moving further away from ‘solely claims payer’ mentality

## *Deliver in core:* **Continue gaining momentum and delivering results**

### **Continue to enhance product solutions in individual insurance**

- *Vitality*<sup>™</sup> now available on all retail insurance products
  - 20%+ higher face amounts
  - 50% lower lapse rates
  - 55% more likely to cross-sell
  - 3x higher net promoter score
- Par fund returns among highest in industry<sup>1</sup>

### **Maintain industry-leading metrics in group benefits**

- Industry leading persistency of 97.2% in 2023, above 94% peer average<sup>2</sup>
- Direct expenses as a % of premium: 5.4%; below peer average of 5.7%<sup>3</sup>

### **Preserve strong margins and drive sales**

- Maintain demonstrated focus on optimizing margins through principled product and pricing actions
- Leverage diverse network of distribution partners to accelerate sales

# Digital, customer leadership: Leverage digital to provide exceptional service

## Continue to deliver efficiencies

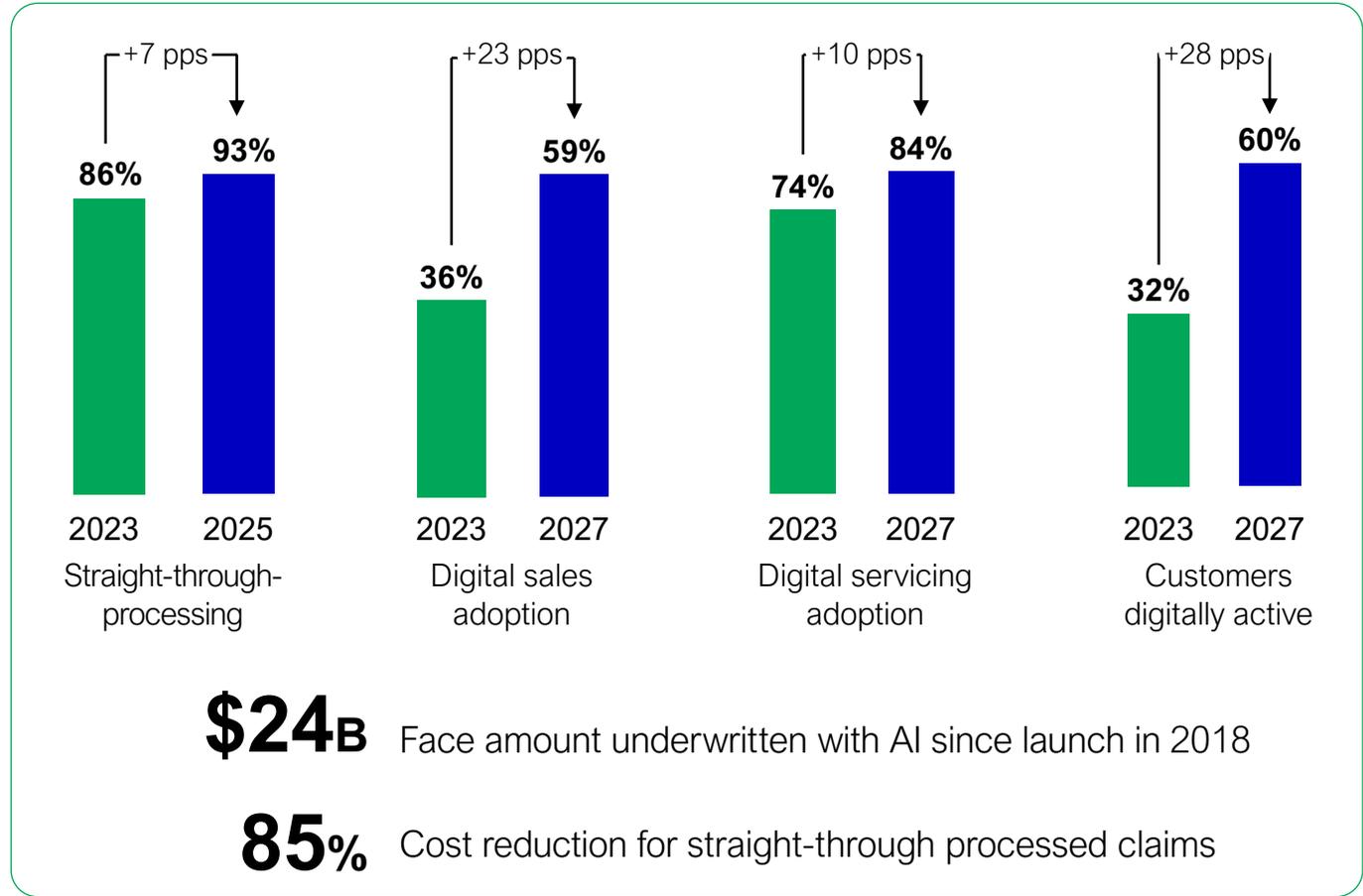
- Simplify, digitize, and automate processes to capture expense efficiencies

## Provide a superior service to clients and partners

- Deliver valuable insights to clients by leveraging enhanced data tools and capabilities

## Leveraging technology for faster turnaround

- Accelerate usage of industry leading AI underwriting engine to place business more efficiently



## *Distribution expansion: Grow reach to support more Canadians*

### **Doubling down in fast-growing mass market segment**

- Enhance purchase process through digital improvements and simplified product offerings
- Improve advisor experience by growing support team
- Reach market share levels commensurate with other business lines

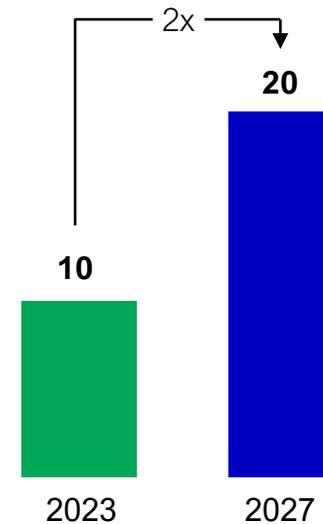
### **Differentiated experience with Manulife Wealth MGA**

- Leverage Manulife franchise and distribution reach
- Drive growth through higher sales of proprietary products using Manulife Wealth
- Focus on improving productivity of advisors to reach best-in-class

### **Executing custom distribution strategies for key market growth segments**

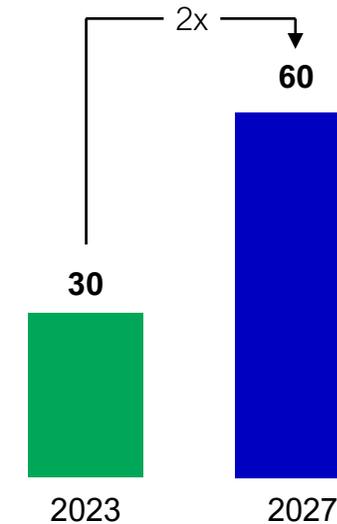
### **Mass market consumer segment**

(Market share, %)



### **Manulife Wealth MGA**

(Annual sales, C\$ millions)



## *Differentiate through health:* **Become an engrained health partner**

### Fully integrated health platform for personalized care

- Combines traditional benefits and personalized health guidance with laser focus on prevention, intervention and recovery
- Improves access to unique care providers for plan members, driving better health outcomes

### We are breaking away from traditional ‘solely claims payer’ mentality

- Engaged partner to our sponsors, providing valuable insights and plan customization
- Unique advanced analytic capabilities, leveraging data from health platform and resulting claims activity to drive innovation

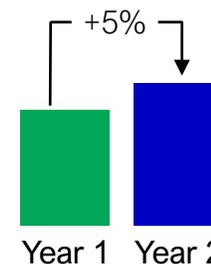
### Opportunity to leverage existing scale with health platform

**\$6.5B** Claims volume processed annually

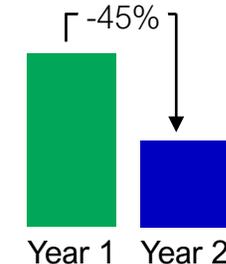
**\$3.0B** Reserves held against claimants currently on non-permanent disability

### Early results from personalized programs are encouraging

Prescription adherence

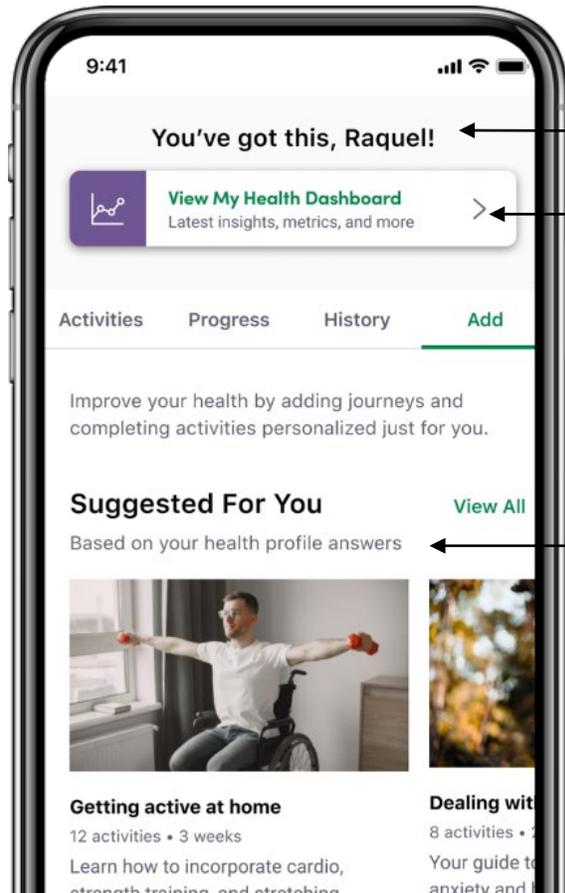


Disability claims



# Differentiate through health: Support Canadians' health outcomes

Fully integrated health platform for personalized care...



Profile unique to each plan member

Health metrics & rewards

Personalized content for members

...with unique care providers providing leading solutions



Personalized digital healthcare experience



Drives engagement and rewards eligible group benefits members for healthy behaviours



Mental health support, specialist referrals, and 24/7 access to healthcare practitioners online



Global healthcare expertise to 5 million Canadians

## Looking ahead: *Summary*

- Well-positioned to meet growing needs of Canadians
- Delivering best-in-class core product and service offerings
- Ambitiously pushing digital capabilities, expanding distribution and differentiating through health
- Focused on execution to drive 16%+ ROE



**Manulife**

*Raising the Bar*

## Appendix

- Footnotes
- Caution regarding forward-looking statements
- Non-GAAP and other financial measures

# Footnotes

Slide	Footnote
4	<p><sup>1</sup> Sales ranking position based on LIMRA 2023 data.</p> <p><sup>2</sup> Based on internal estimates using publicly available data.</p>
6	<p><sup>1</sup> Core earnings is a non-GAAP financial measure (2023 Manulife net income attributed to shareholders is C\$5,103 million and C\$1,191 million for Canada segment). For more information, see “Non-GAAP and Other Financial Measures” below.</p>
7	<p><sup>1</sup> Under IFRS 4.</p> <p><sup>2</sup> Canada core return on common shareholders’ equity (“core ROE”) is a non-GAAP ratio (2017 and 2023 Manulife ROE are 5.0% and 11.9%, respectively). Core earnings is a non-GAAP financial measure (2017 and 2023 Canada net income (loss) attributed to shareholders are C\$554 million and C\$1,191 million, respectively). For more information, see “Non-GAAP and Other Financial Measures” below.</p> <p><sup>3</sup> Peers include Sun Life and Canada Life. Peer growth based on reported Canada Market earnings from 2017 to 2023, some peers include wealth earnings in their Canada market metrics.</p> <p><sup>4</sup> Canada geography normalized remittances, before market impacts, basis changes and other methodology changes, capital optimization initiatives and MIML remittance timing.</p>
8	<p><sup>1</sup> Percentage change in new business value (“NBV”) is stated on a constant exchange rate basis.</p>
9	<p><sup>1</sup> Expense efficiency ratio is a non-GAAP ratio.</p> <p><sup>2</sup> 2021 McKinsey Study.</p> <p><sup>3</sup> Per Fraser Group Cost Structure Analysis, 2022 data year.</p>

# Footnotes

Slide	Footnote
13	<sup>1</sup> Based on LIMRA 2023 Results.
	<sup>2</sup> Canada’s population estimates: Strong population growth in 2023: <a href="https://www150.statcan.gc.ca/n1/pub/28-263-x/2023001/article/00001-eng.htm">The Daily — Canada's population estimates: Strong population growth in 2023 (statcan.gc.ca)</a>
	<sup>3</sup> Projected population by racialized group, generation status and other selected characteristics: <a href="https://www150.statcan.gc.ca/n1/pub/28-263-x/2023001/article/00001-eng.htm">Projected population by racialized group, generation status and other selected characteristics (statcan.gc.ca)</a> .
	<sup>4</sup> Canadian Institute for Health Information. National health expenditure trends.
	<sup>5</sup> Projected 2027 Spend based on 5.6% CAGR between 2017 and 2023.
	<sup>6</sup> Canada’s Changing Consumer Landscape: <a href="https://www.limra.com/en/trending-topics/publications/marketfacts/2024/Canadas-Changing-Consumer-Landscape/">https://www.limra.com/en/trending-topics/publications/marketfacts/2024/Canadas-Changing-Consumer-Landscape/</a>
	<sup>7</sup> A pre-pandemic snapshot of Canada's life-insurance gap: <a href="https://www.wealthprofessional.ca/investments/life-and-health-insurance/a-pre-pandemic-snapshot-of-canadas-life-insurance-gap/331922">https://www.wealthprofessional.ca/investments/life-and-health-insurance/a-pre-pandemic-snapshot-of-canadas-life-insurance-gap/331922</a> .
	<sup>8</sup> The huge pitfall that could disrupt Canada's trillion-dollar wealth transfer   Wealth Professional: <a href="https://www.wealthprofessional.ca/news/industry-news/the-huge-pitfall-that-could-disrupt-canadas-trillion-dollar-wealth-transfer/364844">https://www.wealthprofessional.ca/news/industry-news/the-huge-pitfall-that-could-disrupt-canadas-trillion-dollar-wealth-transfer/364844</a> .
14	<sup>1</sup> Core ROE is a non-GAAP ratio (2023 Manulife ROE is 11.9%).
15	<sup>1</sup> Per internal reporting from publicly available data.
	<sup>2</sup> 97.2% persistency at December 31, 2023 based on internal reporting. Peer average based on Fraser Group Universe Report, 2022 data year for 20 participating companies.
	<sup>3</sup> Peers include Sun Life and Canada Life.

## 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 presentation include, but are not limited to, statements with respect to the Company’s strategic priorities and targets; 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 “will”, “expect”, “estimate”, “believe”, “plan”, “objective”, “continue”, and “goal”, (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, currency rates, investment losses and defaults, market liquidity and creditworthiness of guarantors, reinsurers and counterparties); the severity, duration and spread of the COVID-19 outbreak, as well as actions that may be taken by governmental authorities to contain COVID-19 or to treat its impact; changes in laws and regulations; changes in accounting standards applicable in any of the territories in which we operate; changes in regulatory capital requirements applicable in any of the territories in which we operate; our ability to execute strategic plans and changes to strategic plans; downgrades in our financial strength or credit ratings; our ability to maintain our reputation; impairments of goodwill or intangible assets or the establishment of provisions against future tax assets; the accuracy of estimates relating to morbidity, mortality and policyholder behaviour; the accuracy of other estimates used in applying accounting policies, actuarial methods and embedded value methods; our ability to implement effective hedging strategies and unforeseen consequences arising from such strategies; our ability to source appropriate assets to back our long-dated liabilities; level of competition and consolidation; our ability to market and distribute products through current and future distribution channels; unforeseen liabilities or asset impairments arising from acquisitions and dispositions of businesses; the realization of losses arising from the sale of investments classified as available-for-sale; our liquidity, including the availability of financing to satisfy existing financial liabilities on expected maturity dates when required; obligations to pledge additional collateral; the availability of letters of credit to provide capital management flexibility; accuracy of information received from counterparties and the ability of

counterparties to meet their obligations; the availability, affordability and adequacy of reinsurance; legal and regulatory proceedings, including tax audits, tax litigation or similar proceedings; our ability to adapt products and services to the changing market; our ability to attract and retain key executives, employees and agents; the appropriate use and interpretation of complex models or deficiencies in models used; political, legal, operational and other risks associated with our non-North American operations; acquisitions or divestitures, and our ability to complete transactions; environmental concerns; 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 our 2023 Management’s Discussion and Analysis under “Risk Factors and Risk Management” and “Critical Actuarial and Accounting Policies” and in the “Risk Management” note to the Consolidated Financial Statements for the year ended December 31, 2023 as well as 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.

# Non-GAAP and other financial measures

From time to time 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).

**Non-GAAP financial measures** include core earnings (loss).

**Non-GAAP ratios** include core return on common shareholders’ equity (“core ROE”); and expense efficiency ratio.

**Other specified financial measures** include new business value (“NBV”); average common shareholders’ allocated equity; any of the foregoing specified financial measures stated on a constant exchange (“CER”) basis; and percentage growth/decline in any of the foregoing specified financial measures on a CER basis.

For more information on the non-GAAP and other financial measures in this document, please see “Implementation of IFRS 17 and IFRS 9” and “Non-GAAP and other financial measures” of the 2023 MD&A which are incorporated by reference and available on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Core ROE for operating segments**

Core ROE for Manulife’s operating segments is a non-GAAP ratio which measures profitability of those segments and is calculated as core earnings available to common shareholders as a percentage of the average common shareholders’ allocated equity. The methodology used to allocate total Manulife average common shareholders’ equity to operating segments considers a number of factors including the level of equity and capital consumption of the segments.

# Reconciliation: *Core earnings*, CER basis

	2017					
(\$ 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>1,453</b>	<b>1,209</b>	<b>1,609</b>	<b>816</b>	<b>(522)</b>	<b>4,565</b>
CER adjustment <sup>1</sup>	(101)	-	80	25	(15)	(11)
<b>Core earnings, CER basis (post-tax)</b>	<b>1,352</b>	<b>1,209</b>	<b>1,689</b>	<b>841</b>	<b>(537)</b>	<b>4,554</b>
Income tax on core earnings, CER basis <sup>1</sup>	(335)	(249)	(644)	(169)	244	(1,153)
<b>Core earnings, CER basis (pre-tax)</b>	<b>1,017</b>	<b>960</b>	<b>1,045</b>	<b>672</b>	<b>(293)</b>	<b>3,401</b>

# Reconciliation: *Expenses*

(\$ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2017
Asia	1,981
Canada	1,323
U.S.	1,095
Global WAM	2,090
Corporate and Other	602
<b>Core general expenses</b>	<b>7,091</b>
<b>General expenses - financial statements</b>	<b>7,233</b>
Less: General expenses included in items excluded from core earnings	
Restructuring charge	-
Integration and acquisition	81
Legal provisions and Other expenses	61
<b>Core general expenses</b>	<b>7,091</b>

(\$ millions, and based on actual foreign exchange rates in effect in the applicable reporting period, unless otherwise stated)	2023
Asia	1,138
Canada	1,329
U.S.	703
Global WAM	2,865
Corporate and Other	515
<b>Core expenses</b>	<b>6,550</b>
<b>Amounts per financial statements</b>	
General expenses	4,330
Directly attributable acquisition expense for contracts measured using the PAA method <sup>1</sup>	147
Directly attributable maintenance expense <sup>1</sup>	2,205
<b>Total expenses</b>	<b>6,682</b>
Less: General expenses included in items excluded from core earnings	
Restructuring charge	46
Integration and acquisition	8
Legal provisions and other expenses	78
<b>Core expenses</b>	<b>6,550</b>