

Consolidated Balance Sheets

(Canadian \$ in millions)	As at December 31	2001	2000
ASSETS	Invested assets (note 3)		
	Bonds	\$ 46,070	\$ 33,270
	Mortgages	7,902	7,174
	Stocks	6,964	4,621
	Real estate	3,484	3,262
	Policy loans	4,644	3,616
	Cash and short-term investments	4,995	3,783
	Other investments	693	884
	Total invested assets	\$ 74,752	\$ 56,610
	Other assets		
	Accrued investment income	\$ 1,041	\$ 834
	Outstanding premiums	482	487
	Future income taxes (note 5)	517	515
	Miscellaneous	1,821	1,621
	Total other assets	\$ 3,861	\$ 3,457
	Total assets	\$ 78,613	\$ 60,067
	Segregated funds net assets	\$ 59,206	\$ 54,908
LIABILITIES AND EQUITY	Actuarial liabilities (note 4)	\$ 54,690	\$ 41,384
	Benefits payable and provision for unreported claims	2,411	1,800
	Policyholder amounts on deposit	2,702	1,371
	Deferred realized net gains (note 3)	3,583	3,434
	Banking deposits	769	592
	Other liabilities	2,881	2,632
		\$ 67,036	\$ 51,213
	Subordinated debt (note 6)	1,418	588
	Non-controlling interest in subsidiaries (note 7)	1,064	299
	Trust preferred securities issued by subsidiaries (note 8)	802	756
	Equity		
	Participating policyholders' equity	62	54
	Shareholders' equity		
	Common shares (note 9)	614	612
	Shareholders' retained earnings	7,617	6,545
	Total equity	\$ 8,293	\$ 7,211
	Commitments and contingencies (note 13)		
	Total liabilities and equity	\$ 78,613	\$ 60,067
	Segregated funds net liabilities	\$ 59,206	\$ 54,908

The accompanying notes to these consolidated financial statements are an integral part of these statements.

Signed,

Dominic D'Alessandro
President and
Chief Executive Officer

Signed,

Arthur R. Sawchuk
Chairman of the
Board of Directors

Consolidated Statements of Operations

(Canadian \$ in millions, except per share amounts)	For the years ended December 31	2001	2000
Revenue			
Premium income		\$ 10,247	\$ 8,515
Investment income (note 3(b))		4,479	4,350
Other revenue		1,505	1,287
Total revenue		\$ 16,231	\$ 14,152
Policy benefits and expenses			
To policyholders and beneficiaries			
Death and disability benefits		\$ 3,186	\$ 2,480
Maturity and surrender benefits		4,171	2,500
Annuity payments		1,307	1,235
Policyholder dividends and experience rating refunds		900	859
Net transfers to segregated funds		1,470	1,439
Change in actuarial liabilities (note 4)		(208)	822
General expenses		2,478	2,191
Commissions		1,133	1,086
Interest expense		257	191
Premium taxes		105	96
Non-controlling interest in subsidiaries		4	(151)
Trust preferred securities issued by subsidiaries		65	63
Total policy benefits and expenses		\$ 14,868	\$ 12,811
Income before income taxes		\$ 1,363	\$ 1,341
Income taxes (note 5)		(196)	(273)
Net income		\$ 1,167	\$ 1,068
Net income (loss) attributed to participating policyholders		\$ 8	\$ (7)
Net income attributed to shareholders		\$ 1,159	\$ 1,075
Net income		\$ 1,167	\$ 1,068
Weighted average number of common shares outstanding (in millions)		482	483
Weighted average number of diluted common shares outstanding (in millions)		486	484
Basic earnings per share		\$ 2.40	\$ 2.22
Diluted earnings per share		\$ 2.38	\$ 2.22

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Consolidated Statements of Equity

(Canadian \$ in millions) For the years ended December 31	Participating		2001	2000
	Policyholders	Shareholders		
Operating retained earnings				
Balance, January 1	\$ 54	\$ 6,414	\$ 6,468	\$ 5,783
Net income	8	1,159	1,167	1,068
Shareholder dividends	–	(231)	(231)	(193)
Issuance costs	–	(12)	(12)	–
Purchase and cancellation of common shares (note 9)	–	–	–	(190)
Balance, December 31	\$ 62	\$ 7,330	\$ 7,392	\$ 6,468
Currency translation account				
Balance, January 1	\$ –	\$ 131	\$ 131	\$ 43
Change during the year	–	156	156	88
Balance, December 31	\$ –	\$ 287	\$ 287	\$ 131
Retained earnings	\$ 62	\$ 7,617	\$ 7,679	\$ 6,599
Common shares				
Balance, January 1	\$ –	\$ 612	\$ 612	\$ 628
Common shares issued on exercise of options (note 9)	–	2	2	–
Purchase and cancellation of common shares (note 9)	–	–	–	(16)
Balance, December 31	\$ –	\$ 614	\$ 614	\$ 612
Total equity	\$ 62	\$ 8,231	\$ 8,293	\$ 7,211

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Consolidated Statements of Cash Flows

(Canadian \$ in millions)	For the years ended December 31	2001	2000
Operating activities			
Operating cash inflows			
Premiums and annuity considerations		\$ 10,255	\$ 8,385
Investment income received		3,839	3,670
Other revenue		1,471	1,287
Total operating cash inflows		\$ 15,565	\$ 13,342
Operating cash outflows			
Benefit payments		\$ 10,981	\$ 5,969
Insurance expenses and taxes (notes 5 and 6)		3,980	3,624
Dividends paid to policyholders		900	859
Net transfers to segregated funds		1,470	1,439
Change in other assets and liabilities		966	(460)
Total operating cash outflows		\$ 18,297	\$ 11,431
Cash provided by (used in) operating activities		\$ (2,732)	\$ 1,911
Investing activities			
Purchases and mortgage advances		\$ (48,468)	\$ (33,882)
Disposals and repayments		39,718	33,600
Cash received from assumptions and acquisition of businesses, net of cash paid		10,874	-
Net cash proceeds on disposition of Seamark Asset Management Ltd.		29	-
Cash provided by (used in) investing activities		\$ 2,153	\$ (282)
Financing activities			
Increase (decrease) in repurchase agreements and securities sold but not yet purchased		\$ 273	\$ (559)
Shareholder dividends		(231)	(193)
Borrowed (repaid) funds, net		32	(1)
Issue of subordinated debt, net (note 6)		796	-
Issue of Manulife Financial Capital Securities, net (note 7)		988	-
Common shares issued on exercise of options (note 9)		2	-
Purchase and cancellation of common shares (note 9)		-	(206)
Cash provided by (used in) financing activities		\$ 1,860	\$ (959)
Cash and short-term investments			
Increase during the year		\$ 1,281	\$ 670
Balance, January 1		3,480	2,810
Balance, December 31		\$ 4,761	\$ 3,480
Composition of cash and short-term investments			
Beginning of year			
Gross cash and short-term investments		\$ 3,783	\$ 3,047
Net payments in transit, included in other liabilities		(303)	(237)
Net cash and short-term investments, January 1		\$ 3,480	\$ 2,810
End of year			
Gross cash and short-term investments		\$ 4,995	\$ 3,783
Net payments in transit, included in other liabilities		(234)	(303)
Net cash and short-term investments, December 31		\$ 4,761	\$ 3,480

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Segregated Funds

Consolidated Statements of Net Assets

(Canadian \$ in millions)	As at December 31	2001	2000
	Investments, at market values		
	Bonds	\$ 2,405	\$ 2,567
	Stocks	53,511	49,880
	Real estate	2	2
	Cash and short-term investments	3,390	2,428
	Accrued investment income	9	16
	Other assets (liabilities), net	(111)	15
	Total segregated funds net assets, December 31	\$ 59,206	\$ 54,908
	Composition of segregated funds net assets:		
	Held by Policyholders	\$ 59,052	\$ 54,705
	Held by the Company	154	203
	Total segregated funds net assets, December 31	\$ 59,206	\$ 54,908

Segregated Funds

Consolidated Statements of Changes in Net Assets

(Canadian \$ in millions)	For the years ended December 31	2001	2000
	Additions		
	Deposits from policyholders	\$ 14,044	\$ 14,777
	Net realized and unrealized investment losses	(7,868)	(5,977)
	Interest and dividends	1,505	2,613
	Net transfers from general fund	1,470	1,439
	Funds assumed and acquired (note 11)	287	–
	Currency revaluation	2,697	1,793
	Total additions	\$ 12,135	\$ 14,645
	Deductions		
	Payments to policyholders	\$ 6,993	\$ 7,990
	Management and administrative fees	844	802
	Total deductions	\$ 7,837	\$ 8,792
	Net increase to segregated funds for the year	\$ 4,298	\$ 5,853
	Segregated funds net assets, January 1	54,908	49,055
	Segregated funds net assets, December 31	\$ 59,206	\$ 54,908

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