



# Financial Strength

Manulife Financial is a leading Canadian-based financial services group, serving millions of customers in 22 countries and territories worldwide. Operating as Manulife Financial in Canada and Asia, and primarily through John Hancock in the United States, we offer clients a diverse range of financial protection products and wealth management services through an extensive network of employees, agents and distribution partners.

**Selecting any financial partner requires detailed evaluation, especially when the purchase involves a long term obligation such as a life insurance policy, pension or annuity. Clients must feel confident that the partner they choose will be there when needed most. We understand this is why financial strength is at the core of your decision-making process. Our high quality investment portfolio, diverse business platform and prudent risk management practices are the reasons why clients make the right choice when choosing Manulife Financial.**

## Highly Regarded

Manulife Financial is highly regarded for its track record of growth, leading corporate governance practices and strong management team. We are recognized among our peers as having demonstrated exceptional performance over time, led by continued focus on organic growth and strategic acquisitions. Our corporate governance practices have ranked #1 in Canada by the Globe and Mail's Report on Business in four of the last seven years, and we have a strong management team with considerable depth across the organization. The recipient of numerous awards, our highly respected team works relentlessly towards the realization of Manulife Financial's vision – to be the most professional life insurance company in the world.

## Industry Leading Ratings

Credit ratings are a comprehensive measure of financial strength. Our financial discipline and record of strong operational performance over time have resulted in our key operating subsidiaries having among the highest ratings in the insurance industry from Moody's, A.M. Best, Fitch, DBRS and Standard & Poor's (S&P).

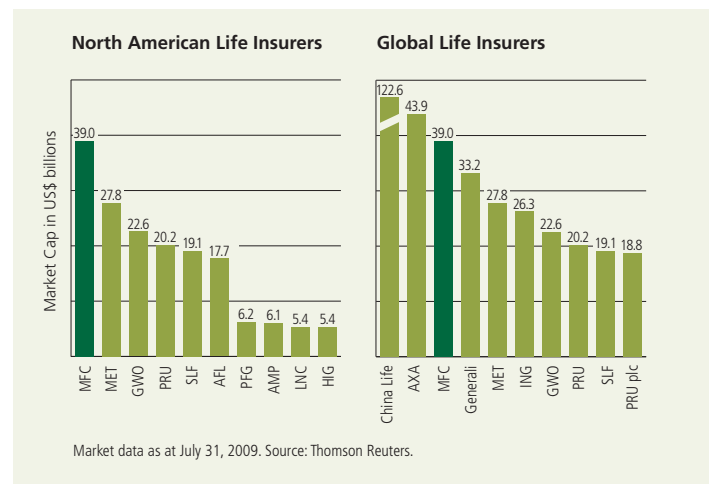
RATING AGENCY	RATING	
A.M. Best	A+	(1 <sup>st</sup> of 9 categories)
Dominion Bond Rating Service	IC-1	(1 <sup>st</sup> of 5 categories)
Fitch Ratings	AA	(2 <sup>nd</sup> of 9 categories)
Moody's	Aa3	(2 <sup>nd</sup> of 9 categories)
Standard & Poor's	AA+	(2 <sup>nd</sup> of 8 categories)

**“Manulife’s financial profile continues to benefit from a diversified earnings base, strong financial flexibility, and well-positioned franchises in North America and Asia.”**

Moody's Investors Service, March 18, 2009

## Significant Scale

Manulife's size and scale translate into a higher capital base, a diversified operating platform and ample resources to fund growth opportunities – all factors indicative of our financial strength. As at July 31, 2009, our market capitalization was US\$39 billion, making Manulife one of the largest life insurance companies in the world.



# Prudent Risk Management Practices

From the roots of the design of every individual product we sell, through the direct oversight of the company's senior management, our long record of astute financial and risk management expertise is a testament to our financial strength and ability to honour all our commitments to clients.

Manulife Financial has a rigorous risk management framework that is applied globally and ensures all the company's risk-taking activities are measured, monitored and managed. This framework requires each individual product in every market to meet strict enterprise-wide risk management criteria on its own stand-alone merit. In recognition of our rigorous approach to all risk taking and risk management activities, Manulife Financial is among only 5% of companies measured that have earned an "Excellent" Enterprise Risk Management (ERM) designation from Standard & Poor's.

## Prudent Reserves

Regulators require that insurance companies manage risk in part by having funds, often referred to as reserves and capital, set aside to meet their future obligations. Manulife Financial has a long-standing history of prudent reserving for future obligations. The reserves we hold provide not only for the expected cost of policy liabilities, but also for substantial additional margins on top of the expected costs, called provisions for adverse deviations (PfADs). PfADs as a percentage of reserves are at the higher end of our historic ranges, and in the higher end of ranges permitted under professional standards.

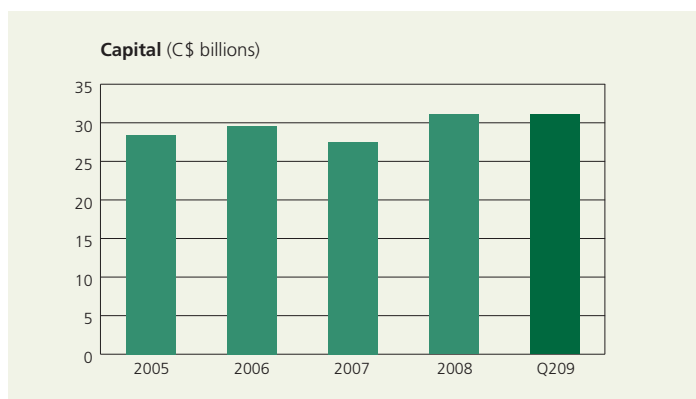
Manulife also has specific reserves for segregated fund and variable annuity guarantees which exceed \$3 billion as at June 30, 2009. It is important to keep in mind that these segregated fund benefits are payable over a very long period of time, and cannot be accelerated by policyholders, so there is significant opportunity for segregated funds to benefit with market recoveries. Overall, our reserving practices are another testament to our financial strength and prudent risk management practices.

## Significant Liquidity

In today's turbulent capital markets, liquidity is critical to any financial institution. Fortunately, Manulife Financial is fully self-funded, meaning our businesses generate enough cash flow to sustain our operations without being dependent on the commercial paper markets or other short-term funding arrangements. Furthermore, we have consciously avoided businesses which give rise to immediate liquidity needs – all of which results in us having high levels of liquidity. Manulife Financial consistently retains a high level of cash and high-grade short-term assets, which totaled over \$17 billion as at June 30, 2009.

## Strong Capital Levels

Strong and stable capital levels are also a good measure of financial strength and prudent risk management practices. Having a large capital base enables us to maintain high credit ratings, finance new opportunities, and most importantly, ensure long-term claims paying ability and commitment to our policyholders. In the second quarter, we further solidified our capital base by successfully raising \$350 million in preferred shares and \$1.6 billion in medium term notes. Despite the continued volatility in global equity markets, our consolidated capital levels have remained stable and totaled C\$31.1 billion as at June 30, 2009, and our MCCR (Minimum Continuing Capital and Surplus Requirements) capital ratio ended the quarter at 242%, well above regulatory requirements.



**"We are building towards fortress levels of capital. Particularly during these turbulent times, we expect all of our stakeholders will benefit from strong financial strength ratings and capital ratios."**

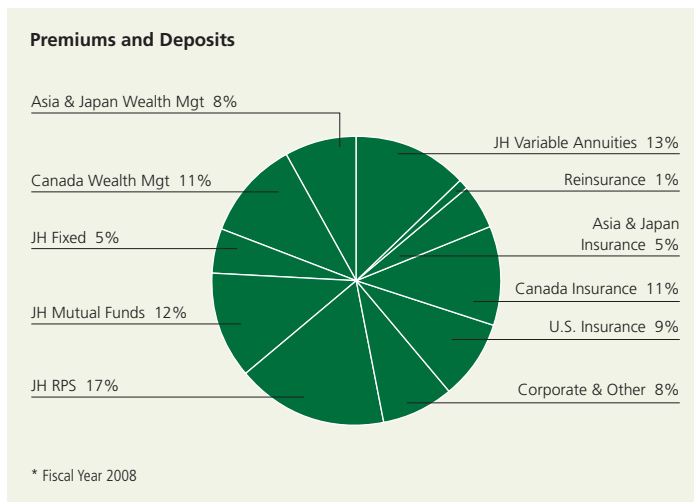
Michael W. Bell  
Senior Executive Vice President and Chief Financial Officer

# A Diverse Business Platform

At Manulife Financial, we have successfully built a diverse business platform that offers a range of financial products in both developed and developing markets around the world. We address the needs of clients in 22 countries and territories worldwide, with a mix of products and services that is relevant to different markets at varying development stages. Product and geographic diversity are key contributors to our financial strength.

## Geographic Diversity

Entry into new markets is a key component of Manulife's growth strategy. Our company pursues strategic growth in business areas where it has core strengths, and in markets where we have experience and expertise. Our diverse operations provide natural hedges that ensure our risks and opportunities are spread over different markets. This in turn provides operating earnings stability and a broadly diversified balance sheet, which helps maintain our long-term financial strength.



**“Manulife will continue to pursue a healthy balance of organic and strategic growth. Whether from a risk management or marketing perspective, our goal is to further diversify our product offerings in areas where we have shown great capability.”**

Donald Guloien  
President and Chief Executive Officer

## Product Diversity

A leader in life insurance and wealth management, Manulife Financial has a significant market presence and brand recognition with innovative product offerings and a diversified network of distribution channels around the world. We provide a wide range of financial protection and wealth management products and services to both individual and group customers in Canada, the United States and Asia.

### SALES RANK

#### United States

- #1 Variable Life
- #1 Group Long-Term Care
- #1 Small Case 401(k)
- #1 Retail Long-Term Care
- #2 Variable Annuities

#### Canada

- #1 Individual Segregated Funds
- #1 Individual Fixed Annuities
- #1 Group Pensions
- #2 Overall Individual Life
- #2 Group Benefits

#### Asia

- #3 Vietnam Insurance
- #4 Shanghai Insurance
- #5 Singapore Insurance
- #6 Japan Variable Annuities
- #6 Philippines Insurance
- #6 Hong Kong Insurance

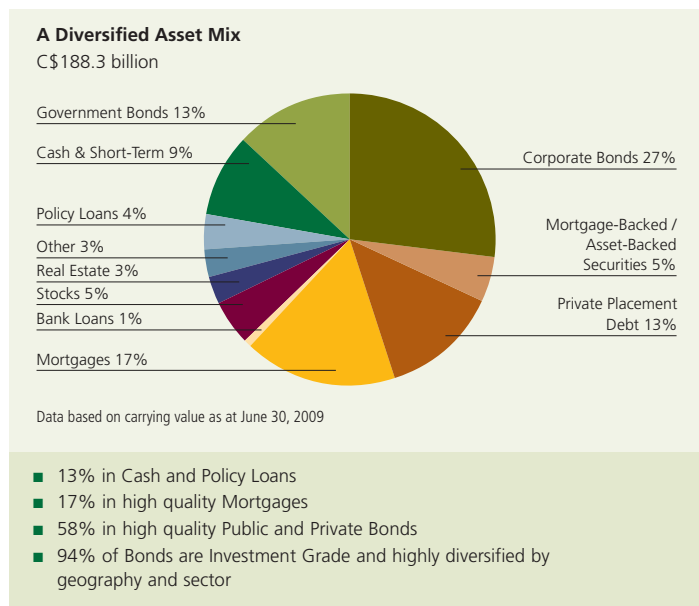
\*Sources: Most recent market data available (U.S. and Canada based on March 31, 2009 data) from various independent market surveys including LIMRA, Tillinghast, Fraser and other sources.

# A High Quality Investment Portfolio

The quality of an investment portfolio is a strong indicator of financial strength. At Manulife Financial, our investment philosophy is rooted in a bottom-up approach to developing an asset mix that matches the needs of our underlying liabilities. We don't limit our portfolio to fixed-income investments, but hold a blend of assets that drive superior returns and risk reduction for our stakeholders. We use this disciplined approach across all our segments, and we will not chase yield in the riskier end of the fixed-income market. This philosophy has resulted in a well diversified, high quality investment portfolio.

## A Disciplined Investment Philosophy

Manulife Financial has always followed a very prudent investment approach – avoiding complexity, setting limits, diversifying and applying a healthy dose of skepticism in all our credit decisions. This philosophy serves us as well today as it has in the past. Manulife has very little exposure to the problematic financial instruments that have so adversely affected other institutions. We also have minimal exposure to those institutions most gravely affected by recent developments.



## Limited Exposure to Notable Items

Our exposure to notably high risk securities that have adversely impacted other institutions is very limited and represents less than 1% of our total invested assets, which totaled C\$188.3 billion as at June 30, 2009.

- Limited exposure to:
  - Monoline wrapped bonds (MV of C\$1 billion)
  - European bank hybrids (MV of C\$383 million)
  - Sub-prime RMBS (MV of C\$300 million)
- No exposure to:
  - Hedge Funds
  - Synthetic Credit
- We never wrote Credit Default Swap (CDS) protection
- We never add credit or liquidity risk to securities lending practices
- We avoided sophisticated and complex instruments that are performing poorly in this market (SIV, CPDO, HELOC, Synthetic Securities, etc)
- Gross unrealized losses on fixed income securities limited to 5% of total fixed income portfolio

**“We deliberately improved our credit quality in anticipation of this economic downturn, allowing our investment portfolio to remain well positioned for a challenging credit cycle.”**

Warren A. Thomson  
Senior Executive Vice President and Chief Investment Officer

## Investor Relations

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 **Manulife Financial**