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Phil Witherington – Interim CEO, Manulife Asia, Manulife Financial Corp.

Paul Nguyen – General Manager, Manulife Vietnam, Manulife Financial Corp.

Lucy Taylor-Smith – Chief Strategy Officer, Manulife Asia, Manulife Financial Corp.

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MANAGEMENT DISCUSSION SECTION

Robert Veloso, Vice President-Investor Relations, Manulife Financial Corp.

Good morning, everyone – or rather good afternoon, everyone. Thank you for joining us for day two of our Investor Day here in Ho Chi Minh City. It's great to see this many of you continuing on for the second day. My name is Robert Veloso, for those who don't know me, and I'm going to be the emcee for today. For those joining us over the Internet, today's presentations will be displayed on the webcast and are also available for download on the Investor Relations website at manulife.com.

Before we start, we have to go over the caution regarding forward-looking statements slide and the use of non-GAAP financial metrics in this presentation. Note that certain material factors and assumptions are applied in making forward-looking statements, and actual results may differ materially from those stated. The slide also indicates where to find more information on these topics and what factors that could cause actual result differ materially from those stated.

With that, I'd like to invite Roy to the podium to say a few opening remarks and go over today's agenda.

Roy Gori, President, Manulife Financial Corp.

Thank you, Rob, and good afternoon, everyone. Are we okay? Good. Thank you. I need someone to move these for me. Welcome to day two of our Investor Conference and welcome to Vietnam. I want to start actually by thanking a few special guests. We have with us Mr. Khanh who is the Insurance Commissioner here in Vietnam. From the Ministry of Finance, we also have Mr. Kien, who is the Head of Bancassurance. Thank you very much for joining us. It's an honor to have you here and I'm sure the colleagues that we have from North America would love an opportunity to talk to you perhaps in the breaks.

We also have another special guest and that's Mr. Van from Saigon Commercial Bank. We're very proud of our business here in Vietnam and – for a variety of reasons, but our partnership in the

bancassurance space with Saigon Commercial Bank is truly one of the things that we're not only very proud of, but we're delighted with in terms of the progress that we've made. And, again, like DBS, it really is a phenomenal example of the alignment that we have with an organization, and really what can happen when you have strong alignment and like-minded individuals that are working to a common goal.

Vietnam is an incredibly exciting market, and we're very proud to be sharing with you our vision for this market. We have over or almost 100 million population here. The GDP has grown more than 6%. The average age here is about 31. And the insurance penetration, as a percentage of GDP, is less than 1%. So, there's certainly a lot for us to get excited about when we think about the potential of this business.

That potential of being able to achieve significant growth in that construct is only, however, a function of the strength of the business that you have. And we're really very proud of the franchise that we have here. And you're going to hear from Paul Nguyen, who is our CEO, and he will share with you, obviously, a lot about the details of our business. But we are the number three insurance player, and we have now almost 15% market share. And we are the number one bancassurance provider here in Vietnam. So we've got a very exciting position and we really believe that we can build on that platform for significant growth.

We've got an exciting agenda for you today. Phil is going to cover emerging markets and give you a rounding out of the markets that we operate in, in Asia, and again more specifically, I guess, share with you the challenges that we face, but also the opportunities that we have and how we're really focused on winning in each of those markets. We're going to do a deep dive with Paul on the Vietnam business here and how we, again, have performed over the past few years and how we're going to focus our efforts in the coming years. We're going to have a fireside chat, Lucy Taylor-Smith, who is the Head of Strategy and M&A for Asia, will conduct a fireside chat with Paul and Mr. Van. And, again, I think you're going to find that quite insightful.

And the big event for us is our agency event. We've got a small gathering of 1,000 agents, only 5% of our agent population. And I think you're going to really have your eyes open to, I guess, the energy and the passion that comes from an emerging market and an agency force that really is very young, vibrant and growing. And then, we'll obviously have dinner as well at the end.

So, without further ado, I'm going to hand over to Phil, who's going to kick us off into the emerging market presentation. Thank you.

Phil Witherington, Interim CEO, Manulife Asia, Manulife Financial Corp.

Thank you, Roy. I'm a few inches shorter than Roy, clearly, yeah. Okay. Well, welcome again to Ho Chi Minh City, the exciting second day of our Group Investor Day. So, Emerging Asia is already a substantial business for us. And if you look at the contribution of Emerging Asia to our total Asia business, it represents approximately one quarter of our Annual Premium Equivalent sales.

We have delivered significant growth in sales and, more importantly, new business value, with a compound annual growth rate of 44% since 2014. The opportunity in Emerging Asia remains substantial, with an estimated US\$35 trillion protection gap, and we expect the megatrends to continue to drive solid industry growth in the coming years.

Manulife is well-positioned to successfully capture that growth. We have a compelling platform, broad and deep distribution reach and, as we saw yesterday, a very clear strategic focus and a track record of excellent execution.

We operate in seven Emerging Asia markets: China, the Philippines, Vietnam, Indonesia, Malaysia, Cambodia and Thailand. We have more than 4 million customers across these markets. Our distribution reach includes 59,000 leading professional agents, six exclusive bank partners, and a range of other additional non-exclusive bank partners across our markets. We have approximately US\$19 billion of assets under management and administration, and approximately 7,000 employees.

Emerging Asia not only has favorable demographic megatrends, but also compelling economic fundamentals. Emerging Asia GDP is growing four times faster than developed Asia, and insurance penetration is structurally low. By 2025, gross weighted premiums for Emerging Asia markets are expected to quadruple 2015 levels to US\$1 trillion, and that speaks to the volume, the scale of the opportunity that is presented ahead of us.

Manulife has been delivering very strong results against this backdrop. Annual Premium Equivalent sales have grown at a compound annual rate of 32% over the past two years and New Business Value at 44%. We've also delivered 24% growth in core earnings over the same period. We have experienced accelerated growth despite investing in our business over the last two years, and also a challenging economic environment in Indonesia.

High quality and scale distribution is vital in these markets. For agency, our strategy is centered on building our scale whilst maintaining a strong focus on quality and professionalism. This has driven a 77% growth in APE over the last two years, underpinned by strong growth in active agents, but also very strong productivity enhancements of 44%. This has resulted in a doubling in the number of Million Dollar Round Table agents.

In terms of bancassurance, we have six exclusive bancassurance partners in Emerging Asia. And as I said earlier, we have a range of non-exclusive bank partners across these markets as well. That's driven a 66% increase in APE over the last two years.

Our exclusive bank partners include Bank Danamon and Bank Muamalat in Indonesia; DBS in Indonesia and China; Saigon Commercial Bank here in Vietnam; Chinabank in the Philippines; and Alliance Bank in Malaysia.

So now, I'd like to look in more detail at the markets that collectively form Emerging Asia. And starting with China, that I touched on briefly yesterday during the session in Hong Kong, China is becoming increasingly important to Manulife, fueled by some very strong market fundamentals. China is the second largest economy in the world and contributes 15% of world GDP, but more importantly, 33% of world GDP growth. China is the fastest growing insurance market, not only in Asia but in the whole world. And its GDP growth rate and low insurance penetration rate of only 2% bode well for the future growth outlook.

We have seen market liberalization in China in recent years by the central government and promotion of insurance to the general public. Market demographics are highly favorable with an expected doubling of household wealth by 2025. It's expected that there'll be 100 million households in the middle class or above by 2020. And Chinese consumers are well-known to be digitally savvy and increasingly health conscious.

So, let's look more deeply at one of the fastest growing provinces in China, Jiangsu, which is located in the east adjacent to Shanghai. Jiangsu is home to some 80 million people. That's two times the size of Canada with GDP of US\$1.1 trillion. That's three-quarters that of Canada. The GDP growth rate is substantial at 7.8% in 2016. The insurance market is equally very attractive with total premiums of US\$28 billion and year-on-year growth of 49%. Yet, insurance penetration remains low.

The relevance and importance of provinces like Jiangsu and cities like Nanjing become clear when we look at Manulife's footprint in China. Manulife-Sinochem has a presence in 14 provinces and operates in 51 cities. This gives us access to 70% of China's GDP and 60% of China's population. We have over 12,000 of some of the best-in-class agents and has driven productivity improvements by 93% in just two years. This is being supported by the digitization of our agency force with more than 90% of our agents using ePOS, our proprietary electronic point-of-sale tool.

Our strategic partnership with DBS is off to a great start and continues to perform well, and nearly all of our bancassurance business is of higher quality, regular premium products. We are increasingly focused on health and protection and launched ManulifeMOVE in China in late 2016. This is attracting new customers to Manulife; in fact, 66% of MOVE customers are new to us.

We are proven innovators in China. We have leveraged WeChat for customer acquisition, servicing and claims as Kai Zhang explained in Hong Kong yesterday. We are the first foreign company to receive a wholly foreign-owned enterprise license, that's a WFOE license, for an investment management company in China. This license will pave the way for Manulife to serve a broader investment base such as small and medium-sized institutions, private banks and independent wealth management platforms. The license enables us to serve the broadest possible audience with the broadest possible range of asset management capabilities.

Our presence and commitment to China has generated exceptional results. Wealth and asset management gross flows have grown fourfold in the last two years, although I should say that a good portion of that is money market funds as we have previously disclosed.

Annual Premium Equivalent sales have doubled, and importantly, New Business Value margin has also increased from 19% to 50%. Agency APE, productivity and active agents all grew significantly, led by growth in Jiangsu, our biggest APE contributor in 2016. So, our strategy to win in China: We're leveraging our geographic footprint and will continue to expand our agency force whilst maintaining our focus on quality and productivity.

We will continue to focus on targeted bancassurance partners including DBS. We are capitalizing on our unique wealth and asset management strengths, which includes using our global expertise in retirement to execute on the emerging retirement opportunity in China, and we will continue to advance our progress in digital innovation.

The results have been impressive; APE and core earnings have doubled, and NBV has grown as a compound rate of more than 140% over the two-year period.

So, next we'll look at Indonesia. Indonesia is the untapped giant of Southeast Asia, with a large and fairly young population of 263 million people, the fourth most populous country in the world. The economy is growing at a healthy pace and life insurance penetration remains low at 1.3%. Indonesia has experienced rapid urbanization, with 68% of the population expected to live in cities by 2025, and that compares to only 50% in 2010. And the middle class is expected to grow to 3.5 times the 2010 level by 2030. Bancassurance has become the largest and fastest growing channel in the Indonesian market. Indonesia has a large funded pension market and a fast-growing mutual fund industry.

So, let's now look at Manulife's business in Indonesia. We have three strategic bank partners: Danamon, is the number six retail bank with over 500 branches; Muamalat, is a leading Islamic bank; DBS, is present in 11 cities, and we expect DBS' recently-announced acquisition of ANZ's retail business to continue the growth momentum and provide additional upside to our business in Indonesia.

In 2016, APE from our strategic bancassurance partners was up 46% year-over-year. Manulife has the most productive agents in Indonesia with one of the highest quality agency forces. We have

delivered a 33% increase in productivity in two years, and we have more than 180 Million Dollar Round Table qualifiers. We have a leading pension franchise in Indonesia, and that's demonstrated by our number two market position in defined contribution pension schemes. And in addition to our pension presence, we have an established and leading asset management presence.

We have been digitizing our processes to make it easier for customers to engage and interact with us. For example, MiAccount, with Mi, being Manulife Indonesia, allows customers to process claims, monitor transactions and access e-policy and e-statements anytime, anywhere.

So, our strategy to win in Indonesia: We will continue to deliver on our strategic bank partnerships. We will grow our agency force whilst maintaining our focus on quality and retention. And we will leverage our global wealth and asset management expertise to drive scale. And we will increase penetration of life insurance solutions to serve the protection needs of our customers in part through digital initiatives.

So, as we pointed out, 2015 was a tough year for the Indonesian life insurance industry and for our business as well. However, despite the continued challenges that we have experienced, we've delivered improvements to our results in 2016. Our APE sales grew by 41% year-over-year in 2016, driven not only by the strengths of our strategic partnerships, but also from our quality agency force. Our New Business Value doubled in 2016, and we saw a core earnings increase of 50%. But I have to say that neither core earnings nor NBV have yet recovered to the 2014 levels that we had seen.

So, next we'll look at the Philippines. The Philippines has not only a large population of more than 100 million people, but also a youthful population with a median age of 23, the youngest amongst Southeast Asian countries. GDP growth was 6.8% in 2016 and the strong growth rate is expected to contribute to the expansion of the middle class.

Like many of its Southeast Asian peers, the Philippines has a low life insurance penetration rate of only 1.4%. And the Philippines has seen a significant expansion in the mortality protection gap with a threefold increase over the period from 2004 to 2014.

So, in the Philippines, Manulife holds a number three market position in life insurance. We have delivered significant sales outperformance compared to the industry in 2016. Manulife grew by 40% against a backdrop of industry growth of 8%.

We have an attractive business mix with almost three quarters of our sales coming from regular premium products. Our agency force exceeds 10,000. It has doubled in the last three years and almost half of our agency recruits are millennials to align with our customer demographic.

In 2014, we launched an exclusive bancassurance partnership with Chinabank, providing access to more than 1 million bank customers. Similar to Hong Kong and China, ManulifeMOVE has been successful in engaging Gen Y customers, which now constitute 55% of enrollees in the Philippines. In addition, 72% of MOVE customers are new to our franchise, demonstrating its customer acquisition potential.

So our strategy to win in the Philippines: We will continue to engage the younger customer demographic. We will continue to grow our agency force whilst focusing on productivity. And we will continue to deepen our success with Chinabank. And finally, we'll focus on innovation and meeting the needs of our customers to fulfill their life, health, wealth and retirement needs. In the last two years, in the Philippines, we've seen healthy double-digit increases in sales, new business value, and we've doubled earnings.

So, now, we'll move on to look at Cambodia, Malaysia and Thailand. Our Cambodia business is celebrating its fifth anniversary next week. We're the number two player in this market with a 33%

market share, and our APE has grown threefold since 2014. We are the clear number one in agency and our bancassurance business is also growing rapidly. We will continue to build our omni-channel distribution in Cambodia and leverage our strong brand to grow our business.

In Malaysia, we delivered good growth across both agency and our partnership with Alliance Bank. We have a strong presence in the unit trust market, and we're ranked number six. We are committed to grow our Malaysia business by broadening reach to drive scale, capture the high net worth opportunity, and leverage our holistic insurance and wealth offering. In Thailand, we're a small player with less than 1% market share. We're piloting digital initiatives in the Thai market.

So, in summary, we have created strong momentum in Emerging Asia and it is now a significant contributor to our Asia business. The drivers of growth are compelling and we are well-positioned to capitalize on the opportunity, and we have a clear strategy in place, including specific digital initiatives to engage the young and growing populations of Emerging Asia markets.

So, the market that I haven't covered is Vietnam, and who better to cover the market of Vietnam and tell the story of Manulife's history and business here than our Vietnam General Manager, Paul Nguyen. So, Paul, if you could come and join me here – but, Paul, before talking about Manulife Vietnam and telling us the story of our business here, could you introduce yourself and tell us your own story? Thanks, Paul.

Paul Nguyen, General Manager, Manulife Vietnam, Manulife Financial Corp.

Thank you, Philip. So, good day, everyone. It's really my privilege to stand here in front of all of you to talk about Manulife Vietnam, to show you how dynamic the Vietnam market really is. This vibrant country has a lot to offer: Fast-paced growth, increased sophistication, and wealth of opportunity.

Before I start, I would like to introduce myself. My name is Paul Nguyen. I'm a Vietnamese Canadian. I was born in Saigon. Because of the circumstances, at the age of 14, I fled the country on my own. I drifted between a number of refugee camps in Thailand and was very lucky enough to be sponsored or adopted by a French family in Chicoutimi, Québec.

In the end, I did not live with my foster parents as the government had found out my family who was living in Toronto. They had arrived in Canada a few months before I did and they were being sponsored by a church. So after four days of arriving to Toronto, I attended junior high. I went on to complete high school, attended the University of Toronto and I majored in Actuarial Science and Statistics.

I graduated in 1989 and started my life insurance career. So, here I am, 39 years after leaving Saigon, 28 years in the business, five countries after, I'm back at my birthplace, working for Manulife, having the time of my life. I used my understanding of the Vietnamese culture, of my Canadian heritage to foster Manulife Vietnam. I'm honored to lead Manulife Vietnam to realize this vast potential, to contribute to my birthplace, and to make a difference.

We really have an amazing operation here, a phenomenal franchise. My team consists of both expats and Vietnamese. Together, we have over 100 years of insurance experience. We have a deep understanding of the people, of the local business culture. My team is one of the best with high execution capabilities. We are very proud to be the supporter of this country's economy.

The company was founded 18 years ago. We were the first foreign life insurance company in Vietnam. We are the third largest insurer and the number one in bancassurance space. We work with a number of banks and have a long-term exclusive relationship with Saigon Commercial Bank, one of the leading joint stock banks in Vietnam. In a few short years, we have doubled the number of agency offices and doubled the number of agents. We have now 23,000 highly productive agents

across the nation serving more than 700,000 policies with a total sum assured of over US\$5 billion, and these numbers are growing.

We were the first to have our own asset management company. Our current asset under management reached US\$700 million, representing a 50% increase from 2014. Vietnam is an exciting marketplace with lots of upside. The country may be small in terms of land size, around one-thirtieth of Canada, but its population of 94 million is around three times of Canada. We have the third largest population in Southeast Asia, next to Indonesia and the Philippines. Vietnam has a relatively young population with median age of 31.

The potential is huge for Manulife Vietnam. Its life penetration rate is still less than 1%. However, the propensity to buy is good, awareness for insurance is high; customers are open and interested to have a dialogue with us. With a GDP growth of around 6% as we have seen the last few years, projected to trend upwards, the market is ripe and promising.

This emerging middle class with more money to spend, the desire to spend that money to improve their lifestyles is driving a lot of activities in this country. We expect the emerging middle class will be 60% of the population by the year 2020. The market is evolving rapidly, currently dominated by agency channel, with bancassurance only contributing 6% of the APE.

Given the rapid increased bank penetration rate and the growing wealth, this gives a tremendous upside for insurance. I have talked about the exciting opportunity that this country has, and it is very significant. If we simply assume the life penetration rate of Thailand and the strong GDP growth that we have seen in Vietnam continues, then this market could reach six times compared to 2016, and could reach US\$4.8 billion by the year 2030.

We have a story to tell about own growth rate. We have a great franchise. We have a clearly articulated vision. We have outpaced the major players. We have grown more than 50% in the last two years. We are closing the gap on market share.

Only two years ago, in 2014, the gaps in terms of market share between our company and the top player was 13%. In 2016, the gap was 7%, cut by half. We are on fire, and we're confident, we will continue on this path to be the number one life insurance company in Vietnam. I'm committed. My team is committed. The entire company is committed. Our team is very focused. We are results-oriented. We have grown APE by CAGR of almost 60% in two years. We have agency consistently growing 48% over the last two years.

We have been executing well on Saigon Commercial Bank and with the other bank partnerships, our growth in bancassurance has been phenomenal at 166% for the past two years. We have been gaining in New Business Value at a quicker pace. A whopping 87% increase in the last two years. Our NBV tripled from US\$9 million to US\$28 million. Our core earnings doubled from US\$19 million to US\$38 million during the same period. Our margins and core earnings have improved as a result of combination of product mix in terms of protection and a better expense containment.

Our portfolio is becoming more balanced and diversified. Roy talked about Asia's strategy and our strategy is very much aligned with both Manulife Asia and global strategies. For customers, we are aiming to increase NPS and achieve market leadership by leveraging on the strong brand we have. We focus on customer contact frequency, reducing pain points. We want to provide our customers with more digital touch points, which we know will drive customer experience and enhanced NPS.

For holistic solutions, we have a unique proposition in integrated life, health, and wealth. We want to cover our customer throughout their life stages. We pursue a customer-centric strategy to provide tailored advice, solutions, meeting our customers' needs. We have a strong proposition in health and wellness, which is underpinned by our brand campaign, and our upcoming Da Nang Marathon. We want to achieve a balance between wealth and protection. Our open-ended mutual

fund only started in mid-2016 and it's gaining pace. We were the first life insurance company offering mutual funds through our agents.

For bancassurance, it's all about increasing penetration, as the market is still young – sorry, I will – sorry about that. I will talk more about premium agency and bancassurance in the next few slides.

But really, the story here is about the professionalism of our beloved agency force. We have been disciplined with quality recruits to grow our agency. We have provided our agency with career development and best-in-class training.

For bancassurance, it's about increasing penetration rate as the market is still young. To make it here, we focus on seamless customer experience and deepening bank relationships. Our fifth pillar is digital. Our customers are demonstrating deeper desire for self-directed options and self-services. Enhancing digital capabilities is vital for Manulife Vietnam.

Digital tools will allow rapid scalability, change the way customers engage. We have laid some groundwork by pioneering some several digital initiatives. To-date, we are the first life insurance company in Vietnam to have partnered with Zalo, the WeChat of Vietnam. With the 60 million Zalo users, this initiative will allow us to bring online financial service to our customers. We will be able to connect faster with our potential customers, existing customers, and agents through Zalo. As digital or online selling is not yet feasibly due to regulatory constraints, on wet signatures, we will focus on lead generations and data analytics to predict what our customers need and to provide better insights on financial planning.

Agency is the dominant distribution channel. Our focus is on growth with quality. In two short years, we have achieved significant growth in the number of agents. We reached 23,000 agents at the end of 2016, 30% higher than 2014. We have created a model for price expansion where we study the location in terms of geography, propensity to buy, the population in the area, available resources.

We ensure that we have the right sales leaders in the right locations. By being aware of these potential opportunities, we build an office commensurate to these criteria, to expand our footprint in Vietnam. We have a mature advance selection process to select the right agents. We have a standard operating procedure in place to assist our agents to increase sales activities. We have leadership training in place to enhance leadership. All in the name of growth with quality.

As a result, our agents' productivity has increased significantly over the last two years, reaching an annual gross premium of US\$3,800 per annum, a 70% increase from that in 2014. We have a special unit to coach and to increase the number of Million Dollar Round Table, MDRTs. We have the highest number of MDRTs in the country. We have 616 MDRTs in 2016, 2.5 times of 2014. We are very proud of our agency force.

We are number one in bancassurance, 24% market share in two years. Our focus is to increase penetration rate, deepening our relationship with our bank partners. The contribution of bancassurance in the APE – in terms of APE was almost 20% in 2016, 6.6 times higher than that of 2014. The significant growth in bancassurance showcase our superior execution capabilities, not only with our exclusive partners, with other bank partners. Within these partnerships, even though it's not exclusive, we continue to be the number one insurer.

We have our first exclusive relationship with Saigon Commercial Bank in late 2015. Saigon Commercial Bank has the highest total assets among the joint stocks banks. The result has been impressive, our performance has been phenomenal. Our production increased 300% in Q1 2017 compared to the same period last year.

SCB and Manulife Vietnam relationship is considered to be one of the best in the country, driven by strong commitment and deep engagement from both sides. The transition was smooth. We were able to seamlessly launch and activate 120 branches in three months at the start of the relationship. We are very honored to have Mr. Van here today, the CEO of Saigon Commercial Bank. I would take this opportunity to thank Mr. Van for his support, drive and commitment to this partnership.

In closing, before we turn it over to Q&A, I would like to make a few points, a few summary points re-emphasizing the key points about Manulife and Vietnam. Vietnam is an exciting market with huge potential. The market is still young, underpenetrated and there's a strongly emerging middle class. We are superbly positioned to capture the market potential with clear strategy and focus on execution. We focus on customers, product capabilities, digitization, analytics capabilities. These will help to drive the next wave of growth for Manulife Vietnam.

We have a professional and highly productive agency force. We are scaling rapidly with a strong focus in quality. We have the highest number of MRDTs among the life insurance companies. We are number one in bancassurance with highest execution, resulting in significant growth. We have firmly established ourselves as the market leader.

As an organization of Manulife, we are oriented around quality growth. We have strong focus on execution, resulting in increased market share and higher margins. We have been delivering on quality results.

In closing, I cannot think of a better place, a better time, a better company to be with than Manulife Vietnam. Thank you for listening.

QUESTION AND ANSWER SECTION

<A – Rob Veloso – Manulife Financial Corp.>: All right. Thanks, folks. We'll now open up to questions. I ask that everyone please limit themselves to one or two – sorry, please limit yourself to one or two questions. Put up your hand and wait for a microphone. And if you will, please stand up when you ask the question, stating your name and company affiliation. Thank you. Meny, you can go first. Gabe, I saw you. You'll get the chance to ask your question today.

<Q – Meny Grauman – Cormark Securities, Inc.>: Hi. It's Meny Grauman from Cormark Securities. Paul, you gave a very impassioned pitch for the Vietnamese business. And I don't want to be a downer, but I'm just wondering if you could spend some time talking about the challenges in Vietnam. And I'm sure there are a lot of great things, but obviously, in life, there's also some challenges with everything that's good. So, maybe a few challenges that are present in your business?

<A – Paul Nguyen – Manulife Financial Corp.>: Sure. I guess challenges are everywhere. Even if I look at my life, it's a long string of challenges to get here, to be honest with you. So, we're always prepared for challenges. First of all, I'll get very personal about this. We're very engaged. My teams are very engaged. I speak multiple languages. I get – my colleagues here. We deep dive into the business. We want to have a lot of preventive measures before the challenges happen. So, we keep thinking ahead.

But one of the challenges that we have is the market really growing in this country, right? And everyone is trying to grab for talents, getting the talents here from home office or even from our sales force. So, we have a lot of mitigation in place to minimize the risk.

For example, in terms of human resources, we have programs in place. We have training programs, succession planning, career development, chats with the CEO, coffee with the CEO three or four days. Then – so, basically our engagement is about 78%, 80% employee engagement, and our turnover rate is much lower than the industry.

The other challenge that we have is on the agency. So, we do have a retention in place to mitigate the risk. At the same time, even – we look at the interest. So, what we do is that we offer a lot of protection product. So, over 90% of our portfolio is protection. So, we pass so the challenge on the investment experience back to – with the – I share that with the policyholders.

<A – Roy Gori – Manulife Financial Corp.>: In addition to talent, right, and that's probably our biggest challenge. I think Paul hit it right on the head. I think one of the other challenges that we face is the education level around insurance. It's a relatively new market and the idea of insurance is kind of nascent. So, educating the population around what insurance is and why it's important for them is a hurdle that we face along with the industry, but something that we work extensively against as well.

<A – Rob Veloso – Manulife Financial Corp.>: Gabriel?

<Q – Gabriel Dechaine – National Bank Financial, Inc.>: Gabriel Dechaine, National Bank. First question for Paul. Are you sure you're an actuary? You're a little too exciting. Actually, I've got real questions. Agency or agent compensation, how do you compensate them between new sales productions and then something like persistency? And then on the sales mix, is there one product or two products that dominate your sales and your profitability, just to get a sense of – sometime there are rule changes and then the sales go away and profits go down. Thanks.

<A – Paul Nguyen – Manulife Financial Corp.>: Yes, I'm an actuary, just lucky to work with a lot of marketing guys in my life. And in terms of compensation, we do have persistency or policy

persistence measured in our compensation. The compensation is somewhat not too heaped in the first year, it's a bit – get our scale down in general to improve the policy persistence.

The product in Vietnam at the beginning, there was a lot of short-term savings and then the focus great on protection, a lot on protection. So, at Manulife Vietnam, we promote a lot of protection products to the number of riders that we have. And I'm proud to say our rider attachment rate is pretty high, about 3.5 per policy. So that increasing the premium size as well increase their profitability and new business margin for the company. Does that answer your question?

<Q – Gabriel Dechaine – National Bank Financial, Inc.>: Yes.

<A – Paul Nguyen – Manulife Financial Corp.>: The main product that we're selling – it's a pretty well-balanced portfolio. We get about 60% in Universal Life. We have a number of riders, I anticipate about 13. I will say now like 3.5 riders per UL. Roughly about 10% of that – of the product mix is endowment. And we have a health protection, talking about hospital plans and all of that. So overall, our product mix is quite well balanced.

<A – Roy Gori – Manulife Financial Corp.>: Gabriel, we spent a lot of time talking about and thinking about compensation and quality of sales. This dominates our whole process. We've got Kim Fleming here. Kim runs agency. Stand up, Kim. Kim is the best agency leader that we have across the entire Asia Pacific, and I would say arguably, the best in the industry. It's no accident that he's here. This is an important market for us. It's a growth market.

We've got a huge agency force and he spends as much time thinking about the quality of sales as he does thinking about how to grow agency force. And if you grab him in the corridor, he will tell you about some very unpopular changes that he made to compensation last year, but that was designed to ensure that we had quality in our sales so that five years from now, we're not looking back thinking what the hell happened. So, this is not happening by accident.

<Q – Arjan van Veen – UBS Ltd.>: Thank you. Arjan van Veen, UBS. Just want to ask you about, obviously, the growth opportunity, top line. The stats speak for themselves in terms of the opportunity. I just want to ask a question around the margins, across Emerging Asia. So, your margins have been increasing for the last two years as per your slides. But on average, the 21% there in the business margin are for sales. If I look in each of the markets, you are – compared to peers, you probably could have at least doubled those in terms of where some of your peers are at.

So, the question is really then around what is causing it to be lower, because if I look at your bancassurance mix, which is 30%, one of your major peers is about the same across the region. I'm so sorry, is it a question of the unit cost is still too high and so you had to scale outside of it, is it a product mix thing?

And again, highlighting the fact that your three smaller markets where you didn't break it out, Cambodia, Malaysia and Thailand, wherein the business is negative, if my sums are correct. So, just curious to see what was the key improvement that you need to drive the margins up and then how quickly can that happen?

<A – Phil Witherington – Manulife Financial Corp.>: Sure. Thank you, Arjan. So, it's probably best for me to take that one. So, you're absolutely right in your observation. When you look at our margins and compare them to some of our Pan-Asian peers in markets excluding Hong Kong and Japan. It looks as if we are – and we are lower than the market-leading Pan-Asian peers out there, the top tier peer group.

So, that does point to the being an opportunity in Emerging Asia for us to continue to improve our margins. For me, a couple of significant items that are the opportunity. One is scale and with scale comes expense efficiency. And if you look at the progress we've made on margins over the past

couple of years, that isn't really coming from changes we've made to our products. It's mainly coming from the benefits of increased scale across this collection of markets.

So, as we continue to drive that scale, capitalizing on the growth opportunities that exist, my expectation is that our margins would continue to improve. I don't have a crystal ball, but that would be the sensible expectation. The other point that I would highlight is that, when we look at all of our markets across the group and in Asia, we are very disciplined in making sure that we set assumptions that we do consider to be genuinely best estimate assumptions.

So, I would encourage you to look at some of the economic assumptions that we make, and you're welcome to benchmark those to our peers. But the relevance is that in markets like Vietnam, where we have discount rates well in excess of 10%, even if we produced no NBV, we would still be generating return of in excess of 10%. So, that – we should take that into account when we're looking at NBV margins. But I think you're absolutely right in the point that there's plenty of opportunity for us to grow, both scale and margins across this region.

<Q – Arjan van Veen – UBS Ltd.>: So can you just comment a little bit on product mix as well? Is that already where you wanted it to be or is there still a lot of improvement there?

<A – Phil Witherington – Manulife Financial Corp.>: Yeah. So, across Emerging Asia product mix, we haven't made substantial changes over the past couple of years. I think the comments we made yesterday whereby a substantial portion of our business across Asia is par or pass-through. That's certainly true across Emerging Asia, more true than the whole of Asia, to be honest. And taking Vietnam as an example, the products that Paul talked about, the balanced mix between par and Universal Life, both of those are essentially pass-through type products, so we have pass-through mechanisms. And it's a similar story in many of the emerging markets across Asia. The only one that is slightly different is the Philippines where we have a more substantial fully pass-through investment-linked type product that does represent about half of our business.

<A – Rob Veloso – Manulife Financial Corp.>: Any other questions?

<Q – Scott Russell – Macquarie Capital Ltd.>: Yeah. Hi. It's Scott Russell at Macquarie. Can I just pull together a couple of the statistics? So, over the next decade, the middle-class population going up multitudes, the mortality protection gap is US\$32 trillion today and rising. As you sit here today, your channel mix is obviously very focused on agency and bancassurance, but I'd be just interested in your views thinking out long-term, what channel you're most optimistic about? And obviously, as your level of affluence of your typical customer changes over that time, whether your current channel strategy is more positioned to take advantage of that growth over time?

<A – Phil Witherington – Manulife Financial Corp.>: Yeah, it's good question, Scott. So, we do spend quite a lot of time thinking about, okay, what does the current channel mix look like and how do we expect that to evolve in the medium to long term. And in Emerging Asia, in particular, we do see that agency will remain very relevant because it is a channel that is able to reach a very wide population through the personal relationships that agents are able to have with their customers and that's the importance of face-to-face advice.

In particular, in markets like Vietnam, as Roy said, sometimes the understanding of insurance is not particularly high, so really trying – through the agency force, bringing out the needs that customers have and highlighting the solutions that Manulife can provide. So, agency, we continue to see as being relevant particularly in this region. However, what we are seeing and what we do expect to continue to see is an increasing importance of bancassurance in Emerging Asia. So typically, across Asian markets, we see something between 30% and 50% or 30% and 60% of the market being bancassurance.

Vietnam is an example of a market where that transition has not yet happened. So it's a good example of a market where we would expect bancassurance to become much more significant in the medium term. And then, of course, the longer-term trend that we are very conscious of, which is the increasing importance of digital, digital is a channel to access smaller ticket opportunities and high volume opportunities. And that's something that, across the Emerging Asia markets, such as China in particular and Indonesia that have very large populations, we do see that as something that will become significant. And therefore, partnering with digitally-savvy organizations, such as DBS, is actually very important to our strategy.

<A – Roy Gori – Manulife Financial Corp.>: Yeah. Scott, about 15 years ago, bancassurance represented about 5% to 7% of total sales, and everyone was very skeptical as to whether bancassurance would become a main channel. And there was obviously doubts about its growth, but also discussions around channel conflict, bancassurance and agency.

And digital today represents less than 5% of sales. 15 years from now, it will represent a very significant share of sales. The sales that we'll do through digital will have to be dramatically different to the way that sales are done through agency and banca, but that's got to be a growth engine for us, and it's also different by market.

As Phil highlighted, in markets like Vietnam, where the bancassurance penetration is as low as it is, that's clearly going to be a dominant channel for us. In other markets where bancassurance already have very significant share of the total industry sales, we'll see digital emerge much quicker. So, I think it is going to be horses for courses depending on the market, but I certainly see digital being a key growth driver for the future, and that's going to require us to think differently and also engage with customers in a different way.

<A – Rob Veloso – Manulife Financial Corp.>: We have a question in the front.

<A – Phil Witherington – Manulife Financial Corp.>: I think Scott had a follow-up.

<A – Rob Veloso – Manulife Financial Corp.>: Sorry. Follow-up first, and then we'll go...

<Q – Scott Russell – Macquarie Capital Ltd.>: Yeah. Sorry to be a pain. Thanks for your comments. Just on digital, with very young populations, I suppose the product has to change quite a bit to squeeze the current life insurance offerings into an online offering. What are the margins like on the digital business you do right now?

<A – Phil Witherington – Manulife Financial Corp.>: So, our digital business is small scale, and margins are always challenging with small scale because you've got the cost of building the platform. So, what we're doing at the moment, Scott, is we're actually experimenting. You saw some of the experiments yesterday, but in my opening comments, I did refer to Thailand, where we've currently got a live pilot to experiment with a fully digital – a digitally-distributed medical product. And that medical product is something that we would be happy to sell not only through the digital channel, but also through other channels. So, once you put aside the cost of building the digital platform, the margins would be consistent with the rest of our business.

<A – Roy Gori – Manulife Financial Corp.>: But it isn't – I just want to sort of explain a little bit more on this front because we're learning, as we were or the industry was 15 years ago. So, it's going to have to be a different way that we attack this channel than the way that we've attacked agency or banca. And what we've seen has worked for us in the digital space is that if we sell very simple products that are very inexpensive, we can acquire significant volumes of customers, and that then gives us an engagement with them.

Then, following up with a potential, more complicated sale is a lot easier. And sometimes, that's happening digitally; in other cases, it's happening through feeding leads to the agency force. So, it

isn't going to be a clean-cut, let's sell a product that we sell in agency today digitally. There is a different mechanism that we're really thinking about. And it does include very simple product sales that are very inexpensive and then a follow-up process that includes using online and offline.

In some cases, now, we're expecting with the use of video chat. So, again, it's digitally-enabled, but it's not necessarily all done remotely without any assistance. So, it's not going to be a clean-cut replication of what we do in other channels in the digital space, it's going to be a varied approach that we will take.

<A – Rob Veloso – Manulife Financial Corp.>: We'll take Paul and then we'll go to the back table for the last question.

<Q – Paul Holden – CIBC World Markets, Inc.>: Great. Thanks. Paul Holden, CIBC. Two questions regarding themes that have come up consistently both yesterday and today. First is regarding insurance penetration. So, one of the interesting data points, I think, we saw was the penetration rate in Thailand which tends to be higher than some of these other Emerging Asian economies, and maybe you can talk about sort of the conditions other than simply growth in wealth that have led to higher penetration rates, whether that's in Thailand or in developed economies, so we can get a sense on when that inflection point may arrive.

And then the second question is regarding the recruitment of and development of higher-quality agency sales force. So, my assumption would be every one of your competitors probably also wants to have a higher-quality sales force as well. So, maybe you can give us a little more color and granularity on some of the items you do to ensure higher-quality sales force.

<A – Phil Witherington – Manulife Financial Corp.>: Sure. So, maybe I'll take the first component which is talking about penetration of insurance, and in particular commenting on your point in Thailand, and then I think Paul is very well placed to talk about agency recruitment. I think we do a great job here in Vietnam of agency recruitment.

So, on insurance penetration, we do see differences across some markets in Asia, and your observation that Thailand is higher than other Southeast Asian countries is absolutely correct. And when we look at Thailand and the conditions that gave rise to that, there was certainly an earlier development of the insurance industry. But in particular, over the last 10 years, what we have seen is the development of the bancassurance industry in such a way that there has been a high volume of short-term endowment-type products in that market.

And so, similar to my comments on Hong Kong yesterday, there can be some distortion when you look at the penetration statistics in markets where there is a significant bancassurance component but low quality bancassurance, whether short term, deposit replacement-type endowments. I think if we strip those out, what we see is a fairly consistent trend across the emerging markets of Southeast Asia, the penetration remains woefully low. And combine that with the macroeconomic backdrop, the megatrends mean the protection gap is large and the level of state provision, state support is low, that does bode well for the opportunity for our industry, not just Manulife.

So, Paul, would you be happy to comment on agency?

<A – Paul Nguyen – Manulife Financial Corp.>: For agency, we deploy a mature market selection process for filling the right agents. We have, like, market assessment test in place to identify the quality of recruits. Once they're onboard, they go through heavy training, a lot of training through our SOP to enhance the sales activities. We even have a special unit to monitor and coach and increase the number of MDRTs or emphasis of qualities. So, a lot of efforts put in place to select the right agents and go through the motion of training and showing success in terms of sales.

<A – Rob Veloso – Manulife Financial Corp.>: We'll take the last question from the back.

<Q – Tom MacKinnon – BMO Capital Markets (Canada)>: Tom MacKinnon, BMO Capital. I want to talk a little bit about Indonesia. Of the four countries you highlighted, I think you've been in Indonesia the longest. I don't know, it's almost – might have been almost 30 years. And then I look at its NBV margins are the lowest of the four that you're highlighting. Its earnings and its NBV is running about two-thirds the level it was in 2014. So, it seems to be going a bit the other way.

What is it about the business there that kind of makes NBV and earnings volatile or was there something specific about 2015? And then, you've been there a while, wouldn't you have a reasonably big block of business that you wouldn't have that kind of volatility as well? So, a little bit more on Indonesia there.

<A – Phil Witherington – Manulife Financial Corp.>: Sure. Thanks, Tom. That's a good question. One thing I should highlight, yes, we have been in Indonesia for 31 years. However, we've been in the Philippines more than 100 years. So, it's not the oldest market for Manulife across Emerging Asia.

So, no doubt, the past couple of years in Indonesia have been tough for us and they've been tough for the industry. There have been various circumstances that have contributed to a slowing of industry growth. We've seen quite a bit of political change over the past five years in particular. And there had been, in 2015 and 2016, some natural events, floods and so on that had impacted economic development.

And also, when you look at the Indonesian economy, we've seen some of the volatility and natural resources giving rise to quite a lot of volatility. So, the impact of all that did impact consumer confidence and our industry. So, we, as an organization, picked up on that trend quite early on. I remember it was the September 9, 2015 when Roy and I went to Indonesia, went to Jakarta to sit down with our local management team, so we can foresee a challenge here, what are we going to do about it. And it was from that point on that we really decided that we have to be very disciplined about cost management. Inflation is very high in Indonesia, so containing the inflationary element and also the absolute level of cost. So that's been a big priority for us over the past 12 months.

And also being creative from a product perspective, what can we do to make sure that our distribution channels continue to move in Indonesia. And what we've seen is that both agency and bancassurance have continued to grow, but we haven't been able to reduce costs as rapidly as we would like in the context of the balance between inflation and growth of our business. So, there's more work for us to do in Indonesia.

<A – Rob Veloso – Manulife Financial Corp.>: And thanks, everyone.

Donald A. Guloien, Chief Executive Officer, Manulife Financial Corp.

Well, I just want to thank all the participants who've come from overseas and other parts of the world to participate in our event. You can see why we are so passionate and excited about the opportunity in Asia, all of Asia. It is wonderful to be here in Vietnam where it is a terrific story. We were, in fact, the first foreign company to do business in Vietnam, we're very proud of that. Ngoc has been with us for 22 years in helping us along the way. We, in fact, helped the insurance regulators write the first set of regulations here in Vietnam, not to suit us, but to suit the industry. I guess when you look at our business in Asia, you guys tend to want to look at the model and the numbers. One of the most important things, and you saw it in Paul's passion here today, is that we do it in the right way, because we take very long-term view of how we deal in Asian markets. There's other companies that can make more money, that can hire more agents, but we do it in a very high quality way and we will not ever have to apologize for the business that we do in Asia.

You know, I had a problem with a piece of luggage that broke and I went to a store to buy some luggage. The lady asked me for my name and address and I gave her my business card, and she said, 'Oh, Manulife, fantastic company here in Vietnam,' and that is pretty much the reaction you get anywhere where they know our name in Asia and we are extremely proud of that. Because Asia, more than any other place on the planet that I've done business, cares about the long-term orientation of how you treat people and that is how you are judged, and that determines what opportunities you will get going forward. So, it's no surprise that we keep getting wonderful opportunities presented to us in Asia. So, thank you for coming. This is a wonderful part of Manulife's present and future and I want to thank our guests Mr. Van and Mr. Khanh for coming with us today. And they're both aware of the contribution that we are making – our industry makes – to the economy of Vietnam.

Vietnam is a wonderful country. It, like Paul, had some challenges, but it's come back enormously. One of the things I'm very impressed by is Vietnam's embracing forward-facing technology. I think the country ranks something like 12th in terms of mobile telephones in use in Vietnam. It's a long skinny country, very hard to provide the services, but basically put fiber optic network down the full country so that you actually have better Internet access than you would in most places in rural North America.

In virtually every major city and every town in Vietnam, you have the 4G coverage and probably 5G in the future, and in terms of network speeds, as fast as anywhere in the world. And I think in terms of Internet users, ranks something like 16th or 15th in the world for a country of very small population.

So this country is – it's a young population, it's looking forward and it's doing a lot of the right things to assure a really big future. And whether you believe the estimates from HSBC or Goldman Sachs, it is likely to experience something like 10% growth for the next 20 or 30 years

So, thank you, Vietnam.

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