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Important changes to Manulife's Statistical Information Package ("SIP") beginning 1Q23

April 27, 2023 (revised from April 20, 2023)

Note to readers regarding restated 2022 results under IFRS 17 and IFRS 9:

Manulife ("we", "our") adopted IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments" effective for years beginning on or after January 1, 2023, to be applied retrospectively. Our quarterly 2022 results will be restated in accordance with IFRS 17 and IFRS 9 (the "2022 results"). Audited restated consolidated financial statements for the year ended December 31, 2022 will be included in our 2023 Annual Report.

The comparative restated 2022 results may not be fully representative of our market risk profile, as the transition of our general fund portfolio for asset-liability matching purposes under IFRS 17 and IFRS 9 was not completed until early 2023. Consequently, year-over-year variations between our 2023 results compared to the restated 2022 results should be viewed in this context.

In addition, our restated 2022 results are also not directly comparable to 2023 results because IFRS 9 hedge accounting and expected credit loss ("ECL") principles are applied prospectively effective January 1, 2023. Accordingly, we have also presented comparative quarterly 2022 results as if IFRS had allowed such principles to be implemented for 2022 (transitional impacts). The following financial measures for 2022 have been adjusted for IFRS transitional impacts and are denoted by the term "Transitional":

- Net income (loss) attributed to shareholders;
- Net income (loss) before income taxes;
- Net income (loss);
- Return on common shareholders' equity;
- Basic earnings per common share; and
- Diluted earnings per common share.

Important changes to the SIP:

The following tables outline important changes and updates to our SIP. Note that further changes may be made as we finalize our reporting for the first quarter of 2023.

IFRS 17 and IFRS 9 related updates	Details	References in SIP
Core Earnings	**Updated.** We believe that core earnings better reflect the underlying earnings capacity and valuation of our business. We have updated our definition of core earnings to reflect the change in the recognition, measurement and presentation of insurance contract liabilities and financial assets and liabilities under IFRS 17 and IFRS 9, respectively, and have also replaced the nomenclature of the items included in core earnings and the net income items excluded from core earnings to conform with the nomenclature under IFRS 17 and IFRS 9. An updated definition of "core earnings" is available below.	NOTES TO READERS (page 2); FINANCIAL HIGHLIGHTS (page 5)

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IFRS 17 and IFRS 9 related updates	Details	References in SIP
Drivers of Earnings ("DOE")	**New.** The DOE is used to identify the primary sources of gains or losses that flow through earnings in each reporting period. It replaces the Source of Earnings (SOE) and is one of the key tools we use to understand and manage our business. The DOE shows the sources of net income (loss) attributed to shareholders and the core DOE shows the sources of core earnings and the items excluded from core earnings, reconciled to net income attributed to shareholders. Of note, the Asia and U.S. segment DOEs will be reported in their functional currency, which is U.S. dollars, as well as Canadian dollar equivalents.	NOTES TO READERS (page 2); FINANCIAL HIGHLIGHTS – DRIVERS OF EARNINGS (page 7); ASIA (page 18, 19); CANADA (page 26); U.S. (page 31, 32); CORPORATE AND OTHER (43)
Changes in Contractual Service Margin ("CSM")	**New.** This disclosure provides details on changes in the CSM from period to period, including classification between organic and inorganic impacts. Of note, the changes in CSM schedule for the Asia and U.S. segments will be reported in their functional currency, which is U.S. dollars, as well as Canadian dollar equivalents.	NOTES TO READERS (page 3); FINANCIAL HIGHLIGHTS (page 8); ASIA (page 20); CANADA (page 27); U.S. (page 33) CORPORATE AND OTHER (44)
New Business CSM	**New.** This disclosure provides the CSM from insurance contracts initially recognized in the period and includes acquisition expenses. This metric is net of non-controlling interest.	NOTES TO READERS (page 3); FINANCIAL HIGHLIGHTS (pages 8, 9); ASIA (page 20, 22); CANADA (page 27, 28); U.S. (page 33, 34)
Expenditure Efficiency Ratio	**Temporary Metric.** We are introducing this additional financial measure for 2022 and 2023 only. Due to changes introduced by IFRS 17, certain costs that are directly attributable to acquire new business are recorded in the CSM instead of directly in core earnings, and thus are now excluded from the expenses used to calculate the expense efficiency ratio. This measure thus provides a reference point more akin to our expense efficiency ratio prior to the adoption of IFRS 17, as it captures all expenses that were previously used to calculate the expense efficiency ratio, including costs that are directly attributable to acquire new business.	NOTES TO READERS (page 4); FINANCIAL HIGHLIGHTS (page 6)
Adjusted Book Value per Common Share	**New**. A book value metric that includes the post-tax CSM balance excluding non-controlling interest. This will be an important metric for monitoring growth and measuring enterprise value.	NOTES TO READERS (page 4); FINANCIAL HIGHLIGHTS (page 11)
Consolidated Capital	**Updated.** The calculation of consolidated capital has been updated to include the post-tax CSM balance.	NOTES TO READERS (page 4); FINANCIAL HIGHLIGHTS (page 11); REGULATORY CAPITAL (page 50)
Financial Leverage Ratio	**Updated.** The calculation of the financial leverage ratio has been updated to include the post-tax CSM balance in the denominator.	NOTES TO READERS (page 4); FINANCIAL HIGHLIGHTS (page 11)

IFRS 17 and IFRS 9 related updates	Details	References in SIP
Global WAM Core Earnings	**New.** This disclosure will provide an earnings analysis with the components of revenues and expenses included in core earnings. A reconciliation to net income will also be reported.	GLOBAL WEALTH AND ASSET MANAGEMENT (page 35)
Global WAM Core EBITDA	**Going forward.** The calculation of core EBITDA will include certain acquisition costs in the Retirement business in the period incurred (previously deferred). This is expected to have a modest negative impact on the core EBITDA margin.	NOTES TO READERS (page 3); GLOBAL WEALTH AND ASSET MANAGEMENT (page 35)
Premiums and Deposits and Total Weighted Premium Income	**Removed.** Disclosures on premiums and deposits (insurance segments) and total weighted premium income (Asia segment) have been discontinued.	Previously published in FINANCIAL HIGHLIGHTS and INSURANCE SEGMENTS' sections

Other reporting updates	Details	References in SIP
Seed Money Investments	**Going forward.** Results from seed money investments will now be reported as part of the Global Wealth and Asset Management segment whereas in the past they were reported as part of the Corporate and Other segment.	GLOBAL WEALTH AND ASSET MANAGEMENT and CORPORATE AND OTHER sections
International High Net Worth Business	**Going forward.** Results from the International High Net Worth business will now be reported as part of the Asia segment whereas in the past they were reported as part of the U.S. segment.	ASIA and U.S. sections
Real Estate Composition by Geography	**New.** This disclosure will provide a breakdown of real estate invested assets by type and geography.	INVESTED ASSETS – REAL ESTATE COMPOSITION BY GEOGRAPHIC LOCATION (page 46)

Updated Core Earnings Definition:

Core earnings (loss) is a financial measure which we believe aids investors in better understanding the long-term earnings capacity and valuation of the business. Core earnings allows investors to focus on the Company's operating performance by excluding the impact of market related gains or losses, changes in actuarial methods and assumptions that flow directly through income as well as a number of other items, outlined below, that we believe are material, but do not reflect the underlying earnings capacity of the business. For example, due to the long-term nature of our business, the mark-to-market movements in equity markets, interest rates including impacts on hedge ineffectiveness, foreign currency exchange rates and commodity prices as well as the change in the fair value of ALDA from period-to-period can, and frequently do, have a substantial impact on the reported amounts of our assets, insurance contract liabilities and net income attributed to shareholders. These reported amounts may not be realized if markets move in the opposite direction in a subsequent period. This makes it very difficult for investors to evaluate how our businesses are performing from period-to-period and to compare our performance with other issuers.

We believe that core earnings better reflect the underlying earnings capacity and valuation of our business. We use core earnings and core EPS as key metrics used in our short-term incentive plans at the total Company and operating segment level. We also base our mid- and long-term strategic priorities on core earnings.

We have updated our definition of core earnings to reflect the change in the recognition, measurement and presentation of insurance contract liabilities and financial assets and liabilities under IFRS 17 and IFRS 9, respectively, and have also replaced the nomenclature of the items included in core earnings and the net income items excluded from core earnings to conform with the nomenclature under IFRS 17 and IFRS 9.

Core earnings includes the expected return on our invested assets and any other gains (charges) from market experience are included in net income but excluded from core earnings. The expected return for fixed income assets is based on the related book yields. For ALDA and public equities, the expected return reflects our long-term view of asset class performance.

While core earnings is relevant to how we manage our business and offers a consistent methodology, it is not insulated from macroeconomic factors which can have a significant impact. See below for a reconciliation of core earnings to net income attributed to shareholders and income before income taxes. Net income attributed to shareholders excludes net income attributed to participating policyholders and non-controlling interests.

Items included in core earnings:

1. Expected insurance service results on in-force policies, including expected release of the risk adjustment, amortization of the CSM, and expected earnings from short-term products measured under the premium allocation approach ("PAA").
2. Impacts from the initial recognition of new contracts (onerous contracts, including the impact of the associated reinsurance contracts).
3. Insurance experience gains or losses that flow directly through net income.
4. Operating and investment expenses compared with expense assumptions used in the measurement of insurance and investment contract liabilities.
5. Expected investment earnings, which is the difference between expected return on our invested assets and the associated finance income or expense from the insurance contract liabilities.
6. Changes in ECL for FVOCI fixed income assets.
7. Expected asset returns on surplus investments.
8. All earnings for the Global WAM segment, except for applicable net income items excluded from core earnings as noted below.
9. All earnings for the Manulife Bank business, except for applicable net income items excluded from core earnings as noted below.
10. Routine or non-material legal settlements.
11. All other items not specifically excluded.
12. Tax on the above items.
13. All tax related items except the impact of enacted or substantively enacted income tax rate changes.

Net income items excluded from core earnings:

1. Market experience gains (losses) including the items listed below:
   - Gains (charges) on general fund public equity and ALDA investments from returns being different than expected.
   - Gains (charges) on derivatives not in hedging relationships, or gains (charges) resulting from hedge accounting ineffectiveness.
   - Realized gains (charges) from the sale of FVOCI fixed income assets.
   - Market related gains (charges) on onerous contracts measured using the variable fee approach (e.g. variable annuities, unit linked, participating insurance) net of the performance on any related hedging instruments.
   - Gains (charges) related to certain changes in foreign exchange rates.
2. Changes in Actuarial Methods and Assumptions used in the measurement of insurance contract liabilities that flow directly through income.
   - The Company reviews actuarial methods and assumptions annually, and this process is designed to reduce the Company's exposure to uncertainty by ensuring assumptions remain appropriate. This is accomplished by monitoring experience and selecting assumptions which represent a current view of expected future experience and ensuring that the risk adjustment is appropriate for the risks assumed.

   - Changes related to the ultimate spot rate within the discount curves are included in the market experience gains (losses).
3. The impact on the measurement of insurance and investment contract liabilities from changes in product features and new or changes to in-force reinsurance contracts, if material.
4. The fair value changes in long-term investment plan ("LTIP") obligations for Global WAM investment management.
5. Goodwill impairment charges.
6. Gains or losses on acquisition and disposition of a business.
7. Material one-time only adjustments, including highly unusual / extraordinary and material legal settlements and restructuring charges, or other items that are material and exceptional in nature.
8. Tax on the above items.
9. Net income (loss) attributed to participating shareholders and non-controlling interests.
10. Impact of enacted or substantially enacted income tax rate changes.