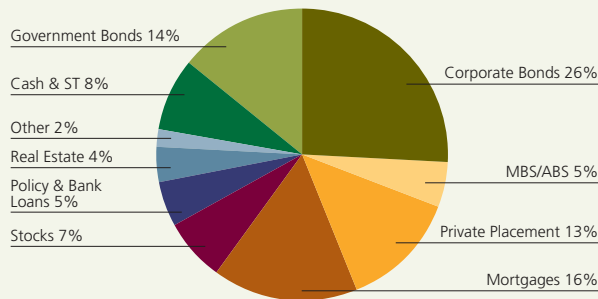


# Our Investment Portfolio: High Quality and Diversified

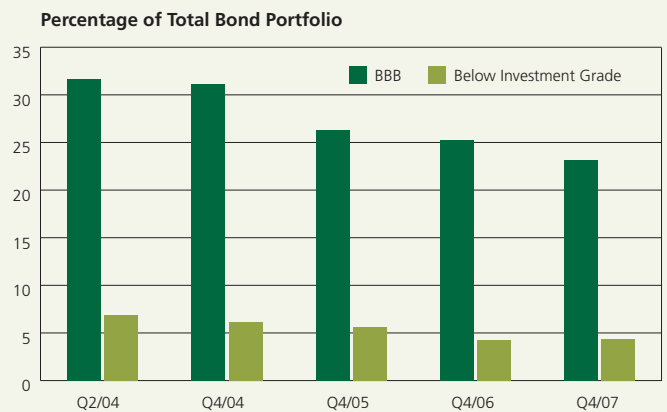
At Manulife Financial, our investment philosophy is rooted in a bottom-up approach to developing an asset mix that matches the needs of our underlying liabilities. We don't limit our portfolio to fixed-income investments, but hold a blend of assets that drive superior returns and risk reduction for our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

## Diversified High Quality Asset Mix



- 13% in Cash and Equivalents, Policy & Bank Loans
- 16% in high grade Mortgages
- 58% in high quality Bonds and Private Placements
  - 96% of Bonds are Investment Grade and highly diversified by geography and sector

## Improving Credit Quality in our Bond Portfolio



■ Single B and Below has dropped more significantly from 3.3% to 1.0%

**“Since the time of the merger with John Hancock in the second quarter of 2004, our bond quality has steadily improved. Why? For the simple reason that we didn't think we were getting paid adequately for taking credit risk.”**

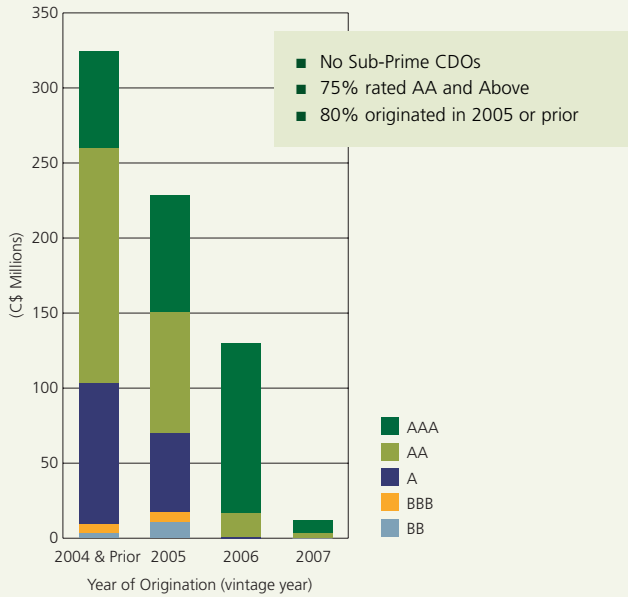
Donald Guloien  
Senior Executive Vice President and Chief Investment Officer

All data based on Carrying Value quoted as at December 31 2007



## Sub-Prime RMBS Holdings

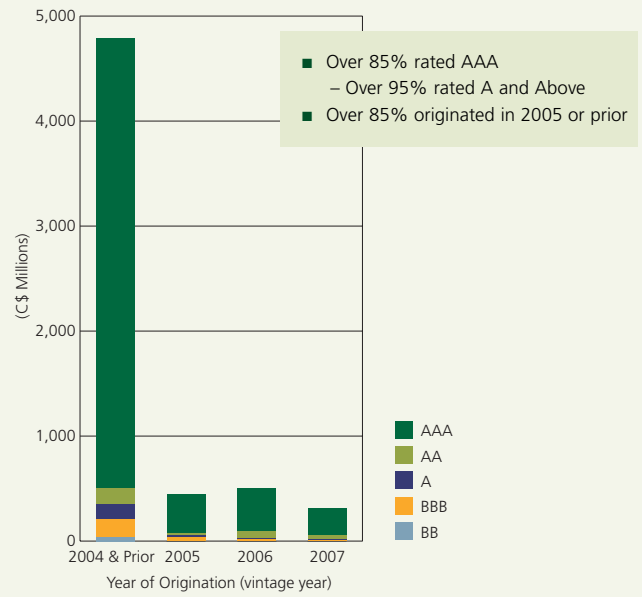
**C\$694 million, representing 0.43% of Total Invested Assets**



Our overall exposure to the “sub-prime” market is limited to sub-prime residential mortgage-backed securities of \$694 million, representing 0.43% of our total invested assets.

## CMBS Holdings

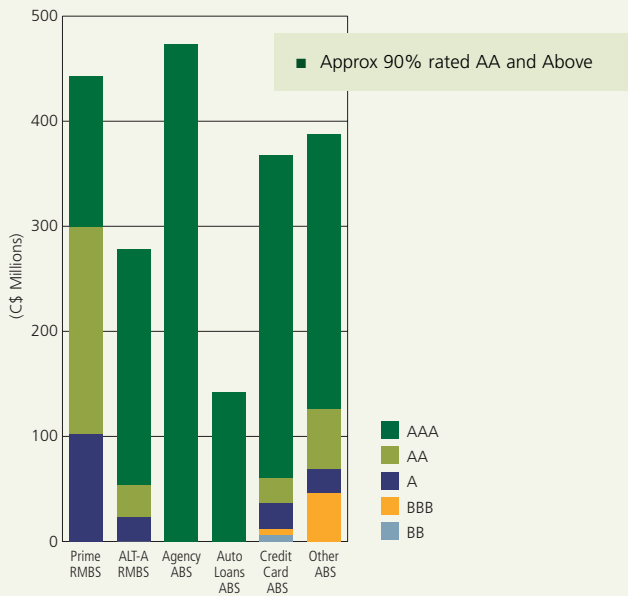
**C\$6.0 billion, representing 3.7% of Total Invested Assets**



Our commercial mortgage-backed securities total \$6 billion, or 3.7% of our total invested assets. The vintages and ratings demonstrate the very high quality nature of our portfolio.

## Other ABS Holdings

**C\$2.1 billion, representing 1.3% of Total Invested Assets**



Our asset-backed securities represent only 1.3% of our total investment portfolio, and the vast majority of it is rated AAA or AA.

## Other Notable Items

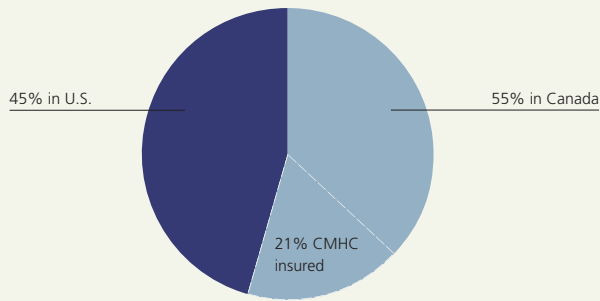
- Financial guarantor (monoline insurance) exposure limited to \$883 million in wrapped bonds
  - 97% of underlying assets are Investment Grade
- No exposure to issues in Asset Backed Commercial Paper
  - None in General Account
  - None in the Money Market Funds we manage
  - None in collateral from security lending programs
- No exposure to Special Investment Vehicles (“SIVs”)
  - No exposure to commercial paper issued by SIVs
- No Synthetic Securitizations
- We do not write Credit Derivatives

*All data based on Carrying Value quoted as at December 31 2007.*

## Direct Mortgage Portfolio

C\$26.1 billion, representing 16.2% of Total Invested Assets

### By Geography



#### Commercial Mortgage Portfolio (C\$19.2 billion):

- In-force loan to value ratios approximately 60%
- Debt service coverage ratios > 1.5x
  - Canada 1.68x
  - US 1.57x

We have a carrying value of \$26 billion in our direct mortgage portfolio, representing 16% of our Invested Assets – where 21% of the loans are guaranteed by Canada Mortgage and Housing Corporation, a federal government agency.

Our Commercial holdings are of extremely high quality, with in-force loan to value ratios of approximately 60%, and debt service coverage ratios well in excess of 1.5 times. We are heavily diversified by property type and we have little exposure to ailing economic regions. Further, we have no loans in arrears, other than 2 loans worth \$1.8 million in total, both of which are guaranteed by CMHC.

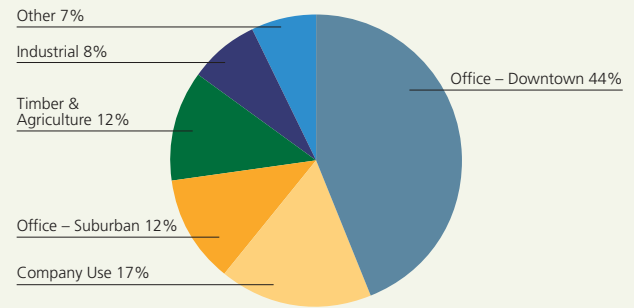
## Public and Private Equity

- Public and Private equity portfolio is approximately C\$8.5 billion in Shareholder accounts (excludes Par and Pass-throughs)
- Portfolio is highly diversified and overweight in Canada and Europe versus the U.S. – resulting in better returns in recent periods
- Our Private Equity and Mezzanine portfolios have experienced excellent returns

## Real Estate Holdings

C\$5.7 billion, representing 3.5% of Total Invested Assets

### By Type



- Virtually no leverage
- Average occupancy rate of 96%
- Average lease term approximately 6.7 years
  - US 7.9 years

### Commercial Real Estate

|                    | CARRYING VALUE | OCCUPANCY RATES |
|--------------------|----------------|-----------------|
| Toronto            | \$ 1,245       | 97%             |
| Washington         | 683            | 98%             |
| Chicago            | 599            | 91%             |
| Boston             | 586            | 97%             |
| Atlanta            | 395            | 88%             |
| Los Angeles        | 280            | 99%             |
| Calgary / Edmonton | 195            | 98%             |
| Vancouver          | 149            | 99%             |
| Ottawa             | 137            | 96%             |

Our real estate portfolio, at \$5.7 billion, represents 3.5% of total invested assets. This is an extremely high-quality portfolio, with virtually no leverage and mostly in highest quality urban office towers, concentrated in cities with high growth and highly diverse economies. Our average occupancy rate is 96%. Our average lease term is 7.9 years in the United States, so if there was a Commercial real estate recession, our cash flow would continue largely undiminished.

**“We have over many years, been extremely disciplined. We don’t mess around with exotic instruments. I think that our conservatism and our approach has served us very, very well.”**

Dominic D’Alessandro  
President and Chief Executive Officer

All data based on Carrying Value quoted as at December 31 2007.



### Our Investment Philosophy

- Bottom-up development of asset mix to match underlying liabilities
- Blend of asset types not limited to fixed income assets
- Derive superior return and risk reduction by using a blend of assets
- Curtail liability originations when credit risk exceeds spread economics
- Not dependent on riskier end of fixed income markets in order to meet yield requirements

### Industry Leading Practices

- One of only two publicly-traded life insurance companies rated 'AAA' by Standard & Poor's.
- Rigorous risk management framework described as 'Excellent' in Standard & Poor's' most recent ERM Level II report.
- Leading Corporate Governance practices ranked #1 in Canada by Report on Business.

### Ratings

Financial strength is a key factor in generating new business, maintaining and expanding distribution relations and providing a base for expansion, acquisitions and growth.

As at December 31, 2007, Manulife Financial had total capital of Cdn\$ 27.5 billion, including Cdn\$23.6 billion of common shareholders' equity. Manufacturers Life's financial strength and claims paying ratings are among the strongest in the insurance industry.

| RATING AGENCY                | RATING |                                    |
|------------------------------|--------|------------------------------------|
| A.M. Best                    | A++    | (1 <sup>st</sup> of 15 categories) |
| Dominion Bond Rating Service | IC-1   | (1 <sup>st</sup> of 5 categories)  |
| FitchRatings                 | AA+    | (2 <sup>nd</sup> of 9 categories)  |
| Moody's                      | Aa1    | (2 <sup>nd</sup> of 9 categories)  |
| Standard & Poor's            | AAA    | (1 <sup>st</sup> of 8 categories)  |

### Investor Relations

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