"SHAPING TOMORROW TODAY"

MANULIFE FINANCIAL

ANNUAL REVIEW 1992

Manulife Financial

Financial Highlights

Operating Results ($000's omitted)	1992	1991	% Change
Premium Income:		(restated)	
Individual Life Insurance	**$ 1,903,376**	$ 1,740,759	9%
Group Life and Health Insurance	**391,475**	309,187	27%
Reinsurance	**401,052**	331,564	21%
Individual Annuities	**774,298**	938,631	-18%
Group Pensions	**633,468**	680,074	-7%
Total	**4,103,669**	4,000,215	3%
Investment Income	**$ 2,738,903**	$ 2,634,636	4%
Payments:			
Insurance Claims	**855,828**	751,462	14%
Annuities	**886,574**	820,512	8%
Maturity and Surrender Values	**1,510,927**	1,149,350	31%
Dividends to Policyholders	**246,445**	211,799	16%
Total	**3,499,774**	2,933,123	19%
Expenses:			
Commissions	**330,197**	281,919	17%
Other Expenses	**661,101**	628,139	5%
Total	**991,298**	910,058	9%
Net Income	**$ 76,200**	$ 200,888	-62%

Financial Position ($000's omitted)			
Assets	**$ 34,260,217**	$ 30,749,283	11%
Surplus	**2,238,662**	2,162,462	4%
Yield on Average Assets	**9.19%**	10.45%	–

Business in Force and New Sales ($000's omitted)			
New Life Insurance Amounts:			
Individual	**$ 20,196,990**	$ 20,386,505	-1%
Group	**3,901,767**	3,300,162	18%
Reinsurance	**15,524,600**	9,593,119	62%
Total	**39,623,357**	33,279,786	19%
Life Insurance in Force:			
Individual	**136,339,984**	118,481,965	15%
Group	**39,620,441**	36,571,192	8%
Reinsurance	**67,900,038**	56,922,636	19%
Total	**$243,860,463**	$211,975,793	15%

All figures in this report have been stated in Canadian dollars.

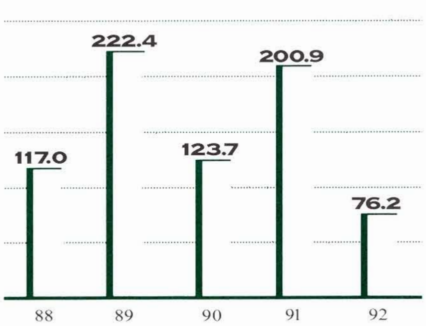
T.A. Di Giacomo
Chairman, President and
Chief Executive Officer

Despite the unstable world economy, the downturn in North American commercial real estate and international interest rate and currency volatility, 1992 was a year of growth for Manulife Financial. Total revenue increased 3.2 per cent to $6.9 billion, the Company significantly strengthened its asset base and surplus remains exceedingly strong. Manulife Financial is one of the fifteen largest life insurers in North America.

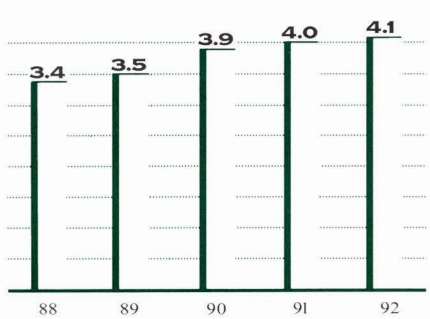
In 1992 the Company took aggressive action on mortgage writedowns, reflecting both existing economic conditions and management's determination to strengthen the balance sheet to ensure an even more stable and profitable future.

1992 PERFORMANCE

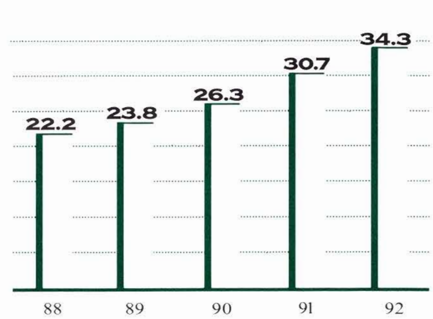
Manulife Financial reported earnings of $76.2 million in 1992. The substantial drop from 1991 net income of $200.9 million is primarily a reflection of increased writedowns on the Company's mortgage portfolio, particularly in the United States, and of depressed real estate values in North America.



NET INCOME
($ millions)



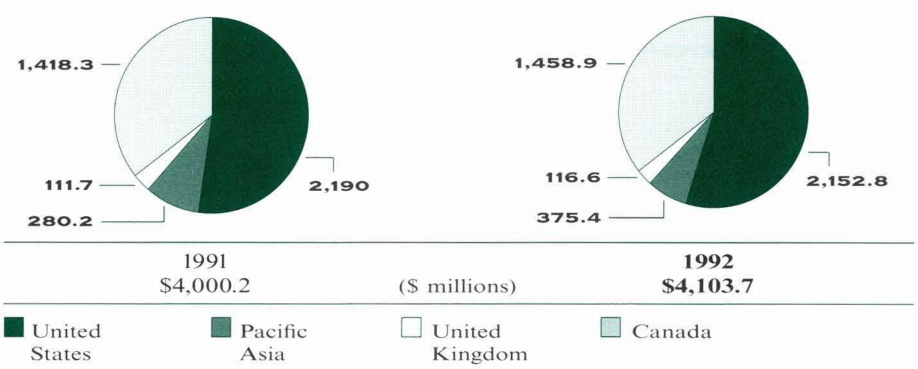
PREMIUM INCOME
($ billions)
Excludes segregated funds



TOTAL ASSETS
($ billions)
Excludes segregated funds

Insurance Operations: Total premium income of $4.1 billion was slightly higher than 1991. Income from insurance operations was up sharply over the year before, rising 9.3 per cent to $1.9 billion in individual insurance; 26.6 per cent to $391 million in group life and health; and 20.9 per cent to $401 million in reinsurance premiums. These increases were offset by a 13 per cent decline in revenue from annuities and pensions, as Manulife Financial continues to curtail new business where risk outweighs adequate return. In 1992, claims were below expected levels, customer retention was high, and operating expenses, excluding Canadian trust expansion, were reduced in absolute terms over 1991.

PREMIUM INCOME BY GEOGRAPHIC MARKET (EXCLUDING SEGREGATED FUNDS)



By geographic segment, premium growth was particularly strong in Pacific Asia, which recorded a 34 per cent increase over 1991. The Company strengthened its position in the United States, its largest market, with a combined increase of 11.8 per cent in individual and group insurance premiums. Overall, premium income in the U.S. was down 1.7 per cent, largely due to reduced sales of annuities and pensions. Weak economies in Canada and the United Kingdom resulted in marginal premium increases of 2.9 per cent and 4.4 per cent respectively.

Investment Activity: Assets grew 11.4 per cent to $34.3 billion in 1992. Total assets under administration by Manulife Financial and its associated companies increased 23.8 per cent to $45.7 billion.

The quality of Manulife Financial's assets is sound. At the end of 1992 the market value of the Company's investments exceeded book value by substantial amounts. The percentage of commercial mortgages in the Company's portfolio decreased as the Company reduced its exposure to the U.S. mortgage market. While reducing commercial mortgages in the United States, the Company increased its holding of U.S. bonds. Bonds rated grade A or better represent more than 84 per cent of Manulife Financial's overall bond portfolio. Investment income rose four per cent in 1992, to $2.7 billion.

Assets under Administration by Major Product Segment

General and Guaranteed Funds

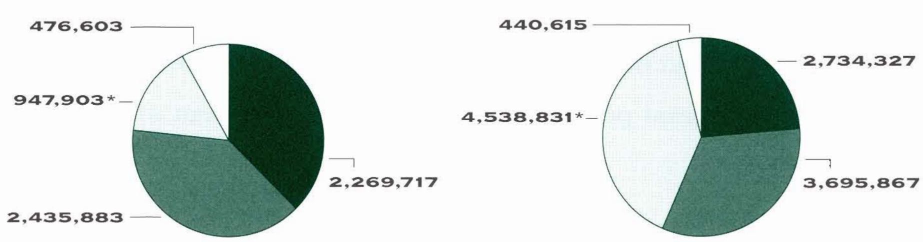
Excluding segregated funds

1991		1992
$30,749,283	($ thousands)	**$34,260,217**

■ Life Insurance & Annuities □ Trust & Banking

Funds under Administration

Excluding segregated funds



1991		1992
$6,130,106	($ thousands)	**$11,409,640**

■ Segregated Funds ■ Securitized Mortgages □ Altamira Management Ltd. □ Other

*Manulife Financial holds a minority interest in Altamira Management Ltd.

In light of current market conditions and anticipated continuing weakness in the world economy, Manulife Financial's long-standing investment philosophy of conservatism and broad diversification by asset type and geographic location will continue to ensure future stability and strength.

Strengthening Reserves: Under the new Insurance Companies Act, effective in 1992, Canadian life insurance companies prepare their financial statements according to generally accepted accounting principles (GAAP). Two of the more significant changes in accounting principles were the adoption of the policy premium method for calculating reserves on level premium policies, and a new method for calculating reserves on pension and annuity business.

As a result of the change to the policy premium method, Manulife Financial's life insurance reserves were reduced and surplus increased by $314 million. As part of the second change, the Company strengthened its annuity reserves and reduced surplus by $542 million, in anticipation of continued mortgage writedowns and reductions in investment yields.

At Manulife Financial the effect of the above changes, and others related to the move to GAAP, was to increase policyholder reserves and decrease surplus by $212.5 million as at December 31, 1990, and to decrease 1991 net income by $8.3 million.

Shaping Tomorrow, Today

Since its inception in 1887, Manulife Financial's objective has been to deliver sound, consistent value to policyholders and customers through financial strength and profitable growth. The Company continues to actively identify investment and business strategies to further strengthen its financial base and provide still better value to policyholders and customers.

Strength through Diversity: Manulife Financial's operations are well diversified through its international presence and the wide range of its products and services. More than 60 per cent of the Company's revenue is derived from business outside of Canada.

The Company continued its strategy of prudent diversification in 1992. At the end of the year it established the Manulife Bank of Canada by converting three of its trust operations (Huronia Trust, Cabot Trust and Regional Trust) into a Schedule II bank. Manulife Bank of Canada further extends the Company's range of financial services by offering broader lending powers for both personal and commercial loans. At the same time, Manulife Financial is maintaining its presence in the trust business – in Canada, through its interest in FirstLine Trust, and through Western Trust and Savings in the United Kingdom.

Late in 1992, the Company established a physical presence in the People's Republic of China, opening a representative office in Beijing. This is a strategic move through which Manulife Financial will assess the extent of business opportunity in what is potentially the world's largest market for life insurance.

Strength through Service: Manulife Financial's goal is to be the best customer-focused company in the financial services industry, providing products and services necessary for financial security and independence. In 1992, the Company continued its practice of surveying customers, its sales representatives, and employees to identify emerging trends and changing financial needs. The results have provided the basis for service improvements and enhancements.

For example, the U.S. Group and Pension operation significantly upgraded customer service capabilities in 1991, introducing, among other initiatives, a toll-free telephone hotline for pension client inquiries. Client surveys show that these service enhancements have contributed significantly to the improved retention of pension plans since 1990.

In Canada, Manulife Financial introduced the *Eclipse* pay-direct drug card to its group benefits program in 1992. Business owners purchasing group benefits from Manulife Financial are now able to offer the convenience of *Eclipse* pay-direct drugs to their employees.

LISA PIERCEY & SON SHANE WITH DEBORAH ELLIS OF LAWTONS DRUGS HALIFAX, NOVA SCOTIA

Manulife client K&D Industries brings the convenience of the *Eclipse* pay-direct drug card to Lisa Piercey and its other employees.

As a provider of life insurance and financial services, Manulife Financial has always been in the business of protecting and enhancing the quality of life for its customers. The Company also believes that it has a broader commitment to serve people and communities in each of the countries where it does business.

With a primary focus on health and education, examples of Manulife's contributions around the globe include: the Hong Kong Walk for Millions and the Hong Kong Child Health Care Fund; the British Telecom national swimathon to raise funds for charities like the Royal National Institute for the Blind in the United Kingdom; events to raise money and awareness for the Leukemia Society and American Diabetes in the United States; and the Manulife Ride for Heart in Canada.

In 1992, more than 18,000 people in seven cities across Canada raised in excess of $1 million for research on behalf of the Heart and Stroke Foundation, through the Manulife Ride for Heart.

Strength through People: But the Company does not make these contributions on its own. The participation of Manulife Financial's more than 12,000 employees and sales representatives worldwide give heightened meaning and impact to these endeavors.

Manulife Financial understands that the knowledge, dedication and creativity of its people shape the Company's competitive advantage. Their contributions, along with the quality of the services it provides to its customers, are Manulife's primary assets.

In May 1992, a senior executive reorganization was implemented to take maximum advantage of the international scope and diversity of Manulife Financial's operations.

In Canada, insurance and trust/banking operations were consolidated under the leadership of John D. Richardson. Manulife Financial will now be able to anticipate and respond to Canadian customer needs with integrated strategies and a full range of financial services.

Kenneth L. Beaugrand assumed the leadership of the Company's largest division, U.S. Operations, to continue to build on its significant strength.

International Operations was created, bringing the United Kingdom, Pacific Asia and Reinsurance divisions under the leadership of Diane M. Schwartz. This new organization will provide a broader perspective on opportunities outside of North America, taking advantage of the Company's global experience and expertise in both the insurance and reinsurance disciplines.

Prospects for 1993

Actions taken in 1992 and outlined in this report should lead to improved earnings in 1993 and an increased capacity for long-term success.

The fundamentals of Manulife Financial's business are strong. Extensive diversification along geographic, investment and product lines protects the Company against economic downturns in specific markets and potential weakness in any of its products or services. Manulife Financial's position as an industry leader has been built and strengthened through 105 years of profitability, financial prudence, integrity, and service to its customers.

On behalf of the Board of Directors and management, I wish to thank Manulife Financial employees and sales representatives around the world for their efforts in 1992 and our policyholders and customers for their continued confidence and support.

T.A. Di Giacomo
Chairman, President and Chief Executive Officer

Ann & Ron Harrison
Orillia, Ontario

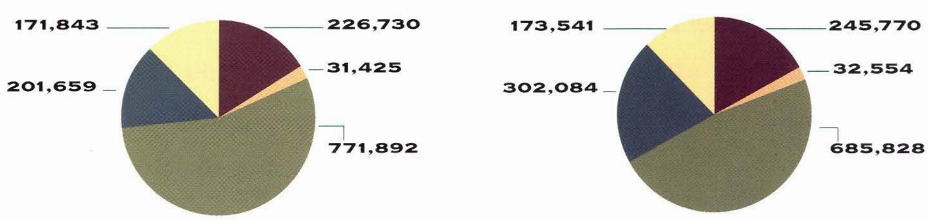
Manulife Bank of Canada – building on the personal service and flexibility enjoyed by customers like the Harrisons for more than 15 years.

Although 1992 was a challenging year for Manulife Financial and its competitors in the Canadian marketplace, in many ways the Company's Canadian Operations had an excellent year.

Canada's weak economy, combined with declining investment yields, mortgage defaults, and increased provisions for capital tax reduced the Canadian Division's earnings in 1992. Assessments made by Compcorp on member companies like Manulife Financial to protect the policyholders of Sovereign Life Insurance and Les Coopérants, two Canadian life insurers that have failed, were also a factor in the Division's overall results.

Canadian Operations' 1992 results as evaluated on most other financial measures, however, met or exceeded expectations. Total sales for the year were on target. For the second time, the Savings and Retirement Services business line realized more than $1 billion in general and segregated fund premiums, and continued to increase assets under management. New business profit measures exceeded goals for all product lines. As well, mortality and persistency experience was favorable on all lines: in Group Life and Health, improved claims experience resulted in an increase in earnings of $7.1 million over 1991.

PREMIUM INCOME (EXCLUDING SEGREGATED FUNDS)



1991		1992
$1,403,549	($ millions)	**$1,439,777**

Individual Life · Group Life · Individual Annuities · Group Pensions · Health

Careful attention to managing the fundamentals of the business also paid off in 1992. Hard work by staff in all areas to manage expenses while improving productivity levels realized a significant improvement in the costs of daily operations. In the competitive and economic environment of the 1990s, to maintain or build sales while reducing expenses is a significant achievement.

New Strategies for a New Age

The end of 1992 also marked a Company milestone. After more than a year of planning, Manulife Financial became the first Canadian life insurance company to take advantage of new powers under the Canadian Insurance Companies Act by opening the Manulife Bank of Canada. This affiliation between bank and insurance operations affords significant opportunities and the Canadian Division is now pursuing an integrated strategy. Innovations in systems technology will be a critical component in that strategy, as well as in the development of new products and services that respond to consumer needs and harness the strength of the personalized service offered by Manulife Financial's agents.

Focus on Service

Rooted in this view to the future is a renewed emphasis on customer service. A continuous improvement program called Quality Service Everytime was introduced to staff in the fall of 1992, and extensive training for all employees at every level of the Division continues into 1993. As competition in the financial services sector increases, service will be a key factor consumers use to differentiate Manulife Financial from its competitors.

The year ahead will be as challenging as 1992. Manulife Financial's Canadian Division has two major goals: to finalize and implement the results of its strategic planning process, and to achieve its financial objectives despite a struggling economy and increased competition from other insurers and Canada's banking industry. The Canadian Operations' overall results in 1992 demonstrate its ability to meet these challenges and assure its continued strength and success.

Manulife Financial is highly regarded in the United States for its financial stability, product diversification and international scope. The difficult recessionary environment of 1992 constrained the entire U.S. insurance industry, intensifying competitive pressures and testing proven strengths.

1992 Divisional results were marked by exceptionally favorable mortality on both Group and Individual lines, by strong expense control and by effective management of in-force business. Mixed sales results and poor investment performance, driven primarily by the U.S. mortgage sector and by depressed real estate values, were an industry-wide phenomenon from which Manulife Financial was not immune. As a result, 1992 Divisional earnings were down from 1991.

Individual life insurance and Group life and health insurance premiums combined increased by 11.8 per cent to $1.5 billion in 1992. However, premium income from both Individual Annuities and GICs decreased due to a decision to reduce sales in lines where low profit margins and credit risk are factors for the Company. In total, U.S. premium income decreased by 5 per cent in 1992 to $1.79 billion.

PREMIUM INCOME (EXCLUDING SEGREGATED FUNDS)

1991 $1,881,232 | ($ millions) | **1992 $1,787,359**

Individual Life · Group Life · Individual Annuities · Group Pensions · Health

VALUE-BASED CUSTOMER SERVICE

Customer focus and service excellence are integral components of the Division's strategy: the continued growth of a business focused on the specific needs of our target customers.

In the Group and Pension business, service centres contact clients once a year to verify needs and satisfaction levels. In addition, the results of customer surveys conducted regularly since 1990 demonstrate that Group is improving its service results, with a high percentage of clients confirming that Manulife Financial meets or exceeds service expectations.

Through surveys and market research, the U.S. Individual Business continues to evaluate its ability to anticipate and respond to the needs of its customers. In a strategic effort to improve the quality of service, it is re-examining all work processes from the customer point of view.

Quality Advice and Service Delivery

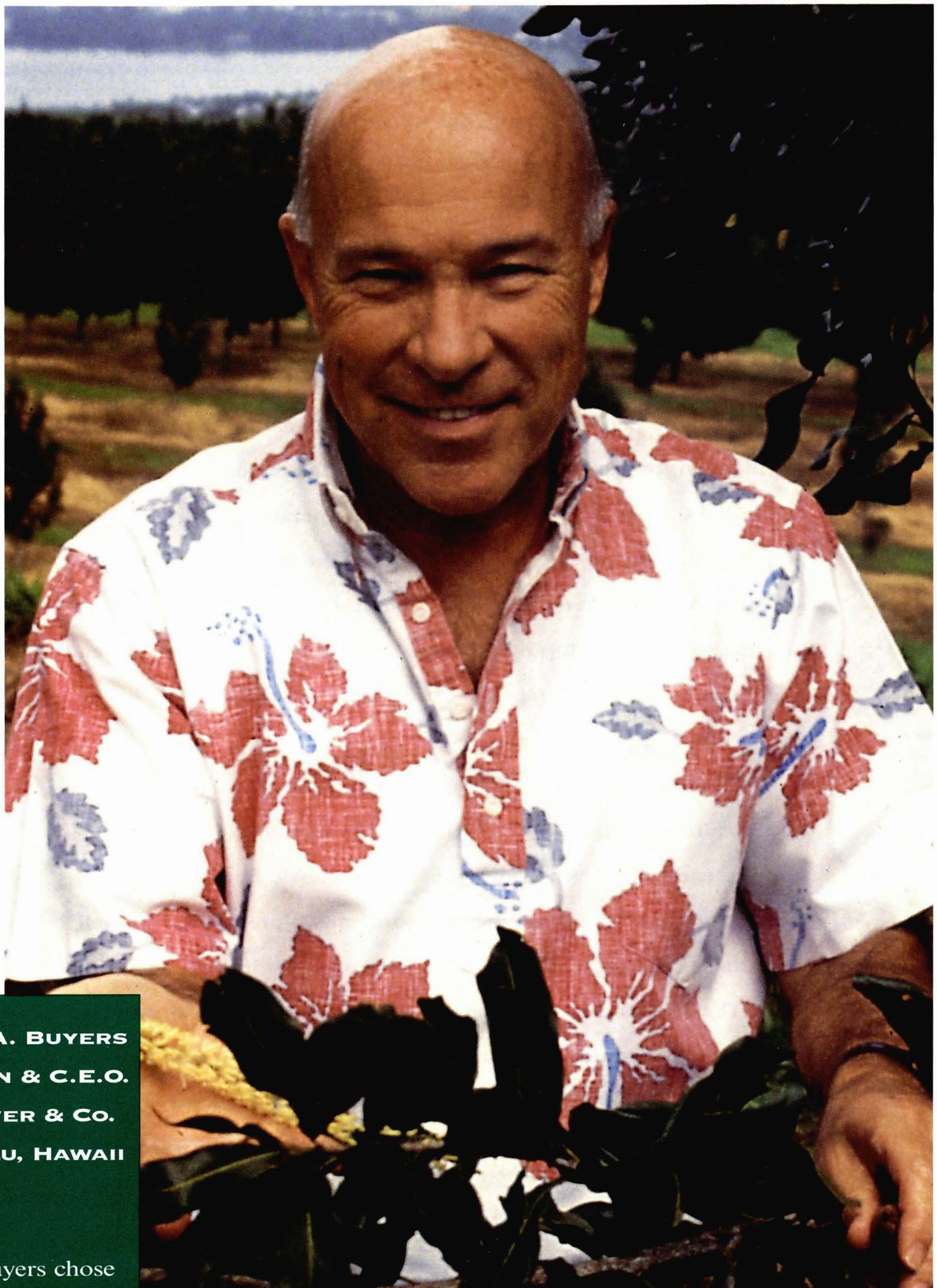
Strategies in both the Individual and Group and Pensions businesses focus on a stronger partnership with intermediaries to better serve the Division's customers.

Nineteen ninety-two was the first year of the Individual Business' Manulife Financial Partner (MFP) program, under which producers dedicated to fully developing their relationship with Manulife Financial receive unique support from the Company, including priority product and underwriting service times for their clients. Sales from MFPs in 1992 represented 32 per cent of total production, an impressive beginning for this Individual Business strategy of aligning the Company, the producer and the customer in a quality-based, long-term relationship predicated on customer need. The Individual Business continues to develop strong, mutually beneficial relationships with stockbrokers, broker-dealers and other producers as well.

Strategic Positioning

Manulife Financial has operated successfully as a Branch in the United States since 1903, with approximately 50 per cent of total Company business now coming from the United States. During 1992, the Company laid the groundwork to transfer the majority of its U.S. business from an existing U.S. trust to Manulife Financial's existing, wholly owned U.S. company, The Manufacturers Life Insurance Company (U.S.A.). The transfer of approximately $10 billion in assets to the U.S. company is planned for late 1993, subject to regulatory and Board approval.

This transfer will put Manulife Financial on a level playing field with its U.S. competitors for regulatory and tax purposes. It is consistent with the Company's commitment to remain a strong local player in the United States, focused exclusively on the unique characteristics of the American marketplace and dedicated to meeting the changing needs of its customers in the United States.



JOHN W. A. BUYERS
CHAIRMAN & C.E.O.
C. BREWER & CO.
HONOLULU, HAWAII

"Doc" Buyers chose Manulife Financial to meet the business insurance needs of one of Hawaii's oldest companies, as well as his own estate planning needs.

Manulife Financial has a long history of international activity. It operates in 15 countries, through 200 branch offices and three regional offices, and conducts business in 40 different currencies. In recent years the Company has moved to further strengthen its presence outside North America, most notably through growth in Pacific Asia.

The International Division, restructured in 1992, includes seven operations in Pacific Asia, headquartered in Hong Kong; the United Kingdom and Cyprus businesses, based in Stevenage, England; the Company's operation in Barbados; and the worldwide Reinsurance Operation located in Toronto, Canada, with an office in Singapore opened in 1991 to better serve the region.

In Asia, using its 94-year-old flagship operation in Hong Kong as a regional centre, the Company entered the Philippines 80 years ago. In 1980 it re-entered Singapore and has subsequently expanded into the rapidly developing economies of Indonesia, South Korea and Taiwan. In 1992, a representative office was established in the People's Republic of China.

The International insurance operations consist of highly decentralized businesses operating within and serving local markets. In each, the Company adapts to domestic financial service needs, demographics, customs and competitive pressures – as well as to the specific regulatory and tax environments in each territory.

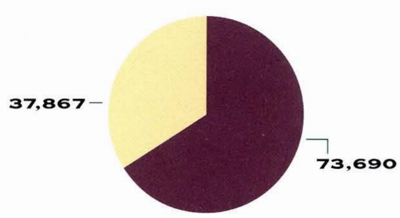
The Reinsurance business operates around the world, serving the reinsurance needs of other global reinsurers. It has been a consistently profitable business in its own right, and serves as a powerful window on the world for Manulife Financial's international development.

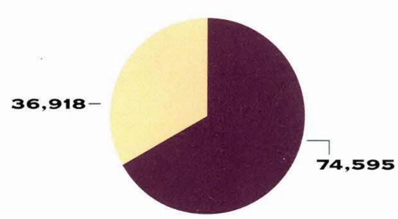
In 1992, Manulife Financial successfully completed the sale of its businesses in Puerto Rico, the Bahamas, Cayman Islands, Bermuda and Suriname.

In the United Kingdom, Manulife Financial dealt with an extremely tough economic climate in 1992, compounded by increased regulatory scrutiny and control, escalating competition in a sluggish market and a relatively poor economic outlook for the immediate future. Although it is generally accepted that the United Kingdom recession has bottomed out, signs of recovery are at best sporadic. However, actions taken by the Division over the past two years have put Manulife Financial in a better position to benefit from economic recovery when it occurs.

U.K. Divisional earnings were relatively unchanged from 1991. This result was impacted by reduced new business strain because of lower sales, the effect of moving to a new reserving method, and strong investment income performance. Divisional sales results ended the year significantly lower than in 1991. This reflects the planned 25 per cent reduction in the size of the sales force, as the Division enforced rigorous production standards and continued to strengthen the quality of advice and counselling provided to its customers.

PREMIUM INCOME (EXCLUDING SEGREGATED FUNDS)





1991		1992
$111,557	($ millions)	**$111,513**

Individual Life — Individual Annuities

The U.K. Operation continued to tightly manage expenses in 1992. A significant factor in expense reduction was the decision taken in 1991 to close the Company's investment brokerage sales operation in the United Kingdom.

CATHERINE LEE
SHERBURN VILLAGE
DURHAM, ENGLAND

Catherine alleviated financial hardship caused by unforeseen medical circumstances, through Manulife Financial's "Mortgage Manager" critical illness policy.

In spite of these efforts, high fixed expenses and low sales continued to impact the Division's results. The fundamental issue of revenue generation will remain a strategic challenge for United Kingdom Operations, as it continues to operate in an environment where increasing unemployment, falling real estate values and a general weakening of confidence have shifted consumer preference in favor of short-term savings products – or debt reduction – and away from longer-term financial commitments.

Strategic Positioning for Tomorrow

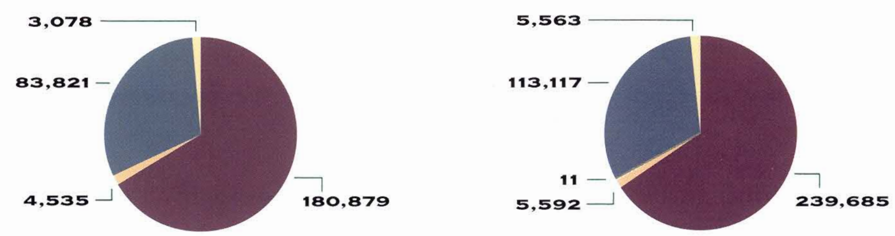
[M]anulife Financial's United Kingdom Operations addressed this and other strategic issues in 1992. The Division's year-long Strategic Business Review aggressively examined all aspects of Manulife Financial's U.K. Operation, assessed market trends and external factors likely to impact them, and identified the specific market segments on which the Division will concentrate in order to deliver quality service and product, and to which it will align all resources. The result is a blueprint for the main thrust of Manulife Financial's United Kingdom Operations for the next five years.

Specific strategies formulated in 1992 focus on enhancing the revenue-generating capabilities of the Division, a result critical to survival in both the immediate and medium term, and on the core values of clients, people and business performance. These include initiatives to strengthen the distribution system, enhance the Company's product range, increase competitor analysis capabilities, upgrade client information and service systems, and empower employees in their ability to contribute to the growth of the business.

Manulife Financial's new strategic focus will, over time, re-establish the business and equip it to move forward for the future benefit of its policyholders and customers. It has set a new direction of improved performance and positioning to strengthen Manulife Financial in the United Kingdom.

Manulife Financial's Pacific Asia Operations comprise six culturally and geographically diverse territories in a region characterized by vibrant economic activity. The Company's premium income in the region has tripled since 1985, and in 1992 total premium income increased in all six territories, growing by 34 per cent to $364 million overall. Divisional earnings also increased over 1991.

PREMIUM INCOME (EXCLUDING SEGREGATED FUNDS)



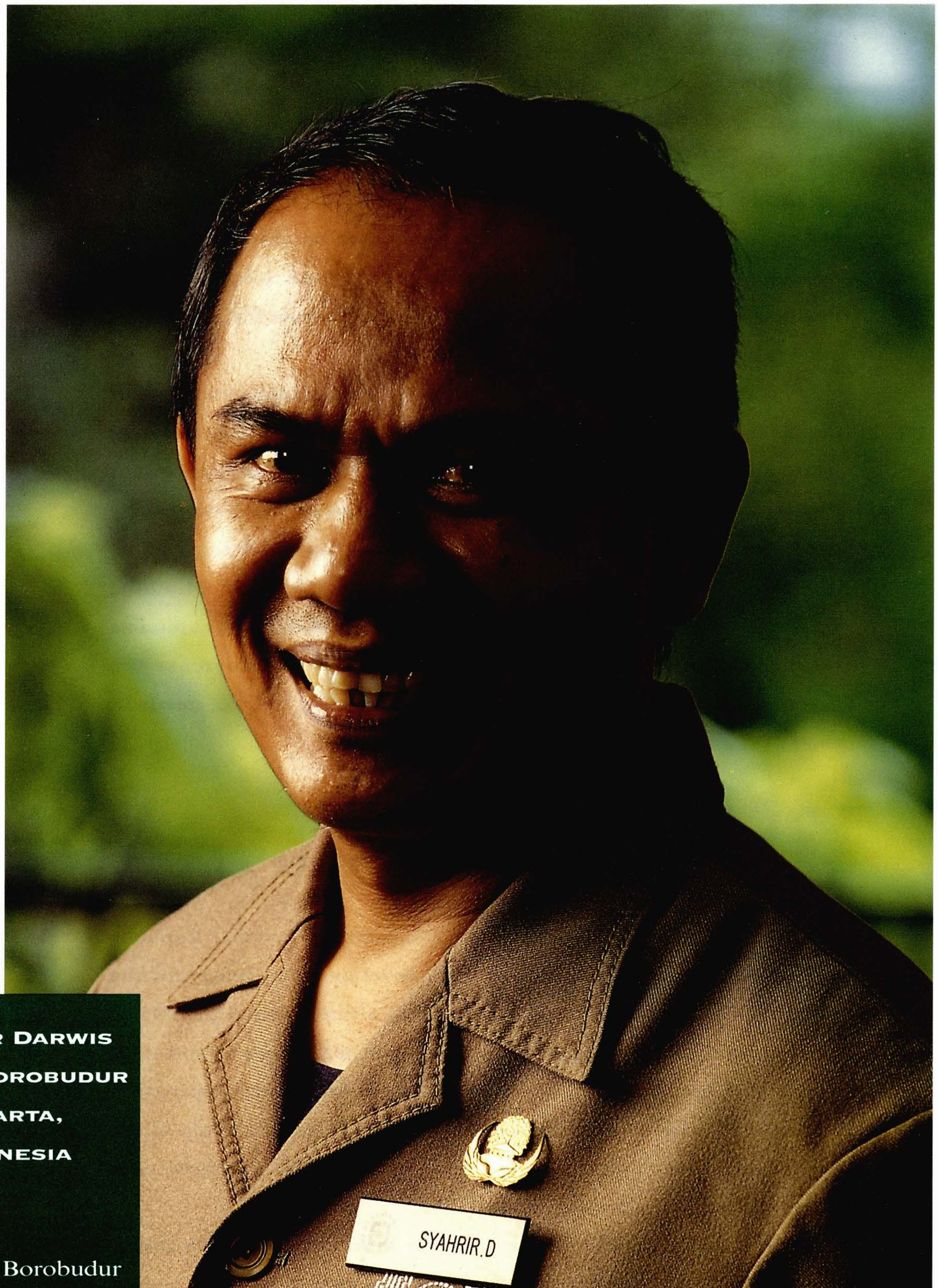
1991		1992
$272,313	($ millions)	**$363,968**

Individual Life · Group Life · Individual Annuities · Group Pensions · Health

Business in Pacific Asia is booming, and with it Manulife Financial's prospects for rapid future growth. Nevertheless, the environment is not without its challenges. Increased competition from banks and other insurance companies, a constantly changing regulatory environment, and the high cost of doing business were key challenges in 1992. The Division took aggressive efforts to stabilize staff levels and cut expenses during the year, achieving expense savings in all its territories. The ongoing implementation of cost-containment strategies will ensure that future growth in the region is profitable.

In the Philippines, Manulife Financial continues to build on its substantial business base, and 1992 sales increased by 19 per cent over 1991. In Indonesia, a new management team is in place and positioned to respond to the challenge of new competitors. In Korea, efforts to build the sales force in 1992 resulted in the opening of a second branch office in Seoul. In Singapore, operations were consolidated in 1992 and expense reductions increased the profitability of the operation. In Taiwan, a solid management team has been established and is committed to building the sales force of this year-old operation.

In Hong Kong, site of the Division's regional headquarters, a reorganization of local operations has enhanced the Company's ability to focus on the particular needs of the Hong Kong market as it moves toward the opportunities of 1997.



Syahrir Darwis
Hotel Borobudur
Jakarta,
Indonesia

The Hotel Borobudur builds retirement security for employees like Syahrir Darwis through its group pension plan underwritten by Dharmala Manulife.

Keeping Pace with Changing Market Needs

The distinctive political and economic volatility of Asian markets leads customers in Pacific Asia to look for a high degree of strength and security in financial institutions. Consumer demand for products with a savings element characterizes markets throughout the region. Manulife Financial has long benefited from this consumer preference, due to its large capital base, long history in Pacific Asia, and traditional concentration on whole life, education and endowment policies.

But events in the region are creating demand for new types of financial products and services. Legislative developments in Hong Kong and Indonesia have created new opportunities for retirement products and services, and the liberalization of markets, led by Asian entrepreneurs specializing in manufacturing and foreign trade, is creating needs to which business insurance will apply. Manulife Financial's operations across the region are positioned to capitalize on these changes. New product introductions will increase the Company's competitive ability to meet emerging market needs in each of the territories where it operates.

Expanding the Horizons

Manulife Financial hopes one day to enter the People's Republic of China as a key step in its long-term development strategy for the region. In addition to the representative office opened in 1992 in Beijing, the Company hopes to open another in Shenzen in mid-1993. Manulife Financial is the sponsor of a new actuarial examination centre at Nankai University and is consulting with officials of the People's Insurance Company of China on a number of market and consumer research projects.

The full potential of the Chinese market is yet to be determined. Combined with Manulife Financial's successful track record with joint-venture partners in Pacific Asia, its openness to new strategic alliances, and its proven ability to design a course of action to capitalize on promising trends, it provides a glimpse of tomorrow's possibilities in the region, today.

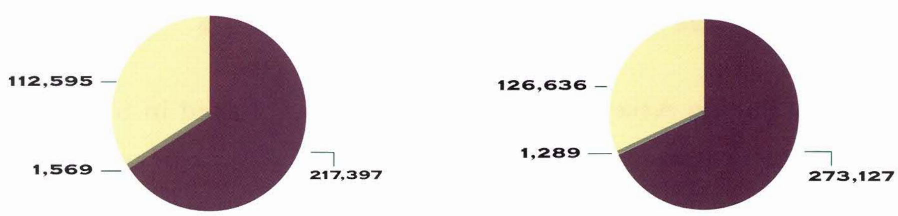
Manulife Financial is among the world's leaders in reinsurance, the business of underwriting insurance accepted by other companies on which they cannot accept the full risk, due either to the size of the risk or the nature of the coverage. The Company specializes in retrocession, which means that it assumes the reinsurance business of other reinsurers.

Manulife Financial's leadership position in the field is a result of strategic positioning in the international insurance community, and reflects a long-standing commitment to exemplary service, innovation and professionalism. Manulife Reinsurance is active in North America, Pacific Asia and Europe, and in each of the major reinsurance markets: Life, Financial, Special Risks, and Property and Casualty.

Strength in a Difficult Year

Reinsurance has a track record of consistent contributions to overall Company financial strength over the years, through steady increases in sales volume and net income. In 1992 total premiums increased 20.9 per cent to $401 million.

Premium Income (excluding segregated funds)



1991		1992
$331,561	($ thousands)	**$401,052**

Individual Life · Group Life · Health

Net income for Reinsurance Operations in 1992 was, however, lower than in previous years. Most of this decline was related to two major factors: lower investment earnings and the impact of Hurricane Andrew, the most expensive disaster in the history of Property and Casualty insurance. Manulife Reinsurance did not totally escape its effects, recording claims of $10.6 million on this one event.

Despite these setbacks, 1992 was a year of significant achievement for Reinsurance. The Division's impressive sales growth is a direct result of a focused analysis of clients' needs, increased investment in sales and marketing support for Reinsurance customers, and enhanced research and development initiatives.

A Customer-Focused Business

The immediate impact of these initiatives on marketing results is due to the varying nature of the reinsurance transaction. Some reinsurance needs are well-defined and the solutions are clear. In these instances, the purchaser often looks to the reinsurer who can provide value-added services along with the acceptance of risk. Manulife Financial has long excelled in this area.

In many cases however, the need, the solution or sometimes both, will be ill-defined or unclear. The transaction will therefore depend on the innovation, flexibility and creativity of the reinsurer who can tailor-make the most appropriate solution at terms that are attractive to both parties. Manulife Financial's abilities in both defining and solving reinsurance problems have earned it a reputation as an innovator in the sophisticated international reinsurance community.

A Window on the World

The Pacific Asia Reinsurance office, established in Singapore in 1991, has exceeded expectations for its first year of operation. Manulife Reinsurance is now firmly established in the region, and well positioned to further strengthen relationships with, and service to, Pacific Asia clients.

In 1992, the Division began to investigate ways to increase business from the European market. Expansion in Europe, via regional representation, will be a strategic priority in 1993.

Reinsurance's multinational operations provide the Company with another perspective within and outside the insurance industry. This translates into a unique insight into emerging trends on the international scene. As Manulife Financial's International Operations explore future opportunities around the world, Manulife Reinsurance will have an important role to play.

Carolyn A. Kirwin, Stephen J. Lockwood, Walter L. Suydam of LDG Management

Most of the Medical and Accident Insurance programs managed by LDG Management are supported by Manulife Reinsurance.

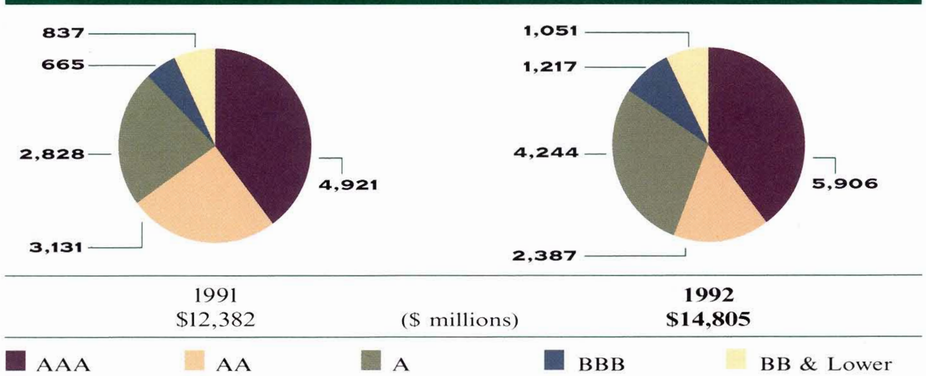
PRUDENCE IN A CHALLENGING ENVIRONMENT

For the investment community generally, 1992 can be characterized as a very difficult year, with continuing problems in the commercial mortgage markets, generally mixed performance in the global equity markets and excess capacity persisting in the commercial real estate sectors.

While Manulife Financial has been impacted by these conditions, the structure and composition of its assets have permitted the Company to effectively meet the accompanying challenges.

Bonds: The Company's fixed income portfolio, at over 43% of total assets, represents the foundation of Manulife Financial's financial strength. The quality of the bond portfolio, with more than 84% rated A or better, and 56% AA or better, as well as the high degree of liquidity provided by the 45% government sector position, are evidence of this strength. Defaults in the bond portfolio have been minimal, and the Company's exposure to Olympia & York represented less than 2.0% of Company surplus.

BONDS BY GRADE

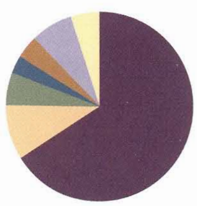


Mortgages: Mortgage assets comprise 28% of Manulife Financial's assets. The U.S. commercial mortgage portfolio, at 18% of U.S. assets, has suffered from the weak commercial mortgage markets and, in 1992, principal writedowns of $127 million were taken. Notwithstanding, the Company's U.S. problem commercial mortgage loan portfolio, comprised of mortgages 60 days in arrears, restructured and foreclosed, remains over two percentage points better than industry averages.

The Canadian commercial mortgage portfolio, at 35% of Canadian assets, has not suffered declining values to the extent experienced in the United States. The Canadian problem loan portfolio remains low and well in control relative to industry averages.

Equities: The Company's equity portfolios produced a yield of 10.64% in 1992, despite the mixed global stock market performance. The Canadian equity portfolio, with a total return of 6.66%, significantly outperformed the 1.49% decline of the TSE Total Return 300; the U.S. portfolio underperformed the adjusted S&P 500 index by 125 basis points. International Equity portfolios, which include North American, European, Japanese and Hong Kong holdings, generally outperformed their respective benchmark indices.

Real Estate Assets

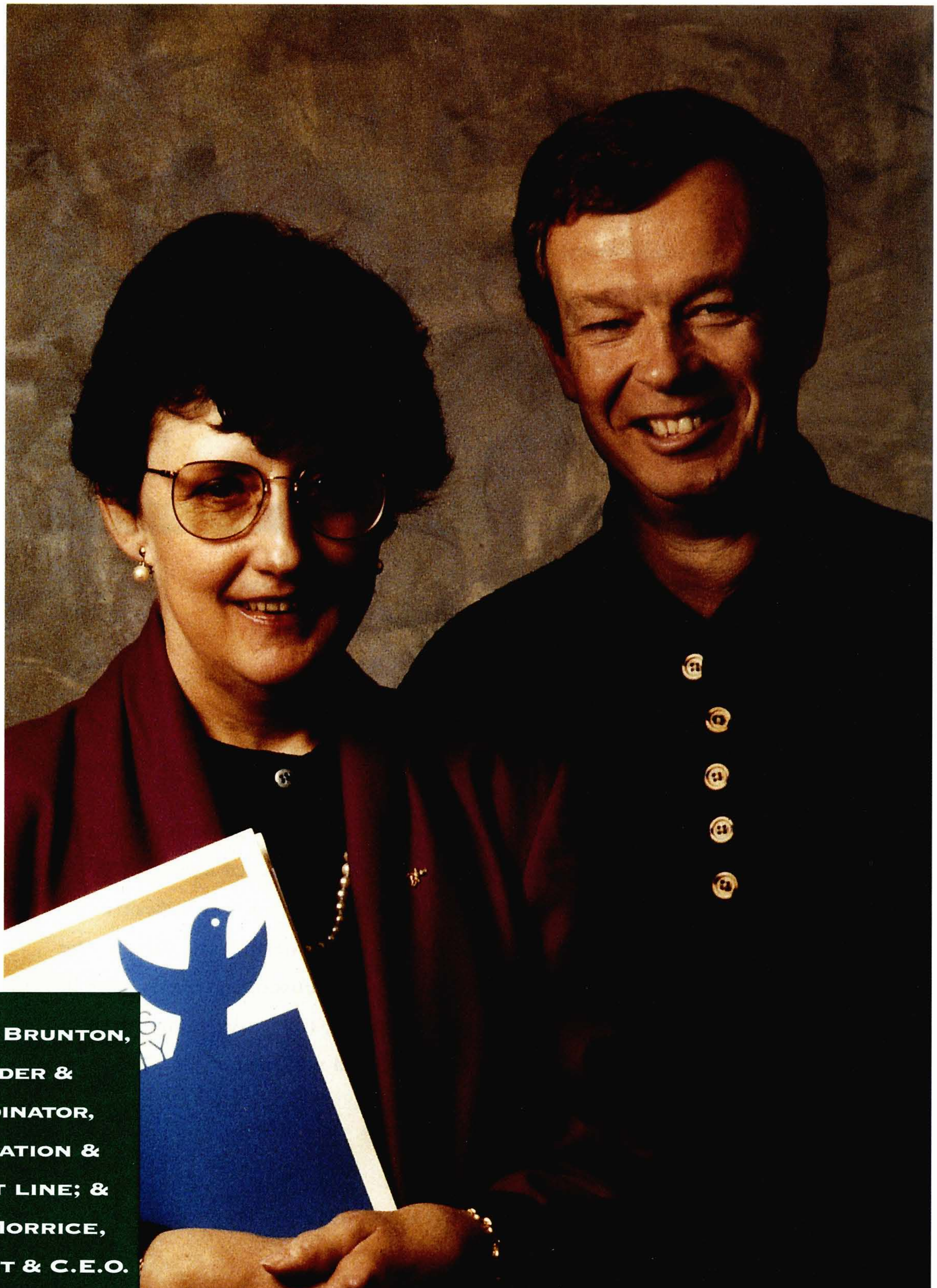


2,049.1	Office Commercial
335.4	Retail Commercial
203.3	Residential
110.7	Industrial
142.8	Purchase Lease & Ground Rents
256.3	Land Inventory
177.6	Foreclosed Properties
$3,275.2	**Total ($ millions)**

Real Estate: Manulife Financial's real estate portfolio of $3.3 billion, representing 9.6% of total assets, generated a yield of 8.04% in 1992, down 3.73% from 1991. While the decline in yields is reflective of generally declining North American real estate market values, the Company's real estate strategy has always focused on investments in selective major urban centres. As a result, the underlying value of Manulife Financial's properties is solid and will permit the Company to participate in the eventual recovery.

Risk Management

Interest rate exposure is managed in a proactive manner at Manulife Financial through a variety of portfolio management techniques including the principles of duration, convexity and cash flow matching. Subject to specific guidelines, some duration mismatch between assets and liabilities is permitted.



Barbara Brunton, Founder & Co-ordinator, Information & Support Line; & Denis Morrice, President & C.E.O.

Manulife Real Estate houses The Arthritis Society's National Head Office in Toronto.

The Foreign Exchange Risk Management desk has provided the Company with the capability to mitigate against various elements of investment-related risk. The Division has developed a proactive hedging program for foreign exchange which utilizes a variety of financial instruments – forwards and futures contracts, options and swaps – to facilitate the management of the effects of adverse currency swings, and take advantage of positive market trends. The Risk Management desk also positions Manulife to participate in other derivative markets as a means of managing interest rate risk created by duration or convexity mismatches in the fixed-income portfolio. The Company now has the option of entering fixed-income derivative markets on a prudent basis as circumstances warrant.

In 1992, Manulife Financial adopted investment guidelines based on the prudent person principle that has become the benchmark for the institutional investment community in Canada. It establishes standards for asset quality, as well as sector and geographic diversification. Manulife Financial's philosophy is to create a policy framework which limits the Company's financial exposure, while giving portfolio managers sufficient flexibility to maximize portfolio yields.

Investing to Meet Customer Commitments

To ensure that the Company is able to honor its commitments to its customers, Manulife's investment strategy reflects the features and characteristics of its products. Interest guaranteed product lines are predominantly backed by bonds, debentures and commercial mortgages. Traditional insurance products are backed by a broader asset range and the Company's surplus is invested in equities, real estate and foreign securities. Improving the match between investment strategy and product characteristic is the focus of several projects continuing into 1993.

Preserving financial strength while honoring commitments to policyholders is the cornerstone of Manulife Financial's investment strategy.

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The numbers following the Director's city of residence indicate Board Committee memberships*.

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*
1 Member of the Investment Committee
2 Member of the Executive Committee
3 Member of the Audit Committee
4 Member of the Conduct Review Committee
5 Member of the Mutuality Committee

Manulife Financial Executive Officers

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Insurance Operations

Stephen N. Gittins
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Information Technology

Pat Jacobsen
Senior Vice President
Human Resources
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Investment Operations

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and President
Manulife Bank of Canada

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Vice President
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Geoffrey I. Guy
Vice President and
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Gordon J. Wilson
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General Manager

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General Manager
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and Western Trust & Savings Ltd.

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U.S. Investments

John E. Paton
Vice President
Real Estate Operations
and Development

Employment Equity Policy

It is Manulife Financial's policy to provide equal opportunity for all employees and persons seeking employment without discrimination on the basis of race, color, religion, gender, sexual orientation, national origin, disability or age. We are committed to administering all employment practices fairly and equitably, including hiring, working conditions, benefits and privileges, compensation, training, advancement, transfers and termination.

Printed on environmentally friendly paper   Printed in Canada

The

Manufacturers

Life

Insurance

Company

For more information on

Manulife Financial,

specific products and services

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For a copy of the

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contact Corporate

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