



Financial Performance and Supplementary Regulatory Disclosures

Q4 2024

Caution regarding forward-looking statements

This document contains certain forward-looking statements with respect to Manulife Bank of Canada's ("MBC" or the "Bank") financial condition, results of operations and business. Forward-looking statements can generally be identified by words such as "will", "expects", "believes", "seeks", "estimates", "potential", "possible", "targeting", and variations of these words and similar expressions.

Forward-looking statements involve inherent risks and uncertainties and, therefore, undue reliance should not be placed on them. Readers are cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statement. These factors include changes in general economic conditions in the market in which MBC operates, changes to government policy and regulation, and factors specific to MBC.

The forward-looking statements in this document are, unless otherwise indicated, as of the date they are made. MBC makes no commitment to revise or update any forward-looking statements.

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Overview

About Manulife Bank of Canada

Manulife Bank of Canada (“MBC” or the “Bank”) is a Schedule I federally chartered bank regulated by the Office of the Superintendent of Financial Institutions (“OSFI”). The Bank is categorized as a Category I Bank under OSFI’s Small and Medium-Sized Deposit-Taking Institutions (“SMSB”) Capital and Liquidity Requirements Guideline.

Manulife Bank is a wholly owned subsidiary of The Manufacturers Life Insurance Company (“MLI”), a wholly owned subsidiary of Manulife Financial Corporation (“MFC”). MFC is a publicly traded financial services group. The Bank and its wholly owned subsidiary, Manulife Trust Company (“MTC”), provide a wide range of financial products and services including mortgages and investment loans, and deposit products. MTC is a federally incorporated trust company licensed to operate in Canada with full trust and loan company powers under the Trust and Loan Companies Act (Canada) and is also regulated by OSFI. Platinum Canadian Mortgage Trust II (“PCMT II”) was established to provide financing for MBC mortgage products through securitization.

Financial Performance and Regulatory Disclosures

This document provides information on the Bank’s consolidated financial performance. Our consolidated regulatory capital requirements are determined by OSFI’s Capital Adequacy Requirements (CAR) guidelines, which are based on the Basel Committee on Banking Supervision’s Basel III framework. The Bank’s disclosure also aligns with OSFI’s Pillar 3 Disclosure Guideline for SMSBs, B-6 and B-20 guidelines. This disclosure is compiled in accordance with the final Capital Adequacy Requirements Guideline, Leverage Requirements Guideline, SMSB Capital and Liquidity Requirements, and Pillar 3 Disclosures for SMSBs issued by OSFI. These disclosures are intended to provide market participants with information regarding the risk profile of the Bank and the application of the Basel regulatory requirements, as well as information related to the Bank’s residential mortgage loans portfolios to enable market participants to evaluate the Bank’s residential mortgage underwriting standards.

The financial data presented in this document represents the consolidated financial results for the Bank, its subsidiary, MTC, and structured entity PCMT II. This report is unaudited and all amounts are reported in millions of Canadian dollars, unless otherwise indicated.

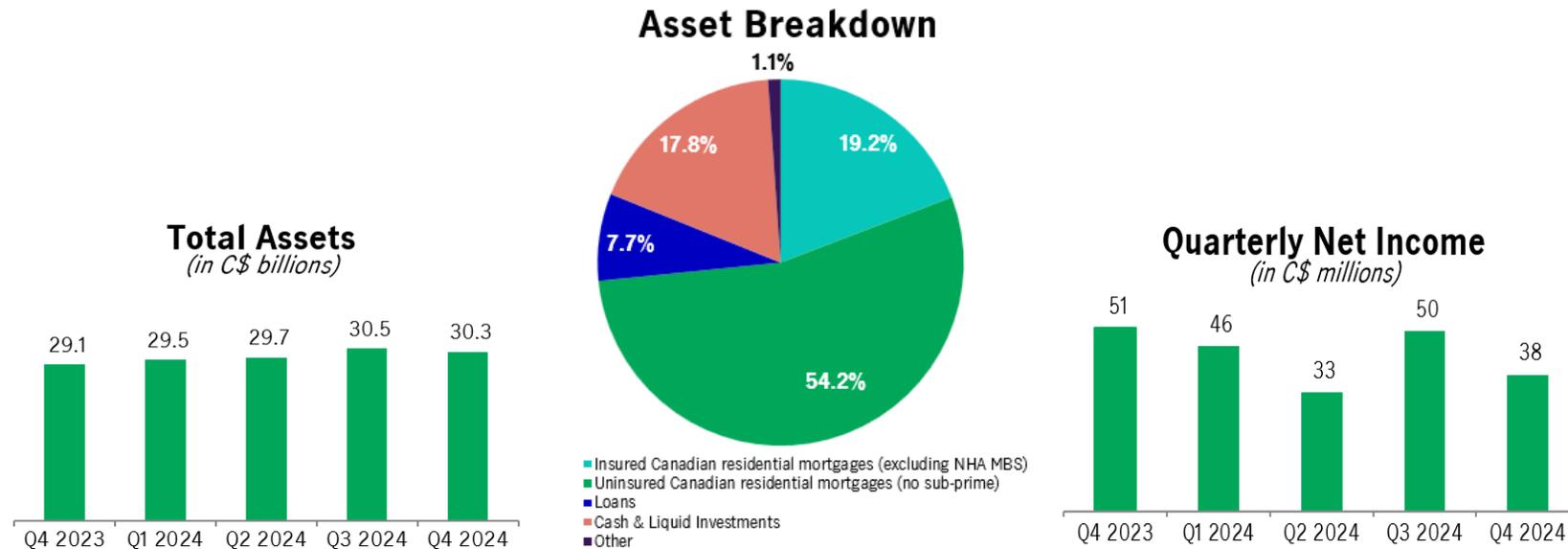
Additional financial information is also available on the OSFI Financial Data website at [Financial data - Office of the Superintendent of Financial Institutions \(osfi-bsif.gc.ca\)](https://osfi-bsif.gc.ca/financial-data).

Financial Performance

Financial performance information is provided to enable a reader to assess the Bank’s unaudited results of operations and financial condition for the three-month period ended December 31, 2024.

For the fourth quarter ended December 31, 2024, the Bank recorded net income of \$38 million, a decrease of \$12 million, or 24%, from the prior quarter. The decline mainly reflected lower gains on investment portfolio. Compared to the same quarter of prior year, net income fell by \$13 million, or 25%, largely due to lower net gains on investment portfolio and higher non-interest expenses.

As at December 31, 2024, total assets amounted to \$30.3 billion, marking a reduction of \$0.2 billion, or 0.7%, as compared to September 30, 2024. This decrease was primarily driven by a decline in short-term investments, partially offset by growth in net lending assets due to higher mortgage balances. Compared to the prior year quarter ended December 31, 2023, assets rose by \$1.2 billion, or 4.1%, mostly due to higher mortgage asset balances, partially offset by declines in short-term investments and loans.



Financial Performance

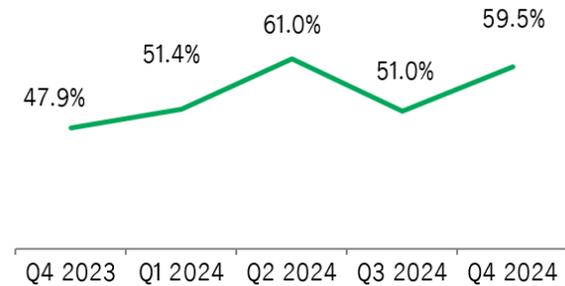
As at balances	Q4 2024		Q3 2024		Q2 2024		Q1 2024		Q4 2023	
ASSETS										
Cash, cash equivalents and restricted cash	\$	2,923	\$	3,450	\$	2,989	\$	3,403	\$	3,102
Debt securities		216		266		273		253		240
Equity securities		120		180		164		170		156
Total Cash and Securities	\$	3,259	\$	3,896	\$	3,426	\$	3,826	\$	3,498
Mortgage loans	\$	24,399	\$	24,080	\$	23,699	\$	23,029	\$	22,877
Other loans		2,319		2,292		2,346		2,391		2,444
Total Lending Assets	\$	26,718	\$	26,372	\$	26,045	\$	25,420	\$	25,321
Other assets	\$	279	\$	275	\$	267	\$	262	\$	269
Total assets	\$	30,256	\$	30,543	\$	29,738	\$	29,508	\$	29,088
LIABILITIES and EQUITY										
Liabilities										
Demand deposits	\$	12,590	\$	12,558	\$	12,760	\$	13,171	\$	13,402
Term deposits		9,334		9,662		8,871		8,635		8,146
Total Deposits	\$	21,924	\$	22,220	\$	21,631	\$	21,806	\$	21,548
Notes payable		6,217		6,206		6,070		5,686		5,556
Other liabilities		234		251		207		199		192
Total liabilities	\$	28,375	\$	28,677	\$	27,908	\$	27,691	\$	27,296
Equity										
Issued share capital										
Preferred shares	\$	229	\$	229	\$	229	\$	229	\$	229
Common shares		267		267		267		267		267
Contributed surplus		442		442		442		442		442
Retained earnings		945		928		893		879		854
Accumulated other comprehensive income		(2)		-		(1)		-		-
Total equity	\$	1,881	\$	1,866	\$	1,830	\$	1,817	\$	1,792
Total liabilities and equity	\$	30,256	\$	30,543	\$	29,738	\$	29,508	\$	29,088

	2024				2023		Fiscal YTD	
	Q4	Q3	Q2	Q1	Q4	2024	2023	
Interest income	\$ 358	\$ 379	\$ 382	\$ 379	\$ 379	\$ 1,498	\$ 1,457	
Interest expense	\$ 235	\$ 256	\$ 261	\$ 257	\$ 256	\$ 1,009	\$ 971	
Net interest income	\$ 123	\$ 123	\$ 121	\$ 122	\$ 123	\$ 489	\$ 486	
Fee income	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 24	\$ 24	
Net gains (losses) on securities	1	14	(7)	5	10	13	10	
Net gains (losses) on derivatives	-	-	-	-	-	-	-	
Non-interest income (loss)	\$ 7	\$ 20	\$ (1)	\$ 11	\$ 16	\$ 37	\$ 34	
Total revenue	\$ 130	\$ 143	\$ 120	\$ 133	\$ 139	\$ 526	\$ 520	
Provision for (recovery of) credit losses on lending assets	1	-	-	1	1	2	7	
Non-interest expense	77	73	74	68	67	292	263	
Net income before income tax	\$ 52	\$ 70	\$ 46	\$ 64	\$ 71	\$ 232	\$ 250	
Income tax expense	14	20	13	18	20	65	68	
Net income	\$ 38	\$ 50	\$ 33	\$ 46	\$ 51	\$ 167	\$ 182	

The tables above are a summary of MBC's unaudited consolidated financial statements and are consistent with the unaudited consolidated financial statements filed with OSFI with classification differences due to summarization of results.

Q4 2024 efficiency ratio was 59.5%, compared with 51.0% in Q3 2024 and 47.9% reported as at December 31, 2023. The increases are mainly driven by lower net gains on investments and higher non-interest expenses.

Efficiency Ratio

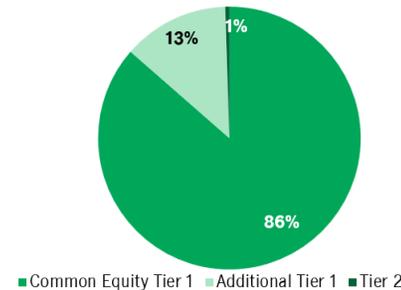


Capital

Basel III Common Equity Tier 1 (“CET1”) ratio, Tier 1 capital ratio and Total capital ratio were 15.3%, 17.6% and 17.7%, respectively, as at December 31, 2024, well in excess of minimum regulatory capital requirements. Management is confident that the Bank’s current level of capital is sufficient to support strategic objectives and ongoing growth.

Q4 2024 risk weighted assets were \$10.1 billion, a decrease of \$0.2 billion, or 2%, as compared to the prior quarter, primarily driven by a decline in short-term investments, partially offset by growth in lending assets. Compared to prior year, risk weighted assets increased by \$0.3 billion, or 3%, mainly driven by growth in lending assets, partially offset by a decline in short-term investments.

Refer to the Regulatory Capital section for further discussion on regulatory capital, capital ratios and risk weighted assets.



Total risk-weighted assets	\$ 10.1 Billion
Total capital	\$ 1.8 Billion
CET1 Capital Ratio	15.3%
Tier 1 Capital Ratio	17.6%
Total Capital Ratio	17.7%

Credit ratings

On August 1, 2024, S&P Global Ratings (“S&P”) validated Manulife Bank’s long-term deposit rating of A+ and its short-term deposit rating of A-1 with a stable outlook. On June 28, 2024, DBRS Limited and affiliated entities (“Morningstar DBRS”) confirmed Manulife Bank’s long-term issuer rating at AA (low) and its short-term issuer rating of R-1 (middle) with a stable trend.

As of December 31, 2024

S&P

Short-term rating	A-1
Long-term rating	A+

Morningstar DBRS

Short-term rating	R-1 (middle)
Long-term rating	AA (low)

OVA: Bank risk management approach

The Bank’s key risks are strategic, credit, market, liquidity and operational. The Bank manages these risks using an Enterprise Risk Management (“ERM”) framework. The Bank aims to balance risk levels with business objectives for growth and profitability.

Risk management framework

The Bank’s ERM framework sets out policies and standards of practice related to governance, identification, measurement, monitoring, control and mitigation of risk. The Chief Risk Officer is accountable for developing, establishing, implementing, maintaining and enhancing the ERM framework.

In addition, risk management programs are in place for each of the Bank’s broad risk categories: strategic, market, credit, liquidity, and operational. These programs incorporate policies and standards of practice that are aligned with the ERM framework covering:

- Assignment of risk management accountabilities;
- Philosophy and appetite related to assuming risks;
- Establishment of specific risk targets or limits;
- Delegation of authorities related to risk-taking activities;
- Identification, measurement, assessment, monitoring and reporting of risks; and
- Activities related to risk control and mitigation.

To enable the achievement of its mission and strategic priorities, the Bank is committed to a set of shared values, which reflect our culture, inform our behaviours, and help define how we work together. Within this context the Bank strives for a risk aware culture, where individuals and groups are encouraged, feel comfortable and are proactive in making transparent, balanced risk-return decisions that are in the long-term interests of the Bank.

The Manulife Code of Business Conduct and Ethics (the “Code”) affirms the Company’s commitment to ethical conduct and its practice of complying with all applicable laws. It is the obligation of all employees to comply with the Code. In addition, it is each employee’s responsibility to identify, disclose and avoid potential or actual conflicts of interest.

The Bank’s risk framework is centered on three lines of defence.

As the first line of defence, senior management of the various business areas are accountable for the management of risk within those areas and for the implementation of related controls. Management is responsible for ensuring that the Bank’s business strategies align with its risk-taking philosophy, risk appetite and culture. Furthermore, management evaluates and manages risk exposures consistent with ERM policies and standards of practice. Management is also responsible for delivering returns commensurate with the level of risk assumed.

The second line of defence comprises the Chief Risk Officer and the risk management group. The risk management group provides independent oversight (including validation and verification) and challenges assumptions regarding risk-taking and risk mitigation activities. Furthermore, the Bank Executive Risk Committee provides support to the executive leadership team for overseeing general risk-taking and risk mitigation activities.

As the third line of defence, Audit Services provides independent analyses of the effectiveness of controls and assesses whether controls are appropriate relative to the risk inherent in the business. Audit Services also reviews risk mitigation programs and risk oversight functions.

Risk governance and management structure

Risk governance in the Bank is managed by the Bank’s Board of Directors and several executive management committees.

Board of Directors

The Board of Directors is responsible for overseeing the Bank’s management of its principal risks. The Board of Directors reviews and approves the enterprise risk management policy, risk-taking philosophy, and overall risk appetite with the assistance of the Board committees. The Chief Executive Officer is directly accountable to the Board of Directors for all risk-taking activities and risk management practices and is supported by the Chief Risk Officer and the Executive Management Committees. The Executive Management Committees establish risk policies, guide risk-taking activities, monitor significant risk exposures, and sponsor strategic risk management priorities for the Bank.

The Audit & Conduct Review Committee of the Board is responsible for assisting the Board of Directors with its oversight of the quality and integrity of financial information, the effectiveness of internal controls over financial reporting, the effectiveness of compliance with legal and regulatory requirements and the effectiveness of risk management and compliance practices. The Committee also oversees compliance with policies and procedures related to conflicts of interest, confidentiality of information, customer complaints and related party transactions.

The Risk Committee of the Board is responsible for assisting the Board of Directors with its oversight of the management of principal risks, including the effectiveness of internal controls over principal risks and the effectiveness of compliance with risk management policies.

Executive management committees

The Bank has established several roles and committees as part of its governance and management structure. The committees are forums to raise and share risk issues between business lines and risk functions.

The Bank Executive Risk Committee provides advisory support to senior management regarding governance and risk oversight. The Bank Executive Risk Committee also provides an executive forum for discussing and reviewing the Bank's risk philosophy and appetite, risk limits, risk exposures and opportunities for optimizing risk taking within the context of the Bank's business model and short-term and long-term strategic objectives. The Bank Executive Risk Committee is responsible for providing oversight related to the management of all risk exposures against approved policies and limits, risk management strategies, and the oversight of the ERM framework which covers risk appetite, risk management responsibilities, risk identification, measurement and assessment, risk monitoring, reporting, control, and mitigation activities.

The ERC may delegate, in its discretion, all or a portion of its duties to sub-committees. Established sub-committees include the Asset Liability Committee (ALCO), the Credit Committee, the Operational Risk Committee (ORC) and Capital Management Committee (CMC).

ALCO establishes structural interest rate risk (market) and liquidity risk policies and oversees related market and liquidity risk and asset liability management programs and practices. ALCO monitors the overall market risk profile, key and emerging risk exposures and risk management activities as well as compliance with related policies.

The Credit Committee establishes credit risk policies and oversees credit risk management, including setting appropriate management level limits for investment/connections. The Credit Committee monitors the overall credit risk profile, key and emerging risk exposures and risk management activities and ensures compliance with credit risk policies. The Credit Committee also approves large individual credits and investments.

The ORC establishes and oversees the execution of the operational risk framework, policies, and standards of practice. ORC monitors the overall operational risk profile, key and emerging risk exposures and risk management activities as well as compliance with related policies.

The CMC establishes capital management policies and is responsible for the oversight of the capital management program.

Risk reporting

Risk exposures of the Bank are monitored and reported to senior management, the executive management committees, and Board of Directors on a regular basis.

Credit Risk

Credit risk exposures are monitored and reported to the Board of Directors, the Bank Credit Committee and Executive Risk Committee, and MFC's Credit Risk Management Department on a quarterly basis. The Chief Risk Officer and the Bank's Credit Risk Committee set out objectives related to the overall quality and diversification of lending portfolios and establish criteria for the selection of counterparties and intermediaries. The Chief Risk Officer monitors compliance with all credit policies and limits. The Board of Directors is responsible for reviewing and approving key credit risk management policies.

Market Risk

The Board has ultimately delegated the responsibility for the strategic management of market, interest rate and liquidity risks to ALCO. The ALCO risk management strategy addresses interest rate risk arising between asset returns and supporting liabilities and is designed to keep potential

losses stemming from these risks within acceptable limits. Actual investment positions and risk exposures are monitored to ensure adherence to policy guidelines and limits. Positions are reported to ALCO monthly and to MFC's Global ALCO on a quarterly basis.

Liquidity Risk

The Board of Directors has ultimate oversight responsibility for liquidity risk management of the Bank with liquidity management responsibilities delegated to the CFO and Treasurer. The Chief Risk Officer is responsible for the independent oversight of liquidity risk taking and mitigation activities. ALCO is responsible for the management and monitoring of liquidity risk.

At least annually, the Board of Directors reviews and approves the Market and Liquidity Risk Management Policy and reviews the Liquidity Contingency Plan, which ensures the Bank has the infrastructure and control functions in place to meet expected and unexpected liquidity obligations. Risk tolerances and limits are approved by the Board of Directors and define the maximum level of liquidity risk the Bank is willing to take. The Liquidity Contingency Plan outlines various liquidity statuses and includes procedures, action plans, communication requirements and roles and responsibilities under each liquidity status. There are four Liquidity Status Levels designed to identify and address various liquidity positions. The Bank's appropriate liquidity status is reviewed and affirmed or changed at each ALCO meeting, or more frequently as required.

Operational Risk

The Bank's Operational Risk Management Policy and Framework outline the governance structure, risk appetite, level of risk tolerance, and sets the foundation for mitigating operational risks across the organization. This framework is designed to align operational risk management practices and procedures to support the Bank's financial, risk, capital, and strategic objectives.

The Bank monitors and reports on operational risk on a regular basis. The Bank Executive Risk Committee and Risk Committee of the Board receive quarterly Risk Management reports that reflect any breaches of the Bank's risk tolerance/appetite, recent significant risk events and losses, and any evolving risks and relevant external events that have the potential to impact the Bank's risk policy adherence and its risk capital. At least annually, the Risk Committee of the Board reviews and approves the Operational Risk Management Policy.

Stress Testing

Stress testing is a risk management technique used by the Bank to evaluate the potential effects of a set of specified changes in risk factors on its financial condition. These changes in risk factors correspond to exceptional but plausible events. Stress testing includes both scenario analysis and sensitivity testing. Stress testing is an integral part of the Bank's Risk Management framework, as it facilitates risk identification and assessment and is used to support strategic decision-making. As a key component of the Enterprise Risk Management program, stress tests facilitate risk identification and may also contribute to the development of risk controls and mitigation strategies.

The Bank performs stress tests on its material risk exposures, including but not limited to credit, market, liquidity, and operational risks. Each of these material risks are currently stressed separately and added together to provide a view of total capital required in the stressed-case scenario. Whenever appropriate, the Bank also uses expert judgement to calculate and assess additional capital requirements given specific risks identified.

Risk Strategies

For details on the Bank's strategies and processes to manage, hedge and mitigate risks please refer to the following sections contained in this report:

- Credit risk management strategy and credit risk mitigation techniques on page 13 and 16
- Market risk management strategy on page 32
- Operational risk management strategy on page 34
- Interest rate risk management strategy on page 36
- Liquidity risk management strategy on page 37

Regulatory Capital

Our consolidated regulatory capital requirements are determined by OSFI's SMSBs Capital and Liquidity Requirements, Capital Adequacy Requirements Guideline and Leverage Requirements Guideline.

Manulife Bank has adopted Basel III banking reforms in accordance with the OSFI's revised capital, leverage, liquidity, and disclosure requirements. These reforms enhance the risk management capabilities and resilience of Canadian deposit-taking institutions.

The Bank manages its capital in accordance with guidelines established by OSFI, based on standards set by the Basel Committee on Banking Supervision (BCBS). OSFI's Capital Adequacy Requirements (CAR) Guideline specify the application of Basel III rules to Canadian banks. OSFI has mandated that all Canadian regulated financial institutions to maintain minimum Capital Ratios: a CET1 Ratio of 7.0%, a Tier 1 Capital Ratio of 8.5%, and a Total Capital Ratio of 10.5%. To govern the quality and quantity of capital necessary based on the Bank's inherent risks, we employ an Internal Capital Adequacy Assessment Process (ICAAP) to assess the capital needed to cover unexpected losses arising from credit risk, market risk and operational risks. MBC's approach to capital management is aligned to support its business model and strategic direction.

Regulatory approaches used to determine capital requirements

Credit risk

Banks are permitted a choice of two methodologies in determining the capital requirements for credit risk: the Internal Ratings Based ("IRB") or Standardized Approach. Under the IRB Approach, banks are permitted to determine risk weightings for on and off-balance sheet exposures using internal risk formulas. The Standardized Approach requires banks to assign risk weightings to on and off-balance sheet exposures as prescribed by OSFI under the CAR Guideline. MBC and MTC apply the Standardized Approach when determining capital requirements for credit risk.

Market risk

Market risk capital is calculated using one of two methodologies: the Standardized Approach or Internal Models. These requirements apply to banks designated by OSFI as domestic systemically important banks (D-SIBs) and other internationally active institutions. The capital requirements for market risk are not applicable to MBC and MTC.

Operational risk

There are two methodologies for calculating operational risk capital: the Standardized Approach and the Simplified Standardized Approach (“SSA”). MBC and MTC currently apply the SSA. Under the SSA, institutions must hold operational risk capital equal to 15% of average annual Adjusted Gross Income over the previous 12 fiscal quarters. Risk-weighted assets (“RWA”) for operational risk are equal to 12.5 times operational risk capital.

KM1: Key Metrics

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	\$ 1,554	\$ 1,536	\$ 1,494	\$ 1,479	\$ 1,450
2 Tier 1	\$ 1,783	\$ 1,765	\$ 1,723	\$ 1,708	\$ 1,679
3 Total capital	\$ 1,792	\$ 1,775	\$ 1,733	\$ 1,719	\$ 1,690
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	\$ 10,133	\$ 10,305	\$ 10,109	\$ 10,048	\$ 9,853
Risk-based capital ratios as a percentage of RWA					
5 CET1 ratio (%)	15.3%	14.9%	14.8%	14.7%	14.7%
6 Tier 1 ratio (%)	17.6%	17.1%	17.0%	17.0%	17.0%
7 Total capital ratio (%)	17.7%	17.2%	17.1%	17.1%	17.2%
Additional CET1 buffer requirements as a percentage of RWA					
8 Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
11 Total of bank CET1 specific buffer requirements (%)	2.5%	2.5%	2.5%	2.5%	2.5%
12 CET1 available after meeting the bank's minimum capital requirements (%)	8.3%	7.9%	7.8%	7.7%	7.7%
Basel III Leverage ratio					
13 Total Basel III leverage ratio exposure measure	\$ 32,121	\$ 32,444	\$ 31,696	\$ 31,291	\$ 30,756
14 Basel III leverage ratio % (row 2 / row 13)	5.5%	5.4%	5.4%	5.5%	5.5%

Modified CC1: Composition of capital for SMSBs

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Common Equity Tier 1 capital: instruments and reserves					
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	\$ 709	\$ 709	\$ 709	\$ 709
2	Retained earnings	945	928	893	854
3	Accumulated other comprehensive income (and other reserves)	(2)	(1)	(1)	-
6	Common Equity Tier 1 capital before regulatory adjustments	\$ 1,652	\$ 1,636	\$ 1,601	\$ 1,588
Common Equity Tier 1 capital: regulatory adjustments					
28	Total regulatory adjustments to Common Equity Tier 1	\$ (98)	\$ (100)	\$ (107)	\$ (109)
29	Common Equity Tier 1 capital (CET1)	\$ 1,554	\$ 1,536	\$ 1,494	\$ 1,479
Additional Tier 1 capital: instruments					
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	\$ 229	\$ 229	\$ 229	\$ 229
44	Additional Tier 1 capital (AT1)	229	229	229	229
45	Tier 1 capital (T1 = CET1 + AT1)	\$ 1,783	\$ 1,765	\$ 1,723	\$ 1,708
Tier 2 capital: instruments and provisions					
50	Collective allowances	\$ 9	\$ 10	\$ 10	\$ 11
58	Tier 2 capital (T2)	\$ 9	\$ 10	\$ 10	\$ 11
59	Total capital (TC = T1 + T2)	\$ 1,792	\$ 1,775	\$ 1,733	\$ 1,719
60	Total risk-weighted assets	\$ 10,133	\$ 10,305	\$ 10,109	\$ 10,048
Capital ratios (%)					
61	Common Equity Tier 1 (as percentage of risk-weighted assets)	15.3%	14.9%	14.8%	14.7%
62	Tier 1 (as percentage of risk-weighted assets)	17.6%	17.1%	17.0%	17.0%
63	Total Capital (as percentage of risk-weighted assets)	17.7%	17.2%	17.1%	17.2%
OSFI target					
69	Common Equity Tier 1 target ratio	7.0%	7.0%	7.0%	7.0%
70	Tier 1 capital target ratio	8.5%	8.5%	8.5%	8.5%
71	Total capital target ratio	10.5%	10.5%	10.5%	10.5%

LR2: Leverage Ratio Common Disclosure

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
On-balance sheet exposures					
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	\$ 30,256	\$ 30,542	\$ 29,738	\$ 29,508
4	(Asset amounts deducted in determining Tier 1 capital)	(98)	(100)	(107)	(109)
5	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 to 4)	\$ 30,158	\$ 30,442	\$ 29,631	\$ 29,399
Derivative exposures					
6	Replacement cost associated with all derivative transactions	\$ -	\$ -	\$ -	\$ 1
11	Total derivative exposures (sum of lines 6 to 10)	\$ -	\$ -	\$ -	\$ 1
Other off-balance sheet exposures					
17	Off-balance sheet exposure at gross notional amount	\$ 16,906	\$ 16,700	\$ 16,648	\$ 16,015
18	(Adjustments for conversion to credit equivalent amounts)	(14,943)	(14,698)	(14,583)	(14,124)
19	Off-balance sheet items (sum of lines 17 and 18)	\$ 1,963	\$ 2,002	\$ 2,065	\$ 1,891
Capital and Total Exposures					
20	Tier 1 capital	\$ 1,783	\$ 1,765	\$ 1,723	\$ 1,708
21	Total Exposures (sum of lines 5, 11, 16 and 19)	\$ 32,121	\$ 32,444	\$ 31,696	\$ 31,291
Leverage Ratio					
22	Basel III leverage ratio	5.5%	5.4%	5.4%	5.5%

Credit Risk

CRA: General qualitative information about credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a borrower or counterparty to fulfil its payment obligations. Credit risk is one of the most significant risks to the Bank's business, and exists in its lending activities, investment activities and derivative transactions.

Risk management strategy

The Bank's credit risk management practices are strong. Risk identification, monitoring, limit-setting and enforcement processes are well developed and comparable to industry leading practices. Relevant underwriting metrics remain consistent across all distribution channels given policy alignment, embedded quality control, and structured communication. Current originations continue to be appropriate, within limits, and aligned to Bank risk appetite.

The Bank has established policies that set exposure limits by borrower, quality rating, industry and geographic region. The Chief Risk Officer, together with the Bank Executive Risk Committee, sets out objectives related to the overall quality and diversification of lending portfolios and establishes criteria for the selection of counterparties and intermediaries. The Chief Risk Officer monitors compliance with all credit policies and limits and reports the results to senior management and Board of Directors.

The Bank establishes policies and procedures to provide an independent assessment of the existence, quality and value of the credit portfolios, the integrity of the credit process, and to promote the detection of related problems. Internal audit performs periodic assessments of compliance with credit policies and procedures of credit granting and investment originating units.

The Board of Directors of both MBC and MTC ("Board of Directors") are responsible for reviewing and approving all key credit risk management policies. A review system sensitized to prescribed total credit exposure and risk rating thresholds is in place and is maintained with the intent that:

- The borrower's current financial condition is known;
- Collateral security is adequate and enforceable relative to the borrower's current circumstances;
- Credits are in compliance with covenants and margins;
- Early identification and classification of at-risk credit is possible;
- Current information regarding the quality of the loan portfolio is available; and
- Higher risk credits are reviewed in order to assess the risk of default.

The Bank's risk rating systems are designed to assess and monitor credit risk. The risk assessment and monitoring processes for the lending portfolio and derivatives contracts are described below.

Lending Portfolio

Our lending business is focused on residential properties, commercial mortgages, investment loans and lending against insurance. We have no exposure to oil and gas or other carbon heavy industries. Insured mortgages are insured against loss caused by borrower default under a loan secured by real property. Insurance is provided by the Canada Mortgage and Housing Corporation (“CMHC”) or other authorized insurers.

MBC’s flagship product, Manulife One, is an all-in-one banking solution that combines a client’s savings and borrowings into one Home Equity Line of Credit (“HELOC”) product. This can include a client’s traditional mortgage loan, personal loan, lines of credit, and chequing and savings accounts. The Proactive Account Monitoring program is a client engagement program that uses predictive indicators of potential default to select accounts for proactive remediation. High risk clients are contacted before they enter arrears and are encouraged to undertake actions to reduce their borrowing and maintain their good standing.

Derivatives

The Bank has established policies and limits for managing credit risk exposures that may arise with counterparties when entering into derivative transactions. The Bank enters into master netting arrangements that permit the offsetting of contracts in a loss position in the case of a counterparty default. The Bank measures derivative counterparty exposure as net potential credit exposure, which takes into consideration mark-to-market values of all transactions with each counterparty, net of any collateral held, and an allowance to reflect future potential exposure.

CR1: Credit Quality of Assets

		a	b	c	d		e	g
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)	
		Defaulted exposures ¹	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General		
Q4 2024								
1	Loans	\$ 56	\$ 26,673	\$ 11	\$ 2	\$ 9	\$ 26,718	
2	Debt Securities	-	216	-	-	-	216	
3	Off-balance sheet exposures	-	16,906	6	1	5	16,900	
4	Total	\$ 56	\$ 43,795	\$ 17	\$ 3	\$ 14	\$ 43,834	
Q3 2024								
1	Loans	\$ 59	\$ 26,325	\$ 12	\$ 2	\$ 10	\$ 26,372	
2	Debt Securities	-	266	-	-	-	266	
3	Off-balance sheet exposures	-	16,700	6	1	5	16,694	
4	Total	\$ 59	\$ 43,291	\$ 18	\$ 3	\$ 15	\$ 43,332	
Q2 2024								
1	Loans	\$ 60	\$ 25,997	\$ 12	\$ 2	\$ 10	\$ 26,045	
2	Debt Securities	-	273	-	-	-	273	
3	Off-balance sheet exposures	-	16,648	6	1	5	16,642	
4	Total	\$ 60	\$ 42,918	\$ 18	\$ 3	\$ 15	\$ 42,960	
Q1 2024								
1	Loans	\$ 58	\$ 25,375	\$ 13	\$ 3	\$ 10	\$ 25,420	
2	Debt Securities	-	253	-	-	-	253	
3	Off-balance sheet exposures	-	16,014	6	1	5	16,008	
4	Total	\$ 58	\$ 41,642	\$ 19	\$ 4	\$ 15	\$ 41,681	
Q4 2023								
1	Loans	\$ 68	\$ 25,267	\$ 14	\$ 3	\$ 11	\$ 25,321	
2	Debt Securities	-	240	-	-	-	240	
3	Off-balance sheet exposures	-	15,532	7	2	5	15,525	
4	Total	\$ 68	\$ 41,039	\$ 21	\$ 5	\$ 16	\$ 41,086	

¹A defaulted exposure is defined as one that is past due for more than 90 days or is an exposure to a defaulted borrower under CAR 2024, Chapter 4, Section 4.1.21.

CRC: Qualitative disclosure related to credit risk mitigation techniques

Risk control and mitigation

Diversification

MBC's credit risk governance policies require an acceptable level of diversification. Limits are in place for several portfolio dimensions including industry, geography, single-name concentrations, and transaction-specific limits. Although the Bank's credit portfolio is heavily weighted to Canadian residential mortgages and other loans, the portfolio is well-diversified geographically within Canada. Credit risk exposures are monitored for concentration risk and such findings are reported to the Board of Directors, the Risk Committee and MFC's credit risk management department on a quarterly basis.

Lending portfolio

In the normal course of business, various indirect commitments are outstanding that are not reflected on the Consolidated Statements of Financial Position, including commitments to extend credit in the form of loans or other financing for specific amounts and maturities. These financial commitments are subject to normal credit standards, financial controls and monitoring procedures.

Collateral management

Collateral is an integral part of the Bank's credit risk mitigation in its lending portfolio. The purpose of collateral for credit risk mitigation is to minimize losses that would otherwise be incurred, and the Bank generally requires borrowers to pledge collateral when advancing credit. Residential real estate and liquid investments are examples of acceptable collateral.

CR3: Credit Risk Mitigation Techniques – Overview

	Q4 2024					Q3 2024				
	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by			Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by		
			Collateral	Financial guarantees	Credit derivatives			Collateral	Financial guarantees	Credit derivatives
1 Loans	\$ 18,769	\$ 7,949	\$ -	\$ 7,949	\$ -	\$ 18,485	\$ 7,887	\$ -	\$ 7,887	\$ -
2 Debt securities	\$ 216	\$ -	\$ -	\$ -	\$ -	266	-	-	-	-
3 Total	\$ 18,985	\$ 7,949	\$ -	\$ 7,949	\$ -	\$ 18,751	\$ 7,887	\$ -	\$ 7,887	\$ -
4 Of which defaulted	\$ 43	\$ 11	\$ -	\$ 11	\$ -	\$ 41	\$ 16	\$ -	\$ 16	\$ -

	Q2 2024					Q1 2024				
	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by			Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by		
			Collateral	Financial guarantees	Credit derivatives			Collateral	Financial guarantees	Credit derivatives
1 Loans	\$ 18,291	\$ 7,754	\$ -	\$ 7,754	\$ -	\$ 17,973	\$ 7,447	\$ -	\$ 7,447	\$ -
2 Debt securities	273	-	-	-	-	253	-	-	-	-
3 Total	\$ 18,564	\$ 7,754	\$ -	\$ 7,754	\$ -	\$ 18,226	\$ 7,447	\$ -	\$ 7,447	\$ -
4 Of which defaulted	\$ 43	\$ 15	\$ -	\$ 15	\$ -	\$ 39	\$ 16	\$ -	\$ 16	\$ -

	Q4 2023				
	Exposures unsecured: carrying amount	Exposures to be secured	Exposures secured by		
			Collateral	Financial guarantees	Credit derivatives
1 Loans	\$ 17,879	\$ 7,442	\$ -	\$ 7,442	\$ -
2 Debt securities	240	-	-	-	-
3 Total	\$ 18,119	\$ 7,442	\$ -	\$ 7,442	\$ -
4 Of which defaulted	\$ 49	\$ 16	\$ -	\$ 16	\$ -

CR4: Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects

Q4 2024 Asset classes	Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Sovereigns and their central banks	\$ 10	\$ -	\$ 10	\$ -	\$ -	0%
2 Public sector entities (PSEs)	-	-	7,231	214	-	0%
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	2,952	100	3,586	0	913	25%
Of which: securities firms and other financial institutions treated as banks	2,913	-	3,547	-	902	25%
5 Covered bonds	-	-	-	-	-	-
6 Corporates	566	469	566	47	516	84%
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	120	-	120	-	300	250%
8 Retail	1,911	2,288	1,911	281	1,646	75%
9 Real estate	24,050	14,145	16,195	1,421	5,250	30%
Of which: general RRE	23,063	13,841	15,285	1,382	4,702	28%
Of which: IPRRE	640	248	563	28	262	44%
Of which: other RRE	-	-	-	-	-	-
Of which: general CRE	36	16	36	2	25	66%
Of which: IPCRE	311	40	311	9	262	82%
Of which: land acquisition, development and construction	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-
12 Defaulted exposures	49	4	39	0	44	111%
13 Other assets	607	-	607	-	504	83%
14 Total	\$ 30,265	\$ 17,006	\$ 30,265	\$ 1,964	\$ 9,174	28%

CR4: Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects

Q3 2024 Asset classes	Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Sovereigns and their central banks	\$ 10	\$ -	\$ 10	\$ -	\$ -	0%
2 Public sector entities (PSEs)	-	-	7,180	215	-	0%
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	3,479	-	4,101	-	1,011	25%
Of which: securities firms and other financial institutions treated as banks	3,438	-	4,060	-	1,000	25%
5 Covered bonds	-	-	-	-	-	-
6 Corporates	581	404	581	40	501	81%
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	180	-	180	-	451	250%
8 Retail	1,920	2,192	1,920	271	1,645	75%
9 Real estate	23,732	14,100	15,944	1,475	5,216	30%
Of which: general RRE	22,715	13,801	15,008	1,438	4,649	28%
Of which: IPRRE	642	249	561	29	262	44%
Of which: other RRE	-	-	-	-	-	-
Of which: general CRE	33	18	33	2	23	66%
Of which: IPCRE	342	31	342	7	282	81%
Of which: land acquisition, development and construction	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-
12 Defaulted exposures	51	4	38	0	42	108%
13 Other assets	598	-	598	-	492	82%
14 Total	\$ 30,552	\$ 16,700	\$ 30,552	\$ 2,001	\$ 9,356	29%

CR4: Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects

Q2 2024 Asset classes	Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Sovereigns and their central banks	\$ 20	\$ -	\$ 20	\$ -	\$ -	0%
2 Public sector entities (PSEs)	-	2,168	7,070	217	-	0%
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	2,997	50	3,603	0	904	25%
Of which: securities firms and other financial institutions treated as banks	2,976	-	3,582	-	899	25%
5 Covered bonds	-	-	-	-	-	-
6 Corporates	588	370	588	37	495	79%
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	164	-	164	-	411	250%
8 Retail	1,984	2,129	1,984	262	1,688	75%
9 Real estate	23,370	11,975	15,708	1,548	5,187	30%
Of which: general RRE	22,355	11,711	14,776	1,516	4,613	28%
Of which: IPRRE	635	224	551	27	257	44%
Of which: other RRE	-	-	-	-	-	-
Of which: general CRE	32	18	33	2	22	65%
Of which: IPCRE	348	21	348	3	295	84%
Of which: land acquisition, development and construction	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-
12 Defaulted exposures	42	6	28	1	29	101%
13 Other assets	583	-	583	-	470	81%
14 Total	\$ 29,748	\$ 16,698	\$ 29,748	\$ 2,065	\$ 9,184	29%

CR4: Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects

Q1 2024 Asset classes	Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Sovereigns and their central banks	\$ 10	\$ -	\$ 10	\$ -	\$ -	0%
2 Public sector entities (PSEs)	-	2,183	6,881	218	-	0%
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	3,422	50	3,988	1	973	24%
Of which: securities firms and other financial institutions treated as banks	3,392	-	3,959	-	964	24%
5 Covered bonds	-	-	-	-	-	-
6 Corporates	569	346	569	35	483	80%
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	170	-	170	-	425	250%
8 Retail	2,028	2,070	2,028	255	1,715	75%
9 Real estate	22,695	11,410	15,262	1,382	5,027	30%
Of which: general RRE	21,660	11,146	14,313	1,351	4,436	28%
Of which: IPRRE	639	222	552	26	257	44%
Of which: other RRE	-	-	-	-	-	-
Of which: general CRE	36	18	36	2	25	65%
Of which: IPCRE	360	24	360	4	310	85%
Of which: land acquisition, development and construction	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-
12 Defaulted exposures	54	6	41	0	42	104%
13 Other assets	570	-	570	-	456	80%
14 Total	\$ 29,519	\$ 16,065	\$ 29,519	\$ 1,891	\$ 9,122	29%

CR4: Standardised Approach – Credit Risk Exposure and Credit Risk Mitigation Effects

Q4 2023 Asset classes	Exposures before CCF and CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1 Sovereigns and their central banks	\$ 10	\$ -	\$ 10	\$ -	\$ -	0%
2 Public sector entities (PSEs)	-	2,186	6,884	219	-	0%
3 Multilateral development banks	-	-	-	-	-	-
4 Banks	3,123	-	3,681	-	907	25%
Of which: securities firms and other financial institutions treated as banks	3,091	-	3,650	-	900	25%
5 Covered bonds	-	-	-	-	-	-
6 Corporates	542	326	542	33	460	80%
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	156	-	156	-	389	250%
8 Retail	2,094	1,987	2,094	246	1,755	75%
9 Real estate	22,550	11,022	15,122	1,284	4,923	30%
Of which: general RRE	21,554	10,743	14,217	1,245	4,376	28%
Of which: IPRRE	628	217	536	26	250	44%
Of which: other RRE	-	-	-	-	-	-
Of which: general CRE	39	19	39	2	26	65%
Of which: IPCRE	329	44	329	12	271	80%
Of which: land acquisition, development and construction	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-
12 Defaulted exposures	51	10	37	1	38	102%
13 Other assets	574	-	574	-	453	79%
14 Total	\$ 29,099	\$ 15,532	\$ 29,099	\$ 1,782	\$ 8,926	29%

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights

Q4 2024 Asset Classes	Risk Weighting																		Total credit exposure amount (post-CCF and post-CRM)	
	0%	15%	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	90%	100%	110%	150%	250%	Other ⁽¹⁾		
1 Sovereigns and their central banks	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
2 Public sector entities (PSEs)	7,444	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,444
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	2,946	-	48	-	-	-	-	-	-	-	-	-	-	-	-	-	593	3,586
Of which: securities firms and other financial institutions treated as banks	-	-	2,940	-	14	-	-	-	-	-	-	-	-	-	-	-	-	-	593	3,547
5 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	46	-	-	-	-	-	122	-	-	-	-	446	-	-	-	-	-	613
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120	-	120
8 Retail	-	43	-	-	-	-	-	-	-	-	-	2,036	-	113	-	-	-	-	-	2,192
9 Real estate	-	-	4,436	2,901	3,937	5,433	17	127	345	25	172	15	120	-	35	-	-	53	-	17,617
Of which: general RRE	-	-	4,436	2,901	3,855	5,358	17	-	41	-	7	-	-	-	-	-	-	53	-	16,667
Of which: IPRRE	-	-	-	-	82	75	-	127	305	2	-	0	-	-	-	-	-	-	-	592
Of which: other RRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: general CRE	-	-	-	-	-	-	-	-	-	23	-	15	-	-	-	-	-	-	-	38
Of which: IPCRE	-	-	-	-	-	-	-	-	-	-	165	-	120	-	35	-	-	-	-	320
Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	31	-	9	-	-	-	39
13 Other assets	99	-	10	-	-	-	-	-	-	-	-	-	-	495	-	-	-	3	-	607
14 Total	7,553	43	7,438	2,901	3,985	5,433	17	127	467	25	172	2,052	120	1,084	35	9	123	646	-	32,229

⁽¹⁾ Other includes Private Mortgage Insurance (PMI) Deductible portion risk weighted at 44%, 55% and 66%.

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights con't

Q4 2024 Risk weight	a	b	c	d
	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1 Less than 40%	\$ 22,923	\$ 14,056	11%	\$ 27,353
2 40-70%	4,236	236	26%	1,454
3 75-80%	1,789	2,140	12%	2,052
4 85%	-	-	-	-
5 90-100%	1,150	572	11%	1,204
6 105-130%	33	-	10%	35
7 150%	9	2	10%	9
8 250%	123	-	-	123
9 400%	-	-	-	-
10 1250%	-	-	-	-
11 Total exposures	\$ 30,265	\$ 17,006	12%	\$ 32,229

* Weighting is based on off-balance sheet exposure (pre-CCF).

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights

Q3 2024 Asset Classes	Risk Weighting																		Total credit exposure amount (post-CCF and post-CRM)	
	0%	15%	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	90%	100%	110%	150%	250%	Other ⁽¹⁾		
1 Sovereigns and their central banks	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
2 Public sector entities (PSEs)	7,395	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,395
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	3,482	-	40	-	-	-	-	-	-	-	-	-	-	-	-	-	579	4,101
Of which: securities firms and other financial institutions treated as banks	-	-	3,466	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-	579	4,060
5 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	44	-	-	-	-	-	-	172	-	-	-	-	406	-	-	-	-	621
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	180	-	180
8 Retail	-	43	-	-	-	-	-	-	-	-	-	2,035	-	111	-	-	-	-	-	2,190
9 Real estate	-	-	4,338	2,852	3,846	5,443	18	122	353	23	201	14	120	-	35	-	-	52	-	17,419
Of which: general RRE	-	-	4,338	2,852	3,766	5,370	18	-	42	-	8	-	-	-	-	-	-	52	-	16,446
Of which: IPRRE	-	-	-	-	81	73	-	122	311	2	-	0	-	-	-	-	-	-	-	590
Of which: other RRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: general CRE	-	-	-	-	-	-	-	-	-	21	-	13	-	-	-	-	-	-	-	34
Of which: IPCRE	-	-	-	-	-	-	-	-	-	-	193	-	120	-	35	-	-	-	-	349
Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	32	-	6	-	-	-	38
13 Other assets	101	-	11	-	-	-	-	-	-	-	-	-	-	483	-	-	3	-	-	598
14 Total	7,506	43	7,875	2,852	3,886	5,443	18	122	525	23	201	2,049	120	1,032	35	6	183	632	-	32,553

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights con't

Q3 2024 Risk weight	a	b	c	d
	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1 Less than 40%	\$ 23,170	\$ 13,917	12%	\$ 27,606
2 40-70%	4,246	247	26%	1,521
3 75-80%	1,797	2,050	12%	2,049
4 85%	-	-	-	-
5 90-100%	1,114	485	11%	1,153
6 105-130%	35	-	10%	35
7 150%	6	0	11%	6
8 250%	183	-	-	183
9 400%	-	-	-	-
10 1250%	-	-	-	-
11 Total exposures	\$ 30,552	\$ 16,700	12%	\$ 32,553

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights

Q2 2024 Asset Classes	Risk Weighting																		Total credit exposure amount (post-CCF and post-CRM)	
	0%	15%	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	90%	100%	110%	150%	250%	Other ⁽¹⁾		
1 Sovereigns and their central banks	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20
2 Public sector entities (PSEs)	7,287	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,287
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	3,014	-	27	-	-	-	-	-	-	-	-	-	-	-	-	-	561	3,603
Of which: securities firms and other financial institutions treated as banks	-	-	3,004	-	16	-	-	-	-	-	-	-	-	-	-	-	-	-	561	3,582
5 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	43	-	-	-	-	-	190	-	-	-	-	392	-	-	-	-	-	625
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164	-	164
8 Retail	-	45	-	-	-	-	-	-	-	-	-	2,080	-	121	-	-	-	-	-	2,246
9 Real estate	-	-	4,276	2,815	3,789	5,435	30	119	340	24	185	13	118	-	65	-	-	48	-	17,256
Of which: general RRE	-	-	4,276	2,815	3,709	5,362	30	-	36	-	16	-	-	-	-	-	-	48	-	16,292
Of which: IPRRE	-	-	-	-	79	73	-	119	304	3	-	0	-	-	-	-	-	-	-	578
Of which: other RRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: general CRE	-	-	-	-	-	-	-	-	-	22	-	13	-	-	-	-	-	-	-	35
Of which: IPCRE	-	-	-	-	-	-	-	-	-	-	169	-	118	-	65	-	-	-	-	351
Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	28	-	1	-	-	-	29
13 Other assets	108	-	12	-	-	-	-	-	-	-	-	-	-	460	-	-	3	-	-	583
14 Total	7,415	45	7,345	2,815	3,816	5,435	30	119	530	24	185	2,093	118	1,001	65	1	167	609	-	31,813

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights con't

Q2 2024 Risk weight	a	b	c	d
	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1 Less than 40%	\$ 22,390	\$ 14,028	12%	\$ 26,871
2 40-70%	4,193	229	26%	1,497
3 75-80%	1,849	1,983	12%	2,093
4 85%	-	-	-	-
5 90-100%	1,083	458	11%	1,119
6 105-130%	65	0	0.10	65
7 150%	-	0	10%	-
8 250%	167	-	-	167
9 400%	-	-	-	-
10 1250%	-	-	-	-
11 Total exposures	\$ 29,748	\$ 16,698	12%	\$ 31,813

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights

Q1 2024 Asset Classes	Risk Weighting																		Total credit exposure amount (post-CCF and post-CRM)	
	0%	15%	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	90%	100%	110%	150%	250%	Other		
1 Sovereigns and their central banks	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
2 Public sector entities (PSEs)	7,099	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,099
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	3,425	-	36	-	-	-	-	-	-	-	-	1	-	-	-	-	527	3,989
Of which: securities firms and other financial institutions treated as banks	-	-	3,415	-	17	-	-	-	-	-	-	-	-	-	-	-	-	-	527	3,959
5 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	47	-	-	-	-	-	166	-	-	-	-	390	-	-	-	-	-	603
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170	-	170
8 Retail	-	46	-	-	-	-	-	-	-	-	-	2,117	-	120	-	-	-	-	-	2,283
9 Real estate	-	-	4,073	2,708	3,672	5,253	19	119	342	27	173	14	121	-	77	-	-	47	-	16,645
Of which: general RRE	-	-	4,073	2,708	3,594	5,181	19	-	36	-	7	-	-	-	-	-	-	47	-	15,665
Of which: IPRRE	-	-	-	-	78	72	-	119	306	2	-	1	-	-	-	-	-	-	-	578
Of which: other RRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: general CRE	-	-	-	-	-	-	-	-	-	25	-	13	-	-	-	-	-	-	-	38
Of which: IPCRE	-	-	-	-	-	-	-	-	-	-	166	-	121	-	77	-	-	-	-	364
Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	39	-	2	-	-	-	41
13 Other assets	110	-	10	-	-	-	-	-	-	-	-	-	-	447	-	-	3	-	-	570
14 Total	7,219	46	7,555	2,708	3,708	5,253	19	119	508	27	173	2,131	121	997	77	2	173	574	-	31,410

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights con't

Q1 2024 Risk weight	a	b	c	d
	On-balance sheet exposure	Off-balance sheet exposure (pre-CCF)	Weighted average CCF*	Exposure (post-CCF and post-CRM)
1 Less than 40%	\$ 22,267	\$ 13,436	12%	\$ 26,489
2 40-70%	4,023	218	26%	1,420
3 75-80%	1,892	1,934	12%	2,131
4 85%	-	-	-	-
5 90-100%	1,085	476	10%	1,118
6 105-130%	77	0	0%	77
7 150%	2	-	8%	2
8 250%	173	-	-	173
9 400%	-	-	-	-
10 1250%	-	-	-	-
11 Total exposures	\$ 29,519	\$ 16,065	12%	\$ 31,410

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights

Q4 2023 Asset Classes	Risk Weighting																			Total credit exposure amount (post-CCF and post-CRM)
	0%	15%	20%	25%	30%	35%	40%	45%	50%	60%	70%	75%	90%	100%	110%	150%	250%	Other ⁽¹⁾		
1 Sovereigns and their central banks	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
2 Public sector entities (PSEs)	7,102	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,102
3 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Banks	-	-	3,130	-	32	-	-	-	-	-	-	-	-	-	-	-	-	-	519	3,681
Of which: securities firms and other financial institutions treated as banks	-	-	3,113	-	18	-	-	-	-	-	-	-	-	-	-	-	-	-	519	3,650
5 Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Corporates	-	-	52	-	-	-	-	-	146	-	-	-	-	376	-	-	-	-	-	575
Of which: securities firms and other financial institutions treated as corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: specialised lending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 Subordinated debt, equity and other capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	156	-	156
8 Retail	-	46	-	-	-	-	-	-	-	-	-	2,180	-	114	-	-	-	-	-	2,340
9 Real estate	-	-	4,032	2,704	3,610	5,223	16	115	318	30	195	13	136	-	13	-	-	-	-	16,406
Of which: general RRE	-	-	4,032	2,704	3,534	5,156	16	-	16	-	4	-	-	-	-	-	-	-	-	15,462
Of which: IPRRE	-	-	-	-	77	67	-	115	302	1	-	-	-	-	-	-	-	-	-	562
Of which: other RRE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: general CRE	-	-	-	-	-	-	-	-	-	28	-	13	-	-	-	-	-	-	-	41
Of which: IPCRE	-	-	-	-	-	-	-	-	-	-	191	-	136	-	13	-	-	-	-	341
Of which: land acquisition, development and construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Reverse mortgages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Defaulted exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	36	-	2	-	-	-	38
13 Other assets	118	-	11	-	-	-	-	-	-	-	-	-	-	442	-	-	3	-	-	574
14 Total	7,230	46	7,225	2,704	3,643	5,223	16	115	464	30	195	2,192	136	968	13	2	159	519	-	30,881

CR5: Standardised Approach – Exposures by Asset Classes and Risk Weights con't

Q4 2023 Risk weight	a		b		c		d	
	On-balance sheet exposure		Off-balance sheet exposure (pre-CCF)		Weighted average CCF*		Exposure (post-CCF and post-CRM)	
1 Less than 40%	\$	22,225	\$	13,095	11%	\$	26,072	
2 40-70%		3,669		165	21%		1,339	
3 75-80%		1,963		1,854	12%		2,192	
4 85%		-		-	-		-	
5 90-100%		1,069		418	12%		1,104	
6 105-130%		13		0	10%		13	
7 150%		2		0	10%		2	
8 250%		159		-	-		159	
9 400%		-		-	-		-	
10 1250%		-		-	-		-	
11 Total exposures	\$	29,099	\$	15,532	11%	\$	30,881	

Credit Counterparty Risk

CCRA: Qualitative disclosure related to CCR

Derivative strategies are approved at the Bank for hedging purposes only and are governed by the Bank's Investment Standard that is approved by ALCO. To mitigate the unique risks associated with the use of derivatives, the Bank has specific risk management policies and processes, authorized types of derivatives, and robust controls surrounding the usage of these derivatives. Over-the-Counter (OTC) transactions expose the Bank to Counterparty Credit Risk (CCR) and the Bank actively takes steps to mitigate and minimize these exposures, including:

- The Bank only enters into transactions with approved, highly rated counterparties;
- All derivative contracts are governed by an ISDA agreement and Credit Support Annex (CSA) that mitigate Counterparty Credit risk through netting and bilateral collateral posting as per the initial and variation margin requirements.

A rating downgrade would have no material impact on the collateral that is posted by the Bank to a counterparty as the haircut applied to collateral posted is based on the rating of the underlying collateral.

CCR1: Analysis of CCR Exposures by Approach

(\$ thousands)		Replacement cost	Potential future exposure	Effective EPE	Alpha used for computing regulatory EAD	EAD post-CRM	RWA
Q4 2024							
1	SA-CCR (for derivatives)	\$ -	\$ 341		1.4	\$ 477	\$ 95
6	Total						\$ 95
Q3 2024 ⁽¹⁾							
1	SA-CCR (for derivatives)	\$ -	\$ -		1.4	\$ -	\$ -
6	Total						\$ -
Q2 2024							
1	SA-CCR (for derivatives)	\$ 140	\$ 17		1.4	\$ 219	\$ 44
6	Total						\$ 44
Q1 2024							
1	SA-CCR (for derivatives)	\$ 669	\$ 19		1.4	\$ 963	\$ 963
6	Total						\$ 963
Q4 2023 ⁽¹⁾							
1	SA-CCR (for derivatives)	\$ -	\$ -		1.4	\$ -	\$ -
6	Total						\$ -

¹ As at September 30, 2024 and December 31, 2023, Manulife Bank held no derivative positions.

CCR3: Standardised Approach of CCR Exposures by Regulatory Portfolio and Risk Weights

Regulatory portfolio (\$ thousands)	Risk Weight		Total credit exposure
	20%	100%	
Q4 2024			
Banks	\$ 477	-	\$ 477
Total	\$ 477	\$ -	\$ 477
Q3 2024 ⁽¹⁾			
Banks	-	\$ -	\$ -
Total	\$ -	\$ -	\$ -
Q2 2024			
Banks	219	-	\$ 219
Total	\$ 219	\$ -	\$ 219
Q1 2024			
Banks	-	963	\$ 963
Total	\$ -	\$ 963	\$ 963
Q4 2023 ⁽¹⁾			
Banks	-	\$ -	\$ -
Total	\$ -	\$ -	\$ -

¹ As at September 30, 2024 and December 31, 2023, Manulife Bank held no derivative positions.

CCR5: Composition of Collateral for CCR Exposure

(\$ thousands)	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Q4 2024						
Domestic sovereign debt	\$ 899	\$ -	\$ 981	\$ -	\$ -	\$ -
Government agency debt	86	-	-	-	-	-
Total	\$ 985	\$ -	\$ 981	\$ -	\$ -	\$ -
Q3 2024 ⁽²⁾						
Domestic sovereign debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government agency debt	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Q2 2024						
Domestic sovereign debt	\$ 1,008	\$ -	\$ 5,412	\$ -	\$ -	\$ -
Government agency debt	137	-	-	-	-	-
Total	\$ 1,145	\$ -	\$ 5,412	\$ -	\$ -	\$ -
Q1 2024 ⁽¹⁾						
Domestic sovereign debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government agency debt	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Q4 2023 ⁽²⁾						
Domestic sovereign debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Government agency debt	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

¹ As at March 31, 2024, Manulife Bank held no collateral for derivative positions due to the minimum threshold not being reached.

² As at September 30, 2024 and December 31, 2023, Manulife Bank held no derivative positions.

Market Risk

Market risk is the risk of loss resulting from market price volatility, interest rate changes and adverse foreign currency rate movements. Market price volatility relates to changes in the prices of publicly traded equities and to impacts of interest rate movements on the lending portfolio.

Governance structure

The Board of Directors annually review and approve the capital policy and the Market and Liquidity Risk Management Policy. The Board of Directors have ultimately delegated the responsibility for the strategic management of market, interest rate and liquidity risks to the Asset Liability Committee (“ALCO”). The ALCO risk management strategy addresses the interest rate risk arising between asset returns and supporting liabilities and is designed to keep potential losses stemming from these risks within acceptable limits. Actual investment positions and risk exposures are monitored to ensure guidelines and limits are adhered to. Positions are reported to ALCO monthly and to MFC’s Global ALCO quarterly. The Bank invests in common equities based on limits set within the Investment Standard.

Securities

Debt securities are classified and measured as fair value through other comprehensive income (“FVOCI”) financial instruments as the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (“SPPI”) and the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Debt securities are recognized initially at fair value plus directly attributable transaction costs and are subsequently presented in the Consolidated Statements of Financial Position at fair value. Unrealized gains and losses on FVOCI debt securities are recorded in other comprehensive income (“OCI”) except for unrealized gains or losses attributable to foreign currency translation, which are included in income. When FVOCI debt securities are sold, the unrealized gains or losses are transferred from accumulated other comprehensive income (“AOCI”) to the Consolidated Statements of Income. As at December 31, 2024, the total pre-tax unrealized loss recorded in AOCI related to FVOCI debt securities was \$1 million (December 31, 2023 – \$1 million). The cumulative realized gains arising from the sale of FVOCI debt securities for the three months ended December 31, 2024, was nil and for the twelve months ended December 31, 2024, was nil (three months ended December 31, 2023 – nil and twelve months ended December 31, 2023 - nil).

Debt securities measured as FVOCI are subject to the impairment of financial assets requirements of IFRS 9. The expected credit losses (“ECL”) allowance is based on credit losses expected to arise over the life of the asset. The Bank recognizes a loss allowance at an amount equal to 12-month ECL for those financial instruments that have not yet seen a significant increase in credit risk since origination, and lifetime ECL once there has been a significant increase in credit risk. The Bank assesses at each reporting date, whether credit risk has increased significantly by comparing the risk of default as at the reporting date, with the risk of default as at the date of initial recognition. The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the Consolidated Statements of Financial Position, which remains at fair value. Instead, an amount equal to the allowance is recognized in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognized in OCI is recycled to the profit and loss upon derecognition of the assets. ECL recognized as at December 31, 2024 was nil (December 31, 2023 – nil).

For debt issues, External Credit Assessment Institutions (“ECAI”) ratings are used for managing market risk and, if not available, MLI’s internal risk ratings are used. When ratings from more than one approved agency are available for a single issue, the priority sequence of rating agencies is Standard & Poor’s (“S&P”), Moody’s Investor Service, DBRS, Fitch Rating Services, and the parent company’s internal risk rating.

Equity securities are classified and measured at fair value through profit or loss (“FVTPL”) as these instruments contain contractual cash flows that do not meet the SPPI test (dividend is discretionary and capital gain is not contractual). As at December 31, 2024, the Bank held \$120 million of publicly traded FVTPL equity securities (December 31, 2023 – \$156 million). Equity securities are measured initially at their fair value plus directly attributable transaction costs and are subsequently presented in the Consolidated Statements of Financial Position at their fair values using published bid prices. Changes in fair value and realized gains and losses are recognized in non-interest income in the Consolidated Statement of Income under net gains (losses) on securities. Dividend income is recorded in interest income. Net realized gains arising from the sale of FVTPL equity securities for the three months ended December 31, 2024 were \$7 million (December 31, 2023 – nil) and net realized gains for the twelve months ended December 31, 2024, were \$7 million (twelve months ended December 31, 2023 – net realized loss of \$3 million). Net unrealized loss recognized in profit or loss for the three months ended December 31, 2024, were \$6 million (net unrealized gains of \$9 million for the three months ended December 31, 2023) and for the twelve months ended December 31, 2024, were \$6 million gains (\$13 million for the twelve months ended December 31, 2023).

Operational Risk

ORA: General qualitative information on a bank's operational risk framework

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems failures, human performance failures or from external events.

Key risk factors

Operational risk is inherent in all of MBC's business activities and encompasses a broad range of risks including regulatory compliance failures, legal disputes, technology failures, business interruption, information security and privacy failures, ineffective human resource management, processing errors, modeling errors, ineffective business integration, theft and fraud and damage to physical assets. Exposures can take the form of financial losses, regulatory sanctions, loss of competitive positioning and damage to reputation. Operational risk is embedded in all the practices used to manage other risks such as credit risk, market risk and liquidity risk. If not managed effectively, operational risk can impact the ability to manage these key risks.

Risk management strategy

The Bank's risk control processes are established and communicated through approved policies, and associated management approved standards, procedures, control limits, and delegated authorities which reflect the Bank's risk appetite and risk tolerances.

MBC's Operational Risk Management Policy and Framework outline the governance structure, risk appetite, the level of risk tolerance, and set the foundation for mitigating operational risks. This base is strengthened by the establishment of appropriate internal controls and systems and by seeking to retain trained and competent people throughout the organization. Risk management programs have been established across functional business areas for specific operational risks that could materially impact the ability to do business or negatively impact the reputations of MBC, MTC and PCMT II.

To ensure effective oversight of risks in the organization, the Bank has established a risk governance structure that includes Bank Senior Management and Risk Committees that ultimately report to the Board. The Board and the Board Risk Committee are responsible for overseeing the Bank's management of its principal risks. The Board Risk Committee and the Bank's Chief Executive Officer delegate the oversight of risk-taking activities and risk management practices to the Chief Risk Officer.

The Bank Executive Risk Committee supports the Chief Risk Officer in the oversight of risk taking and risk management activities. The Bank Executive Risk Committee is responsible for providing oversight related to the management of all risk exposures against approved policies and limits and risk management strategies, and the overall oversight of the Risk Management framework covering risk appetite, risk management responsibilities, risk identification, measurement and assessment, risk monitoring, reporting, control, and mitigation activities.

Business area managers are accountable for the day-to-day management of the operational risks inherent in their operations. Business and functional areas perform risk control self-assessments to identify, document and assess inherent operational risks and the effectiveness of internal controls.

The Bank's Chief Risk Officer and Risk Management team provide independent oversight of risk taking and risk mitigation activities across the enterprise. Key risk indicators are monitored and provide early warnings of emerging control issues. Business area managers proactively modify procedures where emerging control issues are identified.

The Bank monitors and reports on enterprise risk on a regular basis. The Bank Executive Risk Committee and Risk Committee of the Board receive quarterly Risk Management reports that reflect any breaches of the Bank's risk tolerance/appetite, recent significant risk events and losses, and any evolving risks and relevant external events that have the potential to impact the Bank's risk policy adherence and its risk capital.

There is an established process in place for the identification and assessment of top and evolving risks. The Bank maintains a Register of operational risks and controls, which are assessed for risk exposure and control effectiveness on a periodic basis. The process allows the Bank to track management action plans taken to mitigate risks or close control gaps. In addition, the Bank has clear procedures governing when and how risk events and issues are brought to the attention of Bank Senior Management and the Bank Executive Risk Committee.

The Bank's approach to risk control also includes risk and capital assessments to appropriately capture key risks in the Bank's measurement and management of capital adequacy. OSFI requires the Bank to hold regulatory operational risk capital. The required operational risk capital calculation is included in the Bank's Internal Capital Adequacy Assessment Process, which considers both Pillar 1 regulatory capital and Pillar 2 capital in relation to the entity's risk profile, strategy, business plans, business complexity, and range of business activities.

IRRBB – Risk management objectives, policies, and quantitative information

Interest rate risk

Interest rate risk is identified as the potential impact of adverse market movements on the Bank’s net interest income and economic value of its capital. The Bank measures this by projecting asset and liability cash flows under a range of interest rate scenarios. The Bank takes into consideration loan prepayments, loan commitments and the behaviour of non-maturity deposits in its calculation of the risk metrics. The Bank applies prescribed and internal interest rate shocks to assess interest rate risk and reports these to ALCO monthly. This ensures risk is managed within the set risk appetite. Key assumptions of the interest rate model are reviewed and approved annually by ALCO to ensure that they remain reasonable and appropriate.

Derivative contracts are employed, when appropriate, for asset-liability management purposes to manage interest rate risk within desired tolerances.

The following table shows the sensitivity to a sudden and sustained 100 basis points parallel shock in interest rates to MBC’s net interest income (“NII”) measured over a 12-month horizon and its economic value of equity (“EVE”). The actual sensitivity outcome may vary depending on multiple factors, including changes to the current positions and management actions.

Interest Rate Risk ^(1,2)

	Q4 2024		Q3 2024		Q2 2024	
	NII risk	EVE	NII risk	EVE	NII risk	EVE
100 basis point rate increase	\$ (1)	\$ (5)	\$ (7)	\$ (7)	\$ (10)	\$ (28)
100 basis point rate decrease	1	4	6	6	10	28

	Q1 2024		Q4 2023	
	NII risk	EVE	NII risk	EVE
100 basis point rate increase	\$ (7)	\$ (15)	\$ (12)	\$ (27)
100 basis point rate decrease	7	14	12	26

⁽¹⁾ A parallel movement in interest rates includes a change in government, swap and corporate rates, with a floor of zero.

⁽²⁾ The interest sensitivity assumes that the Bank moves all Bank-administered rates for lending and deposits directly with market rates. The Bank has the ability to mitigate margin impact through its administered rates.

B6 Disclosures – Liquidity risk

Liquidity risk is the risk of not having access to sufficient funds or liquid assets to meet both expected and unexpected cash and collateral demands.

At least annually, the Board of Directors reviews and approves the Liquidity and Market Risk Management Policy and reviews the Liquidity Contingency Plan, which ensures the Bank has the infrastructure and control functions in place to meet expected and unexpected liquidity obligations. Risk limits are approved by the Board of Directors and define the maximum level of risk the Bank is willing to take regarding liquidity risks. The Liquidity Contingency Plan outlines various liquidity statuses and includes procedures, action plans, communication requirements and roles and responsibilities under each liquidity status.

Liquidity stress testing is completed monthly to monitor and identify sources of potential liquidity strain, and to ensure current exposures remain in accordance with the Bank's established liquidity risk tolerance and limits. In addition to the Bank's internal metrics, the Bank must also comply with OSFI's Liquidity Adequacy Requirements ("LAR") Guideline, which includes the Net Cumulative Cash Flow ("NCCF") and the Liquidity Coverage Ratio ("LCR"). Key assumptions of the internal stress tests are reviewed and approved annually by ALCO to ensure that they remain reasonable and appropriate.

Liquid assets include unencumbered assets that are marketable, can be pledged as security for borrowings, and can be converted to cash in a timeframe that meets liquidity requirements. The Bank's unencumbered liquid assets as at December 31, 2024, were \$5.4 billion (18 per cent of total assets) compared to \$5.3 billion as at December 31, 2023 (18 per cent of total assets).

Both the NCCF and LCR regulatory minimums were met by the Bank during the three months ended December 31, 2024.

As federally regulated bank and member of Payments Canada, Manulife Bank also has access to the Bank of Canada's Standing Term Liquidity Facility.

Governance structure

The Board of Directors has the ultimate oversight responsibility for liquidity risk management of the Bank. The liquidity management responsibilities are ultimately delegated to the Bank's Treasurer and oversight of the Bank's liquidity risk management framework delegated to the Chief Risk Officer. ALCO is responsible for the management and monitoring of liquidity risk.

Funding

The Bank has developed and continues to develop strategies to diversify funding sources in terms of funding channels and products, taking into consideration the level of reliance on individual funding sources. Diversification of funding is continually monitored and reported to ALCO and the Board of Directors. The Bank's ability to securitize high quality residential mortgage loans has provided a key source of diversified funding and contingent liquidity. Securitization funding provides the Bank with long-term funding at attractive interest rates.

Securitization

The Bank acts in the capacity of sponsor, originator, servicer, and the provider of credit enhancements for its securitization programs. Mortgage loans purchased by the Bank from third-parties and securitized in the NHA MBS program continue to be serviced by the third-party mortgage servicer. In addition, the Bank also invests in short and long-term investment grade asset-backed securities. The sections below provide an overview of the Bank's securitization programs.

Manulife One securitization program

MBC has established the Platinum Canadian Mortgage Trust II ("PCMT II") program to securitize high quality uninsured Manulife One accounts. The PCMT II securitization program diversifies MBC's funding capabilities by providing an additional source of funding. The availability of multiple funding channels enhances MBC's ability to obtain low-cost funds and provides increased liquidity. Eligibility criteria are defined in the program documentation. These accounts are pooled by MBC and undivided co-ownership interests in the receivables of the pool are then sold to the program in exchange for cash. The program funds the purchase of the co-ownership interests by issuing term notes. The pool of Manulife One accounts supporting the notes is legally isolated from MBC's assets and the cash flows generated from the pool are used to provide interest and principal payments on the term notes. MBC's continuing involvement includes servicing the pool of Manulife One accounts and performing an administrative role for the program. MBC also provides loans to the program to pay for upfront transaction costs. These loans are subordinate to all notes issued by PCMT II.

MBC provides credit enhancements to PCMT II in the form of an asset pool balance in excess of notes issued, credit enhancement of the ownership interest, and excess spread consisting of excess cash receipts that are only attributable to MBC after the periodic obligations of PCMT II have been met. As at December 31, 2024, cash reserve accounts have been funded for PCMT II in the amount of \$22 million (December 31, 2023 – \$32 million). The cash reserve account for PCMT II is funded according to criteria defined in the series agreements.

During the twelve-month period ended December 31, 2024, \$250 million term notes were issued under PCMT II (twelve-month period ended December 31, 2023 – nil). As at December 31, 2024, term notes worth \$3,000 million (December 31, 2023 – \$2,750 million) are outstanding.

NHA MBS securitization program

MBC securitizes insured amortizing Canadian residential mortgage loans through the NHA MBS program and either holds the securities on the Consolidated Statements of Financial Position or sells them to third party investors. MBC expects to continue to issue NHA MBS in volumes consistent with the growth of insured mortgage assets, subject to CMHC allocations of guarantees for new market NHA MBS.

CMB securitization program

The CMB program represents the lowest cost funding alternative for the Bank's insured amortizing mortgage products. CMB issuances are backed by NHA MBS pools and the payment structure consists of semi-annual coupon payments and a bullet payment at maturity. At issuance of a CMB, a

secured borrowing liability is recorded and the related residential mortgages backing the CMB remain on the Bank's Consolidated Statements of Financial Position.

Securitization accounting

The Bank's internal Manulife One securitization program does not meet derecognition requirements. Securitized Manulife One accounts remain on MBC's Consolidated Statements of Financial Position as the Bank retains the pre-payment and interest rate risk associated with these accounts, which represents substantially all of the risks and rewards associated with the transferred assets. These transactions are accounted for as secured financing transactions and MBC continues to recognize the accounts as assets and records a secured borrowing liability (i.e. notes payable, which is accounted for at amortized cost). Interest income on the assets and interest expense on the notes payable are recorded using the effective interest rate method. Transactions under the Bank's internal securitization programs are consolidated with MBC.

Residential mortgage loans securitized through the NHA MBS program also remain on MBC's Consolidated Statements of Financial Position as the Bank retains the pre-payment and interest rate risks. MBC also retains the interest spread between the securities and the underlying mortgage assets. If MBC creates an NHA MBS security without selling it, a liability is not recognized. All securitization exposures are included in the banking book.

The Bank also purchases CMHC insured multi-unit residential mortgages from third party originators with negligible pre-payment and credit risk. These mortgages are pooled within the NHA MBS program and subsequently sold into the CMB program. The transaction structure meets specific criteria and qualifies for balance sheet derecognition with an upfront gain recorded on the sale of mortgages. The Bank retains a residual interest, which is recorded as securitization retained interest on the Bank's Consolidated Statements of Financial Position.

Capital treatment for securitization exposures

As discussed within the Capital Management section of this document, MBC utilizes the Standardized Approach to assign risk weightings to assets, including mortgages in the NHA MBS and PCMT II program that do not qualify for derecognition as detailed above, as well as securitization exposures resulting from short-term and long-term investments. The Bank assigns credit assessments from OSFI authorized ECAI.

Summary of Securitized Mortgages					
Securitization program	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
Manulife One securitization					
Securitized mortgages - PCMT II ⁽¹⁾	\$ 3,000	\$ 3,000	\$ 3,000	\$ 2,750	\$ 2,750
Restricted cash ⁽²⁾	22	22	33	27	32
Total Manulife One securitization	\$ 3,022	\$ 3,022	\$ 3,033	\$ 2,777	\$ 2,782
NHA MBS securitization					
NHA MBS unsold	\$ 2,206	\$ 1,896	\$ 1,886	\$ 1,851	\$ 1,934
Restricted cash ⁽²⁾	43	43	43	42	63
Total NHA MBS securitization	\$ 2,249	\$ 1,939	\$ 1,929	\$ 1,893	\$ 1,997
Sold to CMB	3,274	3,300	3,150	3,051	2,900
Total	\$ 8,545	\$ 8,261	\$ 8,112	\$ 7,721	\$ 7,679

⁽¹⁾ The Securitized mortgage balance comprises \$750 million (Series 2016-1), \$750 million (Series 2018-1) and \$1,500 million (Series 2020-1) term notes, supported by a pool of uninsured Manulife One accounts.

⁽²⁾ The securitization programs require issuers to maintain additional cash reserves within the NHA MBS principal and interest custodial account to cover deposits of unscheduled principal payments.

During Q4 2024, \$359 million multi-unit residential mortgages were sold into the CMB program and derecognized from the Consolidated Financial Statements (three months ended December 31, 2023 – \$120 million), and \$1.5 million gain on sale was recognized (three months ended December 31, 2023 – \$1 million). During 2024, \$1,047 million (twelve months ended December 31, 2023 – \$588 million) of insured multi-unit residential mortgages were sold in the CMB program and derecognized from the Consolidated Financial Statements and a \$5 million gain on sale was recognized (twelve months ended December 31, 2023 – \$6 million). As at December 31, 2024, \$2,915 million (December 31, 2023 – \$1,945 million) of insured multi-unit residential mortgages were derecognized from the Consolidated Financial Statements, and securitization retained interests totaling \$116 million (December 31, 2023 – \$85 million) were recorded as Other Assets.

B20 Disclosures

Residential mortgage loans and Manulife One

MBC has a high-quality mortgage loans portfolio. As at December 31, 2024, MBC had \$5.6 billion residential mortgage loans, of which \$5.0 billion (89%) were insured and \$0.6 billion (11%) were uninsured. In addition, the Bank had \$18.5 billion of Manulife One loans of which \$3.1 billion (17%) were insured and \$15.4 billion (83%) were uninsured. Overall, as at December 31, 2024, MBC had \$24.1 billion in residential mortgage and Manulife One mortgage loans of which \$8 billion (33%) were insured. All residential mortgage loans and Manulife One mortgage loans were originated in Canada.

The table outlining the residential mortgage loans and Manulife One portfolios by geographic region¹ and type is included in the quantitative disclosures below.

¹ Region is based upon address of property mortgaged.

B20 - Mortgages by Province

	Q4 2024				Q3 2024				Q2 2024			
	Insured ⁽²⁾	Uninsured ⁽²⁾	Total	Total %	Insured ⁽²⁾	Uninsured ⁽²⁾	Total	Total %	Insured ⁽²⁾	Uninsured ⁽²⁾	Total	Total %
Residential mortgages ⁽¹⁾												
Alberta	\$ 1,094	\$ 83	\$ 1,177	21%	\$ 1,070	\$ 78	\$ 1,148	21%	\$ 1,017	\$ 96	\$ 1,113	21%
Atlantic provinces	405	39	444	8%	372	39	411	8%	345	42	387	8%
British Columbia	336	53	389	7%	324	52	376	7%	314	61	375	7%
Manitoba	160	15	175	3%	147	15	162	3%	137	17	154	3%
Ontario	1,024	189	1,213	22%	961	139	1,100	21%	893	167	1,060	20%
Québec	1,624	226	1,850	33%	1,609	232	1,841	34%	1,554	253	1,807	35%
Saskatchewan	320	20	340	6%	304	18	322	6%	283	20	303	6%
Territories	-	1	1	0%	-	1	1	0%	-	1	1	0%
Total	\$ 4,963	\$ 626	\$ 5,589	100%	\$ 4,787	\$ 574	\$ 5,361	100%	\$ 4,543	\$ 657	\$ 5,200	100%
Manulife One												
Alberta	\$ 582	\$ 1,456	\$ 2,038	11%	\$ 567	\$ 1,459	\$ 2,026	11%	\$ 595	\$ 1,397	\$ 1,992	11%
Atlantic provinces	173	713	886	5%	163	711	874	5%	172	695	867	5%
British Columbia	434	2,394	2,828	15%	430	2,379	2,809	15%	451	2,351	2,802	15%
Manitoba	76	274	350	2%	75	280	355	2%	78	276	354	2%
Ontario	915	7,762	8,677	47%	1,132	7,503	8,635	47%	1,165	7,345	8,510	47%
Québec	722	2,512	3,234	18%	650	2,544	3,194	17%	674	2,469	3,143	17%
Saskatchewan	146	312	458	2%	147	313	460	3%	150	314	464	3%
Territories	-	3	3	0%	-	3	3	0%	-	3	3	0%
Total	\$ 3,048	\$ 15,426	\$ 18,474	100%	\$ 3,164	\$ 15,192	\$ 18,356	100%	\$ 3,285	\$ 14,850	\$ 18,135	100%
Q1 2024												
	Insured ⁽²⁾	Uninsured ⁽²⁾	Total	Total %								
Residential mortgages ⁽¹⁾												
Alberta	\$ 945	\$ 63	\$ 1,008	21%								
Atlantic provinces	319	36	355	7%								
British Columbia	296	48	344	7%								
Manitoba	118	11	129	3%								
Ontario	833	133	966	20%								
Québec	1,522	216	1,738	36%								
Saskatchewan	258	16	274	6%								
Territories	-	1	1	0%								
Total	\$ 4,291	\$ 524	\$ 4,815	100%								
Manulife One												
Alberta	\$ 613	\$ 1,360	\$ 1,973	11%								
Atlantic provinces	178	673	851	5%								
British Columbia	464	2,300	2,764	15%								
Manitoba	80	268	348	2%								
Ontario	1,119	7,222	8,341	47%								
Québec	698	2,394	3,092	17%								
Saskatchewan	155	309	464	3%								
Territories	-	3	3	0%								
Total	\$ 3,307	\$ 14,529	\$ 17,836	100%								
Q4 2023												
	Insured ⁽²⁾	Uninsured ⁽²⁾	Total	Total %								
Residential mortgages ⁽¹⁾												
Alberta	\$ 925	\$ 66	\$ 991	21%								
Atlantic provinces	300	37	337	7%								
British Columbia	297	48	345	7%								
Manitoba	115	10	125	3%								
Ontario	831	136	967	20%								
Québec	1,473	234	1,707	36%								
Saskatchewan	251	17	268	6%								
Territories	-	1	1	0%								
Total	\$ 4,192	\$ 549	\$ 4,741	100%								
Manulife One												
Alberta	\$ 654	\$ 1,329	\$ 1,983	11%								
Atlantic provinces	187	648	835	5%								
British Columbia	490	2,266	2,756	15%								
Manitoba	85	267	352	2%								
Ontario	1,043	7,275	8,318	47%								
Québec	776	2,290	3,066	17%								
Saskatchewan	164	309	473	3%								
Territories	1	2	3	0%								
Total	\$ 3,400	\$ 14,386	\$ 17,786	100%								

⁽¹⁾ Residential mortgages exclude Manulife One accounts.

⁽²⁾ The amounts presented for residential mortgages and Manulife One are gross of allowance for expected credit losses.

Average loan-to-value (LTV) ratio

The LTV ratio factors in the amount of collateral value that supports the loan in comparison to the loan value. The LTV ratio on MBC's total uninsured residential mortgage portfolio, including HELOCs was 53% as at December 31, 2024 (December 31, 2023– 53%). This calculation is weighted by mortgage balances and adjusted for property values based on the Teranet – National Bank National Composite House Price Index.

The Bank regularly monitors the credit quality of its portfolio and has implemented a proactive management program, where the Bank takes corrective actions prior to loans going into arrears. The Bank also performs stress tests in order to assess the expected losses on the portfolio in a scenario of a severe shock to the real estate market. The tests indicate that MBC is well positioned to absorb credit losses resulting from conditions assumed in the stress tests.

The following provides a summary of the weighted average LTV ratio by geographic region¹ and type for newly originated and acquired uninsured mortgage loans and HELOCs (including refinances with increase in funds or limits) during the current period.

¹ Region is based upon address of property mortgaged.

B20 - Average LTV Ratios for Uninsured Residential and Manulife One Mortgages Originated During the Quarter

Average LTV ratio %	Q4 2024				Q3 2024				Q2 2024			
	Residential mortgages ⁽¹⁾	Manulife One ⁽²⁾			Residential mortgages ⁽¹⁾	Manulife One ⁽²⁾			Residential mortgages ⁽¹⁾	Manulife One ⁽²⁾		
		Revolving ⁽³⁾	Fixed ⁽³⁾	Total		Revolving ⁽³⁾	Fixed ⁽³⁾	Total		Revolving ⁽³⁾	Fixed ⁽³⁾	Total
Alberta	68%	56%	13%	69%	65%	55%	14%	69%	64%	57%	14%	71%
Atlantic provinces	66%	55%	13%	68%	65%	57%	11%	68%	60%	55%	13%	68%
British Columbia	61%	52%	6%	58%	58%	53%	6%	59%	59%	52%	6%	58%
Manitoba	66%	59%	13%	72%	66%	60%	12%	72%	65%	59%	15%	74%
Ontario	62%	53%	8%	61%	57%	53%	8%	61%	57%	53%	8%	61%
Quebec	60%	58%	10%	68%	55%	58%	10%	68%	57%	59%	11%	70%
Saskatchewan	69%	58%	14%	72%	71%	58%	13%	71%	63%	56%	16%	72%
Territories	-	-	-	-	-	-	-	-	-	25%	-	25%
Average	63%	55%	9%	64%	59%	54%	9%	63%	59%	55%	9%	64%

Average LTV ratio %	Q1 2024				Q4 2023			
	Residential mortgages ⁽¹⁾	Manulife One ⁽²⁾			Residential mortgages ⁽¹⁾	Manulife One ⁽²⁾		
		Revolving ⁽³⁾	Fixed ⁽³⁾	Total		Revolving ⁽³⁾	Fixed ⁽³⁾	Total
Alberta	69%	56%	13%	69%	66%	54%	15%	69%
Atlantic provinces	68%	54%	14%	68%	69%	56%	13%	69%
British Columbia	61%	52%	7%	59%	58%	51%	6%	57%
Manitoba	61%	58%	11%	69%	71%	56%	13%	69%
Ontario	58%	52%	8%	60%	59%	51%	8%	59%
Quebec	55%	57%	12%	69%	53%	57%	11%	68%
Saskatchewan	56%	59%	12%	71%	63%	61%	11%	72%
Territories	-	-	-	-	-	-	-	-
Average	58%	54%	9%	63%	57%	53%	9%	62%

⁽¹⁾ LTV is calculated using the outstanding amount and weighted by the outstanding amount of each loan.

⁽²⁾ Manulife One comprising of both revolving and fixed components is secured by the same collateral (residential property).

⁽³⁾ LTV is calculated based on the authorized limit for revolving component and outstanding amount for the fixed component of Manulife One accounts and weighted by the total borrowing limit for each account. For the revolving component of Manulife One accounts, the average LTV ratio based on the outstanding amount and weighted by total outstanding amount for Manulife One accounts is 43% compared to 55% based on the authorized limits for the three month period ended December 31, 2024, and 42% compared to 53% based on the authorized limits for the three month period ended December 31, 2023.

Residential mortgage loans and Manulife One (fixed²) portfolios by amortization period

A summary of MBC's residential mortgage loans and Manulife One (fixed) by remaining amortization³ period based on the contractual terms of the mortgage agreement is presented in the quantitative section below.

B20 - Mortgages by Amortization Period

	Residential mortgages				
	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
<20 years	30%	29%	27%	28%	27%
≥20 and <25 years	68%	69%	68%	70%	70%
≥25 and <30 years	2%	2%	5%	2%	3%
≥30 years	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%

	Manulife One (fixed)				
	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023
	29%	29%	28%	28%	28%
	42%	42%	43%	44%	44%
	28%	28%	27%	27%	27%
	1%	1%	2%	1%	1%
Total	100%	100%	100%	100%	100%

² Fixed represents the amortizing portion of the Manulife One account.

³ Remaining amortization is the difference between the contractual amortization and the time elapsed since origination.

Glossary

Basel III framework

- Pillar 1 – CAR: Outlines methodologies to calculate capital and set minimum capital requirements;
- Pillar 2 – Supervisory Review: Requires banks to maintain a formal internal capital adequacy assessment process, subject to supervisory review; and
- Pillar 3 – Market Discipline: Complements other pillars by providing enhanced public disclosures to enable market participants to understand the risk profile of the bank and assess the application of Basel III capital requirements.

Risk weighted assets (“RWA”)

Under Basel III, OSFI requires banks to meet minimum risk-based capital requirements for exposures to credit risk, operational risk and market risk, where there are significant trading activities. Risk-weighted assets are calculated for each of these types of risks and added together to determine total risk weighted assets.

Common Equity Tier 1 (“CET1”) capital

Comprised mainly of common shares, retained earnings and AOCI, net of applicable regulatory adjustments.

Additional Tier 1 capital

Consists of Tier 1 instruments issued that do not meet the criteria of CET1, contributed surplus from the issuance of instruments not included in CET1, instruments issued by consolidated subsidiaries not included in CET1, net of applicable regulatory adjustments.

Tier 2 capital

Consists of eligible loan loss allowances and subordinated debt, net of applicable regulatory adjustments.

Capital ratios

Regulatory capital ratios are calculated by dividing CET1, Tier 1 and Total Capital by risk-weighted assets. In addition to the CET1, Tier 1 and Total Capital Ratios, Canadian Deposit-taking Institutions are required to ensure that a Leverage Ratio meets a minimum level prescribed by OSFI. All items that are deducted from capital are excluded from total assets.

Leverage ratio

The Leverage Ratio is calculated by dividing the Bank’s Tier 1 Capital by the Bank’s Total Exposure. The Bank’s Total Exposure is the sum of the following: (a) on-balance sheet exposures; (b) derivative exposures; (c) securities financing transaction exposures; and (d) off-balance sheet exposures.

Efficiency ratio

The ratio represents total money expended to earn a dollar of revenue i.e. a ratio of expense to revenue. A low ratio indicates that the Bank has been efficiently utilizing its resources.