



**Financial and Operating Results
Supplementary Financial Information**

**Sun Life Financial Inc. (unaudited)
For the period ended June 30, 2023**

**SUPPLEMENTARY FINANCIAL INFORMATION
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New and Amended International Financial Reporting Standards Adopted in 2023

Sun Life Financial Inc. ("the Company", "Sun Life", "we", "our" and "us") adopted IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments ("IFRS 17" and "IFRS 9", respectively, and "IFRS 17/9", collectively) on January 1, 2023. Restated 2022 IFRS 17 comparative period results have been provided. For IFRS 9, we elected not to restate comparative period results, but will present comparative information on financial assets as if IFRS 9 were applicable during the 2022 comparative period ("classification overlay").

Basis of Presentation

All amounts in this document are presented in millions of Canadian dollars unless otherwise indicated. We prepare our unaudited Interim Consolidated Financial Statements using International Financial Reporting Standards ("IFRS"), the accounting requirements of the Office of the Superintendent of Financial Institutions ("OSFI") and in accordance with the International Accounting Standards ("IAS") 34 Interim Financial Reporting as issued and adopted by the International Accounting Standards Board ("IASB"). Reported net income (loss) refers to common shareholders' net income (loss) determined in accordance with IFRS.

This document and the Q2 2023 MD&A contain certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements. Examples include:

(1) Within the Drivers of Earnings: i) Net investment result and Other expenses of the Asset Management operating segment are combined with Fee Income to report the net contribution to earnings; ii) Income for fee-based businesses is reported net of the associated expenses; iii) Carried interest in SLC Management excludes the carried interest that Sun Life does not participate in economically, and nets the non-controlling interest against fee income and expenses of consolidated funds; iv) Net investment results include assets returns net of the crediting rate for investment contract liabilities and the unwinding of and changes in the discount rate for insurance contract liabilities; v) Earnings on surplus reflects net spread earned from investment strategies; vi) Earnings attributable to the participating account are excluded; and vii) Assumption changes and management actions combines the amounts included in Net insurance service result and Net investment result.

(2) Within the CSM Movement Analysis: i) The impacts of insurance contracts issued is presented net of reinsurance; ii) Impact of new business is presented net of acquisition expense gain/loss; and iii) Certain methodology changes are presented as an impact of change in assumptions, whereas the Consolidated Financial Statement presentation is a contract modification.

Note to Readers: Restated Results on Adoption of IFRS 17 and IFRS 9

2022 results have been restated for the adoption of IFRS 17 and the related IFRS 9 classification overlay ("the new standards"). The restated results may not be fully representative of our future earnings profile, as in 2022 we were not managing our asset and liability portfolios under the new standards. The majority of the actions taken to re-balance asset portfolios and transition asset-liability management execution to an IFRS 17 basis occurred in Q1 2023. Accordingly, analysis based on 2022 comparative results may not necessarily be indicative of future trends, and should be interpreted with this context. Using sensitivities to analyze the outlook for market risk and related impacts (e.g., interest rate sensitivities) will be more representative starting with the sensitivities disclosed for Q1 2023 and onwards in section 1 - Risk Management of the Company's Management's Discussion and Analysis ("MD&A") for each respective quarter. Certain 2022 restated results and 2023 interim results in the Drivers of Earnings and CSM Movement Analysis were refined to more accurately reflect how management views the business. As these results are not audited, or have not yet been audited, they may still be subject to change.

Constant Currency Measures

Constant currency measures are calculated using the average currency and period end rates, as appropriate, in effect in the comparable period. Constant currency measures are non-IFRS financial measures. See Section N. Non-IFRS Financial Measures, 3. Additional Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

Rounding

Amounts in this document are impacted by rounding.

Adjustments

Acquisition, Integration and Restructuring

In Q2 2023, we completed the sale of SLF of Canada UK Limited to Phoenix Group Holdings plc ("Phoenix Group") on April 3, 2023 ("the sale of Sun Life UK"), resulting in a \$19 million post-tax gain. After the sale, the remaining UK payout annuities business has moved to the U.S. business segment and is combined with the U.S. In-force Management. Q2 2023 amounts also include DentaQuest Group, Inc. ("DentaQuest") integration costs of \$32 million post-tax and the unwinding of the discount for Other financial liabilities of \$21 million post-tax for BentallGreenOak ("BGO"), InfraRed Capital Partners ("InfraRed") the Crescent Capital Group LP ("Crescent") and Advisors Asset Management Inc. ("AAM").

In Q1 2023, amounts include DentaQuest integration costs of \$28 million post-tax and AAM acquisition costs of \$16 million post-tax, as well as the unwinding of the discount for Other financial liabilities of \$20 million post-tax for SLC Management's affiliates, BGO, InfraRed, Crescent and AAM. This was offset by Canada's \$65 million post-tax gain on sale of its sponsored markets business to Canadian Premier Life Insurance Company, which was recognized in Other income.

In Q4 2022, amounts include DentaQuest integration costs of \$73 million post-tax, including amortization of intangibles, and acquisition costs of our SLC Management affiliates, BGO, InfraRed, and Crescent, which include the unwinding of the discount for Other financial liabilities of \$17 million post-tax.

In Q3 2022, amounts include an impairment charge of \$170 million (£108 million) pertaining to the attributed goodwill that is not expected to be recovered through the sale of Sun Life UK to Phoenix Group, the changes in estimated future payments for acquisition-related contingent considerations and options to purchase remaining ownership interests of SLC Management affiliates in the amount of \$80 million post-tax and acquisition costs of our SLC Management affiliates, BGO, InfraRed and Crescent, which include the unwinding of the discount for Other financial liabilities of \$15 million post-tax, as well as DentaQuest integration costs of \$24 million post-tax.

In Q2 2022, amounts relate to the acquisition costs for DentaQuest of \$48 million post-tax and unwinding of the discount for Other financial liabilities of \$16 million post-tax for SLC Management's affiliates, as noted above.

In Q1 2022, amounts relate to our SLC Management's affiliates, as noted above, which include the unwinding of the discount for Other financial liabilities of \$16 million post-tax.

Other

Q4 2022: On December 15, 2022, legislation implementing an additional surtax of 1.5% applicable to banks and life insurers' taxable income in excess of \$100 million was enacted in Canada ("Canada Tax Rate Change"). This legislation applies retroactively to the Federal Budget date of April 7, 2022. As a result, Reported net income increased by \$141 million in the fourth quarter, reflected in Other adjustments, of which \$90 million was in Canada and \$51 million was in Corporate.

Q3 2022: In October 2022, a matter related to reinsurance pricing for our U.S. In-force Management business was resolved, resulting in a charge of \$48 million (US\$37 million) post-tax in the third quarter and a further charge of \$11 million (US\$8 million) post-tax in the fourth quarter of 2022.

Q2 2022: There was a \$94 million pre-tax or \$75 million post-tax gain related to the sale-leaseback arrangement on our Wellesley property, including the write-off of leasehold improvements ("Sale of Wellesley Property in the U.S.").

Non-IFRS Financial Measures

Sun Life prepares annual and interim financial statements using IFRS. We report certain financial information that are not based on IFRS ("non-IFRS financial measures"), as we believe that these measures provide information that is useful to investors in understanding our performance and facilitate a comparison of our quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning non-IFRS financial measures and, if applicable, reconciliations to the closest IFRS measures are available in the Company's annual and interim MD&A and the Supplementary Financial Information packages on www.sunlife.com under Investors – Financial results and reports.

Underlying Net Income

Underlying net income is a non-IFRS financial measure that assists in understanding Sun Life's business performance by making certain adjustments to IFRS income. Underlying net income, along with common shareholders' net income (Reported net income), is used as a basis for management planning, and is also a key measure in our employee incentive compensation programs. This measure reflects management's view of the underlying business performance of the Company and long-term earnings potential. For example, due to the longer term nature of our individual protection businesses, market movements related to interest rates, equity markets and investment properties can have a significant impact on Reported net income in the reporting period. However, these impacts are not necessarily realized, and may never be realized, if markets move in the opposite direction in subsequent periods or, in the case of interest rates, the fixed income investment is held to maturity.

Underlying net income removes the impact of the following items from reported net income:

- Market-related impacts reflecting the after-tax difference in actual versus expected market movements, including:
 - i. Net interest impact from risk-free rate, credit spread, and swap spread movements, reflecting accounting mismatches between assets and liabilities:
 - a. Differences arising from fair value changes⁽¹⁾ of fixed income assets (including derivatives) measured at Fair value through profit or loss (FVTPL) supporting insurance contracts, compared to fair value changes of the liabilities⁽²⁾;
 - b. Fair value changes of fixed income assets (including derivatives) measured at FVTPL supporting our investment contract liability and surplus portfolios⁽³⁾; and
 - c. Tax-exempt investment income above or below expected long-term tax savings relating to our Canadian multi-national insurance operations.
 - ii. Non-fixed income investments, where the weighted average expected return is approximately 2% per quarter, including:
 - a. Equity investments (including derivatives) supporting insurance contracts and surplus portfolios; and
 - b. Investment properties supporting insurance contracts and surplus portfolios.
- Assumptions changes and management actions (ACMA) – captures the impact of method and assumption changes, and management actions on insurance and reinsurance contracts.
- Other adjustments:
 - i. Management's ownership of MFS shares – this adjustment removes the change in fair value of MFS common shares owned by management;
 - ii. Acquisition, integration, and restructuring - expense and income related to acquisition or disposal of a business. Also includes expenses related to restructuring activities;
 - iii. Intangible asset amortization - removes the amortization expense associated with finite life intangible assets arising from acquisitions or business combinations excluding amortization of software and distribution agreements; and
 - iv. Other – represents items that are unusual or exceptional in nature which management believes are not representative of the long-term performance of the Company.

Refer to Net Income Reconciliations - Pre-Tax and Post-Tax in the appendix of this document for the non-underlying adjustments from underlying net income to reported net income, as well as Section N. Non-IFRS Financial Measures, 2. Underlying Net Income and Underlying EPS and 4. Reconciliations of Select Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

For more information about business types in Sun Life's operating segments/business groups, see the General Information section of this document and Section A. How We Report Our Results under the heading Underlying Net Income by Business Types of the Company's Q2 2023 MD&A.

Underlying Diluted Earnings per Share (EPS)

This measure is used in comparing the profitability across multiple periods and is calculated by dividing Underlying net income by weighted average common shares outstanding for diluted EPS, excluding the dilutive impact of convertible instruments. For additional information about the Underlying net income, see above. For additional information about the composition of the EPS, please refer to Note 14 of our Interim Consolidated Financial Statements for the period ended June 30, 2023. For additional information about the SLEECS, please refer to Note 13 of our 2022 Annual Consolidated Financial Statements.

Drivers of Earnings (DOE)

The DOE analysis provides additional detail on the sources of earnings, primarily for protection and health businesses, and explains the actual results compared to the longer term expectations. The DOE is presented on a reported and underlying common shareholders' basis. Within the net insurance service result, the underlying DOE provides detail on expected insurance earnings, impact of new insurance business and experience gains (losses). Within the net investment result, the underlying DOE provides detail on expected investment earnings, credit experience, earnings on surplus, and joint ventures & other. For more information on the DOE, see Understanding the Drivers of Earnings in the appendix of this document and Section N. Non-IFRS Financial Measures, 3. Additional Non-IFRS Financial Measures under the heading Driver of Earnings of the Company's Q2 2023 MD&A. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements, and the reconciliations of the Statements of Operations to the DOE in the Drivers of Earnings Reconciliations section in the appendix of this document.

Contractual Service Margin (CSM)

Contractual Service Margin represents a source of stored value for future insurance profits and qualifies as available capital for LICAT purposes. CSM is a component of insurance contract liabilities. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements.

Organic CSM Movement is comprised of the Impact of new insurance business, Expected movements from asset returns & locked-in rates, Insurance experience gains/losses, and CSM recognized for services provided.

Impact of new insurance business on CSM, also referred to as "new business CSM", represents growth from sales activity in the period, including individual protection sales (excluding joint ventures), and defined benefit solutions and segregated fund wealth sales in Canada. New business CSM is presented net of acquisition expense gain/loss.

Expected movements from asset returns & locked-in rates applies to variable fee approach (VFA) and general measurement approach (GMA) contracts. For VFA contracts, this component of the CSM movement analysis is comprised of two factors: (i) the expected return on underlying assets and (ii) the measurement of financial guarantees. The difference between actual and expected results are reported as the impact of markets. For GMA contracts, this component of the CSM includes the accretion of the CSM balance at locked-in rates, which refer to the term structure associated with locked-in discount rates, set when the insurance contract was sold or on transition to IFRS 17. Average locked-in rates increase with the passage of time on in-force business and new business added at current rates.

Impact of markets & other includes the difference between actual and expected movement for VFA contracts for: (i) the return on underlying assets and (ii) the measurement of financial guarantees. Also includes other amounts excluded from Organic CSM Movement.

Insurance experience gains/losses represents the current period impacts of insurance experience, resulting in a change in future cash flows that adjust CSM.

Impact of change in assumptions represents the future period impacts of changes in fulfilment cash flows that adjust CSM.

⁽¹⁾ For fixed income assets, Underlying net income includes credit experience from rating changes on assets measured at FVTPL, and the Expected credit loss (ECL) impact for assets measured at Fair value through other comprehensive income (FVOCI).

⁽²⁾ Underlying net income is based on observable discount curves and exchange rates at the beginning of the period.

⁽³⁾ Underlying net income for earnings on surplus includes realized gains (losses) on fixed income assets classified as FVOCI.

FINANCIAL HIGHLIGHTS (C\$ millions, unless otherwise noted)	At and For the Quarter Ended						At and For the Year Ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
RESULTS								
Underlying Net Income by Segment ⁽¹⁾								
Asset Management	1	296	282	324	298	295	321	1,238
Canada	2	372	316	265	293	299	206	1,063
U.S.	3	215	237	230	227	134	107	698
Asia	4	150	141	135	153	118	133	539
Corporate	5	(113)	(81)	(62)	(22)	(38)	(47)	(169)
Total underlying net income ⁽¹⁾	6	920	895	892	949	808	720	3,369
Reported Net Income - Common Shareholders by Segment								
Asset Management	7	248	254	321	218	298	311	1,148
Canada	8	210	329	453	56	476	256	1,241
U.S.	9	175	168	202	125	149	56	532
Asia	10	122	134	92	—	7	111	210
Corporate	11	(95)	(79)	97	(288)	—	(69)	(260)
Total reported net income - Common shareholders	12	660	806	1,165	111	930	665	2,871
Profitability Measures								
Basic earnings per common share (EPS)								
Reported	13	1.12	1.37	1.99	0.19	1.59	1.13	4.90
Diluted earnings per common share								
Underlying ⁽¹⁾	14	1.57	1.52	1.52	1.62	1.38	1.23	5.75
Reported	15	1.12	1.37	1.98	0.19	1.58	1.13	4.89
Return on equity - underlying ⁽¹⁾	16	17.7%	17.3%	17.7%	19.4%	16.7%	14.7%	17.0%
Return on equity - reported ⁽¹⁾	17	12.7%	15.6%	23.2%	2.3%	19.2%	13.6%	14.5%
Dividend per common share (\$)	18	0.75	0.72	0.72	0.69	0.69	0.66	2.76
Dividend payout ratio ⁽¹⁾								
Underlying	19	48%	47%	47%	43%	50%	54%	48%
Reported ⁽²⁾	20	67%	53%	36%	nm	44%	58%	56%
Dividend yield ⁽¹⁾	21	4.5%	4.4%	4.8%	4.7%	4.4%	3.8%	4.4%
Valuation Data								
Book value per common share ⁽¹⁾	22	34.86	35.34	34.60	33.33	32.89	32.61	34.60
Tangible book value per common share ⁽¹⁾⁽³⁾	23	15.20	15.36	14.79	13.15	12.88	18.71	14.79
Price-to-book value (times)	24	1.98	1.79	1.82	1.65	1.79	2.14	1.82
Total market capitalization (TSX in \$ billions)	25	40.5	37.0	36.9	32.2	34.6	40.9	36.9
Common Share Information (SLF on TSX)								
High (intraday)	26	69.18	69.09	64.64	62.44	70.54	74.22	74.22
Low (intraday)	27	62.67	60.01	52.97	54.11	57.21	64.62	52.97
Close (end of period)	28	69.06	63.14	62.85	54.93	58.98	69.80	62.85
Financial Strength								
SLF LICAT ratio ⁽⁴⁾	29	148%	148%	130%	129%	128%	143%	130%
SLA LICAT ratio ⁽⁴⁾	30	139%	144%	127%	123%	124%	123%	127%
Financial leverage ratio ⁽¹⁾	31	23.3%	23.2%	25.1%	26.4%	25.7%	25.9%	25.1%
Sales, Gross Flows and Net Flows ⁽¹⁾								
Wealth sales & asset management gross flows	32	42,397	46,349	43,269	42,146	56,279	56,956	198,650
Net wealth sales & asset management net flows	33	(3,476)	(1,772)	(12,055)	(8,105)	809	(1,120)	(20,471)
Individual - Protection sales	34	604	511	498	444	416	409	1,767
Group - Health & Protection sales	35	656	543	1,345	499	320	390	2,554

⁽¹⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ Reported dividend payout ratio in Q3 2022 is "nm" that is defined as not meaningful.

⁽³⁾ Tangible book value per share is a measure used to assess the value of our businesses, which is calculated as tangible common shareholders' equity divided by the number of common shares outstanding at the end of the period. For more information about the composition of this Non-IFRS financial measure, refer to the Additional Non-IFRS Financial Measures Glossary in the appendix of this document.

⁽⁴⁾ Life Insurance Capital Adequacy Test ("LICAT") ratio. Our LICAT ratios are calculated in accordance with OSFI-mandated guideline, Life Insurance Capital Adequacy Test. Sun Life Assurance Company of Canada ("SLA" or "Sun Life Assurance") is SLF Inc.'s principal operating life insurance subsidiary.

FINANCIAL HIGHLIGHTS CONTINUED

		At and For the Quarter Ended					At and For	
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	the Year Ended 2022
Number of Common Shares Outstanding (in millions) ⁽¹⁾								
At beginning of period	1	586.7	586.4	586.1	586.1	586.1	586.0	586.0
Common shares issued	2	0.2	0.3	0.3	—	—	0.1	0.4
At end of period	3	586.9	586.7	586.4	586.1	586.1	586.1	586.4
Weighted average shares outstanding - basic	4	587	587	586	586	586	586	586
Weighted average shares outstanding - diluted ⁽²⁾	5	590	590	590	589	589	590	589
Assets Under Management and Administration (AUMA) ⁽³⁾								
General funds	6	196,575	201,792	198,316	198,181	191,786	196,240	198,316
Segregated funds	7	123,366	131,033	125,292	118,564	120,098	133,496	125,292
Third-party assets under management								
Retail	8	557,093	543,847	527,617	505,679	508,214	568,678	527,617
Institutional and managed & other	9	527,344	528,897	507,673	485,670	475,394	492,980	507,673
Total third-party assets under management	10	1,084,437	1,072,744	1,035,290	991,349	983,608	1,061,658	1,035,290
Consolidation adjustments	11	(37,536)	(41,947)	(40,337)	(38,725)	(38,054)	(39,686)	(40,337)
Total assets under management	12	1,366,842	1,363,622	1,318,561	1,269,369	1,257,438	1,351,708	1,318,561
Total assets under administration	13	95,961	95,696	43,866	41,815	42,092	45,819	43,866
Total AUMA	14	1,462,803	1,459,318	1,362,427	1,311,184	1,299,530	1,397,527	1,362,427
Select Constant Currency Measures ⁽³⁾								
Underlying net income	15	893				808		
Reported net income	16	635				930		
Wealth sales & asset management gross flows	17	40,552				56,279		
Net wealth sales & asset management net flows	18	(3,293)				809		
Assets under management	19	1,339,088				1,257,438		
Individual - Protection sales	20	593				416		
Group - Health & Protection sales	21	632				320		
Underlying earnings per share - diluted	22	1.52				1.38		
Reported earnings per share - diluted	23	1.08				1.58		

⁽¹⁾ Certain numbers have been rounded in order to arrive at the number of common shares outstanding at end of period.

⁽²⁾ The number of diluted shares outstanding reflect the impact of dilution from the Sun Life Exchangeable Capital Securities (SLEECs) under IFRS. Where the calculation of diluted EPS has resulted in anti-dilution, the dilutive impact of the SLEECs has been excluded in the number of weighted average number of shares outstanding.

⁽³⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

CONSOLIDATED STATEMENTS OF OPERATIONS

(C\$ millions)

	For the Quarter Ended						For the Year Ended
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Insurance service result							
Insurance revenue	5,283	5,282	5,305	5,149	4,405	4,043	18,902
Insurance service expenses	(4,528)	(4,564)	(4,491)	(4,269)	(3,941)	(3,755)	(16,456)
Reinsurance contract held net income (expenses)	20	(30)	(63)	(289)	116	83	(153)
Net insurance service result	775	688	751	591	580	371	2,293
Investment result							
Investment result excluding result for account of segregated fund holders:							
Net investment income (loss)	449	4,800	1,168	(2,056)	(9,151)	(10,541)	(20,580)
Insurance finance income (expenses) from insurance contracts issued	(81)	(4,371)	(640)	2,105	9,951	11,179	22,595
Insurance finance income (expenses) from reinsurance contracts held	(38)	63	5	(143)	(118)	(184)	(440)
Decrease (increase) in investment contract liabilities	(76)	(71)	(50)	(45)	(31)	(26)	(152)
Net investment result excluding result for account of segregated fund holders	254	421	483	(139)	651	428	1,423
Investment result for insurance contracts for account of segregated fund holders:							
Investment income (loss) on investments for account of segregated fund holders	234	812	1,092	(403)	(2,219)	(823)	(2,353)
Insurance finance income (expenses)	(234)	(812)	(1,092)	403	2,219	823	2,353
Net investment result for insurance contracts for account of segregated fund holders	—	—	—	—	—	—	—
Net investment result	254	421	483	(139)	651	428	1,423
Fee income	1,936	1,901	2,021	1,808	1,779	1,839	7,447
Other expenses (income)							
Other income ⁽¹⁾	(67)	(102)	—	—	—	—	—
Operating expenses and commissions	2,023	1,882	1,995	1,911	1,586	1,600	7,092
Interest expenses	142	135	127	119	101	98	445
Total other expenses (income)	2,098	1,915	2,122	2,030	1,687	1,698	7,537
Income before income taxes	867	1,095	1,133	230	1,323	940	3,626
Less: Income tax expense (benefit)	127	177	(65)	77	315	219	546
Total net income	740	918	1,198	153	1,008	721	3,080
Less: Net income (loss) allocated to the participating account	51	33	(16)	15	55	29	83
Less: Net income (loss) attributable to non-controlling interest (NCI)	9	59	29	9	9	9	56
Net income - Shareholders	680	826	1,185	129	944	683	2,941
Less: Preferred shareholders' dividends and distributions on other equity instruments	20	20	20	18	14	18	70
Reported net income - Common shareholders	660	806	1,165	111	930	665	2,871
Underlying net income ⁽²⁾	920	895	892	949	808	720	3,369

⁽¹⁾ In Q2 2023, we completed the sale of Sun Life UK and in Q1 2023, we completed the sale of the sponsored markets business. Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring for additional details and Note 3 of the Consolidated Financial Statements for the period ended June 30, 2023.

⁽²⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

COMMON SHAREHOLDERS' DRIVERS OF EARNINGS - Total Company ⁽¹⁾

(C\$ millions)

		For the Quarter Ended						For the Year Ended
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Risk adjustment release	1	103	95	105	98	95	94	392
Contractual service margin recognized for services provided	2	192	199	192	193	175	200	760
Expected earnings on short-term (group) insurance business	3	367	378	350	339	270	276	1,235
Expected insurance earnings	4	662	672	647	630	540	570	2,387
Impact of new insurance business	5	(12)	(12)	(31)	(22)	(16)	(22)	(91)
Experience gains (losses)	6	144	16	105	77	12	(134)	60
Net insurance service result - Underlying	7	794	676	721	685	536	414	2,356
Expected investment earnings	8	221	217	165	171	159	158	653
Credit experience	9	(4)	(10)	(15)	—	9	(20)	(26)
Earnings on surplus	10	165	161	118	152	135	86	491
Joint ventures & other	11	48	69	48	34	19	18	119
Net investment results - Underlying	12	430	437	316	357	322	242	1,237
Asset Management - underlying	13	403	377	429	407	388	427	1,651
Other fee income	14	80	93	78	114	95	107	394
Expenses - other ⁽²⁾	15	(516)	(468)	(433)	(389)	(333)	(356)	(1,511)
Income before taxes - Underlying	16	1,191	1,115	1,111	1,174	1,008	834	4,127
Income tax (expense) or recovery	17	(235)	(191)	(187)	(193)	(174)	(83)	(637)
Dividends, distributions, NCI ⁽³⁾	18	(36)	(29)	(32)	(32)	(26)	(31)	(121)
Underlying net income ⁽¹⁾	19	920	895	892	949	808	720	3,369
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):								
<i>Market-related impacts</i>	20	(220)	(64)	224	(361)	118	(2)	(21)
<i>Assumption changes and management actions (ACMA)</i>	21	7	(5)	12	(131)	(22)	(27)	(168)
<i>Other adjustments:</i>								
<i>Management's ownership of MFS shares</i>	22	(1)	17	27	37	42	9	115
<i>Acquisition, integration and restructuring ⁽⁴⁾</i>	23	(20)	(4)	(86)	(312)	(73)	(21)	(492)
<i>Intangible asset amortization</i>	24	(26)	(33)	(41)	(23)	(19)	(14)	(97)
<i>Other ⁽⁴⁾</i>	25	—	—	137	(48)	76	—	165
Reported net income - Common shareholders	26	660	806	1,165	111	930	665	2,871

		For the Quarter Ended						For the Year Ended
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
UNDERLYING NET INCOME BY BUSINESS TYPE ⁽¹⁾ - Total Company								
Wealth & asset management	27	419	411	412	419	420	422	1,673
Group - Health & Protection	28	360	303	321	281	238	123	963
Individual - Protection	29	265	291	231	305	215	249	1,000
Corporate expenses & other	30	(124)	(110)	(72)	(56)	(65)	(74)	(267)
Underlying net income	31	920	895	892	949	808	720	3,369
Add: <i>Market-related impacts</i>	32	(220)	(64)	224	(361)	118	(2)	(21)
ACMA	33	7	(5)	12	(131)	(22)	(27)	(168)
<i>Other adjustments</i>	34	(47)	(20)	37	(346)	26	(26)	(309)
Reported net income - Common shareholders	35	660	806	1,165	111	930	665	2,871

EXCHANGE RATES - Average for the period

U.S. Dollar	36	1.34	1.35	1.36	1.30	1.28	1.27	1.30
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⁽¹⁾ The Drivers of Earnings analysis and Underlying Net Income by Business Type contain non-IFRS financial measures. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements.

⁽²⁾ Expenses - other removes non-underlying Other adjustments, including Management's ownership of MFS shares, Acquisition, integration and restructuring, and Intangible asset amortization. Certain Other adjustments - other may also be removed from Other expenses.

⁽³⁾ Dividends on preferred shares, distributions on other equity instruments, and non-controlling interests ("Dividends, distributions, NCI").

⁽⁴⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

COMMON SHAREHOLDERS' DRIVERS OF EARNINGS - Total Company ⁽¹⁾

(\$ millions)

	Asset Management	For the Quarter Ended - Q2 2023					U.S. Dollars		
		Canadian dollars					MFS	U.S.	
		Canada	U.S.	Asia	Corporate	Total Company			
Risk adjustment release	1	—	51	10	41	1	103	—	7
Contractual service margin recognized for services provided	2	—	86	20	86	—	192	—	15
Expected earnings on short-term (group) insurance business	3	—	134	233	—	—	367	—	174
Expected insurance earnings	4	—	271	263	127	1	662	—	196
Impact of new insurance business	5	—	(9)	—	(3)	—	(12)	—	—
Experience gains (losses)	6	—	94	51	(5)	4	144	—	37
Net insurance service result - Underlying	7	—	356	314	119	5	794	—	233
Expected investment earnings	8	—	173	34	14	—	221	—	25
Credit experience	9	—	(6)	3	(1)	—	(4)	—	2
Earnings on surplus	10	—	59	37	32	37	165	—	29
Joint ventures & other	11	—	1	2	47	(2)	48	—	1
Net investment results - Underlying	12	—	227	76	92	35	430	—	57
Asset Management - underlying	13	403	—	—	—	—	403	248	—
Other fee income	14	—	39	37	4	—	80	—	29
Expenses - other ⁽²⁾	15	—	(133)	(153)	(57)	(173)	(516)	—	(115)
Income before taxes - Underlying	16	403	489	274	158	(133)	1,191	248	204
Income tax (expense) or recovery	17	(91)	(117)	(59)	(8)	40	(235)	(61)	(44)
Dividends, distributions, NCI	18	(16)	—	—	—	(20)	(36)	—	—
Underlying net income ⁽¹⁾	19	296	372	215	150	(113)	920	187	160
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):									
Market-related impacts	20	(31)	(156)	(15)	(12)	(6)	(220)	—	(9)
Assumption changes and management actions (ACMA)	21	—	(6)	23	(10)	—	7	—	18
Other adjustments:									
Management's ownership of MFS shares	22	(1)	—	—	—	—	(1)	—	—
Acquisition, integration and restructuring ⁽³⁾	23	(11)	3	(32)	(4)	24	(20)	—	(24)
Intangible asset amortization	24	(5)	(3)	(16)	(2)	—	(26)	—	(12)
Other ⁽³⁾	25	—	—	—	—	—	—	—	—
Reported net income - Common shareholders	26	248	210	175	122	(95)	660	187	133

COMMON SHAREHOLDERS' DRIVERS OF EARNINGS - Total Company ⁽¹⁾

(\$ millions)

	Asset Management	For the Quarter Ended - Q2 2022					U.S. Dollars		
		Canadian dollars					MFS	U.S.	
		Canada	U.S.	Asia	Corporate	Total Company			
Risk adjustment release	27	—	50	8	29	8	95	—	6
Contractual service margin recognized for services provided	28	—	78	10	80	7	175	—	8
Expected earnings on short-term (group) insurance business	29	—	114	152	4	—	270	—	119
Expected insurance earnings	30	—	242	170	113	15	540	—	133
Impact of new insurance business	31	—	(9)	—	(7)	—	(16)	—	—
Experience gains (losses)	32	—	7	(3)	—	8	12	—	2
Net insurance service result - Underlying	33	—	240	167	106	23	536	—	135
Expected investment earnings	34	—	124	20	16	(1)	159	—	15
Credit experience	35	—	9	—	1	(1)	9	—	1
Earnings on surplus	36	—	47	21	31	36	135	—	15
Joint ventures & other	37	—	2	24	27	(34)	19	—	7
Net investment results - Underlying	38	—	182	65	75	—	322	—	38
Asset Management - underlying	39	388	—	—	—	—	388	255	—
Other fee income	40	—	50	25	(1)	21	95	—	20
Expenses - other ⁽²⁾	41	—	(94)	(84)	(51)	(104)	(333)	—	(65)
Income before taxes - Underlying	42	388	378	173	129	(60)	1,008	255	128
Income tax (expense) or recovery	43	(81)	(79)	(39)	(11)	36	(174)	(58)	(26)
Dividends, distributions, NCI	44	(12)	—	—	—	(14)	(26)	—	—
Underlying net income ⁽¹⁾	45	295	299	134	118	(38)	808	197	102
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):									
Market-related impacts	46	(17)	202	(1)	(103)	37	118	—	(1)
Assumption changes and management actions (ACMA)	47	—	(22)	—	—	—	(22)	—	—
Other adjustments:									
Management's ownership of MFS shares	48	42	—	—	—	—	42	31	—
Acquisition, integration and restructuring ⁽³⁾	49	(18)	—	(49)	(6)	—	(73)	—	(38)
Intangible asset amortization	50	(4)	(3)	(10)	(2)	—	(19)	—	(8)
Other ⁽³⁾	51	—	—	75	—	1	76	—	58
Reported net income - Common shareholders	52	298	476	149	7	—	930	228	113

⁽¹⁾ The Drivers of Earnings analysis and Underlying Net Income by Business Type contain non-IFRS financial measures. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements.

⁽²⁾ Expenses - other removes non-underlying Other adjustments, including Management's ownership of MFS shares, Acquisition, integration and restructuring, and intangible asset amortization. Certain Other adjustments - other may also be removed from Other expenses.

⁽³⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

STATEMENTS OF FINANCIAL POSITION

(C\$ millions)	At the Quarter Ended						As at
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	January 1, 2022
Assets							
Cash, cash equivalents and short-term securities	10,348	11,012	11,219	11,386	9,437	10,525	12,278
Debt securities	72,469	76,285	75,902	75,526	75,007	81,203	88,727
Equity securities	7,187	7,590	7,148	6,740	6,930	8,289	9,113
Mortgages and loans	52,338	53,303	51,253	51,117	50,616	52,076	55,727
Derivative assets	2,178	1,813	2,095	2,632	1,670	1,451	1,583
Other financial invested assets	9,613	9,482	9,418	8,869	7,448	7,298	7,071
Financial assets	154,133	159,485	157,035	156,270	151,108	160,842	174,499
Investment properties	10,001	10,148	10,102	10,149	9,781	9,431	9,109
Other non-financial invested assets	1,683	1,676	1,652	1,651	1,591	1,594	1,660
Invested assets	165,817	171,309	168,789	168,070	162,480	171,867	185,268
Other assets	7,409	6,829	6,442	6,690	6,457	5,208	4,279
Reinsurance contract held assets	5,998	6,052	6,115	6,271	6,290	6,204	6,612
Insurance contract assets	214	238	75	141	130	94	162
Deferred tax assets	3,448	3,475	3,466	3,285	3,120	3,077	2,940
Intangible assets	4,886	5,081	4,724	5,150	4,920	3,326	3,370
Goodwill	8,803	8,808	8,705	8,574	8,389	6,464	6,517
Total general fund assets	196,575	201,792	198,316	198,181	191,786	196,240	209,148
Investments for account of segregated fund holders	123,366	131,033	125,292	118,564	120,098	133,496	139,996
Total assets	319,941	332,825	323,608	316,745	311,884	329,736	349,144
Liabilities and equity							
Liabilities							
Insurance contract liabilities excluding those for account of segregated fund holders	129,103	134,230	131,294	130,660	129,192	136,961	149,412
Reinsurance contract held liabilities	1,612	1,734	1,603	1,820	1,720	1,730	1,994
Investment contract liabilities	11,065	10,967	10,728	10,429	10,227	9,959	9,914
Derivative liabilities	1,628	1,915	2,351	3,186	2,535	1,812	1,392
Deferred tax liabilities	524	512	468	568	567	232	234
Other liabilities	22,572	22,147	22,109	22,133	19,080	17,291	17,371
Senior debentures - innovative capital instruments	200	200	200	200	200	200	200
Subordinated debt	6,679	6,677	6,676	7,075	6,427	6,426	6,425
Total general fund liabilities	173,383	178,382	175,429	176,071	169,948	174,611	186,942
Insurance contract liabilities for account of segregated fund holders	19,032	23,622	23,139	22,070	22,057	24,741	26,079
Investment contract liabilities for account of segregated fund holders	104,334	107,411	102,153	96,494	98,041	108,755	113,917
Total liabilities	296,749	309,415	300,721	294,635	290,046	308,107	326,938
Equity							
Issued share capital and contributed surplus	10,671	10,664	10,640	10,643	10,647	10,621	10,615
Shareholders' retained earnings and accumulated other comprehensive income	12,029	12,310	11,889	11,132	10,870	10,729	11,342
Total shareholders' equity	22,700	22,974	22,529	21,775	21,517	21,350	21,957
Equity in the participating account	354	303	268	271	265	217	190
Non-controlling interests' equity	138	133	90	64	56	62	59
Total equity	23,192	23,410	22,887	22,110	21,838	21,629	22,206
Total liabilities and equity	319,941	332,825	323,608	316,745	311,884	329,736	349,144
EXCHANGE RATES - Period end rates							
U.S. Dollar	1.32	1.35	1.35	1.38	1.29	1.25	1.26

STATEMENTS OF TOTAL SHAREHOLDERS' EQUITY (C\$ millions)	At and For the Quarter Ended						At and For the Year Ended
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Preferred shares and other equity instruments	1	2,239	2,239	2,239	2,239	2,239	2,239
Common shares							
Balance, beginning of period	2	8,331	8,311	8,308	8,306	8,305	8,305
Stock options exercised	3	7	20	3	2	—	1
Balance, end of period	4	8,338	8,331	8,311	8,308	8,306	8,311
Contributed surplus							
Balance, beginning of period	5	94	90	96	102	71	71
Share-based payments	6	1	6	(6)	(6)	26	5
Stock options exercised	7	(1)	(2)	—	—	—	—
Balance, end of period	8	94	94	90	96	102	76
Retained earnings							
Balance, beginning of period	9	11,400	11,729	10,986	11,275	10,750	14,713
Adjustment for changes in accounting policies ⁽¹⁾	10	—	(553)	—	—	—	(4,241)
Balance, beginning of period, after change in accounting policy	11	11,400	11,176	10,986	11,275	10,750	10,472
Net Income (loss)	12	680	826	1,185	129	944	683
Dividends on common shares	13	(439)	(424)	(422)	(400)	(405)	(387)
Dividends on preferred shares and distributions on other equity instruments	14	(20)	(20)	(20)	(18)	(14)	(18)
Transfer from accumulated other comprehensive income (loss)	15	(37)	—	—	—	—	—
Change attributable to acquisition	16	(2)	(158)	—	—	—	—
Balance, end of period	17	11,582	11,400	11,729	10,986	11,275	10,750
Accumulated other comprehensive income (loss), net of taxes							
Balance, beginning of period	18	910	160	146	(405)	(21)	986
Adjustment for changes in accounting policies ⁽¹⁾	19	—	553	—	—	—	(116)
Balance, beginning of period, after change in accounting policy	20	910	713	146	(405)	(21)	870
Other comprehensive income (loss) for the period ⁽¹⁾⁽²⁾ :							
Unrealized foreign currency translation gains/(losses), net of hedging activities	21	(324)	2	(94)	805	190	(223)
Unrealized gains (losses) on FVOCI assets	22	(146)	228	66	(302)	(553)	(694)
Unrealized gains (losses) on cash flow hedges	23	27	(6)	(1)	2	(10)	(2)
Share of other comprehensive income (loss) in joint ventures and associates	24	(29)	1	(31)	36	(26)	(39)
Items that will not be reclassified subsequently to income	25	(28)	(28)	74	10	15	67
Balance at the end of the period	26	(500)	197	14	551	(384)	(891)
Transfer to retained earnings ⁽³⁾	27	37	—	—	—	—	—
Composition of shareholders' accumulated OCI balance:							
Unrealized foreign currency translation gains (losses), net of hedging activities	28	1,366	1,690	1,629	1,723	918	728
Unrealized gains (losses) on FVOCI assets	29	(757)	(611)	(1,333)	(1,399)	(1,097)	(544)
Unrealized gains (losses) on cash flow hedges	30	3	(24)	(18)	(17)	(19)	(9)
Share of other comprehensive income (loss) in joint ventures and associates	31	(135)	(106)	(107)	(76)	(112)	(86)
Items that will not be reclassified subsequently to income	32	(30)	(39)	(11)	(85)	(95)	(110)
Balance, end of period	33	447	910	160	146	(405)	(21)
Total Shareholders' equity, end of period	34	22,700	22,974	22,529	21,775	21,517	21,350

⁽¹⁾ For additional details on the adjustment of changes related to IFRS 17 and IFRS 9, refer to the Consolidated Statements of Changes in Equity and Note 2, Changes in Accounting Policies of the Company's Q1 2023 Consolidated Financial Statements and Notes.

⁽²⁾ The Q4 2022 Accumulated OCI balance plus the Other comprehensive income (loss) for Q1 2023 do not sum to the Q1 2023 Accumulated OCI balance due to the Adjustment for changes in accounting policies as we adopted IFRS 9 effective January 1, 2023, which resulted in classification and measurement changes of financial instruments.

⁽³⁾ During the second quarter of 2023, the Company transferred cumulative remeasurement losses of \$37 from Accumulated other comprehensive income (loss) to Retained earnings as a result of the termination and complete settlement of the defined benefit pension plan upon the sale of Sun Life UK.

LICAT RATIO - SUN LIFE FINANCIAL INC. ⁽¹⁾

(C\$ millions)

At the Quarter Ended
Q2 2023 Q1 2023
CAPITAL RESOURCES
Tier 1 capital

Adjusted retained earnings and contributed surplus (includes contractual service margin)	1	22,861	22,553
Adjusted accumulated other comprehensive income	2	424	910
Common & preferred shares and other equity instruments	3	10,577	10,571
Innovative instruments	4	200	200
Other	5	—	—

Less:

Goodwill	6	4,622	4,664
Tier 1 deductions	7	13,374	14,051

Net Tier 1 capital

8 16,066 15,519

Tier 2 capital

Preferred shares and subordinated debt	9	6,649	6,677
Other Tier 2	10	3,699	3,983

Less:

Tier 2 deductions	11	—	—
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Net Tier 2 capital

12 10,348 10,660

Surplus allowance and eligible deposits	13	6,034	5,692
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Total capital resources

14 32,448 31,871

CAPITAL REQUIREMENTS

Credit risk	15	4,039	4,099
Market risk	16	4,335	4,249
Insurance risk	17	10,860	10,526
Total non-participating product risk (before other credits and diversification)	18	19,234	18,874
Total participating product risk including par credits (before other credits and diversification)	19	4,892	4,971

Less:

Credits and diversification benefits	20	4,957	5,036
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Total non-participating and participating product risk

21 19,169 18,809

Segregated fund guarantee risk	22	694	712
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Operational risk	23	2,090	2,059
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Base solvency buffer

24 21,953 21,580

LICAT ratio	25	148 %	148 %
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LICAT core ratio	26	92 %	90 %
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IFRS 17/9
IFRS 4 & IAS 39 ⁽²⁾
For the Year Ended

	For the Quarter Ended						For the Year Ended 2022	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022		
Subordinated debt	27	6,679	6,677	6,676	7,075	6,427	6,426	6,676
Innovative capital instruments ⁽³⁾	28	200	200	200	200	200	200	200
Equity:								
Preferred shareholders' equity and other equity instruments	29	2,239	2,239	2,239	2,239	2,239	2,239	2,239
Common shareholders' equity	30	20,461	20,735	25,211	24,718	23,825	23,659	25,211
Equity in the participating account	31	354	303	1,837	1,764	1,713	1,704	1,837
Non-controlling interests' equity	32	138	133	90	64	56	62	90
Contractual service margin	33	11,258	11,243	—	—	—	—	—
Total capital	34	41,329	41,530	36,253	36,060	34,460	34,290	36,253

⁽¹⁾ OSFI's 2023 LICAT Guideline, effective January 1, 2023, specifies that available capital for LICAT purposes includes the Contractual Service Margin. Prior period restatement and resubmissions are not mandated.

⁽²⁾ Effective January 1, 2023, the definition of Capital was updated to include the Contractual Service Margin balance. Capital has not been restated for periods in 2022 and earlier as IFRS 17 and IFRS 9 were not the accounting standards in effect and therefore, were not applicable to our capital management practices at the time.

⁽³⁾ Innovative capital instruments, which represent SLEECs issued by Sun Life Capital Trust, are presented net of associated transaction costs. SLEEC securities qualify as capital for Canadian Regulatory purposes.

CONTRACTUAL SERVICE MARGIN (CSM) MOVEMENT ANALYSIS ⁽¹⁾		At and For the Quarter Ended						At and For
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	the Year Ended 2022
(C\$ millions)								
CSM at beginning of period	1	11,243	10,865	10,350	9,904	9,881	9,797	9,797
Impact of new insurance business	2	270	232	253	177	189	143	762
Expected movements from asset returns & locked-in rates	3	131	125	118	91	75	78	362
Insurance experience gains/losses	4	21	93	14	(27)	28	74	89
CSM recognized for services provided	5	(220)	(223)	(223)	(206)	(217)	(215)	(861)
Organic CSM movement	6	202	227	162	35	75	80	352
Impact of markets & other	7	(80)	87	206	(122)	(95)	48	37
Impact of change in assumptions	8	284	46	160	252	2	17	431
Currency impact	9	(129)	18	(13)	281	41	(61)	248
Disposition ⁽²⁾	10	(262)	—	—	—	—	—	—
Total CSM movement	11	15	378	515	446	23	84	1,068
CSM at end of period	12	11,258	11,243	10,865	10,350	9,904	9,881	10,865

⁽¹⁾ Certain measures in the CSM Movement Analysis are non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements.

⁽²⁾ In Q2 2023, we completed the sale of Sun Life UK, and after the sale, the remaining UK payout annuities business was moved to the U.S. business segment and combined with the U.S. In-force Management. Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring for additional details.

ASSET MANAGEMENT

(C\$ millions)

FINANCIAL SUMMARY ON AN UNDERLYING BASIS ⁽¹⁾

	At and For the Quarter Ended						At and For the Year Ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Revenue								
Net investment result	1	54	29	48	11	12	4	75
Fee income	2	1,312	1,289	1,255	1,264	1,308	1,391	5,218
Total revenue	3	1,366	1,318	1,303	1,275	1,320	1,395	5,293
Expenses	4	963	941	874	868	932	968	3,642
Income before income taxes	5	403	377	429	407	388	427	1,651
Less: Income tax expense (benefit)	6	91	86	92	96	81	93	362
Less: Non-Controlling Interest (NCI)	7	16	9	13	13	12	13	51
Underlying net income ⁽¹⁾	8	296	282	324	298	295	321	1,238
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):								
Market-related impacts	9	(31)	(7)	(8)	3	(17)	—	(22)
Other adjustments:								
Management's ownership of MFS shares	10	(1)	17	27	37	42	9	115
Acquisition, integration and restructuring	11	(11)	(33)	(26)	(117)	(18)	(15)	(176)
Intangible asset amortization	12	(5)	(5)	(3)	(3)	(4)	(4)	(14)
Other	13	—	—	7	—	—	—	7
Reported net income - Common shareholders	14	248	254	321	218	298	311	1,148
Underlying net income ⁽¹⁾								
MFS	15	252	254	276	273	250	281	1,080
SLC Management	16	44	28	48	25	45	40	158
Total	17	296	282	324	298	295	321	1,238
Reported net income (loss) - Common shareholders								
MFS	18	251	271	303	310	292	290	1,195
SLC Management	19	(3)	(17)	18	(92)	6	21	(47)
Total	20	248	254	321	218	298	311	1,148
Gross flows ⁽¹⁾	21	37,651	40,829	37,380	36,434	49,640	49,427	172,881
Net flows ⁽¹⁾	22	(3,320)	(2,513)	(12,624)	(7,682)	279	(1,958)	(21,985)
ASSETS UNDER MANAGEMENT AND ADMINISTRATION (AUMA) ⁽¹⁾								
MFS ⁽²⁾	23	779,771	770,734	742,317	703,362	711,690	796,096	742,317
SLC Management ⁽³⁾	24	218,077	217,827	209,647	208,244	193,562	184,736	209,647
Total assets under management	25	997,848	988,561	951,964	911,606	905,252	980,832	951,964
Assets under administration	26	49,854	50,131	—	—	—	—	—
Total AUMA	27	1,047,702	1,038,692	951,964	911,606	905,252	980,832	951,964

⁽¹⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A. Further, certain measures of this Financial Summary on an Underlying Basis are non-IFRS financial measures; refer to the Asset Management Reported Net Income Reconciliation section in the appendix of this document for additional details.

⁽²⁾ Includes retail and institutional assets. Retail consists of domestic and international retail funds as well as other retail and trust accounts. Institutional consists of institutional accounts, pension business and insurance products.

⁽³⁾ Represents institutional assets. Excludes assets managed on behalf of the Insurance businesses and General Fund.

MFS

(US\$ millions, unless otherwise noted)

	At and For the Quarter Ended						At and For the Year Ended	
BUSINESS UNIT FINANCIAL SUMMARY - UNDERLYING BASIS ⁽¹⁾	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Revenue								
Net investment result	1	22	18	21	6	(6)	(7)	14
Fee income	2	760	749	736	760	794	868	3,158
Total revenue	3	782	767	757	766	788	861	3,172
Expenses								
Income before income taxes	4	534	519	498	490	533	574	2,095
Less: Income tax expense (benefit)	5	248	248	259	276	255	287	1,077
Underlying net income ⁽¹⁾	6	61	60	57	64	58	66	245
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):	7	187	188	202	212	197	221	832
<i>Management's ownership of MFS shares</i>	8	—	12	21	28	31	7	87
Reported net income - Common shareholders	9	187	200	223	240	228	228	919
RETAIL - CHANGES IN ASSETS UNDER MANAGEMENT (AUM) ⁽¹⁾								
Opening AUM	10	380,741	367,276	343,706	371,234	428,085	465,384	465,384
Inflows	11	19,429	20,048	19,059	16,624	21,697	25,992	83,372
Outflows	12	(21,087)	(21,895)	(27,328)	(22,212)	(28,432)	(28,970)	(106,942)
Market movement	13	14,657	15,312	31,839	(21,940)	(50,116)	(34,321)	(74,538)
Closing AUM	14	393,740	380,741	367,276	343,706	371,234	428,085	367,276
INSTITUTIONAL - CHANGES IN AUM ⁽¹⁾								
Opening AUM	15	189,539	180,600	165,018	181,664	208,843	227,377	227,377
Inflows	16	5,350	5,477	3,955	4,986	10,015	6,113	25,069
Outflows	17	(7,670)	(7,885)	(7,577)	(9,696)	(8,743)	(8,579)	(34,595)
Market movement	18	8,170	11,347	19,204	(11,936)	(28,451)	(16,068)	(37,251)
Closing AUM	19	195,389	189,539	180,600	165,018	181,664	208,843	180,600
SUPPLEMENTAL INFORMATION ⁽¹⁾								
Total assets under management	20	589,129	570,280	547,876	508,724	552,898	636,928	547,876
Average net assets	21	577,107	566,269	540,507	560,929	592,064	647,107	584,793
Total gross flows	22	24,779	25,525	23,014	21,610	31,712	32,105	108,441
Total net flows	23	(3,978)	(4,255)	(11,891)	(10,298)	(5,463)	(5,444)	(33,096)
Retail net flows ⁽²⁾	24	(1,658)	(1,847)	(8,269)	(5,588)	(6,735)	(2,978)	(23,570)
Institutional net flows ⁽²⁾	25	(2,320)	(2,408)	(3,622)	(4,710)	1,272	(2,466)	(9,526)
Pre-tax net operating margin ⁽¹⁾	26	37 %	37 %	40 %	41 %	36 %	34 %	39 %
Pre-tax gross operating margin ⁽¹⁾	27	33 %	33 %	35 %	36 %	32 %	39 %	34 %

⁽¹⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A. Further, revenues and expenses have been adjusted to remove NCI, and Expenses on an underlying basis exclude Management's ownership of MFS shares; refer to the Asset Management Reported Net Income Reconciliation section in the appendix of this document for additional details.

⁽²⁾ Retail consists of domestic and international retail funds as well as other retail and trust accounts. Institutional consists of institutional accounts, pension business and insurance products.

SLC MANAGEMENT

(C\$ millions, unless otherwise noted)

BUSINESS UNIT FINANCIAL SUMMARY		For the Quarter Ended					For the Year	
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Underlying net income ⁽¹⁾	1	44	28	48	25	45	40	158
Reported net income (loss) - Common shareholders	2	(3)	(17)	18	(92)	6	21	(47)
SUPPLEMENTARY INCOME STATEMENT ⁽²⁾								
Fee-related revenue								
Management fees	3	248	244	234	218	209	201	862
Distribution fees	4	23	15	—	—	—	—	—
Property management, transaction, advisory and other fees	5	21	24	32	25	33	25	115
Total fee-related revenue	6	292	283	266	243	242	226	977
Fee-related expenses								
Compensation - fee-related	7	164	163	141	130	138	128	537
Other operating expenses	8	66	52	52	55	52	44	203
Total fee-related expenses	9	230	215	193	185	190	172	740
Total fee-related earnings	10	62	68	73	58	52	54	237
Investment income (loss) and performance fees	11	24	5	20	3	20	13	56
Interest and other	12	(19)	(32)	(21)	(15)	(8)	(6)	(50)
Operating income	13	67	41	72	46	64	61	243
Placement fees - other	14	4	1	4	4	—	—	8
Income (loss) before income taxes	15	71	42	76	50	64	61	251
Less: Income tax expense (benefit)	16	11	5	15	12	7	8	42
Less: Non-controlling interest	17	16	9	13	13	12	13	51
Underlying net income ⁽¹⁾	18	44	28	48	25	45	40	158
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):								
Market-related impacts	19	(31)	(7)	(8)	3	(17)	—	(22)
Acquisition, integration and restructuring ⁽²⁾	20	(11)	(33)	(26)	(117)	(18)	(15)	(176)
Intangible asset amortization	21	(5)	(5)	(3)	(3)	(4)	(4)	(14)
Other ⁽²⁾	22	—	—	7	—	—	—	7
Reported net income - Common shareholders	23	(3)	(17)	18	(92)	6	21	(47)
Pre-tax fee-related earnings margin ⁽¹⁾⁽³⁾	24	24 %	24 %	24 %	24 %	23 %	23 %	24 %
Pre-tax net operating margin ⁽¹⁾⁽³⁾	25	20 %	21 %	23 %	22 %	24 %	24 %	23 %

⁽¹⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A. Further, certain measures of this Supplementary Income Statement are non-IFRS financial measures; refer to the SLC Management Reported Net Income Reconciliation section in the appendix of this document for additional details.

⁽²⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

⁽³⁾ This ratio is based on the last twelve months. IFRS 17 and IFRS 9 were adopted on January 1, 2023, as such Q3 2022 to Q1 2022 margins are under an IAS 39 basis.

SLC MANAGEMENT CONTINUED

(C\$ millions)	At and For the Quarter Ended						At and For the	
							Year Ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
AUM ⁽¹⁾	1	218,077	217,827	209,647	208,244	193,562	184,736	209,647
CHANGES IN AUM ⁽¹⁾								
Opening AUM	2	217,827	209,647	208,244	193,562	184,736	183,925	183,925
Inflows	3	4,371	6,322	6,136	8,248	9,176	8,757	32,317
Outflows	4	(2,348)	(3,083)	(2,616)	(2,499)	(1,926)	(3,818)	(10,859)
Realizations and distributions ⁽²⁾	5	(1,665)	(1,496)	(1,088)	(1,035)	(1,574)	(859)	(4,556)
Market movement and other ⁽³⁾	6	(108)	6,437	(1,029)	9,968	3,150	(3,269)	8,820
Closing AUM	7	218,077	217,827	209,647	208,244	193,562	184,736	209,647
CHANGES IN FEE-EARNING AUM ⁽¹⁾								
Opening fee-earning AUM	8	171,659	164,438	162,886	150,062	146,053	147,941	147,941
Inflows	9	4,210	5,044	7,899	10,158	6,758	8,168	32,983
Outflows	10	(2,192)	(2,500)	(2,103)	(1,320)	(1,774)	(2,616)	(7,813)
Realizations and distributions ⁽²⁾	11	(1,631)	(1,215)	(2,009)	(1,775)	(1,901)	(1,176)	(6,861)
Market movement and other ⁽³⁾	12	(990)	5,892	(2,235)	5,761	926	(6,264)	(1,812)
Closing fee-earning AUM	13	171,056	171,659	164,438	162,886	150,062	146,053	164,438
SUPPLEMENTAL INFORMATION ⁽¹⁾								
Capital raising	14	2,107	2,295	3,001	3,796	5,697	5,674	18,168
Deployment	15	4,724	5,962	6,863	9,490	6,961	6,888	30,202
AUM not yet earning fees	16	21,205	20,829	21,028	21,595	20,783	18,281	21,028
Assets under administration	17	49,854	50,131	—	—	—	—	—

⁽¹⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ Realizations represent proceeds from the disposition or other monetization of assets, with capital returned to investors or held in non-fee earning cash to be deployed in the regular course of a product life cycle. Distributions include regular course income from an investment product, including dividends, where payments are initiated by SLC Management.

⁽³⁾ Market movement and other consists of realized and unrealized gains (losses) on portfolio investments, the impact of foreign exchange rate fluctuations, working capital changes within investment products and the transfer in of acquired assets.

CANADA

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended						At and For the
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Year Ended 2022
Insurance service result							
Insurance revenue	1,997	2,046	2,079	2,048	2,036	1,948	8,111
Insurance service expenses	(1,613)	(1,734)	(1,700)	(1,736)	(1,711)	(1,773)	(6,920)
Reinsurance contract held net income (expenses)	(26)	(47)	(73)	(106)	(62)	(21)	(262)
Net insurance service result	358	265	306	206	263	154	929
Investment result							
Net investment income (loss)	415	2,870	297	947	(5,558)	(6,384)	(10,698)
Insurance finance income (expenses) from insurance contracts issued	(318)	(2,633)	(64)	(955)	6,049	6,722	11,752
Insurance finance income (expenses) from reinsurance contracts held	(1)	(14)	22	(10)	45	40	97
Decrease (increase) in investment contract liabilities	(74)	(71)	(53)	(42)	(34)	(31)	(160)
Net investment result	22	152	202	(60)	502	347	991
Fee income	383	366	349	343	348	355	1,395
Other expenses (income)							
Other Income ⁽¹⁾	—	(102)	—	—	—	—	—
Operating expenses and commissions	439	420	414	358	354	386	1,512
Interest expenses	45	44	49	56	50	46	201
Total expenses (income)	484	362	463	414	404	432	1,713
Income before income taxes	279	421	394	75	709	424	1,602
Less: Income tax expense (benefit)	58	76	(61)	3	219	174	335
Less: Net income (loss) allocated to the participating account	11	16	2	16	14	(6)	26
Reported net income - Common shareholders	210	329	453	56	476	256	1,241
Underlying net income ⁽²⁾	372	316	265	293	299	206	1,063
Return on equity - underlying	23.5 %	18.3 %	15.2 %	17.6 %	19.2 %	13.4 %	16.3 %
Return on equity - reported	13.2 %	19.1 %	25.9 %	3.3 %	30.6 %	16.6 %	19.1 %
SUN LIFE HEALTH							
Net premiums ⁽²⁾	1,573	1,605	1,599	1,571	1,554	1,527	6,251
Fee income	100	93	85	80	77	72	314
WEALTH, HEALTH AND PROTECTION SALES ⁽²⁾							
Individual - Protection	154	136	139	119	126	112	496
Group - Health & Protection	153	145	107	114	92	220	533
Group & individual sales	307	281	246	233	218	332	1,029
Individual - Wealth & asset management	1,821	2,067	1,713	1,546	1,799	2,204	7,262
Group Retirement Services	1,309	1,023	2,386	1,635	1,542	1,804	7,367
Gross wealth sales & asset management gross flows	3,130	3,090	4,099	3,181	3,341	4,008	14,629
Net wealth sales & asset management net flows	(355)	76	1,151	46	357	485	2,039
AUMA ⁽²⁾							
General funds	107,815	108,316	107,407	106,127	102,511	107,057	107,407
Segregated funds	115,880	114,425	109,058	103,411	104,424	115,944	109,058
Third-party AUM	5,876	6,069	6,136	6,022	6,208	6,955	6,136
Total AUM	229,571	228,810	222,601	215,560	213,143	229,956	222,601
Assets under administration	41,814	41,042	39,292	37,486	37,766	41,417	39,292
Total AUMA	271,385	269,852	261,893	253,046	250,909	271,373	261,893
Wealth AUM ⁽³⁾	158,541	158,748	152,374	145,478	145,511	159,114	152,374
SLGI Asset Management Inc.							
Gross flows ⁽²⁾							
Retail	462	525	455	408	553	904	2,320
Institutional & other ⁽⁴⁾	457	529	672	461	583	947	2,663
Total gross flows	919	1,054	1,127	869	1,136	1,851	4,983
Net flows ⁽²⁾	(344)	(127)	(55)	(85)	16	408	284
Assets under management ⁽²⁾	35,555	35,464	33,978	32,366	32,821	36,213	33,978

⁽¹⁾ In Q1 2023, we completed the sale of the sponsored markets business. Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring for additional details and Note 3 of the Consolidated Financial Statements for the period ended June 30, 2023.

⁽²⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽³⁾ Wealth AUM includes General fund assets, Segregated fund assets and Third-party AUM, excluding Third-party mutual funds assets.

⁽⁴⁾ Institutional & other consists primarily of Group Retirement Services Segregated fund deposits.

CANADA CONTINUED

(C\$ millions)

	For the Quarter Ended						For the Year	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Ended 2022	
COMMON SHAREHOLDERS' DRIVERS OF EARNINGS ⁽¹⁾								
Risk adjustment release	1	51	47	54	51	50	49	204
CSM recognized for services provided	2	86	90	90	82	78	96	346
Expected earnings on short-term (group) insurance business	3	134	132	128	128	114	121	491
Expected insurance earnings	4	271	269	272	261	242	266	1,041
Impact of new insurance business	5	(9)	(10)	(27)	(16)	(9)	(16)	(68)
Experience gains (losses)	6	94	(19)	44	(17)	7	(59)	(25)
Net insurance service result - Underlying	7	356	240	289	228	240	191	948
Expected investment earnings	8	173	165	130	135	124	112	501
Credit experience	9	(6)	(13)	(18)	(1)	9	(23)	(33)
Earnings on surplus	10	59	89	44	50	47	24	165
Other	11	1	1	(2)	—	2	(10)	(10)
Net investment results - Underlying	12	227	242	154	184	182	103	623
Other fee income	13	39	39	21	53	50	55	179
Expenses - other ⁽²⁾	14	(133)	(121)	(127)	(105)	(94)	(117)	(443)
Income before taxes - Underlying	15	489	400	337	360	378	232	1,307
Income tax (expense) or recovery	16	(117)	(84)	(72)	(67)	(79)	(26)	(244)
Underlying net income ⁽¹⁾	17	372	316	265	293	299	206	1,063
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):								
Market-related impacts	18	(156)	(47)	235	(172)	202	65	330
ACMA	19	(6)	(2)	(133)	(61)	(22)	(12)	(228)
Other adjustments:								
Acquisition, integration and restructuring ⁽³⁾	20	3	65	(1)	(1)	—	—	(2)
Intangible asset amortization	21	(3)	(3)	(3)	(3)	(3)	(3)	(12)
Other ⁽³⁾	22	—	—	90	—	—	—	90
Reported net income - Common shareholders	23	210	329	453	56	476	256	1,241
UNDERLYING NET INCOME BY BUSINESS TYPE ⁽¹⁾								
Wealth & asset management	24	110	114	72	102	110	80	364
Group - Health & Protection	25	160	95	102	102	112	59	375
Individual - Protection	26	102	107	91	89	77	67	324
Underlying net income	27	372	316	265	293	299	206	1,063
Add: Market-related impacts	28	(156)	(47)	235	(172)	202	65	330
ACMA	29	(6)	(2)	(133)	(61)	(22)	(12)	(228)
Other adjustments	30	—	62	86	(4)	(3)	(3)	76
Reported net income - Common shareholders	31	210	329	453	56	476	256	1,241

⁽¹⁾ The Drivers of Earnings analysis and Underlying Net Income by Business Type contain non-IFRS financial measures. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ Expenses - other removes the non-underlying Other adjustments, including Acquisition, integration and restructuring, and Intangible asset amortization. Certain Other adjustments - other may also be an adjustment from Other expenses.

⁽³⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

CANADA CONTINUED

CONTRACTUAL SERVICE MARGIN (CSM) MOVEMENT ANALYSIS ⁽¹⁾

(C\$ millions)

	At and For the Quarter Ended						At and For the Year Ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
CSM at beginning of period	1	5,708	5,501	5,261	5,084	5,279	5,334	5,334
Impact of new insurance business	2	152	130	131	98	119	92	440
Expected movements from asset returns & locked-in rates	3	64	60	60	44	35	38	177
Insurance experience gains/losses	4	9	24	12	2	(1)	1	14
CSM recognized for services provided	5	(104)	(105)	(100)	(97)	(98)	(102)	(397)
Organic CSM movement	6	121	109	103	47	55	29	234
Impact of markets & other	7	(103)	50	33	(57)	(234)	(84)	(342)
Impact of change in assumptions	8	7	48	104	187	(16)	—	275
Total CSM movement	10	25	207	240	177	(195)	(55)	167
CSM at end of period	11	5,733	5,708	5,501	5,261	5,084	5,279	5,501

⁽¹⁾ Certain measures in the CSM Movement Analysis are non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

CANADA CONTINUED

(C\$ millions)

BUSINESS UNIT FINANCIAL SUMMARY	At and For the Quarter Ended						At and For the
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Year Ended 2022
Underlying net income ⁽¹⁾							
Individual Insurance and Wealth	131	140	110	113	106	85	414
Sun Life Health	160	95	102	102	112	59	375
Group Retirement Services	81	81	53	78	81	62	274
Total underlying net income	372	316	265	293	299	206	1,063
Reported net income (loss) - Common shareholders							
Individual Insurance and Wealth	(14)	93	268	(72)	296	221	713
Sun Life Health	161	175	95	74	79	(33)	215
Group Retirement Services	63	61	90	54	101	68	313
Total reported net income	210	329	453	56	476	256	1,241
WEALTH, HEALTH AND PROTECTION SALES ⁽¹⁾							
Individual Insurance and Wealth							
Individual - Protection - Sun Life Financial Distribution (SLFD) ⁽²⁾	47	36	46	38	45	37	166
Individual - Protection - Third-party	107	100	93	81	81	75	330
Total individual - protection sales	154	136	139	119	126	112	496
Individual Wealth - fixed products	356	397	431	330	258	190	1,209
Individual Wealth - mutual funds	1,306	1,475	1,121	1,073	1,341	1,708	5,243
Individual Wealth - segregated funds	159	195	161	143	200	306	810
Total Individual Wealth sales	1,821	2,067	1,713	1,546	1,799	2,204	7,262
Wealth manufactured sales ⁽³⁾	858	994	912	761	891	1,149	3,713
Other wealth sales	963	1,073	801	785	908	1,055	3,549
Total Individual Wealth sales	1,821	2,067	1,713	1,546	1,799	2,204	7,262
SLFD - Career Advisor Network	2,700	2,711	2,704	2,687	2,731	2,792	2,704
Sun Life Health sales	153	145	107	114	92	220	533
Group Retirement Services							
Defined Contribution sales	194	162	486	393	72	877	1,828
Defined Benefits Solutions sales	309	40	1,017	443	654	5	2,119
Asset consolidation and rollovers	806	821	883	799	816	922	3,420
Total Group Retirement Services sales	1,309	1,023	2,386	1,635	1,542	1,804	7,367
AUMA ⁽¹⁾							
Individual Insurance and Wealth							
General funds	68,618	70,977	70,563	70,079	66,865	70,296	70,563
Segregated funds	11,635	11,759	11,553	11,271	11,559	13,021	11,553
Third-party AUM	5,876	6,069	6,136	6,022	6,208	6,955	6,136
Total AUM	86,129	88,805	88,252	87,372	84,632	90,272	88,252
Mutual fund dealers' assets	28,298	27,732	26,366	25,426	25,422	27,940	26,366
Total Individual Insurance and Wealth AUMA	114,427	116,537	114,618	112,798	110,054	118,212	114,618
Sun Life Health							
General funds	16,768	14,500	14,832	14,918	15,296	15,693	14,832
Group Retirement Services							
General funds	22,429	22,839	22,012	21,130	20,350	21,068	22,012
Segregated funds	104,245	102,666	97,505	92,140	92,865	102,923	97,505
Total AUM	126,674	125,505	119,517	113,270	113,215	123,991	119,517
Assets under administration	13,516	13,310	12,926	12,060	12,344	13,477	12,926
Total Group Retirement Services AUMA	140,190	138,815	132,443	125,330	125,559	137,468	132,443

⁽¹⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ Individual insurance sales - SLFD include sales from Prosper, a hybrid digital advice solution, and Sun Life Go, a digital channel.

⁽³⁾ Wealth manufactured sales represent sales of individual wealth products developed by Sun Life, which include SLGI Asset Management Inc. retail funds, Sun Life Guaranteed Investment Fund segregated funds, Guaranteed Investment Certificates, and Accumulation and Payout Annuities.

U.S. ⁽¹⁾

(C\$ millions)

STATEMENTS OF OPERATIONS		For the Quarter Ended					For the Year	
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Ended 2022
Insurance service result								
Insurance revenue	1	2,940	2,819	2,709	2,669	1,955	1,671	9,004
Insurance service expenses	2	(2,672)	(2,498)	(2,389)	(2,238)	(1,940)	(1,633)	(8,200)
Reinsurance contract held net income (expenses)	3	52	11	8	(191)	165	109	91
Net insurance service result	4	320	332	328	240	180	147	895
Investment result								
Net investment income (loss)	5	(46)	698	157	(1,027)	(1,255)	(1,715)	(3,840)
Insurance finance income (expenses) from insurance contracts issued	6	169	(733)	3	1,220	1,589	1,932	4,744
Insurance finance income (expenses) from reinsurance contracts held	7	(34)	84	(9)	(138)	(169)	(222)	(538)
Net investment result	8	89	49	151	55	165	(5)	366
Fee income	9	108	111	125	103	52	27	307
Other expenses								
Operating expenses and commissions	10	263	253	315	223	174	83	795
Interest expenses	11	26	24	23	24	16	10	73
Total other expenses	12	289	277	338	247	190	93	868
Income before income taxes	13	228	215	266	151	207	76	700
Less: Income tax expense (benefit)	14	47	42	54	30	43	14	141
Less: Net income (loss) allocated to the participating account	15	6	5	10	(4)	15	6	27
Reported net income - Common shareholders	16	175	168	202	125	149	56	532
Underlying net income ⁽²⁾	17	215	237	230	227	134	107	698
NET PREMIUMS ⁽²⁾								
Group Benefits	18	1,588	1,574	1,497	1,436	1,386	1,351	5,670
Dental	19	1,037	1,010	965	900	361	99	2,325
Total	20	2,625	2,584	2,462	2,336	1,747	1,450	7,995
FEE INCOME								
Group Benefits	21	25	26	24	21	19	21	85
Dental	22	82	83	89	80	31	4	204
Total	23	107	109	113	101	50	25	289
SALES ⁽²⁾								
Group Benefits	24	238	152	1,071	216	189	135	1,611
Dental	25	246	221	150	150	24	13	337
Total	26	484	373	1,221	366	213	148	1,948

⁽¹⁾ Effective Q2 2023, the UK payout annuities business was moved to the U.S. business segment and combined with the U.S. In-force Management.

⁽²⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

U.S. CONTINUED

(C\$ millions)

	Q2 2023	For the Quarter Ended				For the Year Ended		
		Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
COMMON SHAREHOLDERS' DRIVERS OF EARNINGS ⁽¹⁾								
Risk adjustment release	1	10	8	8	8	8	32	
CSM recognized for services provided	2	20	18	9	28	10	66	
Expected earnings on short-term (group) insurance business	3	233	244	223	206	152	731	
Expected insurance earnings	4	263	270	240	242	170	829	
Experience gains (losses)	5	51	54	84	70	(3)	(37)	
Net insurance service result - Underlying	6	314	324	324	312	167	943	
Expected investment earnings	7	34	28	22	24	20	81	
Credit experience	8	3	1	2	6	—	8	
Earnings on surplus	9	37	32	36	30	21	105	
Other	10	2	8	(2)	5	24	37	
Net investment results - Underlying	11	76	69	58	65	65	231	
Other fee income	12	37	35	50	37	25	136	
Expenses - other ⁽²⁾	13	(153)	(130)	(142)	(127)	(84)	(430)	
Income before taxes - Underlying	14	274	298	290	287	173	880	
Income tax (expense) or recovery	15	(59)	(61)	(60)	(60)	(39)	(182)	
Underlying net income ⁽¹⁾	16	215	237	230	227	134	698	
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):								
<i>Market-related impacts</i>	17	(15)	(17)	18	(10)	(1)	(35)	
ACMA	18	23	—	57	(5)	—	53	
<i>Other adjustments:</i>								
<i>Acquisition, integration and restructuring ⁽³⁾</i>	19	(32)	(29)	(59)	(24)	(49)	(137)	
<i>Intangible asset amortization</i>	20	(16)	(23)	(33)	(15)	(10)	(63)	
<i>Other ⁽³⁾</i>	21	—	—	(11)	(48)	75	16	
Reported net income - Common shareholders	22	175	168	202	125	149	532	
UNDERLYING NET INCOME BY BUSINESS TYPE ⁽¹⁾								
Group - Health & Protection	23	200	208	219	179	126	64	588
Individual - Protection	24	15	29	11	48	8	43	110
Underlying net income	25	215	237	230	227	134	107	698
Add: <i>Market-related impacts</i>	26	(15)	(17)	18	(10)	(1)	(42)	(35)
ACMA	27	23	—	57	(5)	—	1	53
<i>Other adjustments</i>	28	(48)	(52)	(103)	(87)	16	(10)	(184)
Reported net income - Common shareholders	29	175	168	202	125	149	56	532

⁽¹⁾ The Drivers of Earnings analysis and Underlying Net Income by Business Type contain non-IFRS financial measures. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ Expenses - other removes the non-underlying Other adjustments, including Acquisition, integration and restructuring, and Intangible asset amortization. Certain Other adjustments - other may also be an adjustment from Other expenses.

⁽³⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

U.S. CONTINUED

CONTRACTUAL SERVICE MARGIN (CSM) MOVEMENT ANALYSIS ⁽¹⁾

(C\$ millions)

	At and For the Quarter Ended						At and For the Year Ended
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
CSM at beginning of period	1	1,131	1,168	1,187	1,181	1,109	1,090
Expected movements from asset returns & locked-in rates	2	2	2	2	1	1	6
Insurance experience gains/losses	3	23	(10)	(4)	(19)	19	6
CSM recognized for services provided	4	(28)	(24)	(26)	(24)	(25)	(101)
Organic CSM movement	5	(3)	(32)	(28)	(41)	(6)	(89)
Impact of markets & other	6	2	(2)	27	17	30	109
Impact of change in assumptions	7	4	—	5	(52)	14	(25)
Currency impact	8	(25)	(3)	(23)	82	34	83
Disposition ⁽²⁾	9	108	—	—	—	—	—
Total CSM movement	10	86	(37)	(19)	6	72	78
CSM at end of period	11	1,217	1,131	1,168	1,187	1,181	1,168

⁽¹⁾ Certain measures in the CSM Movement Analysis are non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

⁽²⁾ In Q2 2023, we completed the sale of Sun Life UK, and after the sale, the remaining UK payout annuities business was moved to the U.S. business segment and combined with the U.S. In-force Management. Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring for additional details.

U.S. ⁽¹⁾

(US\$ millions)

STATEMENTS OF OPERATIONS

	For the Quarter Ended						For the Year Ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Insurance service result								
Insurance revenue	1	2,191	2,084	1,995	2,046	1,530	1,320	6,891
Insurance service expenses	2	(1,989)	(1,847)	(1,762)	(1,731)	(1,510)	(1,292)	(6,295)
Reinsurance contract held net income (expenses)	3	37	11	5	(141)	127	85	76
Net insurance service result	4	239	248	238	174	147	113	672
Investment result								
Net investment income (loss)	5	(32)	513	121	(777)	(993)	(1,353)	(3,002)
Insurance finance income (expenses) from insurance contracts issued	6	126	(541)	2	922	1,241	1,527	3,692
Insurance finance income (expenses) from reinsurance contracts held	7	(25)	62	(6)	(108)	(132)	(175)	(421)
Net investment result	8	69	34	117	37	116	(1)	269
Fee income	9	81	82	92	79	41	21	233
Other expenses								
Operating expenses and commissions	10	196	186	232	158	136	65	591
Interest expenses	11	20	18	16	18	14	8	56
Total other expenses	12	216	204	248	176	150	73	647
Income before income taxes	13	173	160	199	114	154	60	527
Less: Income tax expense (benefit)	14	36	31	39	21	30	12	102
Less: Net income (loss) allocated to the participating account	15	4	4	9	(3)	11	4	21
Reported net income - Common shareholders	16	133	125	151	96	113	44	404
Underlying net income ⁽²⁾	17	160	176	173	173	102	83	531
Return on equity - underlying	18	13.8 %	14.8 %	14.7 %	15.0 %	11.2 %	12.7 %	13.6 %
Return on equity - reported	19	11.4 %	10.5 %	12.7 %	8.3 %	12.4 %	6.8 %	10.3 %
NET PREMIUMS ⁽²⁾								
Group Benefits	20	1,183	1,165	1,103	1,100	1,087	1,067	4,357
Dental	21	772	747	711	690	283	78	1,762
Total	22	1,955	1,912	1,814	1,790	1,370	1,145	6,119
FEE INCOME								
Group Benefits	23	19	19	17	17	15	16	65
Dental	24	61	61	65	62	24	3	154
Total	25	80	80	82	79	39	19	219
SALES ⁽²⁾								
Group Benefits	26	177	112	788	166	149	106	1,209
Dental	27	183	163	111	115	19	10	255
Total	28	360	275	899	281	168	116	1,464

⁽¹⁾ Effective Q2 2023, the UK payout annuities business was moved to the U.S. business segment and combined with the U.S. In-force Management.

⁽²⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

U.S. CONTINUED

(US\$ millions)

	Q2 2023	For the Quarter Ended				For the Year Ended		2022
		Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022		
COMMON SHAREHOLDERS' DRIVERS OF EARNINGS ⁽¹⁾								
Risk adjustment release	1	7	6	6	6	6	6	24
CSM recognized for services provided	2	15	14	7	21	8	14	50
Expected earnings on short-term (group) insurance business	3	174	180	164	158	119	118	559
Expected insurance earnings	4	196	200	177	185	133	138	633
Experience gains (losses)	5	37	41	59	42	2	(32)	71
Net insurance service result - Underlying	6	233	241	236	227	135	106	704
Expected investment earnings	7	25	20	17	18	15	13	63
Credit experience	8	2	1	1	4	1	—	6
Earnings on surplus	9	29	23	27	25	15	16	83
Other	10	1	6	6	(1)	7	11	23
Net investment results - Underlying	11	57	50	51	46	38	40	175
Other fee income	12	29	25	38	27	20	21	106
Expenses - other ⁽²⁾	13	(115)	(96)	(103)	(84)	(65)	(62)	(314)
Income before taxes - Underlying	14	204	220	222	216	128	105	671
Income tax (expense) or recovery	15	(44)	(44)	(49)	(43)	(26)	(22)	(140)
Underlying net income ⁽¹⁾	16	160	176	173	173	102	83	531
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):								
<i>Market-related impacts</i>	17	(9)	(13)	11	(8)	(1)	(32)	(30)
ACMA	18	18	—	42	(3)	—	1	40
<i>Other adjustments:</i>								
<i>Acquisition, integration and restructuring ⁽³⁾</i>	19	(24)	(21)	(43)	(18)	(38)	(4)	(103)
<i>Intangible asset amortization</i>	20	(12)	(17)	(24)	(11)	(8)	(4)	(47)
<i>Other ⁽³⁾</i>	21	—	—	(8)	(37)	58	—	13
Reported net income - Common shareholders	22	133	125	151	96	113	44	404
UNDERLYING NET INCOME BY BUSINESS TYPE ⁽¹⁾								
Group - Health & Protection	23	149	154	160	136	103	51	450
Individual - Protection	24	11	22	13	37	(1)	32	81
Underlying net income	25	160	176	173	173	102	83	531
Add: <i>Market-related impacts</i>	26	(9)	(13)	11	(8)	(1)	(32)	(30)
ACMA	27	18	—	42	(3)	—	1	40
<i>Other adjustments</i>	28	(36)	(38)	(75)	(66)	12	(8)	(137)
Reported net income - Common shareholders	29	133	125	151	96	113	44	404

⁽¹⁾ The Drivers of Earnings analysis and Underlying Net Income by Business Type contain non-IFRS financial measures. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ Expenses - other removes the non-underlying Other adjustments, including Acquisition, integration and restructuring, and Intangible asset amortization. Certain Other adjustments - other may also be an adjustment from Other expenses.

⁽³⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

U.S. CONTINUED

CONTRACTUAL SERVICE MARGIN (CSM) MOVEMENT ANALYSIS ⁽¹⁾

(US\$ millions)

		At and For the Quarter Ended					At and For	
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	the Year Ended 2022
CSM at beginning of period	1	835	861	858	916	887	862	862
Expected movements from asset returns & locked-in rates	2	2	2	1	1	1	1	4
Insurance experience gains/losses	3	18	(8)	(3)	(15)	15	8	5
CSM recognized for services provided	4	(21)	(18)	(19)	(19)	(21)	(20)	(79)
Organic CSM movement	5	(1)	(24)	(21)	(33)	(5)	(11)	(70)
Impact of markets & other	6	2	(2)	20	15	23	30	88
Impact of change in assumptions	7	3	—	4	(40)	11	6	(19)
Disposition ⁽²⁾	8	78	—	—	—	—	—	—
Total CSM movement	9	82	(26)	3	(58)	29	25	(1)
CSM at end of period	10	917	835	861	858	916	887	861

⁽¹⁾ Certain measures in the CSM Movement Analysis are non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

⁽²⁾ In Q2 2023, we completed the sale of Sun Life UK, and after the sale, the remaining UK payout annuities business was moved to the U.S. business segment and combined with the U.S. In-force Management. Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring for additional details.

U.S. CONTINUED ⁽¹⁾

(US\$ millions)

BUSINESS UNIT FINANCIAL SUMMARY

	At and For the Quarter Ended						At and For the
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Year Ended 2022
Underlying net income ⁽²⁾							
Group Benefits	116	128	119	101	87	49	356
Dental	33	26	41	35	16	2	94
In-force Management	11	22	13	37	(1)	32	81
Total underlying net income	160	176	173	173	102	83	531
Reported net income - Common shareholders							
Group Benefits	106	128	119	74	75	34	302
Dental	2	(8)	(22)	9	(25)	2	(36)
In-force Management	25	5	54	13	63	8	138
Total reported net income	133	125	151	96	113	44	404

NET PREMIUMS ⁽²⁾

Group Benefits							
Employee Benefits	553	540	494	496	488	477	1,955
Medical Stop-Loss	630	625	609	604	599	590	2,402
Total Group Benefits net premiums	1,183	1,165	1,103	1,100	1,087	1,067	4,357
Dental							
Medicaid/Medicare Advantage ⁽³⁾	670	644	612	592	199	—	1,403
Commercial/Other ⁽³⁾	102	103	99	98	84	78	359
Total Dental net premiums	772	747	711	690	283	78	1,762

FEE INCOME

Group Benefits							
Employee Benefits	12	12	11	10	9	8	38
Medical Stop-Loss	7	7	6	7	6	8	27
Total Group Benefits fee income	19	19	17	17	15	16	65
Dental							
Medicaid/Medicare Advantage ⁽³⁾	37	38	39	37	12	—	88
Commercial/Other ⁽³⁾	24	23	26	25	12	3	66
Total Dental fee income	61	61	65	62	24	3	154

SALES ⁽²⁾

Group Benefits							
Employee Benefits	47	70	269	101	54	53	477
Medical Stop-Loss	130	42	519	65	95	53	732
Total Group Benefits sales	177	112	788	166	149	106	1,209
Dental							
Medicaid/Medicare Advantage ⁽³⁾	167	127	64	92	4	—	160
Commercial/Other ⁽³⁾	16	36	47	23	15	10	95
Total Dental sales	183	163	111	115	19	10	255

AUM ⁽²⁾

Group Benefits - general funds	8,309	8,247	8,284	8,453	8,513	8,275	8,284
Dental - general funds	3,286	3,259	3,221	3,363	3,396	70	3,221
In-force Management							
General funds	15,447	15,453	11,164	11,895	14,315	16,569	11,164
Segregated funds	313	314	311	312	336	374	311
Third-party AUM	14	14	15	15	16	16	15
Total In-force Management AUM	15,774	15,781	11,490	12,222	14,667	16,959	11,490

AFTER-TAX PROFIT MARGIN ⁽²⁾⁽⁴⁾

Group Benefits	10.2 %	9.7 %	8.1 %	5.9 %	4.7 %	5.1 %	8.1 %
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⁽¹⁾ Effective Q2 2023, the UK payout annuities business was moved to the U.S. business segment and combined with the U.S. In-force Management.

⁽²⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽³⁾ Medicaid/Medicare Advantage includes Children's Health Insurance Program (CHIP) and Commercial/Other includes Affordable Care Act (ACA) exchange programs.

⁽⁴⁾ IFRS 17 and IFRS 9 were adopted on January 1, 2023, as such the margins for Q3 2022 to Q1 2022 reflect Underlying net income on an IFRS 4 and IAS 39 basis.

ASIA

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended						At and For the	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Year Ended 2022	
Insurance service result								
Insurance revenue	1	364	312	405	326	294	298	1,323
Insurance service expenses	2	(238)	(238)	(306)	(226)	(200)	(261)	(993)
Reinsurance contract held net income (expenses)	3	(5)	6	8	8	13	(4)	25
Net insurance service result	4	121	80	107	108	107	33	355
Investment result								
Net investment income (loss)	5	45	1,021	495	(1,384)	(1,848)	(2,002)	(4,739)
Insurance finance income (expenses) from insurance contracts issued	6	50	(874)	(493)	1,346	1,838	2,122	4,813
Insurance finance income (expenses) from reinsurance contracts held	7	(4)	(6)	(9)	5	7	—	3
Decrease (increase) in investment contract liabilities	8	(2)	(1)	(3)	3	3	5	8
Net investment result	9	89	140	(10)	(30)	—	125	85
Fee income	10	74	77	99	71	63	107	340
Other expenses								
Operating expense and commissions	11	117	110	108	143	106	94	451
Interest expenses	12	15	15	15	18	15	17	65
Total other expenses	13	132	125	123	161	121	111	516
Income before income taxes	14	152	172	73	(12)	49	154	264
Less: Income tax expense (benefit)	15	(4)	26	9	(15)	16	14	24
Less: Net income (loss) allocated to the participating account	16	34	12	(28)	3	26	29	30
Reported net income - Common shareholders	17	122	134	92	—	7	111	210
Underlying net income ⁽¹⁾	18	150	141	135	153	118	133	539
Return on equity - underlying	19	10.9 %	10.4 %	10.4 %	12.1 %	10.2 %	11.7 %	11.1 %
Return on equity - reported	20	9.0 %	9.9 %	7.1 %	— %	0.5 %	9.8 %	4.3 %
SALES - Proportionate ownership ⁽¹⁾								
Total gross wealth sales & asset management gross flows	21	1,616	2,430	1,790	2,531	3,298	3,521	11,140
Total net wealth sales & asset management net flows	22	199	665	(582)	(468)	173	353	(524)
Individual - Protection sales	23	450	375	359	325	290	297	1,271
Group - Health & Protection sales	24	19	25	17	19	15	22	73
Total weighted premium income ⁽¹⁾	25	1,425	1,351	1,381	1,194	1,122	1,187	4,884
CSM - Impact of new insurance business ⁽¹⁾	26	118	102	122	79	70	51	322
AUMA ⁽¹⁾								
General funds	27	35,825	36,712	35,798	35,781	34,658	35,274	35,798
Segregated funds	28	7,072	7,281	7,111	6,595	6,693	7,301	7,111
Third-party AUM	29	70,996	68,449	68,270	65,074	63,605	64,604	68,270
Total AUM	30	113,893	112,442	111,179	107,450	104,956	107,179	111,179
Assets under administration	31	4,293	4,523	4,574	4,329	4,326	4,402	4,574
Total AUMA	32	118,186	116,965	115,753	111,779	109,282	111,581	115,753
Wealth AUM ⁽¹⁾	33	35,548	35,830	34,965	34,071	34,566	35,975	34,062
SELECT CONSTANT CURRENCY MEASURES ⁽¹⁾								
Underlying net income	34	147					118	
Reported net income - Common shareholders	35	119					7	
Gross wealth sales & asset management gross flows	36	1,587					3,298	
Net wealth sales & asset management net flows	37	180					173	
Individual - Protection sales	38	439					290	
Group - Health & protection sales	39	19					15	
Total weighted premium income	40	1,402					1,122	

⁽¹⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

ASIA CONTINUED

(C\$ millions)

		For the Quarter Ended					For the Year	
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Ended 2022
COMMON SHAREHOLDERS' DRIVERS OF EARNINGS ⁽¹⁾								
Risk adjustment release	1	41	35	37	32	29	29	127
CSM recognized for services provided	2	86	81	82	74	80	77	313
Expected earnings on short-term (group) insurance business	3	—	2	(1)	5	4	5	13
Expected insurance earnings	4	127	118	118	111	113	111	453
Impact of new insurance business	5	(3)	(2)	(4)	(6)	(7)	(6)	(23)
Experience gains (losses)	6	(5)	(17)	(24)	—	—	(57)	(81)
Net insurance service result - Underlying	7	119	99	90	105	106	48	349
Expected investment earnings	8	14	19	5	19	16	29	69
Credit experience	9	(1)	2	—	(5)	1	4	—
Earnings on surplus	10	32	28	39	45	31	31	146
Joint ventures & other	11	47	49	26	44	27	37	134
Net investment results - Underlying	12	92	98	70	103	75	101	349
Other fee income	13	4	11	11	4	(1)	41	55
Expenses - other ⁽²⁾	14	(57)	(55)	(49)	(64)	(51)	(46)	(210)
Income before taxes - Underlying	15	158	153	122	148	129	144	543
Income tax (expense) or recovery	16	(8)	(12)	13	5	(11)	(11)	(4)
Underlying net income ⁽¹⁾	17	150	141	135	153	118	133	539
Add: Non-underlying net income adjustments ⁽¹⁾ (post-tax):								
<i>Market-related impacts</i>	18	(12)	5	(129)	(97)	(103)	(3)	(332)
<i>ACMA</i>	19	(10)	(6)	71	(54)	—	(16)	1
<i>Other adjustments:</i>								
<i>Acquisition, integration and restructuring ⁽³⁾</i>	20	(4)	(4)	—	—	(6)	(1)	(7)
<i>Intangible asset amortization</i>	21	(2)	(2)	(2)	(2)	(2)	(2)	(8)
<i>Other ⁽³⁾</i>	22	—	—	17	—	—	—	17
Reported net income - Common shareholders	23	122	134	92	—	7	111	210
UNDERLYING NET INCOME BY BUSINESS TYPE ⁽¹⁾								
Wealth & asset management	24	13	15	16	19	15	21	71
Individual - Protection	25	144	130	118	136	106	119	479
Regional Office expenses & other	26	(7)	(4)	1	(2)	(3)	(7)	(11)
Underlying net income	27	150	141	135	153	118	133	539
<i>Add: Market-related impacts</i>	28	(12)	5	(129)	(97)	(103)	(3)	(332)
<i>ACMA</i>	29	(10)	(6)	71	(54)	—	(16)	1
<i>Other adjustments</i>	30	(6)	(6)	15	(2)	(8)	(3)	2
Reported net income - Common shareholders	31	122	134	92	—	7	111	210

⁽¹⁾ The Drivers of Earnings analysis and Underlying Net Income by Business Type contain non-IFRS financial measures. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ Expenses - other removes the non-underlying Other adjustments, including Acquisition, integration and restructuring, and Intangible asset amortization. Certain Other adjustments - other may also be an adjustment from Other expenses.

⁽³⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details. In Q4 2022, Other includes the unwinding of an internal reinsurance agreement.

ASIA CONTINUED ⁽¹⁾

CONTRACTUAL SERVICE MARGIN (CSM) MOVEMENT ANALYSIS ⁽²⁾

(C\$ millions)

		At and For the Quarter Ended						At and For
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	the Year Ended 2022
CSM at beginning of period	1	4,032	3,818	3,547	3,314	3,169	3,057	3,057
Impact of new insurance business	2	118	102	122	79	70	51	322
Expected movements from asset returns & locked-in rates	3	65	61	55	45	39	39	178
Insurance experience gains/losses	4	(12)	68	2	(13)	7	57	53
CSM recognized for services provided	5	(89)	(84)	(85)	(77)	(82)	(80)	(324)
Organic CSM movement	6	82	147	94	34	34	67	229
Impact of markets & other	7	21	52	151	(75)	89	75	240
Impact of change in assumptions	8	273	—	38	72	3	9	122
Currency impact	9	(110)	15	(12)	202	19	(39)	170
Total CSM movement	10	266	214	271	233	145	112	761
CSM at end of period	11	4,298	4,032	3,818	3,547	3,314	3,169	3,818

⁽¹⁾ In Asia, CSM relates to individual protection (excluding joint ventures).

⁽²⁾ Certain measures in the CSM Movement Analysis are non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

ASIA CONTINUED

(C\$ millions)

BUSINESS UNIT FINANCIAL SUMMARY

		For the Quarter Ended				For the Year Ended		
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Underlying net income ⁽¹⁾								
ASEAN	1	43	39	57	43	29	42	171
Hong Kong	2	39	41	29	40	36	44	149
Joint Ventures	3	38	33	35	33	21	33	122
High Net Worth	4	37	32	13	39	35	21	108
Regional Office	5	(7)	(4)	1	(2)	(3)	(7)	(11)
Total underlying net income	6	150	141	135	153	118	133	539
Reported net income - Common shareholders								
ASEAN	7	45	25	63	10	5	39	117
Hong Kong	8	19	50	(9)	(26)	34	(29)	(30)
Joint Ventures	9	28	39	5	26	(28)	(7)	(4)
High Net Worth	10	36	27	37	(10)	3	117	147
Regional Office	11	(6)	(7)	(4)	—	(7)	(9)	(20)
Total reported net income	12	122	134	92	—	7	111	210
Individual - Protection Sales ⁽¹⁾								
Philippines	13	59	65	82	64	58	54	258
Indonesia	14	13	17	22	17	18	18	75
Vietnam	15	35	33	48	49	43	37	177
Total ASEAN	17	107	115	152	130	119	109	510
Hong Kong	18	158	68	69	55	42	42	208
China	19	72	31	23	30	34	39	126
India	20	48	106	66	55	35	65	221
Malaysia	21	22	17	17	22	20	13	72
Total Joint Ventures	22	142	154	106	107	89	117	419
High Net Worth	23	43	38	32	33	40	29	134
Total individual - protection sales	24	450	375	359	325	290	297	1,271
Constant Currency - Individual - Protection Sales ⁽¹⁾								
Philippines	25	59				58		
Indonesia	26	13				18		
Vietnam	27	34				43		
Total ASEAN	28	106				119		
Hong Kong	29	150				42		
China	30	72				34		
India	31	49				35		
Malaysia	32	22				20		
Total Joint Ventures	33	143				89		
High Net Worth	34	40				40		
Total individual - protection sales	35	439				290		

⁽¹⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

CORPORATE ⁽¹⁾

(C\$ millions)

	At and For the Quarter Ended						At and For the	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Year Ended 2022	
STATEMENTS OF OPERATIONS ⁽¹⁾								
Insurance service result								
Insurance revenue	1	(18)	105	112	106	120	126	464
Insurance service expenses	2	(5)	(94)	(96)	(69)	(90)	(88)	(343)
Reinsurance contract held net income (expenses)	3	(1)	—	(6)	—	—	(1)	(7)
Net insurance service result	4	(24)	11	10	37	30	37	114
Investment result								
Net investment income (loss)	5	11	175	181	(591)	(487)	(443)	(1,340)
Insurance finance income (expenses) from insurance contracts issued	6	18	(131)	(86)	494	475	403	1,286
Insurance finance income (expenses) from reinsurance contracts held	7	1	(1)	1	—	(1)	(2)	(2)
Decrease (increase) in investment contract liabilities	8	—	1	6	(6)	—	—	—
Net investment result	9	30	44	102	(103)	(13)	(42)	(56)
Fee income	10	(83)	(86)	(111)	(63)	(61)	(96)	(331)
Other expenses								
Other income ⁽¹⁾	11	(67)	—	—	—	—	—	—
Operating expenses and commissions	12	89	62	29	169	(10)	20	208
Interest expenses	13	20	16	10	(4)	(1)	5	10
Total other expenses	14	42	78	39	165	(11)	25	218
Income (loss) before income taxes	15	(119)	(109)	(38)	(294)	(33)	(126)	(491)
Less: Income tax expense (benefit)	16	(44)	(50)	(155)	(24)	(47)	(75)	(301)
Less: Preferred shareholders' dividends and distributions on other equity instruments	17	20	20	20	18	14	18	70
Reported net income (loss) - Common shareholders	18	(95)	(79)	97	(288)	—	(69)	(260)
Underlying net income (loss) ⁽²⁾	19	(113)	(81)	(62)	(22)	(38)	(47)	(169)
AUM ⁽²⁾								
General funds	20	8,000	12,256	11,584	11,747	11,897	14,900	11,584
Segregated funds	21	—	8,902	8,702	8,126	8,548	9,784	8,702
Consolidation Adjustments ⁽²⁾	22	(27,838)	(32,301)	(31,437)	(30,099)	(29,531)	(30,439)	(31,437)
Total	23	(19,838)	(11,143)	(11,151)	(10,226)	(9,086)	(5,755)	(11,151)
COMMON SHAREHOLDERS' DRIVERS OF EARNINGS ⁽²⁾								
Risk adjustment release	24	1	5	6	7	8	8	29
CSM recognized for services provided	25	—	10	11	9	7	8	35
Expected insurance earnings	26	1	15	17	16	15	16	64
Experience gains (losses)	27	4	(2)	1	24	8	19	52
Net insurance service result - Underlying	28	5	13	18	40	23	35	116
Expected investment earnings	29	—	5	8	(7)	(1)	2	2
Credit experience	30	—	—	1	—	(1)	(1)	(1)
Earnings on surplus	31	37	12	(1)	27	36	13	75
Other	32	(2)	11	26	(15)	(34)	(19)	(42)
Net investment result - Underlying	33	35	28	34	5	—	(5)	34
Other fee income	34	—	8	(4)	20	21	(13)	24
Expenses - other ⁽³⁾	35	(173)	(162)	(115)	(93)	(104)	(116)	(428)
Income (loss) before taxes - Underlying	36	(133)	(113)	(67)	(28)	(60)	(99)	(254)
Income tax (expense) or recovery	37	40	52	24	25	36	70	155
Dividends, distributions, NCI	38	(20)	(20)	(19)	(19)	(14)	(18)	(70)
Underlying net income (loss) ⁽²⁾	39	(113)	(81)	(62)	(22)	(38)	(47)	(169)
Add: Non-underlying net income adjustments ⁽²⁾ (post-tax):								
Market-related impacts	40	(6)	2	108	(85)	37	(22)	38
ACMA	41	—	3	17	(11)	—	—	6
Acquisition, integration and restructuring ⁽⁴⁾	41	24	(3)	—	(170)	—	—	(170)
Other ⁽⁴⁾	42	—	—	34	—	1	—	35
Reported net income (loss) - Common shareholders	43	(95)	(79)	97	(288)	—	(69)	(260)
UNDERLYING NET INCOME BY BUSINESS TYPE ⁽²⁾								
Individual - Protection	44	4	25	11	32	24	20	87
Corporate expenses & other	45	(117)	(106)	(73)	(54)	(62)	(67)	(256)
Underlying net income (loss)	46	(113)	(81)	(62)	(22)	(38)	(47)	(169)
Add: Market-related impacts	47	(6)	2	108	(85)	37	(22)	38
ACMA	48	—	3	17	(11)	—	—	6
Other adjustments	49	24	(3)	34	(170)	1	—	(135)
Reported net income (loss) - Common shareholders	50	(95)	(79)	97	(288)	—	(69)	(260)

⁽¹⁾ Corporate is comprised of our Corporate Support operations, which consist of the expenses, debt charges, investment income, capital and other items not allocated to Sun Life's other business segments, as well as the Company's UK, Run-off Reinsurance and Reinsurance Clearinghouse businesses until Q1 2023. In Q2 2023, we completed the sale of the Sun Life UK, and the remaining UK payout annuities business was moved to the U.S. business segment and combined with the U.S. In-Force Management. The internal reinsurance agreements were terminated on December 31, 2022. Corporate's Statements of Operations include consolidation adjustments for net investment income, fee income, operating expenses and commissions, and interest expenses relating to activities that cross business groups.

⁽²⁾ Represents a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽³⁾ Expenses - other removes the non-underlying Other adjustments, including Acquisition, integration and restructuring. Certain Other adjustments - other may also be an adjustment from Other expenses.

⁽⁴⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

CORPORATE CONTINUED

At and For
the Year
EndedCONTRACTUAL SERVICE MARGIN (CSM) MOVEMENT ANALYSIS ⁽¹⁾

(C\$ millions)

		At and For the Quarter Ended					2022	
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022		Q1 2022
CSM at beginning of period	1	372	378	355	325	324	316	316
Expected movements from asset returns & locked-in rates	2	—	2	1	—	—	—	1
Insurance experience gains/losses	3	1	11	4	3	3	6	16
CSM recognized for services provided	4	1	(10)	(12)	(8)	(11)	(8)	(39)
Organic CSM movement	5	2	3	(7)	(5)	(8)	(2)	(22)
Impact of markets & other	6	—	(13)	(5)	(7)	20	22	30
Impact of change in assumptions	7	—	(2)	13	45	1	—	59
Currency impact	8	6	6	22	(3)	(12)	(12)	(5)
Disposition ⁽²⁾	9	(370)	—	—	—	—	—	—
Total CSM movement	10	(362)	(6)	23	30	1	8	62
CSM at end of period	11	10	372	378	355	325	324	378

⁽¹⁾ Certain measures in the CSM Movement Analysis are non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N, Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

⁽²⁾ In Q2 2023, we completed the sale of Sun Life UK, and after the sale, the remaining UK payout annuities business was moved to the U.S. business segment and combined with the U.S. In-force Management. Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring for additional details.

INVESTMENTS
DEBT & EQUITY SECURITIES

(\$ millions)

	As at June 30, 2023				As at March 31, 2023				As at December 31, 2022				
	Fair Value through Profit or Loss (FVTPL)	Fair Value through Other Comprehensive Income (FVOCI)	Total	Investment Grade	FVTPL	FVOCI	Total	Investment Grade	FVTPL ⁽¹⁾	FVOCI ⁽¹⁾	Total ⁽¹⁾	Investment Grade	
DEBT SECURITIES													
Debt Securities by Sector													
Debt Securities Issued or Guaranteed By:													
Canadian Federal Government	1	4,477	846	5,323	100 %	4,231	875	5,106	100 %	3,696	1,915	5,611	100 %
Canadian Provincial and Municipal Government	2	13,182	842	14,024	100 %	13,017	1,024	14,041	100 %	12,612	1,053	13,665	100 %
U.S. Government and Other U.S. Agency	3	705	564	1,269	100 %	656	690	1,346	100 %	759	778	1,537	100 %
Other Foreign Government	4	3,130	558	3,688	93 %	3,847	687	4,534	94 %	3,755	869	4,624	95 %
Total Government issued or guaranteed debt securities	5	21,494	2,810	24,304	99 %	21,751	3,276	25,027	99 %	20,822	4,615	25,437	99 %
Corporate Debt Securities by Industry Sector:													
Financials	6	7,899	2,676	10,575	99 %	8,876	2,825	11,701	99 %	8,232	3,123	11,355	99 %
Utilities	7	5,865	695	6,560	100 %	6,268	695	6,963	99 %	5,884	792	6,676	99 %
Consumer discretionary	8	998	745	1,743	90 %	1,111	766	1,877	90 %	1,085	751	1,836	89 %
Industrials	9	4,508	1,052	5,560	98 %	4,870	1,050	5,920	98 %	4,533	1,042	5,575	99 %
Consumer staples	10	1,534	294	1,828	99 %	1,738	296	2,034	99 %	1,634	344	1,978	99 %
Communication Services	11	2,647	365	3,012	98 %	2,913	373	3,286	99 %	2,861	468	3,329	99 %
Energy	12	2,763	356	3,119	99 %	2,963	357	3,320	98 %	2,978	364	3,342	97 %
Real Estate	13	1,811	512	2,323	98 %	2,005	520	2,525	97 %	1,865	641	2,506	97 %
Materials	14	905	157	1,062	98 %	1,060	201	1,261	98 %	1,077	218	1,295	98 %
Health Care	15	1,582	408	1,990	99 %	1,683	381	2,064	99 %	1,618	416	2,034	99 %
Information Technology	16	770	165	935	99 %	876	202	1,078	99 %	1,095	289	1,384	99 %
Total Corporate debt securities	17	31,282	7,425	38,707	99 %	34,363	7,666	42,029	98 %	32,862	8,448	41,310	98 %
Asset Backed Securities													
Government and agency	18	2,430	808	3,238	100 %	2,496	710	3,206	100 %	2,437	721	3,158	100 %
Other	19	3,500	2,720	6,220	99 %	3,439	2,584	6,023	99 %	3,236	2,761	5,997	99 %
Total asset backed securities	20	5,930	3,528	9,458	99 %	5,935	3,294	9,229	99 %	5,673	3,482	9,155	99 %
Total debt securities	21	58,706	13,763	72,469	99 %	62,049	14,236	76,285	99 %	59,357	16,545	75,902	99 %
Debt Securities by Investment Rating													
AAA	22	9,834	4,468	14,302		9,915	4,480	14,395		9,440	5,822	15,262	
AA	23	9,262	1,420	10,682		10,097	1,557	11,654		9,267	2,043	11,310	
A	24	22,881	4,356	27,237		23,760	4,580	28,340		23,050	4,646	27,696	
BBB	25	16,232	3,147	19,379		17,711	3,229	20,940		17,007	3,661	20,668	
BB and lower	26	497	372	869		566	390	956		593	373	966	
Total debt securities	27	58,706	13,763	72,469		62,049	14,236	76,285		59,357	16,545	75,902	
EQUITY SECURITIES													
Stocks													
Canada	28	2,954	—	2,954		3,159	—	3,159		3,038	—	3,038	
United States	29	2,030	68	2,098		1,957	69	2,026		1,924	—	1,924	
United Kingdom	30	76	—	76		155	—	155		154	—	154	
Other	31	2,059	—	2,059		2,250	—	2,250		2,032	—	2,032	
Total equity securities	32	7,119	68	7,187		7,521	69	7,590		7,148	—	7,148	

⁽¹⁾ Amounts as at December 31, 2022 have been restated to present comparative information on financial assets as if IFRS 9 were applicable during the comparative period.

EXPENSES

(C\$ millions)	For the Quarter Ended						For the Year
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Ended 2022
EXPENSES INCLUDED IN INSURANCE SERVICE AND OTHER EXPENSES							
Operating expenses	1,789	1,648	1,764	1,648	1,348	1,342	6,102
Commission expense	234	234	231	263	238	258	990
Interest expense	142	135	127	119	101	98	445
Total operating expenses, commissions and interest expense included in Other expenses	2,165	2,017	2,122	2,030	1,687	1,698	7,537
Operating expenses incurred in period included in Insurance service expenses ⁽¹⁾	511	505	501	471	441	398	1,811
Commissions incurred in period included in Insurance service expenses ⁽¹⁾	276	291	300	281	281	273	1,135
Total expenses incurred in period included in Insurance service and Other expenses	2,952	2,813	2,923	2,782	2,409	2,369	10,483
OPERATING EXPENSES INCLUDED IN INSURANCE SERVICE AND OTHER EXPENSES BY BUSINESS GROUP							
Business Group							
Asset Management	935	857	836	784	825	833	3,278
Canada	496	463	473	417	411	428	1,729
U.S.	474	454	420	393	296	242	1,351
Asia	194	185	202	205	190	173	770
Corporate ⁽²⁾	89	67	39	6	(2)	33	76
Sub-total before non-underlying adjustments ⁽³⁾	2,188	2,026	1,970	1,805	1,720	1,709	7,204
Management's ownership of MFS shares	15	(3)	(14)	(22)	(27)	4	(59)
Acquisition, integration and restructuring costs	56	82	101	303	69	7	480
Intangible asset amortization	41	48	58	33	27	20	138
Asset Management - Other ⁽⁴⁾	—	—	150	—	—	—	150
Total operating expenses incurred in period included in Insurance service and Other expenses	2,300	2,153	2,265	2,119	1,789	1,740	7,913
COMMISSION EXPENSE INCLUDED IN INSURANCE SERVICE AND OTHER EXPENSES BY BUSINESS GROUP							
Business Group							
Asset Management	145	145	147	146	153	170	616
Canada	177	188	196	190	191	200	777
U.S.	151	151	142	135	132	125	534
Asia	38	41	48	72	43	37	200
Corporate ⁽⁵⁾	(1)	—	(2)	1	—	(1)	(2)
Total commission expense incurred in period included in Insurance service and Other expenses	510	525	531	544	519	531	2,125
INTEREST EXPENSE							
Subordinated debt	52	52	54	51	47	46	198
Interest on senior unsecured debentures/financing and innovative capital instruments	4	4	4	4	4	4	16
Other ⁽⁶⁾	86	79	69	64	50	48	231
Total interest expense included in Other Expenses	142	135	127	119	101	98	445

⁽¹⁾ Under IFRS 17, certain Operating expenses and Commission expense incurred in the period are included in Insurance service expenses, which are a component of Net insurance service results.

⁽²⁾ Corporate includes consolidation adjustments for Operating expenses relating to activities that cross business groups.

⁽³⁾ These amounts represent only non-underlying adjustments that pertain to operating expenses incurred in the period, and excludes non-underlying adjustments recognized outside of operating expenses, such as in investment results, the balance sheet, and NCI. For more information about non-underlying adjustments, refer to the Non-IFRS Financial Measures page 1 of this document and Section N, Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽⁴⁾ SLC Management carried interest that Sun Life does not participate in economically is presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements. Refer to the Basis of Presentation section on page ii of this document for more information.

⁽⁵⁾ Corporate includes consolidation adjustments for Commission expense relating to activities that cross business groups.

⁽⁶⁾ Other primarily represents interest on put option liabilities associated with SLC Management's affiliates and interest on liabilities connected to consolidated special purpose entities, interest on leases, interest on real estate encumbrances and interest on income taxes.

FINANCIAL STRENGTH AND CAPITAL ADEQUACY

SUN LIFE ASSURANCE COMPANY OF CANADA

FINANCIAL STRENGTH RATINGS

SECURITY RATINGS

Subordinated Debt
Sun Life Exchangeable Capital Securities
Series B

A.M. Best	Moody's	Standard & Poor's	DBRS
A+	Aa3	AA	AA
a+	A2	AA-	AA (low)
a	A3(hyb)	P-1/A+	A (high)

SUN LIFE FINANCIAL INC.

SECURITY RATINGS

Subordinated Debt
(Series 2007-1, 2016-2, 2019-1, 2020-1, 2020-2, 2021-1, 2021-2, 2021-3, 2022-1, and 2023-1 ⁽¹⁾)
Class A Preferred Shares
(Series 3-5, 8R, 9QR, 10R and 11QR)
Limited Recourse Capital Notes (Series 2021-1)

A.M. Best	Moody's	Standard & Poor's	DBRS
a-	not rated	A	A
bbb+	not rated	P-1 (low)/A-	Pfd-2 (high)
not rated	not rated	A-	A (low)

⁽¹⁾ Series 2023-1 subordinated debt was issued on July 4, 2023.

General Information

Asset Management	Canada	U.S.	Asia	Corporate
<p>Our Asset Management business group is comprised of MFS and SLC Management. MFS is a premier global asset manager offering a comprehensive selection of financial products and services that deliver superior value, actively managing assets for retail and institutional investors around the world. SLC Management is a global asset manager with capabilities across fixed income and alternative asset classes including public and private fixed income, real estate equity and debt, and infrastructure equity.</p> <p>MFS Mutual Funds U.S. retail mutual funds MFS Meridian funds Investment management services Institutional accounts Pension business Insurance products</p> <p>SLC Management Private class funds Customized fixed income portfolios Liability-driven investing strategies Investment advisory and property management services Real estate and infrastructure solutions Alternative credit solutions Retail distribution services</p>	<p>Our Canada business segment is a leading provider of protection, health, asset management and wealth solutions, providing products and services that deliver value to approximately 6.3 million Clients. We are the largest provider of benefits and pensions in the workplace, and offer a wide range of products to individuals via retail channels. We are focused on helping Canadians achieve lifetime financial security and live healthier lives. Canada has three business units - Individual Insurance & Wealth, Sun Life Health and Group Retirement Services.</p> <p><u>Individual Insurance & Wealth</u> Individual life and health insurance Individual savings products Mutual funds</p> <p><u>Sun Life Health</u> Group life and health insurance Voluntary benefits products</p> <p><u>Group Retirement Services</u> Defined contribution plans Defined benefit solutions Voluntary savings plans</p>	<p>Our U.S. business segment is one of the largest providers of employee and government benefits in the U.S., serving more than 50 million Americans with disability, life, supplemental health, medical stop-loss insurance, and dental and vision benefits through employers, industry partners and government programs such as Medicaid, Medicare Advantage, and the Children's Health Insurance Program ("CHIP"). Services include absence management, dental care, and healthcare navigation. In addition, our U.S. business manages an in-force block of approximately 85,000 individual life insurance policies plus 110,000 individual annuity policies that were originally sold in the UK. U.S. has three business units - Group Benefits, Dental and In-force Management.</p> <p><u>Group Benefits</u> Group life Disability insurance Medical stop-loss insurance Voluntary benefits Supplemental health products FultscopeRMS products and services</p> <p><u>Dental</u> Medicaid and Medicare Advantage products and services Commercial group products and services Care Delivery services</p> <p><u>In-force Management</u> Individual life insurance Individual annuity</p>	<p>We are well-positioned in growing markets in Asia, with operations in key ASEAN markets, Hong Kong, Joint Ventures and High Net Worth ("HNW") delivering value to over 25 million Clients. These markets account for approximately 65% of Asia's GDP with high potential for future growth. We are a provider of individual life and health insurance that delivers Client value, a provider in select markets of asset management and group retirement products and services, and among the global leaders in providing life insurance solutions to HNW Clients. Asia has five business units - ASEAN, Hong Kong, Joint Ventures, High Net Worth and Regional Office.</p> <p><u>ASEAN Markets</u> Philippines Vietnam Indonesia</p> <p><u>Hong Kong</u></p> <p><u>Joint Ventures</u> China India Malaysia</p> <p><u>High Net Worth</u> International Singapore</p> <p><u>Regional Office</u></p>	<p>Corporate includes the results of our Corporate Support operations. On April 1, 2023, Sun Life UK was sold to Phoenix Group Holdings plc and our retained economic interest in the payout annuities business is part of the U.S. business segment. Corporate Support operations consist of the certain expenses, debt charges, investment income, capital and other items, pertaining to monitoring and oversight of enterprise activities and Corporate treasury functions, which are not allocated to business segments. Corporate Support also includes our Run-off reinsurance business. Coverage in our Run-off reinsurance business includes medical, guaranteed minimum income and death benefit coverage. The block also includes group long-term disability and personal accident policies which are 100% retroceded.</p> <p><u>Corporate Support</u> Run-off reinsurance</p>

Underlying net income by Business Types

Sun Life has a diversified mix of businesses and our earnings by business type support the understanding and analysis of our results:

- Wealth & asset management:** Sun Life's wealth & asset management businesses generate recurring fee income and/or spread on investment products.
- Group - Health & Protection:** Group businesses provide health and protection benefits to employer and government plan members. The products generally have shorter-term coverage periods, and more frequent repricing. The revenues are driven by premiums for coverage provided as well as fee-based earnings (i.e., Administrative Services Only plans, and dental fees).
- Individual - Protection:** Generally, individual protection business has a longer-term profitability profile and is more sensitive to experience trends. The premiums include a margin for providing protection and are invested to earn a return over the expected amounts required to fulfill insurance liabilities.

The following provides an overview of the business types in Sun Life's business segments/business groups:

Business Segments					
Business Types	Asset Management	Canada	US	Asia	Corporate
Wealth & asset management	MFS Investment Management SLC Management	Individual Wealth Group Retirement Services		Individual wealth & asset management ¹	
Group - Health & Protection		Sun Life Health	Group Benefits ² Dental		
Individual - Protection		Individual Insurance	In-force Management ³	Individual protection ⁴	
Corporate expenses & other				Regional Office	Corporate Support

¹ Includes wealth & asset management businesses in the Philippines, Hong Kong, China and India.

² Includes Employee Benefits, as well as Health and Risk Solutions (medical stop-loss).

³ Effective Q2 2023, the UK payout annuities run-off business was moved from the Corporate business segment to the U.S. business segment upon the sale of SLF of Canada UK Limited (Sun Life UK). For additional information, refer to Note 3 of our Interim Consolidated Financial Statements for the period ended June 30, 2023.

⁴ Includes individual protection businesses in ASEAN, Hong Kong, Joint Ventures and High-Net-Worth. Group businesses in Asia have been included with Individual - Protection.

NET INCOME RECONCILIATIONS - PRE-TAX and POST-TAX ⁽¹⁾

(C\$ millions)

	For the Quarter Ended						For the Year	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Total Company Pre-Tax Adjustments								
Underlying net income (post-tax)	1	920	895	892	949	808	720	3,369
Add: Non-underlying net income adjustments (pre-tax):								
Market-related impacts (pre-tax)	2	(298)	(99)	179	(400)	282	172	233
Assumption Changes and Management Actions (ACMA) (pre-tax)	3	11	(5)	(26)	(153)	(30)	(30)	(239)
Management's ownership of MFS shares (pre-tax)	4	4	21	31	42	46	13	132
Acquisition, integration and restructuring (pre-tax) ⁽¹⁾	5	(57)	15	(110)	(334)	(86)	(23)	(553)
Intangible asset amortization (pre-tax)	6	(36)	(46)	(55)	(31)	(26)	(19)	(131)
Other (pre-tax) ⁽¹⁾	7	—	—	(7)	(62)	95	—	26
Total non-underlying net income adjustments (pre-tax)	8	(376)	(114)	12	(938)	281	113	(532)
Tax (expense) benefit related to non-underlying net income adjustments	9	116	25	261	100	(159)	(168)	34
Reported net income - Common shareholders (post-tax)	10	660	806	1,165	111	930	665	2,871
Total Company Post-Tax Adjustments								
Underlying net income (post-tax)	11	920	895	892	949	808	720	3,369
Add: Non-underlying net income adjustments (post-tax):								
Market-related impacts (post-tax)	12	(220)	(64)	224	(361)	118	(2)	(21)
ACMA (post-tax)	13	7	(5)	12	(131)	(22)	(27)	(168)
Management's ownership of MFS shares (post-tax)	14	(1)	17	27	37	42	9	115
Acquisition, integration and restructuring (post-tax) ⁽¹⁾	15	(20)	(4)	(86)	(312)	(73)	(21)	(492)
Intangible asset amortization (post-tax)	16	(26)	(33)	(41)	(23)	(19)	(14)	(97)
Other (post-tax) ⁽¹⁾	17	—	—	137	(48)	76	—	165
Total non-underlying net income adjustments (post-tax)	18	(260)	(89)	273	(838)	122	(55)	(498)
Reported net income - Common shareholders (post-tax)	19	660	806	1,165	111	930	665	2,871
Asset Management Pre-Tax Adjustments								
Underlying net income (post-tax)	20	296	282	324	298	295	321	1,238
Add: Non-underlying net income adjustments (pre-tax):								
Market-related impacts (pre-tax)	21	(40)	(7)	(8)	3	(16)	—	(21)
Management's ownership of MFS shares (pre-tax)	22	4	21	31	42	46	13	132
Acquisition, integration and restructuring (pre-tax) ⁽¹⁾	23	(24)	(36)	(31)	(131)	(18)	(16)	(196)
Intangible asset amortization (pre-tax)	24	(9)	(8)	(6)	(6)	(7)	(7)	(26)
Other (pre-tax) ⁽¹⁾	25	—	—	7	—	—	—	7
Total non-underlying net income adjustments (pre-tax)	26	(69)	(30)	(7)	(92)	5	(10)	(104)
Tax (expense) benefit related to non-underlying net income adjustments	27	21	2	4	12	(2)	—	14
Reported net income - Common shareholders (post-tax)	28	248	254	321	218	298	311	1,148
Asset Management Post-Tax Adjustments								
Underlying net income (post-tax)	29	296	282	324	298	295	321	1,238
Add: Non-underlying net income adjustments (post-tax):								
Market-related impacts (post-tax)	30	(31)	(7)	(8)	3	(17)	—	(22)
Management's ownership of MFS shares (post-tax)	31	(1)	17	27	37	42	9	115
Acquisition, integration and restructuring (post-tax) ⁽¹⁾	32	(11)	(33)	(26)	(117)	(18)	(15)	(176)
Intangible asset amortization (post-tax)	33	(5)	(5)	(3)	(3)	(4)	(4)	(14)
Other (post-tax) ⁽¹⁾	34	—	—	7	—	—	—	7
Total non-underlying net income adjustments (post-tax)	35	(48)	(28)	(3)	(80)	3	(10)	(90)
Reported net income - Common shareholders (post-tax)	36	248	254	321	218	298	311	1,148
MFS Pre-Tax Adjustments								
Underlying net income (post-tax)	37	252	254	276	273	250	281	1,080
Add: Management's ownership of MFS shares (pre-tax)	38	4	21	31	42	46	13	132
Tax (expense) benefit related to non-underlying net income adjustments	39	(5)	(4)	(4)	(5)	(4)	(4)	(17)
Reported net income - Common shareholders (post-tax)	40	251	271	303	310	292	290	1,195
MFS Post-Tax Adjustments								
Underlying net income (post-tax)	41	252	254	276	273	250	281	1,080
Add: Management's ownership of MFS shares (post-tax)	42	(1)	17	27	37	42	9	115
Reported net income - Common shareholders (post-tax)	43	251	271	303	310	292	290	1,195
SLC Management Pre-Tax Adjustments								
Underlying net income (post-tax)	44	44	28	48	25	45	40	158
Add: Non-underlying net income adjustments (pre-tax):								
Market-related impacts (pre-tax)	45	(40)	(7)	(8)	3	(16)	—	(21)
Acquisition, integration and restructuring (pre-tax) ⁽¹⁾	46	(24)	(36)	(31)	(131)	(18)	(16)	(196)
Intangible asset amortization (pre-tax)	47	(9)	(8)	(6)	(6)	(7)	(7)	(26)
Other (pre-tax) ⁽¹⁾	48	—	—	7	—	—	—	7
Total non-underlying net income adjustments (pre-tax)	49	(73)	(51)	(38)	(134)	(41)	(23)	(236)
Tax (expense) benefit related to non-underlying net income adjustments	50	26	6	8	17	2	4	31
Reported net income (loss) - Common shareholders (post-tax)	51	(3)	(17)	18	(92)	6	21	(47)
SLC Management Post-Tax Adjustments								
Underlying net income (post-tax)	52	44	28	48	25	45	40	158
Add: Non-underlying net income adjustments (post-tax):								
Market-related impacts (post-tax)	53	(31)	(7)	(8)	3	(17)	—	(22)
Acquisition, integration and restructuring (post-tax) ⁽¹⁾	54	(11)	(33)	(26)	(117)	(18)	(15)	(176)
Intangible asset amortization (post-tax)	55	(5)	(5)	(3)	(3)	(4)	(4)	(14)
Other (post-tax) ⁽¹⁾	56	—	—	7	—	—	—	7
Total non-underlying net income adjustments (post-tax)	57	(47)	(45)	(30)	(117)	(39)	(19)	(205)
Reported net income (loss) - Common shareholders (post-tax)	58	(3)	(17)	18	(92)	6	21	(47)

⁽¹⁾ Underlying net income is a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 of this document and the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

NET INCOME RECONCILIATIONS - PRE-TAX and POST-TAX CONTINUED ⁽¹⁾

(C\$ millions)

	For the Quarter Ended						For the Year Ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Canada Pre-Tax Adjustments								
Underlying net income (post-tax)	1	372	316	265	293	299	206	1,063
Add: Non-underlying net income adjustments (pre-tax):								
<i>Market-related impacts (pre-tax)</i>	2	(212)	(92)	250	(206)	360	247	651
<i>ACMA (pre-tax)</i>	3	(8)	(2)	(185)	(82)	(30)	(15)	(312)
<i>Acquisition, integration and restructuring (pre-tax) ⁽¹⁾</i>	4	3	98	(1)	(1)	—	—	(2)
<i>Intangible asset amortization (pre-tax)</i>	5	(4)	(4)	(4)	(4)	(4)	(4)	(16)
<i>Other (pre-tax) ⁽¹⁾</i>	6	—	—	—	(1)	—	—	(1)
<i>Total non-underlying net income adjustments (pre-tax)</i>	7	(221)	—	60	(294)	326	228	320
<i>Tax (expense) benefit related to non-underlying net income adjustments</i>	8	59	13	128	57	(149)	(178)	(142)
Reported net income - Common shareholders (post-tax)	9	210	329	453	56	476	256	1,241
Canada Post-Tax Adjustments								
Underlying net income (post-tax)	10	372	316	265	293	299	206	1,063
Add: Non-underlying net income adjustments (post-tax):								
<i>Market-related impacts (post-tax)</i>	11	(156)	(47)	235	(172)	202	65	330
<i>ACMA (post-tax)</i>	12	(6)	(2)	(133)	(61)	(22)	(12)	(228)
<i>Acquisition, integration and restructuring (post-tax) ⁽¹⁾</i>	13	3	65	(1)	(1)	—	—	(2)
<i>Intangible asset amortization (post-tax)</i>	14	(3)	(3)	(3)	(3)	(3)	(3)	(12)
<i>Other (post-tax) ⁽¹⁾</i>	15	—	—	90	—	—	—	90
<i>Total non-underlying net income adjustments (post-tax)</i>	16	(162)	13	188	(237)	177	50	178
Reported net income - Common shareholders (post-tax)	17	210	329	453	56	476	256	1,241
U.S. Pre-Tax Adjustments								
Underlying net income (post-tax)	18	215	237	230	227	134	107	698
Add: Non-underlying net income adjustments (pre-tax):								
<i>Market-related impacts (pre-tax)</i>	19	(17)	(21)	21	(13)	2	(51)	(41)
<i>ACMA (pre-tax)</i>	20	29	—	71	(6)	—	1	66
<i>Acquisition, integration and restructuring (pre-tax) ⁽¹⁾</i>	21	(44)	(39)	(78)	(32)	(62)	(6)	(178)
<i>Intangible asset amortization (pre-tax)</i>	22	(21)	(32)	(43)	(19)	(13)	(6)	(81)
<i>Other (pre-tax) ⁽¹⁾</i>	23	—	—	(14)	(61)	94	—	19
<i>Total non-underlying net income adjustments (pre-tax)</i>	24	(53)	(92)	(43)	(131)	21	(62)	(215)
<i>Tax (expense) benefit related to non-underlying net income adjustments</i>	25	13	23	15	29	(6)	11	49
Reported net income - Common shareholders (post-tax)	26	175	168	202	125	149	56	532
U.S. Post-Tax Adjustments								
Underlying net income (post-tax)	27	215	237	230	227	134	107	698
Add: Non-underlying net income adjustments (post-tax):								
<i>Market-related impacts (post-tax)</i>	28	(15)	(17)	18	(10)	(1)	(42)	(35)
<i>Assumption changes that flow directly through income (post-tax)</i>	29	23	—	57	(5)	—	1	53
<i>Acquisition, integration and restructuring (post-tax) ⁽¹⁾</i>	30	(32)	(29)	(59)	(24)	(49)	(5)	(137)
<i>Intangible asset amortization (post-tax)</i>	31	(16)	(23)	(33)	(15)	(10)	(5)	(63)
<i>Other (post-tax) ⁽¹⁾</i>	32	—	—	(11)	(48)	75	—	16
<i>Total non-underlying net income adjustments (post-tax)</i>	33	(40)	(69)	(28)	(102)	15	(51)	(166)
Reported net income - Common shareholders (post-tax)	34	175	168	202	125	149	56	532

⁽¹⁾ Underlying net income is a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 of this document and the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

NET INCOME RECONCILIATIONS - PRE-TAX and POST-TAX CONTINUED ⁽¹⁾

(C\$ millions)

	For the Quarter Ended						For the Year Ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Asia Pre-Tax Adjustments								
Underlying net income (post-tax)	1	150	141	135	153	118	133	539
Add: Non-underlying net income adjustments (pre-tax):								
<i>Market-related impacts (pre-tax)</i>	2	(30)	17	(110)	(107)	(97)	(3)	(317)
<i>ACMA (pre-tax)</i>	3	(10)	(6)	71	(54)	—	(16)	1
<i>Acquisition, integration and restructuring (pre-tax) ⁽¹⁾</i>	4	(5)	(4)	—	—	(6)	(1)	(7)
<i>Intangible asset amortization (pre-tax)</i>	5	(2)	(2)	(2)	(2)	(2)	(2)	(8)
<i>Other (pre-tax) ⁽¹⁾</i>	6	—	—	17	—	—	—	17
<i>Total non-underlying net income adjustments (pre-tax)</i>	7	(47)	5	(24)	(163)	(105)	(22)	(314)
<i>Tax (expense) benefit related to non-underlying net income adjustments</i>	8	19	(12)	(19)	10	(6)	—	(15)
Reported net income - Common shareholders (post-tax)	9	122	134	92	—	7	111	210
Asia Post-Tax Adjustments								
Underlying net income (post-tax)	10	150	141	135	153	118	133	539
Add: Non-underlying net income adjustments (post-tax):								
<i>Market-related impacts (post-tax)</i>	11	(12)	5	(129)	(97)	(103)	(3)	(332)
<i>ACMA (post-tax)</i>	12	(10)	(6)	71	(54)	—	(16)	1
<i>Acquisition, integration and restructuring (post-tax) ⁽¹⁾</i>	13	(4)	(4)	—	—	(6)	(1)	(7)
<i>Intangible asset amortization (post-tax)</i>	14	(2)	(2)	(2)	(2)	(2)	(2)	(8)
<i>Other (post-tax) ⁽¹⁾</i>	15	—	—	17	—	—	—	17
<i>Total non-underlying net income adjustments (post-tax)</i>	16	(28)	(7)	(43)	(153)	(111)	(22)	(329)
Reported net income - Common shareholders (post-tax)	17	122	134	92	—	7	111	210
Corporate Pre-Tax Adjustments								
Underlying net income (loss) (post-tax)	18	(113)	(81)	(62)	(22)	(38)	(47)	(169)
Add: Non-underlying net income adjustments (pre-tax):								
<i>Market-related impacts (pre-tax)</i>	19	1	4	26	(77)	33	(21)	(39)
<i>ACMA (pre-tax)</i>	20	—	3	17	(11)	—	—	6
<i>Acquisition, integration and restructuring (pre-tax) ⁽¹⁾</i>	21	13	(4)	—	(170)	—	—	(170)
<i>Intangible asset amortization (pre-tax)</i>	22	—	—	—	—	—	—	—
<i>Other (pre-tax) ⁽¹⁾</i>	23	—	—	(17)	—	1	—	(16)
<i>Total non-underlying net income (loss) adjustments (pre-tax)</i>	24	14	3	26	(258)	34	(21)	(219)
<i>Tax (expense) benefit related to non-underlying net income adjustments</i>	25	4	(1)	133	(8)	4	(1)	128
Reported net income (loss) - Common shareholders (post-tax)	26	(95)	(79)	97	(288)	—	(69)	(260)
Corporate Post-Tax Adjustments								
Underlying net income (loss) (post-tax)	27	(113)	(81)	(62)	(22)	(38)	(47)	(169)
Add: Non-underlying net income adjustments (post-tax):								
<i>Market-related impacts (post-tax)</i>	28	(6)	2	108	(85)	37	(22)	38
<i>ACMA (post-tax)</i>	29	—	3	17	(11)	—	—	6
<i>Acquisition, integration and restructuring (post-tax) ⁽¹⁾</i>	30	24	(3)	—	(170)	—	—	(170)
<i>Intangible asset amortization (post-tax)</i>	31	—	—	—	—	—	—	—
<i>Other (post-tax) ⁽¹⁾</i>	32	—	—	34	—	1	—	35
<i>Total non-underlying net income (loss) adjustments (post-tax)</i>	33	18	2	159	(266)	38	(22)	(91)
Reported net income (loss) - Common shareholders (post-tax)	34	(95)	(79)	97	(288)	—	(69)	(260)

⁽¹⁾ Underlying net income is a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 of this document and the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details. In Q4 2022, Other amounts reflect the unwinding of an internal reinsurance agreement.

NET INCOME RECONCILIATIONS - PRE-TAX and POST-TAX CONTINUED ⁽¹⁾

(US\$ millions)

	For the Quarter Ended						For the Year	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
MFS Pre-Tax Adjustments								
Underlying net income (post-tax)	1	187	188	202	212	197	221	832
Add: Management's ownership of MFS shares (pre-tax)	2	3	15	24	32	34	10	100
Tax (expense) benefit related to underlying net income adjustments	3	(3)	(3)	(3)	(4)	(3)	(3)	(13)
Reported net income - Common shareholders (post-tax)	4	187	200	223	240	228	228	919
MFS Post-Tax Adjustments								
Underlying net income (post-tax)	5	187	188	202	212	197	221	832
Add: Management's ownership of MFS shares (post-tax)	6	—	12	21	28	31	7	87
Reported net income - Common shareholders (post-tax)	7	187	200	223	240	228	228	919
U.S. Pre-Tax Adjustments								
Underlying net income (post-tax)	8	160	176	173	173	102	83	531
Add: Non-underlying net income adjustments (pre-tax):								
Market-related impacts (pre-tax)	9	(10)	(21)	15	(10)	(5)	(43)	(43)
ACMA (pre-tax)	10	23	—	53	(5)	—	1	49
Acquisition, integration and restructuring (pre-tax) ⁽¹⁾	11	(33)	(28)	(57)	(25)	(49)	(5)	(136)
Intangible asset amortization (pre-tax)	12	(16)	(23)	(32)	(15)	(10)	(5)	(62)
Other (pre-tax) ⁽¹⁾	13	—	—	(10)	(47)	74	—	17
Total non-underlying net income adjustments (pre-tax)	14	(36)	(72)	(31)	(102)	10	(52)	(175)
Tax (expense) benefit related to non-underlying net income adjustments	15	9	21	9	25	1	13	48
Reported net income - Common shareholders (post-tax)	16	133	125	151	96	113	44	404
U.S. Post-Tax Adjustments								
Underlying net income (post-tax)	17	160	176	173	173	102	83	531
Add: Non-underlying net income adjustments (post-tax):								
Market-related impacts (post-tax)	18	(9)	(13)	11	(8)	(1)	(32)	(30)
ACMA (post-tax)	19	18	—	42	(3)	—	1	40
Acquisition, integration and restructuring (post-tax) ⁽¹⁾	20	(24)	(21)	(43)	(18)	(38)	(4)	(103)
Intangible asset amortization (post-tax)	21	(12)	(17)	(24)	(11)	(8)	(4)	(47)
Other (post-tax) ⁽¹⁾	22	—	—	(8)	(37)	58	—	13
Total non-underlying net income adjustments (post-tax)	23	(27)	(51)	(22)	(77)	11	(39)	(127)
Reported net income - Common shareholders (post-tax)	24	133	125	151	96	113	44	404
U.S. Group Benefits Underlying Net Income to Reported Net Income								
Underlying net income (post-tax)	25	116	128	119	101	87	49	356
Add: Non-underlying net income adjustments (pre-tax):								
Market-related impacts (pre-tax)	26	(6)	4	(1)	(24)	(10)	(14)	(49)
ACMA (pre-tax)	27	—	—	8	(7)	—	—	1
Acquisition, integration and restructuring (pre-tax) ⁽¹⁾	28	(1)	—	(1)	—	(1)	(1)	(3)
Intangible asset amortization (pre-tax)	29	(5)	(5)	(4)	(4)	(5)	(5)	(18)
Total non-underlying net income adjustments (pre-tax)	30	(12)	(1)	2	(35)	(16)	(20)	(69)
Tax (expense) benefit related to non-underlying net income adjustments	31	2	1	(2)	8	4	5	15
Reported net income - Common shareholders (post-tax)	32	106	128	119	74	75	34	302

⁽¹⁾ Underlying net income is a non-IFRS financial measure. Refer Non-IFRS Financial Measures section on page 1 of this document and the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

MFS RECONCILIATIONS

(US\$ millions, unless otherwise noted)

		For the Quarter Ended					For the Year	
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Ended 2022
MFS Pre-Tax Net Operating Margin Reconciliation								
Revenue								
IFRS fee income	1	804	787	775	801	838	909	3,323
Less: Adjustments								
Commissions	2	99	99	99	104	110	120	433
Other ⁽¹⁾	3	(14)	(13)	(13)	(13)	(16)	(11)	(53)
Total adjustments	4	85	86	86	91	94	109	380
Adjusted revenue	5	719	701	689	710	744	800	2,943
Expenses								
IFRS expenses	6	577	544	514	500	542	606	2,162
IFRS net investment (income) loss	7	(24)	(20)	(22)	(7)	5	6	(18)
Less: Adjustments								
Management's ownership of MFS shares (net of NCI) ⁽²⁾	8	12	(2)	(10)	(17)	(21)	3	(45)
Compensation-related equity plan adjustments	9	1	—	(1)	—	(4)	12	7
Commissions	10	99	99	99	104	110	120	433
Other ⁽¹⁾	11	(14)	(16)	(13)	(13)	(16)	(11)	(53)
Total adjustments	12	98	81	75	74	69	124	342
Adjusted expenses	13	455	443	417	419	478	488	1,802
Pre-tax Net Operating Margin	14	37 %	37 %	40 %	41 %	36 %	39 %	39 %
MFS Pre-Tax Gross Operating Margin Reconciliation								
IFRS fee income	15	804	787	775	801	838	909	3,323
Expenses								
IFRS expenses	16	577	544	514	500	542	606	2,162
IFRS net investment (income) loss	17	(24)	(20)	(22)	(7)	5	6	(18)
Less: Adjustments								
Management's ownership of MFS shares (net of NCI) ⁽²⁾	18	12	(2)	(10)	(17)	(21)	3	(45)
Compensation-related equity plan adjustments	19	1	—	(1)	—	(4)	12	7
Other ⁽³⁾	20	—	(3)	—	—	—	—	—
Total adjustments	21	13	(5)	(11)	(17)	(25)	15	(38)
Adjusted expenses	22	540	529	503	510	572	597	2,182
Pre-tax Gross Operating Margin	23	33 %	33 %	35 %	36 %	32 %	34 %	34 %

⁽¹⁾ Other includes accounting basis differences, such as advisory expenses and product allowances.

⁽²⁾ Excluding non-controlling interest. For more information on this adjustment made to arrive at a non-IFRS financial measure, refer to the Non-IFRS Financial Measures page 1 of this document and Section N. Non-IFRS Financial Measures, 2. Underlying Net Income and Underlying EPS of the Company's Q2 2023 MD&A.

⁽³⁾ In Q1 2023, Other includes an impairment charge on goodwill associated with a closed end investment management agreement.

ASSET MANAGEMENT - UNDERLYING TO REPORTED NET INCOME RECONCILIATION

(C\$ millions, unless otherwise noted)

Asset Management	For the Quarter Ended						For the Year Ended	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Revenue								
Net investment result ⁽¹⁾⁽²⁾	1	54	29	48	11	12	4	75
Fee income ⁽²⁾	2	1,312	1,289	1,255	1,264	1,308	1,391	5,218
Total revenue	3	1,366	1,318	1,303	1,275	1,320	1,395	5,293
Expenses ⁽²⁾⁽³⁾	4	963	941	874	868	932	968	3,642
Income before income taxes	5	403	377	429	407	388	427	1,651
Income tax expense (benefit)	6	91	86	92	96	81	93	362
Non-controlling interest (NCI) ⁽²⁾	7	16	9	13	13	12	13	51
Underlying net income	8	296	282	324	298	295	321	1,238
Add: Non-underlying net income adjustments (post-tax):								
Market-related impacts ⁽¹⁾	9	(31)	(7)	(8)	3	(17)	—	(22)
Other adjustments:								
Management's ownership of MFS shares ⁽³⁾	10	(1)	17	27	37	42	9	115
Acquisition, integration and restructuring ⁽⁴⁾	11	(11)	(33)	(26)	(117)	(18)	(15)	(176)
Intangible asset amortization	12	(5)	(5)	(3)	(3)	(4)	(4)	(14)
Other ⁽⁴⁾	13	—	—	7	—	—	—	7
Reported net income - Common shareholders	14	248	254	321	218	298	311	1,148
MFS ⁽³⁾								
Revenue								
Net investment result	15	30	24	28	8	(8)	(9)	19
Fee income	16	1,020	1,006	989	1,021	1,066	1,165	4,241
Total revenue	17	1,050	1,030	1,017	1,029	1,058	1,156	4,260
Expenses	18	718	695	664	672	734	790	2,860
Income before income taxes	19	332	335	353	357	324	366	1,400
Income tax expense (benefit)	20	80	81	77	84	74	85	320
Underlying net income	21	252	254	276	273	250	281	1,080
Add: Non-underlying net income adjustments (post-tax):								
Other adjustments:								
Management's ownership of MFS shares ⁽³⁾	22	(1)	17	27	37	42	9	115
Reported net income - Common shareholders	23	251	271	303	310	292	290	1,195
SLC Management ⁽²⁾								
Revenue								
Net investment result ⁽¹⁾	24	24	5	20	3	20	13	56
Fee income	25	292	283	266	243	242	226	977
Total revenue	26	316	288	286	246	262	239	1,033
Expenses	27	245	246	210	196	198	178	782
Income before income taxes	28	71	42	76	50	64	61	251
Income tax expense (benefit)	29	11	5	15	12	7	8	42
Non-controlling interest (NCI)	30	16	9	13	13	12	13	51
Underlying net income	31	44	28	48	25	45	40	158
Add: Non-underlying net income adjustments (post-tax):								
Market-related impacts ⁽¹⁾	32	(31)	(7)	(8)	3	(17)	—	(22)
Other adjustments:								
Acquisition, integration and restructuring ⁽⁴⁾	33	(11)	(33)	(26)	(117)	(18)	(15)	(176)
Intangible asset amortization	34	(5)	(5)	(3)	(3)	(4)	(4)	(14)
Other ⁽⁴⁾	35	—	—	7	—	—	—	7
Reported net income (loss) - Common shareholders	36	(3)	(17)	18	(92)	6	21	(47)

⁽¹⁾ Market-related impacts are reported under Investment income or loss under IFRS, and are excluded on an underlying basis. For more information about these adjustment made to arrive at a non-IFRS financial measure, refer to the Non-IFRS Financial Measures page 1 of this document and Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ For a reconciliation of SLC Management's Supplementary Income Statement, which is on an underlying basis, compared to an IFRS basis, refer to the SLC Management Reported Net Income Reconciliation section in the appendix of this document.

⁽³⁾ MFS' revenues and expenses have been adjusted to remove NCI, and Expenses on an underlying basis exclude Management's ownership of MFS shares.

⁽⁴⁾ Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

SLC MANAGEMENT REPORTED NET INCOME RECONCILIATION TO THE SUPPLEMENTARY INCOME STATEMENT

(C\$ millions)

	For the Quarter Ended						For the Year	
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Ended	
							2022	
STATEMENTS OF OPERATIONS								
Revenues								
Net investment income (loss) ⁽¹⁾	1	(7)	8	6	(11)	5	12	12
Fee Income								
Management fees	2	248	244	234	218	209	201	862
Distribution fees	3	23	15	—	—	—	—	—
Property management, transaction, advisory and other fees	4	21	24	32	25	33	25	115
Interest and other - fee income	5	53	59	49	54	49	50	202
Fee income of consolidated funds ⁽²⁾	6	—	(2)	169	1	—	—	170
Other - fee income ⁽³⁾	7	30	29	17	12	16	18	63
Total fee income	8	375	369	501	310	307	294	1,412
Total revenues	9	368	377	507	299	312	306	1,424
Expenses								
Compensation- fee-related	10	164	163	141	130	138	128	537
Other operating expenses	11	66	52	52	55	52	44	203
Interest and other	12	72	91	70	69	57	56	252
Acquisition, integration and restructuring ⁽¹⁾⁽⁴⁾	13	25	45	24	131	18	17	190
Expenses of consolidated funds ⁽²⁾	14	—	(67)	150	1	—	—	151
Placement fees - other	15	(4)	(1)	(4)	(4)	—	—	(8)
Other - expenses ⁽¹⁾⁽³⁾⁽⁴⁾	14	54	53	21	6	27	27	81
Total expenses	15	377	336	454	388	292	272	1,406
Income (loss) before income taxes	16	(9)	41	53	(89)	20	34	18
Less: Income tax expense (benefit)	17	(15)	(1)	6	(6)	6	4	10
Non-controlling interest	18	9	(6)	10	9	8	9	36
Non-controlling interest of consolidated funds ⁽²⁾	19	—	65	19	—	—	—	19
Less: Total non-controlling interest	20	9	59	29	9	8	9	55
Reported net income (loss) - Common shareholders	21	(3)	(17)	18	(92)	6	21	(47)

⁽¹⁾ Includes Investment income (loss) and performance fees related to our seed investments and Market-related impacts. Gains or losses of certain non-seed hedges are reported under Investment income or loss under IFRS, whereas we present these under Acquisition, integration and restructuring in SLC Management's Supplementary Income Statement. For more information about this adjustment made to arrive at a non-IFRS financial measure, refer to the Non-IFRS Financial Measures page 1 of this document and Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A.

⁽²⁾ Crescent carried interest that Sun Life does not participate in economically is presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements. On a net basis, the non-controlling interest portion of the carried interest is netted against both Fee income of consolidated funds and Expenses of consolidated funds. Refer to the Basis of Presentation section on page ii of this document for more information.

⁽³⁾ We have reclassified the income and related expenses for certain property management agreements to Compensation – fee-related to provide more accurate metrics on our fee-related business.

⁽⁴⁾ Non-underlying net income adjustments are shown pre-tax and before non-controlling interests (NCI) in this reconciliation, compared to post-tax and post-NCI in SLC Management's Supplementary Income Statement. Other - expenses includes Intangible asset amortization and Other non-underlying adjustments.

DILUTED EARNINGS PER SHARE RECONCILIATION

(C\$ millions, unless otherwise noted)

	At and For the Quarter Ended						At and For the
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Year Ended 2022
Weighted Average Shares							
Weighted average shares - basic	1	587	587	586	586	586	586
Diluted impact of stock options	2	—	—	—	—	1	—
Weighted average shares - diluted underlying	3	587	587	586	586	587	586
Diluted impact of convertible securities (SLEECs) ⁽¹⁾	4	3	3	4	3	3	3
Weighted average shares - diluted	5	590	590	590	589	590	589
Diluted Earnings Per Share ⁽²⁾							
Underlying net income (loss)	6	920	895	892	949	808	720
<i>Add Adjustments:</i>							
<i>Market-related impacts</i>							
ACMA	7	(220)	(64)	224	(361)	118	(2)
Other adjustments:							
Impact of management's ownership of MFS shares	8	7	(5)	12	(131)	(22)	(27)
Impact of acquisition, integration and restructuring ⁽³⁾	9	(1)	17	27	37	42	9
Impact of intangible asset amortization	10	(20)	(4)	(86)	(312)	(73)	(21)
Impact of other ⁽³⁾	11	(26)	(33)	(41)	(23)	(19)	(14)
Reported net income (loss) - Common shareholders	12	—	—	137	(48)	76	—
Add: Increase in income due to convertible securities ⁽⁴⁾	13	660	806	1,165	111	930	665
Reported net income (loss) - Common shareholders on a diluted basis	14	2	3	2	3	2	3
Underlying earnings per share - diluted	15	662	809	1,167	114	932	668
<i>Add Adjustments:</i>	16	1.57	1.52	1.52	1.62	1.38	1.23
<i>Market-related impacts</i>							
ACMA	17	(0.38)	(0.10)	0.38	(0.62)	0.19	—
Other adjustments:							
Impact of management's ownership of MFS shares	18	0.01	(0.01)	0.02	(0.22)	(0.04)	(0.05)
Impact of acquisition, integration and restructuring	19	—	0.03	0.05	0.06	0.07	0.01
Impact of intangible asset amortization	20	(0.03)	(0.01)	(0.15)	(0.53)	(0.12)	(0.03)
Impact of other	21	(0.05)	(0.06)	(0.07)	(0.04)	(0.03)	(0.03)
Impact of convertible securities on diluted earnings per share	22	—	—	0.23	(0.08)	0.13	—
Reported earnings per share - diluted	23	—	—	—	—	—	0.02
	24	1.12	1.37	1.98	0.19	1.58	1.13
							4.89

⁽¹⁾ Represents the number of common shares treated as outstanding in the calculation of diluted EPS, based on the assumed conversion of the convertible securities. No adjustment is reflected for periods in which the convertible securities conversion would have caused an anti-dilutive result.

⁽²⁾ The convertible securities contain features which enable the holders to convert these securities into preferred shares of Sun Life Assurance Company of Canada. Following this conversion, the Company has the option to settle the preferred shares with cash prior to the conversion to common shares of Sun Life. Under IFRS, diluted EPS are calculated by adjusting income and the weighted average number of shares for the effects of all dilutive potential common shares under the assumption that convertible instruments are converted and that outstanding options are exercised.

⁽³⁾ Refer to the Notes page ii, Other Adjustments - Acquisition, Integration and Restructuring and Adjustments - other for additional details.

⁽⁴⁾ Represents after-tax interest expense on convertible securities converted into common shares that is added to net income as the convertible securities are assumed to be converted at the beginning of each reporting period in the calculation of diluted EPS.

DOE RECONCILIATION - TOTAL COMPANY

This page details the reconciling items (rows 12 to 21) between the Underlying Drivers of Earnings (rows 1 to 11) to the Adjusted Common Shareholders' View (also referred to as the Reported Drivers of Earnings, rows 22 to 32). This page also further details the reconciling items and adjustments (rows 33 to 42) between the Reported Drivers of Earnings (rows 22 to 32) and the Reported View - Income Statement (also referred to as the Statements of Operations in our Consolidated Financial Statements, rows 43 to 52).

(C\$ millions)	For the Quarter Ended						For the Year
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Underlying View ⁽¹⁾							
Net insurance service result	794	676	721	685	536	414	2,356
Net investment result	430	437	316	357	322	242	1,237
Asset Management	403	377	429	407	388	427	1,651
Other fee income	80	93	78	114	95	107	394
Expenses - other	(516)	(468)	(433)	(389)	(333)	(356)	(1,511)
Income before taxes - Underlying	1,191	1,115	1,111	1,174	1,008	834	4,127
Income tax (expense) benefit	(235)	(191)	(187)	(193)	(174)	(83)	(637)
Total net income	956	924	924	981	834	751	3,490
Net income (loss) allocated to NCI	(16)	(9)	(13)	(13)	(12)	(13)	(51)
Dividends on preferred shares and distributions on other equity instruments	(20)	(20)	(19)	(19)	(14)	(18)	(70)
Underlying net income	920	895	892	949	808	720	3,369
Non-Underlying Adjustments ⁽¹⁾							
Net insurance service result	(36)	(12)	(7)	(150)	6	(15)	(166)
Net investment result	(265)	(85)	155	(466)	362	157	208
Asset Management	(76)	(45)	(10)	(96)	1	(14)	(119)
Other fee income	4	—	—	—	—	—	—
Expenses - other	(10)	13	(129)	(230)	(92)	(19)	(470)
Income before taxes	(383)	(129)	9	(942)	277	109	(547)
Income tax (expense) benefit	116	25	261	100	(159)	(168)	34
Total net income	(267)	(104)	270	(842)	118	(59)	(513)
Net income (loss) allocated to NCI	7	15	3	4	4	4	15
Net non-underlying adjustments	(260)	(89)	273	(838)	122	(55)	(498)
Adjusted Common Shareholders' View ⁽¹⁾							
Net insurance service result	758	664	714	535	542	399	2,190
Net investment result	165	352	471	(109)	684	399	1,445
Asset Management	327	332	419	311	389	413	1,532
Other fee income	84	93	78	114	95	107	394
Expenses - other	(526)	(455)	(562)	(619)	(425)	(375)	(1,981)
Income before taxes	808	986	1,120	232	1,285	943	3,580
Income tax (expense) benefit	(119)	(166)	74	(93)	(333)	(251)	(603)
Total net income	689	820	1,194	139	952	692	2,977
Net income (loss) allocated to NCI	(9)	6	(10)	(9)	(8)	(9)	(36)
Dividends on preferred shares and distributions on other equity instruments	(20)	(20)	(19)	(19)	(14)	(18)	(70)
Adjusted reported net income - Common shareholders	660	806	1,165	111	930	665	2,871
Par and Net Adjustments ⁽¹⁾							
Net insurance service result	17	24	37	56	38	(28)	103
Net investment result	89	69	12	(30)	(33)	29	(22)
Fee income:							
Asset Management	(327)	(332)	(419)	(311)	(389)	(413)	(1,532)
Other fee income	1,852	1,808	1,943	1,694	1,684	1,732	7,053
Expenses - other	(1,572)	(1,460)	(1,560)	(1,411)	(1,262)	(1,323)	(5,556)
Income before taxes	59	109	13	(2)	38	(3)	46
Income tax (expense) benefit	(8)	(11)	(9)	16	18	32	57
Total net income	51	98	4	14	56	29	103
Net income (loss) allocated to the participating account and NCI	(51)	(98)	(4)	(14)	(56)	(29)	(103)
Adjusted common shareholders' reported net income - Par and Net Adjustments	—	—	—	—	—	—	—
Reported View - Income Statement							
Net insurance service result	775	688	751	591	580	371	2,293
Net investment result	254	421	483	(139)	651	428	1,423
Fee income	1,936	1,901	2,021	1,808	1,779	1,839	7,447
Other expenses	(2,098)	(1,915)	(2,122)	(2,030)	(1,687)	(1,698)	(7,537)
Income before taxes	867	1,095	1,133	230	1,323	940	3,626
Income tax (expense) benefit	(127)	(177)	65	(77)	(315)	(219)	(546)
Total net income	740	918	1,198	153	1,008	721	3,080
Net income (loss) allocated to the participating account and NCI	(60)	(92)	(13)	(24)	(64)	(38)	(139)
Dividends on preferred shares and distributions on other equity instruments	(20)	(20)	(20)	(18)	(14)	(18)	(70)
Reported net income - Common shareholders	660	806	1,165	111	930	665	2,871

⁽¹⁾ The Drivers of Earnings analysis contains non-IFRS financial measures. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

DOE RECONCILIATION - CANADA

This page details the reconciling items (rows 10 to 16) between the Underlying Drivers of Earnings (rows 1 to 9) to the Adjusted Common Shareholders' View (also referred to as the Reported Drivers of Earnings, rows 17 to 25). This page also further details the reconciling items and adjustments (rows 26 to 34) between the Reported Drivers of Earnings (rows 17 to 25) and the Reported View - Income Statement (also referred to as the Statements of Operations in our Consolidated Financial Statements, rows 35 to 43).

(C\$ millions)

	For the Quarter Ended					For the Year Ended		
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	
Underlying View ⁽¹⁾								
Net insurance service result	1	356	240	289	228	240	191	948
Net investment result	2	227	242	154	184	182	103	623
Other fee income	3	39	39	21	53	50	55	179
Expenses - other	4	(133)	(121)	(127)	(105)	(94)	(117)	(443)
Income before taxes	5	489	400	337	360	378	232	1,307
Income tax (expense) benefit	6	(117)	(84)	(72)	(67)	(79)	(26)	(244)
Total net income	7	372	316	265	293	299	206	1,063
Net income (loss) allocated to NCI	8	—	—	—	—	—	—	—
Underlying net income	9	372	316	265	293	299	206	1,063
Non-Underlying Adjustments ⁽¹⁾								
Net insurance service result	10	(8)	(6)	(10)	(49)	6	—	(53)
Net investment result	11	(212)	(88)	76	(239)	324	232	393
Other fee income	12	4	—	—	—	—	—	—
Expenses - other	13	(5)	94	(6)	(6)	(4)	(4)	(20)
Income before taxes	14	(221)	—	60	(294)	326	228	320
Income tax (expense) benefit	15	59	13	128	57	(149)	(178)	(142)
Net non-underlying adjustments	16	(162)	13	188	(237)	177	50	178
Adjusted Common Shareholders' View ⁽¹⁾								
Net insurance service result	17	348	234	279	179	246	191	895
Net investment result	18	15	154	230	(55)	506	335	1,016
Other fee income	19	43	39	21	53	50	55	179
Expenses - other	20	(138)	(27)	(133)	(111)	(98)	(121)	(463)
Income before taxes	21	268	400	397	66	704	460	1,627
Income tax (expense) benefit	22	(58)	(71)	56	(10)	(228)	(204)	(386)
Total net income	23	210	329	453	56	476	256	1,241
Net income (loss) allocated to NCI	24	—	—	—	—	—	—	—
Adjusted reported net income - Common shareholders	25	210	329	453	56	476	256	1,241
Par and Net Adjustments ⁽¹⁾								
Net insurance service result	26	10	31	27	27	17	(37)	34
Net investment result	27	7	(2)	(28)	(5)	(4)	12	(25)
Other fee income	28	340	327	328	290	298	300	1,216
Expenses - other	29	(346)	(335)	(330)	(303)	(306)	(311)	(1,250)
Income before taxes	30	11	21	(3)	9	5	(36)	(25)
Income tax (expense) benefit	31	—	(5)	5	7	9	30	51
Total net income	32	11	16	2	16	14	(6)	26
Net income (loss) allocated to the participating account	33	(11)	(16)	(2)	(16)	(14)	6	(26)
Adjusted common shareholders' reported net income - Par and Net Adjustments	34	—	—	—	—	—	—	—
Reported View - Income Statement								
Net insurance service result	35	358	265	306	206	263	154	929
Net investment result	36	22	152	202	(60)	502	347	991
Fee income	37	383	366	349	343	348	355	1,395
Other expenses	38	(484)	(362)	(463)	(414)	(404)	(432)	(1,713)
Income before taxes	39	279	421	394	75	709	424	1,602
Income tax (expense) benefit	40	(58)	(76)	61	(3)	(219)	(174)	(335)
Total net income	41	221	345	455	72	490	250	1,267
Net income (loss) allocated to the participating account	42	(11)	(16)	(2)	(16)	(14)	6	(26)
Reported net income - Common shareholders	43	210	329	453	56	476	256	1,241

⁽¹⁾ The Drivers of Earnings analysis contains non-IFRS financial measures. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

DOE RECONCILIATION - U.S.

This page details the reconciling items (rows 10 to 15) between the Underlying Drivers of Earnings (rows 1 to 9) to the Adjusted Common Shareholders' View (also referred to as the Reported Drivers of Earnings, rows 16 to 24). This page also further details the reconciling items and adjustments (rows 25 to 33) between the Reported Drivers of Earnings (rows 16 to 24) and the Reported View - Income Statement (also referred to as the Statements of Operations in our Consolidated Financial Statements, rows 34 to 42).

(C\$ millions)	For the Quarter Ended						For the Year
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Underlying View ⁽¹⁾							
Net insurance service result	314	324	324	312	167	140	943
Net investment result	76	69	58	65	65	43	231
Other fee income	37	35	50	37	25	24	136
Expenses - other	(153)	(130)	(142)	(127)	(84)	(77)	(430)
Income before taxes	274	298	290	287	173	130	880
Income tax (expense) benefit	(59)	(61)	(60)	(60)	(39)	(23)	(182)
Total net income	215	237	230	227	134	107	698
Net income (loss) allocated to NCI	—	—	—	—	—	—	—
Underlying net income	215	237	230	227	134	107	698
Non-Underlying Adjustments ⁽¹⁾							
Net insurance service result	—	—	(14)	(67)	—	—	(81)
Net investment result	12	(21)	92	(13)	101	(50)	130
Expenses - other	(65)	(71)	(121)	(51)	(80)	(12)	(264)
Income before taxes	(53)	(92)	(43)	(131)	21	(62)	(215)
Income tax (expense) benefit	13	23	15	29	(6)	11	49
Net non-underlying adjustments	(40)	(69)	(28)	(102)	15	(51)	(166)
Adjusted Common Shareholders' View ⁽¹⁾							
Net insurance service result	314	324	310	245	167	140	862
Net investment result	88	48	150	52	166	(7)	361
Other fee income	37	35	50	37	25	24	136
Expenses - other	(218)	(201)	(263)	(178)	(164)	(89)	(694)
Income before taxes	221	206	247	156	194	68	665
Income tax (expense) benefit	(46)	(38)	(45)	(31)	(45)	(12)	(133)
Total net income	175	168	202	125	149	56	532
Net income (loss) allocated to NCI	—	—	—	—	—	—	—
Adjusted reported net income - Common shareholders	175	168	202	125	149	56	532
Par and Net Adjustments ⁽¹⁾							
Net insurance service result	6	8	18	(5)	13	7	33
Net investment result	1	1	1	3	(1)	2	5
Other fee income	71	76	75	66	27	3	171
Expenses - other	(71)	(76)	(75)	(69)	(26)	(4)	(174)
Income before taxes	7	9	19	(5)	13	8	35
Income tax (expense) benefit	(1)	(4)	(9)	1	2	(2)	(8)
Total net income	6	5	10	(4)	15	6	27
Net income (loss) allocated to the participating account	(6)	(5)	(10)	4	(15)	(6)	(27)
Adjusted common shareholders' reported net income - Par and Net Adjustments	—	—	—	—	—	—	—
Reported View - Income Statement							
Net insurance service result	320	332	328	240	180	147	895
Net investment result	89	49	151	55	165	(5)	366
Fee income	108	111	125	103	52	27	307
Other expenses	(289)	(277)	(338)	(247)	(190)	(93)	(868)
Income before taxes	228	215	266	151	207	76	700
Income tax (expense) benefit	(47)	(42)	(54)	(30)	(43)	(14)	(141)
Total net income	181	173	212	121	164	62	559
Net income (loss) allocated to the participating account	(6)	(5)	(10)	4	(15)	(6)	(27)
Reported net income - Common shareholders	175	168	202	125	149	56	532

⁽¹⁾ The Drivers of Earnings analysis contains non-IFRS financial measures. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

DOE RECONCILIATION - ASIA

This page details the reconciling items (rows 10 to 16) between the Underlying Drivers of Earnings (rows 1 to 9) to the Adjusted Common Shareholders' View (also referred to as the Reported Drivers of Earnings, rows 17 to 25). This page also further details the reconciling items and adjustments (rows 26 to 34) between the Reported Drivers of Earnings (rows 17 to 25) and the Reported View - Income Statement (also referred to as the Statements of Operations in our Consolidated Financial Statements, rows 35 to 43).

(C\$ millions)

	For the Quarter Ended						For the Year Ended
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Underlying View ⁽¹⁾							
Net insurance service result	119	99	90	105	106	48	349
Net investment result	92	98	70	103	75	101	349
Other fee income	4	11	11	4	(1)	41	55
Expenses - other	(57)	(55)	(49)	(64)	(51)	(46)	(210)
Income before taxes	158	153	122	148	129	144	543
Income tax (expense) benefit	(8)	(12)	13	5	(11)	(11)	(4)
Total net income	150	141	135	153	118	133	539
Net income (loss) allocated to NCI	—	—	—	—	—	—	—
Underlying net income	150	141	135	153	118	133	539
Non-Underlying Adjustments ⁽¹⁾							
Net insurance service result	1	(6)	17	(34)	—	(15)	(32)
Net investment result	(43)	17	(56)	(126)	(97)	(4)	(283)
Other fee income	—	—	17	—	—	—	17
Expenses - other	(5)	(6)	(2)	(3)	(8)	(3)	(16)
Income before taxes	(47)	5	(24)	(163)	(105)	(22)	(314)
Income tax (expense) benefit	19	(12)	(19)	10	(6)	—	(15)
Net non-underlying adjustments	(28)	(7)	(43)	(153)	(111)	(22)	(329)
Adjusted Common Shareholders' View ⁽¹⁾							
Net insurance service result	120	93	107	71	106	33	317
Net investment result	49	115	14	(23)	(22)	97	66
Other fee income	4	11	28	4	(1)	41	72
Expenses - other	(62)	(61)	(51)	(67)	(59)	(49)	(226)
Income before taxes	111	158	98	(15)	24	122	229
Income tax (expense) benefit	11	(24)	(6)	15	(17)	(11)	(19)
Total net income	122	134	92	—	7	111	210
Net income (loss) allocated to NCI	—	—	—	—	—	—	—
Adjusted reported net income - Common shareholders	122	134	92	—	7	111	210
Par and Net Adjustments ⁽¹⁾							
Net insurance service result	1	(13)	—	37	1	—	38
Net investment result	40	25	(24)	(7)	22	28	19
Other fee income	70	66	71	67	64	66	268
Expenses - other	(70)	(64)	(72)	(94)	(62)	(62)	(290)
Income before taxes	41	14	(25)	3	25	32	35
Income tax (expense) benefit	(7)	(2)	(3)	—	1	(3)	(5)
Total net income	34	12	(28)	3	26	29	30
Net income (loss) allocated to the participating account	(34)	(12)	28	(3)	(26)	(29)	(30)
Adjusted common shareholders' reported net income - Par and Net Adjustments	—	—	—	—	—	—	—
Reported View - Income Statement							
Net insurance service result	121	80	107	108	107	33	355
Net investment result	89	140	(10)	(30)	—	125	85
Fee income	74	77	99	71	63	107	340
Other expenses	(132)	(125)	(123)	(161)	(121)	(111)	(516)
Income before taxes	152	172	73	(12)	49	154	264
Income tax (expense) benefit	4	(26)	(9)	15	(16)	(14)	(24)
Total net income	156	146	64	3	33	140	240
Net income (loss) allocated to the participating account	(34)	(12)	28	(3)	(26)	(29)	(30)
Reported net income - Common shareholders	122	134	92	—	7	111	210

⁽¹⁾ The Drivers of Earnings analysis contains non-IFRS financial measures. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

DOE RECONCILIATION - CORPORATE

This page details the reconciling items (rows 10 to 16) between the Underlying Drivers of Earnings (rows 1 to 9) to the Adjusted Common Shareholders' View (also referred to as the Reported Drivers of Earnings, rows 17 to 25). This page also further details the reconciling items and adjustments (rows 26 to 34) between the Reported Drivers of Earnings (rows 17 to 25) and the Reported View - Income Statement (also referred to as the Statements of Operations in our Consolidated Financial Statements, rows 35 to 43).

	For the Quarter Ended						For the Year Ended
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022
Underlying View ⁽¹⁾							
Net insurance service result	5	13	18	40	23	35	116
Net investment result	35	28	34	5	—	(5)	34
Other fee income	—	8	(4)	20	21	(13)	24
Expenses - other	(173)	(162)	(115)	(93)	(104)	(116)	(428)
Income (loss) before taxes	(133)	(113)	(67)	(28)	(60)	(99)	(254)
Income tax (expense) benefit	40	52	24	25	36	70	155
Total net income (loss)	(93)	(61)	(43)	(3)	(24)	(29)	(99)
Dividends on preferred shares and distributions on other equity instruments	(20)	(20)	(19)	(19)	(14)	(18)	(70)
Underlying net income (loss)	(113)	(81)	(62)	(22)	(38)	(47)	(169)
Non-Underlying Adjustments ⁽¹⁾							
Net insurance service result	(29)	—	—	—	—	—	—
Net investment result	(22)	7	43	(88)	34	(21)	(32)
Other fee income	—	—	(17)	—	—	—	(17)
Expenses - other	65	(4)	—	(170)	—	—	(170)
Income (loss) before taxes	14	3	26	(258)	34	(21)	(219)
Income tax (expense) benefit	4	(1)	133	(8)	4	(1)	128
Net non-underlying adjustments	18	2	159	(266)	38	(22)	(91)
Adjusted Common Shareholders' View ⁽¹⁾							
Net insurance service result	(24)	13	18	40	23	35	116
Net investment result	13	35	77	(83)	34	(26)	2
Other fee income	—	8	(21)	20	21	(13)	7
Expenses - other	(108)	(166)	(115)	(263)	(104)	(116)	(598)
Income (loss) before taxes	(119)	(110)	(41)	(286)	(26)	(120)	(473)
Income tax (expense) benefit	44	51	157	17	40	69	283
Total net income	(75)	(59)	116	(269)	14	(51)	(190)
Dividends on preferred shares and distributions on other equity instruments	(20)	(20)	(19)	(19)	(14)	(18)	(70)
Adjusted reported net income (loss) - Common shareholders	(95)	(79)	97	(288)	—	(69)	(260)
Par and Net Adjustments ⁽¹⁾							
Net insurance service result	—	(2)	(8)	(3)	7	2	(2)
Net investment result	17	9	25	(20)	(47)	(16)	(58)
Other fee income	(83)	(94)	(90)	(83)	(82)	(83)	(338)
Expenses - other	66	88	76	98	115	91	380
Income (loss) before taxes	—	1	3	(8)	(7)	(6)	(18)
Income tax (expense) benefit	—	(1)	(2)	7	7	6	18
Total net income (loss)	—	—	1	(1)	—	—	—
Dividends on preferred shares and distributions on other equity instruments	—	—	(1)	1	—	—	—
Adjusted common shareholders' reported net income - Par and Net Adjustments	—	—	—	—	—	—	—
Reported View - Income Statement							
Net insurance service result	(24)	11	10	37	30	37	114
Net investment result	30	44	102	(103)	(13)	(42)	(56)
Fee income	(83)	(86)	(111)	(63)	(61)	(96)	(331)
Other expenses	(42)	(78)	(39)	(165)	11	(25)	(218)
Income (loss) before taxes	(119)	(109)	(38)	(294)	(33)	(126)	(491)
Income tax (expense) benefit	44	50	155	24	47	75	301
Total net income (loss)	(75)	(59)	117	(270)	14	(51)	(190)
Dividends on preferred shares and distributions on other equity instruments	(20)	(20)	(20)	(18)	(14)	(18)	(70)
Reported net income (loss) - Common shareholders	(95)	(79)	97	(288)	—	(69)	(260)

⁽¹⁾ The Drivers of Earnings analysis contains non-IFRS financial measures. Refer to the Basis of Presentation section on page ii of this document for more information about certain amounts that are presented on a net basis to reflect how management views the business, compared to a gross basis in the Consolidated Financial Statements. Refer Non-IFRS Financial Measures section on page 1 and the Additional Non-IFRS Financial Measures Glossary in the appendix of this document, or Section N. Non-IFRS Financial Measures of the Company's Q2 2023 MD&A for more information.

Additional Non-IFRS Financial Measures Glossary

In addition to the non-IFRS financial measures described on page 1 of this document (Underlying net income, Underlying Diluted EPS, the Drivers of Earnings analysis, and the CSM Movement Analysis), Sun Life also uses the following non-IFRS financial measures:

(1) After-tax profit margin for U.S. Group Benefits. This ratio expresses U.S. Group Benefits underlying net income as a percentage of net premiums. It assists in explaining our results from period to period and measures profitability. This ratio is calculated by dividing underlying net income by net premiums for the trailing four quarters. There is no directly comparable IFRS measure. Refer to U.S. Group Benefits Reported Net Income to Underlying Net Income section in the appendix of this document;

(2) Assets under administration (AUA). AUA represents Client assets for which Sun Life provides administrative services. In Canada, AUA includes mutual fund dealers' assets in Individual Wealth and administrative services assets in Group Retirement Services. In Asia, AUA includes administrative services assets in China and Hong Kong. In SLC Management, AUA includes assets distributed by SLC Management's affiliate, Advisors Asset Management Inc. There is no standardized financial measure under IFRS;

(3) Assets under management (AUM). AUM is a non-IFRS financial measure that indicates the size of the Company's assets across asset management, wealth and insurance. There is no standardized financial measure under IFRS. In addition to the most directly comparable IFRS measures, which are the balance of General funds and Segregated funds on our Statements of Financial Position, AUM also includes Third-party AUM and Consolidation adjustments;

(4) Assets under management and administration (AUMA) consists of both AUA and AUM, as defined above, and there is no standardized financial measure under IFRS;

(5) AUM not yet earning fees. This measure represents the committed uninvested capital portion of total AUM not currently earning management fees. The amount depends on the specific terms and conditions of each fund. There is no directly comparable IFRS measure;

(6) Book value per share. This measure is calculated as common shareholders' equity divided by the number of common shares outstanding at the end of the period.

(7) Capital raising. This measure consists of increases in SLC Management's commitments from fund raising activities for all real estate, infrastructure and alternative credit Clients excluding leverage. Investment-grade fixed income capital raising consists of sales made to new Clients. There is no directly comparable IFRS measure;

(8) Constant currency. We remove the impacts of foreign exchange translation from certain IFRS and non-IFRS financial measures to assist in comparing our results from period to period. The impacts of foreign exchange translation are approximated by using the foreign exchange rates in effect during the comparative period, using the average or period end foreign exchange rates, as appropriate. Constant currency reconciliation for Reported net income and Reported earnings per share - diluted are as follows:

Q2 2023 Reported net income at Q2 2022 constant dollar	\$ 635 million	Q2 2023 Reported earnings per share at Q2 2022 constant dollar	\$ 1.08
Currency impact relative to Q2 2022 exchange rates	\$ 25 million	Currency impact per share relative to Q2 2022 exchange rates	\$ 0.04
Q2 2023 Reported net income - actual	\$ 660 million	Q2 2023 Reported earnings per share - actual	\$ 1.12

(9) Deployment. This measure represents the amount of capital that has been invested in the period, including leverage where applicable. Deployment also includes capital committed in infrastructure deals to be invested in specific assets. There is no directly comparable IFRS measure;

(10) Dividend yield. This measure is calculated as the annualized dividend per share in the quarter over the daily average share price in the quarter. The annual dividend calculation represents the dividend paid in the year over the daily average share price for the year.

(11) Fee earning AUM (FE AUM). FE AUM consists of assets managed by SLC Management, which are beneficially owned by Clients, on which we earn management fees for providing investment management, property management or advisory-related services. There is no directly comparable IFRS measure;

(12) Financial Leverage ratio. This ratio is an indicator of the Company's balance sheet strength measured by its proportion of capital qualifying debt in accordance with OSFI guidelines. This is calculated as the ratio of total debt plus preferred shares and other equity instruments to total capital including the contractual service margin net of taxes, where debt consists of all capital-qualifying debt securities. Capital-qualifying debt securities consist of subordinated debt and innovative capital instruments. The CSM is included net of taxes because debts are repaid and serviced from available after-tax funds.

(13) Impacts of foreign exchange translation. To assist in comparing our results from period-to-period, the favourable or unfavourable impacts of foreign exchange translation are approximated using the foreign exchange rates, in effect during the comparative period, for several IFRS and Non-IFRS financial measures using the average or period end foreign exchange rates, as appropriate. Items impacting a reporting period, such as Total revenue, Expenses, and Reported net income (loss) in our Consolidated Statements of Operations, as well as Underlying net income (loss), and Sales, are translated into Canadian dollars using average exchange rates for the appropriate daily, monthly, or quarterly period. For Assets and Liabilities in our Consolidated Statements of Financial Position, as well as the AUM, and certain components of the Drivers of Earnings disclosure, period-end rates are used for currency translation purposes;

(14) Net Premiums. This measure provides a better understanding of the growth in the group businesses in Canada and the U.S. Net premiums include gross insurance and annuity premiums adjusted for unearned premiums, experience-rated refund premiums, premium taxes and associated ceded amounts;

(15) Pre-tax fee-related earnings margin. This ratio is a measure of SLC Management's profitability in relation to funds that earn recurring fee revenues, while excluding investment income and performance fees. The ratio is calculated by dividing fee-related earnings by fee-related revenues and is based on the last twelve months. There is no directly comparable IFRS measure;

(16) Pre-tax net operating margin. This ratio is a measure of profitability and there is no directly comparable IFRS measure. For MFS, this ratio is calculated by excluding management's ownership of MFS shares, compensation-related equity plan adjustments and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impact these items have on the pre-tax net operating margin and have no impact on the profitability of MFS. For SLC Management, the ratio is calculated by dividing the total operating income by fee-related revenue plus investment income (loss) and performance fees, and is based on the last twelve months;

(17) Pre-tax gross operating margin for MFS. This ratio is a measure of profitability, which excludes management's ownership of MFS shares and compensation-related equity plan adjustments. There is no directly comparable IFRS measure;

Additional Non-IFRS Financial Measures Glossary Continued

(18) Reported Dividend payout ratio. This is the ratio of dividends paid per share to diluted reported EPS for the period;

(19) Return on Equity (ROE). IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available. To determine reported ROE and underlying ROE, respectively, reported net income (loss) and underlying net income (loss) is divided by the total weighted average common shareholders' equity for the period. The ROE provides an indication of the overall profitability of the Company. The quarterly ROE is annualized;

(20) Sales and flows. Asset Management gross flows includes funds from retail and institutional Clients; SLC Management gross flows include capital raising, such as uncalled capital commitments and fund leverage. In Canada, wealth sales & asset management gross flows consist of sales in Group Retirement Services and Individual Wealth; group - health & protection sales consist of workplace benefits sold by Sun Life Health; and individual - protection sales refer to individual insurance sales. In the U.S., group - health & protection sales consist of sales by Group Benefits and Dental. In Asia, wealth sales & asset management gross flows consist of Hong Kong wealth sales & asset management gross flows, Philippines mutual fund sales, wealth sales & asset management gross flows by our India and China joint ventures and associates, and Aditya Birla Sun Life AMC Limited's equity and fixed income mutual fund sales based on our proportionate equity interest, including sales as reported by our bank distribution partners; individual - protection sales consist of the individual insurance sales, by our subsidiaries and joint ventures and associates, based on our proportionate equity interest, in the Philippines, Indonesia, India, China, Malaysia, Vietnam, International, Hong Kong and Singapore. Asia also has group - health & protection sales in the Philippines, Hong Kong and our joint ventures. Asset Management net flows consist of gross flows less gross outflows; SLC Management's net flows do not include Client distributions from the sale of underlying assets in closed-end funds. In Canada and in Asia, net sales and net flows consist of wealth sales & asset management gross flows less redemptions, maturities and withdrawals. There is no directly comparable IFRS measure.

(21) Tangible book value per share. This measure is used to assess the value of our businesses, which is calculated as tangible common shareholders' equity divided by the number of common shares outstanding at the end of the period. Tangible common shareholders' equity excludes goodwill and acquired intangible assets and other adjustments, net of related deferred taxes for the period. Other adjustments include imputed goodwill & intangible assets of \$318 million from Asia joint ventures and \$(1.3) billion related to the future purchase of the remaining ownership interest in SLC Management affiliates, as well as \$490 million prepayment on Indonesia's bancassurance that would be capitalized as an intangible asset once the agreement becomes effective in 2025.

(22) Third-party AUM. Third-party AUM is composed of retail, institutional and other third-party assets, which includes general fund and segregated fund assets managed by our joint ventures. In Asset Management, third-party AUM includes Client assets for retail and institutional Clients, as well as capital raising, such as uncalled commitments and fund leverage in SLC Management. There is no directly comparable IFRS measure. In Canada, third-party AUM includes Client assets in retail mutual fund products of SLGI Asset Management Inc. In the U.S., third-party AUM includes third-party investors in a pool of mortgage loans. In Asia, third-party AUM includes Client assets in Hong Kong managed fund products, International wealth products, the Philippines mutual and managed fund products, Aditya Birla Sun Life Asset Management Company Limited equity and fixed income mutual fund products, Sun Life Everbright Asset Management products and our joint ventures' general fund and segregated fund assets based on our proportionate equity interest.

(23) Total weighted premium income (TWPI). This measure consists of 100% renewal premiums, 100% of first year premiums, and 10% of single premiums. In contrast to sales, which only includes premiums from new business, TWPI includes renewal premiums, reflecting the strength of the in-force block and providing a better understanding of both new and existing business. There is no directly comparable IFRS measure; and

(24) Underlying dividend payout ratio. This is the ratio of the dividends paid per share to diluted underlying EPS for the period. This ratio is utilized during the medium-term capital budgeting process to inform our planned capital initiatives. We target an underlying dividend payout ratio of between 40% to 50% based on underlying EPS. For more information, see Section I - Capital and Liquidity Management of the Company's 2022 Annual MD&A.

The SLC Management Supplemental Income Statement enhances the comparability of SLC Management's results with publicly traded alternative asset managers. Additional metrics provided are considered non-IFRS financial measures. **Fee-related revenue** represents all fee income, with the exception of performance fees, generated from third-party investors. **Management fees** represent fund management fees from the third-party investors. **Distribution fees** represent third-party income earned from Advisors Asset Management Inc.'s distribution business, based on assets under administration. **Property management, transaction, advisory and other fees** represent other fee revenues which exclude management fees and performance fees, generated from third-party investors. **Fee-related expenses** represent all expenses directly related to generating fee revenue from third-party investors. **Compensation - fee-related** represents compensation expense directly related to generating fee revenue from third-party investors, which excludes equity-based compensation. **Other operating expenses** represent operating expenses other than compensation that is directly related to generating fee revenue from third-party investors. **Fee-related earnings** represent profitability of our fee-related portfolios, and is calculated as Fee-related revenue less Fee-related expenses. **Investment income (loss) and performance fees** represent total income or loss from our seed investments, net of the related expenses, Advisors Asset Management's capital markets business, which is based on actively traded assets, and performance fees. **Interest and other** represents performance fee compensation, our net interest income or expense and income from managing the General Account assets. **Operating income** represents profit realized from our business operations, and is calculated as the sum of Fee-related earnings, Investment income (loss) and performance fees, and Interest and other. **Placement fees - other** represent costs incurred for capital raising activities that are not related to the current period.

Reporting Refinements

Beginning in Q2 2023, the following changes are included in the Supplementary Financial Information.

1. Contractual Service Margin (CSM) Movement Analysis by segment – Pages 17, 21, 24, 28 following the segment level Drivers of Earnings.
2. Drivers of Earnings for each segment on one page – Page 6, following the total company Drivers of Earnings, current quarter and same quarter prior year.
3. Components for Other comprehensive income (loss) for the period and Composition of shareholders' accumulated OCI balance – Page 8, the Statements of Total Shareholders' Equity.
4. Asset Management (including MFS and SLC Management) profit & loss presented on an underlying to reported basis – Page 14, 15, 16, providing a consistent presentation with other segment DOE.
5. Effective Q2 2023 following the sale of Sun Life UK, the UK payout annuities business has moved to the U.S. business segment and is combined with the U.S. In-force Management.
6. Certain 2022 restated results and 2023 interim results in the Drivers of Earnings and CSM Movement Analysis were refined to reflect how management views the business. As these results are not audited, or have not yet been audited, they may still be subject to change. See the section Basis of Presentation on the Notes page ii of this document for more information.

Beginning in Q1 2023:

1. Financial leverage ratio - Effective January 1, 2023, the calculation for Financial leverage ratio was updated to include the Contractual Service Margin balance (net of taxes) in the denominator. This measure has not been restated for periods in 2022 and earlier as IFRS 17 and IFRS 9 were not the accounting standards in effect and therefore, were not applicable to our capital management practices at the time.
2. LICAT Ratio - The LICAT ratio for Sun Life Financial Inc. is disclosed according to OSFI's 2023 LICAT Guideline, effective January 1, 2023, which specifies that available capital for LICAT purposes includes the Contractual Service Margin. Prior period restatements and resubmissions are not mandated. Additionally, effective January 1, 2023, total capital was updated to include the CSM balance.
3. Sales and flows - Effective January 1, 2023, wealth sales in Group Retirement Services in Canada has been updated to exclude retained sales to better align with the methodology for Life Insurance Marketing and Research Association (LIMRA) reporting. We have updated prior period amounts to reflect this change. Also effective January 1, 2023, insurance sales were renamed to "Group - Health & Protection sales" and "Individual - Protection sales" to better align to the business types by our business groups. For more information about business types, refer to section A - How we Report Our Results of the Company's Q2 2023 MD&A.
4. Third-Party AUM - Effective January 1, 2023, "third-party AUM" was renamed from "other AUM" in order to be more descriptive of the nature of these assets. Further, the presentation of "consolidation adjustments" has been updated in the current and prior periods to be shown separately from "third-party AUM", as adjustments apply to all components of total AUM.
5. Underlying net income - Effective January 1, 2023, we refined the definition of Underlying net income as follows, and have updated prior period comparative figures to reflect these changes: (i) Market-related impacts were updated to reflect the adoption of IFRS 17 and IFRS 9; (ii) The adjustment for management's ownership of MFS shares was updated to better reflect Sun Life's interest in MFS' earnings; and (iii) Removal of intangible asset amortization on acquired finite-life intangibles. Additional detail on these adjustments is provided in the Non-IFRS Financial Measures section on page 1 of this document.

For additional information about changes in accounting policy, refer to Note 2 in our Interim Consolidated Financial Statements for the period ended June 30, 2023 and section L. Changes in Accounting Policy of the Company's Q2 2023 MD&A.

UNDERSTANDING THE DRIVERS OF EARNINGS

Drivers of earnings (DOE)	Description	Characteristics ⁽¹⁾
Risk adjustment release	Release of insurance risk margins into profit Risk adjustment release for Group – Health & Protection is presented in the 'Expected earnings on short-term (group) insurance business' line	Stable and predictable period to period and grows with underlying business Risk adjustment release is not impacted by quarterly changes in discount rates
Contractual service margin recognized for services provided	Earned profit for the period released from the contractual service margin	Stable and predictable period to period and grows with underlying business Contractual Service Margin (CSM) balance will mostly be impacted by new business, insurance experience and market movements for some contracts 8-10% of CSM balance recognized in shareholder net income annually
Expected earnings on short-term (group) insurance business	Group – Health & Protection profits recognized over a short coverage period Excludes Administrative Services Only (ASO) business, presented in the 'Other fee income' line	Grows with in-force premiums, new sales and underwriting margins
Expected insurance earnings		
Impact of new insurance business	Represents 'onerous' new business for the period An onerous contract does not necessarily mean it is unprofitable business Onerous contracts do not account for the following sources of profitability <ul style="list-style-type: none"> • Risk adjustment • Full benefit of reinsurance • Asset returns in excess of discount rates 	We do not expect a significant amount of onerous contracts ⁽²⁾
Experience gains (losses)	Reflects actual vs. expected claims and expense cash flows (not reserves) for the current period, plus The impact to future cash flows (reserves) that do not adjust the CSM (e.g., Group – Health & Protection businesses)	Mortality; Mostly Group and Individual – Protection experience. The majority of annuity experience (presented in Wealth & asset management) changes future cash flows that adjust the CSM Morbidity; Reflects both Group - Health and Individual – Protection experience Lapse and policyholder behaviour; not significant as experience changes future cash flows that adjust the CSM Expenses; gain/loss related to maintenance expenses on insurance contracts
ACMA (Non-financial)	Impact of change in assumptions that do not adjust the CSM (e.g., Group – Health & Protection businesses)	Periodic, experience dependent Majority of ACMA are recorded annually in Q3
Total net insurance service result		

⁽¹⁾ May not include all factors that can impact this line

⁽²⁾ Assuming stable macro-economic environment

UNDERSTANDING THE DRIVERS OF EARNINGS CONTINUED

Drivers of earnings (DOE)	Description	Characteristics ⁽¹⁾
Expected investment earnings	<p>Reflects the spread between the expected investment return on general account assets and the discount rate (net of margins for credit risk) on insurance contract liabilities and crediting rate of investment contract liabilities</p> <p>The weighted average expected return for non-fixed income assets is approximately 2% per quarter, including:</p> <ul style="list-style-type: none"> • Equity investments (including derivatives) supporting insurance contracts; and • Investment properties supporting insurance contracts 	Grows with underlying business; may experience modest volatility period to period from changes in interest rates and investment actions
Market-related impacts	<p>Investment experience reflects variance between long-term expected returns and actual returns in the period</p> <p>Impact of period to period market fluctuations on assets and liabilities; expected to largely offset over the long-term</p> <p>Includes net equity and net fixed income impacts, impact of changes in the fair value of investment properties, and other market-related experience</p>	See market risk sensitivities in the Management's Discussion and Analysis for details
Credit experience	<p>Impact of ratings changes, and impairments (net of recoveries) on FVTPL assets</p> <p>Includes changes in expected credit loss provisions on FVOCI assets</p> <p>Expected credit is reflected in the 'Expected investment earnings' line</p>	Impacted by macro-economic environment and business fundamentals
ACMA (Financial)	<p>Primarily related to updates to economic assumptions for measuring liabilities (e.g., discount rates and cost of guarantees). Excludes pass through products where the CSM is sufficient</p> <p>Difference between changes in present value of future cash flows at locked-in and current rates for non-financial ACMA (for non-pass through products)</p>	<p>Periodic, experience dependent</p> <p>Majority of ACMA are recorded annually in Q3</p>
Earnings on surplus	<p>Core investment income on surplus assets (i.e. coupons, dividends) and realized gains/losses</p>	<p>Grows with surplus balance</p> <p>Core investment income will be impacted by yield/spread movement over time</p>
Joint ventures & other	<p>Joint venture earnings from India, Malaysia and China</p> <p>Other includes various smaller investment-related items that may arise from period to period</p>	Grows with underlying business
Total net investment result		
Other fee income	<p>Includes pre-tax earnings (net of expenses) for certain wealth businesses in Canada and Asia as well as Canada & U.S. fee-based businesses (e.g. ASO from Group - Health & Protection) and fee income from Open par account in Canada</p>	Level of earnings will trend with assets under management for Wealth and premiums for ASO
Expenses – other	<p>Non-directly attributable contract expenses, corporate expenses, strategic initiatives and financing charges</p>	
Asset management	<p>Represents pre-tax earnings (net of expenses) for MFS and SLC Management</p>	Level of earnings will trend with assets under management / fee-earning assets under management
Income tax (expense) or recovery		
Dividends, distributions, NCI		
Common shareholders' net income (loss)		

⁽¹⁾ May not include all factors that can impact this line