



## Q3'23 financial & operating results

For the period ended September 30, 2023

Sun Life Financial Inc. (unaudited)



In this presentation, Sun Life Financial Inc. (“SLF” or “SLF Inc.”), its subsidiaries and, where applicable, its joint ventures and associates are referred to as “we”, “us”, “our”, “Sun Life” and the “Company”. Reported net income (loss) refers to Common shareholders' net income (loss) determined in accordance with IFRS.

### **Forward-looking statements**

Certain statements in this presentation and certain oral statements made by senior management during the earnings conference call on November 14, 2023 (collectively, this “presentation”), including, but not limited to, statements that are not historical facts, are forward-looking and are subject to inherent risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events and we cannot guarantee that any forward-looking statement will materialize. Except as may be required by law, we do not undertake any obligation to update or revise any forward-looking statements made in this presentation.

### **Note to Readers: 2022 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 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 Q1'23. 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 Q1'23 and onward in section I - Risk Management in each quarter's respective MD&A document. 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.

### **Non-IFRS financial measures**

The Company prepares its financial statements in accordance with international financial reporting standards (“IFRS”). This presentation includes financial measures that are not based on IFRS (“non-IFRS financial measures”). The Company believes that these non-IFRS financial measures provide information that is useful to investors in understanding the Company's performance and facilitate the comparison of the 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 as alternatives to measures of financial performance determined in accordance with IFRS. For more information about these non-IFRS financial measures, refer to the Non-IFRS Financial Measures section on slide 20 and in our Q3 2023 MD&A in section N – Non-IFRS Financial Measures.

### **Drivers of earnings**

Drivers of earnings is used to identify the primary sources of gains or losses in each reporting period and is not an IFRS financial measure. Additional information concerning our drivers of earnings is included in our Q3 2023 MD&A in section N – Non-IFRS Financial Measures.

### **Additional information**

Additional information concerning forward-looking statements and non-IFRS financial measures is included at the end of this presentation.

### **Currency**

Unless otherwise noted, all amounts are in Canadian dollars.

### **Rounding**

Amounts in this presentation are impacted by rounding.



# Kevin Strain

President and Chief Executive Officer

# Q3 2023 financial highlights

*Delivering on our Purpose to help Clients achieve lifetime financial security and live healthier lives*

*Executing on our ambition to be one of the best asset management and insurance companies in the world*

## Profitability

*Underlying net income<sup>1</sup>*  
**\$930 M** (2)%

*Reported net income*  
**\$871 M** ( $\Delta$ nm)

*Underlying EPS<sup>1</sup>*  
**\$1.59** (2)%

*Reported EPS*  
**\$1.48** ( $\Delta$ nm)

*New Business CSM<sup>2</sup>*  
**\$370 M** +109%

## Financial Strength

*Underlying ROE<sup>1</sup>*  
**17.7%**

*Reported ROE<sup>1</sup>*  
**16.6%**

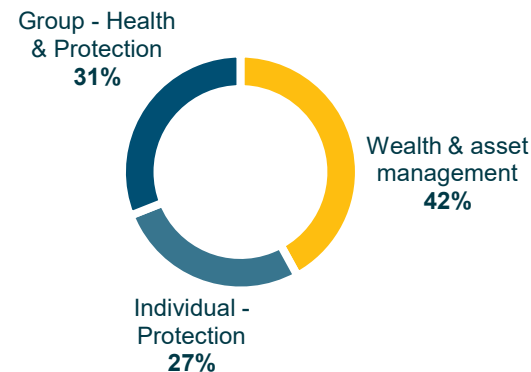
*SLF Inc. LICAT ratio<sup>3</sup>*  
**147%**

*Financial leverage ratio<sup>1</sup>*  
**21.8%**

*Total CSM*  
**\$11.5 B** +11%

## Diversified Business Mix<sup>4</sup>

*Year-to-date at September 30, 2023*



➤ *Announced 3 cent increase to quarterly common shareholder dividend*

"nm" - not meaningful

All results compared to Q3'22 on a restated basis

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

Footnotes 2-4: Refer to slide 22.

# Client Impact strategy

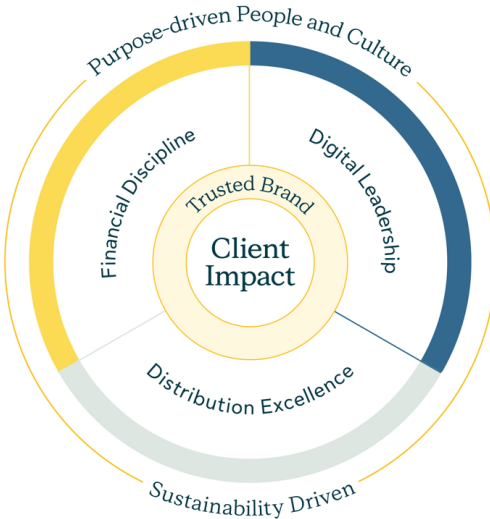
Our Purpose: Help Clients achieve lifetime financial security and live healthier lives

Our Values: Caring, Authentic, Bold, Inspiring, Impactful

## Four Strategic Pillars

- AM** A global leader in both public and alternative asset classes through MFS and SLC Management
- CAN** A leader in health, wealth and insurance
- US** A leader in health and benefits
- ASIA** A regional leader focused on fast-growing markets

## Client Impact



## Strategic Imperatives

- 01** Develop deep **Client relationships** and drive outcomes through **signature solutions, digital, and data**
- 02** Think and act more like a **digital company**
- 03** Unleash our **Talent & Culture strategy** including effective decision-making and talent models alongside **BOLDER behaviours**
- 04** **Deliver the value from past M&A** in Asia, SLC and US; consider opportunistic investments to further grow capability and scale

Our Ambition: To be one of the best asset management and insurance companies in the world

# Progress on our Client Impact strategy



## Improving access to care and helping Clients live healthier lives

- Selected to move forward in final stages of contract negotiations with the Government of Canada to be the administrator of the *Canadian Dental Care Plan*, which will provide a solution for those in need of dental care<sup>1</sup>
- Established a preferred partnership with *OptiMed*, a U.S. national health care organization, to make specialty drugs more accessible and affordable for U.S. stop-loss members

## Making it easier for Clients to access care and benefits through digital channels

- Completed the acquisition of *Dialogue*<sup>2</sup>, Canada's leading virtual health and wellness provider; Dialogue provides access to quality, high-touch care to 50,000 organizations representing nearly 2.8 million Clients in Canada and internationally
- Launched the *Sun Life Health 360* app in the U.S., a digital front door to health and wellness support and resources for stop-loss members, including direct access to Health Navigator, powered by Pinnacle Care
- Increased our strategic investment in *Bowtie*<sup>3</sup>, Hong Kong's first virtual insurer with a leading market share of ~30%<sup>4</sup> in Hong Kong's direct sales channel

## Thinking and acting like a digital company

- Experimenting with several generative AI (GenAI) projects, including being among the first to pilot Amazon Bedrock on AWS with GenAI applications that analyze market data and assess benefits to employee productivity

## Expanding our distribution capabilities through strategic partnerships and investments

- Started our 15-year exclusive bancassurance partnership with Dah Sing Bank in Hong Kong with strong sales
- Entered into a strategic relationship with *Scotiabank* to distribute alternative investment capabilities to the Canadian retail market, positioning us to meet the growing demand for alternatives from HNW investors
- Announced AAM will distribute *Crescent Private Credit Income Corp*, a non-traded BDC, the second collaboration between AAM and an SLC Management affiliate

<sup>1</sup> This statement is a forward-looking statement within the meaning of applicable securities laws. For more information, refer to "Forward-looking Statements" and "Risk Factors" on slide 21.

Footnotes 2 - 4: Refer to slide 22.



# Manjit Singh

Executive Vice President &  
Chief Financial Officer

# Q3 2023 results

Profitability (\$ millions)	Q3'23	Q3'22	Change
Wealth & asset management	457	419	+9%
Group - Health & Protection	285	281	+1%
Individual - Protection	297	305	(3)%
Corporate expenses & other	(109)	(56)	(95)%
Underlying net income <sup>1</sup> (\$ millions)	930	949	(2)%
Reported net income (\$ millions)	871	111	nm

Growth	Q3'23	Q3'22	Change
Net wealth sales & asset management net flows <sup>1</sup> (\$ billions)	(9.1)	(8.1)	(1.0) B
Total AUM <sup>1</sup> (\$ billions)	1,340	1,269	+6%
Group sales <sup>1</sup> (\$ millions)	374	499	(25)%
Individual sales <sup>1</sup> (\$ millions)	669	444	+51%
New business CSM <sup>2</sup> (\$ millions)	370	177	+109%

Financial strength	Q3'23	Q2'23	Change
SLF Inc. LICAT ratio <sup>3</sup> (%)	147	148	(1) pp
SLA LICAT ratio <sup>3,4</sup> (%)	138	139	(1) pp
Financial leverage ratio <sup>1</sup> (%)	21.8	23.3	(1.5) pp
Book value per share (\$)	35.91	34.86	+3%

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

Footnotes 2-6: Refer to slide 22.

## Results Highlights

### Earnings reflect strong business fundamentals and diversified business mix

- **Wealth & asset management:** includes higher investment income from volume growth and increase in yields and higher Asset Management fee earnings
- **Group - Health & Protection:** reflects revenue growth across all U.S. businesses and better disability experience in Canada, largely offset by health and protection experience in the U.S.
- **Individual - Protection:** includes sale of Sun Life UK<sup>5</sup>, lower net investment result in the U.S., partially offset by business growth in Asia
- **Corporate expenses & other:** reflects higher operating expenses, including incentive compensation and debt financing costs

### Total AUM<sup>1</sup> up 6% due to market appreciation, partially offset by net outflows

### Total insurance sales up 11% y/y

- Individual sales up 51% y/y on higher sales in Hong Kong, HNW and Canada par
- Group sales down 25% y/y driven by large case sales in U.S. Dental Medicaid/Medicare Advantage in the prior year

### Strong capital position

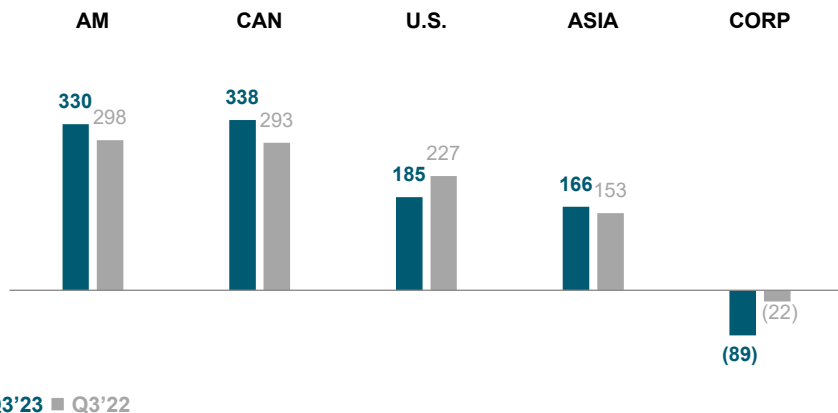
- SLF LICAT of 147%, down one point q/q as strong organic capital generation was offset by net debt redemption, share repurchases, and close of Dah Sing bancassurance agreement
- Low financial leverage ratio of 21.8%
- \$1.4 billion in holdco cash<sup>1,6</sup>



# Q3 2023 results

## Underlying net income<sup>1</sup> (\$ millions)

Impact of currency translation increased underlying net income by **\$16M**<sup>2</sup>



### Year-over-year growth<sup>3</sup>

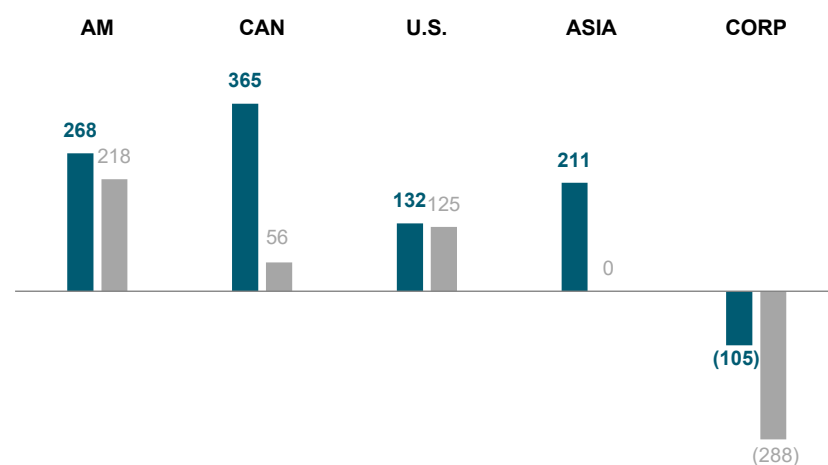
Region	Q3'23	Q3'22
AM	+11%	+23%
CAN	+15%	nm
U.S.	(19)%	+6%
ASIA	+8%	nm
CORP	(89)	(105)

### Constant currency<sup>2,3</sup> year-over-year growth

Region	Q3'23	Q3'22
AM	+8%	+20%
CAN	+15%	nm
U.S.	(21)%	+2%
ASIA	+7%	nm
CORP	(105)	(288)

## Reported net income (\$ millions)

Impact of currency translation increased reported net income by **\$17M**<sup>2</sup>



<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

<sup>2</sup> Percentage changes are reported on a constant currency basis, which excludes the impacts of foreign exchange translation.

<sup>3</sup> Refer to Note to Readers: 2022 Restated Results on Adoption of IFRS 17 and IFRS 9 on slide 2.

# MFS: A global leader in public asset management

## Business Group Results (US\$)

Profitability	Q3'23	Q3'22	Change
Underlying net income <sup>1</sup> (\$ millions)	207	212	(2)%
Reported net income (\$ millions)	212	240	(12)%
Pre-tax net operating margin <sup>1,2</sup> (%)	41	41	-

Growth	Q3'23	Q3'22	Change
Total net flows <sup>1</sup> (\$ billions)	(9.3)	(10.3)	+1.0 B
Institutional net flows <sup>1</sup> (\$ billions)	(5.6)	(4.7)	(0.9) B
Retail net flows <sup>1</sup> (\$ billions)	(3.7)	(5.6)	+1.9 B
Total assets under management <sup>1</sup> (\$ billions)	555.9	508.7	+9%
Institutional AUM <sup>1</sup> (\$ billions)	180.3	165.0	+9%
Retail AUM <sup>1</sup> (\$ billions)	375.6	343.7	+9%
Average net assets (ANA) <sup>1</sup> (\$ billions)	581.6	560.9	4%

## Quarterly Highlights (US\$)

- Underlying net income down 2% y/y reflecting higher ANA, increased net investment income and higher variable compensation expense
- Pre-tax net operating profit margin of 41% flat compared to the prior year; up 4 points from the prior quarter
- Reported net income down 12% y/y, driven by the impact of fair value changes of shares owned by management
- Ending AUM of \$555.9 billion up 9% y/y, reflecting market appreciation partially offset by net outflows; down 6% q/q
- Long-term retail fund performance remains strong with 96% and 91% of fund assets ranked in the top half of their respective Morningstar categories based on 10- and 5-year performance, respectively
- Advancing strategic initiative to grow defined contribution business – defined contribution gross sales were up 14% y/y

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

<sup>2</sup> Pre-tax gross operating margin was 36% in Q3 2023 and 36% in Q3 2022.

# SLC Management: Growing a premier alternatives platform

## Business Group Results

Profitability	Q3'23	Q3'22	Change
Fee-related earnings <sup>1</sup> (\$ millions)	68	58	+17%
Pre-tax fee-related earnings margin <sup>1,2</sup> (%)	24	24	-
Pre-tax net operating margin <sup>1,2</sup> (%)	20	22	(2) pp
Underlying net income <sup>1</sup> (\$ millions)	53	25	+112%
Reported net income (\$ millions)	(16)	(92)	+83%

Growth	Q3'23	Q3'22	Change
Total assets under management <sup>1,3</sup> (\$ billions)	219.5	208.2	+5%
Total AUM net flows <sup>1</sup> (\$ billions)	3.4	5.7	(2.4) B
Assets under administration <sup>1</sup> (\$ billions)	48.4	-	-
Fee-earning AUM <sup>1</sup> (\$ billions)	172.6	162.9	+6%
Fee-earning AUM net flows <sup>1</sup> (\$ billions)	4.1	8.8	(4.8) B
AUM not yet earnings fees <sup>1</sup> (\$ billions)	21.5	21.6	(0)%
Capital raising <sup>1</sup> (\$ billions)	3.2	3.8	(0.6) B
Deployment <sup>1</sup> (\$ billions)	4.8	9.5	(4.7) B

## Quarterly Highlights

- Fee-related earnings (FRE) up 17% y/y on higher AUM, reflecting good capital raising and deployment across the platform and the acquisition of AAM
- FRE margin flat y/y; net operating margin down 2 points y/y due to higher seed interest expense
- Underlying net income more than doubled from prior year on FRE growth, a lower effective tax rate, and the non-recurrence of prior year one-time expenses
- Reported net loss lower y/y due to lower increase to acquisition-related liabilities
- Fee-earning AUM increased 6% y/y driven by continued capital deployment and market appreciation
- AUM not yet earning fees can generate annualized fee-related revenue of more than \$180 million, once invested<sup>4</sup>
- Resilient capital raising of \$3.2 billion, driven by stronger demand for public debt at SLC Fixed Income and real estate debt at BGO

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

<sup>4</sup> This statement is a forward-looking statement within the meaning of applicable securities laws. For more information, refer to "Forward-looking Statements" and "Risk Factors" on slide 21.

Footnotes 2-3: refer to slide 22.

# Canada: A leader in health, wealth, and insurance

## Business Group Results

Profitability	Q3'23	Q3'22	Change
Wealth & asset management (\$ millions)	116	102	+14%
Group - Health & Protection (\$ millions)	136	102	+33%
Individual - Protection (\$ millions)	86	89	(3)%
Underlying net income <sup>1</sup> (\$ millions)	338	293	+15%
Reported net income (\$ millions)	365	56	nm
Underlying ROE <sup>1</sup> (%)	22.2	17.6	+4.6 pp
Reported ROE <sup>1</sup> (%)	23.9	3.3	+20.6 pp

Growth	Q3'23	Q3'22	Change
Net wealth sales & asset management net flows <sup>1</sup> (\$ millions)	(114)	46	(160) M
Wealth & asset management AUM <sup>1,2</sup> (\$ billions)	154.4	145.5	+6%
Group - Health & Protection sales <sup>1</sup> (\$ millions)	119	114	+4%
Group - Health & Protection net premiums <sup>1</sup> (\$ billions)	1.6	1.6	+3%
Group - Health & Protection fee income (\$ millions)	76	80	(5)%
Individual - Protection sales <sup>1</sup> (\$ millions)	148	119	+24%

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

<sup>2</sup> Wealth AUM includes General fund assets, Segregated fund assets and Third-party AUM, excluding Third-party mutual funds assets.

## Quarterly Highlights

- Underlying net income up 15% y/y reflecting strong results in Group Health & Protection and Wealth & asset management, partially offset by slightly lower Individual - Protection earnings
- **Wealth & asset management** income higher on increased investment income from higher volume and yields
- **Group - Health & Protection** earnings reflect improved disability experience on higher margins and shorter claims duration
  - Group sales up 4% y/y on higher health sales
- **Individual - Protection** earnings were slightly lower than prior year
  - Individual sales up on strong demand for par products
- Reported net income higher y/y driven by market-related impacts on interest rate movements and ACMA impacts, partially offset by real estate experience
- Completed the acquisition of *Dialogue Health Technologies Inc.*, Canada's leading integrated health platform

# U.S.: A leader in health & benefits

## Business Group Results (US\$)

Profitability	Q3'23	Q3'22	Change
Group - Health & Protection (\$ millions)	112	136	(18)%
Individual - Protection <sup>1</sup> (\$ millions)	28	37	(24)%
Underlying net income <sup>2</sup> (\$ millions)	140	173	(19)%
Reported net income (\$ millions)	105	96	+9%
Underlying ROE <sup>2</sup> (%)	12.2	15.0	(2.8) pp
Reported ROE <sup>2</sup> (%)	9.2	8.3	+0.9 pp

Growth	Q3'23	Q3'22	Change
Employee Benefits sales <sup>2</sup> (\$ millions)	81	101	(20)%
Medical Stop-Loss sales <sup>2</sup> (\$ millions)	69	65	+6%
Dental sales <sup>2</sup> (\$ millions)	29	115	(75)%
Net premiums <sup>2</sup> – GB & Dental (\$ billions)	1.9	1.8	+8%
Fee Income – GB & Dental (\$ millions)	80	79	+1%

## Quarterly Highlights (US\$)

- Underlying net income down 19% y/y driven by unfavourable Dental and lower net investment results
- Group - Health & Protection** earnings down 18% y/y, on lower Dental results as strong revenue growth was more than offset by the impact of Medicaid redeterminations and investments in Advantage Dental+. Strong revenue growth in Group Benefits largely offset by less favourable morbidity experience
  - In the quarter, experience-related items included favourable stop-loss and disability, partially offset by unfavourable dental experience and mortality
  - Net premium and fee income growth driven by strong business growth
  - Group sales down y/y due to timing of large Medicaid dental sales in the prior year
- Individual - Protection** results reflect favourable mortality experience and the inclusion of the UK annuity business, more than offset by lower net investment results
- Reported net income up 9% y/y on favourable market-related impacts and a prior year reinsurance item, partially offset by ACMA impacts

<sup>1</sup> Effective Q2'23, the UK payout annuities run-off business was moved from the Corporate business segment to the U.S. business segment upon the sale of Sun Life UK. For additional information, refer to Note 3 of our Interim Consolidated Financial Statements for the period ended September 30, 2023. Also, effective Q3'23 the run-off reinsurance business was moved from the Corporate business segment to the U.S. business segment.

<sup>2</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

# Asia: A regional leader focused on fast-growing markets

## Business Group Results

Profitability	Q3'23	Q3'22	Change	CC <sup>1</sup>
Wealth & asset management (\$ millions)	11	19	(42)%	(40)%
Individual - Protection (\$ millions)	175	136	+29%	+25%
Regional Office expenses & other (\$ millions)	(20)	(2)	nm	nm
Underlying net income <sup>2</sup> (\$ millions)	166	153	+8%	+7%
Reported net income (\$ millions)	211	0	nm	nm
Underlying ROE <sup>2</sup> (%)	12.2	12.1	+0.1 pp	n/a
Reported ROE <sup>2</sup> (%)	15.5	-	+15.5 pp	n/a
Growth	Q3'23	Q3'22	Change	CC <sup>1</sup>
Net wealth sales & asset management net flows <sup>2</sup> (\$ millions)	101	(468)	+569 M	+568 M
Wealth & asset management AUM <sup>2</sup> (\$ billions)	36.1	34.1	+6%	+8%
Individual - Protection sales <sup>2</sup> (\$ millions)	521	325	+60%	+57%
Total weighted premium income (TWPI) <sup>2</sup> (\$ billions)	1.6	1.2	+31%	+29%
New business CSM <sup>3</sup> (\$ millions)	238	79	+201%	+193%

## Quarterly Highlights (% in constant currency<sup>1</sup>)

- Underlying net income up 7% y/y, driven by strong Individual - Protection growth
- New business CSM increased 193% y/y on sales growth in Hong Kong and High-Net-Worth
- Individual - Protection** earnings higher on business growth reflecting good sales momentum during the past year
  - Individual sales up 57% y/y, driven by strong sales activity in Hong Kong and High-Net-Worth; results supported by commencement of Dah Sing bancassurance partnership
- Total Weighted Premium Income up 29% y/y reflecting growth across markets and persistency
- Wealth & asset management** earnings down \$8M y/y reflecting weaker market conditions
- Reported net income of \$211 million includes favourable ACMA impacts

<sup>1</sup> Percentage change is reported on a constant currency basis, which excludes the impacts of foreign exchange translation. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

<sup>2</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

<sup>3</sup> New business CSM represents growth from sales activity in the period, including individual protection sales (excluding joint ventures).



## Appendix

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# Drivers of earnings<sup>1</sup>

<b>Underlying drivers of earnings (DOE)</b>	Q3'23	Q2'23	Q3'22
\$ millions, pre-tax			
Risk adjustment release	114	103	98
Contractual service margin recognized for services provided	184	192	193
Expected earnings on short-term (group) insurance business	373	367	339
<b>Expected insurance earnings</b>	<b>671</b>	<b>662</b>	<b>630</b>
Impact of new insurance business	(12)	(12)	(22)
Experience gains (losses)	81	144	77
<b>Total net insurance service result - Underlying</b>	<b>740</b>	<b>794</b>	<b>685</b>
Expected investment earnings	218	221	171
Credit experience	(8)	(4)	-
Earnings on surplus	155	165	152
Joint ventures & other	51	48	34
<b>Total net investment result - Underlying</b>	<b>416</b>	<b>430</b>	<b>357</b>
Other fee income <sup>2</sup>	39	47	90
Expenses – other <sup>3</sup>	(486)	(483)	(365)
<b>Asset management – Underlying<sup>2</sup></b>	<b>437</b>	<b>403</b>	<b>407</b>
<b>Earnings before income taxes – Underlying</b>	<b>1,146</b>	<b>1,191</b>	<b>1,174</b>
Income tax (expense) or recovery	(182)	(235)	(193)
Dividends, distributions, NCI <sup>4</sup>	(34)	(36)	(32)
<b>Common shareholders' underlying net income (loss)</b>	<b>930</b>	<b>920</b>	<b>949</b>

<b>Non-underlying net income adjustments</b>	Q3'23	Q2'23	Q3'22
\$ millions, post-tax			
<b>Common shareholders' underlying net income (loss)</b>	<b>930</b>	<b>920</b>	<b>949</b>
Market-related impacts	23	(220)	(361)
Assumption changes and management actions (ACMA)	35	7	(131)
Management's ownership of MFS shares	7	(1)	37
Acquisition, integration and restructuring	(89)	(20)	(312)
Intangible asset amortization	(35)	(26)	(23)
Other	-	-	(48)
<b>Common shareholders' reported net income (loss)</b>	<b>871</b>	<b>660</b>	<b>111</b>

**Market-related impacts** reflect positive interest rate impacts from rising rates and non-parallel yield curve movements, partially offset by unfavourable equity market impacts and real estate experience

**ACMA:** Reflects favourable impact of modelling enhancements and methodology changes, partially offset by strengthening lapse assumptions

**Acquisition, integration and restructuring** includes the increase of acquisition-related liabilities at SLC Management

<sup>1</sup> The Drivers of Earnings ("DOE") is a non-IFRS financial measure. Refer to the reconciliation of the Statements of Operations Total net income to the DOE on Section N, Non-IFRS Financial Measures, 1. Common Shareholders' View of Reported Net Income. For more information on the DOE, also see Section N, Non-IFRS Financial Measures, 3. Additional Non-IFRS Financial Measures under the heading Drivers of Earnings of the Company's Q3 2023 MD&A. Footnotes 2-4: Refer to slide 22.



## DOE experience gains/(losses)<sup>1</sup> – details<sup>2</sup>

\$ millions	Pre-tax			Post-tax		
	Q3'23	Q2'23	Q3'22	Q3'23	Q2'23	Q3'22
Net equity market impact <sup>2</sup>	(24)	(13)	(44)	(21)	(13)	(36)
Net interest rate impact <sup>2</sup>	228	(152)	(360)	127	(99)	(338)
Impact of changes in the fair value of investment properties <sup>2</sup>	(97)	(133)	4	(83)	(108)	13
<b>Market-related impacts<sup>2</sup></b>	<b>107</b>	<b>(298)</b>	<b>(400)</b>	<b>23</b>	<b>(220)</b>	<b>(361)</b>
Mortality	17	20	-	18	19	4
Morbidity	109	125	57	79	93	44
Policyholder behaviour	(3)	(2)	(1)	(3)	(2)	(1)
Expenses	(40)	(8)	(12)	(34)	(7)	(8)
<b>Insurance experience excluding Other</b>	<b>83</b>	<b>135</b>	<b>44</b>	<b>60</b>	<b>103</b>	<b>39</b>
<b>Credit experience (investments)</b>	<b>(8)</b>	<b>(4)</b>	<b>-</b>	<b>(7)</b>	<b>(3)</b>	<b>(4)</b>
Other experience <sup>3</sup>	4	14	27	5	9	28
<b>Insurance &amp; Investment experience gains/(losses)</b>	<b>186</b>	<b>(153)</b>	<b>(329)</b>	<b>81</b>	<b>(111)</b>	<b>(298)</b>

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

<sup>2</sup> 2022 results restated for the new standards may not be fully representative of our market risk profile. See the heading "Note to Readers: 2022 Restated Results on Adoption of IFRS 17 and IFRS 9" on slide 2.

<sup>3</sup> Other experience includes Insurance and Investment results.

# Contractual service margin movement analysis<sup>1</sup>

\$ millions, pre-tax	Q3'23	Q2'23	Q3'22
<b>CSM at beginning of period</b>	<b>11,258</b>	<b>11,243</b>	<b>9,904</b>
Impact of new insurance business <sup>2</sup>	370	270	177
Expected movements from asset returns & locked-in rates <sup>3,4</sup>	152	131	91
Insurance experience gains/(losses) <sup>4</sup>	(28)	21	(27)
CSM recognized for services provided	(212)	(220)	(206)
<b>Organic CSM Movement<sup>3</sup></b>	<b>282</b>	<b>202</b>	<b>35</b>
Impact of markets & other <sup>4</sup>	(158)	(80)	(122)
Impact of change in assumptions <sup>4</sup>	(43)	284	252
Currency impact	113	(129)	281
Disposition	-	(262)	-
<b>Total CSM Movement</b>	<b>194</b>	<b>15</b>	<b>446</b>
<b>CSM at end of period</b>	<b>11,452</b>	<b>11,258</b>	<b>10,350</b>

## CSM Highlights

- **Total CSM** ended Q3'23 at \$11.5 billion, up **11% y/y**; ~8% of the increase driven by organic CSM growth reflecting strong sales growth, and ~3% from inorganic growth mostly from change in assumptions partially offset by the disposition of SLF UK
- **New business CSM** of \$370 million, up **109% y/y** on sales growth in Hong Kong and High-Net-Worth
- **CSM recognized for services provided** over the last twelve months represented ~8% of total CSM

<sup>1</sup> Contractual service margin movement analysis includes both non-participating and participating policyholder CSM.

<sup>2</sup> 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.

<sup>3</sup> Expected movements from asset returns & locked-in rates primarily reflects: i) the expected returns on assets supporting VFA contracts and ii) the increase in average locked-in rates from the passage of time on in-force business and new business added at higher rates. Locked-in rates refer to the term structure associated with locked-in discount rates, set when the insurance contract was sold, or on transition to IFRS 17. VFA contracts include Participating life insurance, Segregated funds, and Variable Universal Life (VUL).

<sup>4</sup> Certain measures in the CSM Movement Analysis are non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q3 2023 MD&A.

# Earnings on surplus – Supplemental details

## Earnings on surplus – supplemental details

\$ millions, pre-tax	Q3'23	Q2'23	Q3'22
Core investment income	169	150	153
Realized investment gains / (losses)	3	20	(6)
Other <sup>1</sup>	(17)	(5)	5
<b>Earnings on surplus</b>	<b>155</b>	<b>165</b>	<b>152</b>
Interest on debt	(86)	(83)	(65)
<b>Earnings on surplus net of debt cost</b>	<b>69</b>	<b>82</b>	<b>87</b>

<sup>1</sup> Includes timing differences on derivatives, currency and other items.

## **Use of Non-IFRS Financial Measures**

We report certain financial information using 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 section N - Non-IFRS Financial Measures of our MD&A for the period ended September 30, 2023 ("Q3 2023 MD&A") and the Supplementary Financial Information package on [www.sunlife.com](http://www.sunlife.com) under Investors – Financial results and reports.

## **Non-IFRS Financial Measures**

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.

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 was updated to reflect the adoption of IFRS 17 and IFRS 9; (ii) The adjustment for management's ownership of MFS shares were updated to better reflect Sun Life's interest in MFS' earnings; and (iii) Removal of intangible asset amortization on acquired finite-life intangibles.

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, Assumptions changes and management actions ("ACMA"), and Other adjustments (Management's ownership of MFS shares, Acquisition, integration, and restructuring, Intangible asset amortization, and Other). Additional detail on these adjustments is provided in section N - Non-IFRS Financial Measures in our Q3 2023 MD&A

All factors discussed in this document that impact our underlying net income are also applicable to reported net income. All EPS measures in this presentation refer to fully diluted EPS, unless otherwise stated. Underlying EPS excludes the dilutive impacts of convertible instruments.

Other non-IFRS financial measures that we use include: after-tax profit margin for U.S. Group Benefits, assets under administration (in SLC Management), assets under management ("AUM"), AUM not yet earning fees, capital raising, cash and other liquid assets, measures based on a currency adjusted basis, CSM movement analysis (organic CSM movement, impact of new insurance business on CSM, expected movements from asset returns & locked-in rates, impact of markets & other, insurance experience gains/losses, impact of change in assumptions, CSM market sensitivities), deployment, drivers of earnings, earnings on surplus, experience-related items attributable to reported net income and underlying net income, fee-earning AUM, fee-related earnings and operating income, financial leverage ratio, impacts of foreign exchange translation, LICAT market sensitivities, pre-tax fee-related earnings margin, pre-tax net operating margin, return on equity, sales and flows, third-party AUM, total weighted premium income ("TWPI"), underlying dividend payout ratio, and effective income tax rate on an underlying net income basis.

## Forward-Looking Statements

From time to time, the Company makes written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements contained in this document include statements (i) relating to our strategies; (ii) relating to the expected benefits of our strategic partnerships; (iii) relating to our contract negotiations with the Government of Canada for administration of the Canadian Dental Care Plan; (iv) relating to our growth initiatives and other business objectives; (v) relating to our targets and commitments; (vi) set out in our Q3 2023 MD&A under the heading I - Risk Management - Market Risk Sensitivities - Interest Rate Sensitivities; (vii) that are predictive in nature or that depend upon or refer to future events or conditions; and (viii) that include words such as “achieve”, “aim”, “ambition”, “anticipate”, “aspiration”, “assumption”, “believe”, “could”, “estimate”, “expect”, “goal”, “initiatives”, “intend”, “may”, “objective”, “outlook”, “plan”, “project”, “seek”, “should”, “strategy”, “strive”, “target”, “will”, and similar expressions. Forward-looking statements include the information concerning our possible or assumed future results of operations. These statements represent our current expectations, estimates, and projections regarding future events and are not historical facts, and remain subject to change.

Forward-looking statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. Future results and shareholder value may differ materially from those expressed in these forward-looking statements due to, among other factors, the matters set out in our Q3 2023 MD&A under the headings C - Profitability - 5 - Income taxes, F - Financial Strength and I - Risk Management and in SLF Inc.'s 2022 AIF under the heading Risk Factors, and the factors detailed in SLF Inc.'s other filings with Canadian and U.S. securities regulators, which are available for review at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov), respectively.

## Risk Factors

Important risk factors that could cause our assumptions and estimates, and expectations and projections to be inaccurate and our actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this document, are set out below. The realization of our forward-looking statements, essentially depends on our business performance which, in turn, is subject to many risks. Factors that could cause actual results to differ materially from expectations include, but are not limited to: **market risks** - related to the performance of equity markets; changes or volatility in interest rates or credit spreads or swap spreads; real estate investments; fluctuations in foreign currency exchange rates; and inflation; **insurance risks** - related to mortality experience, morbidity experience and longevity; policyholder behaviour; product design and pricing; the impact of higher-than-expected future expenses; and the availability, cost and effectiveness of reinsurance; **credit risks** - related to issuers of securities held in our investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; **business and strategic risks** - related to global economic and political conditions; the design and implementation of business strategies; changes in distribution channels or Client behaviour including risks relating to market conduct by intermediaries and agents; the impact of competition; the performance of our investments and investment portfolios managed for Clients such as segregated and mutual funds; shifts in investing trends and Client preference towards products that differ from our investment products and strategies; changes in the legal or regulatory environment, including capital requirements and tax laws; the environment, environmental laws and regulations; **operational risks** - related to breaches or failure of information system security and privacy, including cyber-attacks; our ability to attract and retain employees; legal, regulatory compliance and market conduct, including the impact of regulatory inquiries and investigations; the execution and integration of mergers, acquisitions, strategic investments and divestitures; our information technology infrastructure; a failure of information systems and Internet-enabled technology; dependence on third-party relationships, including outsourcing arrangements; business continuity; model errors; information management; **liquidity risks** - the possibility that we will not be able to fund all cash outflow commitments as they fall due; and **other risks** - changes to accounting standards in the jurisdictions in which we operate; risks associated with our international operations, including our joint ventures; market conditions that affect our capital position or ability to raise capital; downgrades in financial strength or credit ratings; and tax matters, including estimates and judgements used in calculating taxes.

The Company does not undertake any obligation to update or revise its forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

## Footnotes

### From slide 4

<sup>2</sup> 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.

<sup>3</sup> Life Insurance Capital Adequacy Test ("LICAT") ratio of SLF Inc.; our LICAT ratios are calculated in accordance with OSFI-mandated guideline, Life Insurance Capital Adequacy Test.

<sup>4</sup> Business Mix based on underlying net income, excluding Corporate expenses and other. Wealth & asset management includes MFS Investment Management, SLC Management, Canada Individual Wealth, Group Retirement Services, Asia Wealth & asset management. Group – Health & Protection includes Canada Sun Life Health, U.S. Group Benefits (Employee Benefits and Health and Risk Solutions) and U.S. Dental. Individual – Protection includes Canada Individual Insurance, U.S. In-force Management and Asia Individual – Protection.

### From slide 6

<sup>2</sup> Dialogue Health Technologies Inc.

<sup>3</sup> Bowtie Life Insurance Company Limited.

<sup>4</sup> According to Insurance Authority's Provisional Statistics for Long Term Business 2021-2023, Bowtie ranked first in number of new individual paid policies through direct channel in Hong Kong.

### From slide 8

<sup>2</sup> 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.

<sup>3</sup> LICAT ratio of Sun Life Financial Incorporated and of Sun Life Assurance Company of Canada ("SLA"). Our LICAT ratios are calculated in accordance with OSFI-mandated guideline, Life Insurance Capital Adequacy Test.

<sup>4</sup> SLA is SLF Inc.'s principal operating life insurance subsidiary.

<sup>5</sup> On April 3, 2023, we completed the sale of SLF of Canada UK Limited to Phoenix Group Holdings plc ("the sale of Sun Life UK").

<sup>6</sup> Cash and other liquid assets at SLF Inc. and its wholly owned holding companies.

### From slide 11

<sup>2</sup> This ratio is based on the last twelve months. IFRS 17 and IFRS 9 were adopted on January 1, 2023, as such Q3 2022 margin is under an IAS 39 basis.

<sup>3</sup> Total AUM including the General Account was \$358 billion.

### From slide 16

<sup>2</sup> The DOE presents certain amounts on a net basis to reflect management's view of the economic impact. These amounts would otherwise be included on separate Statement of Operations lines under IFRS, including: i) Results of the Asset Management operating segment within Fee Income, Net investment result and Other expenses; ii) Income for fee-based businesses with the associated expenses; and iii) Other offsetting items.

<sup>3</sup> 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. Further, this measure excludes the associated expenses related to Other fee income and Asset Management - underlying to assist with the understanding of the profitability of fee income and Asset Management businesses.

<sup>4</sup> Dividends on preferred shares, distributions on other equity instruments, and non-controlling interests (Dividends, distributions, NCI).