

# Q2 2024

SUN LIFE FINANCIAL INC.

## Shareholders' Report

For the period ended June 30, 2024

[sunlife.com](https://sunlife.com)



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# Sun Life Reports Second Quarter 2024 Results

Sun Life Financial Inc. ("SLF Inc."), its subsidiaries and, where applicable, its joint ventures and associates are collectively referred to as "the Company", "Sun Life", "we", "our", and "us". We manage our operations and report our financial results in five business segments: Canada, United States ("U.S."), Asset Management, Asia, and Corporate. The information in this document is based on the unaudited interim financial results of SLF Inc. for the period ended June 30, 2024 and should be read in conjunction with the interim management's discussion and analysis ("MD&A") and our unaudited interim consolidated financial statements and accompanying notes ("Interim Consolidated Financial Statements") for the period ended June 30, 2024, prepared in accordance with International Financial Reporting Standards ("IFRS"). We report certain financial information using non-IFRS financial measures. For more details, refer to the Non-IFRS Financial Measures section in this document. Additional information relating to SLF Inc. is available on [www.sunlife.com](http://www.sunlife.com) under Investors – Financial results and reports, on the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca), and on the U.S. Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). Reported net income (loss) refers to Common shareholders' net income (loss) determined in accordance with IFRS. Unless otherwise noted, all amounts are in Canadian dollars. Amounts in this document may be impacted by rounding. Certain 2023 results in the Drivers of Earnings and Contractual Service Margin ("CSM") Movement Analysis were refined to more accurately reflect how the business is managed.

**TORONTO, ON – (August 12, 2024)** – Sun Life Financial Inc. (TSX: SLF) (NYSE: SLF) announced its results for the second quarter ended June 30, 2024.

- Underlying net income<sup>(1)</sup> of \$1,000 million increased \$80 million or 9% from Q2'23; underlying return on equity ("ROE")<sup>(1)</sup> was 18.1%.
  - Wealth & asset management underlying net income<sup>(1)</sup>**: \$455 million, up \$36 million or 9%.
  - Group – Health & Protection underlying net income<sup>(1)</sup>**: \$305 million, down \$55 million or 15%.
  - Individual – Protection underlying net income<sup>(1)</sup>**: \$347 million, up \$82 million or 31%.
  - Corporate expenses & other<sup>(1)</sup>**: \$(107) million net loss, improved \$17 million or 14%.
- Reported net income of \$646 million decreased \$14 million or 2% from Q2'23; reported ROE<sup>(1)</sup> was 11.7%.
- Assets under management ("AUM")<sup>(1)</sup> of \$1,465 billion increased \$98 billion or 7% from Q2'23.

"Sun Life had a strong quarter with a record \$1 billion in underlying net income," said Kevin Strain, President and CEO of Sun Life. "These results reflect continued solid growth in Canada and Asia. The U.S. also saw favourable experience in Group Benefits, partially offset by residual headwinds in Dental. Our wealth and asset management businesses delivered good momentum with higher earnings on increased assets under management, and we expect to actively continue share buybacks in the third quarter. These outcomes underscore the strength of our diversified businesses, our Client Impact Strategy and our commitment to drive long-term value."

## Financial and Operational Highlights

	Quarterly results		Year-to-date	
<b>Profitability</b>	<b>Q2'24</b>	<b>Q2'23</b>	<b>2024</b>	<b>2023</b>
Underlying net income (\$ millions) <sup>(1)</sup>	<b>1,000</b>	920	<b>1,875</b>	1,815
Reported net income – Common shareholders (\$ millions)	<b>646</b>	660	<b>1,464</b>	1,466
Underlying EPS (\$) <sup>(1)(2)</sup>	<b>1.72</b>	1.57	<b>3.22</b>	3.09
Reported EPS (\$) <sup>(2)</sup>	<b>1.11</b>	1.12	<b>2.51</b>	2.49
Underlying ROE <sup>(1)</sup>	<b>18.1%</b>	17.7%	<b>17.1%</b>	17.5%
Reported ROE <sup>(1)</sup>	<b>11.7%</b>	12.7%	<b>13.4%</b>	14.2%
<b>Growth</b>	<b>Q2'24</b>	<b>Q2'23</b>	<b>2024</b>	<b>2023</b>
Wealth sales & asset management gross flows (\$ millions) <sup>(1)</sup>	<b>46,262</b>	42,397	<b>93,160</b>	88,746
Group – Health & Protection sales (\$ millions) <sup>(1)(3)</sup>	<b>494</b>	600	<b>1,022</b>	1,109
Individual – Protection sales (\$ millions) <sup>(1)</sup>	<b>753</b>	604	<b>1,510</b>	1,115
Assets under management ("AUM") (\$ billions) <sup>(1)</sup>	<b>1,465</b>	1,367	<b>1,465</b>	1,367
New business Contractual Service Margin ("CSM") (\$ millions) <sup>(1)</sup>	<b>437</b>	270	<b>784</b>	502
<b>Financial Strength</b>	<b>Q2'24</b>	<b>Q2'23</b>		
LICAT ratios (at period end) <sup>(4)</sup>				
Sun Life Financial Inc.	<b>150%</b>	148%		
Sun Life Assurance <sup>(5)</sup>	<b>142%</b>	139%		
Financial leverage ratio (at period end) <sup>(1)(6)</sup>	<b>22.6%</b>	23.3%		

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see the Non-IFRS Financial Measures section in this document and in the Q2'24 MD&A.

<sup>(2)</sup> All earnings per share ("EPS") measures refer to fully diluted EPS, unless otherwise stated.

<sup>(3)</sup> Prior period amounts related to U.S. Dental sales have been restated to reflect new information.

<sup>(4)</sup> Life Insurance Capital Adequacy Test ("LICAT") ratio. Our LICAT ratios are calculated in accordance with the OSFI-mandated guideline, Life Insurance Capital Adequacy Test.

<sup>(5)</sup> Sun Life Assurance Company of Canada ("Sun Life Assurance") is SLF Inc.'s principal operating life insurance subsidiary.

<sup>(6)</sup> The calculation for the financial leverage ratio includes the CSM balance (net of taxes) in the denominator. The CSM (net of taxes) was \$9.6 billion as at June 30, 2024 (June 30, 2023 – \$9.1 billion).

## Financial and Operational Highlights - Quarterly Comparison (Q2'24 vs. Q2'23)

(\$ millions)

Q2'24

Underlying net income by business type <sup>(1)(2)</sup> :	Sun Life	Asset Management	Canada	U.S.	Asia	Corporate
Wealth & asset management	455	307	130	—	18	—
Group - Health & Protection	305	—	152	153	—	—
Individual - Protection	347	—	120	51	176	—
Corporate expenses & other	(107)	—	—	—	(15)	(92)
<b>Underlying net income<sup>(1)</sup></b>	<b>1,000</b>	<b>307</b>	<b>402</b>	<b>204</b>	<b>179</b>	<b>(92)</b>
<b>Reported net income - Common shareholders</b>	<b>646</b>	<b>274</b>	<b>292</b>	<b>127</b>	<b>151</b>	<b>(198)</b>
Change in underlying net income (% year-over-year)	9%	4%	8%	(5)%	19%	nm <sup>(3)</sup>
Change in reported net income (% year-over-year)	(2)%	10%	39%	(27)%	24%	nm <sup>(3)</sup>
<b>Wealth sales &amp; asset management gross flows<sup>(1)</sup></b>	<b>46,262</b>	<b>38,882</b>	<b>5,372</b>	<b>—</b>	<b>2,008</b>	<b>—</b>
<b>Group - Health &amp; Protection sales<sup>(1)</sup></b>	<b>494</b>	<b>—</b>	<b>143</b>	<b>332</b>	<b>19</b>	<b>—</b>
<b>Individual - Protection sales<sup>(1)</sup></b>	<b>753</b>	<b>—</b>	<b>167</b>	<b>—</b>	<b>586</b>	<b>—</b>
Change in wealth sales & asset management gross flows (% year-over-year)	9%	3%	72%	—	24%	—
Change in group sales (% year-over-year)	(18)%	—	(7)%	(22)%	nm <sup>(3)</sup>	—
Change in individual sales (% year-over-year)	25%	—	8%	—	30%	—

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see the Non-IFRS Financial Measures section in this document and in the Q2'24 MD&A.

<sup>(2)</sup> For more information about the business types in Sun Life's business groups, see section A - How We Report Our Results in the Q2'24 MD&A.

<sup>(3)</sup> Not meaningful.

Underlying net income<sup>(1)</sup> of \$1,000 million increased \$80 million or 9% from prior year, driven by:

- **Wealth & asset management<sup>(1)</sup>** up \$36 million: Higher fee income in Asset Management, Canada, and Asia, partially offset by higher expenses in Asset Management.
- **Group - Health & Protection<sup>(1)(2)</sup>** down \$55 million: Lower results in U.S. Dental primarily reflecting the impact of Medicaid redeterminations and related claims following the end of the Public Health Emergency, less favourable morbidity experience in Canada, and unfavourable morbidity experience in U.S. medical stop-loss, partially offset by strong business growth in U.S. Group Benefits and Canada.
- **Individual - Protection<sup>(1)(2)</sup>** up \$82 million: Business growth in Asia and Canada, and favourable mortality experience in Canada and the U.S.
- **Corporate expenses & other<sup>(1)</sup>** \$17 million decrease in net loss driven by lower operating expenses and financing costs.

Reported net income of \$646 million decreased \$14 million or 2% from prior year, reflecting:

- Financial discipline remains core to our Client Impact Strategy and business. In Q2'24, we recorded a restructuring charge of \$138 million (post-tax \$108 million) reflecting actions taken to improve productivity and drive earnings growth at the higher-end of our Medium-Term Financial Objectives. We expect these actions to result in annual savings of approximately \$200 million (pre-tax) by 2026. The restructuring charge is offset by;
- The increase in underlying net income; and
- Market-related impacts primarily reflecting interest rates and real estate investments<sup>(3)</sup>.

Underlying ROE was 18.1% and reported ROE was 11.7% (Q2'23 - 17.7% and 12.7%, respectively). SLF Inc. ended the quarter with a LICAT ratio of 150%.

<sup>(1)</sup> Refer to section C - Profitability in the Q2'24 MD&A for more information on notable items attributable to reported and underlying net income items and the Non-IFRS Financial Measures in this document for a reconciliation between reported net income and underlying net income. For more information about the business types in Sun Life's operating segments/business groups, see section A - How We Report Our Results in the Q2'24 MD&A.

<sup>(2)</sup> Effective Q1'24, reflects a refinement in the allocation methodology for expenses from Individual - Protection to Group - Health & Protection business types in the U.S. business group.

<sup>(3)</sup> Real estate investments comprises real estate experience and changes in fair value of real estate investments held in surplus. Real estate experience reflects the difference between the actual value of real estate investments compared to management's longer-term expected returns supporting insurance contract liabilities ("real estate experience").

## Business Group Highlights

### Asset Management: A global leader in both public and alternative asset classes through MFS and SLC Management

Asset Management underlying net income of \$307 million increased \$11 million or 4% from prior year, driven by:

- **MFS<sup>(1)</sup>** up \$13 million (up US\$7 million): Higher fee income from higher average net assets ("ANA") partially offset by higher expenses. The MFS pre-tax net operating profit margin<sup>(2)</sup> was 36.5% for Q2'24, compared to 36.6% in the prior year.
- **SLC Management** down \$2 million: Higher fee-related earnings offset by lower net seed investment income. Fee-related earnings<sup>(2)</sup> increased 5% driven by higher AUM, reflecting deployment across the platform, partially offset by higher expenses. Fee-related earnings margin<sup>(2)</sup> was 24.0% for Q2'24, compared to 24.1% in the prior year.

Reported net income of \$274 million increased \$26 million or 10% from prior year, driven by prior year losses on real estate investments held in the SLC Management surplus account.

Foreign exchange translation led to an increase of \$4 million in underlying and reported net income, respectively.

Asset Management ended Q2'24 with \$1,072 billion of AUM, consisting of \$845 billion (US\$618 billion) in MFS and \$227 billion in SLC Management. Total Asset Management net outflows of \$21.0 billion in Q2'24 reflected MFS net outflows of \$20.2 billion (US\$14.8 billion) and SLC Management net outflows of \$0.7 billion.

MFS continues to be focused on meeting Client needs by providing a diverse range of investment products. MFS experienced solid fixed income investment performance, generating inflows of US\$1 billion for this asset class during the quarter.

SLC Management announced the launch of the SLC Global Insurance Group, a dedicated team focused on servicing the complex needs of the world's leading insurance companies with bespoke investment solutions. Our deep insurance heritage combined with our diverse suite of investment capabilities has allowed us to create a highly differentiated and tailored experience for Clients.

Further, during the second quarter, SLC Management launched the Scotia Private Real Estate Fund, distributed through our strategic partnership with Scotiabank. Leveraging BentallGreenOak's deep real estate investment capabilities, this new product will give investors an opportunity to enhance and diversify their portfolios by investing in private real estate assets that offer attractive, income-focused returns while hedging against inflation.

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

Canada underlying net income of \$402 million increased \$30 million or 8% from prior year, reflecting:

- **Wealth & asset management** up \$20 million: Higher fee-related earnings driven by higher AUM.
- **Group - Health & Protection** down \$8 million: Business growth and higher investment contributions more than offset by less favourable morbidity experience reflecting claims volumes.
- **Individual - Protection** up \$18 million: Business growth and favourable mortality experience driven by fewer large claims, and higher investment contributions.

Reported net income of \$292 million increased \$82 million or 39% from prior year, driven by market-related impacts and the increase in underlying net income. The market-related impacts were primarily from less unfavourable interest rates partially offset by equity market impacts.

Canada's sales<sup>(3)</sup>:

- Wealth sales & asset management gross flows of \$5 billion were up 72%, driven by higher defined benefit solution and defined contribution sales in Group Retirement Services ("GRS") and higher mutual fund sales in Individual Wealth. Higher defined benefit solution sales include a \$1.2 billion transaction.
- Group - Health & Protection sales of \$143 million were down 7%, reflecting lower large case sales.
- Individual - Protection sales of \$167 million were up 8%, driven by SLFD<sup>(4)</sup> and third-party sales.

During the second quarter, we launched Sun Life Term Insurance for Diabetes, an industry-first insurance solution designed to empower Canadians living with diabetes to make health and financial decisions on their terms. We understand the daily, unique challenge of managing this condition, and created a comprehensive life insurance product that not only offers a higher chance of approval<sup>(5)</sup> and more affordable premiums, but also access to a customized care plan. Further, since 2012, we have committed more than \$50 million to the fight against diabetes globally through strategic partnerships with organizations supporting the most vulnerable in our communities.

Additionally, in Sun Life Health, over two million Canadian residents have been approved for oral health care services under the Canadian Dental Care Plan ("CDCP"), which officially launched on May 1<sup>st</sup>. Over 11,700 oral health providers from across the country have signed up to participate in the plan, and more than 200,000 seniors have received care from participating oral health providers. Sun Life is proud to be the administrator of the CDCP, which helps make oral health care more affordable for up to nine million Canadian residents who do not currently have access to dental care.

<sup>(1)</sup> MFS Investment Management ("MFS").

<sup>(2)</sup> Represents a non-IFRS financial measure. For more details, see the Non-IFRS Financial Measures section in this document and in the Q2'24 MD&A.

<sup>(3)</sup> Compared to the prior year.

<sup>(4)</sup> Sun Life Financial Distribution ("SLFD") is our proprietary career advisory network.

<sup>(5)</sup> Higher chance of approval compared to conventional life insurance.

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

U.S. underlying net income of US\$149 million decreased US\$11 million or 7% (\$204 million decreased \$11 million or 5%) from prior year, driven by:

- **Group – Health & Protection**<sup>(1)</sup> down US\$37 million: Lower Dental results primarily reflecting the impact of Medicaid redeterminations and related claims following the end of the Public Health Emergency, and unfavourable morbidity experience in medical stop-loss as utilization normalizes, partially offset by strong business growth in Group Benefits and improved claims experience in Employee Benefits.
- **Individual – Protection**<sup>(1)</sup> up US\$26 million: Improved mortality experience.

Reported net income of US\$91 million decreased US\$42 million or 32% (\$127 million decreased \$48 million or 27%) from prior year, reflecting favourable ACMA<sup>(2)</sup> in the prior year, market-related impacts, and the decrease in underlying net income. The market-related impacts were primarily from real estate experience partially offset by interest rate impacts.

Foreign exchange translation led to an increase of \$4 million in underlying net income and an increase of \$3 million in reported net income.

U.S. group sales of US\$243 million were down 24% (\$332 million, down 22%), reflecting lower Medicare and Medicaid sales in Dental driven by large institutional sales in the prior year, partially offset by higher medical stop-loss sales.

As a leader in health and benefits, we continue to help our members access the health care and coverage they need while helping employers simplify benefits through digital capabilities and automation. In Employee Benefits, we expanded our partnership with Goodpath to offer disability members virtual whole-person care, which provides services for physical conditions and mental health, including unlimited therapy sessions. Members can now proactively support their mental and physical health, helping to reduce the need for absences or extended leave.

We also entered into a new technology partnership with UKG, a leading provider of human resources, payroll, and workforce management solutions. The partnership will enable Clients who use UKG to save hundreds of hours on absence management tasks by using application programming interfaces (“API”) that streamline the tracking of employee leave and absences, create real-time updates that save employers time and manual work, and provide consistent and confidential back-end system communication ensuring that leave information is automated and accurate.

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

Asia underlying net income of \$179 million increased \$29 million or 19% from prior year, driven by:

- **Wealth & asset management** up \$5 million: Higher fee-related earnings driven by higher AUM.
- **Individual – Protection** up \$32 million: Good sales momentum and in-force business growth, and contributions from joint ventures, partially offset by higher expenses primarily reflecting incentive compensation and volume growth.
- **Regional office expenses & other** \$(8) million increased net loss reflecting higher incentive compensation and continued investments in the business across the region.

Reported net income of \$151 million increased \$29 million or 24% from prior year, driven by the increase in underlying net income and favourable ACMA impacts, partially offset by a Pillar Two global minimum tax adjustment<sup>(3)</sup> and market-related impacts. The market-related impacts were primarily from interest rates, partially offset by equity market impacts and real estate experience.

Foreign exchange translation led to an increase of \$1 million in underlying net income and an increase of \$3 million in reported net income.

Asia's sales<sup>(4)</sup>:

- Individual sales of \$586 million were up 30%, primarily driven by higher sales in Hong Kong reflecting expanded distribution capabilities, and India reflecting growth in the direct-to-consumer channel, partially offset by lower sales in China and Vietnam reflecting industry and market conditions.
- Wealth sales & asset management gross flows of \$2 billion were up 24%, driven by higher mutual fund and fixed income fund sales in India, partially offset by lower money market fund sales in the Philippines.

New business CSM of \$220 million in Q2'24 was up from \$118 million in the prior year, primarily driven by sales in Hong Kong.

We are committed to expanding our product offerings to help Clients meet their evolving needs. In Hong Kong, we launched the SunWell Series<sup>(5)</sup>, a new critical illness protection plan series offering comprehensive critical illness protection for different stages of life. It is the first product in the market<sup>(6)</sup> to waive waiting periods across diagnoses of major critical illnesses, simplify underwriting questions for Clients with a history of heart attack and stroke, and is also the first ESG investing-focused whole life critical illness protection plan in the market<sup>(6)</sup>.

We are further enhancing capabilities to help advisors support Clients in achieving lifetime financial security. In the Philippines and Vietnam, we launched a new lead management system, which facilitates online leads to offline sales conversion, accelerating the sales process and helping our Clients with the right product which meets their financial needs. In Malaysia, we opened our first East Malaysian office in Kuching, providing advisors convenient access to the resources, tools and training necessary to address the protection needs of almost three million residents in the region.

<sup>(1)</sup> Effective Q1'24, reflects a refinement in the allocation methodology for expenses from Individual – Protection to Group – Health & Protection business types.

<sup>(2)</sup> Assumption changes and management actions (“ACMA”).

<sup>(3)</sup> For additional information, refer to Note 9 of our Interim Consolidated Financial Statements for the period ended June 30, 2024 and section C – Profitability in the Q2'24 MD&A.

<sup>(4)</sup> Compared to the prior year.

<sup>(5)</sup> SunWell Advanced Care, SunWell Supreme Care and SunWell Essential Care.

<sup>(6)</sup> Based on a comparison with other critical illness protection plans for new Composite and Long-Term Businesses as identified in the Register of Authorized Insurers by Insurance Authority as of April 25, 2024.

## Corporate

Underlying net loss was \$92 million compared to underlying net loss of \$113 million in the prior year, driven by lower operating expenses and financing costs.

Reported net loss was \$198 million compared to reported net loss of \$95 million in the prior year, reflecting a restructuring charge of \$108 million, and a prior year gain on the sale of Sun Life UK<sup>(1)</sup>, partially offset by the lower underlying net loss.

Supporting our continued commitment to sustainable investing, on May 15<sup>th</sup>, we completed our third sustainability bond offering, issuing \$750 million. An amount equal to the net proceeds from the offering will be used to finance or refinance, in whole or in part, new and/or existing Eligible Assets as defined in our Sustainability Bond Framework dated April 2024.

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<sup>(1)</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"). Under the agreement, we will retain our economic interest in the payout annuities business through a reinsurance treaty, which, effective Q2'23 is recorded in In-force Management within the U.S. business group. For additional information, refer to Note 3 of our 2023 Annual Consolidated Financial Statements. Prior year results include a gain of \$19 million from the sale of Sun Life UK in reported net income within the Corporate business group.

# Sun Life Financial Inc.

## Management's Discussion and Analysis

For the period ended June 30, 2024

Dated August 12, 2024

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## About Sun Life

Sun Life is a leading international financial services organization providing asset management, wealth, insurance and health solutions to individual and institutional Clients. Sun Life has operations in a number of markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda. As of June 30, 2024, Sun Life had total assets under management ("AUM") of \$1.46 trillion. For more information please visit [www.sunlife.com](http://www.sunlife.com).

Sun Life Financial Inc. trades on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges under the ticker symbol SLF.

## A. How We Report Our Results

Sun Life Financial Inc. ("SLF Inc."), its subsidiaries and, where applicable, its joint ventures and associates are collectively referred to as "the Company", "Sun Life", "we", "our", and "us". We manage our operations and report our financial results in five business segments: Canada, United States ("U.S."), Asset Management, Asia, and Corporate. Information concerning these segments is included in our annual and interim consolidated financial statements and accompanying notes ("Annual Consolidated Financial Statements" and "Interim Consolidated Financial Statements", respectively, and "Consolidated Financial Statements" collectively) and interim and annual management's discussion and analysis ("MD&A"). 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 Standard ("IAS") 34 *Interim Financial Reporting*. Reported net income (loss) refers to Common shareholders' net income (loss) determined in accordance with IFRS.

Unless otherwise noted, all amounts are in Canadian dollars. Amounts in this document may be impacted by rounding. Certain 2023 results in the Drivers of Earnings and Contractual Service Margin ("CSM") Movement Analysis were refined to more accurately reflect how the business is managed.

## Underlying net income by Business Types

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

- **Wealth & asset management:** Sun Life's wealth & asset management businesses generate 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 businesses have a longer-term profitability profile and are 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 <sup>1)</sup>	
Group – Health & Protection		Sun Life Health	Group Benefits <sup>2)</sup> Dental		
Individual – Protection		Individual Insurance	In-force Management	Individual protection <sup>3)</sup>	
Corporate expenses & other				Regional Office	Corporate Support

<sup>1)</sup> Includes wealth & asset management businesses in the Philippines, Hong Kong, China and India.

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

<sup>3)</sup> Includes individual protection businesses in ASEAN, Hong Kong, Joint Ventures and High-Net-Worth. Group businesses in Asia have been included with Individual – Protection.

## 1. 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 in this document and the Supplementary Financial Information package on [www.sunlife.com](http://www.sunlife.com) under Investors - Financial results and reports.

## 2. Forward-looking Statements

Certain statements in this document are 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. Additional information concerning forward-looking statements and important risk factors that could cause our assumptions, estimates, expectations and projections to be inaccurate and our actual results or events to differ materially from those expressed in or implied by such forward-looking statements can be found in section O - Forward-looking Statements in this document.

## 3. Additional Information

Additional information about SLF Inc. can be found in the Consolidated Financial Statements, the annual and interim MD&A, and SLF Inc.'s Annual Information Form ("AIF") for the year ended December 31, 2023. These documents are filed with securities regulators in Canada and are available at [www.sedarplus.ca](http://www.sedarplus.ca). SLF Inc.'s Annual Consolidated Financial Statements, annual MD&A and AIF are filed with the United States Securities and Exchange Commission ("SEC") in SLF Inc.'s annual report on Form 40-F and SLF Inc.'s interim MD&A and Interim Consolidated Financial Statements are furnished to the SEC on Form 6-Ks and are available at [www.sec.gov](http://www.sec.gov).

## B. Financial Summary

(\$ millions, unless otherwise noted)

	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
<b>Profitability</b>					
<b>Net income (loss)</b>					
Underlying net income (loss) <sup>(1)</sup>	1,000	875	920	1,875	1,815
Reported net income (loss) - Common shareholders	646	818	660	1,464	1,466
<b>Diluted earnings per share ("EPS") (\$)</b>					
Underlying EPS (diluted) <sup>(1)</sup>	1.72	1.50	1.57	3.22	3.09
Reported EPS (diluted)	1.11	1.40	1.12	2.51	2.49
<b>Return on equity ("ROE") (%)</b>					
Underlying ROE <sup>(1)</sup>	18.1%	16.0%	17.7%	17.1%	17.5%
Reported ROE <sup>(1)</sup>	11.7%	15.0%	12.7%	13.4%	14.2%
<b>Growth</b>					
	Q2'24	Q1'24	Q2'23	2024	2023
<b>Sales</b>					
Wealth sales & asset management gross flows <sup>(1)</sup>	46,262	46,898	42,397	93,160	88,746
Group - Health & Protection sales <sup>(1)(2)</sup>	494	528	600	1,022	1,109
Individual - Protection sales <sup>(1)</sup>	753	757	604	1,510	1,115
<b>Total AUM (\$ billions)<sup>(1)</sup></b>	<b>1,464.8</b>	<b>1,470.1</b>	<b>1,366.8</b>	<b>1,464.8</b>	<b>1,366.8</b>
<b>New business Contractual Service Margin ("CSM")<sup>(1)</sup></b>	<b>437</b>	<b>347</b>	<b>270</b>	<b>784</b>	<b>502</b>
<b>Financial Strength</b>					
	Q2'24	Q1'24	Q2'23		
<b>LICAT ratios<sup>(3)</sup></b>					
Sun Life Financial Inc.	150%	148%	148%		
Sun Life Assurance <sup>(4)</sup>	142%	142%	139%		
<b>Financial leverage ratio<sup>(1)(5)</sup></b>	<b>22.6%</b>	<b>21.1%</b>	<b>23.3%</b>		
<b>Book value per common share (\$)</b>	<b>37.70</b>	<b>37.41</b>	<b>34.86</b>		
Weighted average common shares outstanding for basic EPS (millions)	581	584	587		
Closing common shares outstanding (millions)	578	583	587		

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document.

<sup>(2)</sup> Prior period amounts related to U.S. Dental sales have been restated to reflect new information.

<sup>(3)</sup> Life Insurance Capital Adequacy Test ("LICAT") ratio. Our LICAT ratios are calculated in accordance with the OSFI-mandated guideline, Life Insurance Capital Adequacy Test.

<sup>(4)</sup> Sun Life Assurance is SLF Inc.'s principal operating life insurance subsidiary.

<sup>(5)</sup> The calculation for the financial leverage ratio includes the CSM balance (net of taxes) in the denominator. The CSM (net of taxes) was \$9.6 billion as at June 30, 2024 (March 31, 2024 - \$9.9 billion; June 30, 2023 - \$9.1 billion).

## C. Profitability

The following table reconciles our Common shareholders' net income ("reported net income") and underlying net income. All factors discussed in this document that impact underlying net income are also applicable to reported net income. Certain adjustments and notable items also impact the CSM, such as mortality experience and assumption changes; see section E - Contractual Service Margin in this document for more information.

(\$ millions, after-tax)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
<b>Underlying net income by business type<sup>(1)</sup>:</b>					
Wealth & asset management	455	408	419	863	830
Group - Health & Protection	305	280	360	585	663
Individual - Protection	347	278	265	625	556
Corporate expenses & other	(107)	(91)	(124)	(198)	(234)
<b>Underlying net income<sup>(1)</sup></b>	<b>1,000</b>	<b>875</b>	<b>920</b>	<b>1,875</b>	<b>1,815</b>
Add: Market-related impacts	(153)	(70)	(220)	(223)	(284)
Assumption changes and management actions ("ACMA")	16	(7)	7	9	2
Other adjustments	(217)	20	(47)	(197)	(67)
<b>Reported net income - Common shareholders</b>	<b>646</b>	<b>818</b>	<b>660</b>	<b>1,464</b>	<b>1,466</b>
Underlying ROE <sup>(1)</sup>	18.1%	16.0%	17.7%	17.1%	17.5%
Reported ROE <sup>(1)</sup>	11.7%	15.0%	12.7%	13.4%	14.2%
<b>Notable items attributable to reported and underlying net income<sup>(1)</sup>:</b>					
Mortality	35	(5)	19	30	(7)
Morbidity	(11)	3	93	(8)	154
Lapse and other policyholder behaviour ("policyholder behaviour")	(12)	(8)	(2)	(20)	(10)
Expenses	(23)	(12)	(7)	(35)	(12)
Credit <sup>(2)</sup>	(10)	(21)	(3)	(31)	(9)
Other <sup>(3)</sup>	11	34	9	45	31

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document. For more information about business types in Sun Life's business groups, see section A - How We Report Our Results in this document.

<sup>(2)</sup> Credit includes rating changes on assets measured at Fair value through profit or loss ("FVTPL"), and the Expected credit loss ("ECL") impact for assets measured at Fair value through other comprehensive income ("FVOCI").

<sup>(3)</sup> Other notable items are recorded in Net Insurance Service Result and Net Investment Result in the Drivers of Earnings analysis. For more details, see section N - Non-IFRS Financial Measures in this document.

### Quarterly Comparison - Q2'24 vs. Q2'23

Underlying net income<sup>(1)</sup> of \$1,000 million increased \$80 million or 9%, driven by:

- **Wealth & asset management<sup>(1)</sup>** up \$36 million: Higher fee income in Asset Management, Canada, and Asia, partially offset by higher expenses in Asset Management.
- **Group - Health & Protection<sup>(1)(2)</sup>** down \$55 million: Lower results in U.S. Dental primarily reflecting the impact of Medicaid redeterminations and related claims following the end of the Public Health Emergency, less favourable morbidity experience in Canada, and unfavourable morbidity experience in U.S. medical stop-loss, partially offset by strong business growth in U.S. Group Benefits and Canada.
- **Individual - Protection<sup>(1)(2)</sup>** up \$82 million: Business growth in Asia and Canada, and favourable mortality experience in Canada and the U.S.
- **Corporate expenses & other<sup>(1)</sup>** \$17 million decrease in net loss driven by lower operating expenses and financing costs.

Reported net income of \$646 million decreased \$14 million or 2%, reflecting:

- Financial discipline remains core to our Client Impact Strategy and business. In Q2'24, we recorded a restructuring charge of \$138 million (post-tax \$108 million) reflecting actions taken to improve productivity and drive earnings growth at the higher-end of our Medium-Term Financial Objectives. We expect these actions to result in annual savings of approximately \$200 million (pre-tax) by 2026. The restructuring charge is offset by;
- The increase in underlying net income; and
- Market-related impacts primarily reflecting interest rates and real estate investments<sup>(3)</sup>.

Foreign exchange translation led to an increase of \$9 million in underlying net income and an increase of \$10 million in reported net income.

Underlying ROE was 18.1% and reported ROE was 11.7% (Q2'23 - 17.7% and 12.7%, respectively).

<sup>(1)</sup> Refer to section N - Non-IFRS Financial Measures in this document for a reconciliation between reported net income and underlying net income.

<sup>(2)</sup> Effective Q1'24, reflects a refinement in the allocation methodology for expenses from Individual - Protection to Group - Health & Protection business types in the U.S. business group.

<sup>(3)</sup> Real estate investments comprises real estate experience and changes in fair value of real estate investments held in surplus. Real estate experience reflects the difference between the actual value of real estate investments compared to management's longer-term expected returns supporting insurance contract liabilities ("real estate experience").

## 1. Market-related impacts

Market-related impacts represent the difference between actual versus expected market movements<sup>(1)</sup>. Market-related impacts resulted in a decrease of \$153 million to reported net income, primarily driven by real estate experience and interest rate impacts.

## 2. Assumption changes and management actions

The net impact of assumption changes and management actions was an increase of \$16 million to reported net income and includes methods and assumptions changes on insurance contracts as well as related impacts. These included various small enhancements.

## 3. Other adjustments

Other adjustments decreased reported net income by \$217 million, reflecting a restructuring charge of \$108 million, DentaQuest integration costs and amortization of acquired intangible assets, SLC Management's acquisition-related liabilities<sup>(2)</sup>, and a Pillar Two global minimum tax adjustment<sup>(3)</sup>.

## 4. Experience-related items

In the second quarter of 2024, notable experience items included:

- Favourable mortality experience primarily in the U.S., Asia, and Canada;
- Unfavourable morbidity experience in U.S. Dental and medical stop-loss was partially offset by favourable morbidity experience in Canada and U.S. group disability; and
- Unfavourable expense experience largely in U.S. Dental.

## 5. Income taxes

The statutory tax rate is impacted by various tax items, such as lower taxes on income subject to tax in foreign jurisdictions, tax-exempt investment income, and other sustainable tax benefits.

The Pillar Two global minimum tax rules apply to us effective January 1, 2024 and have been substantively enacted in several jurisdictions in which we operate, including Canada, whose Global Minimum Tax Act became enacted in June 2024. The Pillar Two legislation requires the ultimate parent entity of a group to pay top-up tax, on a jurisdiction-by-jurisdiction basis, on profits of its subsidiaries that are taxed below 15%. Our subsidiaries that are currently subject to a statutory tax rate or to a tax regime that could result in taxing profits at a rate below 15% include those in Bermuda, Hong Kong and Ireland. The Pillar Two legislation is expected to increase the effective tax rate on underlying net income by approximately one to two percentage points. The Q1'24 impacts, which have been recorded in Q2'24 due to the timing of the legislation's enactment, are recorded in reported net income in Other adjustments and are not reflected in underlying net income. For additional information, refer to Note 9 of our Interim Consolidated Financial Statements for the period ended June 30, 2024.

The Q2'24 effective income tax rate<sup>(4)</sup> on underlying net income and reported net income was 17.3% and 21.1% respectively.

## 6. Impacts of foreign exchange translation

Foreign exchange translation led to an increase of \$9 million in underlying net income and an increase of \$10 million in reported net income.

## Year-to-Date Comparison – Q2'24 vs. Q2'23

Underlying net income of \$1,875 million increased \$60 million or 3%, driven by:

- **Wealth & asset management** up \$33 million: Higher fee income in Asset Management, Canada, and Asia, partially offset by higher expenses in Asset Management.
- **Group – Health & Protection**<sup>(5)</sup> down \$78 million: Lower results in U.S. Dental primarily reflecting the impact of Medicaid redeterminations and related claims following the end of the Public Health Emergency, unfavourable morbidity experience in U.S. medical stop-loss, and less favourable morbidity experience in Canada, partially offset by strong business growth in U.S. Group Benefits and Canada.
- **Individual – Protection**<sup>(5)</sup> up \$69 million: Business growth in Asia and Canada, and favourable mortality experience in the U.S., partially offset by lower earnings due to the sale of Sun Life UK in Q2'23<sup>(6)</sup>.
- **Corporate expenses & other** \$36 million decrease in net loss driven by lower financing costs and operating expenses.

<sup>(1)</sup> Except for risk free rates which are based on current rates, expected market movements are based on our medium-term outlook which is reviewed annually.

<sup>(2)</sup> Amounts relate to acquisition costs for our SLC Management affiliates, BentalGreenOak, InfraRed Capital Partners, Crescent Capital Group LP and Advisors Asset Management Inc., which include the unwinding of the discount for Other financial liabilities ("SLC Management's acquisition-related liabilities").

<sup>(3)</sup> For additional information, refer to Note 9 of our Interim Consolidated Financial Statements for the period ended June 30, 2024 and the heading "Income taxes" in this section.

<sup>(4)</sup> Our effective income tax rate on reported net income is calculated using Total income (loss) before income taxes, as detailed in Note 9 of our Interim Consolidated Financial Statements for the period ended June 30, 2024. Our effective income tax rate on underlying net income is calculated using pre-tax underlying net income, as detailed in section N – Non-IFRS Financial Measures in this document, and the associated income tax expense.

<sup>(5)</sup> Effective Q1'24, reflects a refinement in the allocation methodology for expenses from Individual – Protection to Group – Health & Protection business types in the U.S. business group.

<sup>(6)</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"). Under the agreement, we will retain our economic interest in the payout annuities business through a reinsurance treaty, which, effective Q2'23 is recorded in In-force Management within the U.S. business group. For additional information, refer to Note 3 of our 2023 Annual Consolidated Financial Statements.

Reported net income of \$1,464 million decreased \$2 million, reflecting:

- Gains on partial sale of ABSLAMC<sup>(1)</sup> and the early termination of a distribution agreement in Asset Management;
- Market-related impacts primarily reflecting interest rates, partially offset by real estate investments<sup>(2)</sup>; and
- The increase in underlying net income; offset by
- Financial discipline remains core to our Client Impact Strategy and business. In Q2'24, we recorded a restructuring charge of \$138 million (post-tax \$108 million) reflecting actions taken to improve productivity and drive earnings growth at the higher-end of our Medium-Term Financial Objectives. We expect these actions to result in annual savings of approximately \$200 million (pre-tax) by 2026;
- The prior year gains on the sale of the sponsored markets business in Canada<sup>(3)</sup> and Sun Life UK;
- Fair value changes in management's ownership of MFS<sup>(4)</sup> shares; and
- A Pillar Two global minimum tax adjustment<sup>(5)</sup>.

Foreign exchange translation led to an increase of \$5 million in underlying net income and an increase of \$8 million in reported net income.

Underlying ROE was 17.1% and reported ROE was 13.4% (2023 - 17.5% and 14.2%, respectively).

## 1. Market-related impacts

Market-related impacts represent the difference between actual versus expected market movements<sup>(6)</sup>. Market-related impacts resulted in a decrease of \$223 million to reported net income, primarily reflecting real estate experience.

## 2. Assumption changes and management actions

The net impact of assumption changes and management actions was an increase of \$9 million to reported net income and includes methods and assumptions changes on insurance contracts as well as related impacts. These included various small enhancements.

## 3. Other adjustments

Other adjustments decreased reported net income \$197 million, reflecting a restructuring charge of \$108 million, DentaQuest integration costs and amortization of acquired intangible assets, SLC Management's acquisition-related liabilities, and a Pillar Two global minimum tax adjustment<sup>(5)</sup>, partially offset by gains on the partial sale of ABSLAMC<sup>(1)</sup> and the early termination of a distribution agreement in Asset Management.

## 4. Experience-related items

Notable experience items in the current year included:

- Favourable mortality experience primarily in Asia, Canada and the U.S.;
- Unfavourable morbidity experience in U.S. Dental offset by favourable morbidity experience in Canada and U.S. group disability;
- Unfavourable expense experience largely in U.S. Dental;
- Unfavourable credit experience largely in Canada and the U.S.; and
- Other experience was favourable primarily from the U.S., Asia, and Canada.

## 5. Income taxes

The statutory tax rate is impacted by various items, such as lower taxes on income subject to tax in foreign jurisdictions, tax-exempt investment income, and other sustainable tax benefits.

The Pillar Two global minimum tax rules apply to us effective January 1, 2024 and have been substantively enacted in several jurisdictions in which we operate, including Canada, whose Global Minimum Tax Act became enacted in June 2024. The Pillar Two legislation requires the ultimate parent entity of a group to pay top-up tax, on a jurisdiction-by-jurisdiction basis, on profits of its subsidiaries that are taxed below 15%. Our subsidiaries that are currently subject to a statutory tax rate or to a tax regime that could result in taxing profits at a rate below 15% include those in Bermuda, Hong Kong and Ireland. The Pillar Two legislation is expected to increase the effective tax rate on underlying net income by approximately one to two percentage points. The Q1'24 impacts, which have been recorded in Q2'24 due to the timing of the legislation's enactment, are recorded in reported net income in Other adjustments and are not reflected in underlying net income. For additional information, refer to Note 9 of our Interim Consolidated Financial Statements for the period ended June 30, 2024.

The effective income tax rate<sup>(7)</sup> on underlying net income and reported net income was 16.7% and 21.5%, respectively.

## 6. Impacts of foreign exchange translation

Foreign exchange translation led to an increase of \$5 million in underlying net income and an increase of \$8 million in reported net income.

<sup>(1)</sup> To meet regulatory obligations, on March 21, 2024 we sold 6.3% of our ownership interest in Aditya Birla Sun Life AMC Limited ("partial sale of ABSLAMC"), generating a gain of \$84 million. As a result of this transaction, our ownership interest in ABSLAMC was reduced from 36.5% to 30.2% for gross proceeds of \$136 million. Subsequently, on May 31, 2024, we sold an additional 0.2% of our ownership interest.

<sup>(2)</sup> Real estate investments comprises real estate experience and changes in fair value of real estate investments held in surplus. Real estate experience reflects the difference between the actual value of real estate investments compared to management's longer-term expected returns supporting insurance contract liabilities ("real estate experience").

<sup>(3)</sup> On February 1, 2023, we completed the sale of the sponsored markets business from Sun Life Assurance, a wholly owned subsidiary of SLF Inc., to Canadian Premier Life Insurance Company (re-branded to Securian Canada) ("sale of the sponsored markets business").

<sup>(4)</sup> MFS Investment Management ("MFS").

<sup>(5)</sup> For additional information, refer to Note 9 of our Interim Consolidated Financial Statements for the period ended June 30, 2024 and the heading "Income taxes" in this section.

<sup>(6)</sup> Except for risk free rates which are based on current rates, expected market movements are based on our medium-term outlook which is reviewed annually.

<sup>(7)</sup> Our effective income tax rate on reported net income is calculated using Total income (loss) before income taxes, as detailed in Note 9 in our Interim Consolidated Financial Statements for the period ended June 30, 2024. Our effective income tax rate on underlying net income is calculated using pre-tax underlying net income, as detailed in section N - Non-IFRS Financial Measures in this document, and the associated income tax expense.

## D. Growth

### 1. Sales and Gross Flows

(\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
<b>Wealth sales &amp; asset management gross flows by business segment<sup>(1)</sup></b>					
Asset Management gross flows	38,882	40,718	37,651	79,600	78,480
Canada wealth sales & asset management gross flows	5,372	4,079	3,130	9,451	6,220
Asia wealth sales & asset management gross flows	2,008	2,101	1,616	4,109	4,046
Total wealth sales & asset management gross flows <sup>(1)</sup>	46,262	46,898	42,397	93,160	88,746
<b>Group – Health &amp; Protection sales by business segment<sup>(1)</sup></b>					
Canada	143	311	153	454	298
U.S. <sup>(2)</sup>	332	191	428	523	767
Asia <sup>(3)</sup>	19	26	19	45	44
Total group sales <sup>(1)(2)</sup>	494	528	600	1,022	1,109
<b>Individual – Protection sales by business segment<sup>(1)</sup></b>					
Canada	167	130	154	297	290
Asia	586	627	450	1,213	825
Total individual sales <sup>(1)</sup>	753	757	604	1,510	1,115
CSM – Impact of new insurance business ("New business CSM") <sup>(1)</sup>	437	347	270	784	502

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N – Non-IFRS Financial Measures in this document.

<sup>(2)</sup> Prior period amounts related to U.S. Dental sales have been restated to reflect new information.

<sup>(3)</sup> In underlying net income by business type, Group businesses in Asia have been included with Individual – Protection. For more information about business types in Sun Life's business groups, see section A – How We Report Our Results in this document.

Total wealth sales & asset management gross flows increased \$3.9 billion or 9% from prior year (\$3.2 billion<sup>(1)</sup> or 7%<sup>(1)</sup>, excluding foreign exchange translation).

- Asset Management gross flows increased \$0.6 billion<sup>(1)</sup> or 1%<sup>(1)</sup>, as higher gross flows in SLC Management were mostly offset by lower gross flows in MFS.
- Canada wealth sales & asset management gross flows increased \$2.2 billion or 72%, driven by higher defined benefit solution and defined contribution sales in Group Retirement Services ("GRS") and higher mutual fund sales in Individual Wealth. Higher defined benefit solution sales include a \$1.2 billion transaction.
- Asia wealth sales & asset management gross flows increased \$0.4 billion<sup>(1)</sup> or 23%<sup>(1)</sup>, driven by higher mutual fund and fixed income fund sales in India, partially offset by lower money market fund sales in the Philippines.

Total group health & protection sales decreased \$106 million or 18% from prior year (\$112 million<sup>(1)</sup> or 19%<sup>(1)</sup>, excluding foreign exchange translation).

- Canada group sales decreased \$10 million or 7%, reflecting lower large case sales.
- U.S. group sales decreased \$102 million<sup>(1)</sup> or 24%<sup>(1)</sup>, reflecting lower Medicare and Medicaid sales in Dental driven by large institutional sales in the prior year, partially offset by higher medical stop-loss sales.

Total individual protection sales increased \$149 million or 25% from prior year (\$145 million<sup>(1)</sup> or 24%<sup>(1)</sup>, excluding foreign exchange translation).

- Canada individual sales increased \$13 million or 8%, driven by SLFD<sup>(2)</sup> and third-party sales.
- Asia individual sales increased \$132 million<sup>(1)</sup> or 29%<sup>(1)</sup>, primarily driven by higher sales in Hong Kong reflecting expanded distribution capabilities, and India reflecting growth in the direct-to-consumer channel, partially offset by lower sales in China and Vietnam reflecting industry and market conditions.

New business CSM represents growth derived from sales activity in the period. The impact of new insurance business drove a \$437 million increase in CSM, compared to new business CSM of \$270 million in the prior year, primarily driven by strong sales in Asia, primarily in Hong Kong, and in Canada, primarily in GRS.

<sup>(1)</sup> This change excludes the impacts of foreign exchange translation. For more information about these non-IFRS financial measures, see section N – Non-IFRS Financial Measures in this document.

<sup>(2)</sup> Sun Life Financial Distribution ("SLFD") is our proprietary career advisory network.

## 2. Assets Under Management

AUM consists of general funds, the investments for segregated fund holders ("segregated funds") and third-party assets managed by the Company. Third-party AUM is comprised of institutional and managed funds, as well as other AUM related to our joint ventures.

(\$ millions)	Quarterly results				
	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
<b>Assets under management<sup>(1)</sup></b>					
General fund assets	<b>207,545</b>	204,986	204,789	193,858	196,575
Segregated funds	<b>136,971</b>	135,541	128,452	119,988	123,366
<b>Third-party assets under management<sup>(1)</sup></b>					
Retail	<b>607,727</b>	606,320	567,657	544,946	557,093
Institutional, managed funds and other	<b>553,798</b>	563,773	537,424	518,129	527,344
Total third-party AUM <sup>(1)</sup>	<b>1,161,525</b>	1,170,093	1,105,081	1,063,075	1,084,437
Consolidation adjustments	<b>(41,240)</b>	(40,540)	(38,717)	(36,780)	(37,536)
Total assets under management <sup>(1)</sup>	<b>1,464,801</b>	1,470,080	1,399,605	1,340,141	1,366,842

<sup>(1)</sup> Represents a non-IFRS financial measure. See section N - Non-IFRS Financial Measures in this document.

AUM increased \$65.2 billion or 5% from December 31, 2023, primarily driven by:

- (i) favourable market movements on the value of segregated, retail, institutional and managed funds of \$68.2 billion;
- (ii) an increase of \$32.8 billion from foreign exchange translation (excluding the impacts of general fund assets); and
- (iii) an increase in AUM of general fund assets of \$2.8 billion primarily driven by favourable impacts from foreign exchange translation; partially offset by
- (iv) net outflows from segregated funds and third-party AUM of \$30.3 billion;
- (v) a decrease of \$5.2 billion from other business activities; and
- (vi) Client distributions of \$3.1 billion.

Segregated fund and third-party AUM net outflows of \$19.8 billion during the quarter were comprised of:

(\$ billions)	Quarterly results				
	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
<b>Net flows for Segregated fund and Third-party AUM:</b>					
MFS	<b>(20.2)</b>	(11.7)	(15.3)	(12.5)	(5.3)
SLC Management	<b>(0.7)</b>	1.5	3.9	3.4	2.0
Canada, Asia and other	<b>1.1</b>	(0.3)	—	(1.4)	1.1
Total net flows for Segregated fund and Third-party AUM	<b>(19.8)</b>	(10.5)	(11.4)	(10.5)	(2.2)



## E. Contractual Service Margin

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. The following table shows the change in CSM including its recognition into net income in the period, as well as the growth from new insurance sales activity.

(\$ millions)	For the six months ended June 30, 2024	For the full year ended December 31, 2023
<b>Beginning of Period</b>	<b>11,786</b>	<b>10,865</b>
Impact of new insurance business <sup>(1)</sup>	<b>784</b>	<b>1,253</b>
Expected movements from asset returns & locked-in rates <sup>(1)</sup>	<b>327</b>	<b>560</b>
Insurance experience gains/losses <sup>(1)</sup>	<b>—</b>	<b>67</b>
CSM recognized for services provided	<b>(541)</b>	<b>(919)</b>
<b>Organic CSM Movement<sup>(1)(2)</sup></b>	<b>570</b>	<b>961</b>
Impact of markets & other <sup>(1)</sup>	<b>60</b>	<b>(38)</b>
Impact of change in assumptions <sup>(1)</sup>	<b>(16)</b>	<b>364</b>
Currency impact	<b>112</b>	<b>(104)</b>
Disposition <sup>(3)</sup>	<b>—</b>	<b>(262)</b>
<b>Total CSM Movement</b>	<b>726</b>	<b>921</b>
<b>Contractual Service Margin, End of Period<sup>(4)</sup></b>	<b>12,512</b>	<b>11,786</b>

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document.

<sup>(2)</sup> Organic CSM movement is a component of both total CSM movement and organic capital generation.

<sup>(3)</sup> Relates to the sale of Sun Life UK in Q2'23. For additional information, refer to Note 3 in our 2023 Annual Consolidated Financial Statements.

<sup>(4)</sup> Total company CSM presented above is comprised of CSM on Insurance contracts issued of \$12,535 million (December 31, 2023 - \$11,845 million), net of CSM Reinsurance contracts held of \$23 million (December 31, 2023 - \$59 million).

Total CSM ended Q2'24 at \$12.5 billion, an increase of \$0.7 billion or 6% for the first six months of 2024:

- Organic CSM movement was driven by the impact of new insurance business, reflecting strong sales in Asia, primarily in Hong Kong, and Canada, primarily in GRS.
- Favourable currency impacts in Asia and the U.S.

## F. Financial Strength

(\$ millions, unless otherwise stated)	Quarterly results				
	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23
<b>LICAT ratio<sup>(1)</sup></b>					
Sun Life Financial Inc.	<b>150%</b>	148%	149%	147%	148%
Sun Life Assurance	<b>142%</b>	142%	141%	138%	139%
<b>Capital</b>					
Subordinated debt <sup>(2)</sup>	<b>6,926</b>	6,179	6,178	6,177	6,679
Innovative capital instruments <sup>(3)</sup>	<b>200</b>	200	200	200	200
Equity in the participating account	<b>567</b>	510	457	397	354
Non-controlling interests	<b>92</b>	106	161	147	138
Preferred shares and other equity instruments	<b>2,239</b>	2,239	2,239	2,239	2,239
Common shareholders' equity <sup>(4)</sup>	<b>21,803</b>	21,790	21,343	20,984	20,461
Contractual Service Margin <sup>(5)</sup>	<b>12,512</b>	12,141	11,786	11,452	11,258
Total capital	<b>44,339</b>	43,165	42,364	41,596	41,329
<b>Financial leverage ratio<sup>(5)(6)</sup></b>	<b>22.6%</b>	21.1%	21.5%	21.8%	23.3%
<b>Dividend</b>					
Underlying dividend payout ratio <sup>(6)</sup>	<b>47%</b>	52%	46%	47%	48%
Dividends per common share (\$)	<b>0.810</b>	0.780	0.780	0.750	0.750
Book value per common share (\$)	<b>37.70</b>	37.41	36.51	35.91	34.86

<sup>(1)</sup> Our LICAT ratios are calculated in accordance with the OSFI-mandated guideline, Life Insurance Capital Adequacy Test.

<sup>(2)</sup> We are monitoring regulatory and market developments globally with respect to the interest rate benchmark reform (for more information refer to Note 2.A.ii in our 2023 Annual Consolidated Financial Statements), including as it relates to our legacy subordinated debt securities which reference the Canadian Dollar Offered Rate ("CDOR"). We may, if necessary at a future date, take appropriate action to reflect the replacement of CDOR.

<sup>(3)</sup> Innovative capital instruments consist of Sun Life Exchangeable Capital Securities ("SLEECs"), see section J - Capital and Liquidity Management in the 2023 Annual MD&A.

<sup>(4)</sup> Common shareholders' equity is equal to Total shareholders' equity less Preferred shares and other equity instruments.

<sup>(5)</sup> The calculation for the financial leverage ratio includes the CSM balance (net of taxes) in the denominator. The CSM (net of taxes) was \$9.6 billion as at June 30, 2024 (March 31, 2024 - \$9.9 billion; December 31, 2023 - \$9.6 billion; September 30, 2023 - \$9.3 billion; June 30, 2023 - \$9.1 billion).

<sup>(6)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document.

### 1. Life Insurance Capital Adequacy Test

The Office of the Superintendent of Financial Institutions has developed the regulatory capital framework referred to as the Life Insurance Capital Adequacy Test for Canada. LICAT measures the capital adequacy of an insurer using a risk-based approach and includes elements that contribute to financial strength through periods when an insurer is under stress as well as elements that contribute to policyholder and creditor protection wind-up.

SLF Inc. is a non-operating insurance company and is subject to the LICAT guideline. Sun Life Assurance, SLF Inc.'s principal operating life insurance subsidiary, is also subject to the LICAT guideline.

SLF Inc.'s LICAT ratio of 150% as at June 30, 2024 increased one percentage point compared to December 31, 2023, driven by organic capital generation, net of shareholder dividend payments, M&A<sup>(1)</sup> activity, and subordinated debt issuance, mostly offset by market movements and share buybacks.

Sun Life Assurance's LICAT ratio of 142% as at June 30, 2024 increased one percentage point compared to December 31, 2023, driven by organic capital generation, net of dividend payments to SLF Inc., and M&A activity, mostly offset by market movements.

The Sun Life Assurance LICAT ratios in both periods are well above OSFI's supervisory ratio of 100% and regulatory minimum ratio of 90%.

<sup>(1)</sup> Mergers & Acquisitions ("M&A").

## 2. Capital

Our total capital consists of subordinated debt and other capital instruments, CSM, equity in the participating account and total shareholders' equity which includes common shareholders' equity, preferred shares and other equity instruments, and non-controlling interests. As at June 30, 2024, our total capital was \$44.3 billion, an increase of \$2.0 billion compared to December 31, 2023. The increase to total capital included reported net income of \$1,464 million, the issuance of \$750 million principal amount of Series 2024-1 Subordinated Unsecured 5.12% Fixed/Floating Debentures which is detailed below, an increase of \$726 million in CSM, and the favourable impacts of foreign exchange translation of \$376 million included in other comprehensive income (loss) ("OCI"). This was partially offset by the payment of \$927 million of dividends on common shares of SLF Inc. ("common shares") and a decrease of \$460 million from the repurchase and cancellation of common shares.

In Q2'24, organic capital generation<sup>(1)</sup> was \$588 million, which measures the change in capital, net of dividends, above LICAT requirements excluding the impacts of markets and other non-recurring items.

Our capital and liquidity positions remain strong with a LICAT ratio of 150% at SLF Inc., a financial leverage ratio of 22.6%<sup>(1)</sup> and \$2.0 billion in cash and other liquid assets<sup>(1)</sup> as at June 30, 2024 in SLF Inc.<sup>(2)</sup> (December 31, 2023 - \$1.6 billion).

### Capital Transactions

On May 15, 2024, SLF Inc. issued \$750 million principal amount of Series 2024-1 Subordinated Unsecured 5.12% Fixed/Floating Debentures due 2036. An amount equal to the net proceeds from the offering of such debentures will be used to finance or refinance, in whole or in part, new and/or existing Eligible Assets as defined in our Sustainability Bond Framework dated April 2024.

### Normal Course Issuer Bids

On August 29, 2023, SLF Inc. commenced its previously announced normal course issuer bid, which remains in effect until August 28, 2024, or such earlier date as SLF Inc. may determine, or until SLF Inc. has purchased an aggregate of 17 million common shares under the bid (the "2023 NCIB"). During the second quarter of 2024, SLF Inc. purchased and cancelled approximately 4.1 million common shares at a total cost of \$287 million. As at June 30, 2024, the total aggregate shares cancelled and associated cost under SLF Inc.'s 2023 NCIB were 9.3 million and \$647 million, respectively.

### Subsequent Events

On August 13, 2024, SLF Inc. intends to redeem all of the outstanding \$750 million principal amount of Series 2019-1 Subordinated Unsecured 2.38% Fixed/Floating Debentures, in accordance with the redemption terms attached to such debentures. The redemption will be funded from existing cash and other liquid assets.

On August 12, 2024, SLF Inc. announced that, subject to the approval of OSFI and the Toronto Stock Exchange ("TSX"), it intends to renew its normal course issuer bid to purchase up to 15 million of its common shares (the "2024 NCIB"). Subject to receipt of regulatory and stock exchange approvals, the 2024 NCIB is expected to commence on August 29, 2024 and continue until August 28, 2025, or such earlier date as SLF Inc. may determine. Purchases under the 2024 NCIB may be made through the facilities of the TSX, other Canadian stock exchanges and/or alternative Canadian trading platforms, at prevailing market rates. Subject to regulatory approval, purchases under the 2024 NCIB may also be made by way of private agreements or share repurchase programs under issuer bid exemption orders issued by securities regulatory authorities. Any purchases made under an exemption order issued by a securities regulatory authority will generally be at a discount to the prevailing market price. The actual number of common shares purchased under the 2024 NCIB, and the timing of such purchases (if any), will be determined by SLF Inc. Any common shares purchased by SLF Inc. pursuant to the 2024 NCIB will be cancelled or used in connection with certain equity settled incentive arrangements. The 2024 NCIB will provide the Company with the flexibility to acquire common shares in order to return capital to shareholders as part of its overall capital management strategy.

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document.

<sup>(2)</sup> SLF Inc. (the ultimate parent company) and its wholly-owned holding companies.

## G. Performance by Business Segment

	Quarterly results			Year-to-date	
(\$ millions)	Q2'24	Q1'24	Q2'23	2024	2023
<b>Underlying net income (loss)<sup>(1)</sup></b>					
Asset Management	307	282	296	589	578
Canada	402	310	372	712	688
U.S.	204	189	215	393	452
Asia	179	177	150	356	291
Corporate	(92)	(83)	(113)	(175)	(194)
Total underlying net income (loss) <sup>(1)</sup>	1,000	875	920	1,875	1,815
<b>Reported net income (loss) - Common shareholders</b>					
Asset Management	274	284	248	558	502
Canada	292	290	210	582	539
U.S.	127	97	175	224	343
Asia	151	235	122	386	256
Corporate	(198)	(88)	(95)	(286)	(174)
Total reported net income (loss) - Common shareholders	646	818	660	1,464	1,466

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document.

All factors discussed in this document that impact our underlying net income are also applicable to reported net income.

# 1. Asset Management

Asset Management (C\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Underlying net income <sup>(1)</sup>	307	282	296	589	578
Add: Market-related impacts	(1)	1	(31)	—	(38)
Management's ownership of MFS shares	—	(12)	(1)	(12)	16
Acquisition, integration and restructuring <sup>(2)</sup>	(26)	(27)	(11)	(53)	(44)
Intangible asset amortization	(6)	(6)	(5)	(12)	(10)
Other	—	46	—	46	—
Reported net income - Common shareholders	274	284	248	558	502
Assets under management (C\$ billions) <sup>(1)</sup>	1,072.1	1,078.6	997.8	1,072.1	997.8
Gross flows (C\$ billions) <sup>(1)</sup>	38.9	40.7	37.7	79.6	78.5
Net flows (C\$ billions) <sup>(1)</sup>	(21.0)	(10.1)	(3.3)	(31.1)	(5.8)
<b>MFS (C\$ millions)</b>					
Underlying net income <sup>(1)</sup>	265	254	252	519	506
Add: Management's ownership of MFS shares	—	(12)	(1)	(12)	16
Reported net income - Common shareholders	265	242	251	507	522
Assets under management (C\$ billions) <sup>(1)</sup>	845.3	852.3	779.8	845.3	779.8
Gross flows (C\$ billions) <sup>(1)</sup>	33.1	35.1	33.3	68.2	67.8
Net flows (C\$ billions) <sup>(1)</sup>	(20.2)	(11.7)	(5.3)	(31.9)	(11.1)
<b>MFS (US\$ millions)</b>					
Underlying net income <sup>(1)</sup>	194	189	187	383	375
Add: Management's ownership of MFS shares	—	(9)	—	(9)	12
Reported net income - Common shareholders	194	180	187	374	387
Pre-tax net operating margin for MFS <sup>(1)</sup>	36.5%	37.2%	36.6%	36.8%	36.7%
Average net assets (US\$ billions) <sup>(1)</sup>	620.2	609.3	577.1	614.8	571.7
Assets under management (US\$ billions) <sup>(1)(3)</sup>	618.1	629.6	589.1	618.1	589.1
Gross flows (US\$ billions) <sup>(1)</sup>	24.2	26.1	24.8	50.3	50.3
Net flows (US\$ billions) <sup>(1)</sup>	(14.8)	(8.6)	(4.0)	(23.4)	(8.2)
Asset appreciation (depreciation) (US\$ billions)	3.2	39.7	22.8	42.9	49.5
<b>SLC Management (C\$ millions)</b>					
Underlying net income <sup>(1)</sup>	42	28	44	70	72
Add: Market-related impacts	(1)	1	(31)	—	(38)
Acquisition, integration and restructuring <sup>(2)</sup>	(26)	(27)	(11)	(53)	(44)
Intangible asset amortization	(6)	(6)	(5)	(12)	(10)
Other	—	46	—	46	—
Reported net income (loss) - Common shareholders	9	42	(3)	51	(20)
Fee-related earnings <sup>(1)</sup>	65	69	62	134	130
Pre-tax fee-related earnings margin <sup>(1)(4)</sup>	24.0%	23.9%	24.1%	24.0%	24.1%
Pre-tax net operating margin <sup>(1)(4)</sup>	21.6%	21.8%	19.8%	21.6%	19.8%
Assets under management (C\$ billions) <sup>(1)</sup>	226.8	226.3	218.1	226.8	218.1
Gross flows - AUM (C\$ billions) <sup>(1)</sup>	5.8	5.6	4.4	11.4	10.7
Net flows - AUM (C\$ billions) <sup>(1)</sup>	(0.7)	1.5	2.0	0.8	5.3
Fee earning assets under management ("FE AUM") (C\$ billions) <sup>(1)</sup>	177.9	178.5	171.1	177.9	171.1
Gross flows - FE AUM (C\$ billions) <sup>(1)</sup>	7.3	7.0	4.2	14.3	9.3
Net flows - FE AUM (C\$ billions) <sup>(1)</sup>	1.1	2.9	2.0	4.1	4.6
Assets under administration ("AUA") (C\$ billions) <sup>(1)</sup>	11.5	11.2	49.9	11.5	49.9
Capital raising (C\$ billions) <sup>(1)</sup>	3.0	3.5	2.1	6.6	4.4
Deployment (C\$ billions) <sup>(1)</sup>	6.0	5.6	4.7	11.6	10.7

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document.

<sup>(2)</sup> Amounts relate to acquisition costs for our SLC Management affiliates, BentallGreenOak, InfraRed Capital Partners, Crescent Capital Group LP and Advisors Asset Management, Inc, which include the unwinding of the discount for Other financial liabilities of \$22 million in Q2'24 and \$44 million for the first six months of 2024 (Q1'24 - \$22 million; Q2'23 - \$21 million; the first six months of 2023 - \$41 million).

<sup>(3)</sup> Monthly information on AUM is provided by MFS in its Corporate Fact Sheet, which can be found at [www.mfs.com/CorpFact](http://www.mfs.com/CorpFact). The Corporate Fact Sheet also provides MFS' U.S. GAAP assets and liabilities as at December 31, 2023.

<sup>(4)</sup> Based on a trailing 12-month basis. For more details, see section N - Non-IFRS Financial Measures in this document.

## Profitability

### Quarterly Comparison – Q2'24 vs. Q2'23

Asset Management underlying net income of \$307 million increased \$11 million or 4%, driven by:

- **MFS** up \$13 million (up US\$7 million): Higher fee income from higher average net assets ("ANA") partially offset by higher expenses. The MFS pre-tax net operating profit margin<sup>(1)</sup> was 36.5% for Q2'24, compared to 36.6% in the prior year.
- **SLC Management** down \$2 million: Higher fee-related earnings offset by lower net seed investment income. Fee-related earnings<sup>(1)</sup> increased 5% driven by higher AUM, reflecting deployment across the platform, partially offset by higher expenses. Fee-related earnings margin<sup>(1)</sup> and pre-tax net operating profit margin<sup>(1)</sup> for Q2'24 were 24.0% and 21.6%, respectively (Q2'23 – 24.1% and 19.8%, respectively).

Reported net income of \$274 million increased \$26 million or 10%, driven by prior year losses on real estate investments held in the SLC Management surplus account.

Foreign exchange translation led to an increase of \$4 million in underlying and reported net income, respectively.

### Year-to-Date Comparison – Q2'24 vs. Q2'23

Asset Management underlying net income of \$589 million increased \$11 million or 2% driven by:

- **MFS** up \$13 million (up US\$8 million): Higher fee income from higher ANA partially offset by higher expenses, which include fair value changes in management's participation in MFS shares.
- **SLC Management** down \$2 million: Higher fee-related earnings offset by lower net seed investment income. Fee-related earnings<sup>(1)</sup> increased 3% driven by higher AUM, reflecting deployment across the platform, partially offset by higher expenses.

Reported net income of \$558 million increased \$56 million or 11%, driven by a gain on the early termination of a distribution agreement and prior year losses on real estate investments held in the SLC Management surplus account, partially offset by fair value changes in management's ownership of MFS shares.

Foreign exchange translation led to an increase of \$3 million in underlying net income and an increase of \$4 million in reported net income.

## Growth

Asset Management AUM of \$1,072.1 billion increased \$56.2 billion or 6% from December 31, 2023, driven by:

- Net asset value changes of \$90.4 billion; partially offset by
- Net outflows of \$31.1 billion; and
- Client distributions of \$3.1 billion.

MFS' AUM increased US\$19.5 billion or 3% from December 31, 2023, driven by:

- Increase in asset values from higher equity markets of US\$42.9 billion, partially offset by net outflows of US\$23.4 billion.

In Q2'24, 97%, 51%, and 48% of MFS' U.S. retail mutual fund assets ranked in the top half of their Morningstar categories based on ten-, five- and three-year performance, respectively.

SLC Management's AUM increased \$3.7 billion from December 31, 2023, driven by:

- Asset value changes of \$5.9 billion and net inflows of \$0.8 billion, partially offset by Client distributions of \$3.1 billion.
- Net inflows were comprised of capital raising and Client contributions, totaling \$11.4 billion, partially offset by outflows of \$10.6 billion.

SLC Management's FE AUM increased \$1.0 billion from December 31, 2023, driven by:

- Net inflows of \$4.1 billion and asset value changes of \$3.1 billion, partially offset by Client distributions of \$6.2 billion.
- Net inflows were comprised of capital deployment and Client contributions, totaling \$14.3 billion, partially offset by outflows of \$10.3 billion.

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<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N – Non-IFRS Financial Measures in this document.

## 2. Canada

(\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Wealth & asset management <sup>(1)</sup>	130	109	110	239	224
Group - Health & Protection <sup>(1)</sup>	152	114	160	266	255
Individual - Protection <sup>(1)</sup>	120	87	102	207	209
<b>Underlying net income<sup>(1)</sup></b>	<b>402</b>	<b>310</b>	<b>372</b>	<b>712</b>	<b>688</b>
Add: Market-related impacts	(109)	(9)	(156)	(118)	(203)
ACMA	6	(5)	(6)	1	(8)
Acquisition, integration and restructuring	—	—	3	—	68
Intangible asset amortization	(7)	(6)	(3)	(13)	(6)
<b>Reported net income - Common shareholders</b>	<b>292</b>	<b>290</b>	<b>210</b>	<b>582</b>	<b>539</b>
Underlying ROE (%) <sup>(1)</sup>	25.0%	19.2%	23.5%	22.1%	20.8%
Reported ROE (%) <sup>(1)</sup>	18.1%	17.9%	13.2%	18.0%	16.3%
Wealth sales & asset management gross flows <sup>(1)</sup>	5,372	4,079	3,130	9,451	6,220
Group - Health & Protection sales <sup>(1)</sup>	143	311	153	454	298
Individual - Protection sales <sup>(1)</sup>	167	130	154	297	290

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document. For more information about business types in Sun Life's business groups, see section A - How We Report Our Results in this document.

## Profitability

### Quarterly Comparison - Q2'24 vs. Q2'23

Underlying net income of \$402 million increased \$30 million or 8%, reflecting:

- **Wealth & asset management** up \$20 million: Higher fee-related earnings driven by higher AUM.
- **Group - Health & Protection** down \$8 million: Business growth and higher investment contributions more than offset by less favourable morbidity experience reflecting claims volumes.
- **Individual - Protection** up \$18 million: Business growth and favourable mortality experience driven by fewer large claims, and higher investment contributions.

Reported net income of \$292 million increased \$82 million or 39%, driven by market-related impacts and the increase in underlying net income. The market-related impacts were primarily from less unfavourable interest rates partially offset by equity market impacts.

### Year-to-Date Comparison - Q2'24 vs. Q2'23

Underlying net income of \$712 million increased \$24 million or 3%, reflecting:

- **Wealth & asset management** up \$15 million: Higher fee-related earnings driven by higher AUM.
- **Group - Health & Protection** up \$11 million: Business growth and higher investment contributions partially offset by less favourable morbidity experience reflecting claims volumes.
- **Individual - Protection** down \$2 million: Business growth more than offset by lower net investment results including lower earnings on surplus.
- Lower earnings on surplus across all businesses primarily reflecting lower realized gains.

Reported net income of \$582 million increased \$43 million or 8% driven by market-related impacts and the increase in underlying net income, partially offset by a prior year gain on sale of the sponsored markets business. The market-related impacts were primarily from less unfavourable interest rates partially offset by real estate experience.

## Growth

### Quarterly Comparison - Q2'24 vs. Q2'23

Canada's sales included:

- Wealth sales & asset management gross flows of \$5.4 billion were up 72%, driven by higher defined benefit solution and defined contribution sales in GRS and higher mutual fund sales in Individual Wealth. Higher defined benefit solution sales include a \$1.2 billion transaction.
- Group - Health & Protection sales of \$143 million were down 7%, reflecting lower large case sales.
- Individual - Protection sales of \$167 million were up 8%, driven by SLFD<sup>(1)</sup> and third-party sales.

### Year-to-Date Comparison - Q2'24 vs. Q2'23

Canada's sales included:

- Wealth sales & asset management gross flows of \$9.5 billion were up 52%, driven by higher defined benefit solution and defined contribution sales in GRS and higher mutual fund sales in Individual Wealth.
- Group - Health & Protection sales of \$454 million were up 52%, driven by higher large case sales.
- Individual - Protection sales of \$297 million were up 2%, driven by SLFD<sup>(1)</sup> sales.

<sup>(1)</sup> Sun Life Financial Distribution ("SLFD") is our proprietary career advisory network.

### 3. U.S.

(US\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Group - Health & Protection <sup>(1)</sup>	112	124	149	236	303
Individual - Protection <sup>(1)(2)</sup>	37	17	11	54	33
<b>Underlying net income<sup>(1)</sup></b>	<b>149</b>	<b>141</b>	<b>160</b>	<b>290</b>	<b>336</b>
Add: Market-related impacts	(22)	(32)	(9)	(54)	(22)
ACMA	—	1	18	1	18
Acquisition, integration and restructuring <sup>(3)</sup>	(21)	(22)	(24)	(43)	(45)
Intangible asset amortization	(15)	(17)	(12)	(32)	(29)
<b>Reported net income - Common shareholders</b>	<b>91</b>	<b>71</b>	<b>133</b>	<b>162</b>	<b>258</b>
Underlying ROE (%) <sup>(1)</sup>	12.9%	12.0%	13.8%	12.5%	14.2%
Reported ROE (%) <sup>(1)</sup>	7.9%	6.2%	11.4%	7.0%	10.9%
After-tax profit margin for Group Benefits (%) <sup>(1)(4)</sup>	9.6%	9.6%	10.2%	9.6%	10.2%
Group - Health & Protection sales <sup>(1)(5)</sup>	243	142	319	385	569

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document. For more information about business types in Sun Life's business groups, see section A - How We Report Our Results in this document.

<sup>(2)</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 2023 Annual Consolidated Financial Statements. Also, effective Q3'23 the run-off reinsurance business was moved from the Corporate business segment to the U.S. business segment.

<sup>(3)</sup> Includes integration costs associated with DentaQuest, acquired on June 1, 2022.

<sup>(4)</sup> Based on underlying net income, on a trailing four-quarter basis. For more details, see section N - Non-IFRS Financial Measures.

<sup>(5)</sup> Prior period amounts related to U.S. Dental sales have been restated to reflect new information.

### Profitability

#### Quarterly Comparison - Q2'24 vs. Q2'23

Underlying net income of US\$149 million decreased US\$11 million or 7%, driven by:

- **Group - Health & Protection<sup>(1)</sup>** down US\$37 million: Lower Dental results primarily reflecting the impact of Medicaid redeterminations and related claims following the end of the Public Health Emergency, and unfavourable morbidity experience in medical stop-loss as utilization normalizes, partially offset by strong business growth in Group Benefits and improved claims experience in Employee Benefits.
- **Individual - Protection<sup>(1)</sup>** up US\$26 million: Improved mortality experience.

Reported net income of US\$91 million decreased US\$42 million or 32%, reflecting favourable ACMA in the prior year, market-related impacts, and the decrease in underlying net income. The market-related impacts were primarily from real estate experience partially offset by interest rate impacts.

Foreign exchange translation led to an increase of \$4 million in underlying net income and an increase of \$3 million in reported net income.

#### Year-to-Date Comparison - Q2'24 vs. Q2'23

Underlying net income of US\$290 million decreased US\$46 million or 14%, driven by:

- **Group - Health & Protection<sup>(1)</sup>** down US\$67 million: Lower Dental results primarily reflecting the impact of Medicaid redeterminations and related claims following the end of the Public Health Emergency, and unfavourable morbidity experience in medical stop-loss as utilization normalizes, partially offset by strong business growth and favourable disability experience in Group Benefits.
- **Individual - Protection<sup>(1)</sup>** up US\$21 million: Improved mortality experience. The inclusion of the UK payout annuity business<sup>(2)</sup> was offset by unfavourable credit experience in the year.

Reported net income of US\$162 million decreased US\$96 million or 37%, reflecting the decrease in underlying net income, market-related impacts and favourable ACMA in the prior year. The market-related impacts were primarily from real estate experience partially offset by interest rate impacts.

Foreign exchange translation led to an increase of \$3 million in underlying and reported net income, respectively.

<sup>(1)</sup> Effective Q1'24, reflects a refinement in the allocation methodology for expenses from Individual - Protection to Group - Health & Protection business types.

<sup>(2)</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"). Under the agreement, we will retain our economic interest in the payout annuities business through a reinsurance treaty, which, effective Q2'23 is recorded in In-force Management within the U.S. business group. For additional information, refer to Note 3 of our 2023 Annual Consolidated Financial Statements.



## Growth

### Quarterly Comparison – Q2'24 vs. Q2'23

U.S. group sales of US\$243 million were down 24%, reflecting lower Medicare and Medicaid sales in Dental driven by large institutional sales in the prior year, partially offset by higher medical stop-loss sales.

### Year-to-Date Comparison – Q2'24 vs. Q2'23

U.S. group sales of US\$385 million were down 32%, reflecting lower Medicare and Medicaid sales in Dental driven by large institutional sales in the prior year, partially offset by higher medical stop-loss sales.

## 4. Asia

(\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Wealth & asset management <sup>(1)</sup>	18	17	13	35	28
Individual - Protection <sup>(1)(2)</sup>	176	168	144	344	274
Regional Office expenses & other <sup>(1)</sup>	(15)	(8)	(7)	(23)	(11)
<b>Underlying net income (loss)<sup>(1)</sup></b>	<b>179</b>	<b>177</b>	<b>150</b>	<b>356</b>	<b>291</b>
Add: Market-related impacts	(20)	(15)	(12)	(35)	(7)
ACMA	10	(3)	(10)	7	(16)
Acquisition, integration and restructuring	(2)	78	(4)	76	(8)
Intangible asset amortization	(2)	(2)	(2)	(4)	(4)
Other	(14)	—	—	(14)	—
<b>Reported net income – Common shareholders</b>	<b>151</b>	<b>235</b>	<b>122</b>	<b>386</b>	<b>256</b>
Underlying ROE (%) <sup>(1)</sup>	13.2%	13.0%	10.9%	13.1%	10.7%
Reported ROE (%) <sup>(1)</sup>	11.1%	17.3%	9.0%	14.2%	9.4%
Wealth sales & asset management gross flows <sup>(1)</sup>	2,008	2,101	1,616	4,109	4,046
Individual - Protection sales <sup>(1)</sup>	586	627	450	1,213	825
Group - Health & Protection sales <sup>(1)(2)</sup>	19	26	19	45	44
New business CSM <sup>(1)</sup>	220	230	118	450	220

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document. For more information about business types in Sun Life's business groups, see section A - How We Report Our Results in this document.

<sup>(2)</sup> In underlying net income by business type, Group businesses in Asia have been included with Individual - Protection.

## Profitability

### Quarterly Comparison – Q2'24 vs. Q2'23

Underlying net income of \$179 million increased \$29 million or 19%, driven by:

- **Wealth & asset management** up \$5 million: Higher fee-related earnings driven by higher AUM.
- **Individual - Protection** up \$32 million: Good sales momentum and in-force business growth, and contributions from joint ventures, partially offset by higher expenses primarily reflecting incentive compensation and volume growth.
- **Regional office expenses & other** \$(8) million increased net loss reflecting higher incentive compensation and continued investments in the business across the region.

Reported net income of \$151 million increased \$29 million or 24%, driven by the increase in underlying net income and favourable ACMA impacts, partially offset by a Pillar Two global minimum tax adjustment<sup>(1)</sup> and market-related impacts. The market-related impacts were primarily from interest rates, partially offset by equity market impacts and real estate experience.

Foreign exchange translation led to an increase of \$1 million in underlying net income and an increase of \$3 million in reported net income.

### Year-to-Date Comparison – Q2'24 vs. Q2'23

Underlying net income of \$356 million increased \$65 million or 22%, driven by:

- **Wealth & asset management** up \$7 million: Higher fee-related earnings driven by higher AUM.
- **Individual - Protection** up \$70 million: Good sales momentum and in-force business growth, improved protection experience, and higher earnings on surplus, partially offset by higher expenses primarily reflecting volume growth and incentive compensation.
- **Regional office expenses & other** \$(12) million increased net loss reflecting higher incentive compensation and continued investments in the business across the region.

Reported net income of \$386 million increased \$130 million or 51%, driven by a gain on partial sale of ABSLAMC, the increase in underlying net income and favourable ACMA impacts, partially offset by market-related impacts and a Pillar Two global minimum tax adjustment<sup>(1)</sup>. The market-related impacts were primarily from interest rate impacts, partially offset by real estate experience.

Foreign exchange translation led to a decrease of \$1 million in underlying net income and an increase of \$1 million in reported net income.

<sup>(1)</sup> For additional information, refer to Note 9 of our Interim Consolidated Financial Statements for the period ended June 30, 2024 and section C - Profitability in this document.

## Growth

### Quarterly Comparison – Q2'24 vs. Q2'23

Asia's sales included:

- Individual sales of \$586 million were up 29%<sup>(1)</sup>, primarily driven by higher sales in Hong Kong reflecting expanded distribution capabilities, and India reflecting growth in the direct-to-consumer channel, partially offset by lower sales in China and Vietnam reflecting industry and market conditions.
- Wealth sales & asset management gross flows of \$2.0 billion were up 23%<sup>(1)</sup>, driven by higher mutual fund and fixed income fund sales in India, partially offset by lower money market fund sales in the Philippines.

New business CSM of \$220 million in Q2'24, was up from \$118 million in the prior year, primarily driven by sales in Hong Kong.

### Year-to-Date Comparison – Q2'24 vs. Q2'23

Asia's sales included:

- Individual sales of \$1.2 billion were up 47%<sup>(1)</sup>, primarily driven by higher sales in Hong Kong reflecting expanded distribution capabilities, partially offset by lower sales in China and Vietnam reflecting industry and market conditions.
- Wealth sales & asset management gross flows of \$4.1 billion were in line with prior year as higher sales in India primarily from mutual funds were offset by lower money market fund sales in the Philippines and lower Mandatory Provident Fund ("MPF") sales in Hong Kong.

New business CSM of \$450 million was up from \$220 million in the prior year, primarily driven by sales in Hong Kong.

## 5. Corporate

(\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Individual - Protection <sup>(1)(2)</sup>	—	—	4	—	29
Corporate expenses & other <sup>(1)</sup>	(92)	(83)	(117)	(175)	(223)
<b>Underlying net income (loss)<sup>(1)</sup></b>	<b>(92)</b>	<b>(83)</b>	<b>(113)</b>	<b>(175)</b>	<b>(194)</b>
Add: Market-related impacts	3	(5)	(6)	(2)	(4)
ACMA	—	—	—	—	3
Acquisition, integration and restructuring	(108)	—	24	(108)	21
Other	(1)	—	—	(1)	—
<b>Reported net income (loss) – Common shareholders</b>	<b>(198)</b>	<b>(88)</b>	<b>(95)</b>	<b>(286)</b>	<b>(174)</b>

<sup>(1)</sup> Represents a non-IFRS financial measure. For more details, see section N – Non-IFRS Financial Measures in this document. For more information about business types in Sun Life's business groups, see section A – How We Report Our Results in this document.

<sup>(2)</sup> The UK annuities run-off businesses in Corporate has been included with Individual – Protection. Effective Q2'23, the UK 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 2023 Annual Consolidated Financial Statements. Also, effective Q3'23 the run-off reinsurance business was moved from the Corporate business segment to the U.S. business segment.

## Profitability

### Quarterly Comparison – Q2'24 vs. Q2'23

Underlying net loss was \$92 million compared to underlying net loss of \$113 million in the prior year, driven by lower operating expenses and financing costs.

Reported net loss was \$198 million compared to reported net loss of \$95 million in the prior year, reflecting a restructuring charge of \$108 million, and a prior year gain on the sale of Sun Life UK<sup>(2)</sup>, partially offset by the lower underlying net loss.

### Year-to-Date Comparison – Q2'24 vs. Q2'23

Underlying net loss was \$175 million compared to underlying net loss of \$194 million in the prior year, driven by lower financing costs and operating expenses, partially offset by lower earnings due to the sale of Sun Life UK<sup>(2)</sup>.

Reported net loss was \$286 million compared to reported net loss of \$174 million in the prior year, reflecting a restructuring charge of \$108 million, and a prior year gain on the sale of Sun Life UK<sup>(2)</sup>, partially offset by the lower underlying net loss.

<sup>(1)</sup> This change excludes the impacts of foreign exchange translation. For more information about these non-IFRS financial measures, see section N – Non-IFRS Financial Measures in this document.

<sup>(2)</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"). Under the agreement, we will retain our economic interest in the payout annuities business through a reinsurance treaty, which, effective Q2'23 is recorded in In-force Management within the U.S. business group. For additional information, refer to Note 3 of our 2023 Annual Consolidated Financial Statements. Prior year results include a gain of \$19 million from the sale of Sun Life UK in reported net income within the Corporate business group.

## H. Investments

Total general fund invested assets of \$176.5 billion as at June 30, 2024, were up \$2.2 billion from December 31, 2023. The increase was primarily due to favourable impacts from foreign exchange translation. Our general fund invested assets are well-diversified across investment types, geographies and sectors with the majority of our portfolio invested in high quality fixed income assets.

The following table sets out the composition of our general fund invested assets<sup>(1)</sup>:

	June 30, 2024		December 31, 2023	
(\$ millions)	Carrying value	% of Total carrying value	Carrying value	% of Total carrying value
Cash, cash equivalents and short-term securities	11,477	7%	13,173	8%
Debt securities	76,174	43%	75,493	43%
Equity securities	8,420	5%	7,138	4%
Mortgages and loans	55,647	31%	54,600	31%
Derivative assets	1,691	1%	2,183	1%
Other invested assets	13,606	8%	12,018	7%
Investment properties	9,474	5%	9,723	6%
Total invested assets	176,489	100%	174,328	100%

<sup>(1)</sup> The values and ratios presented are based on the fair value of the respective asset categories. Generally, the carrying values for invested assets are equal to their fair values. For invested assets supporting insurance contracts, in the event of default, if the amounts recovered are insufficient to satisfy the related insurance contract liability cash flows that the assets are intended to support, credit exposure may be greater than the carrying value of the assets.

### 1. Debt Securities

The debt securities portfolio is actively managed through a regular program of purchases and sales aimed at optimizing yield, quality, and liquidity, while ensuring that it remains well-diversified and duration-matched to insurance contract liabilities. As at June 30, 2024, with the exception of certain countries where we have business operations, including Canada, the United States, the United Kingdom and the Philippines, our exposure to debt securities from any single country did not exceed 1% of total invested assets.

#### Debt Securities by Geography

The carrying value of our debt securities by geographic location is presented in the following table.

	June 30, 2024				December 31, 2023			
(\$ millions)	FVTPL debt securities	FVOCI debt securities	Total	% of Total	FVTPL debt securities	FVOCI debt securities	Total	% of Total
Debt securities by geography:								
Canada	30,602	4,212	34,814	46%	30,180	4,339	34,519	46%
United States	19,849	6,330	26,179	34%	20,111	6,266	26,377	35%
Europe	3,863	1,726	5,589	7%	3,892	1,470	5,362	7%
Asia	5,820	882	6,702	9%	5,440	900	6,340	8%
Other	1,698	1,192	2,890	4%	1,557	1,338	2,895	4%
Total debt securities	61,832	14,342	76,174	100%	61,180	14,313	75,493	100%

Our gross unrealized losses as at June 30, 2024 for FVTPL and FVOCI debt securities were \$7,527 million and \$624 million, respectively (December 31, 2023 - \$6,119 million and \$615 million, respectively). The increase in gross unrealized losses was largely due to the impact from rising interest rates.

#### Debt Securities by Credit Rating

Debt securities with a credit rating of "A" or higher represented 74% of the total debt securities as at June 30, 2024 (December 31, 2023 - 72%). Debt securities with a credit rating of "BBB" or higher represented 99% of total debt securities as at June 30, 2024, consistent with December 31, 2023.

## 2. Mortgages and Loans

Our mortgage portfolio consisted almost entirely of first mortgages and our loan portfolio consisted of private placement loans.

### Mortgages and Loans by Geography

The carrying value of mortgages and loans by geographic location is presented in the following table.<sup>(1)</sup>

	June 30, 2024			December 31, 2023		
(\$ millions)	Mortgages	Loans	Total	Mortgages	Loans	Total
Canada	9,536	12,369	21,905	9,377	12,924	22,301
United States	4,658	17,731	22,389	4,609	17,086	21,695
Europe	184	7,971	8,155	159	7,420	7,579
Asia	—	659	659	—	550	550
Other	—	2,539	2,539	—	2,475	2,475
Total mortgages and loans	14,378	41,269	55,647	14,145	40,455	54,600
% of Total invested assets	8%	23%	31%	8%	23%	31%

<sup>(1)</sup> The geographic location for mortgages is based on the location of the property and for loans it is based on the country of the creditor's parent.

### Mortgage Portfolio

As at June 30, 2024, we held \$14.4 billion of mortgages (December 31, 2023 - \$14.1 billion). Our mortgage portfolio consists entirely of commercial mortgages, as presented in the following table.

	June 30, 2024			December 31, 2023		
(\$ millions)	Insured	Uninsured	Total	Insured	Uninsured	Total
Mortgages:						
Retail	—	2,521	2,521	—	2,558	2,558
Office	—	2,687	2,687	—	2,754	2,754
Multi-family residential	3,444	1,245	4,689	3,583	1,256	4,839
Industrial	—	3,327	3,327	—	2,954	2,954
Other	425	729	1,154	440	600	1,040
Total mortgages	3,869	10,509	14,378	4,023	10,122	14,145
% of Total mortgages	27%	73%	100%	28%	72%	100%

Our mortgage portfolio consists entirely of commercial mortgages, including retail, office, multi-family, and industrial properties. As at June 30, 2024, 33% of our commercial mortgage portfolio consisted of multi-family residential mortgages; there are no single-family residential mortgages. Our uninsured commercial portfolio had a weighted average loan-to-value ratio of approximately 53% as at June 30, 2024 (December 31, 2023 - 52%). While we generally limit the maximum loan-to-value ratio to 75% at issuance, we may invest in mortgages with a higher loan-to-value ratio in Canada if the mortgage is insured by the Canada Mortgage and Housing Corporation ("CMHC"). The estimated weighted average debt service coverage for our uninsured commercial portfolio is 1.74 times. Of the \$3.7 billion of multi-family residential mortgages in the Canadian commercial mortgage portfolio, 93% were insured by the CMHC.

As at June 30, 2024, we held \$41.3 billion of loans (December 31, 2023 - \$40.5 billion). Private placement loans provide diversification by type of loan, industry segment and borrower credit quality. The private placement loan portfolio consists of senior secured and unsecured loans to large- and mid-market corporate borrowers, securitized lease/loan obligations secured by a variety of assets, and project finance loans in sectors such as power and infrastructure.

As at June 30, 2024, our impaired mortgages and loans, net of allowances for losses, were \$25 million (December 31, 2023 - \$7 million).

## 3. Derivatives

The values associated with our derivative instruments are presented in the following table. Notional amounts serve as the basis for payments calculated under derivatives contracts and are generally not exchanged.

(\$ millions)	June 30, 2024	December 31, 2023
Net fair value asset (liability)	(83)	872
Total notional amount	86,458	70,421
Credit equivalent amount <sup>(1)</sup>	1,388	1,594
Risk-weighted credit equivalent amount <sup>(1)</sup>	32	34

<sup>(1)</sup> Amounts presented are net of collateral received.

The net fair value of derivatives was a liability of \$83 million as at June 30, 2024 (December 31, 2023 - asset of \$872 million). The decrease in net fair value was driven by a decrease in foreign exchange contracts due to the depreciation of the Canadian dollar against U.S. dollar and a decrease in interest rate contracts primarily due to upward shifts in yield curves.

The total notional amount of our derivatives increased to \$86.5 billion as at June 30, 2024 (December 31, 2023 - \$70.4 billion). The change in notional amount is mainly attributable to short-duration overlay interest rate swaps related to the CDOR<sup>(1)</sup> to CORRA<sup>(2)</sup> transition expected to unwind in the next quarter.

## 4. Investment Properties

As at June 30, 2024, we held \$9.5 billion of investment properties (December 31, 2023 - \$9.7 billion). The decrease in our investment property portfolio is predominantly driven by declines in market value, mainly in the office and U.S. industrial sectors, and property sales in the Canadian industrial and office sectors.

### Investment Properties by Type and Geography

June 30, 2024							
(\$ millions)	Office	Industrial	Retail	Multi-family residential	Other	Total	% of Total by Geography
Canada	1,497	3,214	920	1,474	703	7,808	82%
United States	455	943	228	38	2	1,666	18%
Total	1,952	4,157	1,148	1,512	705	9,474	100%
% of Total by Type	21%	44%	12%	16%	7%	100%	
December 31, 2023							
(\$ millions)	Office	Industrial	Retail	Multi-family residential	Other	Total	% of Total by Geography
Canada	1,558	3,318	921	1,468	668	7,933	82%
United States	476	1,046	232	34	2	1,790	18%
Total	2,034	4,364	1,153	1,502	670	9,723	100%
% of Total by Type	21%	45%	12%	15%	7%	100%	

## 5. Loss Allowance and Provision for Credit Losses

The balance of the total loss allowance was \$86 million as at June 30, 2024 (December 31, 2023 - \$89 million) and the provision for credit losses decreased by \$3 million for the six months ended June 30, 2024 (increased by \$8 million for the six months ended June 30, 2023).

<sup>(1)</sup> Canadian Dollar Offered Rate ("CDOR").

<sup>(2)</sup> Canadian Overnight Repo Rate Average ("CORRA").

## I. Risk Management

We have established a Risk Management Framework to assist in identifying, measuring, managing, monitoring and reporting risks. The Risk Management Framework covers all risks and these have been grouped into six major categories: market, insurance, credit, business and strategic, operational and liquidity risks. Through our enterprise risk management processes, we oversee the various risk factors identified in the Risk Management Framework and provide reports to senior management and to the Board Committees at least quarterly. Our enterprise risk management processes and risk factors are described in our 2023 Annual MD&A and AIF.

This section includes our disclosure on market risks and should be read in conjunction with our unaudited Interim Consolidated Financial Statements for the quarter ended June 30, 2024. When referring to segregated funds in this section, it is inclusive of segregated fund guarantees, variable annuities and investment products.

### Equity Risk

Equity risk is the potential for financial loss arising from declines or volatility in public or private equity market prices. We are exposed to equity risk from a number of sources.

We generate revenue in our asset management businesses and from certain insurance and annuity contracts where fees are levied on account balances that are affected directly by equity market levels. Accordingly, we have further exposure to equity risk as adverse fluctuations in the market value of such assets will result in corresponding adverse impacts on revenue, income, and the contractual service margin. In addition, declining and volatile equity markets may have a negative impact on sales and redemptions (surrenders) in these businesses, and this may result in further adverse impacts on net income, the contractual service margin, and capital.

A portion of our exposure to equity risk arises in connection with benefit guarantees on segregated fund products, some participating insurance contracts, some adjustable insurance contracts, and some universal life contracts. These benefit guarantees may be triggered upon death, maturity, withdrawal or annuitization. The cost of providing these guarantees is uncertain and depends upon a number of factors, including general capital market conditions, our hedging strategies, policyholder behaviour and mortality experience, each of which may result in negative impacts on net income, the contractual service margin, and capital.

We also have direct exposure to equity markets from the investments supporting other general account liabilities, surplus, and employee benefit plans. These exposures fall within our risk-taking philosophy and appetite, and are therefore generally not hedged.

### Interest Rate and Spread Risk

Interest rate and spread risk includes the potential for financial loss arising from changes in the value of insurance and investment contract liabilities and financial assets due to changes or volatility in interest rates or spreads. In practice, when asset cash flows and the policy obligations they support are not matched, this may result in the need to either sell assets to meet policy payments and expenses or reinvest excess asset cash flows in unfavourable interest rate or credit spread environments. This risk is managed in our asset-liability management program. Details of the asset-liability management program are discussed under the heading "Market Risk Management Governance and Control" in section K - Risk Management in the 2023 Annual MD&A.

Our primary exposure to interest rate and spread risk arises from insurance and investment contracts that contain guarantees in the form of minimum crediting rates, maximum premium rates, settlement options, guaranteed annuitization options and minimum benefits. If investment returns fall below guaranteed levels, we may be required to increase liabilities or capital in respect of these contracts. The guarantees attached to these products may be applicable to both past premiums collected and future premiums not yet received. Segregated fund contracts provide benefit guarantees that are linked to underlying fund performance and may be triggered upon death, maturity, withdrawal or annuitization. Exposure to guarantees is managed within our risk appetite limits through our asset-liability management program, which may include the use of hedging strategies utilizing interest rate derivatives such as interest rate floors, swaps, futures and swaptions. The impact of these guarantees on net income, contractual service margin, and capital are included in the disclosed market risk sensitivities.

Significant changes or volatility in interest rates or spreads could have a negative impact on sales of certain insurance and annuity products, and adversely impact the expected pattern of redemptions (surrenders) on existing policies. Increases in interest rates or widening credit spreads may increase the risk that policyholders will surrender their contracts, potentially forcing us to liquidate assets at a loss. While we have established hedging programs in place and our insurance and annuity products often contain surrender mitigation features, these may not be sufficient to fully offset the adverse impact of changes in interest rates or spreads. Declines in interest rates or narrowing spreads can result in compression of the net spread between interest earned on investments and interest credited to policyholders. Declines in interest rates or narrowing spreads can also result in increased asset calls, mortgage prepayments, and net reinvestment of positive cash flows at lower yields, and therefore adversely impact our profitability and financial position. Negative interest rates may additionally result in losses on our cash and short-term deposits and low or negative returns on our fixed income assets impacting our profitability.

We also have direct exposure to interest rates and spreads from investments supporting other general account liabilities, surplus and employee benefit plans. Higher interest rates or wider spreads will reduce the value of our existing assets. Conversely, lower interest rates or a narrowing of spreads will result in reduced investment income on new fixed income asset purchases. These exposures fall within our risk-taking philosophy and appetite and are therefore generally not hedged.

A sustained low interest rate environment may additionally adversely impact our net income, CSM, capital, and our ability to implement our business strategy and plans. This may be realized through lower sales, less profitable new business, changes in the pattern of redemptions on existing policies, among other impacts.

## Real Estate Risk

Real estate risk is the potential for financial loss arising from fluctuations in the value of, or future cash flows from, our investments in real estate. We are exposed to real estate risk and may experience financial losses resulting from the direct ownership of real estate investments or indirectly through fixed income investments secured by real estate property, leasehold interests, ground rents, and purchase and leaseback transactions. Real estate price risk may arise from external market conditions, inadequate property analysis, inadequate insurance coverage, inappropriate real estate appraisals, or from environmental risk exposures. We hold real estate investments that support general account liabilities and surplus, and fluctuations in value will affect our net income, CSM, and capital. A material and sustained increase in interest rates may lead to deterioration in real estate values.

## Foreign Currency Risk

Foreign currency risk is the result of mismatches in the currency of our assets and liabilities (inclusive of capital), and cash flows. This risk may arise from a variety of sources such as foreign currency transactions and services, foreign currency hedging, investments denominated in foreign currencies, investments in foreign subsidiaries and net income from foreign operations. Changes or volatility in foreign exchange rates, including a change to currencies that are fixed in value to another currency, could adversely affect our net income, contractual service margin and capital.

As an international provider of financial services, we operate in a number of countries, with revenues and expenses denominated in several local currencies. In each country in which we operate, we generally maintain the currency profile of assets to match the currency of liabilities and required capital. This approach provides an operational hedge against disruptions in local operations caused by currency fluctuations. Foreign currency derivative contracts such as currency swaps and forwards are used as a risk management tool to manage the currency exposure in accordance with our Asset Liability Management Policy. As at June 30, 2024 and December 31, 2023, the Company did not have a material foreign currency risk exposure.

Changes in exchange rates can affect our net income and surplus when financial results in functional currencies are translated into Canadian dollars. Net income earned outside of Canada is generally not currency hedged and a weakening in the local currency of our foreign operations relative to the Canadian dollar can have a negative impact on our net income reported in Canadian currency. A strengthening in the local currency of our foreign operations relative to the Canadian dollar would have the opposite effect. Regulatory capital ratios could also be impacted by changes in exchange rates.

## Inflation Risk

Inflation risk is the potential for financial loss arising from changes in inflation rates. This risk results from insurance contract liabilities that are linked to market measures of inflation such as the Consumer Price Index. The primary sources for this risk exposure are from certain group and retail annuity contracts and group long term disability contracts. In these contracts, the annuity and disability benefit payments may be linked to an indexing formula containing an inflation price index. Benefit payments linked to inflation indices may also include various caps, floors and averaging mechanisms that vary across product designs.

Exposure to inflation risk is managed within our asset-liability management program, primarily by investing in inflation linked assets to match liability exposures.

## i. Market Risk Sensitivities

We use a variety of methods and measures to manage and quantify our market risk exposures. These include duration and key rate duration management, convexity measures, cash flow gap analysis, scenario testing, and sensitivity testing of earnings and regulatory capital ratios.

The measurement of liabilities and assets are affected by the level of equity market performance, interest rates, credit and swap spreads and other market risk variables. The following sections set out the estimated immediate impact on, or sensitivity of, our net income<sup>(1)</sup>, contractual service margin, OCI and SLF Inc.'s LICAT ratio to certain instantaneous changes in market variables as at June 30, 2024 and December 31, 2023.

The estimated sensitivities in the tables below reflect the impact of market movements on insurance contracts and investment contracts, assets backing insurance contracts, assets backing investment contracts, assets backing the surplus segment, and seed investments in our asset management subsidiaries.

Net income sensitivities to equity and real estate market movements are driven primarily by changes in the value of investments backing general account liabilities and surplus. Net income sensitivities to interest rates and spreads are driven by the net impact on liabilities and the assets backing them. Lower interest rates or a narrowing of spreads will result in increased liabilities for insurance contracts, offset by increased values of the assets backing general account liabilities. Higher interest rates or a widening of spreads will result in decreased liabilities for insurance contracts, offset by decreased values of the assets backing general account liabilities. Further detail on the impact of changes or volatility in market prices on assets and liabilities is provided under the headings "Equity Risk", "Interest Rate and Spread Risk", and "Real Estate Risk" above.

OCI sensitivities are impacted by changes in the market value of assets classified as FVOCI. The market value of FVOCI fixed income assets, which are held primarily in our surplus and investment contract segments, increases with lower interest rates or a narrowing of spreads, and decreases with higher interest rates or a widening of spreads.

As these market risk sensitivities reflect an instantaneous impact on net income, CSM, OCI and SLF Inc.'s LICAT ratio, they do not include impacts over time such as the effect on fee income in our asset management businesses.

Refer to Additional Cautionary Language and Key Assumptions Related to Sensitivities in this section for important additional information regarding these estimates.

<sup>(1)</sup> Net income in section I - Risk Management in this document refers to common shareholders' net income.



# 1. Private and Public Equity Market Sensitivities

The following table sets out the estimated immediate impact on, or sensitivity of, our net income, CSM, OCI and SLF Inc.'s LICAT ratio to certain instantaneous changes in public or private equity market prices as at June 30, 2024 and December 31, 2023. The sensitivities shown outline the impact of the same percentage increase or decrease applied to each of private equity and public equity. About two-thirds of our expected net income sensitivity to changes in equity markets is driven by investments in private equity.

(\$ millions, unless otherwise noted)

As at June 30, 2024

Change in Private and Public Equity Markets <sup>(1)(2)(3)</sup>	25% decrease	10% decrease	10% increase	25% increase
Potential impact on net income (after-tax)	(450)	(175)	200	475
Potential impact on CSM (pre-tax)	(725)	(275)	250	625
Potential impact on OCI <sup>(4)</sup>	—	—	—	—
Potential impact on LICAT ratio <sup>(5)</sup>	1.5% point decrease	0.5% point decrease	0.5% point increase	1.0% point increase

(\$ millions, unless otherwise noted)

As at December 31, 2023

Change in Private and Public Equity Markets <sup>(1)(2)(3)</sup>	25% decrease	10% decrease	10% increase	25% increase
Potential impact on net income (after-tax)	(400)	(175)	175	425
Potential impact on CSM (pre-tax)	(625)	(250)	250	600
Potential impact on OCI <sup>(4)</sup>	—	—	—	—
Potential impact on LICAT ratio <sup>(5)</sup>	3.0% point decrease	1.0% point decrease	1.0% point increase	2.5% point increase

- <sup>(1)</sup> Represents the respective change across all equity exposures as at June 30, 2024 and December 31, 2023. Due to the impact of active management, basis risk, and other factors, realized sensitivities may differ significantly from expectations. Sensitivities include the impact of re-balancing equity hedges for hedging programs at 2% intervals (for 10% changes in equity markets) and at 5% intervals (for 25% changes in equity markets).
- <sup>(2)</sup> The market risk sensitivities include the estimated impact of our hedging programs in effect as at June 30, 2024 and December 31, 2023, and include new business added and product changes implemented prior to such dates.
- <sup>(3)</sup> Net income, CSM and OCI sensitivities have been rounded in increments of \$25 million. The sensitivities exclude the market impacts on the income from our joint ventures and associates, which we account for on an equity basis.
- <sup>(4)</sup> The market risk OCI sensitivities exclude the impact of changes in the defined benefit obligations and plan assets.
- <sup>(5)</sup> The LICAT sensitivities illustrate the impact on SLF Inc. as at June 30, 2024 and December 31, 2023. LICAT ratios are rounded in increments of 0.5%.



## 2. Interest Rate Sensitivities

The following table sets out the estimated immediate impact on, or sensitivity of, our net income, CSM, OCI and SLF Inc.'s LICAT ratio to certain instantaneous changes in interest rates as at June 30, 2024 and December 31, 2023.

(\$ millions, unless otherwise noted)	As at June 30, 2024		As at December 31, 2023	
Change in Interest Rates <sup>(1)(2)(3)</sup>	50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Potential impact on net income (after-tax)	—	(25)	(25)	50
Potential impact on CSM (pre-tax)	100	(75)	75	(75)
Potential impact on OCI <sup>(4)</sup>	200	(200)	200	(200)
Potential impact on LICAT ratio <sup>(5)</sup>	2.0% point increase	1.5% point decrease	1.5% point increase	1.5% point decrease

<sup>(1)</sup> Interest rate sensitivities assume a parallel shift in assumed interest rates across the entire yield curve as at June 30, 2024 and December 31, 2023 with no change to the ultimate risk-free rate. Variations in realized yields based on factors such as different terms to maturity and geographies may result in realized sensitivities being significantly different from those illustrated above. Sensitivities include the impact of re-balancing interest rate hedges for hedging programs at 10 basis point intervals (for 50 basis point changes in interest rates).

<sup>(2)</sup> The market risk sensitivities include the estimated impact of our hedging programs in effect as at June 30, 2024 and December 31, 2023, and include new business added and product changes implemented prior to such dates.

<sup>(3)</sup> Net income, CSM and OCI sensitivities have been rounded in increments of \$25 million. The sensitivities exclude the market impacts on the income from our joint ventures and associates, which we account for on an equity basis.

<sup>(4)</sup> The market risk OCI sensitivities exclude the impact of changes in the defined benefit obligations and plan assets.

<sup>(5)</sup> The LICAT sensitivities illustrate the impact on SLF Inc. as at June 30, 2024 and December 31, 2023. The sensitivities reflect the worst scenario as at June 30, 2024 and assume that a scenario switch does not occur in the quarter. LICAT ratios are rounded in increments of 0.5%.

The above sensitivities were determined using a 50 basis point change in interest rates and a 10% and 25% changes in our equity markets because we believe that these market shocks were reasonably possible as at June 30, 2024. Significant changes in market variables may result in other than proportionate impacts on our sensitivities.

### 3. Credit Spread and Swap Sensitivities

Credit spread sensitivities reflect the impact of changes in credit spreads on our asset and liability values (including provincial government bonds, corporate bonds, and other fixed income assets). Swap spread sensitivities reflect the impact of changes in swap spreads on swap-based derivative positions and liability values.

The following tables set out the estimated immediate impact on, or sensitivity of, our net income, CSM, OCI and SLF Inc.'s LICAT ratio to certain instantaneous changes in credit spreads and our net income, CSM, and OCI to certain changes in swap spreads as at June 30, 2024 and December 31, 2023.

(\$ millions, unless otherwise noted)		As at June 30, 2024		As at December 31, 2023	
Change in Credit Spreads <sup>(1)(2)</sup>		50 basis point decrease	50 basis point increase	50 basis point decrease	50 basis point increase
Potential impact on net income (after-tax)		75	(75)	50	(50)
Potential impact on CSM (pre-tax)		75	(100)	75	(25)
Potential impact on OCI <sup>(3)</sup>		175	(175)	200	(175)
Potential impact on LICAT ratio <sup>(4)</sup>		1.0% point increase	1.5% point decrease	1.0% point increase	1.0% point decrease

<sup>(1)</sup> The credit spread sensitivities assume a parallel shift in the indicated spreads across the entire term structure with no change to the ultimate liquidity premium. The sensitivities reflect a floor of zero on credit spreads where the spreads are not currently negative. Variations in realized spread changes based on different terms to maturity, geographies, asset classes and derivative types, underlying interest rate movements, and ratings may result in realized sensitivities being significantly different from those provided above.

<sup>(2)</sup> Net income, CSM, and OCI sensitivities have been rounded in increments of \$25 million.

<sup>(3)</sup> The market risk OCI sensitivities exclude the impact of changes in the defined benefit obligations and plan assets.

<sup>(4)</sup> The LICAT sensitivities illustrate the impact on SLF Inc. as at June 30, 2024 and December 31, 2023. The sensitivities reflect the worst scenario as of June 30, 2024 and assume that a scenario switch does not occur in the quarter. LICAT ratios are rounded in increments of 0.5%.

(\$ millions, unless otherwise noted)		As at June 30, 2024		As at December 31, 2023	
Change in Swap Spreads <sup>(1)(2)</sup>	20 basis point decrease	20 basis point increase	20 basis point decrease	20 basis point increase	
Potential impact on net income (after-tax)	(25)	25	(25)	25	

<sup>(1)</sup> The swap spread sensitivities assume a parallel shift in the indicated spreads across the entire term structure. Variations in realized spread changes based on different terms to maturity, geographies, asset classes and derivative types, underlying interest rate movements, and ratings may result in realized sensitivities being significantly different from those provided above.

<sup>(2)</sup> Net income, CSM, and OCI sensitivities have been rounded in increments of \$25 million.

### 4. Real Estate Sensitivities

The following table sets out the estimated immediate impact on, or sensitivity of, our net income, OCI and CSM to certain instantaneous changes in the value of our real estate investments as at June 30, 2024 and December 31, 2023.

(\$ millions, unless otherwise noted)		As at June 30, 2024		As at December 31, 2023	
Change in Real Estate Values <sup>(1)</sup>		10% decrease	10% increase	10% decrease	10% increase
Potential impact on net income (after-tax)		(450)	450	(475)	475
Potential impact on CSM (pre-tax)		(100)	100	(100)	100

<sup>(1)</sup> Net income, CSM, and OCI sensitivities have been rounded in increments of \$25 million.

### LICAT Interest Rate Scenario Switch

The LICAT interest rate risk is assessed under four different interest rate scenarios, and the scenario leading to the highest capital requirement is chosen as the worst scenario for each geographic region as defined by the LICAT guideline. Changes and interaction between the level and term movements in interest rates and credit spreads can shift the interest rate scenario applied in the LICAT calculation causing a discontinuity where capital requirements change materially. In 2020, OSFI updated the LICAT guideline for interest rate risk requirements for participating businesses to be smoothed over six quarters. As a result, the actual impact to the LICAT ratio from participating businesses in any quarter will reflect the scenarios from current quarter as well as the prior five quarters and switching between the scenarios would have the effect of offsetting the previous impacts over time. It should be noted that switching of the scenario can also change the direction of our sensitivities.

For SLF Inc., assuming no further scenario switches, no additional LICAT ratio impact is expected over the next five quarters.

For Sun Life Assurance, assuming no further scenario switches, the remaining impact of one-half percentage point is expected to increase the LICAT ratio over the next five quarters.

## 5. Additional Cautionary Language and Key Assumptions Related to Sensitivities

Our market risk sensitivities are measures of our estimated change in net income, OCI, CSM and LICAT ratio for changes in market risk variables described above, based on market risk variables and business in force as at the reporting date. These sensitivities are calculated independently for each risk factor, generally assuming that all other risk variables stay constant. The sensitivities do not take into account indirect effects such as potential impacts on goodwill impairment or valuation allowances on deferred tax assets.

We have provided measures of our net income sensitivity to instantaneous changes in equity markets, interest rates, credit spreads, swap spreads, real estate price levels, and capital sensitivities to changes in equity price levels, interest rates and credit spreads. The LICAT ratio and CSM sensitivities are non-IFRS financial measures, and for additional information, see section N - Non-IFRS Financial Measures in this document. The cautionary language which appears in this section is applicable to all net income, CSM, OCI and LICAT ratio sensitivities.

Actual results can differ materially from these estimates for a variety of reasons, including differences in the pattern or distribution of the market shocks, the interaction between these risk factors, model error, or changes in other assumptions such as business mix, effective tax rates, policyholder behaviour, currency exchange rates and other market variables relative to those underlying the calculation of these sensitivities. The extent to which actual results may differ from the indicative ranges will generally increase with larger movements in risk variables. Our sensitivities as at December 31, 2023 have been included for comparative purposes only.

Sensitivities to interest rates and credit spreads assume a parallel shift in assumed interest rates across the entire yield curve or a parallel shift in the indicated spreads across the entire term structure, with no change to the ultimate risk-free rate or ultimate liquidity premium. Realized sensitivities may be significantly different from those illustrated based on factors such as different terms to maturity, geographies, asset classes and derivative types, and ratings.

The sensitivities reflect the composition of our assets and liabilities as at June 30, 2024 and December 31, 2023, respectively. Changes in these positions due to new sales or maturities, asset purchases/sales, or other management actions could result in material changes to these reported sensitivities. In particular, these sensitivities reflect the expected impact of hedging activities based on the hedging programs in place as at the respective calculation dates. The actual impact of hedging activity can differ materially from that assumed in the estimated sensitivities due to ongoing hedge re-balancing activities, changes in the scale or scope of hedging activities, changes in the cost or general availability of hedging instruments, basis risk (i.e., the risk that hedges do not exactly replicate the underlying portfolio experience), model risk, and other operational risks in the ongoing management of the hedge programs or the potential failure of hedge counterparties to perform in accordance with expectations.

Our hedging programs may themselves expose us to other risks, including basis risk, volatility risk, and increased levels of derivative counterparty credit risk, liquidity risk, model risk and other operational risks. These factors may adversely impact the net effectiveness, costs, and financial viability of maintaining these hedging programs and therefore adversely impact our profitability and financial position. While our hedging programs are intended to mitigate these effects (e.g., hedge counterparty credit risk is managed by maintaining broad diversification, dealing primarily with highly-rated counterparties, and transacting through over-the-counter ("OTC") contracts cleared through central clearing houses, exchange-traded contracts or bilateral OTC contracts negotiated directly between counterparties that include credit support annexes), residual risk, potential reported earnings and capital volatility remain.

The sensitivities are based on methods and assumptions in effect as at June 30, 2024 and December 31, 2023, as applicable. Changes in the regulatory environment, assumptions or methods used to measure assets and liabilities after those dates could result in material changes to the estimated sensitivities. Changes in market risk variables in excess of the changes illustrated may result in other than proportionate impacts.

The sensitivities reflect the CSM as at June 30, 2024 and December 31, 2023. For insurance contracts measured using the variable fee approach ("VFA"), where the change in the effect of the time value of money and financial risk not arising from the underlying items adjusts the CSM, changes in the CSM balance will affect the sensitivity of income to changes in market risk variables.

Our LICAT sensitivities may be non-linear and can change due to the interrelationship between market rates and spreads, actuarial assumptions and our LICAT calculations.

For the reasons outlined above, our sensitivities should only be viewed as indicative estimates of the underlying sensitivities of each factor under these specialized assumptions, and should not be viewed as predictors of our future income, OCI, CSM or capital. Given the nature of these calculations, we cannot provide assurance that actual impacts will be consistent with the estimates provided.

Information related to market risk sensitivities should be read in conjunction with the information contained in section N - Accounting and Control Matters - 1 - Critical Accounting Policies and Estimates in the 2023 Annual MD&A. Additional information on market risk can be found in Note 2 and Note 6 of the 2023 Annual Consolidated Financial Statements and the Risk Factors section in the 2023 AIF.

## J. Additional Financial Disclosure

### 1. Revenue

(\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
<b>Insurance revenue</b>					
Annuities	597	581	563	1,178	1,131
Life insurance	1,418	1,360	1,314	2,778	2,604
Health insurance	3,552	3,599	3,406	7,151	6,830
Total insurance revenue	5,567	5,540	5,283	11,107	10,565
Net Investment income (loss)	1,272	(677)	449	595	5,249
Fee income	2,077	2,012	1,936	4,089	3,837
<b>Total revenue</b>	<b>8,916</b>	<b>6,875</b>	<b>7,668</b>	<b>15,791</b>	<b>19,651</b>

Total revenue increased \$1.2 billion compared to the prior year, primarily driven by lower net investment losses from fair value changes of invested assets. By business group, total revenue reflected lower net investment losses from fair value changes of invested assets primarily in Canada and Asia, and higher insurance revenue primarily in Canada.

Total revenue decreased \$3.9 billion in the first six months of 2024 compared to the same period in 2023, driven by net investment losses from fair value changes of invested assets in 2024, partially offset by higher insurance revenue. By business group, revenue reflected net investment losses from fair value changes of invested assets in 2024 in Canada, the U.S., and Asia, partially offset by higher insurance revenue in Canada and the U.S.

### 2. Changes in the Statements of Financial Position and in Shareholders' Equity

Total general fund assets were \$207.5 billion as at June 30, 2024 (December 31, 2023 - \$204.8 billion), primarily driven by favourable impacts from foreign exchange translation.

The net liabilities balance for insurance contracts issued<sup>(1)</sup> was \$136.3 billion as at June 30, 2024 (December 31, 2023 - \$135.5 billion), primarily driven by cash flows and foreign currency translation, partially offset by the change in insurance service result and insurance finance income and expenses.

Total shareholders' equity, including preferred shares and other equity instruments, is \$24.0 billion as at June 30, 2024 (December 31, 2023 - \$23.6 billion). The change in total shareholders' equity included:

- (i) total shareholders' net income of \$1,504 million, before preferred share dividends of \$40 million; and
- (ii) favourable impacts from foreign exchange translation of \$376 million included in OCI; partially offset by
- (iii) common share dividend payments of \$927 million; and
- (iv) a decrease of \$460 million from the repurchase and cancellation of common shares.

As at July 26, 2024, SLF Inc. had 577,883,742 common shares, 3,668,516 options to acquire SLF Inc. common shares, and 52,200,000 Class A Shares outstanding.

<sup>(1)</sup> For more information about the changes in the net insurance contract liabilities, refer to Note 7 of the Interim Consolidated Financial Statements for the period ended June 30, 2024.

### 3. Cash Flows

	Quarterly results			Year-to-date	
(\$ millions)	Q2'24	Q1'24	Q2'23	2024	2023
<b>Net cash and cash equivalents, beginning of period</b>	<b>7,908</b>	11,170	8,851	<b>11,170</b>	9,372
Cash flows provided by (used in):					
Operating activities	<b>1,167</b>	(2,487)	289	<b>(1,320)</b>	309
Investing activities	<b>(97)</b>	16	64	<b>(81)</b>	(180)
Financing activities	<b>(294)</b>	(925)	(756)	<b>(1,219)</b>	(1,020)
Changes due to fluctuations in exchange rates	<b>47</b>	134	(74)	<b>181</b>	(107)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>823</b>	(3,262)	(477)	<b>(2,439)</b>	(998)
Net cash and cash equivalents, end of period	<b>8,731</b>	7,908	8,374	<b>8,731</b>	8,374
Short-term securities, end of period	<b>2,746</b>	3,215	1,824	<b>2,746</b>	1,824
<b>Net cash, cash equivalents and short-term securities, end of period</b>	<b>11,477</b>	11,123	10,198	<b>11,477</b>	10,198

Our operating activities generate cash flows which include net premiums, net investment income, fee income, and the sale and maturity of investments. They are the principal source of funds to pay for policyholder claims and benefits, commissions, operating expenses, and the purchase of investments. Cash flows used in investing activities primarily include transactions related to associates, joint ventures and acquisitions. Cash flows provided by and used in financing activities largely reflect capital transactions including payments of dividends, the issuance and repurchase of shares, as well as the issuance and retirement of debt instruments and preferred shares.

Q2'24 cash flows used in financing activities were lower year-over-year primarily due to the issuance of \$750 million principal amount of Series 2024-1 Subordinated Unsecured 5.12% Fixed/Floating Debentures, partially offset by the impact from common shares purchased for cancellation in the current year.

## 4. Quarterly Financial Results

The following table provides a summary of our results for the eight most recently completed quarters. A more complete discussion of our historical quarterly results can be found in our Interim and Annual MD&A for the relevant periods.

(\$ millions, unless otherwise noted)	Quarterly results								IFRS 4 and IAS 39 <sup>(1)</sup>	
	IFRS 17 and IFRS 9 <sup>(1)(2)</sup>								Q4'22	Q3'22
	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22	Q3'22		
Total revenue	8,916	6,875	18,684	2,439	7,668	11,983	8,494	4,901	12,301	8,630
<b>Common shareholders' net income (loss)</b>										
Underlying net income <sup>(3)</sup>	1,000	875	983	930	920	895	892	949	990	949
Add: Market-related impacts <sup>(2)</sup>	(153)	(70)	(193)	23	(220)	(64)	224	(361)	(136)	(160)
ACMA	16	(7)	(1)	35	7	(5)	12	(131)	54	7
Other adjustments	(217)	20	(40)	(117)	(47)	(20)	37	(346)	43	(330)
Reported net income - Common shareholder	646	818	749	871	660	806	1,165	111	951	466
<b>Diluted EPS (\$)</b>										
Underlying <sup>(3)</sup>	1.72	1.50	1.68	1.59	1.57	1.52	1.52	1.62	1.69	1.62
Reported	1.11	1.40	1.28	1.48	1.12	1.37	1.98	0.19	1.62	0.80
<b>Basic reported EPS (\$)</b>										
Reported	1.11	1.40	1.28	1.49	1.12	1.37	1.99	0.19	1.62	0.80
<b>Underlying net income (loss) by segment<sup>(3)</sup></b>										
Asset Management	307	282	331	330	296	282	324	298	313	295
Canada	402	310	350	338	372	316	265	293	324	300
U.S.	204	189	253	185	215	237	230	227	240	216
Asia	179	177	143	166	150	141	135	153	152	175
Corporate	(92)	(83)	(94)	(89)	(113)	(81)	(62)	(22)	(39)	(37)
Total underlying net income (loss) <sup>(3)</sup>	1,000	875	983	930	920	895	892	949	990	949
Add: Market-related impacts (pre-tax) <sup>(2)</sup>	(169)	(26)	(436)	107	(298)	(99)	179	(400)	(273)	(212)
ACMA (pre-tax)	18	(8)	6	41	11	(5)	(26)	(153)	67	15
Other adjustments (pre-tax)	(254)	41	(118)	(156)	(89)	(10)	(141)	(385)	(88)	(362)
Tax expense (benefit) on above items	51	(64)	314	(51)	116	25	261	100	255	76
<b>Reported net income (loss) by segment - Common shareholders</b>										
Asset Management	274	284	297	268	248	254	321	218	322	215
Canada	292	290	348	365	210	329	453	56	367	210
U.S.	127	97	101	132	175	168	202	125	110	94
Asia	151	235	44	211	122	134	92	—	98	125
Corporate	(198)	(88)	(41)	(105)	(95)	(79)	97	(288)	54	(178)
Total reported net income (loss) - Common shareholders	646	818	749	871	660	806	1,165	111	951	466

<sup>(1)</sup> IFRS 17 and IFRS 9 were adopted on January 1, 2023, see Note 2 of the 2023 Annual Consolidated Financial Statements.

<sup>(2)</sup> 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.

<sup>(3)</sup> Represents a non-IFRS financial measure. For more details, see section N - Non-IFRS Financial Measures in this document.

## First Quarter 2024

Underlying net income of \$875 million decreased \$20 million from prior year, driven by:

- **Wealth & asset management** down \$3 million: Higher fee income offset by higher expenses in Asset Management, as well as lower net seed investment income in SLC Management.
- **Group – Health & Protection** down \$23 million: Less favourable morbidity experience in U.S. medical stop-loss and lower results in U.S. Dental primarily reflecting the impact of Medicaid redeterminations following the end of the Public Health Emergency, partially offset by strong revenue growth in U.S. Group Benefits, and business growth and improved disability experience in Canada.
- **Individual – Protection** down \$13 million: Lower earnings due to the sale of Sun Life UK partially offset by business growth in Asia.
- **Corporate expenses & other** \$19 million decrease in net loss driven by lower financing costs.

Reported net income of \$818 million increased \$12 million from prior year, driven by the gains on partial sale of ABSLAMC and the early termination of a distribution agreement in Asset Management, largely offset by the prior year gain on sale of the sponsored markets business in Canada, fair value changes in management's ownership of MFS shares, and the decrease in underlying net income. Unfavourable real estate experience was mostly offset by favourable interest rate impacts.

## Fourth Quarter 2023

Underlying net income of \$983 million increased \$91 million or 10% from prior year, driven by:

- **Wealth & asset management** up \$27 million: Higher Asset Management fee-related earnings and higher investment income driven by volume growth and an increase in yields.
- **Group – Health & Protection** up \$44 million: Business premium growth in the U.S. and Canada, improved disability experience in Canada, and higher investment contributions in the U.S., partially offset by lower results in U.S. Dental.
- **Individual – Protection** up \$53 million: Business growth reflecting good sales momentum in Asia, and higher investment contributions in Canada, partially offset by lower earnings due to the sale of Sun Life UK.
- **Corporate expenses & other** \$(33) million increase in net loss driven by higher operating expenses reflecting business growth and continued investments in the business, partially offset by a lower effective tax rate.
- Higher earnings on surplus primarily driven by higher net interest income and lower realized losses.

Reported net income of \$749 million decreased \$416 million or 36%, driven by unfavourable market-related impacts primarily reflecting interest rates and real estate experience, the prior year impact of the Canada Tax Rate Change, and fair value changes in management's ownership of MFS shares; partially offset by the increase in underlying net income, the impact of the Bermuda Corporate Income Tax Change; and lower DentaQuest integration costs.

## Third Quarter 2023

Underlying net income of \$930 million decreased \$19 million or 2%, driven by:

- **Wealth & asset management** up \$38 million: Higher investment income driven by volume growth and an increase in yields, and higher Asset Management fee-related earnings.
- **Group – Health & Protection** up \$4 million: Strong revenue growth across all U.S. businesses and better disability experience in Canada, largely offset by health and protection experience in the U.S., and lower fee-related earnings in Canada.
- **Individual – Protection** down \$8 million: Lower earnings due to the sale of Sun Life UK, and lower net investment results in the U.S., partially offset by business growth reflecting good sales momentum during the past year in Asia.
- **Corporate expenses & other** \$(53) million increase in net loss includes higher debt financing costs.
- Higher expenses across business types were driven by volume growth, continued investments in the business, and higher incentive compensation.

Reported net income of \$871 million increased \$760 million, driven by favourable market-related impacts primarily reflecting interest rates partially offset by real estate experience, a \$170 million charge related to the sale of Sun Life UK and a higher increase in SLC Management's acquisition-related liabilities in the prior year, and ACMA impacts; partially offset by fair value changes in management's ownership of MFS shares.

## Second Quarter 2023

Underlying net income of \$920 million increased \$112 million or 14%, driven by:

- **Wealth & asset management** down \$1 million: Higher investment income driven by volume growth and an increase in yields was largely offset by lower fee-based earnings in MFS, reflecting equity market declines over the past year, as well as higher expenses in Canada.
- **Group – Health & Protection** up \$122 million: Strong performance driven by good premium growth and better disability experience in Canada and the U.S., as well as a full quarter of DentaQuest contributions.
- **Individual – Protection** up \$50 million: Higher premiums reflecting good sales momentum during the past year in Asia, and improved insurance experience in Canada and the U.S.
- **Corporate expenses & other** \$(59) million increased net loss driven by higher operating expenses including incentive compensation and an increase in debt financing costs.
- Higher earnings on surplus reflecting an increase in realized gains and net interest income from higher rates.

Reported net income of \$660 million decreased \$270 million or 29%, driven by market-related impacts primarily reflecting interest rates and real estate investments, the prior year gain on the sale-leaseback of the Wellesley office in the U.S., and fair value changes in management's ownership of MFS shares; partially offset by the increase in underlying net income.

## First Quarter 2023

Underlying net income of \$895 million increased \$175 million or 24%, driven by:

- **Wealth & asset management** down \$11 million: Lower fee-based earnings in MFS, Canada, and Asia, reflecting equity market declines, largely offset by an increase in investment income driven by higher volumes and yields.
- **Group – Health & Protection** up \$180 million: Strong performance including premium growth, improved disability in Canada and the U.S., strong medical stop-loss margins, and improved U.S. mortality. DentaQuest results also contributed to the increase.
- **Individual – Protection** up \$42 million: Higher premiums reflecting good sales momentum during the past year, and improved mortality in Asia.
- **Corporate Support & other** \$(36) million increased net loss: Higher operating expenses including long-term incentive compensation and IFRS 17 project spend, as well as an increase in debt financing costs.
- Higher investment income reflecting an increase in realized gains from surplus assets and net interest income from higher rates.

Reported net income of \$806 million increased \$141 million or 21%, driven by the increase in underlying net income and gain on the sale of the sponsored markets business in Canada, partially offset by market-related impacts, and DentaQuest integration and SLC Management acquisition-related costs.

## Fourth Quarter 2022<sup>(1)</sup>

Reported net income of \$951 million decreased \$127 million or 12%, primarily reflecting unfavourable market-related impacts and DentaQuest integration costs, partially offset by the impact of the Canada Tax Rate Change, fair value changes on MFS' share-based payment awards and ACMA. Prior year reported net income included a gain on the initial public offering ("IPO") of our India asset management joint venture partially offset by an increase to SLC Management's acquisition-related liabilities. Underlying net income of \$990 million increased \$92 million or 10%, driven by business growth and experience in protection and health and contribution from the DentaQuest acquisition. This was partially offset by lower wealth and asset management earnings reflecting declines in global equity markets, and a higher effective tax rate compared to prior year.

## Third Quarter 2022<sup>(1)</sup>

Reported net income of \$466 million decreased \$553 million or 54% from prior year, primarily reflecting unfavourable market-related impacts, a \$170 million charge related to the sale of Sun Life UK, less favourable ACMA impacts, and an increase in SLC Management's acquisition-related liabilities, partially offset by fair value changes on MFS' share-based payment awards. Underlying net income of \$949 million increased \$47 million or 5%, driven by business growth and experience in protection and health including a strong contribution from the DentaQuest acquisition. This was partially offset by lower fee-based income in wealth and asset management, mainly driven by declines in global equity markets.

## K. Legal and Regulatory Proceedings

Information concerning legal and regulatory matters is provided in our Annual Consolidated Financial Statements, our annual MD&A and the AIF, in each case for the year ended December 31, 2023, and in our Interim Consolidated Financial Statements for the period ended June 30, 2024.

## L. Changes in Accounting Policies

We have adopted one amended IFRS standard in the current year, which had no material impact on our Consolidated Financial Statements. For additional information, refer to Note 2 in our Interim Consolidated Financial Statements for the period ended June 30, 2024.

## M. Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of its financial statements in accordance with IFRS.

There were no changes to the Company's internal control over financial reporting during the period, which began on April 1, 2024 and ended on June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

<sup>(1)</sup> This paragraph compares the results in two periods that preceded January 1, 2023 (prior to the adoption of IFRS 17 and IFRS 9), thus IFRS 4 and IAS 39 were the accounting standards in effect at the time. Refer to the results in the table above under the heading "IFRS 4 and IAS 39".



## N. Non-IFRS Financial Measures

### 1. Common Shareholders' View of Reported Net Income

The following table provides the reconciliation of the Drivers of Earnings ("DOE") analysis to the Statement of Operations total net income. 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 underlying DOE and reported DOE are both presented on a common shareholders' basis by removing the allocations to participating policyholders.

(\$ millions)

Statement of Operations	Q2'24					
	Underlying DOE <sup>(1)</sup>	Non-underlying adjustments <sup>(1)</sup>	Common Shareholders' Reported DOE <sup>(2)(3)</sup>	Adjustment for:		Reported (per IFRS)
				Par <sup>(2)</sup>	Net <sup>(3)</sup>	
Net insurance service result	747	—	747	59	—	806
Net investment result	449	(167)	282	21	67	370
ACMA <sup>(3)</sup>		18	18	—	(18)	
Fee income:						
Asset Management	417	(41)	376		(376)	
Other fee income	84	—	84	(4)	1,997	2,077
Fee income						2,077
Other expenses	(451)	(221)	(672)	—	(1,671)	(2,343)
Income before taxes	1,246	(411)	835	76	(1)	910
Income tax (expense) benefit	(215)	51	(164)	(28)	—	(192)
Total net income	1,031	(360)	671	48	(1)	718
Allocated to Participating and NCI <sup>(4)</sup>	(11)	6	(5)	(48)	1	(52)
Dividends and Distributions <sup>(5)</sup>	(20)	—	(20)	—	—	(20)
<b>Underlying net income<sup>(1)</sup></b>	<b>1,000</b>					
<b>Reported net income - Common shareholders</b>		<b>(354)</b>	<b>646</b>	<b>—</b>	<b>—</b>	<b>646</b>

(\$ millions)

Statement of Operations	Q1'24					
	Underlying DOE <sup>(1)</sup>	Non-underlying adjustments <sup>(1)</sup>	Common Shareholders' Reported DOE <sup>(2)(3)</sup>	Adjustment for:		Reported (per IFRS)
				Par <sup>(2)</sup>	Net <sup>(3)</sup>	
Net insurance service result	712	—	712	51	(2)	761
Net investment result	419	69	488	30	91	609
ACMA <sup>(3)</sup>		(8)	(8)	—	8	
Fee income:						
Asset Management	383	60	443		(443)	
Other fee income	48	—	48	(4)	1,968	2,012
Fee income						2,012
Other expenses	(479)	(82)	(561)	—	(1,624)	(2,185)
Income before taxes	1,083	39	1,122	77	(2)	1,197
Income tax (expense) benefit	(175)	(64)	(239)	(22)	—	(261)
Total net income	908	(25)	883	55	(2)	936
Allocated to Participating and NCI <sup>(4)</sup>	(13)	(32)	(45)	(55)	2	(98)
Dividends and Distributions <sup>(5)</sup>	(20)	—	(20)	—	—	(20)
<b>Underlying net income<sup>(1)</sup></b>	<b>875</b>					
<b>Reported net income - Common shareholders</b>		<b>(57)</b>	<b>818</b>	<b>—</b>	<b>—</b>	<b>818</b>

<sup>(1)</sup> For a breakdown of non-underlying adjustments made to arrive at underlying net income as well as the underlying DOE analysis, see the heading "Underlying Net Income and Underlying EPS" below.

<sup>(2)</sup> Removes the components attributable to the participating policyholders.

<sup>(3)</sup> Certain amounts within the Drivers of Earnings are presented on a net basis to reflect how the business is managed, compared to a gross basis in the Consolidated Financial Statements. For more details, refer to "Drivers of Earnings" in section 3 - Additional Non-IFRS Financial Measures below. In this document, the reported net income impact of ACMA excludes amounts attributable to participating policyholders and includes non-liability impacts. In contrast, the net income impacts of method and assumption changes in the Interim Consolidated Financial Statements for the period ended June 30, 2024 (Note 10.B.v of the 2023 Annual Consolidated Financial Statements) includes amounts attributable to participating policyholders and excludes non-liability impacts.

<sup>(4)</sup> Allocated to equity in the participating account and attributable to non-controlling interests.

<sup>(5)</sup> Dividends on preferred shares and distributions on other equity instruments.

(\$ millions)

Q2'23

Statement of Operations	Underlying DOE <sup>(1)</sup>	Non-underlying adjustments <sup>(1)</sup>	Common Shareholders' Reported DOE <sup>(2)(3)</sup>	Adjustment for:		Reported (per IFRS)
				Par <sup>(2)</sup>	Net <sup>(3)</sup>	
Net insurance service result	794	(29)	765	27	(17)	775
Net investment result	430	(283)	147	36	71	254
ACMA <sup>(3)</sup>		11	11	—	(11)	
Fee income:						
Asset Management	403	(76)	327		(327)	
Other fee income	64	4	68	(4)	1,872	1,936
Fee income						1,936
Other expenses	(500)	(10)	(510)	—	(1,588)	(2,098)
Income before taxes	1,191	(383)	808	59	—	867
Income tax (expense) benefit	(235)	116	(119)	(8)	—	(127)
Total net income	956	(267)	689	51	—	740
Allocated to Participating and NCI <sup>(4)</sup>	(16)	7	(9)	(51)	—	(60)
Dividends and Distributions <sup>(5)</sup>	(20)	—	(20)	—	—	(20)
<b>Underlying net income<sup>(1)</sup></b>	<b>920</b>					
<b>Reported net income - Common shareholders</b>		(260)	660	—	—	660

Refer to the footnotes on the previous page.

## Year-to-date

(\$ millions)

2024

Statement of Operations	Underlying DOE <sup>(1)</sup>	Non- underlying adjustments <sup>(1)</sup>	Common Shareholders' Reported DOE <sup>(2)(3)</sup>	Adjustment for:		Reported (per IFRS)
				Par <sup>(2)</sup>	Net <sup>(3)</sup>	
Net insurance service result	1,459	—	1,459	110	(2)	1,567
Net investment result	868	(98)	770	51	158	979
ACMA <sup>(3)</sup>		10	10	—	(10)	
Fee Income:						
Asset Management	800	19	819		(819)	
Other fee income	132	—	132	(8)	3,965	4,089
Fee income						4,089
Other expenses	(930)	(303)	(1,233)	—	(3,295)	(4,528)
Income before taxes	2,329	(372)	1,957	153	(3)	2,107
Income tax (expense) benefit	(390)	(13)	(403)	(50)	—	(453)
Total net income	1,939	(385)	1,554	103	(3)	1,654
Allocated to Participating and NCI <sup>(4)</sup>	(24)	(26)	(50)	(103)	3	(150)
Dividends and Distributions <sup>(5)</sup>	(40)	—	(40)	—	—	(40)
<b>Underlying net income<sup>(1)</sup></b>	<b>1,875</b>					
<b>Reported net income - Common shareholders</b>		(411)	1,464	—	—	1,464

Refer to the footnotes on the previous page.

Year-to-date						
(\$ millions)	2023					
Statement of Operations	Underlying DOE <sup>(1)</sup>	Non-underlying adjustments <sup>(1)</sup>	Common Shareholders' Reported DOE <sup>(2)(3)</sup>	Adjustment for:		Reported (per IFRS)
				Par <sup>(2)</sup>	Net <sup>(3)</sup>	
Net insurance service result	1,470	(29)	1,441	58	(36)	1,463
Net investment result	867	(375)	492	48	135	675
ACMA <sup>(3)</sup>		6	6	—	(6)	
Fee income:						
Asset Management	780	(121)	659		(659)	
Other fee income	143	4	147	(7)	3,697	3,837
Fee income						3,837
Other expenses	(954)	3	(951)	—	(3,062)	(4,013)
Income before taxes	2,306	(512)	1,794	99	69	1,962
Income tax (expense) benefit	(426)	141	(285)	(15)	(4)	(304)
Total net income	1,880	(371)	1,509	84	65	1,658
Allocated to Participating and NCI <sup>(4)</sup>	(25)	22	(3)	(84)	(65)	(152)
Dividends and Distributions <sup>(5)</sup>	(40)	—	(40)	—	—	(40)
<b>Underlying net income<sup>(1)</sup></b>	<b>1,815</b>					
<b>Reported net income - Common shareholders</b>		<b>(349)</b>	<b>1,466</b>	<b>—</b>	<b>—</b>	<b>1,466</b>

Refer to the footnotes on the previous page.

## 2. Underlying Net Income and Underlying EPS

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<sup>(1)</sup> of fixed income assets (including derivatives) measured at FVTPL supporting insurance contracts, compared to fair value changes of the liabilities<sup>(2)</sup>;
    - b. Fair value changes of fixed income assets (including derivatives) measured at FVTPL supporting our investment contract liability and surplus portfolios<sup>(3)</sup>; 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.
- 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 and other activity related to 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.
  - 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.

**Underlying EPS (diluted).** 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 13 of our Interim Consolidated Financial Statements for the period ended June 30, 2024. For additional information about the SLEECs, please refer to Note 12 of our 2023 Annual Consolidated Financial Statements.

<sup>(1)</sup> For fixed income assets, Underlying Net Income includes credit experience from rating changes on assets measured at FVTPL, and the ECL impact for assets measured at FVOCI.

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

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

The following table sets out the post-tax amounts that were excluded from our underlying net income (loss) and underlying EPS and provides a reconciliation to our reported net income and EPS based on IFRS.

### Reconciliations of Select Net Income Measures

(\$ millions, after-tax)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Underlying net income	1,000	875	920	1,875	1,815
Market-related impacts					
Equity market impacts	(8)	12	(13)	4	—
Interest rate impacts <sup>(1)</sup>	(52)	40	(99)	(12)	(88)
Impacts of changes in the fair value of investment properties (real estate experience)	(93)	(122)	(108)	(215)	(196)
Add: Market-related impacts	(153)	(70)	(220)	(223)	(284)
Add: Assumption changes and management actions	16	(7)	7	9	2
Other adjustments					
Management's ownership of MFS shares	—	(12)	(1)	(12)	16
Acquisition, integration and restructuring <sup>(2)(3)(4)(5)(6)</sup>	(164)	22	(20)	(142)	(24)
Intangible asset amortization	(38)	(36)	(26)	(74)	(59)
Other <sup>(7)(8)</sup>	(15)	46	—	31	—
Add: Total of other adjustments	(217)	20	(47)	(197)	(67)
Reported net income - Common shareholders	646	818	660	1,464	1,466
Underlying EPS (diluted) (\$)	1.72	1.50	1.57	3.22	3.09
Add: Market-related impacts (\$)	(0.26)	(0.13)	(0.38)	(0.39)	(0.48)
Assumption changes and management actions (\$)	0.03	(0.01)	0.01	0.02	—
Management's ownership of MFS shares (\$)	—	(0.02)	—	(0.02)	0.03
Acquisition, integration and restructuring (\$)	(0.28)	0.04	(0.03)	(0.24)	(0.04)
Intangible asset amortization (\$)	(0.07)	(0.06)	(0.05)	(0.13)	(0.11)
Other (\$)	(0.03)	0.08	—	0.05	—
Reported EPS (diluted) (\$)	1.11	1.40	1.12	2.51	2.49

<sup>(1)</sup> Our results are sensitive to long term interest rates given the nature of our business and to non-parallel yield curve movements (for example flattening, inversion, steepening, etc.).

<sup>(2)</sup> Amounts relate to acquisition costs for our SLC Management affiliates, BentallGreenOak, InfraRed Capital Partners, Crescent Capital Group LP and Advisors Asset Management, Inc, which include the unwinding of the discount for Other financial liabilities of \$22 million in Q2'24 and \$44 million for the first six months of 2024 (Q1'24 - \$22 million, Q2'23 - \$21 million; for the first six months of 2023 - \$41 million).

<sup>(3)</sup> Includes integration costs associated with DentaQuest, acquired on June 1, 2022.

<sup>(4)</sup> Q2'24 includes a restructuring charge of \$108 million in the Corporate business group.

<sup>(5)</sup> To meet regulatory obligations, in Q1'24, we sold 6.3% of our ownership interest in ABSLAMC, generating a gain of \$84 million. As a result of the transaction, our ownership interest in ABSLAMC was reduced from 36.5% to 30.2% for gross proceeds of \$136 million. Subsequently in Q2'24, we sold an additional 0.2% of our ownership interest.

<sup>(6)</sup> Includes a \$65 million gain on the sale of the sponsored markets business in Canada in Q1'23 and a \$19 million gain on the sale of Sun Life UK in Q2'23.

<sup>(7)</sup> Includes a Pillar Two global minimum tax adjustment in Q2'24. For additional information, refer to Note 9 of our Interim Consolidated Financial Statements for the period ended June 30, 2024 and section C - Profitability in this document.

<sup>(8)</sup> Includes the early termination of a distribution agreement in Asset Management in Q1'24.

The following table shows the pre-tax amount of underlying net income adjustments:

(\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Underlying net income (after-tax)	1,000	875	920	1,875	1,815
Underlying net income adjustments (pre-tax):					
Add: Market-related impacts	(169)	(26)	(298)	(195)	(397)
Assumption changes and management actions <sup>(1)</sup>	18	(8)	11	10	6
Other adjustments	(254)	41	(89)	(213)	(99)
Total underlying net income adjustments (pre-tax)	(405)	7	(376)	(398)	(490)
Add: Taxes related to underlying net income adjustments	51	(64)	116	(13)	141
Reported net income - Common shareholders (after-tax)	646	818	660	1,464	1,466

<sup>(1)</sup> In this document, the reported net income impact of ACMA excludes amounts attributable to participating policyholders and includes non-liability impacts. In contrast, the net income impacts of method and assumption changes in the Interim Consolidated Financial Statements for the period ended June 30, 2024 (Note 10.B.v of the 2023 Annual Consolidated Financial Statements) includes amounts attributable to participating policyholders and excludes non-liability impacts.

Taxes related to underlying net income adjustments may vary from the expected effective tax rate range reflecting the mix of business based on the Company's international operations and other tax-related adjustments.

### 3. Additional Non-IFRS Financial Measures

Management also uses the following non-IFRS financial measures:

**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 (loss) by net premiums for the trailing four quarters. There is no directly comparable IFRS measure.

**Assets under administration (in SLC Management).** AUA represents Client assets for which Sun Life provides administrative services. In Asset Management, AUA includes assets distributed by SLC Management's affiliate, Advisors Asset Management, Inc. There is no directly comparable IFRS measure.

**Assets under management.** AUM is a non-IFRS financial measure that indicates the size of our 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. "Consolidation adjustments" is presented separately as consolidation adjustments apply to all components of total AUM.

**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.

**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.

**Cash and other liquid assets.** This measure is comprised of cash, cash equivalents, short-term investments, and publicly traded securities, net of loans related to acquisitions and short-term loans that are held at SLF Inc. (the ultimate parent company), and its wholly owned holding companies. This measure is a key consideration of available funds for capital re-deployment to support business growth.

(\$ millions)	As at June 30, 2024	As at December 31, 2023
<b>Cash and other liquid assets (held at SLF Inc. and its wholly owned holding companies):</b>		
Cash, cash equivalents & short-term securities	939	712
Debt securities <sup>(1)</sup>	1,127	1,228
Equity securities <sup>(2)</sup>	106	102
Sub-total	2,172	2,042
Less: Loans related to acquisitions and short-term loans <sup>(3)</sup> (held at SLF Inc. and its wholly owned holding companies)	(152)	(411)
Cash and other liquid assets (held at SLF Inc. and its wholly owned holding companies)	2,020	1,631

<sup>(1)</sup> Includes publicly traded bonds.

<sup>(2)</sup> Includes ETF Investments.

<sup>(3)</sup> Includes drawdowns from credit facilities to manage timing of cash flows.

**Constant currency.** We remove the impacts of foreign exchange translation from certain IFRS and non-IFRS measures to assist in comparing our results from period to period. The impacts of foreign exchange translation is approximated by using the foreign exchange rates in effect during the comparative period, using the average or period end foreign exchange rates, as appropriate.

**CSM Movement Analysis** includes certain non-IFRS financial measures, detailed below, and also presents certain measures on a net basis to reflect how the business is managed, compared to a gross basis in the Consolidated Financial Statements. Examples include 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.

- **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.
- **CSM market sensitivities.** CSM market sensitivities are non-IFRS financial measures for which there are no directly comparable measures under IFRS so it is not possible to provide a reconciliation of these amounts to the most directly comparable IFRS measures.

**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.

**Drivers of Earnings.** The Drivers of Earnings ("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, refer to the headings "Underlying net income and Underlying EPS", "Earnings on surplus", "Notable items attributable to reported and underlying net income", in this document.

Certain amounts in the DOE are presented on a net basis to reflect how the business is managed, compared to a gross basis in the Consolidated Financial Statements. Examples include: 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 within Fee Income excludes the carried interest that Sun Life does not participate in economically, and nets the non-controlling interest portion of the carried 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.

**Earnings on Surplus.** This component of the Drivers of Earnings represents the net income earned on a company's surplus funds. Earnings on Surplus is comprised of realized gains on fair value through other comprehensive income assets, as well as net investment returns on surplus, such as investment income, gains (losses) on seed investments and investment properties mark-to-market, and also includes impacts from derivatives, currency and other items.

**Experience-related items attributable to reported net income and underlying net income.** These notable items attributable to reported net income and underlying net income are components of the Drivers of Earnings represents gains and losses that are due to differences between the actual results during the reporting period and management's estimate of the expected longer-term returns on assets and liabilities (i.e. expected insurance earnings and expected investment earnings) at the start of the reporting period.

**Fee earning 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.

**Fee-related earnings and Operating income.** **Fee-related earnings** represent profitability of SLC Management's fee-related portfolios, and is calculated as Fee-related revenue less Fee-related expenses. **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. **Fee-related revenue** represents all fee income, with the exception of performance fees, generated from third-party investors. **Fee-related expenses** represent all expenses directly related to generating fee revenue from third-party investors. **Investment income (loss) and performance fees** represent total income or loss from our seed investments, net of the related expenses. **Interest and other** represents performance fee compensation, our net interest income or expense and income from managing the General Account assets.

**Fee-related earnings** and **Operating income** are non-IFRS financial measures within SLC Management's Supplemental Income Statement, which enhances the comparability of SLC Management's results with publicly traded alternative asset managers. For more details, see our Supplementary Financial Information package for the quarter.

The following table provides a reconciliation from Fee-related earnings and Operating income to SLC Management's Fee income and Total expenses based on IFRS.

SLC Management (\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Fee income (per IFRS)	394	561	375	955	744
Less: Non-fee-related revenue adjustments <sup>(1)(2)</sup>	95	258	83	353	169
<b>Fee-related revenue</b>	<b>299</b>	<b>303</b>	<b>292</b>	<b>602</b>	<b>575</b>
Total expenses (per IFRS)	420	471	377	891	713
Less: Non-fee-related expense adjustments <sup>(2)(3)</sup>	186	237	147	423	268
<b>Fee-related expenses</b>	<b>234</b>	<b>234</b>	<b>230</b>	<b>468</b>	<b>445</b>
<b>Fee-related earnings</b>	<b>65</b>	<b>69</b>	<b>62</b>	<b>134</b>	<b>130</b>
Add: Investment income (loss) and performance fees <sup>(4)</sup>	25	5	24	30	29
Add: Interest and other <sup>(5)</sup>	(23)	(28)	(19)	(51)	(51)
<b>Operating income</b>	<b>67</b>	<b>46</b>	<b>67</b>	<b>113</b>	<b>108</b>

<sup>(1)</sup> Includes Interest and other - fee income, Investment income (loss) and performance fees - fee income, and Other - fee income.

<sup>(2)</sup> Excludes the income and related expenses for certain property management agreements to provide more accurate metrics on our fee-related business.

<sup>(3)</sup> Includes Interest and other, Placement fees - other, Amortization of intangibles, Acquisition, integration and restructuring, and Other - expenses.

<sup>(4)</sup> Investment income (loss) and performance fee in SLC Management's Supplemental Income Statement relates to the underlying results of our seed investments. As such, we have excluded non-underlying market-related impacts as well as the gains or losses of certain non-seed hedges that are reported under Net investment income (loss) under IFRS. The reconciliation is as follows (amounts have been adjusted for rounding):

(\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
Net investment income (loss) (per IFRS)	47	22	(7)	69	1
Less: Market-related impacts and Other - Investment income (loss)	22	18	(31)	40	(27)
Add: Investment income (loss) and performance fees - fee income	—	1	—	1	1
Investment income (loss) and performance fees	25	5	24	30	29

<sup>(5)</sup> Includes Interest and other reported under Fee income under IFRS, net of Interest and other reported under Total expenses under IFRS.

**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 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.

**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 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.

**LICAT market sensitivities.** LICAT market sensitivities are non-IFRS financial measures for which there are no directly comparable measures under IFRS so it is not possible to provide a reconciliation of these amounts to the most directly comparable IFRS measures.

**Organic capital generation.** This supplementary financial measure provides a view of the Company's ability to generate excess capital under the normal course of business, excluding non-recurring items; where excess capital is defined as LICAT Available Capital and Surplus Allowance above LICAT Base Solvency Buffer at target ratio, as defined and calculated under OSFI-mandated guideline. This amount is determined as follows: underlying net income and organic CSM movement net of shareholder dividends and change in base solvency buffer for new business and aging of in-force. This amount excludes non-recurring impacts to available capital or base solvency buffer from markets, assumption changes, management actions, and other non-underlying items.

**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.

**Pre-tax net operating margin.** This ratio is a measure of the profitability and there is no directly comparable IFRS measure. For MFS, this ratio is calculated by excluding management's ownership of MFS shares 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.



The following table provides a reconciliation to calculate MFS' pre-tax net operating margin:

MFS (US\$ millions)	Quarterly results			Year-to-date	
	Q2'24	Q1'24	Q2'23	2024	2023
<b>Revenue</b>					
Fee income (per IFRS)	835	826	804	1,661	1,591
Less: Commissions	99	99	99	198	198
Less: Other <sup>(1)</sup>	(14)	(13)	(14)	(27)	(27)
<b>Adjusted revenue</b>	<b>750</b>	<b>740</b>	<b>719</b>	<b>1,490</b>	<b>1,420</b>
<b>Expenses</b>					
Expenses (per IFRS)	595	613	577	1,208	1,121
Net investment (income)/loss (per IFRS)	(20)	(30)	(24)	(50)	(44)
Less: Management's ownership of MFS shares (net of NCI) <sup>(2)</sup>	10	18	12	28	10
Compensation-related equity plan adjustments	2	12	1	14	1
Commissions	99	99	99	198	198
Other <sup>(1)</sup>	(12)	(11)	(14)	(23)	(30)
<b>Adjusted expenses</b>	<b>476</b>	<b>465</b>	<b>455</b>	<b>941</b>	<b>898</b>
<b>Pre-tax net operating margin</b>	<b>36.5%</b>	<b>37.2%</b>	<b>36.6%</b>	<b>36.8%</b>	<b>36.7%</b>

<sup>(1)</sup> Other includes accounting basis differences, such as sub-advisory expenses and product allowances.

<sup>(2)</sup> Excluding non-controlling interest. For more information on Management's ownership of MFS shares, see the heading Underlying Net Income and Underlying EPS.

**Return on equity.** 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.

**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. 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 consist of wealth sales & asset management gross flows less redemptions. 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. To provide greater comparability across reporting periods, we exclude the impacts of foreign exchange translation from sales and gross flows. There is no directly comparable IFRS measure.

**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. In Canada, third-party AUM includes Client assets in retail mutual fund products of Sun Life Global Investments. In Asia, third-party AUM includes Client assets in Hong Kong managed fund products, International wealth & asset management products, Philippines mutual and managed fund products, Aditya Birla Sun Life AMC 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. There is no directly comparable IFRS financial measure.

**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.

**Underlying dividend payout ratio.** This is the ratio of dividends paid per share to diluted underlying EPS for the period. The 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% and 50% based on underlying EPS. For more information, see Section J - Capital and Liquidity Management in the 2023 Annual MD&A.

**Underlying effective tax rate.** This measure is calculated using the pre-tax underlying net income and the income tax expense associated with it. Our statutory tax rate is normally reduced by various tax benefits, such as lower taxes on income subject to tax in foreign jurisdictions, a range of tax-exempt investment income, and other sustainable tax benefits. Our effective tax rate helps in the analysis of the income tax impacts in the period.

## 4. Reconciliations of Select Non-IFRS Financial Measures

### Underlying Net Income to Reported Net Income Reconciliation – Pre-tax by Business Group

Q2'24						
(\$ millions)	Asset Management	Canada	U.S.	Asia	Corporate	Total
Underlying net income (loss)	307	402	204	179	(92)	1,000
Add: Market-related impacts (pre-tax)	(2)	(127)	(35)	(3)	(2)	(169)
ACMA (pre-tax)	—	8	—	10	—	18
Other adjustments (pre-tax)	(33)	(9)	(70)	(4)	(138)	(254)
Tax expense (benefit)	2	18	28	(31)	34	51
Reported net income (loss) - Common shareholders	274	292	127	151	(198)	646
Q1'24						
Underlying net income (loss)	282	310	189	177	(83)	875
Add: Market-related impacts (pre-tax)	2	45	(53)	(16)	(4)	(26)
ACMA (pre-tax)	—	(7)	2	(3)	—	(8)
Other adjustments (pre-tax)	26	(8)	(67)	90	—	41
Tax expense (benefit) on above items	(26)	(50)	26	(13)	(1)	(64)
Reported net income (loss) - Common shareholders	284	290	97	235	(88)	818
Q2'23						
Underlying net income (loss)	296	372	215	150	(113)	920
Add: Market-related impacts (pre-tax)	(40)	(212)	(17)	(30)	1	(298)
ACMA (pre-tax)	—	(8)	29	(10)	—	11
Other adjustments (pre-tax)	(29)	(1)	(65)	(7)	13	(89)
Tax expense (benefit)	21	59	13	19	4	116
Reported net income (loss) - Common shareholders	248	210	175	122	(95)	660
Year-to-date						
2024						
(\$ millions)	Asset Management	Canada	U.S.	Asia	Corporate	Total
Underlying net income (loss)	589	712	393	356	(175)	1,875
Add: Market-related impacts (pre-tax)	—	(82)	(88)	(19)	(6)	(195)
ACMA (pre-tax)	—	1	2	7	—	10
Other adjustments (pre-tax)	(7)	(17)	(137)	86	(138)	(213)
Tax expense (benefit)	(24)	(32)	54	(44)	33	(13)
Reported net income (loss) - Common shareholders	558	582	224	386	(286)	1,464
2023						
Underlying net income (loss)	578	688	452	291	(194)	1,815
Add: Market-related impacts (pre-tax)	(47)	(304)	(38)	(13)	5	(397)
ACMA (pre-tax)	—	(10)	29	(16)	3	6
Other adjustments (pre-tax)	(52)	93	(136)	(13)	9	(99)
Tax expense (benefit)	23	72	36	7	3	141
Reported net income (loss) - Common shareholders	502	539	343	256	(174)	1,466

### Underlying Net Income to Reported Net Income Reconciliation – Pre-tax by Business Unit – Asset Management

	Q2'24		Q1'24		Q2'23	
	MFS	SLC Management	MFS	SLC Management	MFS	SLC Management
(\$ millions)						
Underlying net income (loss)	265	42	254	28	252	44
Add: Market-related impacts (pre-tax)	—	(2)	—	2	—	(40)
Other adjustments (pre-tax)	5	(38)	(8)	34	4	(33)
Tax expense (benefit)	(5)	7	(4)	(22)	(5)	26
Reported net income (loss) - Common shareholders	265	9	242	42	251	(3)

#### Year-to-date

	2024		2023	
	MFS	SLC Management	MFS	SLC Management
(\$ millions)				
Underlying net income (loss)	519	70	506	72
Add: Market-related impacts (pre-tax)	—	—	—	(47)
Other adjustments (pre-tax)	(3)	(4)	25	(77)
Tax expense (benefit)	(9)	(15)	(9)	32
Reported net income (loss) - Common shareholders	507	51	522	(20)

### Underlying Net Income to Reported Net Income Reconciliation – Pre-tax in U.S. dollars

	Q2'24		Q1'24		Q2'23	
	U.S.	MFS	U.S.	MFS	U.S.	MFS
(US\$ millions)						
Underlying net income (loss)	149	194	141	189	160	187
Add: Market-related impacts (pre-tax)	(28)	—	(41)	—	(10)	—
ACMA (pre-tax)	—	—	2	—	23	—
Other adjustments (pre-tax)	(50)	3	(51)	(6)	(49)	3
Tax expense (benefit)	20	(3)	20	(3)	9	(3)
Reported net income (loss) - Common shareholders	91	194	71	180	133	187

#### Year-to-date

	2024		2023	
	U.S.	MFS	U.S.	MFS
(US\$ millions)				
Underlying net income (loss)	290	383	336	375
Add: Market-related impacts (pre-tax)	(69)	—	(31)	—
ACMA (pre-tax)	2	—	23	—
Other adjustments (pre-tax)	(101)	(3)	(100)	18
Tax expense (benefit)	40	(6)	30	(6)
Reported net income (loss) - Common shareholders	162	374	258	387

### Underlying Net Income to Reported Net Income Reconciliation – U.S. Group Benefits – Pre-tax in U.S. dollars

The following table sets out the amounts that were excluded from our reported net income (loss) for U.S. Group Benefits, which is used to calculate the trailing four-quarter after-tax profit margin for U.S. Group Benefits.

(US\$ millions)	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23	Q4'22 <sup>(1)</sup>	Q3'22 <sup>(1)</sup>
Underlying net income (loss) for U.S. Group Benefits	124	118	138	96	116	128	119	101
Add: Market-related impacts (pre-tax) <sup>(1)</sup>	(11)	(8)	14	(10)	(6)	4	(1)	(24)
ACMA (pre-tax)	—	—	(11)	47	—	—	8	(7)
Other adjustments (pre-tax)	(6)	(7)	(9)	(6)	(6)	(5)	(5)	(4)
Tax expense (benefit)	3	3	1	(6)	2	1	(2)	8
Reported net income (loss) – Common shareholders	110	106	133	121	106	128	119	74

<sup>(1)</sup> 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.

## O. 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, plans, targets, goals and priorities; (ii) relating to our growth initiatives and other business objectives; (iii) relating to the actions reflected in the restructuring charge (including, improving productivity, driving earnings growth at the higher-end of our Medium-Term Financial Objectives, and expected annual savings resulting from such actions); (iv) relating to the expected impact of the Pillar Two legislation on the effective tax rate on underlying net income; (v) relating to the use of proceeds from the offering of the Series 2024-1 Subordinated Unsecured 5.12% Fixed/Floating Debentures due 2036; (vi) relating to our intention to redeem the Series 2019-1 Subordinated Unsecured 2.38% Fixed/Floating Debentures; (vii) relating to the 2024 NCIB; (viii) relating to the expectation that short-duration overlay interest rate swaps related to the CDOR to CORRA transition will unwind in Q3'24; (ix) set out in this document under the heading I – Risk Management – Market Risk Sensitivities – Interest Rate Sensitivities; (x) relating to expected changes in our LICAT ratio; (xi) that are predictive in nature or that depend upon or refer to future events or conditions; and (xii) 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 this document under the headings C – Profitability – 5 – Income taxes, F – Financial Strength and I – Risk Management and in SLF Inc.'s 2023 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.sedarplus.ca](http://www.sedarplus.ca) and [www.sec.gov](http://www.sec.gov), respectively.

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 geopolitical 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.

# CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended		For the six months ended	
(unaudited, in millions of Canadian dollars, except for per share amounts)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>Insurance service result</b>				
Insurance revenue (Note 7)	\$ 5,567	\$ 5,283	\$ 11,107	\$ 10,565
Insurance service expenses	(4,737)	(4,528)	(9,577)	(9,092)
Reinsurance contract held net income (expenses)	(24)	20	37	(10)
<b>Net insurance service result</b>	<b>806</b>	<b>775</b>	<b>1,567</b>	<b>1,463</b>
<b>Investment result</b>				
Investment result excluding result for account of segregated fund holders:				
Net investment income (loss) (Note 5)	1,272	449	595	5,249
Insurance finance income (expenses) from insurance contracts issued	(786)	(81)	590	(4,452)
Insurance finance income (expenses) from reinsurance contracts held	(14)	(38)	(5)	25
Decrease (increase) in investment contract liabilities	(102)	(76)	(201)	(147)
Net investment result excluding result for account of segregated fund holders	370	254	979	675
Investment result for insurance contracts for account of segregated fund holders:				
Investment income (loss) on investments for account of segregated fund holders	74	234	1,130	1,046
Insurance finance income (expenses) (Note 11)	(74)	(234)	(1,130)	(1,046)
Net investment result for insurance contracts for account of segregated fund holders	—	—	—	—
<b>Net investment result</b>	<b>370</b>	<b>254</b>	<b>979</b>	<b>675</b>
<b>Fee income (Note 8)</b>	<b>2,077</b>	<b>1,936</b>	<b>4,089</b>	<b>3,837</b>
<b>Other expenses (income)</b>				
Other income	—	(67)	(161)	(169)
Operating expenses and commissions	2,205	2,023	4,392	3,905
Interest expenses	138	142	297	277
<b>Total other expenses (income)</b>	<b>2,343</b>	<b>2,098</b>	<b>4,528</b>	<b>4,013</b>
<b>Income (loss) before income taxes</b>	<b>910</b>	<b>867</b>	<b>2,107</b>	<b>1,962</b>
Less: Income tax expense (benefit) (Note 9)	192	127	453	304
<b>Total net income (loss)</b>	<b>718</b>	<b>740</b>	<b>1,654</b>	<b>1,658</b>
Less: Net income (loss) allocated to the participating account	48	51	103	84
Net income (loss) attributable to non-controlling interests	4	9	47	68
<b>Shareholders' net income (loss)</b>	<b>666</b>	<b>680</b>	<b>1,504</b>	<b>1,506</b>
Less: Dividends on preferred shares and distributions on other equity instruments	20	20	40	40
<b>Common shareholders' net income (loss)</b>	<b>\$ 646</b>	<b>\$ 660</b>	<b>\$ 1,464</b>	<b>\$ 1,466</b>
<b>Average exchange rates during the reporting periods:</b>	U.S. dollars			
	1.37	1.34	1.36	1.35
<b>Earnings (loss) per share (Note 13)</b>				
Basic	\$ 1.11	\$ 1.12	\$ 2.52	\$ 2.50
Diluted	\$ 1.11	\$ 1.12	\$ 2.51	\$ 2.49
<b>Dividends per common share</b>	<b>\$ 0.810</b>	<b>\$ 0.750</b>	<b>\$ 1.590</b>	<b>\$ 1.470</b>

The attached notes form part of these Interim Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	For the three months ended		For the six months ended	
(unaudited, in millions of Canadian dollars)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>Total net income (loss)</b>	<b>\$ 718</b>	<b>\$ 740</b>	<b>\$ 1,654</b>	<b>\$ 1,658</b>
<b>Other comprehensive income (loss), net of taxes:</b>				
Items that may be reclassified subsequently to income:				
Change in unrealized foreign currency translation gains (losses):				
Unrealized gains (losses)	84	(271)	376	(273)
Reclassifications to net income (loss)	—	(49)	—	(49)
Change in unrealized gains (losses) on investments at fair value through other comprehensive income:				
Unrealized gains (losses)	23	(188)	(8)	71
Reclassifications to net income (loss) and provision for credit losses recognized into income	(20)	42	(37)	11
Change in unrealized gains (losses) on cash flow hedges:				
Unrealized gains (losses)	5	(5)	32	(15)
Reclassifications to net income (loss)	(11)	32	(36)	36
Share of other comprehensive income (loss) in joint ventures and associates:				
Unrealized gains (losses)	(1)	(29)	114	(28)
Reclassifications to net income (loss)	5	—	5	—
<b>Total items that may be reclassified subsequently to income</b>	<b>85</b>	<b>(468)</b>	<b>446</b>	<b>(247)</b>
Items that will not be reclassified subsequently to income:				
Remeasurement of defined benefit plans	4	(26)	11	(63)
Share of other comprehensive income (loss) in joint ventures and associates	2	(1)	(7)	7
Revaluation of property, plant and equipment	—	(1)	—	—
<b>Total items that will not be reclassified subsequently to income</b>	<b>6</b>	<b>(28)</b>	<b>4</b>	<b>(56)</b>
<b>Total other comprehensive income (loss)</b>	<b>91</b>	<b>(496)</b>	<b>450</b>	<b>(303)</b>
<b>Total comprehensive income (loss)</b>	<b>809</b>	<b>244</b>	<b>2,104</b>	<b>1,355</b>
Less: Comprehensive income (loss) allocated to the participating account	57	51	110	84
Non-controlling interests' comprehensive income (loss)	6	13	54	68
<b>Shareholders' comprehensive income (loss)</b>	<b>\$ 746</b>	<b>\$ 180</b>	<b>\$ 1,940</b>	<b>\$ 1,203</b>

## INCOME TAXES INCLUDED IN OTHER COMPREHENSIVE INCOME (LOSS)

	For the three months ended		For the six months ended	
(unaudited, in millions of Canadian dollars)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>Income tax benefit (expense):</b>				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation gains (losses)	\$ —	\$ 4	\$ (2)	\$ 4
Unrealized gains (losses) on investments at fair value through other comprehensive income	(4)	9	8	(26)
Reclassifications to net income (loss) and provision for credit losses recognized into income on investments at fair value through other comprehensive income	3	(14)	6	(9)
Unrealized gains (losses) on cash flow hedges	1	(4)	(2)	—
Reclassifications to net income (loss) for cash flow hedges	—	(2)	3	(3)
<b>Total items that may be reclassified subsequently to income</b>	<b>—</b>	<b>(7)</b>	<b>13</b>	<b>(34)</b>
Items that will not be reclassified subsequently to income:				
Remeasurement of defined benefit plans	(1)	9	(4)	23
<b>Total items that will not be reclassified subsequently to income</b>	<b>(1)</b>	<b>9</b>	<b>(4)</b>	<b>23</b>
<b>Total income tax benefit (expense) included in other comprehensive income (loss)</b>	<b>\$ (1)</b>	<b>\$ 2</b>	<b>\$ 9</b>	<b>\$ (11)</b>

The attached notes form part of these Interim Consolidated Financial Statements.

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at

(unaudited, in millions of Canadian dollars)

June 30, 2024 December 31, 2023

## Assets

Cash, cash equivalents and short-term securities (Note 5)	\$ 11,477	\$ 13,173
Debt securities (Note 5)	76,174	75,493
Equity securities (Note 5)	8,420	7,138
Mortgages and loans (Note 5)	55,647	54,600
Derivative assets	1,691	2,183
Other financial invested assets (Note 5)	11,909	10,361
Financial assets	165,318	162,948
Investment properties (Note 5)	9,474	9,723
Other non-financial invested assets (Note 5)	1,697	1,657
Invested assets	176,489	174,328
Other assets	6,922	6,462
Reinsurance contract held assets (Note 7)	5,707	5,794
Insurance contract assets (Note 7)	203	184
Deferred tax assets	3,957	3,878
Intangible assets	5,116	5,174
Goodwill	9,151	8,969
Total general fund assets	207,545	204,789
Investments for account of segregated fund holders (Note 11)	136,971	128,452
<b>Total assets</b>	<b>\$ 344,516</b>	<b>\$ 333,241</b>

## Liabilities and equity

### Liabilities

Insurance contract liabilities excluding those for account of segregated fund holders (Note 7)	\$ 136,540	\$ 135,669
Reinsurance contract held liabilities (Note 7)	1,480	1,623
Investment contract liabilities (Note 5)	11,755	11,672
Derivative liabilities	1,774	1,311
Deferred tax liabilities	277	281
Other liabilities	23,892	23,655
Senior debentures	200	200
Subordinated debt	6,926	6,178
Total general fund liabilities	182,844	180,589
Insurance contract liabilities for account of segregated fund holders (Note 11)	19,202	19,041
Investment contract liabilities for account of segregated fund holders (Note 11)	117,769	109,411
<b>Total liabilities</b>	<b>\$ 319,815</b>	<b>\$ 309,041</b>

### Equity

Issued share capital and contributed surplus	\$ 10,572	\$ 10,660
Shareholders' retained earnings and accumulated other comprehensive income	13,470	12,922
Total shareholders' equity	24,042	23,582
Equity in the participating account	567	457
Non-controlling interests' equity	92	161
<b>Total equity</b>	<b>\$ 24,701</b>	<b>\$ 24,200</b>
<b>Total liabilities and equity</b>	<b>\$ 344,516</b>	<b>\$ 333,241</b>

Exchange rates at the end of the reporting periods:

U.S. dollars

1.37

1.32

The attached notes form part of these Interim Consolidated Financial Statements.

Approved on behalf of the Board of Directors on August 12, 2024.



**Kevin Strain**  
Chief Executive Officer



**Helen Mallovy Hicks**  
Director

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended

(unaudited, in millions of Canadian dollars)

June 30, 2024

June 30, 2023

## Shareholders:

### Preferred shares and other equity instruments

Balance, beginning and end of period	\$ 2,239	\$ 2,239
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### Common shares (Note 10)

Balance, beginning of period	8,327	8,311
Stock options exercised	12	27
Common shares purchased for cancellation	(100)	—
Balance, end of period	8,239	8,338

### Contributed surplus

Balance, beginning of period	94	90
Share-based payments	1	7
Stock options exercised	(1)	(3)
Balance, end of period	94	94

### Retained earnings

Balance, beginning of period	12,157	11,176
Net income (loss)	1,504	1,506
Dividends on common shares	(927)	(863)
Dividends on preferred shares and distributions on other equity instruments	(40)	(40)
Common shares purchased for cancellation and other (Note 10)	(425)	—
Transfer from accumulated other comprehensive income (loss)	—	(37)
Changes attributable to acquisition	—	(160)
Balance, end of period	12,269	11,582

### Accumulated other comprehensive income (loss), net of taxes (Note 14)

Balance, beginning of period	765	713
Total other comprehensive income (loss) for the period	436	(303)
Transfer to retained earnings	—	37
Balance, end of period	1,201	447

<b>Total shareholders' equity, end of period</b>	<b>\$ 24,042</b>	<b>\$ 22,700</b>
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## Equity in the participating account:

Balance, beginning of period	\$ 457	\$ 270
Net income (loss)	103	84
Total other comprehensive income (loss) for the period (Note 14)	7	—

<b>Total equity in the participating account, end of period</b>	<b>\$ 567</b>	<b>\$ 354</b>
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## Non-controlling interests:

Balance, beginning of period	\$ 161	\$ 90
Net income (loss)	47	68
Total other comprehensive income (loss) for the period (Note 14)	7	—
Distribution to non-controlling interests	(123)	(20)

<b>Total non-controlling interests' equity, end of period</b>	<b>\$ 92</b>	<b>\$ 138</b>
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<b>Total equity</b>	<b>\$ 24,701</b>	<b>\$ 23,192</b>
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The attached notes form part of these Interim Consolidated Financial Statements.



# CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the three months ended		For the six months ended	
(unaudited, in millions of Canadian dollars)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
<b>Cash flows provided by (used in) operating activities</b>				
Income (loss) before income taxes	\$ 910	\$ 867	\$ 2,107	\$ 1,962
Adjustments:				
Interest expense related to financing activities	102	102	201	199
(Decrease) increase in investment contract liabilities	102	76	201	147
Changes in insurance contract liabilities and assets	(44)	(674)	(2,120)	2,979
Changes in reinsurance contract held assets and liabilities	38	18	(32)	(15)
Realized and unrealized (gains) losses and foreign currency changes on invested assets	492	1,219	3,002	(1,937)
Sales, maturities and repayments of invested assets	16,034	10,142	27,930	24,865
Purchases of invested assets	(17,276)	(11,737)	(32,311)	(26,876)
Income taxes received (paid)	(421)	(388)	(678)	(651)
Mortgage securitization (Note 5)	(243)	(39)	(245)	(39)
Other operating activities	1,473	703	625	(325)
Net cash provided by (used in) operating activities	1,167	289	(1,320)	309
<b>Cash flows provided by (used in) investing activities</b>				
Net (purchase) sale of property and equipment	(26)	(42)	(70)	(110)
Investment in and transactions with joint ventures and associates	1	(30)	4	(28)
Dividends and other proceeds related to joint ventures and associates	20	23	141	23
Acquisitions, net of cash and cash equivalents acquired	—	—	—	(232)
Dispositions, net of cash and cash equivalents disposed	—	199	—	297
Other investing activities	(92)	(86)	(156)	(130)
Net cash provided by (used in) investing activities	(97)	64	(81)	(180)
<b>Cash flows provided by (used in) financing activities</b>				
Increase in (repayment of) borrowed funds	9	(93)	18	(93)
Issuance of subordinated debt, net of issuance costs	746	—	746	—
Increase in (repayment of) borrowings from credit facility	(88)	(37)	(164)	258
Issuance of common shares on exercise of stock options	—	4	11	24
Transactions with non-controlling interests	(20)	(4)	(123)	(16)
Common shares purchased for cancellation (Note 10)	(286)	—	(460)	—
Dividends paid on common and preferred shares	(502)	(472)	(969)	(908)
Payment of lease liabilities	(46)	(36)	(88)	(86)
Interest expense paid	(107)	(118)	(190)	(199)
Net cash provided by (used in) financing activities	(294)	(756)	(1,219)	(1,020)
Changes due to fluctuations in exchange rates	47	(74)	181	(107)
Increase (decrease) in cash and cash equivalents	823	(477)	(2,439)	(998)
Net cash and cash equivalents, beginning of period	7,908	8,851	11,170	9,372
Net cash and cash equivalents, end of period	8,731	8,374	8,731	8,374
Short-term securities, end of period	2,746	1,824	2,746	1,824
<b>Net cash, cash equivalents and short-term securities, end of period (Note 5)</b>	<b>\$ 11,477</b>	<b>\$ 10,198</b>	<b>\$ 11,477</b>	<b>\$ 10,198</b>

The attached notes form part of these Interim Consolidated Financial Statements.

# Condensed Notes to the Interim Consolidated Financial Statements

(Unaudited, in millions of Canadian dollars, except for per share amounts and where otherwise stated. All amounts stated in U.S. dollars are in millions.)

## 1. General Information

### Description of Business

Sun Life Financial Inc. ("SLF Inc.") is a publicly traded company domiciled in Canada and is the holding company of Sun Life Assurance Company of Canada ("Sun Life Assurance"). SLF Inc. and its subsidiaries are collectively referred to as "us", "our", "ours", "we", or "the Company".

Our Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). We have used accounting policies which are consistent with our accounting policies in our 2023 Annual Consolidated Financial Statements, except as updated in Note 2 below. Our Interim Consolidated Financial Statements should be read in conjunction with our 2023 Annual Consolidated Financial Statements, as interim financial statements do not include all the information incorporated in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

## 2. Changes in Accounting Policies

Our material accounting policies and future changes in accounting policies that are not yet effective for us are disclosed in Notes 1 and 2 of our 2023 Annual Consolidated Financial Statements.

### 2.A New and Amended International Financial Reporting Standards Adopted in 2024

In September 2022, the IASB issued amendments to IFRS 16 *Leases* to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The adoption of this amendment, effective January 1, 2024, did not have a material impact on our Consolidated Financial Statements.

### 2.B New and Amended International Financial Reporting Standards to be Adopted in 2025 or Later

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18") which replaces IAS 1 *Presentation of Financial Statements*. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, disclosure of management-defined performance measures, and principles for aggregation and disaggregation of financial information in the financial statements and the notes. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 is to be applied retrospectively. We are currently assessing the impact that IFRS 18 will have on our Consolidated Financial Statements.

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The amendments clarify the derecognition of a financial liability settled through electronic transfer and introduces an accounting policy option to derecognize a financial liability settled through electronic transfer before the settlement date, if specific criteria are met. The amendments additionally clarify the classification of financial assets with environmental, social and corporate governance and similar features and also required additional disclosures for certain financial instruments. The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. The amendments are to be applied retrospectively. We are currently assessing the impact of these amendments on our Consolidated Financial Statements.

### 3. Disposition

On March 21, 2024, we sold a portion of our investment in Aditya Birla Sun Life AMC Limited. As a result of the disposition, our ownership interest was reduced by 6.3% and we generated gross proceeds of \$136, which included a realized gain of approximately \$98 (pre-tax). Subsequently on May 31, 2024, we completed the partial disposition through the sale of an additional 0.2% of ownership interest. After the disposition, we retained ownership of the listed entity of 30%.

### 4. Segmented Information

We have five reportable business segments: Canada, United States ("U.S."), Asset Management, Asia, and Corporate. These business segments operate in the financial services industry and reflect our management structure and internal financial reporting. Asset Management includes the results of our MFS Investment Management and SLC Management business units. Corporate includes the results of our United Kingdom ("UK") business unit and our Corporate Support operations, which include run-off reinsurance operations, as well as investment income, expenses, capital and other items not allocated to our other business groups. In the second quarter of 2023, we completed the sale of our UK Business unit and have retained our economic interest in the annuity business via a reinsurance arrangement that is reported under the U.S. reportable segment. Effective the third quarter of 2023, the run-off reinsurance operations is reported under the U.S. reportable segment.

Revenues from our business segments are derived primarily from life and health insurance, investment management and annuities, and mutual funds. Revenues not attributed to the strategic business units are derived primarily from Corporate investments and earnings on capital. Transactions between segments are executed and priced at an arm's-length basis in a manner similar to transactions with third parties.

The expenses in each business segment may include costs or services directly incurred or provided on their behalf at the enterprise level. For other costs not directly attributable to one of our business segments, we use a management reporting framework that uses assumptions, judgments, and methodologies for allocating overhead costs and indirect expenses to our business segments.

Intersegment transactions consist primarily of internal financing agreements which are measured at fair values prevailing when the arrangements are negotiated. Intersegment investment income consists primarily of interest paid by U.S. to Corporate. Intersegment fee income is primarily asset management fees paid by our business segments to Asset Management. SLC Management collects fee income and incurs the operational expenses associated with the management of the general fund assets. Intersegment transactions are eliminated in the Consolidation adjustments column in the following tables.

Management considers its external Clients to be individuals and corporations. We are not reliant on any individual Client as none is individually significant to our operations.

For the three months ended	Canada	U.S.	Asset Management	Asia	Corporate	Consolidation adjustments	Total
<b>June 30, 2024</b>							
Insurance revenue:							
Annuities	\$ 514	\$ 77	\$ —	\$ 6	\$ —	\$ —	\$ 597
Life insurance	586	504	—	324	4	—	1,418
Health insurance	1,090	2,400	—	62	—	—	3,552
Total Insurance revenue	2,190	2,981	—	392	4	—	5,567
Net investment income (loss)	939	20	76	243	16	(22)	1,272
Fee income	435	117	1,536	80	39	(130)	2,077
Segment revenue <sup>(1)</sup>	3,564	3,118	1,612	715	59	(152)	8,916
Expenses:							
Insurance service expenses	1,766	2,733	—	236	2	—	4,737
Reinsurance contract held net (income) expenses	40	(26)	—	10	—	—	24
Insurance finance (income) expenses from insurance contracts issued	720	(40)	—	106	—	—	786
Reinsurance finance (income) expenses	1	11	—	2	—	—	14
(Decrease) increase in investment contract liabilities	101	—	—	1	—	—	102
Interest expenses	34	30	47	25	30	(28)	138
Operating expenses and commissions	486	248	1,190	115	290	(124)	2,205
Total expenses <sup>(1)</sup>	3,148	2,956	1,237	495	322	(152)	8,006
Income (loss) before income taxes	416	162	375	220	(263)	—	910
Less: Income tax expense (benefit)	104	27	97	49	(85)	—	192
Total net income (loss)	312	135	278	171	(178)	—	718
Less:							
Net income (loss) allocated to the participating account	20	8	—	20	—	—	48
Net income (loss) attributable to non-controlling interests	—	—	4	—	—	—	4
Shareholders' net income (loss)	\$ 292	\$ 127	\$ 274	\$ 151	\$ (178)	\$ —	\$ 666
<b>June 30, 2023</b>							
Insurance revenue:							
Annuities	\$ 479	\$ 71	\$ —	\$ 3	\$ 10	\$ —	\$ 563
Life insurance	533	471	—	340	(30)	—	1,314
Health insurance	985	2,398	—	21	2	—	3,406
Total Insurance revenue	1,997	2,940	—	364	(18)	—	5,283
Net investment income (loss)	415	(46)	24	45	33	(22)	449
Fee income	383	108	1,454	74	35	(118)	1,936
Segment revenue <sup>(1)</sup>	2,795	3,002	1,478	483	50	(140)	7,668
Expenses:							
Insurance service expenses	1,613	2,672	—	238	5	—	4,528
Reinsurance contract held net (income) expenses	26	(52)	—	5	1	—	(20)
Insurance finance (income) expenses from insurance contracts issued	318	(169)	—	(50)	(18)	—	81
Reinsurance finance (income) expenses	1	34	—	4	(1)	—	38
(Decrease) increase in investment contract liabilities	74	—	—	2	—	—	76
Other income	—	—	—	—	(67)	—	(67)
Interest expenses	45	26	36	15	43	(23)	142
Operating expenses and commissions	439	263	1,115	117	206	(117)	2,023
Total expenses <sup>(1)</sup>	2,516	2,774	1,151	331	169	(140)	6,801
Income (loss) before income taxes	279	228	327	152	(119)	—	867
Less: Income tax expense (benefit)	58	47	70	(4)	(44)	—	127
Total net income (loss)	221	181	257	156	(75)	—	740
Less:							
Net income (loss) allocated to the participating account	11	6	—	34	—	—	51
Net income (loss) attributable to non-controlling interests	—	—	9	—	—	—	9
Shareholders' net income (loss)	\$ 210	\$ 175	\$ 248	\$ 122	\$ (75)	\$ —	\$ 680

<sup>(1)</sup> Total revenue and total expenses exclude Investment result for insurance contracts for account of segregated fund holders.

For the six months ended	Canada	U.S.	Asset Management	Asia	Corporate	Consolidation adjustments	Total
<b>June 30, 2024</b>							
Insurance revenue:							
Annuities	\$ 1,013	\$ 152	\$ —	\$ 13	\$ —	\$ —	\$ 1,178
Life insurance	1,156	1,005	—	613	4	—	2,778
Health insurance	2,154	4,878	—	119	—	—	7,151
Total Insurance revenue	4,323	6,035	—	745	4	—	11,107
Net investment income (loss)	(67)	(82)	143	570	79	(48)	595
Fee income	842	233	3,049	151	78	(264)	4,089
Segment revenue <sup>(1)</sup>	5,098	6,186	3,192	1,466	161	(312)	15,791
Expenses:							
Insurance service expenses	3,585	5,566	—	424	2	—	9,577
Reinsurance contract held net (income) expenses	41	(95)	—	17	—	—	(37)
Insurance finance (income) expenses from insurance contracts issued	(636)	(190)	—	236	—	—	(590)
Reinsurance finance (income) expenses	(27)	36	—	(4)	—	—	5
(Decrease) increase in investment contract liabilities	198	—	—	3	—	—	201
Other income <sup>(2)</sup>	—	—	(161)	—	—	—	(161)
Interest expenses	91	57	94	52	59	(56)	297
Operating expenses and commissions	970	523	2,443	231	481	(256)	4,392
Total expenses <sup>(1)</sup>	4,222	5,897	2,376	959	542	(312)	13,684
Income (loss) before income taxes	876	289	816	507	(381)	—	2,107
Less: Income tax expense (benefit)	248	52	211	77	(135)	—	453
Total net income (loss)	628	237	605	430	(246)	—	1,654
Less:							
Net income (loss) allocated to the participating account	46	13	—	44	—	—	103
Net income (loss) attributable to non-controlling interests	—	—	47	—	—	—	47
Shareholders' net income (loss)	\$ 582	\$ 224	\$ 558	\$ 386	\$ (246)	\$ —	\$ 1,504
<b>June 30, 2023</b>							
Insurance revenue:							
Annuities	\$ 951	\$ 71	\$ —	\$ 9	\$ 100	\$ —	\$ 1,131
Life insurance	1,067	931	—	624	(18)	—	2,604
Health insurance	2,025	4,757	—	43	5	—	6,830
Total Insurance revenue	4,043	5,759	—	676	87	—	10,565
Net investment income (loss)	3,285	652	60	1,066	230	(44)	5,249
Fee income	749	219	2,887	151	75	(244)	3,837
Segment revenue <sup>(1)</sup>	8,077	6,630	2,947	1,893	392	(288)	19,651
Expenses:							
Insurance service expenses	3,347	5,170	—	476	99	—	9,092
Reinsurance contract held net (income) expenses	73	(63)	—	(1)	1	—	10
Insurance finance (income) expenses from insurance contracts issued	2,951	564	—	824	113	—	4,452
Reinsurance finance (income) expenses	15	(50)	—	10	—	—	(25)
(Decrease) increase in investment contract liabilities	145	—	—	3	(1)	—	147
Other income	(102)	—	—	—	(67)	—	(169)
Interest expenses	89	50	72	30	80	(44)	277
Operating expenses and commissions	859	516	2,152	227	395	(244)	3,905
Total expenses <sup>(1)</sup>	7,377	6,187	2,224	1,569	620	(288)	17,689
Income (loss) before income taxes	700	443	723	324	(228)	—	1,962
Less: Income tax expense (benefit)	134	89	153	22	(94)	—	304
Total net income (loss)	566	354	570	302	(134)	—	1,658
Less:							
Net income (loss) allocated to the participating account	27	11	—	46	—	—	84
Net income (loss) attributable to non-controlling interests	—	—	68	—	—	—	68
Shareholders' net income (loss)	\$ 539	\$ 343	\$ 502	\$ 256	\$ (134)	\$ —	\$ 1,506

<sup>(1)</sup> Total revenue and Total expenses exclude Investment result for insurance contracts for account of segregated fund holders.

<sup>(2)</sup> Relates to the early termination of a distribution agreement. We recognized income of \$161 (pre-tax) and \$46 (net of taxes, NCI impact and others).

## 5. Total Invested Assets and Related Net Investment Income

### 5.A Fair Value of Financial Instruments

#### 5.A.i Carrying Value and Fair Value of Financial Assets and Financial Liabilities

The carrying values and fair values of our financial assets and liabilities are shown in the following table:

As at	June 30, 2024		December 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>				
Cash, cash equivalents and short-term securities – FVTPL	\$ 11,477	\$ 11,477	\$ 13,173	\$ 13,173
Debt securities – FVTPL <sup>(1)</sup>	61,832	61,832	61,180	61,180
Debt securities – FVOCI	14,342	14,342	14,313	14,313
Equity securities – FVTPL	8,350	8,350	7,070	7,070
Equity securities – FVOCI	70	70	68	68
Mortgages and loans – FVTPL <sup>(2)</sup>	51,603	51,603	50,552	50,552
Mortgages and loans – FVOCI	2,114	2,114	1,948	1,948
Mortgages and loans – Amortized cost <sup>(3)</sup>	1,930	1,839	2,100	2,006
Derivative assets – FVTPL	1,691	1,691	2,183	2,183
Other financial invested assets (excluding CLOs) – FVTPL <sup>(4)</sup>	7,366	7,366	6,883	6,883
Other financial invested assets (CLOs) – FVTPL <sup>(7)</sup>	4,543	4,543	3,478	3,478
<b>Total<sup>(5)</sup></b>	<b>\$ 165,318</b>	<b>\$ 165,227</b>	<b>\$ 162,948</b>	<b>\$ 162,854</b>
<b>Financial liabilities</b>				
Investment contract liabilities – Amortized cost	\$ 11,755	\$ 11,755	\$ 11,672	\$ 11,672
Obligations for securities borrowing – FVTPL	127	127	223	223
Derivative liabilities – FVTPL	1,774	1,774	1,311	1,311
Other financial liabilities – Amortized cost <sup>(6)</sup>	2,568	2,480	2,449	2,348
Other financial liabilities (CLOs) – FVTPL <sup>(7)</sup>	4,282	4,282	3,247	3,247
<b>Total<sup>(8)</sup></b>	<b>\$ 20,506</b>	<b>\$ 20,418</b>	<b>\$ 18,902</b>	<b>\$ 18,801</b>

<sup>(1)</sup> Includes primarily debt securities that are designated at fair value through profit or loss ("FVTPL").

<sup>(2)</sup> Includes primarily mortgages and loans that are designated at FVTPL.

<sup>(3)</sup> Certain mortgages and loans are carried at amortized cost. The fair value of these mortgages and loans, for disclosure purposes, is determined based on the methodology and assumptions described in Note 5.A.iii. As at June 30, 2024, \$1,815 and \$24 are categorized in Level 2 and Level 3, respectively, of the fair value hierarchy described in this Note (December 31, 2023 — \$1,994 and \$12, respectively).

<sup>(4)</sup> Other financial invested assets include our investments in segregated funds, mutual funds, and limited partnerships.

<sup>(5)</sup> Invested assets on our Consolidated Statements of Financial Position of \$176,489 (December 31, 2023 — \$174,328) includes Total financial assets in this table, Investment properties of \$9,474 (December 31, 2023 — \$9,723), and Other non-financial invested assets of \$1,697 (December 31, 2023 — \$1,657). Other non-financial invested assets consists of investment in associates, subsidiaries and joint ventures which are not consolidated.

<sup>(6)</sup> Amount reflects the obligations to purchase outstanding shares of certain SLC Management subsidiaries.

<sup>(7)</sup> See below for details on Collateralized Loan Obligations ("CLOs").

<sup>(8)</sup> Total financial liabilities excluding Senior debentures and Subordinated debt.

#### Collateralized Loan Obligations Structure

Crescent, a subsidiary within our Asset Management business segment, issues and manages CLOs. Each CLO is a special purpose vehicle that owns a portfolio of investments, consisting primarily of senior secured loans, and issues various tranches of senior and subordinated notes to third parties for the purpose of financing the purchase of those investments. Assets of the special purpose vehicle, the senior secured loans, are included in Other financial invested assets and the associated liabilities, the senior and subordinated notes issued to third parties, are included in Other liabilities in our Consolidated Statements of Financial Position.

As at June 30, 2024, the carrying value of the assets related to CLOs are \$4,543 (December 31, 2023 — \$3,478), which consists of cash and accounts receivable of \$604 (December 31, 2023 — \$251) and loans of \$3,939 (December 31, 2023 — \$3,227). These underlying loans are mainly below investment grade.

As at June 30, 2024, the carrying value of the liabilities related to CLOs are \$4,282 (December 31, 2023 — \$3,247). Our maximum contractual exposure to loss related to the CLOs is limited to our investment of \$228 (December 31, 2023 — \$192) in the most subordinated tranche. The net unrealized loss incurred to date is \$41.

#### 5.A.ii Non-Financial Invested Assets

Non-financial invested assets consist of investment properties, investment in associates, subsidiaries and joint ventures which are not consolidated. As at June 30, 2024, the carrying value and fair value of investment properties was \$9,474 (December 31, 2023 — \$9,723) and \$9,474 (December 31, 2023 — \$9,723), respectively. The carrying value of other non-financial invested assets which were measured using the equity method of accounting was \$1,697 as at June 30, 2024 (December 31, 2023 — \$1,657).

### 5.A.iii Fair Value Hierarchy

The fair value methodologies and assumptions for assets and liabilities carried at fair value, as well as disclosures on unobservable inputs, sensitivities and valuation processes for Level 3 assets can be found in Note 5 of our 2023 Annual Consolidated Financial Statements.

Our assets and liabilities that are carried at fair value on a recurring basis by hierarchy level are as follows:

As at	June 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Cash, cash equivalents and short-term securities – FVTPL	\$ 10,554	\$ 923	\$ —	\$ 11,477	\$ 12,316	\$ 857	\$ —	\$ 13,173
Debt securities – FVTPL	375	60,838	619	61,832	564	60,214	402	61,180
Debt securities – FVOCI	495	13,608	239	14,342	651	13,475	187	14,313
Equity securities – FVTPL	5,328	2,898	124	8,350	4,220	2,737	113	7,070
Equity securities – FVOCI	—	—	70	70	—	—	68	68
Mortgages and loans – FVTPL	—	49,418	2,185	51,603	—	48,496	2,056	50,552
Mortgages and loans – FVOCI	—	2,098	16	2,114	—	1,948	—	1,948
Derivative assets – FVTPL	40	1,651	—	1,691	23	2,160	—	2,183
Other financial invested assets (excluding CLOs) – FVTPL <sup>(1)</sup>	646	204	6,516	7,366	608	201	6,074	6,883
Other financial invested assets (CLOs) – FVTPL <sup>(2)</sup>	—	4,543	—	4,543	—	3,478	—	3,478
Investment properties – FVTPL	—	—	9,474	9,474	—	—	9,723	9,723
Total invested assets measured at fair value	\$ 17,438	\$ 136,181	\$ 19,243	\$ 172,862	\$ 18,382	\$ 133,566	\$ 18,623	\$ 170,571
Investments for account of segregated fund holders – FVTPL	16,595	120,011	365	136,971	16,614	111,497	341	128,452
Total assets measured at fair value	\$ 34,033	\$ 256,192	\$ 19,608	\$ 309,833	\$ 34,996	\$ 245,063	\$ 18,964	\$ 299,023
<b>Liabilities</b>								
Obligations for securities borrowing – FVTPL	\$ 5	\$ 122	\$ —	\$ 127	\$ 3	\$ 220	\$ —	\$ 223
Derivative liabilities – FVTPL	31	1,743	—	1,774	10	1,301	—	1,311
Investment contract liabilities for account of segregated fund holders – FVTPL	—	—	117,769	117,769	—	—	109,411	109,411
Other financial liabilities (CLOs) – FVTPL <sup>(2)</sup>	—	4,282	—	4,282	—	3,247	—	3,247
Total liabilities measured at fair value	\$ 36	\$ 6,147	\$ 117,769	\$ 123,952	\$ 13	\$ 4,768	\$ 109,411	\$ 114,192

<sup>(1)</sup> Other financial invested assets (excluding CLOs) – FVTPL include our investments in segregated funds, mutual funds, and limited partnerships.

<sup>(2)</sup> For details on CLOs, refer to Note 5.A.i.

Debt securities at FVTPL consist of the following:

As at	June 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Canadian federal government	\$ —	\$ 5,002	\$ 13	\$ 5,015	\$ —	\$ 5,147	\$ 14	\$ 5,161
Canadian provincial and municipal government	—	13,800	—	13,800	—	13,694	—	13,694
U.S. government and agency	375	160	—	535	564	148	—	712
Other foreign government	—	3,366	—	3,366	—	3,329	—	3,329
Corporate	—	31,444	404	31,848	—	31,809	340	32,149
<b>Asset-backed securities:</b>								
Commercial mortgage-backed securities	—	2,141	—	2,141	—	2,029	5	2,034
Residential mortgage-backed securities	—	2,826	—	2,826	—	2,335	—	2,335
Collateralized debt obligations	—	314	65	379	—	188	—	188
Other	—	1,785	137	1,922	—	1,535	43	1,578
Total debt securities at FVTPL	\$ 375	\$ 60,838	\$ 619	\$ 61,832	\$ 564	\$ 60,214	\$ 402	\$ 61,180

Debt securities at fair value through other comprehensive income ("FVOCI") consist of the following:

As at	June 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Canadian federal government	\$ —	\$ 1,002	\$ —	\$ 1,002	\$ —	\$ 849	\$ —	\$ 849
Canadian provincial and municipal government	—	333	—	333	—	557	—	557
U.S. government and agency	495	8	—	503	651	7	—	658
Other foreign government	—	424	11	435	—	462	11	473
Corporate	—	7,954	41	7,995	—	7,905	75	7,980
Asset-backed securities:								
Commercial mortgage-backed securities	—	984	—	984	—	1,017	—	1,017
Residential mortgage-backed securities	—	1,091	—	1,091	—	944	—	944
Collateralized debt obligations	—	594	6	600	—	767	13	780
Other	—	1,218	181	1,399	—	967	88	1,055
Total debt securities at FVOCI	\$ 495	\$ 13,608	\$ 239	\$ 14,342	\$ 651	\$ 13,475	\$ 187	\$ 14,313

Mortgages and loans at FVTPL consist of the following:

As at	June 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Mortgages:								
Retail	\$ —	\$ 2,444	\$ 7	\$ 2,451	\$ —	\$ 2,524	\$ 12	\$ 2,536
Office	—	2,668	—	2,668	—	2,717	—	2,717
Multi-family residential	—	3,036	—	3,036	—	2,986	—	2,986
Industrial	—	3,095	—	3,095	—	2,804	—	2,804
Other	—	1,131	—	1,131	—	1,017	—	1,017
Corporate loans	—	37,044	2,178	39,222	—	36,448	2,044	38,492
Total mortgages and loans at FVTPL	\$ —	\$ 49,418	\$ 2,185	\$ 51,603	\$ —	\$ 48,496	\$ 2,056	\$ 50,552

Mortgages and loans at FVOCI consist of the following:

As at	June 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Mortgages:								
Retail	\$ —	\$ 70	\$ —	\$ 70	\$ —	\$ 22	\$ —	\$ 22
Office	—	19	—	19	—	37	—	37
Multi-family residential	—	63	—	63	—	83	—	83
Industrial	—	232	—	232	—	149	—	149
Corporate loans	—	1,714	16	1,730	—	1,657	—	1,657
Total mortgages and loans at FVOCI	\$ —	\$ 2,098	\$ 16	\$ 2,114	\$ —	\$ 1,948	\$ —	\$ 1,948

There were no significant transfers between Level 1 and Level 2 for the three and six months ended June 30, 2024 and June 30, 2023.



The following table provides a reconciliation of the beginning and ending balances for assets that are categorized in Level 3:

For the three months ended	Debt securities at FVTPL	Debt securities at FVOCI	Equity securities at FVTPL	Equity securities at FVOCI	Mortgages & loans at FVTPL	Mortgages & loans at FVOCI	Other financial invested assets at FVTPL	Investment properties at FVTPL	Total invested assets measured at fair value	Investments for account of segregated fund holders	Total assets measured at fair value
<b>June 30, 2024</b>											
Beginning balance	\$ 482	\$ 176	\$ 116	\$ 70	\$ 2,092	\$ 1	\$ 6,312	\$ 9,555	\$ 18,804	\$ 365	\$ 19,169
Included in net income <sup>(1)(2)(3)</sup>	(3)	—	10	—	8	—	104	(121)	(2)	(2)	(4)
Purchases / Issuances	159	116	(2)	—	131	15	188	33	640	58	698
Sales / Payments	(20)	(46)	—	—	(37)	—	(105)	(11)	(219)	(48)	(267)
Settlements	(14)	(24)	—	—	(11)	—	—	—	(49)	(1)	(50)
Transfers into Level 3 <sup>(4)</sup>	117	62	—	—	44	—	—	—	223	1	224
Transfers (out) of Level 3 <sup>(4)</sup>	(93)	(43)	—	—	(42)	—	—	—	(178)	—	(178)
Foreign currency translation <sup>(5)</sup>	(9)	(2)	—	—	—	—	17	18	24	(8)	16
Ending balance	\$ 619	\$ 239	\$ 124	\$ 70	\$ 2,185	\$ 16	\$ 6,516	\$ 9,474	\$ 19,243	\$ 365	\$ 19,608
Unrealized gains (losses) included in earnings relating to instruments still held <sup>(1)</sup>	\$ (1)	\$ —	\$ 10	\$ —	\$ 23	\$ —	\$ (19)	\$ (118)	\$ (105)	\$ —	\$ (105)
<b>June 30, 2023</b>											
Beginning balance	\$ 375	\$ 49	\$ 111	\$ 69	\$ 2,199	\$ 11	\$ 5,764	\$ 10,148	\$ 18,726	\$ 641	\$ 19,367
Included in net income <sup>(1)(2)(3)</sup>	(1)	—	25	—	(39)	(3)	(76)	(133)	(227)	—	(227)
Purchases / Issuances	85	4	—	—	28	—	287	140	544	9	553
Sales / Payments	—	—	(16)	—	(25)	—	(63)	(123)	(227)	(421)	(648)
Settlements	(3)	—	—	—	(1)	—	—	—	(4)	(1)	(5)
Transfers into Level 3 <sup>(4)</sup>	8	—	—	—	149	—	—	—	157	—	157
Transfers (out) of Level 3 <sup>(4)</sup>	(17)	—	—	—	(520)	—	—	—	(537)	—	(537)
Foreign currency translation <sup>(5)</sup>	(10)	(2)	—	(1)	(1)	—	(33)	(31)	(78)	(14)	(92)
Ending balance	\$ 437	\$ 51	\$ 120	\$ 68	\$ 1,790	\$ 8	\$ 5,879	\$ 10,001	\$ 18,354	\$ 214	\$ 18,568
Unrealized gains (losses) included in earnings relating to instruments still held <sup>(1)</sup>	\$ (1)	\$ —	\$ 21	\$ —	\$ (39)	\$ (3)	\$ (62)	\$ (140)	\$ (224)	\$ —	\$ (224)

For the six months ended	Debt securities at FVTPL	Debt securities at FVOCI	Equity securities at FVTPL	Equity Securities at FVOCI	Mortgages & loans at FVTPL	Mortgages & loans at FVOCI	Other financial invested assets at FVTPL	Investment properties at FVTPL	Total invested assets measured at fair value	Investments for account of segregated fund holders	Total assets measured at fair value
<b>June 30, 2024</b>											
Beginning balance	\$ 402	\$ 187	\$ 113	\$ 68	\$ 2,056	\$ —	\$ 6,074	\$ 9,723	\$ 18,623	\$ 341	\$ 18,964
Included in net income <sup>(1)(2)(3)</sup>	(3)	—	11	—	(82)	—	185	(287)	(176)	1	(175)
Purchases / Issuances	284	155	—	—	188	15	377	60	1,079	76	1,155
Sales / Payments	(34)	(46)	—	—	(71)	—	(157)	(79)	(387)	(49)	(436)
Settlements	(18)	(32)	—	—	(13)	—	—	—	(63)	(1)	(64)
Transfers into Level 3 <sup>(4)</sup>	117	62	—	—	148	1	—	—	328	1	329
Transfers (out) of Level 3 <sup>(4)</sup>	(123)	(85)	—	—	(42)	—	(15)	—	(265)	—	(265)
Foreign currency translation <sup>(5)</sup>	(6)	(2)	—	2	1	—	52	57	104	(4)	100
Ending balance	\$ 619	\$ 239	\$ 124	\$ 70	\$ 2,185	\$ 16	\$ 6,516	\$ 9,474	\$ 19,243	\$ 365	\$ 19,608
Unrealized gains (losses) included in earnings relating to instruments still held <sup>(1)</sup>	\$ (1)	\$ —	\$ 11	\$ —	\$ (83)	\$ —	\$ 38	\$ (284)	\$ (319)	\$ —	\$ (319)
<b>June 30, 2023</b>											
Beginning balance	\$ 394	\$ 52	\$ 101	\$ 70	\$ 2,054	\$ 16	\$ 5,555	\$ 10,102	\$ 18,344	\$ 631	\$ 18,975
Included in net income <sup>(1)(2)(3)</sup>	7	—	21	—	39	(8)	(131)	(150)	(222)	(14)	(236)
Included in OCI <sup>(2)</sup>	—	3	—	—	—	—	—	—	3	—	3
Purchases / Issuances	136	11	14	—	217	—	618	207	1,203	25	1,228
Sales / Payments	(8)	(6)	(16)	(1)	(51)	—	(127)	(123)	(332)	(424)	(756)
Settlements	(3)	—	—	—	(2)	—	—	—	(5)	(1)	(6)
Transfers into Level 3 <sup>(4)</sup>	8	—	—	—	212	—	—	—	220	—	220
Transfers (out) of Level 3 <sup>(4)</sup>	(92)	(8)	—	—	(678)	—	—	—	(778)	—	(778)
Foreign currency translation <sup>(5)</sup>	(5)	(1)	—	(1)	(1)	—	(36)	(35)	(79)	(3)	(82)
Ending balance	\$ 437	\$ 51	\$ 120	\$ 68	\$ 1,790	\$ 8	\$ 5,879	\$ 10,001	\$ 18,354	\$ 214	\$ 18,568
Unrealized gains (losses) included in earnings relating to instruments still held <sup>(1)</sup>	\$ 7	\$ —	\$ 17	\$ —	\$ 37	\$ (8)	\$ (121)	\$ (157)	\$ (225)	\$ (18)	\$ (243)

(1) Included in Net investment income (loss) in our Consolidated Statements of Operations for Total invested assets measured at fair value.

(2) Total gains and losses in net income (loss) and other comprehensive income ("OCI") are calculated assuming transfers into or out of Level 3 occur at the beginning of the period. For an asset or liability that transfers into Level 3 during the reporting period, the entire change in fair value for the period is included in the table above. For transfers out of Level 3 during the reporting period, the change in fair value for the period is excluded from the table above.

(3) Investment properties included in net income is comprised of fair value changes on investment properties of \$(111) and \$(268) for the three and six months ended June 30, 2024, respectively (June 30, 2023 — \$(123) and \$(134), respectively), net of amortization of leasing commissions and tenant inducements of \$10 and \$19 for the three and six months ended June 30, 2024, respectively (June 30, 2023 — \$10 and \$16, respectively). As at June 30, 2024, we have used assumptions that reflect known changes in the property values including changes in expected future cash flows.

(4) Transfers into Level 3 occur when the inputs used to price the assets and liabilities lack observable market data, and as a result, no longer meet the Level 1 or 2 definitions at the reporting date. Transfers out of Level 3 occur when the pricing inputs become more transparent and satisfy the Level 1 or 2 criteria and are primarily the result of observable market data being available at the reporting date, thus removing the requirement to rely on inputs that lack observability.

(5) Foreign currency translation relates to the foreign exchange impact of translating Level 3 assets and liabilities of foreign subsidiaries from their functional currencies to Canadian dollars.

## 5.B Net Investment Income (Loss)

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Interest income (expense)	\$ 1,648	\$ 1,564	\$ 3,290	\$ 3,081
Dividend & other investment income	91	70	173	145
Net realized and unrealized gains (losses):				
Cash, cash equivalents and short-term investments	1	(3)	4	(1)
Debt securities	(580)	(714)	(2,034)	1,336
Equity securities	167	42	540	342
Mortgages and loans	(17)	(936)	(431)	(17)
Derivative investments	4	580	(1,035)	741
Other financial invested assets	13	(96)	109	(65)
Other financial liabilities	(8)	1	(40)	(3)
Total net realized and unrealized gains (losses)	(420)	(1,126)	(2,887)	2,333
Provision for credit losses	(2)	—	3	(8)
Net investment income (loss) from financial instruments	\$ 1,317	\$ 508	\$ 579	\$ 5,551
Net investment income (loss) from non-financial instruments	\$ (44)	\$ (196)	\$ 71	\$ (189)
Total Net investment income (loss) <sup>(1)</sup>	\$ 1,273	\$ 312	\$ 650	\$ 5,362

<sup>(1)</sup> Net investment income (loss) recognized in income is \$1,272 and \$595 for the three and six months ended June 30, 2024, respectively (June 30, 2023 — \$449 and \$5,249, respectively), and net investment income (loss) recognized in OCI is \$1 and \$55 for the three and six months ended June 30, 2024, respectively (June 30, 2023 — \$(137) and \$113, respectively).

## 5.C Cash, Cash Equivalents and Short-Term Securities

Cash, cash equivalents and short-term securities presented in our Consolidated Statements of Financial Position and Net cash, cash equivalents and short-term securities presented in our Consolidated Statements of Cash Flows consist of the following:

As at	June 30, 2024	December 31, 2023	June 30, 2023
Cash	\$ 2,105	\$ 2,001	\$ 2,088
Cash equivalents	6,626	9,169	6,436
Short-term securities	2,746	2,003	1,824
Cash, cash equivalents and short-term securities	11,477	13,173	10,348
Less: Bank overdraft, recorded in Other liabilities	—	—	150
Net cash, cash equivalents and short-term securities	\$ 11,477	\$ 13,173	\$ 10,198

## 5.D Mortgage Securitization

We securitize certain insured fixed rate commercial mortgages as described in Note 5 of our 2023 Annual Consolidated Financial Statements.

The carrying value and fair value of the securitized mortgages as at June 30, 2024 are \$1,612 and \$1,522, respectively (December 31, 2023 — \$1,792 and \$1,697, respectively). The carrying value and fair value of the associated liabilities as at June 30, 2024 are \$1,874 and \$1,776, respectively (December 31, 2023 — \$2,119 and \$2,021, respectively). The carrying value of securities in the principal reinvestment account ("PRA") as at June 30, 2024 is \$269 (December 31, 2023 — \$335). There are \$nil cash and cash equivalents in the PRA as at June 30, 2024 (December 31, 2023 — \$57).

The fair value of the secured borrowings from mortgage securitization is based on the methodologies and assumptions for asset-backed securities described in Note 5 of our 2023 Annual Consolidated Financial Statements. The fair value of these liabilities is categorized in Level 2 of the fair value hierarchy as at June 30, 2024 and December 31, 2023.

## 6. Financial Instrument Risk Management

The significant risks related to financial instruments are credit risk, market risk (including equity risk, real estate risk, interest rate and spread risk, foreign currency risk, and inflation risk) and liquidity risk. Further details on our financial instrument risk management, including methodologies and assumptions, are described in Notes 1 and 6 of our 2023 Annual Consolidated Financial Statements.

The allowance for ECL was \$86 as at June 30, 2024 (December 31, 2023 — \$89) and the provision for credit losses was \$2 and \$(3) for the three and six months ended June 30, 2024, respectively (June 30, 2023 — \$nil and \$8, respectively). There were no significant transfers between Stage 1, Stage 2, and Stage 3 for the three and six months ended June 30, 2024 and June 30, 2023.

## 7. Insurance Contracts

### 7.A Changes in Insurance Contracts

#### 7.A.i Changes in Insurance Contracts Issued and Reinsurance Contracts Held Net Asset or Liability

##### Insurance Contracts Issued By Measurement Component

The following table shows the changes in net liabilities for insurance contracts issued by measurement component, including estimates of present value ("PV") of future cash flows, risk adjustment, and Contractual Service Margin ("CSM"). Changes in the liabilities for insurance contract liabilities for account of segregated fund holders are provided in Note 11. Further details of our measurement approach, including the premium allocation approach ("PAA"), can be found in Note 1 of our 2023 Annual Consolidated Financial Statements.

	For the six months ended and as at June 30, 2024				For the year ended and as at December 31, 2023			
	Estimates of PV of future cash flows	Risk adjustment	CSM	Total	Estimates of PV of future cash flows	Risk adjustment	CSM	Total
Insurance contract liabilities — non-PAA, beginning of period	\$ 99,420	\$ 7,388	\$ 11,597	\$ 118,405	\$ 96,623	\$ 6,847	\$ 10,901	\$ 114,371
Insurance contract liabilities — PAA, beginning of period	16,436	828		17,264	16,087	836		16,923
Insurance contract assets — non-PAA, beginning of period	(578)	146	248	(184)	(195)	51	69	(75)
Net balances, beginning of period	\$ 115,278	\$ 8,362	\$ 11,845	\$ 135,485	\$ 112,515	\$ 7,734	\$ 10,970	\$ 131,219
CSM recognized for services provided			(543)	(543)			(923)	(923)
Risk adjustment recognized for non- financial risk expired		(304)		(304)		(545)		(545)
Changes in estimates that adjust CSM	(424)	(43)	467	—	(1,206)	292	914	—
Contracts initially recognized in the period	(1,000)	277	766	43	(1,702)	513	1,259	70
Other	1,452	(46)	—	1,406	5,322	376	(375)	5,323
Changes in PAA balance	232	18		250	349	(8)		341
Net balances, end of period	\$ 115,538	\$ 8,264	\$ 12,535	\$ 136,337	\$ 115,278	\$ 8,362	\$ 11,845	\$ 135,485
Insurance contract liabilities — non-PAA, end of period <sup>(1)</sup>	\$ 99,468	\$ 7,281	\$ 12,277	\$ 119,026	\$ 99,420	\$ 7,388	\$ 11,597	\$ 118,405
Insurance contract liabilities — PAA, end of period	16,668	846		17,514	16,436	828		17,264
Insurance contract assets — non-PAA, end of period	(598)	137	258	(203)	(578)	146	248	(184)
Net balances, end of period	\$ 115,538	\$ 8,264	\$ 12,535	\$ 136,337	\$ 115,278	\$ 8,362	\$ 11,845	\$ 135,485

<sup>(1)</sup> Includes liabilities of \$(258) as at June 30, 2024 (December 31, 2023 — \$(105)) for segregated fund insurance contracts that are not backed by the related Investments for account of segregated fund holders.

##### Reinsurance Contracts Held By Measurement Component

The following table shows the ending balances for reinsurance contracts held by measurement component:

As at	June 30, 2024				December 31, 2023			
	Estimates of PV of future cash flows	Risk adjustment	CSM	Total	Estimates of PV of future cash flows	Risk adjustment	CSM	Total
Reinsurance contract held assets — non-PAA, end of period	\$ 3,800	\$ 1,415	\$ 143	\$ 5,358	\$ 3,848	\$ 1,431	\$ 174	\$ 5,453
Reinsurance contract held assets — PAA, end of period	335	14		349	324	17		341
Reinsurance contract held liabilities — non- PAA, end of period	(2,168)	808	(120)	(1,480)	(2,355)	847	(115)	(1,623)
Net balances, end of period	\$ 1,967	\$ 2,237	\$ 23	\$ 4,227	\$ 1,817	\$ 2,295	\$ 59	\$ 4,171

## 7.A.ii Analysis of Insurance Revenue

Insurance revenue in the Consolidated Statements of Operations consists of the following:

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
For contracts not measured using the PAA:				
Amounts relating to changes in liabilities for remaining coverage:				
Expected claims and other expenses <sup>(1)</sup>	\$ 1,213	\$ 1,152	\$ 2,378	\$ 2,314
Release of risk adjustment <sup>(1)</sup>	154	122	304	244
CSM recognized for services provided	274	222	543	447
Income taxes specifically chargeable to the policyholder	1	1	1	2
Amortization of insurance acquisition cash flows	98	43	185	73
Total insurance revenue for contracts not measured using the PAA	1,740	1,540	3,411	3,080
For contracts measured using the PAA:				
Insurance revenue	3,827	3,743	7,696	7,485
Total insurance revenue	\$ 5,567	\$ 5,283	\$ 11,107	\$ 10,565

<sup>(1)</sup> Expected claims and other expenses excludes investment components and amounts allocated to the loss component. Release of risk adjustment excludes amounts allocated to the loss component and amounts related to changes in the time value of money, which are recognized in Insurance finance income (expenses).

## 8. Fee Income

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Fee income from service contracts:				
Distribution fees	\$ 251	\$ 253	\$ 506	\$ 485
Fund management and other asset-based fees	1,466	1,365	2,893	2,730
Administrative service and other fees	360	318	690	622
Total fee income	\$ 2,077	\$ 1,936	\$ 4,089	\$ 3,837

Distribution fees and Fund management and other asset-based fees are primarily earned in the Asset Management segment. Administrative service and other fees are primarily earned in the Canada and U.S. segments. The fee income by business segment is presented in Note 4.

## 9. Income Taxes

The Company's effective income tax rate is generally lower than our statutory income tax rate of 27.8% due to various tax benefits, such as lower taxes on income subject to tax in foreign jurisdictions and a range of tax-exempt investment income.

Our effective income tax rate for the three and six months ended June 30, 2024 was 21.1% and 21.5% compared to 14.6% and 15.5% for the three and six months ended June 30, 2023. The effective income tax rate for the three and six months ended June 30, 2024 was higher than the effective income tax rate for the three and six months ended June 30, 2023 primarily due to tax-exempt investment income earned in 2023, and the impacts of Pillar Two income taxes in 2024.

In our Consolidated Statements of Operations, Income tax expense (benefit) has the following components:

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Current income tax expense (benefit)	\$ 206	\$ 112	\$ 513	\$ 412
Deferred income tax expense (benefit)	(14)	15	(60)	(108)
Total income tax expense (benefit)	\$ 192	\$ 127	\$ 453	\$ 304

The IASB issued amendments to IAS 12 *Income Taxes* in May 2023, which provided a mandatory temporary exception to the recognition and disclosure of information about deferred taxes arising from Pillar Two, and we have applied this temporary exception. Our deferred taxes will not reflect impacts of Pillar Two while the mandatory exception is applicable. The global minimum tax rules apply to Sun Life effective January 1, 2024 and have been substantively enacted in several jurisdictions in which Sun Life operates, including Canada, whose Global Minimum Tax Act became enacted in June 2024. The Pillar Two legislation requires the ultimate parent entity of a group to pay top-up tax, on a jurisdiction-by-jurisdiction basis, on profits of its subsidiaries that are taxed below 15%. Our subsidiaries that are currently subject to a statutory tax rate or to a tax regime that could result in taxing profits at a rate below 15% include those in Bermuda, Hong Kong and Ireland.

The Current income tax expense (benefit) for the three and six months ended June 30, 2024 includes tax expense related to Pillar Two income taxes of \$28 and \$30.

## 10. Capital Management

### 10.A Capital

Our capital base is structured to exceed minimum regulatory and internal capital targets and maintain strong credit and financial strength ratings, while maintaining a capital efficient structure. We strive to achieve an optimal capital structure by balancing the use of debt and equity financing. Capital is managed both on a consolidated basis under the principles that consider all the risks associated with the business, as well as at the business group level under the principles appropriate to the jurisdiction in which each operates. We manage the capital for all of our international subsidiaries on a local statutory basis in a manner commensurate with their individual risk profiles. Further details on our capital, and how it is managed, are included in Note 20 of our 2023 Annual Consolidated Financial Statements.

SLF Inc. is a non-operating insurance company and is subject to the Life Insurance Capital Adequacy Test ("LICAT") guideline. As at June 30, 2024, SLF Inc.'s LICAT ratio exceeded the regulatory minimum target as set out by the Office of the Superintendent of Financial Institutions, Canada ("OSFI").

Sun Life Assurance, SLF Inc.'s principal operating life insurance subsidiary in Canada, is also subject to the LICAT guideline. As at June 30, 2024, Sun Life Assurance's LICAT ratio exceeded OSFI's minimum regulatory target; as well as OSFI's supervisory target applicable to operating life insurance companies.

In the U.S., Sun Life Assurance operates through a branch which is subject to U.S. regulatory supervision and it exceeded the levels under which regulatory action would be required as at June 30, 2024. In addition, other subsidiaries of SLF Inc. that must comply with local capital or solvency requirements in the jurisdiction in which they operate maintained capital levels above minimum local requirements as at June 30, 2024.

Our capital base consists mainly of common shareholders' equity, preferred shareholders' equity, equity in the participating account, non-controlling interest's equity, CSM, and certain other capital securities that qualify as regulatory capital.

### 10.B Significant Capital Transactions

#### 10.B.i Common Shares

Changes in common shares issued and outstanding were as follows:

For the six months ended	June 30, 2024		June 30, 2023	
Common shares (in millions of shares)	Number of shares	Amount	Number of shares	Amount
Balance, beginning of period	584.6	\$ 8,327	586.4	\$ 8,311
Stock options exercised	0.3	12	0.5	27
Common shares purchased for cancellation	(6.5)	(100)	—	—
Balance, end of period	578.4	\$ 8,239	586.9	\$ 8,338

On August 29, 2023, we launched a normal course issuer bid (the "NCIB") to purchase up to 17 million of our common shares between August 29, 2023 and, at the latest, August 28, 2024. We implemented an automatic repurchase plan with our designated broker in order to facilitate purchases of common shares under the NCIB. Under the automatic repurchase plan, our designated broker is able to purchase common shares pursuant to the NCIB at times when we ordinarily would not be active in the market due to applicable securities laws or self-imposed blackout periods. Any common shares purchased by us pursuant to the NCIB will be cancelled or used in connection with certain equity settled incentive arrangements.

For the six months ended June 30, 2024, we purchased and cancelled approximately 6.5 million common shares at an average price per share of \$70.76 for a total amount of \$460 under the NCIB. The total amount paid to purchase the shares pursuant to the NCIB is allocated to Common shares and Retained earnings in our Consolidated Statements of Changes in Equity. The amount allocated to Common shares is based on the average cost per common share and amounts paid above the average cost are allocated to Retained earnings.

#### 10.B.ii Other Capital Transactions

On May 15, 2024, SLF Inc. issued \$750 principal amount of Series 2024-1 Subordinated Unsecured 5.12% Fixed/Floating Debentures due 2036. SLF Inc. intends to use an amount equal to the net proceeds from the offering to finance or refinance, in whole or in part, eligible assets as defined in our 2024 Sustainability Bond Framework.

## 11. Segregated Funds

### 11.A Segregated Funds Classified as Investment Contracts

#### 11.A.i Investments for Account of Segregated Fund Holders — Investment Contracts

The carrying value of investments for account of segregated fund holders for contracts classified as investment contracts are as follows:

As at	June 30, 2024	December 31, 2023
Segregated and mutual fund units	\$ 115,894	\$ 107,239
Equity securities	1,038	1,280
Debt securities	778	862
Cash, cash equivalents and short-term securities	2	4
Other assets	59	30
Total assets	117,771	109,415
Less: Liabilities arising from investing activities	2	4
Total investments for account of segregated fund holders	\$ 117,769	\$ 109,411

#### 11.A.ii Changes in Account of Segregated Fund Holders — Investment Contracts

	For the six months ended and as at June 30, 2024	For the year ended and as at December 31, 2023
Balance, beginning of period	\$ 109,411	\$ 102,153
Additions to segregated funds:		
Deposits	6,863	11,510
Net realized and unrealized gains (losses)	7,749	3,995
Other investment income	352	7,854
Total additions	14,964	23,359
Deductions from segregated funds:		
Payments to policyholders and their beneficiaries	6,210	10,793
Management fees	373	687
Taxes and other expenses	26	49
Foreign exchange rate movements	(3)	(76)
Total deductions	6,606	11,453
Net additions (deductions)	8,358	11,906
Dispositions	—	(4,648)
Balance, end of period	\$ 117,769	\$ 109,411

### 11.B Segregated Funds Classified as Insurance Contracts

#### 11.B.i Investments for Account of Segregated Fund Holders — Insurance Contracts

The carrying value of investments for account of segregated fund holders for contracts classified as insurance contracts, which are the underlying items for the insurance contracts, are as follows:

As at	June 30, 2024	December 31, 2023
Segregated and mutual fund units	\$ 14,404	\$ 14,240
Equity securities	2,855	2,908
Debt securities	1,441	1,427
Cash, cash equivalents and short-term securities	526	483
Mortgages	16	16
Other assets	43	45
Total assets	19,285	19,119
Less: Liabilities arising from investing activities	83	78
Total investments for account of segregated fund holders	\$ 19,202	\$ 19,041

## 11.B.ii Changes in Account of Segregated Fund Holders — Insurance Contracts

### Changes by Measurement Component

The following reconciliation illustrates the insurance contract liabilities for account of segregated fund holders by measurement component. For insurance contract liabilities for account of segregated fund holders, the entire amount is included in the present value of estimates of future cash flows. Reconciliations for the net liabilities of segregated fund insurance contracts that are not backed by investments for account of segregated fund holders are included as part of the insurance contract liabilities in Note 7.A.i.

	For the six months ended and as at June 30, 2024	For the year ended and as at December 31, 2023
Balance, beginning of period	\$ 19,041	\$ 23,139
Insurance finance (income) expenses	1,130	1,793
Foreign currency translation	(29)	(201)
Cash flows:		
Premiums received	975	1,969
Amounts paid to policyholders and other insurance service expenses paid	(1,489)	(2,583)
Management fees, taxes and other expenses	(426)	(822)
Total cash flows	(940)	(1,436)
Dispositions	—	(4,254)
Balance, end of period	\$ 19,202	\$ 19,041

## 12. Commitments, Guarantees and Contingencies

### Guarantees of Sun Life Assurance Preferred Shares and Subordinated Debentures

SLF Inc. has provided a guarantee on the \$150 of 6.30% subordinated debentures due 2028 issued by Sun Life Assurance. Claims under this guarantee will rank equally with all other subordinated indebtedness of SLF Inc. SLF Inc. has also provided a subordinated guarantee of preferred shares issued from time to time by Sun Life Assurance, other than such preferred shares which are held by SLF Inc. and its affiliates. Sun Life Assurance has no outstanding preferred shares subject to the guarantee. As a result of these guarantees, Sun Life Assurance is entitled to rely on exemptive relief from most continuous disclosure and the certification requirements of Canadian securities laws.

The following tables set forth certain consolidating summary financial information for SLF Inc. and Sun Life Assurance (consolidated):

For the three months ended	SLF Inc. (unconsolidated)	Sun Life Assurance (consolidated)	Other subsidiaries of SLF Inc. (combined)	Consolidation adjustments	SLF Inc. (consolidated)
<b>June 30, 2024</b>					
Insurance revenue	\$ —	\$ 4,836	\$ 1,096	\$ (365)	\$ 5,567
Net investment income (loss) excluding result for segregated fund holders	78	1,269	14	(89)	1,272
Fee income	1	490	1,716	(130)	2,077
Total revenue	\$ 79	\$ 6,595	\$ 2,826	\$ (584)	\$ 8,916
Shareholders' net income (loss)	\$ 666	\$ 460	\$ 219	\$ (679)	\$ 666
<b>June 30, 2023</b>					
Insurance revenue	\$ —	\$ 4,363	\$ 2,063	\$ (1,143)	\$ 5,283
Net investment income (loss) excluding result for segregated fund holders	108	468	66	(193)	449
Fee income	1	433	1,634	(132)	1,936
Other income	—	67	—	—	67
Total revenue	\$ 109	\$ 5,331	\$ 3,763	\$ (1,468)	\$ 7,735
Shareholders' net income (loss)	\$ 680	\$ 396	\$ 249	\$ (645)	\$ 680



For the six months ended	SLF Inc. (unconsolidated)	Sun Life Assurance (consolidated)	Other subsidiaries of SLF Inc. (combined)	Consolidation adjustments	SLF Inc. (consolidated)
<b>June 30, 2024</b>					
Insurance revenue	\$ —	\$ 9,526	\$ 2,319	\$ (738)	\$ 11,107
Net investment income (loss) excluding result for segregated fund holders	157	584	61	(207)	595
Fee income	1	940	3,406	(258)	4,089
Other income	—	—	161	—	161
Total revenue	\$ 158	\$ 11,050	\$ 5,947	\$ (1,203)	\$ 15,952
Shareholders' net income (loss)	\$ 1,504	\$ 970	\$ 543	\$ (1,513)	\$ 1,504
June 30, 2023					
Insurance revenue	\$ —	\$ 8,751	\$ 3,253	\$ (1,439)	\$ 10,565
Net investment income (loss) excluding result for segregated fund holders	227	5,013	322	(313)	5,249
Fee income	1	857	3,228	(249)	3,837
Other income	—	169	—	—	169
Total revenue	\$ 228	\$ 14,790	\$ 6,803	\$ (2,001)	\$ 19,820
Shareholders' net income (loss)	\$ 1,506	\$ 993	\$ 433	\$ (1,426)	\$ 1,506
<b>Assets and liabilities as at</b>					
	SLF Inc. (unconsolidated)	Sun Life Assurance (consolidated)	Other subsidiaries of SLF Inc. (combined)	Consolidation adjustments	SLF Inc. (consolidated)
<b>June 30, 2024</b>					
Invested assets	\$ 27,643	\$ 163,483	\$ 10,963	\$ (25,600)	\$ 176,489
Reinsurance contract held assets	\$ —	\$ 5,711	\$ 3	\$ (7)	\$ 5,707
Insurance contract assets	\$ —	\$ 203	\$ 943	\$ (943)	\$ 203
Total other general fund assets	\$ 4,607	\$ 13,881	\$ 9,871	\$ (3,213)	\$ 25,146
Investments for account of segregated fund holders	\$ —	\$ 136,910	\$ 61	\$ —	\$ 136,971
Insurance contract liabilities excluding those for account of segregated fund holders	\$ —	\$ 136,427	\$ 120	\$ (7)	\$ 136,540
Reinsurance contract held liabilities	\$ —	\$ 2,423	\$ —	\$ (943)	\$ 1,480
Investment contract liabilities	\$ —	\$ 11,755	\$ —	\$ —	\$ 11,755
Total other general fund liabilities	\$ 8,208	\$ 15,099	\$ 14,473	\$ (4,711)	\$ 33,069
Insurance contract liabilities for account of segregated fund holders	\$ —	\$ 19,141	\$ 61	\$ —	\$ 19,202
Investment contract liabilities for account of segregated fund holders	\$ —	\$ 117,769	\$ —	\$ —	\$ 117,769
December 31, 2023					
Invested assets	\$ 26,239	\$ 164,557	\$ 13,913	\$ (30,381)	\$ 174,328
Reinsurance contract held assets	\$ —	\$ 5,858	\$ 3	\$ (67)	\$ 5,794
Insurance contract assets	\$ —	\$ 184	\$ 637	\$ (637)	\$ 184
Total other general fund assets	\$ 4,547	\$ 13,302	\$ 9,805	\$ (3,171)	\$ 24,483
Investments for account of segregated fund holders	\$ —	\$ 128,396	\$ 56	\$ —	\$ 128,452
Insurance contract liabilities excluding those for account of segregated fund holders	\$ —	\$ 135,445	\$ 291	\$ (67)	\$ 135,669
Reinsurance contract held liabilities	\$ —	\$ 2,260	\$ —	\$ (637)	\$ 1,623
Investment contract liabilities	\$ —	\$ 11,672	\$ —	\$ —	\$ 11,672
Total other general fund liabilities	\$ 7,300	\$ 15,041	\$ 14,880	\$ (5,596)	\$ 31,625
Insurance contract liabilities for account of segregated fund holders	\$ —	\$ 18,985	\$ 56	\$ —	\$ 19,041
Investment contract liabilities for account of segregated fund holders	\$ —	\$ 109,411	\$ —	\$ —	\$ 109,411

## 13. Earnings (Loss) Per Share

Details of the calculation of the net income (loss) and the weighted average number of shares used in the earnings per share computations are as follows:

	For the three months ended		For the six months ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Common shareholders' net income (loss) for basic earnings per share	\$ 646	\$ 660	\$ 1,464	\$ 1,466
Add: Increase in income due to convertible instruments <sup>(1)</sup>	2	2	5	5
Common shareholders' net income (loss) on a diluted basis	\$ 648	\$ 662	\$ 1,469	\$ 1,471
Weighted average number of common shares outstanding for basic earnings per share (in millions)	581	587	582	587
Add: Dilutive impact of stock options <sup>(2)</sup> (in millions)	—	—	—	—
Dilutive impact of convertible instruments <sup>(1)</sup> (in millions)	3	3	3	3
Weighted average number of common shares outstanding on a diluted basis (in millions)	584	590	585	590
Basic earnings (loss) per share	\$ 1.11	\$ 1.12	\$ 2.52	\$ 2.50
Diluted earnings (loss) per share	\$ 1.11	\$ 1.12	\$ 2.51	\$ 2.49

<sup>(1)</sup> The convertible instruments are the Sun Life Exchangeable Capital Securities ("SLECS") — Series B issued by Sun Life Capital Trust.

<sup>(2)</sup> Excludes the impact of 1 million stock options for both the three and six months ended June 30, 2024 (June 30, 2023 — 2 million and 2 million, respectively) because these stock options were anti-dilutive for the period.

## 14. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss), net of taxes, are as follows:

For the three months ended	June 30, 2024							June 30, 2023	
	Balance, beginning of period	Other comprehensive income (loss)	Balance, end of period	Balance, beginning of period	Other comprehensive income (loss)	Other	Balance, end of period		
Items that may be reclassified subsequently to income:									
Unrealized foreign currency translation gains (losses), net of hedging activities	\$ 1,642	\$ 84	\$ 1,726	\$ 1,687	\$ (320)	\$ —	\$ 1,367		
Unrealized gains (losses) on FVOCI assets	(402)	3	(399)	(611)	(146)	—	(757)		
Unrealized gains (losses) on cash flow hedges	1	(6)	(5)	(24)	27	—	3		
Share of other comprehensive income (loss) in joint ventures and associates	(36)	4	(32)	(106)	(29)	—	(135)		
Items that will not be reclassified subsequently to income:									
Remeasurement of defined benefit plans	(210)	4	(206)	(186)	(26)	37 <sup>(1)</sup>	(175)		
Share of other comprehensive income (loss) in joint ventures and associates	(7)	2	(5)	3	(1)	—	2		
Revaluation surplus on transfers to investment properties	143	—	143	144	(1)	—	143		
Total	\$ 1,131	\$ 91	\$ 1,222	\$ 907	\$ (496)	\$ 37	\$ 448		
Total attributable to:									
Participating account	\$ 4	\$ 9	\$ 13	\$ (3)	\$ —	\$ —	\$ (3)		
Non-controlling interests	6	2	8	—	4	—	4		
Shareholders	1,121	80	1,201	910	(500)	37	447		
Total	\$ 1,131	\$ 91	\$ 1,222	\$ 907	\$ (496)	\$ 37	\$ 448		

For the six months ended	June 30, 2024						June 30, 2023	
	Balance, beginning of period	Other comprehensive income (loss)	Balance, end of period	Balance, beginning of period	Other comprehensive income (loss)	Other	Balance, end of period	
Items that may be reclassified subsequently to income:								
Unrealized foreign currency translation gains (losses), net of hedging activities	\$ 1,350	\$ 376	\$ 1,726	\$ 1,689	\$ (322)	\$ —	\$ 1,367	
Unrealized gains (losses) on FVOCI assets	(354)	(45)	(399)	(839)	82	—	(757)	
Unrealized gains (losses) on cash flow hedges	(1)	(4)	(5)	(18)	21	—	3	
Share of other comprehensive income (loss) in joint ventures and associates	(151)	119	(32)	(107)	(28)	—	(135)	
Items that will not be reclassified subsequently to income:								
Remeasurement of defined benefit plans	(217)	11	(206)	(149)	(63)	37 <sup>(1)</sup>	(175)	
Share of other comprehensive income (loss) in joint ventures and associates	2	(7)	(5)	(5)	7	—	2	
Revaluation surplus on transfers to investment properties	143	—	143	143	—	—	143	
Total	\$ 772	\$ 450	\$ 1,222	\$ 714	\$ (303)	\$ 37	\$ 448	
Total attributable to:								
Participating account	\$ 6	\$ 7	\$ 13	\$ (3)	\$ —	\$ —	\$ (3)	
Non-controlling interests	1	7	8	4	—	—	4	
Shareholders	765	436	1,201	713	(303)	37	447	
Total	\$ 772	\$ 450	\$ 1,222	\$ 714	\$ (303)	\$ 37	\$ 448	

<sup>(1)</sup> During the second quarter of 2023, the Company transferred cumulative remeasurement losses of \$37 from Accumulated other comprehensive income (loss) to Retained earnings due to the sale of Sun Life UK.

## 15. Legal and Regulatory Proceedings

We are regularly involved in legal actions, both as a defendant and as a plaintiff. Legal actions naming us as a defendant ordinarily involve our activities as a provider of insurance protection and wealth management products, as an investor and investment advisor, and as an employer. In addition, government and regulatory bodies in Canada, the U.S., the UK, and Asia, including federal, provincial, and state securities and insurance regulators, tax authorities, and other government authorities, from time to time, make inquiries and require the production of information or conduct examinations or investigations concerning our compliance with tax, insurance, securities, and other laws.

Provisions for legal proceedings related to insurance contracts, such as for disability and life insurance claims and the cost of litigation, are included in Insurance contract liabilities in our Consolidated Statements of Financial Position. Other provisions are established outside of the Insurance contract liabilities if, in the opinion of management, it is both probable that a payment will be required and a reliable estimate can be made of the amount of the obligation. Management reviews the status of all proceedings on an ongoing basis and exercises judgment in resolving them in such manner as management believes to be in our best interest.

Our significant legal proceedings and regulatory matters are disclosed in Note 22.G of our 2023 Annual Consolidated Financial Statements. There have been no significant updates to such legal and regulatory proceedings.

## 16. Subsequent Events

On June 14, 2024, SLF Inc. announced its intention to redeem all of the outstanding \$750 principal amount of Series 2019-1 Subordinated Unsecured 2.38% Fixed/Floating Debentures (the "Debentures") in accordance with the redemption terms attached to the Debentures. The redemption will be funded from existing cash and liquid assets. The Debentures are redeemable at SLF Inc.'s option on or after August 13, 2024 at a redemption price per Debenture equal to the principal amount together with accrued and unpaid interest to the date of redemption. SLF Inc. intends to redeem the Debentures on August 13, 2024.

On August 12, 2024, SLF Inc. announced that, subject to the approval of OSFI and the TSX, it intends to renew its normal course issuer bid to purchase up to 15 million of its common shares (the "2024 NCIB"). Subject to receipt of regulatory and stock exchange approvals, the 2024 NCIB is expected to commence on August 29, 2024 and continue until August 28, 2025, or such earlier date as SLF Inc. may determine. Purchases under the 2024 NCIB may be made through the facilities of the TSX, other Canadian stock exchanges and/or alternative Canadian trading platforms, at prevailing market rates. Subject to regulatory approval, purchases under the 2024 NCIB may also be made by way of private agreements or share repurchase programs under issuer bid exemption orders issued by securities regulatory authorities. Any purchases made under an exemption order issued by a securities regulatory authority will generally be at a discount to the prevailing market price. The actual number of common shares purchased under the 2024 NCIB, and the timing of such purchases (if any), will be determined by SLF Inc. Any common shares purchased by SLF Inc. pursuant to the 2024 NCIB will be cancelled or used in connection with certain equity settled incentive arrangements. The 2024 NCIB will provide the Company with the flexibility to acquire common shares in order to return capital to shareholders as part of its overall capital management strategy.

# Corporate and Shareholder Information

For information about Sun Life, corporate news and financial results, please visit [sunlife.com](http://sunlife.com)

## Corporate office

Sun Life Financial Inc.  
1 York Street  
Toronto, Ontario  
Canada M5J 0B6  
Tel: 416-979-9966  
Website: [www.sunlife.com](http://www.sunlife.com)

## Investor Relations

For financial analysts, portfolio managers and institutional investors requiring information, please contact:  
Investor Relations  
Tel: 416-979-6496  
Email: [investor\\_relations@sunlife.com](mailto:investor_relations@sunlife.com)  
Please note that financial information can also be obtained from [www.sunlife.com](http://www.sunlife.com).

## Transfer agent

For information about your shareholdings, dividends, change in share registration or address, estate transfers, lost certificates, or to advise of duplicate mailings, please contact the Transfer Agent in the country where you reside. If you do not live in any of the countries listed, please contact the Canadian Transfer Agent.

**Canada**  
TSX Trust Company  
301 - 100 Adelaide Street West  
Toronto, ON  
M5H 4H1  
Within North America:  
Tel: 1-877-224-1760  
Outside of North America:  
Tel: 416-682-3865  
Fax: 1-888-249-6189  
Email: [sunlifeinquiries@tmx.com](mailto:sunlifeinquiries@tmx.com)  
Website: <https://tsxtrust.com/sun-life>  
Shareholders can view their account details using TSX Trust Company's Internet service, Investor Central.  
Register at <https://tsxtrust.com/sun-life>.

**United States**  
Equiniti Trust Company, LLC  
PO Box 860  
Newark, NJ 07101  
Tel: 1-877-224-1760  
Email: [sunlifeinquiries@tmx.com](mailto:sunlifeinquiries@tmx.com)

**United Kingdom**  
Link Group  
Central Square  
29 Wellington Street  
Leeds LS1 4DL  
Tel: +44 (0) 345-602-1587  
Email: [shareholderenquiries@linkgroup.co.uk](mailto:shareholderenquiries@linkgroup.co.uk)

**Philippines**  
RCBC TRUST CORPORATION  
Stock Transfer Processing Section  
Ground Floor, West Wing,  
GPL (Grepalife) Building,  
221 Senator Gil Puyat Avenue  
Makati City, 1200,  
Philippines  
From Metro Manila: 632-5318-8567  
From the Provinces: 1-800-1-888-2422  
Email: [rcbcstocktransfer@rcbc.com](mailto:rcbcstocktransfer@rcbc.com)

**Hong Kong, SAR**  
Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong  
Tel: 852-2862-8555  
Shareholders can submit inquiries online at:  
[https://www.computershare.com/hk/en/online\\_feedback](https://www.computershare.com/hk/en/online_feedback)

## Shareholder services

For shareholder account inquiries, please contact the Transfer Agent in the country where you reside, or Shareholder Services: English Email: [shareholderservices@sunlife.com](mailto:shareholderservices@sunlife.com)  
French Email: [servicesauxactionnaires@sunlife.com](mailto:servicesauxactionnaires@sunlife.com)

## 2024 dividend dates

Common Shares

### Record dates

February 28, 2024  
May 29, 2024  
August 28, 2024  
November 27, 2024\*

### Payment dates

March 28, 2024  
June 28, 2024  
September 27, 2024  
December 31, 2024\*

\*Subject to approval by the Board of Directors

## Direct deposit of dividends

Common shareholders residing in Canada, or the U.S. may have their dividend payments deposited directly into their bank account.

The Request for Electronic Payment of Dividends Form is available for downloading from the TSX Trust Company website, <https://tsxtrust.com/sun-life/forms>, or you can contact TSX Trust Company have a form sent to you.

## Canadian dividend reinvestment and share purchase plan

Canadian-resident common shareholders can enroll in the Dividend Reinvestment and Share Purchase Plan. For details visit our website at [sunlife.com](http://sunlife.com) or contact the Plan Agent, TSX Trust Company at [sunlifeinquiries@tmx.com](mailto:sunlifeinquiries@tmx.com).

## Stock exchange listings

Sun Life Financial Inc. common shares are listed on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges. Ticker Symbol: SLF

Sun Life Financial Inc. Class A Preferred Shares are listed on the Toronto Stock Exchange (TSX).

Ticker Symbols: Series 3 - SLF.PR.C  
Series 4 - SLF.PR.D  
Series 5 - SLF.PR.E  
Series 8R - SLF.PR.G  
Series 9QR - SLF.PR.J  
Series 10R - SLF.PR.H  
Series 11QR - SLF.PR.K

SUN LIFE FINANCIAL INC.

1 York Street  
Toronto, Ontario  
Canada M5J 0B6



[sunlife.com](http://sunlife.com)

