Yaniv Bitton
Vice President,
Head of Investor Relations &
Capital Markets
In this presentation, Sun Life Financial Inc. ("SLF" or "SLF Inc."), its subsidiaries and, where applicable, its joint ventures and associates are referred to as "we", "us", "our", "Sun Life" and the "Company".

Forward-looking statements
Certain statements in this presentation and certain oral statements made by senior management during the IFRS 17, Insurance Contracts ("IFRS 17") investor education conference call on May 31, 2022 (collectively, this “presentation”), including, but not limited to, statements that are not historical facts, are forward-looking and are subject to inherent risks, uncertainties and assumptions. Forward-looking statements made in this presentation include, but are not limited to, statements (i) relating to the impact of IFRS 17 on the presentation of our financial statements; (ii) relating to our growth strategies, financial objectives, future results of operations, and strategic goals; (iii) concerning our medium-term financial objectives; (iv) that are predictive in nature or that depend upon or refer to future events or conditions; and (v) 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. The forward-looking statements made in this presentation are stated as at May 31, 2022, represent our current expectations, estimates and projections regarding future events and remain subject to change, particularly in light of the ongoing and developing COVID-19 pandemic and its impact on the global economy and its uncertain impact on our business. The results or events predicted in these forward-looking statements may differ materially from actual results or events and we cannot guarantee that any forward-looking statement will materialize. Except as may be required by law, we do not undertake any obligation to update or revise any forward-looking statements made in this presentation. 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 in our MD&A for the period ended March 31, 2022 ("Q1 2022 MD&A"), in SLF Inc.’s 2021 Annual Information Form under the heading Risk Factors, and the factors detailed in SLF Inc.’s other filings with Canadian and U.S. securities regulators, which are available for review at www.sedar.com and www.sec.gov, respectively.

Non-IFRS financial measures
The Company prepares its financial statements in accordance with international financial reporting standards ("IFRS"). This presentation includes financial measures that are not based on IFRS ("non-IFRS financial measures"). The Company believes that these non-IFRS financial measures provide information that is useful to investors in understanding the Company’s performance and facilitate the comparison of the quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed as alternatives to measures of financial performance determined in accordance with IFRS. For more information about these non-IFRS financial measures, refer to the Non-IFRS Financial Measures section in our Q1 2022 MD&A.

Medium-term financial objectives
Although considered reasonable, we may not be able to achieve our medium-term financial objectives as our assumptions may prove to be inaccurate. Accordingly, our actual results could differ materially from our medium-term financial objectives as described in this presentation. Our medium-term financial objectives do not constitute guidance. Our medium-term financial objectives are forward-looking non-IFRS financial measures. Additional information regarding medium-term financial objectives is provided in section O. Forward-looking Statements – Medium-Term Financial Objectives of our MD&A for the period ended December 31, 2021 ("Annual 2021 MD&A").

Important risk factors
Important risk factors that could cause our assumptions and estimates, and expectations and projections to be inaccurate and our actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this presentation. The realization of our forward-looking statements, essentially depends on our business performance which, in turn, is subject to many risks. Additional information regarding material risk factors are provided in section N. Forward-looking Statements of our Q1 2022 MD&A and sections M. Accounting and Control Matters – 2. Changes in Accounting Policies and O. Forward-looking Statements – Risk Factors of our Annual 2021 MD&A.

Currency
Unless otherwise noted, all amounts are in Canadian dollars.
Manjit Singh
Executive Vice President & Chief Financial Officer
Strong underlying business fundamentals not impacted by IFRS 17

1. No impact on business strategies

2. Medium-term financial objectives: increase in underlying ROE; maintain underlying EPS growth and underlying dividend payout ratio\(^1\)

3. At transition, 15-20\% of shareholders’ equity transfers to liabilities, largely to establish the Contractual Service Margin (CSM)

4. Mid-single digit reduction to underlying net income\(^2\) in 2022 comparative year; expect positive underlying net income growth from 2022 (IFRS 4) to 2023 (IFRS 17)

5. IFRS 17 underlying net income will be more stable
No impact on business strategy; reported net income for a majority of Sun Life businesses not significantly impacted

<table>
<thead>
<tr>
<th></th>
<th>Asset management, wealth &amp; group benefits</th>
<th>Pass-through &amp; fee-based insurance&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Traditional insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business mix&lt;sup&gt;2&lt;/sup&gt;</td>
<td>60%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Underlying net income&lt;sup&gt;3&lt;/sup&gt; timing</td>
<td>Low</td>
<td>Moderate</td>
<td>Significant</td>
</tr>
<tr>
<td>Total impact on:</td>
<td>Reported net income volatility</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>LICAT&lt;sup&gt;4&lt;/sup&gt; capital</td>
<td></td>
<td>Positive&lt;sup&gt;5&lt;/sup&gt;</td>
<td></td>
</tr>
</tbody>
</table>

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information. Footnotes 1-5: Refer to slide 32
Asset Management, Canada and the U.S., which comprise a majority of earnings\(^1\), will have no to moderate impact

<table>
<thead>
<tr>
<th>Asset Management</th>
<th>U.S.</th>
<th>Canada</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>No impact</td>
<td>Low impact</td>
<td>Moderate impact</td>
<td>Higher impact</td>
</tr>
<tr>
<td></td>
<td>• Group businesses mostly not impacted&lt;br&gt;• In-force Management run-off business has transition impacts</td>
<td>• Group and wealth businesses have low impact (~2/3 of earnings(^1))&lt;br&gt;• Traditional insurance business has higher impact driven by deferral of new business gains(^2)</td>
<td>• Traditional insurance business has higher impact driven by deferral of new business gains&lt;br&gt;• Fee income for VUL(^3) contracts will be deferred over the life of contract&lt;br&gt;• Wealth and asset management businesses have no impact (~20% of earnings(^1))</td>
</tr>
</tbody>
</table>

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.

Footnotes 1-3: Refer to slide 32
Strong medium-term financial objectives reflect the benefits of our diversified business mix

- **8-10%**
  - Underlying EPS growth
  - Expect positive underlying net income growth from 2022 (IFRS 4) to 2023 (IFRS 17)
  - Underlying EPS growth medium-term objective resumes in 2024+

- **18%+**
  - Underlying return on equity
  - At transition, transfer from shareholders’ equity to liabilities, largely reflecting CSM
  - Good earnings growth from our attractive mix of businesses

- **40-50%**
  - Underlying dividend payout ratio
  - Positive impact to LICAT ratio on transition
  - No change to capital generation and deployment flexibility

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.

Footnotes 1-2: Refer to slide 32
Kevin Morrissey
Senior Vice President & Chief Actuary
Sun Life’s financial position remains strong

IFRS 17 will result in some key changes to the balance sheet and timing of income recognition for some products

1. Shareholders’ equity impact at transition is driven by new CSM liability, which qualifies as LICAT capital, and is amortized into future income

2. Mid-single digit reduction to underlying net income\(^1\) in 2022 comparative year;
3. Expect positive underlying net income growth from 2022 (IFRS 4) to 2023 (IFRS 17);
4. IFRS 17 underlying net income will be more stable

Strong capital position expected to improve at transition

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.

\(^1\) Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information.
Overview of key IFRS 17 changes

New business gains¹

- **Pricing gains are deferred** and recognized over time through CSM amortization, whereas losses (new business strain) are recognized in net income at origination.

Discount rates

- **Removal of direct link** between the asset and liability discount rates and the new valuation of certain minimum guarantees expected to increase reported net income volatility.

Timing of investment profits

- **Value of investing activity gains¹/changes to investment strategies** will be recognized as earned.

ACMA¹,²

- **Insurance risk changes** will be reflected in CSM and amortized over life of insurance contracts.
- **Financial risk changes** (e.g., changes to discount rates) continue to be recorded through income for most products (exception is Variable Fee Approach products, such as segregated funds, which are recorded in CSM).

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.

Footnotes 1-2: Refer to slide 32.
Overview of key IFRS 17 changes (continued)

Changes in measurement and composition of liabilities will result in higher sources of future profit

Measurement of liabilities (*Illustrative; not to scale*)

- Reinvestment PfADs
- Insurance PfADs
- Investment PfADs
- Non-attributable expenses

Sources of future profit

1. **CSM**: Unearned insurance profits; significantly larger and more stable than existing reinvestment PfADs

2. **RA**: Provisions for non-financial risk expected to be relatively unchanged from current insurance PfAD releases

3. **Present value of future cash flows**, which is not a best estimate liability, includes expected future profit sources related to provisions for financial guarantees and discount rates

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.
Impact of IFRS 17 changes

**At transition**

Shareholders’ equity impact at transition driven by changes to composition and remeasurement of insurance liabilities

- IFRS 17 generally defers new business gains\(^1\) over life of contract (vs. IFRS 4, which recognized gains at time of origination)
- Required to apply IFRS 17 for all existing in-force contracts as well as new business
- At transition, for in-force contracts, there will be a transfer from shareholders' equity to insurance liabilities

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**Subsequent to transition**

Modest reduction to underlying net income\(^1\) in the 2022 comparative year

- New business gains are deferred and recognized over the life of contracts
- Higher volumes and profitability of annual sales\(^1\) lead to earnings decline on transition, but will result in higher earnings going forward
- Majority of our diverse business mix is largely unimpacted and continues to grow

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**Capital:** Positive to LICAT on transition; neutral to capital generation & volatility

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\(^1\) Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information.
Equity impact at transition is driven by new CSM liability, which qualifies as LICAT capital, and is amortized into future income.

Transfer from shareholders’ equity\(^2\) of 15-20% to reflect the new measurement/components of IFRS 17 liabilities:

- Transition CSM accounts for ~2/3 of the impact; amortized back into income over time
  - CSM qualifies as LICAT capital\(^3\), same as retained earnings
- Remaining ~1/3 mostly reflects changes to the discount rate, and removal of the market premium for non-fixed income investments
  - Creates a new source of future profits as non-fixed income market premium is recognized over time

- At transition, provisions for reinvestment risks and non-attributable expenses are inherently transferred from existing liabilities to CSM liability (no net impact on shareholders’ equity)

Footnotes 1-3: Refer to slide 32
Approximately 2/3 of the transfer from shareholders' equity is related to establishing the CSM

Recent IFRS 4 new business gains\(^1\) represent only one component of Sun Life's transition CSM

1. **Open blocks with recent new business gains**: *Gross gains that would have been recognized* under IFRS 4, but are deferred under IFRS 17

2. **Closed blocks of business\(^2\)**: *Not observable in recent pricing gains* – this reflects profits that would have been recognized under IFRS 4, but are deferred under IFRS 17 on existing in-force policies

3. **VUL products in Asia**:
   - *No current pricing gains*
   - Currently, higher expected profit\(^1\) recorded in early years
   - Under IFRS 17, profit will be recognized evenly over product life

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Footnotes 1-2: Refer to slide 32
Expect underlying net income\(^1\) growth - 2022 (IFRS 4) to 2023 (IFRS 17)

Key sources of IFRS 17 underlying net income reduction in 2022 comparative year:

1. **Deferral of pricing gains**: New business gains\(^1\) will be amortized over life of contracts and onerous contracts will continue to be recognized as strain at issue, partially offset by amortization of the transition CSM.

2. **VUL in Asia**: Fee income (high in early years) is replaced with CSM amortization. Product economics continue to be attractive.

**NOTE**: New expected future investment profits, mainly from non-fixed income expected spread above IFRS 17 discount rates, are expected to be roughly the same size as investing activity gains\(^1\) after transition – no significant impact to underlying net income.
Gains from profitable sales will be amortized over life of contracts; onerous contracts will continue to be recognized as strain at issue.

### Impact of new business under IFRS 4 & IFRS 17 (Illustrative; not to scale)

<table>
<thead>
<tr>
<th>Year</th>
<th>IFRS 4</th>
<th>IFRS 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
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<tr>
<td>2021</td>
<td></td>
<td></td>
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<tr>
<td>2022</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Pricing gain**
- **Pricing strain**
- **Net reported impact**

- Under IFRS 4, we record the present value of future profits above risk margins at origination of contract. Net reported pricing gains are a combination of gains and losses at issue:
  - Gains originate mainly in developed markets, such as Canada, while strain originates mainly in high-growth, developing markets in Asia.
- Under IFRS 17, losses continue to be recognized at origination, but gains are recognized in CSM and then amortized gradually into income.
- Transition CSM amortization is not sufficient to immediately replace the reduction in earnings, as both sales volumes and margins are growing.
- Refer to Appendix for additional details on onerous contracts.

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1 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information.
IFRS 17 defers profitability of Asia Variable Universal Life (VUL) product, creating earnings (and equity) impact at transition

• VUL is an **investment-linked** insurance product with recurring fees that are higher in the first few years and then decrease to a lower level for the remaining years

• Higher early year fees of VUL product will now amortize evenly over the life of the policy

• High growth of VUL product over last few years results in higher deferral of earnings relative to CSM amortization

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Earnings recognition of Asia VUL product under IFRS 4 & IFRS 17 (**Illustrative; not to scale**)
Strong capital position expected to improve at transition

- **LICAT ratio** – improves
  - Transfer of equity to CSM is neutral to capital as both are considered available capital under LICAT framework
  - Sun Life’s prudent risk management will continue

- **Capital generation** – neutral
  - CSM generated by new business qualifies immediately as available capital
  - CSM generation creates deployable capital

- **Capital volatility** – neutral
  - Current low capital sensitivity from markets is expected to persist under IFRS 17

**Note:** This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.
Sun Life’s financial position remains strong

IFRS 17 will impact presentation and timing of earnings recognition

1. IFRS 17 will result in some key changes to the balance sheet and timing of income recognition for some products

2. Shareholders’ equity impact at transition is driven by new CSM liability, which qualifies as LICAT capital, and is amortized into future income

3. Mid-single digit reduction to underlying net income\(^1\) in 2022 comparative year;
   Expect positive underlying net income growth from 2022 (IFRS 4) to 2023 (IFRS 17);
   IFRS 17 underlying net income will be more stable

4. Strong capital position expected to improve at transition

\(^1\) Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information
Natalie Brady
Senior Vice President, Strategic Finance Initiatives (IFRS 17 Project Lead)
New IFRS 17 reporting will provide more transparency into key business drivers

1. The new income statement provides additional transparency into sources of profit
2. Will continue to provide a view of underlying net income\(^1\) through the Drivers of Earnings\(^2\)
3. The CSM Movement Analysis\(^2\) will provide a view of future insurance earnings
4. New IFRS 17 reporting will bring more transparency, stability and predictability to underlying net income for insurance business

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.

Footnotes 1-2: Refer to slide 32
The new income statement provides additional transparency into sources of profit

**Simplified IFRS 17 Income Statement (Illustrative)**

- Insurance revenue
- Insurance service expenses

**Net Insurance Service Result**

- Net investment income
- Net finance expenses from insurance contracts
- Changes in investment contract liabilities

**Net Investment Result**

1. Fee income
2. Non-attributable expenses

**Net Income / (Loss)**

**Net Insurance Service Result**

- Isolates the revenue and expenses from providing insurance contract services

**Net Investment Result**

- Investment income earned on all general account assets over discount rates used in insurance liabilities
- Does not differentiate between market experience and expected investment earnings

**Non-IFRS 17 Results**

- Separates asset management and Administrative Services Only (“ASO”) businesses from Insurance business
- Non-attributable expenses are:
  1. Expenses associated with non-insurance business (e.g., asset management)
  2. Expenses that support the broader business (e.g., corporate support)

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Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.

1. Includes earnings on surplus assets
# Simplified building blocks of reported net income

<table>
<thead>
<tr>
<th>IFRS 17 Income Statement (Illustrative)</th>
<th>Asset management&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Group benefits</th>
<th>Pass-through &amp; fee-based insurance&lt;sup&gt;1,2&lt;/sup&gt;</th>
<th>Traditional insurance&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance revenue</td>
<td></td>
<td></td>
<td>CSM and risk adjustment amortization</td>
<td>CSM and risk adjustment amortization</td>
</tr>
<tr>
<td>Insurance service expenses</td>
<td></td>
<td></td>
<td>Insurance experience</td>
<td>Insurance experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Onerous contracts</td>
<td>Onerous contracts</td>
</tr>
<tr>
<td><strong>Net Insurance Service Result</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment income</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net finance expenses from insurance contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Changes in investment contract liabilities</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Investment Result</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fee income</td>
<td>Fee income</td>
<td></td>
<td>Indirect expenses</td>
<td>Indirect expenses</td>
</tr>
<tr>
<td>Non-attributable expenses</td>
<td>Direct &amp; indirect expenses</td>
<td></td>
<td>Direct ASO &amp; indirect expenses</td>
<td></td>
</tr>
<tr>
<td><strong>Net Income / (Loss)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup> Certain wealth products are presented similarly to asset management, pass-through insurance, and/or traditional insurance

<sup>2</sup> Market experience for these products flows through CSM unless CSM is insufficient, then it flows through the net insurance service result
New Drivers of Earnings\(^1\) will complement IFRS 17 income statement

<table>
<thead>
<tr>
<th>Drivers of Earnings: Net Income Analysis (Illustrative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk adjustment release</td>
</tr>
<tr>
<td>CSM amortization</td>
</tr>
<tr>
<td>Earnings on other short term insurance businesses</td>
</tr>
<tr>
<td>Impact of new insurance business (onerous contracts)</td>
</tr>
<tr>
<td>Insurance experience gains/losses(^2)</td>
</tr>
<tr>
<td>Insurance assumption changes(^3)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Insurance Service Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected investment earnings(^4)</td>
</tr>
<tr>
<td>Market experience gains/losses</td>
</tr>
<tr>
<td>Economic assumption changes that flow directly through income(^5)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Investment Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset management</td>
</tr>
<tr>
<td>Other fee income</td>
</tr>
<tr>
<td>Non-directly attributable and other expenses</td>
</tr>
<tr>
<td>Tax, income attributed to non-controlling interest and participating policyholders</td>
</tr>
</tbody>
</table>

Net Investment Results on traditional insurance\(^6\) are impacted by three sources of volatility:
1. The removal of the direct link between asset and insurance liability discount rates
2. The new requirements related to financial guarantees
3. Financial risk assumption changes

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information. Footnotes 1-6: Refer to slide 33.
Will continue to provide a view of underlying net income through the Drivers of Earnings

Drivers of Earnings: Non-IFRS Earnings Measure Analysis
- Risk Adjustment release
- CSM amortization
- Earnings on other short term insurance businesses
- Impact of new insurance business (onerous contracts)
- Insurance experience gains / losses

Non-IFRS: Net Insurance Service Result
- Expected investment earnings
- Earnings on surplus

Non-IFRS: Net Investment Result
- Asset management
- Other fee income
- Non-directly attributable and other expenses
- Tax, income attributed to non-controlling interest and participating policyholders

Underlying Net Income

Items reported outside of Underlying Net Income
- Market experience gains / losses
- Assumption changes that flow directly through income
- Other items

Our philosophy for underlying net income is not changing
- Items not representative of long-term economics or future earnings power will be excluded from underlying net income
- We will continue to adjust for:
  - Period to period market-related impacts
  - Changes in insurance and economic assumptions, which accounting requires to be reflected immediately in income
- We expect this type of volatility in earnings to offset over the long-term
- Other items include adjustments currently excluded from underlying net income

Note: This slide contains forward-looking statements. Refer to "Forward-looking statements" on slide 3 for more information.
The CSM will be a leading indicator of future insurance earnings

### CSM Movement Analysis

<table>
<thead>
<tr>
<th>CSM Beginning of Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of new insurance business</td>
</tr>
<tr>
<td>CSM amortization</td>
</tr>
<tr>
<td>Interest accretion</td>
</tr>
<tr>
<td>Insurance experience gains / losses</td>
</tr>
</tbody>
</table>

### Organic CSM Movement

<table>
<thead>
<tr>
<th>Impact of change in assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of financial risk</td>
</tr>
<tr>
<td>Currency impact</td>
</tr>
<tr>
<td>Other[^3]</td>
</tr>
</tbody>
</table>

### Total CSM Movement

- The CSM will provide a view of both:
  1. The **stored value** of our in-force insurance business
  2. The **growth** derived from new insurance sales activity

- The new CSM Movement Analysis will differentiate between expected CSM movements and temporary volatility within the CSM[^2]

- Organic CSM will provide a view of the **sustainable growth of our insurance business**

- We expect low to mid-teens growth in New Insurance Business CSM
IFRS 17 will bring more transparency, stability and predictability to insurance business relative to IFRS 4

<table>
<thead>
<tr>
<th>IFRS 17 change</th>
<th>Impact on stability &amp; transparency of earnings¹,²</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timing of recognition</td>
<td>![Up Arrow]</td>
<td>Removal of present valuing of sales³ and investment trades will make underlying net income³ <strong>more stable and predictable</strong></td>
</tr>
<tr>
<td>Contractual Service Margin &amp; Risk Adjustment</td>
<td>![Up Arrow]</td>
<td>CSM Amortization and Risk Adjustment releases will be <strong>stable and predictable</strong>. CSM qualifies as LICAT capital</td>
</tr>
<tr>
<td>Delinking of assets and liabilities</td>
<td>![Down Arrow]</td>
<td>Removal of direct link between the asset and liability discount rates and the new requirements for certain financial guarantees expected to increase reported net income volatility</td>
</tr>
<tr>
<td>Insurance assumption changes</td>
<td>![Up Arrow]</td>
<td>Insurance assumption changes impact CSM, <strong>reducing volatility of reported net income</strong>; neutral to capital</td>
</tr>
<tr>
<td>Non-IFRS 17 results (e.g., asset management)</td>
<td>![Up Arrow]</td>
<td>Non-IFRS 17 results separated from insurance results providing <strong>additional transparency</strong> in earnings with no change to capital</td>
</tr>
</tbody>
</table>

Footnotes 1-3: Refer to slide 33
Q&A
Appendix
IFRS 17 takes an incomplete view in assessing which contracts are onerous

Onerous contracts ignore important sources of profits associated with the insurance contract, including:

- **Risk Adjustment (RA)**: The release of the Risk Adjustment - compensation for taking risk
- **Reinsurance profits**: Additional profits earned through reinsurance
- **Asset returns**: Asset returns expected to be earned in excess of the discount rate
- **Single contract**: Focuses on the value of a single contract, instead of the total value of a client

**An onerous contract does not equate to unprofitable business**
Footnotes

From slide 5
1 Underlying ROE, underlying EPS, and underlying dividend payout ratio are medium-term financial objectives and non-IFRS financial measures. Refer to “Medium-term financial objectives” and “Non-IFRS financial measures” on slide 3 for more information
2 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information

From slide 6
1 Participating Insurance & Variable Universal Life, measured using the variable fee approach
2 Represents an approximation of business mix based on historical underlying net income; this is not intended to be guidance for business mix under IFRS 17
3 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information
4 Life Insurance Capital Adequacy Test (“LICAT”)
5 Based on OSFI’s revised draft Life Insurance Capital Adequacy Test (LICAT) 2023 guidelines

From slide 7
1 Represents an approximation of business mix based on historical underlying net income; this is not intended to be guidance for business mix under IFRS 17
2 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information
3 Variable Universal Life

From slide 8
1 Represents a medium-term financial objective. Refer to “Medium-term financial objectives” on slide 3 for more information
2 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information

From slide 11
1 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information
2 ACMA are Actuarial Changes & Management Assumptions

From slide 14
1 Other Liability Changes are largely related to discount rates, provisions for financial guarantees, and taxes
2 Includes the expected impact to shareholders’ equity from IFRS 9, Financial Instruments
3 Based on OSFI’s revised draft Life Insurance Capital Adequacy Test (LICAT) 2023 guidelines

From slide 15
1 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information
2 Largely comprised of U.S. In-Force Management and Sun Life UK

From slide 22
1 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information
2 Represents a non-IFRS financial measure. This is anticipated to be a new non-IFRS financial measure to be included in our quarterly disclosures commencing Q1 2023
Footnotes (continued)

From slide 25
1 Represents a non-IFRS financial measure. This is anticipated to be a new non-IFRS financial measure to be included in our quarterly disclosures effective Q1 2023
2 Includes insurance experience and market experience. Market experience for certain contracts, such as participating business, variable annuities and unit-linked contracts will be presented in insurance service results for those groups of contracts where the CSM balance is nil
3 Insurance assumption change impacts will be presented in the net insurance service result for those groups of contracts where the CSM balance is nil
4 Consists of the variance between expected investment return and the liability discount rate
5 Economic assumption changes will be presented in CSM for certain contracts, such as participating business, variable annuities and unit-linked contracts that have sufficient CSM balance to absorb the impact
6 For pass-through insurance, the same items will impact the CSM. If no CSM is available, the impacts will flow through the net insurance service result

From slide 26
1 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures" on slide 3 for more information
2 Represents a non-IFRS financial measure. This is anticipated to be a new non-IFRS financial measure to be included in our quarterly disclosures commencing Q1 2023
3 Includes other items reported outside of non-IFRS earnings measure

From slide 27
1 Represents a non-IFRS financial measure. This is anticipated to be a new non-IFRS financial measure to be included in our quarterly disclosures commencing Q1 2023
2 Definition and components of CSM Movement Analysis may be updated as industry practices evolve
3 Includes other items reported outside of non-IFRS earnings measure

From slide 28
1 Represents a simplified view of key components
2 The impact on stability is directional; actual results may vary
3 Represents a non-IFRS financial measure. Refer to “Non-IFRS financial measures” on slide 3 for more information