

# Q3 2021

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## Financial & Operating Results

For the period ended September 30, 2021



Life's brighter under the sun

Sun Life Financial Inc. (unaudited)



In this presentation, Sun Life Financial Inc. (“SLF” or “SLF Inc.”), its subsidiaries and, where applicable, its joint ventures and associates are referred to as “we”, “us”, “our”, “Sun Life” and the “Company”.

#### **Forward-looking statements**

Certain statements in this presentation and certain oral statements made by senior management during the earnings conference call on November 4, 2021 (collectively, this “presentation”), including, but not limited to, statements that are not historical facts, are forward-looking and are subject to inherent risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events and we cannot guarantee that any forward-looking statement will materialize. Except as may be required by law, we do not undertake any obligation to update or revise any forward-looking statements made in this presentation.

#### **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.

#### **Sources of earnings**

Sources of earnings is based on the requirements of the Office of the Superintendent of Financial Institutions, Canada and guidelines of the Canadian Institute of Actuaries. It is used to identify the primary sources of gains or losses in each reporting period and is not based on IFRS. Additional information concerning our sources of earnings is included in the Company’s Annual Report.

#### **Additional information**

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

#### **Currency**

Unless otherwise noted, all amounts are in Canadian dollars.



# Kevin Strain

President and Chief Executive Officer

# Refreshing our Client strategy and executing on our Purpose

Help Clients achieve lifetime financial security and live healthier lives

## Four Pillar Strategy

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



## Key Priorities

- 1 Think and act like a **digital company**
- 2 Realize **synergies between Asset Management and Insurance** businesses
- 3 Build scale and capabilities through **M&A and strategic partnerships**
- 4 Deliver on our **Health strategy** in Canada, the U.S., and Asia

# Strategic progress driving Client impact

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



**Our Ambition:** To be one of the best asset management and insurance companies globally

## Strategic Highlights

- ✓ Announced intention to **acquire DentaQuest<sup>1,2</sup>**, which will position Sun Life as a leading dental benefits provider in the U.S.
- ✓ Appointed first **Chief Sustainability Officer** for Sun Life and a **Global Head of ESG** (Environmental, social and governance) for SLC Management
- ✓ Announced goal to achieve **net-zero by 2050<sup>1,3</sup>** for our operations, and as an asset owner and manager
- ✓ Launched our **first High Net Worth life insurance product in Singapore**, extending presence to eight markets in Asia
- ✓ **Unlocking value through listing of India Asset Management Joint Venture<sup>1,4</sup>**
- ✓ **Sun Life U.S. recognized as a Top Workplace<sup>5</sup>**

## Digital Leadership

### CANADA



Ella, our digital coach, connected with Clients over 13 million times so far in 2021, driving an additional **\$582 million in wealth deposits and \$800 million in insurance coverage**

In Q3, digitally processed:

- 92% of retail insurance applications
- 84% of retail wealth transactions
- 96% of Group Benefits health and dental claims

### U.S.



**Helping employers manage regulatory compliance** with expanded absence management capabilities through **AbsenceTech Bundle<sup>SM</sup>**

Launched **Health Navigator** powered by PinnacleCare<sup>6</sup>; helping guide members to ensure they get the right care and improve health outcomes

### ASIA



**69% of new business applications were submitted digitally<sup>7</sup> (2021 YTD), up 51 percentage points (pp)**

**Digital claims submissions<sup>7</sup> increased 7 pp (2021 YTD), with increases of 21 pp in Malaysia and Vietnam**

# Business mix shift and strong execution support an increase in our underlying ROE<sup>1</sup> objective

We've shifted our mix to capital-light and lower interest sensitive businesses

Mix as % of Underlying Net Income <sup>1</sup>	2012	2020 <sup>2</sup>
Wealth & Asset Management	35%	44%
Group & shorter duration insurance	30%	38%
Traditional insurance	35%	18%

Strong track-record of execution on our medium-term financial objectives

Medium-term objective	5-year 2020 <sup>3</sup>	2021 YTD
Underlying ROE <sup>1</sup> 12-14%	13.5%	15.4%
Underlying EPS growth <sup>1</sup> 8-10%	8%	11.9%
Dividend payout ratio <sup>1,4</sup> 40-50%	41%	37%

**16%+**  
Underlying ROE<sup>1,5</sup>  
medium-term objective

# Third quarter financial highlights

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

## Earnings Growth

**\$1,019M**

+36%

Reported net income

**\$902M**

+7%

Underlying net income<sup>1</sup>

**\$1.74**

+36%

Reported EPS

**\$1.54**

+7%

Underlying EPS<sup>1</sup>

## Financial Strength

**143%**

(1)pp

SLF Inc. LICAT ratio<sup>2</sup>

**22.2%**

+0.7pp

Financial leverage ratio<sup>1</sup>

**17.6%**

+410bps

Reported ROE

**15.6%**

+50bps

Underlying ROE<sup>1</sup>

All results compared to Q3 2020

<sup>1</sup> Underlying net income, Earnings per Share (EPS), Return on Equity (ROE), and Financial leverage ratio are Non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" and "Reconciliation of Select Net Income measures" in the appendix to these slides.

<sup>2</sup> Life Insurance Capital Adequacy Test ("LICAT") ratio of SLF Inc.



# Manjit Singh

Executive Vice President &  
Chief Financial Officer



# Q3 2021 results



PROFITABILITY	Q3'21	Q2'21	Q3'20	YoY Change
Reported net income (\$ millions)	1,019	900	750	36%
Underlying net income (\$ millions) <sup>1</sup>	902	883	842	7%
Reported EPS (\$) <sup>2</sup>	1.74	1.53	1.28	36%
Underlying EPS (\$) <sup>1,2</sup>	1.54	1.50	1.44	7%
Reported ROE <sup>1</sup>	17.6%	16.3%	13.5%	+410 bps
Underlying ROE <sup>1</sup>	15.6%	16.0%	15.1%	+50 bps

**Strong results** driven by a **diversified business mix**

Strong contributions from wealth and asset management businesses, more than offset COVID-19 impacts in the U.S. and Asia



GROWTH	Q3'21	Q2'21	Q3'20	YoY Change
Insurance sales (\$ millions) <sup>1</sup>	628	710	681	(8)%
Wealth sales (\$ millions) <sup>1</sup>	50,725	55,013	52,684	(4)%
Value of New Business (\$ millions) <sup>1,3</sup>	290	284	261	11%
Assets Under Management (\$ billions) <sup>1,4</sup>	1,386	1,361	1,196	16%

**Sales momentum** enabled by digital tools and solutions

~\$5 billion net flows in SLC Management  
~US\$(2) billion net outflows in MFS



FINANCIAL STRENGTH	Q3'21	Q2'21	Q3'20	YoY Change
SLF Inc. LICAT Ratio <sup>5</sup>	143%	147%	144%	(1) pp
SLA LICAT Ratio <sup>5</sup>	124%	125%	127%	(3) pp
Financial leverage ratio <sup>1</sup>	22.2%	24.7%	21.5%	+0.7 pp
Cash at the HoldCo (\$ billions) <sup>6</sup>	2.8	3.2	2.4	nm

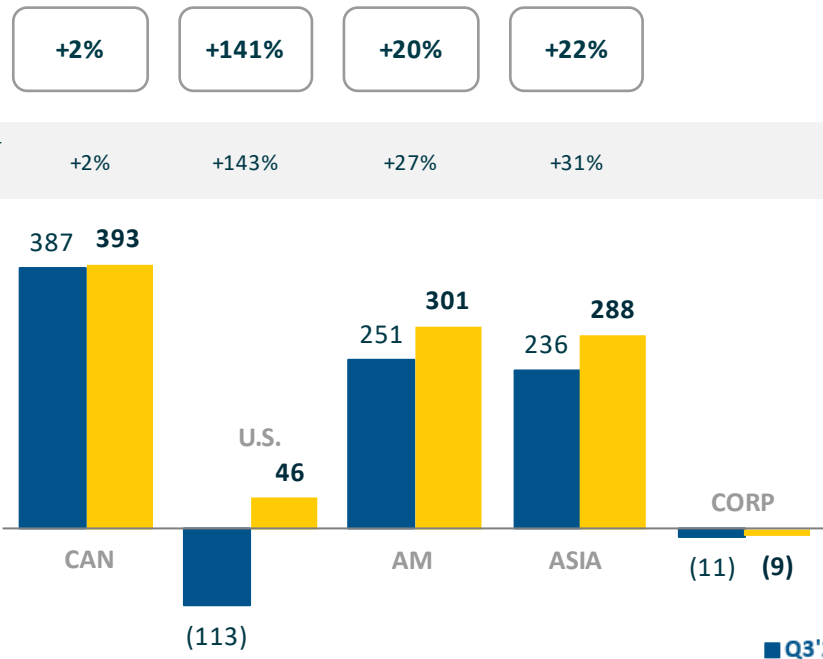
**Capital flexibility** with strong LICAT and financial leverage ratios

Redeemed \$725m of preferred shares in the quarter<sup>7</sup>

# Business group performance

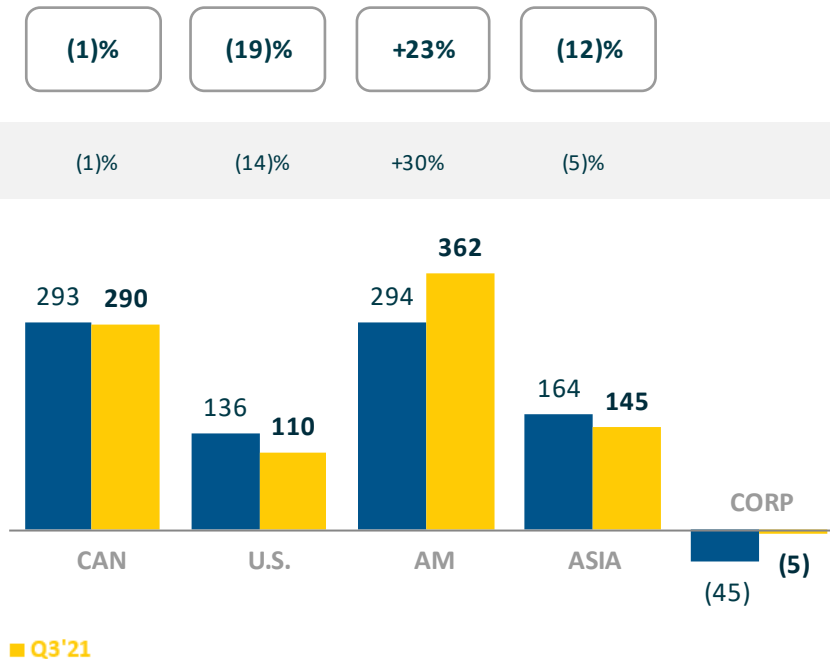
## Reported net income (\$ millions)

Impact of currency translation decreased reported net income by \$41M



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

Impact of currency translation decreased underlying net income by \$36M



# Sources of earnings

Sources of earnings Common shareholders \$ millions	Q3'21	Q3'20
<b>Expected profit on in-force business<sup>1</sup></b>	<b>1,036</b>	<b>926</b>
Impact of new business <sup>1</sup>	6	6
Experience gains/(losses) <sup>1</sup>	172	(13)
Assumption changes and management actions (ACMA) <sup>2</sup>	93	(91)
Other <sup>3</sup>	(201)	(60)
<b>Earnings from operations</b>	<b>1,106</b>	<b>768</b>
Earnings on surplus	115	96
<b>Earnings before income taxes</b>	<b>1,221</b>	<b>864</b>
Income tax (expense) or recovery <sup>4</sup>	(182)	(93)
Preferred share dividends and non-controlling interest	(20)	(21)
<b>Reported net income</b>	<b>1,019</b>	<b>750</b>

**Expected profit:** up 12% (17% in constant currency) driven by growth in Asset Management, higher fee income in Canada and Asia Wealth businesses

**Experience gains/(losses):** year over year increase driven by net market related impacts, partially offset by other notable items (details in slide 16)

#### Q3 2021 ACMA:

- Gains related to reduced expense margins, improved investment strategies, model enhancements, methodology changes, and mortality/morbidity experience; partially offset by
- Losses related to policyholder behaviour (mostly U.S. In-Force Management) and investment returns (including reduced Ultimate Reinvestment Rates and Real Estate returns)

**Other:** prior year par allocation adjustment<sup>5</sup>, and fair value adjustments on MFS's share-based payments awards

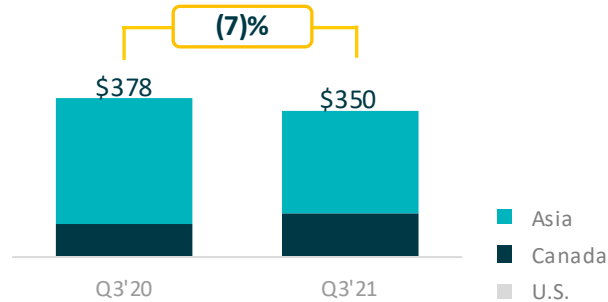
**Earnings on surplus:** higher AFS gains and mark to market on investment properties

# Sales results by business group

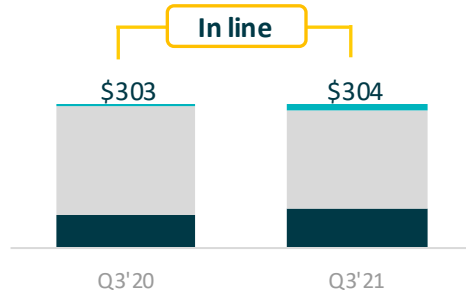
(in constant currency)

## Insurance

Individual sales<sup>1</sup>  
(\$ millions)

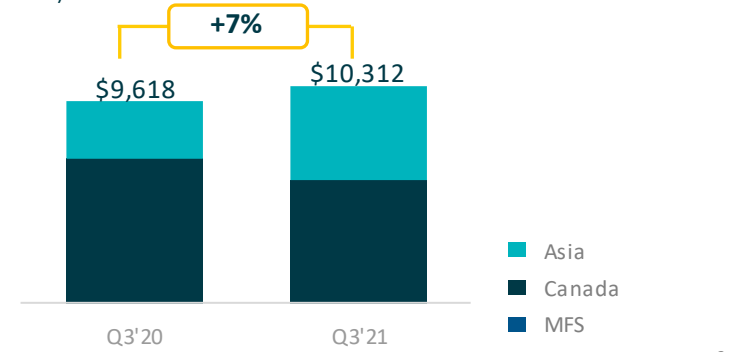


Group sales<sup>1</sup>  
(\$ millions)

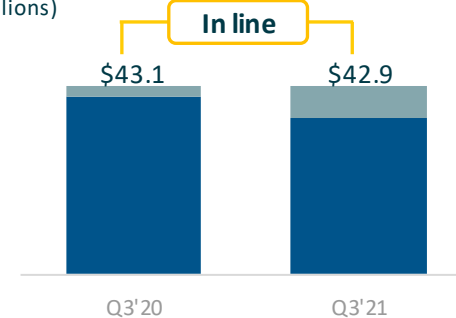


## Wealth and Asset Management

Wealth sales<sup>1</sup> [excluding AM]  
(\$ millions)



Asset Management gross flows  
(\$ billions)

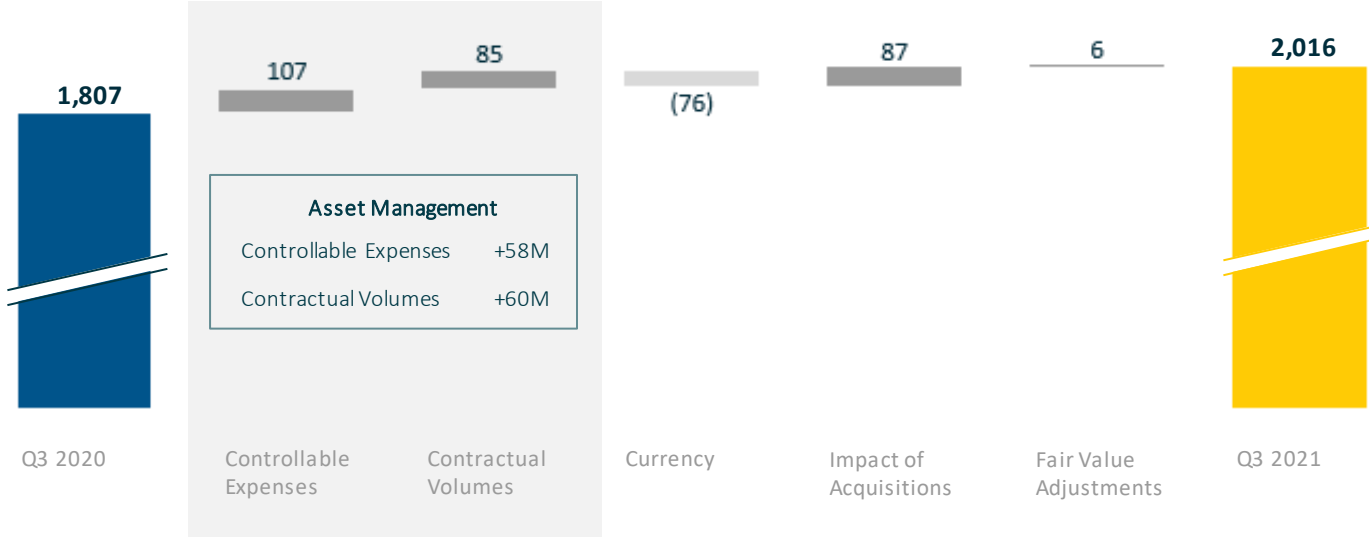


Value of new business<sup>1,2</sup>  
**\$290M**  
+14% YoY  
in constant currency

# Operating expenses

Increase driven by business growth, higher compensation costs, and the impact of acquisitions

(\$ millions)



- Increases in controllable expenses and contractual volumes driven by:
- Higher compensation costs reflecting strong revenue growth and overall performance in Asset Management
  - Higher annual incentive plan expense reflecting strong year-to-date results
  - Higher distribution costs related to strong Canadian Individual Insurance and Wealth sales
  - Continued investment in business initiatives

# | Appendix

# Reconciliation of underlying net income

\$ millions	Q3'21 Pre-tax	Q3'21 Post-tax
<b>Reported net income</b>		<b>1,019</b>
Net equity market impact (including basis risk impact of \$5 million) <sup>1</sup>	37	24
Net interest rate impact (including credit spread impact of \$4 million and swap spread impact of \$0) <sup>1</sup>	31	2
Impact of changes in the fair value of investment properties	163	145
<b>Market related impacts</b>	<b>231</b>	<b>171</b>
Assumption changes and management actions <sup>2</sup>	93	95
Other <sup>3</sup>	(201)	(149)
<b>Underlying net income<sup>2</sup></b>		<b>902</b>

Differences between pre- and post-tax results reflect mix of business based on the Company's global operations, and the impact of tax efficient assets in investment strategies

<sup>1</sup> Amounts provided for basis risk, credit spread, and swap spread are after-tax.

<sup>2</sup> Underlying net income and assumption changes and management actions are Non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" in the appendix to these slides.

<sup>3</sup> Amounts relate to acquisition costs for the BGO acquisition, the InfraRed acquisition and the Crescent acquisition, which include the unwinding of the discount for Other financial liabilities of \$17 million in the third quarter of 2021. Also includes an adjustment of investment income and expense allocations between participating policyholders and shareholders in Canada for prior years and fair value adjustments on MFS's share-based payment awards.

# SOE experience gains/ (losses) - details

\$ millions	Q3'21 Pre-tax	Q3'20 Pre-tax	Q3'21 Post-tax	Q3'20 Post-tax
Net equity market impact	37	65	24	50
Net interest rate impact	31	(68)	2	(14)
Impact of changes in the fair value of investment properties <sup>1</sup>	153	(42)	137	(34)
<b>Market-Related Impacts<sup>1</sup></b>	<b>221</b>	<b>(45)</b>	<b>163</b>	<b>2</b>
Impact of investment activity on insurance contract liabilities	18	33	16	28
Credit	43	(1)	35	(2)
Mortality	(32)	(26)	(28)	(19)
Morbidity	(4)	84	(3)	65
Lapse and other policyholder behaviour	2	(10)	1	(9)
Expenses	(50)	(21)	(40)	(15)
Other	(26)	(27)	(11)	(13)
<b>Other Notable Items</b>	<b>(49)</b>	<b>32</b>	<b>(30)</b>	<b>35</b>
<b>Experience gains/(losses)</b>	<b>172</b>	<b>(13)</b>	<b>133</b>	<b>37</b>

<sup>1</sup> Excluding amounts in earnings on surplus shown in market related impacts on slide 15. Pre-tax: Q3'21 excludes \$10m impact for changes in the fair value of investment properties held in surplus; Q3'20 excludes \$(4)m impact for changes in the fair value of investment properties held in surplus. Posttax: Q3'21 excludes \$8m impact for changes in the fair value of investment properties held in surplus; Q3'20 excludes \$(3)m impact for changes in the fair value of investment properties held in surplus.



# Market movements and impacts in the quarter

Market Movements	Q3'21	Q2'21	Q3'20
S&P/TSX	(0.5)%	+7.8%	+3.9%
S&P 500	+0.2%	+8.2%	+8.5%
CA 10 - year	+12 bps	(17) bps	+3 bps
CA 30 - year	+15 bps	(14) bps	+12 bps
US 10 - year	+2 bps	(27) bps	+3 bps

Earnings on Surplus (\$millions, pre-tax)	Q3'21	Q2'21	Q3'20
Investment income	112	99	113
AFS gains	36	42	26
Seed investment gains/ (losses)	(4)	10	2
Investment properties mark-to-market	10	7	(4)
Interest on debt	(39)	(40)	(41)
<b>Total</b>	<b>115</b>	<b>118</b>	<b>96</b>

Equity Market Impacts (\$millions, post-tax)	Q3'21	Q2'21	Q3'20
Equity market movement and volatility	19	95	42
Basis risk	5	4	8
<b>Total</b>	<b>24</b>	<b>99</b>	<b>50</b>

Interest Impacts (\$millions, post-tax)	Q3'21	Q2'21	Q3'20
Interest rate changes	(2)	(50)	18
Credit spread movements	4	(10)	(27)
Swap spread movements	-	24	(5)
<b>Total</b>	<b>2</b>	<b>(36)</b>	<b>(14)</b>

Credit-Related Impacts (\$millions, post-tax)	Q3'21	Q2'21	Q3'20
Changes in ratings	6	5	(33)
Impairments, net of recoveries	-	(2)	3
Release of best estimate credit	29	29	28
<b>Total</b>	<b>35</b>	<b>32</b>	<b>(2)</b>

## 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. 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. 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 reconciliations to the closest IFRS measures are available in the Q3 2021 MD&A under the heading M - Non-IFRS Financial Measures, our annual MD&A and the Supplementary Financial Information packages that are available on [www.sunlife.com](http://www.sunlife.com) under Investors – Financial results and reports.

### Non-IFRS measures

Underlying net income (loss) and financial measures based on underlying net income (loss), including underlying EPS or underlying loss per share, and underlying ROE, are non-IFRS financial measures. Underlying net income (loss) removes from reported net income (loss) the impacts of the following items in our results under IFRS and when removed assist in explaining our results from period to period:

- (a) market-related impacts that differ from our best estimate assumptions, which include: (i) impacts of returns in equity markets, net of hedging, for which our best estimate assumptions are approximately 2% per quarter. This also includes the impact of the basis risk inherent in our hedging program, which is the difference between the return on underlying funds of products that provide benefit guarantees and the return on the derivative assets used to hedge those benefit guarantees; (ii) the impacts of changes in interest rates in the reporting period and on the value of derivative instruments used in our hedging programs including changes in credit and swap spreads, and any changes to the assumed fixed income reinvestment rates in determining the actuarial liabilities; and (iii) the impacts of changes in the fair value of investment properties in the reporting period;
- (b) assumption changes and management actions, which include: (i) the impacts of revisions to the methods and assumptions used in determining our liabilities for insurance contracts and investment contracts; and (ii) the impacts on insurance contracts and investment contracts of actions taken by management in the current reporting period, referred to as management actions which include, for example, changes in the prices of in-force products, new or revised reinsurance on in-force business, and material changes to investment policies for assets supporting our liabilities; and
- (c) other adjustments:
  - (i) certain hedges in Canada that do not qualify for hedge accounting - this adjustment enhances the comparability of our net income from period to period, as it reduces volatility to the extent it will be offset over the duration of the hedges;
  - (ii) fair value adjustments on MFS's share-based payment awards that are settled with MFS's own shares and accounted for as liabilities and measured at fair value each reporting period until they are vested, exercised and repurchased - this adjustment enhances the comparability of MFS's results with publicly traded asset managers in the United States;
  - (iii) acquisition, integration and restructuring costs; and
  - (iv) other items that are unusual or exceptional in nature.

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

All EPS measures in this presentation refer to fully diluted EPS, unless otherwise stated. Underlying EPS exclude the dilutive impact of convertible instruments.

Other non-IFRS financial measures that we use include reported ROE, administrative services only ("ASO") premium and deposit equivalents, mutual fund assets and sales, managed fund assets and sales, insurance and health sales, premiums and deposits, assets under management ("AUM"), assets under administration, pre-tax net operating profit margin for MFS, measures based on a currency adjusted basis, financial leverage ratio, dividend payout ratio, impact of foreign exchange, real estate market sensitivities, assumption changes and management actions, value of new business, after-tax profit margin for U.S. Group Benefits and effective income tax rate on an underlying net income basis.

Reconciliation of Select Net Income Measures	Q3'21	Q2'21	Q3'20
Common shareholders' reported net income (loss)	1,019	900	750
Less:			
Fair value adjustments on share-based payment awards at MFS	(43)	(52)	(32)
Acquisition, integration and restructuring	(21)	(13)	(11)
Other <sup>1</sup>	(85)	(11)	5
Net equity market impact	24	99	50
Net interest rate impact	2	(36)	(14)
Net increases (decrease) in the fair value of real estate	145	28	(37)
Assumption changes and management actions	95	2	(53)
Common shareholders' underlying net income (loss)	902	883	842

<sup>1</sup> In Q3 2021, there was an adjustment of investment income and expense allocations between participating policyholders and shareholders in Canada for prior years ("per allocation adjustment"). On June 10, 2021, the UK Finance Act was signed into law, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, reported net income decreased by \$11 million in the second quarter. Refer to section C - Profitability - 5 - Income taxes in the Quarterly 2021 MD&A for additional details. In Q3 2020, other reflects certain hedges in Canada that do not qualify for hedge accounting.

## Forward-Looking Statements

From time to time, the Company makes written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements contained in this document include statements (i) relating to our strategies, (ii) relating to our sustainable investment commitments (iii) relating to the increase in our medium-term financial objectives for underlying return on equity, (iv) relating to our intention to acquire DentaQuest; (v) relating to our intention to redeem on December 31, 2021, all of the \$300 million principal amount of Class A Non-Cumulative Rate Reset Preferred Shares Series 12R issued by SLF Inc. on November 10, 2011, including the related change to SLF Inc.’s LICAT ratio; (vi) relating to our growth initiatives and other business objectives; (vii) relating to the plans we have implemented in response to the COVID-19 pandemic and related economic conditions and their impact on the Company; (viii) relating to our expected tax range for future years; (ix) set out in this document under the heading H - Risk Management - Market Risk Sensitivities - Interest Rate Sensitivities, (x) that are predictive in nature or that depend upon or refer to future events or conditions; and (xi) 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, 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.

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 impact of the COVID-19 pandemic and related economic conditions on our operations, liquidity, financial conditions or results and the matters set out in the Q3 2021 MD&A under the headings C - Profitability - 5 - Income taxes, E - Financial Strength and H - Risk Management and in SLF Inc.’s 2020 AIF under the heading Risk Factors, and the factors detailed in SLF Inc.’s other filings with Canadian and U.S. securities regulators, which are available for review at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov), respectively.

## Risk Factors

Important risk factors that could cause our assumptions and estimates, and expectations and projections to be inaccurate and our actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this document, are set out below. The realization of our forward-looking statements, essentially depends on our business performance which, in turn, is subject to many risks, which have been further heightened with the current COVID-19 pandemic given the uncertainty of its duration and impact. 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; and fluctuations in foreign currency exchange rates; **insurance risks** - related to policyholder behaviour; mortality experience, morbidity experience and longevity; product design and pricing; the impact of higher-than-expected future expenses; and the availability, cost and effectiveness of reinsurance; **credit risks** - related to issuers of securities held in our investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; **business and strategic risks** - related to global economic and political conditions; the design and implementation of business strategies; changes in distribution channels or Client behaviour including risks relating to market conduct by intermediaries and agents; the impact of competition; the performance of our investments and investment portfolios managed for Clients such as segregated and mutual funds; 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** - COVID-19 matters, including the severity, duration and spread of COVID-19; its impact on the global economy, and its impact on Sun Life’s business, financial condition and/or results; risks associated with IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments; our international operations, including our joint ventures; market conditions that affect our capital position or ability to raise capital; downgrades in financial strength or credit ratings; and tax matters, including estimates and judgements used in calculating taxes.

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

## Footnotes

### From slide 5

- <sup>1</sup> See “Forward-looking Statements” on slide 19.
- <sup>2</sup> DentaQuest Group, Inc. (“DentaQuest”).
- <sup>3</sup> Net-zero greenhouse gas emissions by 2050.
- <sup>4</sup> Aditya Birla Sun Life AMC Limited (ABSLAMC) IPO subscription included a three day offer period between September 29 and October 1, 2021.
- <sup>5</sup> Sun Life U.S. awarded a Top Workplaces 2021 honour by Hartford Courant Top Workplaces.
- <sup>6</sup> Pinnacle Care International, Inc. (“PinnacleCare”), which joined Sun Life’s U.S. medical stop-loss business in 2021.
- <sup>7</sup> Includes Hong Kong insurance, Indonesia, Malaysia, Philippines, and Vietnam. Increase from Q3 2020 YTD.

### From slide 6

- <sup>1</sup> Underlying ROE, underlying net income, and dividend payout ratio are non-IFRS financial measures. See “Use of Non-IFRS Financial Measures” and “Reconciliation of Select Net Income Measures” on slide 18.
- <sup>2</sup> Excludes corporate support. Wealth & Asset Management includes Canada individual wealth, Group Retirement Services and Sun Life Global Investments (SLG), Asia wealth and Asset Management; Group & shorter duration insurance includes Canada and U.S. Group Benefits, UK, and Asia insurance (excluding International).
- <sup>3</sup> 5-year progress on medium-term objectives as at year-end 2020; underlying EPS growth is calculated using a 5-year compound annual growth rate, and underlying ROE and dividend payout ratio are calculated using a 5-year average.
- <sup>4</sup> On March 13, 2020, OSFI set the expectation for all federally regulated financial institutions that dividend increases should be halted for the time being.
- <sup>5</sup> The underlying ROE objective is a forward-looking non-IFRS financial measure and is not earnings guidance. See “Forward-looking Statements” on slide 19.

### From slide 9

- <sup>1</sup> Underlying net income, EPS, ROE, Sales, value of new business, assets under management, net flows and financial leverage ratio are Non-IFRS financial measures. See “Use of Non-IFRS Financial Measures” and “Reconciliation of Select Net Income measures” on slide 18.
- <sup>2</sup> Fully diluted basis.
- <sup>3</sup> Effective January 1, 2021, reflects a change in the timing of recognition of U.S. VNB for group policies; we have updated prior period amounts to reflect this change; for more details, see section M - Non-IFRS Financial Measures in the Q3 2021 MD&A.
- <sup>4</sup> Effective January 1, 2021, the methodology for AUM was updated for SLC Management with respect to certain real estate and investment-grade fixed income products to add uncalled capital commitments. We have updated prior period amounts to reflect this change. For more details, see section M - Non-IFRS Financial Measures of the Q3 2021 MD&A.
- <sup>5</sup> Life Insurance Capital Adequacy Test (“LICAT”) ratio of SLF and of Sun Life Assurance Company of Canada (“SLA”).
- <sup>6</sup> Cash and other liquid assets at SLF and its wholly-owned holding companies.
- <sup>7</sup> Redeemed \$400 million Class A Non-Cumulative Preferred Shares Series 1 and \$325 million Class A Non-Cumulative Preferred Shares Series 2 issued by SLF Inc.

### From slide 11

- <sup>1</sup> Effective January 1, 2021, expected profit for U.S. group policies includes previously classified new business gains, aligning group business sources of earnings reporting across business groups. We have updated prior period amounts to reflect this change.
- <sup>2</sup> See “Use of Non-IFRS Financial Measures” and “Reconciliation of Select Net Income measures” on slide 18.
- <sup>3</sup> Represents pre-tax adjustments related to MFS fair value adjustments on share-based payment awards, acquisition, integration and restructuring amounts, and other items that are unusual or exceptional in nature.
- <sup>4</sup> Effective tax rate on underlying net income was 14.5% in Q3 2021 (17.5% in Q3 2020).
- <sup>5</sup> An adjustment of investment income and expense allocations between participating policyholders and shareholders in Canada for prior years.

### From slide 12

Note: Sales for Asia joint ventures based on our proportionate equity interest.

- <sup>1</sup> Sales and Value of New Business are Non-IFRS financial measures. See “Use of Non-IFRS Financial Measures” on slide 18.
- <sup>2</sup> Value of New Business represents the present value of our best estimate of future distributable earnings, net of the cost of capital, from new business contracts written in a particular time period, excluding new business in our Asset Management pillar. Effective January 1, 2021, reflects a change in the timing of recognition of U.S. VNB for group policies; see section M - Non-IFRS Financial Measures in the Q3 2021 MD&A.
- <sup>3</sup> Effective January 1, 2021, the methodology for gross flows and outflows was updated for SLC Management. Prior period amounts have not been updated. For more details, see the Q3 2021 MD&A, section M - Non-IFRS Financial Measures.
- <sup>4</sup> NM = not meaningful.