



## Q2'24 financial & operating results

For the period ended June 30, 2024

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 collectively referred to as “we”, “us”, “our”, “Sun Life” and the “Company”. Reported net income (loss) refers to Common shareholders' net income (loss) determined in accordance with IFRS.

### **Forward-looking statements**

Certain statements in this presentation and certain oral statements made by senior management during the earnings conference call on August 13, 2024 (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. For more information about these non-IFRS financial measures, refer to the Non-IFRS Financial Measures section on slide 22 and in our MD&A for the period ended June 30, 2024 (“Q2 2024 MD&A”) in section N – Non-IFRS Financial Measures.

### **Drivers of earnings**

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.

### **Additional information**

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

### **Currency**

Unless otherwise noted, all amounts are in Canadian dollars.

### **Rounding**

Amounts in this presentation are impacted by rounding.



# Kevin Strain

President and Chief Executive Officer

# Q2 2024 financial highlights

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

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

## Profitability

*Underlying net income<sup>1</sup>*  
**\$1,000** M +9%

*Reported net income*  
**\$646** M (2)%

*Underlying EPS<sup>1</sup>*  
**\$1.72** +10%

*Reported EPS*  
**\$1.11** (1)%

*New business CSM<sup>1,2</sup>*  
**\$437** M +62%

## Financial Strength

*Underlying ROE<sup>1</sup>*  
**18.1%**

*Reported ROE<sup>1</sup>*  
**11.7%**

*SLF Inc. LICAT ratio<sup>3</sup>*  
**150%**

*Financial leverage ratio<sup>1</sup>*  
**22.6%**

*Total CSM*  
**12.5** B +11%

## Growth

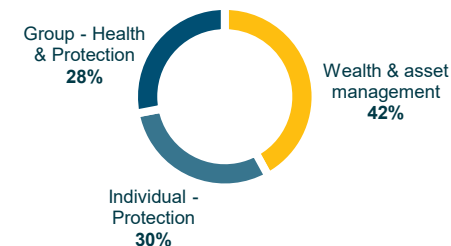
*Net wealth sales & AM net flows<sup>1</sup>*  
**\$(19.7)** B (46)%

*Group - Health & Protection sales<sup>1</sup>*  
**\$494** M (18)%

*Individual - Protection sales<sup>1</sup>*  
**\$753** M +25%

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

*Year-to-date at June 30, 2024*



All results compared to Q2'23.

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and Q2 2024 MD&A.

Footnotes 2-4: Refer to slide 24.

# Progress on our Client Impact strategy

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

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



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

## Advancing digital and innovation to support Client health and financial security

- Scaling generative artificial intelligence (GenAI) with over 1000 colleagues involved in 20+ experiments. The U.S. Dental team is utilizing GenAI to help Sun Life improve accuracy and make quicker recommendations
- The U.S. expanded our *partnership with Goodpath*, offering disability members virtual whole-person care to help them better care for their physical and mental health.
- In Vietnam, a new point of sales platform allows our Agents to provide a digitally enhanced Client onboarding experience. This platform enables enhanced needs analysis in addition to faster paperless applications with 98% of applicants enrolled within one business day
- Introduced *Sun Life Term Insurance for Diabetes*, a first-of-its-kind insurance solution, designed to empower Canadians living with diabetes to make health and financial decisions on their terms

## Strengthening our position as a market leader in asset management

- Unveiled *SLC Global Insurance Group*, a dedicated team focused on serving the complex needs of leading insurers with bespoke solutions that combine our deep insurance heritage and diverse investment capabilities
- Launched the *Scotia Private Real Estate Fund*, distributed through Scotiabank; powered by BGO's deep real estate investment capabilities, this new product will give investors an opportunity to diversify into private real estate assets that offer attractive, income-focused returns while hedging against inflation

## Creating a more sustainable and brighter future

- Completed our *third sustainability bond* offering, issuing \$750 million<sup>1</sup>. Proceeds from this bond offer will help fund green and social projects that support the health of communities
- Recognized as one of *Corporate Knights' Best 50 Corporate Citizens* in Canada for the 19<sup>th</sup> time

Footnote 1: Refer to slide 24.



# Tim Deacon

Executive Vice President &  
Chief Financial Officer

# Q2 2024 results

Profitability (\$ millions)	Q2'24	Q2'23	Change
Wealth & asset management	455	419	+9%
Group - Health & Protection	305	360	(15)%
Individual - Protection	347	265	+31%
Corporate expenses & other	(107)	(124)	+14%
Underlying net income <sup>1</sup> (\$ millions)	1,000	920	+9%
Reported net income (\$ millions)	646	660	(2)%

Growth	Q2'24	Q2'23	Change
Net wealth sales & asset management net flows <sup>1</sup> (\$ billions)	(19.7)	(3.5)	(16.2) B
Total AUM <sup>1</sup> (\$ billions)	1,465	1,367	+7%
Group sales <sup>1</sup> (\$ millions)	494	600	(18)%
Individual sales <sup>1</sup> (\$ millions)	753	604	+25%
New business CSM <sup>1,2</sup> (\$ millions)	437	270	+62%

Financial strength	Q2'24	Q1'24	Change
SLF Inc. LICAT ratio <sup>3</sup> (%)	150	148	+2 pp
SLA LICAT ratio <sup>3,4</sup> (%)	142	142	-
Financial leverage ratio <sup>1</sup> (%)	22.6	21.1	+1.5 pp
Book value per share (\$)	37.70	37.41	+0.8%

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

Footnotes 2-6: Refer to slide 24.

## Results Highlights

### Strong financial performance, reflecting strength of diversified business:

- **Wealth & asset management:** up 9% y/y on higher fee income across businesses, partially offset by higher expenses in Asset Management
- **Group - Health & Protection:** down 15% y/y as strong business growth in U.S. Group Benefits and Canada was more than offset by unfavourable morbidity experience and lower U.S. Dental results
- **Individual - Protection:** up 31% y/y due to strong business growth in Asia and Canada, and favourable mortality experience across all businesses
- **Corporate expenses & other:** improved 14% y/y reflecting lower performance-based compensation expense and financing costs

**Reported net income** includes a restructuring charge of \$108M (after-tax)

**Total AUM<sup>1</sup> up 7% y/y** due to market appreciation, partially offset by net outflows

### Total insurance sales up 4% y/y

- Individual sales up 25% y/y primarily from Hong Kong
- Group sales down 18% y/y due to lower large cases in Canada and U.S. Dental

Record **new business CSM up 62% y/y** driven by strong sales in Hong Kong and Canada

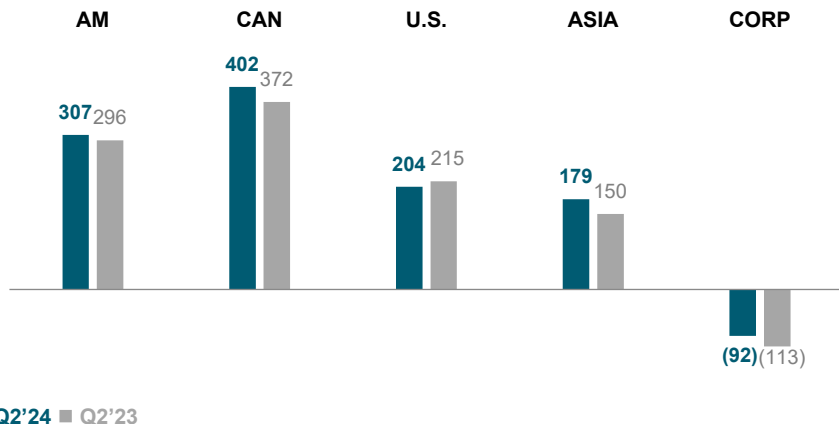
### Strong capital position

- Organic capital generation<sup>1,5</sup> of \$588 million driven by new business CSM
- SLF LICAT of 150%, up two percentage points q/q, reflecting a debt issuance, offset by share buybacks
- Low financial leverage ratio of 22.6%; \$2.0 billion in holdco cash<sup>1,6</sup>

# Q2 2024 results

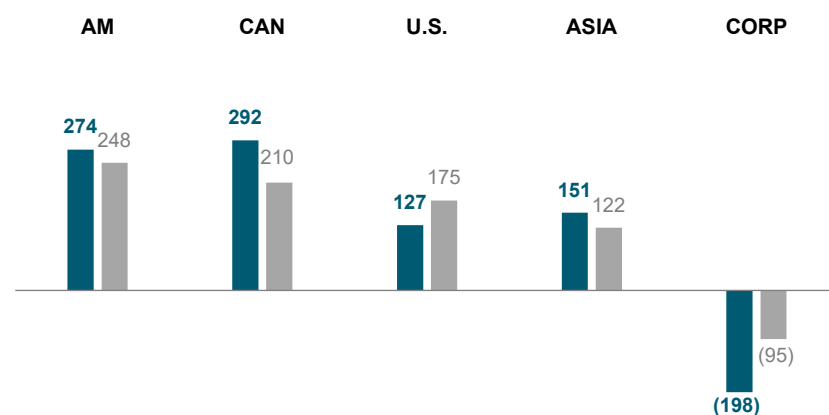
## Underlying net income<sup>1</sup> (\$ millions)

Impact of currency translation increased underlying net income by **\$9M**<sup>2</sup>



## Reported net income (\$ millions)

Impact of currency translation increased reported net income by **\$10M**<sup>2</sup>



### Year-over-year growth

Region	Q2'24	Q2'23
AM	+4%	+10%
CAN	+8%	+39%
U.S.	(5)%	(27)%
ASIA	+19%	+24%
CORP	(92)	(95)

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

Region	Q2'24	Q2'23
AM	+2%	+9%
CAN	+8%	+39%
U.S.	(7)%	(29)%
ASIA	+19%	+21%

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

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



# MFS: A global leader in public asset management

## Business Group Results (US\$)

Profitability	Q2'24	Q2'23	Change
Underlying net income <sup>1</sup> (\$ millions)	194	187	+4%
Reported net income (\$ millions)	194	187	+4%
Pre-tax net operating margin <sup>1,2</sup> (%)	36.5	36.6	(0.1) pp
Total revenue (\$ millions)	811	782	+4%
Expenses (\$ millions)	555	534	+4%

Growth	Q2'24	Q2'23	Change
Total net flows <sup>1</sup> (\$ billions)	(14.8)	(4.0)	(10.8) B
Institutional net flows <sup>1</sup> (\$ billions)	(9.2)	(2.3)	(6.9) B
Retail net flows <sup>1</sup> (\$ billions)	(5.6)	(1.7)	(3.9) B
Total assets under management <sup>1</sup> (\$ billions)	618	589	+5%
Institutional AUM <sup>1</sup> (\$ billions)	198	195	+1%
Retail AUM <sup>1</sup> (\$ billions)	420	394	+7%
Average net assets (ANA) <sup>1</sup> (\$ billions)	620	577	+7%

## Quarterly Highlights (US\$)

- Underlying net income up 4% compared to the prior year as higher fee income from ANA growth was partially offset by higher expenses; Reported net income up 4% y/y
- Pre-tax net operating profit margin of 36.5% was in-line with prior year; down 70 basis points from prior quarter, reflecting lower investment income and higher expenses
- Ending AUM of \$618 billion up 5% y/y reflecting market appreciation, partially offset by net outflows; down 2% q/q due to net outflows
- Institutional net outflows of \$(9.2) billion includes two large redemptions
- Retail net outflows of \$(5.6) billion reflects current industry preference for short-term risk-free rate products and growth-oriented stocks
- Long-term retail fund performance remains good with 97% and 51% of fund assets ranked in the top half of their respective Morningstar categories based on 10- and 5-year performance, respectively

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

<sup>2</sup> Pre-tax gross operating margin was 32.7% in Q2 2024 and 32.7% in Q2 2023.

# SLC Management: Growing a premier alternatives platform

## Business Group Results

Profitability	Q2'24	Q2'23	Change
Fee-related earnings <sup>1</sup> (\$ millions)	65	62	+5%
Pre-tax fee-related earnings margin <sup>1,2</sup> (%)	24.0	24.1	(0.1) pp
Pre-tax net operating margin <sup>1,2</sup> (%)	21.6	19.8	+1.8 pp
Underlying net income <sup>1</sup> (\$ millions)	42	44	(5)%
Reported net income (\$ millions)	9	(3)	nm

Growth	Q2'24	Q2'23	Change
Total assets under management <sup>1,3</sup> (\$ billions)	227	218	+4%
Total AUM net flows <sup>1</sup> (\$ billions)	(0.7)	2.0	(2.7) B
Assets under administration <sup>1</sup> (\$ billions)	11.5	49.9	(77)%
Fee-earning AUM <sup>1</sup> (\$ billions)	178	171	+4%
Fee-earning AUM net flows <sup>1</sup> (\$ billions)	1.1	2.0	(0.9) B
AUM not yet earnings fees <sup>1</sup> (\$ billions)	20.6	21.2	(3)%
Capital raising <sup>1</sup> (\$ billions)	3.0	2.1	+0.9 B
Deployment <sup>1</sup> (\$ billions)	6.0	4.7	+1.3 B

"nm" - not meaningful

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

<sup>4</sup> This statement is a forward-looking statement within the meaning of applicable securities laws. For more information, refer to "Forward-looking Statements" and "Risk Factors" on slide 23.

Footnotes 2-3: refer to slide 24.

## Quarterly Highlights

- Underlying net income down 5% y/y as fee-related earnings growth was more than offset by lower net seed investment income
- Fee-related earnings up 5% y/y on higher fee-earning AUM from strong capital raising and deployment, partially offset by higher expenses
- FRE margin in-line with prior year; net operating margin up two percentage points y/y driven by higher margins at BGO and Crescent
- Reported net income higher y/y, reflecting higher market losses on real estate investments in the prior year
- Fee-earning AUM increased 4% y/y driven by continued deployment and favourable asset value changes
- Capital raising of \$3 billion reflects fundraising at BGO
- AUM not yet earning fees can generate annualized fee-related revenue of more than \$180 million, once invested<sup>4</sup>

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

## Business Group Results

Profitability	Q2'24	Q2'23	Change
Wealth & asset management (\$ millions)	130	110	+18%
Group - Health & Protection (\$ millions)	152	160	(5)%
Individual - Protection (\$ millions)	120	102	+18%
Underlying net income <sup>1</sup> (\$ millions)	402	372	+8%
Reported net income (\$ millions)	292	210	+39%
Underlying ROE <sup>1</sup> (%)	25.0	23.5	+1.5 pp
Reported ROE <sup>1</sup> (%)	18.1	13.2	+4.9 pp

Growth	Q2'24	Q2'23	Change
Net wealth sales & AM net flows <sup>1</sup> (\$ millions)	945	(355)	+1,300 M
Wealth & asset management AUM <sup>1,2</sup> (\$ billions)	175	159	+10%
Group - Health & Protection sales <sup>1</sup> (\$ millions)	143	153	(7)%
Group - Health & Protection net premiums <sup>1</sup> (\$ millions)	1,755	1,573	+12%
Group - Health & Protection fee income (\$ millions)	126	100	+26%
Individual - Protection sales <sup>1</sup> (\$ millions)	167	154	+8%

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

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

<sup>3</sup> Sun Life Financial Distributors (Canada) Inc. is our proprietary career advisory network.

## Quarterly Highlights

- Underlying net income up 8% y/y on strong insurance business growth, higher fee-related earnings, and higher investment contributions, partially offset by less favourable morbidity experience
- **Wealth & asset management** earnings up on higher fee-related earnings and lower expenses
  - Net wealth sales & asset management net flows include a \$1.2 billion transaction in the Defined Benefit Solutions business
- **Group - Health & Protection** earnings reflect business growth and higher investment contributions, more than offset by less favourable morbidity experience
  - Group sales down 7% y/y on lower large case sales
- **Individual - Protection** earnings up on business growth, favourable mortality experience and higher investment contributions
  - Individual sales up 8% y/y driven by SLFD<sup>3</sup> and third-party sales
- Reported net income up y/y driven by less unfavourable net market-related impacts

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

## Business Group Results (US\$)

Profitability	Q2'24	Q2'23	Change
Group - Health & Protection (\$ millions)	112	149	(25)%
Individual - Protection <sup>1</sup> (\$ millions)	37	11	+236%
Underlying net income <sup>2</sup> (\$ millions)	149	160	(7)%
Reported net income (\$ millions)	91	133	(32)%
Underlying ROE <sup>2</sup> (%)	12.9	13.8	(0.9) pp
Reported ROE <sup>2</sup> (%)	7.9	11.4	(3.5) pp

Growth	Q2'24	Q2'23	Change
Employee Benefits sales <sup>2</sup> (\$ millions)	50	47	+6%
Medical Stop-Loss sales <sup>2</sup> (\$ millions)	172	130	+32%
Dental sales <sup>2,3</sup> (\$ millions)	21	142	(85)%
Net premiums <sup>2</sup> – GB & Dental (\$ millions)	1,907	1,955	(2)%
Fee Income – GB & Dental (\$ millions)	84	80	+5%

## Quarterly Highlights (US\$)

- Underlying net income down 7% y/y driven by Group results
- **Group - Health & Protection** earnings down 25% y/y on lower Dental results driven by the impact of Medicaid redeterminations and related claims, as well as unfavourable stop-loss experience, partially offset by strong business growth in Group Benefits and improved claims experience in Employee Benefits
  - In the quarter, experience-related items included higher dental claims and expenses related to Medicaid redeterminations as well as unfavourable stop-loss experience. These impacts were partially offset by favourable disability and mortality experience
- Net premiums down 2% y/y, driven by Dental, which includes the conversion of a Client from a risk-based to fee-based plan
- Sales down 24% y/y, reflecting the non-recurrence of jumbo Medicaid and Medicare dental sales in Q1 2023, partially offset by higher Group sales, particularly in medical stop-loss
- **Individual - Protection** results include improved mortality experience
- Reported net income lower y/y due to market-related impacts and favourable ACMA in the prior year

<sup>1</sup> Effective Q3 2023, the run-off reinsurance business was moved from the Corporate business segment to the U.S. business segment.

<sup>2</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

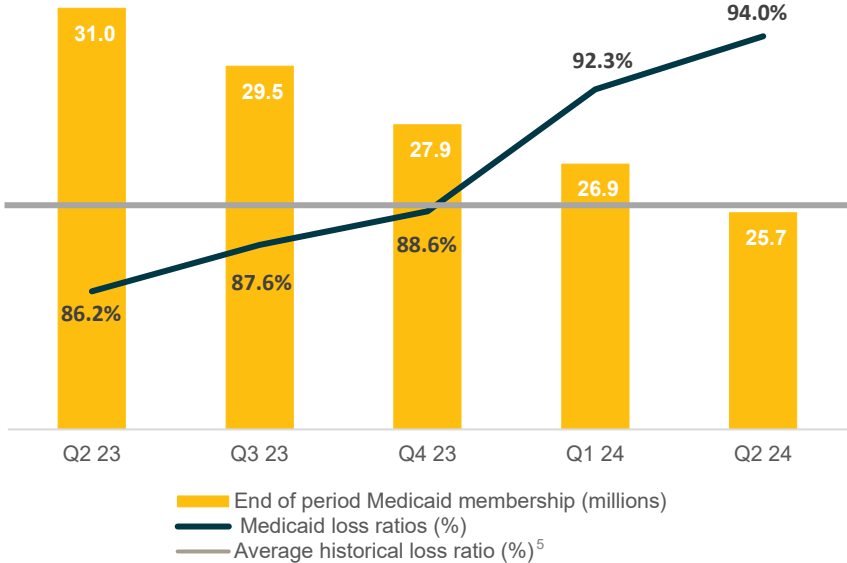
<sup>3</sup> Effective Q4 2023, prior period amounts related to sales in the U.S. Dental segment have been restated to reflect new information.

# U.S.: Dental outlook

## Key Highlights

- YTD Q2'24 Dental underlying net loss of US\$6M driven by temporary impacts related to Medicaid redeterminations<sup>1</sup>:
  - State governments have disenrolled ~19% of Medicaid members as of June 2024 with the conclusion of the Public Health Emergency (“PHE”)
    - Disenrollments were substantially complete at the end of July
  - Higher claims experience as “stayers” are higher utilizers of dental benefits vs. “leavers”
- **We maintain a favourable outlook for Dental results with expected underlying earnings of US\$100 million or more in 2025<sup>2</sup>, underpinned by:**
  - Profitability initiatives – Ongoing dental cost and expense management
  - Repricing efforts – Nearly half of the business has been repriced through July 2024; ~90% of business to be repriced by year end
  - New business – Revenue from new contracts won since the end of the PHE has already replaced a third of lost Medicaid revenue from member disenrollments

U.S. Dental Medicaid membership<sup>3</sup> and loss ratios<sup>4</sup>



<sup>2</sup> This statement is a forward-looking statement within the meaning of applicable securities laws. For more information, refer to "Forward-looking Statements" and "Risk Factors" on slide 23. Footnotes 1, 3-5: refer to slide 24.

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

## Business Group Results

Profitability	Q2'24	Q2'23	Change	CC <sup>1</sup>
Individual - Protection (\$ millions)	176	144	+22%	+21%
Wealth & asset management (\$ millions)	18	13	+38%	+38%
Regional Office expenses & other (\$ millions)	(15)	(7)	nm	nm
Underlying net income <sup>2</sup> (\$ millions)	179	150	+19%	+19%
Reported net income (\$ millions)	151	122	+24%	+21%
Underlying ROE <sup>2</sup> (%)	13.2	10.9	+2.3 pp	n/a
Reported ROE <sup>2</sup> (%)	11.1	9.0	+2.1 pp	n/a
Growth	Q2'24	Q2'23	Change	CC <sup>1</sup>
Net wealth sales & AM net flows <sup>2</sup> (\$ millions)	340	199	+141 M	+134 M
Wealth & asset management AUM <sup>2</sup> (\$ billions)	38.4	35.5	+8%	+5%
Individual - Protection sales <sup>2</sup> (\$ millions)	586	450	+30%	+29%
Total weighted premium income (TWPI) <sup>2</sup> (\$ millions)	1,596	1,425	+12%	+12%
New business CSM <sup>2,3</sup> (\$ millions)	220	118	+86%	+82%

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

- Underlying net income up 19% y/y on strong business growth
- New business CSM of \$220 million driven by Hong Kong, High-Net-Worth, and the Philippines
- **Individual - Protection** earnings up 21% y/y driven by business growth and joint venture contributions, partially offset by higher performance compensation and volume-related expenses
  - Individual sales up 29% y/y driven by strong sales in Hong Kong and India, partially offset by lower sales in China and Vietnam
  - Total Weighted Premium Income up 12% y/y reflecting good in-force business growth in Hong Kong and High-Net-Worth
- **Wealth & asset management** earnings up 38% y/y on higher fee-related earnings from higher AUM
- Reported net income increase driven by underlying net income growth and favourable ACMA, partially offset by Pillar 2 global minimum tax adjustment and market-related impacts

"nm" - not meaningful

<sup>1</sup> Percentage change is reported on a constant currency basis, which excludes the impacts of foreign exchange translation. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

<sup>2</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

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



## Appendix

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

<b>Underlying drivers of earnings (DOE)</b>	Q2'24	Q1'24	Q2'23
\$ millions, pre-tax			
Risk adjustment release	104	101	103
Contractual service margin recognized for services provided	226	224	192
Expected earnings on short-term (group) insurance business	419	417	367
<b>Expected insurance earnings</b>	<b>749</b>	<b>742</b>	<b>662</b>
Impact of new insurance business	(13)	(14)	(12)
Experience gains (losses) <sup>2</sup>	11	(16)	144
<b>Total net insurance service result - Underlying</b>	<b>747</b>	<b>712</b>	<b>794</b>
Expected investment earnings	243	224	221
Credit experience	(14)	(27)	(4)
Earnings on surplus	159	160	165
Joint ventures & other	61	62	48
<b>Total net investment result - Underlying</b>	<b>449</b>	<b>419</b>	<b>430</b>
Other fee income <sup>2</sup>	84	48	64
Expenses – other <sup>2,3</sup>	(451)	(479)	(500)
<b>Asset management – Underlying</b>	<b>417</b>	<b>383</b>	<b>403</b>
<b>Earnings before income taxes – Underlying</b>	<b>1,246</b>	<b>1,083</b>	<b>1,191</b>
Income tax (expense) or recovery	(215)	(175)	(235)
Dividends, distributions, NCI <sup>4</sup>	(31)	(33)	(36)
<b>Common shareholders' underlying net income (loss)</b>	<b>1,000</b>	<b>875</b>	<b>920</b>

<b>Non-underlying net income adjustments</b>	Q2'24	Q1'24	Q2'23
\$ millions, post-tax			
<b>Common shareholders' underlying net income (loss)</b>	<b>1,000</b>	<b>875</b>	<b>920</b>
Market-related impacts	(153)	(70)	(220)
Assumption changes and management actions (ACMA)	16	(7)	7
Management's ownership of MFS shares	-	(12)	(1)
Acquisition, integration and restructuring <sup>5</sup>	(164)	22	(20)
Intangible asset amortization	(38)	(36)	(26)
Other <sup>5</sup>	(15)	46	-
<b>Common shareholders' reported net income (loss)</b>	<b>646</b>	<b>818</b>	<b>660</b>

**Market-related impacts** reflect unfavourable real estate experience, due to slightly negative returns vs. long term expectations, as well as adverse interest rate and equity market impacts

**Acquisition, integration and restructuring** includes a restructuring charge of \$108M (post-tax) reflecting actions taken to improve productivity, as well as, integration costs related to DentaQuest, and SLC Management's acquisition-related liabilities

**Other** includes adjustment related to Pillar 2 global minimum tax

Certain 2023 results in the Drivers of Earnings and CSM Movement Analysis were refined to more accurately reflect how the business is managed.

<sup>1</sup> The Drivers of Earnings analysis contains non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A. Refer to the Basis of Presentation section in our Supplementary Financial Information package for the period ended June 30, 2024 for more information about certain amounts that are presented on a net basis to reflect how the business is managed, compared to a gross basis in the Consolidated Financial Statements. Footnotes 2-5: Refer to slide 24.



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

\$ millions	Pre-tax			Post-tax		
	Q2'24	Q1'24	Q2'23	Q2'24	Q1'24	Q2'23
Net equity market impact	(12)	19	(13)	(8)	12	(13)
Net interest rate impact	(42)	104	(152)	(52)	40	(99)
Impact of changes in the fair value of investment properties	(115)	(149)	(133)	(93)	(122)	(108)
<b>Market-related impacts</b>	<b>(169)</b>	<b>(26)</b>	<b>(298)</b>	<b>(153)</b>	<b>(70)</b>	<b>(220)</b>
Mortality	45	(11)	20	35	(5)	19
Morbidity	(4)	6	125	(11)	3	93
Policyholder behaviour	(12)	(8)	(2)	(12)	(8)	(2)
Expenses	(25)	(16)	(8)	(23)	(12)	(7)
Other insurance experience	7	13	9	4	10	4
<b>Insurance experience gains / (losses)</b>	<b>11</b>	<b>(16)</b>	<b>144</b>	<b>(7)</b>	<b>(12)</b>	<b>107</b>
<b>Credit experience (investments)</b>	<b>(14)</b>	<b>(27)</b>	<b>(4)</b>	<b>(10)</b>	<b>(21)</b>	<b>(3)</b>
<b>Other investment experience</b>	<b>9</b>	<b>30</b>	<b>5</b>	<b>7</b>	<b>24</b>	<b>5</b>

Certain 2023 results in the Drivers of Earnings and CSM Movement Analysis were refined to more accurately reflect how the business is managed.

<sup>1</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

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

\$ millions, pre-tax	Q2'24	Q1'24	Q2'23
<b>CSM at beginning of period</b>	<b>12,141</b>	<b>11,786</b>	<b>11,243</b>
Impact of new insurance business <sup>2</sup>	437	347	270
Expected movements from asset returns & locked-in rates <sup>3,4</sup>	166	161	131
Insurance experience gains/(losses) <sup>4</sup>	(21)	21	21
CSM recognized for services provided	(272)	(269)	(220)
<b>Organic CSM Movement<sup>3</sup></b>	<b>310</b>	<b>260</b>	<b>202</b>
Impact of markets & other <sup>4</sup>	45	15	(80)
Impact of change in assumptions <sup>4</sup>	7	(23)	284
Currency impact	9	103	(129)
Disposition	-	-	(262)
<b>Total CSM Movement</b>	<b>371</b>	<b>355</b>	<b>15</b>
<b>CSM at end of period</b>	<b>12,512</b>	<b>12,141</b>	<b>11,258</b>

## CSM Highlights

- **Total CSM** ended Q2'24 at \$12.5 billion, up **11% y/y** largely driven by organic CSM growth reflecting strong sales
- Record **new business CSM** of \$437 million, up **62% y/y** on sales growth in Hong Kong and in Canada
- **CSM recognized for services provided** over the last twelve months represented **9.0%** of total CSM

Certain 2023 results in the Drivers of Earnings and CSM Movement Analysis were refined to more accurately reflect how the business is managed.

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

<sup>2</sup> Impact of new insurance business on CSM, also referred to as "new business CSM", represents growth from sales activity in the period, including individual protection sales (excluding joint ventures), and defined benefit solutions and segregated fund wealth sales in Canada.

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

<sup>4</sup> Certain measures in the CSM Movement Analysis are non-IFRS financial measures. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A.

# Earnings on surplus – Supplemental details

## Earnings on surplus – supplemental details

\$ millions, pre-tax	Q2'24	Q1'24	Q2'23
Core investment income	163	168	152
Realized investment gains / (losses)	9	5	20
Other <sup>1</sup>	(13)	(13)	(7)
<b>Earnings on surplus</b>	<b>159</b>	<b>160</b>	<b>165</b>
Interest on debt	(77)	(76)	(83)
<b>Earnings on surplus net of debt cost</b>	<b>82</b>	<b>84</b>	<b>82</b>

## EOS Highlights

- **Core investment income** down q/q due to lower yields and modestly lower surplus balance

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

# Credit experience– Supplemental details

<b>Credit experience – supplemental details</b>		
\$ millions, pre-tax	Q2'24	Q1'24
Ratings/Net impairments <sup>1</sup>	(12)	(32)
Expected credit loss <sup>2</sup>	(2)	5
<b>Credit experience</b>	<b>(14)</b>	<b>(27)</b>
Release of credit within expected investment earnings <sup>3</sup>	35	36
<b>Net Credit Experience</b>	<b>21</b>	<b>9</b>

<sup>1</sup> On fair value through profit / loss assets.

<sup>2</sup> On fair value through other comprehensive income and amortized cost assets.

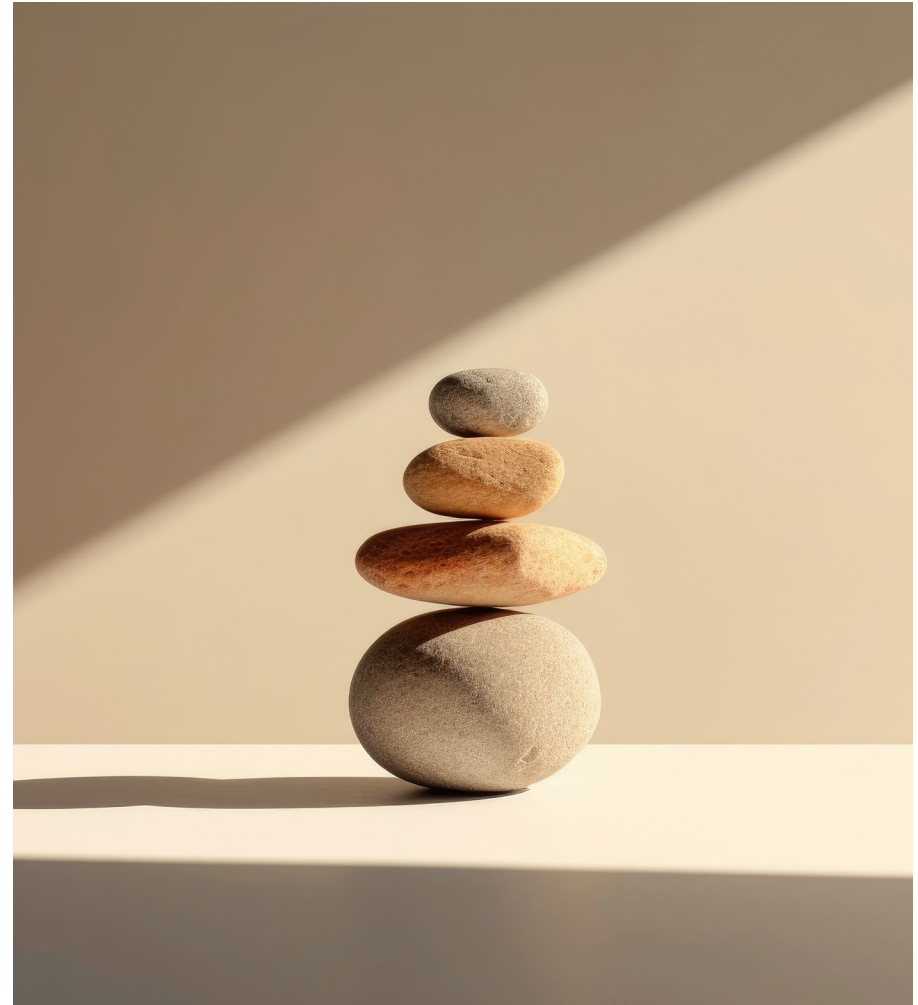
<sup>3</sup> Release of credit risk adjustments are reported in the Expected Investment Earnings line of the Drivers of Earnings.

## Save the date

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Sun Life Investor Day 2024  
November 13, 2024

*Registration to follow in September 2024*



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

We report certain financial information using non-IFRS financial measures, as we believe that these measures provide information that is useful to investors in understanding our performance and facilitate a comparison of our quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning non-IFRS financial measures and, if applicable, reconciliations to the closest IFRS measures are available in section N - Non-IFRS Financial Measures of our Q2 2024 MD&A and the Supplementary Financial Information package on [www.sunlife.com](http://www.sunlife.com) under Investors - Financial results and reports.

### **Non-IFRS Financial Measures**

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

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

- i. Market-related impacts reflecting the after-tax difference in actual versus expected market movements,
- ii. ACMA – captures the impact of method and assumption changes, and management actions on insurance and reinsurance contracts, and
- iii. and Other adjustments (Management's ownership of MFS shares, Acquisition, integration, and restructuring, Intangible asset amortization, and Other).

Additional detail on these adjustments is provided in section N - Non-IFRS Financial Measures of our Q2 2024 MD&A.

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

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

## Forward-Looking Statements

From time to time, the Company makes written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements contained in this document include statements (i) relating to our strategies, plans, targets, goals and priorities; (ii) relating to the use of proceeds of our sustainability bond offering; (iii) relating to AUM not yet earning fees generating annualized fee-related revenue of more than \$180 million, once invested; (iv) relating to our expectations with respect to US Dental results (including expected underlying earnings in 2025 and new sales expected to largely offset the Medicaid revenue lost through the redetermination process); (v) relating to the expected impact of the efficiency actions reflected in the restructuring charge; (vi) relating to our growth initiatives and other business objectives; (vii) set out in our Q2 2024 MD&A under the heading I - Risk Management - Market Risk Sensitivities - Interest Rate Sensitivities; (viii) that are predictive in nature or that depend upon or refer to future events or conditions; and (ix) 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 among other factors, the matters set out in our Q2 2024 MD&A 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.

## Risk Factors

Important risk factors that could cause our assumptions and estimates, and expectations and projections to be inaccurate and our actual results or events to differ materially from those expressed in or implied by the forward-looking statements contained in this document, are set out below. The realization of our forward-looking statements essentially depends on our business performance which, in turn, is subject to many risks. Factors that could cause actual results to differ materially from expectations include, but are not limited to: **market risks** - related to the performance of equity markets; changes or volatility in interest rates or credit spreads or swap spreads; real estate investments; fluctuations in foreign currency exchange rates; and inflation; **insurance risks** - related to mortality experience, morbidity experience and longevity; policyholder behaviour; product design and pricing; the impact of higher-than-expected future expenses; and the availability, cost and effectiveness of reinsurance; **credit risks** - related to issuers of securities held in our investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; **business and strategic risks** - related to global economic and 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.

## Footnotes

### From slide 4

<sup>2</sup> Impact of new insurance business on CSM, also referred to as "new business CSM", represents growth from sales activity in the period, including individual protection sales (excluding joint ventures), and defined benefit solutions and segregated fund wealth sales in Canada.

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

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

### From slide 5

<sup>1</sup> 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.

### From slide 7

<sup>2</sup> New business CSM represents growth from sales activity in the period, including individual protection sales (excluding joint ventures), and defined benefit solutions and segregated fund wealth sales in Canada.

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

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

<sup>5</sup> Organic capital generation measures the change in capital, net of dividends, above LICAT requirements excluding the impacts of markets and other non-recurring items.

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

### From slide 10

<sup>2</sup> Based on a trailing 12-month basis.

<sup>3</sup> Total AUM including the General Account was \$377 billion at June 30, 2024.

### From slide 13

<sup>1</sup> On January 31, 2020, the U.S. federal government declared that no one could be disenrolled from Medicaid as part of the Public Health Emergency ("PHE") during COVID-19. The PHE ended in May 2023 and states began their Medicaid redetermination process.

<sup>3</sup> Medicaid membership is as of the end of each period and includes changes due to new and terminated Clients.

<sup>4</sup> Represents a non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section in the appendix to these slides and in our Q2 2024 MD&A. Loss ratios are Dental Medicaid claims divided by premiums.

<sup>5</sup> Average historical loss ratio includes pre-pandemic results.

### From slide 16

<sup>2</sup> Effective Q4 2023, prior period amounts in the DOE related to Expenses - other for health, wealth and asset management businesses in Canada have been restated to improve comparability of data over time and with other business units; related amounts in Other fee income and Experience gains (losses) have also been restated accordingly. In addition, effective Q3 2023, the Other Fee Income line for the U.S. business segment has been refined to include Group Benefits and Health & Risk Solutions fee income net of corresponding expenses in order to align with the presentation of the Dental business in this line. We have updated prior period amounts to reflect this refinement.

<sup>3</sup> Expenses - other removes non-underlying Other adjustments, including Management's ownership of MFS shares, Acquisition, integration and restructuring, and Intangible asset amortization. Certain Other adjustments - other may also be removed from Other expenses.

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

<sup>5</sup> Refer to the Notes page ii, Adjustments - Acquisition, Integration and Restructuring and Adjustments – other in our Supplementary Financial Information package for the period ended June 30, 2024 for additional details.