



May 1, 2023

## Canadian Life Insurance

### Expecting good growth for Q1/23 and lots of modelling mistakes

**Our view:** The Canadian lifecos will begin reporting the first quarter under IFRS 17 on May 9. For our Q1/23 forecasts, we modelled underlying changes (AUM growth, some adjustments to margins, etc.) under IFRS 4 accounting and applied an IFRS 17 adjustment for each segment to arrive at IFRS 17 estimates. Our IFRS 17 adjustment is based upon guidance from the lifecos and ranges from a ~-10% decrease to a modest positive. We will hold marathon modelling sessions on each day the lifecos report earnings as we will see IFRS 17 supplementals with real results for the first time, and will need to populate the new models with real figures and assumptions.

**We make various changes to our models that increase our IFRS 17 Q1/23 core EPS estimates by 0.6% on average.** We assume that the IFRS 17 transition impact will be negative for GWO, MFC, and SLF, and we expect MFC and SLF's Asia segments to have the largest negative impact among the lifecos. For IAG, we forecast a modestly favourable impact from the transition, though we lowered our estimate a touch as we felt capital markets were not as favourable to IAG's investment return and we assumed a lower margin in wealth for Q1/23. We expect IFRS 17 to have mostly little to no impact on wealth and asset management earnings, and we expect average retail AUMs to increase QoQ for IAG, MFC, and SLF, while we forecast average retail AUMs at GWO to decline slightly QoQ.

	Q1/23E Core/Underlying EPS					Dividend declared	Conf. Call	Consensus	
	Old	New	% CHG	YoY*	QoQ*				
GWO <sup>(1)</sup>	\$0.96	\$0.94	-2.1%	8.2%	-2.0%	\$0.520	-	10-May	\$0.89
IAG	\$2.27	\$2.17	-4.4%	21.6%	-9.4%	\$0.710	5.2%	10-May	\$2.26
MFC <sup>(1)</sup>	\$0.73	\$0.79	8.2%	2.1%	-10.5%	\$0.365	-	11-May	\$0.82
SLF <sup>(1)</sup>	\$1.52	\$1.53	0.7%	6.9%	-9.1%	\$0.750	4.2%	12-May	\$1.54
<b>Average</b>			<b>0.6%</b>	<b>9.7%</b>	<b>-7.8%</b>				
SFC (US\$)	\$0.11	\$0.31	181.8%	8.5%	244.6%	\$0.056	-	TBD	\$0.17

(1) GWO, MFC, and SLF disclosed they will release results after market close (ET) on the respective earnings release dates above.

\*YoY and QoQ changes under IFRS 17 vs IFRS 4.

Source: RBC Capital Markets estimates, Bloomberg consensus estimates, Company reports

- GWO — We expect base EPS in Q1/23 to increase ~8% YoY mainly reflecting ~10% YoY business growth under IFRS 4 driven by Prudential in the U.S. segment, partially offset by a ~-2% YoY impact from the transition to IFRS 17.** We expect IFRS 17 to moderately impact GWO's Canada and Capital and Risk Solutions segments, while we expect the impact on Europe to be more limited.
- IAG — We expect core EPS in Q1/23 to increase ~22% YoY mainly reflecting business growth of ~15% YoY, positive IFRS 17 transition impact of ~2% YoY, and share buyback impact of ~4% YoY.** Our ~15% YoY business growth under IFRS 4 estimate is mainly because Q1/22 results in Individual Insurance were particularly low due to core experience losses and losses on new sales, which we do not expect to occur in Q1/23. We expect Individual Insurance to be moderately impacted by the IFRS 17 transition, while the impact on U.S. Operations is limited. We expect IAG to declare a dividend increase to \$0.710 per share this quarter.
- MFC — We expect core EPS in Q1/23 to increase ~2% YoY mainly reflecting business growth of ~8% YoY under IFRS 4, an ~-11% YoY impact from the transition to IFRS 17, and a ~5% YoY impact from share buybacks.** We expect the IFRS 17 transition to have a higher negative impact on Asia due to the deferral of new business gains in this segment. We expect the IFRS 17 impact to be more moderate in Canada and the U.S.
- SLF — We expect underlying EPS in Q1/23 to increase ~7% YoY mainly reflecting business growth of ~16% YoY driven by DentaQuest earnings and a negative IFRS 17 transition impact of ~-9% YoY.** We expect the transition to IFRS 17 to have higher impact on SLF's Asia segment, a moderate impact on Canada, and a low impact on the U.S. We believe SLF may announce a ~4% QoQ dividend increase.



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*RBC Capital Markets provided a fairness opinion to a committee of the board of directors of each of Great-West Lifeco Inc. and Canada Life, composed of directors who are independent of management and IGM in respect to Canada Life acquiring Investment Planning Counsel from IGM Financial, as announced in the press on April 3rd, 2023.*

*Sagicor Financial Company Ltd (TSX: SFC) announced on August 25, 2022, that it has entered into a definitive agreement to acquire Ivari, a subsidiary of Wilton Re Ltd. RBC Capital Markets served as financial advisor to Sagicor in this transaction. The transaction is expected to close in the next 6 to 12 months and is subject to receipt of regulatory approvals and satisfaction of customary closing conditions. This research report and the information herein is not intended to provide voting advice, serve as an endorsement of the transaction or result in procurement, withholding or revocation of a proxy or any other action by a security holder.*



## Canadian Life Insurance – Q1/23 Preview

The Canadian lifecos begin reporting Q1/23 results on May 9, 2023, the first quarter under IFRS 17 (Exhibit 1). After changing our estimates, our Q1/23 core EPS estimates increase 0.6% on average for the Canadian lifecos in our coverage, ranging from a ~-4% decrease at IAG to an ~8% increase at MFC.

We use our IFRS 4 model to estimate business growth for each lifeco and apply an adjustment for our estimated IFRS 17 impact for each segment to arrive at IFRS 17 estimates. There will likely be a good degree of estimation error in our numbers as not all of the lifecos explicitly informed us of impacts on a segmented basis.

Refer to [Appendix I](#) for a summary of changes to our estimates for each lifeco.

### Exhibit 1 - Our Q1/23 expectations for the Canadian lifecos

	Q1/23E Core/Underlying EPS					Dividend declared		Earnings		
	Old	New	% CHG	YoY*	QoQ*	Q1/23E	QoQ	Release Date	Date	Conference Call Time (ET)
	GWO <sup>(1)</sup>	\$0.96	\$0.94	-2.1%	8.2%	-2.0%	\$0.520	-	9-May	10-May 8:00 AM
IAG	\$2.27	\$2.17	-4.4%	21.6%	-9.4%	\$0.710	5.2%	10-May	10-May 11:30 AM	
MFC <sup>(1)</sup>	\$0.73	\$0.79	8.2%	2.1%	-10.5%	\$0.365	-	10-May	11-May 8:00 AM	
SLF <sup>(1)</sup>	\$1.52	\$1.53	0.7%	6.9%	-9.1%	\$0.750	4.2%	11-May	12-May 10:00 AM	
<b>Average</b>			<b>0.6%</b>	<b>9.7%</b>	<b>-7.8%</b>					
SFC (US\$)	\$0.11	\$0.31	181.8%	8.5%	244.6%	\$0.056	-	TBD	TBD	TBD

\*YoY and QoQ changes under IFRS 17 versus IFRS 4.

(1) GWO, MFC, and SLF disclosed they will release results after market close (ET) on the respective earnings release dates above.

Source: RBC Capital Markets estimates, Company reports

After updating/changing our models and reflecting the lifecos' expected IFRS 17 impacts on equity/book value per share, our estimate for Q1/23 BVPS including AOCI decreases -0.5% on average (Exhibit 2). In Q1/23, we expect BVPS including AOCI to decrease ~-7% YoY on average under IFRS 17 versus IFRS 4. We expect MFC to have the largest Q1/23 YoY decrease in BVPS including AOCI of ~-18%.

### Exhibit 2 - Under IFRS 17 versus IFRS 4, we forecast Q1/23 BVPS (including AOCI) to decrease ~-7% YoY on average for the Canadian lifecos

	Book Value Per Share (Inc. AOCI)				
	IFRS 4		IFRS 17		
	Q1/22	Q1/23E			
		Old	New	% CHG.	YoY IFRS 17 vs 4
GWO	\$24.57	\$23.84	\$23.83	0.0%	-3.0%
IAG	\$61.04	\$64.44	\$62.68	-2.7%	2.7%
MFC	\$26.33	\$21.48	\$21.61	0.6%	-17.9%
SLF	\$40.37	\$36.00	\$36.06	0.2%	-10.7%
<b>Average</b>				<b>-0.5%</b>	<b>-7.2%</b>
SFC (US\$)	\$7.88	\$4.55	\$4.57	0.2%	-42.0%

Source: RBC Capital Markets estimates, Company reports



## Q1/23 will be the beginning of IFRS 17 results

We forecast Q1/23 core EPS to increase YoY for the Canadian banks, but we expect IFRS 17 to have negative YoY impacts for most of the group (Exhibit 3). In Q1/23, we expect the IFRS 17 transition impact to be negative to core EPS for GWO, MFC, and SLF, while for IAG we expect a ~2% YoY positive IFRS 17 impact.

See Exhibit 4 for waterfall charts of each lifeco illustrating our expectation of core EPS movements from Q1/22 under IFRS 4 to Q1/23 core EPS under IFRS 17. Note, it is unlikely that the lifecos will be in a position to tell us how much IFRS 17 impacted results in Q1/23 because they will not have calculated an IFRS 4 result.

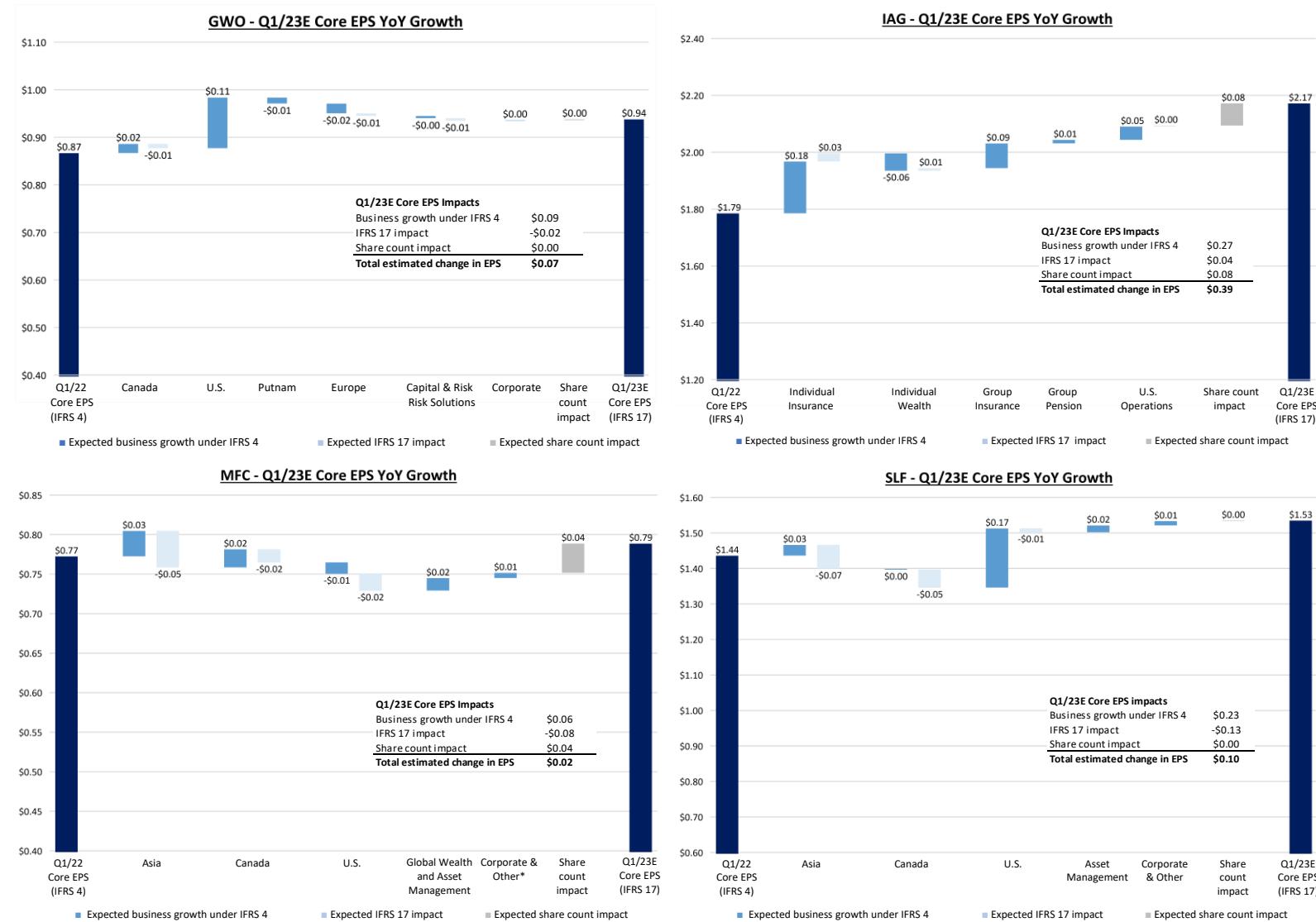
Refer to [Appendix II](#) for a summary of the IFRS 17 transition impacts for each lifeco.

**Exhibit 3 - In Q1/23, we expect MFC to have the largest negative impact on transition to IFRS 17**

	Expected YoY Impacts (\$)				Expected YoY Impacts (%)			
	GWO	IAG	MFC	SLF	GWO	IAG	MFC	SLF
<b>Q1/22 IFRS 4 Core EPS</b>	\$0.87	\$1.79	\$0.77	\$1.44				
<b>Estimated Impacts to EPS:</b>								
Business growth under IFRS 4	\$0.09	\$0.27	\$0.06	\$0.23	10.3%	15.0%	8.2%	15.7%
IFRS 17 impact	-\$0.02	\$0.04	-\$0.08	-\$0.13	-2.3%	2.3%	-10.9%	-9.0%
Share count impact	\$0.00	\$0.08	\$0.04	\$0.00	0.2%	4.4%	4.8%	0.1%
<b>Total Estimated Change in EPS</b>	<b>\$0.07</b>	<b>\$0.39</b>	<b>\$0.02</b>	<b>\$0.10</b>	<b>8.2%</b>	<b>21.6%</b>	<b>2.1%</b>	<b>6.9%</b>
<b>Q1/23E IFRS 17 Core EPS estimate</b>	<b>\$0.94</b>	<b>\$2.17</b>	<b>\$0.79</b>	<b>\$1.53</b>				

Source: RBC Capital Markets estimates, Company reports

## Exhibit 4 - We expect IFRS 17 to have a negative impact on Q1/23 core EPS for GWO, MFC, and SLF



\*MFC: includes core investment gains and preferred dividends.

Source: Company reports, RBC Capital Markets estimates



## We expect mixed average AUM growth and net retail outflows

We expect average AUM movements to be mixed in Q1/23 based on available tracked retail fund data – see Exhibit 5. The fee income estimates in our model are driven by average AUM movements from our tracked March retail fund data.

We expect average retail AUM to decrease -0.6% QoQ at Putnam. For iA Clarington, John Hancock (JH), and MFS, we expect a QoQ increase of 2.2%, 3.7%, and 3.0% in average retail AUM, respectively.

MFS disclosed total ending AUM (retail and institutional funds combined) of US\$570.3 billion as of March 31, 2023, which implies an increase of 4.1% QoQ based on ending AUM, and average AUM also increased 3.9% QoQ. We adjust our average AUM assumptions in Q1/23 for all the lifecos as a result, and for the remainder of our forecast period, our average AUM assumptions are unchanged at 2% QoQ growth.

We expect ending AUM to increase in Q1/23 based on available tracked retail fund data – see Exhibit 5. Based on March retail fund data, we expect ending retail AUM to increase 1.9% QoQ at Putnam, 3.4% QoQ at iA Clarington, 3.4% QoQ at JH, and 3.8% QoQ at MFS.

Tracked retail fund data as of March suggests retail net outflows for all of the lifecos. The retail fund balances we track suggest net outflows of -US\$1.5 billion at Putnam, -C\$74 million at iA Clarington, -US\$217 million at JH, and -US\$1.8 billion at MFS in Q1/23. We continue to highlight that our tracked flows for JH could differ materially from the U.S. and Other results in MFC's Global Wealth and Asset Management segment.

### Exhibit 5 - Summary of tracked retail ending and average AUM growth, and retail fund flows

Q1/23E	Retail ending AUM of tracked funds			Retail average AUM of tracked funds			Tracked retail fund flows Q1/23E (\$MM)
	Q4/22E (\$MM)	Q1/23E (\$MM)	QoQ Growth (%)	Q4/22E (\$MM)	Q1/23E (\$MM)	QoQ Growth (%)	
<b>As of March 31, 2023</b>							
Putnam (USD)	70,780	72,094	1.9%	72,100	71,638	-0.6%	-1,470
iA Clarington (CAD)	18,204	18,822	3.4%	18,427	18,837	2.2%	-74
John Hancock (USD)	102,991	106,443	3.4%	103,180	107,007	3.7%	-217
MFS (USD)	315,245	327,361	3.8%	317,907	327,387	3.0%	-1,773

Source: Bloomberg, Company reports, RBC Capital Markets estimates

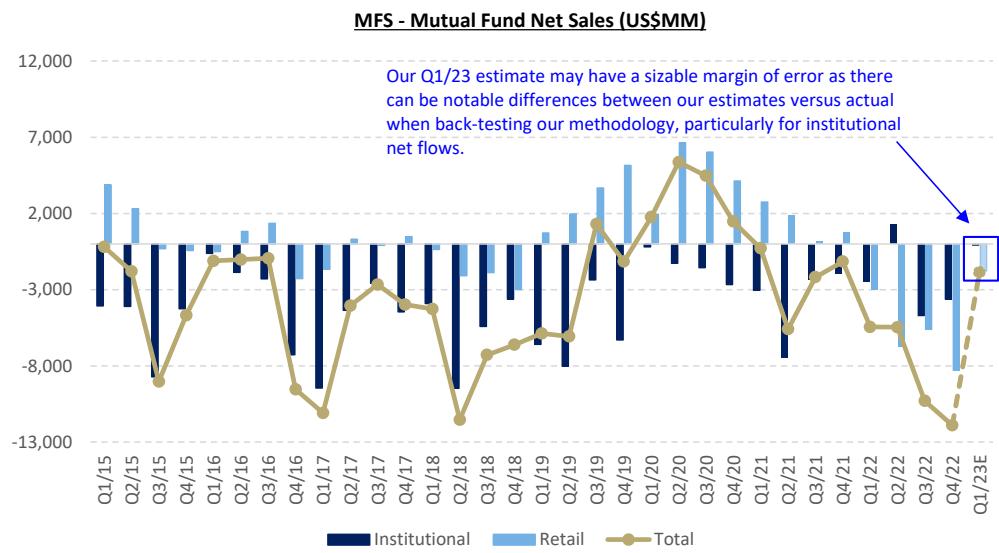
**Our methodology for tracking AUM growth and the performance of as many mutual funds as possible on a fund-by-fund basis for the lifecos has not changed.** We caution that there can be a sizable margin of error in estimating retail AUM growth and net flows when back-testing our methodology. Further, our analysis does not capture institutional or segregated funds due to the lack of up-to-date data. Notwithstanding a degree of estimation error, we view this analysis as a useful indicator with respect to retail AUM growth and net sales ahead of quarterly results.

### We expect MFS to continue to have net outflows

MFS disclosed total AUM of US\$570.3 billion as of March and based on our methodology, we estimate total net outflows of -US\$1.9 billion in Q1/23 versus -US\$11.9 billion last quarter. We estimate retail net outflows of -US\$1.8 billion based on our tracked retail funds (versus net outflows of -US\$8.3 billion last quarter). For institutional funds, our methodology suggests net outflows of -US\$94 million (versus net outflows of -US\$3.6 billion last quarter) (Exhibit 6).



**Exhibit 6 - Our methodology suggests continued institutional net outflows and retail net outflows at MFS in Q1/23**

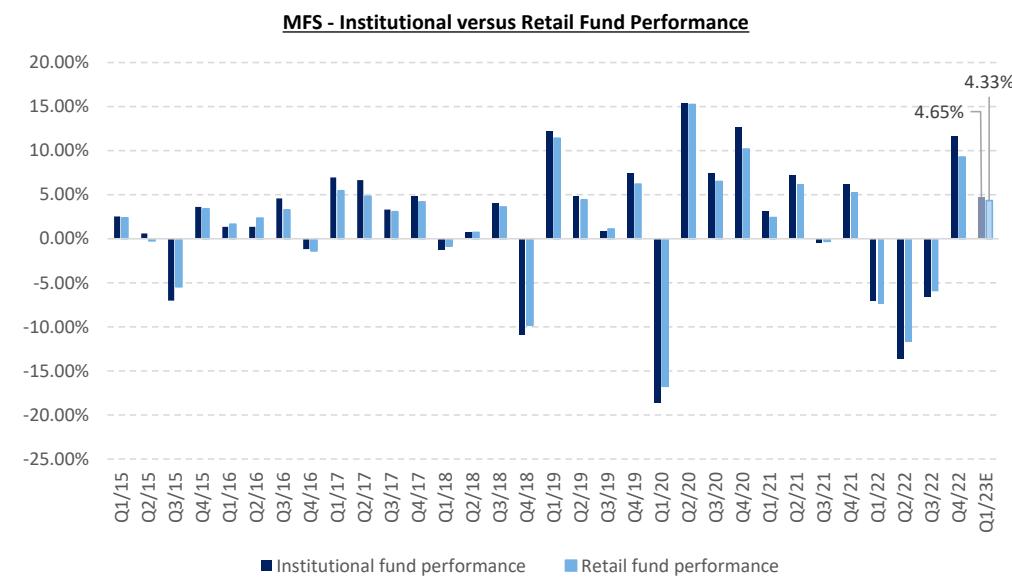


Source: Company reports, RBC Capital Markets estimates

We continue to highlight that our institutional flows estimate is highly sensitive to our assumed institutional fund performance. Our estimated institutional net outflows of -US\$94 million are based on our assumed institutional fund performance of 4.65% QoQ. We assumed that the institutional fund performance was modestly better than the implied retail performance (from our tracking of retail funds) as MFS's institutional funds have generally outperformed its retail funds since Q1/15 (Exhibit 7). We provide a table on the sensitivity of our estimated institutional net flows at MFS to our assumed institutional fund performance in Exhibit 8. Our estimated net flows also do not account for any potential impacts from movements in foreign exchange rates due to disclosure limitations.



## Exhibit 7 - MFS's institutional funds have generally outperformed its retail funds since Q1/15



Source: Company reports, RBC Capital Markets estimates

## Exhibit 8 - Our estimate for institutional net flows at MFS is highly sensitive

Q1/23E	Our Estimate	Sensitivity of Net Flows							
		Institutional fund performance	Estimated inst. net flows (US\$MM)	1.65%	2.65%	3.65%	4.65%	5.65%	6.65%
Institutional fund performance	4.65%	1.65%	-94	5,324	3,518	1,712	4.65%	5.65%	6.65%
Estimated inst. net flows (US\$MM)	-94	-94					-94	-1,900	-3,706

Source: Company reports, RBC Capital Markets estimates

## We update our capital ratios to reflect the lifecos' expected ratios under IFRS 17

We update our Q1/23 LICAT ratio estimates to reflect the lifecos' disclosed impacts from IFRS 17 (Exhibit 9). All lifecos expect IFRS 17 to have a positive impact to LICAT ratios. For the total LICAT ratio at the operating company level, we expect a ratio of 130% and 133% for GWO and MFC, respectively (Exhibit 10). At the holding company level, we expect a total LICAT ratio of 154% and 138% at IAG and SLF, respectively.

## Exhibit 9 - The lifecos expect positive impacts on total LICAT ratios from IFRS 17

	Disclosed IFRS 17 impact	Operating or Holding Company
GWO	Positive 10 percentage points increase	Operating Company
IAG	Positive 28 percentage points increase to 154%	Holding Company
MFC	Low single-digit increase to the MLI total ratio	Operating Company
SLF	High single-digit increase	Holding Company*

\*SLF disclosed that the overall capital position is more meaningfully represented by the SLF LICAT ratio, and hence we assume that the disclosed IFRS 17 impact is on the holding company LICAT ratio.

Source: Company reports, RBC Capital Markets



## Exhibit 10 - Our Q1/23 total LICAT ratio estimates

LICAT/Solvency Ratios	Q1/22	Q4/22	Q1/23E	Operating or		Holding Company
				QoQ	YoY	
GWO <sup>(1)</sup>	119%	120%	130%	10%	11%	Operating Company
IAG <sup>(2)</sup>	132%	126%	154%	28%	22%	Holding Company
MFC	140%	131%	133%	2%	-6%	Operating Company
SLF	143%	130%	138%	8%	-5%	Holding Company*

Q1/23E LICAT ratios under IFRS 17. Previous LICAT ratios are under IFRS 4.

(1) Great-West Lifeco Inc. was not subject to holding company LICAT rules at the time of writing.

(2) IAG completed its holding company structure effective January 1, 2019. As of January 1, 2019, iA Financial Corporation became the parent company of Industrial Alliance Insurance and Financial Services Inc. (iA Insurance) and under this arrangement, the financial results of iA Insurance for the year ended December 31, 2018 constitute the financial results of iA Financial Corporation.

\*SLF disclosed that the overall capital position is more meaningfully represented by the SLF LICAT ratio, and hence we assume that the disclosed IFRS 17 impact is on the holding company LICAT ratio.

Source: Company reports, RBC Capital Markets estimates

## GWO's Canada Life to acquire IPC

**On April 3, 2023, GWO's Canada Life announced the acquisition of Investment Planning Counsel Inc. (IPC) from IGM for \$575 million in cash (see our note on the acquisition [here](#)).** GWO expects the acquisition to close by the end of 2023. We estimate a share buyback could be accretive by up to \$0.06 per share, versus GWO's expected \$0.01-0.02 per share accretion. Our model for GWO does not include the expected results from this deal.

## Valuations

**On a P/B basis, the Canadian lifecos are currently trading at a median of 1.54x under IFRS 17 or 1.44x under IFRS 4, above the historical average of 1.40x (Exhibit 11).** On a forward P/E basis, the Canadian lifecos are currently trading at a median of 9.7x under IFRS 17, below the historical average of 11.0x under IFRS 4.

**Exhibit 11 - The lifecos are currently trading at a median P/B multiple of 1.54x under IFRS 17, above the historical average of 1.40x under IFRS 4**

Lifecos	Price/Book <sup>1</sup>					IFRS 17 Target	Forward P/E <sup>2</sup>				
	IFRS 4		IFRS 17		15-Year		IFRS 17 Current		15-Year	IFRS 17 Implied	
	Current	Average	Current	Average	Trough	Peak	2023E	Average	Trough	Peak	2023E
GWO	1.46x	1.65x	1.43x	1.79x	1.00x	2.85x	1.60x	10.1x	11.2x	6.9x	13.9x
IAG	1.43x	1.43x	1.43x	1.43x	0.82x	2.08x	1.40x	9.2x	10.9x	6.3x	13.7x
MFC	1.01x	1.27x	1.27x	1.17x	0.64x	2.50x	1.25x	8.0x	9.9x	5.7x	14.2x
SLF	1.54x	1.88x	1.88x	1.37x	0.73x	1.84x	2.00x	10.3x	11.0x	6.4x	16.2x
<b>Median</b>	<b>1.44x</b>	<b>1.54x</b>	<b>1.54x</b>	<b>1.40x</b>	<b>0.78x</b>	<b>2.29x</b>	<b>1.50x</b>	<b>9.7x</b>	<b>11.0x</b>	<b>6.3x</b>	<b>14.0x</b>
SFC <sup>3</sup>	0.49x	0.81x	0.81x	0.69x	0.55x	0.96x	1.25x	5.6x	n/a	n/a	n/a
Price/Tangible Book <sup>1</sup>											
Lifecos	IFRS 4		IFRS 17		15-Year		IFRS 17 Implied		Dividend Yield		
	Current	Average	Current	Average	Trough	Peak	1-YR FWD	2023E			
	4.53x	7.22x	2.69x	5.08x	2.05x	9.91x	5.65x	5.4%			
GWO	2.69x	2.68x	1.61x	1.61x	0.97x	2.69x	2.74x	3.0%			
IAG	1.29x	1.61x	1.61x	1.58x	0.76x	4.10x	1.54x	5.4%			
MFC	3.30x	5.35x	2.24x	2.24x	1.13x	4.10x	4.91x	4.3%			
<b>Median</b>	<b>3.00x</b>	<b>4.02x</b>	<b>4.02x</b>	<b>1.93x</b>	<b>1.05x</b>	<b>4.10x</b>	<b>3.83x</b>	<b>4.9%</b>			
SFC <sup>3</sup>	0.54x	0.97x	0.97x	0.75x	0.61x	1.05x	2.09x	6.1%			

Note: We adjust the book value of each lifeco based on disclosed estimated IFRS 17 impacts: -12.0% decrease to equity for GWO, +\$10.0 million increase to equity for IAG, -20% decrease to BVPS for MFC, -\$4.5 billion decrease to equity for SLF, and US\$650 million in equity for SFC to arrive at a pro-forma IFRS 17 P/B multiple.

(1) P/BV and P/TBV: Current and implied ratios are based on the most recent quarter for current and corresponding quarter the subsequent year, respectively.

(2) P/E is based on fiscal year-end EPS.

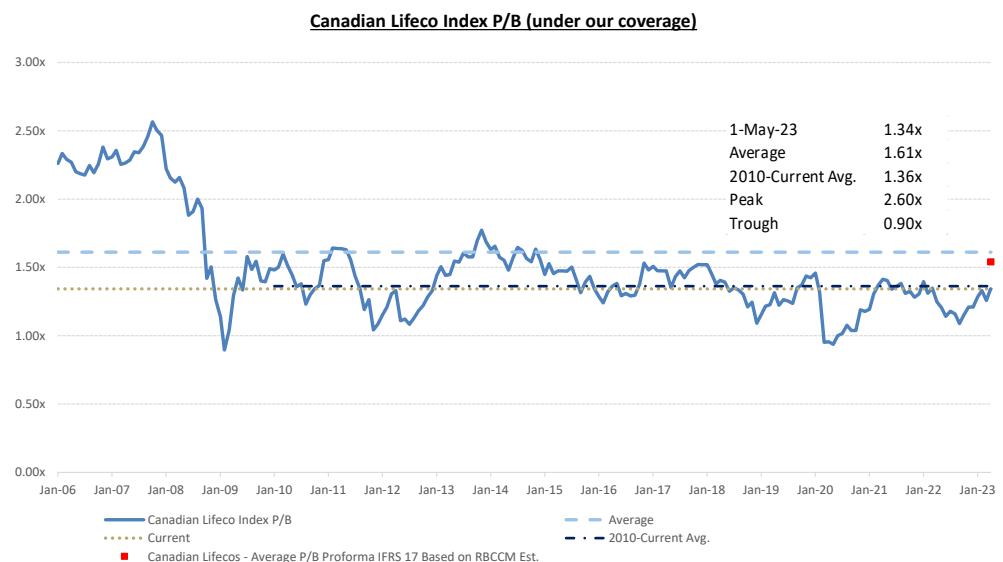
(3) SFC listed on the TSX on December 5, 2019 and hence, historical averages are since the listing date. Forward P/E data is limited for SFC.

Source: RBC Capital Markets estimates, Bloomberg, Company reports



**The Canadian lifeco index of companies under our coverage continues to trade below historical averages.** The Canadian lifeco index for companies in our coverage is trading at a P/B multiple of 1.34x, below historical averages (Exhibit 12). On a pro-forma IFRS 17 basis using the lifecos' disclosed estimated equity and book value impacts, we calculate a median P/B of 1.54x. On a forward P/E basis, the Canadian lifeco index is trading at 9.6x or 9.7x median pro-forma IFRS 17, below the historical average (Exhibit 13).

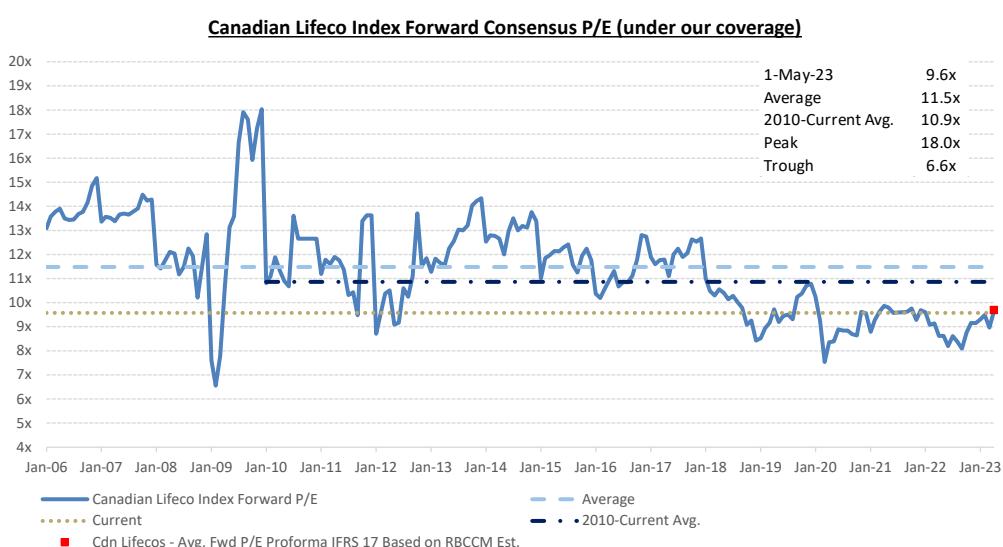
**Exhibit 12 - The Canadian lifeco index is trading at a P/B multiple of 1.34x or 1.54x pro-forma IFRS 17, below historical averages**



Note: We adjust the book value of each lifeco based on disclosed estimated IFRS 17 impacts: -12.0% decrease to equity for GWO, +\$10.0 million increase to equity for IAG, -20% decrease to BVPS for MFC, -\$4.5 billion decrease to equity for SLF, and US\$650 million in equity for SFC to arrive at a pro-forma IFRS 17 P/B multiple.

Source: RBC Capital Markets estimates, Bloomberg, Company reports

**Exhibit 13 - The Canadian lifeco index is trading at a forward P/E multiple of 9.6x or 9.7x pro-forma IFRS 17, below the historical average**

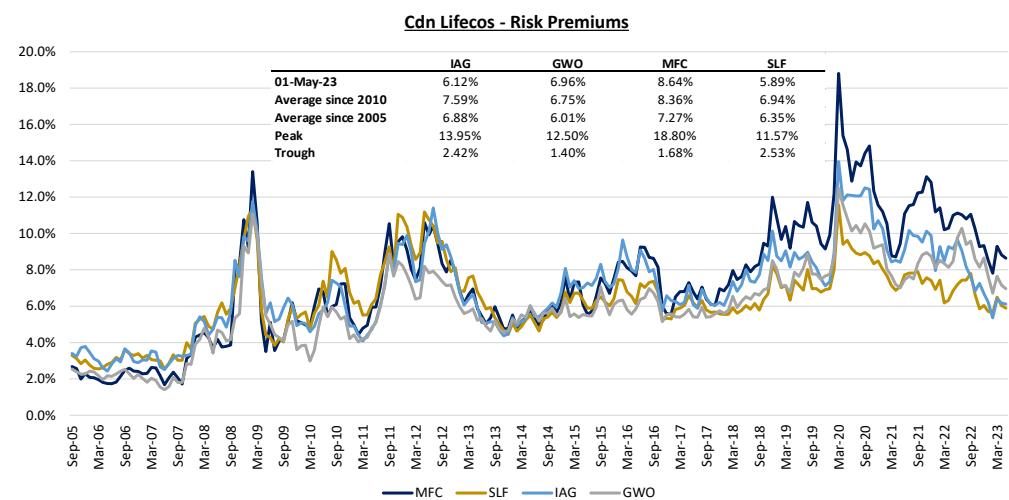


Source: RBC Capital Markets estimates, Bloomberg, Company reports



Risk premiums for the large Canadian lifecos have been decreasing recently. Risk premiums for IAG and SLF are below historical averages (Exhibit 14). Of the large Canadian lifecos, MFC continues to have the largest risk premium of 8.6% (above the peer average of 6.3%).

**Exhibit 14 - Risk premiums for IAG and SLF are below historical averages while GWO and MFC are above historical averages**



Note: Risk premium is based on average consensus forward ROE and P/B pulled from Bloomberg.

Source: RBC Capital Markets, Bloomberg



## Appendix I – Changes to our estimates

Our Q1/23 core EPS estimates for the lifecos increase 0.6% on average. We adjusted our models to look like “regular” IFRS 4 earnings and then added an adjustment for the impact of IFRS 17. We summarize our changes below:

- **For Q1/23, we use IFRS 4 accounting and “old” methods to approximate earnings.** For IAG, GWO, MFC, and SLF, we apply an IFRS 17 transition adjustment for each segment based on disclosed impacts to arrive at estimated IFRS 17 core earnings in Q1/23. For SFC, we still lack understanding of the expected IFRS 17 impacts on each segment, and hence our forecasts for SFC reflect our expectation of earnings power under IFRS 17. We expect IFRS 17 to have limited impacts on wealth and asset management as well as corporate across all the lifecos. For IAG, we expect modestly positive growth in Individual Wealth reflecting the lifeco’s expectation that deferred acquisition expenses on segregated funds will have a favourable impact on earnings. We expect IFRS 17 to have a negative impact on Asia earnings at MFC and SLF due to the deferral of new business gains under the new standard. See [here](#) for more details on our YoY core EPS growth expectations for the lifecos.
- **We adjust our AUM assumptions for all the lifecos to reflect changes in AUM in the quarter.** We expect average retail AUM to decrease -0.6% QoQ at GWO. We expect average retail AUM to increase 2.2% QoQ at IAG, 3.7% QoQ at MFC and 3.0% QoQ at SLF. For SLF, we expect MFS’s total AUM to increase 4.1% QoQ based on the disclosed total ending AUM for the month of March. Based on our tracking of retail fund flows for the Canadian lifecos, we expect outflows for retail funds and a QoQ increase in ending retail AUM for all of the lifecos. We assume ending retail AUM increases of 1.9% for GWO, 3.4% QoQ for IAG, 3.4% QoQ for MFC, and 3.8% QoQ for SLF. See [here](#) for more details on our expectations for AUM growth and net flows.
- **For IAG, we make several changes to our Q1/23 Individual Insurance and Individual Wealth estimates.** We assume a \$15 million gain on sales in Q1/23 under IFRS 4, consistent with the level seen in the previous quarter. In Individual Wealth, we decrease our Q1/23 expected profit on in-force margin in Individual Wealth in Q1/23 to adjust for seasonality. We also bring our Q1/23 income on capital estimate down to the same level as last quarter, as market activity appeared weak. On a combined basis, these changes have a modest negative impact on our Q1/23 core EPS estimate for IAG.
- **For MFC, we include core experience gains of \$20 million in Canada in Q1/23, a similar level compared to the most recent quarters.** This increased our Q1/23 underlying EPS estimate by \$0.01.
- **For SFC, we reflect Playa’s share price at quarter end, which increased ~47% QoQ to US\$9.60.** This increased our Q1/23 adjusted EPS estimate by US\$0.25. We also update our model for the actual FX rates in the quarter as well as our CAD/USD FX assumptions to reflect the latest forecast from RBC Economics at the time of writing.
- **We update our buyback assumptions for IAG, MFC, and SFC based on tracked buybacks in the quarter (Exhibit 15).** We continue to assume share repurchases of 0.7 million shares (was nil) for GWO, 1.3 million shares (was 0.8 million) for IAG, 15.9 million shares (was 23.8 million) for MFC, and 0.3 million shares (was 0.1 million shares) for SFC.
- **We update our models to reflect a debt issuance and debt redemption in the quarter.** MFC issued \$1.2 billion of subordinated debentures on March 7, 2023. IAG redeemed all 6 million shares of its Series 1 Preferred Shares on March 31, 2023, for a total of \$150 million. The estimated interest of the issuance is reflected in our model for MFC, and the estimated interest of the redemption is reflected in our model for IAG.
- **We update our LICAT ratio estimates based on the lifecos’ expected LICAT ratios under IFRS 17.** See [here](#) for more details on our capital estimates.



- **We update our FX assumptions.** We update our CAD/USD FX assumptions to reflect the latest forecast from RBC Economics at the time of writing. Changes to our FX assumptions have a small negative impact on our Q1/23 core EPS estimate for SLF.

**Exhibit 15 - We tracked share buybacks for GWO, IAG, MFC, and SFC in the quarter**

	Current NCIB		Tracked Buybacks in Q1/23	
	Authorized Shares for Repurchase (in millions)	% of Shares Outstanding	Shares Repurchased in the Quarter (in millions)	% of Shares Outstanding
GWO	20.0	2.1%	0.7	0.1%
IAG	5.3	5.1%	1.3	1.3%
MFC	55.7	3.0%	15.9	0.9%
SFC	9.1	6.0%	0.3	0.2%

Note: Tracked based on filings as of April 27, 2023.  
Source: DisclosureNet, RBC Capital Markets, Company reports



## Appendix II – IFRS 17 transition impacts

### Exhibit 16 - The Canadian lifecos' disclosed IFRS 17 transition impacts

Disclosed Key Implications of IFRS 17					
C\$, unless otherwise noted	Great-West Lifeco Inc. GWO CN	IA Financial Corporation Inc. IAG CN	Manulife Financial Corporation MFC CN	Sun Life Financial Inc. SLF CN	Sagicor Financial Company Ltd. SFC CN
<b>Expected Impacts on Transition to IFRS 17</b>					
<b>Equity Impact on Transition</b>	Decline -12%	Book value: • Increase \$10 million on Jan 1, 2022 • Decrease -\$7 million on Dec 31, 2022	• Decline -20% on Jan 1, 2022 • Decline -15% on Jan 1, 2023	-\$4.5 billion hit to shareholder's equity primarily due to the establishment of the CSM	Shareholders' equity balance of US\$650-\$725 million due to the establishment of the CSM
<b>BVPS Impact on Transition</b>	Decline -14%	n.d.	Decline -20% on Jan 1, 2023	n.d.	n.d.
<b>Core Earnings Impact on Transition</b>	Decline low-single digit	\$0.19 increase to 2022 core EPS	Decline -5% to -10%	Decline high-single digit	n.d.
<b>Elected OCI Option?</b>	No	No	Yes	No	No
<b>Earnings Volatility</b>	More volatile for reported earnings More stable for core earnings	More volatile for reported earnings More stable for core earnings	More stable for core earnings	More volatile for reported earnings Less volatile for underlying (core) earnings	n.d.
<b>Capital Position</b>	10 percentage points increase to the Q1/23 LICAT ratio	28 percentage points increase on Dec 31, 2022	Low single-digit increase on Jan 1, 2023	High single-digit increase	n.d.
<b>Capital Volatility</b>	Similar or slightly less volatile	More volatile	More stable	Some increase in volatility	n.d.
<b>Capital Sensitivity to Interest Rates</b>	n.d.	n.d.	Less sensitive to changes in interest rates	Relatively unchanged	n.d.
<b>Capital Available for Deployment</b>	n.d.	Increase \$1.4 billion at Dec 31, 2022	n.d.	Higher	n.d.
<b>CSM vs. Risk Adjustment</b>	"CSM growth is not expected to be a key driver of earnings growth"	"Risk adjustment should be considered along with the CSM to better predict future IFRS 17 insurance profit"	"CSM growth will be a key component of assessing value generation"	"The CSM will be a leading indicator of future insurance earnings"	n.d.
<b>CSM Balance on Transition</b>	\$6.3 billion non-par CSM \$2.3 billion par CSM	\$5.5 billion on January 1, 2022	~\$15 billion after-tax (Asia will comprise the majority of the balance)	\$4.5 billion	US\$1.1-1.3 billion
<b>CSM Amortization after Transition</b>	n.d.	n.d.	8% to 10% per year	CSM amortization will be stable and predictable	n.d.
<b>CSM Balance Growth after Transition</b>	CSM growth will moderate over time as earnings mix shifts to less impacted product lines, e.g. U.S.	High single-digit annual growth	8% to 10% per year	• More stable than existing reinvestment PfADs • Higher CSM volatility during the life of the contract	Grow high single-digits beyond 2024
<b>New Business CSM Growth Target after Transition</b>	n.d.	High single-digit annual growth	15% per year	Low- to mid-teens growth	n.d.
<b>Risk Adjustment Balance on Transition</b>	n.d.	\$2.5 billion on Jan 1, 2022	n.d.	Relatively unchanged from current insurance PfAD releases	n.d.
<b>Risk Adjustment Growth after Transition</b>	n.d.	Predictable and stable	n.d.	Risk adjustment releases will be stable and predictable	n.d.
<b>Liability Discount Rates</b>	Yields on its own assets for liability portfolios where supporting assets reflect the duration and liquidity characteristics of the liability Yields on its own assets plus an illiquidity adjustment for liability portfolios where supporting assets do not sufficiently reflect the duration and liquidity characteristics of the liability	Based on liability characteristics: Risk-free rates + Illiquidity premiums (of the liability)	Based on liability characteristics: Risk-free rates + Illiquidity premiums (of the liability)	Based on liability characteristics: Risk-free rates + Illiquidity premiums (of the liability)	n.d.
<b>Medium-Term Objectives following IFRS 17 Implementation</b>					
<b>Core Earnings Growth</b>	Grow 8% to 10%	2023 target: Grow 13-18% over 2022 IFRS 4 core EPS Medium term target beyond 2023: Grow 10%+	Grow 10% to 12%	Grow 8% to 10%	Double-digit net income growth beyond 2024
<b>Base ROE Target</b>	16% to 17%	15%+	15%+	18%+	14% to 16% in 2024 (ROE excluding CSM)
<b>Dividend Payout Ratio Target</b>	45% to 55%	2023 target: 25% to 35%	35% to 45%	40% to 50%	n.d.
<b>Solvency Ratio Target</b>	n.d.	120%	n.d.	n.d.	n.d.
<b>Organic Capital Generation</b>	n.d.	2023 target: \$600 million+	n.d.	Relatively unchanged	n.d.

n.d.: not disclosed.

Source: Company reports, RBC Capital Markets



# Capital Markets

This report is intended solely for mfcir@manulife.com

Canadian Life Insurance

## Exhibit 17 - We expect GWO's Q1/23 core earnings to decrease ~-2% YoY from the transition to IFRS 17

Core EPS	IFRS 4			IFRS 17			IFRS 17 vs IFRS 4	
	Q1/22	YoY Growth (\$)	YoY Growth (%)	Q1/23E	RBCCM Estimated Transition Impact (\$)	RBCCM Estimated Transition Impact (%)	Q1/23E	YoY Growth (\$)
GWO								
Canada	\$0.29	\$0.02	6.7%	\$0.31	-\$0.01	-3.0%	\$0.30	\$0.01
U.S.	\$0.13	\$0.11	79.7%	\$0.24	\$0.00	0.0%	\$0.24	79.7%
Putnam	-\$0.01	-\$0.01	-236.0%	-\$0.02	\$0.00	0.0%	-\$0.02	-\$0.01
Europe	\$0.26	-\$0.02	-7.9%	\$0.24	-\$0.01	-2.3%	\$0.24	-\$0.03
Capital and Risk Solutions	\$0.18	-\$0.00	-2.6%	\$0.18	-\$0.01	-3.0%	\$0.17	-\$0.01
Corporate	\$0.00	\$0.00	50.0%	\$0.00	\$0.00	0.0%	\$0.00	50.0%
Core EPS pre-buyback	\$0.87	\$0.09	10.3%	\$0.96	-\$0.02	-2.1%	\$0.94	\$0.07
Effect of share count				\$0.00				\$0.00
Core EPS	\$0.87	\$0.09	10.5%	\$0.96	-\$0.02	-2.1%	\$0.94	\$0.07

Source: Company reports, RBC Capital Markets estimates

## Exhibit 18 - We expect IAG's Q1/23 core earnings to increase ~2% YoY from the transition to IFRS 17

Core EPS	IFRS 4			IFRS 17			IFRS 17 vs IFRS 4	
	Q1/22	YoY Growth (\$)	YoY Growth (%)	Q1/23E	RBCCM Estimated Transition Impact (\$)	RBCCM Estimated Transition Impact (%)	Q1/23E	YoY Growth (\$)
IAG								
Individual Insurance	\$0.79	\$0.18	23.1%	\$0.97	\$0.03	3.0%	\$1.00	\$0.21
Individual Wealth	\$0.52	-\$0.06	-11.8%	\$0.46	\$0.01	2.0%	\$0.47	-\$0.05
Group Insurance	\$0.15	\$0.09	58.7%	\$0.23	\$0.00	0.0%	\$0.23	\$0.09
Group Pension	\$0.06	\$0.01	23.0%	\$0.07	\$0.00	0.0%	\$0.07	\$0.01
U.S. Operations	\$0.28	\$0.05	16.9%	\$0.32	\$0.00	1.0%	\$0.33	\$0.05
Core EPS pre-buyback	\$1.79	\$0.27	15.0%	\$2.05	\$0.04	2.0%	\$2.09	\$0.31
Effect of share count				\$0.08				\$0.08
Core EPS	\$1.79	\$0.27	19.3%	\$2.13	0.04	1.9%	\$2.17	\$0.39

Source: Company reports, RBC Capital Markets estimates

## Exhibit 19 - We expect MFC's Q1/23 core earnings to decrease ~-10% YoY from the transition to IFRS 17

Core EPS (\$)	IFRS 4			IFRS 17			IFRS 17 vs IFRS 4	
	Q1/22	YoY Growth (\$)	YoY Growth (%)	Q1/23E	RBCCM Estimated Transition Impact (\$)	RBCCM Estimated Transition Impact (%)	Q1/23E	YoY Growth (\$)
MFC								
Asia	\$0.28	\$0.03	11.7%	\$0.31	-\$0.05	-15.0%	\$0.26	-\$0.01
Canada	\$0.16	\$0.02	14.3%	\$0.18	-\$0.02	-9.0%	\$0.17	\$0.01
U.S.	\$0.25	-\$0.01	-5.8%	\$0.24	-\$0.02	-9.0%	\$0.21	-\$0.04
Global Wealth and Asset Management	\$0.17	\$0.02	9.5%	\$0.18	\$0.00	0.0%	\$0.18	\$0.02
Corporate & Other (inc. core investment gains)	-\$0.06	\$0.01	11.9%	-\$0.05	\$0.00	0.0%	-\$0.05	\$0.01
Preferred Share Dividends	-\$0.03	\$0.00	0.0%	-\$0.03	\$0.00	0.0%	-\$0.03	\$0.00
Core EPS pre-buyback	\$0.77	\$0.06	8.2%	\$0.84	-\$0.08	-10.1%	\$0.75	-\$0.02
Effect of share count				\$0.04				\$0.04
Core EPS	\$0.77	\$0.06	13.0%	\$0.87	-\$0.0842	-9.6%	\$0.79	\$0.02

Source: Company reports, RBC Capital Markets estimates

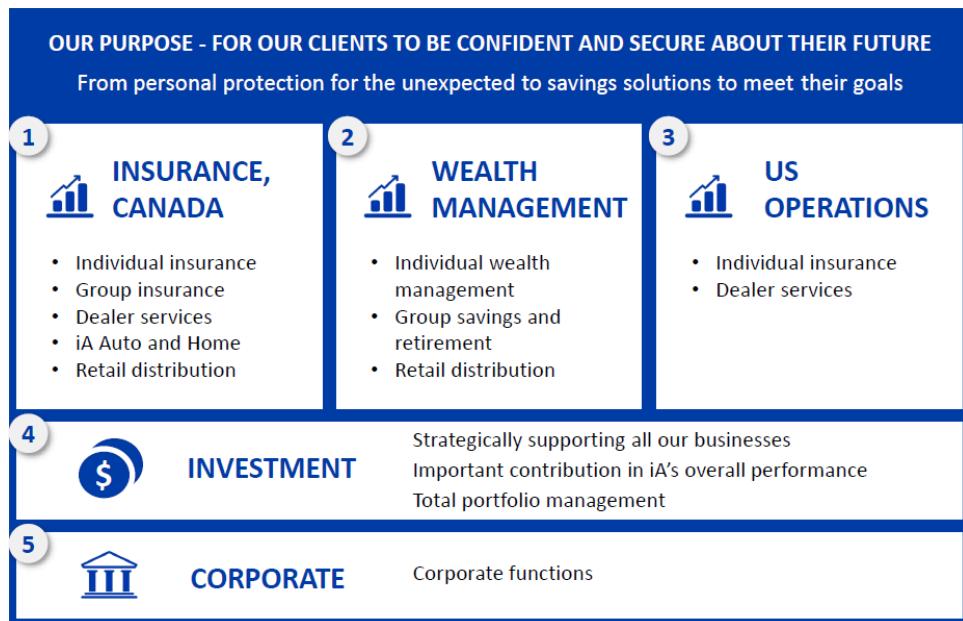
## Exhibit 20 - We expect SLF's Q1/23 core earnings to decrease ~-8% YoY from the transition to IFRS 17

Core EPS (\$)	IFRS 4			IFRS 17			IFRS 17 vs IFRS 4	
	Q1/22	YoY Growth (\$)	YoY Growth (%)	Q1/23E	RBCCM Estimated Transition Impact (\$)	RBCCM Estimated Transition Impact (%)	Q1/23E	YoY Growth (\$)
SLF								
SLF Canada	\$0.51	\$0.00	-0.5%	\$0.50	-\$0.05	-10.0%	\$0.45	-\$0.05
SLF U.S.	\$0.20	\$0.17	83.0%	\$0.37	-\$0.01	-3.0%	\$0.36	\$0.16
SLF Asset Management	\$0.56	\$0.02	3.5%	\$0.57	\$0.00	0.0%	\$0.57	\$0.02
SLF Asia	\$0.26	\$0.03	11.8%	\$0.29	-\$0.07	-23.2%	\$0.22	-\$0.04
Corporate (including U.K.) and other	-\$0.09	\$0.01	13.7%	-\$0.07	\$0.00	0.0%	-\$0.07	\$0.01
Core EPS pre-buyback	\$1.44	\$0.23	15.7%	\$1.66	-\$0.13	-7.7%	\$1.53	\$0.10
Effect of share count				\$0.00				\$0.00
Core EPS	\$1.44	\$0.23	15.9%	\$1.66	-\$0.13	-7.7%	\$1.53	\$0.10

Source: Company reports, RBC Capital Markets estimates



## Exhibit 21 - IAG's new accounting business segments starting in Q1/23



Source: Company reports



## Appendix II – Historical view of net flows and AUM growth

Exhibit 22 - Our tracked retail fund data suggests retail net outflows for all of the lifecos in Q1/23

\$MM	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Tracked funds Q1/23E <sup>(1)</sup>
<b>Net flows:</b>													
<b>Putnam (USD):</b>													
Mutual funds	-4,880	976	687	-766	-245	-1,467	-944	-1,606	-1,728	-1,789	-1,148	-1,626	-1,470
Institutional	-6,254	2,404	1,370	-223	-1,731	-2,216	-652	1,566	-707	-2,585	-892	142	n/a <sup>(2)</sup>
<b>Total net flows</b>	<b>-11,134</b>	<b>3,380</b>	<b>2,057</b>	<b>-989</b>	<b>-1,976</b>	<b>-3,683</b>	<b>-1,596</b>	<b>-40</b>	<b>-2,435</b>	<b>-4,374</b>	<b>-2,040</b>	<b>-1,484</b>	<b>n/a<sup>(2)</sup></b>
iA Clarington (CAD)	-99	50	48	245	378	272	261	242	83	-237	-171	-170	-74
JH Investments (USD) <sup>(3)</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-217
<b>MFS (USD):</b>													
Mutual funds	1,945	6,632	6,025	4,129	2,751	1,861	150	762	-2,978	-6,735	-5,588	-8,269	-1,773
Institutional	-182	-1,260	-1,548	-2,661	-3,033	-7,454	-2,332	-1,921	-2,466	1,272	-4,710	-3,622	n/a <sup>(2)</sup>
<b>Total net flows</b>	<b>1,763</b>	<b>5,372</b>	<b>4,477</b>	<b>1,468</b>	<b>-282</b>	<b>-5,593</b>	<b>-2,182</b>	<b>-1,159</b>	<b>-5,444</b>	<b>-5,463</b>	<b>-10,298</b>	<b>-11,891</b>	<b>n/a<sup>(2)</sup></b>

(1) Data tracked QoQ as of March 31, 2023.

(2) Our analysis on a fund-by-fund basis tracks retail funds only.

(3) No longer disclosed effective Q1/18.

Source: Company reports, Bloomberg, RBC Capital Markets estimates

Exhibit 23 - Our tracked retail fund data suggests ending AUM growth for all of the lifecos in Q1/23

	Q1/20	Q2/20	Q3/20	Q4/20	Q1/21	Q2/21	Q3/21	Q4/21	Q1/22	Q2/22	Q3/22	Q4/22	Tracked funds Q1/23E <sup>(1)</sup>
<b>AUM QoQ growth:</b>													
<b>Putnam (USD):</b>													
Mutual funds	-17.8%	13.0%	5.0%	6.2%	2.5%	3.0%	-1.4%	1.2%	-6.2%	-12.4%	-4.9%	2.3%	1.9%
Institutional	-18.4%	13.3%	7.4%	7.8%	-0.5%	2.3%	-0.3%	4.5%	-4.0%	-13.9%	-6.1%	6.3%	n/a <sup>(2)</sup>
<b>Total AUM</b>	<b>-18.1%</b>	<b>13.2%</b>	<b>6.2%</b>	<b>7.0%</b>	<b>1.0%</b>	<b>2.6%</b>	<b>-0.8%</b>	<b>2.9%</b>	<b>-5.1%</b>	<b>-13.2%</b>	<b>-5.5%</b>	<b>4.4%</b>	<b>n/a<sup>(2)</sup></b>
iA Clarington (CAD)	-14.5%	1.4%	4.7%	8.3%	5.6%	7.0%	2.5%	5.8%	-4.6%	-11.8%	-2.8%	1.8%	3.4%
JH Investments (USD) <sup>(3)</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3.4%
<b>MFS (USD):</b>													
Mutual funds	-16.1%	17.9%	8.6%	27.0%	3.1%	6.7%	-0.3%	5.5%	-8.0%	-13.3%	-7.4%	6.9%	3.8%
Institutional	-18.7%	14.7%	6.7%	-10.1%	1.7%	3.6%	-1.5%	5.3%	-8.2%	-13.0%	-9.2%	9.4%	n/a <sup>(2)</sup>
<b>Total AUM</b>	<b>-17.3%</b>	<b>16.5%</b>	<b>7.8%</b>	<b>11.3%</b>	<b>2.6%</b>	<b>5.6%</b>	<b>-0.7%</b>	<b>5.4%</b>	<b>-8.1%</b>	<b>-13.2%</b>	<b>-8.0%</b>	<b>7.7%</b>	<b>4.1%</b>

(1) Data tracked QoQ as of March 31, 2023.

(2) Our analysis on a fund-by-fund basis tracks retail funds only.

(3) No longer disclosed effective Q1/18.

Source: Company reports, Bloomberg, RBC Capital Markets estimates

## Appendix III – Lifeco valuation table

**Exhibit 24 - Lifeco valuation table**

Ticker	Stock Price		Mkt Cap		BVPS	P/BV	TBVPS	P/TBV	ROE				Operating EPS				EPS Growth				P/E Ratio				Indicated Dividend						
	per share	(Bln)	BVPS	P/BV					2019	2020	2021	2022	2023E	2019	2020	2021	2022	2023E	19/18	20/19	21/20	22/21	23/22	2019	2020	2021	2022	2023E	\$/share	Yield	
<b>Canadian Lifecos (CAD) - RBCCM estimates</b>																															
Great-West Lifeco	GWO	\$ 38.74	\$ 36.1	26.60	1.46x	8.56	4.53x	13.3%	12.9%	14.7%	13.7%	13.9%	2.86	2.88	3.50	3.45	3.82	18.7%	0.7%	21.7%	-1.4%	10.7%	13.6x	13.5x	11.1x	11.2x	10.1x	\$ 2.08	5.4%		
IAG Financial	IAG	\$ 90.04	\$ 9.3	63.06	1.43x	33.46	2.69x	13.2%	13.3%	14.1%	14.4%	15.2%	6.55	7.12	8.31	8.85	9.75	18.0%	8.7%	16.8%	6.5%	10.1%	13.8x	12.7x	10.8x	9.2x	\$ 2.70	3.0%			
Manulife Financial	MFC	\$ 26.83	\$ 49.6	26.49	1.01x	20.85	1.29x	13.1%	10.9%	13.0%	11.9%	12.5%	2.97	2.75	3.25	3.10	3.34	8.6%	-7.5%	18.1%	-4.7%	7.9%	9.0x	9.8x	8.3x	8.7x	8.0x	\$ 1.46	5.4%		
<sup>6</sup> Sun Life Financial	SLF	\$ 66.40	\$ 39.0	42.99	1.54x	20.09	3.30x	14.3%	14.4%	15.4%	15.1%	14.6%	5.16	5.49	6.03	6.27	6.47	6.1%	6.4%	9.9%	3.9%	3.2%	12.9x	12.1x	11.0x	10.6x	10.3x	\$ 2.88	4.3%		
<b>Median</b>																													<b>4.9%</b>		
<sup>7</sup> Sagicor (USD)	SFC	\$ 3.71	\$ 0.5	7.59	0.49x	6.86	0.54x	14.0%	-0.3%	12.6%	11.0%	8.6%	1.08	(0.02)	0.91	0.80	0.66	-6.2%	nmf	nmf	-12.0%	-16.7%	3.4x	nmf	4.1x	4.6x	5.6x	\$ 0.23	6.1%		
<b>US Lifecos (USD) - Consensus estimates</b>																															
Aflac	AFL	\$ 70.36	\$ 43.0	36.35	1.94x	36.35	1.94x	12.6%	15.3%	12.9%	15.1%	15.1%	4.44	4.96	5.94	5.33	5.63	6.7%	11.7%	19.8%	-10.3%	5.6%	15.8x	14.2x	11.8x	13.2x	12.5x	\$ 1.68	2.4%		
Ameriprise	AMP	\$ 302.58	\$ 31.8	34.32	8.82x	34.32	8.82x	33.5%	26.5%	47.8%	55.0%	52.0%	16.22	14.08	22.75	23.96	30.31	8.6%	-13.2%	61.6%	5.3%	26.5%	18.7x	21.5x	13.3x	12.6x	10.0x	\$ 5.40	1.8%		
Brightbourne Financial	BHF	\$ 44.05	\$ 3.0	61.81	0.71x	61.81	0.71x	-5.0%	-6.8%	-1.3%	-1.1%	10.0%	5.31	(2.92)	18.86	8.93	14.59	-28.6%	nmf	nmf	-52.7%	63.4%	8.3x	nmf	2.3x	4.9x	3.0x	\$ -	0.0%		
Hartford	HIG	\$ 71.28	\$ 22.3	42.16	1.69x	33.63	2.12x	14.4%	10.1%	13.1%	11.7%	16.5%	5.65	5.78	6.15	7.56	8.40	30.5%	-2.3%	6.4%	22.9%	11.0%	12.6x	12.3x	11.6x	9.4x	8.5x	\$ 1.70	2.4%		
Lincoln	LNC	\$ 21.68	\$ 3.7	18.41	1.18x	11.65	1.86x	5.2%	2.4%	6.5%	-19.2%	12.1%	6.71	4.45	8.20	5.22	8.43	-20.9%	-33.7%	84.3%	nmf	3.2x	4.9x	2.6x	nmf	2.6x	\$ 1.80	8.3%			
MetLife	MET	\$ 61.26	\$ 4.74	29.69	2.06x	17.76	3.45x	10.2%	7.8%	9.5%	5.5%	13.8%	6.11	6.16	6.85	8.34	13.4%	0.8%	48.5%	-25.1%	21.8%	10.0%	9.9x	6.7x	8.9x	7.3x	2.08	3.4%			
Principal	PFG	\$ 73.98	\$ 18.0	41.07	1.80x	28.21	2.62x	10.7%	9.0%	10.5%	36.9%	11.9%	5.58	4.94	6.77	6.66	6.75	0.9%	-11.5%	37.0%	-1.6%	1.4%	13.3x	15.0x	10.9x	11.1x	11.0x	\$ 2.56	3.5%		
Prudential	PRU	\$ 86.31	\$ 31.7	44.40	1.94x	38.97	2.21x	7.4%	-0.6%	11.8%	-3.7%	12.3%	11.69	10.21	15.50	9.46	12.26	0.0%	-12.7%	51.9%	-39.0%	29.6%	7.4x	8.5x	5.6x	9.1x	7.0x	\$ 5.00	5.8%		
Globe Life	GL	\$ 109.01	\$ 10.5	50.61	2.15x	45.63	2.39x	12.0%	9.1%	8.6%	10.9%	19.3%	6.75	6.88	8.65	8.15	10.35	1.0%	1.9%	-0.3%	18.8%	27.0%	16.1x	15.8x	15.9x	13.4x	10.5x	\$ 0.90	0.8%		
Unum	UNM	\$ 41.83	\$ 8.3	46.51	0.90x	44.75	0.93x	11.8%	7.6%	7.4%	12.8%	10.9%	5.44	4.93	4.35	6.21	6.80	4.6%	-9.4%	-11.8%	42.8%	9.5%	7.7x	8.5x	9.6x	6.7x	6.2x	\$ 1.32	3.2%		
<b>Median</b>																													<b>2.8%</b>		
<b>UK Lifecos (GBP) - Consensus estimates</b>																															
Aviva	AV	GBp 423	£ 11.8	444	0.95x	295	1.43x	14.8%	15.1%	10.2%	-7.6%	13.1%	78.73	80.00	57.63	59.80	56.90	2.5%	1.6%	-28.0%	3.8%	-4.8%	5.4x	7.3x	7.1x	7.4x	GBp 57	13.5%			
Legal & General Group	LEG	GBp 236	£ 14.1	204	1.16x	195	1.21x	20.4%	16.6%	19.5%	19.8%	16.7%	24.66	30.05	30.37	35.00	34.00	-24.2%	21.8%	1.1%	15.2%	-2.9%	9.6x	7.9x	7.8x	6.8x	GBp 34	14.4%			
Prudential plc	PRU	GBp 1,203	£ 33.1	617	1.95x	583	2.06x	3.8%	10.5%	-10.8%	5.9%	16.6%	175.00	175.50	83.40	36.50	112.50	11.7%	0.3%	-52.5%	-56.2%	nmf	6.9x	6.9x	14.4x	nmf	10.7x	GBp 113	9.4%		
<b>Median</b>																													<b>13.5%</b>		
<b>European Composite Insurers (EUR) - Consensus estimates</b>																															
Allianz	ALV	€ 227.00	€ 91.6	128	1.77x	81	2.80x	11.7%	8.8%	8.2%	10.3%	18.0%	18.83	16.32	15.83	16.26	23.37	2.9%	-13.3%	-3.0%	2.7%	43.7%	12.1x	13.9x	14.3x	14.0x	9.7x	€ 11.40	5.0%		
AXA	CS	€ 29.57	€ 67.8	17	1.75x	7	4.19x	6.5%	4.9%	11.2%	12.8%	16.2%	2.59	1.71	2.75	3.09	3.42	4.4%	-34.0%	60.8%	12.4%	10.7%	11.4x	17.3x	10.8x	9.6x	8.6x	€ 1.70	5.7%		
Zurich Financial Services	ZFIN	€ 305.00	€ 45.9	180	1.70x	102	2.99x	12.6%	10.4%	13.7%	20.4%	27.69	27.04	31.68	29.36	39.68	3.3%	-2.3%	17.3%	-7.3%	35.1%	11.0x	11.3x	9.6x	10.4x	7.7x	€ 24.33	8.0%			
<b>Median</b>																													<b>5.7%</b>		
<b>Asian Lifecos (HKD, JPY, KRW) - Consensus estimates</b>																															
<sup>2</sup> AIA Group	AIA	HK\$ 1299	HK\$ 84.95	HK\$ 989	3.25	3.33x	2.97	3.65x	12.7%	9.8%	12.0%	0.6%	16.7%	0.55	0.50	0.62	0.02	0.59	nmf	-9.6%	24.7%	-96.8%	nmf	19.7x	21.8x	17.5x	nmf	18.3x	HKS 0.59	0.7%	
<sup>3</sup> China Life	2628	HK\$ 15.02	HK\$ 112	15.43	1.45x	14.26	1.82x	16.1%	11.8%	7.0%	10.3%	2.05	0.81	1.00	1.23	1.73	nmf	-60.5%	23.5%	23.0%	40.7%	6.5x	16.4x	13.3x	10.8x	7.7x	CNY 1.73	13.0%			
<sup>3</sup> New China Life (NCL)	1336	HK\$ 22.40	HK\$ 23	32.98	0.60x	31.69	0.63x	19.4%	15.4%	14.2%	9.3%	10.9%	4.67	4.58	4.79	3.15	4.16	83.9%	-1.9%	4.6%	-34.2%	31.9%	4.3x	4.1x	6.3x	4.8x	CNY 4.16	20.9%			
<sup>3</sup> Ping An Insurance	2318	HK\$ 56.70	HK\$ 422	46.97	1.07x	41.54	1.21x	24.3%	19.9%	12.9%	10.0%	14.9%	8.41	8.10	5.77	4.73	7.42	39.7%	-3.7%	-28.8%	-18.0%	56.9%	6.0x	6.2x	8.7x	10.6x	6.8x	CNY 7.42	14.8%		
<sup>1,4</sup> Dai-Ichi Life	8750	JPY 2,532	JPY 2,506	2,496	1.01x	1,731	1.46x	6.0%	0.9%	8.5%	8.9%	5.4%	194	29	326	383	233	-37.4%	-85.3%	nmf	17.7%	-39.3%	13.0x	nmf	7.8x	6.6x	10.9x	JPY 233	9.2%		
<sup>1,4</sup> T&D Holdings	8795	JPY 1,654	JPY 974	1,572	1.05x	1,509	1.10x	6.3%	5.9%	8.3%	1.0%	-12.5%	119	111	272	24	(281)	-4.6%	-6.1%	nmf	-9.1%	14.0x	14.9x	6.1x	nmf	-	-	-	-	-	-17.0%
<sup>5</sup> Samsung Life	032830	₩ 66,300	₩ 13,260	124,081	0.53x	120,947	0.55x	3.0%	3.3%	3.7%	5.3%	5.9%	5,443	7,049	8,183	7,934	7,851	-47.6%	29.5%	16.1%	-3.0%	-1.1%	12.2x	9.4x	8.1x	8.4x	8.4x	₩ 7,851	11.8%		
<sup>5</sup> Hanwha Life	088350	₩ 2,480	₩ 2,154	9,020	0.27x	7,536	0.33x	0.1%	0.9%	9.5%	7.1%	7.5%	18	144	1,455	708	5,059	-96.2%	nmf	nmf	-51.3%	nmf	17.2x	1.7x	3.5x	0.5x	0.5x	5,059	204.0%		
<b>Median</b>																													<b>12.4%</b>		

Priced as of May 1, 2023, market close ET.

Note: RBC Capital Markets estimates for Canadian lifecos, all other estimates are sourced from Bloomberg.



## Appendix IV – Lifeco summary models

### Exhibit 25 - GWO summary financial model

Great-West Lifeco - Summary Financial Model

Key income statement data (C\$millions)	2019	2020	2021	2022	2023E	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23E	Prior Estimates	
											Q1/23E	2023E
Expected Profit on In-Force Business	2,952	3,106	3,771	3,857	4,344	935	1,010	917	995	1,082	1,082	4,344
Impact of New Business	(108)	(307)	(208)	(330)	(404)	(77)	(87)	(92)	(74)	(101)	(101)	(404)
Experience Gains and Losses	108	32	284	248	460	103	52	(101)	194	115	115	460
Mgmt Actions and Changes in Assumptions	104	220	126	74	204	(11)	(43)	24	104	51	51	204
Other	(254)	(110)	(289)	(177)	(106)	(23)	(64)	(42)	(48)	(27)	(27)	(106)
Earnings on Surplus	159	120	(64)	(112)	8	(41)	(39)	(8)	(24)	4	4	8
Net Income Before Tax	2,961	3,061	3,620	3,560	4,506	886	829	698	1,147	1,125	1,125	4,506
Income Taxes	(464)	26	(359)	(209)	(610)	(83)	(61)	22	(87)	(153)	(153)	(610)
Net Income before non-controlling interests	2,497	3,087	3,261	3,351	3,896	803	768	720	1,060	972	972	3,896
Non-controlling Interests & Preferred Dividends	(138)	(144)	(133)	(132)	(132)	(33)	(33)	(32)	(34)	(33)	(33)	(132)
Common Shareholders' Reported Earnings	2,359	2,943	3,128	3,219	3,764	770	735	688	1,026	939	939	3,764
Less: Adjustments to Arrive at Base Earnings	(345)	274	(132)	-	187	(39)	(95)	-	134	47	47	187
Common Shareholders' Base Earnings (IFRS 4)	2,704	2,669	3,260	3,219	3,577	809	830	688	892	892	892	3,577
IFRS 17 Transition Impact	n/a	n/a	n/a	n/a	(19)	n/a	n/a	n/a	n/a	(19)		
Common Shareholders' Base Earnings (IFRS 17)	n/a	n/a	n/a	n/a	3,559	n/a	n/a	n/a	n/a	874		
Weighted Average Shares O/S - basic	946.0	927.7	929.5	931.7	931.3	931.3	931.8	931.8	931.8	931.6	931.9	931.9
Weighted Average Shares O/S - Diluted	946.5	927.8	931.0	932.3	931.4	933.4	932.5	932.0	931.9	931.7	932.0	932.0
EPS, Ops Basic	\$2.49	\$3.17	\$3.37	\$3.45	\$4.04	\$0.83	\$0.79	\$0.74	\$1.10	\$1.01	\$1.01	\$4.04
EPS, Rpt Diluted	<b>\$2.49</b>	<b>\$3.17</b>	<b>\$3.36</b>	<b>\$3.45</b>	<b>\$4.04</b>	<b>\$0.83</b>	<b>\$0.79</b>	<b>\$0.74</b>	<b>\$1.10</b>	<b>\$1.01</b>	<b>\$1.01</b>	<b>\$4.04</b>
Base EPS, Basic	\$2.86	\$2.88	\$3.51	\$3.46	\$3.84	\$0.87	\$0.89	\$0.74	\$0.96	\$0.96	\$0.96	\$3.84
Base EPS, Diluted (IFRS 4)	<b>\$2.86</b>	<b>\$2.88</b>	<b>\$3.50</b>	<b>\$3.45</b>	<b>\$3.84</b>	<b>\$0.87</b>	<b>\$0.89</b>	<b>\$0.74</b>	<b>\$0.96</b>	<b>\$0.96</b>		
IFRS 17 Transition Impact to Base EPS	n/a	n/a	n/a	n/a	(\$0.02)	n/a	n/a	n/a	n/a	(\$0.02)		
Base EPS, Diluted (IFRS 17)	n/a	n/a	n/a	n/a	<b>\$3.82</b>	n/a	n/a	n/a	n/a	<b>\$0.94</b>	<b>\$0.96</b>	<b>\$3.84</b>
Dividend per share	\$1.652	\$1.752	\$1.804	\$1.960	\$2.080	\$0.490	\$0.490	\$0.490	\$0.490	\$0.520	\$0.520	\$2.080
Payout Ratio (Based on Reported EPS)	66%	55%	54%	57%	51%	59%	62%	66%	45%	52%	52%	51%
Payout Ratio (Based on Base EPS)*	58%	61%	51%	57%	54%	56%	55%	66%	51%	55%	54%	54%
Operating ROE	11.6%	14.2%	14.1%	13.7%	14.7%	13.4%	12.7%	11.7%	16.9%	15.0%	15.0%	14.6%
Base ROE	13.3%	12.9%	14.7%	13.7%	13.9%	14.1%	14.4%	11.7%	14.7%	14.3%	14.3%	13.9%
BVPS Basic (including AOCI) (IFRS 4)	\$21.53	\$22.97	\$24.71	\$26.60	\$28.56	\$24.57	\$25.00	\$25.61	\$26.60	\$27.08	\$27.09	\$28.56
IFRS 17 Transition Impact on BVPS Basic (including AOCI)	n/a	n/a	n/a	n/a	(\$3.43)	n/a	n/a	n/a	n/a	(\$3.25)		
BVPS Basic (including AOCI) (IFRS 17)	n/a	n/a	n/a	n/a	(\$25.13)	n/a	n/a	n/a	n/a	(\$23.83)		
BVPS Basic (excluding AOCI) (IFRS 4)	\$20.99	\$22.45	\$24.03	\$25.55	\$27.50	\$24.31	\$24.74	\$24.91	\$25.55	\$26.03	\$26.04	\$27.51
IFRS 17 Transition Impact on BVPS Basic (excluding AOCI)	n/a	n/a	n/a	n/a	(\$3.30)	n/a	n/a	n/a	n/a	(\$3.12)		
BVPS Basic (excluding AOCI) (IFRS 17)	n/a	n/a	n/a	n/a	\$24.20	n/a	n/a	n/a	n/a	\$22.91		
Tangible book value per share (IFRS 4)	\$10.33	\$7.46	\$9.03	\$8.56	\$10.50	\$9.07	\$7.31	\$7.39	\$8.56	\$9.03	\$9.05	\$10.52
IFRS 17 Transition Impact on Tangible book value per share	n/a	n/a	n/a	n/a	(\$3.43)	n/a	n/a	n/a	n/a	(\$3.25)		
Tangible book value per share (IFRS 17)	n/a	n/a	n/a	n/a	\$7.08	n/a	n/a	n/a	n/a	\$5.78		
Earnings on surplus as a % of shareholders' equity	0.6%	0.4%	(0.2%)	(0.3%)	0.0%	(0.5%)	(0.5%)	(0.1%)	(0.3%)	0.1%	0.1%	0.0%
Tax rate	15.7%	(0.8%)	9.9%	5.9%	13.5%	9.4%	7.4%	(3.2%)	7.6%	13.6%	13.6%	13.5%
Base Earnings (IFRS 4)												
Canada	1,178	1,206	1,220	1,146	1,197	272	296	283	295	290		
U.S. (including Putnam)	350	273	671	652	759	120	143	204	185	208		
Europe	796	688	830	892	936	245	208	200	239	226		
Capital and Risk Solutions	401	536	547	532	682	170	174	1	187	166		
Corporate	(21)	(34)	(8)	(3)	4	2	9	-	(14)	3		
Common Shareholders' Base Earnings	2,704	2,669	3,260	3,219	3,577	809	830	688	892	892		
IFRS 17 Transition Impact												
Canada	n/a	n/a	n/a	n/a	(9)	n/a	n/a	n/a	n/a	(9)		
U.S. (including Putnam)	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	-		
Europe	n/a	n/a	n/a	n/a	(5)	n/a	n/a	n/a	n/a	(5)		
Capital and Risk Solutions	n/a	n/a	n/a	n/a	(5)	n/a	n/a	n/a	n/a	(5)		
Corporate	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	-		
Common Shareholders' Base Earnings	n/a	n/a	n/a	n/a	(19)	n/a	n/a	n/a	n/a	(19)		
Base Earnings (IFRS 17)												
Canada	n/a	n/a	n/a	n/a	1,188	n/a	n/a	n/a	n/a	282	290	1,197
U.S. (including Putnam)	n/a	n/a	n/a	n/a	759	n/a	n/a	n/a	n/a	208	208	759
Europe	n/a	n/a	n/a	n/a	931	n/a	n/a	n/a	n/a	221	226	936
Capital and Risk Solutions	n/a	n/a	n/a	n/a	677	n/a	n/a	n/a	n/a	161	166	682
Corporate	n/a	n/a	n/a	n/a	4	n/a	n/a	n/a	n/a	3	3	4
Common Shareholders' Base Earnings	n/a	n/a	n/a	n/a	3,559	n/a	n/a	n/a	n/a	874	892	3,577
Growth (YoY)**												
Base EPS, Diluted	18.7%	0.7%	21.7%	(1.4%)	10.7%	9.1%	0.3%	(20.8%)	8.2%	8.0%	10.3%	11.2%
Common Shareholders' Base Earnings	13.6%	(1.3%)	22.1%	(1.3%)	10.5%	9.5%	0.5%	(20.9%)	8.1%	8.0%	10.3%	11.1%
Book value per share (including AOCI)	(2.5%)	6.7%	7.6%	7.7%	(5.5%)	5.2%	5.5%	5.0%	7.7%	(3.0%)	10.2%	7.4%
Expected Profit from In-force	1.2%	5.2%	21.4%	2.3%	12.6%	5.6%	9.2%	(7.0%)	2.1%	15.8%	15.8%	12.6%

\*Payout ratio based on IFRS 4 earnings for Q4/22 and prior. For Q1/23 onwards, payout ratio is based on IFRS 17 earnings.

\*\*2023E YoY growth rate is based on IFRS 17 versus IFRS 4.

Source: Company reports, RBC Capital Markets estimates



## Exhibit 26 - IAG summary financial model

## IA Financial Corporation - Summary Financial Model

Key income statement data (C\$millions)	2019	2020	2021	2022	2023E	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23E	Prior Estimates	
											Q1/23E	2023E
Operating profit												
Expected profit from in-force	769	846	976	1,023	1,099	236.0	269.0	260.0	258.0	235.6	258	1,120
Experience gain (loss)	49	(30)	33	(9)	116	(22.0)	8.0	(10.0)	15.0	28.9	29	116
Gain (strain) on sales	(9)	(28)	(15)	47	15	(10.0)	17.0	18.0	22.0	14.9	(0)	(0)
Changes in assumptions	(9)	-	-	-	-	-	-	-	-	-	-	-
Total	799	788	994	1,061	1,229	204.0	294.0	268.0	295.0	279.4	286	1,236
Income on capital	122	179	204	164	100	45.0	46.0	39.0	34.0	14.0	30	116
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Income taxes	(198)	(181)	(278)	(254)	(311)	(50.0)	(79.0)	(61.0)	(64.0)	(68.2)	(74)	(317)
Net income before unusual items	723	786	920	971	1,018	199.0	261.0	246.0	265.0	225.1	242	1,035
Unusual items	-	-	-	-	-	-	-	-	-	-	-	-
Core net income	723	786	920	971	1,018	199.0	261.0	246.0	265.0	225.1	242	1,035
Preferred dividends	(22)	(22)	(24)	(26)	(27)	(6.0)	(6.0)	(3.0)	(11.0)	(3.2)	(5)	(30)
Core net income to common (IFRS 4)	701	764	896	945	991	193.0	255.0	243.0	254.0	221.9	237	1,005
IFRS 17 Transition Impact	n/a	n/a	n/a	n/a	4	n/a	n/a	n/a	n/a	4.5		
Core net income to common (IFRS 17)	n/a	n/a	n/a	n/a	996	n/a	n/a	n/a	n/a	226.4		
Avg. Diluted Shares outstanding	107.4	107.2	107.8	106.9	102.2	108.1	107.5	106.2	105.6	104.1	104.5	103.6
EPS before unusual items	\$6.40	\$5.70	\$7.70	\$7.65	\$8.77	\$1.40	\$2.06	\$2.03	\$2.17	\$1.90	\$2.04	\$8.78
Reported EPS	\$6.40	\$5.70	\$7.70	\$7.65	\$8.77	\$1.40	\$2.06	\$2.03	\$2.17	\$1.90	\$2.04	\$8.78
Core Earnings (New Definition, IFRS 4)*	702	764	896	945	991	193	255	243	254	222		
IFRS 17 Transition Impact	n/a	n/a	n/a	n/a	4	n/a	n/a	n/a	n/a	4		
Core Earnings (IFRS 17)	n/a	n/a	n/a	n/a	996	n/a	n/a	n/a	n/a	226	\$237	\$1,005
Core EPS (IFRS 4) (New Definition)*	\$6.55	\$7.12	\$8.31	\$8.85	\$9.70	\$1.79	\$2.37	\$2.29	\$2.40	\$2.13		
IFRS Transition Impact on Core EPS	n/a	n/a	n/a	n/a	\$0.04	n/a	n/a	n/a	n/a	\$0.04		
Core EPS (IFRS 17)	n/a	n/a	n/a	n/a	\$9.75	n/a	n/a	n/a	n/a	\$2.17	\$2.27	\$9.70
Dividend per share	\$1.765	\$1.940	\$2.080	\$2.600	\$2.805	\$0.625	\$0.625	\$0.675	\$0.675	\$0.675	\$0.675	\$2.805
Payout Ratio (Based on Reported EPS)	27%	27%	25%	29%	29%	45%	30%	33%	31%	35%	33%	29%
Payout Ratio (Based on Core EPS)**	27%	27%	25%	29%	29%	35%	26%	29%	28%	32%	30%	29%
Operating ROE	12.9%	10.6%	13.1%	12.4%	13.7%	9.1%	13.6%	13.2%	13.9%	12.1%	12.8%	13.4%
Core ROE (New Definition)*	13.2%	13.3%	14.1%	14.4%	15.2%	11.7%	15.6%	14.9%	15.4%	13.6%	14.3%	14.8%
Book value per share (including AOCI) (IFRS 4)	\$51.99	\$55.52	\$62.01	\$63.06	\$66.40	\$61.04	\$60.97	\$62.38	\$63.06	\$62.59	\$64.34	\$68.58
IFRS 17 Transition Impact on Book value per share (including AOCI)	n/a	n/a	n/a	n/a	(\$0.25)	n/a	n/a	n/a	n/a	\$0.10		
Book value per share (including AOCI) (IFRS 17)	n/a	n/a	n/a	n/a	\$66.14	n/a	n/a	n/a	n/a	\$62.68		
Book value per share (excluding AOCI) (IFRS 4)	\$51.47	\$54.75	\$62.14	\$67.01	\$70.56	\$63.62	\$65.14	\$66.39	\$67.01	\$66.59	\$68.31	\$72.63
IFRS 17 Transition Impact on Book value per share (excluding AOCI)	n/a	n/a	n/a	n/a	(\$0.25)	n/a	n/a	n/a	n/a	\$0.10		
Book value per share (excluding AOCI) (IFRS 17)	n/a	n/a	n/a	n/a	\$70.30	n/a	n/a	n/a	n/a	\$66.69		
Tangible book value per share (IFRS 4)	\$35.96	\$28.96	\$34.36	\$33.46	\$35.24	\$33.24	\$32.28	\$32.93	\$33.46	\$32.62	\$34.57	\$38.29
IFRS 17 Transition Impact Tangible book value per share	n/a	n/a	n/a	n/a	(\$0.25)	n/a	n/a	n/a	n/a	\$0.10		
Tangible book value per share (IFRS 17)	n/a	n/a	n/a	n/a	\$34.99	n/a	n/a	n/a	n/a	\$32.71		
Earnings on surplus as a % of shareholders' equity	2.0%	1.6%	1.7%	0.3%	1.4%	1.3%	1.3%	(1.9%)	0.6%	0.8%	1.7%	1.5%
Tax rate	21.3%	17.0%	23.1%	17.2%	23.4%	18.7%	12.7%	18.0%	19.5%	23.3%	23.4%	23.4%
Core earnings by segment (IFRS 4)*												
Individual Insurance	363	372	404	455	452	85	123	120	127	105		
Individual Wealth	172	194	241	205	240	56	53	49	47	49		
Group Insurance	79	83	94	119	123	16	39	29	35	25		
Group Pension	30	29	25	31	28	6	6	7	12	7		
U.S. Operations	59	86	132	135	149	30	34	38	33	35		
Total	702	764	896	945	991	193	255	243	254	222		
IFRS 17 Transition Impact												
Individual Insurance	n/a	n/a	n/a	n/a	3	n/a	n/a	n/a	n/a	3		
Individual Wealth	n/a	n/a	n/a	n/a	1	n/a	n/a	n/a	n/a	1		
Group Insurance	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	-		
Group Pension	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	-		
U.S. Operations	n/a	n/a	n/a	n/a	0	n/a	n/a	n/a	n/a	0		
Total	n/a	n/a	n/a	n/a	4	n/a	n/a	n/a	n/a	4		
Core earnings by segment (IFRS 17)												
Individual Insurance	n/a	n/a	n/a	n/a	455	n/a	n/a	n/a	n/a	108	109	455
Individual Wealth	n/a	n/a	n/a	n/a	241	n/a	n/a	n/a	n/a	50	61	249
Group Insurance	n/a	n/a	n/a	n/a	123	n/a	n/a	n/a	n/a	25	25	121
Group Pension	n/a	n/a	n/a	n/a	28	n/a	n/a	n/a	n/a	7	8	31
U.S. Operations	n/a	n/a	n/a	n/a	149	n/a	n/a	n/a	n/a	35	35	149
Total	n/a	n/a	n/a	n/a	996	n/a	n/a	n/a	n/a	226	237	1,005
Growth (YoY)***												
Core EPS (New Definition)*	nmf	8.7%	16.8%	6.5%	10.1%	(0.1%)	3.5%	2.9%	19.4%	21.7%	27.2%	9.6%
Core Earnings (New Definition)*	nmf	8.8%	17.4%	5.4%	5.4%	0.4%	3.7%	0.8%	17.1%	17.3%	22.9%	6.3%
Book value per share (including AOCI)	9.8%	6.8%	11.7%	1.7%	4.9%	7.2%	3.3%	2.6%	1.7%	2.7%		
Expected profit from In-force	11.5%	10.0%	15.4%	4.8%	7.4%	8.8%	9.3%	2.0%	0.0%	(0.2%)	9.2%	9.5%

\* IAG introduced a new core definition in Q4/20 that will begin in 2021. IAG also began reporting core earnings by segment in 2021.

\*\* Payout ratio based on IFRS 4 earnings for Q4/22 and prior. For Q1/23 onwards, payout ratio is based on IFRS 17 earnings.

\*\*\* 2023E YoY growth rate is based on IFRS 17 versus IFRS 4.

Source: RBC Capital Markets estimates, Company reports



## Exhibit 27 - MFC summary financial model

Manulife Summary Financial Model

	2019	2020	2021	2022	2023E	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23E	Prior Estimates	Q1/23E	2023E
Key income statement data - Core (C\$Millions)													
Expected profit from in-force business	4,028	4,281	4,387	4,440	4,860	1,101	1,075	1,115	1,149	1,168	1,174	4,862	
Impact of new business	996	909	1,274	994	270	219	253	243	279	270	-	-	
Core investment gains	463	-	507	492	519	127	133	124	108	130	130	519	
Experience gains (excl. core investment gains)	(282)	(67)	(375)	(366)	20	48	37	(384)	(67)	20	0	-	
Management actions and changes in assumptions	47	18	22	(7)	-	(2)	(2)	(2)	(1)	-	-	-	
Earnings on surplus funds	788	405	520	461	868	20	46	77	318	75	90	882	
Other	180	177	184	90	191	42	16	14	18	47	48	192	
Insurance	6,220	5,723	6,519	6,104	6,728	1,555	1,558	1,187	1,804	1,710	1,441	6,455	
Global Wealth and Asset Management	1,144	1,272	1,640	1,459	1,612	385	362	395	317	403	349	1,538	
Manulife Bank	202	213	237	258	296	52	58	74	74	74	74	296	
Unallocated overhead	(479)	(524)	(500)	(404)	(396)	(116)	(78)	(63)	(147)	(99)	(99)	(396)	
Pre-tax core earnings	7,087	6,684	7,896	7,417	8,240	1,876	1,900	1,593	2,048	2,088	1,765	7,892	
Income taxes	(1,083)	(1,168)	(1,360)	(1,235)	(1,586)	(324)	(338)	(271)	(302)	(413)	(358)	(1,528)	
Core Earnings	6,004	5,516	6,536	6,182	6,653	1,552	1,562	1,322	1,746	1,675	1,407	6,364	
Preferred Share Dividends	(172)	(171)	(215)	(260)	(298)	(52)	(60)	(51)	(97)	(52)	(51)	(296)	
Core earnings to common (IFRS 4)	5,832	5,345	6,321	5,922	6,355	1,500	1,502	1,271	1,649	1,623	1,356	6,068	
IFRS 17 Transition Impact	n/a	n/a	n/a	n/a	(163)	n/a	n/a	n/a	n/a	n/a	(163)		
Core earnings to common (IFRS 17)	n/a	1,460											
Weighted Average Shares O/S - Diluted	1,962	1,943	1,946	1,913	1,854	1,942	1,924	1,904	1,881	1,859	1,867		
Core EPS (IFRS 4)	\$2.97	\$2.75	\$3.25	\$3.10	\$3.43	\$0.77	\$0.78	\$0.67	\$0.88	\$0.87			
IFRS 17 Impact on Core EPS	n/a	n/a	n/a	n/a	(50.09)	n/a	n/a	n/a	n/a	n/a	(50.09)		
Core EPS (IFRS 17)	n/a	n/a	n/a	n/a	n/a	\$3.34	n/a	n/a	n/a	n/a	\$0.79	\$0.73	\$3.25
Common Shareholders' Net Income	5,430	5,700	6,890	7,034	6,355	2,918	1,026	1,296	1,794	1,623	1,356	6,068	
EPS, Rpt Diluted	\$2.77	\$2.93	\$3.54	\$3.68	\$3.43	\$1.50	\$0.53	\$0.68	\$0.95	\$0.87	\$0.73	\$3.25	
Dividend per Share	\$1.00	\$1.12	\$1.17	\$1.32	\$1.46	\$0.33	\$0.33	\$0.33	\$0.33	\$0.37	\$0.37	\$1.46	
Payout Ratio (based on Reported EPS)	36.1%	38.2%	33.0%	35.9%	42.6%	22.0%	61.9%	48.5%	34.6%	41.8%	50.2%	44.9%	
Payout Ratio (based on Core EPS)*	33.6%	40.7%	36.0%	42.6%	43.7%	42.7%	42.3%	49.4%	37.6%	46.5%	50.2%	44.9%	
Operating ROE	12.2%	11.6%	14.2%	14.1%	12.5%	23.0%	8.3%	10.5%	14.4%	13.1%	10.9%	11.9%	
Core ROE	13.1%	10.9%	13.0%	11.9%	12.5%	11.8%	12.1%	10.3%	13.2%	13.1%	10.9%	11.9%	
BVPS Basic (including AOCI) (IFRS 4)	\$23.25	\$25.00	\$26.78	\$26.49	\$28.47	\$26.33	\$25.56	\$26.17	\$26.49	\$27.01	\$26.85	\$28.28	
IFRS 17 Transition Impact on BVPS Basic (including AOCI)	n/a	n/a	n/a	n/a	(55.69)	n/a	n/a	n/a	n/a	n/a	(55.40)		
BVPS Basic (including AOCI) (IFRS 17)	n/a	n/a	n/a	n/a	n/a	22.78	n/a	n/a	n/a	n/a	21.61		
Book value per share (excluding AOCI)	\$19.94	\$21.74	\$24.12	\$26.50	\$28.48	\$25.28	\$25.49	\$25.88	\$26.50	\$27.02	\$26.87	\$28.30	
IFRS 17 Transition Impact on BVPS (excluding AOCI)	n/a	n/a	n/a	n/a	(55.70)	n/a	n/a	n/a	n/a	n/a	(55.40)		
Book value per share (excluding AOCI)	n/a	n/a	n/a	n/a	n/a	22.79	n/a	n/a	n/a	n/a	21.62		
Tangible book value per share (IFRS 4)	\$18.13	\$19.89	\$21.67	\$20.85	\$22.78	\$21.29	\$20.43	\$20.84	\$20.85	\$21.32	\$21.21	\$22.64	
IFRS 17 Transition Impact on Tangible book value per share	n/a	n/a	n/a	n/a	(54.56)	n/a	n/a	n/a	n/a	n/a	(54.26)		
Tangible book value per share (IFRS 17)	n/a	n/a	n/a	n/a	n/a	18.22	n/a	n/a	n/a	n/a	\$17.05		
Earnings on surplus as a % of shareholders' equity	1.6%	0.8%	0.9%	0.8%	1.5%	0.1%	0.3%	0.5%	2.3%	0.5%	0.6%	1.5%	
Core tax rate	15.3%	17.5%	17.2%	16.7%	19.3%	17.3%	17.8%	17.0%	14.7%	19.8%	20.3%	19.4%	
Core Earnings by Division (IFRS 4)													
Asia	2,005	2,110	2,176	2,132	2,122	537	513	513	569	600			
Canada	1,201	1,174	1,179	1,359	1,360	314	345	350	350	359			
U.S.	1,876	1,995	1,936	1,700	1,673	486	456	384	374	458			
Global Wealth and Asset Management	1,021	1,100	1,406	1,241	1,418	324	305	345	267	355			
Corporate & Other (excl. core investment gains)	(499)	(863)	(561)	(650)	(319)	(209)	(157)	(370)	86	(196)			
Core Investment Gains	400	-	400	400	400	100	100	100	100	100			
Core Earnings	6,004	5,516	6,536	6,182	6,653	1,552	1,562	1,322	1,746	1,675			
Preferred Share Dividends	(172)	(171)	(215)	(260)	(298)	(52)	(60)	(51)	(97)	(52)			
Core Earnings to Common	5,832	5,345	6,321	5,922	6,355	1,500	1,502	1,271	1,649	1,623			
IFRS 17 Transition Impact													
Asia	n/a	n/a	n/a	n/a	(90)	n/a	n/a	n/a	n/a	n/a	(90)		
Canada	n/a	n/a	n/a	n/a	(32)	n/a	n/a	n/a	n/a	n/a	(32)		
U.S.	n/a	n/a	n/a	n/a	(41)	n/a	n/a	n/a	n/a	n/a	(41)		
Global Wealth and Asset Management	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	-		
Corporate & Other (excl. core investment gains)	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	-		
Core Investment Gains	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	-		
Core Earnings	n/a	n/a	n/a	n/a	(163)	n/a	n/a	n/a	n/a	n/a	(163)		
Preferred Share Dividends	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a	-		
Core Earnings to Common	n/a	n/a	n/a	n/a	(163)	n/a	n/a	n/a	n/a	n/a	(163)		
Core Earnings by Division (IFRS 17)													
Asia	n/a	n/a	n/a	n/a	2,032	n/a	n/a	n/a	n/a	n/a	510	465	1,985
Canada	n/a	n/a	n/a	n/a	1,328	n/a	n/a	n/a	n/a	n/a	327	330	1,331
U.S.	n/a	n/a	n/a	n/a	1,632	n/a	n/a	n/a	n/a	n/a	417	401	1,614
Global Wealth and Asset Management	n/a	n/a	n/a	n/a	1,418	n/a	n/a	n/a	n/a	n/a	355	307	1,353
Corporate & Other (excl. core investment gains)	n/a	n/a	n/a	n/a	(319)	n/a	n/a	n/a	n/a	n/a	(196)	(196)	(319)
Core Investment Gains	n/a	n/a	n/a	n/a	400	n/a	n/a	n/a	n/a	n/a	100	100	400
Core Earnings	n/a	n/a	n/a	n/a	6,490	n/a	n/a	n/a	n/a	n/a	1,512	1,407	6,364
Preferred Share Dividends	n/a	n/a	n/a	n/a	(298)	n/a	n/a	n/a	n/a	n/a	(52)	(51)	(296)
Core Earnings to Common	n/a	n/a	n/a	n/a	6,192	n/a	n/a	n/a	n/a	n/a	1,460	1,356	6,068
Growth (YoY)**													
Core EPS	8.6%	(7.5%)	18.1%	(4.7%)	7.9%	(5.3%)	(6.1%)	(12.2%)	4.2%	1.6%	(6.0%)	5.0%	
EPS, Rpt Diluted	18.8%	6.0%	20.7%	3.8%	(6.8%)	294.9%	(59.8%)	(14.8%)	(7.8%)	(41.9%)	(51.7%)	(11.6%)	
Book value per share (including AOCI)	8.7%	7.5%	7.1%	(1.1%)	(14.0%)	12.5%	3.2%	1.5%	(1.1%)	(17.9%)			
Expected profit from in-force	4.4%	6.3%	2.5%	1.2%	9.5%	2.0%	1.9%	(0.9%)	1.9%	6.1%	6.6%	9.5%	

\*Payment ratio based on IFRS 4 earnings for Q4/22 and prior. For Q1/23 onwards, payout ratio is based on IFRS 17 earnings.

\*\*2023E YoY growth rate is based on IFRS 17 versus IFRS 4.

Source: Company reports, RBC Capital Markets estimates



## Exhibit 28 - SLF summary financial model

Sun Life Financial - Summary Financial Model

Key income statement data (C\$millions)	2019	2020	2021	2022	2023E	Prior Estimates				
						Q1/22	Q2/22	Q3/22	Q4/22	Q1/23E
Expected Profit on In-Force Business	3,194	3,549	3,886	3,910	4,624	978	903	979	1,050	1,137
<b>Expected Profit on In-Force Business - Non-SLF Asset Management</b>	<b>1,864</b>	<b>2,072</b>	<b>2,152</b>	<b>2,301</b>	<b>2,640</b>	<b>550</b>	<b>547</b>	<b>584</b>	<b>620</b>	<b>668</b>
<b>Expected Profit on In-Force Business - SLF Asset Management</b>	<b>1,330</b>	<b>1,477</b>	<b>1,734</b>	<b>1,609</b>	<b>1,984</b>	<b>428</b>	<b>356</b>	<b>395</b>	<b>430</b>	<b>469</b>
Impact of New Business	(22)	28	73	80	(65)	15	40	(2)	27	25
Experience Gains (Losses)	(328)	(663)	686	(141)	-	163	(51)	(84)	(169)	-
Mgmt Actions and Changes in Assumptions	(127)	(214)	66	83	-	1	-	15	67	-
Other	(237)	(225)	(320)	(419)	(312)	(26)	57	(362)	(88)	(77)
Earnings on Operations (Pre-tax)	2,480	2,475	4,391	3,513	4,247	1,131	949	546	887	1,084
Earnings on Surplus	500	481	409	315	438	65	92	101	57	49
Earnings Before Income Taxes	2,980	2,956	4,800	3,828	4,685	1,196	1,041	647	944	1,133
Income Taxes	(267)	(447)	(765)	(642)	(928)	(311)	(233)	(154)	56	(222)
Earnings bef. Non-cont. Int. and Part. Policyholders' NI	2,713	2,509	4,035	3,186	3,757	885	808	493	1,000	911
Less: Non-cont. int. Part. Policyholders' NI and Pref. Share Div.	(95)	(105)	(101)	(126)	(196)	(27)	(23)	(27)	(49)	(48)
Common Shareholders' Reported Net Income	2,618	2,404	3,934	3,060	3,561	858	785	466	951	862
Weighted average shares outstanding - Diluted (excl SLECCS impact)	593	585	586	586	586	587	586	586	586	586
Weighted average shares outstanding - Diluted	597	589	590	590	590	590	589	589	590	590
<b>EPS, Rpt Diluted</b>	<b>\$4.40</b>	<b>\$4.10</b>	<b>\$6.69</b>	<b>\$5.21</b>	<b>\$6.04</b>	<b>\$1.46</b>	<b>\$1.34</b>	<b>\$0.80</b>	<b>\$1.62</b>	<b>\$1.46</b>
<b>Underlying Earnings (IFRS 4)<sup>(1,2)</sup></b>	<b>3,057</b>	<b>3,213</b>	<b>3,533</b>	<b>3,674</b>	<b>3,867</b>	<b>843</b>	<b>892</b>	<b>949</b>	<b>990</b>	<b>976</b>
<b>IFRS 17 Transition Impact</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(76)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(76)</i>
<b>Underlying Earnings (IFRS 17)</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>3,791</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>900</i>
<b>Underlying EPS (IFRS 4)<sup>(1,2)</sup></b>	<b>\$5.16</b>	<b>\$5.49</b>	<b>\$6.03</b>	<b>\$6.27</b>	<b>\$6.59</b>	<b>\$1.44</b>	<b>\$1.52</b>	<b>\$1.62</b>	<b>\$1.69</b>	<b>\$1.66</b>
<b>IFRS 17 Transition Impact</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(\\$0.13)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(\\$0.13)</i>
<b>Underlying EPS (IFRS 17)</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\\$6.47</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\\$1.53</i>
Dividend per share	\$2.100	\$2,200	\$2,310	\$2,760	\$3,000	\$0.660	\$0.690	\$0.690	\$0.720	\$0.720
Payout Ratio, based on Reported EPS	48%	54%	35%	53%	50%	45%	51%	86%	44%	49%
Payout Ratio, based on Underlying EPS*	41%	40%	38%	44%	46%	46%	45%	43%	43%	47%
Reported ROE	12.3%	10.8%	17.1%	12.5%	13.6%	14.3%	13.1%	7.6%	15.1%	13.5%
Underlying ROE <sup>(1,2)</sup>	14.3%	14.4%	15.4%	15.1%	14.6%	14.0%	14.9%	15.5%	15.7%	15.3%
BVPS Diluted (including AOCI) (IFRS 4)	\$35.97	\$37.96	\$41.08	\$42.99	\$46.04	\$40.37	\$40.65	\$42.18	\$42.99	\$43.74
<b>IFRS 17 Transition Impact on BVPS Diluted (including AOCI)</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(\\$7.67)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(\\$7.67)</i>
BVPS Diluted (including AOCI) (IFRS 17)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\\$38.37</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\\$36.06</i>
BVPS Diluted (excluding AOCI) (IFRS 4)	\$33.48	\$35.25	\$39.40	\$41.88	\$44.93	\$40.21	\$40.90	\$41.01	\$41.88	\$42.63
<b>IFRS 17 Transition Impact on BVPS Diluted (excluding AOCI)</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(\\$7.67)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(\\$7.67)</i>
BVPS Diluted (excluding AOCI) (IFRS 17)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\\$37.26</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\\$34.95</i>
Tangible book value per share (IFRS 4)	\$22.50	\$23.35	\$24.21	\$20.09	\$23.14	\$23.67	\$17.94	\$18.76	\$20.09	\$20.84
<b>IFRS 17 Transition Impact on Tangible book value per share</b>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(\\$7.67)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(\\$7.67)</i>
Tangible book value per share (IFRS 17)	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\\$15.47</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>\\$13.16</i>
Earnings on surplus as a % of shareholders' equity	2.0%	1.9%	1.5%	1.1%	1.4%	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Tax rate	9.0%	15.1%	15.9%	16.8%	19.8%	26.0%	22.4%	23.8%	(5.9%)	19.6%
<b>Divisional Underlying Net Income (IFRS 4)<sup>(1,2)</sup></b>										
SLF Canada	1,012	1,073	1,131	1,266	1,187	298	344	300	324	296
SLF U.S.	532	568	518	728	803	118	154	216	240	216
SLF Asset Management	1,004	1,128	1,346	1,204	1,436	326	270	295	313	337
SLF Asia	550	579	586	627	582	152	148	175	152	170
Corporate (including U.K.) and other	(41)	(135)	(48)	(151)	(140)	(51)	(24)	(37)	(39)	(44)
Common Shareholders' Underlying Net Income	3,057	3,213	3,533	3,674	3,867	843	892	949	990	976
<b>IFRS 17 Transition Impact<sup>(1,2)</sup></b>										
SLF Canada	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(30)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(30)</i>
SLF U.S.	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(6)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(6)</i>
SLF Asset Management	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>-</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>-</i>
SLF Asia	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(39)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(39)</i>
Corporate (including U.K.) and other	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>-</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>-</i>
Common Shareholders' Underlying Net Income	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(76)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(76)</i>
<b>Divisional Underlying Net Income (IFRS 17)<sup>(1,2)</sup></b>										
SLF Canada	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>1,157</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>267</i>	<i>300</i>
SLF U.S.	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>796</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>209</i>	<i>188</i>
SLF Asset Management	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>1,436</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>337</i>	<i>302</i>
SLF Asia	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>542</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>130</i>	<i>143</i>
Corporate (including U.K.) and other	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(140)</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>(44)</i>	<i>(43)</i>
Common Shareholders' Underlying Net Income	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>3,791</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>900</i>	<i>890</i>
<b>Growth (YoY)**</b>										
Underlying EPS	6.1%	6.4%	9.9%	3.9%	3.2%	(1.0%)	1.2%	5.2%	10.4%	6.9%
Underlying Earnings <sup>(1,2)</sup>	3.7%	5.1%	10.0%	4.0%	3.2%	(0.8%)	1.0%	5.2%	10.2%	6.8%
Book value per share (including AOCI)	0.4%	5.6%	8.2%	4.6%	(10.8%)	7.3%	5.9%	5.5%	4.6%	(10.7%)
Expected Profit from In-force (total)	6.5%	11.1%	9.5%	0.6%	18.3%	9.2%	(2.9%)	(3.5%)	0.4%	16.2%
Expected Profit from In-force (non-MFS)	7.5%	11.2%	3.9%	6.9%	14.7%	5.4%	3.4%	5.4%	13.3%	21.5%
									19.7%	14.3%

(1) Historical quarterly earnings and EPS aligns with company definition of "underlying". Forward estimates are based on RBC's definition of "underlying", which we believe closely approximates the company's definition of underlying earnings and EPS.

(2) RBC defined "underlying" is the after-tax sum of EPIF, strain, earnings on surplus, core investment gains, fair value adjustments on share-based payment awards at MFS, less preferred share dividends.

\*Payout ratio based on IFRS 4 earnings for Q4/22 and prior. For Q1/23 onwards, payout ratio is based on IFRS 17 earnings.

\*\*2023E YoY growth rate is based on IFRS 17 versus IFRS 4.

Source: Company reports; RBC Capital Markets estimates



## Exhibit 29 - SFC summary financial model

## Sagicor Summary Financial Model

Key income statement data - (US\$ Thousands)	2019	2020	2021	2022	2023E	Q1/22	Q2/22	Q3/22	Q4/22	Q1/23E	Prior Estimates	
											Q1/23E	2023E
Net premium revenue	1,241,544	1,403,427	1,713,150	2,048,076	1,942,473	556,400	612,792	526,494	352,390	523,710	523,523	1,941,668
Interest income	308,014	314,759	337,414	432,735	368,238	91,945	101,851	114,799	124,140	91,172	91,083	367,880
Other investment income	111,800	16,144	92,383	-114,741	110,875	-7,253	-93,650	-30,252	16,414	50,746	20,018	80,073
Fees and other revenues	167,971	138,976	165,864	174,968	183,707	37,919	48,423	46,234	42,392	45,927	45,846	183,383
Other income	42,874	29,058	45,955	5,503	30,781	2,033	4,803	561	-1,894	7,695	7,679	30,716
<b>Total Revenues</b>	<b>1,872,203</b>	<b>1,902,364</b>	<b>2,354,766</b>	<b>2,546,541</b>	<b>2,636,074</b>	<b>681,044</b>	<b>674,219</b>	<b>657,836</b>	<b>533,442</b>	<b>719,250</b>	<b>688,149</b>	<b>2,603,720</b>
Credit impairment losses	-4,877	-23,997	4,328	-6,289	-96	-441	-1,908	-1,721	-2,219	-24	-24	-96
<b>Total Revenues (excluding credit impairment losses)</b>	<b>1,867,326</b>	<b>1,878,367</b>	<b>2,359,094</b>	<b>2,540,252</b>	<b>2,635,978</b>	<b>680,603</b>	<b>672,311</b>	<b>656,115</b>	<b>531,223</b>	<b>719,226</b>	<b>688,125</b>	<b>2,603,624</b>
Total benefits (net policy benefits, change in actuarial liabilities, interest expense)	1,116,524	1,221,659	1,531,407	1,666,521	1,795,566	453,476	434,828	437,344	340,873	489,489	489,325	1,794,858
Other expenses	590,486	561,083	581,064	618,618	629,688	154,361	162,472	157,079	144,706	157,902	157,741	629,077
<b>Total Expenses</b>	<b>1,707,010</b>	<b>1,782,742</b>	<b>2,112,471</b>	<b>2,285,139</b>	<b>2,425,254</b>	<b>607,837</b>	<b>597,300</b>	<b>594,423</b>	<b>485,579</b>	<b>647,391</b>	<b>647,066</b>	<b>2,423,935</b>
Loss arising on business combinations, acquisitions and divestitures	-379	-1,262	10,706	1,685	0	0	0	1,683	2	0	0	0
Gain arising on acquisition of insurance business	0	-31,804	0	0	0	0	0	0	0	0	0	0
Share of operating income of associates and joint ventures	3,347	-34,957	7,404	6,106	4,000	2,281	1,857	1,125	843	1,000	1,000	4,000
<b>Segment income / (loss) before taxes</b>	<b>163,284</b>	<b>27,602</b>	<b>264,733</b>	<b>262,904</b>	<b>214,724</b>	<b>75,047</b>	<b>76,868</b>	<b>64,500</b>	<b>46,489</b>	<b>72,835</b>	<b>42,059</b>	<b>183,689</b>
Income taxes	-59,710	-42,732	-68,257	-93,302	-60,289	-19,121	-34,275	-25,753	-14,153	-14,693	-13,140	-58,673
<b>Net income / (loss) from continuing operations</b>	<b>103,574</b>	<b>-15,130</b>	<b>196,476</b>	<b>169,602</b>	<b>154,435</b>	<b>55,926</b>	<b>42,593</b>	<b>38,747</b>	<b>32,336</b>	<b>58,142</b>	<b>28,919</b>	<b>125,016</b>
Discontinued operations	517	0	0	0	0	0	0	0	0	0	0	0
Net income / (loss)	104,091	-15,130	196,476	169,602	154,435	55,926	42,593	38,747	32,336	58,142	28,919	125,016
Discontinued operations	-517	0	0	0	0	0	0	0	0	0	0	0
Non-controlling interests	-61,530	12,884	-63,919	-53,871	-58,506	-14,303	-7,522	-13,424	-18,622	-12,834	-12,807	-58,381
Participating policyholders	1,937	-1,359	622	-166	0	191	206	76	-639	0	0	0
<b>Net income to common from - continuing operations</b>	<b>43,981</b>	<b>-3,605</b>	<b>133,179</b>	<b>115,565</b>	<b>95,929</b>	<b>41,814</b>	<b>35,277</b>	<b>25,399</b>	<b>13,075</b>	<b>45,308</b>	<b>16,112</b>	<b>66,635</b>
Net income to common from - discontinued operations	517	0	0	0	0	0	0	0	0	0	0	0
<b>Net income to common</b>	<b>44,498</b>	<b>-3,605</b>	<b>133,179</b>	<b>115,565</b>	<b>95,929</b>	<b>41,814</b>	<b>35,277</b>	<b>25,399</b>	<b>13,075</b>	<b>45,308</b>	<b>16,112</b>	<b>66,635</b>
Adjusted Weighted Average Shares O/S (000s)	81,289	149,945	146,767	144,958	144,360	144,705	143,906	144,394	144,848	144,488	144,659	144,659
Reported diluted earnings / (loss) per common share	0.547	-0.024	0.907	0.798	0.664	0.289	0.245	0.176	0.091	0.314	0.111	0.461
<b>Adjusted net income to common from continuing ops</b>	<b>87,377</b>	<b>-3,605</b>	<b>133,179</b>	<b>115,565</b>	<b>95,929</b>	<b>41,814</b>	<b>35,277</b>	<b>25,399</b>	<b>13,075</b>	<b>45,308</b>	<b>16,112</b>	<b>66,635</b>
Adjusted diluted EPS	1.081	-0.024	0.907	0.798	0.664	0.289	0.245	0.176	0.091	0.314	0.111	0.461
Dividend Per Share	0.05000	0.22500	0.22500	0.22500	0.22500	0.05625	0.05625	0.05625	0.05625	0.05625	0.05625	0.22500
Payout Ratio	38%	-936%	25%	28%	34%	19%	23%	32%	62%	18%	51%	49%
Reported ROE	6.8%	-0.3%	12.6%	11.0%	8.6%	15.1%	13.1%	9.8%	5.0%	16.4%	5.9%	6.0%
Adjusted ROE	14.0%	-0.3%	12.6%	11.0%	8.6%	15.1%	13.1%	9.8%	5.0%	16.4%	5.9%	6.0%
Book Value Per Share (BVPS) (IFRS 4)	7.81	7.58	7.92	7.59	8.05	7.88	7.51	7.25	7.59	7.87	7.65	7.84
IFRS 17 Transition Impact on Book Value Per Share (BVPS)	n/a	n/a	n/a	n/a	-3.49	n/a	n/a	n/a	n/a	-3.30		
Book Value Per Share (BVPS) (IFRS 17)	n/a	n/a	n/a	n/a	4.57	n/a	n/a	n/a	n/a	4.57		
Tangible BVPS (IFRS 4)	7.09	6.93	7.30	6.86	7.31	7.27	6.72	6.49	6.86	7.13	6.92	7.10
IFRS 17 Transition Impact on Tangible BVPS	n/a	n/a	n/a	n/a	-3.49	n/a	n/a	n/a	n/a	-3.30		
Tangible BVPS (IFRS 17)	n/a	n/a	n/a	n/a	3.83	n/a	n/a	n/a	n/a	3.83		
MCCSR capital ratio	253%	252%	269%	270%	n/a	244%	211%	204%	270%	n/a	n/a	n/a
Debt to Total Capital	22.8%	22.1%	29.1%	29.6%	37.8%	29.3%	30.5%	31.0%	29.6%	29.1%	29.5%	38.3%
Tax Rate	37%	155%	26%	35%	28%	25%	45%	40%	30%	20%	31%	32%
<b>Adjusted earnings attributable to shareholders from continuing operations - by division</b>												
Sagicor Life	58,921	47,724	43,858	28,111	30,520	7,041	11,767	-5,087	14,390	3,600	3,600	30,520
Sagicor Jamaica	61,369	50,521	60,364	50,881	56,437	12,641	7,555	12,614	18,071	12,380	12,354	56,317
Sagicor Life USA	35,397	-27,125	57,596	140,051	61,294	25,752	72,219	42,001	79	15,773	15,773	61,294
Head office and other	-95,407	-73,939	2,749	-68,361	5,621	-3,786	-42,159	-24,565	2,149	27,739	-1,429	-23,547
Adjustments / Inter-segment eliminations	27,097	-786	-31,388	-35,117	-57,943	166	-14,105	436	-21,614	-14,184	-14,185	-57,948
<b>Total</b>	<b>87,377</b>	<b>-3,605</b>	<b>133,179</b>	<b>115,565</b>	<b>95,929</b>	<b>41,814</b>	<b>35,277</b>	<b>25,399</b>	<b>13,075</b>	<b>45,308</b>	<b>16,112</b>	<b>66,635</b>
<b>Growth (YoY)*</b>												
Revenues	26.3%	1.6%	23.8%	8.1%	3.5%	58.0%	31.3%	-16.1%	-14.9%	5.6%	1.0%	2.2%
Expenses	35.4%	4.4%	18.5%	8.2%	6.1%	55.0%	22.4%	-12.8%	-11.8%	6.5%	6.5%	6.1%
Reported diluted earnings / (loss) per common share	-10%	-104%	nmf	-12%	-17%	135%	389%	51%	31%	109%	39%	-42%
Adjusted diluted EPS	-6%	-102%	nmf	-12%	-17%	135%	389%	51%	31%	109%	39%	-42%
Book Value Per Share	-8%	-3%	4%	-4%	-40%	105%	99%	92%	96%	58%	97%	3%
Reported ROE Change	60 bps	-710 bps	1290 bps	-160 bps	-240 bps	350 bps	970 bps	-870 bps	-1010 bps	130 bps	-920 bps	-500 bps
Adjusted ROE Change	50 bps	-1430 bps	1290 bps	-160 bps	-240 bps	350 bps	970 bps	-870 bps	-1010 bps	130 bps	-920 bps	-500 bps
Pre-tax operating margin	8.7%	1.5%	11.2%	10.3%	8.1%	11.0%	11.4%	9.8%	8.7%	10.1%	6.1%	7.1%
Operating Leverage	-9.1%	-2.8%	5.3%	0.0%	-2.6%	3.0%	8.9%	-3.2%	-3.1%	-0.9%	-5.4%	-3.8%
<b>Earnings Contribution (excl. Head Office, Adjustment, Intersegment elimination Etc.)</b>												
Sagicor Life	37.8%	67.1%	27.1%	12.8%	20.6%	15.5%	12.9%	-10.3%	44.2%	11.3%	11.3%	20.6%
Sagicor Jamaica	39.4%	71.0%	37.3%	23.2%	38.1%	27.8%	8.3%	25.5%	55.5%	39.0%	38.9%	38.0%
Sagicor Life USA	22.7%	-38.1%	35.6%	63.9%	41.3%	56.7%	78.9%	84.8%	0.2%	49.7%	49.7%	41.4%

\*2023E YoY growth rate is based on IFRS 17 versus IFRS 4.

Source: Company reports, RBC Capital Markets estimates



## Companies mentioned

Great-West Lifeco Inc. (TSX: GWO CN; C\$38.74; Sector Perform)  
 Manulife Financial Corporation (TSX: MFC CN; C\$26.83; Sector Perform)  
 Sagicor Financial Company Ltd. (TSX: SFC CN; C\$5.02; Outperform)  
 Sun Life Financial Inc. (TSX: SLF CN; C\$66.40; Sector Perform)  
 iA Financial Corporation Inc. (TSX: IAG CN; C\$90.04; Outperform)

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Sagicor Financial Company Ltd (TSX: SFC) announced on August 25, 2022 that it has entered into a definitive agreement to acquire Ivari, a subsidiary of Wilton Re Ltd. RBC Capital Markets served as financial advisor to Sagicor in this transaction. The transaction is expected to close in the next 6 to 12 months and is subject to receipt of regulatory approvals and satisfaction of customary closing conditions. This research report and the information herein is not intended to provide voting advice, serve as an endorsement of the transaction or result in procurement, withholding or revocation of a proxy or any other action by a security holder.

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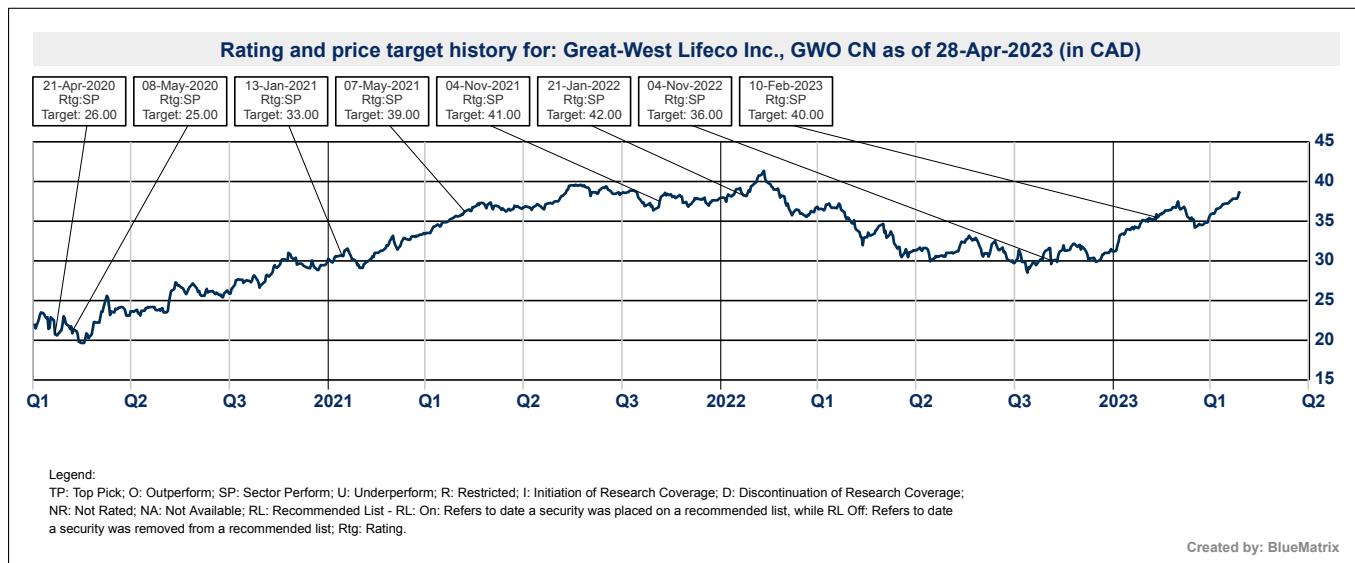
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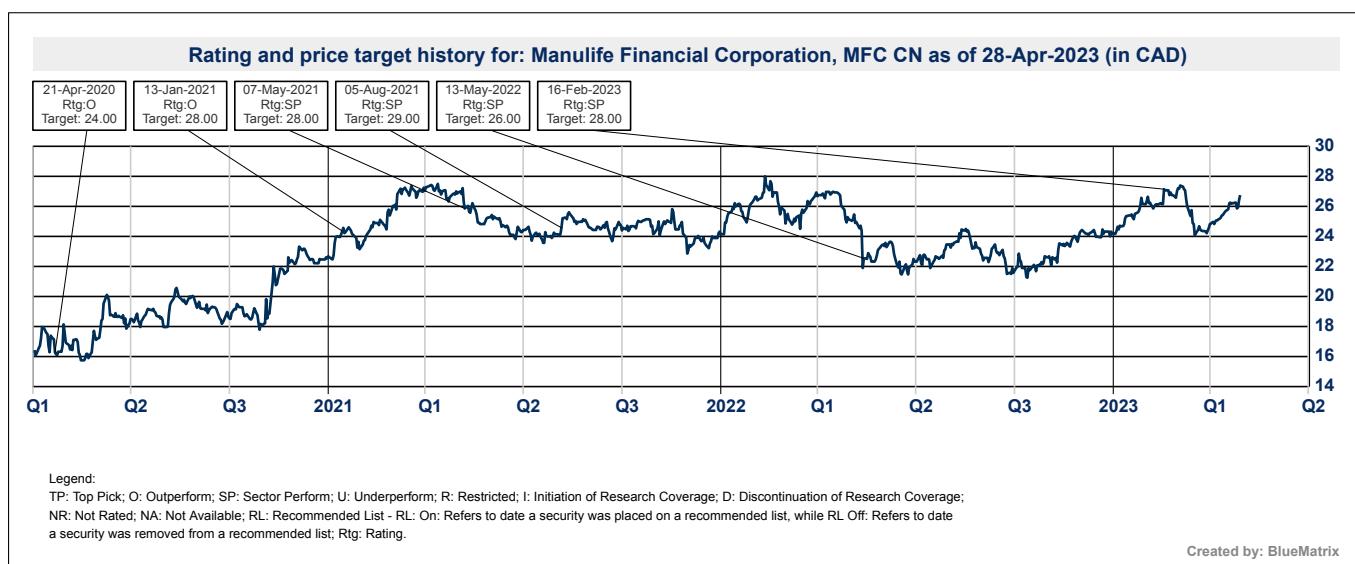
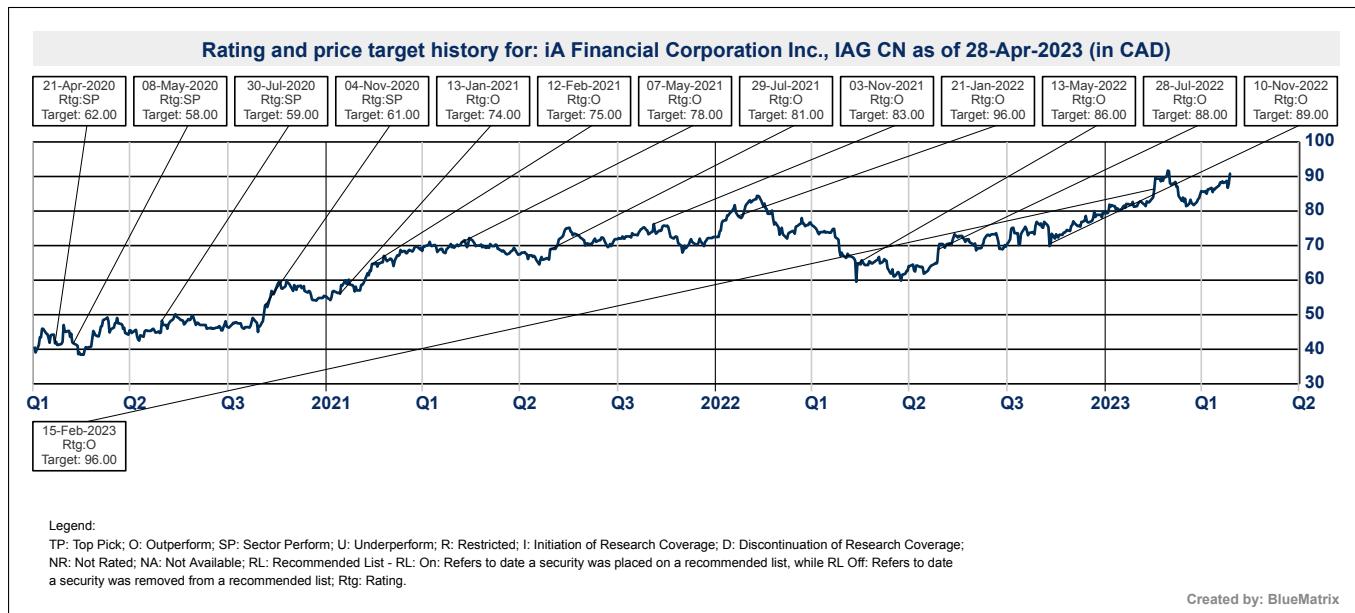


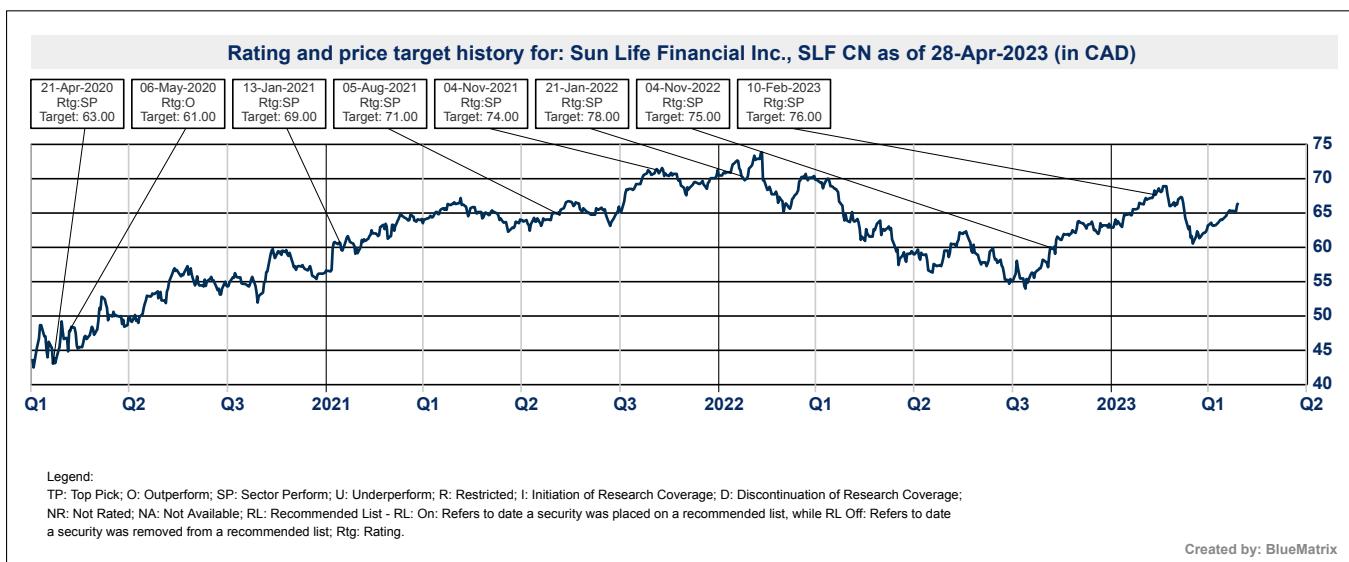
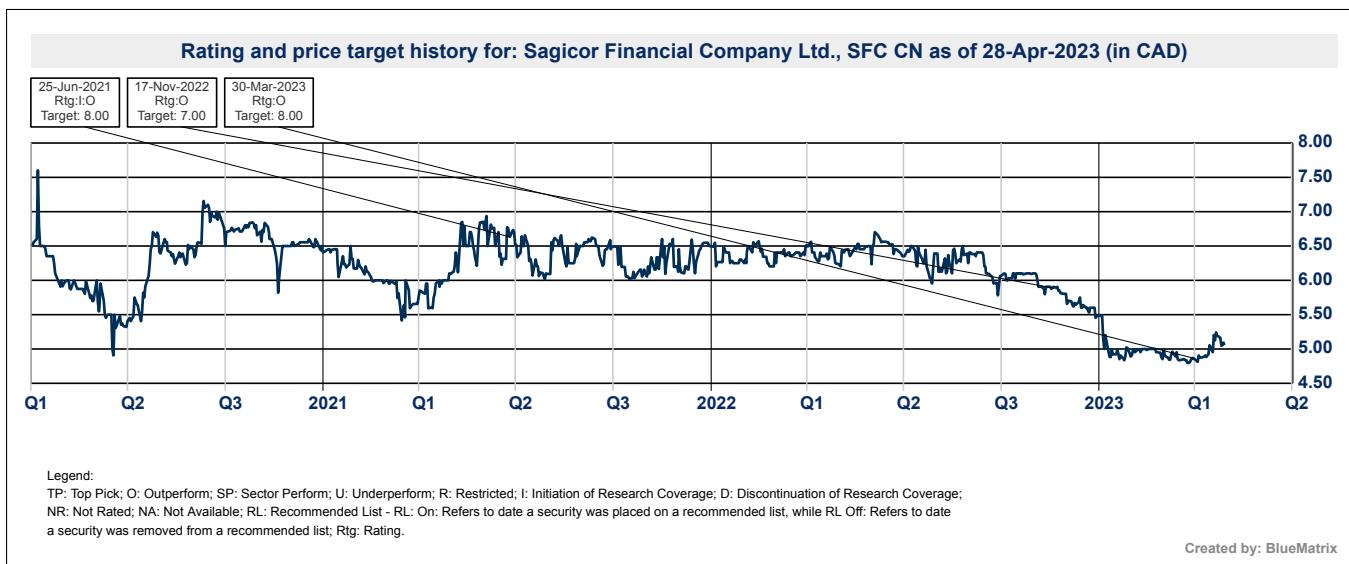
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Rating	Count		Percent		Investment Banking	
					Serv./Past 12 Mos.	
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### Great-West Lifeco Inc.

#### Valuation

Our 12-month price target of \$40 per share, which supports our Sector Perform rating, is based on a target P/B multiple of 1.60x our one-year forward book value per share estimate (including AOCI) adjusted for IFRS 17. Our P/B target multiple is in the middle of



the 1.00x–2.00x range that we use for the Canadian lifecos, which we believe is justified given GWO's historical valuation multiples and our view of some acquisition-related risk and its minority shareholder status.

### Risks to rating and price target

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### **Manulife Financial Corporation**

#### **Valuation**

Our 12-month price target of \$28 per share, which supports our Sector Perform rating, is based on a target P/B multiple of 1.25x our one-year forward book value per share estimate (including AOCI) adjusted for IFRS 17 impacts. Our P/B target multiple is at the low end of the 1.00x–2.00x range that we use for the Canadian lifecos given MFC's high historical risk premium relative to peers, its exposure to its legacy blocks of businesses, such as long-term care, and to a lesser extent, the side account lawsuit.

### Risks to rating and price target

Risks to our price target and rating include persistently low interest rates and/or a prolonged economic downturn (including risks related to COVID-19), deteriorating equity markets, adequacy of actuarial assumptions, changes to accounting and regulatory rules, legal risks, acquisition/execution risk, unfavourable political and/or economic developments in Asia, and appreciation in the Canadian dollar.

### **Sagicor Financial Company Ltd.**

#### **Valuation**

Our 12-month price target of C\$8 per share, which supports our Outperform rating, is based on a target P/B multiple of 1.25x our 1-year forward book value per share estimate (including AOCI) adjusted for IFRS 17 and factors in the one-year forward USD/CAD exchange rate from RBC Economics. Our P/B target multiple is near the low end of the 1.20x to 1.85x range we use for the Canadian lifecos, which we believe is justified given our view that SFC operates in some lesser known jurisdictions, its profitability is more volatile, and its investment portfolio appears more risky.

### Risks to rating and price target

Risks to our price target and rating include persistently low interest rates and/or a prolonged economic downturn (including risks related to COVID-19), deteriorating equity markets, adequacy of actuarial assumptions, credit risks, changes in accounting and regulatory rules, legal risks, acquisition/execution risks, and the possibility of reduced shareholder confidence if there is a misalignment of interest between stakeholders (i.e., shareholders, warrant holders, founders).

### **Sun Life Financial Inc.**

#### **Valuation**

Our 12-month price target of \$76 per share, supporting our Sector Perform rating, is based on a target P/B multiple of 2.00x our one-year forward book value per share estimate (including AOCI) adjusted for IFRS 17. Our P/B target is at the upper end of our 1.00x–2.00x range that we use for the Canadian lifecos, as we view SLF as well positioned with a good business mix, a strong capital position, and low leverage ratio.

### Risks to rating and price target

Risks to our price target and rating include persistently low interest rates and/or a prolonged economic downturn (including risks related to COVID-19), deteriorating equity markets, larger-than-assumed credit losses, adequacy of actuarial assumptions, appreciation in the Canadian dollar, changes to accounting and regulatory rules, legal risks, acquisition/execution risk, and unfavourable political and/or economic developments in Asia.

### **iA Financial Corporation Inc.**

#### **Valuation**

Our 12-month price target of \$96 per share, which supports our Outperform rating, is based on a target P/B multiple of 1.40x our one-year-forward book value per share estimate (including AOCI) adjusted for IFRS 17. Our P/B target multiple is near the low end of the 1.00x–2.00x range we use for the Canadian lifecos, which we believe is justified given its historical valuation multiples and



our core ROE and core EPS growth expectations relative to peers.

### **Risks to rating and price target**

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