

Q2 2021

Financial & Operating Results

For the period ended June 30, 2021



Life's brighter under the sun

Sun Life Financial Inc. (unaudited)



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

Forward-looking statements

Certain statements in this presentation and certain oral statements made by senior management during the earnings conference call on August 5, 2021 (collectively, this “presentation”), including, but not limited to, statements that are not historical facts, are forward-looking and are subject to inherent risks, uncertainties and assumptions. The results or events predicted in these forward-looking statements may differ materially from actual results or events and we cannot guarantee that any forward-looking statement will materialize. Except as may be required by law, we do not undertake any obligation to update or revise any forward-looking statements made in this presentation.

Non-IFRS Financial Measures

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

Sources of earnings

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

Additional information

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

Currency

Unless otherwise noted, all amounts are in Canadian dollars.



Dean Connor

Chief Executive Officer



Kevin Strain

President

Second quarter key highlights

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

Financial (vs. Q2 2020)		Highlights	
<p>\$900M +73%</p> <p>Reported net income</p>	<p>\$883M +19%</p> <p>Underlying net income¹</p>	<p>Making it easier for Clients to do business with us</p>	<p>In Canada, leveraging predictive models to transform our underwriting process, Clients aged 18 to 40 can now qualify for up to \$5 million in life insurance coverage without the need for lab exams</p>
<p>\$1.53 +74%</p> <p>Reported EPS</p>	<p>\$1.50 +19%</p> <p>Underlying EPS¹</p>	<p>Helping U.S. Clients with absence management</p>	<p>Launched a new digital solution to help employers with absence management; sales have been made to employers covering more than 20,000 plan members</p>
<p>16.3% +690bps</p> <p>Reported ROE</p>	<p>16.0% +260bps</p> <p>Underlying ROE¹</p>	<p>SLC Management \$7.6B net flows¹</p>	<p>Strong Client demand for alternative investments in a low rate environment</p>
<p>147% +1pp</p> <p>SLF Inc. LICAT ratio²</p>	<p>24.7% +1.5pp</p> <p>Financial leverage ratio¹</p>	<p>Strong individual insurance sales growth in Asia</p>	<p>Broad-based sales growth across Asia leading to a 49% increase in individual insurance sales^{1,3}</p>

¹ Underlying net income, Earnings per Share (EPS), Return on Equity (ROE), Financial leverage ratio, Sales, Assets Under Management (“AUM”), and net flows are Non-IFRS financial measures. See

“Use of Non-IFRS Financial Measures” and “Reconciliation of Select Net Income measures” in the appendix to these slides.

² Life Insurance Capital Adequacy Test (“LICAT”) ratio of SLF.

³ Sales growth on a constant currency basis.

Second quarter digital achievements across our businesses

Digital Enterprise is the next step in the evolution of our Client strategy, bringing the **business and IT closer than ever before** and **transforming the way we work**



CANADA

- **Ella**, our digital coach, **proactively nudged Clients in the first half of 2021**, driving an additional:
 - ✓ **\$488 million** in wealth deposits
 - ✓ **\$664 million** in insurance coverage
- In Q2, digitally processed:
 - ✓ **91% of retail insurance applications**
 - ✓ **81% of retail wealth transactions**
 - ✓ **96% of Group Benefits health and dental claims**



U.S.

- Expanded online Dental Health Center capabilities enabling Clients to **obtain an estimate of dental costs and virtual advice**
- **More than 52,000 active employees** on our Maxwell Health digital benefits platform, **more than double** the amount in Q2 2020
- Digital enhancements made filing claims easier and more efficient, **increasing online claims submissions by 36% over prior year**
- Implemented **Stop-loss eSignature**, which enables quicker turnaround times and readiness for implementation



ASIA

- **74% of new business applications were submitted digitally¹, up 41 percentage points (pp)** from prior year
- Q2 digital submissions in Hong Kong increased over prior year:
 - ✓ **4 pp increase in eClaims**
 - ✓ **10 pp increase in fund switching requests**



Manjit Singh

Executive Vice President &
Chief Financial Officer

Q2 2021 results



PROFITABILITY	Q2'21	Q1'21	Q2'20	YoY Change
Reported net income (\$ millions)	900	937	519	73%
Underlying net income (\$ millions) ¹	883	850	739	19%
Reported EPS (\$) ²	1.53	1.59	0.88	74%
Underlying EPS (\$) ^{1,2}	1.50	1.45	1.26	19%
Reported ROE ¹	16.3%	16.9%	9.4%	+690 bps
Underlying ROE ¹	16.0%	15.3%	13.4%	+260 bps

Underlying net income +19% y/y:
Driven by business growth, favourable credit experience and lower effective tax rate; partially offset by impacts of foreign exchange, lower investing activity gains, and higher expenses



GROWTH	Q2'21	Q1'21	Q2'20	YoY Change
Insurance sales (\$ millions) ¹	710	730	619	15%
Wealth sales (\$ millions) ¹	55,013	65,962	56,638	(3)%
Value of New Business (\$ millions) ^{1,3}	284	278	206	38%
Assets Under Management (\$ billions) ^{1,4}	1,361	1,304	1,131	20%

Value of new Business +38% y/y:
Reflecting strong sales in Asia and Canada, partially offset by the impacts of foreign exchange translation



FINANCIAL STRENGTH	Q2'21	Q1'21	Q2'20	YoY Change
SLF Inc. LICAT Ratio ⁵	147%	141%	146%	+1 pp
SLA LICAT Ratio ⁵	125%	124%	126%	(1) pp
Financial leverage ratio ¹	24.7%	22.7%	23.2%	+1.5 pp
Cash at the HoldCo (\$ billions) ⁶	3.2	2.3	3.5	nm

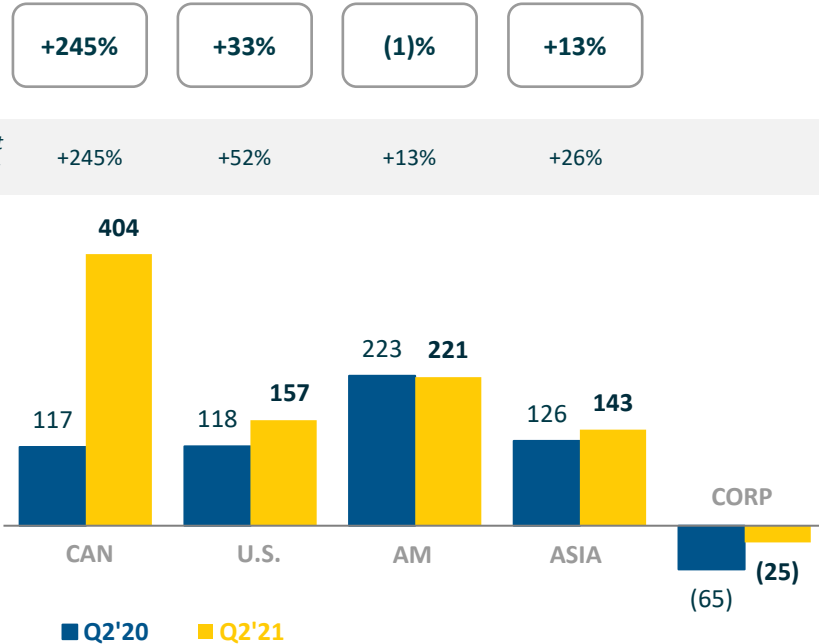
Maintained strong balance sheet position
During Q3, intend to redeem \$725 million Preferred Shares⁷

Upon redemption the proforma SLF LICAT ratio decreases by three percentage points and financial leverage ratio decreases by two percentage points

Business group performance

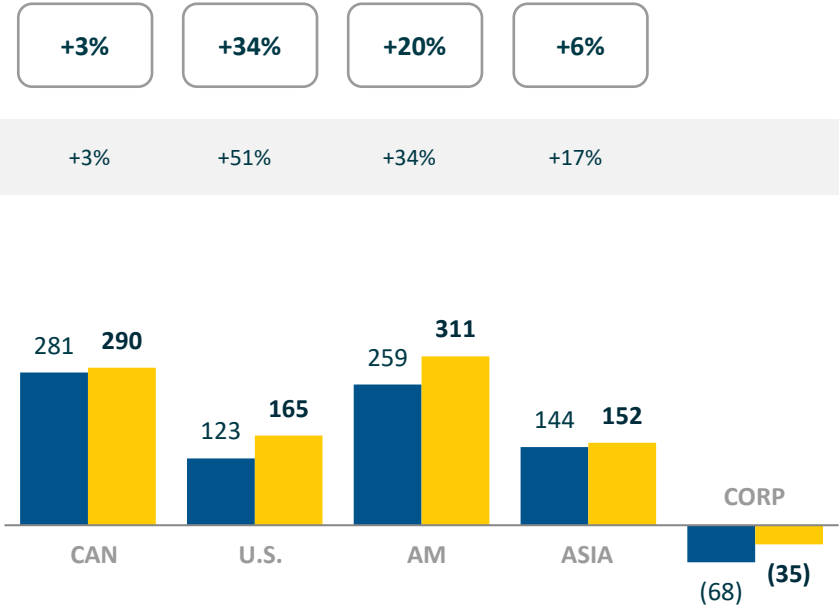
Reported net income (\$ millions)

Impact of currency translation decreased reported net income by \$70M



Underlying net income¹ (\$ millions)

Impact of currency translation decreased underlying net income by \$75M



Sources of earnings

Sources of earnings Common shareholders \$ millions	Q2'21	Q2'20
Expected profit on in-force business¹	950	872
Impact of new business ¹	15	(6)
Experience gains/(losses)	99	(403)
Assumption changes and management actions (ACMA) ²	2	3
Other ³	(84)	(52)
Earnings from operations	982	414
Earnings on surplus	118	155
Earnings before income taxes	1,100	569
Income tax (expense) or recovery ⁴	(178)	(22)
Preferred share dividends and non-controlling interest	(22)	(28)
Reported net income	900	519

Expected profit: up 9% (18% in constant currency) from prior year driven by Asset Management as well as business growth in Canada and Asia

Impact of new business: increase driven by higher sales in Asia and individual insurance sales in Canada

Experience gains/(losses): year over year increase driven primarily by favourable net market related impacts (see details on slide 15 in Appendix)

Other: higher fair value adjustments on MFS's share-based payments awards

Earnings on surplus: lower investment income and seed investment gains, partially offset by higher AFS gains

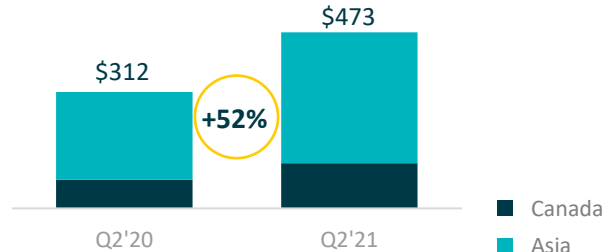
Income tax expense: Reported and underlying effective tax rate of 14.7% and 15.9%, respectively

Sales results by business group

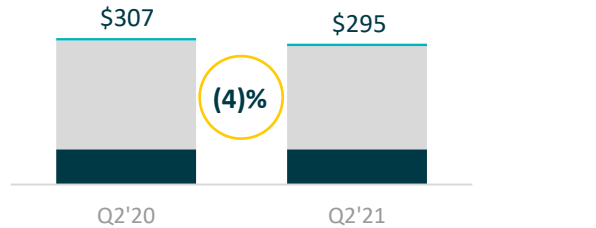
(in constant currency)

Insurance

Individual sales¹
(\$ millions)



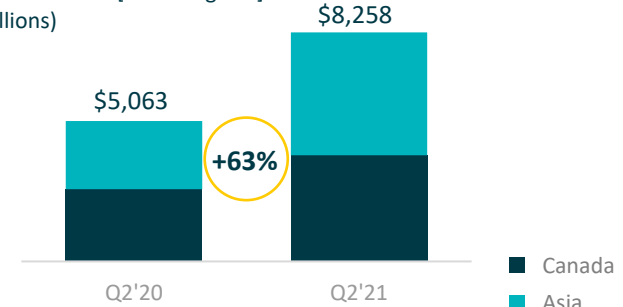
Group sales¹
(\$ millions)



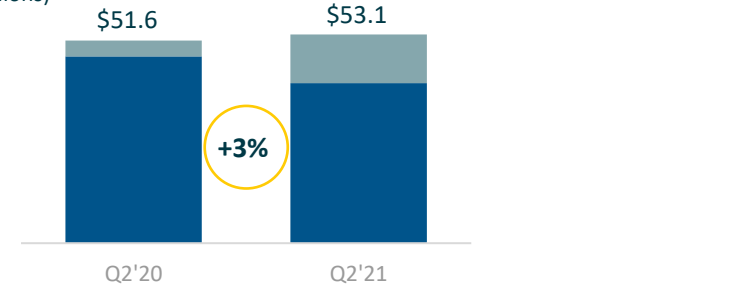
Value of new business^{1,2}
\$284M
+46% YoY
in constant currency

Wealth and Asset Management

Wealth sales¹ [excluding AM]
(\$ millions)



Asset Management gross flows
(\$ billions)



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

¹ Sales and Value of New Business are Non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" in the appendix to these slides.

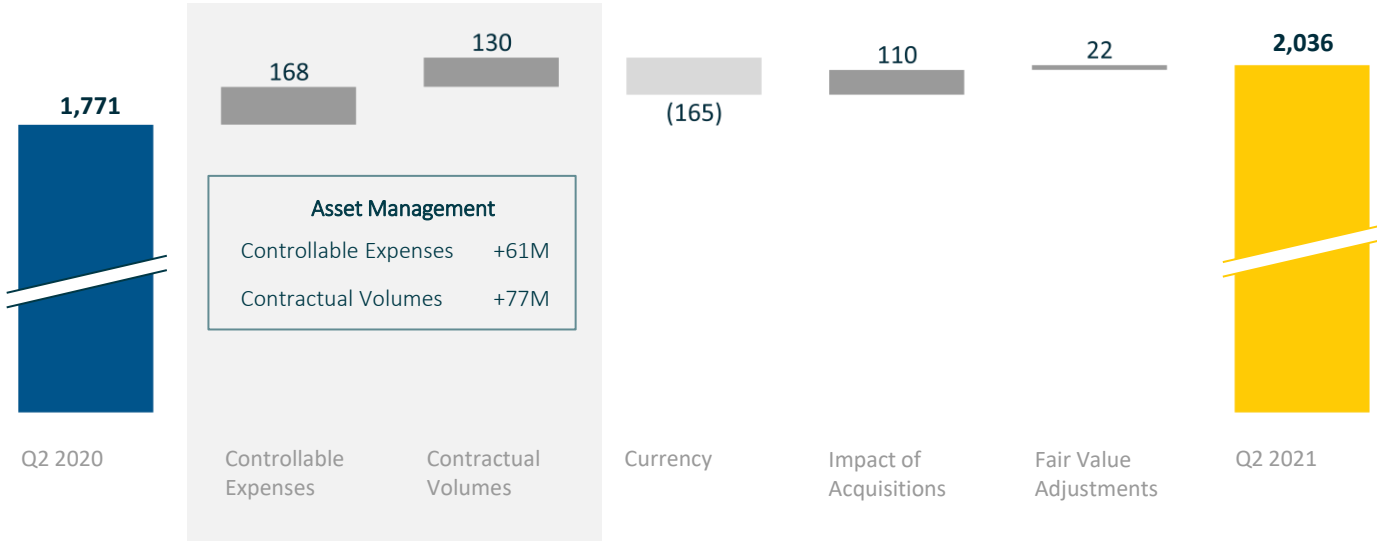
² Value of New Business represents the present value of our best estimate of future distributable earnings, net of the cost of capital, from new business contracts written in a particular time period, excluding new business in our Asset Management pillar. Effective January 1, 2021, reflects a change in the timing of recognition of U.S. VNB for group policies; see section M - Non-IFRS Financial Measures in the Q2 2021 MD&A.

³ Effective January 1, 2021, the methodology for gross flows and outflows was updated for SLC Management. Prior period amounts have not been updated. For more details, see the Q2 2021 MD&A, section M - Non-IFRS Financial Measures.

Operating expenses

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

(\$ millions)



Increase in controllable expenses and contractual volumes reflect:

- Strong revenue growth in Asset Management and company performance resulting in higher compensation costs
- Higher annual incentive plan expense reflecting strong first half results
- Higher distribution costs relates to strong sales growth in Individual Insurance and Wealth
- Continued investment on business initiatives

| Appendix

Reconciliation of underlying net income

\$ millions	Q2'21 Pre-tax	Q2'21 Post-tax
Reported net income		900
Net equity market impact (including basis risk impact of \$4 million) ¹	136	99
Net interest rate impact (including credit spread impact of \$(10) and swap spread impact of \$24 million) ¹	(80)	(36)
Impact of changes in the fair value of investment properties	29	28
Market related impacts	85	91
Assumption changes and management actions ²	2	2
Other ^{3,4}	(84)	(76)
Underlying net income²		883

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

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

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

³ Represents fair value adjustments on MFS's share-based payment awards, acquisition, integration and restructuring costs, and other items that are unusual or exceptional in nature.

⁴ Post-tax includes amounts that relate to the UK Finance Act that was signed into law on June 10, 2021, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, reported net income decreased by \$11 million in the second quarter. See section C - Profitability - 5 - Income and section M - Non-IFRS Financial Measures in the Q2 2021 MD&A.

SOE experience gains/ (losses) - details

\$ millions	Q2'21 Pre-tax	Q2'20 Pre-tax	Q2'21 Post-tax	Q2'20 Post-tax
Net equity market impact	136	84	99	59
Net interest rate impact ¹	(80)	(465)	(36)	(205)
Impact of changes in the fair value of investment properties ¹	22	(51)	22	(39)
Market-Related Impacts¹	78	(432)	85	(185)
Impact of investment activity on insurance contract liabilities	50	124	40	97
Credit	39	(72)	32	(58)
Mortality	4	(15)	3	(12)
Morbidity	44	31	37	27
Lapse and other policyholder behaviour	(9)	(24)	(8)	(19)
Expenses	(77)	(20)	(62)	(14)
Other	(30)	5	(11)	18
Other Notable Items	21	29	31	39
Experience gains/(losses)	99	(403)	116	(146)

Market movements and impacts in the quarter

Market Movements	Q2'21	Q1'21	Q2'20
S&P/ TSX	+7.8%	+7.3%	16.0%
S&P 500	+8.2%	+5.8%	20.0%
CA 10 - year	(17) bps	+88 bps	(17) bps
CA 30 - year	(14) bps	+77 bps	(31) bps
US 10 - year	(27) bps	+83 bps	(1) bps

Earnings on Surplus (\$millions, pre-tax)	Q2'21	Q1'21	Q2'20
Investment income	99	110	126
AFS gains	42	53	33
Seed investment gains/ (losses)	10	(14)	38
Investment properties mark-to-market	7	(1)	(4)
Interest on debt	(40)	(40)	(38)
Total	118	108	155

Equity Market Impacts (\$millions, post-tax)	Q2'21	Q1'21	Q2'20
Equity market movement and volatility	95	67	105
Basis risk	4	5	(46)
Total	99	72	59

Interest Impacts (\$millions, post-tax)	Q2'21	Q1'21	Q2'20
Interest rate changes	(50)	161	(123)
Credit spread movements	(10)	(8)	(72)
Swap spread movements	24	(12)	(10)
Total	(36)	141	(205)

Credit-Related Impacts (\$millions, post-tax)	Q2'21	Q1'21	Q2'20
Changes in ratings	5	(14)	(60)
Impairments, net of recoveries	(2)	-	(24)
Release of best estimate credit	29	29	26
Total	32	15	(58)

Use of Non-IFRS Financial Measures

We report certain financial information using non-IFRS financial measures, as we believe that these measures provide information that is useful to investors in understanding our performance and facilitate a comparison of our quarterly and full year results from period to period. Non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. Non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning non-IFRS financial measures and reconciliations to the closest IFRS measures are available in the Q2 2021 MD&A under the heading M - Non-IFRS Financial Measures, our annual MD&A and the Supplementary Financial Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

Non-IFRS measures

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

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

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

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

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

Reconciliation of Select Net Income Measures	Q2'21	Q1'21	Q2'20
Common shareholders' reported net income (loss)	900	937	519
Less:			
Fair value adjustments on share-based payment awards at MFS	(52)	(44)	(24)
Acquisition, integration and restructuring	(13)	(74)	(14)
Other ¹	(11)	-	-
Net equity market impact	99	72	59
Net interest rate impact	(36)	141	(205)
Net increases (decrease) in the fair value of real estate	28	(4)	(41)
Assumption changes and management actions	2	(4)	5
Common shareholders' underlying net income (loss)	883	850	739

¹ Represents the impact of certain hedges in Canada that do not qualify for hedge accounting, as well as the UK Finance Act that was signed into law on June 10, 2021, increasing the corporate tax rate from 19% to 25%, which will be take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, reported net income decreased by \$11 million in the second quarter. See section C - Profitability - 5 - Income and section M - Non-IFRS Financial Measures in the Q2 2021 MD&A.

Forward-Looking Statements

From time to time, we make written or oral forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements contained in this document include statements (i) relating to our strategies, (ii) relating to our intention to redeem on September 29, 2021, all of the \$400 million Class A Non-Cumulative Preferred Shares Series 1 issued by SLF Inc. on February 25, 2005 and all of the \$325 million Class A Non-Cumulative Preferred Shares Series 2 issued by SLF Inc. on July 15, 2005, including the related change to SLF Inc.'s LICAT ratio and financial leverage ratio, (iii) relating to our growth initiatives and other business objectives, (iv) relating to the plans we have implemented in response to the COVID-19 pandemic and related economic conditions and their impact on the Company, (v) related to our expected tax range for future years, (vi) set out in this document under the heading H - Risk Management - Market Risk Sensitivities - Interest Rate Sensitivities, (vii) that are predictive in nature or that depend upon or refer to future events or conditions, and (viii) that include words such as "achieve", "aim", "ambition", "anticipate", "aspire", "assumption", "believe", "could", "estimate", "expect", "goal", "initiatives", "intend", "may", "objective", "outlook", "plan", "project", "seek", "should", "strategy", "strive", "target", "will", and similar expressions. Forward-looking statements include the information concerning our possible or assumed future results of operations. These statements represent our current expectations, estimates, and projections regarding future events and are not historical facts, and remain subject to change, particularly in light of the ongoing and developing COVID-19 pandemic and its impact on the global economy and its uncertain impact on our business.

Forward-looking statements are not a guarantee of future performance and involve risks and uncertainties that are difficult to predict. Future results and shareholder value may differ materially from those expressed in these forward-looking statements due to, among other factors, the impact of the COVID-19 pandemic and related economic conditions on our operations, liquidity, financial conditions or results and the matters set out in the Q2 2021 MD&A under the headings C - Profitability - 5 - Income taxes, E - Financial Strength and H - Risk Management and in SLF Inc.'s 2020 AIF under the heading Risk Factors and the factors detailed in SLF Inc.'s other filings with Canadian and U.S. securities regulators, which are available for review at www.sedar.com and 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, including our medium-term financial objectives, are set out below. The realization of our forward-looking statements, including our ability to meet our medium-term financial objectives, essentially depends on our business performance which, in turn, is subject to many risks, which have been further heightened with the current COVID-19 pandemic given the uncertainty of its duration and impact. Factors that could cause actual results to differ materially from expectations include, but are not limited to: **market risks** - related to the performance of equity markets; changes or volatility in interest rates or swap spreads; real estate investments; and fluctuations in foreign currency exchange rates; **insurance risks** - related to policyholder behaviour; mortality experience, morbidity experience and longevity; product design and pricing; the impact of higher-than-expected future expenses; and the availability, cost and effectiveness of reinsurance; **credit risks** - related to issuers of securities held in our investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; **business and strategic risks** - related to global economic and political conditions; the design and implementation of business strategies; changes in distribution channels or Client behaviour including risks relating to market conduct by intermediaries and agents; the impact of mergers, acquisitions, strategic investments and divestitures; the impact of competition; the performance of our investments and investment portfolios managed for Clients; changes in the legal or regulatory environment, including capital requirements; the environment and social, 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; our information technology infrastructure; a failure of information systems and Internet-enabled technology; dependence on third-party relationships, including outsourcing arrangements; business continuity; model errors; information management; **liquidity risks** - the possibility that we will not be able to fund all cash outflow commitments as they fall due; and **other risks** - COVID-19 matters, including the severity, duration and spread of COVID-19; its impact on the global economy, and its impact on Sun Life's business, financial condition and or results; risks associated with IFRS 17 and IFRS 9; 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 8

¹ Underlying net income, EPS, ROE, Sales, value of new business, assets under management and financial leverage ratio are Non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" and "Reconciliation of Select Net Income measures" in the appendix to these slides.

² Fully diluted basis.

³ Effective January 1, 2021, reflects a change in the timing of recognition of U.S. VNB for group policies; we have updated prior period amounts to reflect this change; for more details, see section M - Non-IFRS Financial Measures in the Q2 2021 MD&A.

⁴ Effective January 1, 2021, the methodology for AUM was updated for SLC Management with respect to certain real estate and investment-grade fixed income products to add uncalled capital commitments. We have updated prior period amounts to reflect this change. For more details, see section M - Non-IFRS Financial Measures of the Q2 2021 MD&A.

⁵ Life Insurance Capital Adequacy Test ("LICAT") ratio of SLF and of Sun Life Assurance Company of Canada ("SLA").

⁶ Cash and other liquid assets at SLF and its wholly-owned holding companies.

⁷ Intend to redeem \$400 million Class A Non-Cumulative Preferred Shares Series 1 and \$325 million Class A Non-Cumulative Preferred Shares Series 2; subject to regulatory approval. See "Forward-Looking Statements" above.

Footnotes from slide 10

¹ Effective January 1, 2021, expected profit for U.S. group policies includes previously classified new business gains, aligning group business sources of earnings reporting across business groups. We have updated prior period amounts to reflect this change.

² See "Use of Non-IFRS Financial Measures" and "Reconciliation of Select Net Income measures" in the appendix to these slides.

³ Represents fair value adjustments on MFS's share-based payment awards, acquisition, integration and restructuring costs, and other items that are unusual or exceptional in nature.

⁴ Effective tax rate on underlying net income was 15.9% in Q2 2021 (26.1% in Q2 2020).