

# Third Quarter 2009

## Financial and Operating Results

### For the period ended Sept. 30, 2009

#### Sun Life Financial Inc. (unaudited)

November 5th, 2009



#### Forward-Looking Information

Certain information in this document, including information relating to the Company's strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, including information set out in this MD&A under the headings of Estimated 2010 Normalized Earnings, Outlook and Market Risk Sensitivity, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking information includes the information concerning possible or assumed future results of operations of the Company. These statements represent the Company's expectations, estimates and projections regarding future events and are not historical facts. Forward-looking information is not a guarantee of future performance and involves risks and uncertainties that are difficult to predict. Future results and shareholder value of SLF Inc. may differ materially from those expressed in this forward-looking information due to, among other factors, the matters set out under "Risk Factors" in the Company's AIF and the factors detailed in its other filings with Canadian and U.S. securities regulators, including its annual and interim MD&A, and annual and interim financial statements, which are available for review at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov).

Factors that could cause actual results to differ materially from expectations include, but are not limited to, investment losses and defaults and changes to investment valuations; the performance of equity markets; interest rate fluctuations; other market risks including movement in credit spreads; possible sustained economic downturn; risks related to market liquidity; market conditions that adversely affect the Company's capital position or its ability to raise capital; downgrades in financial strength or credit ratings; the impact of mergers and acquisitions; the performance of the Company's investments and investment portfolios managed for clients such as segregated and mutual funds; insurance risks including mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism; changes in significant accounting principles; changes in legislation and regulations including tax laws; regulatory investigations and proceedings and private legal proceedings and class actions relating to practices in the mutual fund, insurance, annuity and financial product distribution industries; risks relating to product design and pricing; the availability, cost and effectiveness of reinsurance; the inability to maintain strong distribution channels and risks relating to market conduct by intermediaries and agents; currency exchange rate fluctuations; the cost, effectiveness and availability of risk-mitigating hedging programs; the creditworthiness of guarantors and counterparties to derivatives; risks relating to operations in Asia including risks relating to joint ventures; the impact of competition; risks relating to financial modelling errors; business continuity risks; failure of information systems and Internet-enabled technology; breaches of computer security and privacy; dependence on third-party relationships including outsourcing arrangements; the ability to attract and retain employees; the impact of adverse results in the closed block of business; the ineffectiveness of risk management policies and procedures and the potential for financial loss related to changes in the environment. The Company does not undertake any obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law. The financial results presented in this document are unaudited.

#### Use of Non-GAAP Financial Measures

Management evaluates the Company's performance on the basis of financial measures prepared in accordance with GAAP, including earnings, diluted EPS and ROE. Management also measures the Company's performance based on certain non-GAAP measures, including operating earnings, and financial measures based on operating earnings, including operating EPS and operating ROE, that exclude certain items that are not operational or ongoing in nature. Management uses financial performance measures that are prepared on a constant currency basis, which exclude the impact of currency fluctuations. The Company also reviews adjusted revenue, which excludes the impact of currency and fair value changes in held-for-trading assets and derivative instruments from total revenue. Management monitors MFS's pre-tax operating profit margin ratio, the denominator of which excludes certain investment income and includes certain commission expenses, as a means of measuring the underlying profitability of MFS. Value of new business is used to measure overall profitability. Value of new business is based on actuarial amounts for which there are no comparable amounts under GAAP. Management has provided information concerning the Company's estimated 2010 normalized earnings and market sensitivities, for which there are no directly comparable measures under GAAP and for which a reconciliation is not possible as it is forward-looking information. Management believes that these non-GAAP financial measures provide information useful to investors in understanding the Company's performance and facilitate the comparison of the quarterly and full-year results of the Company's ongoing operations. These non-GAAP financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. They should not be viewed as an alternative to measures of financial performance determined in accordance with GAAP. Additional information concerning these non-GAAP financial measures and reconciliations to GAAP measures are included in Sun Life Financial Inc.'s annual and interim MD&A and the Supplementary Financial Information packages that are available on [www.sunlife.com](http://www.sunlife.com) under Investors – Financial Results & Reports – Year-end Reports.

#### Sources of Earnings

Sources of earnings presents an analysis of sources of net income, which is not based on GAAP. It is presented in accordance with the requirements of the Office of the Superintendent of Financial Institutions, Canada. Additional information concerning sources of earnings is included in the Company's Annual Report.

Q3

**Donald A. Stewart**

**Chief Executive Officer,  
Sun Life Financial**



Q3

Q3 2009

- Ongoing economic uncertainty
- Demographic trends support growth
- Maintaining momentum

Q3

## Colm Freyne

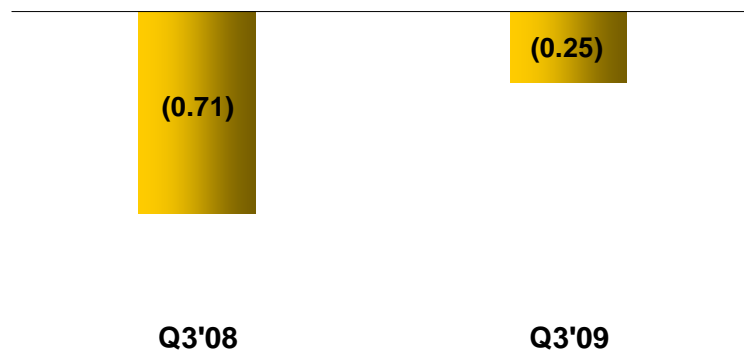
Executive Vice-President  
& Chief Financial Officer,  
Sun Life Financial



Q3

## Fully Diluted Operating EPS

(C\$)

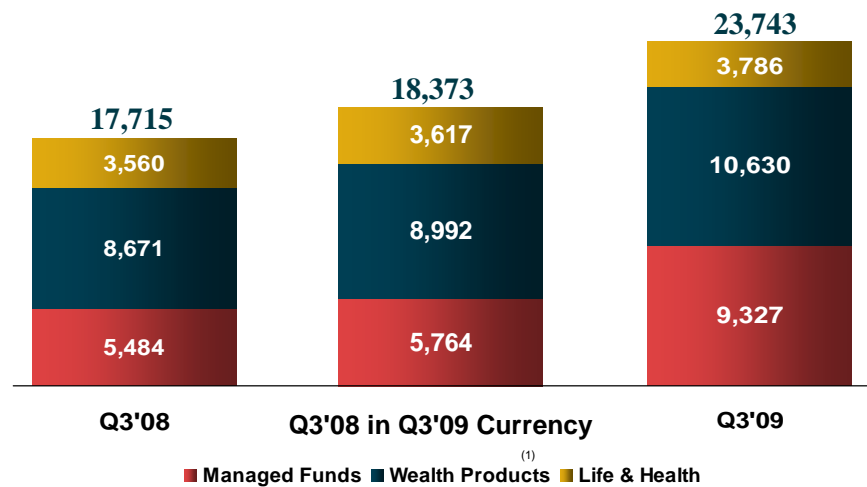


## Performance by Business Group

(C\$ millions)	Operating Net Income
<b>SLF Canada</b>	219
<b>SLF US</b>	(413)
<b>MFS</b>	43
<b>SLF Asia</b>	13
<b>Corporate</b>	(2)
<b>Total</b>	<b>(140)</b>

## Premiums and Deposits

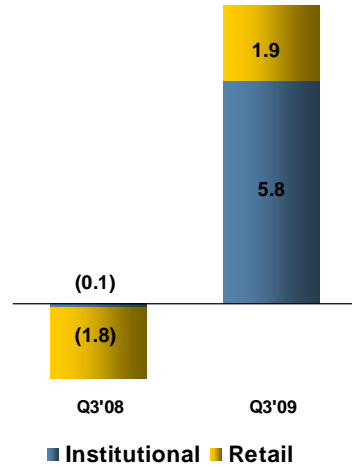
(C\$ millions)



<sup>(1)</sup> Includes mutual funds, segregated funds and annuities

# MFS Investment Management

**Net Sales  
(US\$ billions)**



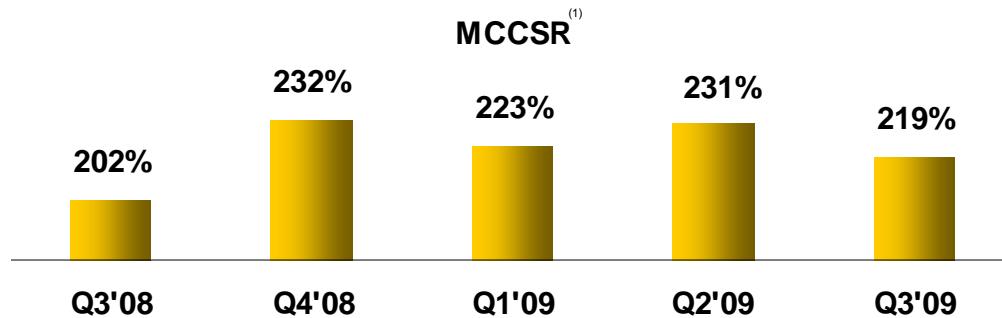
**% of MFS Fund Assets Ranked in Top Half of Lipper Category Average\***

As of Sept. 30, 2009	Percentage
3 Years	91%
5 Years	95%
10 Years	92%

\*Lipper rankings do not take into account sales charges and are based on historical total returns, which are not indicative of future results. Note that rankings are based on the MFS A share class as compared to performance of all share classes and sales load types as reported by Lipper in a particular classification, except in the case of the variable annuity categories where MFS IC share class is ranked against the underlying funds. Rankings of other share classes may be higher or lower. Note: Excludes Closed-End, Money Market, VIT, Compass, VIT II & Offshore. The MFS Institutional Large Cap Value Fund and the MFS Institutional International Equity Fund are included in the Domestic Equity and Global Equity sections respectively

# Capital Management

## Minimum Continuing Capital Surplus Requirements (MCCSR)



(1) Represents the MCCSR of Sun Life Assurance Company of Canada

## Updated Sensitivities

### Income

Equity Market	
An immediate 10% <b>increase</b> across all equity markets is projected to result in: An estimated increase in net income of \$75-\$125 million	An immediate 10% <b>decrease</b> across all equity markets is projected to result in: An estimated decrease in net income of \$125-\$175 million
Interest Rates	
An immediate 1% parallel <b>increase</b> is projected to result in: An estimated increase in net income of \$150 - \$200 million	An immediate 1% parallel <b>decrease</b> is projected to result in: An estimated decrease in net income of \$325 - \$400 million

### MCCSR of Sun Life Assurance Company of Canada

Equity Market	
An immediate 10% <b>increase</b> across all equity markets is projected to result in: An estimated increase of up to 5 percentage points in MCCSR	An immediate 10% <b>decrease</b> across all equity markets is projected to result in: An estimated decrease of up to 5 percentage points in MCCSR

The sensitivities measure the estimated impact on net income and capital based on a starting point of Sept. 30, 2009 and are subject to a number of assumptions and qualifications which are specified in the Market Risk Sensitivity section of Sun Life Financial's Q3'09 MD&A.. The sensitivities are forward-looking information and non-GAAP financial measures.

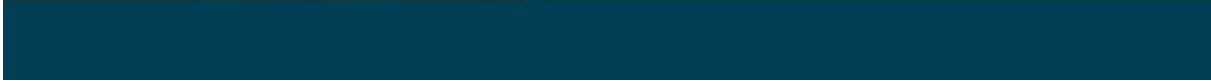
## Estimated 2010 Normalized Earnings

- Estimated 2010 normalized earnings are based on the following assumptions:
  - Approximately 8% annualized growth in equity markets during the period
  - Business mix, foreign currency rates, credit spreads and interest rates consistent with September 30, 2009 levels
  - Investment returns, tax rates, capital requirements, mortality experience and policyholder behavior consistent with current best estimate assumptions
- Estimated normalized earnings excludes:
  - Management actions and changes in assumptions
  - Experience gains and losses
- Estimated normalized earnings for full year 2010 to be in the range of \$1.4 to \$1.7 billion

Estimated 2010 normalized earnings is forward-looking information, a non-GAAP measure and is subject to a number of assumptions and qualifications which are specified in the Estimated Normalized Earnings section of Sun Life Financial's Q3'09 MD&A..

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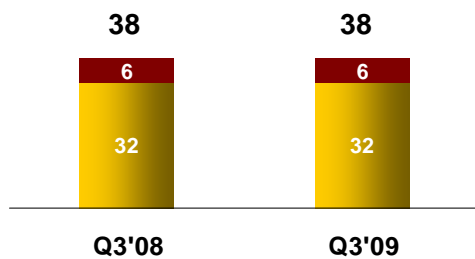
**Dean Connor**  
**President, SLF Canada**



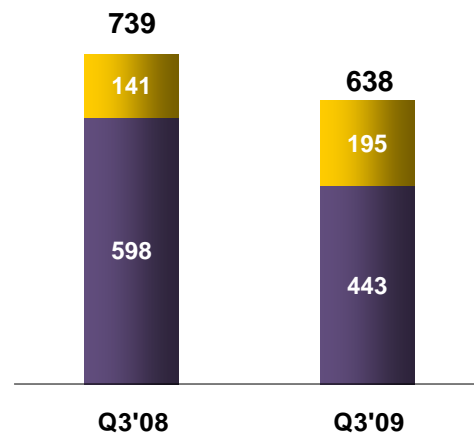
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## SLF Canada

**Individual Insurance Sales**  
(C\$ millions)



**Individual Wealth Sales**  
(C\$ millions)



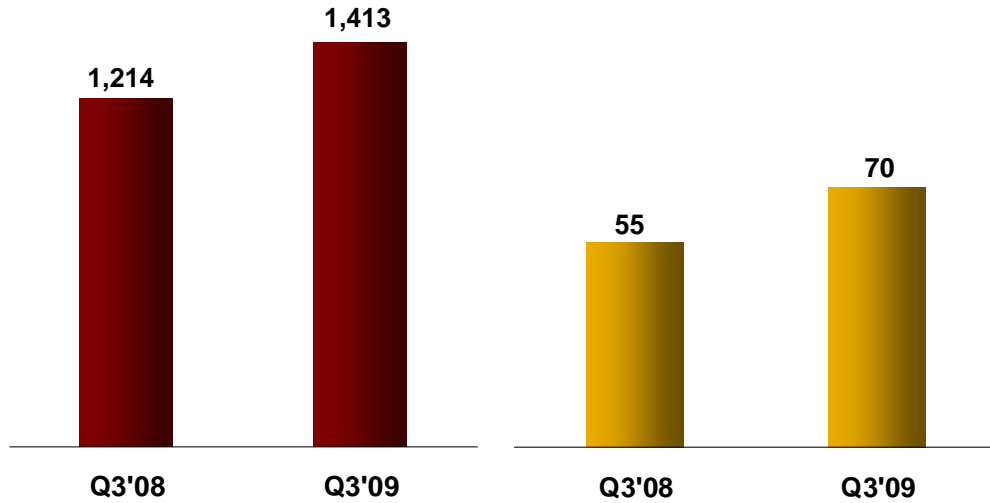
■ Sun Life Financial Advisors ■ Wholesale ■ Segregated Funds ■ Fixed Products

Q3

## SLF Canada

**Group Retirement Services**  
Gross Sales  
(C\$ millions)

**Group Benefits**  
Gross Sales  
(C\$ millions)



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**Jon Boscia**

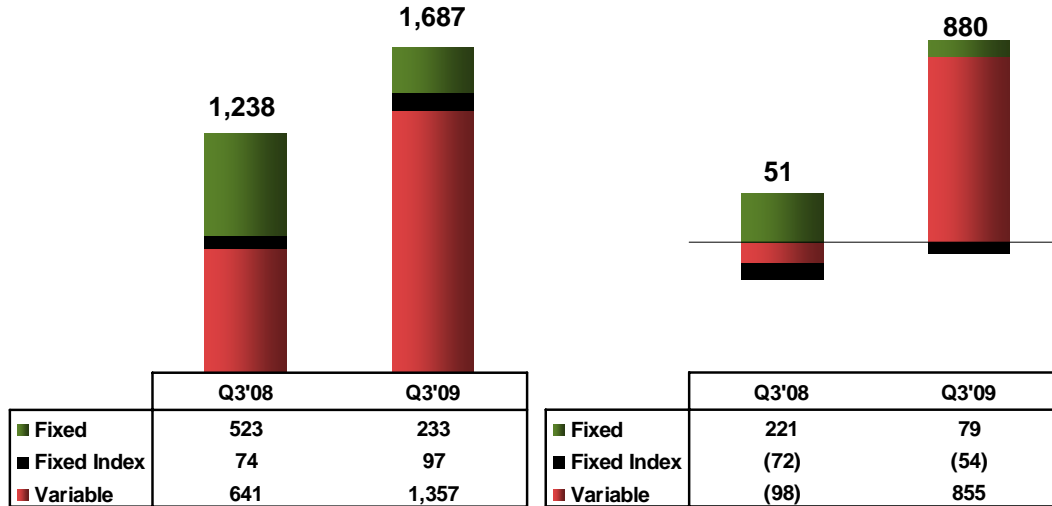
**President,  
Sun Life Financial**



SLF U.S.

**Annuity Gross Sales  
(US\$ millions)**

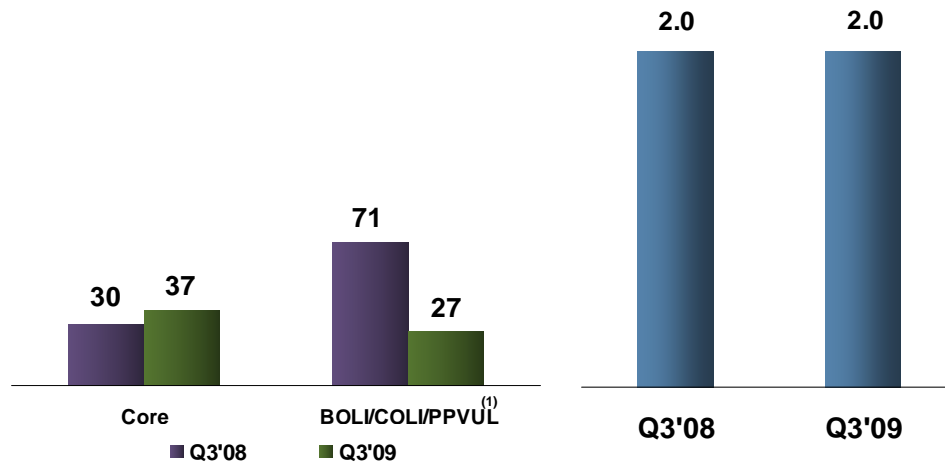
**Annuity Net Sales  
(Redemptions)  
(US\$ millions)**



SLF U.S.

**Individual Insurance  
Sales  
(US\$ millions)**

**Employee Benefits Group  
Business In-Force  
(US\$ billions)**



(1) Bank-owned life insurance (BOLI), Corporate-owned life insurance (COLI), Private placement variable universal life (PPVUL). Single premiums reported at 10%

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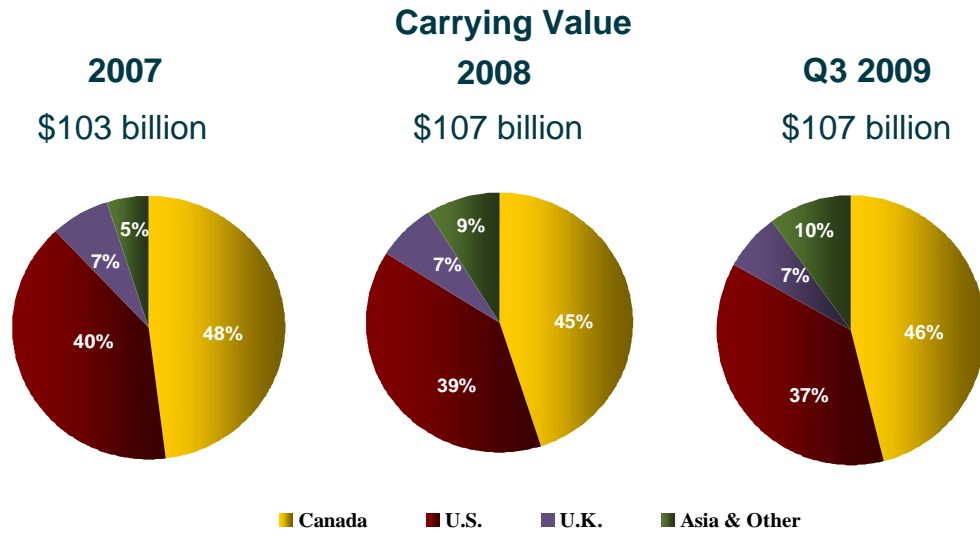
# Questions & Answers



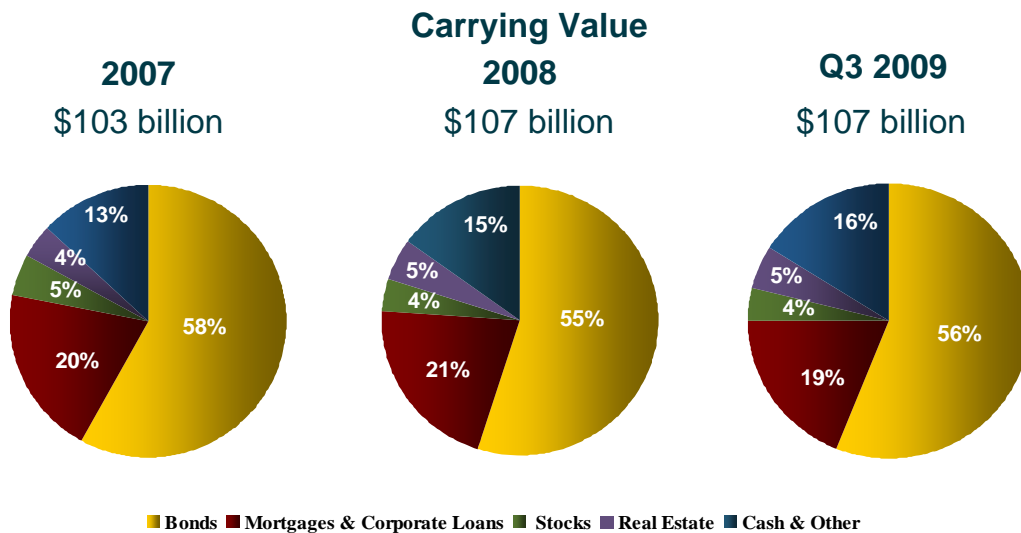
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# Appendix

Invested Assets  
Diversified by geography



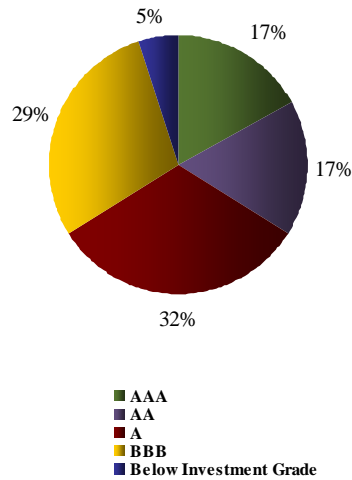
Invested Assets  
Diversified by type



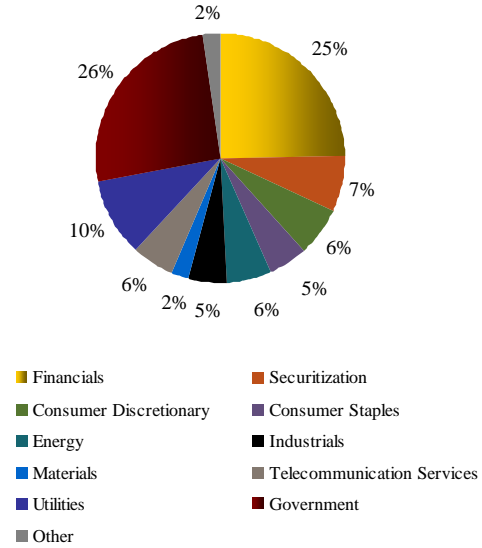
## Bonds – Diversification

As of September 30, 2009

### Ratings Breakdown



### Sector Breakdown



## Bonds – Financials

As of September 30, 2009

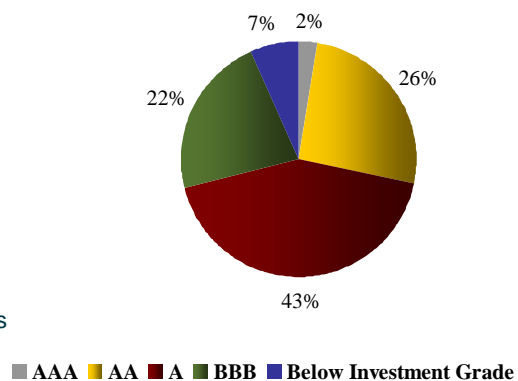
Total: \$15 billion

### Capital Structure

– Senior	66%
– Sub	21%
– Upper Tier 2	2%
– Capital Securities *	11%

- Top ten represent 33% of total market value
- Approximately 400 names
- Strong quality among largest holdings
- Broad diversification in lower rated holdings
- Below investment grade for Capital Securities is only \$180 million

### Ratings Breakdown



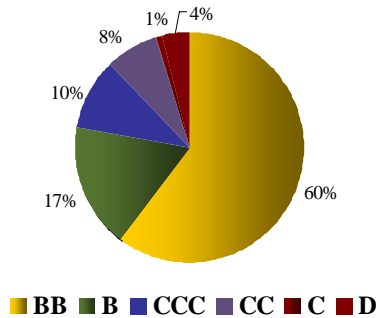
\*Includes Tier 1, Trust Preferreds and other hybrids securities

## Bonds – Below Investment Grade

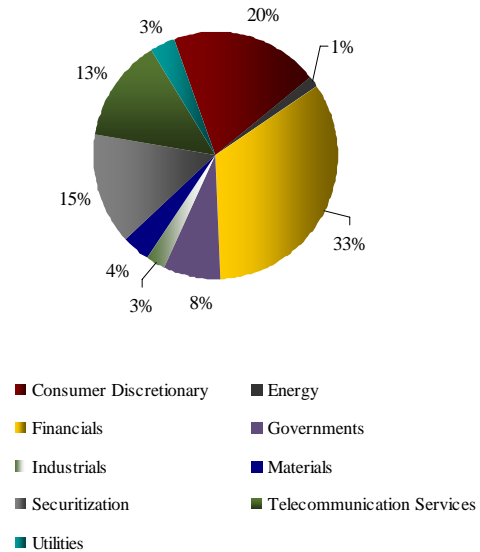
As of September 30, 2009

Below investment grade is 5% of total bond portfolio

**Ratings Breakdown**



**Sector Breakdown**



## Structured Products

As of September 30, 2009

(C\$ millions)	Market Value	Investment Grade
Commercial Mortgage Backed Securities (CMBS)	1,869	95.5%
Residential Mortgage Backed Securities (RMBS) - non-agency	931	83.1%
RMBS - agency	833	100%
Collateralized Debt Obligations (CDO's)	162	42.2%
Other-ABS	587	85.3%
<b>Total</b>	<b>4,382</b>	<b>90.4%</b>

**CMBS**

- 94% is 'AAA' or pre-2006
- 99% is fixed rate

**Non-Agency RMBS**

- 90% is 'AAA' or pre-2006
- 85% is fixed rate

**CDO's**

- 72% is 'AAA' or pre-2006

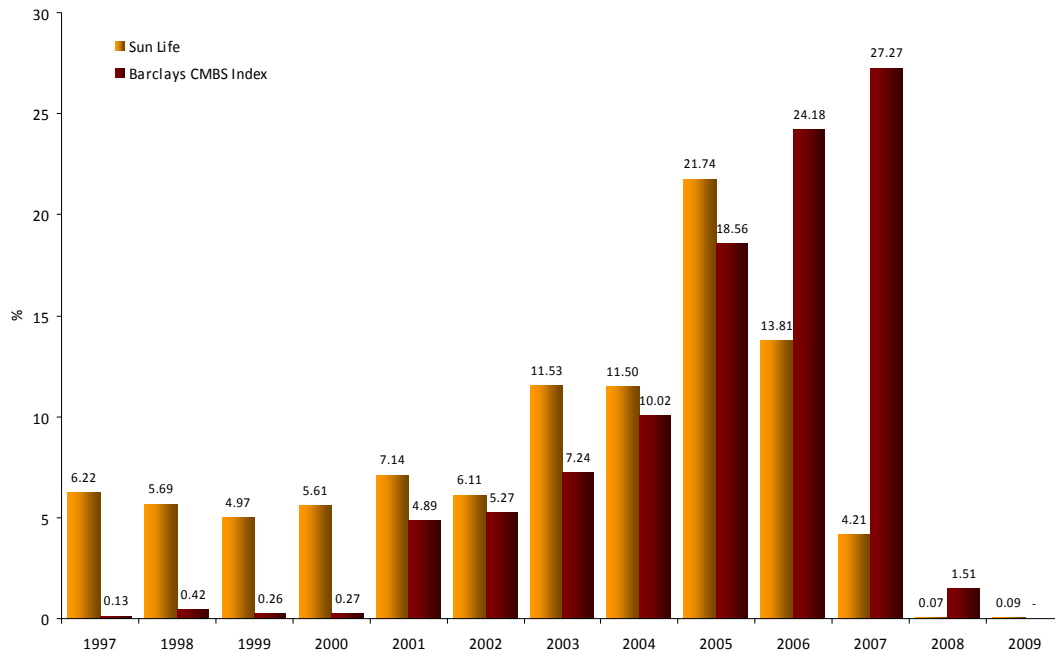
**Sub-Prime & Alt-A**

- 90% is 'AAA' or pre-2006
- 89% is fixed rate
- \$139 million sub-prime – 65% investment grade
- \$117 million Alt-A – 69% investment grade

## CMBS by Vintage based on Market Value

As of September 30, 2009

*A seasoned portfolio with much lower exposure to troubled 2006-2007 vintages compared to average*



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## Commercial Mortgages

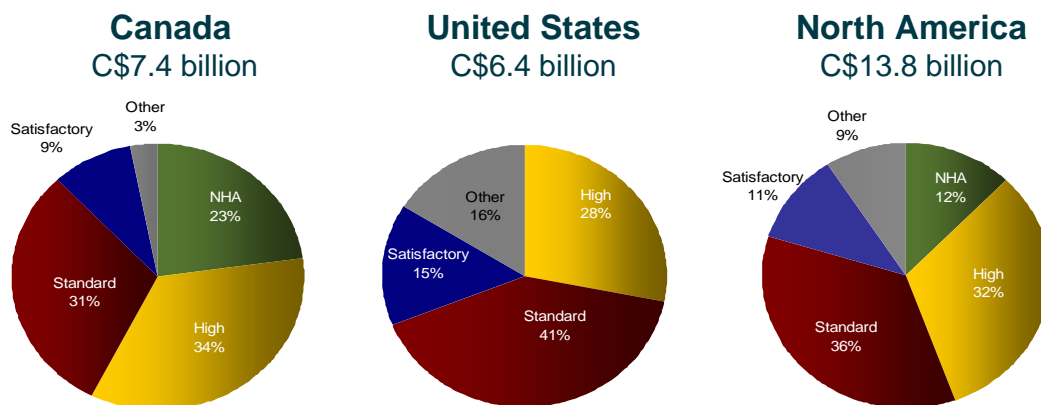
As of September 30, 2009

<b>Portfolio Size (Amortized Cost)</b>	C\$13.9B
<b>Number of loans</b>	Approx. 4,000
<b>Average loan size</b>	C\$3.5M

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## Commercial Mortgages by Credit Quality

Carrying Value  
September 30, 2009



High: LTV below 55% and debt service coverage of 1.35 or higher.  
Standard: LTV 55% to 75% and debt service coverage of 1.20 or higher.  
Satisfactory: LTV 76% to 90% and debt service coverage of 1.10 or higher  
NHA: National Housing Act – CMHC Insured  
LTV: Based on 2008 revaluations

## Source of Earnings – Common Shareholders\*

(C\$ millions)	Q3'09	Q3'08	Change
<b>Expected profit on in-force business</b>	543	466	77
Impact of new business	(90)	(87)	(3)
Experience gains or losses	(205)	(876)	671
Assumption changes and management actions	(726)	(177)	(549)
<b>Earnings on operations</b>	(478)	(674)	196
Earnings on surplus	109	29	80
<b>Earnings before income taxes</b>	(369)	(645)	276
Income taxes	256	242	14
Non-controlling interest and preferred share dividends	(27)	(24)	(3)
CI related income	-	31	(31)
<b>Common shareholders' net income</b>	(140)	(396)	256

\* Attributable to common shareholders (excludes participating accounts) and adjusted for 2007 Canadian tax rules that became effectively enacted during Q1 2009