

Q2

# Second Quarter 2008

**Financial and Operating Results**  
**For the period ended June 30, 2008**  
**Sun Life Financial Inc. (unaudited)**

**July 31, 2008**

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## Forward-Looking Statements

Certain statements in this document, including those relating to the Company's strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, 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 statements include 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 statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Future results and stockholder value may differ materially from those expressed in these forward-looking statements 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 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, the performance of equity markets; interest rate fluctuations; investment losses and defaults; movements in credit spreads; the cost, effectiveness and availability of risk mitigating hedging programs; the creditworthiness of guarantors and counterparties to derivatives; risks related to market liquidity; 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; insurance risks including mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism; risks relating to operations in Asia including risks relating to joint ventures; currency exchange rate fluctuations; the impact of competition; risks relating to financial modeling errors; business continuity risks; failure of information systems and Internet enabled technology; breaches of computer security and privacy; the availability, cost and effectiveness of reinsurance; the inability to maintain strong distribution channels and risks relating to market conduct by intermediaries and agents; dependence on third party relationships including outsourcing arrangements; downgrades in financial strength or credit ratings; the ability to successfully complete and integrate acquisitions; the ability to attract and retain employees; and the performance of the Company's investments and investment portfolios managed for clients such as segregated and mutual funds. 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.

## Non-GAAP Measures

Management evaluates the Company's performance on the basis of financial measures prepared in accordance with GAAP, including earnings, fully 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 also uses financial performance measures that are prepared on a constant currency basis, which exclude the impact of currency fluctuations. Management measures the performance of the Company's business segments using ROE that is based on an allocation of common equity or risk capital to the business segments, using assumptions, judgments and methodologies that are regularly reviewed and revised by management. 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 also 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 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 in the Investor Relations – Financial Publications section of Sun Life Financial's website, [www.sunlife.com](http://www.sunlife.com).

## 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.

Q2

**Donald A. Stewart**

**Chief Executive Officer,  
Sun Life Financial**

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- Mixed performance in a difficult environment
- Remain committed to medium-term financial objectives
- Continue to execute on strategy

Q2

# Rick McKenney

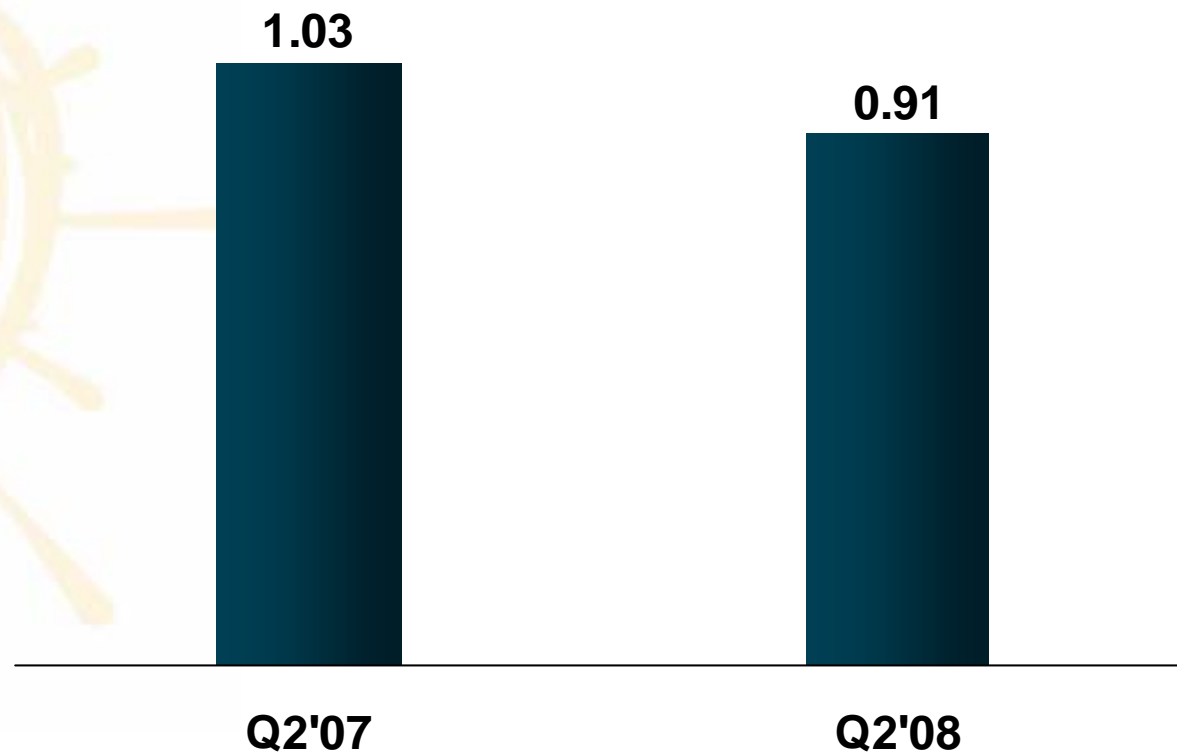
**Executive Vice-President  
& Chief Financial Officer,  
Sun Life Financial**

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# Fully Diluted Operating EPS



# Source of Earnings – Common Shareholders \*

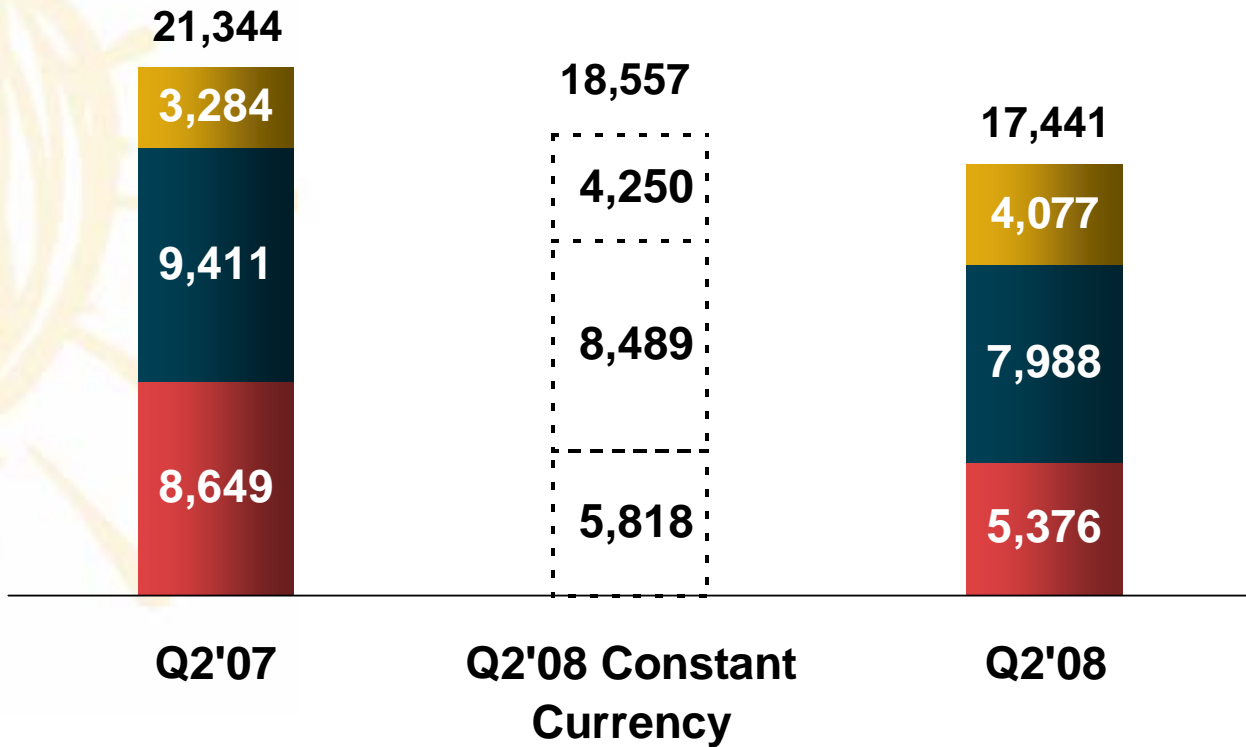
(C\$ millions)

	<u>Q2'08</u>	<u>Q2'07</u>	<u>Change</u>
<b>Expected profit on in-force business</b>	530	510	20
Impact of new business	(70)	(47)	(23)
Experience gains or losses	(75)	184	(259)
Assumption changes and management actions	114	9	105
<b>Earnings on operations</b>	499	656	(157)
Earnings on surplus	133	165	(32)
<b>Earnings before income taxes</b>	632	821	(189)
Income taxes	(92)	(205)	113
Non-controlling interest and preferred share dividends	(21)	(26)	5
<b>Common shareholders' net income</b>	<u>519</u>	<u>590</u>	<u>(71)</u>

\* Attributable to common shareholders (excludes par accounts) and adjusted for proposed Canadian tax rules that are in effect but not yet substantively enacted.

## Premiums and Deposits

(C\$ millions)

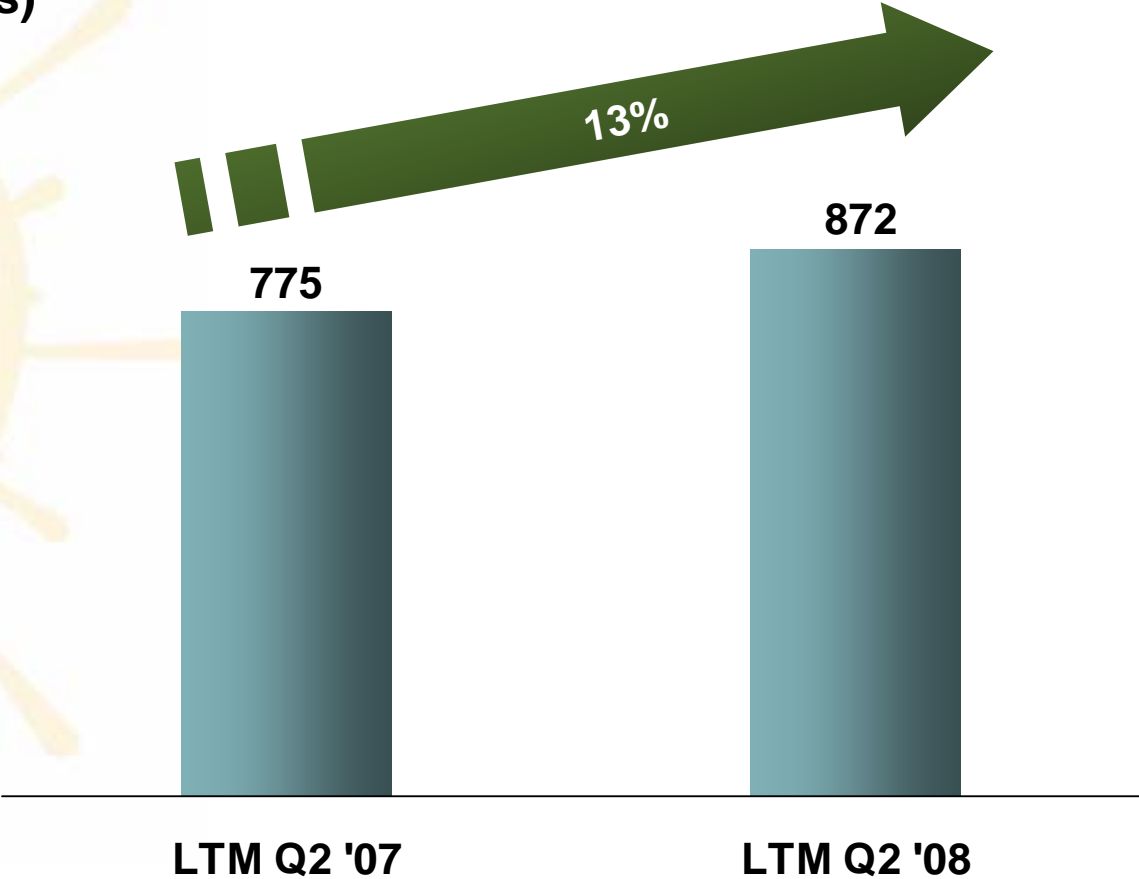


■ Managed Funds ■ Other Wealth Products<sup>(1)</sup> ■ Life & Health

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

## Value of New Business

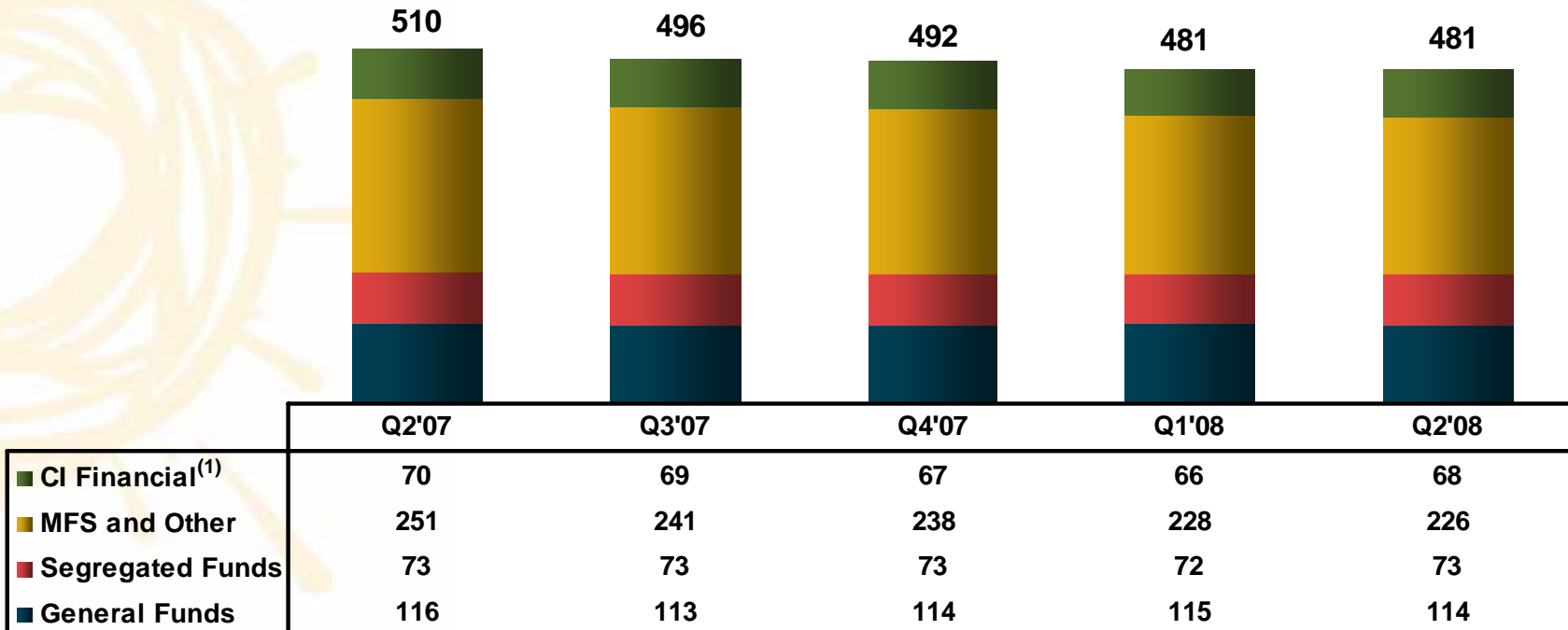
(C\$ millions)



Note: All amounts are based on 2007 annual average exchange rates. MTNs are excluded and Q2 '08 amounts are estimated. LTM refers to the last twelve months.

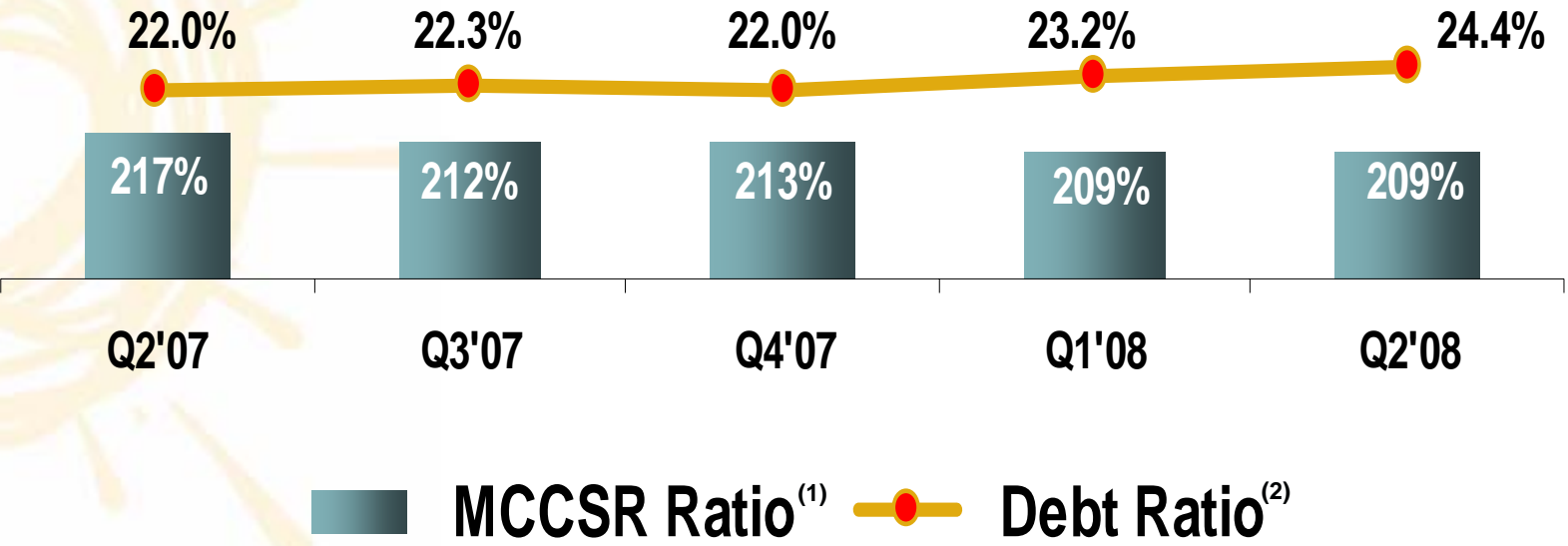
## Assets Under Management

(C\$ billions)



(1) CI Financial company reports. Includes 100% of CI Financial's assets under management. As at June 30, 2008 SLF had a 37.2% interest in CI Financial.

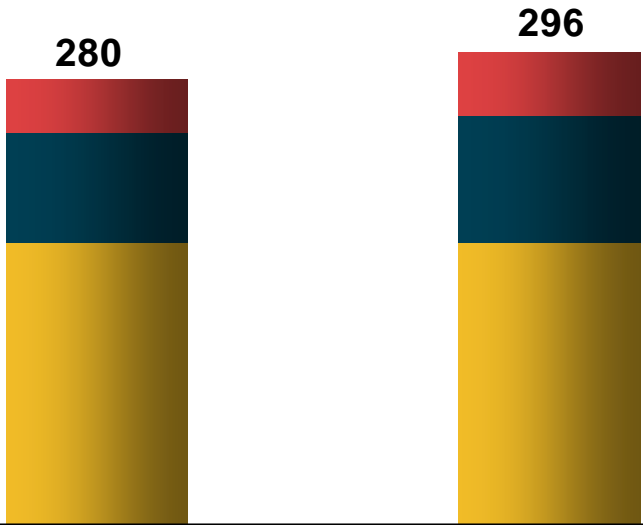
## Capital Management



<sup>(1)</sup> Represents the MCCSR ratio of Sun Life Assurance Company of Canada.  
<sup>(2)</sup> Represents the ratio of sub debt, preferred shares, Partnership Capital Securities and SLEECs to total capital for SLF.

(C\$ millions)

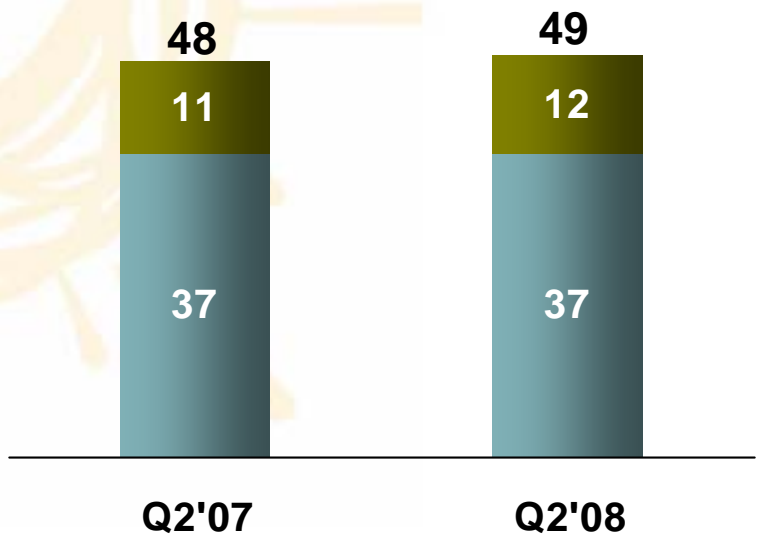
## Net Income



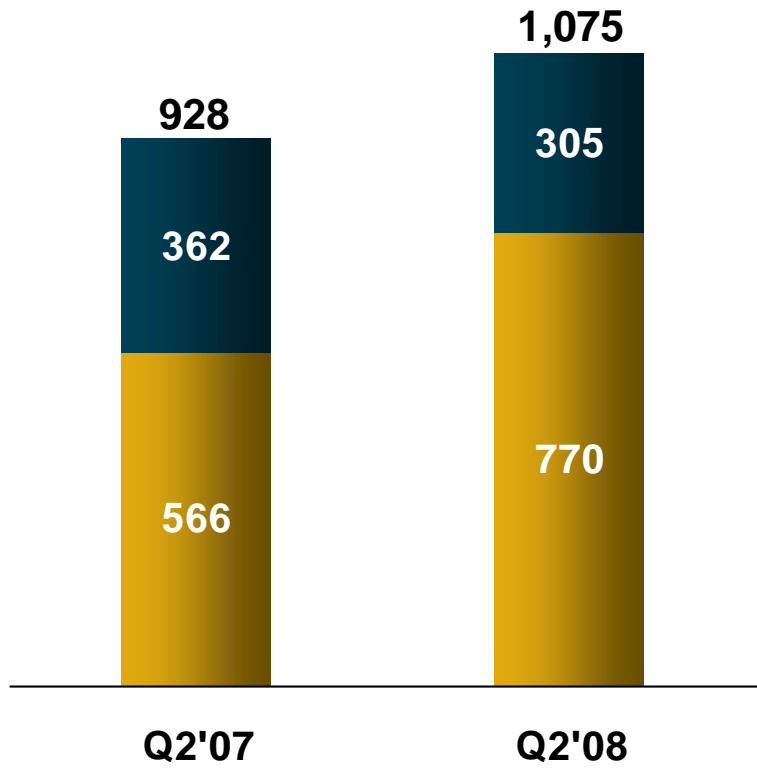
	Q2'07	Q2'08
■ Group Wealth	34	39
■ Group Benefits	69	80
■ Individual Insurance & Investments	177	177
ROE	16.1%	16.7%

## SLF Canada Individual Sales

### Individual Insurance (C\$ millions)



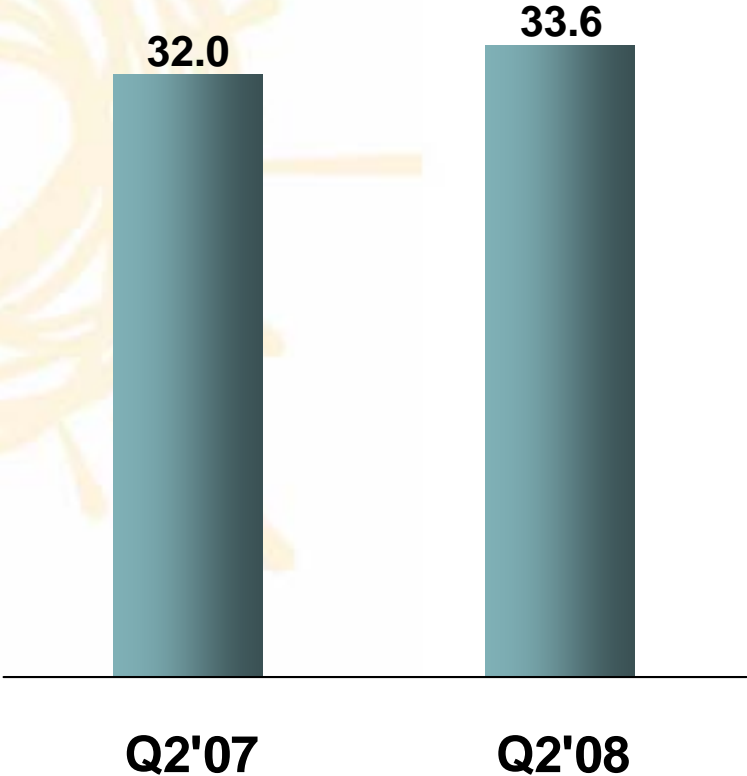
### Individual Wealth (C\$ millions)



■ Sun Life Financial Advisors   ■ Wholesale   ■ Seg Funds & Other   ■ Mutual Funds

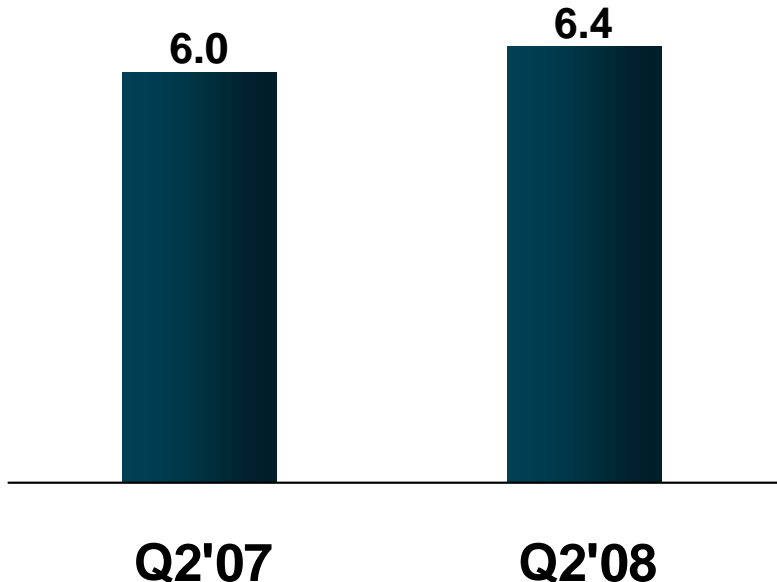
## Group Retirement Services

DC Plan Assets  
(C\$ billions)



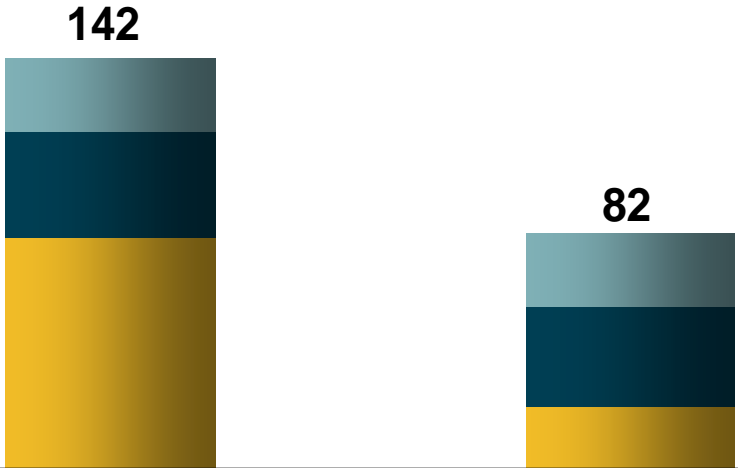
## Group Benefits

Business In-Force  
(C\$ billions)



(US\$ millions)

## Net Income

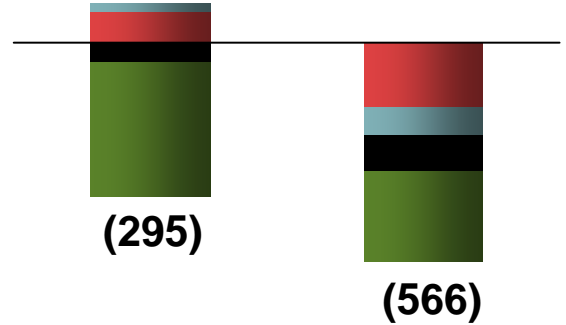


	Q2'07	Q2'08
Employee Benefits Group	25	25
Individual Insurance	37	35
Annuities	80	22
<b>ROE</b>	<b>14.0%</b>	<b>7.8%</b>

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



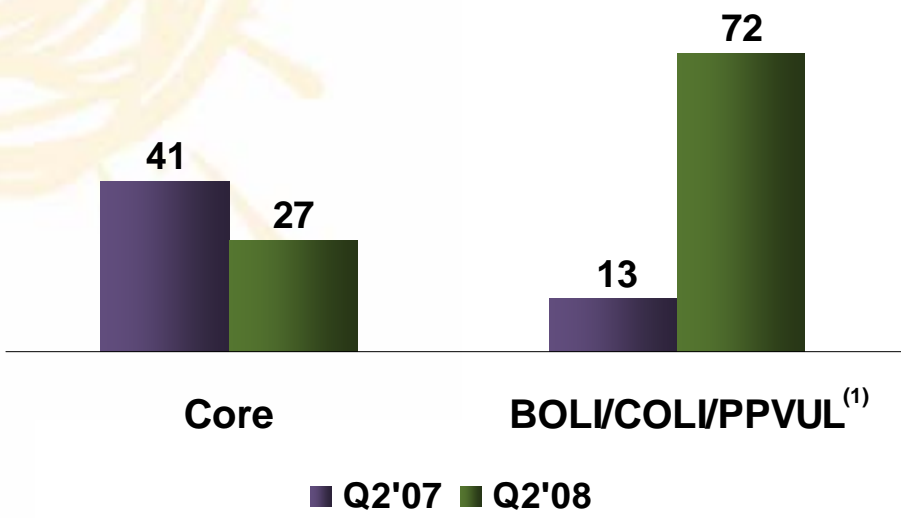
**Annuity Net Sales  
(Redemptions)  
(US\$ millions)**



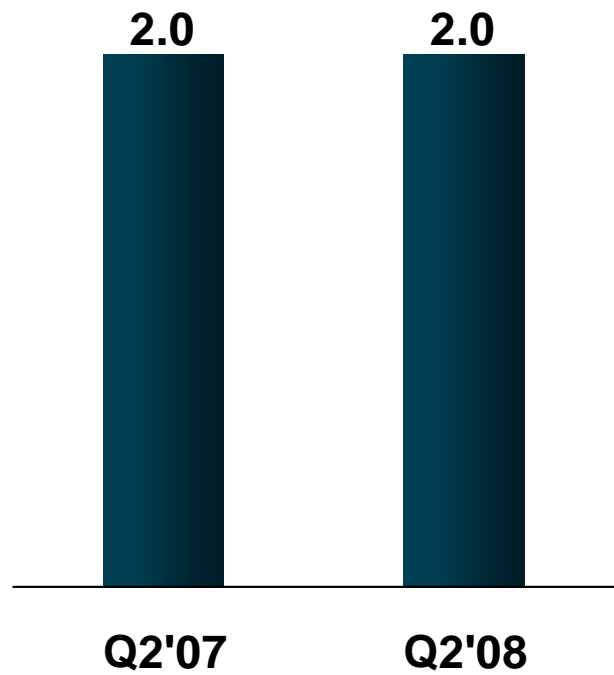
	Q2'07	Q2'08
■ Fixed	186	170
■ Fixed Index	127	77
■ Other Variable	160	174
■ Variable	805	510

	Q2'07	Q2'08
■ Fixed	(345)	(235)
■ Fixed Index	(52)	(90)
■ Other Variable	20	(70)
■ Variable	82	(171)

## Individual Insurance Sales (US\$ millions)

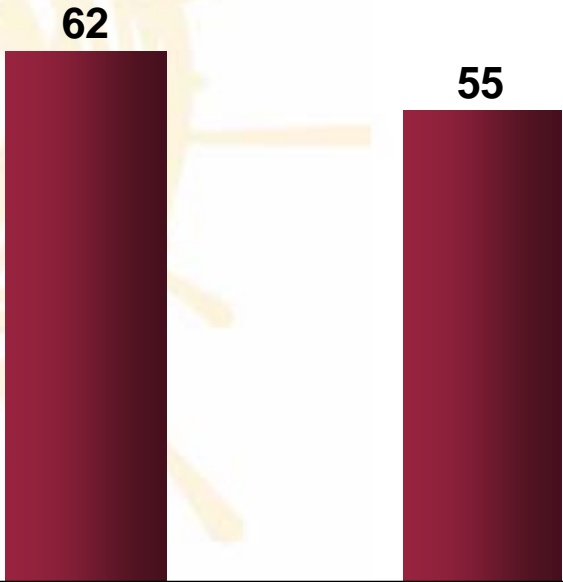


## Employee Benefits Group Business In-Force (US\$ billions)

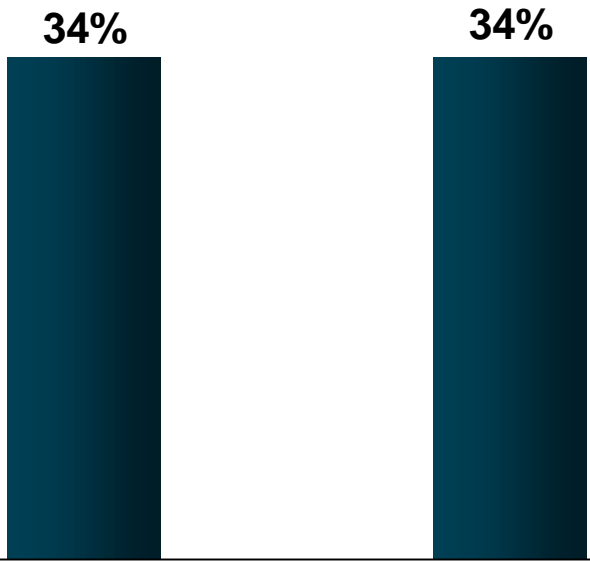


(1) Bank-owned life insurance (BOLI), Corporate-owned life insurance (COLI), Private placement variable universal life (PPVUL) Single premiums reported at 10%

**Net Income  
(US\$ millions)**



**Pre-Tax  
Operating Margin**



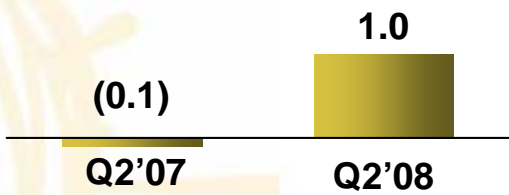
Q2'07

Q2'08

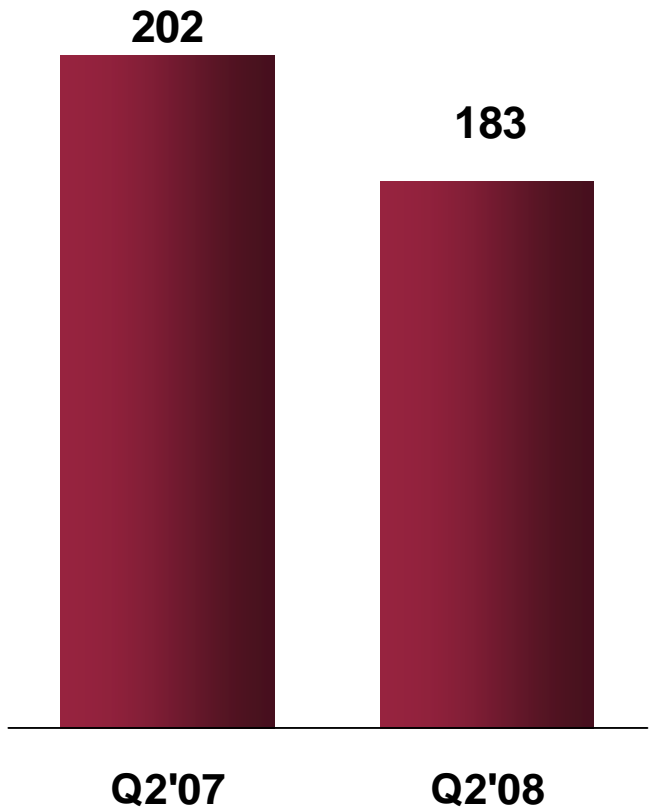
Q2'07

Q2'08

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

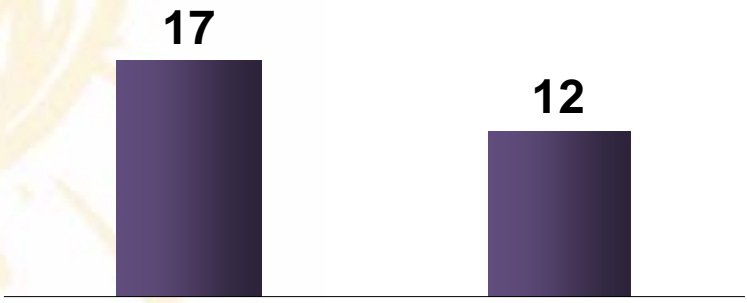


**Assets Under Management  
(US\$ billions)**

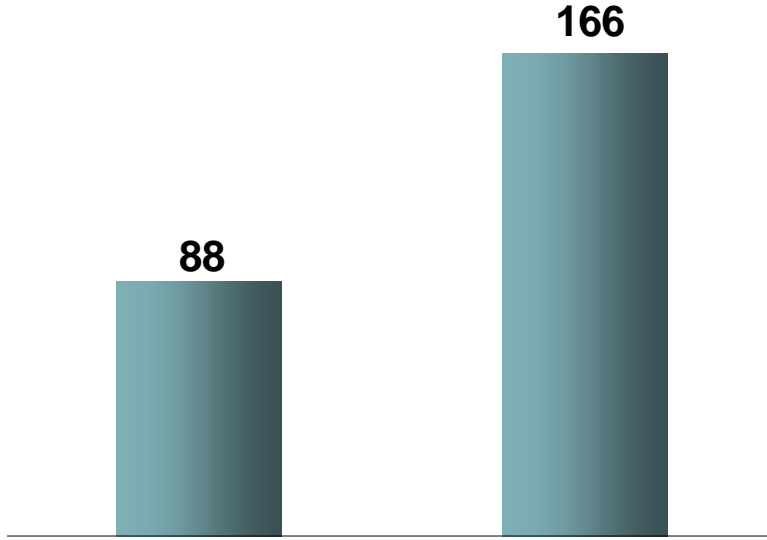


	Q2'07	Q2'08
<b>Retail Mutual Funds</b>		
Gross New Sales	5.3	4.6
Redemptions	(6.1)	(5.0)
<b>Net New Sales</b>	<b>(0.8)</b>	<b>(0.4)</b>
<b>Managed Funds</b>		
<b>Net New Sales</b>	<b>0.7</b>	<b>1.4</b>
<b>Total Net New Sales</b>	<b>(0.1)</b>	<b>1.0</b>

**Net Income**  
(C\$ millions)



**Sales<sup>(1)</sup>**  
(C\$ millions)



	Q2'07	Q2'08
ROE	6.0%	4.1%

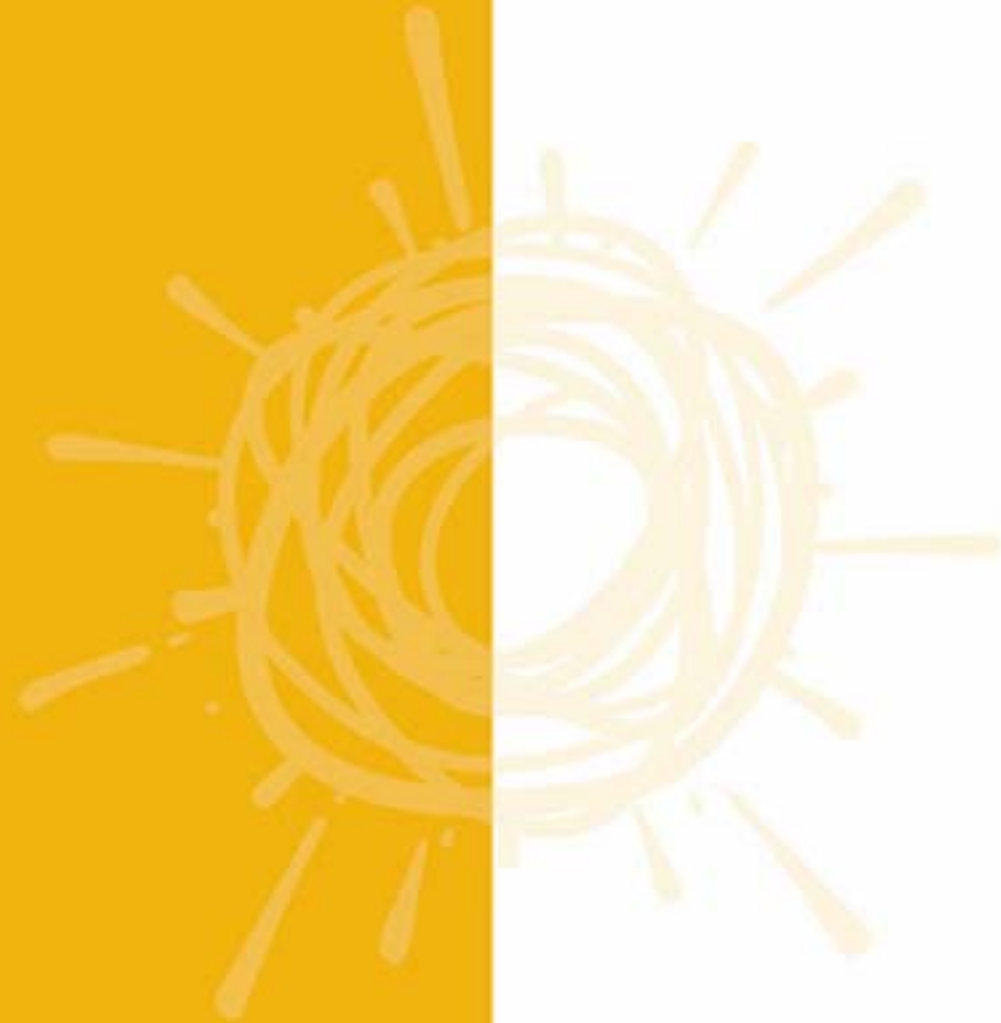
(1) Includes 100% of the sales of the Company's joint ventures in China and India.

# Q2 Outlook

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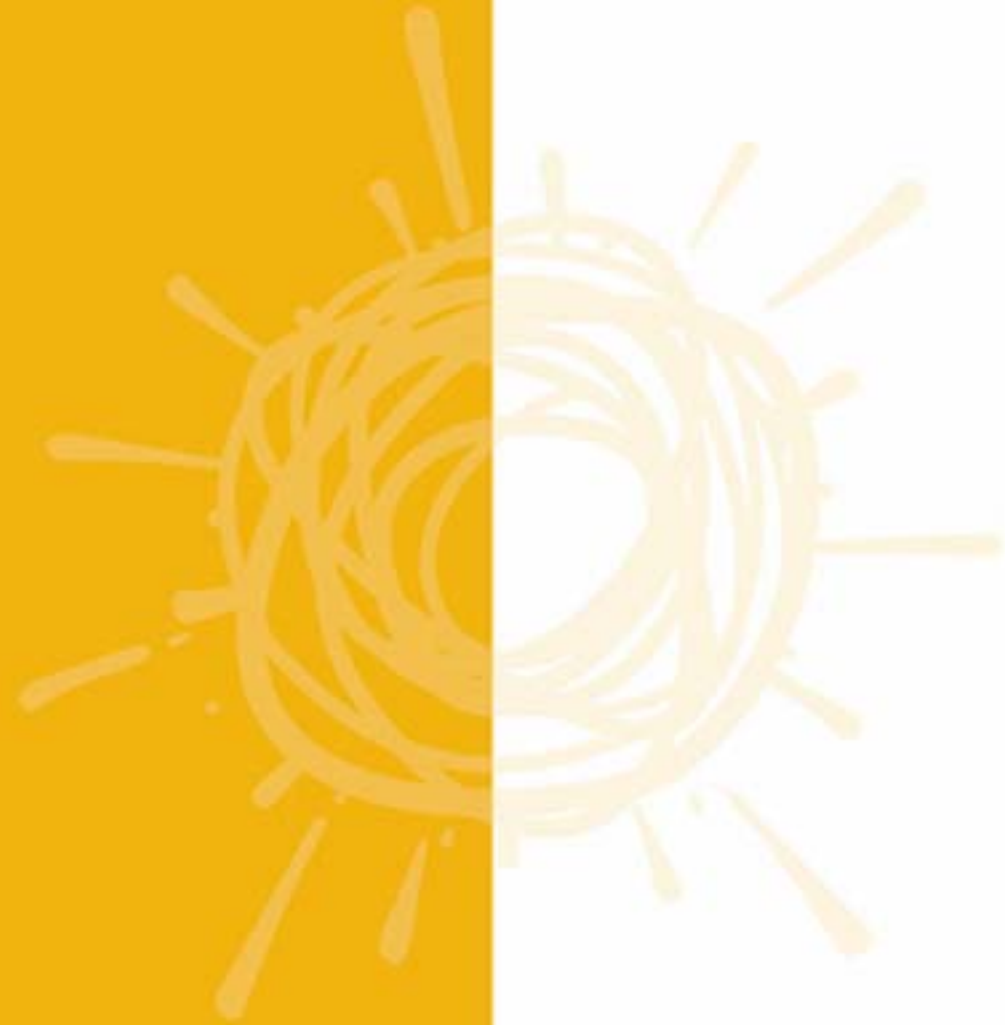
- Economic conditions remain challenging
- Remain committed to medium-term financial objectives
- Continue to execute on strategy

# Questions & Answers



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# Appendix



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# Asset-Backed Securities

As at June 30, 2008

(CAD\$millions)	June 30, 2008		December 31, 2007	
	Fair Value	Investment Grade %	Fair Value	Investment Grade %
Commercial Mortgage-Backed Securities	2,292	99.6	2,523	99.6
Residential Mortgage-Backed Securities:				
Agency	1,112	100.0	1,112	100.0
Non-Agency	1,251	99.6	1,486	99.9
Collateralized Debt Obligations	355	96.9	422	97.5
Other*	947	99.1	1,075	99.6
<b>Total</b>	<b>5,957</b>	<b>99.5</b>	<b>6,618</b>	<b>99.6</b>

\* Other includes subprime, a portion of the Company's exposure to alt-a and other asset-backed securities

## Asset-Backed Securities

### Vintage & Rating

As at June 30, 2008

	Commercial Mortgage-Backed Securities	Residential Mortgage Backed Securities - Agency	Residential Mortgage Backed Securities - Non - Agency	Collateralized Debt Obligations	Other
<b>Rating</b>					
AAA	64.2%	100.0%	34.2%	48.7%	25.4%
AA	9.4%	0.0%	47.6%	30.7%	30.3%
A	10.5%	0.0%	13.5%	16.9%	32.7%
BBB	15.5%	0.0%	4.3%	0.6%	10.7%
BB & Below	0.4%	0.0%	0.4%	3.1%	0.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100%</b>
<b>Vintage</b>					
2005 & Before	79.5%	62.6%	84.9%	63.5%	72.2%
2006	15.1%	9.7%	12.4%	19.4%	14.8%
2007	5.2%	12.2%	2.7%	17.1%	2.5%
2008	0.2%	15.5%	0.0%	0.0%	10.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>