

The image shows a large, three-dimensional logo for Sun Life Financial mounted on a wall made of vertical wooden planks. The logo consists of the word "Sun" in a white serif font, followed by a stylized globe icon with a sunburst pattern, and the words "Life Financial" in a larger white serif font below it. The background is a warm, golden-yellow gradient with a faint, larger version of the Sun Life Financial logo.

Sun
Life Financial

BMO Fixed Income Conference

Marlene Van den Hoogen
Treasurer and Head of Capital Planning

June 14, 2018



Sun
Life Financial
Life's brighter under the sun

KEY MESSAGES

1

Four at-scale, competitive pillars with strong growth prospects

- Culture change
 - Organic investments hitting their stride
 - Track record of disciplined capital allocation
-

2

Our objective remains to become one of the best insurance and asset management companies in the world

3

Medium-term objectives are unchanged - ambitious but achievable

4

Strong balance sheet continues under LICAT with disciplined approach to capital management



BUSINESS OVERVIEW

SUN LIFE FINANCIAL INC.

SUN LIFE FINANCIAL IN 2018

A **\$32 billion¹** leading, international financial services provider... operating through a **balanced** and **diversified** model... focused on creating **shareholder value** now and in the future



¹ Market capitalization (C\$), as of March 31, 2018

STRONG MARKET POSITIONS FOR ALL FOUR PILLARS



A Leader in Insurance and Wealth Solutions in our **Canadian home market**

- Providing products and services to over 6 million Canadians
- Largest provider of benefits and pensions in the workplace
- Providing a wide range of wealth and insurance products to individuals



A Leader in Global **Asset Management**

- C\$682 billion of AUM¹
- MFS is a premier global asset management firm
- Sun Life Investment Management is an institutional investment management business delivering customized liability-driven investing, alternative fixed income and real estate solutions



A Leader in **U.S. Group Benefits**

- One of the market leaders in group benefits
- Providing insurance solutions to employers and employees including group life, disability, medical stop loss, dental and vision insurance products
- Also provide suite of voluntary benefits products

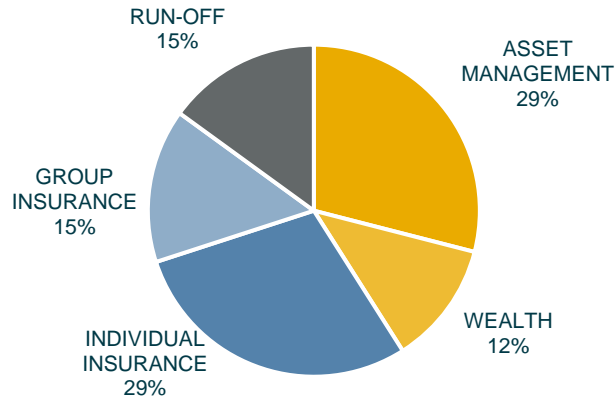


A Leader in **Asia** through **Distribution Excellence** in Higher Growth Markets

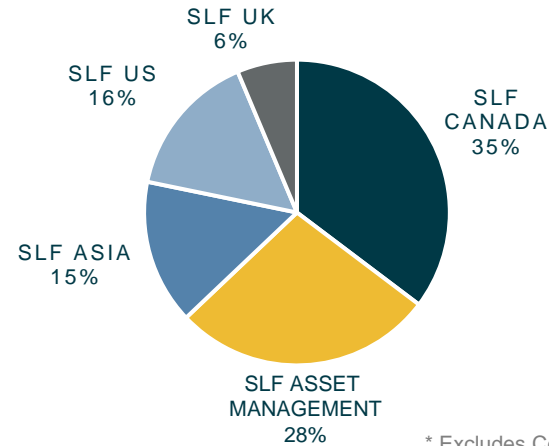
- Operating across seven markets: Philippines, Hong Kong, Indonesia, Vietnam, Malaysia, India and China
- Offering individual life and health insurance as well as asset management and group retirement products in select markets
- Among the global leaders providing life insurance solutions for high net worth Clients

BALANCED AND DIVERSIFIED BUSINESS

**BUSINESS
DIVERSIFICATION
Q1'18 UNDERLYING NET INCOME¹**



**GEOGRAPHIC
DIVERSIFICATION
Q1'18 UNDERLYING NET INCOME^{1*}**



* Excludes Corporate Support Results

No direct U.S. Variable Annuity or Long-Term Care Exposure

Relatively low market risk exposure

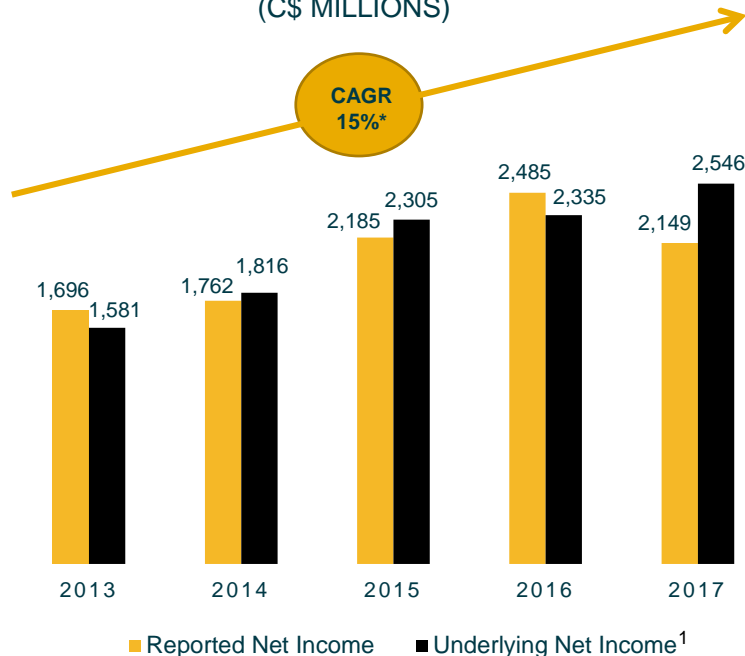
149% LICAT Ratio (SLF), \$1.7B of Holdco cash, 22.2% financial leverage ratio¹

Strong risk management culture

Balanced and diversified portfolio to deliver across cycles

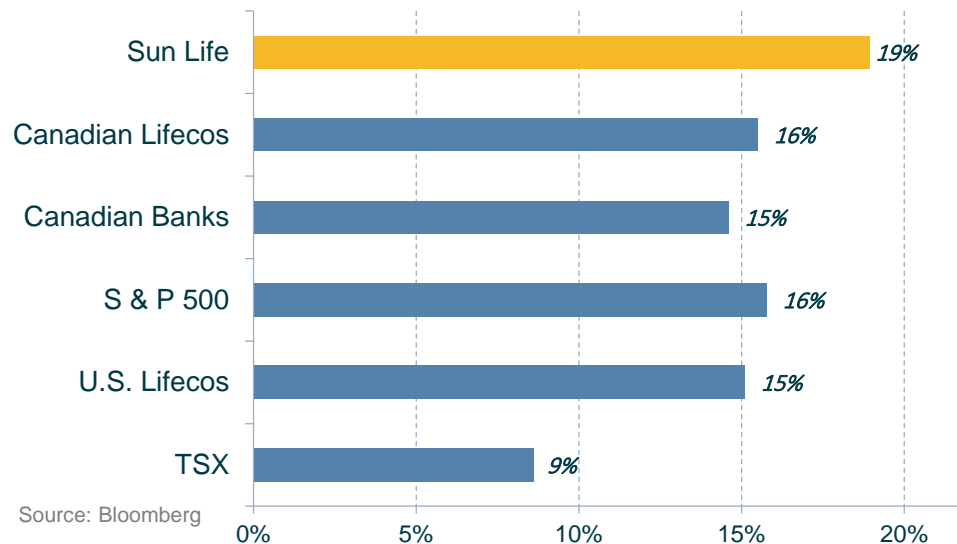
DELIVERING VALUE TO SHAREHOLDERS

NET INCOME
(C\$ MILLIONS)



* 5-year CAGR for underlying net income

TOTAL SHAREHOLDER RETURN
FIVE YEARS AS OF
DECEMBER 31, 2017
(annualized return)



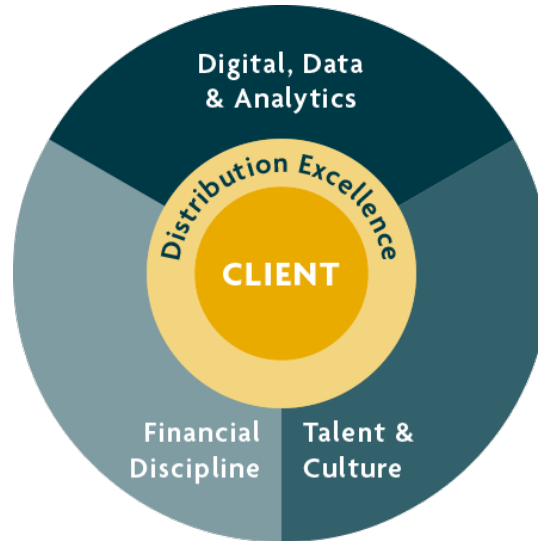
CONTINUING THE JOURNEY



Our ambition is to be ONE OF THE BEST insurance and asset management companies globally

CLIENT IS AT THE CENTRE OF WHAT WE DO

A growth strategy focused on **high ROE** and **strong capital generation** through **leading positions** in **attractive markets globally**



MEDIUM-TERM FINANCIAL OBJECTIVES¹

EPS growth: 8-10% -- Underlying ROE: 12-14% -- Dividend payout ratio: 40-50%

DATA AND DIGITAL IN ACTION – ELLA, OUR DIGITAL BENEFITS COACH

Ella:

- Is present at various touchpoints
- Proactively helps plan members to take action by providing relevant and personalized tips
- Uses intelligence-based technology and analytics to recognize and adapt to each member



DATA AND DIGITAL IN ACTION





CAPITAL MANAGEMENT

SUN LIFE FINANCIAL INC.

MANAGING EXPECTATIONS OF STAKEHOLDERS UNDER LICAT



Stakeholder	Metric	Target	LICAT
Policyholders	Capital Adequacy	SLA & SLF Capital ratios > internal targets	
		Local Capital ratios > internal targets	
Rating Agencies	Leverage Ratio	Lower than expectations for current rating: Maintain less than 30%	
		Interest Coverage	Higher than expectations for current rating: Greater than 8x
Shareholders	Capital generation	Positive capital generation after capital support for new business and initiatives	
	Cash generation	Positive cash generation after interest expenses and dividend payments	
	Hold Co Cash	Operating target of \$500 million	
	Dividend Payout ⁽¹⁾	40%-50% of underlying income	
	ROE ⁽¹⁾	12%-14%	
	EPS growth ⁽¹⁾	8%-10% per annum	

(1) The objectives are forward-looking non-IFRS financial measures and are not earnings guidance. These objectives were initially provided at the 2015 Investor Day.

FINANCIAL FLEXIBILITY UNDER CAPITAL MODEL

\$1.7 billion cash at Holding Company

SLF

LICAT 149%
Leverage 22.2%
Leverage Capacity to 25/30%: ~\$1.0/\$3.0B

LICAT 139%

SLA

SLA - External Capital Securities

Subordinated Debt	Coupon	Outstanding Balance	First Call Date
CLI Series 2 Sub Debenture	6.30%	\$150	15-May-28
\$150			
Innovative Tier 1 Securities			
SLEECs Series B	7.09%	\$200	30-Jun-32
SLEECs Series 2009-1	5.86%	\$499	31-Dec-19
\$699			

SLF Asset Management

MFS

Sun Life Investment Management

Book value excl. from LICAT

U.K

Canada

Bermuda

Asia

U.S. Branch

Capitalized to meet local capital rules

SLF - External Capital Securities

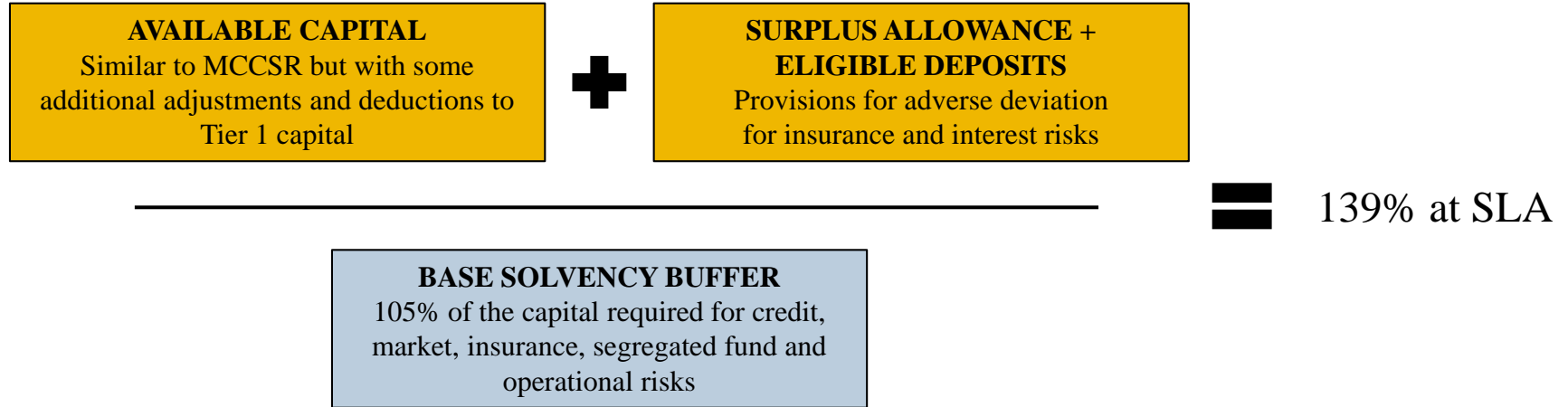
Subordinated Debt	Coupon	Outstanding Balance	First Call Date
SLF T2B (Series 2007-1)	5.40%	\$398	29-May-37
SLF T2B (Series 2014-1)	2.77%	\$249	13-May-19
SLF T2B (Series 2015-1)	2.60%	\$498	25-Sep-20
SLF T2B (Series 2016-1)	3.10%	\$349	19-Feb-21
SLF T2B (Series 2016-2)	3.05%	\$995	19-Sep-23
SLF T2B (Series 2017-1)	2.75%	\$398	23-Nov-22
		\$2,887	

Preferred Shareholders' Equity

SLF Series 1	4.75%	\$394	31-Mar-14
SLF Series 2	4.80%	\$318	30-Sep-14
SLF Series 3	4.45%	\$245	31-Mar-15
SLF Series 4	4.45%	\$293	31-Dec-15
SLF Series 5	4.50%	\$245	31-Mar-16
SLF Class A, Series 8R	2.28%	\$127	30-Jun-20
SLF Class A, Series 9QR	Floating	\$147	30-Jun-20
SLF Class A, Series 10R	2.84%	\$169	30-Sep-21
SLF Class A, Series 11QR	Floating	\$26	30-Sep-21
SLF Class A, Series 12R	3.81%	\$293	31-Dec-21
		\$2,257	

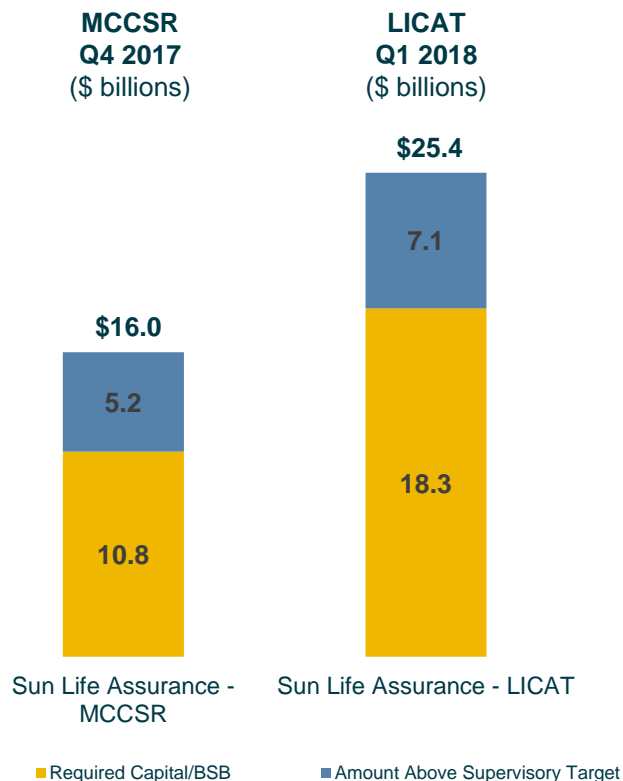
ALL CAPITAL SECURITIES CONTINUE TO QUALIFY UNDER LICAT

STRONGLY CAPITALIZED UNDER NEW CAPITAL FRAMEWORK



LOWER CAPITAL REQUIREMENTS AT SUPERVISORY TARGET

Frees up \$1.2 billion in cash to Sun Life Financial (holdco)



Sun Life Assurance Company of Canada

(\$ billions) MCCR/LICAT	MCCR Q4 2017	LICAT Q1 2018
Available Capital ⁽¹⁾	\$16.0	\$25.4
Required Capital ⁽²⁾	\$7.2	\$18.3
Sun Life Assurance Ratio	221%	139%
OSFI Supervisory Target	150%	100%
Amount Above Supervisory Target	\$5.2	\$7.1

(1) Available Capital under LICAT includes Available Capital plus Surplus Allowance.
 (2) Required Capital under LICAT is the Base Solvency Buffer.

IMPROVED CAPITAL AND CASH POSITION UNDER LICAT

LICAT Ratio Sun Life Financial

149%



Holdco Cash Sun Life Financial

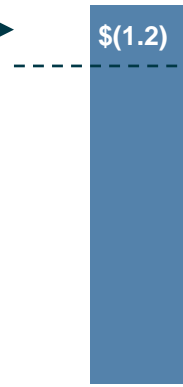
(\$ billions)	Q1 2018
Holdco cash (SLF)	\$1.7
Post Q1 cash movement from SLA to SLF	\$1.2
Q1 Pro-forma holdco cash (SLF)	\$2.9

LICAT Ratio Sun Life Assurance

139%

\$(1.2)

Q1'18 Pro-forma
LICAT Ratio: 132%



INTEREST RATE & EQUITY MARKET SENSITIVITIES

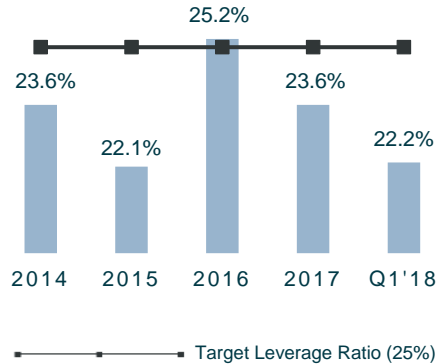
Sun Life Assurance Company of Canada

Market Sensitivities⁽¹⁾	Potential Impact on LICAT Ratio Q1 2018
<u>Equity Markets</u>	
10% increase	0.5 points
10% decrease	(0.5) points
<u>Interest Rates</u>	
50 basis point increase	(4) points
50 basis point decrease	3 points

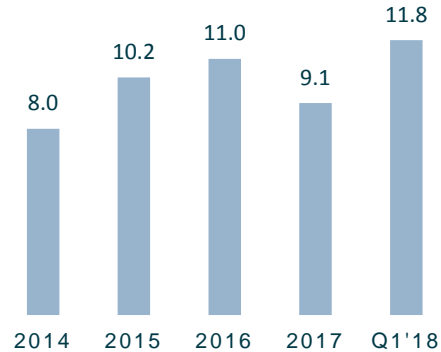
1 point of LICAT (SLA) = ~\$180 million

CONTINUING TO EXCEED EXPECTATIONS OF RATING AGENCIES

FINANCIAL LEVERAGE RATIO¹



FIXED CHARGE (EBIT) COVERAGE¹



FINANCIAL STRENGTH RATINGS

Sun Life Assurance Company of Canada	Q1'18
Standard & Poor's	AA ⁻²
Moody's	Aa3
A.M. Best	A+
DBRS	AA(low)

¹ Represents a non-IFRS financial measure. See "Use of Non-IFRS Financial Measures" and "Reconciliation of Net Income measures" in the appendix to these slides.

² Positive outlook

CONTINUED CAPITAL GENERATION PROVIDES GOOD CAPITAL FLEXIBILITY



Funding Organic Growth



Dividend Payout ratio
of 40-50%



M&A Opportunities



Share buybacks

Strong Capital Generation

Capital Flexibility

- Capital deployment priorities unchanged
- Target minimum cash at the holding company of \$500 million
- Capital generation equal to or greater than \$700 million
- Cash generation largely unaffected by LICAT



APPENDIX

SUN LIFE FINANCIAL INC.

CAPITAL CONTINUES TO QUALIFY UNDER LICAT

Operating Leverage	Operating Leverage Debt (C\$ millions)	
		Q1 2018
	Debt supporting reserve financing	
	Senior Debt	599
Bilateral Senior Financing ¹	1,905	
	Total Operating Leverage Debt	\$2,504
Tier 2	Capital (C\$ millions)	
		Q1 2018
Tier 1	Subordinated Debt	\$3,037
	SLEECs (Innovative Tier 1 Securities)	699
	Preferred Shareholders' Equity	2,257
	Total Capital Securities	5,993
Tier 1	Common Shareholders' Equity and Par ²	21,022
	Total Capital	\$27,015
	Financial Leverage Ratio³, %	22.2%

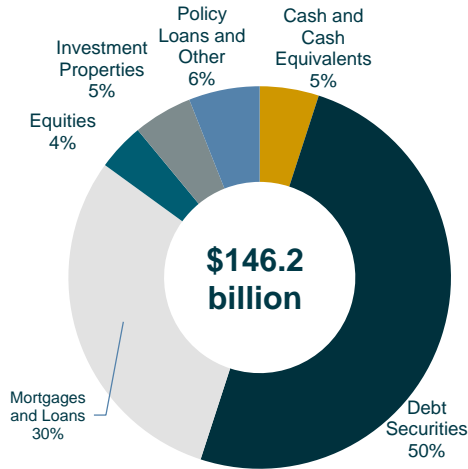
¹ As of December 31, 2017 as disclosed in SLF Inc.'s 2017 Financial Statements.

² Participating policyholders' equity and non-controlling interest.

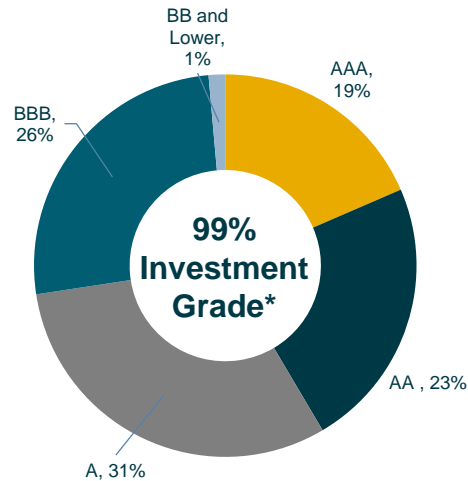
³ Represents a non-IFRS financial measure. See "Use of Non-IFRS Financial Measures" and "Reconciliation of Net Income measures" in the appendix to these slides.

HIGH QUALITY, WELL DIVERSIFIED INVESTMENT PORTFOLIO

INVESTED ASSETS



DEBT SECURITIES BY RATING



* BBB and higher

COMPETITIVE ADVANTAGES

- Leading non-public portfolio with significant origination capabilities
- Strengthened real estate and commercial mortgage capabilities with Bentall Kennedy acquisition
- Deep credit research resulting in strong credit experience

Use of Non-IFRS Financial Measures

We report certain financial information using non-IFRS financial measures, as we believe that these measure provide information that is useful to investors in understanding our performance and facilitate a comparison of our quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning these non-IFRS financial measures and reconciliations to the closest IFRS measures are available in section M - Non-IFRS Financial Measures of the Earnings News Release. Non-IFRS Financial Measures and reconciliations are also included in our annual and interim MD&A and the Supplementary Financial Information packages that are available on www.sunlife.com under Investors – Financial results & 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 impact of the following items that create volatility in our results under IFRS and when removed assist in explaining our results from period to period:

- (a) market related impacts, which include: (i) impact of returns in equity markets, net of hedging, above or below our best estimate assumptions of approximately 2% per quarter in the reporting period. Equity market impact 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 impact of changes in interest rate that differ from our best estimate assumptions 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 impact of changes in the fair value of real estate properties in the reporting period.
- (b) assumption changes and management actions, which include: (i) the impact of revisions to the assumptions used in determining our liabilities for insurance contracts and investment contracts and (ii) the impact 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;
- (c) other adjustments:
 - (i) certain hedges in SLF 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 amounts (including impacts related to acquiring and integrating acquisitions); and
 - (iv) other items that are unusual or exceptional in nature

Underlying EPS also excludes the dilutive impact of convertible instruments.

Other non-IFRS financial measures that we use include reported ROE, adjusted revenue, administrative services only (“ASO”) premium and deposit equivalents, mutual fund assets and sales, managed fund assets and sales, life and health sales, premiums and deposits, adjusted premiums and deposits, assets under management (“AUM”), assets under administration, pre-tax 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 SLF U.S. Group Benefits and effective income tax rate on an underlying net income basis.

All EPS measures in this document refer to fully diluted EPS, unless otherwise stated. As noted above, underlying EPS exclude the dilutive impact of convertible instruments.

Reconciliation of Net Income Measures	Q1'18	Q4'17	Q1'17
Common shareholders' reported net income (loss)	669	207	551
Impact of certain hedges that do not qualify for hedge accounting	6	2	(2)
Fair value adjustments on share-based payment awards at MFS	(21)	(34)	(12)
Acquisition, integration and restructuring	(15)	(60)	(20)
U.S. Tax Reform	-	(251)	-
Net equity market impact	(45)	19	20
Net interest rate impact	(27)	(110)	(24)
Net increases (decrease) in the fair value of real estate	4	34	15
Assumption changes and management actions	(3)	(34)	1
Common shareholders' underlying net income (loss)	770	641	573

Forward-Looking Statements

From time to time, the Company makes written or oral forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements contained in this document include statements (i) relating to our strategies, (ii) relating to our growth initiatives and other business objectives, (iii) relating to the expected impact of U.S. corporate tax reform on the Company's tax expense, (iv) relating to our expected capital position under the new LICAT guideline, (v) relating to the movement of \$1.2 billion from Sun Life Assurance Company of Canada to Sun Life Financial Inc. (vi) relating to our expected tax range in future years, (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”, “aspiration”, “assumption”, “believe”, “could”, “estimate”, “expect”, “goal”, “initiatives”, “intend”, “may”, “objective”, “outlook”, “plan”, “project”, “seek”, “should”, “strategy”, “strive”, “target”, “will”, and similar expressions. Forward-looking statements include the information concerning our possible or assumed future results of operations. These statements represent our current expectations, estimates, and projections regarding future events and are not historical facts. 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 matters set in our MD&A for the quarter under the C - Profitability - 5 - Income taxes, E - Financial Strength and H - Risk Management and in SLF Inc.'s 2017 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 presentation, are set out below. The realization of our forward-looking statements, essentially depends on our business performance which, in turn, is subject to many risks. Factors that could cause actual results to differ materially from expectations include, but are not limited to: **credit risks** - related to issuers of securities held in our investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; **market risks** - related to the performance of equity markets; changes or volatility in interest rates or credit spreads or swap spreads; real estate investments; and fluctuations in foreign currency exchange rates; **insurance risks** - related to mortality, morbidity, longevity and policyholder behaviour; product design and pricing; the impact of higher-than-expected future expenses; and the availability, cost and effectiveness of reinsurance; **business and strategic risks** - related to global economic and political conditions; changes in distribution channels or Client behaviour including risks relating to market conduct by intermediaries and agents; the impact of competition; the design and implementation of business strategies; changes in the legal or regulatory environment, including capital requirements and tax laws; tax matters, including estimates and judgments used in calculating taxes; the performance of our investments and investment portfolios managed for Clients such as segregated and mutual funds; 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 the impact of mergers, acquisitions and divestitures; **operational risks** - related to breaches or failure of information system security and privacy, including cyber-attacks; our ability to attract and retain employees; the execution and integration of mergers, acquisitions and divestitures; 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; the environment, environmental laws and regulations and third-party policies; and **liquidity risks** - the possibility that we will not be able to fund all cash outflow commitments as they fall due.

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 presentation or to reflect the occurrence of unanticipated events, except as required by law.