

2019 Q1

Financial & Operating Results

For the period ended
March 31, 2019



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 during the earnings conference call on May 9, 2019 (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

| President and Chief Executive Officer

STRONG PROGRESS ACROSS ALL FOUR PILLARS



Financial highlights

- Q1'19 reported net income of \$623 million; underlying net income⁽¹⁾ of \$717 million
- Underlying ROE⁽¹⁾ of 13.3%
- Value of New Business⁽¹⁾ ("VNB") increased by 14% as compared to Q1'18
- Repurchased approximately 4 million common shares and increased common share dividend by 5% to \$0.525



Key accomplishments

- Assets under management ("AUM")⁽¹⁾ reached a milestone level of \$1.0 trillion
- In Asia, received awards for the *My Sun Life* Client apps in Hong Kong⁽²⁾ and Indonesia⁽³⁾; the "Most Innovative Takaful Provider"⁽⁴⁾ in Malaysia; and 12 MPF awards in Hong Kong, including the inaugural Employer's Choice Award⁽⁵⁾
- Achieved an after-tax profit margin for SLF U.S. Group Benefits⁽⁶⁾ of 7.9% reflecting strong Stop-loss results



Doing more for Clients

- Our digital capabilities enabled us to reach over 1.5 million Clients in Canada in the first quarter; digital capabilities helped drive a 16% increase to In-plan wealth deposits over the past twelve months
- Launched a new digital platform in SLF U.S. Group Benefits with Maxwell Health, helping employers and their employees in closing the coverage gap
- MFS ranked in the top ten for both five and ten-year firm-wide performance categories for 10 of the last 11 years, in Barron's annual Fund Family Rankings

(1) Underlying net income, ROE, VNB, AUM, and SLF U.S. Group Benefits after-tax profit margin are Non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" and "Reconciliation of Net Income measures" in the appendix to these slides.

(2) Mob-Ex Awards 2019 Hong Kong: Silver Award for Best App - Insurance Services and Bronze Award for Best App - Financial Services.

(3) 2019 Indonesia Life Insurance Innovation Award for Top 3 Most User Friendly & Satisfying Application.

(4) 2018 International Finance Awards

(5) MPF – Mandatory provident funds sold in Hong Kong. The 2019 MPF Awards were co-organized by MPF Ratings and Asia Asset Management.

(6) After-tax profit margin for SLF U.S. Group Benefits is calculated on underlying net income as a percentage of net premiums on a trailing four quarters basis.

KEVIN STRAIN

| Executive Vice President & Chief Financial Officer

Q1'19 RESULTS

\$ millions (except EPS and ROE)	Q1'19	Q4'18	Q1'18
Reported net income	623	580	669
Underlying net income ⁽¹⁾	717	718	770
Diluted reported EPS (c\$)	1.04	0.96	1.09
Diluted underlying EPS ⁽¹⁾ (c\$)	1.20	1.19	1.26
Reported ROE	11.5%	10.9%	13.1%
Underlying ROE ⁽¹⁾	13.3%	13.6%	15.1%

Business Performance

- Assets under management⁽¹⁾ of over \$1.0 trillion up 3% from Q1 2018
- Underlying EPS⁽¹⁾ down 5% from Q1 2018; up 11% excluding impact of interest on par seed capital in Q1 2018⁽²⁾
- \$57 million unfavourable credit experience related to downgrades of indirect exposures to a single name in the utilities sector
- Operating expenses up 3% from Q1 2018; unchanged from prior year on a constant currency basis
- Book value per share of \$36.20 up 7% from Q1 2018

Capital Management

- Strong capital position with a LICAT ratio for SLF of 145%, SLA LICAT ratio of 132%⁽³⁾
- \$2.6 billion of cash at SLF and its wholly-owned holding companies
- Re-purchased approximately 4 million SLF common shares for \$200 million; announced intention to amend NCIB to allow for the purchase of an additional 4 million shares⁽⁴⁾
- Increased common share dividend by 5% to \$0.525
- Financial leverage ratio⁽¹⁾ of 21.1%

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

(2) Interest on seed capital transferred from the participating account to the shareholder account.

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

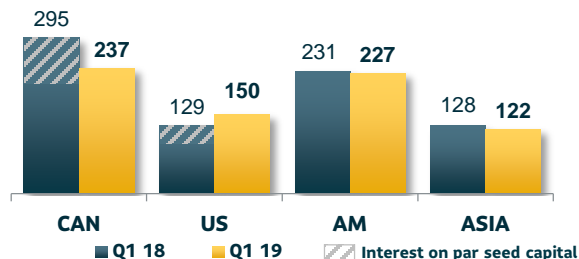
(4) See "Forward-looking statements" in the appendix to these slides.

Q1'19 BUSINESS GROUP PERFORMANCE

UNDERLYING NET INCOME⁽¹⁾

(\$ millions)

Impact of currency increased underlying net income by \$22M



- Strong business growth and favourable investing activity gains, mortality and expense experience, offset by credit experience and the impact of interest on par seed capital in Q1 2018
- Reported net income slightly lower than prior year



- Favourable mortality, morbidity and lapse and policyholder behaviour experience, offset by credit experience, lower investing activity gains and the impact of interest on par seed capital in Q1 2018
- Reported net income includes less unfavourable market related impacts
- After-tax profit margin for SLF U.S. Group Benefits of 7.9%⁽¹⁾⁽²⁾



- MFS pre-tax net operating profit margin ratio of 38%⁽¹⁾
- The impact of lower average net assets was offset by favourable investment income
- Reported net income is higher reflecting the impact of fair value adjustments on MFS's share-based payment awards

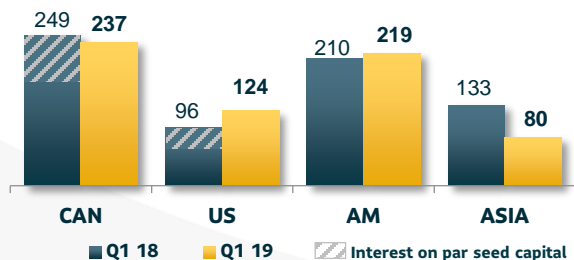


- Strong local markets results, offset by lower income in International
- Unfavourable credit and mortality experience, partially offset by investing activity gains and favourable joint venture experience
- Reported net income lower due to unfavourable market related impacts

REPORTED NET INCOME

(\$ millions)

Impact of currency increased reported net income by \$21M



(1) Underlying net income, after-tax profit margin for SLF U.S. Group Benefits, and pre-tax net operating profit margin for MFS, are Non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" and "Reconciliation of Net Income measures" in the appendix to these slides.

(2) After-tax profit margin for SLF U.S. Group Benefits calculated on underlying net income as a percentage of net premiums on a trailing four quarters basis.

SOURCES OF EARNINGS VIEW

Sources of earnings Common shareholders \$ millions	Q1'19	Q1'18
Expected profit on in-force business	739	734
Impact of new business	(11)	(7)
Experience gains/(losses)	(96)	(1)
Assumption changes and management actions (ACMA)	(10)	(5)
Other ⁽¹⁾	(29)	(50)
Earnings from operations	593	671
Earnings on surplus	125	157
Earnings before income taxes	718	828
Income tax (expense) or recovery ⁽²⁾	(71)	(135)
Non-controlling interest and preferred share dividends	(24)	(24)
Reported net income	623	669

Expected profit: business growth across SLF Canada and in the SLF U.S. Stop-loss business, offset by the impact of lower average net assets at MFS

New business strain: higher strain in SLF Asia from lower sales in International

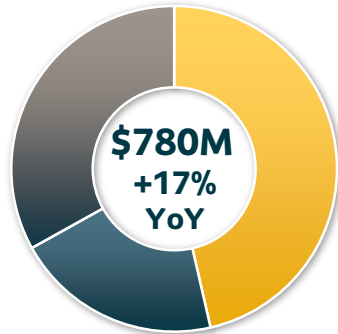
Experience gains/(losses):

- **Q1 2019:** unfavourable market related impacts, credit, lapse and other policyholder behaviour, and other experience, partially offset by favourable investment activity, mortality, morbidity and expense experience
- **Q1 2018:** unfavourable market related impacts, mortality, lapse and other policyholder behavior, and expense experience, mostly offset by favourable investment activity, morbidity, credit and other experience

Earnings on surplus: higher investment income offset by lower level of realized gains

SALES RESULTS BY BUSINESS GROUP

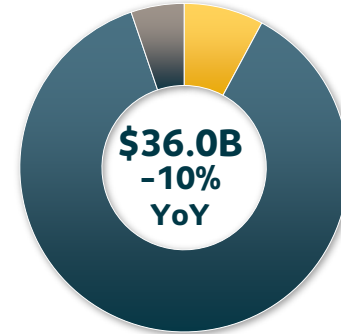
INSURANCE SALES⁽¹⁾ BY BUSINESS



■ SLF Canada ■ SLF U.S. ■ SLF Asia

- SLF Canada sales up 22% mainly due to large case sales in Group Benefits and higher individual insurance sales
- Sales in SLF U.S. up 11% in local currency driven by increased medical stop-loss sales
- SLF Asia sales up 10% on a constant currency basis, reflecting double-digit growth in six of our seven Insurance and Wealth markets, and lower sales in International

WEALTH SALES⁽¹⁾ BY BUSINESS



■ SLF Canada ■ SLF Asset Management ■ SLF Asia

- SLF Canada wealth sales down 26% primarily from lower Group Retirement Services sales in 2019 and a large case Defined Benefit Solutions sale in the first quarter of 2018
- SLF Asset Management sales down 8% on a constant currency basis reflecting lower managed fund sales, partially offset by higher mutual fund sales at MFS
- SLF Asia sales down \$1.8 billion in constant currency. MPF sales in Hong Kong were unchanged, while sales were down in India from market volatility, and in the Philippines from higher money market sales in 2018

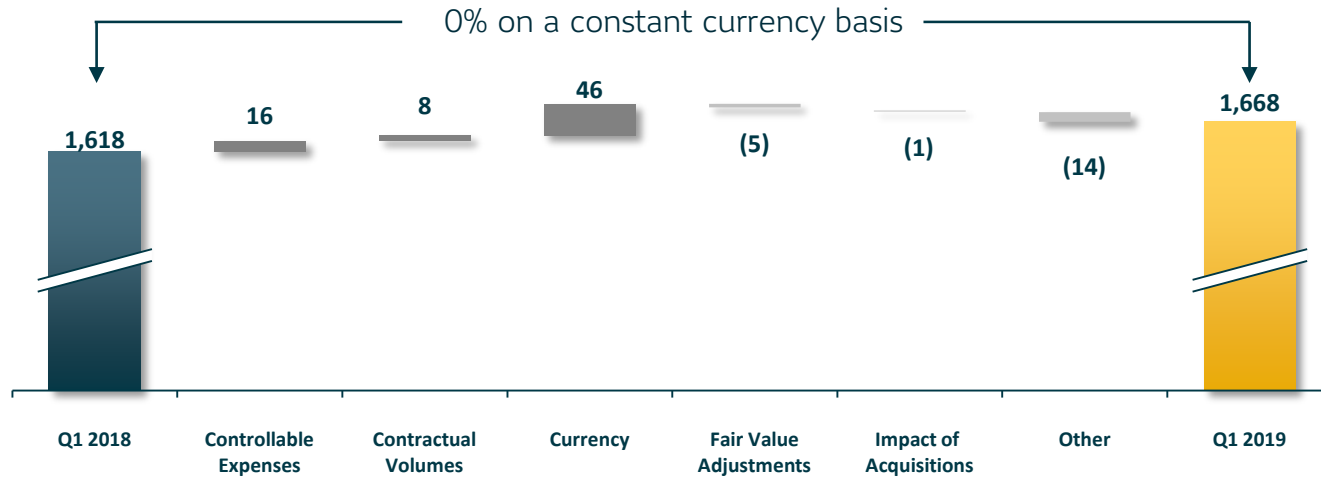
VALUE OF NEW BUSINESS^{(1),(2)}

+14% YoY

| APPENDIX

OPERATING EXPENSES

Figures are in
\$ millions



- Increase in controllable expenses reflects investments in growth partially funded through productivity gains

RECONCILIATION OF UNDERLYING NET INCOME

\$ millions	Q1'19 Pre-tax	Q1'19 After-tax
Reported net income		623
Net equity market impact (including basis risk impact of \$(10) million) ⁽¹⁾	83	58
Net interest rate impact (including credit spread impact of \$(27) million and swap spread impact of \$16 million) ⁽¹⁾	(243)	(133)
Net impact of changes in the fair value of investment properties	2	6
Assumption changes and management actions	(10)	(11)
Other ⁽²⁾	(29)	(14)
Underlying net income⁽³⁾		717

- Differences between pre and post-tax results reflect mix of business based on the Company's international operations

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

(2) Other includes: certain hedges in SLF Canada that do not qualify for hedge accounting, fair value adjustments on MFS's share-based payment awards and acquisition, integration and restructuring costs.

(3) Underlying net income is a Non-IFRS financial measure. See "Use of Non-IFRS Financial Measures" in the appendix to these slides.

OTHER NOTABLE ITEMS

Impact of other items on our net income \$ millions	Q1'19 Pre-tax	Q1'19 After-tax
Experience related items		
Impact of investment activity on insurance contract liabilities	77	61
Mortality	21	15
Morbidity	29	25
Credit	(35)	(29)
Lapse and other policyholder behaviour	(10)	(8)
Expense	15	11
Other	(35)	(18)
Total other notable items		57

- Differences between pre and post-tax results reflect mix of business based on the Company's international operations.

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 that differ from our best estimate assumptions, which include: (i) impact 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 impact 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 impact of changes in the fair value of investment properties in the reporting period;
- (b) assumption changes and management actions, which include: (i) the impact of revisions to the methods and 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; and
- (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 costs (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. 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. As noted above, underlying EPS exclude 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, insurance and health sales, premiums and deposits, adjusted 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 SLF U.S. Group Benefits and effective income tax rate on an underlying net income basis.

Reconciliation of Select Net Income Measures	Q1'19	Q4'18	Q1'18
Common shareholders' reported net income (loss)	623	580	669
Impact of certain hedges that do not qualify for hedge accounting	1	(1)	6
Fair value adjustments on share-based payment awards at MFS	(8)	28	(21)
Acquisition, integration and restructuring	(7)	(25)	(15)
Net equity market impact	58	(143)	(45)
Net interest rate impact	(133)	(41)	(27)
Net increases (decrease) in the fair value of real estate	6	31	4
Assumption changes and management actions	(11)	13	(3)
Common shareholders' underlying net income (loss)	717	718	770

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 presentation include statements (i) relating to our strategies, (ii) relating to our growth initiatives and other business objectives, (iii) relating to the potential amendment of SLF Inc.’s normal course issuer bid, (iv) relating to the potential redemption of the Series 2014-1 Debentures, (v) relating to the merger of Bentall Kennedy and GreenOak and our acquisition of a majority stake in the combined entity, (vi) relating to our expected tax range for 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 out in this document under the headings, C - Profitability - 5 - Income taxes, E - Financial Strength and H - Risk Management and in SLF Inc.’s 2018 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 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; **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 competition; the performance of our investments and investment portfolios managed for Clients such as segregated and mutual funds; changes in the legal or regulatory environment, including capital requirements and tax laws; the environment, environmental laws and regulations; tax matters, including estimates and judgments used in calculating taxes; 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; legal, regulatory compliance and market conduct, including the impact of regulatory inquiries and investigations; the execution and integration of mergers, acquisitions, strategic investments and divestitures; 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; and **liquidity risks** - the possibility that we will not be able to fund all cash outflow commitments as they fall due.

The following risk factors are related to the merger of Bentall Kennedy and GreenOak and our acquisition of a majority stake in the combined entity that could have a material adverse effect on our forward-looking statements: (1) the ability of the parties to complete the transaction; (2) failure of the parties to obtain necessary consents and approvals or to otherwise satisfy the conditions to the completion of the transaction in a timely manner, or at all; (3) our ability to realize the financial and strategic benefits of the transaction; (4) failure to effectively or efficiently reorganize the operations of Bentall Kennedy and GreenOak after the transaction has closed; and (5) the impact of the announcement of the transaction and the dedication of Sun Life Financial’s resources to completing the transaction on Bentall Kennedy and GreenOak. These risks all could have an impact on our business relationships (including with future and prospective employees, Clients, distributors and partners) and could have a material adverse effect on our current and future operations, financial conditions and prospects.

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.