



Q1 2020

Financial & Operating Results

For the period ended March 31, 2020



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 May 6, 2020 (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

Supporting our employees, Clients, and communities through COVID-19

Employees and Advisors



- 95% of employees globally working from home
- Rolled out free virtual healthcare services, through Lumino Health, to employees in Canada
- Created a Mental Health Resources Reference guide as well as conducted virtual town halls on mental health
- Extra cleaning and protective measures put in place to protect and support business critical employees working in our offices
- Increased communication with frequent town halls and 'Ask me anything' sessions with Senior Management across the organization
- Significant use of digital collaboration tools
- Supporting advisors with virtual tools

Clients



- Strong service continuity
- Longer grace periods for premium payments
- Strong communication outreach
- Accelerated digital tools
 - Enhanced digital tools including e-signatures
 - Rolled out virtual healthcare services to Group Benefits and Individual Clients in Canada
- Expansion of coverage
 - Bridging coverage for members who have been furloughed in the U.S.
 - Extended coverage to include more hospitals/clinics in Asia
 - Extending benefit limits and offering additional cash benefits to cover hospital expenses, expediting claims, and waiving waiting periods in Asia

Communities



- Donated more than \$2 million globally to help support efforts focused on health care, elder care and addressing food security needs
- MFS has donated personal protective equipment to Boston area hospitals, in addition to funds donated to several COVID-19 related causes
- Donated 600,000 surgical masks to hospitals in Canada
- Supported various front-line organizations across the U.S., UK, and Ireland
- Across Asia, we have donated to food banks and provided hand sanitizer to various communities
- Digital life insurance coverage donated in the Philippines and China to doctors, nurses, and other medical support staff as a way of saying thank you for their efforts to stop the spread of COVID-19

Key highlights

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

Financial

\$391 M (37)%

Reported net income

\$770 M +7%

Underlying net income⁽¹⁾

14.2% +90bps

Underlying ROE⁽¹⁾

\$59.9 B +66%

Wealth sales⁽¹⁾

\$380 M (1)%

Value of new business⁽¹⁾

\$776 M (1)%

Insurance sales⁽¹⁾

Accomplishments

**MFS US\$1.8B
net inflows**

#1 in Barron's rankings and ranked in the top 10 for the 11th time in 12 years

\$1B SLGI net sales⁽¹⁾

Supported by continued strong fund performance

**US\$2B Stop Loss
Business In Force⁽¹⁾**

Stop Loss business in force⁽¹⁾ doubled in 5 years

Vietnam

Launched our exclusive bancassurance partnership with TPBank, with initial strong sales momentum

International Hubs⁽²⁾

148% increase in insurance sales compared to prior year

(1) Underlying net income, ROE, sales, Value of New Business and Business in Force 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) Effective Q1 2020, we combined our International business and Hong Kong business into a new management structure called "International Hubs", which is comprised of Hong Kong and International.

KEVIN STRAIN

Executive Vice President & Chief Financial Officer

Q1 2020 results

\$ millions (except EPS, ROE, Book value per share, AUM)	Q1'20	Q4'19	Q1'19	YoY Change
Reported net income	391	719	623	(37)%
Underlying net income ⁽¹⁾	770	792	717	7%
Reported EPS ⁽²⁾	0.67	1.22	1.04	(36)%
Underlying EPS ⁽¹⁾⁽²⁾	1.31	1.34	1.20	9%
Reported ROE ⁽¹⁾	7.2%	13.6%	11.5%	(430) bps
Underlying ROE ⁽¹⁾	14.2%	15.0%	13.3%	90 bps
Assets Under Management ⁽¹⁾	1,023B	1,099B	1,011B	1%
Book value per share	37.50	35.97	36.20	4%

- Re-purchased approximately 3.5 million SLF common shares for \$200 million



Capital management

143%
130%

SLF LICAT ratio⁽³⁾

SLA LICAT ratio⁽³⁾

\$2.4 B

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

20.7%

Financial leverage ratio⁽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 Select Net Income measures" in the appendix to these slides.

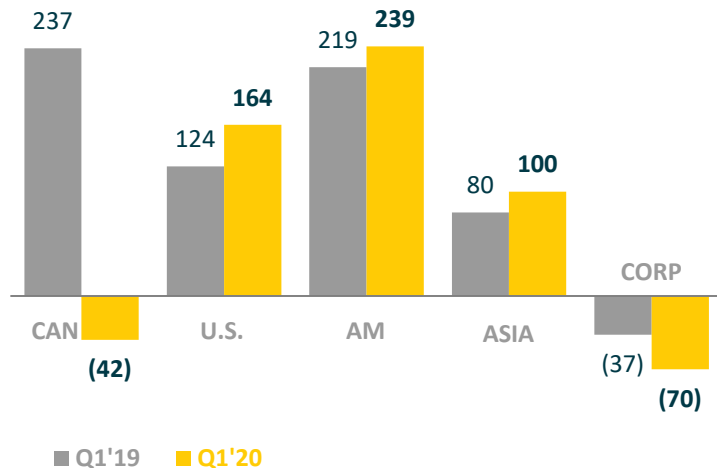
(2) Fully diluted basis

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

Business group performance

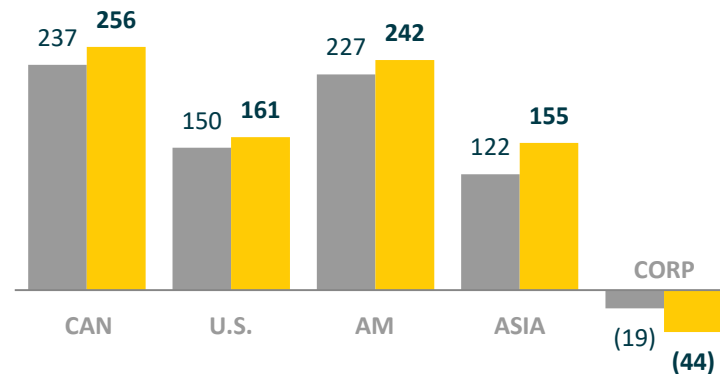
Reported net income (\$ millions)

Impact of currency increased reported net income by \$7M



Underlying net income⁽¹⁾ (\$ millions)

Impact of currency increased underlying net income by \$7M



Sources of earnings

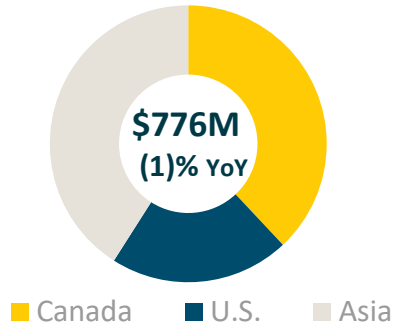
Sources of earnings Common shareholders \$ millions	Q1'20	Q1'19
Expected profit on in-force business	816	739
Impact of new business	6	(11)
Experience gains/(losses)	(111)	(96)
Assumption changes and management actions (ACMA) ⁽¹⁾	(66)	(10)
Other ⁽²⁾	(50)	(29)
Earnings from operations	595	593
Earnings on surplus	116	125
Earnings before income taxes	711	718
Income tax (expense) or recovery ⁽³⁾	(290)	(71)
Preferred share dividends and non-controlling interest	(30)	(24)
Reported net income	391	623

Highlights

- **Expected profit:** continued business growth, with particular strength in Canada and Asset Management
- **Impact of new business:** gains in the U.S. driven by medical stop-loss and lower strain in Asia driven by higher International sales
- **ACMA:** increase in provisions for adverse deviation for fixed income credit spreads assumed in valuation
- **Earnings on surplus:** lower net investment returns on surplus and losses on seed investments due to the widening of credit spreads, offset by higher AFS gains

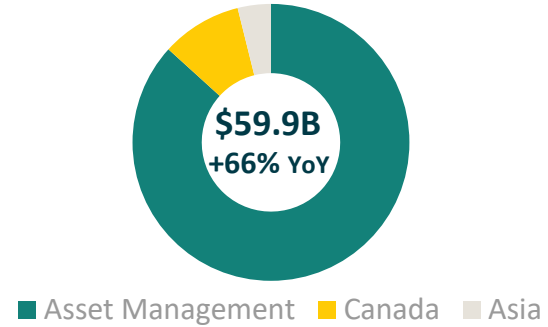
Sales results by business group

Insurance sales by business⁽¹⁾



- Canada insurance sales down 19% driven by lower large case sales in Group Benefits and lower third party individual insurance sales
- Asia insurance sales up 22% on a constant currency basis, driven by Hong Kong, International, and the Philippines, partially offset by lower sales in India, Malaysia, Indonesia and China
- U.S. insurance sales up 2% on a constant currency basis driven by increased employee benefits sales, largely offset by lower medical stop-loss sales

Wealth sales by business⁽¹⁾



- Canada wealth sales up \$2.8 billion driven by strong sales across most product lines in individual wealth, and from higher retained sales in the large case market in Group Retirement Services
- Asset Management sales up 65% on a constant currency basis, driven by higher mutual and managed fund sales in MFS reflecting strong investment performance
- Asia wealth sales up 22% on a constant currency basis, driven by money market sales in the Philippines and the pension business in Hong Kong, partially offset by lower mutual fund sales in India due to weak market sentiments

Value of new business⁽¹⁾⁽²⁾
\$380M
 (1)% YoY

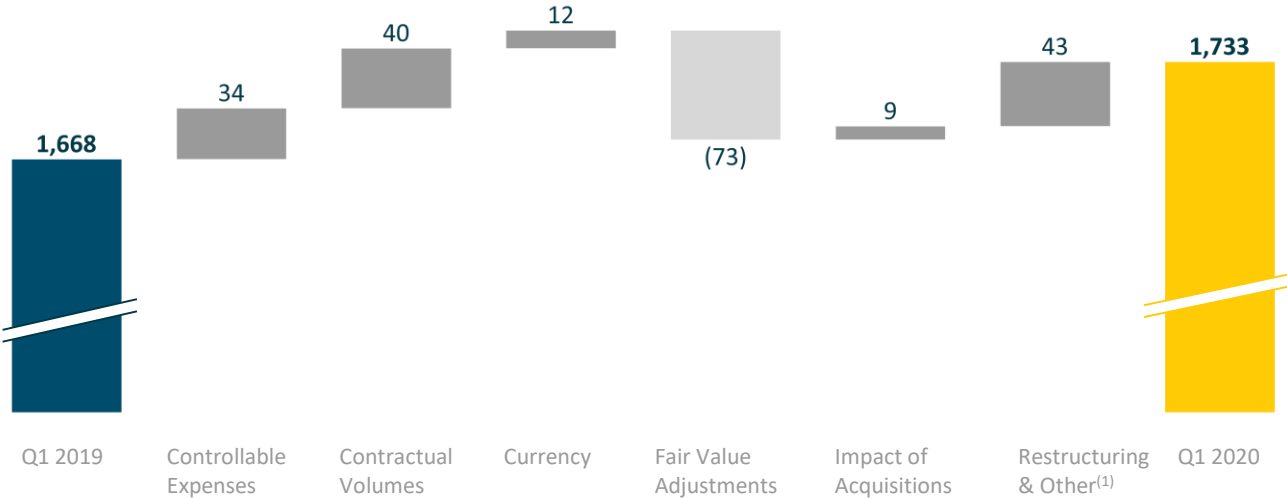
Note: Sales for Asia joint ventures based on our proportionate equity interest.

(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.

Operating expenses

Expenses up 3% on a constant currency basis
(\$ millions)



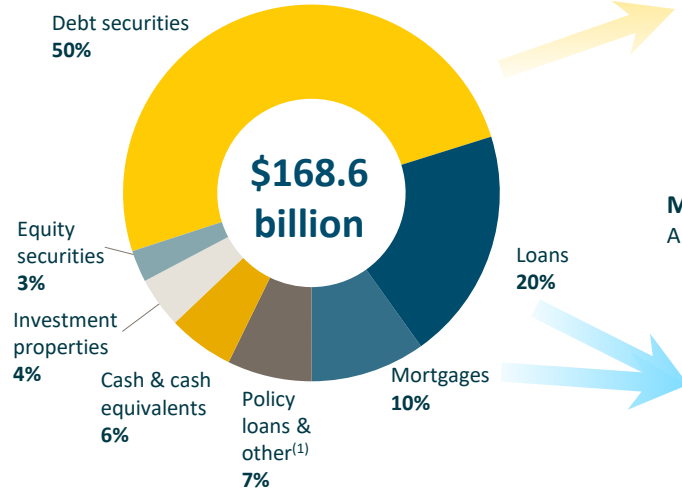
Operating expense increase driven by **growth in business volumes** and restructuring costs

High quality, well-diversified investment portfolio

- Considerable de-risking of the portfolio in recent years to prepare for an economic slowdown
- 97% of fixed income rated investment grade⁽²⁾
- BBB exposure skewed away from BBB-; more of our BBBs in private loans with collateral and covenant protection
- Commercial mortgages 24% CMHC; well protected with 55% LTV and 1.8x DSCR⁽⁵⁾
- Repositioned real estate portfolio towards industrial and urban center office while reducing exposure to Alberta and non-experiential retail

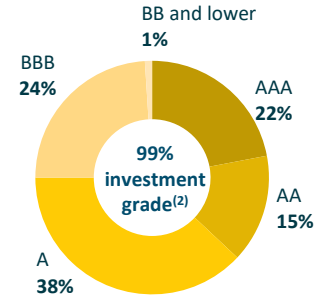
Investment profile

As of March 31, 2020



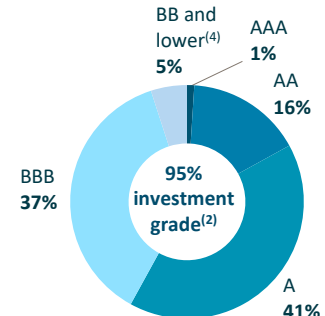
Debt securities by credit rating

As of March 31, 2020



Mortgages & loans by credit rating⁽³⁾

As of March 31, 2020



- (1) Consists of: Other invested assets (3%), Policy loans (2%), Derivative assets (2%)
 (2) BBB and higher
 (3) Chart excludes insured mortgages
 (4) BB and lower includes impaired mortgages and loans
 (5) LTV: Loan-to-Value; DSCR: Debt-service coverage ratio

Highlighted exposures – debt securities and loans

Exposure March 31, 2020 (\$ millions)	Oil & Gas		Aviation, Hotels, Restaurants & Leisure		Real Estate ⁽¹⁾	
	Value	%	Value	%	Value	%
AA - A	1,611	35%	2,068	64%	1,397	57%
BBB	2,872	62%	1,022	31%	1,003	41%
BB and lower	120	3%	164	5%	56	2%
Total	4,603	100%	3,254	100%	2,456	100%
% of total invested assets	3%		2%		1%	

Oil & Gas

- 97% investment grade
- 60% in pipelines, storage or transport

Aviation, Hotels, Restaurants & Leisure

- 95% investment grade
- 73% secured by collateral

Real Estate

- 98% investment grade
- Comprised of public and private REITs

Actively monitoring potential COVID-19 impacts

Potential Impacts⁽¹⁾

- **Equity market impacts** on Asset Management & Wealth businesses
- **Lower for longer** interest rate environment
- **Credit impacts** from downgrades and impairments
- **Sales headwinds** as a result of social distancing measures
- Elevated **unfavourable insurance-related experience** – including mortality, morbidity and policyholder behaviour
- **Lower yields** on surplus assets

Positioned for Protection and Growth

- **Diversified** mix of business
- Strong **capital position**
- Strong and diversified **balance sheet**
- **Closely managed ALM position**, including dynamic hedging processes
- Actively **digitizing sales** processes in individual insurance, including use **of e-signatures**

| Appendix

Reconciliation of underlying net income

\$ millions	Q1'20 Pre-tax	Q1'20 Post-tax
Reported net income		391
Net equity market impact (including basis risk impact of \$(57) million) ⁽¹⁾	(483)	(360)
Net interest rate impact (including credit spread impact of \$127 and swap spread impact of \$39 million) ⁽¹⁾	333	79
Impact of changes in the fair value of investment properties	(16)	(12)
Assumption changes and management actions ⁽²⁾	(66)	(53)
Other ⁽³⁾	(50)	(33)
Underlying net income⁽²⁾		770

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

Other notable items

Impact of other items on our net income \$ millions	Q1'20 Pre-tax	Q1'20 Post-tax
Experience related items		
Impact of investment activity on insurance contract liabilities	166	130
Credit	(21)	(15)
Mortality	(3)	(4)
Morbidity	9	9
Lapse and other policyholder behaviour	(16)	(14)
Expenses	(14)	(11)
Other	(62)	(39)
Total other notable items	59	56

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

Market movements and impacts in the quarter

Market Movements	YTD	MTD
	March 31, 2020	April 30, 2020
S&P/ TSX	(21.6)%	+10.5%
S&P 500	(20.0)%	+12.7%
CA 10 - year	(101) bps	(15) bps
CA 30 - year	(46) bps	(18) bps
US 10 - year	(125) bps	(3) bps

Earnings on Surplus	Q1 2020
(\$millions, pre-tax)	
Investment income	128
AFS gains	68
Seed investment losses	(42)
Investment properties mark-to-market	(3)
Interest on debt	(35)
Total	116

Equity Market Impacts	Q1 2020
(\$millions, after-tax)	
Equity market movement and volatility	(303)
Basis risk	(57)
Total	(360)

Interest Impacts	Q1 2020
(\$millions, after-tax)	
Interest rate changes	(87)
Credit spread movements	127
Swap spread movements	39
Total	79

Credit Related Impacts	Q1 2020
(\$millions, after-tax)	
Changes in ratings	(39)
Impairments, net of recoveries	(1)
Release of best estimate credit	25
Total	(15)

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 in isolation from or 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 impacts 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) impacts of returns in equity markets, net of hedging, for which our best estimate assumptions are approximately 2% per quarter. This also includes the impacts 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 (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 U.S. Group Benefits and effective income tax rate on an underlying net income basis.

Reconciliation of Select Net Income Measures	Q1'20	Q4'19	Q1'19
Common shareholders' reported net income (loss)	391	719	623
Less:			
Impact of certain hedges that do not qualify for hedge accounting	(1)	4	1
Fair value adjustments on share-based payment awards at MFS	10	(37)	(8)
Acquisition, integration and restructuring	(42)	(43)	(7)
Net equity market impact	(360)	40	58
Net interest rate impact	79	(11)	(133)
Net increases (decrease) in the fair value of real estate	(12)	(11)	6
Assumption changes and management actions	(53)	(15)	(11)
Common shareholders' underlying net income (loss)	770	792	717

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, financial objectives, future results of operations, and strategic goals, and concerning our medium-term financial objectives which are described in the 2019 Annual MD&A under the heading B - Overview - 2 - Financial Objectives, (collectively, our “medium-term financial objectives”), (ii) relating to our growth initiatives and other business objectives, (iii) relating to our acquisition of a majority stake in InfraRed, (iv) relating to our expected tax range for future years, (v) relating to the potential impacts of the COVID-19 pandemic and related economic conditions (vi) that are predictive in nature or that depend upon or refer to future events or conditions, and (vii) 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, 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 our management’s discussion and analysis for the period ended March 31, 2020 under the headings C - Profitability - 5 - Income taxes, E - Financial Strength and H - Risk Management and in SLF Inc.’s 2019 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, which may 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 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; **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 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; **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; **liquidity risks** - the possibility that we will not be able to fund all cash outflow commitments as they fall due; and **other risks** - 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.

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.