



Q2 2020

Financial & Operating Results

For the period ended June 30, 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 August 7, 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

Employees and Advisors



- Majority of North American employees continue to work from home, and we continue to enable employees in Asia to work from home as needed
- Employee engagement scores have increased during COVID-19 from already-strong levels
- Sun Life Hong Kong won Insurance Company of the Year, as well as a Lifetime Achievement award and the Young Executive of the Year award at the Asia Trusted Life Agents and Advisors Awards⁽¹⁾
- Intensified our goal to have 25% of under-represented minorities at senior levels within five years, focusing specifically on Black and Indigenous representation

Clients



- Ella, our digital coach, has proactively connected with Clients over 13.5 million times during the pandemic
- Rolled out new virtual sales experiences in Asia
- Launched the Sun eApp, an online insurance application platform for third party advisors and their Clients in Canada
- In the U.S., enhanced mobile enrollment, text messaging and live chat features, and additional integration for employee payroll deductions on our Maxwell Health digital benefits platform

Communities



- Signed commitments for the BlackNorth Initiative, to remove systemic barriers negatively affecting Black Canadians
- An extension of our Sustainability Plan, Sun Life announced action plan and an additional \$1 million investment this year, focusing on three diversity and inclusion areas: talent and culture, learning and development, Clients and Communities
- Donated to NAACP Legal Defense and Educational Fund, the Smithsonian National Museum of African American History & Culture (Washington) and the Canadian Race Relations Foundation
- Donated \$250k in Asia on World Health Day to help protect frontline medical workers with essential Personal Protective Equipment and provide food security to communities

Key highlights

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

Financial (vs. Q2 2019)

\$519M (13)%

Reported net income

\$739M 0%

Underlying net income⁽¹⁾

\$619M (6)%

Insurance sales⁽¹⁾

\$1.26 +2%

Underlying EPS⁽¹⁾

\$56.6B +53%

Wealth sales⁽¹⁾

13.4% (30)bps

Underlying ROE⁽¹⁾

\$206M (12)%

Value of new business⁽¹⁾

146%

SLF LICAT ratio⁽²⁾

Accomplishments

MFS US\$5.4B net inflows

Sixth consecutive quarter of positive flows from U.S. retail

International Hubs sales up 42%

Strong sales in both Hong Kong and International high net worth

Canada in plan wealth sales up 54% YTD

\$760 million of additional deposits year-to-date from digital nudges and outbound calls

Resilient sales in U.S. Group Benefits

Supported by 22,000 active employees on our Maxwell Health digital benefits platform; a 74% increase since 2019

InfraRed Capital acquisition⁽³⁾ closed July 1

Well-respected infrastructure equity manager adds new capabilities to SLC, bringing total AUM⁽¹⁾ to over \$100 billion⁽⁴⁾

(1) Underlying net income, Earnings Per Share (EPS), Return on Equity (ROE), sales, Value of New Business, and Assets Under Management 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) Life Insurance Capital Adequacy Test ("LICAT") ratio of Sun Life Financial.

(3) Acquired a majority stake in InfraRed Capital Partners.

(4) June 30, 2020 proforma. See "Forward-Looking Statements" in the appendix to these slides.

KEVIN STRAIN

Executive Vice President & Chief Financial Officer

Q2 2020 results

| \$ millions (except EPS, ROE, AUM, Book value per share) | Q2'20 | Q1'20 | Q2'19 | YoY Change |
|---|--------|--------|--------|------------|
| Reported net income | 519 | 391 | 595 | (13)% |
| Underlying net income ⁽¹⁾ | 739 | 770 | 739 | 0% |
| Reported EPS ⁽²⁾ | 0.88 | 0.67 | 1.00 | (12)% |
| Underlying EPS ⁽¹⁾⁽²⁾ | 1.26 | 1.31 | 1.24 | 2% |
| Reported ROE ⁽¹⁾ | 9.4% | 7.2% | 11.0% | (160) bps |
| Underlying ROE ⁽¹⁾ | 13.4% | 14.2% | 13.7% | (30) bps |
| Value of New Business ⁽¹⁾ | 206 | 380 | 235 | (12)% |
| Assets Under Management ⁽¹⁾ | 1,122B | 1,023B | 1,025B | 9% |
| Book value per share | 37.56 | 37.50 | 36.26 | 4% |

(1) Underlying net income, EPS, ROE, value of new business, 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").

(4) Subject to regulatory approval.

(5) See "Forward-Looking Statements" in the appendix to these slides.



Capital management

| LICAT Ratio ⁽³⁾ (rounded impacts) | SLF | SLA |
|---|------|------|
| Q1 2020 – Total Ratio | 143% | 130% |
| Sub debt issuance | 5% | 0% |
| Scenario switch with smoothing | (1)% | (1)% |
| Market impacts under new scenario, primarily credit spreads | (1)% | (2)% |
| Other (i.e. net income less dividends, new business, etc.) | 0% | (1)% |
| Q2 2020 – Total Ratio | 146% | 126% |

23.2%

Financial leverage ratio⁽¹⁾

\$3.5B

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

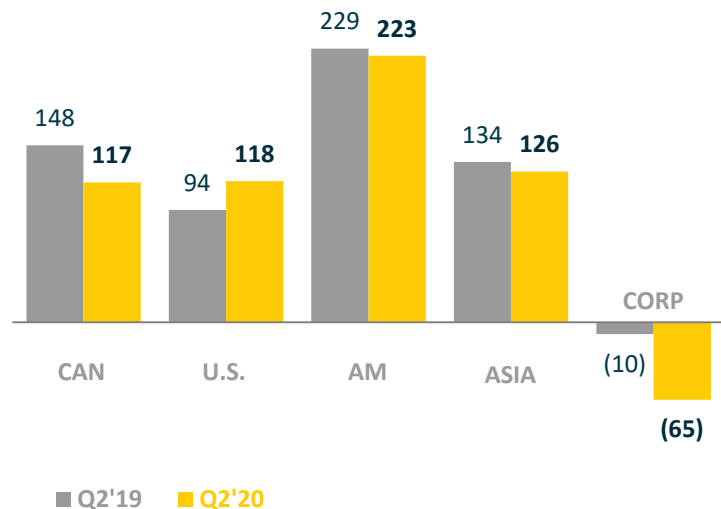
Q3 uses of cash and capital:

- On July 1, 2020, completed acquisition of a majority stake in InfraRed Capital Partners for approximately \$510 million
- Anticipate redeeming all outstanding Series 2015-1 subordinated debentures of \$500 million⁽⁴⁾⁽⁵⁾

Business group performance

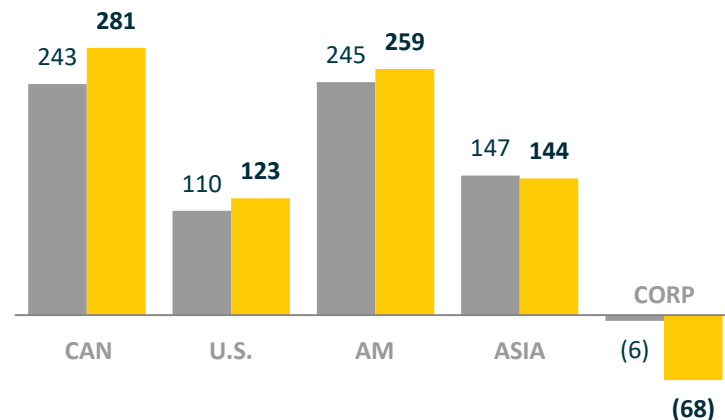
Reported net income (\$ millions)

Impact of currency increased reported net income by \$17M



Underlying net income⁽¹⁾ (\$ millions)

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



Sources of earnings

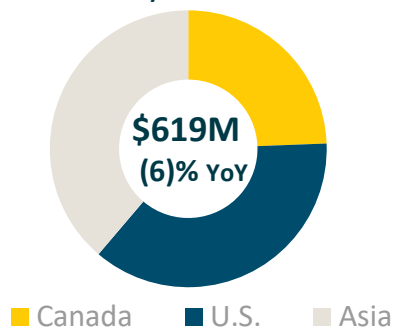
| Sources of earnings Common shareholders \$ millions | Q2'20 | Q2'19 |
|---|------------|------------|
| Expected profit on in-force business | 871 | 784 |
| Impact of new business | (5) | (5) |
| Experience gains/(losses) | (403) | (128) |
| Assumption changes and management actions (ACMA) ⁽¹⁾ | 3 | (27) |
| Other ⁽²⁾ | (52) | (42) |
| Earnings from operations | 414 | 582 |
| Earnings on surplus | 155 | 123 |
| Earnings before income taxes | 569 | 705 |
| Income tax (expense) or recovery ⁽³⁾ | (22) | (86) |
| Preferred share dividends and non-controlling interest | (28) | (24) |
| Reported net income | 519 | 595 |

| \$ millions (pre-tax) | Q2'20 |
|--|--------------|
| Net equity market impact | 84 |
| Net interest rate impact | (465) |
| Impact of changes in the fair value of investment properties ⁽⁴⁾ | (51) |
| Market-Related Impacts (excluding earnings on surplus) – Slide 14⁽⁴⁾ | (432) |
| Impact of investment activity on insurance contract liabilities | 124 |
| Credit | (72) |
| Mortality | (15) |
| Morbidity | 31 |
| Lapse and other policyholder behavior | (24) |
| Expenses | (20) |
| Other | 5 |
| Other Notable Items – Slide 15 | 29 |
| Experience gains/(losses) | (403) |

- (1) See "Use of Non-IFRS Financial Measures" and "Reconciliation of Select Net Income measures" in the appendix to these slides.
- (2) 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.
- (3) Effective tax rate on underlying net income was 26.1% in Q2 2020 (15.6% in Q2 2019).
- (4) Amounts on Slide 14 includes an additional \$(4)m impact of changes in the fair value of investment properties held in surplus. This is included in Earnings on Surplus in the Sources of Earnings view.

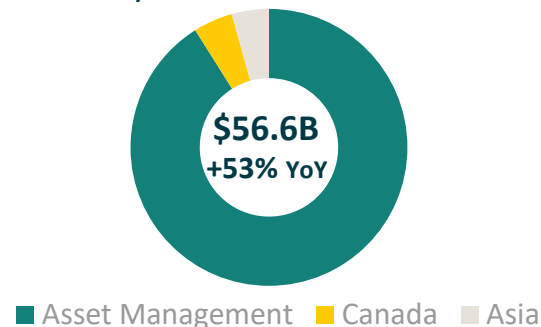
Sales results by business group

Insurance sales by business⁽¹⁾



- Canada insurance sales decreased by 22%, reflecting lower large case sales in Group Benefits and lower sales in Individual Insurance as a result of the impact of COVID-19
- U.S. insurance sales were in line with the prior year, reflecting resilient performance across all businesses in a challenging environment
- Asia insurance sales were in line with Q2 2019 on a constant currency basis, with higher sales in International Hubs, China, and Vietnam offset by a decrease in sales in other insurance markets as a result of the impact of COVID-19

Wealth sales by business⁽¹⁾

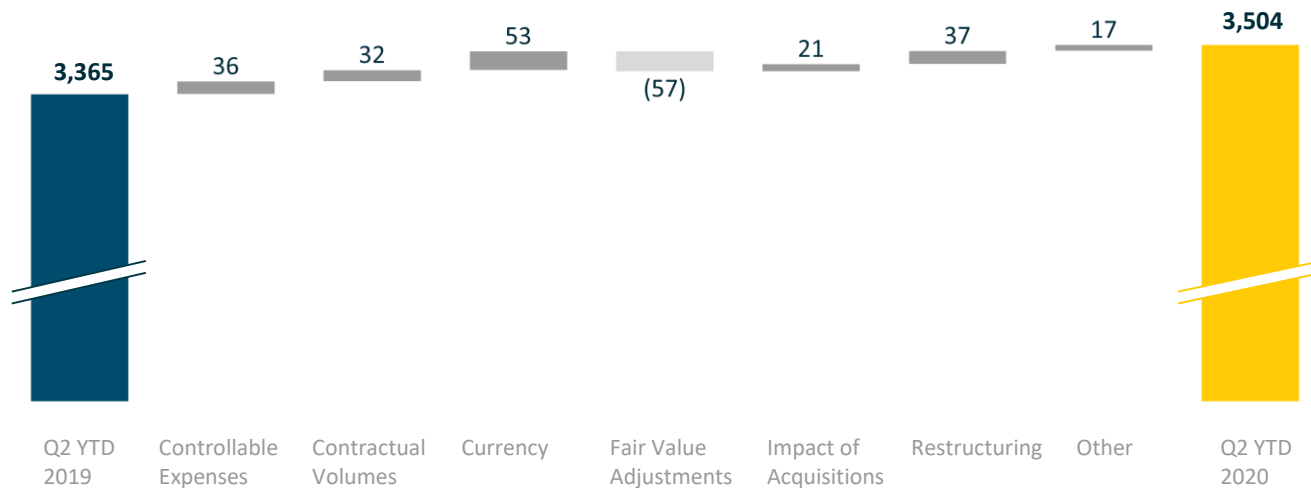


- Asset Management sales up 56% on a constant currency basis, driven by higher mutual and managed fund sales in MFS and higher sales in SLC Management
- Canada wealth sales down 20% driven by timing of large case Group Retirement Services sales and lower Individual Wealth sales
- Asia wealth sales up 36% on a constant currency basis, driven by fixed income sales in India and money market sales in the Philippines

Value of new business⁽¹⁾⁽²⁾
\$206M
(12)% YoY

Operating expenses

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



Year-to-date
controllable expenses
increased 2%

| Appendix

Reconciliation of underlying net income

| \$ millions | Q2'20 Pre-tax | Q2'20 Post-tax |
|---|------------------|-------------------|
| Reported net income | | 519 |
| Net equity market impact (including basis risk impact of \$(46) million) ⁽¹⁾ | 84 | 59 |
| Net interest rate impact (including credit spread impact of \$(72) and swap spread impact of \$(10) million) ⁽¹⁾ | (465) | (205) |
| Impact of changes in the fair value of investment properties | (55) | (41) |
| Assumption changes and management actions ⁽²⁾ | 3 | 5 |
| Other ⁽³⁾ | (52) | (38) |
| Underlying net income⁽²⁾ | | 739 |

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 | | Q2'20 Pre-tax | Q2'20 Post-tax |
|---|--|------------------|-------------------|
| Experience related items | | | |
| Impact of investment activity on insurance contract liabilities | | 124 | 97 |
| Credit | | (72) | (58) |
| Mortality | | (15) | (12) |
| Morbidity | | 31 | 27 |
| Lapse and other policyholder behaviour | | (24) | (19) |
| Expenses | | (20) | (14) |
| Other | | 5 | 18 |
| Total other notable items | | 29 | 39 |

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 | QTD June 30, 2020 | YTD June 30, 2020 |
|------------------|----------------------|----------------------|
| S&P/ TSX | 16.0% | (9.1)% |
| S&P 500 | 20.0% | (4.0)% |
| CA 10 - year | (17) bps | (117) bps |
| CA 30 - year | (31) bps | (77) bps |
| US 10 - year | (1) bps | (126) bps |

| Earnings on Surplus (\$millions, pre-tax) | Q2 2020 | Q1 2020 |
|--|------------|------------|
| Investment income | 127 | 128 |
| AFS gains | 33 | 68 |
| Seed investment gains/(losses) | 37 | (42) |
| Investment properties mark-to-market | (4) | (3) |
| Interest on debt | (38) | (35) |
| Total | 155 | 116 |

| Equity Market Impacts (\$millions, after-tax) | Q2 2020 | Q1 2020 |
|--|-----------|--------------|
| Equity market movement and volatility | 105 | (303) |
| Basis risk | (46) | (57) |
| Total | 59 | (360) |

| Interest Impacts (\$millions, after-tax) | Q2 2020 | Q1 2020 |
|---|--------------|-----------|
| Interest rate changes | (123) | (87) |
| Credit spread movements | (72) | 127 |
| Swap spread movements | (10) | 39 |
| Total | (205) | 79 |

| Credit-Related Impacts (\$millions, after-tax) | Q2 2020 | Q1 2020 |
|---|-------------|-------------|
| Changes in ratings | (60) | (39) |
| Impairments, net of recoveries | (24) | (1) |
| Release of best estimate credit | 26 | 25 |
| Total | (58) | (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 | Q2'20 | Q1'20 | Q2'19 |
|---|-------|-------|-------|
| Common shareholders' reported net income (loss) | 519 | 391 | 595 |
| Less: | | | |
| Impact of certain hedges that do not qualify for hedge accounting | - | (1) | (5) |
| Fair value adjustments on share-based payment awards at MFS | (24) | 10 | (11) |
| Acquisition, integration and restructuring | (14) | (42) | (11) |
| Net equity market impact | 59 | (360) | 20 |
| Net interest rate impact | (205) | 79 | (114) |
| Net increases (decrease) in the fair value of real estate | (41) | (12) | (3) |
| Assumption changes and management actions | 5 | (53) | (20) |
| Common shareholders' underlying net income (loss) | 739 | 770 | 739 |

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 plans we have implemented in response to the COVID-19 pandemic and related economic conditions and their impact on the Company, (iv) relating to our anticipated redemption of the \$500 million principal amount of Series 2015-1 subordinated unsecured debentures, (v) relating to our expected tax range for future years, (vi) set out in our management's discussion and analysis for the period ended June 30, 2020 under the heading H - Risk Management - 1 - Market Risk Sensitivities - Equity Market Sensitivities and Interest Rate Sensitivities and 2 - Credit Spread and Swap Spread Sensitivities, (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, 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 June 30, 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 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.