Q4'18

Financial & Operating results

For the period ended December 31, 2018

Sun Life Financial Inc.
(unaudited)

Sun Life Financial

Life's brighter under the sun

Forward-looking statements

Certain statements in this presentation and certain oral statements made during the earnings conference call on February 14, 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 Canadian securities laws, 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

- **Q4'18** reported net income of $580 million; underlying net income[1] of $718 million
- Underlying EPS[1] growth of 13% over Q4'17; underlying ROE[1] of 13.6%
- Value of New Business[1] ("VNB") increased by 17% as compared to Q4'17
- Repurchased approximately 5.0 million common shares

KEY ACCOMPLISHMENTS

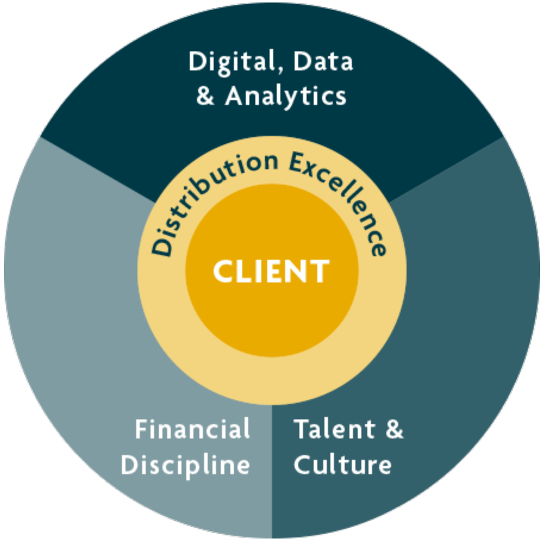
- Announced an agreement to merge our North American real estate investment manager, Bentall Kennedy, with GreenOak Real Estate and take a majority stake in the combined entity[2]
- Continued progress on digital innovation, with investments in Bowtie Life Insurance Company Ltd. in SLF Asia, and the launch of Lumino Health in SLF Canada
- Achieved an after-tax profit margin of 6.7% SLF U.S. Group Benefits [3]

DOING MORE FOR CLIENTS

- Continued to provide personalized, digital nudges to plan members in Canada; In-plan deposit activity up 24% to over $900 million in 2018
- Created FullscopeRMS brand in the U.S. to offer our comprehensive suite of capabilities for employee health plans and other insurance providers
- Strong investment performance, with 78%, 79% and 94% of MFS's U.S. retail fund assets ranked in the top half of their Lipper categories based on three-, five-, and ten-year performance, respectively

(1) Underlying net income, EPS, ROE, VNB, 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) See "Forward-Looking Statements" and "Risk Factors" in the appendix to these slides.
(3) 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.

EXECUTING ON STRATEGIC PRIORITIES WHILE DELIVERING STRONG FULL YEAR RESULTS



Underlying Net Income(1)	Underlying ROE(1)	Dividend Per Common Share	Value of New Business(1)
+16% YoY $2.9B	+150 bps YoY 14.2%	+9% YoY $1.91	+19% YoY $1.2B

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(1) Underlying net income, Underlying ROE and Value of New Business are Non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" in the appendix to these slides.

KEVIN STRAIN

Executive Vice President & Chief Financial Officer

Q4'18 RESULTS

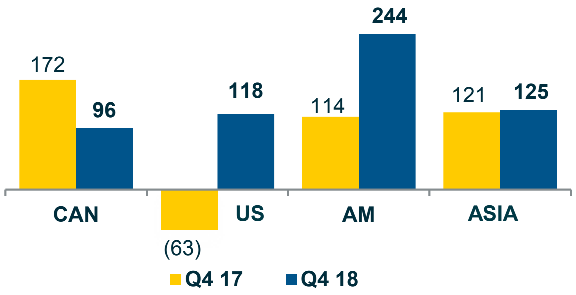
C$ millions (except EPS and ROE)	Q4'18	Q3'18	Q4'17
Reported net income	**580**	567	207
Underlying net income[(1)]	**718**	730	641
Diluted reported EPS (C$)	**0.96**	0.93	0.34
Diluted underlying EPS[(1)] (C$)	**1.19**	1.20	1.05
Reported ROE	**10.9%**	10.8%	4.1%
Underlying ROE[(1)]	**13.6%**	14.0%	12.7%

Business Performance	▪ Assets under management[(1)] of $951 billion down 2% from Q4 2017 ▪ Underlying EPS[(1)] growth of 13% over Q4 2017 ▪ Operating expenses down 7% from Q4 2017; largely unchanged from 2017 on a full year basis ▪ Book value per share of $35.84 up 9% from Q4 2017
Capital Management	▪ Strong capital position with a LICAT ratio for SLF of 144%, SLA LICAT ratio of 131%[(2)] ▪ $2.5 billion of cash at SLF and its wholly-owned holding companies ▪ Re-purchased approximately 5.0 million SLF common shares for $235 million ▪ Financial leverage ratio[(1)] of 21.2%

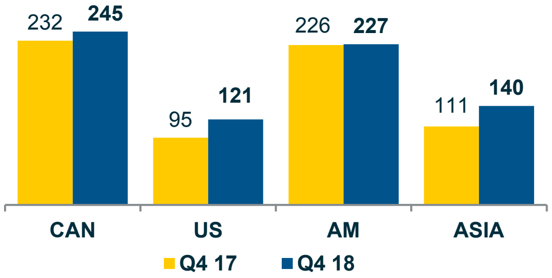
(1) Underlying net income/ROE/EPS, assets under management and financial leverage ratio are Non-IFRS financial measures. See "Use of Non-IFRS Financial Measures" and "Reconciliation of Net Income measures" in the appendix to these slides.
(2) Life Insurance Capital Adequacy Test ("LICAT") ratio of Sun Life Financial Inc. ("SLF") and of Sun Life Assurance Company of Canada ("SLA").

Q4'18 BUSINESS GROUP PERFORMANCE

REPORTED NET INCOME (LOSS)
(C$ millions)
*Impact of currency increased reported net income by **$18M***



UNDERLYING NET INCOME[1]
(C$ millions)
*Impact of currency increased underlying net income by **$16M***



CAN

- Improved expense experience, partially offset by lower investment related gains
- Reported net income lower over the prior year from market related impacts

US

- After-tax profit margin for SLF U.S. Group Benefits of 6.7%[1][2]
- Business growth, lower tax rate, and favourable lapse and policyholder experience, partially offset by unfavourable morbidity and mortality
- Reported net loss in Q4 2017 includes charges related to the enactment of U.S. tax reform and unfavourable market impacts

AM

- MFS pre-tax net operating profit margin ratio of 38%[1]
- Lower tax rate in the U.S., offset by the impact of lower average net assets at MFS
- Reported net income in Q4 2017 includes charges related to the impact of U.S. tax reform

ASIA

- Favourable investment related experience, partially offset by higher new business strain
- Reported net income reflects unfavourable market impacts

(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 C$ millions	Q4'18	Q4'17
Expected profit on in-force business[1]	**744**	**743**
Impact of new business[1]	17	29
Experience gains/(losses)	(142)	(152)
Assumption changes and management actions (ACMA)[2]	13	(42)
Other	(12)	(137)
Earnings from operations	**620**	**441**
Earnings on surplus	111	128
Earnings before income taxes	**731**	**569**
Income tax (expense) or recovery	(128)	(88)
U.S. Tax Reform[3]	-	(251)
Non-controlling interest and preferred share dividends	(23)	(23)
Reported net income	**580**	**207**

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

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

Experience gains/(losses): unfavourable net market related impacts, mortality, morbidity and expense experience, partially offset by investment activity, credit, and other experience

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

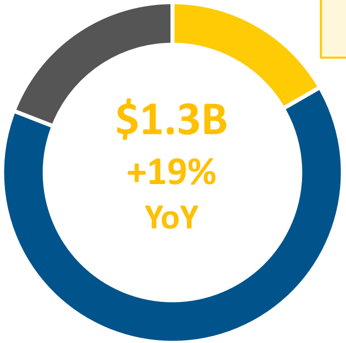
Earnings on surplus: lower level of fair value gains on real estate

(1) Q4'17 expected profit on in-force business and impact of new business have been updated to reflect a methodology change for the SLF U.S. Stop Loss business effective Q1'18. Amounts in expected profit on in-force business and impact of new business in Q4'17 were previously $758 million and $14 million, respectively.
(2) Assumption changes and management actions excludes $444 million pre-tax charge related to U.S. tax reform in Q4'17.
(3) U.S. tax reform of $251 million in Q4'17 includes an after-tax charge of $288 million ($444 million pre-tax) related to ACMA, a one-time charge on the deemed repatriation of foreign earnings of $46 million, partially offset by the revaluation of deferred tax balances of $83 million.

SALES RESULTS BY BUSINESS GROUP

VALUE OF NEW BUSINESS(1),(2) +17% YoY

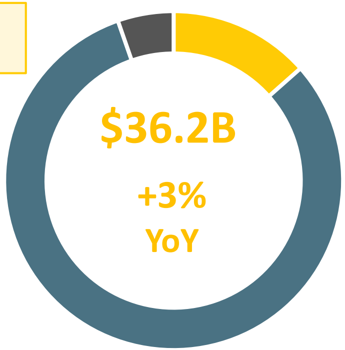
INSURANCE SALES(1) BY BUSINESS



■ SLF Canada ■ SLF U.S. ■ SLF Asia

- Sales in SLF U.S. up 29% in local currency driven by increased stop-loss and employee benefits sales
- SLF Asia individual insurance sales in line with prior year. Asia insurance sales up 18% offset by lower International sales
- SLF Canada sales down 4% primarily as a result of lower individual insurance sales; Group Benefits sales slightly higher than prior year

WEALTH SALES(1) BY BUSINESS



■ SLF Canada ■ SLF Asset Management ■ SLF Asia

- SLF Canada wealth sales up 53% mainly due to large case annuity sales in Defined Benefits Solutions in Group Retirement Services. Individual wealth sales in line with prior year
- SLF Asset Management sales in line with prior year on a constant currency basis
- SLF Asia sales down 45% in constant currency. Higher sales in Hong Kong MPF business were more than offset by lower sales in India from market volatility, and in the Philippines from higher money market sales in 2017

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, except new business in our SLF Asset Management pillar.

DEMONSTRATING FINANCIAL DISCIPLINE & CAPITAL STRENGTH

FINANCIAL DISCIPLINE

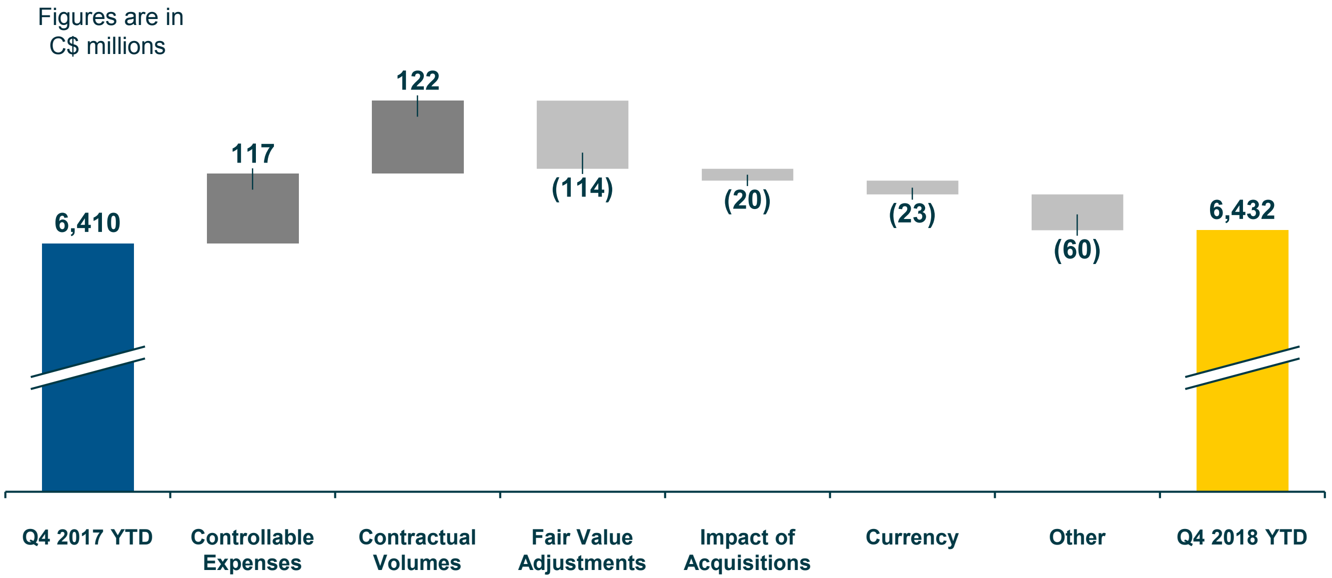
- Business and income growth across all four Pillars
- Diversified businesses generating profitable sales mix and VNB growth
- Generating strong Returns on Equity
- Disciplined expense management

CAPITAL STRENGTH

- Strong LICAT ratios
- Capital return through dividends and buybacks
- Strong balance sheet and credit quality
- Financial leverage capacity

APPENDIX

OPERATING EXPENSES



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

RECONCILIATION OF UNDERLYING INCOME

C$ millions	Q4'18 Pre-tax	Q4'18 After-tax
Reported net income		**580**
Net equity market impact (including basis risk impact of $(4) million)[1]	(189)	(143)
Net interest rate impact (including credit spread impact of $36 million and swap spread impact of $(9) million)[1]	(16)	(41)
Net impact of changes in the fair value of investment properties	31	31
Assumption changes and management actions	13	13
Other[2]	(12)	2
Underlying net income[3]		**718**

- 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 C$ millions	Q4'18 Pre-tax	Q4'18 After-tax
Experience related items		
Impact of investment activity on insurance contract liabilities	33	28
Mortality	(15)	(11)
Morbidity	(15)	(12)
Credit	25	23
Lapse and other policyholder behaviour	(3)	(4)
Expense[(1)]	(31)	(26)
Other[(1)]	38	44
Total other notable items		**42**

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

(1) Expense experience has been revised to exclude certain project spending, which is now presented in Other.

In this presentation, Sun Life Financial Inc., its subsidiaries and, where applicable, its joint ventures and associates are referred to as “we”, “us”, “our” and the “Company”.

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, and which 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	Q4’18	Q3’18	Q4’17
Common shareholders' reported net income (loss)	**580**	**567**	**207**
Impact of certain hedges that do not qualify for hedge accounting	(1)	(1)	2
Fair value adjustments on share-based payment awards at MFS	28	(10)	(34)
Acquisition, integration and restructuring	(25)	(11)	(60)
U.S. tax reform	-	-	(251)
Net equity market impact	(143)	5	19
Net interest rate impact	(41)	14	(110)
Net increases (decrease) in the fair value of real estate	31	6	34
Assumption changes and management actions	13	(166)	(34)
Common shareholders' underlying net income (loss)	**718**	**730**	**641**

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 expected impact of the U.S. tax reform on the Company's tax expense, (iv) relating to the merger of Bentall Kennedy and GreenOak and our acquisition of a majority stake in the combined entity, (v) relating to our expected tax range for future years (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. 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 our Management's Discussion and Analysis for the period ended December 31, 2018 under the headings C - Profitability – 4 - U.S. tax reform, C - Profitability - 6 - 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.