

2016



FINANCIAL & OPERATING RESULTS

FOR THE PERIOD ENDED
JUNE 30, 2016

Sun Life Financial Inc. (unaudited)

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 August 11, 2016 (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 draft 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.



Dean A. Connor

President and Chief Executive Officer

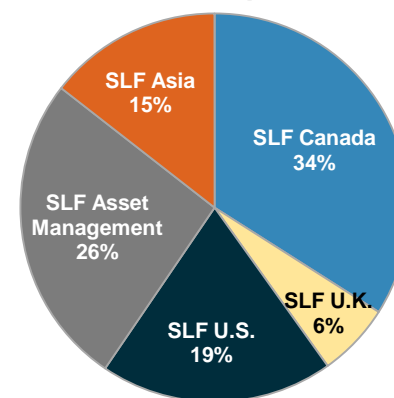
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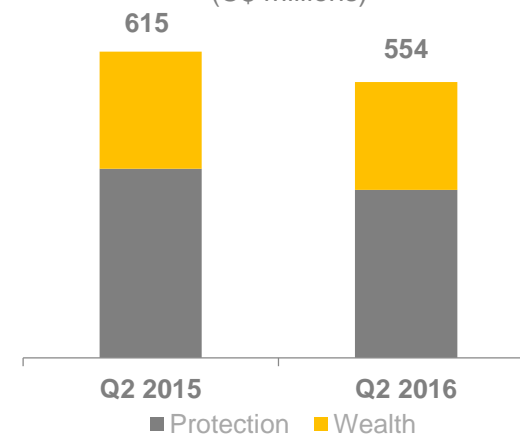


- **Q2'16** reported net income of \$480 million, compared to \$726 million in Q2'15
 - Operating net income of \$474 million, versus \$731 million in Q2'15
 - Underlying net income of \$554 million, versus \$615 million in Q2'15
- Well diversified by geography and type of business
- Global assets under management of \$865 billion
- Operating ROE of 10.1% and Underlying ROE of 11.9%
- Deepening client relationships

Q2 2016 Underlying Net Income by Business Group⁽¹⁾



Underlying Net Income by Business Type⁽²⁾
(C\$ millions)



(1) Graphic excludes Corporate Support results

(2) Wealth earnings include results of Individual Wealth and Group Retirement Services in SLF Canada, Sun Life Financial Asset Management, International Wealth in SLF U.S., and the Company's wealth businesses in SLF Asia



LEADER in **FINANCIAL PROTECTION** and **WEALTH SOLUTIONS** in our Canadian home market

- Individual Insurance sales up 16%
- Group Benefits sales up 12%
- Individual wealth manufactured product sales⁽¹⁾ up 37% from continued momentum in Sun Life Global Investments mutual funds and Sun Life Guaranteed Investment Fund segregated funds

PREMIER global **ASSET MANAGEMENT** operations

- MFS global assets under management of US\$425 billion
 - Gross sales of US\$20.8 billion and net outflows of US\$(1.0) billion
 - Fund performance remains strong, pre-tax operating margin of 35%
- Sun Life Investment Management net inflows of \$0.5 billion; AUM of \$49 billion

LEADER in **U.S. GROUP BENEFITS** and **INTERNATIONAL** high net worth solutions

- Integration of Assurant's U.S. employee benefits business progressing well
 - Launched an expanded group benefits product portfolio under the Sun Life brand through unified sales teams
- Growth in Group Life & Health, Voluntary and Stop Loss sales

GROWING Asia through **DISTRIBUTION EXCELLENCE** in **HIGHER GROWTH MARKETS**

- Individual insurance sales increased by 28%, driven by increased ownership levels and growth in most markets
- Continued investment in growth throughout the region:
 - Increased ownership levels in India, Vietnam
 - Acquisition of the pension business of FWD Hong Kong; 15-year distribution agreement

(1) Wealth manufactured products include SLGI mutual funds, Sun Life Guaranteed Investment Funds and other SLF fixed product offerings



Colm J. Freyne

Executive Vice President and
Chief Financial Officer

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Sun Life Financial Q2'16 RESULTS



Q2 2016

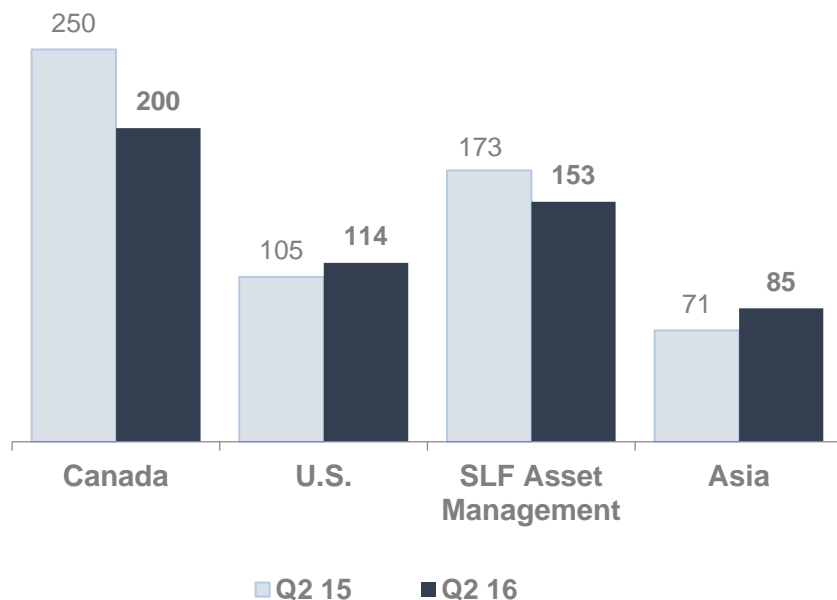
C\$ millions (except EPS and ROE)	Q2'16	Q1'16	Q2'15
Reported net income	480	540	726
Operating net income	474	531	731
Underlying net income	554	582	615
Diluted operating EPS (C\$)	0.77	0.87	1.19
Diluted underlying EPS (C\$)	0.90	0.95	1.00
Operating ROE	10.1%	11.3%	16.5%
Underlying ROE	11.9%	12.4%	13.9%

Business Performance	<ul style="list-style-type: none"> • Benefitting from diversified business model • Assets under management of \$865 billion • Adjusted premiums and deposits of \$37 billion • Book value per share of \$30.42
Capital Management	<ul style="list-style-type: none"> • Strong capital position with an SLA MCCR of 214%, SLF MCCR of 225%⁽¹⁾ • \$0.8 billion cash level at Sun Life Financial Inc. • Leverage Ratio of 23.5% • Disciplined capital deployment

(1) Minimum Continuing Capital and Surplus Requirements ("MCCR") ratio of Sun Life Assurance Company of Canada. ("SLA") and Sun Life Financial Inc. ("SLF")



UNDERLYING NET INCOME
 (C\$ millions)



SLF Canada

- Solid result against strong comparative in prior year
- Mortality, morbidity and policyholder experience largely in-line with expectations

SLF U.S.

- Contributions from the Assurant employee benefits business
- Unfavourable morbidity experience in Stop Loss
- Favourable investing activity and mortality experience in International Life

SLF Asset Management

- MFS operating margin of 35%, on lower average net assets and higher operating costs
- Net flows of US\$(1.0) billion at MFS and \$0.5 billion at SLIM

SLF Asia

- Business growth across the region
- Lower new business strain



Sources of earnings Common shareholders C\$ millions	Q2'16	Q2'15	Change
Expected profit on in-force business	668	672	(4)
Impact of new business	(37)	(39)	2
Experience gains or (losses)	(97)	252	(349)
Assumption changes and management actions	(10)	22	(32)
Earnings from operations	524	907	(383)
Earnings on surplus	118	126	(8)
Earnings before income taxes	642	1,033	(391)
Income tax (expense) or recovery	(134)	(259)	125
Non-controlling interest and preferred share dividends	(34)	(43)	9
Operating net income	474	731	(257)

Sun Life Financial

SALES RESULTS



Q2
2016

C\$ millions	Q2'16	Q2' 15	Change over Q2'15
Individual life and health	260	214	21%
Group life and health	278	213	31%
Total Insurance sales	538	427	26%
Wealth – SLF Asset Management	28,182	25,292	11%
Wealth – Non SLF Asset Management ⁽¹⁾	4,523	6,424	(30%)
Total Wealth sales	32,705	31,716	3%

(1) Excludes the sales of investment products in Q2 2016 and Q2 2015 from SLF U.S.'s International wealth business which was closed to new sales in December 2015

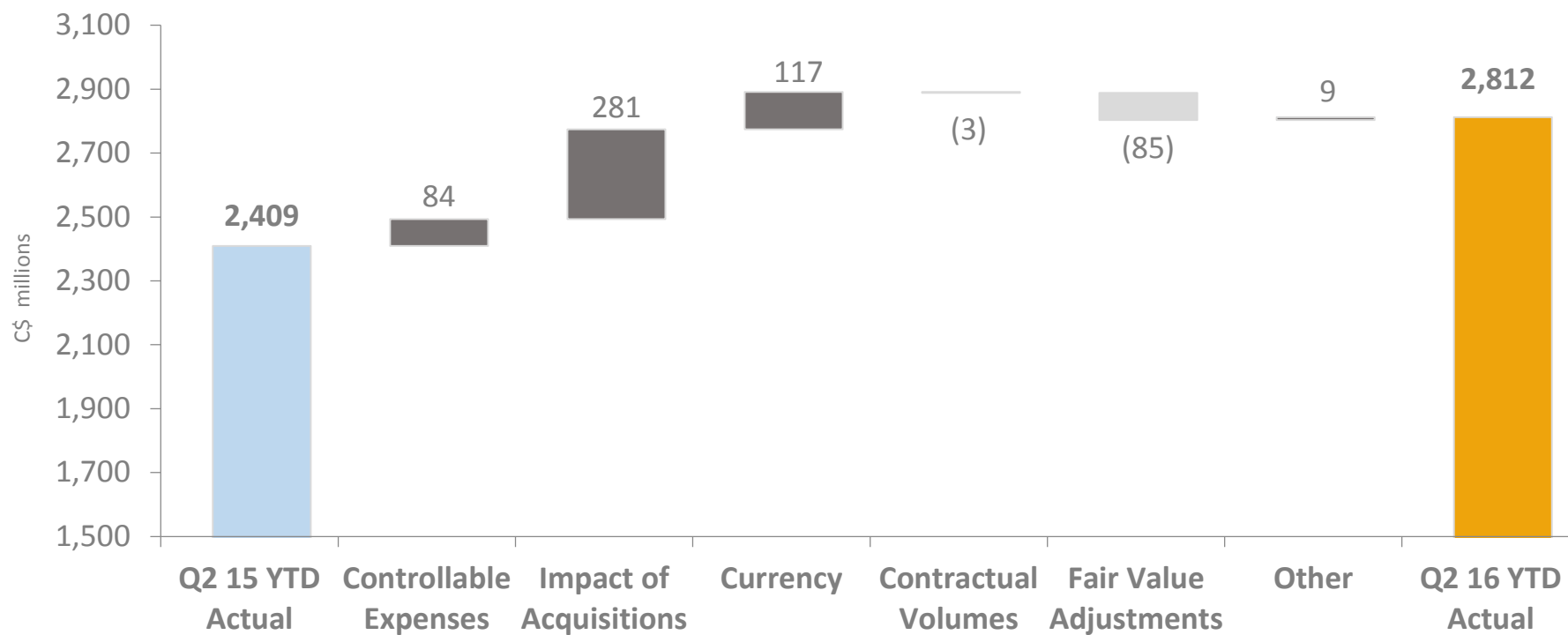
Note: Sales for Asia joint ventures based on our proportionate equity interest.

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OPERATING EXPENSES



Q2
2016



- Increase in controllable expenses of 3.5% reflecting investments in growth partially funded through productivity gains
- Higher expenses driven primarily by net expenditures associated with recently acquired businesses and currency





C\$ millions	Q2'16 Pre-tax	Q2'16 After-tax
Operating net income		474
Net equity market impact (including basis risk impact of \$6 million) ⁽¹⁾	21	14
Net interest impact (including credit spread impact of \$(11) million and swap spread impact of \$nil) ⁽¹⁾	(143)	(95)
Net impact of fair value changes of real estate	6	9
Assumption changes and management actions	(10)	(8)
Underlying net income		554

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



Impact of other items on our net income C\$ millions	Q2'16 Pre-tax	Q2'16 After-tax
Experience related items		
Impact of investment activity on insurance contract liabilities	49	41
Mortality	8	10
Morbidity	(34)	(30)
Credit	20	15
Lapse and other policyholder behaviour	(3)	0
Expenses	(25)	(18)
Other	10	9
Total other notable items	25	27

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

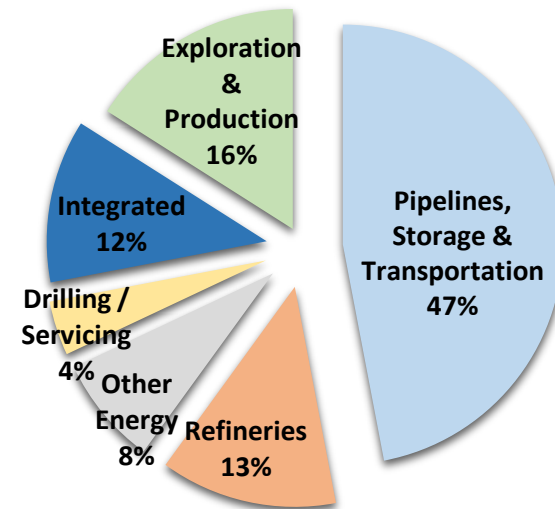


Highlights

- Total of \$5.4 billion in energy debt securities and corporate loans, **4% of total invested assets.**
- **94%** of our energy portfolio is rated **investment grade**
- Real estate and commercial mortgage holdings in Alberta of approximately **\$1.4 billion** and **\$1.3 billion**, respectively

**Debt Securities & Corporate Loan
 Carrying Value by Rating**
 (as of June 30, 2016)

Credit Quality	AAA	AA	A	BBB	BB and Below
% Total	0.5%	3.1%	33.2%	56.9%	6.3%



Sun Life Financial has a high quality bond portfolio with manageable exposure to energy



General Account

- Management of general fund assets on SLF balance sheet
- Supports the business operations and policyholder liabilities
- Range of factors considered in investment process
 - *Asset liability management*
 - *Asset type*
 - *Credit / sector exposure*
 - *Micro and macro economic developments*



SLF Asset Management

- Source, create and market investment solutions in active asset management, liability-driven investing and alternative asset classes for third party clients



Wealth Management Solutions

- Provide holistic wealth management solutions to address client needs, helping them achieve lifetime financial security



Total Sun Life Financial Assets Under Management of \$865 billion

In this presentation, Sun Life Financial Inc. and its subsidiaries, 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 measures 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 included in our annual and interim management's discussion and analysis (“MD&A”) and the Supplementary Financial Information packages that are available on www.sunlife.com under Investors – Financial results & reports. Reconciliations to IFRS measures are also available in this document under the heading Reconciliation of Non-IFRS Financial Measures.

Operating net income (loss) and financial measures based on operating net income (loss), consisting of operating earnings per share (“EPS”) or operating loss per share, and operating return on equity (“ROE”), are non-IFRS financial measures. Operating net income (loss) excludes from reported net income the impact of the following amounts that are not operational or ongoing in nature to assist investors in understanding our business performance: (i) certain hedges in SLF Canada that do not qualify for hedge accounting; (ii) fair value adjustments on MFS's share-based payment awards; (iii) acquisition, integration and restructuring amounts (including impacts related to acquiring and integrating acquisitions); (iv) goodwill and intangible asset impairment charges; and (v) other items that are not operational or ongoing in nature. Operating EPS also excludes the dilutive impact of convertible instruments.

Underlying net income (loss) and financial measures based on underlying net income (loss), consisting of underlying EPS or underlying loss per share, and underlying ROE, are non-IFRS financial measures. Underlying net income (loss) removes from operating 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; (b) assumption changes and management actions; and (c) other items that have not been treated as adjustments to operating net income and when removed assist in explaining our results from period to period. Market related impacts include: (i) the impact of changes in interest rates that differ from our best estimate assumptions in the reporting period on investment returns and 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; (ii) the impact of changes in equity markets, net of hedging, above or below our best estimate assumptions of approximately 2% growth per quarter in the reporting period and of basis risk inherent in our hedging program for products that provide benefit guarantees; and (iii) the impact of changes in the fair value of real estate properties in the reporting period. Additional information regarding these adjustments is available in the footnotes to the table included under the heading Q2 2016 vs. Q2 2015 in the Financial Summary section in the interim MD&A for the second quarter of 2016. Assumption changes reflect the impact of revisions to the assumptions used in determining our liabilities for insurance contracts and investment contracts. The impact on our liabilities for insurance contracts and investment contracts of actions taken by management in the current reporting period, referred to as management actions include, for example, changes in the prices of in-force products, new or revised reinsurance on in-force business, or material changes to investment policies for asset segments supporting our liabilities. Underlying EPS also excludes the dilutive impact of convertible instruments.

Other non-IFRS financial measures that we use include adjusted revenue, administrative services only (“ASO”), premium and deposit equivalents, mutual fund assets and sales, managed fund assets and sales, premiums and deposits, adjusted premiums and deposits, assets under management (“AUM”), assets under administration, and effective income tax rate on an operating net income basis.

Unless indicated otherwise, all factors discussed in this document that impact our results are applicable to reported net income (loss), operating net income (loss), and underlying net income (loss). Reported net income (loss) refers to Common shareholders' net income (loss) determined in accordance with IFRS.

Reconciliation of Net Income Measures	Q2'16	Q1'16	Q2'15
Common shareholders' reported net income (loss)	480	540	726
Impact of certain hedges that do not qualify for hedge accounting	(6)	(13)	6
Fair value adjustments on share-based payment awards at MFS	20	7	(11)
Acquisition, integration and restructuring	(8)	15	-
Common Shareholders' operating net income (loss)	474	531	731
Net equity market impact	14	(18)	(11)
Net interest rate impact	(95)	(19)	97
Net increases (decrease) in the fair value of real estate	9	(3)	11
Assumption changes and management actions	(8)	(11)	19
Common shareholders' underlying net income (loss)	554	582	615

Forward-Looking Statements

Certain statements in this presentation, including statements (i) relating to our growth strategies, (ii) statements concerning our medium-term financial objectives, (iii) statements relating to productivity and expense initiatives, growth initiatives and other business objectives and (iv) statements that are predictive in nature or that depend upon or refer to future events or conditions and (v) statements that include words such as "aim", "anticipate", "assumption", "believe", "could", "estimate", "expect", "goal", "intend", "may", "objective", "outlook", "plan", "project", "seek", "should", "initiatives", "strategy", "strive", "target", "will" and similar expressions are forward-looking statements. All such forward-looking statements are made pursuant to the "safe harbour provisions" of applicable Canadian securities laws and of the United States Private Securities Litigation Reform Act of 1995.

The forward-looking statements in this presentation represent our current expectations, estimates and projections regarding future events and are not statements of historical facts. By their very nature, forward-looking statements are subject to inherent risks and uncertainties and are based on several assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and undue reliance should not be placed on these forward-looking statements. Future results and shareholder value may differ materially from those expressed in forward-looking statements due to, among other factors, the matters set out in the Company's MD&A for the year ended December 31, 2015 and for the quarter ended June 30, 2016 under the heading "Forward-looking Statements" and in the risk factors set out in the Company's annual information form for the year ended December 31, 2015 (our "AIF") under the heading "Risk Factors" and other factors detailed in the Company's annual and interim financial statements and any other filings with Canadian and U.S. securities regulators made available at www.sedar.com and www.sec.gov.

The forward-looking statements contained in this presentation describe our expectations, estimates and projected future events as at August 11, 2016. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking statements contained in this presentation. The forward-looking statements do not reflect the potential impact of any non-recurring or other special items or of any dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after August 11, 2016. If any non-recurring or other special item or any transaction should occur, the financial impact could be complex and the effect on our operations or results would depend on the facts particular to such item and we cannot describe the expected impact in a meaningful way or in the same way we could present known risks affecting our business. Factors that could cause actual results to differ materially from expectations include, but are not limited to: credit risks - related to issuers of securities held in our investment portfolio, debtors, structured securities, reinsurers, counterparties, other financial institutions and other entities; market risks - related to the performance of equity markets; changes or volatility in interest rates or credit spreads or swap spreads; real estate investments; and fluctuations in foreign currency exchange rates; insurance risks - related to mortality, morbidity, longevity and policyholder behaviour; product design and pricing; the impact of higher-than-expected future expenses; and the availability, cost and effectiveness of reinsurance; business and strategic risks - related to global economic and political conditions; changes in distribution channels or customer behaviour including risks relating to market conduct by intermediaries and agents; changes in the competitive, legal or regulatory environment, including capital requirements and tax laws; tax matters, including estimates and judgments used in calculating taxes; the design and implementation of business strategies; the performance of our investments and investment portfolios managed for clients such as segregated and mutual funds; our international operations, including our joint ventures; market conditions that affect our capital position or ability to raise capital; downgrades in financial strength or credit ratings; and the impact of mergers, acquisitions and divestitures; operational risks - related to breaches or failure of information system security and privacy, including cyber-attacks; our ability to attract and retain employees; the execution and integration of mergers, acquisitions and divestitures; legal, regulatory compliance and market conduct, including the impact of regulatory inquiries and investigations; our information technology infrastructure; a failure of information systems and Internet-enabled technology; dependence on third-party relationships, including outsourcing arrangements; business continuity; model errors; information management; the environment, environmental laws and regulations and third-party policies; and liquidity risks - the possibility that we will not be able to fund all cash outflow commitments as they fall due.

Forward-looking statements are presented for the purpose of assisting investors and others in understanding our expected financial position and results of operations as at the date of this presentation, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such forward-looking statements may not be appropriate for other purposes.