



Financial and Operating Results Supplementary Financial Information

Sun Life Financial Inc. (unaudited)
For the period ended September 30, 2020



SUPPLEMENTARY FINANCIAL INFORMATION
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Reporting Changes

Effective the first quarter of 2020, Asia's International business and Hong Kong business are combined into a new management structure called "International Hubs". International Hubs is comprised of Hong Kong and International. The Insurance and Wealth business was renamed to Local Markets and is comprised of Philippines, Indonesia, India, China, Malaysia and Vietnam. We have updated prior period amounts to reflect this change in presentation. Details can be found on pages 18 to 20.

Effective January 1, 2020, SLC Management is collecting fee income and is incurring operational expenses associated with the management of general fund assets. Intersegment transactions are eliminated as consolidation adjustments in the Corporate segment. Details can be found on pages 16, 21, 22 and 27.

Basis of Presentation

All amounts in this document are presented in millions of Canadian dollars unless otherwise indicated. Sun Life Financial Inc., together with its subsidiaries and joint ventures, are collectively referred to as "the Company", "Sun Life", "we", "our" and "us". We prepare our unaudited Interim Consolidated Financial Statements using International Financial Reporting Standards ("IFRS"), and in accordance with the International Accounting Standard ("IAS") 34 Interim Financial Reporting. Reported net income (loss) refers to common shareholders' net income (loss) determined in accordance with IFRS.

Diluted Earnings per Share – Underlying

Under IFRS, diluted earnings per share ("EPS") include the impact of dilution from the Sun Life Exchangeable Capital Securities ("SLEECs"). Diluted underlying EPS excludes the impact of these convertible securities. No adjustment is reflected for periods in which the SLEECs conversion would have caused an anti-dilutive result. Additional detail on the calculation of diluted EPS can be found on page 7.

Constant Currency Measures

Constant currency measures are calculated using the average currency and period end rates, as appropriate, in effect in the comparable period. Constant currency measures are non-IFRS financial measures. See Use of Non-IFRS Financial Measures and Reconciliation of Non-IFRS Financial Measures in our interim Management's Discussion & Analysis ("MD&A").

Other Adjustments

Acquisition, Integration and Restructuring

In Q1 2020, amounts include acquisition costs for the BentallGreenOak ("BGO") acquisition, which includes the unwinding of the discount for the put option and deferred payments liability of \$10 million. As a result of various projects initiated in the fourth quarter of 2019 to simplify our organizational structure and drive efficiencies, we also recorded a restructuring charge of \$28 million post tax (\$37 million pre-tax). Amounts include acquisition costs for the BGO acquisition and Infrared Capital Partners ("Infrared") acquisition, which includes the unwinding of the discount for the put option and deferred payments liability of \$11 million in Q3 2020 and Q2 2020.

In Q1 2019, acquisition, integration and restructuring costs related to integration costs of the U.S. Employee Benefits business. In Q2 2019, acquisition, integration and restructuring costs included \$5 million post tax (\$6 million pre-tax) acquisition costs relating to the merger of Bentall Kennedy and GreenOak. In Q3 2019, acquisition, integration and restructuring costs predominantly reflected acquisition costs in SLC Management related to the acquisition of a majority stake in BGO. In Q4 2019, acquisition, integration and restructuring costs included \$16 million post tax (\$21 million pre-tax) in acquisition costs relating to our acquisition of a majority stake in BGO and Infrared. As part of our focus on advancing our Client Strategy, we also recorded a restructuring charge of \$25 million post tax (\$33 million pre-tax) in the fourth quarter of 2019, primarily related to severance costs, as a result of various initiatives to simplify our organizational structure and drive efficiencies.

In Q1 2018, acquisition, integration and restructuring costs primarily related to integration costs of the U.S. Employee Benefits business. In Q2 2018, acquisition, integration and restructuring costs included integration costs of the U.S. Employee Benefits business, acquisition costs for Maxwell Health and an amount pertaining to a distribution arrangement in India for asset management. In Q3 2018, acquisition, integration and restructuring costs primarily related to the Maxwell Health acquisition. In Q4 2018, acquisition, integration and restructuring costs primarily related to the acquisition costs of \$11 million post tax (\$13 million pre-tax) relating to the merger of Bentall Kennedy and GreenOak, expected to close in 2019, as well as integration costs of the U.S. Employee Benefits business.

Other

Other includes the U.S. tax reform of \$(251) million, including \$(288) million (\$444) million pre-tax) of ACMA, which is excluded from the ACMA of \$(34) million in Q4 2017. Additional information concerning the U.S. tax reform can be found in the Company's 2017 annual and Q4 interim MD&A.

Non-IFRS Financial Measures

Sun Life Financial Inc. ("Sun Life" or the "Company") prepares annual and interim financial statements using IFRS. The Company reports certain financial information that are not based on IFRS ("non-IFRS financial measures"), as the Company believes 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 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 included in the Company's annual and interim MD&A and the Supplementary Financial Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

Underlying net income (loss) and financial measures based on underlying net income (loss), including underlying EPS or underlying loss per share, and underlying return on equity ("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, which include: (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. All factors discussed in this document that impact our underlying net income are also applicable to reported net income. All EPS measures in this document refer to fully diluted EPS, unless otherwise stated. Underlying EPS exclude the dilutive impacts of convertible instruments.

Sun Life uses the following non-IFRS financial measures:

- (1) ROE. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available. To determine reported ROE and underlying ROE, respectively, reported net income (loss) and underlying net income (loss) is divided by the total weighted average common shareholders' equity for the period and the quarterly ROE is annualized;
- (2) Financial leverage ratio. This total debt to total capital ratio is a ratio of debt plus preferred shares to total capital, where debt consists of all capital qualifying debt securities, which represent subordinated debt and innovative capital instruments;
- (3) Dividend payout ratio. This is the ratio of dividends paid per share to diluted reported and underlying EPS, respectively, for the period;
- (4) Value of New Business ("VNB"). VNB 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 Asset Management pillar. The assumptions used in the calculations are generally consistent with those used in the valuation of our insurance contract liabilities except that discount rates used approximate theoretical return expectations of an equity investor. Capital required is based on the higher of Sun Life Assurance's Life Insurance Capital Adequacy Test ("LICAT") operating target and local (country specific) operating target capital. VNB is a useful metric to evaluate the present value created from new business contracts. There is no directly comparable IFRS measure;
- (5) Adjusted premiums and deposits. This measure is an alternative measure of premiums and deposits that provides greater comparability across reporting periods by excluding the impacts of: (i) exchange rate fluctuations, from the translation of functional currencies to the Canadian dollar, for comparisons ("Constant Currency Adjustment"), and (ii) reinsurance for the insured business in Canada's Group Benefits operations ("Reinsurance in Canada's GB Operations Adjustment");
- (6) Pre-tax net operating profit margin ratio for MFS. This ratio is a measure of the profitability of MFS, which excludes the impact of fair value adjustments on MFS's share-based payment awards, investment income and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impacts these items have on the pre-tax net operating profit margin ratio and have no impact on the profitability of MFS. There is no directly comparable IFRS measure;
- (7) Pre-tax gross operating profit margin ratio for MFS. This ratio excludes the impact of fair value adjustments on MFS's share-based payment awards and investment income. There is no directly comparable IFRS measure;
- (8) After-tax profit margin for U.S. Group Benefits. This ratio assists in explaining our results from period to period and is a measure of profitability that expresses U.S. employee benefits and medical stop-loss underlying net income (loss) as a percentage of net premiums. This ratio is calculated by dividing underlying net income (loss) by net premiums for the trailing four quarters. There is no directly comparable IFRS measure; and
- (9) Impact of foreign exchange. Several IFRS financial measures are presented on a constant currency adjusted basis to exclude the impacts of foreign exchange translation. These measures are calculated using the average or period end foreign exchange rates, as appropriate, in effect at the date of the comparative period.

Sun Life also uses the following non-IFRS financial measures for which there are no comparable financial measures in IFRS:

- (1) administrative services only ("ASO") premium and deposit equivalents, mutual fund sales, managed fund sales, life and health or insurance sales and total premiums and deposits;
- (2) assets under management ("AUM"), mutual fund assets, managed fund assets, other AUM, and assets under management and under administration; and
- (3) MFS pro forma diluted EPS impact, which illustrates the impact on the Company's diluted earnings per share for the period assuming the MFS liability for share-based compensation is settled in the shares of Sun Life.

Sources of Earnings

Sources of earnings is an alternative presentation of our Consolidated Statements of Operations that identifies and quantifies various sources of income. The Company is required to disclose its sources of earnings by its principal regulator, the Office of the Superintendent of Financial Institutions.

FINANCIAL HIGHLIGHTS
RESULTS
Common Shareholders' Reported Net Income (Loss) by Segment

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019						2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Canada	387	117	(42)	275	223	148	237	96	335	883	942	963
U.S.	(113)	118	164	131	(186)	94	124	118	(267)	163	52	(144)
Asset Management	251	223	239	228	221	229	219	244	241	897	909	653
Asia	236	126	100	136	170	134	80	125	164	520	555	778
Corporate	(11)	(65)	(70)	(51)	253	(10)	(37)	(3)	94	155	64	(101)
Total common shareholders' reported net income (loss)	750	519	391	719	681	595	623	580	567	2,618	2,522	2,149

Market related impacts:

Net equity market impact	50	59	(360)	40	9	20	58	(143)	5	127	(174)	62
Net interest rate impact	(14)	(205)	79	(11)	(90)	(114)	(133)	(41)	14	(348)	(91)	(157)
Net increases (decreases) in the fair value of real estate	(37)	(41)	(12)	(11)	(8)	(3)	6	31	6	(16)	77	88
	(1)	(187)	(293)	18	(89)	(97)	(69)	(153)	25	(237)	(188)	(7)
Assumption changes and management actions (ACMA)	(53)	5	(53)	(15)	—	(20)	(11)	13	(166)	(46)	(155)	81

Other adjustments:

Certain hedges that do not qualify for hedge accounting	5	—	(1)	4	(5)	(5)	1	(1)	(1)	(5)	5	(16)
Fair value adjustments on share-based payment awards at MFS	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(10)	(64)	(5)	(81)
Acquisition, integration and restructuring	(11)	(14)	(42)	(43)	(26)	(11)	(7)	(25)	(11)	(87)	(82)	(123)
Other ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—	(251)

Total common shareholders' underlying net income (loss)

	842	739	770	792	809	739	717	718	730	3,057	2,947	2,546
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Common Shareholders' Underlying Net Income (Loss) by Segment

Canada	293	281	256	264	268	243	237	245	251	1,012	1,036	949
U.S.	136	123	161	137	135	110	150	121	139	532	514	376
Asset Management	294	259	242	281	251	245	227	227	251	1,004	925	812
Asia	164	144	155	143	138	147	122	140	110	550	523	461
Corporate	(45)	(68)	(44)	(33)	17	(6)	(19)	(15)	(21)	(41)	(51)	(52)
Total common shareholders' underlying net income (loss)	842	739	770	792	809	739	717	718	730	3,057	2,947	2,546

Profitability Measures
Basic earnings per common share (EPS)

Reported	1.28	0.89	0.67	1.22	1.15	1.00	1.04	0.96	0.94	4.42	4.16	3.51
Diluted earnings per common share												
Reported	1.28	0.88	0.67	1.22	1.15	1.00	1.04	0.96	0.93	4.40	4.14	3.49
Underlying	1.44	1.26	1.31	1.34	1.37	1.24	1.20	1.19	1.20	5.16	4.86	4.15

Premiums & Deposits

Net premiums	6,396	5,521	5,146	6,639	4,799	4,480	4,370	5,313	4,369	20,288	18,642	15,281
Segregated fund deposits	2,623	2,492	3,277	3,517	2,505	2,872	3,064	2,763	2,692	11,958	11,553	10,858
Mutual fund sales ⁽²⁾	33,549	35,697	38,089	27,177	25,292	23,703	23,664	22,135	18,746	99,836	84,202	87,515
Managed fund sales	12,815	18,810	16,878	12,347	12,200	10,539	9,976	9,629	7,962	45,062	38,903	44,093
ASO premium & deposit equivalents	3,215	1,774	1,811	1,715	1,699	1,681	1,707	1,673	1,693	6,802	6,808	6,933
Total premiums & deposits	58,598	64,294	65,201	51,395	46,495	43,275	42,781	41,513	35,462	183,946	160,108	164,680
Total adjusted premiums & deposits ⁽³⁾	58,248				46,639							

Sales & Value of New Business

Individual Life & Health ⁽⁴⁾	378	312	389	469	375	324	343	353	285	1,511	1,264	1,236
Group Life & Health ⁽⁴⁾	303	307	387	933	310	333	437	961	292	2,013	1,925	1,806
Wealth - Asset Management	43,066	51,575	51,954	36,847	34,442	31,929	31,287	29,423	24,365	134,505	111,315	117,282
Wealth - excluding Asset Management ⁽²⁾⁽⁴⁾	9,618	5,063	7,950	8,025	6,709	5,047	4,706	6,818	5,467	24,487	25,387	28,032
Value of New Business ⁽⁵⁾	261	206	380	337	252	235	382	310	244	1,206	1,154	968

⁽¹⁾ Represents U.S. tax reform in Q4 2017. Refer to the Notes section of this document for additional details.

⁽²⁾ Includes Aditya Birla Sun Life AMC Limited's equity and fixed income mutual funds sales based on our proportionate equity interest.

⁽³⁾ Adjusted premiums and deposits are a non-IFRS financial measure that excludes the impact of currency and reinsurance for the insured business in Canada's Group Benefits operations.

⁽⁴⁾ Includes the sales in the Company's joint ventures and associates with local partners in Asia based on our proportionate equity interest.

⁽⁵⁾ Excludes Asset Management businesses.

FINANCIAL HIGHLIGHTS CONTINUED

FINANCIAL HIGHLIGHTS CONTINUED	At and For the Quarter Ended								At and For the Year Ended			
	2020			2019				2018		2019	2018	2017
Valuation Data	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Book value per common share	38.17	37.56	37.50	35.97	35.56	36.26	36.20	35.84	34.11	35.97	35.84	32.86
Book value per common share excluding AOCI	34.53	33.79	33.46	33.48	32.80	33.77	33.42	33.01	32.67	33.48	33.01	31.05
Tangible book value per common share	23.35	23.73	23.42	22.50	22.14	24.31	24.24	23.82	22.54	22.50	23.82	21.64
Market-to-book value (times)	1.42	1.33	1.21	1.65	1.67	1.50	1.42	1.26	1.51	1.65	1.26	1.58
Total market capitalization (TSX in \$ billions)	31.7	29.2	26.5	34.8	34.8	32.1	30.5	27.1	31.0	34.8	27.1	31.7
Financial Strength												
SLA LICAT ratio	127 %	126 %	130 %	130 %	133 %	133 %	132 %	131 %	130 %	130 %	131 %	n/a
SLF LICAT ratio	144 %	146 %	143 %	143 %	146 %	144 %	145 %	144 %	145 %	143 %	144 %	n/a
Total debt to total capital ratio	21.5 %	23.2 %	20.7 %	21.2 %	22.8 %	20.4 %	21.1 %	21.2 %	21.9 %	21.2 %	21.2 %	23.6 %
Common Share Information (SLF on TSX)												
High (intraday)	57.56	53.32	66.44	61.91	59.73	55.97	52.23	51.58	53.98	61.91	56.09	53.25
Low (intraday)	48.29	42.01	35.43	56.62	51.19	51.64	44.43	43.13	49.66	44.43	43.13	43.51
Close (end of period)	54.26	49.89	45.27	59.21	59.24	54.23	51.34	45.29	51.35	59.21	45.29	51.88
Number of Common Shares Outstanding (in millions)												
At beginning of period	584.7	584.6	587.8	587.6	591.0	594.6	598.5	603.3	607.0	598.5	610.5	613.6
Common shares issued	0.1	0.1	0.3	0.2	0.2	0.1	0.3	—	0.1	0.8	0.5	0.4
Common shares purchased and cancelled	—	—	(3.5)	—	(3.6)	(3.7)	(4.2)	(4.8)	(3.8)	(11.5)	(12.5)	(3.5)
At end of period	584.8	584.7	584.6	587.8	587.6	591.0	594.6	598.5	603.3	587.8	598.5	610.5
Weighted average shares outstanding - basic	585	585	587	588	590	593	597	602	606	592	606	613
Weighted average shares outstanding - diluted ⁽¹⁾	589	589	592	593	595	598	602	607	611	597	611	618
Dividend per common share	0.55	0.55	0.55	0.55	0.525	0.525	0.50	0.50	0.475	2.10	1.905	1.745
Dividend payout ratio ⁽²⁾												
Reported	43 %	63 %	82 %	45 %	46 %	53 %	48 %	52 %	51 %	48 %	46 %	49 %
Underlying	38 %	44 %	42 %	41 %	38 %	42 %	42 %	42 %	40 %	41 %	39 %	42 %
Dividend yield ⁽³⁾	4.1 %	4.6%	3.8%	3.7%	3.8%	3.9%	4.1%	4.2%	3.6%	3.9 %	3.7%	3.6%
Assets Under Management ⁽⁴⁾												
General funds	196,235	195,489	188,366	180,229	180,206	174,325	172,348	168,765	162,439	180,229	168,765	162,720
Segregated funds	116,653	112,944	102,824	116,973	112,806	111,684	110,011	103,062	108,298	116,973	103,062	106,392
Total assets	312,888	308,433	291,190	297,202	293,012	286,009	282,359	271,827	270,737	297,202	271,827	269,112
Other assets under management												
Mutual funds	456,120	427,977	377,987	417,042	394,498	381,625	370,877	341,425	358,458	417,042	341,425	346,659
Managed funds & other	451,125	417,813	385,681	415,888	406,458	387,781	388,879	366,847	383,679	415,888	366,847	386,840
Consolidation adjustments	(33,784)	(32,650)	(31,538)	(30,785)	(31,036)	(30,639)	(30,730)	(28,956)	(29,355)	(30,785)	(28,956)	(27,826)
Total other assets under management	873,461	813,140	732,130	802,145	769,920	738,767	729,026	679,316	712,782	802,145	679,316	705,673
Total assets under management	1,186,349	1,121,573	1,023,320	1,099,347	1,062,932	1,024,776	1,011,385	951,143	983,519	1,099,347	951,143	974,785
Total assets under management and administration ⁽⁴⁾	1,223,217	1,155,597	1,054,216	1,134,344	1,106,939	1,068,913	1,054,952	992,984	1,027,784	1,134,344	992,984	1,023,458
Select Constant Currency Measures												
Reported net income	739				681							
Underlying net income	833				809							
Sales - Individual Life & Health	374				375							
Sales - Group Life & Health	301				310							
Sales - Wealth	52,247				41,151							
Premiums & deposits	58,102				46,495							
Reported earnings per share - Diluted	1.26				1.15							
Underlying earnings per share - Diluted	1.42				1.37							
Assets under management ⁽⁴⁾	1,178,451				1,062,932							

⁽¹⁾ The number of diluted shares outstanding reflect the impact of dilution from the Sun Life Exchangeable Capital Securities ("SLEECS") under IFRS. Where the calculation of diluted EPS has resulted in anti-dilution, the dilutive impact of the SLEECS has been excluded in the number of weighted average number of shares outstanding.

⁽²⁾ The calculation methodology is based on diluted reported EPS and diluted underlying EPS, respectively.

⁽³⁾ The quarterly dividend yield calculation represents the annualized dividend per share in the quarter over the daily average share price in the quarter. The annual dividend calculation represents the dividend paid in the year over the daily average share price for the year.

⁽⁴⁾ The assets of our joint ventures are included based on our proportionate equity interest.

CONSOLIDATED STATEMENTS OF OPERATIONS

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Premiums - life insurance	2,794	2,805	2,597	2,878	2,308	2,210	2,074	2,383	2,015	9,470	8,677	8,831
Premiums - health insurance	2,597	2,784	2,682	2,490	2,473	2,482	2,463	2,321	2,300	9,908	9,121	8,519
Premiums - annuities	1,590	571	460	1,912	589	396	405	1,231	613	3,302	3,183	2,488
Gross premiums	6,981	6,160	5,739	7,280	5,370	5,088	4,942	5,935	4,928	22,680	20,981	19,838
Ceded premiums	(585)	(639)	(593)	(641)	(571)	(608)	(572)	(622)	(559)	(2,392)	(2,339)	(4,557)
Net premiums	6,396	5,521	5,146	6,639	4,799	4,480	4,370	5,313	4,369	20,288	18,642	15,281
Net investment income (loss)	1,889	8,069	(315)	209	3,232	4,124	5,575	1,384	129	13,140	2,389	8,211
Fee income	1,747	1,596	1,639	1,677	1,585	1,542	1,447	1,483	1,500	6,251	5,966	5,842
Total revenue	10,032	15,186	6,470	8,525	9,616	10,146	11,392	8,180	5,998	39,679	26,997	29,334
Policy benefits and expenses												
Gross claims & benefits paid	4,338	4,778	4,418	4,613	4,335	4,353	4,120	4,102	3,908	17,421	15,986	15,353
Change in investment/insurance contract liabilities & reinsurance assets ⁽¹⁾	2,645	7,712	(661)	768	2,570	3,071	4,558	1,400	(798)	10,967	70	6,070
Operating expenses, commissions and other expenses	2,637	2,592	2,579	2,828	2,470	2,471	2,420	2,402	2,303	10,189	9,451	9,495
Reinsurance expenses (recoveries)	(577)	(609)	(531)	(595)	(525)	(503)	(508)	(498)	(476)	(2,131)	(2,021)	(4,373)
Total policy benefits and expenses	9,043	14,473	5,805	7,614	8,850	9,392	10,590	7,406	4,937	36,446	23,486	26,545
Income (loss) before income taxes	989	713	665	911	766	754	802	774	1,061	3,233	3,511	2,789
Income tax expense (benefit)	102	61	279	98	10	90	88	112	184	286	597	302
Participating policyholders' net income (loss) and non-controlling interest	115	109	(29)	70	52	45	67	59	286	234	298	245
Preferred shareholder dividends	22	24	24	24	23	24	24	23	24	95	94	93
Common shareholders' reported net income (loss)	750	519	391	719	681	595	623	580	567	2,618	2,522	2,149
Common shareholders' underlying net income (loss)	842	739	770	792	809	739	717	718	730	3,057	2,947	2,546
Return on equity - reported	13.5 %	9.4 %	7.2 %	13.6 %	13.0 %	11.0 %	11.5 %	10.9 %	10.8 %	12.3 %	12.1 %	10.7 %
Return on equity - underlying	15.1 %	13.4 %	14.2 %	15.0 %	15.5 %	13.7 %	13.3 %	13.6 %	14.0 %	14.3 %	14.2 %	12.7 %

SOURCES OF EARNINGS - Total Company

	For the Quarter Ended									For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Expected profit on in-force business	924	871	816	849	816	784	739	744	788	3,188	2,998	2,806
Impact of new business	8	(5)	6	22	(22)	(5)	(11)	17	(8)	(16)	15	41
Experience gains (losses)	(13)	(403)	(111)	(18)	(86)	(128)	(96)	(142)	88	(328)	(4)	(41)
Assumption changes and management actions	(91)	3	(66)	(16)	(74)	(27)	(10)	13	(258)	(127)	(246)	(505)
Other ⁽²⁾	(60)	(52)	(50)	(108)	(58)	(42)	(29)	(12)	(40)	(237)	(150)	(347)
Earnings (loss) on operations (pre-tax)	768	414	595	729	576	582	593	620	570	2,480	2,613	1,954
Earnings on surplus	96	155	116	115	137	123	125	111	119	500	540	496
Earnings (loss) before income taxes	864	569	711	844	713	705	718	731	689	2,980	3,153	2,450
Income tax (expense) benefit	(93)	(22)	(290)	(101)	(9)	(86)	(71)	(128)	(98)	(267)	(537)	(208)
Earnings (loss) before preferred share dividends and non-controlling interest	771	547	421	743	704	619	647	603	591	2,713	2,616	2,242
Preferred share dividends and non-controlling interest	(21)	(28)	(30)	(24)	(23)	(24)	(24)	(23)	(24)	(95)	(94)	(93)
Common shareholders' reported net income (loss)	750	519	391	719	681	595	623	580	567	2,618	2,522	2,149
Underlying net income adjustments (post tax):												
Market related impacts	(1)	(187)	(293)	18	(89)	(97)	(69)	(153)	25	(237)	(188)	(7)
Assumption changes and management actions	(53)	5	(53)	(15)	—	(20)	(11)	13	(166)	(46)	(155)	81
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	5	—	(1)	4	(5)	(5)	1	(1)	(1)	(5)	5	(16)
Fair value adjustments on share-based payment awards at MFS	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(10)	(64)	(5)	(81)
Acquisition, integration and restructuring	(11)	(14)	(42)	(43)	(26)	(11)	(7)	(25)	(11)	(87)	(82)	(123)
Other	—	—	—	—	—	—	—	—	—	—	—	(251)
	(92)	(220)	(379)	(73)	(128)	(144)	(94)	(138)	(163)	(439)	(425)	(397)
Common shareholders' underlying net income (loss)	842	739	770	792	809	739	717	718	730	3,057	2,947	2,546
EXCHANGE RATES - Average for the period												
U.S. Dollar	1.332	1.386	1.341	1.320	1.320	1.337	1.329	1.321	1.306	1.327	1.295	1.298

⁽¹⁾ Includes the following income statement line items: Increases/(decreases) in insurance contract liabilities, change in reinsurance assets, increase/(decrease) in investment contract liabilities and net transfers to/(from) segregated funds.

⁽²⁾ Represents pre-tax adjustments related to certain hedges that do not qualify for hedge accounting, MFS fair value adjustments on share-based payment awards, and acquisition, integration and restructuring amounts.

STATEMENTS OF FINANCIAL POSITION
(C\$ millions)

	At the Quarter Ended								At the Year Ended		
	2020		2019				2018		2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3		
Assets											
Cash, cash equivalents and short-term securities	12,450	11,792	9,548	9,575	8,647	8,188	8,370	9,506	8,196	9,575	8,890
Debt securities	89,173	90,038	84,599	81,606	82,167	78,677	76,715	74,443	71,076	81,606	72,619
Equity securities	5,835	5,530	4,605	4,787	4,925	4,850	4,918	4,634	4,961	4,787	6,020
Mortgages and loans	50,067	49,858	50,253	48,222	48,125	47,485	47,565	46,822	45,207	48,222	42,805
Derivative assets	2,279	2,914	3,128	1,548	2,193	1,914	1,430	1,112	1,185	1,548	1,478
Other invested assets	5,791	5,658	5,795	5,357	5,325	5,095	5,057	4,830	4,546	5,357	4,154
Policy loans	3,310	3,308	3,324	3,218	3,216	3,196	3,215	3,222	3,141	3,218	3,106
Investment properties	7,406	7,404	7,359	7,306	7,335	7,229	6,999	7,157	7,270	7,306	7,067
Total invested assets	176,311	176,502	168,611	161,619	161,933	156,634	154,269	151,726	145,582	161,619	146,139
Other assets	5,771	5,049	5,564	5,216	4,899	5,114	5,554	4,498	4,817	5,216	4,408
Reinsurance assets	3,999	4,315	4,357	4,024	4,059	4,210	4,135	4,141	3,937	4,024	4,028
Deferred tax assets	1,485	1,534	1,606	1,455	1,431	1,305	1,278	1,209	1,122	1,455	1,295
Intangible assets	2,493	2,142	2,184	2,083	2,015	1,753	1,754	1,779	1,705	2,083	1,667
Goodwill	6,176	5,947	6,044	5,832	5,869	5,309	5,358	5,412	5,276	5,832	5,183
Total general fund assets	196,235	195,489	188,366	180,229	180,206	174,325	172,348	168,765	162,439	180,229	162,720
Investment for account of segregated fund holders	116,653	112,944	102,824	116,973	112,806	111,684	110,011	103,062	108,298	116,973	106,392
Total assets	312,888	308,433	291,190	297,202	293,012	286,009	282,359	271,827	270,737	297,202	269,112
Liabilities and Equity											
Insurance contract liabilities	144,170	142,501	135,252	131,184	130,870	127,728	125,491	121,923	117,480	131,184	117,785
Investment contract liabilities	3,251	3,198	3,120	3,116	3,121	3,145	3,136	3,164	3,137	3,116	3,082
Derivative liabilities	2,407	3,313	4,509	2,040	2,352	1,804	1,762	2,295	1,676	2,040	1,756
Deferred tax liabilities	407	391	313	406	397	393	328	322	359	406	403
Other liabilities	15,573	15,633	15,865	14,937	14,730	12,506	12,580	12,153	11,813	14,937	11,987
Senior debentures	300	300	300	300	300	600	599	599	599	300	599
Senior debentures - Innovative capital instruments	200	200	200	200	700	700	700	700	700	200	700
Subordinated debt	4,035	4,534	3,539	3,538	3,538	2,791	3,040	3,039	3,039	3,538	3,437
Total general fund liabilities	170,343	170,070	163,098	155,721	156,008	149,667	147,636	144,195	138,803	155,721	139,749
Insurance contracts for account of segregated fund holders	110,447	106,776	97,043	110,269	106,404	105,168	103,265	96,663	101,500	110,269	99,121
Investment contracts for account of segregated fund holders	6,206	6,168	5,781	6,704	6,402	6,516	6,746	6,399	6,798	6,704	7,271
Total liabilities	286,996	283,014	265,922	272,694	268,814	261,351	257,647	247,257	247,101	272,694	246,141
Total equity	25,892	25,419	25,268	24,508	24,198	24,658	24,712	24,570	23,636	24,508	22,971
Total liabilities and equity	312,888	308,433	291,190	297,202	293,012	286,009	282,359	271,827	270,737	297,202	269,112
EXCHANGE RATES - Period end rates											
U.S. Dollar	1.332	1.357	1.406	1.299	1.324	1.309	1.334	1.364	1.290	1.299	1.258

STATEMENT OF EQUITY AND CAPITAL

(C\$ millions)

CHANGES IN COMMON SHAREHOLDERS' EQUITY

	At the Quarter Ended									At the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Balance at beginning of period	21,962	21,921	21,141	20,896	21,427	21,525	21,449	20,577	20,959	21,449	20,064	19,699
Common shareholders' reported net income (loss)	750	519	391	719	681	595	623	580	567	2,618	2,522	2,149
Dividends - common shares	(314)	(324)	(323)	(316)	(309)	(312)	(299)	(294)	(287)	(1,236)	(1,147)	(1,066)
Common shares issued, net of expenses	2	3	10	5	5	5	8	—	3	23	17	15
Common shares buyback	—	—	(200)	—	(192)	(200)	(200)	(235)	(200)	(592)	(641)	(175)
Share-based compensation	—	—	—	1	—	1	3	1	—	5	4	3
Other ⁽¹⁾	—	—	—	—	(875)	—	(22)	—	—	(897)	45	—
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	(202)	(480)	1,036	(136)	112	(258)	(279)	770	(314)	(561)	906	(730)
Unrealized gains (losses) on available-for-sale assets	91	492	(296)	(70)	39	149	251	(31)	(88)	369	(402)	135
Unrealized gains (losses) on cash flow hedges	6	7	(21)	(1)	6	3	6	(6)	(2)	14	(10)	(5)
Share of other comprehensive income (loss) in joint ventures and associates	(3)	(27)	63	(14)	1	(24)	27	103	(72)	(10)	7	(31)
Unrealized gains (losses) on transfer to investment properties	—	—	—	—	—	—	—	—	—	—	—	139
Remeasurement of defined benefit plans	31	(149)	120	57	1	(57)	(42)	(16)	11	(41)	84	(69)
Balance at end of period	22,323	21,962	21,921	21,141	20,896	21,427	21,525	21,449	20,577	21,141	21,449	20,064

Composition of shareholders' accumulated OCI balance

Unrealized foreign currency translation gains (losses), net of hedging activities	1,702	1,904	2,384	1,348	1,484	1,372	1,630	1,909	1,139	1,348	1,909	1,003
Unrealized gains (losses) on available-for-sale assets	600	509	17	313	383	344	195	(56)	(25)	313	(56)	346
Unrealized gains (losses) on cash flow hedges	(15)	(21)	(28)	(7)	(6)	(12)	(15)	(21)	(15)	(7)	(21)	(11)
Share of other comprehensive income (loss) in joint ventures and associates	(1)	2	29	(34)	(20)	(21)	3	(24)	(127)	(34)	(24)	(31)
Unrealized gains (losses) on transfer to investment properties	145	145	145	145	145	145	145	145	145	145	145	145
Remeasurement of defined benefit plans	(302)	(333)	(184)	(304)	(361)	(362)	(305)	(263)	(247)	(304)	(263)	(347)
Balance at end of period	2,129	2,206	2,363	1,461	1,625	1,466	1,653	1,690	870	1,461	1,690	1,105

CAPITAL

Subordinated debt	4,035	4,534	3,539	3,538	3,538	2,791	3,040	3,039	3,039	3,538	3,039	3,437
SLEECs ⁽²⁾	200	200	200	200	700	700	699	699	699	200	699	699
Participating policyholders' equity and non-controlling interest	1,312	1,200	1,090	1,110	1,045	974	930	864	802	1,110	864	650
Preferred shareholders' equity	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257
Common shareholders' equity	22,323	21,962	21,921	21,141	20,896	21,427	21,525	21,449	20,577	21,141	21,449	20,064
Total capital	30,127	30,153	29,007	28,246	28,436	28,149	28,451	28,308	27,374	28,246	28,308	27,107

LICAT RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA
Capital Resources

Tier 1 capital												
Retained earnings and contributed surplus	14,065	13,447	13,444	13,731	13,791	13,521	13,456	13,338	13,057			
Adjusted accumulated other comprehensive income	1,797	1,932	2,103	1,226	1,372	1,241	1,383	1,405	664			
Common and preferred shares	3,195	3,197	3,195	3,195	3,195	3,195	3,195	3,195	3,195			
Innovative instruments	200	200	200	200	700	700	699	699	699			
Other	256	37	41	45	48	52	56	59	59			
Less:												
Goodwill	2,475	2,505	2,577	2,433	2,460	2,449	2,491	2,552	2,423			
Tier 1 deductions	4,609	4,730	5,030	4,690	4,459	4,171	4,299	4,618	4,240			
Net tier 1 capital	12,429	11,578	11,376	11,274	12,187	12,089	11,999	11,526	11,011			
Tier 2 capital												
Preferred shares and subordinated debt	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900			
Other tier 2	2,579	2,698	2,806	2,662	2,618	2,427	2,538	2,647	2,440			
Less:												
Tier 2 deductions	320	320	320	320	820	820	820	820	820			
Net tier 2 capital	5,159	5,278	5,386	5,242	4,698	4,507	4,618	4,727	4,520			
Surplus allowance and eligible deposits	10,203	10,339	9,472	9,359	9,648	9,520	9,257	8,799	8,649			
Total capital resources	27,791	27,195	26,234	25,875	26,533	26,116	25,874	25,052	24,180			

Capital Requirements

Credit risk	4,092	4,063	3,966	3,759	3,812	3,718	3,692	3,642	3,554			
Market risk	4,868	4,748	4,014	4,416	4,481	4,510	4,653	4,337	4,203			
Insurance risk	8,788	9,009	9,092	8,487	8,503	8,510	8,576	8,625	8,265			
Total non-participating product risk (before other credits and diversification)	17,748	17,820	17,072	16,662	16,796	16,738	16,921	16,604	16,022			
Total participating product risk including par credits (before other credits and diversification)	4,234	4,033	3,589	3,561	3,546	3,433	3,350	3,283	3,303			
Less:												
Credits and diversification benefits	4,145	4,208	4,228	4,010	4,096	4,133	4,200	4,292	4,150			
Total Non-participating and participating product risk	17,837	17,645	16,433	16,213	16,246	16,038	16,071	15,595	15,175			
Segregated fund guarantees risk	959	947	959	906	942	936	953	983	951			
Operational risk	1,992	1,958	1,821	1,785	1,749	1,700	1,690	1,646	1,625			
Total before scalar	20,788	20,550	19,213	18,904	18,937	18,674	18,714	18,224	17,751			
Base solvency buffer (Total before scalar x scalar [1.05])	21,827	21,578	20,174	19,849	19,884	19,608	19,650	19,136	18,639			
LICAT ratio	127%	126 %	130 %	130 %	133 %	133 %	132 %	131 %	130 %			
LICAT core ratio	90%	87 %	89 %	90 %	95 %	96 %	94 %	92 %	92 %			

⁽¹⁾ In Q3 2019, other reflects primarily the establishment of financial liabilities associated with the anticipated increase of our future ownership in BGO and in Q1 2019, other consists of a \$(22) million change in retained earnings due to the adoption of IFRS 16. In 2018, other consists of an \$89 million transfer of seed capital from the participating account to the shareholder account and a \$(44) million change in retained earnings due to the adoption of IFRS 15.

⁽²⁾ SLEECs, which are innovative capital instruments issued by Sun Life Capital Trust and Sun Life Capital Trust II, are presented net of associated transaction costs. SLEEC securities qualify as capital for Canadian Regulatory purposes.

DILUTED EARNINGS PER SHARE RECONCILIATION
WEIGHTED AVERAGE SHARES

Weighted average shares - basic	585	585	587	588	590	593	597	602	606	592	606	613
Diluted impact of stock options	—	—	1	1	1	1	1	1	1	1	1	1
Weighted average shares - diluted underlying	585	585	588	589	591	594	598	603	607	593	607	614
Diluted impact of convertible securities (SLEECs) ⁽¹⁾	4	4	4	4	4	4	4	4	4	4	4	4
Weighted average shares - diluted	589	589	592	593	595	598	602	607	611	597	611	618

DILUTED EARNINGS PER SHARE ⁽²⁾

Total common shareholders' reported net income (loss)	750	519	391	719	681	595	623	580	567	2,618	2,522	2,149
Add: Increase in income due to convertible securities (SLEECs) ⁽³⁾	3	2	3	2	3	2	3	2	3	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	753	521	394	721	684	597	626	582	570	2,628	2,532	2,159
Less Adjustments:												
Impact of SLEECs	3	2	3	2	3	2	3	2	3	10	10	10
Market related impacts:												
Net equity market impact	50	59	(360)	40	9	20	58	(143)	5	127	(174)	62
Net interest rate impact	(14)	(205)	79	(11)	(90)	(114)	(133)	(41)	14	(348)	(91)	(157)
Net increases (decreases) in the fair value of real estate	(37)	(41)	(12)	(11)	(8)	(3)	6	31	6	(16)	77	88
	(1)	(187)	(293)	18	(89)	(97)	(69)	(153)	25	(237)	(188)	(7)
Assumption changes and management actions	(53)	5	(53)	(15)	—	(20)	(11)	13	(166)	(46)	(155)	81
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	5	—	(1)	4	(5)	(5)	1	(1)	(1)	(5)	5	(16)
Impact of fair value adjustments on share-based payment awards at MFS	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(10)	(64)	(5)	(81)
Impact of acquisition, integration and restructuring	(11)	(14)	(42)	(43)	(26)	(11)	(7)	(25)	(11)	(87)	(82)	(123)
Other	—	—	—	—	—	—	—	—	—	—	—	(251)
Total common shareholders' underlying net income (loss)	842	739	770	792	809	739	717	718	730	3,057	2,947	2,546
Diluted earnings per share - reported	\$ 1.28	\$ 0.88	\$ 0.67	\$ 1.22	\$ 1.15	\$ 1.00	\$ 1.04	\$ 0.96	\$ 0.93	\$ 4.40	\$ 4.14	\$ 3.49
Less Adjustments:												
Impact of SLEECs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ (0.02)	\$ (0.01)	\$ (0.01)
Market related impacts:												
Net equity market impact	\$ 0.08	\$ 0.10	\$ (0.61)	\$ 0.07	\$ 0.02	\$ 0.03	\$ 0.09	\$ (0.23)	\$ 0.01	\$ 0.21	\$ (0.29)	\$ 0.10
Net interest rate impact	\$ (0.02)	\$ (0.35)	\$ 0.13	\$ (0.02)	\$ (0.17)	\$ (0.19)	\$ (0.22)	\$ (0.07)	\$ 0.02	\$ (0.57)	\$ (0.15)	\$ (0.25)
Net increases (decreases) in the fair value of real estate	\$ (0.06)	\$ (0.07)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ -	\$ 0.01	\$ 0.05	\$ 0.01	\$ (0.03)	\$ 0.13	\$ 0.14
	\$ -	\$ (0.32)	\$ (0.50)	\$ 0.03	\$ (0.16)	\$ (0.16)	\$ (0.12)	\$ (0.25)	\$ 0.04	\$ (0.39)	\$ (0.31)	\$ (0.01)
Assumption changes and management actions	\$ (0.09)	\$ 0.01	\$ (0.09)	\$ (0.03)	\$ -	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.27)	\$ (0.08)	\$ (0.26)	\$ 0.13
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ -	\$ (0.01)	\$ 0.01	\$ (0.03)
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.06)	\$ (0.04)	\$ 0.02	\$ (0.06)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ 0.05	\$ (0.02)	\$ (0.11)	\$ (0.01)	\$ (0.13)
Impact of acquisition, integration and restructuring	\$ (0.02)	\$ (0.03)	\$ (0.07)	\$ (0.07)	\$ (0.04)	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.02)	\$ (0.15)	\$ (0.14)	\$ (0.20)
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)
Diluted earnings per share - underlying	\$ 1.44	\$ 1.26	\$ 1.31	\$ 1.34	\$ 1.37	\$ 1.24	\$ 1.20	\$ 1.19	\$ 1.20	\$ 5.16	\$ 4.86	\$ 4.15

⁽¹⁾ Represents the number of common shares treated as outstanding in the calculation of diluted EPS, based on the assumed conversion of the SLEECs. No adjustment is reflected for periods in which the SLEECs conversion would have caused an anti-dilutive result.

⁽²⁾ The SLEECs contain features which enable the holders to convert these securities into preferred shares of Sun Life Assurance Company of Canada. Following this conversion, the Company has the option to settle the preferred shares with cash prior to the conversion to common shares of Sun Life. Under IFRS, diluted EPS are calculated by adjusting income and the weighted average number of shares for the effects of all dilutive potential common shares under the assumption that convertible instruments are converted and that outstanding options are exercised.

⁽³⁾ Represents after-tax interest expense on SLEECs converted into common shares that is added to net income as the SLEECs are assumed to be converted at the beginning of each reporting period in the calculation of diluted EPS.

CANADA												
(C\$ millions)												
STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Premiums - life insurance	1,255	1,307	1,276	1,450	1,203	1,277	1,248	1,335	1,129	5,178	4,796	4,493
Premiums - health insurance	1,443	1,596	1,518	1,409	1,403	1,415	1,402	1,347	1,335	5,629	5,316	4,916
Premiums - annuities	1,557	533	427	1,905	584	389	398	1,325	608	3,276	3,261	2,464
Gross premiums	4,255	3,436	3,221	4,764	3,190	3,081	3,048	4,007	3,072	14,083	13,373	11,873
Ceded premiums	(361)	(402)	(374)	(388)	(357)	(381)	(362)	(379)	(350)	(1,488)	(1,487)	(3,871)
Net premiums	3,894	3,034	2,847	4,376	2,833	2,700	2,686	3,628	2,722	12,595	11,886	8,002
Net investment income (loss)	1,109	4,823	(743)	(36)	1,171	2,096	3,243	573	(53)	6,474	1,942	4,133
Fee income	343	306	341	361	328	323	308	333	305	1,320	1,240	1,132
Total revenue	5,346	8,163	2,445	4,701	4,332	5,119	6,237	4,534	2,974	20,389	15,068	13,267
Policy benefits and expenses												
Gross claims & benefits paid	2,507	2,623	2,585	2,538	2,336	2,446	2,383	2,393	2,290	9,703	9,328	8,915
Change in investment/insurance contract liabilities & reinsurance assets	1,803	4,933	(873)	1,194	1,185	1,893	2,978	1,355	(645)	7,250	1,894	3,140
Operating expenses, commissions and other expenses	869	876	899	933	843	874	886	884	819	3,536	3,413	3,396
Reinsurance expenses (recoveries)	(314)	(311)	(311)	(319)	(276)	(296)	(281)	(262)	(281)	(1,172)	(1,138)	(3,557)
Total policy benefits and expenses	4,865	8,121	2,300	4,346	4,088	4,917	5,966	4,370	2,183	19,317	13,497	11,894
Income (loss) before income taxes	481	42	145	355	244	202	271	164	791	1,072	1,571	1,373
Income tax expense (benefit)	57	(158)	177	50	(15)	12	(32)	14	176	15	308	197
Participating policyholders' net income (loss)	37	83	10	30	36	42	66	54	280	174	321	213
Common shareholders' reported net income (loss)	387	117	(42)	275	223	148	237	96	335	883	942	963
Market related impacts	29	(161)	(275)	6	(44)	(72)	(1)	(134)	46	(111)	(117)	8
Assumption changes and management actions	60	(3)	(22)	(1)	4	(20)	—	(14)	39	(17)	23	22
Certain hedges that do not qualify for hedge accounting	5	—	(1)	4	(5)	(5)	1	(1)	(1)	(5)	5	(16)
Acquisition, integration and restructuring	—	—	—	2	—	2	—	—	—	4	(5)	—
Common shareholders' underlying net income (loss)	293	281	256	264	268	243	237	245	251	1,012	1,036	949
Return on equity - reported	21.0%	6.5%	(2.4)%	15.5%	12.7%	8.5%	13.5%	5.5%	19.4%	12.6%	13.8%	12.6%
Return on equity - underlying	15.9%	15.6%	14.3%	14.9%	15.3%	13.8%	13.5%	14.1%	14.5%	14.4%	15.2%	12.4%
PREMIUMS & DEPOSITS												
Net premiums	3,894	3,034	2,847	4,376	2,833	2,700	2,686	3,628	2,722	12,595	11,886	8,002
Segregated fund deposits	2,311	2,264	2,981	3,196	2,196	2,607	2,771	2,468	2,399	10,770	10,315	9,845
Retail mutual fund deposits (Sun Life Global Investments)	569	530	741	607	518	530	519	451	473	2,174	2,071	1,824
ASO premium & deposit equivalents	3,127	1,691	1,728	1,623	1,626	1,612	1,632	1,605	1,551	6,493	6,312	6,247
Total	9,901	7,519	8,297	9,802	7,173	7,449	7,608	8,152	7,145	32,032	30,584	25,918
SALES												
Individual Insurance	80	77	83	117	85	94	93	108	90	389	396	451
Individual Wealth	1,741	1,438	2,106	1,829	1,463	1,491	1,574	1,472	1,469	6,357	6,256	5,884
Group Benefits	67	74	212	111	119	100	269	111	113	599	588	674
Group Retirement Services	5,096	1,170	3,523	4,076	2,673	1,757	1,251	3,411	2,070	9,757	9,030	9,092
ASSETS UNDER MANAGEMENT												
General funds	105,036	102,586	96,945	94,909	93,443	91,791	89,799	86,697	84,534	94,909	86,697	84,698
Segregated funds	99,644	96,027	87,194	98,758	95,257	93,923	91,932	85,885	90,763	98,758	85,885	87,817
Other AUM	6,340	6,100	5,645	6,173	5,875	5,703	5,497	4,854	5,046	6,173	4,854	3,902
Total	211,020	204,713	189,784	199,840	194,575	191,417	187,228	177,436	180,343	199,840	177,436	176,417
Sun Life Global Investments (Canada) Inc.												
Gross Sales												
Retail	751	712	1,021	821	698	740	684	629	661	2,943	2,819	2,474
Institutional & other ⁽¹⁾	430	573	1,090	1,261	487	583	770	602	477	3,101	2,307	2,016
Total	1,181	1,285	2,111	2,082	1,185	1,323	1,454	1,231	1,138	6,044	5,126	4,490
Net Sales	186	(332)	1,016	1,211	494	555	632	473	569	2,892	2,511	2,467
Assets under management	30,753	29,327	27,410	29,000	27,079	26,211	25,169	22,897	23,347	29,000	22,897	20,042

⁽¹⁾ Institutional & other consists primarily of Group Retirement Services segregated fund deposits.

CANADA - INDIVIDUAL INSURANCE & WEALTH
(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,401	1,324	1,378	1,524	1,222	1,297	1,288	1,458	1,194	5,331	5,101	4,579
Ceded premiums	(143)	(162)	(144)	(168)	(137)	(155)	(141)	(160)	(128)	(601)	(562)	(509)
Net premiums	1,258	1,162	1,234	1,356	1,085	1,142	1,147	1,298	1,066	4,730	4,539	4,070
Net investment income (loss)	632	3,589	(249)	(174)	1,026	1,671	2,544	435	(163)	5,067	1,308	3,077
Fee income	145	133	141	163	136	131	123	152	127	553	523	441
Total revenue	2,035	4,884	1,126	1,345	2,247	2,944	3,814	1,885	1,030	10,350	6,370	7,588
Policy benefits and expenses												
Gross claims & benefits paid	803	835	886	944	815	847	846	871	757	3,452	3,268	3,115
Change in investment/insurance contract liabilities & reinsurance assets	785	3,687	—	(199)	1,057	1,723	2,425	632	(609)	5,006	899	2,279
Operating expenses, commissions and other expenses	476	467	497	539	466	480	498	496	453	1,983	1,905	1,927
Reinsurance expenses (recoveries)	(137)	(110)	(127)	(133)	(106)	(121)	(113)	(99)	(113)	(473)	(436)	(440)
Total policy benefits and expenses	1,927	4,879	1,256	1,151	2,232	2,929	3,656	1,900	488	9,968	5,636	6,881
Income (loss) before income taxes	108	5	(130)	194	15	15	158	(15)	542	382	734	707
Income tax expense (benefit)	(5)	(65)	4	17	(53)	(24)	(14)	(42)	119	(74)	85	79
Participating policyholders' net income (loss)	37	83	10	30	36	42	66	54	280	174	321	213
Common shareholders' reported net income (loss)	76	(13)	(144)	147	32	(3)	106	(27)	143	282	328	415
PREMIUMS & DEPOSITS												
Net premiums	1,258	1,162	1,234	1,356	1,085	1,142	1,147	1,298	1,066	4,730	4,539	4,070
Segregated fund deposits	221	174	328	273	226	266	235	229	235	1,000	949	873
Retail mutual fund deposits (Sun Life Global Investments)	569	530	741	607	518	530	519	451	473	2,174	2,071	1,824
Total	2,048	1,866	2,303	2,236	1,829	1,938	1,901	1,978	1,774	7,904	7,559	6,767
SALES												
Individual Insurance - SLFD	39	40	38	49	40	46	35	50	42	170	177	192
Individual Insurance - Third-party	41	37	45	68	45	48	58	58	48	219	219	259
Total insurance sales	80	77	83	117	85	94	93	108	90	389	396	451
Individual Wealth - fixed products	407	248	293	301	203	232	259	354	309	995	1,280	1,077
Individual Wealth - mutual funds	1,113	1,015	1,485	1,256	1,032	993	1,081	887	927	4,362	4,027	3,923
Individual Wealth - segregated funds	221	175	328	272	228	266	234	231	233	1,000	949	884
Total wealth sales	1,741	1,438	2,106	1,829	1,463	1,491	1,574	1,472	1,469	6,357	6,256	5,884
Wealth Manufactured Sales ⁽¹⁾	1,191	948	1,351	1,173	941	1,020	1,000	1,027	1,005	4,134	4,253	3,721
Other wealth sales	550	490	755	656	522	471	574	445	464	2,223	2,003	2,163
Total wealth sales	1,741	1,438	2,106	1,829	1,463	1,491	1,574	1,472	1,469	6,357	6,256	5,884
SLFD - Career Advisor Network	3,044	3,096	3,145	3,259	3,388	3,470	3,567	3,608	3,635	3,259	3,608	3,856
ASSETS UNDER MANAGEMENT												
General funds	68,969	68,359	65,161	63,867	63,448	62,222	60,365	57,740	56,689	63,867	57,740	56,523
Segregated funds	11,862	11,478	10,477	12,108	11,895	11,865	11,810	11,179	12,129	12,108	11,179	12,423
Other AUM	6,340	6,100	5,645	6,173	5,875	5,703	5,497	4,854	5,046	6,173	4,854	3,902
Total assets under management	87,171	85,937	81,283	82,148	81,218	79,790	77,672	73,773	73,864	82,148	73,773	72,848
Mutual fund dealers' assets	23,320	22,338	19,933	22,545	21,683	21,389	21,072	19,733	21,027	22,545	19,733	20,535
Total assets under management and administration	110,491	108,275	101,216	104,693	102,901	101,179	98,744	93,506	94,891	104,693	93,506	93,383

⁽¹⁾ Represent sales of individual wealth products developed by Sun Life, which include Sun Life Global Investment mutual funds, Sun Life Guaranteed Investment Fund segregated funds, Guaranteed Investment Certificates, and Accumulation and Payout Annuities.

CANADA - GROUP BENEFITS

(C\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	1,546	1,705	1,634	1,517	1,515	1,537	1,533	1,465	1,457	6,102	5,813	5,426
Ceded premiums	(146)	(166)	(156)	(145)	(143)	(149)	(143)	(141)	(142)	(580)	(604)	(3,026)
Net premiums	1,400	1,539	1,478	1,372	1,372	1,388	1,390	1,324	1,315	5,522	5,209	2,400
Net investment income (loss)	133	406	57	35	116	202	273	113	40	626	364	481
Fee income	66	47	70	66	62	65	64	61	54	257	232	232
Total revenue	1,599	1,992	1,605	1,473	1,550	1,655	1,727	1,498	1,409	6,405	5,805	3,113
Policy benefits and expenses												
Gross claims & benefits paid	1,184	1,308	1,205	1,145	1,096	1,141	1,104	1,076	1,063	4,486	4,287	4,159
Change in investment/insurance contract liabilities & reinsurance assets	(47)	415	138	104	215	218	339	148	106	876	443	252
Operating expenses, commissions and other expenses	285	301	292	285	278	287	281	284	266	1,131	1,097	1,064
Reinsurance expenses (recoveries)	(107)	(130)	(112)	(113)	(97)	(99)	(93)	(86)	(91)	(402)	(390)	(2,791)
Total policy benefits and expenses	1,315	1,894	1,523	1,421	1,492	1,547	1,631	1,422	1,344	6,091	5,437	2,684
Income (loss) before income taxes	284	98	82	52	58	108	96	76	65	314	368	429
Income tax expense (benefit)	72	25	19	12	(1)	28	22	17	14	61	86	97
Common shareholders' reported net income (loss)	212	73	63	40	59	80	74	59	51	253	282	332
PREMIUMS & DEPOSITS												
Net premiums	1,400	1,539	1,478	1,372	1,372	1,388	1,390	1,324	1,315	5,522	5,209	2,400
ASO premium equivalents	1,275	1,297	1,396	1,356	1,332	1,301	1,290	1,254	1,247	5,279	4,987	4,937
Total	2,675	2,836	2,874	2,728	2,704	2,689	2,680	2,578	2,562	10,801	10,196	7,337
SALES	67	74	212	111	119	100	269	111	113	599	588	674
ASSETS UNDER MANAGEMENT												
General funds	16,152	16,033	15,022	14,486	14,596	14,476	14,396	14,170	13,917	14,486	14,170	14,156
SUPPLEMENTAL INFORMATION												
Business in-force ⁽¹⁾	10,937	10,952	11,415	11,198	11,004	10,974	10,887	10,580	10,452	11,198	10,580	10,108

⁽¹⁾ Represents annualized premiums for insured in-force and last twelve months of fee income and ASO claims for ASO in-force on a gross basis.

CANADA - GROUP RETIREMENT SERVICES
(C\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	1,308	407	209	1,723	453	247	227	1,084	421	2,650	2,459	1,868
Ceded premiums	(72)	(74)	(74)	(75)	(77)	(77)	(78)	(78)	(80)	(307)	(321)	(336)
Net premiums	1,236	333	135	1,648	376	170	149	1,006	341	2,343	2,138	1,532
Net investment income (loss)	344	828	(551)	103	29	223	426	25	70	781	270	575
Fee income	132	126	130	132	130	127	121	120	124	510	485	459
Total revenue	1,712	1,287	(286)	1,883	535	520	696	1,151	535	3,634	2,893	2,566
Policy benefits and expenses												
Gross claims & benefits paid	520	480	494	449	425	458	433	446	470	1,765	1,773	1,641
Change in investment/insurance contract liabilities & reinsurance assets	1,065	831	(1,011)	1,289	(87)	(48)	214	575	(142)	1,368	552	609
Operating expenses, commissions and other expenses	108	108	110	109	99	107	107	104	100	422	411	405
Reinsurance expenses (recoveries)	(70)	(71)	(72)	(73)	(73)	(76)	(75)	(77)	(77)	(297)	(312)	(326)
Total policy benefits and expenses	1,623	1,348	(479)	1,774	364	441	679	1,048	351	3,258	2,424	2,329
Income (loss) before income taxes	89	(61)	193	109	171	79	17	103	184	376	469	237
Income tax expense (benefit)	(10)	(118)	154	21	39	8	(40)	39	43	28	137	21
Common shareholders' reported net income (loss)	99	57	39	88	132	71	57	64	141	348	332	216
PREMIUMS & DEPOSITS												
Net premiums	1,236	333	135	1,648	376	170	149	1,006	341	2,343	2,138	1,532
Segregated fund deposits	2,090	2,090	2,653	2,923	1,970	2,341	2,536	2,239	2,164	9,770	9,366	8,972
ASO deposit equivalents	1,852	394	332	267	294	311	342	351	304	1,214	1,325	1,310
Total	5,178	2,817	3,120	4,838	2,640	2,822	3,027	3,596	2,809	13,327	12,829	11,814
SALES												
Sales	4,350	518	2,806	3,322	1,947	1,114	608	2,653	1,425	6,991	6,387	6,567
Asset consolidation and rollovers	746	652	717	754	726	643	643	758	645	2,766	2,643	2,525
Total	5,096	1,170	3,523	4,076	2,673	1,757	1,251	3,411	2,070	9,757	9,030	9,092
ASSETS UNDER MANAGEMENT												
General funds	19,915	18,194	16,762	16,556	15,399	15,093	15,038	14,787	13,928	16,556	14,787	14,019
Segregated funds	87,782	84,549	76,717	86,650	83,362	82,058	80,122	74,706	78,634	86,650	74,706	75,394
Total assets under management	107,697	102,743	93,479	103,206	98,761	97,151	95,160	89,493	92,562	103,206	89,493	89,413
ASSETS UNDER MANAGEMENT AND ADMINISTRATION	117,323	110,668	100,501	112,116	107,707	106,028	103,887	97,675	101,541	112,116	97,675	98,223

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(C\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Premiums - life insurance	373	402	398	408	389	401	407	420	404	1,605	1,633	1,736
Premiums - health insurance	1,141	1,173	1,147	1,071	1,059	1,055	1,047	967	955	4,232	3,767	3,570
Premiums - annuities	—	—	—	—	—	—	1	—	—	1	—	—
Gross premiums	1,514	1,575	1,545	1,479	1,448	1,456	1,455	1,387	1,359	5,838	5,400	5,306
Ceded premiums	(168)	(180)	(166)	(182)	(155)	(170)	(155)	(168)	(145)	(662)	(597)	(436)
Net premiums	1,346	1,395	1,379	1,297	1,293	1,286	1,300	1,219	1,214	5,176	4,803	4,870
Net investment income (loss)	346	1,165	658	80	898	932	892	404	159	2,802	305	1,864
Fee income	19	21	20	21	21	23	21	21	19	86	73	103
Total revenue	1,711	2,581	2,057	1,398	2,212	2,241	2,213	1,644	1,392	8,064	5,181	6,837
Policy benefits and expenses												
Gross claims & benefits paid	1,334	1,531	1,333	1,435	1,521	1,309	1,243	1,229	1,178	5,508	4,852	4,820
Change in investment/insurance contract liabilities & reinsurance assets	357	750	273	(398)	746	585	571	54	313	1,504	(545)	1,596
Operating expenses, commissions and other expenses	392	402	419	416	380	411	414	395	392	1,621	1,558	1,629
Reinsurance expenses (recoveries)	(214)	(250)	(180)	(219)	(201)	(164)	(171)	(178)	(150)	(755)	(682)	(676)
Total policy benefits and expenses	1,869	2,433	1,845	1,234	2,446	2,141	2,057	1,500	1,733	7,878	5,183	7,369
Income (loss) before income taxes	(158)	148	212	164	(234)	100	156	144	(341)	186	(2)	(532)
Income tax expense (benefit)	(45)	30	48	33	(48)	11	32	26	(75)	28	(19)	(392)
Participating policyholders' net income (loss)	—	—	—	—	—	(5)	—	—	1	(5)	(35)	4
Common shareholders' reported net income (loss)	(113)	118	164	131	(186)	94	124	118	(267)	163	52	(144)
Market related impacts	(18)	(4)	28	—	(30)	(11)	(17)	5	(5)	(58)	(26)	(58)
Assumption changes and management actions	(230)	—	(23)	(3)	(287)	1	(2)	—	(393)	(291)	(394)	(280)
Acquisition, integration and restructuring	(1)	(1)	(2)	(3)	(4)	(6)	(7)	(8)	(8)	(20)	(42)	(68)
Other	—	—	—	—	—	—	—	—	—	—	—	(114)
Common shareholders' underlying net income (loss)	136	123	161	137	135	110	150	121	139	532	514	376
PREMIUMS & DEPOSITS												
Net premiums	1,346	1,395	1,379	1,297	1,293	1,286	1,300	1,219	1,214	5,176	4,803	4,870
SALES												
Group Benefits	230	228	163	813	184	225	160	844	172	1,382	1,307	1,106
ASSETS UNDER MANAGEMENT												
General funds	35,303	37,911	38,131	34,711	35,924	34,588	34,286	34,584	32,566	34,711	34,584	32,259
Segregated funds	563	572	569	514	530	509	502	491	476	514	491	488
Other AUM	24	26	27	26	28	27	31	33	32	26	33	57
Total	35,890	38,509	38,727	35,251	36,482	35,124	34,819	35,108	33,074	35,251	35,108	32,804

U.S.

(US\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Premiums - life insurance	280	290	297	309	295	299	306	317	310	1,209	1,260	1,337
Premiums - health insurance	856	846	855	812	802	789	789	732	731	3,192	2,908	2,752
Gross premiums	1,136	1,136	1,152	1,121	1,097	1,088	1,095	1,049	1,041	4,401	4,168	4,089
Ceded premiums	(126)	(130)	(124)	(138)	(118)	(126)	(117)	(126)	(111)	(499)	(459)	(332)
Net premiums	1,010	1,006	1,028	983	979	962	978	923	930	3,902	3,709	3,757
Net investment income (loss)	251	837	523	61	679	696	669	299	121	2,105	214	1,427
Fee income	15	15	15	16	16	17	16	16	14	65	56	80
Total revenue	1,276	1,858	1,566	1,060	1,674	1,675	1,663	1,238	1,065	6,072	3,979	5,264
Policy benefits and expenses												
Gross claims & benefits paid	1,000	1,103	994	1,087	1,153	979	935	930	902	4,154	3,747	3,708
Change in investment/insurance contract liabilities & reinsurance assets	262	536	235	(301)	562	437	428	35	240	1,126	(442)	1,229
Operating expenses, commissions and other expenses	294	290	312	315	289	307	311	299	300	1,222	1,202	1,253
Reinsurance expenses (recoveries)	(161)	(179)	(135)	(166)	(153)	(122)	(129)	(134)	(115)	(570)	(527)	(520)
Total policy benefits and expenses	1,395	1,750	1,406	935	1,851	1,601	1,545	1,130	1,327	5,932	3,980	5,670
Income (loss) before income taxes	(119)	108	160	125	(177)	74	118	108	(262)	140	(1)	(406)
Income tax expense (benefit)	(34)	22	36	26	(37)	8	25	19	(58)	22	(15)	(302)
Participating policyholders' net income (loss)	—	—	—	—	—	(4)	—	—	1	(4)	(27)	3
Common shareholders' reported net income (loss)	(85)	86	124	99	(140)	70	93	89	(205)	122	41	(107)
Market related impacts	(13)	(3)	21	—	(21)	(8)	(11)	4	(4)	(40)	(21)	(44)
Assumption changes and management actions	(173)	—	(17)	(2)	(218)	1	(2)	—	(301)	(221)	(302)	(210)
Acquisition, integration and restructuring	(1)	(1)	(1)	(3)	(3)	(4)	(6)	(6)	(6)	(16)	(32)	(52)
Other	—	—	—	—	—	—	—	—	—	—	—	(90)
Common shareholders' underlying net income (loss)	102	90	121	104	102	81	112	91	106	399	396	289
Return on equity - reported	(12.3)%	12.1%	17.5%	14.8%	(21.0)%	9.9%	13.6%	13.1%	(30.6)%	4.5%	1.5%	(4.1)%
Return on equity - underlying	14.8%	12.6%	17.1%	15.5%	15.4%	11.6%	16.3%	13.5%	15.7%	14.7%	14.6%	11.1%
PREMIUMS & DEPOSITS												
Net premiums	1,010	1,006	1,028	983	979	962	978	923	930	3,902	3,709	3,757
SALES												
Group Benefits	172	165	122	616	139	168	120	639	132	1,043	999	863
ASSETS UNDER MANAGEMENT												
General funds	26,506	27,931	27,122	26,730	27,136	26,424	25,694	25,360	25,237	26,730	25,360	25,649
Segregated funds	423	421	405	396	400	388	376	360	369	396	360	388
Other AUM	18	19	19	20	21	21	23	24	24	20	24	45
Total	26,947	28,371	27,546	27,146	27,557	26,833	26,093	25,744	25,630	27,146	25,744	26,082

U.S. - GROUP BENEFITS

(US\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019				2018		2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	1,025	1,020	1,031	992	980	965	967	914	914	3,904	3,641	3,533
Ceded premiums	(42)	(44)	(41)	(44)	(38)	(38)	(38)	(36)	(36)	(158)	(136)	(133)
Net premiums	983	976	990	948	942	927	929	878	878	3,746	3,505	3,400
Net investment income (loss)	67	173	(42)	49	84	84	103	37	42	320	94	256
Fee income	24	24	24	24	24	26	25	25	23	99	93	108
Total revenue	1,074	1,173	972	1,021	1,050	1,037	1,057	940	943	4,165	3,692	3,764
Policy benefits and expenses												
Gross claims & benefits paid	676	739	752	695	880	717	653	706	671	2,945	2,715	2,667
Change in investment/insurance contract liabilities & reinsurance assets	53	108	(110)	(3)	(41)	20	41	(46)	(44)	17	(220)	(125)
Operating expenses, commissions and other expenses	275	277	292	283	278	285	289	279	281	1,135	1,124	1,157
Reinsurance expenses (recoveries)	(51)	(53)	(61)	(35)	(63)	(37)	(35)	(74)	(51)	(170)	(203)	(151)
Total policy benefits and expenses	953	1,071	873	940	1,054	985	948	865	857	3,927	3,416	3,548
Income (loss) before income taxes	121	102	99	81	(4)	52	109	75	86	238	276	216
Income tax expense (benefit)	24	22	21	17	—	11	23	16	18	51	59	76
Common shareholders' reported net income (loss)	97	80	78	64	(4)	41	86	59	68	187	217	140
PREMIUMS & DEPOSITS												
Net premiums	983	976	990	948	942	927	929	878	878	3,746	3,505	3,400
ASSETS UNDER MANAGEMENT												
General Funds	7,958	7,951	7,758	7,848	7,948	7,926	7,816	7,704	7,539	7,848	7,704	7,344
SALES												
Employee Benefits	101	65	75	191	72	62	63	217	85	388	431	370
Medical Stop-Loss	71	100	47	425	67	106	57	422	47	655	568	493
Total	172	165	122	616	139	168	120	639	132	1,043	999	863
BUSINESS IN-FORCE												
Employee Benefits ⁽¹⁾	2,331	2,366	2,371	2,374	2,398	2,409	2,408	2,385	2,407	2,374	2,385	2,464
Medical Stop-Loss	2,089	2,075	2,032	1,912	1,845	1,826	1,739	1,631	1,490	1,912	1,631	1,404
Total	4,420	4,441	4,403	4,286	4,243	4,235	4,147	4,016	3,897	4,286	4,016	3,868
AFTER-TAX PROFIT MARGIN ⁽²⁾	7.8%	7.5%	6.8%	7.3%	7.2%	7.3%	7.9%	6.7%	6.4%	7.3%	6.7%	5.0%

⁽¹⁾ Represents annualized premiums for insured in-force and premium equivalent annualized fee income for ASO in-force on a gross basis.

⁽²⁾ The after-tax profit margin is calculated on underlying net income as a percentage of net premiums on a trailing four-quarters basis.

U.S. - IN-FORCE MANAGEMENT

(US\$ millions)

STATEMENTS OF OPERATIONS
Revenue

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Gross premiums	111	116	121	129	117	123	128	135	127	497	527	556
Ceded premiums	(84)	(86)	(83)	(94)	(80)	(88)	(79)	(90)	(75)	(341)	(323)	(199)
Net premiums	27	30	38	35	37	35	49	45	52	156	204	357
Net investment income (loss)	184	664	565	12	595	612	566	262	79	1,785	120	1,171
Fee income	(9)	(9)	(9)	(8)	(8)	(9)	(9)	(9)	(9)	(34)	(37)	(28)

Total revenue
Policy benefits and expenses

Gross claims & benefits paid	324	364	242	392	273	262	282	224	231	1,209	1,032	1,041
Change in investment/insurance contract liabilities & reinsurance assets	209	428	345	(298)	603	417	387	81	284	1,109	(222)	1,354
Operating expenses, commissions and other expenses	19	13	20	32	11	22	22	20	19	87	78	96
Reinsurance expenses (recoveries)	(110)	(126)	(74)	(131)	(90)	(85)	(94)	(60)	(64)	(400)	(324)	(369)
Total policy benefits and expenses	442	679	533	(5)	797	616	597	265	470	2,005	564	2,122
Income (loss) before income taxes	(240)	6	61	44	(173)	22	9	33	(348)	(98)	(277)	(622)
Income tax expense (benefit)	(58)	—	15	9	(37)	(3)	2	3	(76)	(29)	(74)	(378)
Participating policyholders' net income (loss)	—	—	—	—	—	(4)	—	—	1	(4)	(27)	3
Common shareholders' reported net income (loss)	(182)	6	46	35	(136)	29	7	30	(273)	(65)	(176)	(247)

PREMIUMS & DEPOSITS

Net premiums	27	30	38	35	37	35	49	45	52	156	204	357
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ACCOUNT VALUE

Individual insurance - domestic	4,273	4,301	4,336	4,350	4,388	4,419	4,446	4,475	4,482	4,350	4,475	4,538
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ASSETS UNDER MANAGEMENT

General funds	18,548	19,980	19,364	18,882	19,188	18,498	17,878	17,656	17,698	18,882	17,656	18,305
Segregated funds	423	421	405	396	400	388	376	360	369	396	360	388
Other AUM	18	19	19	20	21	21	23	24	24	20	24	45
Total	18,989	20,420	19,788	19,298	19,609	18,907	18,277	18,040	18,091	19,298	18,040	18,738

ASSET MANAGEMENT

(C\$ millions)

FINANCIAL SUMMARY

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Net investment income (loss)	(13)	32	(14)	16	20	19	28	3	9	83	13	45
Fee income ⁽¹⁾	1,284	1,176	1,185	1,199	1,139	1,103	1,030	1,044	1,081	4,471	4,274	4,188
Total revenue	<u>1,271</u>	<u>1,208</u>	<u>1,171</u>	<u>1,215</u>	<u>1,159</u>	<u>1,122</u>	<u>1,058</u>	<u>1,047</u>	<u>1,090</u>	<u>4,554</u>	<u>4,287</u>	<u>4,233</u>
Expenses ⁽¹⁾	937	905	846	915	864	831	781	734	771	3,391	3,094	3,127
Income (loss) before income taxes	<u>334</u>	<u>303</u>	<u>325</u>	<u>300</u>	<u>295</u>	<u>291</u>	<u>277</u>	<u>313</u>	<u>319</u>	<u>1,163</u>	<u>1,193</u>	<u>1,106</u>
Income tax expense (benefit)	85	76	80	69	73	62	58	69	78	262	284	453
Non-controlling interest	(2)	4	6	3	1	—	—	—	—	4	—	—
Common shareholders' reported net income (loss)	<u>251</u>	<u>223</u>	<u>239</u>	<u>228</u>	<u>221</u>	<u>229</u>	<u>219</u>	<u>244</u>	<u>241</u>	<u>897</u>	<u>909</u>	<u>653</u>
Fair value adjustments on share-based payment awards at MFS	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(10)	(64)	(5)	(81)
Acquisition, integration and restructuring	(11)	(12)	(13)	(16)	(22)	(5)	—	(11)	—	(43)	(11)	—
Other	—	—	—	—	—	—	—	—	—	—	—	(78)
Common shareholders' underlying net income (loss)	<u>294</u>	<u>259</u>	<u>242</u>	<u>281</u>	<u>251</u>	<u>245</u>	<u>227</u>	<u>227</u>	<u>251</u>	<u>1,004</u>	<u>925</u>	<u>812</u>
Common shareholders' underlying net income (loss)												
MFS	276	229	230	266	248	236	223	221	242	973	898	788
SLC Management (formerly SLIM)	18	30	12	15	3	9	4	6	9	31	27	24
Total	<u>294</u>	<u>259</u>	<u>242</u>	<u>281</u>	<u>251</u>	<u>245</u>	<u>227</u>	<u>227</u>	<u>251</u>	<u>1,004</u>	<u>925</u>	<u>812</u>
GROSS SALES												
MFS	40,555	47,571	49,723	34,033	31,674	30,267	28,990	27,877	22,792	124,964	104,291	106,514
SLC Management	2,511	4,004	2,231	2,814	2,768	1,662	2,297	1,546	1,573	9,541	7,024	10,768
Total	<u>43,066</u>	<u>51,575</u>	<u>51,954</u>	<u>36,847</u>	<u>34,442</u>	<u>31,929</u>	<u>31,287</u>	<u>29,423</u>	<u>24,365</u>	<u>134,505</u>	<u>111,315</u>	<u>117,282</u>
NET SALES												
MFS	5,966	7,448	2,364	(1,522)	1,730	(8,116)	(7,804)	(8,737)	(9,506)	(15,712)	(38,517)	(28,479)
SLC Management	851	(157)	(2,028)	585	1,486	225	1,256	192	521	3,552	1,227	6,073
Total	<u>6,817</u>	<u>7,291</u>	<u>336</u>	<u>(937)</u>	<u>3,216</u>	<u>(7,891)</u>	<u>(6,548)</u>	<u>(8,545)</u>	<u>(8,985)</u>	<u>(12,160)</u>	<u>(37,290)</u>	<u>(22,406)</u>
ASSETS UNDER MANAGEMENT ⁽²⁾												
MFS	730,124	690,241	613,518	684,845	655,533	639,900	631,097	584,172	625,890	684,845	584,172	618,292
SLC Management	105,896	88,925	89,352	83,972	83,238	68,170	67,267	65,538	61,312	83,972	65,538	59,319
Total	<u>836,020</u>	<u>779,166</u>	<u>702,870</u>	<u>768,817</u>	<u>738,771</u>	<u>708,070</u>	<u>698,364</u>	<u>649,710</u>	<u>687,202</u>	<u>768,817</u>	<u>649,710</u>	<u>677,611</u>

⁽¹⁾ Reflects a change in presentation for our SLC Management business effective Q1 2020. We have updated the prior periods to reflect this change in presentation.

⁽²⁾ Excludes assets managed on behalf of the Insurance businesses and General Fund.

MFS

(US\$ millions), unless otherwise noted

STATEMENTS OF OPERATIONS

At and For the Quarter Ended												
	2020			2019				2018		2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Net investment income (loss)	5	22	(10)	11	12	14	20	1	7	57	8	35
Fee income	805	717	752	778	744	723	681	692	734	2,926	2,902	2,907
Total revenue	810	739	742	789	756	737	701	693	741	2,983	2,910	2,942
Expenses	563	540	508	562	519	523	495	452	505	2,099	2,003	2,112
Income (loss) before income taxes	247	199	234	227	237	214	206	241	236	884	907	830
Income tax expense (benefit)	64	52	54	54	55	46	44	52	58	199	218	359
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
Common shareholders' reported net income (loss)	183	147	180	173	182	168	162	189	178	685	689	471
Fair value adjustments on share-based payment awards at MFS	(24)	(18)	8	(28)	(6)	(8)	(6)	22	(8)	(48)	(4)	(64)
Other	—	—	—	—	—	—	—	—	—	—	—	(75)
Common shareholders' underlying net income (loss)	207	165	172	201	188	176	168	167	186	733	693	610

MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT

Opening AUM	291,895	247,538	295,003	272,940	266,315	253,119	226,557	254,545	247,460	226,557	250,231	211,822
Sales	23,344	24,191	26,700	19,183	17,485	16,562	16,479	15,522	13,053	69,709	58,011	57,801
Redemptions	(17,319)	(17,559)	(24,755)	(14,037)	(13,825)	(14,606)	(15,769)	(18,512)	(14,925)	(58,237)	(65,302)	(58,745)
Market movement	19,016	37,725	(49,410)	16,917	2,965	11,240	25,852	(24,998)	8,957	56,974	(16,383)	39,353
Closing AUM	316,936	291,895	247,538	295,003	272,940	266,315	253,119	226,557	254,545	295,003	226,557	250,231

MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT

Opening AUM	216,645	188,850	232,369	222,213	222,531	219,825	201,816	230,490	226,653	201,816	241,374	213,787
Sales	7,093	10,120	10,376	6,605	6,511	6,068	5,333	5,576	4,393	24,517	22,572	24,281
Redemptions	(8,641)	(11,380)	(10,558)	(12,903)	(8,861)	(14,092)	(11,915)	(9,198)	(9,797)	(47,771)	(44,969)	(45,095)
Market movement	16,149	29,055	(43,337)	16,454	2,032	10,730	24,591	(25,052)	9,241	53,807	(17,161)	48,401
Closing AUM	231,246	216,645	188,850	232,369	222,213	222,531	219,825	201,816	230,490	232,369	201,816	241,374

SUPPLEMENTAL INFORMATION

Pre-tax net operating profit margin ratio	40%	36 %	36 %	40 %	40 %	37 %	38 %	38 %	40 %	39 %	38 %	38 %
Pre-tax gross operating profit margin ratio	35%	32 %	31 %	35 %	34 %	32 %	32 %	33 %	35 %	33 %	33 %	32 %
Total assets under management	548,182	508,540	436,388	527,372	495,153	488,846	472,944	428,373	485,035	527,372	428,373	491,605
Average net assets	539,718	479,059	504,519	507,155	491,252	480,199	456,690	451,578	482,878	483,983	477,496	460,512
Total gross sales	30,437	34,311	37,076	25,788	23,996	22,630	21,812	21,098	17,446	94,226	80,583	82,082
Total net sales	4,477	5,372	1,763	(1,152)	1,310	(6,068)	(5,872)	(6,612)	(7,276)	(11,782)	(29,688)	(21,758)
Liability for share-based compensation ⁽¹⁾	512	478	484	496	478	482	505	496	518	496	496	562
Diluted EPS impact - liability for share-based compensation ⁽²⁾	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.00	\$0.04	\$0.03	\$0.01
U.S. GAAP net income	217	178	181	212	198	188	177	176	195	775	735	569
Dividends paid to SLF	181	146	152	177	165	138	131	128	144	611	532	452

⁽¹⁾ Liability for stock options, restricted shares and outstanding shares of MFS.

⁽²⁾ This illustrates the reduction to the Company's diluted earnings per share for the period assuming the MFS liability for share-based compensation is settled in the shares of Sun Life.

ASIA

(C\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	1,181	1,118	944	1,006	700	518	406	608	464	2,630	2,179	2,527
Ceded premiums	(52)	(53)	(49)	(66)	(54)	(52)	(50)	(69)	(57)	(222)	(232)	(226)
Net premiums	1,129	1,065	895	940	646	466	356	539	407	2,408	1,947	2,301
Net investment income (loss)	408	1,534	(154)	308	688	855	1,014	322	72	2,865	76	1,722
Fee income	146	134	136	138	134	133	126	121	130	531	514	524
Total revenue	1,683	2,733	877	1,386	1,468	1,454	1,496	982	609	5,804	2,537	4,547
Policy benefits and expenses												
Gross claims & benefits paid	371	488	364	484	338	433	357	326	302	1,612	1,192	1,061
Change in investment/insurance contract liabilities & reinsurance assets	650	1,760	115	310	620	574	810	204	(135)	2,314	(356)	1,638
Operating expenses, commissions and other expenses	385	366	373	457	351	325	291	354	297	1,424	1,247	1,165
Reinsurance expenses (recoveries)	(46)	(45)	(37)	(50)	(39)	(33)	(56)	(46)	(38)	(178)	(164)	(185)
Total policy benefits and expenses	1,360	2,569	815	1,201	1,270	1,299	1,402	838	426	5,172	1,919	3,679
Income (loss) before income taxes	323	164	62	185	198	155	94	144	183	632	618	868
Income tax expense (benefit)	7	16	7	12	13	13	13	14	14	51	51	62
Participating policyholders' net income (loss)	80	22	(45)	37	15	8	1	5	5	61	12	28
Common shareholders' reported net income (loss)	236	126	100	136	170	134	80	125	164	520	555	778
Market related impacts	(9)	(24)	(47)	5	(15)	(14)	(42)	(22)	(12)	(66)	(30)	38
Assumption changes and management actions	80	7	(9)	(11)	47	1	—	9	66	37	76	284
Acquisition, integration and restructuring	1	(1)	1	(1)	—	—	—	(2)	—	(1)	(14)	—
Other	—	—	—	—	—	—	—	—	—	—	—	(5)
Common shareholders' underlying net income (loss)	164	144	155	143	138	147	122	140	110	550	523	461
Return on equity - reported	15.6 %	8.7 %	7.3 %	9.8 %	12.1 %	9.9 %	6.0 %	9.9 %	13.3 %	9.5 %	11.3 %	14.4 %
Return on equity - underlying	10.9 %	9.9 %	11.2 %	10.2 %	9.8 %	10.9 %	9.1 %	10.9 %	8.9 %	10.0 %	10.6 %	8.5 %
PREMIUMS & DEPOSITS												
Net premiums	1,129	1,065	895	940	646	466	356	539	407	2,408	1,947	2,301
Segregated fund deposits	296	214	279	303	293	248	271	275	274	1,115	1,159	933
Mutual fund sales	1,876	1,627	1,540	1,253	1,694	1,022	1,243	1,175	1,220	5,212	7,017	10,631
Managed fund sales	853	775	732	817	838	761	591	715	650	3,007	2,702	1,871
ASO deposits (pension administration)	88	83	83	92	73	69	75	68	142	309	496	686
Total	4,242	3,764	3,529	3,405	3,544	2,566	2,536	2,772	2,693	12,051	13,321	16,422
SALES - Proportionate ownership ⁽¹⁾												
Individual life insurance												
Local Markets ⁽²⁾	166	109	182	202	176	141	200	159	132	719	577	481
International Hubs ⁽²⁾	132	126	124	150	114	89	50	86	63	403	291	304
Total life insurance sales	298	235	306	352	290	230	250	245	195	1,122	868	785
Total group life & health insurance sales	6	5	12	9	7	8	8	6	7	32	30	26
Total wealth sales ⁽³⁾	2,781	2,455	2,321	2,120	2,573	1,799	1,881	1,935	1,928	8,373	10,101	13,056
ASSETS UNDER MANAGEMENT ⁽⁴⁾												
Local Markets ⁽²⁾	48,832	46,253	42,175	45,325	44,514	44,141	44,501	43,328	38,798	45,325	43,328	42,835
International Hubs ⁽²⁾	50,761	49,229	46,609	44,628	44,099	42,730	42,249	40,298	39,064	44,628	40,298	37,867
Total	99,593	95,482	88,784	89,953	88,613	86,871	86,750	83,626	77,862	89,953	83,626	80,702
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽⁴⁾	104,876	100,460	93,716	94,504	94,058	92,714	92,934	90,214	84,817	94,504	90,214	93,845
Constant Currency Sales ⁽⁵⁾												
Individual life insurance	294	226	301	352	290							
Wealth	2,755	2,399	2,286	2,120	2,573							

⁽¹⁾ Includes the sales in the Company's joint ventures and associates with local partners in Asia based on our proportionate equity interest.

⁽²⁾ Effective Q1 2020, Asia's Insurance and Wealth business was renamed to Local Markets and we combined our International business and Hong Kong business into a new management structure called "International Hubs". Refer to the Notes section of this document for additional details.

⁽³⁾ Includes Hong Kong wealth sales, Philippines mutual and managed fund sales, China individual wealth and India group wealth sales, and Aditya Birla Sun Life AMC Limited's equity and fixed income mutual funds sales based on our proportionate equity interest.

⁽⁴⁾ This includes the general fund assets and segregated fund assets of our insurance businesses, Aditya Birla Sun Life AMC Limited AUM, Sun Life Everbright Asset Management AUM, Hong Kong wealth assets and Philippines mutual and managed funds based on our proportionate equity interest.

⁽⁵⁾ Quarterly sales in constant currency are relative to Q3 2019 foreign exchange rates for each of the quarters.

ASIA - LOCAL MARKETS ⁽¹⁾

(C\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	161	135	154	180	147	134	132	147	128	593	499	456
Ceded premiums	(6)	(7)	(7)	(9)	(5)	(6)	(6)	(8)	(6)	(26)	(25)	(22)
Net premiums	155	128	147	171	142	128	126	139	122	567	474	434
Net investment income (loss)	12	446	(38)	113	121	194	341	129	(44)	769	23	313
Fee income	63	57	61	59	57	56	53	47	47	225	189	183
Total revenue	230	631	170	343	320	378	520	315	125	1,561	686	930
Policy benefits and expenses												
Gross claims & benefits paid	84	69	78	73	73	71	72	70	68	289	289	305
Change in investment/insurance contract liabilities & reinsurance assets	(90)	357	(133)	20	(33)	74	238	21	(151)	299	(429)	(66)
Operating expenses, commissions and other expenses	158	128	156	179	156	138	137	148	134	610	547	485
Reinsurance expenses (recoveries)	(3)	(1)	(4)	(6)	(3)	(2)	(3)	(1)	(4)	(14)	(8)	(8)
Total policy benefits and expenses	149	553	97	266	193	281	444	238	47	1,184	399	716
Income (loss) before income taxes	81	78	73	77	127	97	76	77	78	377	287	214
Income tax expense (benefit)	5	12	8	9	6	11	12	9	9	38	41	35
Common shareholders' reported net income (loss)	76	66	65	68	121	86	64	68	69	339	246	179
PREMIUMS & DEPOSITS												
Net premiums	155	128	147	171	142	128	126	139	122	567	474	434
Segregated fund deposits	244	176	241	265	258	198	229	210	204	950	854	782
Mutual fund sales	1,876	1,627	1,540	1,253	1,694	1,022	1,243	1,175	1,220	5,212	7,017	10,631
Managed fund sales	3	5	5	5	7	5	3	4	5	20	23	12
Total	2,278	1,936	1,933	1,694	2,101	1,353	1,601	1,528	1,551	6,749	8,368	11,859
SALES - Proportionate ownership ⁽²⁾												
Individual life insurance												
Philippines	52	23	64	87	69	59	56	67	54	271	221	179
Indonesia	17	12	21	23	20	14	23	18	15	80	67	74
India	39	29	48	45	38	30	65	43	34	178	145	105
China	29	30	32	26	31	19	35	13	12	111	78	67
Malaysia	19	8	12	15	13	15	16	13	13	59	50	44
Vietnam	10	7	5	6	5	4	5	5	4	20	16	12
Total life insurance sales	166	109	182	202	176	141	200	159	132	719	577	481
ASSETS UNDER MANAGEMENT ⁽³⁾												
General funds	6,674	6,786	6,369	6,176	5,963	5,794	5,749	5,434	4,927	6,176	5,434	5,566
Segregated funds	3,730	3,730	3,263	4,009	3,918	3,921	3,817	3,593	3,165	4,009	3,593	3,387
Other AUM	38,428	35,737	32,543	35,140	34,633	34,426	34,935	34,301	30,706	35,140	34,301	33,882
Total	48,832	46,253	42,175	45,325	44,514	44,141	44,501	43,328	38,798	45,325	43,328	42,835
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽³⁾	51,802	48,996	45,017	47,787	47,942	47,951	48,634	47,916	43,738	47,787	47,916	50,968

⁽¹⁾ Effective Q1 2020, Asia's Insurance and Wealth business was renamed to Local Markets and is comprised of Philippines, Indonesia, India, China, Malaysia and Vietnam. We have updated prior period amounts to reflect this change in presentation.

⁽²⁾ Includes the sales in the Company's joint ventures and associates with local partners in Asia based on our proportionate equity interest.

⁽³⁾ This includes the general fund assets and segregated fund assets of our insurance businesses, Aditya Birla Sun Life AMC Limited AUM, Sun Life Everbright Asset Management AUM and Philippines mutual and managed funds based on our proportionate equity interest.

ASIA - INTERNATIONAL HUBS ⁽¹⁾

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,020	983	790	826	553	384	274	461	336	2,037	1,680	2,071
Ceded premiums	(46)	(46)	(42)	(57)	(49)	(46)	(44)	(61)	(51)	(196)	(207)	(204)
Net premiums	974	937	748	769	504	338	230	400	285	1,841	1,473	1,867
Net investment income (loss)	396	1,088	(116)	195	567	661	673	193	116	2,096	53	1,409
Fee income	83	77	75	79	77	77	73	74	83	306	325	341
Total revenue	1,453	2,102	707	1,043	1,148	1,076	976	667	484	4,243	1,851	3,617
Policy benefits and expenses												
Gross claims & benefits paid	287	419	286	411	265	362	285	256	234	1,323	903	756
Change in investment/insurance contract liabilities & reinsurance assets	740	1,403	248	290	653	500	572	183	16	2,015	73	1,704
Operating expenses, commissions and other expenses	227	238	217	278	195	187	154	206	163	814	700	680
Reinsurance expenses (recoveries)	(43)	(44)	(33)	(44)	(36)	(31)	(53)	(45)	(34)	(164)	(156)	(177)
Total policy benefits and expenses	1,211	2,016	718	935	1,077	1,018	958	600	379	3,988	1,520	2,963
Income (loss) before income taxes	242	86	(11)	108	71	58	18	67	105	255	331	654
Income tax expense (benefit)	2	4	(1)	3	7	2	1	5	5	13	10	27
Participating policyholders' net income (loss)	80	22	(45)	37	15	8	1	5	5	61	12	28
Common shareholders' reported net income (loss)	160	60	35	68	49	48	16	57	95	181	309	599
PREMIUMS & DEPOSITS												
Net premiums	974	937	748	769	504	338	230	400	285	1,841	1,473	1,867
Segregated fund deposits	52	38	38	38	35	50	42	65	70	165	305	151
Managed fund sales	850	770	727	812	831	756	588	711	645	2,987	2,679	1,859
ASO deposits (pension administration)	88	83	83	92	73	69	75	68	142	309	496	686
Total	1,964	1,828	1,596	1,711	1,443	1,213	935	1,244	1,142	5,302	4,953	4,563
SALES												
Individual life insurance												
Hong Kong	101	86	86	119	90	75	46	73	42	330	209	180
International	31	40	38	31	24	14	4	13	21	73	82	124
Total life insurance sales	132	126	124	150	114	89	50	86	63	403	291	304
ASSETS UNDER MANAGEMENT												
General funds	28,972	28,569	27,583	25,109	25,618	24,401	24,084	23,421	22,264	25,109	23,421	21,668
Segregated funds	2,698	2,645	2,452	2,666	2,605	2,654	2,700	2,580	2,653	2,666	2,580	2,714
Other AUM	19,091	18,015	16,574	16,853	15,876	15,675	15,465	14,297	14,147	16,853	14,297	13,485
Total	50,761	49,229	46,609	44,628	44,099	42,730	42,249	40,298	39,064	44,628	40,298	37,867
ASSETS UNDER MANAGEMENT AND ADMINISTRATION	53,074	51,464	48,699	46,717	46,116	44,763	44,300	42,298	41,079	46,717	42,298	42,877

⁽¹⁾ 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. We have updated prior period amounts to reflect this change in presentation.

CORPORATE

(C\$ millions)

STATEMENTS OF OPERATIONS ⁽¹⁾

	At and For the Quarter Ended									At and For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Premiums - life insurance	18	22	22	22	23	22	23	24	24	90	94	94
Premiums - health insurance	6	6	4	4	4	4	4	4	4	16	14	14
Premiums - annuities	7	3	3	5	5	7	6	(95)	5	23	(79)	24
Gross premiums	31	31	29	31	32	33	33	(67)	33	129	29	132
Ceded premiums	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(7)	(20)	(23)	(24)
Net premiums	27	27	25	26	27	28	28	(73)	26	109	6	108
Net investment income (loss)	39	515	(62)	(159)	455	222	398	82	(58)	916	53	447
Fee income ⁽¹⁾	(45)	(41)	(43)	(42)	(37)	(40)	(38)	(36)	(35)	(157)	(135)	(105)
Total revenue	21	501	(80)	(175)	445	210	388	(27)	(67)	868	(76)	450
Policy benefits and expenses												
Gross claims & benefits paid	126	136	136	156	140	165	137	154	138	598	614	557
Change in investment/insurance contract liabilities & reinsurance assets	(165)	269	(176)	(338)	19	19	199	(213)	(331)	(101)	(923)	(304)
Operating expenses, commissions and other expenses ⁽¹⁾	54	43	42	107	32	30	48	35	24	217	139	178
Reinsurance expenses (recoveries)	(3)	(3)	(3)	(7)	(9)	(10)	—	(12)	(7)	(26)	(37)	45
Total policy benefits and expenses	12	445	(1)	(82)	182	204	384	(36)	(176)	688	(207)	476
Income (loss) before income taxes	9	56	(79)	(93)	263	6	4	9	109	180	131	(26)
Income tax expense (benefit)	(2)	97	(33)	(66)	(13)	(8)	17	(11)	(9)	(70)	(27)	(18)
Preferred shareholder dividends	22	24	24	24	23	24	24	23	24	95	94	93
Common shareholders' reported net income (loss)	(11)	(65)	(70)	(51)	253	(10)	(37)	(3)	94	155	64	(101)
Market related impacts	(3)	2	1	7	—	—	(9)	(2)	(4)	(2)	(15)	5
Assumption changes and management actions	37	1	1	—	236	(2)	(9)	18	122	225	140	55
Acquisition, integration and restructuring	—	—	(28)	(25)	—	(2)	—	(4)	(3)	(27)	(10)	(55)
Other	—	—	—	—	—	—	—	—	—	—	—	(54)
Common shareholders' underlying net income (loss)	(45)	(68)	(44)	(33)	17	(6)	(19)	(15)	(21)	(41)	(51)	(52)
PREMIUMS & DEPOSITS												
Net premiums	27	27	25	26	27	28	28	(73)	26	109	6	108
Segregated fund deposits	16	14	17	18	16	17	22	20	19	73	79	80
Total	43	41	42	44	43	45	50	(53)	45	182	85	188
ASSETS UNDER MANAGEMENT												
General funds	13,733	13,619	13,640	13,658	13,768	13,431	14,101	14,162	14,052	13,658	14,162	14,414
Segregated funds	10,018	9,970	9,346	11,026	10,496	10,677	11,060	10,513	11,241	11,026	10,513	11,986
Other AUM ⁽²⁾	(26,442)	(25,904)	(25,529)	(24,864)	(25,263)	(25,134)	(25,266)	(23,879)	(24,351)	(24,864)	(23,879)	(23,264)
Total	(2,691)	(2,315)	(2,543)	(180)	(999)	(1,026)	(105)	796	942	(180)	796	3,136

⁽¹⁾ Includes consolidation adjustments for net investment income, fee income and commission & other expenses relating to activities that cross business groups. Effective Q1 2020, we have updated prior periods to reflect a change in presentation in SLC Management. Refer to Note 3. Segmented Information of the Quarterly 2020 Consolidated Financial Statements for additional details.

⁽²⁾ Includes consolidation adjustments for assets managed by one area of the Company on behalf of another, and Other AUM not included in other business segments.

CORPORATE

(C\$ millions)

STATEMENTS OF OPERATIONS - United Kingdom (U.K.)

At and For the Quarter Ended													
	2020		2019				2018				2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue													
Gross premiums	20	16	17	18	17	20	20	20	18	75	78	81	
Ceded premiums	(3)	(4)	(4)	(4)	(4)	(5)	(3)	(4)	(5)	(16)	(17)	(17)	
Net premiums	17	12	13	14	13	15	17	16	13	59	61	64	
Net investment income (loss)	(4)	440	(76)	(172)	389	162	347	29	(63)	726	(42)	395	
Fee income	20	27	27	32	29	29	27	30	28	117	123	118	
Total revenue	33	479	(36)	(126)	431	206	391	75	(22)	902	142	577	
Policy benefits and expenses													
Gross claims & benefits paid	111	115	117	127	121	135	123	132	123	506	531	539	
Change in investment/insurance contract liabilities & reinsurance assets	(159)	278	(213)	(310)	(2)	5	198	(117)	(304)	(109)	(748)	(249)	
Operating expenses, commissions and other expenses	27	27	28	31	26	26	30	38	32	113	125	103	
Reinsurance expenses (recoveries)	(2)	(3)	(3)	(3)	(5)	(4)	(3)	(4)	(3)	(15)	(13)	(13)	
Total policy benefits and expenses	(23)	417	(71)	(155)	140	162	348	49	(152)	495	(105)	380	
Income (loss) before income taxes	56	62	35	29	291	44	43	26	130	407	247	197	
Income tax expense (benefit)	2	17	(16)	(3)	12	5	14	(5)	(4)	28	(3)	16	
Common shareholders' reported net income (loss)	54	45	51	32	279	39	29	31	134	379	250	181	

STATEMENTS OF OPERATIONS - Corporate Support ⁽¹⁾

Revenue												
Gross premiums	11	15	12	13	15	13	13	(87)	15	54	(49)	51
Ceded premiums	(1)	—	—	(1)	(1)	—	(2)	(2)	(2)	(4)	(6)	(7)
Net premiums	10	15	12	12	14	13	11	(89)	13	50	(55)	44
Net investment income (loss)	43	75	14	13	66	60	51	53	5	190	95	52
Fee income ⁽¹⁾	(65)	(68)	(70)	(74)	(66)	(69)	(65)	(66)	(63)	(274)	(258)	(223)
Total revenue	(12)	22	(44)	(49)	14	4	(3)	(102)	(45)	(34)	(218)	(127)
Policy benefits and expenses												
Gross claims & benefits paid	15	21	19	29	19	30	14	22	15	92	83	18
Change in investment/insurance contract liabilities & reinsurance assets	(6)	(9)	37	(28)	21	14	1	(96)	(27)	8	(175)	(55)
Operating expenses, commissions and other expenses ⁽¹⁾	27	16	14	76	6	4	18	(3)	(8)	104	14	75
Reinsurance expenses (recoveries)	(1)	—	—	(4)	(4)	(6)	3	(8)	(4)	(11)	(24)	58
Total policy benefits and expenses	35	28	70	73	42	42	36	(85)	(24)	193	(102)	96
Income (loss) before income taxes	(47)	(6)	(114)	(122)	(28)	(38)	(39)	(17)	(21)	(227)	(116)	(223)
Income tax expense (benefit)	(4)	80	(17)	(63)	(25)	(13)	3	(6)	(5)	(98)	(24)	(34)
Preferred shareholder dividends	22	24	24	24	23	24	24	23	24	95	94	93
Common shareholders' reported net income (loss)	(65)	(110)	(121)	(83)	(26)	(49)	(66)	(34)	(40)	(224)	(186)	(282)

⁽¹⁾ Includes consolidation adjustments for net investment income, fee income and commission & other expenses relating to activities that cross business groups. Effective Q1 2020, we have updated prior periods to reflect a change in presentation in SLC Management. Refer to Note 3. Segmented Information of the Quarterly 2020 Consolidated Financial Statements for additional details.

INVESTMENTS
DEBT & EQUITY SECURITIES
DEBT SECURITIES
Debt Securities by Sector

Debt Securities Issued or Guaranteed By:

	As at September 30, 2020				As at June 30, 2020				As at December 31, 2019			
	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade
Canadian Federal Government	4,885	1,958	6,843	100 %	3,902	2,240	6,142	100 %	3,890	2,556	6,446	100 %
Canadian Provincial and Municipal Government	16,883	1,275	18,158	100 %	16,855	1,260	18,115	100 %	13,826	1,139	14,965	100 %
U.S. Government and Other U.S. Agency	1,493	699	2,192	100 %	1,425	785	2,210	100 %	1,748	1,363	3,111	100 %
Other Government	5,422	854	6,276	96 %	5,503	823	6,326	96 %	5,181	736	5,917	97 %
Total Government issued or guaranteed debt securities	28,683	4,786	33,469	99 %	27,685	5,108	32,793	99 %	24,645	5,794	30,439	99 %

Corporate Debt Securities by Industry Sector:

Financials	10,533	1,256	11,789	99 %	10,408	1,632	12,040	99 %	9,341	1,585	10,926	99 %
Utilities	7,576	607	8,183	99 %	7,635	643	8,278	99 %	6,693	565	7,258	99 %
Consumer discretionary	1,611	177	1,788	85 %	1,434	289	1,723	84 %	1,268	219	1,487	94 %
Industrials	5,591	544	6,135	99 %	5,443	683	6,126	99 %	4,800	629	5,429	99 %
Consumer staples	1,934	130	2,064	97 %	2,005	258	2,263	97 %	1,703	221	1,924	99 %
Communication Services	3,543	305	3,848	99 %	3,549	554	4,103	99 %	3,075	471	3,546	99 %
Energy	4,346	340	4,686	95 %	4,292	443	4,735	94 %	3,867	365	4,232	98 %
Real Estate	2,507	355	2,862	97 %	2,542	395	2,937	97 %	2,595	368	2,963	99 %
Materials	1,483	162	1,645	92 %	1,461	201	1,662	93 %	1,331	212	1,543	92 %
Health Care	2,057	188	2,245	99 %	2,088	244	2,332	99 %	1,886	236	2,122	99 %
Information Technology	1,343	180	1,523	99 %	1,346	236	1,582	99 %	1,122	213	1,335	99 %
Total Corporate debt securities	42,524	4,244	46,768	98 %	42,203	5,578	47,781	98 %	37,681	5,084	42,765	99 %

Asset Backed Securities

Government and agency	2,690	496	3,186	100 %	2,677	562	3,239	100 %	2,287	552	2,839	100 %
Other	4,120	1,630	5,750	99 %	3,896	2,329	6,225	99 %	3,281	2,282	5,563	99 %
Total asset backed securities	6,810	2,126	8,936	99 %	6,573	2,891	9,464	99 %	5,568	2,834	8,402	99 %

Total debt securities

	78,017	11,156	89,173	99 %	76,461	13,577	90,038	99 %	67,894	13,712	81,606	99 %
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Debt Securities by Investment Rating

AAA	12,996	4,787	17,783		11,663	5,865	17,528		11,097	6,630	17,727	
AA	12,018	1,621	13,639		12,111	1,708	13,819		10,503	1,670	12,173	
A	30,916	2,587	33,503		30,823	3,270	34,093		27,341	3,037	30,378	
BBB	20,943	1,988	22,931		20,711	2,549	23,260		18,339	2,248	20,587	
BB and lower	1,144	173	1,317		1,153	185	1,338		614	127	741	
Total debt securities	78,017	11,156	89,173		76,461	13,577	90,038		67,894	13,712	81,606	

EQUITY SECURITIES
Stocks

Canada	2,962	16	2,978		2,882	49	2,931		2,813	22	2,835	
United States	885	134	1,019		786	132	918		550	137	687	
United Kingdom	132	6	138		127	5	132		132	5	137	
Other	1,598	102	1,700		1,422	127	1,549		979	149	1,128	
Total equity securities	5,577	258	5,835		5,217	313	5,530		4,474	313	4,787	

PROPERTIES, MORTGAGES & LOANS
PROPERTIES

Canada
United States
United Kingdom
Other
Total properties

As at September 30, 2020			As at June 30, 2020			As at December 31, 2019		
Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
6,014	49	6,063	5,992	50	6,042	5,854	47	5,901
1,328	108	1,436	1,352	107	1,459	1,386	100	1,486
64	—	64	60	—	60	66	—	66
—	33	33	—	33	33	—	32	32
7,406	190	7,596	7,404	190	7,594	7,306	179	7,485

MORTGAGES & LOANS

Retail
Office
Multi-family residential
Industrial and land
Other
Total Mortgages
Corporate Loans
Total mortgages & loans

As at September 30, 2020			As at June 30, 2020			As at December 31, 2019		
Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
—	3,852	3,852	—	3,954	3,954	—	3,902	3,902
—	3,641	3,641	—	3,763	3,763	—	3,922	3,922
3,613	2,030	5,643	3,665	2,104	5,769	3,613	2,078	5,691
—	1,982	1,982	—	2,038	2,038	—	1,898	1,898
348	383	731	326	386	712	353	459	812
3,961	11,888	15,849	3,991	12,245	16,236	3,966	12,259	16,225
		34,218			33,622			31,997
		50,067			49,858			48,222

Mortgage and Loans - Impairments/Allowances

Mortgages
Loans
Total mortgage and loan impairments/allowances

Impaired Loans Gross Carrying Value	Allowances for Losses		Impaired Loans Gross Carrying Value	Allowances for Losses		Impaired Loans Gross Carrying Value	Allowances for Losses	
	Specific	Sectoral		Specific	Sectoral		Specific	Sectoral
93	47	20	142	56	20	147	50	20
94	48	1	110	59	—	133	47	—
187	95	21	252	115	20	280	97	20

DERIVATIVES

Interest rate contracts
Foreign exchange contracts
Equity and other contracts

Total derivatives

Over the counter
Exchange traded

Total

As at September 30, 2020		As at June 30, 2020		As at December 31, 2019	
Total Notional Amount	Net Fair Value Amount	Total Notional Amount	Net Fair Value Amount	Total Notional Amount	Net Fair Value Amount
29,441	1,303	31,908	1,513	30,151	681
31,325	(1,482)	29,460	(1,922)	26,382	(1,274)
4,802	51	4,972	10	5,598	101
65,568	(128)	66,340	(399)	62,131	(492)
58,788	(125)	59,854	(401)	56,490	(498)
6,780	(3)	6,486	2	5,641	6
65,568	(128)	66,340	(399)	62,131	(492)

CONSOLIDATED SOURCES OF EARNINGS

For the Quarter ended - Q3 2020								
(\$ millions)	Canadian Dollars						U.S. Dollars	
	Canada	U.S.	Asset Management	Asia	Corporate	Total Company	U.S.	MFS
Expected profit on in-force business	281	141	397	143	(38)	924	104	284
Impact of new business	26	2	—	(20)	—	8	1	—
Experience gains (losses)	34	(20)	—	(9)	(18)	(13)	(14)	—
Assumption changes and management actions	81	(292)	—	80	40	(91)	(219)	—
Other ⁽¹⁾	5	(2)	(63)	—	—	(60)	(1)	(37)
Earnings (loss) on operations (pre-tax)	427	(171)	334	194	(16)	768	(129)	247
Earnings on surplus	11	13	—	46	26	96	10	—
Earnings (loss) before income taxes	438	(158)	334	240	10	864	(119)	247
Income tax (expense) benefit	(51)	45	(85)	(4)	2	(93)	34	(64)
Earnings (loss) before preferred share dividends and non-controlling interest	387	(113)	249	236	12	771	(85)	183
Preferred share dividends and non-controlling interest	—	—	2	—	(23)	(21)	—	—
Common shareholders' reported net income (loss)	387	(113)	251	236	(11)	750	(85)	183
Underlying net income adjustments (post tax):								
Market related impacts	29	(18)	—	(9)	(3)	(1)	(13)	—
Assumption changes and management actions	60	(230)	—	80	37	(53)	(173)	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	5	—	—	—	—	5	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(32)	—	—	(32)	—	(24)
Acquisition, integration and restructuring	—	(1)	(11)	1	—	(11)	(1)	—
	94	(249)	(43)	72	34	(92)	(187)	(24)
Common shareholders' underlying net income (loss)	293	136	294	164	(45)	842	102	207

CONSOLIDATED SOURCES OF EARNINGS

For the Quarter ended - Q3 2019								
(\$ millions)	Canadian Dollars						U.S. Dollars	
	Canada	U.S.	Asset Management	Asia	Corporate	Total Company	U.S.	MFS
Expected profit on in-force business	249	123	339	137	(32)	816	94	254
Impact of new business	13	1	—	(36)	—	(22)	1	—
Experience gains (losses)	(93)	—	3	(12)	16	(86)	—	—
Assumption changes and management actions	5	(364)	—	47	238	(74)	(276)	—
Other ⁽¹⁾	(5)	(5)	(48)	—	—	(58)	(4)	(17)
Earnings (loss) on operations (pre-tax)	169	(245)	294	136	222	576	(185)	237
Earnings on surplus	35	11	—	48	43	137	8	—
Earnings (loss) before income taxes	204	(234)	294	184	265	713	(177)	237
Income tax (expense) benefit	19	48	(73)	(14)	11	(9)	37	(55)
Earnings (loss) before preferred share dividends	223	(186)	221	170	276	704	(140)	182
Preferred share dividends	—	—	—	—	(23)	(23)	—	—
Common shareholders' reported net income (loss)	223	(186)	221	170	253	681	(140)	182
Underlying net income adjustments (post tax):								
Market related impacts	(44)	(30)	—	(15)	—	(89)	(21)	—
Assumption changes and management actions	4	(287)	—	47	236	—	(218)	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	(5)	—	—	—	—	(5)	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(8)	—	—	(8)	—	(6)
Acquisition, integration and restructuring	—	(4)	(22)	—	—	(26)	(3)	—
	(45)	(321)	(30)	32	236	(128)	(242)	(6)
Common shareholders' underlying net income (loss)	268	135	251	138	17	809	102	188

⁽¹⁾ Represents pre-tax adjustments related to certain hedges that do not qualify for hedge accounting, MFS fair value adjustments on share-based payment awards, and acquisition, integration and restructuring amounts.

CONSOLIDATED SOURCES OF EARNINGS - SUPPLEMENTAL INFORMATION

MFS SOURCES OF EARNINGS

This MFS Sources of Earnings is presented with reconciliation details to reported net income.

(US\$ millions)	For the Quarter Ended									For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Expected profit on in-force business	284	226	234	268	254	232	221	227	256	975	953	947
Impact of new business	—	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	284	226	234	268	254	232	221	227	256	975	953	947
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	284	226	234	268	254	232	221	227	256	975	953	947
Income tax (expense) benefit	(67)	(53)	(54)	(58)	(56)	(46)	(45)	(51)	(60)	(205)	(223)	(299)
Earnings (loss) before non-controlling interest	217	173	180	210	198	186	176	176	196	770	730	648
Non-controlling interest	(10)	(8)	(8)	(9)	(10)	(10)	(8)	(9)	(10)	(37)	(37)	(38)
Common shareholders' underlying net income (loss)	207	165	172	201	188	176	168	167	186	733	693	610
Underlying net income adjustments:												
Fair value adjustments on share-based payment awards (pre-tax)	(37)	(27)	—	(41)	(17)	(18)	(15)	14	(20)	(91)	(46)	(117)
Income taxes	3	1	—	4	1	—	1	(1)	2	6	5	15
Non-controlling interest	10	8	8	9	10	10	8	9	10	37	37	38
Other	—	—	—	—	—	—	—	—	—	—	—	(75)
	(24)	(18)	8	(28)	(6)	(8)	(6)	22	(8)	(48)	(4)	(139)
Common shareholders' reported net income (loss)	183	147	180	173	182	168	162	189	178	685	689	471

EXPENSES

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2020			2019			2018			2019	2018	2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES												
Operating expenses	1,807	1,771	1,733	1,954	1,714	1,697	1,668	1,625	1,563	7,033	6,432	6,410
Commissions	638	619	648	677	590	586	564	603	574	2,417	2,339	2,403
Premium taxes	106	112	108	101	101	104	100	95	93	406	375	379
Interest expense	86	90	90	96	65	84	88	79	73	333	305	303
Total	2,637	2,592	2,579	2,828	2,470	2,471	2,420	2,402	2,303	10,189	9,451	9,495
OPERATING EXPENSES BY BUSINESS GROUP												
Canada	512	520	530	566	498	523	535	528	487	2,122	2,040	2,018
U.S.	230	232	246	246	208	236	236	220	220	926	872	857
Asset Management ⁽¹⁾	701	698	672	674	652	642	611	593	590	2,579	2,403	2,294
Asia	251	228	229	280	241	222	203	236	201	946	819	758
Corporate ⁽¹⁾	61	54	20	84	70	37	53	37	26	244	148	152
Operating expenses excluding the following:	1,755	1,732	1,697	1,850	1,669	1,660	1,638	1,614	1,524	6,817	6,282	6,079
FV adjustments on MFS share-based payment awards ⁽²⁾	49	37	—	54	23	24	21	(19)	25	122	58	150
Acquisition, integration and restructuring costs	3	2	36	50	22	13	9	30	14	94	92	181
Total operating expenses	1,807	1,771	1,733	1,954	1,714	1,697	1,668	1,625	1,563	7,033	6,432	6,410
COMMISSIONS BY BUSINESS GROUP												
Canada	238	226	244	243	231	234	237	243	227	945	934	928
U.S.	112	116	117	114	108	108	110	114	110	440	435	423
Asset Management	171	155	163	162	159	155	147	146	157	623	619	683
Asia	118	122	126	159	93	89	72	101	82	413	357	378
Corporate ⁽³⁾	(1)	—	(2)	(1)	(1)	—	(2)	(1)	(2)	(4)	(6)	(9)
Total commissions	638	619	648	677	590	586	564	603	574	2,417	2,339	2,403
INTEREST EXPENSE												
Subordinated debt	35	32	29	29	26	25	26	26	26	106	106	123
Liabilities for SLEECs	4	4	4	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	9	17	16	18	20	25	26	24	19	89	86	70
Other ⁽⁴⁾	38	37	41	38	8	23	25	18	17	94	69	66
Total interest expense	86	90	90	96	65	84	88	79	73	333	305	303

⁽¹⁾ Includes consolidation adjustments for operating expenses relating to activities that cross business groups. Effective Q1 2020, we have updated prior periods to reflect a change in presentation in SLC Management. Refer to Note 3. Segmented Information of the Quarterly 2020 Consolidated Financial Statements for additional details.

⁽²⁾ Represent the operating expenses related to fair value adjustments on share-based payment awards at MFS before tax and the adjustment for non-controlling interest.

⁽³⁾ Includes consolidation adjustments for commissions relating to activities that cross business groups.

⁽⁴⁾ Primarily interest on income taxes and real estate encumbrances, interest on leases and interest on liabilities connected to the consolidated special purpose entities.

FINANCIAL STRENGTH AND CAPITAL ADEQUACY
For the period ended September 30, 2020
SUN LIFE ASSURANCE COMPANY OF CANADA
FINANCIAL STRENGTH RATINGS
SECURITY RATINGS

Subordinated Debt

Sun Life Exchangeable Capital Securities

Series B

A.M. Best
Moody's
Standard & Poor's
DBRS

A+

Aa3

AA

AA

a+

A2

AA-

AA (low)

a

A3

P-1/A+

A (high)

SUN LIFE FINANCIAL INC.
SECURITY RATINGS

Senior Unsecured Debentures (Series E)

Subordinated Debt

 (Series 2007-1, 2016-1, 2016-2, 2017-1, 2019-1, 2020-1 and 2020-2)⁽²⁾

Class A Preferred Shares (Series 1-5, 8R, 9QR, 10R, 11QR, and 12R)

A.M. Best
Moody's⁽¹⁾
Standard & Poor's
DBRS

a

not rated

A+

A (high)

a-

not rated

A

A

bbb+

Baa1(hyb)

P-1 (low)/A-

Pfd-2 (high)

⁽¹⁾ Moody's rate Preferred Shares Series 2 only.

⁽²⁾ Series 2020-2 subordinated debt was issued on October 1, 2020.

General Information

Canada	U.S.	Asset Management	Asia	Corporate
<p>Our Canada business group is a leading provider of protection, health and wealth solutions, providing products and services that deliver value to over six million Clients. We are the largest provider of benefits and pensions in the workplace, and provide a wide range of products to individuals via retail channels. Canada is a growth market for Sun Life and we are well-positioned to help meet evolving Client needs with integrated solutions for savings, retirement, health care and insurance protection. Canada has three business units - Individual Insurance and Wealth, Group Benefits and Group Retirement Services.</p>	<p>Our U.S. business group is one of the largest group benefits providers in the U.S. market, serving employees and their families at more than 55,000 workplaces of all sizes across the country with employer-sponsored insurance products and solutions. In addition, our U.S. business manages an in-force block of more than 100,000 individual life insurance policies. U.S. has two business units - Group Benefits and In-force Management.</p>	<p>Our Asset Management business group is comprised of MFS and SLC Management. MFS is a premier global asset management firm which offers a comprehensive selection of financial products and services that deliver superior value and actively manages assets for retail and institutional investors around the world. SLC Management is an institutional investment management business that delivers liability driven investing, alternative fixed income and real estate solutions to Clients, with operations around the world.</p>	<p>Our Asia business group consists of two business units - Local Markets and International Hubs. Our Local Markets business unit operates in six local markets (Philippines, Indonesia, India, China, Malaysia and Vietnam), delivering value to Clients by providing life, health, wealth and asset management solutions through a multi-channel distribution approach. Our International Hubs business unit brings together our International and Hong Kong operations to serve high-net-worth Clients across the region as well as protection and wealth needs of Hong Kong Clients. Asia's presence in these markets provides us with a strong foothold to take advantage of the high growth prospects in this region.</p>	<p>Corporate includes the results of our U.K. business and Corporate Support. U.K. has a run-off block of business consisting of approximately 525,000 in-force life and pension policies, with approximately £10.3 billion of AUM. Since December 2010, U.K. has been closed to new business and focuses on supporting existing Clients. Corporate Support operations consist of the expenses, debt charges, investment income, capital and other items not allocated to Sun Life's other business segments, as well as the Company's Run-off reinsurance business. Coverage in our Run-off reinsurance business includes long-term care, medical coverage, and guaranteed minimum income and death benefit coverage. The block also includes group long-term disability and personal accident policies which are 100% retroceded.</p>
<p><u>Individual Insurance and Wealth</u> Individual life and health insurance Individual savings products Mutual funds</p> <p><u>Group Benefits</u> Group life and health insurance Voluntary benefits products</p> <p><u>Group Retirement Services</u> Defined contribution plans Defined benefit solutions Voluntary savings plans</p>	<p><u>Group Benefits</u> Group life Disability insurance Medical stop-loss insurance Dental insurance Vision insurance Voluntary benefits Supplemental health products FullscopeRMS products and services</p> <p><u>In-Force Management</u> Individual life insurance</p>	<p><u>MFS</u> Mutual Funds U.S. retail mutual funds MFS Meridian funds Investment Management Services Institutional accounts 401(k) Insurance products</p> <p><u>SLC Management</u> Private class funds Customized fixed income portfolios Liability-driven investing strategies Investment advisory and property management services</p>	<p><u>Local Markets</u> Philippines Indonesia India China Malaysia Vietnam</p> <p><u>International Hubs</u> International Hong Kong</p>	<p><u>U.K.</u> Individual annuities and pensions (In-force block only) Individual life (In-force block only)</p> <p><u>Corporate Support</u> Run-off reinsurance</p>