



Financial and Operating Results Supplementary Financial Information

Sun Life Financial Inc. (unaudited)
For the period ended December 31, 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 to simplify our organizational structure and drive efficiencies, we also recorded a restructuring charge of \$28 million post tax (\$37 million pre-tax) and \$20 million post tax (\$27 million pre-tax) in Q1 2020 and Q4 2020, respectively. Amounts also 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 Q2 2020 and Q3 2020 and \$15 million in Q4 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.

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) 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;
- (6) 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;
- (7) 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
- (8) 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

Canada	255	387	117	(42)	275	223	148	237	96	717	883	942
U.S.	88	(113)	118	164	131	(186)	94	124	118	257	163	52
Asset Management	267	251	223	239	228	221	229	219	244	980	897	909
Asia	132	236	126	100	136	170	134	80	125	594	520	555
Corporate	2	(11)	(65)	(70)	(51)	253	(10)	(37)	(3)	(144)	155	64
Total common shareholders' reported net income (loss)	744	750	519	391	719	681	595	623	580	2,404	2,618	2,522

Market related impacts:

Net equity market impact	108	50	59	(360)	40	9	20	58	(143)	(143)	127	(174)
Net interest rate impact	(74)	(14)	(205)	79	(11)	(90)	(114)	(133)	(41)	(214)	(348)	(91)
Net increases (decreases) in the fair value of real estate	(14)	(37)	(41)	(12)	(11)	(8)	(3)	6	31	(104)	(16)	77
	20	(1)	(187)	(293)	18	(89)	(97)	(69)	(153)	(461)	(237)	(188)
Assumption changes and management actions (ACMA)	(42)	(53)	5	(53)	(15)	—	(20)	(11)	13	(143)	(46)	(155)

Other adjustments:

Certain hedges that do not qualify for hedge accounting	—	5	—	(1)	4	(5)	(5)	1	(1)	4	(5)	5
Fair value adjustments on share-based payment awards at MFS	(46)	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(92)	(64)	(5)
Acquisition, integration and restructuring	(50)	(11)	(14)	(42)	(43)	(26)	(11)	(7)	(25)	(117)	(87)	(82)

Total common shareholders' underlying net income (loss)	862	842	739	770	792	809	739	717	718	3,213	3,057	2,947
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Common Shareholders' Underlying Net Income (Loss) by Segment

Canada	243	293	281	256	264	268	243	237	245	1,073	1,012	1,036
U.S.	148	136	123	161	137	135	110	150	121	568	532	514
Asset Management	333	294	259	242	281	251	245	227	227	1,128	1,004	925
Asia	116	164	144	155	143	138	147	122	140	579	550	523
Corporate	22	(45)	(68)	(44)	(33)	17	(6)	(19)	(15)	(135)	(41)	(51)
Total common shareholders' underlying net income (loss)	862	842	739	770	792	809	739	717	718	3,213	3,057	2,947

Profitability Measures

Basic earnings per common share (EPS)												
Reported	1.27	1.28	0.89	0.67	1.22	1.15	1.00	1.04	0.96	4.11	4.42	4.16
Diluted earnings per common share												
Reported	1.27	1.28	0.88	0.67	1.22	1.15	1.00	1.04	0.96	4.10	4.40	4.14
Underlying	1.47	1.44	1.26	1.31	1.34	1.37	1.24	1.20	1.19	5.49	5.16	4.86

Premiums & Deposits

Net premiums	6,675	6,396	5,521	5,146	6,639	4,799	4,480	4,370	5,313	23,738	20,288	18,642
Segregated fund deposits	4,488	2,623	2,492	3,277	3,517	2,505	2,872	3,064	2,763	12,880	11,958	11,553
Mutual fund sales ⁽¹⁾	33,796	33,549	35,697	38,089	27,177	25,292	23,703	23,664	22,135	141,131	99,836	84,202
Managed fund sales	13,687	12,815	18,810	16,878	12,347	12,200	10,539	9,976	9,629	62,190	45,062	38,903
ASO premium & deposit equivalents	1,655	3,215	1,774	1,811	1,715	1,699	1,681	1,707	1,673	8,455	6,802	6,808
Total premiums & deposits	60,301	58,598	64,294	65,201	51,395	46,495	43,275	42,781	41,513	248,394	183,946	160,108

Sales & Value of New Business

Individual Life & Health ⁽²⁾	513	378	312	389	469	375	324	343	353	1,592	1,511	1,264
Group Life & Health ⁽²⁾	912	303	307	387	933	310	333	437	961	1,909	2,013	1,925
Wealth - Asset Management	43,390	43,066	51,575	51,954	36,847	34,442	31,929	31,287	29,423	189,985	134,505	111,315
Wealth - excluding Asset Management ⁽²⁾⁽³⁾	8,244	9,618	5,063	7,950	8,025	6,709	5,047	4,706	6,818	30,875	24,487	25,387
Value of New Business ⁽³⁾	293	261	206	380	337	252	235	382	310	1,140	1,206	1,154

⁽¹⁾ Includes Aditya Birla Sun Life AMC Limited's equity and fixed income mutual funds sales based on our proportionate equity interest.

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

⁽³⁾ Excludes Asset Management businesses.

FINANCIAL HIGHLIGHTS CONTINUED

	At and For the Quarter Ended									At and For the Year Ended		
	2020				2019				2018	2020	2019	2018
Valuation Data	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Book value per common share	37.96	38.17	37.56	37.50	35.97	35.56	36.26	36.20	35.84	37.96	35.97	35.84
Book value per common share excluding AOCI	35.25	34.53	33.79	33.46	33.48	32.80	33.77	33.42	33.01	35.25	33.48	33.01
Tangible book value per common share	23.35	23.35	23.73	23.42	22.50	22.14	24.31	24.24	23.82	23.35	22.50	23.82
Market-to-book value (times)	1.49	1.42	1.33	1.21	1.65	1.67	1.50	1.42	1.26	1.49	1.65	1.26
Total market capitalization (TSX in \$ billions)	33.1	31.7	29.2	26.5	34.8	34.8	32.1	30.5	27.1	33.1	34.8	27.1
Financial Strength												
SLA LICAT ratio	127 %	127 %	126 %	130 %	130 %	133 %	133 %	132 %	131 %	127 %	130 %	131 %
SLF LICAT ratio	147 %	144 %	146 %	143 %	143 %	146 %	144 %	145 %	144 %	147 %	143 %	144 %
Total debt to total capital ratio	23.5 %	21.5 %	23.2 %	20.7 %	21.2 %	22.8 %	20.4 %	21.1 %	21.2 %	23.5 %	21.2 %	21.2 %
Common Share Information (SLF on TSX)												
High (intraday)	60.34	57.56	53.32	66.44	61.91	59.73	55.97	52.23	51.58	66.44	61.91	56.09
Low (intraday)	51.59	48.29	42.01	35.43	56.62	51.19	51.64	44.43	43.13	35.43	44.43	43.13
Close (end of period)	56.60	54.26	49.89	45.27	59.21	59.24	54.23	51.34	45.29	56.60	59.21	45.29
Number of Common Shares Outstanding (in millions) ⁽¹⁾												
At beginning 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
Common shares issued	0.3	0.1	0.1	0.3	0.2	0.2	0.1	0.3	—	0.8	0.8	0.5
Common shares purchased and cancelled	—	—	—	(3.5)	—	(3.6)	(3.7)	(4.2)	(4.8)	(3.5)	(11.5)	(12.5)
At end of period	585.1	584.8	584.7	584.6	587.8	587.6	591.0	594.6	598.5	585.1	587.8	598.5
Weighted average shares outstanding - basic	585	585	585	587	588	590	593	597	602	585	592	606
Weighted average shares outstanding - diluted ⁽²⁾	589	589	589	592	593	595	598	602	607	589	597	611
Dividend per common share	0.55	0.55	0.55	0.55	0.55	0.525	0.525	0.50	0.50	2.20	2.10	1.905
Dividend payout ratio ⁽³⁾												
Reported	43 %	43 %	63 %	82 %	45 %	46 %	53 %	48 %	52 %	54 %	48 %	46 %
Underlying	37 %	38 %	44 %	42 %	41 %	38 %	42 %	42 %	42 %	40 %	41 %	39 %
Dividend yield ⁽⁴⁾	3.9 %	4.1%	4.6%	3.8%	3.7%	3.8%	3.9%	4.1%	4.2%	4.1 %	3.9%	3.7%
Assets Under Management ⁽⁵⁾												
General funds	197,090	196,235	195,489	188,366	180,229	180,206	174,325	172,348	168,765	197,090	180,229	168,765
Segregated funds	125,921	116,653	112,944	102,824	116,973	112,806	111,684	110,011	103,062	125,921	116,973	103,062
Total assets	323,011	312,888	308,433	291,190	297,202	293,012	286,009	282,359	271,827	323,011	297,202	271,827
Other assets under management												
Mutual funds	487,407	456,120	427,977	377,987	417,042	394,498	381,625	370,877	341,425	487,407	417,042	341,425
Managed funds & other	471,776	451,125	417,813	385,681	415,888	406,458	387,781	388,879	366,847	471,776	415,888	366,847
Consolidation adjustments	(35,640)	(33,784)	(32,650)	(31,538)	(30,785)	(31,036)	(30,639)	(30,730)	(28,956)	(35,640)	(30,785)	(28,956)
Total other assets under management	923,543	873,461	813,140	732,130	802,145	769,920	738,767	729,026	679,316	923,543	802,145	679,316
Total assets under management	1,246,554	1,186,349	1,121,573	1,023,320	1,099,347	1,062,932	1,024,776	1,011,385	951,143	1,246,554	1,099,347	951,143
Total assets under management and administration ⁽⁵⁾	1,286,475	1,223,217	1,155,597	1,054,216	1,134,344	1,106,939	1,068,913	1,054,952	992,984	1,286,475	1,134,344	992,984
Select Constant Currency Measures												
Reported net income	745				719							
Underlying net income	865				792							
Sales - Individual Life & Health	511				469							
Sales - Group Life & Health	922				933							
Sales - Wealth	52,170				44,872							
Premiums & deposits	60,806				51,395							
Reported earnings per share - Diluted	1.27				1.22							
Underlying earnings per share - Diluted	1.48				1.34							
Assets under management ⁽⁵⁾	1,265,214				1,099,347							

⁽¹⁾ Certain numbers have been rounded in order to arrive at the number of common shares outstanding at end of period.

⁽²⁾ 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.

⁽³⁾ The calculation methodology is based on diluted reported EPS and diluted underlying EPS, respectively.

⁽⁴⁾ 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.

⁽⁵⁾ 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	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	3,616	2,794	2,805	2,597	2,878	2,308	2,210	2,074	2,383	11,812	9,470	8,677
Premiums - health insurance	2,586	2,597	2,784	2,682	2,490	2,473	2,482	2,463	2,321	10,649	9,908	9,121
Premiums - annuities	1,108	1,590	571	460	1,912	589	396	405	1,231	3,729	3,302	3,183
Gross premiums	7,310	6,981	6,160	5,739	7,280	5,370	5,088	4,942	5,935	26,190	22,680	20,981
Ceded premiums	(635)	(585)	(639)	(593)	(641)	(571)	(608)	(572)	(622)	(2,452)	(2,392)	(2,339)
Net premiums	6,675	6,396	5,521	5,146	6,639	4,799	4,480	4,370	5,313	23,738	20,288	18,642
Net investment income (loss)	3,075	1,889	8,069	(315)	209	3,232	4,124	5,575	1,384	12,718	13,140	2,389
Fee income	1,899	1,747	1,596	1,639	1,677	1,585	1,542	1,447	1,483	6,881	6,251	5,966
Total revenue	11,649	10,032	15,186	6,470	8,525	9,616	10,146	11,392	8,180	43,337	39,679	26,997
Policy benefits and expenses												
Gross claims & benefits paid	4,773	4,338	4,778	4,418	4,613	4,335	4,353	4,120	4,102	18,307	17,421	15,986
Change in investment/insurance contract liabilities & reinsurance assets ⁽¹⁾	3,604	2,645	7,712	(661)	768	2,570	3,071	4,558	1,400	13,300	10,967	70
Operating expenses, commissions and other expenses	2,988	2,637	2,592	2,579	2,828	2,470	2,471	2,420	2,402	10,796	10,189	9,451
Reinsurance expenses (recoveries)	(636)	(577)	(609)	(531)	(595)	(525)	(503)	(508)	(498)	(2,353)	(2,131)	(2,021)
Total policy benefits and expenses	10,729	9,043	14,473	5,805	7,614	8,850	9,392	10,590	7,406	40,050	36,446	23,486
Income (loss) before income taxes	920	989	713	665	911	766	754	802	774	3,287	3,233	3,511
Income tax expense (benefit)	53	102	61	279	98	10	90	88	112	495	286	597
Participating policyholders' net income (loss) and non-controlling interest	99	115	109	(29)	70	52	45	67	59	294	234	298
Preferred shareholder dividends	24	22	24	24	24	23	24	24	23	94	95	94
Common shareholders' reported net income (loss)	744	750	519	391	719	681	595	623	580	2,404	2,618	2,522
Common shareholders' underlying net income (loss)	862	842	739	770	792	809	739	717	718	3,213	3,057	2,947
Return on equity - reported	13.3 %	13.5 %	9.4 %	7.2 %	13.6 %	13.0 %	11.0 %	11.5 %	10.9 %	10.8 %	12.3 %	12.1 %
Return on equity - underlying	15.4 %	15.1 %	13.4 %	14.2 %	15.0 %	15.5 %	13.7 %	13.3 %	13.6 %	14.4 %	14.3 %	14.2 %

SOURCES OF EARNINGS - Total Company

	For the Quarter Ended									For the Year Ended		
	2020				2019				2018	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Expected profit on in-force business	985	924	871	816	849	816	784	739	744	3,596	3,188	2,998
Impact of new business	36	8	(5)	6	22	(22)	(5)	(11)	17	45	(16)	15
Experience gains (losses)	(136)	(13)	(403)	(111)	(18)	(86)	(128)	(96)	(142)	(663)	(328)	(4)
Assumption changes and management actions	(60)	(91)	3	(66)	(16)	(74)	(27)	(10)	13	(214)	(127)	(246)
Other ⁽²⁾	(128)	(60)	(52)	(50)	(108)	(58)	(42)	(29)	(12)	(290)	(237)	(150)
Earnings (loss) on operations (pre-tax)	697	768	414	595	729	576	582	593	620	2,474	2,480	2,613
Earnings on surplus	114	96	155	116	115	137	123	125	111	481	500	540
Earnings (loss) before income taxes	811	864	569	711	844	713	705	718	731	2,955	2,980	3,153
Income tax (expense) benefit	(41)	(93)	(22)	(290)	(101)	(9)	(86)	(71)	(128)	(446)	(267)	(537)
Earnings (loss) before preferred share dividends and non-controlling interest	770	771	547	421	743	704	619	647	603	2,509	2,713	2,616
Preferred share dividends and non-controlling interest	(26)	(21)	(28)	(30)	(24)	(23)	(24)	(24)	(23)	(105)	(95)	(94)
Common shareholders' reported net income (loss)	744	750	519	391	719	681	595	623	580	2,404	2,618	2,522
Underlying net income adjustments (post tax):												
Market related impacts	20	(1)	(187)	(293)	18	(89)	(97)	(69)	(153)	(461)	(237)	(188)
Assumption changes and management actions	(42)	(53)	5	(53)	(15)	—	(20)	(11)	13	(143)	(46)	(155)
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	—	5	—	(1)	4	(5)	(5)	1	(1)	4	(5)	5
Fair value adjustments on share-based payment awards at MFS	(46)	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(92)	(64)	(5)
Acquisition, integration and restructuring	(50)	(11)	(14)	(42)	(43)	(26)	(11)	(7)	(25)	(117)	(87)	(82)
Common shareholders' underlying net income (loss)	(118)	(92)	(220)	(379)	(73)	(128)	(144)	(94)	(138)	(809)	(439)	(425)
	862	842	739	770	792	809	739	717	718	3,213	3,057	2,947
EXCHANGE RATES - Average for the period												
U.S. Dollar	1.304	1.332	1.386	1.341	1.320	1.320	1.337	1.329	1.321	1.341	1.327	1.295

⁽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)

STATEMENTS OF FINANCIAL POSITION (C\$ millions)	At the Quarter Ended									At the Year Ended		
	2020				2019				2018	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Assets												
Cash, cash equivalents and short-term securities	13,527	12,450	11,792	9,548	9,575	8,647	8,188	8,370	9,506	13,527	9,575	9,506
Debt securities	89,089	89,173	90,038	84,599	81,606	82,167	78,677	76,715	74,443	89,089	81,606	74,443
Equity securities	6,631	5,835	5,530	4,605	4,787	4,925	4,850	4,918	4,634	6,631	4,787	4,634
Mortgages and loans	49,946	50,067	49,858	50,253	48,222	48,125	47,485	47,565	46,822	49,946	48,222	46,822
Derivative assets	2,160	2,279	2,914	3,128	1,548	2,193	1,914	1,430	1,112	2,160	1,548	1,112
Other invested assets	5,778	5,791	5,658	5,795	5,357	5,325	5,095	5,057	4,830	5,778	5,357	4,830
Policy loans	3,265	3,310	3,308	3,324	3,218	3,216	3,196	3,215	3,222	3,265	3,218	3,222
Investment properties	7,516	7,406	7,404	7,359	7,306	7,335	7,229	6,999	7,157	7,516	7,306	7,157
Total invested assets	177,912	176,311	176,502	168,611	161,619	161,933	156,634	154,269	151,726	177,912	161,619	151,726
Other assets	5,152	5,771	5,049	5,564	5,216	4,899	5,114	5,554	4,498	5,152	5,216	4,498
Reinsurance assets	3,843	3,999	4,315	4,357	4,024	4,059	4,210	4,135	4,141	3,843	4,024	4,141
Deferred tax assets	1,634	1,485	1,534	1,606	1,455	1,431	1,305	1,278	1,209	1,634	1,455	1,209
Intangible assets	2,477	2,493	2,142	2,184	2,083	2,015	1,753	1,754	1,779	2,477	2,083	1,779
Goodwill	6,072	6,176	5,947	6,044	5,832	5,869	5,309	5,358	5,412	6,072	5,832	5,412
Total general fund assets	197,090	196,235	195,489	188,366	180,229	180,206	174,325	172,348	168,765	197,090	180,229	168,765
Investment for account of segregated fund holders	125,921	116,653	112,944	102,824	116,973	112,806	111,684	110,011	103,062	125,921	116,973	103,062
Total assets	323,011	312,888	308,433	291,190	297,202	293,012	286,009	282,359	271,827	323,011	297,202	271,827
Liabilities and Equity												
Insurance contract liabilities	145,773	144,170	142,501	135,252	131,184	130,870	127,728	125,491	121,923	145,773	131,184	121,923
Investment contract liabilities	3,189	3,251	3,198	3,120	3,116	3,121	3,145	3,136	3,164	3,189	3,116	3,164
Derivative liabilities	1,744	2,407	3,313	4,509	2,040	2,352	1,804	1,762	2,295	1,744	2,040	2,295
Deferred tax liabilities	383	407	391	313	406	397	393	328	322	383	406	322
Other liabilities	14,858	15,573	15,633	15,865	14,937	14,730	12,506	12,580	12,153	14,858	14,937	12,153
Senior debentures	300	300	300	300	300	300	600	599	599	300	300	599
Senior debentures - Innovative capital instruments	200	200	200	200	200	700	700	700	700	200	200	700
Subordinated debt	4,781	4,035	4,534	3,539	3,538	3,538	2,791	3,040	3,039	4,781	3,538	3,039
Total general fund liabilities	171,228	170,343	170,070	163,098	155,721	156,008	149,667	147,636	144,195	171,228	155,721	144,195
Insurance and investment contracts for account of segregated fund holders	125,921	116,653	112,944	102,824	116,973	112,806	111,684	110,011	103,062	125,921	116,973	103,062
Total liabilities	297,149	286,996	283,014	265,922	272,694	268,814	261,351	257,647	247,257	297,149	272,694	247,257
Total equity	25,862	25,892	25,419	25,268	24,508	24,198	24,658	24,712	24,570	25,862	24,508	24,570
Total liabilities and equity	323,011	312,888	308,433	291,190	297,202	293,012	286,009	282,359	271,827	323,011	297,202	271,827
EXCHANGE RATES - Period end rates												
U.S. Dollar	1.273	1.332	1.357	1.406	1.299	1.324	1.309	1.334	1.364	1.273	1.299	1.364

STATEMENT OF EQUITY AND CAPITAL

(C\$ millions)

CHANGES IN COMMON SHAREHOLDERS' EQUITY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME												
	2020				2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Balance at beginning 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
Common shareholders' reported net income (loss)	744	750	519	391	719	681	595	623	580	2,404	2,618	2,522
Dividends - common shares	(322)	(314)	(324)	(323)	(316)	(309)	(312)	(299)	(294)	(1,283)	(1,236)	(1,147)
Common shares issued, net of expenses	6	2	3	7	5	5	5	8	—	18	23	17
Common shares buyback	—	—	—	(200)	—	(192)	(200)	(200)	(235)	(200)	(592)	(641)
Share-based compensation	1	—	—	3	1	—	1	3	1	4	5	4
Other ⁽¹⁾	—	—	—	—	—	(875)	—	(22)	—	—	(897)	45
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	(552)	(202)	(480)	1,036	(136)	112	(258)	(279)	770	(198)	(561)	906
Unrealized gains (losses) on available-for-sale assets	32	91	492	(296)	(70)	39	149	251	(31)	319	369	(402)
Unrealized gains (losses) on cash flow hedges	2	6	7	(21)	(1)	6	3	6	(6)	(6)	14	(10)
Share of other comprehensive income (loss) in joint ventures and associates	(43)	(3)	(27)	63	(14)	1	(24)	27	103	(10)	(10)	7
Remeasurement of defined benefit plans	21	31	(149)	120	57	1	(57)	(42)	(16)	23	(41)	84
Balance at end of period	22,212	22,323	21,962	21,921	21,141	20,896	21,427	21,525	21,449	22,212	21,141	21,449

Composition of shareholders' accumulated OCI balance

Unrealized foreign currency translation gains (losses), net of hedging activities	1,150	1,702	1,904	2,384	1,348	1,484	1,372	1,630	1,909	1,150	1,348	1,909
Unrealized gains (losses) on available-for-sale assets	632	600	509	17	313	383	344	195	(56)	632	313	(56)
Unrealized gains (losses) on cash flow hedges	(13)	(15)	(21)	(28)	(7)	(6)	(12)	(15)	(21)	(13)	(7)	(21)
Share of other comprehensive income (loss) in joint ventures and associates	(44)	(1)	2	29	(34)	(20)	(21)	3	(24)	(44)	(34)	(24)
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	(281)	(302)	(333)	(184)	(304)	(361)	(362)	(305)	(263)	(281)	(304)	(263)
Balance at end of period	<u>1,589</u>	<u>2,129</u>	<u>2,206</u>	<u>2,363</u>	<u>1,461</u>	<u>1,625</u>	<u>1,466</u>	<u>1,653</u>	<u>1,690</u>	<u>1,589</u>	<u>1,461</u>	<u>1,690</u>

CAPITAL

Subordinated debt	4,781	4,035	4,534	3,539	3,538	3,538	2,791	3,040	3,039	4,781	3,538	3,039
SLEECs ⁽²⁾	200	200	200	200	200	700	700	699	699	200	200	699
Participating policyholders' equity and non-controlling interest	1,393	1,312	1,200	1,090	1,110	1,045	974	930	864	1,393	1,110	864
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	22,212	22,323	21,962	21,921	21,141	20,896	21,427	21,525	21,449	22,212	21,141	21,449
Total capital	<u>30,843</u>	<u>30,127</u>	<u>30,153</u>	<u>29,007</u>	<u>28,246</u>	<u>28,436</u>	<u>28,149</u>	<u>28,451</u>	<u>28,308</u>	<u>30,843</u>	<u>28,246</u>	<u>28,308</u>

LICAT RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA
Capital Resources
Tier 1 capital

Retained earnings and contributed surplus	14,630	14,065	13,447	13,444	13,731	13,791	13,521	13,456	13,338
Adjusted accumulated other comprehensive income	1,397	1,797	1,932	2,103	1,226	1,372	1,241	1,383	1,405
Common and preferred shares	3,195	3,195	3,197	3,195	3,195	3,195	3,195	3,195	3,195
Innovative instruments	200	200	200	200	200	700	700	699	699
Other	229	256	37	41	45	48	52	56	59

Less:

Goodwill	2,393	2,475	2,505	2,577	2,433	2,460	2,449	2,491	2,552
Tier 1 deductions	4,606	4,609	4,730	5,030	4,690	4,459	4,171	4,299	4,618

Net tier 1 capital	<u>12,652</u>	<u>12,429</u>	<u>11,578</u>	<u>11,376</u>	<u>11,274</u>	<u>12,187</u>	<u>12,089</u>	<u>11,999</u>	<u>11,526</u>
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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	2,576	2,579	2,698	2,806	2,662	2,618	2,427	2,538	2,647

Less:

Tier 2 deductions	320	320	320	320	320	820	820	820	820
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Net tier 2 capital	<u>5,156</u>	<u>5,159</u>	<u>5,278</u>	<u>5,386</u>	<u>5,242</u>	<u>4,698</u>	<u>4,507</u>	<u>4,618</u>	<u>4,727</u>
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Surplus allowance and eligible deposits	<u>10,575</u>	<u>10,203</u>	<u>10,339</u>	<u>9,472</u>	<u>9,359</u>	<u>9,648</u>	<u>9,520</u>	<u>9,257</u>	<u>8,799</u>
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Total capital resources	<u>28,383</u>	<u>27,791</u>	<u>27,195</u>	<u>26,234</u>	<u>25,875</u>	<u>26,533</u>	<u>26,116</u>	<u>25,874</u>	<u>25,052</u>
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Capital Requirements

Credit risk	4,146	4,092	4,063	3,966	3,759	3,812	3,718	3,692	3,642
Market risk	5,264	4,868	4,748	4,014	4,416	4,481	4,510	4,653	4,337
Insurance risk	8,766	8,788	9,009	9,092	8,487	8,503	8,510	8,576	8,625

Total non-participating product risk (before other credits and diversification)	<u>18,176</u>	<u>17,748</u>	<u>17,820</u>	<u>17,072</u>	<u>16,662</u>	<u>16,796</u>	<u>16,738</u>	<u>16,921</u>	<u>16,604</u>
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Total participating product risk including par credits (before other credits and diversification)	<u>4,177</u>	<u>4,234</u>	<u>4,033</u>	<u>3,589</u>	<u>3,561</u>	<u>3,546</u>	<u>3,433</u>	<u>3,350</u>	<u>3,283</u>
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Less:

Credits and diversification benefits	4,106	4,145	4,208	4,228	4,010	4,096	4,133	4,200	4,292
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Total Non-participating and participating product risk	<u>18,247</u>	<u>17,837</u>	<u>17,645</u>	<u>16,433</u>	<u>16,213</u>	<u>16,246</u>	<u>16,038</u>	<u>16,071</u>	<u>15,595</u>
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Segregated fund guarantees risk	904	959	947	959	906	942	936	953	983
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Operational risk	2,054	1,992	1,958	1,821	1,785	1,749	1,700	1,690	1,646
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Total before scalar	<u>21,205</u>	<u>20,788</u>	<u>20,550</u>	<u>19,213</u>	<u>18,904</u>	<u>18,937</u>	<u>18,674</u>	<u>18,714</u>	<u>18,224</u>
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Base solvency buffer (Total before scalar x scalar [1.05])	<u>22,265</u>	<u>21,827</u>	<u>21,578</u>	<u>20,174</u>	<u>19,849</u>	<u>19,884</u>	<u>19,608</u>	<u>19,650</u>	<u>19,136</u>
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LICAT ratio	127%	127%	126%	130%	130%	133%	133%	132%	131%
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LICAT core ratio	90%	90%	87%	89%	90%	95%	96%	94%	92%
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⁽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	585	587	588	590	593	597	602	585	592	606
Diluted impact of stock options	—	—	—	1	1	1	1	1	1	—	1	1
Weighted average shares - diluted underlying	585	585	585	588	589	591	594	598	603	585	593	607
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	589	592	593	595	598	602	607	589	597	611

DILUTED EARNINGS PER SHARE ⁽²⁾

Total common shareholders' reported net income (loss)	744	750	519	391	719	681	595	623	580	2,404	2,618	2,522
Add: Increase in income due to convertible securities (SLEECs) ⁽³⁾	2	3	2	3	2	3	2	3	2	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	746	753	521	394	721	684	597	626	582	2,414	2,628	2,532
Less Adjustments:												
Impact of SLEECs	2	3	2	3	2	3	2	3	2	10	10	10
Market related impacts:												
Net equity market impact	108	50	59	(360)	40	9	20	58	(143)	(143)	127	(174)
Net interest rate impact	(74)	(14)	(205)	79	(11)	(90)	(114)	(133)	(41)	(214)	(348)	(91)
Net increases (decreases) in the fair value of real estate	(14)	(37)	(41)	(12)	(11)	(8)	(3)	6	31	(104)	(16)	77
	20	(1)	(187)	(293)	18	(89)	(97)	(69)	(153)	(461)	(237)	(188)
Assumption changes and management actions	(42)	(53)	5	(53)	(15)	—	(20)	(11)	13	(143)	(46)	(155)
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	—	5	—	(1)	4	(5)	(5)	1	(1)	4	(5)	5
Impact of fair value adjustments on share-based payment awards at MFS	(46)	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(92)	(64)	(5)
Impact of acquisition, integration and restructuring	(50)	(11)	(14)	(42)	(43)	(26)	(11)	(7)	(25)	(117)	(87)	(82)

Total common shareholders' underlying net income (loss)

	At and For the Quarter Ended								At and For the Year Ended			
	2020				2019				2018	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Weighted average shares - basic	585	585	585	587	588	590	593	597	602	585	592	606
Diluted impact of stock options	—	—	—	1	1	1	1	1	1	—	1	1
Weighted average shares - diluted underlying	585	585	585	588	589	591	594	598	603	585	593	607
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	589	592	593	595	598	602	607	589	597	611
Total common shareholders' reported net income (loss)	744	750	519	391	719	681	595	623	580	2,404	2,618	2,522
Add: Increase in income due to convertible securities (SLEECs) ⁽³⁾	2	3	2	3	2	3	2	3	2	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	746	753	521	394	721	684	597	626	582	2,414	2,628	2,532
Less Adjustments:												
Impact of SLEECs	2	3	2	3	2	3	2	3	2	10	10	10
Market related impacts:												
Net equity market impact	108	50	59	(360)	40	9	20	58	(143)	(143)	127	(174)
Net interest rate impact	(74)	(14)	(205)	79	(11)	(90)	(114)	(133)	(41)	(214)	(348)	(91)
Net increases (decreases) in the fair value of real estate	(14)	(37)	(41)	(12)	(11)	(8)	(3)	6	31	(104)	(16)	77
	20	(1)	(187)	(293)	18	(89)	(97)	(69)	(153)	(461)	(237)	(188)
Assumption changes and management actions	(42)	(53)	5	(53)	(15)	—	(20)	(11)	13	(143)	(46)	(155)
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	—	5	—	(1)	4	(5)	(5)	1	(1)	4	(5)	5
Impact of fair value adjustments on share-based payment awards at MFS	(46)	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(92)	(64)	(5)
Impact of acquisition, integration and restructuring	(50)	(11)	(14)	(42)	(43)	(26)	(11)	(7)	(25)	(117)	(87)	(82)
Total common shareholders' underlying net income (loss)	862	842	739	770	792	809	739	717	718	3,213	3,057	2,947
Diluted earnings per share - reported	\$ 1.27	\$ 1.28	\$ 0.88	\$ 0.67	\$ 1.22	\$ 1.15	\$ 1.00	\$ 1.04	\$ 0.96	\$ 4.10	\$ 4.40	\$ 4.14
Less Adjustments:												
Impact of SLEECs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ (0.02)	\$ (0.01)
Market related impacts:												
Net equity market impact	\$ 0.18	\$ 0.08	\$ 0.10	\$ (0.61)	\$ 0.07	\$ 0.02	\$ 0.03	\$ 0.09	\$ (0.23)	\$ (0.25)	\$ 0.21	\$ (0.29)
Net interest rate impact	\$ (0.13)	\$ (0.02)	\$ (0.35)	\$ 0.13	\$ (0.02)	\$ (0.17)	\$ (0.19)	\$ (0.22)	\$ (0.07)	\$ (0.37)	\$ (0.57)	\$ (0.15)
Net increases (decreases) in the fair value of real estate	\$ (0.02)	\$ (0.06)	\$ (0.07)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ -	\$ 0.01	\$ 0.05	\$ (0.18)	\$ (0.03)	\$ 0.13
	\$ 0.03	\$ -	\$ (0.32)	\$ (0.50)	\$ 0.03	\$ (0.16)	\$ (0.16)	\$ (0.12)	\$ (0.25)	\$ (0.80)	\$ (0.39)	\$ (0.31)
Assumption changes and management actions	\$ (0.07)	\$ (0.09)	\$ 0.01	\$ (0.09)	\$ (0.03)	\$ -	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.24)	\$ (0.08)	\$ (0.26)
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)	\$ 0.01
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.08)	\$ (0.06)	\$ (0.04)	\$ 0.02	\$ (0.06)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ 0.05	\$ (0.16)	\$ (0.11)	\$ (0.01)
Impact of acquisition, integration and restructuring	\$ (0.08)	\$ (0.02)	\$ (0.03)	\$ (0.07)	\$ (0.07)	\$ (0.04)	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.20)	\$ (0.15)	\$ (0.14)
Diluted earnings per share - underlying	\$ 1.47	\$ 1.44	\$ 1.26	\$ 1.31	\$ 1.34	\$ 1.37	\$ 1.24	\$ 1.20	\$ 1.19	\$ 5.49	\$ 5.16	\$ 4.86

⁽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	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	1,520	1,255	1,307	1,276	1,450	1,203	1,277	1,248	1,335	5,358	5,178	4,796
Premiums - health insurance	1,454	1,443	1,596	1,518	1,409	1,403	1,415	1,402	1,347	6,011	5,629	5,316
Premiums - annuities	1,077	1,557	533	427	1,905	584	389	398	1,325	3,594	3,276	3,261
Gross premiums	4,051	4,255	3,436	3,221	4,764	3,190	3,081	3,048	4,007	14,963	14,083	13,373
Ceded premiums	(393)	(361)	(402)	(374)	(388)	(357)	(381)	(362)	(379)	(1,530)	(1,488)	(1,487)
Net premiums	3,658	3,894	3,034	2,847	4,376	2,833	2,700	2,686	3,628	13,433	12,595	11,886
Net investment income (loss)	1,634	1,109	4,823	(743)	(36)	1,171	2,096	3,243	573	6,823	6,474	1,942
Fee income	386	343	306	341	361	328	323	308	333	1,376	1,320	1,240
Total revenue	5,678	5,346	8,163	2,445	4,701	4,332	5,119	6,237	4,534	21,632	20,389	15,068
Policy benefits and expenses												
Gross claims & benefits paid	2,827	2,507	2,623	2,585	2,538	2,336	2,446	2,383	2,393	10,542	9,703	9,328
Change in investment/insurance contract liabilities & reinsurance assets	1,945	1,803	4,933	(873)	1,194	1,185	1,893	2,978	1,355	7,808	7,250	1,894
Operating expenses, commissions and other expenses	970	869	876	899	933	843	874	886	884	3,614	3,536	3,413
Reinsurance expenses (recoveries)	(359)	(314)	(311)	(311)	(319)	(276)	(296)	(281)	(262)	(1,295)	(1,172)	(1,138)
Total policy benefits and expenses	5,383	4,865	8,121	2,300	4,346	4,088	4,917	5,966	4,370	20,669	19,317	13,497
Income (loss) before income taxes	295	481	42	145	355	244	202	271	164	963	1,072	1,571
Income tax expense (benefit)	(26)	57	(158)	177	50	(15)	12	(32)	14	50	15	308
Participating policyholders' net income (loss)	66	37	83	10	30	36	42	66	54	196	174	321
Common shareholders' reported net income (loss)	255	387	117	(42)	275	223	148	237	96	717	883	942
Market related impacts	15	29	(161)	(275)	6	(44)	(72)	(1)	(134)	(392)	(111)	(117)
Assumption changes and management actions	(3)	60	(3)	(22)	(1)	4	(20)	—	(14)	32	(17)	23
Certain hedges that do not qualify for hedge accounting	—	5	—	(1)	4	(5)	(5)	1	(1)	4	(5)	5
Acquisition, integration and restructuring	—	—	—	—	2	—	2	—	—	—	4	(5)
Common shareholders' underlying net income (loss)	243	293	281	256	264	268	243	237	245	1,073	1,012	1,036
Return on equity - reported	13.7%	21.0%	6.5%	(2.4)%	15.5%	12.7%	8.5%	13.5%	5.5%	9.8%	12.6%	13.8%
Return on equity - underlying	13.1%	15.9%	15.6%	14.3%	14.9%	15.3%	13.8%	13.5%	14.1%	14.7%	14.4%	15.2%
PREMIUMS & DEPOSITS												
Net premiums	3,658	3,894	3,034	2,847	4,376	2,833	2,700	2,686	3,628	13,433	12,595	11,886
Segregated fund deposits	4,082	2,311	2,264	2,981	3,196	2,196	2,607	2,771	2,468	11,638	10,770	10,315
Retail mutual fund deposits (Sun Life Global Investments)	770	569	530	741	607	518	530	519	451	2,610	2,174	2,071
ASO premium & deposit equivalents	1,573	3,127	1,691	1,728	1,623	1,626	1,612	1,632	1,605	8,119	6,493	6,312
Total	10,083	9,901	7,519	8,297	9,802	7,173	7,449	7,608	8,152	35,800	32,032	30,584
SALES												
Individual Insurance	118	80	77	83	117	85	94	93	108	358	389	396
Individual Wealth	2,168	1,741	1,438	2,106	1,829	1,463	1,491	1,574	1,472	7,453	6,357	6,256
Group Benefits	68	67	74	212	111	119	100	269	111	421	599	588
Group Retirement Services	2,696	5,096	1,170	3,523	4,076	2,673	1,757	1,251	3,411	12,485	9,757	9,030
ASSETS UNDER MANAGEMENT												
General funds	106,318	105,036	102,586	96,945	94,909	93,443	91,791	89,799	86,697	106,318	94,909	86,697
Segregated funds	107,494	99,644	96,027	87,194	98,758	95,257	93,923	91,932	85,885	107,494	98,758	85,885
Other AUM	6,719	6,340	6,100	5,645	6,173	5,875	5,703	5,497	4,854	6,719	6,173	4,854
Total	220,531	211,020	204,713	189,784	199,840	194,575	191,417	187,228	177,436	220,531	199,840	177,436
Sun Life Global Investments (Canada) Inc.												
Gross Sales												
Retail	1,039	751	712	1,021	821	698	740	684	629	3,523	2,943	2,819
Institutional & other ⁽¹⁾	410	430	573	1,090	1,261	487	583	770	602	2,503	3,101	2,307
Total	1,449	1,181	1,285	2,111	2,082	1,185	1,323	1,454	1,231	6,026	6,044	5,126
Net Sales	405	186	(332)	1,016	1,211	494	555	632	473	1,275	2,892	2,511
Assets under management	32,730	30,753	29,327	27,410	29,000	27,079	26,211	25,169	22,897	32,730	29,000	22,897

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

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

(C\$ millions)	At and For the Quarter Ended								At and For the Year Ended			
	2020				2019				2018	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,670	1,401	1,324	1,378	1,524	1,222	1,297	1,288	1,458	5,773	5,331	5,101
Ceded premiums	(174)	(143)	(162)	(144)	(168)	(137)	(155)	(141)	(160)	(623)	(601)	(562)
Net premiums	1,496	1,258	1,162	1,234	1,356	1,085	1,142	1,147	1,298	5,150	4,730	4,539
Net investment income (loss)	1,027	632	3,589	(249)	(174)	1,026	1,671	2,544	435	4,999	5,067	1,308
Fee income	175	145	133	141	163	136	131	123	152	594	553	523
Total revenue	2,698	2,035	4,884	1,126	1,345	2,247	2,944	3,814	1,885	10,743	10,350	6,370
Policy benefits and expenses												
Gross claims & benefits paid	1,043	803	835	886	944	815	847	846	871	3,567	3,452	3,268
Change in investment/insurance contract liabilities & reinsurance assets	1,115	785	3,687	—	(199)	1,057	1,723	2,425	632	5,587	5,006	899
Operating expenses, commissions and other expenses	549	476	467	497	539	466	480	498	496	1,989	1,983	1,905
Reinsurance expenses (recoveries)	(185)	(137)	(110)	(127)	(133)	(106)	(121)	(113)	(99)	(559)	(473)	(436)
Total policy benefits and expenses	2,522	1,927	4,879	1,256	1,151	2,232	2,929	3,656	1,900	10,584	9,968	5,636
Income (loss) before income taxes	176	108	5	(130)	194	15	15	158	(15)	159	382	734
Income tax expense (benefit)	(7)	(5)	(65)	4	17	(53)	(24)	(14)	(42)	(73)	(74)	85
Participating policyholders' net income (loss)	66	37	83	10	30	36	42	66	54	196	174	321
Common shareholders' reported net income (loss)	117	76	(13)	(144)	147	32	(3)	106	(27)	36	282	328
PREMIUMS & DEPOSITS												
Net premiums	1,496	1,258	1,162	1,234	1,356	1,085	1,142	1,147	1,298	5,150	4,730	4,539
Segregated fund deposits	312	221	174	328	273	226	266	235	229	1,035	1,000	949
Retail mutual fund deposits (Sun Life Global Investments)	770	569	530	741	607	518	530	519	451	2,610	2,174	2,071
Total	2,578	2,048	1,866	2,303	2,236	1,829	1,938	1,901	1,978	8,795	7,904	7,559
SALES												
Individual Insurance - SLFD	48	39	40	38	49	40	46	35	50	165	170	177
Individual Insurance - Third-party	70	41	37	45	68	45	48	58	58	193	219	219
Total insurance sales	118	80	77	83	117	85	94	93	108	358	389	396
Individual Wealth - fixed products	317	407	248	293	301	203	232	259	354	1,265	995	1,280
Individual Wealth - mutual funds	1,540	1,113	1,015	1,485	1,256	1,032	993	1,081	887	5,153	4,362	4,027
Individual Wealth - segregated funds	311	221	175	328	272	228	266	234	231	1,035	1,000	949
Total wealth sales	2,168	1,741	1,438	2,106	1,829	1,463	1,491	1,574	1,472	7,453	6,357	6,256
Wealth Manufactured Sales ⁽¹⁾	1,392	1,191	948	1,351	1,173	941	1,020	1,000	1,027	4,882	4,134	4,253
Other wealth sales	776	550	490	755	656	522	471	574	445	2,571	2,223	2,003
Total wealth sales	2,168	1,741	1,438	2,106	1,829	1,463	1,491	1,574	1,472	7,453	6,357	6,256
SLFD - Career Advisor Network	2,973	3,044	3,096	3,145	3,259	3,388	3,470	3,567	3,608	2,973	3,259	3,608
ASSETS UNDER MANAGEMENT												
General funds	70,202	68,969	68,359	65,161	63,867	63,448	62,222	60,365	57,740	70,202	63,867	57,740
Segregated funds	12,510	11,862	11,478	10,477	12,108	11,895	11,865	11,810	11,179	12,510	12,108	11,179
Other AUM	6,719	6,340	6,100	5,645	6,173	5,875	5,703	5,497	4,854	6,719	6,173	4,854
Total assets under management	89,431	87,171	85,937	81,283	82,148	81,218	79,790	77,672	73,773	89,431	82,148	73,773
Mutual fund dealers' assets	25,320	23,320	22,338	19,933	22,545	21,683	21,389	21,072	19,733	25,320	22,545	19,733
Total assets under management and administration	114,751	110,491	108,275	101,216	104,693	102,901	101,179	98,744	93,506	114,751	104,693	93,506

⁽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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Gross premiums	1,553	1,546	1,705	1,634	1,517	1,515	1,537	1,533	1,465	6,438	6,102	5,813
Ceded premiums	(147)	(146)	(166)	(156)	(145)	(143)	(149)	(143)	(141)	(615)	(580)	(604)
Net premiums	1,406	1,400	1,539	1,478	1,372	1,372	1,388	1,390	1,324	5,823	5,522	5,209
Net investment income (loss)	180	133	406	57	35	116	202	273	113	776	626	364
Fee income	74	66	47	70	66	62	65	64	61	257	257	232
Total revenue	1,660	1,599	1,992	1,605	1,473	1,550	1,655	1,727	1,498	6,856	6,405	5,805
Policy benefits and expenses												
Gross claims & benefits paid	1,209	1,184	1,308	1,205	1,145	1,096	1,141	1,104	1,076	4,906	4,486	4,287
Change in investment/insurance contract liabilities & reinsurance assets	148	(47)	415	138	104	215	218	339	148	654	876	443
Operating expenses, commissions and other expenses	305	285	301	292	285	278	287	281	284	1,183	1,131	1,097
Reinsurance expenses (recoveries)	(104)	(107)	(130)	(112)	(113)	(97)	(99)	(93)	(86)	(453)	(402)	(390)
Total policy benefits and expenses	1,558	1,315	1,894	1,523	1,421	1,492	1,547	1,631	1,422	6,290	6,091	5,437
Income (loss) before income taxes	102	284	98	82	52	58	108	96	76	566	314	368
Income tax expense (benefit)	28	72	25	19	12	(1)	28	22	17	144	61	86
Common shareholders' reported net income (loss)	74	212	73	63	40	59	80	74	59	422	253	282
PREMIUMS & DEPOSITS												
Net premiums	1,406	1,400	1,539	1,478	1,372	1,372	1,388	1,390	1,324	5,823	5,522	5,209
ASO premium equivalents	1,283	1,275	1,297	1,396	1,356	1,332	1,301	1,290	1,254	5,251	5,279	4,987
Total	2,689	2,675	2,836	2,874	2,728	2,704	2,689	2,680	2,578	11,074	10,801	10,196
SALES	68	67	74	212	111	119	100	269	111	421	599	588
ASSETS UNDER MANAGEMENT												
General funds	15,971	16,152	16,033	15,022	14,486	14,596	14,476	14,396	14,170	15,971	14,486	14,170
SUPPLEMENTAL INFORMATION												
Business in-force ⁽¹⁾	11,020	10,937	10,952	11,415	11,198	11,004	10,974	10,887	10,580	11,020	11,198	10,580

⁽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

Revenue												
Gross premiums	828	1,308	407	209	1,723	453	247	227	1,084	2,752	2,650	2,459
Ceded premiums	(72)	(72)	(74)	(74)	(75)	(77)	(77)	(78)	(78)	(292)	(307)	(321)
Net premiums	756	1,236	333	135	1,648	376	170	149	1,006	2,460	2,343	2,138
Net investment income (loss)	427	344	828	(551)	103	29	223	426	25	1,048	781	270
Fee income	137	132	126	130	132	130	127	121	120	525	510	485
Total revenue	1,320	1,712	1,287	(286)	1,883	535	520	696	1,151	4,033	3,634	2,893
Policy benefits and expenses												
Gross claims & benefits paid	575	520	480	494	449	425	458	433	446	2,069	1,765	1,773
Change in investment/insurance contract liabilities & reinsurance assets	682	1,065	831	(1,011)	1,289	(87)	(48)	214	575	1,567	1,368	552
Operating expenses, commissions and other expenses	116	108	108	110	109	99	107	107	104	442	422	411
Reinsurance expenses (recoveries)	(70)	(70)	(71)	(72)	(73)	(73)	(76)	(75)	(77)	(283)	(297)	(312)
Total policy benefits and expenses	1,303	1,623	1,348	(479)	1,774	364	441	679	1,048	3,795	3,258	2,424
Income (loss) before income taxes	17	89	(61)	193	109	171	79	17	103	238	376	469
Income tax expense (benefit)	(47)	(10)	(118)	154	21	39	8	(40)	39	(21)	28	137
Common shareholders' reported net income (loss)	64	99	57	39	88	132	71	57	64	259	348	332
PREMIUMS & DEPOSITS												
Net premiums	756	1,236	333	135	1,648	376	170	149	1,006	2,460	2,343	2,138
Segregated fund deposits	3,770	2,090	2,090	2,653	2,923	1,970	2,341	2,536	2,239	10,603	9,770	9,366
ASO deposit equivalents	290	1,852	394	332	267	294	311	342	351	2,868	1,214	1,325
Total	4,816	5,178	2,817	3,120	4,838	2,640	2,822	3,027	3,596	15,931	13,327	12,829
SALES												
Sales	1,760	4,350	518	2,806	3,322	1,947	1,114	608	2,653	9,434	6,991	6,387
Asset consolidation and rollovers	936	746	652	717	754	726	643	643	758	3,051	2,766	2,643
Total	2,696	5,096	1,170	3,523	4,076	2,673	1,757	1,251	3,411	12,485	9,757	9,030
ASSETS UNDER MANAGEMENT												
General funds	20,145	19,915	18,194	16,762	16,556	15,399	15,093	15,038	14,787	20,145	16,556	14,787
Segregated funds	94,984	87,782	84,549	76,717	86,650	83,362	82,058	80,122	74,706	94,984	86,650	74,706
Total assets under management	115,129	107,697	102,743	93,479	103,206	98,761	97,151	95,160	89,493	115,129	103,206	89,493
ASSETS UNDER MANAGEMENT AND ADMINISTRATION												
	125,866	117,323	110,668	100,501	112,116	107,707	106,028	103,887	97,675	125,866	112,116	97,675

U.S.

(C\$ millions)

STATEMENTS OF OPERATIONS

Revenue												
Premiums - life insurance	375	373	402	398	408	389	401	407	420	1,548	1,605	1,633
Premiums - health insurance	1,122	1,141	1,173	1,147	1,071	1,059	1,055	1,047	967	4,583	4,232	3,767
Premiums - annuities	—	—	—	—	—	—	—	1	—	—	1	—
Gross premiums	1,497	1,514	1,575	1,545	1,479	1,448	1,456	1,455	1,387	6,131	5,838	5,400
Ceded premiums	(181)	(168)	(180)	(166)	(182)	(155)	(170)	(155)	(168)	(695)	(662)	(597)
Net premiums	1,316	1,346	1,395	1,379	1,297	1,293	1,286	1,300	1,219	5,436	5,176	4,803
Net investment income (loss)	441	346	1,165	658	80	898	932	892	404	2,610	2,802	305
Fee income	32	19	21	20	21	21	23	21	21	92	86	73
Total revenue	1,789	1,711	2,581	2,057	1,398	2,212	2,241	2,213	1,644	8,138	8,064	5,181
Policy benefits and expenses												
Gross claims & benefits paid	1,367	1,334	1,531	1,333	1,435	1,521	1,309	1,243	1,229	5,565	5,508	4,852
Change in investment/insurance contract liabilities & reinsurance assets	126	357	750	273	(398)	746	585	571	54	1,506	1,504	(545)
Operating expenses, commissions and other expenses	405	392	402	419	416	380	411	414	395	1,618	1,621	1,558
Reinsurance expenses (recoveries)	(220)	(214)	(250)	(180)	(219)	(201)	(164)	(171)	(178)	(864)	(755)	(682)
Total policy benefits and expenses	1,678	1,869	2,433	1,845	1,234	2,446	2,141	2,057	1,500	7,825	7,878	5,183
Income (loss) before income taxes												
Income tax expense (benefit)	23	(45)	30	48	33	(48)	11	32	26	56	28	(19)
Participating policyholders' net income (loss)	—	—	—	—	—	—	(5)	—	—	—	(5)	(35)
Common shareholders' reported net income (loss)												
Market related impacts	2	(18)	(4)	28	—	(30)	(11)	(17)	5	8	(58)	(26)
Assumption changes and management actions	(60)	(230)	—	(23)	(3)	(287)	1	(2)	—	(313)	(291)	(394)
Acquisition, integration and restructuring	(2)	(1)	(1)	(2)	(3)	(4)	(6)	(7)	(8)	(6)	(20)	(42)
Common shareholders' underlying net income (loss)												
	148	136	123	161	137	135	110	150	121	568	532	514
PREMIUMS & DEPOSITS												
Net premiums	1,316	1,346	1,395	1,379	1,297	1,293	1,286	1,300	1,219	5,436	5,176	4,803
SALES												
Group Benefits	838	230	228	163	813	184	225	160	844	1,459	1,382	1,307
ASSETS UNDER MANAGEMENT												
General funds	33,790	35,303	37,911	38,131	34,711	35,924	34,588	34,286	34,584	33,790	34,711	34,584
Segregated funds	541	563	572	569	514	530	509	502	491	541	514	491
Other AUM	23	24	26	27	26	28	27	31	33	23	26	33
Total	34,354	35,890	38,509	38,727	35,251	36,482	35,124	34,819	35,108	34,354	35,251	35,108

U.S.

(US\$ millions)

STATEMENTS OF OPERATIONS

At and For the Quarter Ended												
2020												
2019												
2018												
2017												
2016												
2015												
2014												
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U.S. - GROUP BENEFITS

(US\$ millions)

STATEMENTS OF OPERATIONS

Revenue												
Gross premiums	1,033	1,025	1,020	1,031	992	980	965	967	914	4,109	3,904	3,641
Ceded premiums	(47)	(42)	(44)	(41)	(44)	(38)	(38)	(38)	(36)	(174)	(158)	(136)
Net premiums	986	983	976	990	948	942	927	929	878	3,935	3,746	3,505
Net investment income (loss)	67	67	173	(42)	49	84	84	103	37	265	320	94
Fee income	33	24	24	24	24	24	26	25	25	105	99	93
Total revenue	1,086	1,074	1,173	972	1,021	1,050	1,037	1,057	940	4,305	4,165	3,692
Policy benefits and expenses												
Gross claims & benefits paid	744	676	739	752	695	880	717	653	706	2,911	2,945	2,715
Change in investment/insurance contract liabilities & reinsurance assets	13	53	108	(110)	(3)	(41)	20	41	(46)	64	17	(220)
Operating expenses, commissions and other expenses	289	275	277	292	283	278	285	289	279	1,133	1,135	1,124
Reinsurance expenses (recoveries)	(58)	(51)	(53)	(61)	(35)	(63)	(37)	(35)	(74)	(223)	(170)	(203)
Total policy benefits and expenses	988	953	1,071	873	940	1,054	985	948	865	3,885	3,927	3,416
Income (loss) before income taxes	98	121	102	99	81	(4)	52	109	75	420	238	276
Income tax expense (benefit)	22	24	22	21	17	—	11	23	16	89	51	59
Common shareholders' reported net income (loss)	76	97	80	78	64	(4)	41	86	59	331	187	217
PREMIUMS & DEPOSITS												
Net premiums	986	983	976	990	948	942	927	929	878	3,935	3,746	3,505
ASSETS UNDER MANAGEMENT												
General Funds	7,967	7,958	7,951	7,758	7,848	7,948	7,926	7,816	7,704	7,967	7,848	7,704
SALES												
Employee Benefits ⁽¹⁾	205	96	62	74	191	72	62	63	217	437	388	431
Medical Stop-Loss ⁽¹⁾	438	76	103	48	425	67	106	57	422	665	655	568
Total	643	172	165	122	616	139	168	120	639	1,102	1,043	999
BUSINESS IN-FORCE												
Employee Benefits ⁽¹⁾⁽²⁾	2,391	2,327	2,365	2,371	2,374	2,398	2,409	2,408	2,385	2,391	2,374	2,385
Medical Stop-Loss ⁽¹⁾	2,161	2,093	2,076	2,032	1,912	1,845	1,826	1,739	1,631	2,161	1,912	1,631
Total	4,552	4,420	4,441	4,403	4,286	4,243	4,235	4,147	4,016	4,552	4,286	4,016
AFTER-TAX PROFIT MARGIN ⁽³⁾	8.0%	7.8%	7.5%	6.8%	7.3%	7.2%	7.3%	7.9%	6.7%	8.0%	7.3%	6.7%

⁽¹⁾ Employee Benefits and Medical Stop-Loss sales and business in-force, respectively, reflect a change in presentation between the categories effective Q4 2020 and prior periods in 2020 are restated.

⁽²⁾ Represents annualized premiums for insured in-force and premium equivalent annualized fee income for ASO in-force on a gross basis.

⁽³⁾ 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

Gross premiums

Ceded premiums

Net premiums

Net investment income (loss)

Fee income

Total revenue
Policy benefits and expenses

Gross claims & benefits paid

Change in investment/insurance contract liabilities & reinsurance assets

Operating expenses, commissions and other expenses

Reinsurance expenses (recoveries)

Total policy benefits and expenses

Income (loss) before income taxes

Income tax expense (benefit)

Participating policyholders' net income (loss)

Common shareholders' reported net income (loss)
PREMIUMS & DEPOSITS

Net premiums

ACCOUNT VALUE

Individual insurance - domestic

ASSETS UNDER MANAGEMENT

General funds

Segregated funds

Other AUM

Total

	At and For the Quarter Ended								At and For the Year Ended			
	2020				2019				2018	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Gross premiums	115	111	116	121	129	117	123	128	135	463	497	527
Ceded premiums	(91)	(84)	(86)	(83)	(94)	(80)	(88)	(79)	(90)	(344)	(341)	(323)
Net premiums	24	27	30	38	35	37	35	49	45	119	156	204
Net investment income (loss)	272	184	664	565	12	595	612	566	262	1,685	1,785	120
Fee income	(9)	(9)	(9)	(9)	(8)	(8)	(9)	(9)	(9)	(36)	(34)	(37)
Total revenue	287	202	685	594	39	624	638	606	298	1,768	1,907	287
Policy benefits and expenses												
Gross claims & benefits paid	306	324	364	242	392	273	262	282	224	1,236	1,209	1,032
Change in investment/insurance contract liabilities & reinsurance assets	83	209	428	345	(298)	603	417	387	81	1,065	1,109	(222)
Operating expenses, commissions and other expenses	22	19	13	20	32	11	22	22	20	74	87	78
Reinsurance expenses (recoveries)	(110)	(110)	(126)	(74)	(131)	(90)	(85)	(94)	(60)	(420)	(400)	(324)
Total policy benefits and expenses	301	442	679	533	(5)	797	616	597	265	1,955	2,005	564
Income (loss) before income taxes	(14)	(240)	6	61	44	(173)	22	9	33	(187)	(98)	(277)
Income tax expense (benefit)	(4)	(58)	—	15	9	(37)	(3)	2	3	(47)	(29)	(74)
Participating policyholders' net income (loss)	—	—	—	—	—	—	(4)	—	—	—	(4)	(27)
Common shareholders' reported net income (loss)	(10)	(182)	6	46	35	(136)	29	7	30	(140)	(65)	(176)
PREMIUMS & DEPOSITS												
Net premiums	24	27	30	38	35	37	35	49	45	119	156	204
ACCOUNT VALUE												
Individual insurance - domestic	4,253	4,273	4,301	4,336	4,350	4,388	4,419	4,446	4,475	4,253	4,350	4,475
ASSETS UNDER MANAGEMENT												
General funds	18,575	18,548	19,980	19,364	18,882	19,188	18,498	17,878	17,656	18,575	18,882	17,656
Segregated funds	425	423	421	405	396	400	388	376	360	425	396	360
Other AUM	18	18	19	19	20	21	21	23	24	18	20	24
Total	19,018	18,989	20,420	19,788	19,298	19,609	18,907	18,277	18,040	19,018	19,298	18,040

ASSET MANAGEMENT

(C\$ millions)

FINANCIAL SUMMARY

Revenue												
Net investment income (loss)	18	(13)	32	(14)	16	20	19	28	3	23	83	13
Fee income ⁽¹⁾	1,369	1,284	1,176	1,185	1,199	1,139	1,103	1,030	1,044	5,014	4,471	4,274
Total revenue	1,387	1,271	1,208	1,171	1,215	1,159	1,122	1,058	1,047	5,037	4,554	4,287
Expenses ⁽¹⁾	1,024	937	905	846	915	864	831	781	734	3,712	3,391	3,094
Income (loss) before income taxes	363	334	303	325	300	295	291	277	313	1,325	1,163	1,193
Income tax expense (benefit)	93	85	76	80	69	73	62	58	69	334	262	284
Non-controlling interest	3	(2)	4	6	3	1	—	—	—	11	4	—
Common shareholders' reported net income (loss)	267	251	223	239	228	221	229	219	244	980	897	909
Fair value adjustments on share-based payment awards at MFS	(46)	(32)	(24)	10	(37)	(8)	(11)	(8)	28	(92)	(64)	(5)
Acquisition, integration and restructuring	(20)	(11)	(12)	(13)	(16)	(22)	(5)	—	(11)	(56)	(43)	(11)
Common shareholders' underlying net income (loss)	333	294	259	242	281	251	245	227	227	1,128	1,004	925
Common shareholders' underlying net income (loss)												
MFS	299	276	229	230	266	248	236	223	221	1,034	973	898
SLC Management (formerly SLIM)	34	18	30	12	15	3	9	4	6	94	31	27
Total	333	294	259	242	281	251	245	227	227	1,128	1,004	925
GROSS SALES												
MFS	40,434	40,555	47,571	49,723	34,033	31,674	30,267	28,990	27,877	178,283	124,964	104,291
SLC Management	2,956	2,511	4,004	2,231	2,814	2,768	1,662	2,297	1,546	11,702	9,541	7,024
Total	43,390	43,066	51,575	51,954	36,847	34,442	31,929	31,287	29,423	189,985	134,505	111,315
NET SALES												
MFS	1,914	5,966	7,448	2,364	(1,522)	1,730	(8,116)	(7,804)	(8,737)	17,692	(15,712)	(38,517)
SLC Management	876	851	(157)	(2,028)	585	1,486	225	1,256	192	(458)	3,552	1,227
Total	2,790	6,817	7,291	336	(937)	3,216	(7,891)	(6,548)	(8,545)	17,234	(12,160)	(37,290)
ASSETS UNDER MANAGEMENT ⁽²⁾												
MFS	776,829	730,124	690,241	613,518	684,845	655,533	639,900	631,097	584,172	776,829	684,845	584,172
SLC Management	105,626	105,896	88,925	89,352	83,972	83,238	68,170	67,267	65,538	105,626	83,972	65,538
Total	882,455	836,020	779,166	702,870	768,817	738,771	708,070	698,364	649,710	882,455	768,817	649,710

⁽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

Revenue												
Net investment income (loss)	10	5	22	(10)	11	12	14	20	1	27	57	8
Fee income	862	805	717	752	778	744	723	681	692	3,136	2,926	2,902
Total revenue	872	810	739	742	789	756	737	701	693	3,163	2,983	2,910
Expenses												
	610	563	540	508	562	519	523	495	452	2,221	2,099	2,003
Income (loss) before income taxes	262	247	199	234	227	237	214	206	241	942	884	907
Income tax expense (benefit)	68	64	52	54	54	55	46	44	52	238	199	218
Common shareholders' reported net income (loss)	194	183	147	180	173	182	168	162	189	704	685	689
Fair value adjustments on share-based payment awards at MFS	(36)	(24)	(18)	8	(28)	(6)	(8)	(6)	22	(70)	(48)	(4)
Common shareholders' underlying net income (loss)	230	207	165	172	201	188	176	168	167	774	733	693

MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT

Opening 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
Sales	23,534	23,344	24,191	26,700	19,183	17,485	16,562	16,479	15,522	97,769	69,709	58,011
Redemptions	(19,212)	(17,319)	(17,559)	(24,755)	(14,037)	(13,825)	(14,606)	(15,769)	(18,512)	(78,845)	(58,237)	(65,302)
Market movement	32,366	19,016	37,725	(49,410)	16,917	2,965	11,240	25,852	(24,998)	39,697	56,974	(16,383)
Closing AUM	353,624	316,936	291,895	247,538	295,003	272,940	266,315	253,119	226,557	353,624	295,003	226,557

MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT

Opening 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
Sales	7,482	7,093	10,120	10,376	6,605	6,511	6,068	5,333	5,576	35,071	24,517	22,572
Redemptions	(10,336)	(8,641)	(11,380)	(10,558)	(12,903)	(8,861)	(14,092)	(11,915)	(9,198)	(40,915)	(47,771)	(44,969)
Market movement	28,219	16,149	29,055	(43,337)	16,454	2,032	10,730	24,591	(25,052)	30,086	53,807	(17,161)
Closing AUM	256,611	231,246	216,645	188,850	232,369	222,213	222,531	219,825	201,816	256,611	232,369	201,816

SUPPLEMENTAL INFORMATION

Pre-tax net operating profit margin ratio	41%	40 %	36 %	36 %	40 %	40 %	37 %	38 %	38 %	39%	39 %	38 %
Pre-tax gross operating profit margin ratio	36%	35 %	32 %	31 %	35 %	34 %	32 %	32 %	33 %	34%	33 %	33 %
Total assets under management	610,235	548,182	508,540	436,388	527,372	495,153	488,846	472,944	428,373	610,235	527,372	428,373
Average net assets	577,616	539,718	479,059	504,519	507,155	491,252	480,199	456,690	451,578	525,411	483,983	477,496
Total gross sales	31,016	30,437	34,311	37,076	25,788	23,996	22,630	21,812	21,098	132,840	94,226	80,583
Total net sales	1,468	4,477	5,372	1,763	(1,152)	1,310	(6,068)	(5,872)	(6,612)	13,080	(11,782)	(29,688)
Liability for share-based compensation ⁽¹⁾	560	512	478	484	496	478	482	505	496	560	496	496
Diluted EPS impact - liability for share-based compensation ⁽²⁾	\$0.02	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.03	\$0.04	\$0.03
U.S. GAAP net income	241	217	178	181	212	198	188	177	176	817	775	735
Dividends paid to SLF	201	181	146	152	177	165	138	131	128	680	611	532

⁽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												
	2020				2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue												
Gross premiums	1,719	1,181	1,118	944	1,006	700	518	406	608	4,962	2,630	2,179
Ceded premiums	(58)	(52)	(53)	(49)	(66)	(54)	(52)	(50)	(69)	(212)	(222)	(232)
Net premiums	1,661	1,129	1,065	895	940	646	466	356	539	4,750	2,408	1,947
Net investment income (loss)	762	408	1,534	(154)	308	688	855	1,014	322	2,550	2,865	76
Fee income	156	146	134	136	138	134	133	126	121	572	531	514
Total revenue	2,579	1,683	2,733	877	1,386	1,468	1,454	1,496	982	7,872	5,804	2,537
Policy benefits and expenses												
Gross claims & benefits paid	445	371	488	364	484	338	433	357	326	1,668	1,612	1,192
Change in investment/insurance contract liabilities & reinsurance assets	1,510	650	1,760	115	310	620	574	810	204	4,035	2,314	(356)
Operating expenses, commissions and other expenses	491	385	366	373	457	351	325	291	354	1,615	1,424	1,247
Reinsurance expenses (recoveries)	(53)	(46)	(45)	(37)	(50)	(39)	(33)	(56)	(46)	(181)	(178)	(164)
Total policy benefits and expenses	2,393	1,360	2,569	815	1,201	1,270	1,299	1,402	838	7,137	5,172	1,919
Income (loss) before income taxes	186	323	164	62	185	198	155	94	144	735	632	618
Income tax expense (benefit)	24	7	16	7	12	13	13	13	14	54	51	51
Participating policyholders' net income (loss)	30	80	22	(45)	37	15	8	1	5	87	61	12
Common shareholders' reported net income (loss)	132	236	126	100	136	170	134	80	125	594	520	555
Market related impacts	3	(9)	(24)	(47)	5	(15)	(14)	(42)	(22)	(77)	(66)	(30)
Assumption changes and management actions	21	80	7	(9)	(11)	47	1	—	9	99	37	76
Acquisition, integration and restructuring	(8)	1	(1)	1	(1)	—	—	—	(2)	(7)	(1)	(14)
Common shareholders' underlying net income (loss)	116	164	144	155	143	138	147	122	140	579	550	523
Return on equity - reported	8.5 %	15.6 %	8.7 %	7.3 %	9.8 %	12.1 %	9.9 %	6.0 %	9.9 %	10.1 %	9.5 %	11.3 %
Return on equity - underlying	7.4 %	10.9 %	9.9 %	11.2 %	10.2 %	9.8 %	10.9 %	9.1 %	10.9 %	9.8 %	10.0 %	10.6 %
PREMIUMS & DEPOSITS												
Net premiums	1,661	1,129	1,065	895	940	646	466	356	539	4,750	2,408	1,947
Segregated fund deposits	392	296	214	279	303	293	248	271	275	1,181	1,115	1,159
Mutual fund sales	2,346	1,876	1,627	1,540	1,253	1,694	1,022	1,243	1,175	7,389	5,212	7,017
Managed fund sales	977	853	775	732	817	838	761	591	715	3,337	3,007	2,702
ASO deposits (pension administration)	82	88	83	83	92	73	69	75	68	336	309	496
Total	5,458	4,242	3,764	3,529	3,405	3,544	2,566	2,536	2,772	16,993	12,051	13,321
SALES - Proportionate ownership ⁽¹⁾												
Individual life insurance												
Local Markets ⁽²⁾	203	166	109	182	202	176	141	200	159	660	719	577
International Hubs ⁽²⁾	192	132	126	124	150	114	89	50	86	574	403	291
Total life insurance sales	395	298	235	306	352	290	230	250	245	1,234	1,122	868
Total group life & health insurance sales	6	6	5	12	9	7	8	8	6	29	32	30
Total wealth sales ⁽³⁾	3,380	2,781	2,455	2,321	2,120	2,573	1,799	1,881	1,935	10,937	8,373	10,101
ASSETS UNDER MANAGEMENT ⁽⁴⁾												
Local Markets ⁽²⁾	52,741	48,832	46,253	42,175	45,325	44,514	44,141	44,501	43,328	52,741	45,325	43,328
International Hubs ⁽²⁾	53,012	50,761	49,229	46,609	44,628	44,099	42,730	42,249	40,298	53,012	44,628	40,298
Total	105,753	99,593	95,482	88,784	89,953	88,613	86,871	86,750	83,626	105,753	89,953	83,626
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽⁴⁾	111,176	104,876	100,460	93,716	94,504	94,058	92,714	92,934	90,214	111,176	94,504	90,214
Constant Currency Sales ⁽⁵⁾												
Individual life insurance	393	294	226	301	352							
Wealth	3,407	2,755	2,394	2,290	2,120							

⁽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 Q4 2019 foreign exchange rates for each of the quarters.

ASIA - LOCAL MARKETS ⁽¹⁾

(C\$ millions)

STATEMENTS OF OPERATIONS

Revenue												
Gross premiums	190	161	135	154	180	147	134	132	147	640	593	499
Ceded premiums	(7)	(6)	(7)	(7)	(9)	(5)	(6)	(6)	(8)	(27)	(26)	(25)
Net premiums	183	155	128	147	171	142	128	126	139	613	567	474
Net investment income (loss)	109	12	446	(38)	113	121	194	341	129	529	769	23
Fee income	70	63	57	61	59	57	56	53	47	251	225	189
Total revenue	362	230	631	170	343	320	378	520	315	1,393	1,561	686
Policy benefits and expenses												
Gross claims & benefits paid	96	84	69	78	73	73	71	72	70	327	289	289
Change in investment/insurance contract liabilities & reinsurance assets	11	(90)	357	(133)	20	(33)	74	238	21	145	299	(429)
Operating expenses, commissions and other expenses	187	158	128	156	179	156	138	137	148	629	610	547
Reinsurance expenses (recoveries)	(6)	(3)	(1)	(4)	(6)	(3)	(2)	(3)	(1)	(14)	(14)	(8)
Total policy benefits and expenses	288	149	553	97	266	193	281	444	238	1,087	1,184	399
Income (loss) before income taxes	74	81	78	73	77	127	97	76	77	306	377	287
Income tax expense (benefit)	16	5	12	8	9	6	11	12	9	41	38	41
Common shareholders' reported net income (loss)	58	76	66	65	68	121	86	64	68	265	339	246
PREMIUMS & DEPOSITS												
Net premiums	183	155	128	147	171	142	128	126	139	613	567	474
Segregated fund deposits	327	244	176	241	265	258	198	229	210	988	950	854
Mutual fund sales	2,346	1,876	1,627	1,540	1,253	1,694	1,022	1,243	1,175	7,389	5,212	7,017
Managed fund sales	4	3	5	5	5	7	5	3	4	17	20	23
Total	2,860	2,278	1,936	1,933	1,694	2,101	1,353	1,601	1,528	9,007	6,749	8,368
SALES - Proportionate ownership ⁽²⁾												
Individual life insurance												
Philippines	76	52	23	64	87	69	59	56	67	215	271	221
Indonesia	20	17	12	21	23	20	14	23	18	70	80	67
India	46	39	29	48	45	38	30	65	43	162	178	145
China	32	29	30	32	26	31	19	35	13	123	111	78
Malaysia	15	19	8	12	15	13	15	16	13	54	59	50
Vietnam	14	10	7	5	6	5	4	5	5	36	20	16
Total life insurance sales	203	166	109	182	202	176	141	200	159	660	719	577
ASSETS UNDER MANAGEMENT ⁽³⁾												
General funds	7,138	6,674	6,786	6,369	6,176	5,963	5,794	5,749	5,434	7,138	6,176	5,434
Segregated funds	4,332	3,730	3,730	3,263	4,009	3,918	3,921	3,817	3,593	4,332	4,009	3,593
Other AUM	41,271	38,428	35,737	32,543	35,140	34,633	34,426	34,935	34,301	41,271	35,140	34,301
Total	52,741	48,832	46,253	42,175	45,325	44,514	44,141	44,501	43,328	52,741	45,325	43,328
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽³⁾												
	55,776	51,802	48,996	45,017	47,787	47,942	47,951	48,634	47,916	55,776	47,787	47,916

⁽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)

STATEMENTS OF OPERATIONS

Revenue												
Gross premiums	1,529	1,020	983	790	826	553	384	274	461	4,322	2,037	1,680
Ceded premiums	(51)	(46)	(46)	(42)	(57)	(49)	(46)	(44)	(61)	(185)	(196)	(207)
Net premiums	1,478	974	937	748	769	504	338	230	400	4,137	1,841	1,473
Net investment income (loss)	653	396	1,088	(116)	195	567	661	673	193	2,021	2,096	53
Fee income	86	83	77	75	79	77	77	73	74	321	306	325
Total revenue	2,217	1,453	2,102	707	1,043	1,148	1,076	976	667	6,479	4,243	1,851
Policy benefits and expenses												
Gross claims & benefits paid	349	287	419	286	411	265	362	285	256	1,341	1,323	903
Change in investment/insurance contract liabilities & reinsurance assets	1,499	740	1,403	248	290	653	500	572	183	3,890	2,015	73
Operating expenses, commissions and other expenses	304	227	238	217	278	195	187	154	206	986	814	700
Reinsurance expenses (recoveries)	(47)	(43)	(44)	(33)	(44)	(36)	(31)	(53)	(45)	(167)	(164)	(156)
Total policy benefits and expenses	2,105	1,211	2,016	718	935	1,077	1,018	958	600	6,050	3,988	1,520
Income (loss) before income taxes	112	242	86	(11)	108	71	58	18	67	429	255	331
Income tax expense (benefit)	8	2	4	(1)	3	7	2	1	5	13	13	10
Participating policyholders' net income (loss)	30	80	22	(45)	37	15	8	1	5	87	61	12
Common shareholders' reported net income (loss)	74	160	60	35	68	49	48	16	57	329	181	309
PREMIUMS & DEPOSITS												
Net premiums	1,478	974	937	748	769	504	338	230	400	4,137	1,841	1,473
Segregated fund deposits	65	52	38	38	38	35	50	42	65	193	165	305
Managed fund sales	973	850	770	727	812	831	756	588	711	3,320	2,987	2,679
ASO deposits (pension administration)	82	88	83	83	92	73	69	75	68	336	309	496
Total	2,598	1,964	1,828	1,596	1,711	1,443	1,213	935	1,244	7,986	5,302	4,953
SALES												
Individual life insurance												
Hong Kong	155	101	86	86	119	90	75	46	73	428	330	209
International	37	31	40	38	31	24	14	4	13	146	73	82
Total life insurance sales	192	132	126	124	150	114	89	50	86	574	403	291
ASSETS UNDER MANAGEMENT												
General funds	29,276	28,972	28,569	27,583	25,109	25,618	24,401	24,084	23,421	29,276	25,109	23,421
Segregated funds	2,879	2,698	2,645	2,452	2,666	2,605	2,654	2,700	2,580	2,879	2,666	2,580
Other AUM	20,857	19,091	18,015	16,574	16,853	15,876	15,675	15,465	14,297	20,857	16,853	14,297
Total	53,012	50,761	49,229	46,609	44,628	44,099	42,730	42,249	40,298	53,012	44,628	40,298
ASSETS UNDER MANAGEMENT AND ADMINISTRATION	55,400	53,074	51,464	48,699	46,717	46,116	44,763	44,300	42,298	55,400	46,717	42,298

⁽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⁾

REVENUE												
Premiums - life insurance	23	18	22	22	22	23	22	23	24	85	90	94
Premiums - health insurance	6	6	6	4	4	4	4	4	4	22	16	14
Premiums - annuities	14	7	3	3	5	5	7	6	(95)	27	23	(79)
Gross premiums	43	31	31	29	31	32	33	33	(67)	134	129	29
Ceded premiums	(3)	(4)	(4)	(4)	(5)	(5)	(5)	(5)	(6)	(15)	(20)	(23)
Net premiums	40	27	27	25	26	27	28	28	(73)	119	109	6
Net investment income (loss)	220	39	515	(62)	(159)	455	222	398	82	712	916	53
Fee income ⁽¹⁾	(44)	(45)	(41)	(43)	(42)	(37)	(40)	(38)	(36)	(173)	(157)	(135)
Total revenue	216	21	501	(80)	(175)	445	210	388	(27)	658	868	(76)
Policy benefits and expenses												
Gross claims & benefits paid	134	126	136	136	156	140	165	137	154	532	598	614
Change in investment/insurance contract liabilities & reinsurance assets	23	(165)	269	(176)	(338)	19	19	199	(213)	(49)	(101)	(923)
Operating expenses, commissions and other expenses ⁽¹⁾	98	54	43	42	107	32	30	48	35	237	217	139
Reinsurance expenses (recoveries)	(4)	(3)	(3)	(3)	(7)	(9)	(10)	—	(12)	(13)	(26)	(37)
Total policy benefits and expenses	251	12	445	(1)	(82)	182	204	384	(36)	707	688	(207)
Income (loss) before income taxes	(35)	9	56	(79)	(93)	263	6	4	9	(49)	180	131
Income tax expense (benefit)	(61)	(2)	97	(33)	(66)	(13)	(8)	17	(11)	1	(70)	(27)
Preferred shareholder dividends	24	22	24	24	24	23	24	24	23	94	95	94
Common shareholders' reported net income (loss)	2	(11)	(65)	(70)	(51)	253	(10)	(37)	(3)	(144)	155	64
Market related impacts	—	(3)	2	1	7	—	—	(9)	(2)	—	(2)	(15)
Assumption changes and management actions	—	37	1	1	—	236	(2)	(9)	18	39	225	140
Acquisition, integration and restructuring	(20)	—	—	(28)	(25)	—	(2)	—	(4)	(48)	(27)	(10)
Common shareholders' underlying net income (loss)	22	(45)	(68)	(44)	(33)	17	(6)	(19)	(15)	(135)	(41)	(51)
PREMIUMS & DEPOSITS												
Net premiums	40	27	27	25	26	27	28	28	(73)	119	109	6
Segregated fund deposits	14	16	14	17	18	16	17	22	20	61	73	79
Total	54	43	41	42	44	43	45	50	(53)	180	182	85
ASSETS UNDER MANAGEMENT												
General funds	13,611	13,733	13,619	13,640	13,658	13,768	13,431	14,101	14,162	13,611	13,658	14,162
Segregated funds	10,675	10,018	9,970	9,346	11,026	10,496	10,677	11,060	10,513	10,675	11,026	10,513
Other AUM ⁽²⁾	(27,782)	(26,442)	(25,904)	(25,529)	(24,864)	(25,263)	(25,134)	(25,266)	(23,879)	(27,782)	(24,864)	(23,879)
Total	(3,496)	(2,691)	(2,315)	(2,543)	(180)	(999)	(1,026)	(105)	796	(3,496)	(180)	796

⁽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.)

United Therapeutics Corporation (USD)												
Revenue												
Gross premiums	27	20	16	17	18	17	20	20	20	80	75	78
Ceded premiums	(4)	(3)	(4)	(4)	(4)	(4)	(5)	(3)	(4)	(15)	(16)	(17)
Net premiums	23	17	12	13	14	13	15	17	16	65	59	61
Net investment income (loss)	199	(4)	440	(76)	(172)	389	162	347	29	559	726	(42)
Fee income	27	20	27	27	32	29	29	27	30	101	117	123
Total revenue	249	33	479	(36)	(126)	431	206	391	75	725	902	142
Policy benefits and expenses												
Gross claims & benefits paid	124	111	115	117	127	121	135	123	132	467	506	531
Change in investment/insurance contract liabilities & reinsurance assets	44	(159)	278	(213)	(310)	(2)	5	198	(117)	(50)	(109)	(748)
Operating expenses, commissions and other expenses	37	27	27	28	31	26	26	30	38	119	113	125
Reinsurance expenses (recoveries)	(4)	(2)	(3)	(3)	(3)	(5)	(4)	(3)	(4)	(12)	(15)	(13)
Total policy benefits and expenses	201	(23)	417	(71)	(155)	140	162	348	49	524	495	(105)
Income (loss) before income taxes												
	48	56	62	35	29	291	44	43	26	201	407	247
Income tax expense (benefit)	5	2	17	(16)	(3)	12	5	14	(5)	8	28	(3)
Common shareholders' reported net income (loss)												
	43	54	45	51	32	279	39	29	31	193	379	250

STATEMENTS OF OPERATIONS - Corporate Support ⁽¹⁾

Revenue												
Gross premiums	16	11	15	12	13	15	13	13	(87)	54	54	(49)
Ceded premiums	1	(1)	—	—	(1)	(1)	—	(2)	(2)	—	(4)	(6)
Net premiums	17	10	15	12	12	14	13	11	(89)	54	50	(55)
Net investment income (loss)	21	43	75	14	13	66	60	51	53	153	190	95
Fee income ⁽¹⁾	(71)	(65)	(68)	(70)	(74)	(66)	(69)	(65)	(66)	(274)	(274)	(258)
Total revenue	(33)	(12)	22	(44)	(49)	14	4	(3)	(102)	(67)	(34)	(218)
Policy benefits and expenses												
Gross claims & benefits paid	10	15	21	19	29	19	30	14	22	65	92	83
Change in investment/insurance contract liabilities & reinsurance assets	(21)	(6)	(9)	37	(28)	21	14	1	(96)	1	8	(175)
Operating expenses, commissions and other expenses ⁽¹⁾	61	27	16	14	76	6	4	18	(3)	118	104	14
Reinsurance expenses (recoveries)	—	(1)	—	—	(4)	(4)	(6)	3	(8)	(1)	(11)	(24)
Total policy benefits and expenses	50	35	28	70	73	42	42	36	(85)	183	193	(102)
Income (loss) before income taxes	(83)	(47)	(6)	(114)	(122)	(28)	(38)	(39)	(17)	(250)	(227)	(116)
Income tax expense (benefit)	(66)	(4)	80	(17)	(63)	(25)	(13)	3	(6)	(7)	(98)	(24)
Preferred shareholder dividends	24	22	24	24	24	23	24	24	23	94	95	94
Common shareholders' reported net income (loss)	(41)	(65)	(110)	(121)	(83)	(26)	(49)	(66)	(34)	(337)	(224)	(186)

⁽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 December 31, 2020				As at September 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	4,560	1,929	6,489	100 %	4,885	1,958	6,843	100 %	3,890	2,556	6,446	100 %
Canadian Provincial and Municipal Government	16,909	1,333	18,242	100 %	16,883	1,275	18,158	100 %	13,826	1,139	14,965	100 %
U.S. Government and Other U.S. Agency	1,678	797	2,475	100 %	1,493	699	2,192	100 %	1,748	1,363	3,111	100 %
Other Government	5,281	823	6,104	96 %	5,422	854	6,276	96 %	5,181	736	5,917	97 %
Total Government issued or guaranteed debt securities	28,428	4,882	33,310	99 %	28,683	4,786	33,469	99 %	24,645	5,794	30,439	99 %

Corporate Debt Securities by Industry Sector:

Financials	10,644	1,212	11,856	99 %	10,533	1,256	11,789	99 %	9,341	1,585	10,926	99 %
Utilities	7,561	682	8,243	99 %	7,576	607	8,183	99 %	6,693	565	7,258	99 %
Consumer discretionary	1,606	165	1,771	85 %	1,611	177	1,788	85 %	1,268	219	1,487	94 %
Industrials	5,659	567	6,226	99 %	5,591	544	6,135	99 %	4,800	629	5,429	99 %
Consumer staples	1,893	158	2,051	97 %	1,934	130	2,064	97 %	1,703	221	1,924	99 %
Communication Services	3,644	322	3,966	99 %	3,543	305	3,848	99 %	3,075	471	3,546	99 %
Energy	4,452	350	4,802	95 %	4,346	340	4,686	95 %	3,867	365	4,232	98 %
Real Estate	2,438	329	2,767	97 %	2,507	355	2,862	97 %	2,595	368	2,963	99 %
Materials	1,473	152	1,625	91 %	1,483	162	1,645	92 %	1,331	212	1,543	92 %
Health Care	1,986	186	2,172	99 %	2,057	188	2,245	99 %	1,886	236	2,122	99 %
Information Technology	1,308	187	1,495	99 %	1,343	180	1,523	99 %	1,122	213	1,335	99 %
Total Corporate debt securities	42,664	4,310	46,974	98 %	42,524	4,244	46,768	98 %	37,681	5,084	42,765	99 %

Asset Backed Securities

Government and agency	2,601	485	3,086	100 %	2,690	496	3,186	100 %	2,287	552	2,839	100 %
Other	4,141	1,578	5,719	99 %	4,120	1,630	5,750	99 %	3,281	2,282	5,563	99 %
Total asset backed securities	6,742	2,063	8,805	99 %	6,810	2,126	8,936	99 %	5,568	2,834	8,402	99 %
Total debt securities	77,834	11,255	89,089	99 %	78,017	11,156	89,173	99 %	67,894	13,712	81,606	99 %

Debt Securities by Investment Rating

AAA	12,794	4,810	17,604		12,996	4,787	17,783		11,097	6,630	17,727	
AA	11,870	1,586	13,456		12,018	1,621	13,639		10,503	1,670	12,173	
A	30,812	2,600	33,412		30,916	2,587	33,503		27,341	3,037	30,378	
BBB	21,203	2,091	23,294		20,943	1,988	22,931		18,339	2,248	20,587	
BB and lower	1,155	168	1,323		1,144	173	1,317		614	127	741	
Total debt securities	77,834	11,255	89,089		78,017	11,156	89,173		67,894	13,712	81,606	

EQUITY SECURITIES
Stocks

Canada	3,064	15	3,079		2,962	16	2,978		2,813	22	2,835	
United States	1,046	148	1,194		885	134	1,019		550	137	687	
United Kingdom	163	6	169		132	6	138		132	5	137	
Other	2,096	93	2,189		1,598	102	1,700		979	149	1,128	
Total equity securities	6,369	262	6,631		5,577	258	5,835		4,474	313	4,787	

PROPERTIES, MORTGAGES & LOANS
PROPERTIES

	As at December 31, 2020			As at September 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
Canada	6,080	51	6,131	6,014	49	6,063	5,854	47	5,901
United States	1,371	107	1,478	1,328	108	1,436	1,386	100	1,486
United Kingdom	65	—	65	64	—	64	66	—	66
Other	—	30	30	—	33	33	—	32	32
Total properties	7,516	188	7,704	7,406	190	7,596	7,306	179	7,485

MORTGAGES & LOANS

	As at December 31, 2020			As at September 30, 2020			As at December 31, 2019		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
Retail	—	3,710	3,710	—	3,852	3,852	—	3,902	3,902
Office	—	3,481	3,481	—	3,641	3,641	—	3,922	3,922
Multi-family residential	3,663	1,968	5,631	3,613	2,030	5,643	3,613	2,078	5,691
Industrial and land	—	1,945	1,945	—	1,982	1,982	—	1,898	1,898
Other	345	316	661	348	383	731	353	459	812
Total Mortgages	4,008	11,420	15,428	3,961	11,888	15,849	3,966	12,259	16,225
Corporate Loans			34,518			34,218			31,997
Total mortgages & loans			49,946			50,067			48,222

Mortgage and Loans - 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	Specific		Sectoral	Specific		Sectoral	Specific		Sectoral
Mortgages	92	47	19	93	47	20	147	50	20	133	47	—	280	97	20	133	47	—
Loans	81	48	1	94	48	1	133	47	—	133	47	—	280	97	20	133	47	—
Total mortgage and loan impairments/allowances	173	95	20	187	95	21	280	97	20	280	97	20	280	97	20	280	97	20

DERIVATIVES

	As at December 31, 2020		As at September 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
Interest rate contracts	27,823	1,069	29,441	1,303	30,151	681
Foreign exchange contracts	30,760	(723)	31,325	(1,482)	26,382	(1,274)
Equity and other contracts	4,209	70	4,802	51	5,598	101
Total derivatives	62,792	416	65,568	(128)	62,131	(492)
Over the counter	56,711	392	58,788	(125)	56,490	(498)
Exchange traded	6,081	24	6,780	(3)	5,641	6
Total	62,792	416	65,568	(128)	62,131	(492)

CONSOLIDATED SOURCES OF EARNINGS

For the Quarter ended - Q4 2020								
Canadian Dollars							U.S. Dollars	
(\$ millions)	Canada	U.S.	Asset Management	Asia	Corporate	Total Company	U.S.	MFS
Expected profit on in-force business	291	137	455	139	(37)	985	103	313
Impact of new business	41	1	—	(6)	—	36	1	—
Experience gains (losses)	(125)	2	—	(5)	(8)	(136)	2	—
Assumption changes and management actions	(4)	(76)	—	21	(1)	(60)	(58)	—
Other ⁽¹⁾	—	(1)	(92)	(8)	(27)	(128)	(1)	(51)
Earnings (loss) on operations (pre-tax)	203	63	363	141	(73)	697	47	262
Earnings on surplus	27	48	—	6	33	114	37	—
Earnings (loss) before income taxes	230	111	363	147	(40)	811	84	262
Income tax (expense) benefit	25	(23)	(93)	(15)	65	(41)	(18)	(68)
Earnings (loss) before preferred share dividends and non-controlling interest	255	88	270	132	25	770	66	194
Preferred share dividends and non-controlling interest	—	—	(3)	—	(23)	(26)	—	—
Common shareholders' reported net income (loss)	255	88	267	132	2	744	66	194
Underlying net income adjustments (post tax):								
Market related impacts	15	2	—	3	—	20	1	—
Assumption changes and management actions	(3)	(60)	—	21	—	(42)	(46)	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	—	—	—	—	—	—	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(46)	—	—	(46)	—	(36)
Acquisition, integration and restructuring	—	(2)	(20)	(8)	(20)	(50)	(1)	—
	12	(60)	(66)	16	(20)	(118)	(46)	(36)
Common shareholders' underlying net income (loss)	243	148	333	116	22	862	112	230

CONSOLIDATED SOURCES OF EARNINGS

For the Quarter ended - Q4 2019								
Canadian Dollars							U.S. Dollars	
(\$ millions)	Canada	U.S.	Asset Management	Asia	Corporate	Total Company	U.S.	MFS
Expected profit on in-force business	250	128	372	133	(34)	849	97	268
Impact of new business	40	—	—	(18)	—	22	—	—
Experience gains (losses)	19	32	—	—	(69)	(18)	25	—
Assumption changes and management actions	(2)	(3)	—	(11)	—	(16)	(3)	—
Other ⁽¹⁾	6	(4)	(75)	(2)	(33)	(108)	(3)	(41)
Earnings (loss) on operations (pre-tax)	313	153	297	102	(136)	729	116	227
Earnings on surplus	16	11	—	44	44	115	9	—
Earnings (loss) before income taxes	329	164	297	146	(92)	844	125	227
Income tax (expense) benefit	(54)	(33)	(69)	(10)	65	(101)	(26)	(54)
Earnings (loss) before preferred share dividends	275	131	228	136	(27)	743	99	173
Preferred share dividends	—	—	—	—	(24)	(24)	—	—
Common shareholders' reported net income (loss)	275	131	228	136	(51)	719	99	173
Underlying net income adjustments (post tax):								
Market related impacts	6	—	—	5	7	18	—	—
Assumption changes and management actions	(1)	(3)	—	(11)	—	(15)	(2)	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	4	—	—	—	—	4	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(37)	—	—	(37)	—	(28)
Acquisition, integration and restructuring	2	(3)	(16)	(1)	(25)	(43)	(3)	—
	11	(6)	(53)	(7)	(18)	(73)	(5)	(28)
Common shareholders' underlying net income (loss)	264	137	281	143	(33)	792	104	201

⁽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	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Expected profit on in-force business	313	284	226	234	268	254	232	221	227	1,057	975	953
Impact of new business	—	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	313	284	226	234	268	254	232	221	227	1,057	975	953
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	313	284	226	234	268	254	232	221	227	1,057	975	953
Income tax (expense) benefit	(72)	(67)	(53)	(54)	(58)	(56)	(46)	(45)	(51)	(246)	(205)	(223)
Earnings (loss) before non-controlling interest	241	217	173	180	210	198	186	176	176	811	770	730
Non-controlling interest	(11)	(10)	(8)	(8)	(9)	(10)	(10)	(8)	(9)	(37)	(37)	(37)
Common shareholders' underlying net income (loss)	230	207	165	172	201	188	176	168	167	774	733	693
Underlying net income adjustments:												
Fair value adjustments on share-based payment awards (pre-tax)	(51)	(37)	(27)	—	(41)	(17)	(18)	(15)	14	(115)	(91)	(46)
Income taxes	4	3	1	—	4	1	—	1	(1)	8	6	5
Non-controlling interest	11	10	8	8	9	10	10	8	9	37	37	37
	(36)	(24)	(18)	8	(28)	(6)	(8)	(6)	22	(70)	(48)	(4)
Common shareholders' reported net income (loss)	194	183	147	180	173	182	168	162	189	704	685	689

EXPENSES

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2020				2019				2018	2020	2019	2018
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES												
Operating expenses	2,090	1,807	1,771	1,733	1,954	1,714	1,697	1,668	1,625	7,401	7,033	6,432
Commissions	707	638	619	648	677	590	586	564	603	2,612	2,417	2,339
Premium taxes	102	106	112	108	101	101	104	100	95	428	406	375
Interest expense	89	86	90	90	96	65	84	88	79	355	333	305
Total	2,988	2,637	2,592	2,579	2,828	2,470	2,471	2,420	2,402	10,796	10,189	9,451
OPERATING EXPENSES BY BUSINESS GROUP												
Canada	584	512	520	530	566	498	523	535	528	2,146	2,122	2,040
U.S.	248	230	232	246	246	208	236	236	220	956	926	872
Asset Management ⁽¹⁾	757	701	698	672	674	652	642	611	593	2,828	2,579	2,403
Asia	315	251	228	229	280	241	222	203	236	1,023	946	819
Corporate ⁽¹⁾	75	61	54	20	84	70	37	53	37	210	244	148
Operating expenses excluding the following:	1,979	1,755	1,732	1,697	1,850	1,669	1,660	1,638	1,614	7,163	6,817	6,282
FV adjustments on MFS share-based payment awards ⁽²⁾	66	49	37	—	54	23	24	21	(19)	152	122	58
Acquisition, integration and restructuring costs	45	3	2	36	50	22	13	9	30	86	94	92
Total operating expenses	2,090	1,807	1,771	1,733	1,954	1,714	1,697	1,668	1,625	7,401	7,033	6,432
COMMISSIONS BY BUSINESS GROUP												
Canada	259	238	226	244	243	231	234	237	243	967	945	934
U.S.	122	112	116	117	114	108	108	110	114	467	440	435
Asset Management	174	171	155	163	162	159	155	147	146	663	623	619
Asia	151	118	122	126	159	93	89	72	101	517	413	357
Corporate ⁽³⁾	1	(1)	—	(2)	(1)	(1)	—	(2)	(1)	(2)	(4)	(6)
Total commissions	707	638	619	648	677	590	586	564	603	2,612	2,417	2,339
INTEREST EXPENSE												
Subordinated debt	36	35	32	29	29	26	25	26	26	132	106	106
Liabilities for SLEECs	4	4	4	4	11	11	11	11	11	16	44	44
Interest on senior unsecured debentures/financing	3	9	17	16	18	20	25	26	24	45	89	86
Other ⁽⁴⁾	46	38	37	41	38	8	23	25	18	162	94	69
Total interest expense	89	86	90	90	96	65	84	88	79	355	333	305

⁽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 December 31, 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)

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.

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 6.5 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 Canadians achieve lifetime financial security and live healthier lives. Canada has three business units - Individual Insurance and Wealth, Group Retirement Services and Group Benefits.</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 approximately 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, infrastructure 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 operates in six Asian markets, delivering value to over 23 million Clients by providing life, health, wealth and asset management solutions through a multi-channel distribution approach. The International Hubs offers leading insurance and wealth products, including high-net-worth solutions in Hong Kong and via our International business. Our Asia presence provides us with a strong foothold to take advantage of the high growth prospects in the 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 517,000 in-force life and pension policies, with approximately £11 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 Pension business 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 Real estate and infrastructure solutions</p>	<p><u>Local Markets</u> Philippines Indonesia India China Malaysia Vietnam</p> <p><u>International Hubs</u> Hong Kong International Singapore</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>