



# **Financial and Operating Results Supplementary Financial Information**

Sun Life Financial Inc. (unaudited)  
For the period ended March 31, 2019



**SUPPLEMENTARY FINANCIAL INFORMATION**  
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## **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 Financial", "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 2019, acquisition, integration and restructuring costs related to integration costs of the U.S. Employee Benefits business.

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.

In 2017, acquisition, integration and restructuring costs primarily related to a Q4 restructuring charge of \$44 million post tax (\$60 million pre-tax) and integration costs of the U.S. Employee Benefits business throughout the year.

### **Other**

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

## Non-IFRS Financial Measures

Sun Life Financial Inc. (Sun Life Financial 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 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](http://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 impact of the following items that create volatility in our results under IFRS and when removed assist in explaining our results from period to period: (a) market related impacts, that differ from our best estimate assumptions, which include: (i) impact of returns in equity markets, net of hedging, for which our best estimate assumptions are approximately 2% per quarter. This also includes the impact of the basis risk inherent in our hedging program, which is the difference between the return on underlying funds of products that provide benefit guarantees and the return on the derivative assets used to hedge those benefit guarantees; (ii) the impact of changes in interest rates in the reporting period and on the value of derivative instruments used in our hedging programs including changes in credit and swap spreads, and any changes to the assumed fixed income reinvestment rates in determining the actuarial liabilities; and (iii) the impact of changes in the fair value of investment properties in the reporting period; (b) assumption changes and management actions, which include: (i) the impact of revisions to the methods and assumptions used in determining our liabilities for insurance contracts and investment contracts; and (ii) the impact on insurance contracts and investment contracts of actions taken by management in the current reporting period, referred to as management actions which include, for example, changes in the prices of in-force products, new or revised reinsurance on in-force business, and material changes to investment policies for assets supporting our liabilities; and (c) other adjustments, which include: (i) certain hedges in SLF Canada that do not qualify for hedge accounting - this adjustment enhances the comparability of our net income from period to period, as it reduces volatility to the extent it will be offset over the duration of the hedges; (ii) fair value adjustments on MFS's share-based payment awards, that are settled with MFS's own shares and accounted for as liabilities and measured at fair value each reporting period until they are vested, exercised and repurchased - this adjustment enhances the comparability of MFS's results with publicly traded asset managers in the United States; (iii) acquisition, integration and restructuring costs (including impacts related to acquiring and integrating acquisitions); and (iv) other items that are unusual or exceptional in nature. 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 impact of convertible instruments.

Sun Life Financial 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 SLF 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 LICAT operating target and local (country specific) operating target capital. VNB is a useful metric to evaluate the present value created from new business contracts. There is no directly comparable IFRS measure;
- (5) Adjusted premiums and deposits. This measure is an alternative measure of premiums and deposits that provides greater comparability across reporting periods by excluding the impact of: (i) exchange rate fluctuations, from the translation of functional currencies to the Canadian dollar, for comparisons ("Constant Currency Adjustment"), and (ii) reinsurance for the insured business in SLF Canada's Group Benefits operations ("Reinsurance in SLF Canada's GB Operations Adjustment");
- (6) Pre-tax net operating profit margin ratio for MFS. This ratio is a measure of the profitability of MFS, which excludes the impact of fair value adjustments on MFS's share-based payment awards, investment income and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impact these items have on the pre-tax net operating profit margin ratio and have no impact on the profitability of MFS. There is no directly comparable IFRS measure;
- (7) Pre-tax gross operating profit margin ratio for MFS. This ratio excludes the impact of fair value adjustments on MFS's share-based payment awards and investment income. There is no directly comparable IFRS measure;
- (8) After-tax profit margin for SLF U.S. Group Benefits. This ratio assists in explaining our results from period to period and is a measure of profitability that expresses SLF U.S. Employee Benefits and Medical Stop-Loss underlying net income (loss) as a percentage of net premiums. This ratio is calculated by dividing underlying net income (loss) by net premiums for the trailing four quarters. There is no directly comparable IFRS measure; and
- (9) Impact of foreign exchange. Several IFRS financial measures are presented on a constant currency adjusted basis to exclude the impact of foreign exchange rate fluctuations. 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 Financial 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 SLF Inc.

## 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**

	At and For the Quarter Ended									At and For the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>RESULTS</b>												
Common Shareholders' Reported Net Income (Loss) by Segment												
SLF Canada	237	96	335	262	249	172	340	185	266	942	963	936
SLF U.S.	124	118	(267)	105	96	(63)	72	(178)	25	52	(144)	217
SLF Asset Management	219	244	241	214	210	114	185	183	171	909	653	729
SLF Asia	80	125	164	133	133	121	216	356	85	555	778	600
Corporate	(37)	(3)	94	(8)	(19)	(137)	4	28	4	64	(101)	3
Total common shareholders' reported net income (loss)	623	580	567	706	669	207	817	574	551	2,522	2,149	2,485
Market related impacts:												
Net equity market impact	58	(143)	5	9	(45)	19	18	5	20	(174)	62	51
Net interest rate impact	(133)	(41)	14	(37)	(27)	(110)	69	(92)	(24)	(91)	(157)	34
Net increases (decreases) in the fair value of real estate	6	31	6	36	4	34	26	13	15	77	88	22
	(69)	(153)	25	8	(68)	(57)	113	(74)	11	(188)	(7)	107
Assumption changes and management actions (ACMA) <sup>(1)</sup>	(11)	13	(166)	1	(3)	(34)	103	11	1	(155)	81	45
Other adjustments:												
Certain hedges that do not qualify for hedge accounting	1	(1)	(1)	1	6	2	(6)	(10)	(2)	5	(16)	(5)
Fair value adjustments on share-based payment awards at MFS	(8)	28	(10)	(2)	(21)	(34)	(19)	(16)	(12)	(5)	(81)	30
Acquisition, integration and restructuring	(7)	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(20)	(82)	(123)	(27)
Other <sup>(1)</sup>	—	—	—	—	—	(251)	—	—	—	—	(251)	—
Total common shareholders' underlying net income (loss)	717	718	730	729	770	641	643	689	573	2,947	2,546	2,335
Common Shareholders' Underlying Net Income (Loss) by Segment												
SLF Canada	237	245	251	245	295	232	222	266	229	1,036	949	887
SLF U.S.	150	121	139	125	129	95	121	101	59	514	376	284
SLF Asset Management	227	227	251	216	231	226	204	199	183	925	812	699
SLF Asia	122	140	110	145	128	111	130	123	97	523	461	458
Corporate	(19)	(15)	(21)	(2)	(13)	(23)	(34)	—	5	(51)	(52)	7
Total common shareholders' underlying net income (loss)	717	718	730	729	770	641	643	689	573	2,947	2,546	2,335
Profitability Measures												
Basic earnings per common share (EPS)												
Reported	1.04	0.96	0.94	1.16	1.10	0.34	1.33	0.93	0.90	4.16	3.51	4.05
Diluted earnings per common share												
Reported	1.04	0.96	0.93	1.16	1.09	0.34	1.32	0.93	0.89	4.14	3.49	4.03
Underlying	1.20	1.19	1.20	1.20	1.26	1.05	1.05	1.12	0.93	4.86	4.15	3.80
Premiums & Deposits												
Net premiums	4,370	5,313	4,369	4,315	4,645	4,078	3,716	3,923	3,564	18,642	15,281	15,048
Segregated fund deposits	3,064	2,763	2,692	2,703	3,395	2,680	2,235	2,506	3,437	11,553	10,858	11,550
Mutual fund sales <sup>(2)</sup>	23,664	22,135	18,746	19,265	24,056	21,329	20,721	21,285	24,180	84,202	87,515	84,728
Managed fund sales	9,976	9,629	7,962	8,967	12,345	11,170	11,674	11,855	9,394	38,903	44,093	40,270
ASO premium & deposit equivalents	1,707	1,673	1,693	1,767	1,675	1,709	1,805	1,701	1,718	6,808	6,933	6,863
Total premiums & deposits	42,781	41,513	35,462	37,017	46,116	40,966	40,151	41,270	42,293	160,108	164,680	158,459
Total adjusted premiums & deposits <sup>(3)</sup>	41,319				46,282							
Sales & Value of New Business												
Individual Life & Health <sup>(4)</sup>	343	353	285	316	310	366	269	263	338	1,264	1,236	1,198
Group Life & Health <sup>(4)</sup>	437	961	292	317	355	740	330	302	434	1,925	1,806	1,560
Wealth - SLF Asset Management	31,287	29,423	24,365	25,263	32,264	28,514	28,610	29,852	30,306	111,315	117,282	116,270
Wealth - excluding SLF Asset Management <sup>(2)(4)</sup>	4,706	6,818	5,467	5,541	7,561	6,786	7,216	6,730	7,300	25,387	28,032	22,049
Value of New Business <sup>(5)</sup>	382	310	244	266	334	265	224	227	252	1,154	968	860

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

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

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

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

<sup>(5)</sup> Excludes SLF Asset Management's value of new business.

**FINANCIAL HIGHLIGHTS CONTINUED**

	At and For the Quarter Ended										At and For the Year Ended		
	2019	2018				2017					2018	2017	2016
Valuation Data	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
Book value per common share	36.20	35.84	34.11	34.53	33.82	32.86	32.75	32.69	32.54	35.84	32.86	32.10	
Book value per common share excluding AOCI	33.42	33.01	32.67	32.33	31.67	31.05	31.22	30.37	29.89	33.01	31.05	29.41	
Tangible book value per common share	24.24	23.82	22.54	22.92	22.35	21.64	21.73	21.47	21.17	23.82	21.64	20.66	
Market-to-book value (times)	1.42	1.26	1.51	1.53	1.56	1.58	1.52	1.42	1.49	1.26	1.58	1.61	
Total market capitalization (TSX in \$ billions)	30.5	27.1	31.0	32.1	32.1	31.7	30.4	28.5	29.8	27.1	31.7	31.6	
Financial Strength													
SLA LICAT ratio <sup>(1)</sup>	132 %	131 %	130 %	134 %	139 %	n/a	n/a	n/a	n/a	131 %	n/a	n/a	
SLF LICAT ratio <sup>(1)</sup>	145 %	144 %	145 %	149 %	149 %	n/a	n/a	n/a	n/a	144 %	n/a	n/a	
Total debt to total capital ratio	21.1 %	21.2 %	21.9 %	21.8 %	22.2 %	23.6 %	22.5 %	22.5 %	22.6 %	21.2 %	23.6 %	25.2 %	
Common Share Information (SLF on TSX)													
High (intraday)	52.23	51.58	53.98	56.09	55.80	52.94	49.95	49.71	53.25	56.09	53.25	53.75	
Low (intraday)	44.43	43.13	49.66	50.77	49.62	49.06	45.91	43.51	46.93	43.13	43.51	36.64	
Close (end of period)	51.34	45.29	51.35	52.83	52.91	51.88	49.69	46.36	48.56	45.29	51.88	51.55	
Number of Common Shares Outstanding (in millions)													
At beginning of period	598.5	603.3	607.0	607.6	610.5	611.9	613.7	613.7	613.6	610.5	613.6	612.3	
Common shares issued	0.3	—	0.1	0.1	0.2	0.3	—	—	0.1	0.5	0.4	1.3	
Common shares purchased and cancelled	(4.2)	(4.8)	(3.8)	(0.7)	(3.1)	(1.7)	(1.8)	—	—	(12.5)	(3.5)	—	
At end of period	594.6	598.5	603.3	607.0	607.6	610.5	611.9	613.7	613.7	598.5	610.5	613.6	
Weighted average shares outstanding - basic	597	602	606	607	610	612	613	614	614	606	613	613	
Weighted average shares outstanding - diluted <sup>(2)</sup>	602	607	611	612	615	617	619	619	619	611	618	619	
Dividend per common share	0.50	0.50	0.475	0.475	0.455	0.455	0.435	0.435	0.420	1.905	1.745	1.620	
Dividend payout ratio <sup>(3)</sup>													
Reported	48 %	52 %	51 %	41 %	42 %	nm <sup>(4)</sup>	33 %	47 %	47 %	46 %	49 %	40 %	
Underlying	42 %	42 %	40 %	40 %	36 %	43 %	41 %	39 %	45 %	39 %	42 %	43 %	
Dividend yield <sup>(5)</sup>	4.1 %	4.2%	3.6%	3.6%	3.4%	3.6%	3.6%	3.8%	3.3%	3.7 %	3.6%	3.7%	
Assets Under Management <sup>(6)</sup>													
General funds	172,348	168,765	162,439	164,709	163,499	162,720	158,757	161,755	160,044	168,765	162,720	161,071	
Segregated funds	110,011	103,062	108,298	108,692	106,221	106,392	102,237	102,066	101,055	103,062	106,392	97,167	
Total assets	282,359	271,827	270,737	273,401	269,720	269,112	260,994	263,821	261,099	271,827	269,112	258,238	
Other assets under management													
Mutual funds	370,877	341,425	358,458	358,024	351,919	346,659	328,563	329,895	321,790	341,425	346,659	307,937	
Managed funds & other	388,879	366,847	383,679	384,978	387,159	386,840	370,853	376,211	370,302	366,847	386,840	362,513	
Consolidation adjustments	(30,730)	(28,956)	(29,355)	(30,283)	(29,872)	(27,826)	(26,815)	(26,106)	(25,916)	(28,956)	(27,826)	(25,413)	
Total other assets under management	729,026	679,316	712,782	712,719	709,206	705,673	672,601	680,000	666,176	679,316	705,673	645,037	
Total assets under management	1,011,385	951,143	983,519	986,120	978,926	974,785	933,595	943,821	927,275	951,143	974,785	903,275	
Total assets under management and administration <sup>(6)</sup>	1,054,952	992,984	1,027,784	1,033,958	1,027,537	1,023,458	981,719	990,678	977,359	992,984	1,023,458	960,771	
Select Constant Currency Measures													
Reported net income	602				669								
Underlying net income	695				770								
Sales - Individual Life & Health	342				310								
Sales - Group Life & Health	429				355								
Sales - Wealth	34,481				39,825								
Premiums & deposits	41,176				46,116								
Reported earnings per share - Diluted	1.00				1.09								
Underlying earnings per share - Diluted	1.16				1.26								
Assets under management <sup>(6)</sup>	986,829				978,926								

<sup>(1)</sup> LICAT ratios are not applicable before January 1, 2018; we previously used the MCCSR guideline, the former capital regulatory guideline.

<sup>(2)</sup> 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.

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

<sup>(4)</sup> nm is defined as not meaningful.

<sup>(5)</sup> 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.

<sup>(6)</sup> The assets of our joint ventures are included based on our proportionate equity interest.

**SUN LIFE FINANCIAL INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(C\$ millions)

CONSOLIDATED STATEMENTS OF OPERATIONS (C\$ millions)		For the Quarter Ended								For the Year Ended			
		2019	2018				2017				2018	2017	2016
		Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>													
Premiums - life insurance		2,074	2,383	2,015	2,201	2,078	2,507	2,046	2,084	2,194	8,677	8,831	8,894
Premiums - health insurance		2,463	2,321	2,300	2,255	2,245	2,139	2,121	2,137	2,122	9,121	8,519	7,909
Premiums - annuities		405	1,231	613	445	894	662	574	835	417	3,183	2,488	2,624
Gross premiums		4,942	5,935	4,928	4,901	5,217	5,308	4,741	5,056	4,733	20,981	19,838	19,427
Ceded premiums		(572)	(622)	(559)	(586)	(572)	(1,230)	(1,025)	(1,133)	(1,169)	(2,339)	(4,557)	(4,379)
Net premiums		4,370	5,313	4,369	4,315	4,645	4,078	3,716	3,923	3,564	18,642	15,281	15,048
Net investment income (loss)		5,575	1,384	129	1,034	(158)	3,050	395	2,739	2,027	2,389	8,211	7,945
Fee income		1,447	1,483	1,500	1,477	1,506	1,520	1,444	1,460	1,418	5,966	5,842	5,580
<b>Total revenue</b>		<b>11,392</b>	<b>8,180</b>	<b>5,998</b>	<b>6,826</b>	<b>5,993</b>	<b>8,648</b>	<b>5,555</b>	<b>8,122</b>	<b>7,009</b>	<b>26,997</b>	<b>29,334</b>	<b>28,573</b>
<b>Policy benefits and expenses</b>													
Gross claims & benefits paid		4,120	4,102	3,908	3,974	4,002	3,890	3,607	3,824	4,032	15,986	15,353	15,210
Change in investment/insurance contract liabilities & reinsurance assets <sup>(1)</sup>		4,558	1,400	(798)	31	(563)	3,099	(261)	2,414	818	70	6,070	5,204
Operating expenses, commissions and other expenses		2,420	2,402	2,303	2,388	2,358	2,561	2,211	2,337	2,386	9,451	9,495	9,027
Reinsurance expenses (recoveries)		(508)	(498)	(476)	(519)	(528)	(1,082)	(1,061)	(1,072)	(1,158)	(2,021)	(4,373)	(4,313)
Total policy benefits and expenses		10,590	7,406	4,937	5,874	5,269	8,468	4,496	7,503	6,078	23,486	26,545	25,128
<b>Income (loss) before income taxes</b>		<b>802</b>	<b>774</b>	<b>1,061</b>	<b>952</b>	<b>724</b>	<b>180</b>	<b>1,059</b>	<b>619</b>	<b>931</b>	<b>3,511</b>	<b>2,789</b>	<b>3,445</b>
Income tax expense (benefit)		88	112	184	182	119	(66)	209	(23)	182	597	302	619
Participating policyholders' net income (loss) and non-controlling interest		67	59	286	41	(88)	16	9	45	175	298	245	245
Preferred shareholder dividends		24	23	24	23	24	23	24	23	23	94	93	96
<b>Common shareholders' reported net income (loss)</b>		<b>623</b>	<b>580</b>	<b>567</b>	<b>706</b>	<b>669</b>	<b>207</b>	<b>817</b>	<b>574</b>	<b>551</b>	<b>2,522</b>	<b>2,149</b>	<b>2,485</b>
<b>Common shareholders' underlying net income (loss)</b>		<b>717</b>	<b>718</b>	<b>730</b>	<b>729</b>	<b>770</b>	<b>641</b>	<b>643</b>	<b>689</b>	<b>573</b>	<b>2,947</b>	<b>2,546</b>	<b>2,335</b>
Return on equity - reported		11.5 %	10.9 %	10.8 %	13.5 %	13.1 %	4.1 %	16.2 %	11.4 %	11.0 %	12.1 %	10.7 %	13.0 %
Return on equity - underlying		13.3 %	13.6 %	14.0 %	14.0 %	15.1 %	12.7 %	12.7 %	13.7 %	11.5 %	14.2 %	12.7 %	12.2 %

**SOURCES OF EARNINGS - Total Company**

SOURCES OF EARNINGS - Total Company	For the Quarter Ended										For the Year Ended		
	2019		2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
Expected profit on in-force business	739	744	788	732	734	743	710	702	651	2,998	2,806	2,633	
Impact of new business	(11)	17	(8)	13	(7)	29	21	9	(18)	15	41	(11)	
Experience gains (losses)	(96)	(142)	88	51	(1)	(152)	207	(80)	(16)	(4)	(41)	116	
Assumption changes and management actions	(10)	13	(258)	4	(5)	(486)	93	(114)	2	(246)	(505)	10	
Other <sup>(2)</sup>	(29)	(12)	(40)	(48)	(50)	(137)	(69)	(83)	(58)	(150)	(347)	(86)	
Earnings (loss) on operations (pre-tax)	593	620	570	752	671	(3)	962	434	561	2,613	1,954	2,662	
Earnings on surplus	125	111	119	153	157	128	102	134	132	540	496	458	
Earnings (loss) before income taxes	718	731	689	905	828	125	1,064	568	693	3,153	2,450	3,120	
Income tax (expense) benefit	(71)	(128)	(98)	(176)	(135)	105	(223)	29	(119)	(537)	(208)	(540)	
Earnings (loss) before preferred share dividends and non-controlling interest	647	603	591	729	693	230	841	597	574	2,616	2,242	2,580	
Preferred share dividends and non-controlling interest	(24)	(23)	(24)	(23)	(24)	(23)	(24)	(23)	(23)	(94)	(93)	(95)	
Common shareholders' reported net income (loss)	623	580	567	706	669	207	817	574	551	2,522	2,149	2,485	
Underlying net income adjustments (post tax):													
Market related impacts	(69)	(153)	25	8	(68)	(57)	113	(74)	11	(188)	(7)	107	
Assumption changes and management actions	(11)	13	(166)	1	(3)	(34)	103	11	1	(155)	81	45	
Other adjustments:													
Impact of certain hedges that do not qualify for hedge accounting	1	(1)	(1)	1	6	2	(6)	(10)	(2)	5	(16)	(5)	
Fair value adjustments on share-based payment awards at MFS	(8)	28	(10)	(2)	(21)	(34)	(19)	(16)	(12)	(5)	(81)	30	
Acquisition, integration and restructuring	(7)	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(20)	(82)	(123)	(27)	
Other	—	—	—	—	—	(251)	—	—	—	—	(251)	—	
Common shareholders' underlying net income (loss)	717	718	730	729	770	641	643	689	573	2,947	2,546	2,335	
EXCHANGE RATES - Average for the period													
U.S. Dollar	1.329	1.321	1.306	1.290	1.264	1.270	1.253	1.345	1.323	1.295	1.298	1.325	

<sup>(1)</sup> 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.

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

**STATEMENTS OF FINANCIAL POSITION**
**(C\$ millions)**

	At the Quarter Ended									At the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Assets</b>												
Cash, cash equivalents and short-term securities	8,370	9,506	8,196	8,128	7,837	8,890	8,063	7,826	6,939	9,506	8,890	8,642
Debt securities	76,715	74,443	71,076	72,707	72,607	72,619	70,562	73,407	72,875	74,443	72,619	71,887
Equity securities	4,918	4,634	4,961	5,608	5,699	6,020	5,991	5,912	5,798	4,634	6,020	5,774
Mortgages and loans	47,565	46,822	45,207	44,917	44,073	42,805	41,226	40,735	40,875	46,822	42,805	40,775
Derivative assets	1,430	1,112	1,185	1,182	1,313	1,478	1,510	1,566	1,538	1,112	1,478	1,608
Other invested assets	5,057	4,830	4,546	4,415	4,322	4,154	4,020	4,015	3,970	4,830	4,154	3,931
Policy loans	3,215	3,222	3,141	3,164	3,120	3,106	3,066	3,109	3,135	3,222	3,106	3,141
Investment properties	6,999	7,157	7,270	7,337	7,243	7,067	7,034	6,982	6,595	7,157	7,067	6,592
<b>Total invested assets</b>	<b>154,269</b>	<b>151,726</b>	<b>145,582</b>	<b>147,458</b>	<b>146,214</b>	<b>146,139</b>	<b>141,472</b>	<b>143,552</b>	<b>141,725</b>	<b>151,726</b>	<b>146,139</b>	<b>142,350</b>
Other assets	5,554	4,498	4,817	4,598	4,830	4,408	4,945	5,056	4,930	4,498	4,408	5,109
Reinsurance assets	4,135	4,141	3,937	4,273	4,143	4,028	4,124	4,762	5,029	4,141	4,028	5,144
Deferred tax assets	1,278	1,209	1,122	1,332	1,344	1,295	1,473	1,501	1,386	1,209	1,295	1,448
Intangible assets	1,754	1,779	1,705	1,725	1,685	1,667	1,598	1,647	1,678	1,779	1,667	1,703
Goodwill	5,358	5,412	5,276	5,323	5,283	5,183	5,145	5,237	5,296	5,412	5,183	5,317
<b>Total general fund assets</b>	<b>172,348</b>	<b>168,765</b>	<b>162,439</b>	<b>164,709</b>	<b>163,499</b>	<b>162,720</b>	<b>158,757</b>	<b>161,755</b>	<b>160,044</b>	<b>168,765</b>	<b>162,720</b>	<b>161,071</b>
Investment for account of segregated fund holders	110,011	103,062	108,298	108,692	106,221	106,392	102,237	102,066	101,055	103,062	106,392	97,167
<b>Total assets</b>	<b>282,359</b>	<b>271,827</b>	<b>270,737</b>	<b>273,401</b>	<b>269,720</b>	<b>269,112</b>	<b>260,994</b>	<b>263,821</b>	<b>261,099</b>	<b>271,827</b>	<b>269,112</b>	<b>258,238</b>
<b>Liabilities and Equity</b>												
Insurance contract liabilities	125,491	121,923	117,480	119,374	118,685	117,785	113,997	116,609	115,490	121,923	117,785	115,057
Investment contract liabilities	3,136	3,164	3,137	3,169	3,124	3,082	3,035	3,036	3,049	3,164	3,082	2,913
Derivative liabilities	1,762	2,295	1,676	1,929	1,928	1,756	1,823	2,004	2,226	2,295	1,756	2,512
Deferred tax liabilities	328	322	359	470	428	403	747	768	741	322	403	687
Other liabilities	12,580	12,153	11,813	11,697	11,719	11,987	11,887	12,057	11,391	12,153	11,987	12,399
Senior debentures	599	599	599	599	599	599	599	599	599	599	599	599
Senior debentures - Innovative capital instruments	700	700	700	700	700	700	700	700	700	700	700	700
Subordinated debt	3,040	3,039	3,039	3,038	3,037	3,437	3,038	3,038	3,037	3,039	3,437	3,836
<b>Total general fund liabilities</b>	<b>147,636</b>	<b>144,195</b>	<b>138,803</b>	<b>140,976</b>	<b>140,220</b>	<b>139,749</b>	<b>135,826</b>	<b>138,811</b>	<b>137,233</b>	<b>144,195</b>	<b>139,749</b>	<b>138,703</b>
Insurance contracts for account of segregated fund holders	103,265	96,663	101,500	101,496	98,943	99,121	95,282	94,967	94,039	96,663	99,121	90,388
Investment contracts for account of segregated fund holders	6,746	6,399	6,798	7,196	7,278	7,271	6,955	7,099	7,016	6,399	7,271	6,779
<b>Total liabilities</b>	<b>257,647</b>	<b>247,257</b>	<b>247,101</b>	<b>249,668</b>	<b>246,441</b>	<b>246,141</b>	<b>238,063</b>	<b>240,877</b>	<b>238,288</b>	<b>247,257</b>	<b>246,141</b>	<b>235,870</b>
<b>Total equity</b>	<b>24,712</b>	<b>24,570</b>	<b>23,636</b>	<b>23,733</b>	<b>23,279</b>	<b>22,971</b>	<b>22,931</b>	<b>22,944</b>	<b>22,811</b>	<b>24,570</b>	<b>22,971</b>	<b>22,368</b>
<b>Total liabilities and equity</b>	<b>282,359</b>	<b>271,827</b>	<b>270,737</b>	<b>273,401</b>	<b>269,720</b>	<b>269,112</b>	<b>260,994</b>	<b>263,821</b>	<b>261,099</b>	<b>271,827</b>	<b>269,112</b>	<b>258,238</b>
<b>EXCHANGE RATES - Period end rates</b>												
U.S. Dollar	1.334	1.364	1.290	1.313	1.289	1.258	1.247	1.296	1.331	1.364	1.258	1.343



**STATEMENTS OF EQUITY AND CAPITAL**

(C\$ millions)

**CHANGES IN COMMON SHAREHOLDERS' EQUITY**

	At the Quarter Ended									At the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Balance at beginning of period	21,449	20,577	20,959	20,547	20,064	20,041	20,059	19,968	19,699	20,064	19,699	18,993
Common shareholders' reported net income (loss)	623	580	567	706	669	207	817	574	551	2,522	2,149	2,485
Dividends - common shares	(299)	(294)	(287)	(289)	(277)	(274)	(267)	(267)	(258)	(1,147)	(1,066)	(986)
Common shares issued, net of expenses	8	—	3	5	9	9	3	—	3	17	15	39
Common shares buyback	(200)	(235)	(200)	(40)	(166)	(87)	(88)	—	—	(641)	(175)	—
Share-based compensation	3	1	—	1	2	—	—	1	2	4	3	4
Other <sup>(1)</sup>	(22)	—	—	—	45	—	—	—	—	45	—	(30)
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	(279)	770	(314)	137	313	152	(467)	(318)	(97)	906	(730)	(634)
Unrealized gains (losses) on available-for-sale assets	251	(31)	(88)	(93)	(190)	85	(79)	59	70	(402)	135	(14)
Unrealized gains (losses) on cash flow hedges	6	(6)	(2)	(1)	(1)	—	3	(4)	(4)	(10)	(5)	(9)
Share of other comprehensive income (loss) in joint ventures and associates	27	103	(72)	(41)	17	24	(33)	(32)	10	7	(31)	(76)
Unrealized gains (losses) on transfer to investment properties	—	—	—	—	—	—	—	139	—	—	139	—
Remeasurement of defined benefit plans	(42)	(16)	11	27	62	(93)	93	(61)	(8)	84	(69)	(73)
Balance at end of period	<u>21,525</u>	<u>21,449</u>	<u>20,577</u>	<u>20,959</u>	<u>20,547</u>	<u>20,064</u>	<u>20,041</u>	<u>20,059</u>	<u>19,968</u>	<u>21,449</u>	<u>20,064</u>	<u>19,699</u>

**Composition of shareholders' accumulated OCI balance**

Unrealized foreign currency translation gains (losses), net of hedging activities	1,630	1,909	1,139	1,453	1,316	1,003	851	1,318	1,636	1,909	1,003	1,733
Unrealized gains (losses) on available-for-sale assets	195	(56)	(25)	63	156	346	261	340	281	(56)	346	211
Unrealized gains (losses) on cash flow hedges	(15)	(21)	(15)	(13)	(12)	(11)	(11)	(14)	(10)	(21)	(11)	(6)
Share of other comprehensive income (loss) in joint ventures and associates	3	(24)	(127)	(55)	(14)	(31)	(55)	(22)	10	(24)	(31)	—
Unrealized gains (losses) on transfer to investment properties	145	145	145	145	145	145	145	145	6	145	145	6
Remeasurement of defined benefit plans	(305)	(263)	(247)	(258)	(285)	(347)	(254)	(347)	(299)	(263)	(347)	(291)
Balance at end of period	<u>1,653</u>	<u>1,690</u>	<u>870</u>	<u>1,335</u>	<u>1,306</u>	<u>1,105</u>	<u>937</u>	<u>1,420</u>	<u>1,624</u>	<u>1,690</u>	<u>1,105</u>	<u>1,653</u>

**CAPITAL**

Subordinated debt	3,040	3,039	3,039	3,038	3,037	3,437	3,038	3,038	3,037	3,039	3,437	3,836
SLEECs <sup>(2)</sup>	699	699	699	699	699	699	698	698	698	699	699	698
Participating policyholders' equity and non-controlling interest	930	864	802	517	475	650	633	628	586	864	650	412
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	21,525	21,449	20,577	20,959	20,547	20,064	20,041	20,059	19,968	21,449	20,064	19,699
Total capital	<u>28,451</u>	<u>28,308</u>	<u>27,374</u>	<u>27,470</u>	<u>27,015</u>	<u>27,107</u>	<u>26,667</u>	<u>26,680</u>	<u>26,546</u>	<u>28,308</u>	<u>27,107</u>	<u>26,902</u>

**LICAT RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA**
**Capital Resources**

Tier 1 capital												
Retained earnings and contributed surplus	13,456	13,338	13,057	12,409	13,033							
Adjusted accumulated other comprehensive income	1,383	1,405	664	1,082	1,091							
Common and preferred shares	3,195	3,195	3,195	3,195	3,195							
Innovative instruments	699	699	699	699	699							
Other	56	59	59	59	60							
Less:												
Goodwill	2,491	2,552	2,423	2,478	2,464							
Tier 1 deductions	4,299	4,618	4,240	3,992	4,020							
Net tier 1 capital	<u>11,999</u>	<u>11,526</u>	<u>11,011</u>	<u>10,974</u>	<u>11,594</u>							
Tier 2 capital												
Preferred shares and subordinated debt	2,900	2,900	2,900	2,900	2,900							
Other tier 2	2,538	2,647	2,440	2,144	2,109							
Less:												
Tier 2 deductions	820	820	820	820	820							
Net tier 2 capital	<u>4,618</u>	<u>4,727</u>	<u>4,520</u>	<u>4,224</u>	<u>4,189</u>							
Surplus allowance and eligible deposits	9,257	8,799	8,649	9,690	9,660							
Total capital resources	<u>25,874</u>	<u>25,052</u>	<u>24,180</u>	<u>24,888</u>	<u>25,443</u>							

**Capital Requirements**

Credit risk	3,692	3,642	3,554	3,612	3,606							
Market risk	4,653	4,337	4,203	4,073	3,895							
Insurance risk	8,576	8,625	8,265	8,151	8,037							
Total non-participating product risk (before other credits and diversification)	<u>16,921</u>	<u>16,604</u>	<u>16,022</u>	<u>15,836</u>	<u>15,538</u>							
Total participating product risk including par credits (before other credits and diversification)	<u>3,350</u>	<u>3,283</u>	<u>3,303</u>	<u>3,345</u>	<u>3,312</u>							
Less:												
Credits and diversification benefits	4,200	4,292	4,150	4,058	4,010							
Total Non-participating and participating product risk	<u>16,071</u>	<u>15,595</u>	<u>15,175</u>	<u>15,123</u>	<u>14,840</u>							
Segregated fund guarantees risk	953	983	951	989	970							
Operational risk	1,690	1,646	1,625	1,619	1,619							
Total before scalar	<u>18,714</u>	<u>18,224</u>	<u>17,751</u>	<u>17,731</u>	<u>17,429</u>							
Base solvency buffer (Total before scalar x scalar [1.05])	<u>19,650</u>	<u>19,136</u>	<u>18,639</u>	<u>18,618</u>	<u>18,301</u>							
LICAT ratio	132%	131%	130%	134%	139%							
LICAT core ratio	94%	92%	92%	95%	100%							

<sup>(1)</sup> In Q1 2019, other consists of a \$(22) million change in retained earnings due to the adoption of IFRS 16. In Q1 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.

<sup>(2)</sup> 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	597	602	606	607	610	612	613	614	614	606	613	613
Diluted impact of stock options	1	1	1	1	1	1	1	1	1	1	1	1
Weighted average shares - diluted underlying	598	603	607	608	611	613	614	615	615	607	614	614
Diluted impact of convertible securities (SLEECs) <sup>(1)</sup>	4	4	4	4	4	4	5	4	4	4	4	5
Weighted average shares - diluted	602	607	611	612	615	617	619	619	619	611	618	619

**DILUTED EARNINGS PER SHARE <sup>(2)</sup>**

Total common shareholders' reported net income (loss)	623	580	567	706	669	207	817	574	551	2,522	2,149	2,485
Add: Increase in income due to convertible securities (SLEECs) <sup>(3)</sup>	3	2	3	2	3	2	3	2	3	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	626	582	570	708	672	209	820	576	554	2,532	2,159	2,495

**Less Adjustments:**

Impact of SLEECs	3	2	3	2	3	2	3	2	3	10	10	10
Market related impacts:												
Net equity market impact	58	(143)	5	9	(45)	19	18	5	20	(174)	62	51
Net interest rate impact	(133)	(41)	14	(37)	(27)	(110)	69	(92)	(24)	(91)	(157)	34
Net increases (decreases) in the fair value of real estate	6	31	6	36	4	34	26	13	15	77	88	22
	(69)	(153)	25	8	(68)	(57)	113	(74)	11	(188)	(7)	107
Assumption changes and management actions	(11)	13	(166)	1	(3)	(34)	103	11	1	(155)	81	45
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	1	(1)	(1)	1	6	2	(6)	(10)	(2)	5	(16)	(5)
Impact of fair value adjustments on share-based payment awards at MFS	(8)	28	(10)	(2)	(21)	(34)	(19)	(16)	(12)	(5)	(81)	30
Impact of acquisition, integration and restructuring	(7)	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(20)	(82)	(123)	(27)
Other	—	—	—	—	—	(251)	—	—	—	—	(251)	—
Total common shareholders' underlying net income (loss)	717	718	730	729	770	641	643	689	573	2,947	2,546	2,335

**Diluted earnings per share - reported**
**Less Adjustments:**

Impact of SLEECs	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)
Market related impacts:												
Net equity market impact	\$ 0.09	\$ (0.23)	\$ 0.01	\$ 0.01	\$ (0.08)	\$ 0.03	\$ 0.03	\$ 0.01	\$ 0.03	\$ (0.29)	\$ 0.10	\$ 0.08
Net interest rate impact	\$ (0.22)	\$ (0.07)	\$ 0.02	\$ (0.06)	\$ (0.04)	\$ (0.18)	\$ 0.11	\$ (0.15)	\$ (0.04)	\$ (0.15)	\$ (0.25)	\$ 0.06
Net increases (decreases) in the fair value of real estate	\$ 0.01	\$ 0.05	\$ 0.01	\$ 0.06	\$ 0.01	\$ 0.05	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.13	\$ 0.14	\$ 0.04
	\$ (0.12)	\$ (0.25)	\$ 0.04	\$ 0.01	\$ (0.11)	\$ (0.10)	\$ 0.18	\$ (0.12)	\$ 0.01	\$ (0.31)	\$ (0.01)	\$ 0.18
Assumption changes and management actions	\$ (0.02)	\$ 0.02	\$ (0.27)	\$ -	\$ (0.01)	\$ (0.05)	\$ 0.17	\$ 0.02	\$ -	\$ (0.26)	\$ 0.13	\$ 0.07
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	\$ -	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ (0.01)	\$ (0.02)	\$ -	\$ 0.01	\$ (0.03)	\$ (0.01)
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.01)	\$ 0.05	\$ (0.02)	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ (0.13)	\$ 0.05
Impact of acquisition, integration and restructuring	\$ (0.01)	\$ (0.04)	\$ (0.02)	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.03)	\$ (0.04)	\$ (0.03)	\$ (0.14)	\$ (0.20)	\$ (0.04)
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -
Diluted earnings per share - underlying	\$ 1.20	\$ 1.19	\$ 1.20	\$ 1.20	\$ 1.26	\$ 1.05	\$ 1.05	\$ 1.12	\$ 0.93	\$ 4.86	\$ 4.15	\$ 3.80

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 SLF Inc. 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.

<sup>(3)</sup> 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.

**SLF CANADA**

(C\$ millions)

**STATEMENTS OF OPERATIONS**

	At and For the Quarter Ended									At and For the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Premiums - life insurance	1,248	1,335	1,129	1,195	1,137	1,239	1,067	1,079	1,108	4,796	4,493	4,107
Premiums - health insurance	1,402	1,347	1,335	1,321	1,313	1,258	1,251	1,205	1,202	5,316	4,916	4,368
Premiums - annuities	398	1,325	608	439	889	658	567	828	411	3,261	2,464	2,585
Gross premiums	3,048	4,007	3,072	2,955	3,339	3,155	2,885	3,112	2,721	13,373	11,873	11,060
Ceded premiums	(362)	(379)	(350)	(382)	(376)	(995)	(974)	(929)	(973)	(1,487)	(3,871)	(3,671)
Net premiums	2,686	3,628	2,722	2,573	2,963	2,160	1,911	2,183	1,748	11,886	8,002	7,389
Net investment income (loss)	3,243	573	(53)	980	442	2,060	(375)	1,378	1,070	1,942	4,133	3,751
Fee income	308	333	305	302	300	315	271	275	271	1,240	1,132	1,026
<b>Total revenue</b>	<b>6,237</b>	<b>4,534</b>	<b>2,974</b>	<b>3,855</b>	<b>3,705</b>	<b>4,535</b>	<b>1,807</b>	<b>3,836</b>	<b>3,089</b>	<b>15,068</b>	<b>13,267</b>	<b>12,166</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	2,383	2,393	2,290	2,362	2,283	2,369	2,090	2,195	2,261	9,328	8,915	8,484
Change in investment/insurance contract liabilities & reinsurance assets	2,978	1,355	(645)	543	641	2,003	(589)	1,457	269	1,894	3,140	2,495
Operating expenses, commissions and other expenses	886	884	819	874	836	894	769	822	911	3,413	3,396	3,150
Reinsurance expenses (recoveries)	(281)	(262)	(281)	(301)	(294)	(903)	(882)	(868)	(904)	(1,138)	(3,557)	(3,332)
Total policy benefits and expenses	5,966	4,370	2,183	3,478	3,466	4,363	1,388	3,606	2,537	13,497	11,894	10,797
<b>Income (loss) before income taxes</b>	<b>271</b>	<b>164</b>	<b>791</b>	<b>377</b>	<b>239</b>	<b>172</b>	<b>419</b>	<b>230</b>	<b>552</b>	<b>1,571</b>	<b>1,373</b>	<b>1,369</b>
Income tax expense (benefit)	(32)	14	176	76	42	(6)	80	7	116	308	197	208
Participating policyholders' net income (loss)	66	54	280	39	(52)	6	(1)	38	170	321	213	225
<b>Common shareholders' reported net income (loss)</b>	<b>237</b>	<b>96</b>	<b>335</b>	<b>262</b>	<b>249</b>	<b>172</b>	<b>340</b>	<b>185</b>	<b>266</b>	<b>942</b>	<b>963</b>	<b>936</b>
Market related impacts	(1)	(134)	46	15	(44)	(38)	90	(76)	32	(117)	8	114
Assumption changes and management actions	—	(14)	39	5	(7)	(24)	34	5	7	23	22	(60)
Certain hedges that do not qualify for hedge accounting	1	(1)	(1)	1	6	2	(6)	(10)	(2)	5	(16)	(5)
Acquisition, integration and restructuring	—	—	—	(4)	(1)	—	—	—	—	(5)	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>237</b>	<b>245</b>	<b>251</b>	<b>245</b>	<b>295</b>	<b>232</b>	<b>222</b>	<b>266</b>	<b>229</b>	<b>1,036</b>	<b>949</b>	<b>887</b>
Return on equity - reported <sup>(1)</sup>	13.5%	5.5%	19.4%	15.5%	15.1%	9.0%	17.7%	9.7%	13.7%	13.8%	12.6%	12.0%
Return on equity - underlying <sup>(1)</sup>	13.5%	14.1%	14.5%	14.5%	17.9%	12.2%	11.6%	13.9%	11.8%	15.2%	12.4%	11.4%
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	2,686	3,628	2,722	2,573	2,963	2,160	1,911	2,183	1,748	11,886	8,002	7,389
Segregated fund deposits	2,771	2,468	2,399	2,382	3,066	2,388	1,992	2,269	3,196	10,315	9,845	10,527
Retail mutual fund deposits (Sun Life Global Investments)	519	451	473	503	644	445	397	478	504	2,071	1,824	1,735
ASO premium & deposit equivalents	1,632	1,605	1,551	1,623	1,533	1,563	1,636	1,510	1,538	6,312	6,247	5,920
<b>Total</b>	<b>7,608</b>	<b>8,152</b>	<b>7,145</b>	<b>7,081</b>	<b>8,206</b>	<b>6,556</b>	<b>5,936</b>	<b>6,440</b>	<b>6,986</b>	<b>30,584</b>	<b>25,918</b>	<b>25,571</b>
<b>SALES</b>												
Individual Insurance	93	108	90	110	88	120	87	100	144	396	451	475
Individual Wealth	1,574	1,472	1,469	1,497	1,818	1,470	1,281	1,400	1,733	6,256	5,884	5,386
Group Benefits	269	111	113	156	208	107	130	130	307	588	674	475
Group Retirement Services	1,251	3,411	2,070	1,542	2,007	1,713	2,328	2,381	2,670	9,030	9,092	7,814
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	89,799	86,697	84,534	85,242	84,276	84,698	83,430	83,947	82,171	86,697	84,698	82,456
Segregated funds	91,932	85,885	90,763	90,402	87,763	87,817	84,568	84,047	83,278	85,885	87,817	79,964
Other AUM	5,497	4,854	5,046	4,960	4,748	3,902	3,577	3,416	3,200	4,854	3,902	2,832
<b>Total</b>	<b>187,228</b>	<b>177,436</b>	<b>180,343</b>	<b>180,604</b>	<b>176,787</b>	<b>176,417</b>	<b>171,575</b>	<b>171,410</b>	<b>168,649</b>	<b>177,436</b>	<b>176,417</b>	<b>165,252</b>
<b>Sun Life Global Investments (Canada) Inc.</b>												
Gross Sales												
Retail	684	629	661	689	840	639	553	630	652	2,819	2,474	2,247
Institutional & other <sup>(2)</sup>	770	602	477	559	669	405	426	395	790	2,307	2,016	2,479
<b>Total</b>	<b>1,454</b>	<b>1,231</b>	<b>1,138</b>	<b>1,248</b>	<b>1,509</b>	<b>1,044</b>	<b>979</b>	<b>1,025</b>	<b>1,442</b>	<b>5,126</b>	<b>4,490</b>	<b>4,726</b>
Net Sales	632	473	569	644	825	585	634	428	820	2,511	2,467	3,360
Assets under management	25,169	22,897	23,347	22,649	21,569	20,042	18,778	18,095	17,442	22,897	20,042	16,132

<sup>(1)</sup> The adoption of LICAT impacted the capital allocation for SLF Canada. As a result, reported and underlying ROEs increased approximately 1.6% and 1.8%, respectively, for each of the four quarters and the year 2018.

<sup>(2)</sup> Institutional & other consists primarily of Group Retirement Services segregated fund deposits.

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

(C\$ millions)	At and For the Quarter Ended									At and For the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,288	1,458	1,194	1,272	1,177	1,282	1,063	1,081	1,153	5,101	4,579	4,259
Ceded premiums	(141)	(160)	(128)	(146)	(128)	(148)	(122)	(101)	(138)	(562)	(509)	(563)
Net premiums	1,147	1,298	1,066	1,126	1,049	1,134	941	980	1,015	4,539	4,070	3,696
Net investment income (loss)	2,544	435	(163)	783	253	1,599	(362)	1,070	770	1,308	3,077	2,668
Fee income	123	152	127	123	121	136	104	103	98	523	441	379
Total revenue	3,814	1,885	1,030	2,032	1,423	2,869	683	2,153	1,883	6,370	7,588	6,743
Policy benefits and expenses												
Gross claims & benefits paid	846	871	757	799	841	822	725	753	815	3,268	3,115	2,991
Change in investment/insurance contract liabilities & reinsurance assets	2,425	632	(609)	691	185	1,626	(612)	993	272	899	2,279	1,546
Operating expenses, commissions and other expenses	498	496	453	495	461	508	416	462	541	1,905	1,927	1,763
Reinsurance expenses (recoveries)	(113)	(99)	(113)	(113)	(111)	(112)	(97)	(99)	(132)	(436)	(440)	(425)
Total policy benefits and expenses	3,656	1,900	488	1,872	1,376	2,844	432	2,109	1,496	5,636	6,881	5,875
Income (loss) before income taxes	158	(15)	542	160	47	25	251	44	387	734	707	868
Income tax expense (benefit)	(14)	(42)	119	16	(8)	(23)	41	(23)	84	85	79	134
Participating policyholders' net income (loss)	66	54	280	39	(52)	6	(1)	38	170	321	213	225
Common shareholders' reported net income (loss)	106	(27)	143	105	107	42	211	29	133	328	415	509
PREMIUMS & DEPOSITS												
Net premiums	1,147	1,298	1,066	1,126	1,049	1,134	941	980	1,015	4,539	4,070	3,696
Segregated fund deposits	235	229	235	229	256	247	207	212	207	949	873	763
Retail mutual fund deposits (Sun Life Global Investments)	519	451	473	503	644	445	397	478	504	2,071	1,824	1,735
Total	1,901	1,978	1,774	1,858	1,949	1,826	1,545	1,670	1,726	7,559	6,767	6,194
SALES												
Individual Insurance - Career Sales Force	35	50	42	46	39	59	49	50	34	177	192	242
Individual Insurance - Third-party	58	58	48	64	49	61	38	50	110	219	259	233
Total insurance sales	93	108	90	110	88	120	87	100	144	396	451	475
Individual Wealth - fixed products	259	354	309	311	306	272	206	205	394	1,280	1,077	1,055
Individual Wealth - mutual funds	1,081	887	927	953	1,260	940	868	983	1,132	4,027	3,923	3,569
Individual Wealth - segregated funds	234	231	233	233	252	258	207	212	207	949	884	762
Total wealth sales	1,574	1,472	1,469	1,497	1,818	1,470	1,281	1,400	1,733	6,256	5,884	5,386
Wealth Manufactured Sales <sup>(1)</sup>	1,000	1,027	1,005	1,035	1,186	958	799	880	1,084	4,253	3,721	3,418
Other wealth sales	574	445	464	462	632	512	482	520	649	2,003	2,163	1,968
Total wealth sales	1,574	1,472	1,469	1,497	1,818	1,470	1,281	1,400	1,733	6,256	5,884	5,386
Career Sales Force - Career Advisor Network	3,567	3,608	3,635	3,677	3,751	3,856	3,900	3,976	4,052	3,608	3,856	4,168
ASSETS UNDER MANAGEMENT												
General funds	60,365	57,740	56,689	57,514	56,441	56,523	55,667	56,130	55,146	57,740	56,523	55,158
Segregated funds	11,810	11,179	12,129	12,173	12,074	12,423	12,248	12,285	12,427	11,179	12,423	12,341
Other AUM	5,497	4,854	5,046	4,960	4,748	3,902	3,577	3,416	3,200	4,854	3,902	2,832
Total assets under management	77,672	73,773	73,864	74,647	73,263	72,848	71,492	71,831	70,773	73,773	72,848	70,331
Mutual fund dealers' assets	21,072	19,733	21,027	20,891	20,496	20,535	19,868	19,700	19,460	19,733	20,535	18,698
Total assets under management and administration	98,744	93,506	94,891	95,538	93,759	93,383	91,360	91,531	90,233	93,506	93,383	89,029

<sup>(1)</sup> 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.

**SLF CANADA - GROUP BENEFITS**  
(C\$ millions)

**STATEMENTS OF OPERATIONS**

At and For the Quarter Ended												
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Gross premiums	1,533	1,465	1,457	1,446	1,445	1,374	1,379	1,333	1,340	5,813	5,426	4,910
Ceded premiums	(143)	(141)	(142)	(155)	(166)	(765)	(768)	(744)	(749)	(604)	(3,026)	(2,756)
Net premiums	1,390	1,324	1,315	1,291	1,279	609	611	589	591	5,209	2,400	2,154
Net investment income (loss)	273	113	40	100	111	193	(1)	136	153	364	481	492
Fee income	64	61	54	59	58	59	55	57	61	232	232	233
<b>Total revenue</b>	<b>1,727</b>	<b>1,498</b>	<b>1,409</b>	<b>1,450</b>	<b>1,448</b>	<b>861</b>	<b>665</b>	<b>782</b>	<b>805</b>	<b>5,805</b>	<b>3,113</b>	<b>2,879</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,104	1,076	1,063	1,118	1,030	1,082	972	1,056	1,049	4,287	4,159	3,820
Change in investment/insurance contract liabilities & reinsurance assets	339	148	106	26	163	110	42	28	72	443	252	227
Operating expenses, commissions and other expenses	281	284	266	276	271	279	258	260	267	1,097	1,064	993
Reinsurance expenses (recoveries)	(93)	(86)	(91)	(109)	(104)	(711)	(704)	(688)	(688)	(390)	(2,791)	(2,564)
Total policy benefits and expenses	1,631	1,422	1,344	1,311	1,360	760	568	656	700	5,437	2,684	2,476
<b>Income (loss) before income taxes</b>	<b>96</b>	<b>76</b>	<b>65</b>	<b>139</b>	<b>88</b>	<b>101</b>	<b>97</b>	<b>126</b>	<b>105</b>	<b>368</b>	<b>429</b>	<b>403</b>
Income tax expense (benefit)	22	17	14	36	19	23	23	27	24	86	97	96
<b>Common shareholders' reported net income (loss)</b>	<b>74</b>	<b>59</b>	<b>51</b>	<b>103</b>	<b>69</b>	<b>78</b>	<b>74</b>	<b>99</b>	<b>81</b>	<b>282</b>	<b>332</b>	<b>307</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,390	1,324	1,315	1,291	1,279	609	611	589	591	5,209	2,400	2,154
ASO premium equivalents	1,290	1,254	1,247	1,243	1,243	1,244	1,235	1,228	1,230	4,987	4,937	4,830
Total	2,680	2,578	2,562	2,534	2,522	1,853	1,846	1,817	1,821	10,196	7,337	6,984
<b>SALES</b>												
	269	111	113	156	208	107	130	130	307	588	674	475
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	14,396	14,170	13,917	13,794	13,640	14,156	14,012	13,969	13,712	14,170	14,156	13,790
<b>SUPPLEMENTAL INFORMATION</b>												
Business in-force	10,887	10,580	10,452	10,404	10,297	10,108	9,981	9,886	9,801	10,580	10,108	9,489

**SLF CANADA - GROUP RETIREMENT SERVICES**  
(C\$ millions)

**STATEMENTS OF OPERATIONS**

**Revenue**

	At and For the Quarter Ended								At and For the Year Ended			
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Gross premiums	227	1,084	421	237	717	499	443	698	228	2,459	1,868	1,891
Ceded premiums	(78)	(78)	(80)	(81)	(82)	(82)	(84)	(84)	(86)	(321)	(336)	(352)
Net premiums	149	1,006	341	156	635	417	359	614	142	2,138	1,532	1,539
Net investment income (loss)	426	25	70	97	78	268	(12)	172	147	270	575	591
Fee income	121	120	124	120	121	120	112	115	112	485	459	414

**Total revenue**

**Policy benefits and expenses**

Gross claims & benefits paid	433	446	470	445	412	465	393	386	397	1,773	1,641	1,673
Change in investment/insurance contract liabilities & reinsurance assets	214	575	(142)	(174)	293	267	(19)	436	(75)	552	609	722
Operating expenses, commissions and other expenses	107	104	100	103	104	107	95	100	103	411	405	394
Reinsurance expenses (recoveries)	(75)	(77)	(77)	(79)	(79)	(80)	(81)	(81)	(84)	(312)	(326)	(343)
Total policy benefits and expenses	679	1,048	351	295	730	759	388	841	341	2,424	2,329	2,446

**Income (loss) before income taxes**

Income tax expense (benefit)	17	103	184	78	104	46	71	60	60	469	237	98
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**Common shareholders' reported net income (loss)**

	57	64	141	54	73	52	55	57	52	332	216	120
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**PREMIUMS & DEPOSITS**

Net premiums	149	1,006	341	156	635	417	359	614	142	2,138	1,532	1,539
Segregated fund deposits	2,536	2,239	2,164	2,153	2,810	2,141	1,785	2,057	2,989	9,366	8,972	9,764
ASO deposit equivalents	342	351	304	380	290	319	401	282	308	1,325	1,310	1,090
Total	3,027	3,596	2,809	2,689	3,735	2,877	2,545	2,953	3,439	12,829	11,814	12,393

**SALES**

Sales	608	2,653	1,425	965	1,344	956	1,686	1,835	2,090	6,387	6,567	5,542
Asset consolidation and rollovers	643	758	645	577	663	757	642	546	580	2,643	2,525	2,272
Total	1,251	3,411	2,070	1,542	2,007	1,713	2,328	2,381	2,670	9,030	9,092	7,814

**ASSETS UNDER MANAGEMENT**

General funds	15,038	14,787	13,928	13,934	14,195	14,019	13,751	13,848	13,313	14,787	14,019	13,508
Segregated funds	80,122	74,706	78,634	78,229	75,689	75,394	72,320	71,762	70,851	74,706	75,394	67,623
Total assets under management	95,160	89,493	92,562	92,163	89,884	89,413	86,071	85,610	84,164	89,493	89,413	81,131

**ASSETS UNDER MANAGEMENT AND ADMINISTRATION**

	103,887	97,675	101,541	101,048	98,332	98,223	94,471	93,539	92,315	97,675	98,223	89,248
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**SLF U.S.**

(C\$ millions)

**STATEMENTS OF OPERATIONS**

At and For the Quarter Ended													
	2019	2018					2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
<b>Revenue</b>													
Premiums - life insurance	407	420	404	404	405	431	414	445	446	1,633	1,736	1,792	
Premiums - health insurance	1,047	967	955	925	920	875	862	923	910	3,767	3,570	3,507	
Premiums - annuities	1	—	—	—	—	—	—	—	—	—	—	1	
Gross premiums	1,455	1,387	1,359	1,329	1,325	1,306	1,276	1,368	1,356	5,400	5,306	5,300	
Ceded premiums	(155)	(168)	(145)	(147)	(137)	(162)	2	(142)	(134)	(597)	(436)	(529)	
Net premiums	1,300	1,219	1,214	1,182	1,188	1,144	1,278	1,226	1,222	4,803	4,870	4,771	
Net investment income (loss)	892	404	159	25	(283)	433	367	687	377	305	1,864	1,544	
Fee income	21	21	19	19	14	16	49	18	20	73	103	71	
<b>Total revenue</b>	<b>2,213</b>	<b>1,644</b>	<b>1,392</b>	<b>1,226</b>	<b>919</b>	<b>1,593</b>	<b>1,694</b>	<b>1,931</b>	<b>1,619</b>	<b>5,181</b>	<b>6,837</b>	<b>6,386</b>	
<b>Policy benefits and expenses</b>													
Gross claims & benefits paid	1,243	1,229	1,178	1,199	1,246	1,156	1,078	1,226	1,360	4,852	4,820	4,858	
Change in investment/insurance contract liabilities & reinsurance assets	571	54	313	(307)	(605)	553	278	716	49	(545)	1,596	397	
Operating expenses, commissions and other expenses	414	395	392	384	387	401	382	428	418	1,558	1,629	1,561	
Reinsurance expenses (recoveries)	(171)	(178)	(150)	(175)	(179)	(169)	(136)	(155)	(216)	(682)	(676)	(706)	
Total policy benefits and expenses	2,057	1,500	1,733	1,101	849	1,941	1,602	2,215	1,611	5,183	7,369	6,110	
<b>Income (loss) before income taxes</b>	<b>156</b>	<b>144</b>	<b>(341)</b>	<b>125</b>	<b>70</b>	<b>(348)</b>	<b>92</b>	<b>(284)</b>	<b>8</b>	<b>(2)</b>	<b>(532)</b>	<b>276</b>	
Income tax expense (benefit)	32	26	(75)	20	10	(286)	19	(107)	(18)	(19)	(392)	54	
Participating policyholders' net income (loss)	—	—	1	—	(36)	1	1	1	1	(35)	4	5	
<b>Common shareholders' reported net income (loss)</b>	<b>124</b>	<b>118</b>	<b>(267)</b>	<b>105</b>	<b>96</b>	<b>(63)</b>	<b>72</b>	<b>(178)</b>	<b>25</b>	<b>52</b>	<b>(144)</b>	<b>217</b>	
Market related impacts	(17)	5	(5)	(1)	(25)	(34)	4	(16)	(12)	(26)	(58)	11	
Assumption changes and management actions	(2)	—	(393)	(4)	3	—	(38)	(238)	(4)	(394)	(280)	(23)	
Acquisition, integration and restructuring	(7)	(8)	(8)	(15)	(11)	(10)	(15)	(25)	(18)	(42)	(68)	(55)	
Other	—	—	—	—	—	(114)	—	—	—	—	(114)	—	
<b>Common shareholders' underlying net income (loss)</b>	<b>150</b>	<b>121</b>	<b>139</b>	<b>125</b>	<b>129</b>	<b>95</b>	<b>121</b>	<b>101</b>	<b>59</b>	<b>514</b>	<b>376</b>	<b>284</b>	
<b>PREMIUMS &amp; DEPOSITS</b>													
Net premiums	1,300	1,219	1,214	1,182	1,188	1,144	1,278	1,226	1,222	4,803	4,870	4,771	
<b>SALES</b>													
Group Benefits	160	844	172	155	136	627	193	165	121	1,307	1,106	1,053	
<b>ASSETS UNDER MANAGEMENT</b>													
General funds	34,286	34,584	32,566	32,831	32,575	32,259	32,061	32,762	33,417	34,584	32,259	33,625	
Segregated funds	502	491	476	488	484	488	479	496	501	491	488	502	
Other AUM	31	33	32	53	54	57	58	64	69	33	57	80	
<b>Total</b>	<b>34,819</b>	<b>35,108</b>	<b>33,074</b>	<b>33,372</b>	<b>33,113</b>	<b>32,804</b>	<b>32,598</b>	<b>33,322</b>	<b>33,987</b>	<b>35,108</b>	<b>32,804</b>	<b>34,207</b>	

**SLF U.S.**

(US\$ millions)

**STATEMENTS OF OPERATIONS**

Revenue												
Premiums - life insurance	306	317	310	312	321	339	330	331	337	1,260	1,337	1,354
Premiums - health insurance	789	732	731	717	728	689	688	687	688	2,908	2,752	2,652
Premiums - annuities	—	—	—	—	—	—	—	—	—	—	—	—
Gross premiums	1,095	1,049	1,041	1,029	1,049	1,028	1,018	1,018	1,025	4,168	4,089	4,006
Ceded premiums	(117)	(126)	(111)	(114)	(108)	(128)	4	(106)	(102)	(459)	(332)	(399)
Net premiums	978	923	930	915	941	900	1,022	912	923	3,709	3,757	3,607
Net investment income (loss)	669	299	121	18	(224)	342	290	509	286	214	1,427	1,171
Fee income	16	16	14	15	11	13	38	13	16	56	80	54
Total revenue	1,663	1,238	1,065	948	728	1,255	1,350	1,434	1,225	3,979	5,264	4,832
Policy benefits and expenses												
Gross claims & benefits paid	935	930	902	929	986	911	859	911	1,027	3,747	3,708	3,672
Change in investment/insurance contract liabilities & reinsurance assets	428	35	240	(239)	(478)	434	223	533	39	(442)	1,229	304
Operating expenses, commissions and other expenses	311	299	300	297	306	314	304	319	316	1,202	1,253	1,180
Reinsurance expenses (recoveries)	(129)	(134)	(115)	(136)	(142)	(133)	(109)	(114)	(164)	(527)	(520)	(532)
Total policy benefits and expenses	1,545	1,130	1,327	851	672	1,526	1,277	1,649	1,218	3,980	5,670	4,624
Income (loss) before income taxes	118	108	(262)	97	56	(271)	73	(215)	7	(1)	(406)	208
Income tax expense (benefit)	25	19	(58)	16	8	(223)	15	(81)	(13)	(15)	(302)	41
Participating policyholders' net income (loss)	—	—	1	—	(28)	1	1	1	—	(27)	3	4
Common shareholders' reported net income (loss)	93	89	(205)	81	76	(49)	57	(135)	20	41	(107)	163
Market related impacts	(11)	4	(4)	(1)	(20)	(25)	2	(12)	(9)	(21)	(44)	8
Assumption changes and management actions	(2)	—	(301)	(3)	2	—	(30)	(177)	(3)	(302)	(210)	(18)
Acquisition, integration and restructuring	(6)	(6)	(6)	(12)	(8)	(8)	(12)	(19)	(13)	(32)	(52)	(42)
Other	—	—	—	—	—	(90)	—	—	—	—	(90)	—
Common shareholders' underlying net income (loss)	112	91	106	97	102	74	97	73	45	396	289	215
Return on equity - reported	13.6%	13.1%	(30.6)%	11.7%	11.2%	(7.2)%	8.8%	(21.6)%	3.1%	1.5%	(4.1)%	6.5%
Return on equity - underlying	16.3%	13.5%	15.7%	14.0%	15.1%	10.9%	14.9%	11.8%	7.0%	14.6%	11.1%	8.5%
PREMIUMS & DEPOSITS												
Net premiums	978	923	930	915	941	900	1,022	912	923	3,709	3,757	3,607
SALES												
Group Benefits	120	639	132	120	108	494	154	123	92	999	863	794
ASSETS UNDER MANAGEMENT												
General funds	25,694	25,360	25,237	25,004	25,250	25,649	25,717	25,275	25,106	25,360	25,649	25,037
Segregated funds	376	360	369	372	375	388	385	383	376	360	388	374
Other AUM	23	24	24	40	42	45	47	50	52	24	45	59
Total	26,093	25,744	25,630	25,416	25,667	26,082	26,149	25,708	25,534	25,744	26,082	25,470



**SLF U.S. - GROUP BENEFITS**

(US\$ millions)

**STATEMENTS OF OPERATIONS**

Revenue												
Gross premiums	967	914	914	899	914	885	880	880	888	3,641	3,533	3,430
Ceded premiums	(38)	(36)	(36)	(31)	(33)	(39)	(32)	(29)	(33)	(136)	(133)	(107)
Net premiums	929	878	878	868	881	846	848	851	855	3,505	3,400	3,323
Net investment income (loss)	103	37	42	19	(4)	51	58	84	63	94	256	236
Fee income	25	25	23	24	21	20	50	18	20	93	108	52
Total revenue	1,057	940	943	911	898	917	956	953	938	3,692	3,764	3,611
Policy benefits and expenses												
Gross claims & benefits paid	653	706	671	642	696	669	653	664	681	2,715	2,667	2,593
Change in investment/insurance contract liabilities & reinsurance assets	41	(46)	(44)	(56)	(74)	(33)	(78)	(2)	(12)	(220)	(125)	7
Operating expenses, commissions and other expenses	289	279	281	276	288	283	288	294	292	1,124	1,157	1,076
Reinsurance expenses (recoveries)	(35)	(74)	(51)	(24)	(54)	(60)	(33)	(26)	(32)	(203)	(151)	(164)
Total policy benefits and expenses	948	865	857	838	856	859	830	930	929	3,416	3,548	3,512
Income (loss) before income taxes	109	75	86	73	42	58	126	23	9	276	216	99
Income tax expense (benefit)	23	16	18	16	9	28	40	7	1	59	76	26
Common shareholders' reported net income (loss)	86	59	68	57	33	30	86	16	8	217	140	73
PREMIUMS & DEPOSITS												
Net premiums	929	878	878	868	881	846	848	851	855	3,505	3,400	3,323
ASSETS UNDER MANAGEMENT												
General Funds	7,816	7,704	7,539	7,508	7,471	7,344	7,395	7,393	7,379	7,704	7,344	7,409
SALES												
Employee Benefits	63	217	85	58	71	163	83	64	60	431	370	436
Medical Stop-Loss	57	422	47	62	37	331	71	59	32	568	493	358
Total	120	639	132	120	108	494	154	123	92	999	863	794
BUSINESS IN-FORCE												
Employee Benefits	2,408	2,385	2,407	2,428	2,433	2,464	2,522	2,573	2,584	2,385	2,464	2,589
Medical Stop-Loss	1,739	1,631	1,490	1,499	1,445	1,404	1,251	1,232	1,204	1,631	1,404	1,194
Total	4,147	4,016	3,897	3,927	3,878	3,868	3,773	3,805	3,788	4,016	3,868	3,783
AFTER-TAX PROFIT MARGIN <sup>(1)</sup>	7.9%	6.7%	6.4%	6.5%	5.6%	5.0%	4.5%	3.3%	2.8%	6.7%	5.0%	3.5%

<sup>(1)</sup> The after-tax profit margin is calculated on underlying net income as a percentage of net premiums on a trailing four-quarters basis.

**SLF U.S. - IN-FORCE MANAGEMENT**

(US\$ millions)

**STATEMENTS OF OPERATIONS**

STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	128	135	127	130	135	143	138	138	137	527	556	576
Ceded premiums	(79)	(90)	(75)	(83)	(75)	(89)	36	(77)	(69)	(323)	(199)	(292)
Net premiums	49	45	52	47	60	54	174	61	68	204	357	284
Net investment income (loss)	566	262	79	(1)	(220)	291	232	425	223	120	1,171	935
Fee income	(9)	(9)	(9)	(9)	(10)	(7)	(12)	(5)	(4)	(37)	(28)	2
Total revenue	606	298	122	37	(170)	338	394	481	287	287	1,500	1,221
Policy benefits and expenses												
Gross claims & benefits paid	282	224	231	287	290	242	206	247	346	1,032	1,041	1,079
Change in investment/insurance contract liabilities & reinsurance assets	387	81	284	(183)	(404)	467	301	535	51	(222)	1,354	297
Operating expenses, commissions and other expenses	22	20	19	21	18	31	16	25	24	78	96	104
Reinsurance expenses (recoveries)	(94)	(60)	(64)	(112)	(88)	(73)	(76)	(88)	(132)	(324)	(369)	(368)
Total policy benefits and expenses	597	265	470	13	(184)	667	447	719	289	564	2,122	1,112
Income (loss) before income taxes	9	33	(348)	24	14	(329)	(53)	(238)	(2)	(277)	(622)	109
Income tax expense (benefit)	2	3	(76)	—	(1)	(251)	(25)	(88)	(14)	(74)	(378)	15
Participating policyholders' net income (loss)	—	—	1	—	(28)	1	1	1	—	(27)	3	4
Common shareholders' reported net income (loss)	7	30	(273)	24	43	(79)	(29)	(151)	12	(176)	(247)	90
PREMIUMS & DEPOSITS												
Net premiums	49	45	52	47	60	54	174	61	68	204	357	284
ACCOUNT VALUE												
Individual insurance - domestic	4,446	4,475	4,482	4,498	4,511	4,538	4,541	4,545	4,545	4,475	4,538	4,576
ASSETS UNDER MANAGEMENT												
General funds	17,878	17,656	17,698	17,496	17,779	18,305	18,322	17,882	17,727	17,656	18,305	17,628
Segregated funds	376	360	369	372	375	388	385	383	376	360	388	374
Other AUM	23	24	24	40	42	45	47	50	52	24	45	59
Total	18,277	18,040	18,091	17,908	18,196	18,738	18,754	18,315	18,155	18,040	18,738	18,061

**SLF ASSET MANAGEMENT**

(C\$ millions)

**FINANCIAL SUMMARY**

(C\$ millions)	At and For the Quarter Ended									At and For the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
FINANCIAL SUMMARY												
Revenue												
Net investment income (loss)	28	3	9	(1)	2	10	11	10	14	13	45	(3)
Fee income	990	1,000	1,041	1,022	1,048	1,044	987	1,023	983	4,111	4,037	3,932
Total revenue	1,018	1,003	1,050	1,021	1,050	1,054	998	1,033	997	4,124	4,082	3,929
Expenses												
	741	690	731	739	771	771	715	751	739	2,931	2,976	2,807
Income (loss) before income taxes	277	313	319	282	279	283	283	282	258	1,193	1,106	1,122
Income tax expense (benefit)	58	69	78	68	69	169	98	99	87	284	453	393
Common shareholders' reported net income (loss)	219	244	241	214	210	114	185	183	171	909	653	729
Fair value adjustments on share-based payment awards at MFS	(8)	28	(10)	(2)	(21)	(34)	(19)	(16)	(12)	(5)	(81)	30
Acquisition, integration and restructuring	—	(11)	—	—	—	—	—	—	—	(11)	—	—
Other	—	—	—	—	—	(78)	—	—	—	—	(78)	—
Common shareholders' underlying net income (loss)	227	227	251	216	231	226	204	199	183	925	812	699
Common shareholders' underlying net income (loss)												
MFS	223	221	242	213	222	220	199	193	176	898	788	670
SLIM	4	6	9	3	9	6	5	6	7	27	24	29
Total	227	227	251	216	231	226	204	199	183	925	812	699
GROSS SALES												
MFS	28,990	27,877	22,792	24,061	29,561	25,584	26,307	27,320	27,303	104,291	106,514	108,184
SLIM	2,297	1,546	1,573	1,202	2,703	2,930	2,303	2,532	3,003	7,024	10,768	8,086
Total	31,287	29,423	24,365	25,263	32,264	28,514	28,610	29,852	30,306	111,315	117,282	116,270
NET SALES												
MFS	(7,804)	(8,737)	(9,506)	(14,882)	(5,392)	(5,042)	(3,328)	(5,435)	(14,674)	(38,517)	(28,479)	(16,773)
SLIM	1,256	192	521	179	335	1,587	1,459	872	2,155	1,227	6,073	4,448
Total	(6,548)	(8,545)	(8,985)	(14,703)	(5,057)	(3,455)	(1,869)	(4,563)	(12,519)	(37,290)	(22,406)	(12,325)
ASSETS UNDER MANAGEMENT												
MFS	631,097	584,172	625,890	622,511	621,540	618,292	591,197	598,996	586,907	584,172	618,292	571,593
SLIM	67,267	65,538	61,312	61,514	60,118	59,319	56,513	56,320	55,936	65,538	59,319	53,222
Total	698,364	649,710	687,202	684,025	681,658	677,611	647,710	655,316	642,843	649,710	677,611	624,815

**MFS**

(US\$ millions), unless otherwise noted

**STATEMENTS OF OPERATIONS**

Revenue												
Net investment income (loss)	20	1	7	(1)	1	8	9	8	10	8	35	(4)
Fee income	681	692	734	729	747	764	737	715	691	2,902	2,907	2,762
<b>Total revenue</b>	<b>701</b>	<b>693</b>	<b>741</b>	<b>728</b>	<b>748</b>	<b>772</b>	<b>746</b>	<b>723</b>	<b>701</b>	<b>2,910</b>	<b>2,942</b>	<b>2,758</b>
<b>Expenses</b>												
	495	452	505	511	535	556	525	519	512	2,003	2,112	1,939
<b>Income (loss) before income taxes</b>	<b>206</b>	<b>241</b>	<b>236</b>	<b>217</b>	<b>213</b>	<b>216</b>	<b>221</b>	<b>204</b>	<b>189</b>	<b>907</b>	<b>830</b>	<b>819</b>
Income tax expense (benefit)	44	52	58	54	54	144	78	72	65	218	359	291
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>162</b>	<b>189</b>	<b>178</b>	<b>163</b>	<b>159</b>	<b>72</b>	<b>143</b>	<b>132</b>	<b>124</b>	<b>689</b>	<b>471</b>	<b>528</b>
Fair value adjustments on share-based payment awards at MFS	(6)	22	(8)	(1)	(17)	(27)	(16)	(12)	(9)	(4)	(64)	22
Other	—	—	—	—	—	(75)	—	—	—	—	(75)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>168</b>	<b>167</b>	<b>186</b>	<b>164</b>	<b>176</b>	<b>174</b>	<b>159</b>	<b>144</b>	<b>133</b>	<b>693</b>	<b>610</b>	<b>506</b>

**MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT**

Opening AUM	226,557	254,545	247,460	247,743	250,231	239,729	232,692	221,716	211,822	250,231	211,822	200,463
Sales	16,479	15,522	13,053	13,225	16,211	14,118	13,878	13,746	16,059	58,011	57,801	58,375
Redemptions	(15,769)	(18,512)	(14,925)	(15,298)	(16,567)	(13,644)	(13,964)	(13,431)	(17,706)	(65,302)	(58,745)	(58,951)
Market movement	25,852	(24,998)	8,957	1,790	(2,132)	10,028	7,123	10,661	11,541	(16,383)	39,353	11,935
Closing AUM	253,119	226,557	254,545	247,460	247,743	250,231	239,729	232,692	221,716	226,557	250,231	211,822

**MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT**

Opening AUM	201,816	230,490	226,653	234,407	241,374	234,481	229,425	219,203	213,787	241,374	213,787	212,773
Sales	5,333	5,576	4,393	5,421	7,182	6,028	7,109	6,568	4,576	22,572	24,281	23,339
Redemptions	(11,915)	(9,198)	(9,797)	(14,881)	(11,093)	(10,473)	(9,678)	(10,924)	(14,020)	(44,969)	(45,095)	(35,357)
Market movement	24,591	(25,052)	9,241	1,706	(3,056)	11,338	7,625	14,578	14,860	(17,161)	48,401	13,032
Closing AUM	219,825	201,816	230,490	226,653	234,407	241,374	234,481	229,425	219,203	201,816	241,374	213,787

**SUPPLEMENTAL INFORMATION**

Pre-tax net operating profit margin ratio	38 %	38 %	40 %	36 %	38 %	40 %	41 %	36 %	36 %	38 %	38 %	36 %
Pre-tax gross operating profit margin ratio	32 %	33 %	35 %	31 %	32 %	34 %	34 %	31 %	30 %	33 %	32 %	30 %
Total assets under management	472,944	428,373	485,035	474,113	482,150	491,605	474,210	462,117	440,919	428,373	491,605	425,609
Average net assets	456,690	451,578	482,878	480,906	495,042	482,553	468,151	453,197	437,570	477,496	460,512	421,730
Total gross sales	21,812	21,098	17,446	18,646	23,393	20,146	20,987	20,314	20,635	80,583	82,082	81,714
Total net sales	(5,872)	(6,612)	(7,276)	(11,533)	(4,267)	(3,971)	(2,655)	(4,041)	(11,091)	(29,688)	(21,758)	(12,594)
Liability for share-based compensation <sup>(1)</sup>	505	496	518	516	566	562	551	536	551	496	562	533
Diluted EPS impact - liability for share-based compensation <sup>(2)</sup>	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.00	\$0.03	\$0.01	\$0.06
U.S. GAAP net income	177	176	195	176	188	113	169	147	140	735	569	539
Dividends paid to SLF	131	128	144	126	134	123	122	105	102	532	452	387

<sup>(1)</sup> Liability for stock options, restricted shares and outstanding shares of MFS.

<sup>(2)</sup> 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 SLF Inc.

**SLF ASIA**  
(C\$ millions)

**STATEMENTS OF OPERATIONS**

	At and For the Quarter Ended									At and For the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Gross premiums	406	608	464	586	521	815	545	543	624	2,179	2,527	2,923
Ceded premiums	(50)	(69)	(57)	(52)	(54)	(68)	(46)	(56)	(56)	(232)	(226)	(153)
Net premiums	356	539	407	534	467	747	499	487	568	1,947	2,301	2,770
Net investment income (loss)	1,014	322	72	(34)	(284)	315	354	655	398	76	1,722	1,326
Fee income	126	121	130	130	133	133	124	136	131	514	524	498
<b>Total revenue</b>	<b>1,496</b>	<b>982</b>	<b>609</b>	<b>630</b>	<b>316</b>	<b>1,195</b>	<b>977</b>	<b>1,278</b>	<b>1,097</b>	<b>2,537</b>	<b>4,547</b>	<b>4,594</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	357	326	302	256	308	265	292	228	276	1,192	1,061	1,182
Change in investment/insurance contract liabilities & reinsurance assets	810	204	(135)	(67)	(358)	475	214	441	508	(356)	1,638	1,878
Operating expenses, commissions and other expenses	291	354	297	322	274	357	273	273	262	1,247	1,165	1,134
Reinsurance expenses (recoveries)	(56)	(46)	(38)	(35)	(45)	(49)	(38)	(41)	(57)	(164)	(185)	(273)
<b>Total policy benefits and expenses</b>	<b>1,402</b>	<b>838</b>	<b>426</b>	<b>476</b>	<b>179</b>	<b>1,048</b>	<b>741</b>	<b>901</b>	<b>989</b>	<b>1,919</b>	<b>3,679</b>	<b>3,921</b>
<b>Income (loss) before income taxes</b>	<b>94</b>	<b>144</b>	<b>183</b>	<b>154</b>	<b>137</b>	<b>147</b>	<b>236</b>	<b>377</b>	<b>108</b>	<b>618</b>	<b>868</b>	<b>673</b>
Income tax expense (benefit)	13	14	14	19	4	17	11	15	19	51	62	58
Participating policyholders' net income (loss) and non-controlling interest	1	5	5	2	—	9	9	6	4	12	28	15
<b>Common shareholders' reported net income (loss)</b>	<b>80</b>	<b>125</b>	<b>164</b>	<b>133</b>	<b>133</b>	<b>121</b>	<b>216</b>	<b>356</b>	<b>85</b>	<b>555</b>	<b>778</b>	<b>600</b>
Market related impacts	(42)	(22)	(12)	—	4	15	12	12	(1)	(30)	38	(5)
Assumption changes and management actions	—	9	66	—	1	—	74	221	(11)	76	284	114
Acquisition, integration and restructuring	—	(2)	—	(12)	—	—	—	—	—	(14)	—	33
Other	—	—	—	—	—	(5)	—	—	—	—	(5)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>122</b>	<b>140</b>	<b>110</b>	<b>145</b>	<b>128</b>	<b>111</b>	<b>130</b>	<b>123</b>	<b>97</b>	<b>523</b>	<b>461</b>	<b>458</b>
Return on equity - reported <sup>(1)</sup>	6.0 %	9.9 %	13.3 %	10.9 %	11.2 %	9.0 %	15.8 %	26.0 %	6.4 %	11.3 %	14.4 %	11.7 %
Return on equity - underlying <sup>(1)</sup>	9.1 %	10.9 %	8.9 %	11.8 %	10.7 %	8.2 %	9.5 %	9.0 %	7.2 %	10.6 %	8.5 %	8.9 %
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	356	539	407	534	467	747	499	487	568	1,947	2,301	2,770
Segregated fund deposits	271	275	274	300	310	273	223	216	221	1,159	933	919
Mutual fund sales	1,243	1,175	1,220	1,696	2,926	2,955	2,928	2,320	2,428	7,017	10,631	5,742
Managed fund sales	591	715	650	770	567	585	460	490	336	2,702	1,871	1,251
ASO deposits (pension administration)	75	68	142	144	142	146	169	191	180	496	686	943
<b>Total</b>	<b>2,536</b>	<b>2,772</b>	<b>2,693</b>	<b>3,444</b>	<b>4,412</b>	<b>4,706</b>	<b>4,279</b>	<b>3,704</b>	<b>3,733</b>	<b>13,321</b>	<b>16,422</b>	<b>11,625</b>
<b>SALES - Proportionate ownership <sup>(2)</sup></b>												
<b>Individual life insurance</b>												
Insurance and Wealth	246	232	174	180	200	197	156	142	166	786	661	628
International	4	13	21	26	22	49	26	21	28	82	124	95
<b>Total life insurance sales</b>	<b>250</b>	<b>245</b>	<b>195</b>	<b>206</b>	<b>222</b>	<b>246</b>	<b>182</b>	<b>163</b>	<b>194</b>	<b>868</b>	<b>785</b>	<b>723</b>
<b>Total group life &amp; health insurance sales</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>11</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>30</b>	<b>26</b>	<b>32</b>
<b>Total wealth sales <sup>(3)</sup></b>	<b>1,881</b>	<b>1,935</b>	<b>1,928</b>	<b>2,502</b>	<b>3,736</b>	<b>3,603</b>	<b>3,607</b>	<b>2,949</b>	<b>2,897</b>	<b>10,101</b>	<b>13,056</b>	<b>8,849</b>
<b>ASSETS UNDER MANAGEMENT <sup>(4)</sup></b>												
Insurance and Wealth	70,684	67,821	62,187	66,371	65,134	64,688	60,050	59,070	57,262	67,821	64,688	53,469
International	16,066	15,805	15,675	16,100	16,011	16,014	15,749	16,674	16,639	15,805	16,014	16,579
<b>Total</b>	<b>86,750</b>	<b>83,626</b>	<b>77,862</b>	<b>82,471</b>	<b>81,145</b>	<b>80,702</b>	<b>75,799</b>	<b>75,744</b>	<b>73,901</b>	<b>83,626</b>	<b>80,702</b>	<b>70,048</b>
<b>ASSETS UNDER MANAGEMENT AND ADMINISTRATION <sup>(4)</sup></b>	<b>92,934</b>	<b>90,214</b>	<b>84,817</b>	<b>93,405</b>	<b>93,780</b>	<b>93,845</b>	<b>89,716</b>	<b>90,580</b>	<b>91,447</b>	<b>90,214</b>	<b>93,845</b>	<b>86,808</b>
<b>Constant Currency Sales <sup>(5)</sup></b>												
Individual life insurance	249	245	196	204	222							
Wealth	1,895	1,975	1,966	2,514	3,736							

<sup>(1)</sup> As a result of a revision of the capital allocation model for SLF Asia, reported and underlying ROEs increased approximately 1.4% in Q1 2018, 1.4% and 1.5%, respectively, in Q2 2018, 1.6% and 1.2%, respectively, in Q3 2018, and 1.5% in Q4 2018. For the year ended 2018, reported and underlying ROE increased approximately 1.5%.

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

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

<sup>(5)</sup> Quarterly sales in constant currency are relative to Q1 2018 foreign exchange rates for each of the quarters.

**SLF ASIA - INSURANCE AND WEALTH**

(C\$ millions)

**STATEMENTS OF OPERATIONS**

Revenue												
Gross premiums	370	492	341	387	305	399	314	348	365	1,525	1,426	1,971
Ceded premiums	(45)	(61)	(49)	(47)	(48)	(62)	(48)	(50)	(50)	(205)	(210)	(117)
Net premiums	325	431	292	340	257	337	266	298	315	1,320	1,216	1,854
Net investment income (loss)	797	154	(11)	(71)	(241)	215	227	421	281	(169)	1,144	761
Fee income	107	100	105	105	104	102	93	102	97	414	394	341
Total revenue	1,229	685	386	374	120	654	586	821	693	1,565	2,754	2,956
Policy benefits and expenses												
Gross claims & benefits paid	189	213	213	176	200	220	180	179	192	802	771	789
Change in investment/insurance contract liabilities & reinsurance assets	700	90	(144)	(139)	(372)	110	119	367	259	(565)	855	1,181
Operating expenses, commissions and other expenses	259	307	249	266	221	271	213	218	203	1,043	905	873
Reinsurance expenses (recoveries)	(35)	(42)	(39)	(34)	(36)	(48)	(38)	(41)	(55)	(151)	(182)	(262)
Total policy benefits and expenses	1,113	568	279	269	13	553	474	723	599	1,129	2,349	2,581
Income (loss) before income taxes												
Income tax expense (benefit)	14	11	13	17	2	9	10	15	17	43	51	51
Participating policyholders' net income (loss) and non-controlling interest	1	5	5	2	—	9	9	6	4	12	28	15
Common shareholders' reported net income (loss)	101	101	89	86	105	83	93	77	73	381	326	309
PREMIUMS & DEPOSITS												
Net premiums	325	431	292	340	257	337	266	298	315	1,320	1,216	1,854
Segregated fund deposits	271	275	274	300	310	273	223	216	221	1,159	933	918
Mutual fund sales	1,243	1,175	1,220	1,696	2,926	2,955	2,928	2,320	2,428	7,017	10,631	5,742
Managed fund sales	591	715	650	770	567	585	460	490	336	2,702	1,871	1,251
ASO deposits (pension administration)	75	68	142	144	142	146	169	191	180	496	686	943
Total	2,505	2,664	2,578	3,250	4,202	4,296	4,046	3,515	3,480	12,694	15,337	10,708
ASSETS UNDER MANAGEMENT <sup>(1)</sup>												
General funds	16,959	16,285	15,096	15,502	15,560	15,594	15,089	15,391	15,327	16,285	15,594	15,103
Segregated funds	5,953	5,617	5,204	5,295	5,371	5,393	4,995	4,998	4,859	5,617	5,393	4,605
Other AUM	47,772	45,919	41,887	45,574	44,203	43,701	39,966	38,681	37,076	45,919	43,701	33,761
Total	70,684	67,821	62,187	66,371	65,134	64,688	60,050	59,070	57,262	67,821	64,688	53,469
ASSETS UNDER MANAGEMENT AND ADMINISTRATION <sup>(1)</sup>												
	76,868	74,409	69,142	77,305	77,769	77,831	73,967	73,906	74,808	74,409	77,831	70,229
SALES - Proportionate ownership <sup>(2)</sup>												
Individual life insurance												
Philippines	56	67	54	51	49	59	46	36	38	221	179	179
Hong Kong	46	73	42	57	37	57	42	39	42	209	180	217
Indonesia	23	18	15	15	19	20	19	20	15	67	74	57
India	65	43	34	23	45	26	20	18	41	145	105	68
China	35	13	12	19	34	20	15	15	17	78	67	55
Vietnam	5	5	4	3	4	4	2	3	3	16	12	9
Malaysia	16	13	13	12	12	11	12	11	10	50	44	43
Total life insurance sales	246	232	174	180	200	197	156	142	166	786	661	628
Total group life & health insurance sales												
	8	6	7	6	11	6	7	7	6	30	26	32
Total wealth sales <sup>(3)</sup>												
	1,881	1,935	1,928	2,502	3,736	3,603	3,607	2,949	2,897	10,101	13,056	8,849

<sup>(1)</sup> 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.

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

<sup>(3)</sup> 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.

**SLF ASIA - INTERNATIONAL**

(C\$ millions)

**STATEMENTS OF OPERATIONS**

Revenue												
Gross premiums	36	116	123	199	216	416	231	195	259	654	1,101	952
Ceded premiums	(5)	(8)	(8)	(5)	(6)	(6)	2	(6)	(6)	(27)	(16)	(36)
Net premiums	31	108	115	194	210	410	233	189	253	627	1,085	916
Net investment income (loss)	217	168	83	37	(43)	100	127	234	117	245	578	565
Fee income	19	21	25	25	29	31	31	34	34	100	130	157
Total revenue	267	297	223	256	196	541	391	457	404	972	1,793	1,638
Policy benefits and expenses												
Gross claims & benefits paid	168	113	89	80	108	45	112	49	84	390	290	393
Change in investment/insurance contract liabilities & reinsurance assets	110	114	9	72	14	365	95	74	249	209	783	697
Operating expenses, commissions and other expenses	32	47	48	56	53	86	60	55	59	204	260	261
Reinsurance expenses (recoveries)	(21)	(4)	1	(1)	(9)	(1)	—	—	(2)	(13)	(3)	(11)
Total policy benefits and expenses	289	270	147	207	166	495	267	178	390	790	1,330	1,340
Income (loss) before income taxes	(22)	27	76	49	30	46	124	279	14	182	463	298
Income tax expense (benefit)	(1)	3	1	2	2	8	1	—	2	8	11	7
Common shareholders' reported net income (loss)	(21)	24	75	47	28	38	123	279	12	174	452	291
PREMIUMS & DEPOSITS												
Net premiums	31	108	115	194	210	410	233	189	253	627	1,085	916
Segregated fund deposits	—	—	—	—	—	—	—	—	—	—	—	1
Total	31	108	115	194	210	410	233	189	253	627	1,085	917
SALES												
Individual insurance	4	13	21	26	22	49	26	21	28	82	124	95
ACCOUNT VALUE												
Individual insurance	11,913	12,223	11,507	11,616	11,235	10,802	10,312	10,554	10,644	12,223	10,802	10,522
Investment products	3,209	3,255	3,599	3,947	4,134	4,403	4,544	4,980	5,197	3,255	4,403	5,177
Total	15,122	15,478	15,106	15,563	15,369	15,205	14,856	15,534	15,841	15,478	15,205	15,699
ASSETS UNDER MANAGEMENT												
General funds	12,874	12,570	12,095	12,180	11,905	11,640	11,233	11,725	11,475	12,570	11,640	11,441
Segregated funds	564	556	614	652	676	708	722	764	779	556	708	767
Other AUM	2,628	2,679	2,966	3,268	3,430	3,666	3,794	4,185	4,385	2,679	3,666	4,371
Total	16,066	15,805	15,675	16,100	16,011	16,014	15,749	16,674	16,639	15,805	16,014	16,579

**CORPORATE**

(C\$ millions)

**STATEMENTS OF OPERATIONS <sup>(1)</sup>**

	At and For the Quarter Ended									At and For the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Premiums - life insurance	23	24	24	23	23	25	24	23	22	94	94	99
Premiums - health insurance	4	4	4	2	4	3	4	3	4	14	14	17
Premiums - annuities	6	(95)	5	6	5	4	7	7	6	(79)	24	28
Gross premiums	33	(67)	33	31	32	32	35	33	32	29	132	144
Ceded premiums	(5)	(6)	(7)	(5)	(5)	(5)	(7)	(6)	(6)	(23)	(24)	(26)
Net premiums	28	(73)	26	26	27	27	28	27	26	6	108	118
Net investment income (loss)	398	82	(58)	64	(35)	232	38	9	168	53	447	1,327
Fee income	2	8	5	4	11	12	13	8	13	28	46	53
<b>Total revenue</b>	<b>428</b>	<b>17</b>	<b>(27)</b>	<b>94</b>	<b>3</b>	<b>271</b>	<b>79</b>	<b>44</b>	<b>207</b>	<b>87</b>	<b>601</b>	<b>1,498</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	137	154	138	157	165	100	147	175	135	614	557	686
Change in investment/insurance contract liabilities & reinsurance assets	199	(213)	(331)	(138)	(241)	68	(164)	(200)	(8)	(923)	(304)	434
Operating expenses, commissions and other expenses	88	79	64	69	90	138	72	63	56	302	329	375
Reinsurance expenses (recoveries)	—	(12)	(7)	(8)	(10)	39	(5)	(8)	19	(37)	45	(2)
Total policy benefits and expenses	424	8	(136)	80	4	345	50	30	202	(44)	627	1,493
<b>Income (loss) before income taxes</b>	<b>4</b>	<b>9</b>	<b>109</b>	<b>14</b>	<b>(1)</b>	<b>(74)</b>	<b>29</b>	<b>14</b>	<b>5</b>	<b>131</b>	<b>(26)</b>	<b>5</b>
Income tax expense (benefit)	17	(11)	(9)	(1)	(6)	40	1	(37)	(22)	(27)	(18)	(94)
Preferred shareholder dividends	24	23	24	23	24	23	24	23	23	94	93	96
<b>Common shareholders' reported net income (loss)</b>	<b>(37)</b>	<b>(3)</b>	<b>94</b>	<b>(8)</b>	<b>(19)</b>	<b>(137)</b>	<b>4</b>	<b>28</b>	<b>4</b>	<b>64</b>	<b>(101)</b>	<b>3</b>
Market related impacts	(9)	(2)	(4)	(6)	(3)	—	7	6	(8)	(15)	5	(13)
Assumption changes and management actions	(9)	18	122	—	—	(10)	33	23	9	140	55	14
Acquisition, integration and restructuring	—	(4)	(3)	—	(3)	(50)	(2)	(1)	(2)	(10)	(55)	(5)
Other	—	—	—	—	—	(54)	—	—	—	—	(54)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>(19)</b>	<b>(15)</b>	<b>(21)</b>	<b>(2)</b>	<b>(13)</b>	<b>(23)</b>	<b>(34)</b>	<b>—</b>	<b>5</b>	<b>(51)</b>	<b>(52)</b>	<b>7</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	28	(73)	26	26	27	27	28	27	26	6	108	118
Segregated fund deposits	22	20	19	21	19	19	20	21	20	79	80	104
Total	50	(53)	45	47	46	46	48	48	46	85	188	222
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	14,101	14,162	14,052	14,965	15,179	14,414	13,111	14,186	13,726	14,162	14,414	14,169
Segregated funds	11,060	10,513	11,241	11,855	11,927	11,986	11,473	11,761	11,638	10,513	11,986	11,329
Other AUM <sup>(2)</sup>	(25,266)	(23,879)	(24,351)	(25,161)	(24,887)	(23,264)	(22,504)	(21,662)	(21,397)	(23,879)	(23,264)	(20,822)
Total	(105)	796	942	1,659	2,219	3,136	2,080	4,285	3,967	796	3,136	4,676

<sup>(1)</sup> Includes consolidation adjustments for net investment income, fee income and commission & other expenses relating to activities that cross business groups.

<sup>(2)</sup> Includes consolidation adjustments for assets managed by one area of the Company on behalf of another.



**CORPORATE**

(C\$ millions)

**STATEMENTS OF OPERATIONS - SLF United Kingdom (U.K.)**
**Revenue**

	At and For the Quarter Ended									At and For the Year Ended			
	2019	2018					2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
Gross premiums	20	20	18	20	20	18	22	21	20	78	81	97	
Ceded premiums	(3)	(4)	(5)	(4)	(4)	(4)	(5)	(4)	(4)	(17)	(17)	(19)	
Net premiums	17	16	13	16	16	14	17	17	16	61	64	78	
Net investment income (loss)	347	29	(63)	40	(48)	213	21	(10)	171	(42)	395	1,205	
Fee income	27	30	28	34	31	31	30	27	30	123	118	129	

**Total revenue**
**Policy benefits and expenses**

Gross claims & benefits paid	123	132	123	134	142	129	128	143	139	531	539	603
Change in investment/insurance contract liabilities & reinsurance assets	198	(117)	(304)	(117)	(210)	89	(153)	(188)	3	(748)	(249)	476
Operating expenses, commissions and other expenses	30	38	32	29	26	29	24	24	26	125	103	122
Reinsurance expenses (recoveries)	(3)	(4)	(3)	(1)	(5)	(4)	(2)	(4)	(3)	(13)	(13)	(13)
Total policy benefits and expenses	348	49	(152)	45	(47)	243	(3)	(25)	165	(105)	380	1,188

**Income (loss) before income taxes**

Income tax expense (benefit)	43	26	130	45	46	15	71	59	52	247	197	224
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**Common shareholders' reported net income (loss)**

	14	(5)	(4)	8	(2)	9	(1)	1	7	(3)	16	40
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**STATEMENTS OF OPERATIONS - Corporate Support<sup>(1)</sup>**
**Revenue**

Gross premiums	13	(87)	15	11	12	14	13	12	12	(49)	51	47
Ceded premiums	(2)	(2)	(2)	(1)	(1)	(1)	(2)	(2)	(2)	(6)	(7)	(7)
Net premiums	11	(89)	13	10	11	13	11	10	10	(55)	44	40
Net investment income (loss)	51	53	5	24	13	19	17	19	(3)	95	52	122
Fee income	(25)	(22)	(23)	(30)	(20)	(19)	(17)	(19)	(17)	(95)	(72)	(76)

**Total revenue**
**Policy benefits and expenses**

Gross claims & benefits paid	14	22	15	23	23	(29)	19	32	(4)	83	18	83
Change in investment/insurance contract liabilities & reinsurance assets	1	(96)	(27)	(21)	(31)	(21)	(11)	(12)	(11)	(175)	(55)	(42)
Operating expenses, commissions and other expenses	58	41	32	40	64	109	48	39	30	177	226	253
Reinsurance expenses (recoveries)	3	(8)	(4)	(7)	(5)	43	(3)	(4)	22	(24)	58	11
Total policy benefits and expenses	76	(41)	16	35	51	102	53	55	37	61	247	305

**Income (loss) before income taxes**

Income tax expense (benefit)	(39)	(17)	(21)	(31)	(47)	(89)	(42)	(45)	(47)	(116)	(223)	(219)
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**Preferred shareholder dividends**

	3	(6)	(5)	(9)	(4)	31	2	(38)	(29)	(24)	(34)	(134)
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**Common shareholders' reported net income (loss)**

	24	23	24	23	24	23	24	23	23	94	93	96
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<sup>(1)</sup> Includes consolidation adjustments for net investment income, fee income and commission & other expenses relating to activities that cross business groups.

# INVESTMENTS

## DEBT & EQUITY SECURITIES

### DEBT SECURITIES

#### Debt Securities by Sector

Debt Securities Issued or Guaranteed By:

	As at March 31, 2019				As at December 31, 2018				As at March 31, 2018			
	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	3,526	1,812	5,338	100 %	3,830	1,746	5,576	100 %	3,545	1,912	5,457	100 %
Canadian Provincial and Municipal Government	13,094	1,229	14,323	100 %	11,866	1,199	13,065	100 %	12,135	1,093	13,228	100 %
U.S. Government and Other U.S. Agency	1,180	1,532	2,712	100 %	1,380	1,527	2,907	100 %	1,156	930	2,086	100 %
Other Government	5,084	764	5,848	97 %	4,929	717	5,646	97 %	5,162	762	5,924	97 %
Total Government issued or guaranteed debt securities	22,884	5,337	28,221	99 %	22,005	5,189	27,194	99 %	21,998	4,697	26,695	99 %

Corporate Debt Securities by Industry Sector:

Financials	8,726	1,684	10,410	99 %	8,390	1,470	9,860	99 %	7,958	1,774	9,732	99 %
Utilities	6,453	584	7,037	99 %	6,353	528	6,881	99 %	6,699	535	7,234	99 %
Consumer discretionary <sup>(1)</sup>	1,284	290	1,574	94 %	1,372	209	1,581	95 %	1,266	316	1,582	95 %
Industrials	4,197	653	4,850	99 %	4,053	590	4,643	99 %	4,029	637	4,666	99 %
Consumer staples	1,665	257	1,922	96 %	1,625	257	1,882	95 %	1,949	334	2,283	96 %
Communication Services <sup>(1)</sup>	2,997	553	3,550	99 %	2,826	481	3,307	99 %	2,797	501	3,298	99 %
Energy	3,582	369	3,951	98 %	3,628	340	3,968	98 %	3,505	385	3,890	98 %
Real Estate	2,658	388	3,046	99 %	2,640	376	3,016	99 %	2,351	337	2,688	99 %
Materials	1,279	248	1,527	93 %	1,225	256	1,481	93 %	1,257	273	1,530	93 %
Health Care	1,690	283	1,973	99 %	1,734	299	2,033	99 %	1,250	287	1,537	98 %
Information Technology <sup>(1)</sup>	1,034	224	1,258	99 %	1,024	207	1,231	99 %	1,020	225	1,245	99 %
Total Corporate debt securities	35,565	5,533	41,098	99 %	34,870	5,013	39,883	99 %	34,081	5,604	39,685	99 %

Asset Backed Securities

Government and agency	1,957	618	2,575	100 %	1,976	577	2,553	100 %	1,560	584	2,144	100 %
Other	2,543	2,278	4,821	98 %	2,551	2,262	4,813	96 %	2,222	1,861	4,083	93 %
Total asset backed securities	4,500	2,896	7,396	99 %	4,527	2,839	7,366	98 %	3,782	2,445	6,227	95 %

Total debt securities

	62,949	13,766	76,715	99 %	61,402	13,041	74,443	99 %	59,861	12,746	72,607	99 %
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#### Debt Securities by Investment Rating

AAA	9,320	6,077	15,397		9,728	5,919	15,647		8,689	5,149	13,838	
AA	15,445	2,241	17,686		14,208	2,044	16,252		14,222	2,075	16,297	
A	19,840	2,735	22,575		19,089	2,447	21,536		19,458	2,829	22,287	
BBB	17,683	2,566	20,249		17,646	2,483	20,129		16,623	2,543	19,166	
BB and lower	661	147	808		731	148	879		869	150	1,019	
Total debt securities	62,949	13,766	76,715		61,402	13,041	74,443		59,861	12,746	72,607	

### EQUITY SECURITIES

#### Stocks

Canada	2,962	22	2,984		2,651	15	2,666		3,123	57	3,180	
United States	525	320	845		508	388	896		770	617	1,387	
United Kingdom	134	5	139		121	5	126		128	6	134	
Other	794	156	950		734	212	946		812	186	998	
Total equity securities	4,415	503	4,918		4,014	620	4,634		4,833	866	5,699	

<sup>(1)</sup> Our grouping of debt securities by sector is based on the Global Industry Classification Standard and S&P Dow Jones Indices. During the fourth quarter of 2018, certain consumer discretionary and information technology debt securities were moved to the Communication services sector. Prior period balances have been changed to conform with current period presentation.

**PROPERTIES, MORTGAGES & LOANS**
**PROPERTIES**

	As at March 31, 2019			As at December 31, 2018			As at March 31, 2018		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
Canada	5,360	49	5,409	5,426	50	5,476	5,448	47	5,495
United States	1,562	97	1,659	1,652	96	1,748	1,709	82	1,791
United Kingdom	77	—	77	79	—	79	86	—	86
Other	—	33	33	—	37	37	—	37	37
Total properties	6,999	179	7,178	7,157	183	7,340	7,243	166	7,409

**MORTGAGES & LOANS**

	As at March 31, 2019			As at December 31, 2018			As at March 31, 2018		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
Retail	—	4,138	4,138	—	4,202	4,202	—	4,274	4,274
Office	—	4,117	4,117	—	4,228	4,228	—	4,325	4,325
Multi-family residential	3,515	2,120	5,635	3,196	2,179	5,375	2,912	1,748	4,660
Industrial and land	—	1,984	1,984	—	1,906	1,906	—	1,692	1,692
Other	338	387	725	341	381	722	301	493	794
Total Mortgages	3,853	12,746	16,599	3,537	12,896	16,433	3,213	12,532	15,745
Corporate Loans			30,966			30,389			28,328
Total mortgages & loans			47,565			46,822			44,073

**Mortgage and Loans - Impairments/Allowances**

	Impaired Loans	Allowances for Losses		Impaired Loans	Allowances for Losses		Impaired Loans	Allowances for Losses	
	Carrying Value	Specific	Sectoral	Carrying Value	Specific	Sectoral	Carrying Value	Specific	Sectoral
Mortgages	30	5	20	31	4	21	42	3	20
Loans	90	53	—	93	50	—	153	30	—
Total mortgage and loan impairments/allowances	120	58	20	124	54	21	195	33	20

**DERIVATIVES**

	As at March 31, 2019		As at December 31, 2018		As at March 31, 2018	
	Total	Net	Total	Net	Total	Net
	Notional Amount	Fair Value Amount	Notional Amount	Fair Value Amount	Notional Amount	Fair Value Amount
Interest rate contracts	33,024	759	34,144	482	31,494	589
Foreign exchange contracts	22,399	(1,142)	20,737	(1,690)	18,594	(1,284)
Equity and other contracts	4,255	51	4,317	25	4,281	80
Total derivatives	59,678	(332)	59,198	(1,183)	54,369	(615)
Over the counter	53,706	(336)	52,966	(1,199)	48,215	(630)
Exchange traded	5,972	4	6,232	16	6,154	15
Total	59,678	(332)	59,198	(1,183)	54,369	(615)

## CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	For the Quarter ended - Q1 2019							
	Canadian Dollars						U.S. Dollars	
	SLF Canada	SLF U.S.	SLF Asset Management	SLF Asia	Corporate	Total Company	SLF U.S.	MFS
Expected profit on in-force business	230	115	298	132	(36)	739	84	221
Impact of new business	17	4	—	(32)	—	(11)	3	—
Experience gains (losses)	(86)	38	—	(45)	(3)	(96)	32	—
Assumption changes and management actions	—	(3)	—	—	(7)	(10)	(2)	—
Other <sup>(1)</sup>	1	(9)	(21)	—	—	(29)	(7)	(15)
Earnings (loss) on operations (pre-tax)	162	145	277	55	(46)	593	110	206
Earnings on surplus	34	10	—	38	43	125	8	—
Earnings (loss) before income taxes	196	155	277	93	(3)	718	118	206
Income tax (expense) benefit	41	(31)	(58)	(13)	(10)	(71)	(25)	(44)
Earnings (loss) before preferred share dividends and non-controlling interest	237	124	219	80	(13)	647	93	162
Preferred share dividends and non-controlling interest	—	—	—	—	(24)	(24)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>237</b>	<b>124</b>	<b>219</b>	<b>80</b>	<b>(37)</b>	<b>623</b>	<b>93</b>	<b>162</b>
Underlying net income adjustments (post tax):								
Market related impacts	(1)	(17)	—	(42)	(9)	(69)	(11)	—
Assumption changes and management actions	—	(2)	—	—	(9)	(11)	(2)	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	1	—	—	—	—	1	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(8)	—	—	(8)	—	(6)
Acquisition, integration and restructuring	—	(7)	—	—	—	(7)	(6)	—
	—	(26)	(8)	(42)	(18)	(94)	(19)	(6)
<b>Common shareholders' underlying net income (loss)</b>	<b>237</b>	<b>150</b>	<b>227</b>	<b>122</b>	<b>(19)</b>	<b>717</b>	<b>112</b>	<b>168</b>

## CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	For the Quarter ended - Q1 2018							
	Canadian Dollars						U.S. Dollars	
	SLF Canada	SLF U.S.	SLF Asset Management	SLF Asia	Corporate	Total Company	SLF U.S.	MFS
Expected profit on in-force business	211	106	316	129	(28)	734	84	242
Impact of new business	18	4	—	(29)	—	(7)	3	—
Experience gains (losses)	14	(12)	—	(1)	(2)	(1)	(10)	—
Assumption changes and management actions	(9)	3	—	1	—	(5)	3	—
Other <sup>(1)</sup>	5	(14)	(37)	—	(4)	(50)	(11)	(29)
Earnings (loss) on operations (pre-tax)	239	87	279	100	(34)	671	69	213
Earnings on surplus	57	19	—	46	35	157	15	—
Earnings (loss) before income taxes	296	106	279	146	1	828	84	213
Income tax (expense) benefit	(47)	(10)	(69)	(13)	4	(135)	(8)	(54)
Earnings (loss) before preferred share dividends and non-controlling interest	249	96	210	133	5	693	76	159
Preferred share dividends and non-controlling interest	—	—	—	—	(24)	(24)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>249</b>	<b>96</b>	<b>210</b>	<b>133</b>	<b>(19)</b>	<b>669</b>	<b>76</b>	<b>159</b>
Underlying net income adjustments (post tax):								
Market related impacts	(44)	(25)	—	4	(3)	(68)	(20)	—
Assumption changes and management actions	(7)	3	—	1	—	(3)	2	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	6	—	—	—	—	6	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(21)	—	—	(21)	—	(17)
Acquisition, integration and restructuring	(1)	(11)	—	—	(3)	(15)	(8)	—
	(46)	(33)	(21)	5	(6)	(101)	(26)	(17)
<b>Common shareholders' underlying net income (loss)</b>	<b>295</b>	<b>129</b>	<b>231</b>	<b>128</b>	<b>(13)</b>	<b>770</b>	<b>102</b>	<b>176</b>

(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		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Expected profit on in-force business	221	227	256	228	242	259	251	228	209	953	947	827
Impact of new business	—	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	221	227	256	228	242	259	251	228	209	953	947	827
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	221	227	256	228	242	259	251	228	209	953	947	827
Income tax (expense) benefit	(45)	(51)	(60)	(55)	(57)	(75)	(82)	(74)	(68)	(223)	(299)	(286)
Earnings (loss) before preferred share dividends and non-controlling interest	176	176	196	173	185	184	169	154	141	730	648	541
Preferred share dividends and non-controlling interest	(8)	(9)	(10)	(9)	(9)	(10)	(10)	(10)	(8)	(37)	(38)	(35)
<b>Common shareholders' underlying net income (loss)</b>	<b>168</b>	<b>167</b>	<b>186</b>	<b>164</b>	<b>176</b>	<b>174</b>	<b>159</b>	<b>144</b>	<b>133</b>	<b>693</b>	<b>610</b>	<b>506</b>
Underlying net income adjustments:												
Fair value adjustments on share-based payment awards (pre-tax)	(15)	14	(20)	(11)	(29)	(43)	(30)	(24)	(20)	(46)	(117)	(8)
Income taxes	1	(1)	2	1	3	6	4	2	3	5	15	(5)
Non-controlling interest	8	9	10	9	9	10	10	10	8	37	38	35
Other	—	—	—	—	—	(75)	—	—	—	—	(75)	—
	(6)	22	(8)	(1)	(17)	(102)	(16)	(12)	(9)	(4)	(139)	22
<b>Common shareholders' reported net income (loss)</b>	<b>162</b>	<b>189</b>	<b>178</b>	<b>163</b>	<b>159</b>	<b>72</b>	<b>143</b>	<b>132</b>	<b>124</b>	<b>689</b>	<b>471</b>	<b>528</b>

**EXPENSES**

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2019	2018				2017				2018	2017	2016
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES</b>												
Operating expenses	1,668	1,625	1,563	1,626	1,618	1,749	1,496	1,567	1,598	6,432	6,410	6,000
Commissions	564	603	574	589	573	631	566	589	617	2,339	2,403	2,372
Premium taxes	100	95	93	95	92	100	94	94	91	375	379	339
Interest expense	88	79	73	78	75	81	55	87	80	305	303	316
Total	2,420	2,402	2,303	2,388	2,358	2,561	2,211	2,337	2,386	9,451	9,495	9,027
<b>OPERATING EXPENSES BY BUSINESS GROUP</b>												
SLF Canada	535	528	487	522	503	537	442	489	550	2,040	2,018	1,871
SLF U.S.	236	220	220	214	218	218	199	219	221	872	857	842
SLF Asset Management	571	549	550	569	572	547	515	542	539	2,240	2,143	2,083
SLF Asia	203	236	201	203	179	229	175	183	171	819	758	726
Corporate	93	81	66	74	90	79	102	61	61	311	303	360
Operating expenses excluding the following:	1,638	1,614	1,524	1,582	1,562	1,610	1,433	1,494	1,542	6,282	6,079	5,882
FV adjustments on MFS share-based payment awards <sup>(1)</sup>	21	(19)	25	15	37	55	37	32	26	58	150	11
Acquisition, integration and restructuring costs	9	30	14	29	19	84	26	41	30	92	181	107
Total operating expenses	1,668	1,625	1,563	1,626	1,618	1,749	1,496	1,567	1,598	6,432	6,410	6,000
<b>COMMISSIONS BY BUSINESS GROUP</b>												
SLF Canada	237	243	227	237	227	240	215	223	250	934	928	853
SLF U.S.	110	114	110	106	105	103	99	109	112	435	423	439
SLF Asset Management	147	146	157	154	162	169	163	177	174	619	683	712
SLF Asia	72	101	82	93	81	122	91	82	83	357	378	369
Corporate	(2)	(1)	(2)	(1)	(2)	(3)	(2)	(2)	(2)	(6)	(9)	(1)
Total commissions	564	603	574	589	573	631	566	589	617	2,339	2,403	2,372
<b>INTEREST EXPENSE</b>												
Subordinated debt	26	26	26	26	28	30	29	29	35	106	123	126
Liabilities for SLEECs	11	11	11	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	26	24	19	24	19	18	18	17	17	86	70	79
Other <sup>(2)</sup>	25	18	17	17	17	22	(3)	30	17	69	66	67
Total interest expense	88	79	73	78	75	81	55	87	80	305	303	316

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 March 31, 2019**
**SUN LIFE ASSURANCE COMPANY OF CANADA**
**FINANCIAL STRENGTH RATINGS**
**A.M. Best**
**Moody's**
**Standard & Poor's<sup>(1)</sup>**
**DBRS**

A+

Aa3

AA

AA (low)

**SECURITY RATINGS**

Subordinated Debt

a

A2

AA-

A (high)

Sun Life Exchangeable Capital Securities

Series B

a-

A3

P-1/A+

A

Series 2009-1

a-

not rated

P-1/A+

A

**SUN LIFE FINANCIAL INC.**
**SECURITY RATINGS**

Senior Unsecured Debentures (Series D and E)

a-

not rated

A+

A

Subordinated Debt

bbb+

not rated

A

A (low)

(Series 2007 - 1, 2014 - 1, 2015 - 1, 2016 - 1, 2016-2 and 2017-1)

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

bbb

Baa1(hyb)

P-1 (low)/A-

Pfd-2

<sup>(1)</sup> Ratings upgraded by one notch on March 14, 2019

<sup>(2)</sup> Moody's rate Preferred Shares Series 2 only.

## General Information

SLF Canada	SLF U.S.	SLF Asset Management	SLF Asia	Corporate
<p>SLF Canada is a leading provider of insurance and wealth solutions in its home market, providing products and services that deliver value to over six million Canadians through our group and individual businesses. We are the largest provider of benefits and pensions in the workplace, and provide a wide range of products to individuals via retail channels. SLF Canada has three main business units - Individual Insurance and Wealth, Group Benefits and Group Retirement Services.</p>	<p>SLF U.S. is one of the largest Group Benefits providers in the U.S. market, serving employees and their families at approximately 60,000 workplaces of all sizes across the country with employer-sponsored insurance products and solutions. In addition, our U.S. business manages an in-force block of more than 110,000 individual life insurance policies. SLF U.S. has two business units - Group Benefits and In-force Management.</p>	<p>SLF Asset Management segment is composed of MFS and SLIM. 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. SLIM is an institutional investment management business that delivers liability-driven investing, alternative fixed income and real estate solutions to Clients, with operations in the U.S. and Canada.</p>	<p>SLF Asia operates in seven markets, delivering value to over 20 million Clients by providing life, health and wealth management solutions through a multi-channel distribution approach. SLF Asia's seven Asian markets account for over 87% of GDP and 91% of life insurance premiums of higher growth markets in Asia. As well, SLF Asia manages our International high net worth insurance business. SLF Asia has two business units - Insurance and Wealth, and International.</p>	<p>Corporate includes the results of our United Kingdom business (SLF U.K.) and Corporate Support. SLF U.K. has a run-off block of business consisting of approximately 590,000 in-force life and pension policies, and focuses on supporting existing Clients. Corporate Support operations consists of the expenses, debt charges, investment income, capital and other items not allocated to Sun Life Financial's other business segments, as well as the Company's Run-off reinsurance business. Our Run-off reinsurance business is a closed block of reinsurance assumed from other insurers.</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 and health insurance Disability insurance Medical stop-loss insurance Dental insurance Vision insurance Disability risk management products and services</p> <p><u>In-Force Management</u> Individual life insurance</p>	<p><u>MFS</u> Mutual Funds U.S. retail mutual funds MFS Meridian funds Investment Management Services Institutional accounts 401(k) Insurance products</p> <p><u>SLIM</u> Private class funds Customized fixed income portfolios Liability-driven investing strategies Investment advisory and property management services</p>	<p><u>Insurance and Wealth</u> Philippines Hong Kong Indonesia Vietnam Malaysia India China</p> <p><u>International</u> Individual life insurance Wealth investment products (In-force block only)</p>	<p><u>SLF 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>