



Financial and Operating Results Supplementary Financial Information

Sun Life Financial Inc. (unaudited)
For the period ended September 30, 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”, “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 Q2 2019, acquisition, integration and restructuring costs included \$5 million post tax (\$6 million pre-tax) acquisition costs relating to the merger of Bentall Kennedy and GreenOak. In Q3 2019, acquisition, integration and restructuring costs predominantly reflected acquisition costs in SLC Management related to the acquisition of a majority stake in BentallGreenOak.

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" 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. 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. Non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning these non-IFRS financial measures and reconciliations to the closest IFRS measures are included in the Company's annual and interim MD&A and the Supplementary Financial Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

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

Sun Life uses the following non-IFRS financial measures:

- (1) ROE. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available. To determine reported ROE and underlying ROE, respectively, reported net income (loss) and underlying net income (loss) is divided by the total weighted average common shareholders' equity for the period and the quarterly ROE is annualized;
- (2) Financial leverage ratio. This total debt to total capital ratio is a ratio of debt plus preferred shares to total capital, where debt consists of all capital qualifying debt securities, which represent subordinated debt and innovative capital instruments;
- (3) Dividend payout ratio. This is the ratio of dividends paid per share to diluted reported and underlying EPS, respectively, for the period;
- (4) Value of New Business ("VNB"). VNB represents the present value of our best estimate of future distributable earnings, net of the cost of capital, from new business contracts written in a particular time period, except new business in our Asset Management pillar. The assumptions used in the calculations are generally consistent with those used in the valuation of our insurance contract liabilities except that discount rates used approximate theoretical return expectations of an equity investor. Capital required is based on the higher of Sun Life Assurance's 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 Canada's Group Benefits operations ("Reinsurance in Canada's GB");
- (6) Pre-tax net operating profit margin ratio for MFS. This ratio is a measure of the profitability of MFS, which excludes the impact of fair value adjustments on MFS's share-based payment awards, investment income and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impacts these items have on the pre-tax net operating profit margin ratio and have no impact on the profitability of MFS. There is no directly comparable IFRS measure;
- (7) Pre-tax gross operating profit margin ratio for MFS. This ratio excludes the impact of fair value adjustments on MFS's share-based payment awards and investment income. There is no directly comparable IFRS measure;
- (8) After-tax profit margin for U.S. Group Benefits. This ratio assists in explaining our results from period to period and is a measure of profitability that expresses U.S. Employee Benefits and Medical Stop-Loss underlying net income (loss) as a percentage of net premiums. This ratio is calculated by dividing underlying net income (loss) by net premiums for the trailing four quarters. There is no directly comparable IFRS measure; and
- (9) Impact of foreign exchange. Several IFRS financial measures are presented on a constant currency adjusted basis to exclude the impacts of foreign exchange 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 also uses the following non-IFRS financial measures for which there are no comparable financial measures in IFRS:

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

Sources of Earnings

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

FINANCIAL HIGHLIGHTS

	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
RESULTS												
Common Shareholders' Reported Net Income (Loss) by Segment												
Canada ⁽¹⁾	223	148	237	96	335	262	249	172	340	942	963	936
U.S. ⁽¹⁾	(186)	94	124	118	(267)	105	96	(63)	72	52	(144)	217
Asset Management ⁽¹⁾	221	229	219	244	241	214	210	114	185	909	653	729
Asia ⁽¹⁾	170	134	80	125	164	133	133	121	216	555	778	600
Corporate ⁽¹⁾	253	(10)	(37)	(3)	94	(8)	(19)	(137)	4	64	(101)	3
Total common shareholders' reported net income (loss)	681	595	623	580	567	706	669	207	817	2,522	2,149	2,485
Market related impacts:												
Net equity market impact	9	20	58	(143)	5	9	(45)	19	18	(174)	62	51
Net interest rate impact	(90)	(114)	(133)	(41)	14	(37)	(27)	(110)	69	(91)	(157)	34
Net increases (decreases) in the fair value of real estate	(8)	(3)	6	31	6	36	4	34	26	77	88	22
	(89)	(97)	(69)	(153)	25	8	(68)	(57)	113	(188)	(7)	107
Assumption changes and management actions (ACMA)	—	(20)	(11)	13	(166)	1	(3)	(34)	103	(155)	81	45
Other adjustments:												
Certain hedges that do not qualify for hedge accounting	(5)	(5)	1	(1)	(1)	1	6	2	(6)	5	(16)	(5)
Fair value adjustments on share-based payment awards at MFS	(8)	(11)	(8)	28	(10)	(2)	(21)	(34)	(19)	(5)	(81)	30
Acquisition, integration and restructuring	(26)	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(17)	(82)	(123)	(27)
Other ⁽²⁾	—	—	—	—	—	—	—	(251)	—	—	(251)	—
Total common shareholders' underlying net income (loss)	809	739	717	718	730	729	770	641	643	2,947	2,546	2,335
Common Shareholders' Underlying Net Income (Loss) by Segment												
Canada	268	243	237	245	251	245	295	232	222	1,036	949	887
U.S.	135	110	150	121	139	125	129	95	121	514	376	284
Asset Management	251	245	227	227	251	216	231	226	204	925	812	699
Asia	138	147	122	140	110	145	128	111	130	523	461	458
Corporate	17	(6)	(19)	(15)	(21)	(2)	(13)	(23)	(34)	(51)	(52)	7
Total common shareholders' underlying net income (loss)	809	739	717	718	730	729	770	641	643	2,947	2,546	2,335
Profitability Measures												
Basic earnings per common share (EPS)												
Reported	1.15	1.00	1.04	0.96	0.94	1.16	1.10	0.34	1.33	4.16	3.51	4.05
Diluted earnings per common share												
Reported	1.15	1.00	1.04	0.96	0.93	1.16	1.09	0.34	1.32	4.14	3.49	4.03
Underlying	1.37	1.24	1.20	1.19	1.20	1.20	1.26	1.05	1.05	4.86	4.15	3.80
Premiums & Deposits												
Net premiums	4,799	4,480	4,370	5,313	4,369	4,315	4,645	4,078	3,716	18,642	15,281	15,048
Segregated fund deposits	2,505	2,872	3,064	2,763	2,692	2,703	3,395	2,680	2,235	11,553	10,858	11,550
Mutual fund sales ⁽³⁾	25,292	23,703	23,664	22,135	18,746	19,265	24,056	21,329	20,721	84,202	87,515	84,728
Managed fund sales	12,200	10,539	9,976	9,629	7,962	8,967	12,345	11,170	11,674	38,903	44,093	40,270
ASO premium & deposit equivalents	1,699	1,681	1,707	1,673	1,693	1,767	1,675	1,709	1,805	6,808	6,933	6,863
Total premiums & deposits	46,495	43,275	42,781	41,513	35,462	37,017	46,116	40,966	40,151	160,108	164,680	158,459
Total adjusted premiums & deposits ⁽⁴⁾	46,207				35,604							
Sales & Value of New Business												
Individual Life & Health ⁽⁵⁾	375	324	343	353	285	316	310	366	269	1,264	1,236	1,198
Group Life & Health ⁽⁵⁾	310	333	437	961	292	317	355	740	330	1,925	1,806	1,560
Wealth - Asset Management	34,442	31,929	31,287	29,423	24,365	25,263	32,264	28,514	28,610	111,315	117,282	116,270
Wealth - excluding Asset Management ⁽³⁾⁽⁵⁾	6,709	5,047	4,706	6,818	5,467	5,541	7,561	6,786	7,216	25,387	28,032	22,049
Value of New Business ⁽⁶⁾	252	235	382	310	244	266	334	265	224	1,154	968	860

⁽¹⁾ Prior to Q2 2019, these business segments were referred to as Sun Life Financial Canada, Sun Life Financial U.S., Sun Life Financial Asset Management, Sun Life Financial Asia and Corporate, respectively.

⁽²⁾ Represents U.S. tax reform in Q4 2017. Refer to the Notes section of this document for additional details.

⁽³⁾ Includes Aditya Birla Sun Life AMC Limited's equity and fixed income mutual funds sales based on our proportionate equity interest.

⁽⁴⁾ Adjusted premiums and deposits are a non-IFRS financial measure that excludes the impact of currency and reinsurance for the insured business in Canada's Group Benefits operations.

⁽⁵⁾ Includes the sales in the Company's joint ventures and associates with local partners in Asia based on our proportionate equity interest.

⁽⁶⁾ Excludes Asset Management's value of new business.

FINANCIAL HIGHLIGHTS CONTINUED

	At and For the Quarter Ended											
	2019			2018				2017		At and For the Year Ended		
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	2018	2017	2016
Valuation Data												
Book value per common share	35.56	36.26	36.20	35.84	34.11	34.53	33.82	32.86	32.75	35.84	32.86	32.10
Book value per common share excluding AOC	32.80	33.77	33.42	33.01	32.67	32.33	31.67	31.05	31.22	33.01	31.05	29.41
Tangible book value per common share	22.14	24.31	24.24	23.82	22.54	22.92	22.35	21.64	21.73	23.82	21.64	20.66
Market-to-book value (times)	1.67	1.50	1.42	1.26	1.51	1.53	1.56	1.58	1.52	1.26	1.58	1.61
Total market capitalization (TSX in \$ billions)	34.8	32.1	30.5	27.1	31.0	32.1	32.1	31.7	30.4	27.1	31.7	31.6
Financial Strength												
SLA LICAT ratio ⁽¹⁾	133 %	133 %	132 %	131 %	130 %	134 %	139 %	n/a	n/a	131 %	n/a	n/a
SLF LICAT ratio ⁽¹⁾	146 %	144 %	145 %	144 %	145 %	149 %	149 %	n/a	n/a	144 %	n/a	n/a
Total debt to total capital ratio	22.8 %	20.4 %	21.1 %	21.2 %	21.9 %	21.8 %	22.2 %	23.6 %	22.5 %	21.2 %	23.6 %	25.2 %
Common Share Information (SLF on TSX)												
High (intraday)	59.73	55.97	52.23	51.58	53.98	56.09	55.80	52.94	49.95	56.09	53.25	53.75
Low (intraday)	51.19	51.64	44.43	43.13	49.66	50.77	49.62	49.06	45.91	43.13	43.51	36.64
Close (end of period)	59.24	54.23	51.34	45.29	51.35	52.83	52.91	51.88	49.69	45.29	51.88	51.55
Number of Common Shares Outstanding (in millions)												
At beginning of period	591.0	594.6	598.5	603.3	607.0	607.6	610.5	611.9	613.7	610.5	613.6	612.3
Common shares issued	0.2	0.1	0.3	—	0.1	0.1	0.2	0.3	—	0.5	0.4	1.3
Common shares purchased and cancelled At end of period	(3.6)	(3.7)	(4.2)	(4.8)	(3.8)	(0.7)	(3.1)	(1.7)	(1.8)	(12.5)	(3.5)	—
	<u>587.6</u>	<u>591.0</u>	<u>594.6</u>	<u>598.5</u>	<u>603.3</u>	<u>607.0</u>	<u>607.6</u>	<u>610.5</u>	<u>611.9</u>	<u>598.5</u>	<u>610.5</u>	<u>613.6</u>
Weighted average shares outstanding - basic	590	593	597	602	606	607	610	612	613	606	613	613
Weighted average shares outstanding - diluted ⁽²⁾	595	598	602	607	611	612	615	617	619	611	618	619
Dividend per common share	0.525	0.525	0.50	0.50	0.475	0.475	0.455	0.455	0.435	1.905	1.745	1.620
Dividend payout ratio ⁽³⁾												
Reported	46 %	53 %	48 %	52 %	51 %	41 %	42 %	nm ⁽⁴⁾	33 %	46 %	49 %	40 %
Underlying	38 %	42 %	42 %	42 %	40 %	40 %	36 %	43 %	41 %	39 %	42 %	43 %
Dividend yield ⁽⁵⁾	3.8 %	3.9%	4.1%	4.2%	3.6%	3.6%	3.4%	3.6%	3.6%	3.7 %	3.6%	3.7%
Assets Under Management ⁽⁶⁾												
General funds	180,206	174,325	172,348	168,765	162,439	164,709	163,499	162,720	158,757	168,765	162,720	161,071
Segregated funds	112,806	111,684	110,011	103,062	108,298	108,692	106,221	106,392	102,237	103,062	106,392	97,167
Total assets	<u>293,012</u>	<u>286,009</u>	<u>282,359</u>	<u>271,827</u>	<u>270,737</u>	<u>273,401</u>	<u>269,720</u>	<u>269,112</u>	<u>260,994</u>	<u>271,827</u>	<u>269,112</u>	<u>258,238</u>
Other assets under management												
Mutual funds	394,498	381,625	370,877	341,425	358,458	358,024	351,919	346,659	328,563	341,425	346,659	307,937
Managed funds & other	406,458	387,781	388,879	366,847	383,679	384,978	387,159	386,840	370,853	366,847	386,840	362,513
Consolidation adjustments	(31,036)	(30,639)	(30,730)	(28,956)	(29,355)	(30,283)	(29,872)	(27,826)	(26,815)	(28,956)	(27,826)	(25,413)
Total other assets under management	<u>769,920</u>	<u>738,767</u>	<u>729,026</u>	<u>679,316</u>	<u>712,782</u>	<u>712,719</u>	<u>709,206</u>	<u>705,673</u>	<u>672,601</u>	<u>679,316</u>	<u>705,673</u>	<u>645,037</u>
Total assets under management	<u>1,062,932</u>	<u>1,024,776</u>	<u>1,011,385</u>	<u>951,143</u>	<u>983,519</u>	<u>986,120</u>	<u>978,926</u>	<u>974,785</u>	<u>933,595</u>	<u>951,143</u>	<u>974,785</u>	<u>903,275</u>
Total assets under management and administration ⁽⁶⁾	<u>1,106,939</u>	<u>1,068,913</u>	<u>1,054,952</u>	<u>992,984</u>	<u>1,027,784</u>	<u>1,033,958</u>	<u>1,027,537</u>	<u>1,023,458</u>	<u>981,719</u>	<u>992,984</u>	<u>1,023,458</u>	<u>960,771</u>
Select Constant Currency Measures												
Reported net income	688				567							
Underlying net income	802				730							
Sales - Individual Life & Health	371				285							
Sales - Group Life & Health	308				292							
Sales - Wealth	40,754				29,832							
Premiums & deposits	46,063				35,462							
Reported earnings per share - Diluted	1.16				0.93							
Underlying earnings per share - Diluted	1.36				1.20							
Assets under management ⁽⁶⁾	1,041,259				983,519							

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

⁽²⁾ The number of diluted shares outstanding reflect the impact of dilution from the Sun Life Exchangeable Capital Securities ("SLECS") under IFRS. Where the calculation of diluted EPS has resulted in anti-dilution, the dilutive impact of the SLECS has been excluded in the number of weighted average number of shares outstanding.

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

⁽⁴⁾ nm is defined as not meaningful.

⁽⁵⁾ 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.

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

STATEMENTS OF FINANCIAL POSITION
(C\$ millions)

	At the Quarter Ended									At the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Assets												
Cash, cash equivalents and short-term securities	8,647	8,188	8,370	9,506	8,196	8,128	7,837	8,890	8,063	9,506	8,890	8,642
Debt securities	82,167	78,677	76,715	74,443	71,076	72,707	72,607	72,619	70,562	74,443	72,619	71,887
Equity securities	4,925	4,850	4,918	4,634	4,961	5,608	5,699	6,020	5,991	4,634	6,020	5,774
Mortgages and loans	48,125	47,485	47,565	46,822	45,207	44,917	44,073	42,805	41,226	46,822	42,805	40,775
Derivative assets	2,193	1,914	1,430	1,112	1,185	1,182	1,313	1,478	1,510	1,112	1,478	1,608
Other invested assets	5,325	5,095	5,057	4,830	4,546	4,415	4,322	4,154	4,020	4,830	4,154	3,931
Policy loans	3,216	3,196	3,215	3,222	3,141	3,164	3,120	3,106	3,066	3,222	3,106	3,141
Investment properties	7,335	7,229	6,999	7,157	7,270	7,337	7,243	7,067	7,034	7,157	7,067	6,592
Total invested assets	161,933	156,634	154,269	151,726	145,582	147,458	146,214	146,139	141,472	151,726	146,139	142,350
Other assets	4,899	5,114	5,554	4,498	4,817	4,598	4,830	4,408	4,945	4,498	4,408	5,109
Reinsurance assets	4,059	4,210	4,135	4,141	3,937	4,273	4,143	4,028	4,124	4,141	4,028	5,144
Deferred tax assets	1,431	1,305	1,278	1,209	1,122	1,332	1,344	1,295	1,473	1,209	1,295	1,448
Intangible assets	2,015	1,753	1,754	1,779	1,705	1,725	1,685	1,667	1,598	1,779	1,667	1,703
Goodwill	5,869	5,309	5,358	5,412	5,276	5,323	5,283	5,183	5,145	5,412	5,183	5,317
Total general fund assets	180,206	174,325	172,348	168,765	162,439	164,709	163,499	162,720	158,757	168,765	162,720	161,071
Investment for account of segregated fund holders	112,806	111,684	110,011	103,062	108,298	108,692	106,221	106,392	102,237	103,062	106,392	97,167
Total assets	293,012	286,009	282,359	271,827	270,737	273,401	269,720	269,112	260,994	271,827	269,112	258,238
Liabilities and Equity												
Insurance contract liabilities	130,870	127,728	125,491	121,923	117,480	119,374	118,685	117,785	113,997	121,923	117,785	115,057
Investment contract liabilities	3,121	3,145	3,136	3,164	3,137	3,169	3,124	3,082	3,035	3,164	3,082	2,913
Derivative liabilities	2,352	1,804	1,762	2,295	1,676	1,929	1,928	1,756	1,823	2,295	1,756	2,512
Deferred tax liabilities	397	393	328	322	359	470	428	403	747	322	403	687
Other liabilities	14,730	12,506	12,580	12,153	11,813	11,697	11,719	11,987	11,887	12,153	11,987	12,399
Senior debentures	300	600	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	3,538	2,791	3,040	3,039	3,039	3,038	3,037	3,437	3,038	3,039	3,437	3,836
Total general fund liabilities	156,008	149,667	147,636	144,195	138,803	140,976	140,220	139,749	135,826	144,195	139,749	138,703
Insurance contracts for account of segregated fund holders	106,404	105,168	103,265	96,663	101,500	101,496	98,943	99,121	95,282	96,663	99,121	90,388
Investment contracts for account of segregated fund holders	6,402	6,516	6,746	6,399	6,798	7,196	7,278	7,271	6,955	6,399	7,271	6,779
Total liabilities	268,814	261,351	257,647	247,257	247,101	249,668	246,441	246,141	238,063	247,257	246,141	235,870
Total equity	24,198	24,658	24,712	24,570	23,636	23,733	23,279	22,971	22,931	24,570	22,971	22,368
Total liabilities and equity	293,012	286,009	282,359	271,827	270,737	273,401	269,720	269,112	260,994	271,827	269,112	258,238
EXCHANGE RATES - Period end rates												
U.S. Dollar	1.324	1.309	1.334	1.364	1.290	1.313	1.289	1.258	1.247	1.364	1.258	1.343

STATEMENT OF EQUITY AND CAPITAL

(C\$ millions)

	At the Quarter Ended								At the Year Ended			
	2019			2018			2017		2018	2017	2016	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
CHANGES IN COMMON SHAREHOLDERS' EQUITY												
Balance at beginning of period	21,427	21,525	21,449	20,577	20,959	20,547	20,064	20,041	20,059	20,064	19,699	18,993
Common shareholders' reported net income (loss)	681	595	623	580	567	706	669	207	817	2,522	2,149	2,485
Dividends - common shares	(309)	(312)	(299)	(294)	(287)	(289)	(277)	(274)	(267)	(1,147)	(1,066)	(986)
Common shares issued, net of expenses	5	5	8	—	3	5	9	9	3	17	15	39
Common shares buyback	(192)	(200)	(200)	(235)	(200)	(40)	(166)	(87)	(88)	(641)	(175)	—
Share-based compensation	—	1	3	1	—	1	2	—	—	4	3	4
Other ⁽¹⁾	(875)	—	(22)	—	—	—	45	—	—	45	—	(30)
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	112	(258)	(279)	770	(314)	137	313	152	(467)	906	(730)	(634)
Unrealized gains (losses) on available-for-sale assets	39	149	251	(31)	(88)	(93)	(190)	85	(79)	(402)	135	(14)
Unrealized gains (losses) on cash flow hedges	6	3	6	(6)	(2)	(1)	(1)	—	3	(10)	(5)	(9)
Share of other comprehensive income (loss) in joint ventures and associates	1	(24)	27	103	(72)	(41)	17	24	(33)	7	(31)	(76)
Unrealized gains (losses) on transfer to investment properties	—	—	—	—	—	—	—	—	—	—	139	—
Remeasurement of defined benefit plans	1	(57)	(42)	(16)	11	27	62	(93)	93	84	(69)	(73)
Balance at end of period	<u>20,896</u>	<u>21,427</u>	<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>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	1,484	1,372	1,630	1,909	1,139	1,453	1,316	1,003	851	1,909	1,003	1,733
Unrealized gains (losses) on available-for-sale assets	383	344	195	(56)	(25)	63	156	346	261	(56)	346	211
Unrealized gains (losses) on cash flow hedges	(6)	(12)	(15)	(21)	(15)	(13)	(12)	(11)	(11)	(21)	(11)	(6)
Share of other comprehensive income (loss) in joint ventures and associates	(20)	(21)	3	(24)	(127)	(55)	(14)	(31)	(55)	(24)	(31)	—
Unrealized gains (losses) on transfer to investment properties	145	145	145	145	145	145	145	145	145	145	145	6
Remeasurement of defined benefit plans	(361)	(362)	(305)	(263)	(247)	(258)	(285)	(347)	(254)	(263)	(347)	(291)
Balance at end of period	<u>1,625</u>	<u>1,466</u>	<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>1,690</u>	<u>1,105</u>	<u>1,653</u>
CAPITAL												
Subordinated debt	3,538	2,791	3,040	3,039	3,039	3,038	3,037	3,437	3,038	3,039	3,437	3,836
SLEECs ⁽²⁾	700	700	699	699	699	699	699	699	698	699	699	698
Participating policyholders' equity and non-controlling interest	1,045	974	930	864	802	517	475	650	633	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	20,896	21,427	21,525	21,449	20,577	20,959	20,547	20,064	20,041	21,449	20,064	19,699
Total capital	<u>28,436</u>	<u>28,149</u>	<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>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	13,791	13,521	13,456	13,338	13,057	12,409	13,033					
Adjusted accumulated other comprehensive income	1,372	1,241	1,383	1,405	664	1,082	1,091					
Common and preferred shares	3,195	3,195	3,195	3,195	3,195	3,195	3,195					
Innovative instruments	700	700	699	699	699	699	699					
Other	48	52	56	59	59	59	60					
Less:												
Goodwill	2,460	2,449	2,491	2,552	2,423	2,478	2,464					
Tier 1 deductions	4,459	4,171	4,299	4,618	4,240	3,992	4,020					
Net tier 1 capital	<u>12,187</u>	<u>12,089</u>	<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	2,900	2,900					
Other tier 2	2,618	2,427	2,538	2,647	2,440	2,144	2,109					
Less:												
Tier 2 deductions	820	820	820	820	820	820	820					
Net tier 2 capital	<u>4,698</u>	<u>4,507</u>	<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	9,648	9,520	9,257	8,799	8,649	9,690	9,660					
Total capital resources	<u>26,533</u>	<u>26,116</u>	<u>25,874</u>	<u>25,052</u>	<u>24,180</u>	<u>24,888</u>	<u>25,443</u>					
Capital Requirements												
Credit risk	3,812	3,718	3,692	3,642	3,554	3,612	3,606					
Market risk	4,481	4,510	4,653	4,337	4,203	4,073	3,895					
Insurance risk	8,503	8,510	8,576	8,625	8,265	8,151	8,037					
Total non-participating product risk (before other credits and diversification)	<u>16,796</u>	<u>16,738</u>	<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>3,546</u>	<u>3,433</u>	<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	4,096	4,133	4,200	4,292	4,150	4,058	4,010					
Total Non-participating and participating product risk	<u>16,246</u>	<u>16,038</u>	<u>16,071</u>	<u>15,595</u>	<u>15,175</u>	<u>15,123</u>	<u>14,840</u>					
Segregated fund guarantees risk	942	936	953	983	951	989	970					
Operational risk	1,749	1,700	1,690	1,646	1,625	1,619	1,619					
Total before scalar	<u>18,937</u>	<u>18,674</u>	<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>19,884</u>	<u>19,608</u>	<u>19,650</u>	<u>19,136</u>	<u>18,639</u>	<u>18,618</u>	<u>18,301</u>					
LICAT ratio	133%	133%	132%	131%	130%	134%	139%					
LICAT core ratio	95%	96%	94%	92%	92%	95%	100%					

(1) In Q3 2019, other reflects primarily the establishment of financial liabilities associated with the anticipated increase of our future ownership in BGO and in Q1 2019, other consists of a \$(22) million change in retained earnings due to the adoption of IFRS 16. In 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.

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

DILUTED EARNINGS PER SHARE RECONCILIATION

	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
WEIGHTED AVERAGE SHARES												
Weighted average shares - basic	590	593	597	602	606	607	610	612	613	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	591	594	598	603	607	608	611	613	614	607	614	614
Diluted impact of convertible securities (SLEECs) ⁽¹⁾	4	4	4	4	4	4	4	4	5	4	4	5
Weighted average shares - diluted	595	598	602	607	611	612	615	617	619	611	618	619
DILUTED EARNINGS PER SHARE ⁽²⁾												
Total common shareholders' reported net income (loss)	681	595	623	580	567	706	669	207	817	2,522	2,149	2,485
Add: Increase in income due to convertible securities (SLEECs) ⁽³⁾	3	2	3	2	3	2	3	2	3	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	684	597	626	582	570	708	672	209	820	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	9	20	58	(143)	5	9	(45)	19	18	(174)	62	51
Net interest rate impact	(90)	(114)	(133)	(41)	14	(37)	(27)	(110)	69	(91)	(157)	34
Net increases (decreases) in the fair value of real estate	(8)	(3)	6	31	6	36	4	34	26	77	88	22
	(89)	(97)	(69)	(153)	25	8	(68)	(57)	113	(188)	(7)	107
Assumption changes and management actions	—	(20)	(11)	13	(166)	1	(3)	(34)	103	(155)	81	45
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	(5)	(5)	1	(1)	(1)	1	6	2	(6)	5	(16)	(5)
Impact of fair value adjustments on share-based payment awards at MFS	(8)	(11)	(8)	28	(10)	(2)	(21)	(34)	(19)	(5)	(81)	30
Impact of acquisition, integration and restructuring	(26)	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(17)	(82)	(123)	(27)
Other	—	—	—	—	—	—	—	(251)	—	—	(251)	—
Total common shareholders' underlying net income (loss)	809	739	717	718	730	729	770	641	643	2,947	2,546	2,335
Diluted earnings per share - reported	\$ 1.15	\$ 1.00	\$ 1.04	\$ 0.96	\$ 0.93	\$ 1.16	\$ 1.09	\$ 0.34	\$ 1.32	\$ 4.14	\$ 3.49	\$ 4.03
Less Adjustments:												
Impact of SLEECs	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Market related impacts:												
Net equity market impact	\$ 0.02	\$ 0.03	\$ 0.09	\$ (0.23)	\$ 0.01	\$ 0.01	\$ (0.08)	\$ 0.03	\$ 0.03	\$ (0.29)	\$ 0.10	\$ 0.08
Net interest rate impact	\$ (0.17)	\$ (0.19)	\$ (0.22)	\$ (0.07)	\$ 0.02	\$ (0.06)	\$ (0.04)	\$ (0.18)	\$ 0.11	\$ (0.15)	\$ (0.25)	\$ 0.06
Net increases (decreases) in the fair value of real estate	\$ (0.01)	\$ -	\$ 0.01	\$ 0.05	\$ 0.01	\$ 0.06	\$ 0.01	\$ 0.05	\$ 0.04	\$ 0.13	\$ 0.14	\$ 0.04
	\$ (0.16)	\$ (0.16)	\$ (0.12)	\$ (0.25)	\$ 0.04	\$ 0.01	\$ (0.11)	\$ (0.10)	\$ 0.18	\$ (0.31)	\$ (0.01)	\$ 0.18
Assumption changes and management actions	\$ -	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.27)	\$ -	\$ (0.01)	\$ (0.05)	\$ 0.17	\$ (0.26)	\$ 0.13	\$ 0.07
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ (0.01)	\$ 0.01	\$ (0.03)	\$ (0.01)
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ 0.05	\$ (0.02)	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.03)	\$ (0.01)	\$ (0.13)	\$ 0.05
Impact of acquisition, integration and restructuring	\$ (0.04)	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.02)	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.03)	\$ (0.14)	\$ (0.20)	\$ (0.04)
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -	\$ -	\$ (0.41)	\$ -
Diluted earnings per share - underlying	\$ 1.37	\$ 1.24	\$ 1.20	\$ 1.19	\$ 1.20	\$ 1.20	\$ 1.26	\$ 1.05	\$ 1.05	\$ 4.86	\$ 4.15	\$ 3.80

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

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

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

CANADA (C\$ millions)	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
STATEMENTS OF OPERATIONS												
Revenue												
Premiums - life insurance	1,203	1,277	1,248	1,335	1,129	1,195	1,137	1,239	1,067	4,796	4,493	4,107
Premiums - health insurance	1,403	1,415	1,402	1,347	1,335	1,321	1,313	1,258	1,251	5,316	4,916	4,368
Premiums - annuities	584	389	398	1,325	608	439	889	658	567	3,261	2,464	2,585
Gross premiums	3,190	3,081	3,048	4,007	3,072	2,955	3,339	3,155	2,885	13,373	11,873	11,060
Ceded premiums	(357)	(381)	(362)	(379)	(350)	(382)	(376)	(995)	(974)	(1,487)	(3,871)	(3,671)
Net premiums	2,833	2,700	2,686	3,628	2,722	2,573	2,963	2,160	1,911	11,886	8,002	7,389
Net investment income (loss)	1,171	2,096	3,243	573	(53)	980	442	2,060	(375)	1,942	4,133	3,751
Fee income	328	323	308	333	305	302	300	315	271	1,240	1,132	1,026
Total revenue	4,332	5,119	6,237	4,534	2,974	3,855	3,705	4,535	1,807	15,068	13,267	12,166
Policy benefits and expenses												
Gross claims & benefits paid	2,336	2,446	2,383	2,393	2,290	2,362	2,283	2,369	2,090	9,328	8,915	8,484
Change in investment/insurance contract liabilities & reinsurance assets	1,185	1,893	2,978	1,355	(645)	543	641	2,003	(589)	1,894	3,140	2,495
Operating expenses, commissions and other expenses	843	874	886	884	819	874	836	894	769	3,413	3,396	3,150
Reinsurance expenses (recoveries)	(276)	(296)	(281)	(262)	(281)	(301)	(294)	(803)	(882)	(1,138)	(3,557)	(3,332)
Total policy benefits and expenses	4,088	4,917	5,966	4,370	2,183	3,478	3,466	4,363	1,388	13,497	11,894	10,797
Income (loss) before income taxes	244	202	271	164	791	377	239	172	419	1,571	1,373	1,369
Income tax expense (benefit)	(15)	12	(32)	14	176	76	42	(6)	80	308	197	208
Participating policyholders' net income (loss)	36	42	66	54	280	39	(52)	6	(1)	321	213	225
Common shareholders' reported net income (loss)	223	148	237	96	335	262	249	172	340	942	963	936
Market related impacts	(44)	(72)	(1)	(134)	46	15	(44)	(38)	90	(117)	8	114
Assumption changes and management actions	4	(20)	—	(14)	39	5	(7)	(24)	34	23	22	(60)
Certain hedges that do not qualify for hedge accounting	(5)	(5)	1	(1)	(1)	1	6	2	(6)	5	(16)	(5)
Acquisition, integration and restructuring	—	2	—	—	—	(4)	(1)	—	—	(5)	—	—
Common shareholders' underlying net income (loss)	268	243	237	245	251	245	295	232	222	1,036	949	887
Return on equity - reported ⁽¹⁾	12.7%	8.5%	13.5%	5.5%	19.4%	15.5%	15.1%	9.0%	17.7%	13.8%	12.6%	12.0%
Return on equity - underlying ⁽¹⁾	15.3%	13.8%	13.5%	14.1%	14.5%	14.5%	17.9%	12.2%	11.6%	15.2%	12.4%	11.4%
PREMIUMS & DEPOSITS												
Net premiums	2,833	2,700	2,686	3,628	2,722	2,573	2,963	2,160	1,911	11,886	8,002	7,389
Segregated fund deposits	2,196	2,607	2,771	2,468	2,399	2,382	3,066	2,388	1,992	10,315	9,845	10,527
Retail mutual fund deposits (Sun Life Global Investments)	518	530	519	451	473	503	644	445	397	2,071	1,824	1,735
ASO premium & deposit equivalents	1,626	1,612	1,632	1,605	1,551	1,623	1,533	1,563	1,636	6,312	6,247	5,920
Total	7,173	7,449	7,608	8,152	7,145	7,081	8,206	6,556	5,936	30,584	25,918	25,571
SALES												
Individual Insurance	85	94	93	108	90	110	88	120	87	396	451	475
Individual Wealth	1,463	1,491	1,574	1,472	1,469	1,497	1,818	1,470	1,281	6,256	5,884	5,386
Group Benefits	119	100	269	111	113	156	208	107	130	588	674	475
Group Retirement Services	2,673	1,757	1,251	3,411	2,070	1,542	2,007	1,713	2,328	9,030	9,092	7,814
ASSETS UNDER MANAGEMENT												
General funds	93,443	91,791	89,799	86,697	84,534	85,242	84,276	84,698	83,430	86,697	84,698	82,456
Segregated funds	95,257	93,923	91,932	85,885	90,763	90,402	87,763	87,817	84,568	85,885	87,817	79,964
Other AUM	5,875	5,703	5,497	4,854	5,046	4,960	4,748	3,902	3,577	4,854	3,902	2,832
Total	194,575	191,417	187,228	177,436	180,343	180,604	176,787	176,417	171,575	177,436	176,417	165,252
Sun Life Global Investments (Canada) Inc.												
Gross Sales												
Retail	698	740	684	629	661	689	840	639	553	2,819	2,474	2,247
Institutional & other ⁽²⁾	487	583	770	602	477	559	669	405	426	2,307	2,016	2,479
Total	1,185	1,323	1,454	1,231	1,138	1,248	1,509	1,044	979	5,126	4,490	4,726
Net Sales	494	555	632	473	569	644	825	585	634	2,511	2,467	3,360
Assets under management	27,079	26,211	25,169	22,897	23,347	22,649	21,569	20,042	18,778	22,897	20,042	16,132

⁽¹⁾ The adoption of LICAT impacted the capital allocation for 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.

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

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

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	1,222	1,297	1,288	1,458	1,194	1,272	1,177	1,282	1,063	5,101	4,579	4,259
Ceded premiums	(137)	(155)	(141)	(160)	(128)	(146)	(128)	(148)	(122)	(562)	(509)	(563)
Net premiums	1,085	1,142	1,147	1,298	1,066	1,126	1,049	1,134	941	4,539	4,070	3,696
Net investment income (loss)	1,026	1,671	2,544	435	(163)	783	253	1,599	(362)	1,308	3,077	2,668
Fee income	136	131	123	152	127	123	121	136	104	523	441	379
Total revenue	2,247	2,944	3,814	1,885	1,030	2,032	1,423	2,869	683	6,370	7,588	6,743
Policy benefits and expenses												
Gross claims & benefits paid	815	847	846	871	757	799	841	822	725	3,268	3,115	2,991
Change in investment/insurance contract liabilities & reinsurance assets	1,057	1,723	2,425	632	(609)	691	185	1,626	(612)	899	2,279	1,546
Operating expenses, commissions and other expenses	466	480	498	496	453	495	461	508	416	1,905	1,927	1,763
Reinsurance expenses (recoveries)	(106)	(121)	(113)	(99)	(113)	(113)	(111)	(112)	(97)	(436)	(440)	(425)
Total policy benefits and expenses	2,232	2,929	3,656	1,900	488	1,872	1,376	2,844	432	5,636	6,881	5,875
Income (loss) before income taxes	15	15	158	(15)	542	160	47	25	251	734	707	868
Income tax expense (benefit)	(53)	(24)	(14)	(42)	119	16	(8)	(23)	41	85	79	134
Participating policyholders' net income (loss)	36	42	66	54	280	39	(52)	6	(1)	321	213	225
Common shareholders' reported net income (loss)	32	(3)	106	(27)	143	105	107	42	211	328	415	509
PREMIUMS & DEPOSITS												
Net premiums	1,085	1,142	1,147	1,298	1,066	1,126	1,049	1,134	941	4,539	4,070	3,696
Segregated fund deposits	226	266	235	229	235	229	256	247	207	949	873	763
Retail mutual fund deposits (Sun Life Global Investments)	518	530	519	451	473	503	644	445	397	2,071	1,824	1,735
Total	1,829	1,938	1,901	1,978	1,774	1,858	1,949	1,826	1,545	7,559	6,767	6,194
SALES												
Individual Insurance - SLFD	40	46	35	50	42	46	39	59	49	177	192	242
Individual Insurance - Third-party	45	48	58	58	48	64	49	61	38	219	259	233
Total insurance sales	85	94	93	108	90	110	88	120	87	396	451	475
Individual Wealth - fixed products	203	232	259	354	309	311	306	272	206	1,280	1,077	1,055
Individual Wealth - mutual funds	1,032	993	1,081	887	927	953	1,260	940	868	4,027	3,923	3,569
Individual Wealth - segregated funds	228	266	234	231	233	233	252	258	207	949	884	762
Total wealth sales	1,463	1,491	1,574	1,472	1,469	1,497	1,818	1,470	1,281	6,256	5,884	5,386
Wealth Manufactured Sales ⁽¹⁾	941	1,020	1,000	1,027	1,005	1,035	1,186	958	799	4,253	3,721	3,418
Other wealth sales	522	471	574	445	464	462	632	512	482	2,003	2,163	1,968
Total wealth sales	1,463	1,491	1,574	1,472	1,469	1,497	1,818	1,470	1,281	6,256	5,884	5,386
SLFD - Career Advisor Network	3,388	3,470	3,567	3,608	3,635	3,677	3,751	3,856	3,900	3,608	3,856	4,168
ASSETS UNDER MANAGEMENT												
General funds	63,448	62,222	60,365	57,740	56,689	57,514	56,441	56,523	55,667	57,740	56,523	55,158
Segregated funds	11,895	11,865	11,810	11,179	12,129	12,173	12,074	12,423	12,248	11,179	12,423	12,341
Other AUM	5,875	5,703	5,497	4,854	5,046	4,960	4,748	3,902	3,577	4,854	3,902	2,832
Total assets under management	81,218	79,790	77,672	73,773	73,864	74,647	73,263	72,848	71,492	73,773	72,848	70,331
Mutual fund dealers' assets	21,683	21,389	21,072	19,733	21,027	20,891	20,496	20,535	19,868	19,733	20,535	18,698
Total assets under management and administration	102,901	101,179	98,744	93,506	94,891	95,538	93,759	93,383	91,360	93,506	93,383	89,029

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

CANADA - GROUP BENEFITS
(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,515	1,537	1,533	1,465	1,457	1,446	1,445	1,374	1,379	5,813	5,426	4,910
Ceded premiums	(143)	(149)	(143)	(141)	(142)	(155)	(166)	(765)	(768)	(604)	(3,026)	(2,756)
Net premiums	1,372	1,388	1,390	1,324	1,315	1,291	1,279	609	611	5,209	2,400	2,154
Net investment income (loss)	116	202	273	113	40	100	111	193	(1)	364	481	492
Fee income	62	65	64	61	54	59	58	59	55	232	232	233
Total revenue	1,550	1,655	1,727	1,498	1,409	1,450	1,448	861	665	5,805	3,113	2,879
Policy benefits and expenses												
Gross claims & benefits paid	1,096	1,141	1,104	1,076	1,063	1,118	1,030	1,082	972	4,287	4,159	3,820
Change in investment/insurance contract liabilities & reinsurance assets	215	218	339	148	106	26	163	110	42	443	252	227
Operating expenses, commissions and other expenses	278	287	281	284	266	276	271	279	258	1,097	1,064	993
Reinsurance expenses (recoveries)	(97)	(99)	(93)	(86)	(91)	(109)	(104)	(711)	(704)	(390)	(2,791)	(2,564)
Total policy benefits and expenses	1,492	1,547	1,631	1,422	1,344	1,311	1,360	760	568	5,437	2,684	2,476
Income (loss) before income taxes	58	108	96	76	65	139	88	101	97	368	429	403
Income tax expense (benefit)	(1)	28	22	17	14	36	19	23	23	86	97	96
Common shareholders' reported net income (loss)	59	80	74	59	51	103	69	78	74	282	332	307
PREMIUMS & DEPOSITS												
Net premiums	1,372	1,388	1,390	1,324	1,315	1,291	1,279	609	611	5,209	2,400	2,154
ASO premium equivalents	1,332	1,301	1,290	1,254	1,247	1,243	1,243	1,244	1,235	4,987	4,937	4,830
Total	2,704	2,689	2,680	2,578	2,562	2,534	2,522	1,853	1,846	10,196	7,337	6,984
SALES	119	100	269	111	113	156	208	107	130	588	674	475
ASSETS UNDER MANAGEMENT												
General funds	14,596	14,476	14,396	14,170	13,917	13,794	13,640	14,156	14,012	14,170	14,156	13,790
SUPPLEMENTAL INFORMATION												
Business in-force	11,004	10,974	10,887	10,580	10,452	10,404	10,297	10,108	9,981	10,580	10,108	9,489

CANADA - GROUP RETIREMENT SERVICES
(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	453	247	227	1,084	421	237	717	499	443	2,459	1,868	1,891
Ceded premiums	(77)	(77)	(78)	(78)	(80)	(81)	(82)	(82)	(84)	(321)	(336)	(352)
Net premiums	376	170	149	1,006	341	156	635	417	359	2,138	1,532	1,539
Net investment income (loss)	29	223	426	25	70	97	78	268	(12)	270	575	591
Fee income	130	127	121	120	124	120	121	120	112	485	459	414
Total revenue	535	520	696	1,151	535	373	834	805	459	2,893	2,566	2,544
Policy benefits and expenses												
Gross claims & benefits paid	425	458	433	446	470	445	412	465	393	1,773	1,641	1,673
Change in investment/insurance contract liabilities & reinsurance assets	(87)	(48)	214	575	(142)	(174)	293	267	(19)	552	609	722
Operating expenses, commissions and other expenses	99	107	107	104	100	103	104	107	95	411	405	394
Reinsurance expenses (recoveries)	(73)	(76)	(75)	(77)	(77)	(79)	(79)	(80)	(81)	(312)	(326)	(343)
Total policy benefits and expenses	364	441	679	1,048	351	295	730	759	388	2,424	2,329	2,446
Income (loss) before income taxes	171	79	17	103	184	78	104	46	71	469	237	98
Income tax expense (benefit)	39	8	(40)	39	43	24	31	(6)	16	137	21	(22)
Common shareholders' reported net income (loss)	132	71	57	64	141	54	73	52	55	332	216	120
PREMIUMS & DEPOSITS												
Net premiums	376	170	149	1,006	341	156	635	417	359	2,138	1,532	1,539
Segregated fund deposits	1,970	2,341	2,536	2,239	2,164	2,153	2,810	2,141	1,785	9,366	8,972	9,764
ASO deposit equivalents	294	311	342	351	304	380	290	319	401	1,325	1,310	1,090
Total	2,640	2,822	3,027	3,596	2,809	2,689	3,735	2,877	2,545	12,829	11,814	12,393
SALES												
Sales	1,947	1,114	608	2,653	1,425	965	1,344	956	1,686	6,387	6,567	5,542
Asset consolidation and rollovers	726	643	643	758	645	577	663	757	642	2,643	2,525	2,272
Total	2,673	1,757	1,251	3,411	2,070	1,542	2,007	1,713	2,328	9,030	9,092	7,814
ASSETS UNDER MANAGEMENT												
General funds	15,399	15,093	15,038	14,787	13,928	13,934	14,195	14,019	13,751	14,787	14,019	13,508
Segregated funds	83,362	82,058	80,122	74,706	78,634	78,229	75,689	75,394	72,320	74,706	75,394	67,623
Total assets under management	98,761	97,151	95,160	89,493	92,562	92,163	89,884	89,413	86,071	89,493	89,413	81,131
ASSETS UNDER MANAGEMENT AND ADMINISTRATION	107,707	106,028	103,887	97,675	101,541	101,048	98,332	98,223	94,471	97,675	98,223	89,248

U.S.
(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Premiums - life insurance	389	401	407	420	404	404	405	431	414	1,633	1,736	1,792
Premiums - health insurance	1,059	1,055	1,047	967	955	925	920	875	862	3,767	3,570	3,507
Premiums - annuities	—	—	1	—	—	—	—	—	—	—	—	1
Gross premiums	1,448	1,456	1,455	1,387	1,359	1,329	1,325	1,306	1,276	5,400	5,306	5,300
Ceded premiums	(155)	(170)	(155)	(168)	(145)	(147)	(137)	(162)	2	(597)	(436)	(529)
Net premiums	1,293	1,286	1,300	1,219	1,214	1,182	1,188	1,144	1,278	4,803	4,870	4,771
Net investment income (loss)	898	932	892	404	159	25	(283)	433	367	305	1,864	1,544
Fee income	21	23	21	21	19	19	14	16	49	73	103	71
Total revenue	2,212	2,241	2,213	1,644	1,392	1,226	919	1,593	1,694	5,181	6,837	6,386
Policy benefits and expenses												
Gross claims & benefits paid	1,521	1,309	1,243	1,229	1,178	1,199	1,246	1,156	1,078	4,852	4,820	4,858
Change in investment/insurance contract liabilities & reinsurance assets	746	585	571	54	313	(307)	(605)	553	278	(545)	1,596	397
Operating expenses, commissions and other expenses	380	411	414	395	392	384	387	401	382	1,558	1,629	1,561
Reinsurance expenses (recoveries)	(201)	(164)	(171)	(178)	(150)	(175)	(179)	(169)	(136)	(682)	(676)	(706)
Total policy benefits and expenses	2,446	2,141	2,057	1,500	1,733	1,101	849	1,941	1,602	5,183	7,369	6,110
Income (loss) before income taxes	(234)	100	156	144	(341)	125	70	(348)	92	(2)	(532)	276
Income tax expense (benefit)	(48)	11	32	26	(75)	20	10	(286)	19	(19)	(392)	54
Participating policyholders' net income (loss)	—	(5)	—	—	1	—	(36)	1	1	(35)	4	5
Common shareholders' reported net income (loss)	(186)	94	124	118	(267)	105	96	(63)	72	52	(144)	217
Market related impacts	(30)	(11)	(17)	5	(5)	(1)	(25)	(34)	4	(26)	(58)	11
Assumption changes and management actions	(287)	1	(2)	—	(393)	(4)	3	—	(38)	(394)	(280)	(23)
Acquisition, integration and restructuring	(4)	(6)	(7)	(8)	(8)	(15)	(11)	(10)	(15)	(42)	(68)	(55)
Other	—	—	—	—	—	—	—	(114)	—	—	(114)	—
Common shareholders' underlying net income (loss)	135	110	150	121	139	125	129	95	121	514	376	284
PREMIUMS & DEPOSITS												
Net premiums	1,293	1,286	1,300	1,219	1,214	1,182	1,188	1,144	1,278	4,803	4,870	4,771
SALES												
Group Benefits	184	225	160	844	172	155	136	627	193	1,307	1,106	1,053
ASSETS UNDER MANAGEMENT												
General funds	35,924	34,588	34,286	34,584	32,566	32,831	32,575	32,259	32,061	34,584	32,259	33,625
Segregated funds	530	509	502	491	476	488	484	488	479	491	488	502
Other AUM	28	27	31	33	32	53	54	57	58	33	57	80
Total	36,482	35,124	34,819	35,108	33,074	33,372	33,113	32,804	32,598	35,108	32,804	34,207

U.S.
(US\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Premiums - life insurance	295	299	306	317	310	312	321	339	330	1,260	1,337	1,354
Premiums - health insurance	802	789	789	732	731	717	728	689	688	2,908	2,752	2,652
Premiums - annuities	—	—	—	—	—	—	—	—	—	—	—	—
Gross premiums	1,097	1,088	1,095	1,049	1,041	1,029	1,049	1,028	1,018	4,168	4,089	4,006
Ceded premiums	(118)	(126)	(117)	(126)	(111)	(114)	(108)	(128)	4	(459)	(332)	(399)
Net premiums	979	962	978	923	930	915	941	900	1,022	3,709	3,757	3,607
Net investment income (loss)	679	696	669	299	121	18	(224)	342	290	214	1,427	1,171
Fee income	16	17	16	16	14	15	11	13	38	56	80	54
Total revenue	1,674	1,675	1,663	1,238	1,065	948	728	1,255	1,350	3,979	5,264	4,832
Policy benefits and expenses												
Gross claims & benefits paid	1,153	979	935	930	902	929	986	911	859	3,747	3,708	3,672
Change in investment/insurance contract liabilities & reinsurance assets	562	437	428	35	240	(239)	(478)	434	223	(442)	1,229	304
Operating expenses, commissions and other expenses	289	307	311	299	300	297	306	314	304	1,202	1,253	1,180
Reinsurance expenses (recoveries)	(153)	(122)	(129)	(134)	(115)	(136)	(142)	(133)	(109)	(527)	(520)	(532)
Total policy benefits and expenses	1,851	1,601	1,545	1,130	1,327	851	672	1,526	1,277	3,980	5,670	4,624
Income (loss) before income taxes	(177)	74	118	108	(262)	97	56	(271)	73	(1)	(406)	208
Income tax expense (benefit)	(37)	8	25	19	(58)	16	8	(223)	15	(15)	(302)	41
Participating policyholders' net income (loss)	—	(4)	—	—	1	—	(28)	1	1	(27)	3	4
Common shareholders' reported net income (loss)	(140)	70	93	89	(205)	81	76	(49)	57	41	(107)	163
Market related impacts	(21)	(8)	(11)	4	(4)	(1)	(20)	(25)	2	(21)	(44)	8
Assumption changes and management actions	(218)	1	(2)	—	(301)	(3)	2	—	(30)	(302)	(210)	(18)
Acquisition, integration and restructuring	(3)	(4)	(6)	(6)	(6)	(12)	(8)	(8)	(12)	(32)	(52)	(42)
Other	—	—	—	—	—	—	—	(90)	—	—	(90)	—
Common shareholders' underlying net income (loss)	102	81	112	91	106	97	102	74	97	396	289	215
Return on equity - reported	(21.0)%	9.9%	13.6%	13.1%	(30.6)%	11.7%	11.2%	(7.2)%	8.8%	1.5%	(4.1)%	6.5%
Return on equity - underlying	15.4%	11.6%	16.3%	13.5%	15.7%	14.0%	15.1%	10.9%	14.9%	14.6%	11.1%	8.5%
PREMIUMS & DEPOSITS												
Net premiums	979	962	978	923	930	915	941	900	1,022	3,709	3,757	3,607
SALES												
Group Benefits	139	168	120	639	132	120	108	494	154	999	863	794
ASSETS UNDER MANAGEMENT												
General funds	27,136	26,424	25,694	25,360	25,237	25,004	25,250	25,649	25,717	25,360	25,649	25,037
Segregated funds	400	388	376	360	369	372	375	388	385	360	388	374
Other AUM	21	21	23	24	24	40	42	45	47	24	45	59
Total	27,557	26,833	26,093	25,744	25,630	25,416	25,667	26,082	26,149	25,744	26,082	25,470

U.S. - GROUP BENEFITS

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	980	965	967	914	914	899	914	885	880	3,641	3,533	3,430
Ceded premiums	(38)	(38)	(38)	(36)	(36)	(31)	(33)	(39)	(32)	(136)	(133)	(107)
Net premiums	942	927	929	878	878	868	881	846	848	3,505	3,400	3,323
Net investment income (loss)	84	84	103	37	42	19	(4)	51	58	94	256	236
Fee income	24	26	25	25	23	24	21	20	50	93	108	52
Total revenue	1,050	1,037	1,057	940	943	911	898	917	956	3,692	3,764	3,611
Policy benefits and expenses												
Gross claims & benefits paid	880	717	653	706	671	642	696	669	653	2,715	2,667	2,593
Change in investment/insurance contract liabilities & reinsurance assets	(41)	20	41	(46)	(44)	(56)	(74)	(33)	(78)	(220)	(125)	7
Operating expenses, commissions and other expenses	278	285	289	279	281	276	288	283	288	1,124	1,157	1,076
Reinsurance expenses (recoveries)	(63)	(37)	(35)	(74)	(51)	(24)	(54)	(60)	(33)	(203)	(151)	(164)
Total policy benefits and expenses	1,054	985	948	865	857	838	856	859	830	3,416	3,548	3,512
Income (loss) before income taxes	(4)	52	109	75	86	73	42	58	126	276	216	99
Income tax expense (benefit)	—	11	23	16	18	16	9	28	40	59	76	26
Common shareholders' reported net income (loss)	(4)	41	86	59	68	57	33	30	86	217	140	73
PREMIUMS & DEPOSITS												
Net premiums	942	927	929	878	878	868	881	846	848	3,505	3,400	3,323
ASSETS UNDER MANAGEMENT												
General Funds	7,948	7,926	7,816	7,704	7,539	7,508	7,471	7,344	7,395	7,704	7,344	7,409
SALES												
Employee Benefits	72	62	63	217	85	58	71	163	83	431	370	436
Medical Stop-Loss	67	106	57	422	47	62	37	331	71	568	493	358
Total	139	168	120	639	132	120	108	494	154	999	863	794
BUSINESS IN-FORCE												
Employee Benefits	2,398	2,409	2,408	2,385	2,407	2,428	2,433	2,464	2,522	2,385	2,464	2,589
Medical Stop-Loss	1,845	1,826	1,739	1,631	1,490	1,499	1,445	1,404	1,251	1,631	1,404	1,194
Total	4,243	4,235	4,147	4,016	3,897	3,927	3,878	3,868	3,773	4,016	3,868	3,783
AFTER-TAX PROFIT MARGIN ⁽¹⁾	7.2%	7.3%	7.9%	6.7%	6.4%	6.5%	5.6%	5.0%	4.5%	6.7%	5.0%	3.5%

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

U.S. - IN-FORCE MANAGEMENT

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	117	123	128	135	127	130	135	143	138	527	556	576
Ceded premiums	(80)	(88)	(79)	(90)	(75)	(83)	(75)	(89)	36	(323)	(199)	(292)
Net premiums	37	35	49	45	52	47	60	54	174	204	357	284
Net investment income (loss)	595	612	566	262	79	(1)	(220)	291	232	120	1,171	935
Fee income	(8)	(9)	(9)	(9)	(9)	(9)	(10)	(7)	(12)	(37)	(28)	2
Total revenue	624	638	606	298	122	37	(170)	338	394	287	1,500	1,221
Policy benefits and expenses												
Gross claims & benefits paid	273	262	282	224	231	287	290	242	206	1,032	1,041	1,079
Change in investment/insurance contract liabilities & reinsurance assets	603	417	387	81	284	(183)	(404)	467	301	(222)	1,354	297
Operating expenses, commissions and other expenses	11	22	22	20	19	21	18	31	16	78	96	104
Reinsurance expenses (recoveries)	(90)	(85)	(94)	(60)	(64)	(112)	(88)	(73)	(76)	(324)	(369)	(368)
Total policy benefits and expenses	797	616	597	265	470	13	(184)	667	447	564	2,122	1,112
Income (loss) before income taxes	(173)	22	9	33	(348)	24	14	(329)	(53)	(277)	(622)	109
Income tax expense (benefit)	(37)	(3)	2	3	(76)	—	(1)	(251)	(25)	(74)	(378)	15
Participating policyholders' net income (loss)	—	(4)	—	—	1	—	(28)	1	1	(27)	3	4
Common shareholders' reported net income (loss)	(136)	29	7	30	(273)	24	43	(79)	(29)	(176)	(247)	90
PREMIUMS & DEPOSITS												
Net premiums	37	35	49	45	52	47	60	54	174	204	357	284
ACCOUNT VALUE												
Individual insurance - domestic	4,388	4,419	4,446	4,475	4,482	4,498	4,511	4,538	4,541	4,475	4,538	4,576
ASSETS UNDER MANAGEMENT												
General funds	19,188	18,498	17,878	17,656	17,698	17,496	17,779	18,305	18,322	17,656	18,305	17,628
Segregated funds	400	388	376	360	369	372	375	388	385	360	388	374
Other AUM	21	21	23	24	24	40	42	45	47	24	45	59
Total	19,609	18,907	18,277	18,040	18,091	17,908	18,196	18,738	18,754	18,040	18,738	18,061

ASSET MANAGEMENT

(C\$ millions)

FINANCIAL SUMMARY	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Net investment income (loss)	20	19	28	3	9	(1)	2	10	11	13	45	(3)
Fee income	1,099	1,062	990	1,000	1,041	1,022	1,048	1,044	987	4,111	4,037	3,932
Total revenue	1,119	1,081	1,018	1,003	1,050	1,021	1,050	1,054	998	4,124	4,082	3,929
Expenses	824	790	741	690	731	739	771	771	715	2,931	2,976	2,807
Income (loss) before income taxes	295	291	277	313	319	282	279	283	283	1,193	1,106	1,122
Income tax expense (benefit)	73	62	58	69	78	68	69	169	98	284	453	393
Non-controlling interest	1	—	—	—	—	—	—	—	—	—	—	—
Common shareholders' reported net income (loss)	221	229	219	244	241	214	210	114	185	909	653	729
Fair value adjustments on share-based payment awards at MFS	(8)	(11)	(8)	28	(10)	(2)	(21)	(34)	(19)	(5)	(81)	30
Acquisition, integration and restructuring	(22)	(5)	—	(11)	—	—	—	—	—	(11)	—	—
Other	—	—	—	—	—	—	—	(78)	—	—	(78)	—
Common shareholders' underlying net income (loss)	251	245	227	227	251	216	231	226	204	925	812	699
Common shareholders' underlying net income (loss)												
MFS	248	236	223	221	242	213	222	220	199	898	788	670
SLC Management (formerly SLIM)	3	9	4	6	9	3	9	6	5	27	24	29
Total	251	245	227	227	251	216	231	226	204	925	812	699
GROSS SALES												
MFS	31,674	30,267	28,990	27,877	22,792	24,061	29,561	25,584	26,307	104,291	106,514	108,184
SLC Management	2,768	1,662	2,297	1,546	1,573	1,202	2,703	2,930	2,303	7,024	10,768	8,086
Total	34,442	31,929	31,287	29,423	24,365	25,263	32,264	28,514	28,610	111,315	117,282	116,270
NET SALES												
MFS	1,730	(8,116)	(7,804)	(8,737)	(9,506)	(14,882)	(5,392)	(5,042)	(3,328)	(38,517)	(28,479)	(16,773)
SLC Management	1,486	225	1,256	192	521	179	335	1,587	1,459	1,227	6,073	4,448
Total	3,216	(7,891)	(6,548)	(8,545)	(8,985)	(14,703)	(5,057)	(3,455)	(1,869)	(37,290)	(22,406)	(12,325)
ASSETS UNDER MANAGEMENT												
MFS	655,533	639,900	631,097	584,172	625,890	622,511	621,540	618,292	591,197	584,172	618,292	571,593
SLC Management	83,238	68,170	67,267	65,538	61,312	61,514	60,118	59,319	56,513	65,538	59,319	53,222
Total	738,771	708,070	698,364	649,710	687,202	684,025	681,658	677,611	647,710	649,710	677,611	624,815

MFS

(US\$ millions), unless otherwise noted

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Net investment income (loss)	12	14	20	1	7	(1)	1	8	9	8	35	(4)
Fee income	744	723	681	692	734	729	747	764	737	2,902	2,907	2,762
Total revenue	756	737	701	693	741	728	748	772	746	2,910	2,942	2,758
Expenses	519	523	495	452	505	511	535	556	525	2,003	2,112	1,939
Income (loss) before income taxes	237	214	206	241	236	217	213	216	221	907	830	819
Income tax expense (benefit)	55	46	44	52	58	54	54	144	78	218	359	291
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
Common shareholders' reported net income (loss)	182	168	162	189	178	163	159	72	143	689	471	528
Fair value adjustments on share-based payment awards at MFS	(6)	(8)	(6)	22	(8)	(1)	(17)	(27)	(16)	(4)	(64)	22
Other	—	—	—	—	—	—	—	(75)	—	—	(75)	—
Common shareholders' underlying net income (loss)	188	176	168	167	186	164	176	174	159	693	610	506
MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT												
Opening AUM	266,315	253,119	226,557	254,545	247,460	247,743	250,231	239,729	232,692	250,231	211,822	200,463
Sales	17,485	16,562	16,479	15,522	13,053	13,225	16,211	14,118	13,878	58,011	57,801	58,375
Redemptions	(13,825)	(14,606)	(15,769)	(18,512)	(14,925)	(15,298)	(16,567)	(13,644)	(13,964)	(65,302)	(58,745)	(58,951)
Market movement	2,965	11,240	25,852	(24,998)	8,957	1,790	(2,132)	10,028	7,123	(16,383)	39,353	11,935
Closing AUM	272,940	266,315	253,119	226,557	254,545	247,460	247,743	250,231	239,729	226,557	250,231	211,822
MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT												
Opening AUM	222,531	219,825	201,816	230,490	226,653	234,407	241,374	234,481	229,425	241,374	213,787	212,773
Sales	6,511	6,068	5,333	5,576	4,393	5,421	7,182	6,028	7,109	22,572	24,281	23,339
Redemptions	(8,861)	(14,092)	(11,915)	(9,198)	(9,797)	(14,881)	(11,093)	(10,473)	(9,678)	(44,969)	(45,095)	(35,357)
Market movement	2,032	10,730	24,591	(25,052)	9,241	1,706	(3,056)	11,338	7,625	(17,161)	48,401	13,032
Closing AUM	222,213	222,531	219,825	201,816	230,490	226,653	234,407	241,374	234,481	201,816	241,374	213,787
SUPPLEMENTAL INFORMATION												
Pre-tax net operating profit margin ratio	40 %	37 %	38 %	38 %	40 %	36 %	38 %	40 %	41 %	38 %	38 %	36 %
Pre-tax gross operating profit margin ratio	34 %	32 %	32 %	33 %	35 %	31 %	32 %	34 %	34 %	33 %	32 %	30 %
Total assets under management	495,153	488,846	472,944	428,373	485,035	474,113	482,150	491,605	474,210	428,373	491,605	425,609
Average net assets	491,252	480,199	456,690	451,578	482,878	480,906	495,042	482,553	468,151	477,496	460,512	421,730
Total gross sales	23,996	22,630	21,812	21,098	17,446	18,646	23,393	20,146	20,987	80,583	82,082	81,714
Total net sales	1,310	(6,068)	(5,872)	(6,612)	(7,276)	(11,533)	(4,267)	(3,971)	(2,655)	(29,688)	(21,758)	(12,594)
Liability for share-based compensation ⁽¹⁾	478	482	505	496	518	516	566	562	551	496	562	533
Diluted EPS impact - liability for share-based compensation ⁽²⁾	\$0.01	\$0.01	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.00	\$0.01	\$0.03	\$0.01	\$0.06
U.S. GAAP net income	198	188	177	176	195	176	188	113	169	735	569	539
Dividends paid to SLF	165	138	131	128	144	126	134	123	122	532	452	387

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

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

ASIA

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	700	518	406	608	464	586	521	815	545	2,179	2,527	2,923
Ceded premiums	(54)	(52)	(50)	(69)	(57)	(52)	(54)	(68)	(46)	(232)	(226)	(153)
Net premiums	646	466	356	539	407	534	467	747	499	1,947	2,301	2,770
Net investment income (loss)	688	855	1,014	322	72	(34)	(284)	315	354	76	1,722	1,326
Fee income	134	133	126	121	130	130	133	133	124	514	524	498
Total revenue	1,468	1,454	1,496	982	609	630	316	1,195	977	2,537	4,547	4,594
Policy benefits and expenses												
Gross claims & benefits paid	338	433	357	326	302	256	308	265	292	1,192	1,061	1,182
Change in investment/insurance contract liabilities & reinsurance assets	620	574	810	204	(135)	(67)	(358)	475	214	(356)	1,638	1,878
Operating expenses, commissions and other expenses	351	325	291	354	297	322	274	357	273	1,247	1,165	1,134
Reinsurance expenses (recoveries)	(39)	(33)	(56)	(46)	(38)	(35)	(45)	(49)	(38)	(164)	(185)	(273)
Total policy benefits and expenses	1,270	1,299	1,402	838	426	476	179	1,048	741	1,919	3,679	3,921
Income (loss) before income taxes	198	155	94	144	183	154	137	147	236	618	868	673
Income tax expense (benefit)	13	13	13	14	14	19	4	17	11	51	62	58
Participating policyholders' net income (loss) and non-controlling interest	15	8	1	5	5	2	—	9	9	12	28	15
Common shareholders' reported net income (loss)	170	134	80	125	164	133	133	121	216	555	778	600
Market related impacts	(15)	(14)	(42)	(22)	(12)	—	4	15	12	(30)	38	(5)
Assumption changes and management actions	47	1	—	9	66	—	1	—	74	76	284	114
Acquisition, integration and restructuring	—	—	—	(2)	—	(12)	—	—	—	(14)	—	33
Other	—	—	—	—	—	—	—	(5)	—	—	(5)	—
Common shareholders' underlying net income (loss)	138	147	122	140	110	145	128	111	130	523	461	458
Return on equity - reported ⁽¹⁾	12.1 %	9.9 %	6.0 %	9.9 %	13.3 %	10.9 %	11.2 %	9.0 %	15.8 %	11.3 %	14.4 %	11.7 %
Return on equity - underlying ⁽¹⁾	9.8 %	10.9 %	9.1 %	10.9 %	8.9 %	11.8 %	10.7 %	8.2 %	9.5 %	10.6 %	8.5 %	8.9 %
PREMIUMS & DEPOSITS												
Net premiums	646	466	356	539	407	534	467	747	499	1,947	2,301	2,770
Segregated fund deposits	293	248	271	275	274	300	310	273	223	1,159	933	919
Mutual fund sales	1,694	1,022	1,243	1,175	1,220	1,696	2,926	2,955	2,928	7,017	10,631	5,742
Managed fund sales	838	761	591	715	650	770	567	585	460	2,702	1,871	1,251
ASO deposits (pension administration)	73	69	75	68	142	144	142	146	169	496	686	943
Total	3,544	2,566	2,536	2,772	2,693	3,444	4,412	4,706	4,279	13,321	16,422	11,625
SALES - Proportionate ownership ⁽²⁾												
Individual life insurance												
Insurance and Wealth	266	216	246	232	174	180	200	197	156	786	661	628
International	24	14	4	13	21	26	22	49	26	82	124	95
Total life insurance sales	290	230	250	245	195	206	222	246	182	868	785	723
Total group life & health insurance sales	7	8	8	6	7	6	11	6	7	30	26	32
Total wealth sales ⁽³⁾	2,573	1,799	1,881	1,935	1,928	2,502	3,736	3,603	3,607	10,101	13,056	8,849
ASSETS UNDER MANAGEMENT ⁽⁴⁾												
Insurance and Wealth	72,630	71,042	70,684	67,821	62,187	66,371	65,134	64,688	60,050	67,821	64,688	53,469
International	15,983	15,829	16,066	15,805	15,675	16,100	16,011	16,014	15,749	15,805	16,014	16,579
Total	88,613	86,871	86,750	83,626	77,862	82,471	81,145	80,702	75,799	83,626	80,702	70,048
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽⁴⁾	94,058	92,714	92,934	90,214	84,817	93,405	93,780	93,845	89,716	90,214	93,845	86,808
Constant Currency Sales ⁽⁵⁾												
Individual life insurance	286	223	244	244	195	—	—	—	—	—	—	—
Wealth	2,520	1,745	1,852	1,941	1,928	—	—	—	—	—	—	—

⁽¹⁾ As a result of a revision of the capital allocation model for 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%.

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

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

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

⁽⁵⁾ Quarterly sales in constant currency are relative to Q3 2018 foreign exchange rates for each of the quarters.

ASIA - INSURANCE AND WEALTH

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	567	443	370	492	341	387	305	399	314	1,525	1,426	1,971
Ceded premiums	(46)	(46)	(45)	(61)	(49)	(47)	(48)	(62)	(48)	(205)	(210)	(117)
Net premiums	521	397	325	431	292	340	257	337	266	1,320	1,216	1,854
Net investment income (loss)	460	581	797	154	(11)	(71)	(241)	215	227	(169)	1,144	761
Fee income	115	113	107	100	105	105	104	102	93	414	394	341
Total revenue	1,096	1,091	1,229	685	386	374	120	654	586	1,565	2,754	2,956
Policy benefits and expenses												
Gross claims & benefits paid	214	211	189	213	213	176	200	220	180	802	771	789
Change in investment/insurance contract liabilities & reinsurance assets	400	490	700	90	(144)	(139)	(372)	110	119	(565)	855	1,181
Operating expenses, commissions and other expenses	298	285	259	307	249	266	221	271	213	1,043	905	873
Reinsurance expenses (recoveries)	(38)	(33)	(35)	(42)	(39)	(34)	(36)	(48)	(38)	(151)	(182)	(262)
Total policy benefits and expenses	874	953	1,113	568	279	269	13	553	474	1,129	2,349	2,581
Income (loss) before income taxes	222	138	116	117	107	105	107	101	112	436	405	375
Income tax expense (benefit)	11	14	14	11	13	17	2	9	10	43	51	51
Participating policyholders' net income (loss) and non-controlling interest	14	7	1	5	5	2	—	9	9	12	28	15
Common shareholders' reported net income (loss)	197	117	101	101	89	86	105	83	93	381	326	309
PREMIUMS & DEPOSITS												
Net premiums	521	397	325	431	292	340	257	337	266	1,320	1,216	1,854
Segregated fund deposits	293	248	271	275	274	300	310	273	223	1,159	933	918
Mutual fund sales	1,694	1,022	1,243	1,175	1,220	1,696	2,926	2,955	2,928	7,017	10,631	5,742
Managed fund sales	838	761	591	715	650	770	567	585	460	2,702	1,871	1,251
ASO deposits (pension administration)	73	69	75	68	142	144	142	146	169	496	686	943
Total	3,419	2,497	2,505	2,664	2,578	3,250	4,202	4,296	4,046	12,694	15,337	10,708
ASSETS UNDER MANAGEMENT⁽¹⁾												
General funds	18,434	17,386	16,959	16,285	15,096	15,502	15,560	15,594	15,089	16,285	15,594	15,103
Segregated funds	5,989	6,022	5,953	5,617	5,204	5,295	5,371	5,393	4,995	5,617	5,393	4,605
Other AUM	48,207	47,634	47,772	45,919	41,887	45,574	44,203	43,701	39,966	45,919	43,701	33,761
Total	72,630	71,042	70,684	67,821	62,187	66,371	65,134	64,688	60,050	67,821	64,688	53,469
ASSETS UNDER MANAGEMENT AND ADMINISTRATION⁽¹⁾	78,075	76,885	76,868	74,409	69,142	77,305	77,769	77,831	73,967	74,409	77,831	70,229
SALES - Proportionate ownership⁽²⁾												
Individual life insurance												
Philippines	69	59	56	67	54	51	49	59	46	221	179	179
Hong Kong	90	75	46	73	42	57	37	57	42	209	180	217
Indonesia	20	14	23	18	15	15	19	20	19	67	74	57
India	38	30	65	43	34	23	45	26	20	145	105	68
China	31	19	35	13	12	19	34	20	15	78	67	55
Vietnam	5	4	5	5	4	3	4	4	2	16	12	9
Malaysia	13	15	16	13	13	12	12	11	12	50	44	43
Total life insurance sales	266	216	246	232	174	180	200	197	156	786	661	628
Total group life & health insurance sales	7	8	8	6	7	6	11	6	7	30	26	32
Total wealth sales⁽³⁾	2,573	1,799	1,881	1,935	1,928	2,502	3,736	3,603	3,607	10,101	13,056	8,849

⁽¹⁾ 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.

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

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

ASIA - INTERNATIONAL

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Gross premiums	133	75	36	116	123	199	216	416	231	654	1,101	952
Ceded premiums	(8)	(6)	(5)	(8)	(8)	(5)	(6)	(6)	2	(27)	(16)	(36)
Net premiums	125	69	31	108	115	194	210	410	233	627	1,085	916
Net investment income (loss)	228	274	217	168	83	37	(43)	100	127	245	578	565
Fee income	19	20	19	21	25	25	29	31	31	100	130	157
Total revenue	372	363	267	297	223	256	196	541	391	972	1,793	1,638
Policy benefits and expenses												
Gross claims & benefits paid	124	222	168	113	89	80	108	45	112	390	290	393
Change in investment/insurance contract liabilities & reinsurance assets	220	84	110	114	9	72	14	365	95	209	783	697
Operating expenses, commissions and other expenses	53	40	32	47	48	56	53	86	60	204	260	261
Reinsurance expenses (recoveries)	(1)	—	(21)	(4)	1	(1)	(9)	(1)	—	(13)	(3)	(11)
Total policy benefits and expenses	396	346	289	270	147	207	166	495	267	790	1,330	1,340
Income (loss) before income taxes	(24)	17	(22)	27	76	49	30	46	124	182	463	298
Income tax expense (benefit)	2	(1)	(1)	3	1	2	2	8	1	8	11	7
Participating policyholders' net income (loss)	1	1	—	—	—	—	—	—	—	—	—	—
Common shareholders' reported net income (loss)	(27)	17	(21)	24	75	47	28	38	123	174	452	291
PREMIUMS & DEPOSITS												
Net premiums	125	69	31	108	115	194	210	410	233	627	1,085	916
Segregated fund deposits	—	—	—	—	—	—	—	—	—	—	—	1
Total	125	69	31	108	115	194	210	410	233	627	1,085	917
SALES												
Individual insurance	24	14	4	13	21	26	22	49	26	82	124	95
ACCOUNT VALUE												
Individual insurance	11,687	11,567	11,913	12,223	11,507	11,616	11,235	10,802	10,312	12,223	10,802	10,522
Investment products	2,852	3,037	3,209	3,255	3,599	3,947	4,134	4,403	4,544	3,255	4,403	5,177
Total	14,539	14,604	15,122	15,478	15,106	15,563	15,369	15,205	14,856	15,478	15,205	15,699
ASSETS UNDER MANAGEMENT												
General funds	13,147	12,809	12,874	12,570	12,095	12,180	11,905	11,640	11,233	12,570	11,640	11,441
Segregated funds	534	553	564	556	614	652	676	708	722	556	708	767
Other AUM	2,302	2,467	2,628	2,679	2,966	3,268	3,430	3,666	3,794	2,679	3,666	4,371
Total	15,983	15,829	16,066	15,805	15,675	16,100	16,011	16,014	15,749	15,805	16,014	16,579

CORPORATE

(C\$ millions)

STATEMENTS OF OPERATIONS ⁽¹⁾	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Revenue												
Premiums - life insurance	23	22	23	24	24	23	23	25	24	94	94	99
Premiums - health insurance	4	4	4	4	4	2	4	3	4	14	14	17
Premiums - annuities	5	7	6	(95)	5	6	5	4	7	(79)	24	28
Gross premiums	32	33	33	(67)	33	31	32	32	35	29	132	144
Ceded premiums	(5)	(5)	(5)	(6)	(7)	(5)	(5)	(5)	(7)	(23)	(24)	(26)
Net premiums	27	28	28	(73)	26	26	27	27	28	6	108	118
Net investment income (loss)	455	222	398	82	(58)	64	(35)	232	38	53	447	1,327
Fee income	3	1	2	8	5	4	11	12	13	28	46	53
Total revenue	485	251	428	17	(27)	94	3	271	79	87	601	1,498
Policy benefits and expenses												
Gross claims & benefits paid	140	165	137	154	138	157	165	100	147	614	557	686
Change in investment/insurance contract liabilities & reinsurance assets	19	19	199	(213)	(331)	(138)	(241)	68	(164)	(923)	(304)	434
Operating expenses, commissions and other expenses	72	71	88	79	64	69	90	138	72	302	329	375
Reinsurance expenses (recoveries)	(9)	(10)	—	(12)	(7)	(8)	(10)	39	(5)	(37)	45	(2)
Total policy benefits and expenses	222	245	424	8	(136)	80	4	345	50	(44)	627	1,493
Income (loss) before income taxes	263	6	4	9	109	14	(1)	(74)	29	131	(26)	5
Income tax expense (benefit)	(13)	(8)	17	(11)	(9)	(1)	(6)	40	1	(27)	(18)	(94)
Preferred shareholder dividends	23	24	24	23	24	23	24	23	24	94	93	96
Common shareholders' reported net income (loss)	253	(10)	(37)	(3)	94	(8)	(19)	(137)	4	64	(101)	3
Market related impacts	—	—	(9)	(2)	(4)	(6)	(3)	—	7	(15)	5	(13)
Assumption changes and management actions	236	(2)	(9)	18	122	—	—	(10)	33	140	55	14
Acquisition, integration and restructuring	—	(2)	—	(4)	(3)	—	(3)	(50)	(2)	(10)	(55)	(5)
Other	—	—	—	—	—	—	—	(54)	—	—	(54)	—
Common shareholders' underlying net income (loss)	17	(6)	(19)	(15)	(21)	(2)	(13)	(23)	(34)	(51)	(52)	7
PREMIUMS & DEPOSITS												
Net premiums	27	28	28	(73)	26	26	27	27	28	6	108	118
Segregated fund deposits	16	17	22	20	19	21	19	19	20	79	80	104
Total	43	45	50	(53)	45	47	46	46	48	85	188	222
ASSETS UNDER MANAGEMENT												
General funds	13,768	13,431	14,101	14,162	14,052	14,965	15,179	14,414	13,111	14,162	14,414	14,169
Segregated funds	10,496	10,677	11,060	10,513	11,241	11,855	11,927	11,986	11,473	10,513	11,986	11,329
Other AUM ⁽²⁾	(25,263)	(25,134)	(25,266)	(23,879)	(24,351)	(25,161)	(24,887)	(23,264)	(22,504)	(23,879)	(23,264)	(20,822)
Total	(999)	(1,026)	(105)	796	942	1,659	2,219	3,136	2,080	796	3,136	4,676

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

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

CORPORATE

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
STATEMENTS OF OPERATIONS - United Kingdom (U.K.)												
Revenue												
Gross premiums	17	20	20	20	18	20	20	18	22	78	81	97
Ceded premiums	(4)	(5)	(3)	(4)	(5)	(4)	(4)	(4)	(5)	(17)	(17)	(19)
Net premiums	13	15	17	16	13	16	16	14	17	61	64	78
Net investment income (loss)	389	162	347	29	(63)	40	(48)	213	21	(42)	395	1,205
Fee income	29	29	27	30	28	34	31	31	30	123	118	129
Total revenue	431	206	391	75	(22)	90	(1)	258	68	142	577	1,412
Policy benefits and expenses												
Gross claims & benefits paid	121	135	123	132	123	134	142	129	128	531	539	603
Change in investment/insurance contract liabilities & reinsurance assets	(2)	5	198	(117)	(304)	(117)	(210)	89	(153)	(748)	(249)	476
Operating expenses, commissions and other expenses	26	26	30	38	32	29	26	29	24	125	103	122
Reinsurance expenses (recoveries)	(5)	(4)	(3)	(4)	(3)	(1)	(5)	(4)	(2)	(13)	(13)	(13)
Total policy benefits and expenses	140	162	348	49	(152)	45	(47)	243	(3)	(105)	380	1,188
Income (loss) before income taxes	291	44	43	26	130	45	46	15	71	247	197	224
Income tax expense (benefit)	12	5	14	(5)	(4)	8	(2)	9	(1)	(3)	16	40
Common shareholders' reported net income (loss)	279	39	29	31	134	37	48	6	72	250	181	184
STATEMENTS OF OPERATIONS - Corporate Support ⁽¹⁾												
Revenue												
Gross premiums	15	13	13	(87)	15	11	12	14	13	(49)	51	47
Ceded premiums	(1)	—	(2)	(2)	(2)	(1)	(1)	(1)	(2)	(6)	(7)	(7)
Net premiums	14	13	11	(89)	13	10	11	13	11	(55)	44	40
Net investment income (loss)	66	60	51	53	5	24	13	19	17	95	52	122
Fee income	(26)	(28)	(25)	(22)	(23)	(30)	(20)	(19)	(17)	(95)	(72)	(76)
Total revenue	54	45	37	(58)	(5)	4	4	13	11	(55)	24	86
Policy benefits and expenses												
Gross claims & benefits paid	19	30	14	22	15	23	23	(29)	19	83	18	83
Change in investment/insurance contract liabilities & reinsurance assets	21	14	1	(96)	(27)	(21)	(31)	(21)	(11)	(175)	(55)	(42)
Operating expenses, commissions and other expenses	46	45	58	41	32	40	64	109	48	177	226	253
Reinsurance expenses (recoveries)	(4)	(6)	3	(8)	(4)	(7)	(5)	43	(3)	(24)	58	11
Total policy benefits and expenses	82	83	76	(41)	16	35	51	102	53	61	247	305
Income (loss) before income taxes	(28)	(38)	(39)	(17)	(21)	(31)	(47)	(89)	(42)	(116)	(223)	(219)
Income tax expense (benefit)	(25)	(13)	3	(6)	(5)	(9)	(4)	31	2	(24)	(34)	(134)
Preferred shareholder dividends	23	24	24	23	24	23	24	23	24	94	93	96
Common shareholders' reported net income (loss)	(26)	(49)	(66)	(34)	(40)	(45)	(67)	(143)	(68)	(186)	(282)	(181)

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

INVESTMENTS
DEBT & EQUITY SECURITIES

	As at September 30, 2019				As at June 30, 2019				As at December 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
DEBT SECURITIES												
Debt Securities by Sector												
Debt Securities Issued or Guaranteed By:												
Canadian Federal Government	3,795	2,170	5,965	100 %	3,593	1,783	5,376	100 %	3,830	1,746	5,576	100 %
Canadian Provincial and Municipal Government	14,135	1,191	15,326	100 %	13,582	1,219	14,801	100 %	11,866	1,199	13,065	100 %
U.S. Government and Other U.S. Agency	1,659	1,476	3,135	100 %	1,493	1,385	2,878	100 %	1,380	1,527	2,907	100 %
Other Government	5,240	735	5,975	97 %	5,071	767	5,838	97 %	4,929	717	5,646	97 %
Total Government issued or guaranteed debt securities	24,829	5,572	30,401	99 %	23,739	5,154	28,893	99 %	22,005	5,189	27,194	99 %
Corporate Debt Securities by Industry Sector:												
Financials	9,270	1,690	10,960	99 %	8,706	1,571	10,277	99 %	8,390	1,470	9,860	99 %
Utilities	6,872	645	7,517	99 %	6,669	590	7,259	99 %	6,353	528	6,881	99 %
Consumer discretionary	1,356	275	1,631	94 %	1,300	275	1,575	94 %	1,372	209	1,581	95 %
Industrials	4,627	682	5,309	99 %	4,357	663	5,020	99 %	4,053	590	4,643	99 %
Consumer staples	1,746	268	2,014	99 %	1,754	267	2,021	96 %	1,625	257	1,882	95 %
Communication Services	3,077	538	3,615	99 %	3,079	511	3,590	99 %	2,826	481	3,307	99 %
Energy	3,834	410	4,244	98 %	3,698	397	4,095	98 %	3,628	340	3,968	98 %
Real Estate	2,722	401	3,123	99 %	2,743	394	3,137	99 %	2,640	376	3,016	99 %
Materials	1,319	291	1,610	93 %	1,262	262	1,524	93 %	1,225	256	1,481	93 %
Health Care	1,827	315	2,142	99 %	1,763	278	2,041	99 %	1,734	299	2,033	99 %
Information Technology	1,175	252	1,427	99 %	1,151	243	1,394	99 %	1,024	207	1,231	99 %
Total Corporate debt securities	37,825	5,767	43,592	99 %	36,482	5,451	41,933	99 %	34,870	5,013	39,883	99 %
Asset Backed Securities												
Government and agency	2,295	725	3,020	100 %	2,155	618	2,773	100 %	1,976	577	2,553	100 %
Other	2,795	2,359	5,154	99 %	2,734	2,344	5,078	99 %	2,551	2,262	4,813	96 %
Total asset backed securities	5,090	3,084	8,174	99 %	4,889	2,962	7,851	99 %	4,527	2,839	7,366	98 %
Total debt securities	67,744	14,423	82,167	99 %	65,110	13,567	78,677	99 %	61,402	13,041	74,443	99 %
Debt Securities by Investment Rating												
AAA	10,497	6,607	17,104		9,999	5,961	15,960		9,728	5,919	15,647	
AA	10,582	1,769	12,351		10,351	1,783	12,134		14,208	2,044	16,252	
A	27,504	3,395	30,899		26,088	3,153	29,241		19,089	2,447	21,536	
BBB	18,543	2,527	21,070		18,041	2,520	20,561		17,646	2,483	20,129	
BB and lower	618	125	743		631	150	781		731	148	879	
Total debt securities	67,744	14,423	82,167		65,110	13,567	78,677		61,402	13,041	74,443	
EQUITY SECURITIES												
Stocks												
Canada	3,062	22	3,084		3,011	21	3,032		2,651	15	2,666	
United States	478	242	720		517	242	759		508	388	896	
United Kingdom	123	5	128		126	5	131		121	5	126	
Other	842	151	993		788	140	928		734	212	946	
Total equity securities	4,505	420	4,925		4,442	408	4,850		4,014	620	4,634	

PROPERTIES, MORTGAGES & LOANS

	As at September 30, 2019			As at June 30, 2019			As at December 31, 2018		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
PROPERTIES									
Canada	5,858	48	5,906	5,778	48	5,826	5,426	50	5,476
United States	1,415	99	1,514	1,380	97	1,477	1,652	96	1,748
United Kingdom	62	—	62	71	—	71	79	—	79
Other	—	32	32	—	33	33	—	37	37
Total properties	<u>7,335</u>	<u>179</u>	<u>7,514</u>	<u>7,229</u>	<u>178</u>	<u>7,407</u>	<u>7,157</u>	<u>183</u>	<u>7,340</u>

MORTGAGES & LOANS

	As at September 30, 2019			As at June 30, 2019			As at December 31, 2018		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
Retail	—	4,140	4,140	—	4,063	4,063	—	4,202	4,202
Office	—	3,877	3,877	—	4,003	4,003	—	4,228	4,228
Multi-family residential	3,570	2,069	5,639	3,389	2,079	5,468	3,196	2,179	5,375
Industrial and land	—	1,950	1,950	—	1,988	1,988	—	1,906	1,906
Other	357	442	799	360	417	777	341	381	722
Total Mortgages	<u>3,927</u>	<u>12,478</u>	<u>16,405</u>	<u>3,749</u>	<u>12,550</u>	<u>16,299</u>	<u>3,537</u>	<u>12,896</u>	<u>16,433</u>
Corporate Loans			<u>31,720</u>			<u>31,186</u>			<u>30,389</u>
Total mortgages & loans			<u>48,125</u>			<u>47,485</u>			<u>46,822</u>

Mortgage and Loans - Impairments/Allowances

	Impaired Loans			Impaired Loans			Impaired Loans		
	Gross Carrying Value	Allowances for Losses		Gross Carrying Value	Allowances for Losses		Gross Carrying Value	Allowances for Losses	
		Specific	Sectoral		Specific	Sectoral		Specific	Sectoral
Mortgages	105	35	20	106	35	20	31	4	21
Loans	99	65	—	88	54	—	93	50	—
Total mortgage and loan impairments/allowances	<u>204</u>	<u>100</u>	<u>20</u>	<u>194</u>	<u>89</u>	<u>20</u>	<u>124</u>	<u>54</u>	<u>21</u>

DERIVATIVES

	As at September 30, 2019		As at June 30, 2019		As at December 31, 2018	
	Total Notional Amount	Net Fair Value Amount	Total Notional Amount	Net Fair Value Amount	Total Notional Amount	Net Fair Value Amount
Interest rate contracts	32,219	1,200	32,447	937	34,144	482
Foreign exchange contracts	25,752	(1,456)	25,736	(888)	20,737	(1,690)
Equity and other contracts	4,368	97	4,176	61	4,317	25
Total derivatives	<u>62,339</u>	<u>(159)</u>	<u>62,359</u>	<u>110</u>	<u>59,198</u>	<u>(1,183)</u>
Over the counter	56,853	(170)	57,044	108	52,966	(1,199)
Exchange traded	5,486	11	5,315	2	6,232	16
Total	<u>62,339</u>	<u>(159)</u>	<u>62,359</u>	<u>110</u>	<u>59,198</u>	<u>(1,183)</u>

For the Quarter ended - Q3 2019

CONSOLIDATED SOURCES OF EARNINGS

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

For the Quarter ended - Q3 2018

CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	Canadian Dollars						U.S. Dollars	
	Canada	U.S.	Asset			Total Company	U.S.	MFS
			Management	Asia	Corporate			
Expected profit on in-force business	225	114	344	131	(26)	788	87	256
Impact of new business	25	1	—	(34)	—	(8)	—	—
Experience gains (losses)	79	28	—	(11)	(8)	88	21	—
Assumption changes and management actions	53	(497)	—	66	120	(258)	(380)	—
Other ⁽¹⁾	(1)	(10)	(25)	—	(4)	(40)	(8)	(20)
Earnings (loss) on operations (pre-tax)	381	(364)	319	152	82	570	(280)	236
Earnings on surplus	38	22	—	26	33	119	17	—
Earnings (loss) before income taxes	419	(342)	319	178	115	689	(263)	236
Income tax (expense) benefit	(84)	75	(78)	(14)	3	(98)	58	(58)
Earnings (loss) before preferred share dividends	335	(267)	241	164	118	591	(205)	178
Preferred share dividends	—	—	—	—	(24)	(24)	—	—
Common shareholders' reported net income (loss)	335	(267)	241	164	94	567	(205)	178
Underlying net income adjustments (post tax):								
Market related impacts	46	(5)	—	(12)	(4)	25	(4)	—
Assumption changes and management actions	39	(393)	—	66	122	(166)	(301)	—
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	—	—	(10)	—	—	(10)	—	(8)
Acquisition, integration and restructuring	—	(8)	—	—	(3)	(11)	(6)	—
Common shareholders' underlying net income (loss)	251	139	251	110	(21)	730	106	186

⁽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
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
Expected profit on in-force business	254	232	221	227	256	228	242	259	251	953	947	827
Impact of new business	—	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	254	232	221	227	256	228	242	259	251	953	947	827
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	254	232	221	227	256	228	242	259	251	953	947	827
Income tax (expense) benefit	(56)	(46)	(45)	(51)	(60)	(55)	(57)	(75)	(82)	(223)	(299)	(286)
Earnings (loss) before preferred share dividends and non-controlling interest	198	186	176	176	196	173	185	184	169	730	648	541
Preferred share dividends and non-controlling interest	(10)	(10)	(8)	(9)	(10)	(9)	(9)	(10)	(10)	(37)	(38)	(35)
Common shareholders' underlying net income (loss)	188	176	168	167	186	164	176	174	159	693	610	506
Underlying net income adjustments												
Fair value adjustments on share-based payment awards (pre-tax)	(17)	(18)	(15)	14	(20)	(11)	(29)	(43)	(30)	(46)	(117)	(8)
Income taxes	1	—	1	(1)	2	1	3	6	4	5	15	(5)
Non-controlling interest	10	10	8	9	10	9	9	10	10	37	38	35
Other	—	—	—	—	—	—	—	(75)	—	—	(75)	—
	(6)	(8)	(6)	22	(8)	(1)	(17)	(102)	(16)	(4)	(139)	22
Common shareholders' reported net income (loss)	182	168	162	189	178	163	159	72	143	689	471	528

EXPENSES

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3			
OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES												
Operating expenses	1,714	1,697	1,668	1,625	1,563	1,626	1,618	1,749	1,496	6,432	6,410	6,000
Commissions	590	586	564	603	574	589	573	631	566	2,339	2,403	2,372
Premium taxes	101	104	100	95	93	95	92	100	94	375	379	339
Interest expense	65	84	88	79	73	78	75	81	55	305	303	316
Total	2,470	2,471	2,420	2,402	2,303	2,388	2,358	2,561	2,211	9,451	9,495	9,027
OPERATING EXPENSES BY BUSINESS GROUP												
Canada	498	523	535	528	487	522	503	537	442	2,040	2,018	1,871
U.S.	208	236	236	220	220	214	218	218	199	872	857	842
Asset Management	612	601	571	549	550	569	572	547	515	2,240	2,143	2,083
Asia	241	222	203	236	201	203	179	229	175	819	758	726
Corporate	110	78	93	81	66	74	90	79	102	311	303	360
Operating expenses excluding the following:	1,669	1,660	1,638	1,614	1,524	1,582	1,562	1,610	1,433	6,282	6,079	5,882
FV adjustments on MFS share-based payment awards ⁽¹⁾	23	24	21	(19)	25	15	37	55	37	58	150	11
Acquisition, integration and restructuring costs	22	13	9	30	14	29	19	84	26	92	181	107
Total operating expenses	1,714	1,697	1,668	1,625	1,563	1,626	1,618	1,749	1,496	6,432	6,410	6,000
COMMISSIONS BY BUSINESS GROUP												
Canada	231	234	237	243	227	237	227	240	215	934	928	853
U.S.	108	108	110	114	110	106	105	103	99	435	423	439
Asset Management	159	155	147	146	157	154	162	169	163	619	683	712
Asia	93	89	72	101	82	93	81	122	91	357	378	369
Corporate	(1)	—	(2)	(1)	(2)	(1)	(2)	(3)	(2)	(6)	(9)	(1)
Total commissions	590	586	564	603	574	589	573	631	566	2,339	2,403	2,372
INTEREST EXPENSE												
Subordinated debt	26	25	26	26	26	26	28	30	29	106	123	126
Liabilities for SLEECs	11	11	11	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	20	25	26	24	19	24	19	18	18	86	70	79
Other ⁽²⁾	8	23	25	18	17	17	17	22	(3)	69	66	67
Total interest expense	65	84	88	79	73	78	75	81	55	305	303	316

⁽¹⁾ 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.⁽²⁾ Primarily interest on income taxes and real estate encumbrances, interest on leases and interest on liabilities connected to the consolidated special purpose entities.

FINANCIAL STRENGTH AND CAPITAL ADEQUACY

For the period ended September 30, 2019

SUN LIFE ASSURANCE COMPANY OF CANADA

FINANCIAL STRENGTH RATINGS

SECURITY RATINGS

Subordinated Debt

Sun Life Exchangeable Capital Securities

Series B

Series 2009-1

A.M. Best

Moody's

Standard & Poor's

DBRS⁽¹⁾

A+

Aa3

AA

AA

a

A2

AA-

AA (low)

a-

A3

P-1/A+

A (high)

a-

not rated

P-1/A+

A (high)

SUN LIFE FINANCIAL INC.

SECURITY RATINGS

Senior Unsecured Debentures (Series E)⁽³⁾

Subordinated Debt

(Series 2007 - 1, 2015 - 1, 2016 - 1, 2016-2, 2017-1 and 2019-1)

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

A.M. Best

Moody's⁽²⁾

Standard & Poor's

DBRS⁽¹⁾

a-

not rated

A+

A (high)

bbb+

not rated

A

A

bbb

Baa1(hyb)

P-1 (low)/A-

Pfd-2 (high)

⁽¹⁾ Ratings upgraded by one notch on October 16, 2019.

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

⁽³⁾ Series D senior unsecured debentures were redeemed on July 2, 2019.

General Information

Canada	U.S.	Asset Management	Asia	Corporate
<p>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. Canada has three main business units - Individual Insurance and Wealth, Group Benefits and Group Retirement Services.</p>	<p>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. U.S. has two business units - Group Benefits and In-force Management.</p>	<p>The Asset Management segment is composed of MFS and SLC Management (formerly 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. SLC Management is a global asset management firm that provides its institutional clients with a full range of yield-oriented investment solutions across public and private fixed income asset classes as well as global real estate equity and debt through two related but distinct pillars - a fixed income pillar and a real estate pillar.</p>	<p>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. 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, Asia manages our International high net worth insurance business. Asia has two business units - Insurance and Wealth, and International.</p>	<p>Corporate includes the results of our United Kingdom business (U.K.) and Corporate Support. 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'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>SLC Management</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>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>