



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

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



**SUPPLEMENTARY FINANCIAL INFORMATION  
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## **Basis of Presentation**

All amounts in this document are presented in millions of Canadian dollars unless otherwise indicated. Sun Life Financial Inc., together with its subsidiaries and joint ventures, are collectively referred to as "the Company", "Sun Life", "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 Q4 2019, acquisition, integration and restructuring costs included \$16 million post tax (\$21 million pre-tax) in acquisition costs relating to our acquisition of a majority stake in BentallGreenOak and Infrared. As part of our focus on advancing our Client Strategy, we also recorded a restructuring charge of \$25 million post tax (\$33 million pre-tax) in the fourth quarter of 2019, primarily related to severance costs, as a result of various initiatives to simplify our organizational structure and drive efficiencies.

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

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

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

Sun Life uses the following non-IFRS financial measures:

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

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

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

## Sources of Earnings

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

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

	At and For the Quarter Ended								At and For the Year Ended		
	2019				2018				2017	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4		
Canada	275	223	148	237	96	335	262	249	172	883	942
U.S.	131	(186)	94	124	118	(267)	105	96	(63)	163	52
Asset Management	228	221	229	219	244	241	214	210	114	897	909
Asia	136	170	134	80	125	164	133	133	121	520	555
Corporate	(51)	253	(10)	(37)	(3)	94	(8)	(19)	(137)	155	64
Total common shareholders' reported net income (loss)	719	681	595	623	580	567	706	669	207	2,618	2,522

**Market related impacts:**

Net equity market impact	40	9	20	58	(143)	5	9	(45)	19	127	(174)
Net interest rate impact	(11)	(90)	(114)	(133)	(41)	14	(37)	(27)	(110)	(348)	(91)
Net increases (decreases) in the fair value of real estate	(11)	(8)	(3)	6	31	6	36	4	34	(16)	77

**Assumption changes and management actions (ACMA)**

Other adjustments:	18	(89)	(97)	(69)	(153)	25	8	(68)	(57)	(237)	(188)
Certain hedges that do not qualify for hedge accounting	(15)	—	(20)	(11)	13	(166)	1	(3)	(34)	(46)	(155)
Fair value adjustments on share-based payment awards at MFS	4	(5)	(5)	1	(1)	(1)	1	6	2	(5)	5
Acquisition, integration and restructuring	(37)	(8)	(11)	(8)	28	(10)	(2)	(21)	(34)	(64)	(5)
Other <sup>(1)</sup>	(43)	(26)	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(87)	(82)
	—	—	—	—	—	—	—	—	(251)	—	—

Total common shareholders' underlying net income (loss)	792	809	739	717	718	730	729	770	641	3,057	2,947
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**Common Shareholders' Underlying Net Income (Loss) by Segment**

Canada	264	268	243	237	245	251	245	295	232	1,012	1,036
U.S.	137	135	110	150	121	139	125	129	95	532	514
Asset Management	281	251	245	227	227	251	216	231	226	1,004	925
Asia	143	138	147	122	140	110	145	128	111	550	523
Corporate	(33)	17	(6)	(19)	(15)	(21)	(2)	(13)	(23)	(41)	(51)
Total common shareholders' underlying net income (loss)	792	809	739	717	718	730	729	770	641	3,057	2,947

**Profitability Measures**

Basic earnings per common share (EPS)											
Reported	1.22	1.15	1.00	1.04	0.96	0.94	1.16	1.10	0.34	4.42	4.16
Diluted earnings per common share											
Reported	1.22	1.15	1.00	1.04	0.96	0.93	1.16	1.09	0.34	4.40	4.14
Underlying	1.34	1.37	1.24	1.20	1.19	1.20	1.20	1.26	1.05	5.16	4.86

**Premiums & Deposits**

Net premiums	6,639	4,799	4,480	4,370	5,313	4,369	4,315	4,645	4,078	20,288	18,642
Segregated fund deposits	3,517	2,505	2,872	3,064	2,763	2,692	2,703	3,395	2,680	11,958	11,553
Mutual fund sales <sup>(2)</sup>	27,177	25,292	23,703	23,664	22,135	18,746	19,265	24,056	21,329	99,836	84,202
Managed fund sales	12,347	12,200	10,539	9,976	9,629	7,962	8,967	12,345	11,170	45,062	38,903
ASO premium & deposit equivalents	1,715	1,699	1,681	1,707	1,673	1,693	1,767	1,675	1,709	6,802	6,808
Total premiums & deposits	51,395	46,495	43,275	42,781	41,513	35,462	37,017	46,116	40,966	183,946	160,108
Total adjusted premiums & deposits <sup>(3)</sup>	51,537				41,654						

**Sales & Value of New Business**

Individual Life & Health <sup>(4)</sup>	469	375	324	343	353	285	316	310	366	1,511	1,264
Group Life & Health <sup>(4)</sup>	933	310	333	437	961	292	317	355	740	2,013	1,925
Wealth - Asset Management	36,847	34,442	31,929	31,287	29,423	24,365	25,263	32,264	28,514	134,505	111,315
Wealth - excluding Asset Management <sup>(2)(4)</sup>	8,025	6,709	5,047	4,706	6,818	5,467	5,541	7,561	6,786	24,487	25,387
Value of New Business <sup>(5)</sup>	337	252	235	382	310	244	266	334	265	1,206	1,154

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

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

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

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

<sup>(5)</sup> Excludes Asset Management businesses.

**FINANCIAL HIGHLIGHTS CONTINUED**

	At and For the Quarter Ended										At and For the Year Ended		
	2019				2018				2017		2019	2018	2017
Valuation Data	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4				
Book value per common share	35.97	35.56	36.26	36.20	35.84	34.11	34.53	33.82	32.86		35.97	35.84	32.86
Book value per common share excluding AOCI	33.48	32.80	33.77	33.42	33.01	32.67	32.33	31.67	31.05		33.48	33.01	31.05
Tangible book value per common share	22.50	22.14	24.31	24.24	23.82	22.54	22.92	22.35	21.64		22.50	23.82	21.64
Market-to-book value (times)	1.65	1.67	1.50	1.42	1.26	1.51	1.53	1.56	1.58		1.65	1.26	1.58
Total market capitalization (TSX in \$ billions)	34.8	34.8	32.1	30.5	27.1	31.0	32.1	32.1	31.7		34.8	27.1	31.7
Financial Strength													
SLA LICAT ratio <sup>(1)</sup>	130 %	133 %	133 %	132 %	131 %	130 %	134 %	139 %	n/a		130 %	131 %	n/a
SLF LICAT ratio <sup>(1)</sup>	143 %	146 %	144 %	145 %	144 %	145 %	149 %	149 %	n/a		143 %	144 %	n/a
Total debt to total capital ratio	21.2 %	22.8 %	20.4 %	21.1 %	21.2 %	21.9 %	21.8 %	22.2 %	23.6 %		21.2 %	21.2 %	23.6 %
Common Share Information (SLF on TSX)													
High (intraday)	61.91	59.73	55.97	52.23	51.58	53.98	56.09	55.80	52.94		61.91	56.09	53.25
Low (intraday)	56.62	51.19	51.64	44.43	43.13	49.66	50.77	49.62	49.06		44.43	43.13	43.51
Close (end of period)	59.21	59.24	54.23	51.34	45.29	51.35	52.83	52.91	51.88		59.21	45.29	51.88
Number of Common Shares Outstanding (in millions)													
At beginning of period	587.6	591.0	594.6	598.5	603.3	607.0	607.6	610.5	611.9		598.5	610.5	613.6
Common shares issued	0.2	0.2	0.1	0.3	—	0.1	0.1	0.2	0.3		0.8	0.5	0.4
Common shares purchased and cancelled	—	(3.6)	(3.7)	(4.2)	(4.8)	(3.8)	(0.7)	(3.1)	(1.7)		(11.5)	(12.5)	(3.5)
At end of period	587.8	587.6	591.0	594.6	598.5	603.3	607.0	607.6	610.5		587.8	598.5	610.5
Weighted average shares outstanding - basic	588	590	593	597	602	606	607	610	612		592	606	613
Weighted average shares outstanding - diluted <sup>(2)</sup>	593	595	598	602	607	611	612	615	617		597	611	618
Dividend per common share	0.55	0.525	0.525	0.50	0.50	0.475	0.475	0.455	0.455		2.10	1.905	1.745
Dividend payout ratio <sup>(3)</sup>													
Reported	45 %	46 %	53 %	48 %	52 %	51 %	41 %	42 %	nm <sup>(4)</sup>		48 %	46 %	49 %
Underlying	41 %	38 %	42 %	42 %	42 %	40 %	40 %	36 %	43 %		41 %	39 %	42 %
Dividend yield <sup>(5)</sup>	3.7 %	3.8%	3.9%	4.1%	4.2%	3.6%	3.6%	3.4%	3.6%		3.9 %	3.7%	3.6%
Assets Under Management <sup>(6)</sup>													
General funds	180,229	180,206	174,325	172,348	168,765	162,439	164,709	163,499	162,720		180,229	168,765	162,720
Segregated funds	116,973	112,806	111,684	110,011	103,062	108,298	108,692	106,221	106,392		116,973	103,062	106,392
Total assets	297,202	293,012	286,009	282,359	271,827	270,737	273,401	269,720	269,112		297,202	271,827	269,112
Other assets under management													
Mutual funds	417,042	394,498	381,625	370,877	341,425	358,458	358,024	351,919	346,659		417,042	341,425	346,659
Managed funds & other	415,888	406,458	387,781	388,879	366,847	383,679	384,978	387,159	386,840		415,888	366,847	386,840
Consolidation adjustments	(30,785)	(31,036)	(30,639)	(30,730)	(28,956)	(29,355)	(30,283)	(29,872)	(27,826)		(30,785)	(28,956)	(27,826)
Total other assets under management	802,145	769,920	738,767	729,026	679,316	712,782	712,719	709,206	705,673		802,145	679,316	705,673
Total assets under management	1,099,347	1,062,932	1,024,776	1,011,385	951,143	983,519	986,120	978,926	974,785		1,099,347	951,143	974,785
Total assets under management and administration <sup>(6)</sup>	1,134,344	1,106,939	1,068,913	1,054,952	992,984	1,027,784	1,033,958	1,027,537	1,023,458		1,134,344	992,984	1,023,458
Select Constant Currency Measures													
Reported net income	717				580								
Underlying net income	790				718								
Sales - Individual Life & Health	466				353								
Sales - Group Life & Health	934				961								
Sales - Wealth	44,883				36,241								
Premiums & deposits	51,392				41,513								
Reported earnings per share - Diluted	1.21				0.96								
Underlying earnings per share - Diluted	1.34				1.19								
Assets under management <sup>(6)</sup>	1,143,712				951,143								

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

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

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

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

<sup>(5)</sup> The quarterly dividend yield calculation represents the annualized dividend per share in the quarter over the daily average share price in the quarter. The annual dividend calculation represents the dividend paid in the year over the daily average share price for the year.

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

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(C\$ millions)

Revenue												
Premiums - life insurance	2,878	2,308	2,210	2,074	2,383	2,015	2,201	2,078	2,507	9,470	8,677	8,831
Premiums - health insurance	2,490	2,473	2,482	2,463	2,321	2,300	2,255	2,245	2,139	9,908	9,121	8,519
Premiums - annuities	1,912	589	396	405	1,231	613	445	894	662	3,302	3,183	2,488
Gross premiums	7,280	5,370	5,088	4,942	5,935	4,928	4,901	5,217	5,308	22,680	20,981	19,838
Ceded premiums	(641)	(571)	(608)	(572)	(622)	(559)	(586)	(572)	(1,230)	(2,392)	(2,339)	(4,557)
Net premiums	6,639	4,799	4,480	4,370	5,313	4,369	4,315	4,645	4,078	20,288	18,642	15,281
Net investment income (loss)	209	3,232	4,124	5,575	1,384	129	1,034	(158)	3,050	13,140	2,389	8,211
Fee income	1,677	1,585	1,542	1,447	1,483	1,500	1,477	1,506	1,520	6,251	5,966	5,842
Total revenue	8,525	9,616	10,146	11,392	8,180	5,998	6,826	5,993	8,648	39,679	26,997	29,334
Policy benefits and expenses												
Gross claims & benefits paid	4,613	4,335	4,353	4,120	4,102	3,908	3,974	4,002	3,890	17,421	15,986	15,353
Change in investment/insurance contract liabilities & reinsurance assets <sup>(1)</sup>	768	2,570	3,071	4,558	1,400	(798)	31	(563)	3,099	10,967	70	6,070
Operating expenses, commissions and other expenses	2,828	2,470	2,471	2,420	2,402	2,303	2,388	2,358	2,561	10,189	9,451	9,495
Reinsurance expenses (recoveries)	(595)	(525)	(503)	(508)	(498)	(476)	(519)	(528)	(1,082)	(2,131)	(2,021)	(4,373)
Total policy benefits and expenses	7,614	8,850	9,392	10,590	7,406	4,937	5,874	5,269	8,468	36,446	23,486	26,545
Income (loss) before income taxes	911	766	754	802	774	1,061	952	724	180	3,233	3,511	2,789
Income tax expense (benefit)	98	10	90	88	112	184	182	119	(66)	286	597	302
Participating policyholders' net income (loss) and non-controlling interest	70	52	45	67	59	286	41	(88)	16	234	298	245
Preferred shareholder dividends	24	23	24	24	23	24	23	24	23	95	94	93
Common shareholders' reported net income (loss)	719	681	595	623	580	567	706	669	207	2,618	2,522	2,149
Common shareholders' underlying net income (loss)	792	809	739	717	718	730	729	770	641	3,057	2,947	2,546
Return on equity - reported	13.6 %	13.0 %	11.0 %	11.5 %	10.9 %	10.8 %	13.5 %	13.1 %	4.1 %	12.3 %	12.1 %	10.7 %
Return on equity - underlying	15.0 %	15.5 %	13.7 %	13.3 %	13.6 %	14.0 %	14.0 %	15.1 %	12.7 %	14.3 %	14.2 %	12.7 %

**SOURCES OF EARNINGS - Total Company**

	2019				2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	2018	2018	2017
Expected profit on in-force business	849	816	784	739	744	788	732	734	743	3,188	2,998	2,806
Impact of new business	22	(22)	(5)	(11)	17	(8)	13	(7)	29	(16)	15	41
Experience gains (losses)	(18)	(86)	(128)	(96)	(142)	88	51	(1)	(152)	(328)	(4)	(41)
Assumption changes and management actions	(16)	(74)	(27)	(10)	13	(258)	4	(5)	(486)	(127)	(246)	(505)
Other <sup>(2)</sup>	(108)	(58)	(42)	(29)	(12)	(40)	(48)	(50)	(137)	(237)	(150)	(347)
Earnings (loss) on operations (pre-tax)	729	576	582	593	620	570	752	671	(3)	2,480	2,613	1,954
Earnings on surplus	115	137	123	125	111	119	153	157	128	500	540	496
Earnings (loss) before income taxes	844	713	705	718	731	689	905	828	125	2,980	3,153	2,450
Income tax (expense) benefit	(101)	(9)	(86)	(71)	(128)	(98)	(176)	(135)	105	(267)	(537)	(208)
Earnings (loss) before preferred share dividends	743	704	619	647	603	591	729	693	230	2,713	2,616	2,242
Preferred share dividends	(24)	(23)	(24)	(24)	(23)	(24)	(23)	(24)	(23)	(95)	(94)	(93)
<b>Common shareholders' reported net income (loss)</b>	<b>719</b>	<b>681</b>	<b>595</b>	<b>623</b>	<b>580</b>	<b>567</b>	<b>706</b>	<b>669</b>	<b>207</b>	<b>2,618</b>	<b>2,522</b>	<b>2,149</b>
Underlying net income adjustments (post tax):												
Market related impacts	18	(89)	(97)	(69)	(153)	25	8	(68)	(57)	(237)	(188)	(7)
Assumption changes and management actions	(15)	—	(20)	(11)	13	(166)	1	(3)	(34)	(46)	(155)	81
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	4	(5)	(5)	1	(1)	(1)	1	6	2	(5)	5	(16)
Fair value adjustments on share-based payment awards at MFS	(37)	(8)	(11)	(8)	28	(10)	(2)	(21)	(34)	(64)	(5)	(81)
Acquisition, integration and restructuring	(43)	(26)	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(87)	(82)	(123)
Other	—	—	—	—	—	—	—	—	(251)	—	—	(251)
	(73)	(128)	(144)	(94)	(138)	(163)	(23)	(101)	(434)	(439)	(425)	(397)
<b>Common shareholders' underlying net income (loss)</b>	<b>792</b>	<b>809</b>	<b>739</b>	<b>717</b>	<b>718</b>	<b>730</b>	<b>729</b>	<b>770</b>	<b>641</b>	<b>3,057</b>	<b>2,947</b>	<b>2,546</b>
<b>EXCHANGE RATES - Average for the period</b>												
U.S. Dollar	1.320	1.320	1.337	1.329	1.321	1.306	1.290	1.264	1.270	1.327	1.295	1.298

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

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

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

	At the Quarter Ended									At the Year Ended		
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
<b>Assets</b>												
Cash, cash equivalents and short-term securities	9,575	8,647	8,188	8,370	9,506	8,196	8,128	7,837	8,890	9,575	9,506	8,890
Debt securities	81,606	82,167	78,677	76,715	74,443	71,076	72,707	72,607	72,619	81,606	74,443	72,619
Equity securities	4,787	4,925	4,850	4,918	4,634	4,961	5,608	5,699	6,020	4,787	4,634	6,020
Mortgages and loans	48,222	48,125	47,485	47,565	46,822	45,207	44,917	44,073	42,805	48,222	46,822	42,805
Derivative assets	1,548	2,193	1,914	1,430	1,112	1,185	1,182	1,313	1,478	1,548	1,112	1,478
Other invested assets	5,357	5,325	5,095	5,057	4,830	4,546	4,415	4,322	4,154	5,357	4,830	4,154
Policy loans	3,218	3,216	3,196	3,215	3,222	3,141	3,164	3,120	3,106	3,218	3,222	3,106
Investment properties	7,306	7,335	7,229	6,999	7,157	7,270	7,337	7,243	7,067	7,306	7,157	7,067
<b>Total invested assets</b>	<b>161,619</b>	<b>161,933</b>	<b>156,634</b>	<b>154,269</b>	<b>151,726</b>	<b>145,582</b>	<b>147,458</b>	<b>146,214</b>	<b>146,139</b>	<b>161,619</b>	<b>151,726</b>	<b>146,139</b>
Other assets	5,216	4,899	5,114	5,554	4,498	4,817	4,598	4,830	4,408	5,216	4,498	4,408
Reinsurance assets	4,024	4,059	4,210	4,135	4,141	3,937	4,273	4,143	4,028	4,024	4,141	4,028
Deferred tax assets	1,455	1,431	1,305	1,278	1,209	1,122	1,332	1,344	1,295	1,455	1,209	1,295
Intangible assets	2,083	2,015	1,753	1,754	1,779	1,705	1,725	1,685	1,667	2,083	1,779	1,667
Goodwill	5,832	5,869	5,309	5,358	5,412	5,276	5,323	5,283	5,183	5,832	5,412	5,183
<b>Total general fund assets</b>	<b>180,229</b>	<b>180,206</b>	<b>174,325</b>	<b>172,348</b>	<b>168,765</b>	<b>162,439</b>	<b>164,709</b>	<b>163,499</b>	<b>162,720</b>	<b>180,229</b>	<b>168,765</b>	<b>162,720</b>
Investment for account of segregated fund holders	116,973	112,806	111,684	110,011	103,062	108,298	108,692	106,221	106,392	116,973	103,062	106,392
<b>Total assets</b>	<b>297,202</b>	<b>293,012</b>	<b>286,009</b>	<b>282,359</b>	<b>271,827</b>	<b>270,737</b>	<b>273,401</b>	<b>269,720</b>	<b>269,112</b>	<b>297,202</b>	<b>271,827</b>	<b>269,112</b>
<b>Liabilities and Equity</b>												
Insurance contract liabilities	131,184	130,870	127,728	125,491	121,923	117,480	119,374	118,685	117,785	131,184	121,923	117,785
Investment contract liabilities	3,116	3,121	3,145	3,136	3,164	3,137	3,169	3,124	3,082	3,116	3,164	3,082
Derivative liabilities	2,040	2,352	1,804	1,762	2,295	1,676	1,929	1,928	1,756	2,040	2,295	1,756
Deferred tax liabilities	406	397	393	328	322	359	470	428	403	406	322	403
Other liabilities	14,937	14,730	12,506	12,580	12,153	11,813	11,697	11,719	11,987	14,937	12,153	11,987
Senior debentures	300	300	600	599	599	599	599	599	599	300	599	599
Senior debentures - Innovative capital instruments	200	700	700	700	700	700	700	700	700	200	700	700
Subordinated debt	3,538	3,538	2,791	3,040	3,039	3,039	3,038	3,037	3,437	3,538	3,039	3,437
<b>Total general fund liabilities</b>	<b>155,721</b>	<b>156,008</b>	<b>149,667</b>	<b>147,636</b>	<b>144,195</b>	<b>138,803</b>	<b>140,976</b>	<b>140,220</b>	<b>139,749</b>	<b>155,721</b>	<b>144,195</b>	<b>139,749</b>
Insurance contracts for account of segregated fund holders	110,269	106,404	105,168	103,265	96,663	101,500	101,496	98,943	99,121	110,269	96,663	99,121
Investment contracts for account of segregated fund holders	6,704	6,402	6,516	6,746	6,399	6,798	7,196	7,278	7,271	6,704	6,399	7,271
<b>Total liabilities</b>	<b>272,694</b>	<b>268,814</b>	<b>261,351</b>	<b>257,647</b>	<b>247,257</b>	<b>247,101</b>	<b>249,668</b>	<b>246,441</b>	<b>246,141</b>	<b>272,694</b>	<b>247,257</b>	<b>246,141</b>
<b>Total equity</b>	<b>24,508</b>	<b>24,198</b>	<b>24,658</b>	<b>24,712</b>	<b>24,570</b>	<b>23,636</b>	<b>23,733</b>	<b>23,279</b>	<b>22,971</b>	<b>24,508</b>	<b>24,570</b>	<b>22,971</b>
<b>Total liabilities and equity</b>	<b>297,202</b>	<b>293,012</b>	<b>286,009</b>	<b>282,359</b>	<b>271,827</b>	<b>270,737</b>	<b>273,401</b>	<b>269,720</b>	<b>269,112</b>	<b>297,202</b>	<b>271,827</b>	<b>269,112</b>
<b>EXCHANGE RATES - Period end rates</b>												
U.S. Dollar	1.299	1.324	1.309	1.334	1.364	1.290	1.313	1.289	1.258	1.299	1.364	1.258



**STATEMENT OF EQUITY AND CAPITAL**

(C\$ millions)

**CHANGES IN COMMON SHAREHOLDERS' EQUITY**

Balance at beginning of period	20,896	21,427	21,525	21,449	20,577	20,959	20,547	20,064	20,041	21,449	20,064	19,699
Common shareholders' reported net income (loss)	719	681	595	623	580	567	706	669	207	2,618	2,522	2,149
Dividends - common shares	(316)	(309)	(312)	(299)	(294)	(287)	(289)	(277)	(274)	(1,236)	(1,147)	(1,066)
Common shares issued, net of expenses	5	5	5	8	—	3	5	9	9	23	17	15
Common shares buyback	—	(192)	(200)	(200)	(235)	(200)	(40)	(166)	(87)	(592)	(641)	(175)
Share-based compensation	1	—	1	3	1	—	1	2	—	5	4	3
Other <sup>(1)</sup>	—	(875)	—	(22)	—	—	—	45	—	(897)	45	—
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	(136)	112	(258)	(279)	770	(314)	137	313	152	(561)	906	(730)
Unrealized gains (losses) on available-for-sale assets	(70)	39	149	251	(31)	(88)	(93)	(190)	85	369	(402)	135
Unrealized gains (losses) on cash flow hedges	(1)	6	3	6	(6)	(2)	(1)	(1)	—	14	(10)	(5)
Share of other comprehensive income (loss) in joint ventures and associates	(14)	1	(24)	27	103	(72)	(41)	17	24	(10)	7	(31)
Unrealized gains (losses) on transfer to investment properties	—	—	—	—	—	—	—	—	—	—	—	139
Remeasurement of defined benefit plans	57	1	(57)	(42)	(16)	11	27	62	(93)	(41)	84	(69)
Balance at end of period	21,141	20,896	21,427	21,525	21,449	20,577	20,959	20,547	20,064	21,141	21,449	20,064

**Composition of shareholders' accumulated OCI balance**

Unrealized foreign currency translation gains (losses), net of hedging activities	1,348	1,484	1,372	1,630	1,909	1,139	1,453	1,316	1,003	1,348	1,909	1,003
Unrealized gains (losses) on available-for-sale assets	313	383	344	195	(56)	(25)	63	156	346	313	(56)	346
Unrealized gains (losses) on cash flow hedges	(7)	(6)	(12)	(15)	(21)	(15)	(13)	(12)	(11)	(7)	(21)	(11)
Share of other comprehensive income (loss) in joint ventures and associates	(34)	(20)	(21)	3	(24)	(127)	(55)	(14)	(31)	(34)	(24)	(31)
Unrealized gains (losses) on transfer to investment properties	145	145	145	145	145	145	145	145	145	145	145	145
Remeasurement of defined benefit plans	(304)	(361)	(362)	(305)	(263)	(247)	(258)	(285)	(347)	(304)	(263)	(347)
Balance at end of period	1,461	1,625	1,466	1,653	1,690	870	1,335	1,306	1,105	1,461	1,690	1,105

**CAPITAL**

Subordinated debt	3,538	3,538	2,791	3,040	3,039	3,039	3,038	3,037	3,437	3,538	3,039	3,437
SLEECs <sup>(2)</sup>	200	700	700	699	699	699	699	699	699	200	699	699
Participating policyholders' equity and non-controlling interest	1,110	1,045	974	930	864	802	517	475	650	1,110	864	650
Preferred shareholders' equity	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257
Common shareholders' equity	21,141	20,896	21,427	21,525	21,449	20,577	20,959	20,547	20,064	21,141	21,449	20,064
Total capital	28,246	28,436	28,149	28,451	28,308	27,374	27,470	27,015	27,107	28,246	28,308	27,107

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

Tier 1 capital												
Retained earnings and contributed surplus	13,731	13,791	13,521	13,456	13,338	13,057	12,409	13,033				
Adjusted accumulated other comprehensive income	1,227	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	3,195				
Innovative instruments	200	700	700	699	699	699	699	699				
Other	45	48	52	56	59	59	59	60				
Less:												
Goodwill	2,433	2,460	2,449	2,491	2,552	2,423	2,478	2,464				
Tier 1 deductions	4,691	4,459	4,171	4,299	4,618	4,240	3,992	4,020				
Net tier 1 capital	11,274	12,187	12,089	11,999	11,526	11,011	10,974	11,594				
Tier 2 capital												
Preferred shares and subordinated debt	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900				
Other tier 2	2,662	2,618	2,427	2,538	2,647	2,440	2,144	2,109				
Less:												
Tier 2 deductions	320	820	820	820	820	820	820	820				
Net tier 2 capital	5,242	4,698	4,507	4,618	4,727	4,520	4,224	4,189				
Surplus allowance and eligible deposits	9,359	9,648	9,520	9,257	8,799	8,649	9,690	9,660				
Total capital resources	25,875	26,533	26,116	25,874	25,052	24,180	24,888	25,443				

**Capital Requirements**

Credit risk	3,759	3,812	3,718	3,692	3,642	3,554	3,612	3,606				
Market risk	4,416	4,481	4,510	4,653	4,337	4,203	4,073	3,895				
Insurance risk	8,487	8,503	8,510	8,576	8,625	8,265	8,151	8,037				
Total non-participating product risk (before other credits and diversification)	16,662	16,796	16,738	16,921	16,604	16,022	15,836	15,538				
Total participating product risk including par credits (before other credits and diversification)	3,560	3,546	3,433	3,350	3,283	3,303	3,345	3,312				
Less:												
Credits and diversification benefits	4,010	4,096	4,133	4,200	4,292	4,150	4,058	4,010				
Total Non-participating and participating product risk	16,212	16,246	16,038	16,071	15,595	15,175	15,123	14,840				
Segregated fund guarantees risk	906	942	936	953	983	951	989	970				
Operational risk	1,786	1,749	1,700	1,690	1,646	1,625	1,619	1,619				
Total before scalar	18,904	18,937	18,674	18,714	18,224	17,751	17,731	17,429				
Base solvency buffer (Total before scalar x scalar [1.05])	19,849	19,884	19,608	19,650	19,136	18,639	18,618	18,301				
LICAT ratio	130%	133 %	133 %	132 %	131 %	130 %	134 %	139 %				
LICAT core ratio	90%	95 %	96 %	94 %	92 %	92 %	95 %	100 %				

<sup>(1)</sup> 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.

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

**DILUTED EARNINGS PER SHARE RECONCILIATION**
**WEIGHTED AVERAGE SHARES**

Weighted average shares - basic	588	590	593	597	602	606	607	610	612	592	606	613
Diluted impact of stock options	1	1	1	1	1	1	1	1	1	1	1	1
Weighted average shares - diluted underlying	589	591	594	598	603	607	608	611	613	593	607	614
Diluted impact of convertible securities (SLEECs) <sup>(1)</sup>	4	4	4	4	4	4	4	4	4	4	4	4
Weighted average shares - diluted	593	595	598	602	607	611	612	615	617	597	611	618

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

Total common shareholders' reported net income (loss)	719	681	595	623	580	567	706	669	207	2,618	2,522	2,149
Add: Increase in income due to convertible securities (SLEECs) <sup>(3)</sup>	2	3	2	3	2	3	2	3	2	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	721	684	597	626	582	570	708	672	209	2,628	2,532	2,159

**Less Adjustments:**

Impact of SLEECs	2	3	2	3	2	3	2	3	2	10	10	10
Market related impacts:												
Net equity market impact	40	9	20	58	(143)	5	9	(45)	19	127	(174)	62
Net interest rate impact	(11)	(90)	(114)	(133)	(41)	14	(37)	(27)	(110)	(348)	(91)	(157)
Net increases (decreases) in the fair value of real estate	(11)	(8)	(3)	6	31	6	36	4	34	(16)	77	88
	18	(89)	(97)	(69)	(153)	25	8	(68)	(57)	(237)	(188)	(7)
Assumption changes and management actions	(15)	—	(20)	(11)	13	(166)	1	(3)	(34)	(46)	(155)	81
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	4	(5)	(5)	1	(1)	(1)	1	6	2	(5)	5	(16)
Impact of fair value adjustments on share-based payment awards at MFS	(37)	(8)	(11)	(8)	28	(10)	(2)	(21)	(34)	(64)	(5)	(81)
Impact of acquisition, integration and restructuring	(43)	(26)	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(87)	(82)	(123)
Other	—	—	—	—	—	—	—	—	(251)	—	—	(251)

**Total common shareholders' underlying net income (loss)**
**Diluted earnings per share - reported**
**Less Adjustments:**

Impact of SLEECs	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.02)	\$ (0.01)	\$ (0.01)
Market related impacts:												
Net equity market impact	\$ 0.07	\$ 0.02	\$ 0.03	\$ 0.09	\$ (0.23)	\$ 0.01	\$ 0.01	\$ (0.08)	\$ 0.03	\$ 0.21	\$ (0.29)	\$ 0.10
Net interest rate impact	\$ (0.02)	\$ (0.17)	\$ (0.19)	\$ (0.22)	\$ (0.07)	\$ 0.02	\$ (0.06)	\$ (0.04)	\$ (0.18)	\$ (0.57)	\$ (0.15)	\$ (0.25)
Net increases (decreases) in the fair value of real estate	\$ (0.02)	\$ (0.01)	\$ -	\$ 0.01	\$ 0.05	\$ 0.01	\$ 0.06	\$ 0.01	\$ 0.05	\$ (0.03)	\$ 0.13	\$ 0.14
	\$ 0.03	\$ (0.16)	\$ (0.16)	\$ (0.12)	\$ (0.25)	\$ 0.04	\$ 0.01	\$ (0.11)	\$ (0.10)	\$ (0.39)	\$ (0.31)	\$ (0.01)
Assumption changes and management actions	\$ (0.03)	\$ -	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.27)	\$ -	\$ (0.01)	\$ (0.05)	\$ (0.08)	\$ (0.26)	\$ 0.13
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ (0.01)	\$ 0.01	\$ (0.03)
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.06)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ 0.05	\$ (0.02)	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.11)	\$ (0.01)	\$ (0.13)
Impact of acquisition, integration and restructuring	\$ (0.07)	\$ (0.04)	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.02)	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.15)	\$ (0.14)	\$ (0.20)
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -	\$ -	\$ (0.41)

**Diluted earnings per share - underlying**

At and For the Quarter Ended									At and For the Year Ended		
2019				2018				2017	2019	2018	2017
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
588	590	593	597	602	606	607	610	612	592	606	613
1	1	1	1	1	1	1	1	1	1	1	1
589	591	594	598	603	607	608	611	613	593	607	614
4	4	4	4	4	4	4	4	4	4	4	4
593	595	598	602	607	611	612	615	617	597	611	618
719	681	595	623	580	567	706	669	207	2,618	2,522	2,149
2	3	2	3	2	3	2	3	2	10	10	10
721	684	597	626	582	570	708	672	209	2,628	2,532	2,159
2	3	2	3	2	3	2	3	2	10	10	10
40	9	20	58	(143)	5	9	(45)	19	127	(174)	62
(11)	(90)	(114)	(133)	(41)	14	(37)	(27)	(110)	(348)	(91)	(157)
(11)	(8)	(3)	6	31	6	36	4	34	(16)	77	88
18	(89)	(97)	(69)	(153)	25	8	(68)	(57)	(237)	(188)	(7)
(15)	—	(20)	(11)	13	(166)	1	(3)	(34)	(46)	(155)	81
4	(5)	(5)	1	(1)	(1)	1	6	2	(5)	5	(16)
(37)	(8)	(11)	(8)	28	(10)	(2)	(21)	(34)	(64)	(5)	(81)
(43)	(26)	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(87)	(82)	(123)
—	—	—	—	—	—	—	—	(251)	—	—	(251)
792	809	739	717	718	730	729	770	641	3,057	2,947	2,546
\$ 1.22	\$ 1.15	\$ 1.00	\$ 1.04	\$ 0.96	\$ 0.93	\$ 1.16	\$ 1.09	\$ 0.34	\$ 4.40	\$ 4.14	\$ 3.49
\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.02)	\$ (0.01)	\$ (0.01)
\$ 0.07	\$ 0.02	\$ 0.03	\$ 0.09	\$ (0.23)	\$ 0.01	\$ 0.01	\$ (0.08)	\$ 0.03	\$ 0.21	\$ (0.29)	\$ 0.10
\$ (0.02)	\$ (0.17)	\$ (0.19)	\$ (0.22)	\$ (0.07)	\$ 0.02	\$ (0.06)	\$ (0.04)	\$ (0.18)	\$ (0.57)	\$ (0.15)	\$ (0.25)
\$ (0.02)	\$ (0.01)	\$ -	\$ 0.01	\$ 0.05	\$ 0.01	\$ 0.06	\$ 0.01	\$ 0.05	\$ (0.03)	\$ 0.13	\$ 0.14
\$ 0.03	\$ (0.16)	\$ (0.16)	\$ (0.12)	\$ (0.25)	\$ 0.04	\$ 0.01	\$ (0.11)	\$ (0.10)	\$ (0.39)	\$ (0.31)	\$ (0.01)
\$ (0.03)	\$ -	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.27)	\$ -	\$ (0.01)	\$ (0.05)	\$ (0.08)	\$ (0.26)	\$ 0.13
\$ 0.01	\$ (0.01)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ (0.01)	\$ 0.01	\$ (0.03)
\$ (0.06)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ 0.05	\$ (0.02)	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.11)	\$ (0.01)	\$ (0.13)
\$ (0.07)	\$ (0.04)	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.02)	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.15)	\$ (0.14)	\$ (0.20)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -	\$ -	\$ (0.41)
\$ 1.34	\$ 1.37	\$ 1.24	\$ 1.20	\$ 1.19	\$ 1.20	\$ 1.20	\$ 1.26	\$ 1.05	\$ 5.16	\$ 4.86	\$ 4.15

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

<sup>(2)</sup> The SLEECs contain features which enable the holders to convert these securities into preferred shares of Sun Life Assurance Company of Canada. Following this conversion, the Company has the option to settle the preferred shares with cash prior to the conversion to common shares of 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.

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

**CANADA**  
(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
<b>Revenue</b>												
Premiums - life insurance	1,450	1,203	1,277	1,248	1,335	1,129	1,195	1,137	1,239	5,178	4,796	4,493
Premiums - health insurance	1,409	1,403	1,415	1,402	1,347	1,335	1,321	1,313	1,258	5,629	5,316	4,916
Premiums - annuities	1,905	584	389	398	1,325	608	439	889	658	3,276	3,261	2,464
Gross premiums	4,764	3,190	3,081	3,048	4,007	3,072	2,955	3,339	3,155	14,083	13,373	11,873
Ceded premiums	(388)	(357)	(381)	(362)	(379)	(350)	(382)	(376)	(995)	(1,488)	(1,487)	(3,871)
Net premiums	4,376	2,833	2,700	2,686	3,628	2,722	2,573	2,963	2,160	12,595	11,886	8,002
Net investment income (loss)	(36)	1,171	2,096	3,243	573	(53)	980	442	2,060	6,474	1,942	4,133
Fee income	361	328	323	308	333	305	302	300	315	1,320	1,240	1,132
<b>Total revenue</b>	<b>4,701</b>	<b>4,332</b>	<b>5,119</b>	<b>6,237</b>	<b>4,534</b>	<b>2,974</b>	<b>3,855</b>	<b>3,705</b>	<b>4,535</b>	<b>20,389</b>	<b>15,068</b>	<b>13,267</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	2,538	2,336	2,446	2,383	2,393	2,290	2,362	2,283	2,369	9,703	9,328	8,915
Change in investment/insurance contract liabilities & reinsurance assets	1,194	1,185	1,893	2,978	1,355	(645)	543	641	2,003	7,250	1,894	3,140
Operating expenses, commissions and other expenses	933	843	874	886	884	819	874	836	894	3,536	3,413	3,396
Reinsurance expenses (recoveries)	(319)	(276)	(296)	(281)	(262)	(281)	(301)	(294)	(903)	(1,172)	(1,138)	(3,557)
Total policy benefits and expenses	4,346	4,088	4,917	5,966	4,370	2,183	3,478	3,466	4,363	19,317	13,497	11,894
<b>Income (loss) before income taxes</b>	<b>355</b>	<b>244</b>	<b>202</b>	<b>271</b>	<b>164</b>	<b>791</b>	<b>377</b>	<b>239</b>	<b>172</b>	<b>1,072</b>	<b>1,571</b>	<b>1,373</b>
Income tax expense (benefit)	50	(15)	12	(32)	14	176	76	42	(6)	15	308	197
Participating policyholders' net income (loss)	30	36	42	66	54	280	39	(52)	6	174	321	213
<b>Common shareholders' reported net income (loss)</b>	<b>275</b>	<b>223</b>	<b>148</b>	<b>237</b>	<b>96</b>	<b>335</b>	<b>262</b>	<b>249</b>	<b>172</b>	<b>883</b>	<b>942</b>	<b>963</b>
Market related impacts	6	(44)	(72)	(1)	(134)	46	15	(44)	(38)	(111)	(117)	8
Assumption changes and management actions	(1)	4	(20)	—	(14)	39	5	(7)	(24)	(17)	23	22
Certain hedges that do not qualify for hedge accounting	4	(5)	(5)	1	(1)	(1)	1	6	2	(5)	5	(16)
Acquisition, integration and restructuring	2	—	2	—	—	—	(4)	(1)	—	4	(5)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>264</b>	<b>268</b>	<b>243</b>	<b>237</b>	<b>245</b>	<b>251</b>	<b>245</b>	<b>295</b>	<b>232</b>	<b>1,012</b>	<b>1,036</b>	<b>949</b>
Return on equity - reported	15.5%	12.7%	8.5%	13.5%	5.5%	19.4%	15.5%	15.1%	9.0%	12.6%	13.8%	12.6%
Return on equity - underlying	14.9%	15.3%	13.8%	13.5%	14.1%	14.5%	14.5%	17.9%	12.2%	14.4%	15.2%	12.4%
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	4,376	2,833	2,700	2,686	3,628	2,722	2,573	2,963	2,160	12,595	11,886	8,002
Segregated fund deposits	3,196	2,196	2,607	2,771	2,468	2,399	2,382	3,066	2,388	10,770	10,315	9,845
Retail mutual fund deposits (Sun Life Global Investments)	607	518	530	519	451	473	503	644	445	2,174	2,071	1,824
ASO premium & deposit equivalents	1,623	1,626	1,612	1,632	1,605	1,551	1,623	1,533	1,563	6,493	6,312	6,247
<b>Total</b>	<b>9,802</b>	<b>7,173</b>	<b>7,449</b>	<b>7,608</b>	<b>8,152</b>	<b>7,145</b>	<b>7,081</b>	<b>8,206</b>	<b>6,556</b>	<b>32,032</b>	<b>30,584</b>	<b>25,918</b>
<b>SALES</b>												
Individual Insurance	117	85	94	93	108	90	110	88	120	389	396	451
Individual Wealth	1,829	1,463	1,491	1,574	1,472	1,469	1,497	1,818	1,470	6,357	6,256	5,884
Group Benefits	111	119	100	269	111	113	156	208	107	599	588	674
Group Retirement Services	4,076	2,673	1,757	1,251	3,411	2,070	1,542	2,007	1,713	9,757	9,030	9,092
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	94,909	93,443	91,791	89,799	86,697	84,534	85,242	84,276	84,698	94,909	86,697	84,698
Segregated funds	98,758	95,257	93,923	91,932	85,885	90,763	90,402	87,763	87,817	98,758	85,885	87,817
Other AUM	6,173	5,875	5,703	5,497	4,854	5,046	4,960	4,748	3,902	6,173	4,854	3,902
<b>Total</b>	<b>199,840</b>	<b>194,575</b>	<b>191,417</b>	<b>187,228</b>	<b>177,436</b>	<b>180,343</b>	<b>180,604</b>	<b>176,787</b>	<b>176,417</b>	<b>199,840</b>	<b>177,436</b>	<b>176,417</b>
<b>Sun Life Global Investments (Canada) Inc.</b>												
Gross Sales												
Retail	821	698	740	684	629	661	689	840	639	2,943	2,819	2,474
Institutional & other <sup>(1)</sup>	1,261	487	583	770	602	477	559	669	405	3,101	2,307	2,016
<b>Total</b>	<b>2,082</b>	<b>1,185</b>	<b>1,323</b>	<b>1,454</b>	<b>1,231</b>	<b>1,138</b>	<b>1,248</b>	<b>1,509</b>	<b>1,044</b>	<b>6,044</b>	<b>5,126</b>	<b>4,490</b>
Net Sales	1,211	494	555	632	473	569	644	825	585	2,892	2,511	2,467
Assets under management	29,000	27,079	26,211	25,169	22,897	23,347	22,649	21,569	20,042	29,000	22,897	20,042

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

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

(C\$ millions)	At and For the Quarter Ended								At and For the Year Ended			
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,524	1,222	1,297	1,288	1,458	1,194	1,272	1,177	1,282	5,331	5,101	4,579
Ceded premiums	(168)	(137)	(155)	(141)	(160)	(128)	(146)	(128)	(148)	(601)	(562)	(509)
Net premiums	1,356	1,085	1,142	1,147	1,298	1,066	1,126	1,049	1,134	4,730	4,539	4,070
Net investment income (loss)	(174)	1,026	1,671	2,544	435	(163)	783	253	1,599	5,067	1,308	3,077
Fee income	163	136	131	123	152	127	123	121	136	553	523	441
Total revenue	1,345	2,247	2,944	3,814	1,885	1,030	2,032	1,423	2,869	10,350	6,370	7,588
Policy benefits and expenses												
Gross claims & benefits paid	944	815	847	846	871	757	799	841	822	3,452	3,268	3,115
Change in investment/insurance contract liabilities & reinsurance assets	(199)	1,057	1,723	2,425	632	(609)	691	185	1,626	5,006	899	2,279
Operating expenses, commissions and other expenses	539	466	480	498	496	453	495	461	508	1,983	1,905	1,927
Reinsurance expenses (recoveries)	(133)	(106)	(121)	(113)	(99)	(113)	(113)	(111)	(112)	(473)	(436)	(440)
Total policy benefits and expenses	1,151	2,232	2,929	3,656	1,900	488	1,872	1,376	2,844	9,968	5,636	6,881
Income (loss) before income taxes	194	15	15	158	(15)	542	160	47	25	382	734	707
Income tax expense (benefit)	17	(53)	(24)	(14)	(42)	119	16	(8)	(23)	(74)	85	79
Participating policyholders' net income (loss)	30	36	42	66	54	280	39	(52)	6	174	321	213
Common shareholders' reported net income (loss)	147	32	(3)	106	(27)	143	105	107	42	282	328	415
PREMIUMS & DEPOSITS												
Net premiums	1,356	1,085	1,142	1,147	1,298	1,066	1,126	1,049	1,134	4,730	4,539	4,070
Segregated fund deposits	273	226	266	235	229	235	229	256	247	1,000	949	873
Retail mutual fund deposits (Sun Life Global Investments)	607	518	530	519	451	473	503	644	445	2,174	2,071	1,824
Total	2,236	1,829	1,938	1,901	1,978	1,774	1,858	1,949	1,826	7,904	7,559	6,767
SALES												
Individual Insurance - SLFD	49	40	46	35	50	42	46	39	59	170	177	192
Individual Insurance - Third-party	68	45	48	58	58	48	64	49	61	219	219	259
Total insurance sales	117	85	94	93	108	90	110	88	120	389	396	451
Individual Wealth - fixed products	301	203	232	259	354	309	311	306	272	995	1,280	1,077
Individual Wealth - mutual funds	1,256	1,032	993	1,081	887	927	953	1,260	940	4,362	4,027	3,923
Individual Wealth - segregated funds	272	228	266	234	231	233	233	252	258	1,000	949	884
Total wealth sales	1,829	1,463	1,491	1,574	1,472	1,469	1,497	1,818	1,470	6,357	6,256	5,884
Wealth Manufactured Sales <sup>(1)</sup>	1,173	941	1,020	1,000	1,027	1,005	1,035	1,186	958	4,134	4,253	3,721
Other wealth sales	656	522	471	574	445	464	462	632	512	2,223	2,003	2,163
Total wealth sales	1,829	1,463	1,491	1,574	1,472	1,469	1,497	1,818	1,470	6,357	6,256	5,884
SLFD - Career Advisor Network	3,259	3,388	3,470	3,567	3,608	3,635	3,677	3,751	3,856	3,259	3,608	3,856
ASSETS UNDER MANAGEMENT												
General funds	63,867	63,448	62,222	60,365	57,740	56,689	57,514	56,441	56,523	63,867	57,740	56,523
Segregated funds	12,108	11,895	11,865	11,810	11,179	12,129	12,173	12,074	12,423	12,108	11,179	12,423
Other AUM	6,173	5,875	5,703	5,497	4,854	5,046	4,960	4,748	3,902	6,173	4,854	3,902
Total assets under management	82,148	81,218	79,790	77,672	73,773	73,864	74,647	73,263	72,848	82,148	73,773	72,848
Mutual fund dealers' assets	22,545	21,683	21,389	21,072	19,733	21,027	20,891	20,496	20,535	22,545	19,733	20,535
Total assets under management and administration	104,693	102,901	101,179	98,744	93,506	94,891	95,538	93,759	93,383	104,693	93,506	93,383

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

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

(C\$ millions)	At and For the Quarter Ended								At and For the Year Ended			
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,517	1,515	1,537	1,533	1,465	1,457	1,446	1,445	1,374	6,102	5,813	5,426
Ceded premiums	(145)	(143)	(149)	(143)	(141)	(142)	(155)	(166)	(765)	(580)	(604)	(3,026)
Net premiums	1,372	1,372	1,388	1,390	1,324	1,315	1,291	1,279	609	5,522	5,209	2,400
Net investment income (loss)	35	116	202	273	113	40	100	111	193	626	364	481
Fee income	66	62	65	64	61	54	59	58	59	257	232	232
Total revenue	1,473	1,550	1,655	1,727	1,498	1,409	1,450	1,448	861	6,405	5,805	3,113
Policy benefits and expenses												
Gross claims & benefits paid	1,145	1,096	1,141	1,104	1,076	1,063	1,118	1,030	1,082	4,486	4,287	4,159
Change in investment/insurance contract liabilities & reinsurance assets	104	215	218	339	148	106	26	163	110	876	443	252
Operating expenses, commissions and other expenses	285	278	287	281	284	266	276	271	279	1,131	1,097	1,064
Reinsurance expenses (recoveries)	(113)	(97)	(99)	(93)	(86)	(91)	(109)	(104)	(711)	(402)	(390)	(2,791)
Total policy benefits and expenses	1,421	1,492	1,547	1,631	1,422	1,344	1,311	1,360	760	6,091	5,437	2,684
Income (loss) before income taxes	52	58	108	96	76	65	139	88	101	314	368	429
Income tax expense (benefit)	12	(1)	28	22	17	14	36	19	23	61	86	97
Common shareholders' reported net income (loss)	40	59	80	74	59	51	103	69	78	253	282	332
PREMIUMS & DEPOSITS												
Net premiums	1,372	1,372	1,388	1,390	1,324	1,315	1,291	1,279	609	5,522	5,209	2,400
ASO premium equivalents	1,356	1,332	1,301	1,290	1,254	1,247	1,243	1,243	1,244	5,279	4,987	4,937
Total	2,728	2,704	2,689	2,680	2,578	2,562	2,534	2,522	1,853	10,801	10,196	7,337
SALES	111	119	100	269	111	113	156	208	107	599	588	674
ASSETS UNDER MANAGEMENT												
General funds	14,486	14,596	14,476	14,396	14,170	13,917	13,794	13,640	14,156	14,486	14,170	14,156
SUPPLEMENTAL INFORMATION												
Business in-force	11,198	11,004	10,974	10,887	10,580	10,452	10,404	10,297	10,108	11,198	10,580	10,108

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

(C\$ millions)	At and For the Quarter Ended									At and For the Year Ended		
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,723	453	247	227	1,084	421	237	717	499	2,650	2,459	1,868
Ceded premiums	(75)	(77)	(77)	(78)	(78)	(80)	(81)	(82)	(82)	(307)	(321)	(336)
Net premiums	1,648	376	170	149	1,006	341	156	635	417	2,343	2,138	1,532
Net investment income (loss)	103	29	223	426	25	70	97	78	268	781	270	575
Fee income	132	130	127	121	120	124	120	121	120	510	485	459
Total revenue	1,883	535	520	696	1,151	535	373	834	805	3,634	2,893	2,566
Policy benefits and expenses												
Gross claims & benefits paid	449	425	458	433	446	470	445	412	465	1,765	1,773	1,641
Change in investment/insurance contract liabilities & reinsurance assets	1,289	(87)	(48)	214	575	(142)	(174)	293	267	1,368	552	609
Operating expenses, commissions and other expenses	109	99	107	107	104	100	103	104	107	422	411	405
Reinsurance expenses (recoveries)	(73)	(73)	(76)	(75)	(77)	(77)	(79)	(79)	(80)	(297)	(312)	(326)
Total policy benefits and expenses	1,774	364	441	679	1,048	351	295	730	759	3,258	2,424	2,329
Income (loss) before income taxes	109	171	79	17	103	184	78	104	46	376	469	237
Income tax expense (benefit)	21	39	8	(40)	39	43	24	31	(6)	28	137	21
Common shareholders' reported net income (loss)	88	132	71	57	64	141	54	73	52	348	332	216
PREMIUMS & DEPOSITS												
Net premiums	1,648	376	170	149	1,006	341	156	635	417	2,343	2,138	1,532
Segregated fund deposits	2,923	1,970	2,341	2,536	2,239	2,164	2,153	2,810	2,141	9,770	9,366	8,972
ASO deposit equivalents	267	294	311	342	351	304	380	290	319	1,214	1,325	1,310
Total	4,838	2,640	2,822	3,027	3,596	2,809	2,689	3,735	2,877	13,327	12,829	11,814
SALES												
Sales	3,322	1,947	1,114	608	2,653	1,425	965	1,344	956	6,991	6,387	6,567
Asset consolidation and rollovers	754	726	643	643	758	645	577	663	757	2,766	2,643	2,525
Total	4,076	2,673	1,757	1,251	3,411	2,070	1,542	2,007	1,713	9,757	9,030	9,092
ASSETS UNDER MANAGEMENT												
General funds	16,556	15,399	15,093	15,038	14,787	13,928	13,934	14,195	14,019	16,556	14,787	14,019
Segregated funds	86,650	83,362	82,058	80,122	74,706	78,634	78,229	75,689	75,394	86,650	74,706	75,394
Total assets under management	103,206	98,761	97,151	95,160	89,493	92,562	92,163	89,884	89,413	103,206	89,493	89,413
ASSETS UNDER MANAGEMENT AND ADMINISTRATION												
	112,116	107,707	106,028	103,887	97,675	101,541	101,048	98,332	98,223	112,116	97,675	98,223

U.S.

(C\$ millions)

## STATEMENTS OF OPERATIONS

At and For the Quarter Ended												
At and For the Year Ended												
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
<b>Revenue</b>												
Premiums - life insurance	408	389	401	407	420	404	404	405	431	1,605	1,633	1,736
Premiums - health insurance	1,071	1,059	1,055	1,047	967	955	925	920	875	4,232	3,767	3,570
Premiums - annuities	—	—	—	1	—	—	—	—	—	1	—	—
Gross premiums	1,479	1,448	1,456	1,455	1,387	1,359	1,329	1,325	1,306	5,838	5,400	5,306
Ceded premiums	(182)	(155)	(170)	(155)	(168)	(145)	(147)	(137)	(162)	(662)	(597)	(436)
Net premiums	1,297	1,293	1,286	1,300	1,219	1,214	1,182	1,188	1,144	5,176	4,803	4,870
Net investment income (loss)	80	898	932	892	404	159	25	(283)	433	2,802	305	1,864
Fee income	21	21	23	21	21	19	19	14	16	86	73	103
<b>Total revenue</b>	<b>1,398</b>	<b>2,212</b>	<b>2,241</b>	<b>2,213</b>	<b>1,644</b>	<b>1,392</b>	<b>1,226</b>	<b>919</b>	<b>1,593</b>	<b>8,064</b>	<b>5,181</b>	<b>6,837</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,435	1,521	1,309	1,243	1,229	1,178	1,199	1,246	1,156	5,508	4,852	4,820
Change in investment/insurance contract liabilities & reinsurance assets	(398)	746	585	571	54	313	(307)	(605)	553	1,504	(545)	1,596
Operating expenses, commissions and other expenses	416	380	411	414	395	392	384	387	401	1,621	1,558	1,629
Reinsurance expenses (recoveries)	(219)	(201)	(164)	(171)	(178)	(150)	(175)	(179)	(169)	(755)	(682)	(676)
Total policy benefits and expenses	1,234	2,446	2,141	2,057	1,500	1,733	1,101	849	1,941	7,878	5,183	7,369
<b>Income (loss) before income taxes</b>	<b>164</b>	<b>(234)</b>	<b>100</b>	<b>156</b>	<b>144</b>	<b>(341)</b>	<b>125</b>	<b>70</b>	<b>(348)</b>	<b>186</b>	<b>(2)</b>	<b>(532)</b>
Income tax expense (benefit)	33	(48)	11	32	26	(75)	20	10	(286)	28	(19)	(392)
Participating policyholders' net income (loss)	—	—	(5)	—	—	1	—	(36)	1	(5)	(35)	4
<b>Common shareholders' reported net income (loss)</b>	<b>131</b>	<b>(186)</b>	<b>94</b>	<b>124</b>	<b>118</b>	<b>(267)</b>	<b>105</b>	<b>96</b>	<b>(63)</b>	<b>163</b>	<b>52</b>	<b>(144)</b>
Market related impacts	—	(30)	(11)	(17)	5	(5)	(1)	(25)	(34)	(58)	(26)	(58)
Assumption changes and management actions	(3)	(287)	1	(2)	—	(393)	(4)	3	—	(291)	(394)	(280)
Acquisition, integration and restructuring	(3)	(4)	(6)	(7)	(8)	(8)	(15)	(11)	(10)	(20)	(42)	(68)
Other	—	—	—	—	—	—	—	—	(114)	—	—	(114)
<b>Common shareholders' underlying net income (loss)</b>	<b>137</b>	<b>135</b>	<b>110</b>	<b>150</b>	<b>121</b>	<b>139</b>	<b>125</b>	<b>129</b>	<b>95</b>	<b>532</b>	<b>514</b>	<b>376</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,297	1,293	1,286	1,300	1,219	1,214	1,182	1,188	1,144	5,176	4,803	4,870
<b>SALES</b>												
Group Benefits	813	184	225	160	844	172	155	136	627	1,382	1,307	1,106
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	34,711	35,924	34,588	34,286	34,584	32,566	32,831	32,575	32,259	34,711	34,584	32,259
Segregated funds	514	530	509	502	491	476	488	484	488	514	491	488
Other AUM	26	28	27	31	33	32	53	54	57	26	33	57
Total	35,251	36,482	35,124	34,819	35,108	33,074	33,372	33,113	32,804	35,251	35,108	32,804

U.S.

(US\$ millions)

STATEMENTS OF OPERATIONS

At and For the Quarter Ended												
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**U.S. - GROUP BENEFITS**

(US\$ millions)

**STATEMENTS OF OPERATIONS**

	At and For the Quarter Ended									At and For the Year Ended		
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
<b>Revenue</b>												
Gross premiums	992	980	965	967	914	914	899	914	885	3,904	3,641	3,533
Ceded premiums	(44)	(38)	(38)	(38)	(36)	(36)	(31)	(33)	(39)	(158)	(136)	(133)
Net premiums	948	942	927	929	878	878	868	881	846	3,746	3,505	3,400
Net investment income (loss)	49	84	84	103	37	42	19	(4)	51	320	94	256
Fee income	24	24	26	25	25	23	24	21	20	99	93	108
<b>Total revenue</b>	<b>1,021</b>	<b>1,050</b>	<b>1,037</b>	<b>1,057</b>	<b>940</b>	<b>943</b>	<b>911</b>	<b>898</b>	<b>917</b>	<b>4,165</b>	<b>3,692</b>	<b>3,764</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	695	880	717	653	706	671	642	696	669	2,945	2,715	2,667
Change in investment/insurance contract liabilities & reinsurance assets	(3)	(41)	20	41	(46)	(44)	(56)	(74)	(33)	17	(220)	(125)
Operating expenses, commissions and other expenses	283	278	285	289	279	281	276	288	283	1,135	1,124	1,157
Reinsurance expenses (recoveries)	(35)	(63)	(37)	(35)	(74)	(51)	(24)	(54)	(60)	(170)	(203)	(151)
Total policy benefits and expenses	940	1,054	985	948	865	857	838	856	859	3,927	3,416	3,548
<b>Income (loss) before income taxes</b>	<b>81</b>	<b>(4)</b>	<b>52</b>	<b>109</b>	<b>75</b>	<b>86</b>	<b>73</b>	<b>42</b>	<b>58</b>	<b>238</b>	<b>276</b>	<b>216</b>
Income tax expense (benefit)	17	—	11	23	16	18	16	9	28	51	59	76
<b>Common shareholders' reported net income (loss)</b>	<b>64</b>	<b>(4)</b>	<b>41</b>	<b>86</b>	<b>59</b>	<b>68</b>	<b>57</b>	<b>33</b>	<b>30</b>	<b>187</b>	<b>217</b>	<b>140</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	948	942	927	929	878	878	868	881	846	3,746	3,505	3,400
<b>ASSETS UNDER MANAGEMENT</b>												
General Funds	7,848	7,948	7,926	7,816	7,704	7,539	7,508	7,471	7,344	7,848	7,704	7,344
<b>SALES</b>												
Employee Benefits	191	72	62	63	217	85	58	71	163	388	431	370
Medical Stop-Loss	425	67	106	57	422	47	62	37	331	655	568	493
Total	616	139	168	120	639	132	120	108	494	1,043	999	863
<b>BUSINESS IN-FORCE</b>												
Employee Benefits	2,374	2,398	2,409	2,408	2,385	2,407	2,428	2,433	2,464	2,374	2,385	2,464
Medical Stop-Loss	1,912	1,845	1,826	1,739	1,631	1,490	1,499	1,445	1,404	1,912	1,631	1,404
Total	4,286	4,243	4,235	4,147	4,016	3,897	3,927	3,878	3,868	4,286	4,016	3,868
<b>AFTER-TAX PROFIT MARGIN <sup>(1)</sup></b>	<b>7.3%</b>	<b>7.2%</b>	<b>7.3%</b>	<b>7.9%</b>	<b>6.7%</b>	<b>6.4%</b>	<b>6.5%</b>	<b>5.6%</b>	<b>5.0%</b>	<b>7.3%</b>	<b>6.7%</b>	<b>5.0%</b>

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

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

(US\$ millions)

**STATEMENTS OF OPERATIONS**

CONSOLIDATED STATEMENTS OF OPERATIONS												
	2019				2018				2017			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
<b>Revenue</b>												
Gross premiums	129	117	123	128	135	127	130	135	143	497	527	556
Ceded premiums	(94)	(80)	(88)	(79)	(90)	(75)	(83)	(75)	(89)	(341)	(323)	(199)
Net premiums	35	37	35	49	45	52	47	60	54	156	204	357
Net investment income (loss)	12	595	612	566	262	79	(1)	(220)	291	1,785	120	1,171
Fee income	(8)	(8)	(9)	(9)	(9)	(9)	(9)	(10)	(7)	(34)	(37)	(28)
<b>Total revenue</b>	<b>39</b>	<b>624</b>	<b>638</b>	<b>606</b>	<b>298</b>	<b>122</b>	<b>37</b>	<b>(170)</b>	<b>338</b>	<b>1,907</b>	<b>287</b>	<b>1,500</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	392	273	262	282	224	231	287	290	242	1,209	1,032	1,041
Change in investment/insurance contract liabilities & reinsurance assets	(298)	603	417	387	81	284	(183)	(404)	467	1,109	(222)	1,354
Operating expenses, commissions and other expenses	32	11	22	22	20	19	21	18	31	87	78	96
Reinsurance expenses (recoveries)	(131)	(90)	(85)	(94)	(60)	(64)	(112)	(88)	(73)	(400)	(324)	(369)
Total policy benefits and expenses	(5)	797	616	597	265	470	13	(184)	667	2,005	564	2,122
<b>Income (loss) before income taxes</b>	<b>44</b>	<b>(173)</b>	<b>22</b>	<b>9</b>	<b>33</b>	<b>(348)</b>	<b>24</b>	<b>14</b>	<b>(329)</b>	<b>(98)</b>	<b>(277)</b>	<b>(622)</b>
Income tax expense (benefit)	9	(37)	(3)	2	3	(76)	—	(1)	(251)	(29)	(74)	(378)
Participating policyholders' net income (loss)	—	—	(4)	—	—	1	—	(28)	1	(4)	(27)	3
<b>Common shareholders' reported net income (loss)</b>	<b>35</b>	<b>(136)</b>	<b>29</b>	<b>7</b>	<b>30</b>	<b>(273)</b>	<b>24</b>	<b>43</b>	<b>(79)</b>	<b>(65)</b>	<b>(176)</b>	<b>(247)</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	35	37	35	49	45	52	47	60	54	156	204	357
<b>ACCOUNT VALUE</b>												
Individual insurance - domestic	4,350	4,388	4,419	4,446	4,475	4,482	4,498	4,511	4,538	4,350	4,475	4,538
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	18,882	19,188	18,498	17,878	17,656	17,698	17,496	17,779	18,305	18,882	17,656	18,305
Segregated funds	396	400	388	376	360	369	372	375	388	396	360	388
Other AUM	20	21	21	23	24	24	40	42	45	20	24	45
<b>Total</b>	<b>19,298</b>	<b>19,609</b>	<b>18,907</b>	<b>18,277</b>	<b>18,040</b>	<b>18,091</b>	<b>17,908</b>	<b>18,196</b>	<b>18,738</b>	<b>19,298</b>	<b>18,040</b>	<b>18,738</b>

**ASSET MANAGEMENT**

(C\$ millions)

**FINANCIAL SUMMARY**

	At and For the Quarter Ended									At and For the Year Ended		
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
<b>Revenue</b>												
Net investment income (loss)	16	20	19	28	3	9	(1)	2	10	83	13	45
Fee income	1,158	1,099	1,062	990	1,000	1,041	1,022	1,048	1,044	4,309	4,111	4,037
<b>Total revenue</b>	<b>1,174</b>	<b>1,119</b>	<b>1,081</b>	<b>1,018</b>	<b>1,003</b>	<b>1,050</b>	<b>1,021</b>	<b>1,050</b>	<b>1,054</b>	<b>4,392</b>	<b>4,124</b>	<b>4,082</b>
<b>Expenses</b>	874	824	790	741	690	731	739	771	771	3,229	2,931	2,976
<b>Income (loss) before income taxes</b>	<b>300</b>	<b>295</b>	<b>291</b>	<b>277</b>	<b>313</b>	<b>319</b>	<b>282</b>	<b>279</b>	<b>283</b>	<b>1,163</b>	<b>1,193</b>	<b>1,106</b>
Income tax expense (benefit)	69	73	62	58	69	78	68	69	169	262	284	453
Non-controlling interest	3	1	—	—	—	—	—	—	—	4	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>228</b>	<b>221</b>	<b>229</b>	<b>219</b>	<b>244</b>	<b>241</b>	<b>214</b>	<b>210</b>	<b>114</b>	<b>897</b>	<b>909</b>	<b>653</b>
Fair value adjustments on share-based payment awards at MFS	(37)	(8)	(11)	(8)	28	(10)	(2)	(21)	(34)	(64)	(5)	(81)
Acquisition, integration and restructuring	(16)	(22)	(5)	—	(11)	—	—	—	—	(43)	(11)	—
Other	—	—	—	—	—	—	—	—	(78)	—	—	(78)
<b>Common shareholders' underlying net income (loss)</b>	<b>281</b>	<b>251</b>	<b>245</b>	<b>227</b>	<b>227</b>	<b>251</b>	<b>216</b>	<b>231</b>	<b>226</b>	<b>1,004</b>	<b>925</b>	<b>812</b>
<b>Common shareholders' underlying net income (loss)</b>												
MFS	266	248	236	223	221	242	213	222	220	973	898	788
SLC Management (formerly SLIM)	15	3	9	4	6	9	3	9	6	31	27	24
<b>Total</b>	<b>281</b>	<b>251</b>	<b>245</b>	<b>227</b>	<b>227</b>	<b>251</b>	<b>216</b>	<b>231</b>	<b>226</b>	<b>1,004</b>	<b>925</b>	<b>812</b>
<b>GROSS SALES</b>												
MFS	34,033	31,674	30,267	28,990	27,877	22,792	24,061	29,561	25,584	124,964	104,291	106,514
SLC Management	2,814	2,768	1,662	2,297	1,546	1,573	1,202	2,703	2,930	9,541	7,024	10,768
<b>Total</b>	<b>36,847</b>	<b>34,442</b>	<b>31,929</b>	<b>31,287</b>	<b>29,423</b>	<b>24,365</b>	<b>25,263</b>	<b>32,264</b>	<b>28,514</b>	<b>134,505</b>	<b>111,315</b>	<b>117,282</b>
<b>NET SALES</b>												
MFS	(1,522)	1,730	(8,116)	(7,804)	(8,737)	(9,506)	(14,882)	(5,392)	(5,042)	(15,712)	(38,517)	(28,479)
SLC Management	585	1,486	225	1,256	192	521	179	335	1,587	3,552	1,227	6,073
<b>Total</b>	<b>(937)</b>	<b>3,216</b>	<b>(7,891)</b>	<b>(6,548)</b>	<b>(8,545)</b>	<b>(8,985)</b>	<b>(14,703)</b>	<b>(5,057)</b>	<b>(3,455)</b>	<b>(12,160)</b>	<b>(37,290)</b>	<b>(22,406)</b>
<b>ASSETS UNDER MANAGEMENT</b>												
MFS	684,845	655,533	639,900	631,097	584,172	625,890	622,511	621,540	618,292	684,845	584,172	618,292
SLC Management	83,972	83,238	68,170	67,267	65,538	61,312	61,514	60,118	59,319	83,972	65,538	59,319
<b>Total</b>	<b>768,817</b>	<b>738,771</b>	<b>708,070</b>	<b>698,364</b>	<b>649,710</b>	<b>687,202</b>	<b>684,025</b>	<b>681,658</b>	<b>677,611</b>	<b>768,817</b>	<b>649,710</b>	<b>677,611</b>

**MFS**

(US\$ millions), unless otherwise noted

**STATEMENTS OF OPERATIONS**

STATEMENT OF OPERATIONS												
Revenue												
Net investment income (loss)	11	12	14	20	1	7	(1)	1	8	57	8	35
Fee income	778	744	723	681	692	734	729	747	764	2,926	2,902	2,907
<b>Total revenue</b>	<b>789</b>	<b>756</b>	<b>737</b>	<b>701</b>	<b>693</b>	<b>741</b>	<b>728</b>	<b>748</b>	<b>772</b>	<b>2,983</b>	<b>2,910</b>	<b>2,942</b>
Expenses												
	562	519	523	495	452	505	511	535	556	2,099	2,003	2,112
<b>Income (loss) before income taxes</b>	<b>227</b>	<b>237</b>	<b>214</b>	<b>206</b>	<b>241</b>	<b>236</b>	<b>217</b>	<b>213</b>	<b>216</b>	<b>884</b>	<b>907</b>	<b>830</b>
Income tax expense (benefit)	54	55	46	44	52	58	54	54	144	199	218	359
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>173</b>	<b>182</b>	<b>168</b>	<b>162</b>	<b>189</b>	<b>178</b>	<b>163</b>	<b>159</b>	<b>72</b>	<b>685</b>	<b>689</b>	<b>471</b>
Fair value adjustments on share-based payment awards at MFS	(28)	(6)	(8)	(6)	22	(8)	(1)	(17)	(27)	(48)	(4)	(64)
Other	—	—	—	—	—	—	—	—	(75)	—	—	(75)
<b>Common shareholders' underlying net income (loss)</b>	<b>201</b>	<b>188</b>	<b>176</b>	<b>168</b>	<b>167</b>	<b>186</b>	<b>164</b>	<b>176</b>	<b>174</b>	<b>733</b>	<b>693</b>	<b>610</b>

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

Opening 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
Sales	19,183	17,485	16,562	16,479	15,522	13,053	13,225	16,211	14,118	69,709	58,011	57,801
Redemptions	(14,037)	(13,825)	(14,606)	(15,769)	(18,512)	(14,925)	(15,298)	(16,567)	(13,644)	(58,237)	(65,302)	(58,745)
Market movement	16,917	2,965	11,240	25,852	(24,998)	8,957	1,790	(2,132)	10,028	56,974	(16,383)	39,353
Closing AUM	<b>295,003</b>	<b>272,940</b>	<b>266,315</b>	<b>253,119</b>	<b>226,557</b>	<b>254,545</b>	<b>247,460</b>	<b>247,743</b>	<b>250,231</b>	<b>295,003</b>	<b>226,557</b>	<b>250,231</b>

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

Opening 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
Sales	6,605	6,511	6,068	5,333	5,576	4,393	5,421	7,182	6,028	24,517	22,572	24,281
Redemptions	(12,903)	(8,861)	(14,092)	(11,915)	(9,198)	(9,797)	(14,881)	(11,093)	(10,473)	(47,771)	(44,969)	(45,095)
Market movement	16,454	2,032	10,730	24,591	(25,052)	9,241	1,706	(3,056)	11,338	53,807	(17,161)	48,401
Closing AUM	<b>232,369</b>	<b>222,213</b>	<b>222,531</b>	<b>219,825</b>	<b>201,816</b>	<b>230,490</b>	<b>226,653</b>	<b>234,407</b>	<b>241,374</b>	<b>232,369</b>	<b>201,816</b>	<b>241,374</b>

**SUPPLEMENTAL INFORMATION**

Pre-tax net operating profit margin ratio	40 %	40 %	37 %	38 %	38 %	40 %	36 %	38 %	40 %	39 %	38 %	38 %
Pre-tax gross operating profit margin ratio	35 %	34 %	32 %	32 %	33 %	35 %	31 %	32 %	34 %	33 %	33 %	32 %
Total assets under management	527,372	495,153	488,846	472,944	428,373	485,035	474,113	482,150	491,605	527,372	428,373	491,605
Average net assets	507,155	491,252	480,199	456,690	451,578	482,878	480,906	495,042	482,553	483,983	477,496	460,512
Total gross sales	25,788	23,996	22,630	21,812	21,098	17,446	18,646	23,393	20,146	94,226	80,583	82,082
Total net sales	(1,152)	1,310	(6,068)	(5,872)	(6,612)	(7,276)	(11,533)	(4,267)	(3,971)	(11,782)	(29,688)	(21,758)
Liability for share-based compensation <sup>(1)</sup>	496	478	482	505	496	518	516	566	562	496	496	562
Diluted EPS impact - liability for share-based compensation <sup>(2)</sup>	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.00	\$0.04	\$0.03	\$0.01
U.S. GAAP net income	212	198	188	177	176	195	176	188	113	775	735	569
Dividends paid to SLF	177	165	138	131	128	144	126	134	123	611	532	452

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

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

**ASIA**  
(C\$ millions)

**STATEMENTS OF OPERATIONS**

At and For the Quarter Ended												
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<sup>(1)</sup> Includes the sales in the Company's joint ventures and associates with local partners in Asia based on our proportionate equity interest.

<sup>(2)</sup> Includes Hong Kong wealth sales, Philippines mutual and managed fund sales, China individual wealth and India group wealth sales, and Aditya Birla Sun Life AMC Limited's equity and fixed income mutual funds sales based on our proportionate equity interest.

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

<sup>(4)</sup> Quarterly sales in constant currency are relative to Q4 2018 foreign exchange rates for each of the quarters.

**ASIA - INSURANCE AND WEALTH**  
(C\$ millions)

**STATEMENTS OF OPERATIONS**

Revenue												
Gross premiums	719	567	443	370	492	341	387	305	399	2,099	1,525	1,426
Ceded premiums	(58)	(46)	(46)	(45)	(61)	(49)	(47)	(48)	(62)	(195)	(205)	(210)
Net premiums	661	521	397	325	431	292	340	257	337	1,904	1,320	1,216
Net investment income (loss)	200	460	581	797	154	(11)	(71)	(241)	215	2,038	(169)	1,144
Fee income	121	115	113	107	100	105	105	104	102	456	414	394
Total revenue	982	1,096	1,091	1,229	685	386	374	120	654	4,398	1,565	2,754
Policy benefits and expenses												
Gross claims & benefits paid	276	214	211	189	213	213	176	200	220	890	802	771
Change in investment/insurance contract liabilities & reinsurance assets	216	400	490	700	90	(144)	(139)	(372)	110	1,806	(565)	855
Operating expenses, commissions and other expenses	393	298	285	259	307	249	266	221	271	1,235	1,043	905
Reinsurance expenses (recoveries)	(46)	(38)	(33)	(35)	(42)	(39)	(34)	(36)	(48)	(152)	(151)	(182)
Total policy benefits and expenses	839	874	953	1,113	568	279	269	13	553	3,779	1,129	2,349
Income (loss) before income taxes												
Income tax expense (benefit)	143	222	138	116	117	107	105	107	101	619	436	405
Income tax expense (benefit)	14	11	14	14	11	13	17	2	9	53	43	51
Participating policyholders' net income (loss) and non-controlling interest	38	14	7	1	5	5	2	—	9	60	12	28
Common shareholders' reported net income (loss)	91	197	117	101	101	89	86	105	83	506	381	326
PREMIUMS & DEPOSITS												
Net premiums	661	521	397	325	431	292	340	257	337	1,904	1,320	1,216
Segregated fund deposits	303	293	248	271	275	274	300	310	273	1,115	1,159	933
Mutual fund sales	1,253	1,694	1,022	1,243	1,175	1,220	1,696	2,926	2,955	5,212	7,017	10,631
Managed fund sales	817	838	761	591	715	650	770	567	585	3,007	2,702	1,871
ASO deposits (pension administration)	92	73	69	75	68	142	144	142	146	309	496	686
Total	3,126	3,419	2,497	2,505	2,664	2,578	3,250	4,202	4,296	11,547	12,694	15,337
ASSETS UNDER MANAGEMENT <sup>(1)</sup>												
General funds	18,728	18,434	17,386	16,959	16,285	15,096	15,502	15,560	15,594	18,728	16,285	15,594
Segregated funds	6,150	5,989	6,022	5,953	5,617	5,204	5,295	5,371	5,393	6,150	5,617	5,393
Other AUM	49,827	48,207	47,634	47,772	45,919	41,887	45,574	44,203	43,701	49,827	45,919	43,701
Total	74,705	72,630	71,042	70,684	67,821	62,187	66,371	65,134	64,688	74,705	67,821	64,688
ASSETS UNDER MANAGEMENT AND ADMINISTRATION <sup>(1)</sup>												
	79,256	78,075	76,885	76,868	74,409	69,142	77,305	77,769	77,831	79,256	74,409	77,831
SALES - Proportionate ownership <sup>(2)</sup>												
Individual life insurance												
Philippines	87	69	59	56	67	54	51	49	59	271	221	179
Hong Kong	119	90	75	46	73	42	57	37	57	330	209	180
Indonesia	23	20	14	23	18	15	15	19	20	80	67	74
India	45	38	30	65	43	34	23	45	26	178	145	105
China	26	31	19	35	13	12	19	34	20	111	78	67
Vietnam	6	5	4	5	5	4	3	4	4	20	16	12
Malaysia	15	13	15	16	13	13	12	12	11	59	50	44
Total life insurance sales	321	266	216	246	232	174	180	200	197	1,049	786	661
Total group life & health insurance sales	9	7	8	8	6	7	6	11	6	32	30	26
Total wealth sales <sup>(3)</sup>	2,120	2,573	1,799	1,881	1,935	1,928	2,502	3,736	3,603	8,373	10,101	13,056

<sup>(1)</sup> This includes the general fund assets and segregated fund assets of our insurance businesses, Aditya Birla Sun Life AMC Limited AUM, Sun Life Everbright Asset Management AUM, Hong Kong wealth assets and Philippines mutual and managed funds based on our proportionate equity interest.

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

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

**ASIA - INTERNATIONAL**

(C\$ millions)

**STATEMENTS OF OPERATIONS**

At and For the Quarter Ended												
At and For the Year Ended												
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
<b>Revenue</b>												
Gross premiums	287	133	75	36	116	123	199	216	416	531	654	1,101
Ceded premiums	(8)	(8)	(6)	(5)	(8)	(8)	(5)	(6)	(6)	(27)	(27)	(16)
Net premiums	279	125	69	31	108	115	194	210	410	504	627	1,085
Net investment income (loss)	108	228	274	217	168	83	37	(43)	100	827	245	578
Fee income	17	19	20	19	21	25	25	29	31	75	100	130
<b>Total revenue</b>	<b>404</b>	<b>372</b>	<b>363</b>	<b>267</b>	<b>297</b>	<b>223</b>	<b>256</b>	<b>196</b>	<b>541</b>	<b>1,406</b>	<b>972</b>	<b>1,793</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	208	124	222	168	113	89	80	108	45	722	390	290
Change in investment/insurance contract liabilities & reinsurance assets	94	220	84	110	114	9	72	14	365	508	209	783
Operating expenses, commissions and other expenses	64	53	40	32	47	48	56	53	86	189	204	260
Reinsurance expenses (recoveries)	(4)	(1)	—	(21)	(4)	1	(1)	(9)	(1)	(26)	(13)	(3)
Total policy benefits and expenses	362	396	346	289	270	147	207	166	495	1,393	790	1,330
<b>Income (loss) before income taxes</b>	<b>42</b>	<b>(24)</b>	<b>17</b>	<b>(22)</b>	<b>27</b>	<b>76</b>	<b>49</b>	<b>30</b>	<b>46</b>	<b>13</b>	<b>182</b>	<b>463</b>
Income tax expense (benefit)	(2)	2	(1)	(1)	3	1	2	2	8	(2)	8	11
Participating policyholders' net income (loss)	(1)	1	1	—	—	—	—	—	—	1	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>45</b>	<b>(27)</b>	<b>17</b>	<b>(21)</b>	<b>24</b>	<b>75</b>	<b>47</b>	<b>28</b>	<b>38</b>	<b>14</b>	<b>174</b>	<b>452</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	279	125	69	31	108	115	194	210	410	504	627	1,085
<b>SALES</b>												
Individual insurance	31	24	14	4	13	21	26	22	49	73	82	124
<b>ACCOUNT VALUE</b>												
Individual insurance	11,405	11,687	11,567	11,913	12,223	11,507	11,616	11,235	10,802	11,405	12,223	10,802
Investment products	2,709	2,852	3,037	3,209	3,255	3,599	3,947	4,134	4,403	2,709	3,255	4,403
Total	14,114	14,539	14,604	15,122	15,478	15,106	15,563	15,369	15,205	14,114	15,478	15,205
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	12,557	13,147	12,809	12,874	12,570	12,095	12,180	11,905	11,640	12,557	12,570	11,640
Segregated funds	525	534	553	564	556	614	652	676	708	525	556	708
Other AUM	2,166	2,302	2,467	2,628	2,679	2,966	3,268	3,430	3,666	2,166	2,679	3,666
Total	15,248	15,983	15,829	16,066	15,805	15,675	16,100	16,011	16,014	15,248	15,805	16,014

**CORPORATE**

(C\$ millions)

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

STATEMENTS OF OPERATIONS													
Revenue	Premiums - life insurance	22	23	22	23	24	24	23	23	25	90	94	94
	Premiums - health insurance	4	4	4	4	4	4	2	4	3	16	14	14
	Premiums - annuities	5	5	7	6	(95)	5	6	5	4	23	(79)	24
	Gross premiums	31	32	33	33	(67)	33	31	32	32	129	29	132
	Ceded premiums	(5)	(5)	(5)	(5)	(6)	(7)	(5)	(5)	(5)	(20)	(23)	(24)
	Net premiums	26	27	28	28	(73)	26	26	27	27	109	6	108
	Net investment income (loss)	(159)	455	222	398	82	(58)	64	(35)	232	916	53	447
	Fee income	(1)	3	1	2	8	5	4	11	12	5	28	46
	<b>Total revenue</b>	<b>(134)</b>	<b>485</b>	<b>251</b>	<b>428</b>	<b>17</b>	<b>(27)</b>	<b>94</b>	<b>3</b>	<b>271</b>	<b>1,030</b>	<b>87</b>	<b>601</b>
Policy benefits and expenses	Gross claims & benefits paid	156	140	165	137	154	138	157	165	100	598	614	557
	Change in investment/insurance contract liabilities & reinsurance assets	(338)	19	19	199	(213)	(331)	(138)	(241)	68	(101)	(923)	(304)
	Operating expenses, commissions and other expenses	148	72	71	88	79	64	69	90	138	379	302	329
	Reinsurance expenses (recoveries)	(7)	(9)	(10)	—	(12)	(7)	(8)	(10)	39	(26)	(37)	45
	Total policy benefits and expenses	(41)	222	245	424	8	(136)	80	4	345	850	(44)	627
	<b>Income (loss) before income taxes</b>	<b>(93)</b>	<b>263</b>	<b>6</b>	<b>4</b>	<b>9</b>	<b>109</b>	<b>14</b>	<b>(1)</b>	<b>(74)</b>	<b>180</b>	<b>131</b>	<b>(26)</b>
	Income tax expense (benefit)	(66)	(13)	(8)	17	(11)	(9)	(1)	(6)	40	(70)	(27)	(18)
	Preferred shareholder dividends	24	23	24	24	23	24	23	24	23	95	94	93
	<b>Common shareholders' reported net income (loss)</b>	<b>(51)</b>	<b>253</b>	<b>(10)</b>	<b>(37)</b>	<b>(3)</b>	<b>94</b>	<b>(8)</b>	<b>(19)</b>	<b>(137)</b>	<b>155</b>	<b>64</b>	<b>(101)</b>
	Market related impacts	7	—	—	(9)	(2)	(4)	(6)	(3)	—	(2)	(15)	5
	Assumption changes and management actions	—	236	(2)	(9)	18	122	—	—	(10)	225	140	55
	Acquisition, integration and restructuring	(25)	—	(2)	—	(4)	(3)	—	(3)	(50)	(27)	(10)	(55)
	Other	—	—	—	—	—	—	—	—	(54)	—	—	(54)
	<b>Common shareholders' underlying net income (loss)</b>	<b>(33)</b>	<b>17</b>	<b>(6)</b>	<b>(19)</b>	<b>(15)</b>	<b>(21)</b>	<b>(2)</b>	<b>(13)</b>	<b>(23)</b>	<b>(41)</b>	<b>(51)</b>	<b>(52)</b>
PREMIUMS & DEPOSITS													
	Net premiums	26	27	28	28	(73)	26	26	27	27	109	6	108
	Segregated fund deposits	18	16	17	22	20	19	21	19	19	73	79	80
	<b>Total</b>	<b>44</b>	<b>43</b>	<b>45</b>	<b>50</b>	<b>(53)</b>	<b>45</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>182</b>	<b>85</b>	<b>188</b>
ASSETS UNDER MANAGEMENT													
	General funds	13,658	13,768	13,431	14,101	14,162	14,052	14,965	15,179	14,414	13,658	14,162	14,414
	Segregated funds	11,026	10,496	10,677	11,060	10,513	11,241	11,855	11,927	11,986	11,026	10,513	11,986
	Other AUM <sup>(2)</sup>	(24,864)	(25,263)	(25,134)	(25,266)	(23,879)	(24,351)	(25,161)	(24,887)	(23,264)	(24,864)	(23,879)	(23,264)
	<b>Total</b>	<b>(180)</b>	<b>(999)</b>	<b>(1,026)</b>	<b>(105)</b>	<b>796</b>	<b>942</b>	<b>1,659</b>	<b>2,219</b>	<b>3,136</b>	<b>(180)</b>	<b>796</b>	<b>3,136</b>

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

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



**CORPORATE**

(C\$ millions)

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

At and For the Quarter Ended												
	2019				2018				2017	2016		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
<b>Revenue</b>												
Gross premiums	18	17	20	20	20	18	20	20	18	75	78	81
Ceded premiums	(4)	(4)	(5)	(3)	(4)	(5)	(4)	(4)	(4)	(16)	(17)	(17)
Net premiums	14	13	15	17	16	13	16	16	14	59	61	64
Net investment income (loss)	(172)	389	162	347	29	(63)	40	(48)	213	726	(42)	395
Fee income	32	29	29	27	30	28	34	31	31	117	123	118
<b>Total revenue</b>	<b>(126)</b>	<b>431</b>	<b>206</b>	<b>391</b>	<b>75</b>	<b>(22)</b>	<b>90</b>	<b>(1)</b>	<b>258</b>	<b>902</b>	<b>142</b>	<b>577</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	127	121	135	123	132	123	134	142	129	506	531	539
Change in investment/insurance contract liabilities & reinsurance assets	(310)	(2)	5	198	(117)	(304)	(117)	(210)	89	(109)	(748)	(249)
Operating expenses, commissions and other expenses	31	26	26	30	38	32	29	26	29	113	125	103
Reinsurance expenses (recoveries)	(3)	(5)	(4)	(3)	(4)	(3)	(1)	(5)	(4)	(15)	(13)	(13)
Total policy benefits and expenses	(155)	140	162	348	49	(152)	45	(47)	243	495	(105)	380
<b>Income (loss) before income taxes</b>	<b>29</b>	<b>291</b>	<b>44</b>	<b>43</b>	<b>26</b>	<b>130</b>	<b>45</b>	<b>46</b>	<b>15</b>	<b>407</b>	<b>247</b>	<b>197</b>
Income tax expense (benefit)	(3)	12	5	14	(5)	(4)	8	(2)	9	28	(3)	16
<b>Common shareholders' reported net income (loss)</b>	<b>32</b>	<b>279</b>	<b>39</b>	<b>29</b>	<b>31</b>	<b>134</b>	<b>37</b>	<b>48</b>	<b>6</b>	<b>379</b>	<b>250</b>	<b>181</b>

**STATEMENTS OF OPERATIONS - Corporate Support <sup>(1)</sup>**

<b>Revenue</b>												
Gross premiums	13	15	13	13	(87)	15	11	12	14	54	(49)	51
Ceded premiums	(1)	(1)	—	(2)	(2)	(2)	(1)	(1)	(1)	(4)	(6)	(7)
Net premiums	12	14	13	11	(89)	13	10	11	13	50	(55)	44
Net investment income (loss)	13	66	60	51	53	5	24	13	19	190	95	52
Fee income	(33)	(26)	(28)	(25)	(22)	(23)	(30)	(20)	(19)	(112)	(95)	(72)
<b>Total revenue</b>	<b>(8)</b>	<b>54</b>	<b>45</b>	<b>37</b>	<b>(58)</b>	<b>(5)</b>	<b>4</b>	<b>4</b>	<b>13</b>	<b>128</b>	<b>(55)</b>	<b>24</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	29	19	30	14	22	15	23	23	(29)	92	83	18
Change in investment/insurance contract liabilities & reinsurance assets	(28)	21	14	1	(96)	(27)	(21)	(31)	(21)	8	(175)	(55)
Operating expenses, commissions and other expenses	117	46	45	58	41	32	40	64	109	266	177	226
Reinsurance expenses (recoveries)	(4)	(4)	(6)	3	(8)	(4)	(7)	(5)	43	(11)	(24)	58
Total policy benefits and expenses	114	82	83	76	(41)	16	35	51	102	355	61	247
<b>Income (loss) before income taxes</b>	<b>(122)</b>	<b>(28)</b>	<b>(38)</b>	<b>(39)</b>	<b>(17)</b>	<b>(21)</b>	<b>(31)</b>	<b>(47)</b>	<b>(89)</b>	<b>(227)</b>	<b>(116)</b>	<b>(223)</b>
Income tax expense (benefit)	(63)	(25)	(13)	3	(6)	(5)	(9)	(4)	31	(98)	(24)	(34)
Preferred shareholder dividends	24	23	24	24	23	24	23	24	23	95	94	93
<b>Common shareholders' reported net income (loss)</b>	<b>(83)</b>	<b>(26)</b>	<b>(49)</b>	<b>(66)</b>	<b>(34)</b>	<b>(40)</b>	<b>(45)</b>	<b>(67)</b>	<b>(143)</b>	<b>(224)</b>	<b>(186)</b>	<b>(282)</b>

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

**INVESTMENTS**
**DEBT & EQUITY SECURITIES**
**DEBT SECURITIES**
**Debt Securities by Sector**

Debt Securities Issued or Guaranteed By:

	As at December 31, 2019				As at September 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
Canadian Federal Government	3,890	2,556	6,446	100 %	3,795	2,170	5,965	100 %	3,830	1,746	5,576	100 %
Canadian Provincial and Municipal Government	13,826	1,139	14,965	100 %	14,135	1,191	15,326	100 %	11,866	1,199	13,065	100 %
U.S. Government and Other U.S. Agency	1,748	1,363	3,111	100 %	1,659	1,476	3,135	100 %	1,380	1,527	2,907	100 %
Other Government	5,181	736	5,917	97 %	5,240	735	5,975	97 %	4,929	717	5,646	97 %
Total Government issued or guaranteed debt securities	24,645	5,794	30,439	99 %	24,829	5,572	30,401	99 %	22,005	5,189	27,194	99 %

Corporate Debt Securities by Industry Sector:

Financials	9,341	1,585	10,926	99 %	9,270	1,690	10,960	99 %	8,390	1,470	9,860	99 %
Utilities	6,693	565	7,258	99 %	6,872	645	7,517	99 %	6,353	528	6,881	99 %
Consumer discretionary	1,268	219	1,487	94 %	1,356	275	1,631	94 %	1,372	209	1,581	95 %
Industrials	4,800	629	5,429	99 %	4,627	682	5,309	99 %	4,053	590	4,643	99 %
Consumer staples	1,703	221	1,924	99 %	1,746	268	2,014	99 %	1,625	257	1,882	95 %
Communication Services	3,075	471	3,546	99 %	3,077	538	3,615	99 %	2,826	481	3,307	99 %
Energy	3,867	365	4,232	98 %	3,834	410	4,244	98 %	3,628	340	3,968	98 %
Real Estate	2,595	368	2,963	99 %	2,722	401	3,123	99 %	2,640	376	3,016	99 %
Materials	1,331	212	1,543	92 %	1,319	291	1,610	93 %	1,225	256	1,481	93 %
Health Care	1,886	236	2,122	99 %	1,827	315	2,142	99 %	1,734	299	2,033	99 %
Information Technology	1,122	213	1,335	99 %	1,175	252	1,427	99 %	1,024	207	1,231	99 %
Total Corporate debt securities	37,681	5,084	42,765	99 %	37,825	5,767	43,592	99 %	34,870	5,013	39,883	99 %

Asset Backed Securities

Government and agency	2,287	552	2,839	100 %	2,295	725	3,020	100 %	1,976	577	2,553	100 %
Other	3,281	2,282	5,563	99 %	2,795	2,359	5,154	99 %	2,551	2,262	4,813	96 %
Total asset backed securities	5,568	2,834	8,402	99 %	5,090	3,084	8,174	99 %	4,527	2,839	7,366	98 %

Total debt securities

	67,894	13,712	81,606	99 %	67,744	14,423	82,167	99 %	61,402	13,041	74,443	99 %
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**Debt Securities by Investment Rating**

AAA	11,097	6,630	17,727		10,497	6,607	17,104		9,728	5,919	15,647	
AA	10,503	1,670	12,173		10,582	1,769	12,351		14,208	2,044	16,252	
A	27,341	3,037	30,378		27,504	3,395	30,899		19,089	2,447	21,536	
BBB	18,339	2,248	20,587		18,543	2,527	21,070		17,646	2,483	20,129	
BB and lower	614	127	741		618	125	743		731	148	879	
Total debt securities	67,894	13,712	81,606		67,744	14,423	82,167		61,402	13,041	74,443	

**EQUITY SECURITIES**
**Stocks**

Canada	2,813	22	2,835		3,062	22	3,084		2,651	15	2,666	
United States	550	137	687		478	242	720		508	388	896	
United Kingdom	132	5	137		123	5	128		121	5	126	
Other	979	149	1,128		842	151	993		734	212	946	
Total equity securities	4,474	313	4,787		4,505	420	4,925		4,014	620	4,634	

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

	As at December 31, 2019			As at September 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
Canada	5,854	47	5,901	5,858	48	5,906	5,426	50	5,476
United States	1,386	100	1,486	1,415	99	1,514	1,652	96	1,748
United Kingdom	66	—	66	62	—	62	79	—	79
Other	—	32	32	—	32	32	—	37	37
Total properties	7,306	179	7,485	7,335	179	7,514	7,157	183	7,340

**MORTGAGES & LOANS**

	As at December 31, 2019			As at September 30, 2019			As at December 31, 2018		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
Retail	—	3,902	3,902	—	4,140	4,140	—	4,202	4,202
Office	—	3,922	3,922	—	3,877	3,877	—	4,228	4,228
Multi-family residential	3,613	2,078	5,691	3,570	2,069	5,639	3,196	2,179	5,375
Industrial and land	—	1,898	1,898	—	1,950	1,950	—	1,906	1,906
Other	353	459	812	357	442	799	341	381	722
Total Mortgages	3,966	12,259	16,225	3,927	12,478	16,405	3,537	12,896	16,433
Corporate Loans			31,997			31,720			30,389
Total mortgages & loans			48,222			48,125			46,822

**Mortgage and Loans - Impairments/Allowances**

	Impaired Loans Gross Carrying Value			Impaired Loans Gross Carrying Value			Impaired Loans Gross Carrying Value		
	Allowances for Losses			Allowances for Losses			Allowances for Losses		
	Specific	Sectoral		Specific	Sectoral		Specific	Sectoral	
Mortgages	147	50	20	105	35	20	31	4	21
Loans	133	47	—	99	65	—	93	50	—
Total mortgage and loan impairments/allowances	280	97	20	204	100	20	124	54	21

**DERIVATIVES**

	As at December 31, 2019		As at September 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	30,151	681	32,219	1,200	34,144	482
Foreign exchange contracts	26,382	(1,274)	25,752	(1,456)	20,737	(1,690)
Equity and other contracts	5,598	101	4,368	97	4,317	25
Total derivatives	62,131	(492)	62,339	(159)	59,198	(1,183)
Over the counter	56,490	(498)	56,853	(170)	52,966	(1,199)
Exchange traded	5,641	6	5,486	11	6,232	16
Total	62,131	(492)	62,339	(159)	59,198	(1,183)

**CONSOLIDATED SOURCES OF EARNINGS**
**(\$ millions)**

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

**CONSOLIDATED SOURCES OF EARNINGS**
**(\$ millions)**

For the Quarter ended - Q4 2018								
Canadian Dollars							U.S. Dollars	
	Canada	U.S.	Asset Management	Asia	Corporate	Total Company	U.S.	MFS
Expected profit on in-force business	226	122	307	117	(28)	744	95	227
Impact of new business	42	—	—	(25)	—	17	—	—
Experience gains (losses)	(127)	13	—	(5)	(23)	(142)	7	—
Assumption changes and management actions	(19)	1	—	9	22	13	—	—
Other <sup>(1)</sup>	(1)	(10)	6	(2)	(5)	(12)	(8)	14
Earnings (loss) on operations (pre-tax)	121	126	313	94	(34)	620	94	241
Earnings on surplus	3	18	—	44	46	111	14	—
Earnings (loss) before income taxes	124	144	313	138	12	731	108	241
Income tax (expense) benefit	(28)	(26)	(69)	(13)	8	(128)	(19)	(52)
Earnings (loss) before preferred share dividends	96	118	244	125	20	603	89	189
Preferred share dividends	—	—	—	—	(23)	(23)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>96</b>	<b>118</b>	<b>244</b>	<b>125</b>	<b>(3)</b>	<b>580</b>	<b>89</b>	<b>189</b>
Underlying net income adjustments (post tax):								
Market related impacts	(134)	5	—	(22)	(2)	(153)	4	—
Assumption changes and management actions	(14)	—	—	9	18	13	—	—
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	—	—	28	—	—	28	—	22
Acquisition, integration and restructuring	—	(8)	(11)	(2)	(4)	(25)	(6)	—
	(149)	(3)	17	(15)	12	(138)	(2)	22
<b>Common shareholders' underlying net income (loss)</b>	<b>245</b>	<b>121</b>	<b>227</b>	<b>140</b>	<b>(15)</b>	<b>718</b>	<b>91</b>	<b>167</b>

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

# 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	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Expected profit on in-force business	268	254	232	221	227	256	228	242	259	975	953	947
Impact of new business	—	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	268	254	232	221	227	256	228	242	259	975	953	947
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	268	254	232	221	227	256	228	242	259	975	953	947
Income tax (expense) benefit	(58)	(56)	(46)	(45)	(51)	(60)	(55)	(57)	(75)	(205)	(223)	(299)
Earnings (loss) before preferred share dividends and non-controlling interest	210	198	186	176	176	196	173	185	184	770	730	648
Preferred share dividends and non-controlling interest	(9)	(10)	(10)	(8)	(9)	(10)	(9)	(9)	(10)	(37)	(37)	(38)
Common shareholders' underlying net income (loss)	201	188	176	168	167	186	164	176	174	733	693	610
Underlying net income adjustments												
Fair value adjustments on share-based payment awards (pre-tax)	(41)	(17)	(18)	(15)	14	(20)	(11)	(29)	(43)	(91)	(46)	(117)
Income taxes	4	1	—	1	(1)	2	1	3	6	6	5	15
Non-controlling interest	9	10	10	8	9	10	9	9	10	37	37	38
Other	—	—	—	—	—	—	—	—	(75)	—	—	(75)
	(28)	(6)	(8)	(6)	22	(8)	(1)	(17)	(102)	(48)	(4)	(139)
Common shareholders' reported net income (loss)	173	182	168	162	189	178	163	159	72	685	689	471

**EXPENSES**  
(C\$ millions)

(C\$ millions)	For the Quarter Ended								For the Year Ended			
	2019				2018				2017	2019	2018	2017
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES												
Operating expenses	1,954	1,714	1,697	1,668	1,625	1,563	1,626	1,618	1,749	7,033	6,432	6,410
Commissions	677	590	586	564	603	574	589	573	631	2,417	2,339	2,403
Premium taxes	101	101	104	100	95	93	95	92	100	406	375	379
Interest expense	96	65	84	88	79	73	78	75	81	333	305	303
Total	2,828	2,470	2,471	2,420	2,402	2,303	2,388	2,358	2,561	10,189	9,451	9,495
OPERATING EXPENSES BY BUSINESS GROUP												
Canada	566	498	523	535	528	487	522	503	537	2,122	2,040	2,018
U.S.	246	208	236	236	220	220	214	218	218	926	872	857
Asset Management	633	612	601	571	549	550	569	572	547	2,417	2,240	2,143
Asia	280	241	222	203	236	201	203	179	229	946	819	758
Corporate	125	110	78	93	81	66	74	90	79	406	311	303
Operating expenses excluding the following:	1,850	1,669	1,660	1,638	1,614	1,524	1,582	1,562	1,610	6,817	6,282	6,079
FV adjustments on MFS share-based payment awards <sup>(1)</sup>	54	23	24	21	(19)	25	15	37	55	122	58	150
Acquisition, integration and restructuring costs	50	22	13	9	30	14	29	19	84	94	92	181
Total operating expenses	1,954	1,714	1,697	1,668	1,625	1,563	1,626	1,618	1,749	7,033	6,432	6,410
COMMISSIONS BY BUSINESS GROUP												
Canada	243	231	234	237	243	227	237	227	240	945	934	928
U.S.	114	108	108	110	114	110	106	105	103	440	435	423
Asset Management	162	159	155	147	146	157	154	162	169	623	619	683
Asia	159	93	89	72	101	82	93	81	122	413	357	378
Corporate	(1)	(1)	—	(2)	(1)	(2)	(1)	(2)	(3)	(4)	(6)	(9)
Total commissions	677	590	586	564	603	574	589	573	631	2,417	2,339	2,403
INTEREST EXPENSE												
Subordinated debt	29	26	25	26	26	26	26	28	30	106	106	123
Liabilities for SLEECs	11	11	11	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	18	20	25	26	24	19	24	19	18	89	86	70
Other <sup>(2)</sup>	38	8	23	25	18	17	17	17	22	94	69	66
Total interest expense	96	65	84	88	79	73	78	75	81	333	305	303

<sup>(1)</sup> Represent the operating expenses related to fair value adjustments on share-based payment awards at MFS before tax and the adjustment for non-controlling interest.

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

**FINANCIAL STRENGTH AND CAPITAL ADEQUACY**
**For the period ended December 31, 2019**
**SUN LIFE ASSURANCE COMPANY OF CANADA**
**FINANCIAL STRENGTH RATINGS**
**SECURITY RATINGS**

Subordinated Debt

Sun Life Exchangeable Capital Securities

Series B

**A.M. Best**
**Moody's**
**Standard & Poor's**
**DBRS** <sup>(1)</sup>

A+

Aa3

AA

AA

a+

A2

AA-

AA (low)

a

A3

P-1/A+

A (high)

**A.M. Best**
**Moody's** <sup>(1)</sup>
**Standard & Poor's**
**DBRS**
**SUN LIFE FINANCIAL INC.**
**SECURITY RATINGS**

Senior Unsecured Debentures (Series E)

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

not rated

A+

A (high)

a-

not rated

A

A

bbb+

Baa1(hyb)

P-1 (low)/A-

Pfd-2 (high)

<sup>(1)</sup> Moody's rate Preferred Shares Series 2 only.

## General Information

Canada	U.S.	Asset Management	Asia	Corporate
<p>Our Canada business group is a leading provider of protection, health and wealth solutions, providing products and services that deliver value to over six million Clients. We are the largest provider of benefits and pensions in the workplace, and provide a wide range of products to individuals via retail channels. Canada is a growth market for Sun Life and we are well-positioned to help meet evolving Client needs with integrated solutions for savings, retirement, health care and insurance protection. Canada has three business units - Individual Insurance and Wealth, Group Benefits and Group Retirement Services.</p>	<p>Our U.S. business group is one of the largest group benefits providers in the U.S. market, serving employees and their families at more than 55,000 workplaces of all sizes across the country with employer-sponsored insurance products and solutions. In addition, our U.S. business manages an in-force block of more than 100,000 individual life insurance policies. U.S. has two business units - Group Benefits and In-force Management.</p>	<p>Our Asset Management business group is comprised of MFS and SLC Management. MFS is a premier global asset management firm which offers a comprehensive selection of financial products and services that deliver superior value and actively manages assets for retail and institutional investors around the world. SLC Management is an institutional investment management business that delivers liability driven investing, alternative fixed income and real estate solutions to Clients, with operations around the world.</p>	<p>Our Asia business group consists of two business units - Insurance and Wealth and International. Our Insurance and Wealth business unit operates in seven local markets, delivering value to over 23 million Clients by providing life, health, wealth and asset management solutions through a multi-channel distribution approach. Our International business unit focuses on high-net-worth insurance and wealth products. Asia's presence in the local markets provides us with a strong foothold to take advantage of the high growth prospects in this region.</p>	<p>Corporate includes the results of our U.K. business and Corporate Support. U.K. has a run-off block of business consisting of approximately 554,000 in-force life and pension policies, with approximately £11 billion of AUM. Since December 2010, U.K. has been closed to new business and focuses on supporting existing Clients. Corporate Support operations consist of the expenses, debt charges, investment income, capital and other items not allocated to Sun Life's other business segments, as well as the Company's Run-off reinsurance business. Coverage in our Run-off reinsurance business includes long-term care, medical coverage, and guaranteed minimum income and death benefit coverage. The block also includes group long-term disability and personal accident policies which are 100% retroceded.</p>
<p><u>Individual Insurance and Wealth</u> Individual life and health insurance Individual savings products Mutual funds</p> <p><u>Group Benefits</u> Group life and health insurance Voluntary benefits products</p> <p><u>Group Retirement Services</u> Defined contribution plans Defined benefit solutions Voluntary savings plans</p>	<p><u>Group Benefits</u> Group life 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>