



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

Sun Life Financial Inc. (unaudited)  
For the period ended June 30, 2019



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

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

## **Diluted Earnings per Share – Underlying**

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

## **Constant Currency Measures**

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

## **Other Adjustments**

### **Acquisition, Integration and Restructuring**

In Q1 2019, acquisition, integration and restructuring costs related to integration costs of the U.S. Employee Benefits business. In Q2 2019, acquisition, integration and restructuring costs includes \$5 million post tax (\$6 million pre-tax) acquisition costs relating to the merger of Bentall Kennedy and GreenOak.

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. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning these non-IFRS financial measures and reconciliations to the closest IFRS measures are included in the Company's annual and interim MD&A and the Supplementary Financial Information packages that are available on [www.sunlife.com](http://www.sunlife.com) under Investors – Financial results and reports.

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

Sun Life uses the following non-IFRS financial measures:

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

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

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

## Sources of Earnings

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

**FINANCIAL HIGHLIGHTS**

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>RESULTS</b>												
Common Shareholders' Reported Net Income (Loss) by Segment												
Canada <sup>(1)</sup>	148	237	96	335	262	249	172	340	185	942	963	936
U.S. <sup>(1)</sup>	94	124	118	(267)	105	96	(63)	72	(178)	52	(144)	217
Asset Management <sup>(1)</sup>	229	219	244	241	214	210	114	185	183	909	653	729
Asia <sup>(1)</sup>	134	80	125	164	133	133	121	216	356	555	778	600
Corporate <sup>(1)</sup>	(10)	(37)	(3)	94	(8)	(19)	(137)	4	28	64	(101)	3
Total common shareholders' reported net income (loss)	595	623	580	567	706	669	207	817	574	2,522	2,149	2,485
Market related impacts:												
Net equity market impact	20	58	(143)	5	9	(45)	19	18	5	(174)	62	51
Net interest rate impact	(114)	(133)	(41)	14	(37)	(27)	(110)	69	(92)	(91)	(157)	34
Net increases (decreases) in the fair value of real estate	(3)	6	31	6	36	4	34	26	13	77	88	22
	(97)	(69)	(153)	25	8	(68)	(57)	113	(74)	(188)	(7)	107
Assumption changes and management actions (ACMA)	(20)	(11)	13	(166)	1	(3)	(34)	103	11	(155)	81	45
Other adjustments:												
Certain hedges that do not qualify for hedge accounting	(5)	1	(1)	(1)	1	6	2	(6)	(10)	5	(16)	(5)
Fair value adjustments on share-based payment awards at MFS	(11)	(8)	28	(10)	(2)	(21)	(34)	(19)	(16)	(5)	(81)	30
Acquisition, integration and restructuring	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(82)	(123)	(27)
Other <sup>(2)</sup>	—	—	—	—	—	—	(251)	—	—	—	(251)	—
Total common shareholders' underlying net income (loss)	739	717	718	730	729	770	641	643	689	2,947	2,546	2,335
Common Shareholders' Underlying Net Income (Loss) by Segment												
Canada	243	237	245	251	245	295	232	222	266	1,036	949	887
U.S.	110	150	121	139	125	129	95	121	101	514	376	284
Asset Management	245	227	227	251	216	231	226	204	199	925	812	699
Asia	147	122	140	110	145	128	111	130	123	523	461	458
Corporate	(6)	(19)	(15)	(21)	(2)	(13)	(23)	(34)	—	(51)	(52)	7
Total common shareholders' underlying net income (loss)	739	717	718	730	729	770	641	643	689	2,947	2,546	2,335
Profitability Measures												
Basic earnings per common share (EPS)												
Reported	1.00	1.04	0.96	0.94	1.16	1.10	0.34	1.33	0.93	4.16	3.51	4.05
Diluted earnings per common share												
Reported	1.00	1.04	0.96	0.93	1.16	1.09	0.34	1.32	0.93	4.14	3.49	4.03
Underlying	1.24	1.20	1.19	1.20	1.20	1.26	1.05	1.05	1.12	4.86	4.15	3.80
Premiums & Deposits												
Net premiums	4,480	4,370	5,313	4,369	4,315	4,645	4,078	3,716	3,923	18,642	15,281	15,048
Segregated fund deposits	2,872	3,064	2,763	2,692	2,703	3,395	2,680	2,235	2,506	11,553	10,858	11,550
Mutual fund sales <sup>(3)</sup>	23,703	23,664	22,135	18,746	19,265	24,056	21,329	20,721	21,285	84,202	87,515	84,728
Managed fund sales	10,539	9,976	9,629	7,962	8,967	12,345	11,170	11,674	11,855	38,903	44,093	40,270
ASO premium & deposit equivalents	1,681	1,707	1,673	1,693	1,767	1,675	1,709	1,805	1,701	6,808	6,933	6,863
Total premiums & deposits	43,275	42,781	41,513	35,462	37,017	46,116	40,966	40,151	41,270	160,108	164,680	158,459
Total adjusted premiums & deposits <sup>(4)</sup>	42,210				37,170							
Sales & Value of New Business												
Individual Life & Health <sup>(5)</sup>	324	343	353	285	316	310	366	269	263	1,264	1,236	1,198
Group Life & Health <sup>(5)</sup>	333	437	961	292	317	355	740	330	302	1,925	1,806	1,560
Wealth - Asset Management	31,929	31,287	29,423	24,365	25,263	32,264	28,514	28,610	29,852	111,315	117,282	116,270
Wealth - excluding Asset Management <sup>(3)(5)</sup>	5,047	4,706	6,818	5,467	5,541	7,561	6,786	7,216	6,730	25,387	28,032	22,049
Value of New Business <sup>(6)</sup>	235	382	310	244	266	334	265	224	227	1,154	968	860

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

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

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

<sup>(4)</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>(5)</sup> Includes the sales in the Company's joint ventures and associates with local partners in Asia based on our proportionate equity interest.

<sup>(6)</sup> Excludes Asset Management's value of new business.

**FINANCIAL HIGHLIGHTS CONTINUED**

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017			2018	2017	2016	
Valuation Data	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Book value per common share	36.26	36.20	35.84	34.11	34.53	33.82	32.86	32.75	32.69	35.84	32.86	32.10
Book value per common share excluding AOCI	33.77	33.42	33.01	32.67	32.33	31.67	31.05	31.22	30.37	33.01	31.05	29.41
Tangible book value per common share	24.31	24.24	23.82	22.54	22.92	22.35	21.64	21.73	21.47	23.82	21.64	20.66
Market-to-book value (times)	1.50	1.42	1.26	1.51	1.53	1.56	1.58	1.52	1.42	1.26	1.58	1.61
Total market capitalization (TSX in \$ billions)	32.1	30.5	27.1	31.0	32.1	32.1	31.7	30.4	28.5	27.1	31.7	31.6
<b>Financial Strength</b>												
SLA LICAT ratio <sup>(1)</sup>	133 %	132 %	131 %	130 %	134 %	139 %	n/a	n/a	n/a	131 %	n/a	n/a
SLF LICAT ratio <sup>(1)</sup>	144 %	145 %	144 %	145 %	149 %	149 %	n/a	n/a	n/a	144 %	n/a	n/a
Total debt to total capital ratio	20.4 %	21.1 %	21.2 %	21.9 %	21.8 %	22.2 %	23.6 %	22.5 %	22.5 %	21.2 %	23.6 %	25.2 %
<b>Common Share Information (SLF on TSX)</b>												
High (intraday)	55.97	52.23	51.58	53.98	56.09	55.80	52.94	49.95	49.71	56.09	53.25	53.75
Low (intraday)	51.64	44.43	43.13	49.66	50.77	49.62	49.06	45.91	43.51	43.13	43.51	36.64
Close (end of period)	54.23	51.34	45.29	51.35	52.83	52.91	51.88	49.69	46.36	45.29	51.88	51.55
<b>Number of Common Shares Outstanding (in millions)</b>												
At beginning of period	594.6	598.5	603.3	607.0	607.6	610.5	611.9	613.7	613.7	610.5	613.6	612.3
Common shares issued	0.1	0.3	—	0.1	0.1	0.2	0.3	—	—	0.5	0.4	1.3
Common shares purchased and cancelled	(3.7)	(4.2)	(4.8)	(3.8)	(0.7)	(3.1)	(1.7)	(1.8)	—	(12.5)	(3.5)	—
At end of period	591.0	594.6	598.5	603.3	607.0	607.6	610.5	611.9	613.7	598.5	610.5	613.6
Weighted average shares outstanding - basic	593	597	602	606	607	610	612	613	614	606	613	613
Weighted average shares outstanding - diluted <sup>(2)</sup>	598	602	607	611	612	615	617	619	619	611	618	619
<b>Dividend per common share</b>	0.525	0.50	0.50	0.475	0.475	0.455	0.455	0.435	0.435	1.905	1.745	1.620
<b>Dividend payout ratio <sup>(3)</sup></b>												
Reported	53 %	48 %	52 %	51 %	41 %	42 %	nm <sup>(4)</sup>	33 %	47 %	46 %	49 %	40 %
Underlying	42 %	42 %	42 %	40 %	40 %	36 %	43 %	41 %	39 %	39 %	42 %	43 %
<b>Dividend yield <sup>(5)</sup></b>	3.9 %	4.1%	4.2%	3.6%	3.6%	3.4%	3.6%	3.6%	3.8%	3.7 %	3.6%	3.7%
<b>Assets Under Management <sup>(6)</sup></b>												
General funds	174,325	172,348	168,765	162,439	164,709	163,499	162,720	158,757	161,755	168,765	162,720	161,071
Segregated funds	111,684	110,011	103,062	108,298	108,692	106,221	106,392	102,237	102,066	103,062	106,392	97,167
<b>Total assets</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>260,994</b>	<b>263,821</b>	<b>271,827</b>	<b>269,112</b>	<b>258,238</b>
<b>Other assets under management</b>												
Mutual funds	381,625	370,877	341,425	358,458	358,024	351,919	346,659	328,563	329,895	341,425	346,659	307,937
Managed funds & other	387,781	388,879	366,847	383,679	384,978	387,159	386,840	370,853	376,211	366,847	386,840	362,513
Consolidation adjustments	(30,639)	(30,730)	(28,956)	(29,355)	(30,283)	(29,872)	(27,826)	(26,815)	(26,106)	(28,956)	(27,826)	(25,413)
<b>Total other assets under management</b>	<b>738,767</b>	<b>729,026</b>	<b>679,316</b>	<b>712,782</b>	<b>712,719</b>	<b>709,206</b>	<b>705,673</b>	<b>672,601</b>	<b>680,000</b>	<b>679,316</b>	<b>705,673</b>	<b>645,037</b>
<b>Total assets under management</b>	<b>1,024,776</b>	<b>1,011,385</b>	<b>951,143</b>	<b>983,519</b>	<b>986,120</b>	<b>978,926</b>	<b>974,785</b>	<b>933,595</b>	<b>943,821</b>	<b>951,143</b>	<b>974,785</b>	<b>903,275</b>
<b>Total assets under management and administration <sup>(6)</sup></b>	<b>1,068,913</b>	<b>1,054,952</b>	<b>992,984</b>	<b>1,027,784</b>	<b>1,033,958</b>	<b>1,027,537</b>	<b>1,023,458</b>	<b>981,719</b>	<b>990,678</b>	<b>992,984</b>	<b>1,023,458</b>	<b>960,771</b>
<b>Select Constant Currency Measures</b>												
Reported net income	580				706							
Underlying net income	723				729							
Sales - Individual Life & Health	319				316							
Sales - Group Life & Health	325				317							
Sales - Wealth	35,836				30,804							
Premiums & deposits	42,062				37,017							
Reported earnings per share - Diluted	0.97				1.16							
Underlying earnings per share - Diluted	1.22				1.20							
Assets under management <sup>(6)</sup>	1,028,032				986,120							

<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 ("SLECS") under IFRS. Where the calculation of diluted EPS has resulted in anti-dilution, the dilutive impact of the SLECS has been excluded in the number of weighted average number of shares outstanding.

<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)

	For the Quarter Ended									For the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>Revenue</b>												
Premiums - life insurance	2,210	2,074	2,383	2,015	2,201	2,078	2,507	2,046	2,084	8,677	8,831	8,894
Premiums - health insurance	2,482	2,463	2,321	2,300	2,255	2,245	2,139	2,121	2,137	9,121	8,519	7,909
Premiums - annuities	396	405	1,231	613	445	894	662	574	835	3,183	2,488	2,624
Gross premiums	5,088	4,942	5,935	4,928	4,901	5,217	5,308	4,741	5,056	20,981	19,838	19,427
Ceded premiums	(608)	(572)	(622)	(559)	(586)	(572)	(1,230)	(1,025)	(1,133)	(2,339)	(4,557)	(4,379)
Net premiums	4,480	4,370	5,313	4,369	4,315	4,645	4,078	3,716	3,923	18,642	15,281	15,048
Net investment income (loss)	4,124	5,575	1,384	129	1,034	(158)	3,050	395	2,739	2,389	8,211	7,945
Fee income	1,542	1,447	1,483	1,500	1,477	1,506	1,520	1,444	1,460	5,966	5,842	5,580
<b>Total revenue</b>	<b>10,146</b>	<b>11,392</b>	<b>8,180</b>	<b>5,998</b>	<b>6,826</b>	<b>5,993</b>	<b>8,648</b>	<b>5,555</b>	<b>8,122</b>	<b>26,997</b>	<b>29,334</b>	<b>28,573</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	4,353	4,120	4,102	3,908	3,974	4,002	3,890	3,607	3,824	15,986	15,353	15,210
Change in investment/insurance contract liabilities & reinsurance assets <sup>(1)</sup>	3,071	4,558	1,400	(798)	31	(563)	3,099	(261)	2,414	70	6,070	5,204
Operating expenses, commissions and other expenses	2,471	2,420	2,402	2,303	2,388	2,358	2,561	2,211	2,337	9,451	9,495	9,027
Reinsurance expenses (recoveries)	(503)	(508)	(498)	(476)	(519)	(528)	(1,082)	(1,061)	(1,072)	(2,021)	(4,373)	(4,313)
Total policy benefits and expenses	9,392	10,590	7,406	4,937	5,874	5,269	8,468	4,496	7,503	23,486	26,545	25,128
<b>Income (loss) before income taxes</b>	<b>754</b>	<b>802</b>	<b>774</b>	<b>1,061</b>	<b>952</b>	<b>724</b>	<b>180</b>	<b>1,059</b>	<b>619</b>	<b>3,511</b>	<b>2,789</b>	<b>3,445</b>
Income tax expense (benefit)	90	88	112	184	182	119	(66)	209	(23)	597	302	619
Participating policyholders' net income (loss) and non-controlling interest	45	67	59	286	41	(88)	16	9	45	298	245	245
Preferred shareholder dividends	24	24	23	24	23	24	23	24	23	94	93	96
<b>Common shareholders' reported net income (loss)</b>	<b>595</b>	<b>623</b>	<b>580</b>	<b>567</b>	<b>706</b>	<b>669</b>	<b>207</b>	<b>817</b>	<b>574</b>	<b>2,522</b>	<b>2,149</b>	<b>2,485</b>
<b>Common shareholders' underlying net income (loss)</b>	<b>739</b>	<b>717</b>	<b>718</b>	<b>730</b>	<b>729</b>	<b>770</b>	<b>641</b>	<b>643</b>	<b>689</b>	<b>2,947</b>	<b>2,546</b>	<b>2,335</b>
Return on equity - reported	11.0 %	11.5 %	10.9 %	10.8 %	13.5 %	13.1 %	4.1 %	16.2 %	11.4 %	12.1 %	10.7 %	13.0 %
Return on equity - underlying	13.7 %	13.3 %	13.6 %	14.0 %	14.0 %	15.1 %	12.7 %	12.7 %	13.7 %	14.2 %	12.7 %	12.2 %
<b>SOURCES OF EARNINGS - Total Company</b>												
Expected profit on in-force business	784	739	744	788	732	734	743	710	702	2,998	2,806	2,633
Impact of new business	(5)	(11)	17	(8)	13	(7)	29	21	9	15	41	(11)
Experience gains (losses)	(128)	(96)	(142)	88	51	(1)	(152)	207	(80)	(4)	(41)	116
Assumption changes and management actions	(27)	(10)	13	(258)	4	(5)	(486)	93	(114)	(246)	(505)	10
Other <sup>(2)</sup>	(42)	(29)	(12)	(40)	(48)	(50)	(137)	(69)	(83)	(150)	(347)	(86)
Earnings (loss) on operations (pre-tax)	582	593	620	570	752	671	(3)	962	434	2,613	1,954	2,662
Earnings on surplus	123	125	111	119	153	157	128	102	134	540	496	458
Earnings (loss) before income taxes	705	718	731	689	905	828	125	1,064	568	3,153	2,450	3,120
Income tax (expense) benefit	(86)	(71)	(128)	(98)	(176)	(135)	105	(223)	29	(537)	(208)	(540)
Earnings (loss) before preferred share dividends and non-controlling interest	619	647	603	591	729	693	230	841	597	2,616	2,242	2,580
Preferred share dividends and non-controlling interest	(24)	(24)	(23)	(24)	(23)	(24)	(23)	(24)	(23)	(94)	(93)	(95)
<b>Common shareholders' reported net income (loss)</b>	<b>595</b>	<b>623</b>	<b>580</b>	<b>567</b>	<b>706</b>	<b>669</b>	<b>207</b>	<b>817</b>	<b>574</b>	<b>2,522</b>	<b>2,149</b>	<b>2,485</b>
Underlying net income adjustments (post tax):												
Market related impacts	(97)	(69)	(153)	25	8	(68)	(57)	113	(74)	(188)	(7)	107
Assumption changes and management actions	(20)	(11)	13	(166)	1	(3)	(34)	103	11	(155)	81	45
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	(5)	1	(1)	(1)	1	6	2	(6)	(10)	5	(16)	(5)
Fair value adjustments on share-based payment awards at MFS	(11)	(8)	28	(10)	(2)	(21)	(34)	(19)	(16)	(5)	(81)	30
Acquisition, integration and restructuring	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(82)	(123)	(27)
Other	—	—	—	—	—	—	(251)	—	—	—	(251)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>739</b>	<b>717</b>	<b>718</b>	<b>730</b>	<b>729</b>	<b>770</b>	<b>641</b>	<b>643</b>	<b>689</b>	<b>2,947</b>	<b>2,546</b>	<b>2,335</b>
<b>EXCHANGE RATES - Average for the period</b>												
U.S. Dollar	1.337	1.329	1.321	1.306	1.290	1.264	1.270	1.253	1.345	1.295	1.298	1.325

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

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

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

	At the Quarter Ended									At the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>Assets</b>												
Cash, cash equivalents and short-term securities	8,188	8,370	9,506	8,196	8,128	7,837	8,890	8,063	7,826	9,506	8,890	8,642
Debt securities	78,677	76,715	74,443	71,076	72,707	72,607	72,619	70,562	73,407	74,443	72,619	71,887
Equity securities	4,850	4,918	4,634	4,961	5,608	5,699	6,020	5,991	5,912	4,634	6,020	5,774
Mortgages and loans	47,485	47,565	46,822	45,207	44,917	44,073	42,805	41,226	40,735	46,822	42,805	40,775
Derivative assets	1,914	1,430	1,112	1,185	1,182	1,313	1,478	1,510	1,566	1,112	1,478	1,608
Other invested assets	5,095	5,057	4,830	4,546	4,415	4,322	4,154	4,020	4,015	4,830	4,154	3,931
Policy loans	3,196	3,215	3,222	3,141	3,164	3,120	3,106	3,066	3,109	3,222	3,106	3,141
Investment properties	7,229	6,999	7,157	7,270	7,337	7,243	7,067	7,034	6,982	7,157	7,067	6,592
<b>Total invested assets</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>141,472</b>	<b>143,552</b>	<b>151,726</b>	<b>146,139</b>	<b>142,350</b>
Other assets	5,114	5,554	4,498	4,817	4,598	4,830	4,408	4,945	5,056	4,498	4,408	5,109
Reinsurance assets	4,210	4,135	4,141	3,937	4,273	4,143	4,028	4,124	4,762	4,141	4,028	5,144
Deferred tax assets	1,305	1,278	1,209	1,122	1,332	1,344	1,295	1,473	1,501	1,209	1,295	1,448
Intangible assets	1,753	1,754	1,779	1,705	1,725	1,685	1,667	1,598	1,647	1,779	1,667	1,703
Goodwill	5,309	5,358	5,412	5,276	5,323	5,283	5,183	5,145	5,237	5,412	5,183	5,317
<b>Total general fund assets</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>158,757</b>	<b>161,755</b>	<b>168,765</b>	<b>162,720</b>	<b>161,071</b>
Investment for account of segregated fund holders	111,684	110,011	103,062	108,298	108,692	106,221	106,392	102,237	102,066	103,062	106,392	97,167
<b>Total assets</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>260,994</b>	<b>263,821</b>	<b>271,827</b>	<b>269,112</b>	<b>258,238</b>
<b>Liabilities and Equity</b>												
Insurance contract liabilities	127,728	125,491	121,923	117,480	119,374	118,685	117,785	113,997	116,609	121,923	117,785	115,057
Investment contract liabilities	3,145	3,136	3,164	3,137	3,169	3,124	3,082	3,035	3,036	3,164	3,082	2,913
Derivative liabilities	1,804	1,762	2,295	1,676	1,929	1,928	1,756	1,823	2,004	2,295	1,756	2,512
Deferred tax liabilities	393	328	322	359	470	428	403	747	768	322	403	687
Other liabilities	12,506	12,580	12,153	11,813	11,697	11,719	11,987	11,887	12,057	12,153	11,987	12,399
Senior debentures	600	599	599	599	599	599	599	599	599	599	599	599
Senior debentures - Innovative capital instruments	700	700	700	700	700	700	700	700	700	700	700	700
Subordinated debt	2,791	3,040	3,039	3,039	3,038	3,037	3,437	3,038	3,038	3,039	3,437	3,836
<b>Total general fund liabilities</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>135,826</b>	<b>138,811</b>	<b>144,195</b>	<b>139,749</b>	<b>138,703</b>
Insurance contracts for account of segregated fund holders	105,168	103,265	96,663	101,500	101,496	98,943	99,121	95,282	94,967	96,663	99,121	90,388
Investment contracts for account of segregated fund holders	6,516	6,746	6,399	6,798	7,196	7,278	7,271	6,955	7,099	6,399	7,271	6,779
<b>Total liabilities</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>238,063</b>	<b>240,877</b>	<b>247,257</b>	<b>246,141</b>	<b>235,870</b>
<b>Total equity</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>22,931</b>	<b>22,944</b>	<b>24,570</b>	<b>22,971</b>	<b>22,368</b>
<b>Total liabilities and equity</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>260,994</b>	<b>263,821</b>	<b>271,827</b>	<b>269,112</b>	<b>258,238</b>
<b>EXCHANGE RATES - Period end rates</b>												
U.S. Dollar	1.309	1.334	1.364	1.290	1.313	1.289	1.258	1.247	1.296	1.364	1.258	1.343



**STATEMENT OF EQUITY AND CAPITAL**

(C\$ millions)

	At the Quarter Ended									At the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>CHANGES IN COMMON SHAREHOLDERS' EQUITY</b>												
Balance at beginning of period	21,525	21,449	20,577	20,959	20,547	20,064	20,041	20,059	19,968	20,064	19,699	18,993
Common shareholders' reported net income (loss)	595	623	580	567	706	669	207	817	574	2,522	2,149	2,485
Dividends - common shares	(312)	(299)	(294)	(287)	(289)	(277)	(274)	(267)	(267)	(1,147)	(1,066)	(986)
Common shares issued, net of expenses	5	8	—	3	5	9	9	3	—	17	15	39
Common shares buyback	(200)	(200)	(235)	(200)	(40)	(166)	(87)	(88)	—	(641)	(175)	—
Share-based compensation	1	3	1	—	1	2	—	—	1	4	3	4
Other <sup>(1)</sup>	—	(22)	—	—	—	45	—	—	—	45	—	(30)
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	(258)	(279)	770	(314)	137	313	152	(467)	(318)	906	(730)	(634)
Unrealized gains (losses) on available-for-sale assets	149	251	(31)	(88)	(93)	(190)	85	(79)	59	(402)	135	(14)
Unrealized gains (losses) on cash flow hedges	3	6	(6)	(2)	(1)	(1)	—	3	(4)	(10)	(5)	(9)
Share of other comprehensive income (loss) in joint ventures and associates	(24)	27	103	(72)	(41)	17	24	(33)	(32)	7	(31)	(76)
Unrealized gains (losses) on transfer to investment properties	—	—	—	—	—	—	—	—	139	—	139	—
Remeasurement of defined benefit plans	(57)	(42)	(16)	11	27	62	(93)	93	(61)	84	(69)	(73)
Balance at end of period	<u>21,427</u>	<u>21,525</u>	<u>21,449</u>	<u>20,577</u>	<u>20,959</u>	<u>20,547</u>	<u>20,064</u>	<u>20,041</u>	<u>20,059</u>	<u>21,449</u>	<u>20,064</u>	<u>19,699</u>
Composition of shareholders' accumulated OCI balance												
Unrealized foreign currency translation gains (losses), net of hedging activities	1,372	1,630	1,909	1,139	1,453	1,316	1,003	851	1,318	1,909	1,003	1,733
Unrealized gains (losses) on available-for-sale assets	344	195	(56)	(25)	63	156	346	261	340	(56)	346	211
Unrealized gains (losses) on cash flow hedges	(12)	(15)	(21)	(15)	(13)	(12)	(11)	(11)	(14)	(21)	(11)	(6)
Share of other comprehensive income (loss) in joint ventures and associates	(21)	3	(24)	(127)	(55)	(14)	(31)	(55)	(22)	(24)	(31)	—
Unrealized gains (losses) on transfer to investment properties	145	145	145	145	145	145	145	145	145	145	145	6
Remeasurement of defined benefit plans	(362)	(305)	(263)	(247)	(258)	(285)	(347)	(254)	(347)	(263)	(347)	(291)
Balance at end of period	<u>1,466</u>	<u>1,653</u>	<u>1,690</u>	<u>870</u>	<u>1,335</u>	<u>1,306</u>	<u>1,105</u>	<u>937</u>	<u>1,420</u>	<u>1,690</u>	<u>1,105</u>	<u>1,653</u>
<b>CAPITAL</b>												
Subordinated debt	2,791	3,040	3,039	3,039	3,038	3,037	3,437	3,038	3,038	3,039	3,437	3,836
SLEECs <sup>(2)</sup>	700	699	699	699	699	699	699	698	698	699	699	698
Participating policyholders' equity and non-controlling interest	974	930	864	802	517	475	650	633	628	864	650	412
Preferred shareholders' equity	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257
Common shareholders' equity	21,427	21,525	21,449	20,577	20,959	20,547	20,064	20,041	20,059	21,449	20,064	19,699
Total capital	<u>28,149</u>	<u>28,451</u>	<u>28,308</u>	<u>27,374</u>	<u>27,470</u>	<u>27,015</u>	<u>27,107</u>	<u>26,667</u>	<u>26,680</u>	<u>28,308</u>	<u>27,107</u>	<u>26,902</u>
<b>LICAT RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA</b>												
<b>Capital Resources</b>												
Tier 1 capital												
Retained earnings and contributed surplus	13,521	13,456	13,338	13,057	12,409	13,033						
Adjusted accumulated other comprehensive income	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						
Innovative instruments	700	699	699	699	699	699						
Other	52	56	59	59	59	60						
Less:												
Goodwill	2,449	2,491	2,552	2,423	2,478	2,464						
Tier 1 deductions	4,171	4,299	4,618	4,240	3,992	4,020						
Net tier 1 capital	<u>12,089</u>	<u>11,999</u>	<u>11,526</u>	<u>11,011</u>	<u>10,974</u>	<u>11,594</u>						
Tier 2 capital												
Preferred shares and subordinated debt	2,900	2,900	2,900	2,900	2,900	2,900						
Other tier 2	2,427	2,538	2,647	2,440	2,144	2,109						
Less:												
Tier 2 deductions	820	820	820	820	820	820						
Net tier 2 capital	<u>4,507</u>	<u>4,618</u>	<u>4,727</u>	<u>4,520</u>	<u>4,224</u>	<u>4,189</u>						
Surplus allowance and eligible deposits	9,520	9,257	8,799	8,649	9,690	9,660						
Total capital resources	<u>26,116</u>	<u>25,874</u>	<u>25,052</u>	<u>24,180</u>	<u>24,888</u>	<u>25,443</u>						
<b>Capital Requirements</b>												
Credit risk	3,718	3,692	3,642	3,554	3,612	3,606						
Market risk	4,510	4,653	4,337	4,203	4,073	3,895						
Insurance risk	8,510	8,576	8,625	8,265	8,151	8,037						
Total non-participating product risk (before other credits and diversification)	<u>16,738</u>	<u>16,921</u>	<u>16,604</u>	<u>16,022</u>	<u>15,836</u>	<u>15,538</u>						
Total participating product risk including par credits (before other credits and diversification)	<u>3,433</u>	<u>3,350</u>	<u>3,283</u>	<u>3,303</u>	<u>3,345</u>	<u>3,312</u>						
Less:												
Credits and diversification benefits	4,133	4,200	4,292	4,150	4,058	4,010						
Total Non-participating and participating product risk	<u>16,038</u>	<u>16,071</u>	<u>15,595</u>	<u>15,175</u>	<u>15,123</u>	<u>14,840</u>						
Segregated fund guarantees risk	936	953	983	951	989	970						
Operational risk	1,700	1,690	1,646	1,625	1,619	1,619						
Total before scalar	<u>18,674</u>	<u>18,714</u>	<u>18,224</u>	<u>17,751</u>	<u>17,731</u>	<u>17,429</u>						
Base solvency buffer (Total before scalar x scalar [1.05])	<u>19,608</u>	<u>19,650</u>	<u>19,136</u>	<u>18,639</u>	<u>18,618</u>	<u>18,301</u>						
LICAT ratio	133%	132%	131%	130%	134%	139%						
LICAT core ratio	96%	94%	92%	92%	95%	100%						

<sup>(1)</sup> In Q1 2019, other consists of a \$(22) million change in retained earnings due to the adoption of IFRS 16. In Q1 2018, other consists of an \$89 million transfer of seed capital from the participating account to the shareholder account and a \$(44) million change in retained earnings due to the adoption of IFRS 15.

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

**DILUTED EARNINGS PER SHARE RECONCILIATION**

	At and For the Quarter Ended									At and For the Year Ended		
	2019			2018			2017			2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>WEIGHTED AVERAGE SHARES</b>												
Weighted average shares - basic	593	597	602	606	607	610	612	613	614	606	613	613
Diluted impact of stock options	1	1	1	1	1	1	1	1	1	1	1	1
Weighted average shares - diluted underlying	594	598	603	607	608	611	613	614	615	607	614	614
Diluted impact of convertible securities (SLEECs) <sup>(1)</sup>	4	4	4	4	4	4	4	5	4	4	4	5
Weighted average shares - diluted	598	602	607	611	612	615	617	619	619	611	618	619
<b>DILUTED EARNINGS PER SHARE</b> <sup>(2)</sup>												
Total common shareholders' reported net income (loss)	595	623	580	567	706	669	207	817	574	2,522	2,149	2,485
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	597	626	582	570	708	672	209	820	576	2,532	2,159	2,495
Less Adjustments:												
Impact of SLEECs	2	3	2	3	2	3	2	3	2	10	10	10
Market related impacts:												
Net equity market impact	20	58	(143)	5	9	(45)	19	18	5	(174)	62	51
Net interest rate impact	(114)	(133)	(41)	14	(37)	(27)	(110)	69	(92)	(91)	(157)	34
Net increases (decreases) in the fair value of real estate	(3)	6	31	6	36	4	34	26	13	77	88	22
	(97)	(69)	(153)	25	8	(68)	(57)	113	(74)	(188)	(7)	107
Assumption changes and management actions	(20)	(11)	13	(166)	1	(3)	(34)	103	11	(155)	81	45
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	(5)	1	(1)	(1)	1	6	2	(6)	(10)	5	(16)	(5)
Impact of fair value adjustments on share-based payment awards at MFS	(11)	(8)	28	(10)	(2)	(21)	(34)	(19)	(16)	(5)	(81)	30
Impact of acquisition, integration and restructuring	(11)	(7)	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(82)	(123)	(27)
Other	—	—	—	—	—	—	(251)	—	—	—	(251)	—
Total common shareholders' underlying net income (loss)	739	717	718	730	729	770	641	643	689	2,947	2,546	2,335
Diluted earnings per share - reported	\$ 1.00	\$ 1.04	\$ 0.96	\$ 0.93	\$ 1.16	\$ 1.09	\$ 0.34	\$ 1.32	\$ 0.93	\$ 4.14	\$ 3.49	\$ 4.03
Less Adjustments:												
Impact of SLEECs	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)
Market related impacts:												
Net equity market impact	\$ 0.03	\$ 0.09	\$ (0.23)	\$ 0.01	\$ 0.01	\$ (0.08)	\$ 0.03	\$ 0.03	\$ 0.01	\$ (0.29)	\$ 0.10	\$ 0.08
Net interest rate impact	\$ (0.19)	\$ (0.22)	\$ (0.07)	\$ 0.02	\$ (0.06)	\$ (0.04)	\$ (0.18)	\$ 0.11	\$ (0.15)	\$ (0.15)	\$ (0.25)	\$ 0.06
Net increases (decreases) in the fair value of real estate	\$ -	\$ 0.01	\$ 0.05	\$ 0.01	\$ 0.06	\$ 0.01	\$ 0.05	\$ 0.04	\$ 0.02	\$ 0.13	\$ 0.14	\$ 0.04
	\$ (0.16)	\$ (0.12)	\$ (0.25)	\$ 0.04	\$ 0.01	\$ (0.11)	\$ (0.10)	\$ 0.18	\$ (0.12)	\$ (0.31)	\$ (0.01)	\$ 0.18
Assumption changes and management actions	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.27)	\$ -	\$ (0.01)	\$ (0.05)	\$ 0.17	\$ 0.02	\$ (0.26)	\$ 0.13	\$ 0.07
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ (0.01)	\$ (0.02)	\$ 0.01	\$ (0.03)	\$ (0.01)
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.02)	\$ (0.01)	\$ 0.05	\$ (0.02)	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.03)	\$ (0.03)	\$ (0.01)	\$ (0.13)	\$ 0.05
Impact of acquisition, integration and restructuring	\$ (0.02)	\$ (0.01)	\$ (0.04)	\$ (0.02)	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.03)	\$ (0.04)	\$ (0.14)	\$ (0.20)	\$ (0.04)
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -	\$ -	\$ -	\$ (0.41)	\$ -
Diluted earnings per share - underlying	\$ 1.24	\$ 1.20	\$ 1.19	\$ 1.20	\$ 1.20	\$ 1.26	\$ 1.05	\$ 1.05	\$ 1.12	\$ 4.86	\$ 4.15	\$ 3.80

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

<sup>(2)</sup> The SLEECs contain features which enable the holders to convert these securities into preferred shares of Sun Life Assurance Company of Canada. Following this conversion, the Company has the option to settle the preferred shares with cash prior to the conversion to common shares of 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				2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>Revenue</b>												
Premiums - life insurance	1,277	1,248	1,335	1,129	1,195	1,137	1,239	1,067	1,079	4,796	4,493	4,107
Premiums - health insurance	1,415	1,402	1,347	1,335	1,321	1,313	1,258	1,251	1,205	5,316	4,916	4,368
Premiums - annuities	389	398	1,325	608	439	889	658	567	828	3,261	2,464	2,585
Gross premiums	3,081	3,048	4,007	3,072	2,955	3,339	3,155	2,885	3,112	13,373	11,873	11,060
Ceded premiums	(381)	(362)	(379)	(350)	(382)	(376)	(995)	(974)	(929)	(1,487)	(3,871)	(3,671)
Net premiums	2,700	2,686	3,628	2,722	2,573	2,963	2,160	1,911	2,183	11,886	8,002	7,389
Net investment income (loss)	2,096	3,243	573	(53)	980	442	2,060	(375)	1,378	1,942	4,133	3,751
Fee income	323	308	333	305	302	300	315	271	275	1,240	1,132	1,026
<b>Total revenue</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>1,807</b>	<b>3,836</b>	<b>15,068</b>	<b>13,267</b>	<b>12,166</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	2,446	2,383	2,393	2,290	2,362	2,283	2,369	2,090	2,195	9,328	8,915	8,484
Change in investment/insurance contract liabilities & reinsurance assets	1,893	2,978	1,355	(645)	543	641	2,003	(589)	1,457	1,894	3,140	2,495
Operating expenses, commissions and other expenses	874	886	884	819	874	836	894	769	822	3,413	3,396	3,150
Reinsurance expenses (recoveries)	(296)	(281)	(262)	(281)	(301)	(294)	(903)	(882)	(868)	(1,138)	(3,557)	(3,332)
Total policy benefits and expenses	4,917	5,966	4,370	2,183	3,478	3,466	4,363	1,388	3,606	13,497	11,894	10,797
<b>Income (loss) before income taxes</b>	<b>202</b>	<b>271</b>	<b>164</b>	<b>791</b>	<b>377</b>	<b>239</b>	<b>172</b>	<b>419</b>	<b>230</b>	<b>1,571</b>	<b>1,373</b>	<b>1,369</b>
Income tax expense (benefit)	12	(32)	14	176	76	42	(6)	80	7	308	197	208
Participating policyholders' net income (loss)	42	66	54	280	39	(52)	6	(1)	38	321	213	225
<b>Common shareholders' reported net income (loss)</b>	<b>148</b>	<b>237</b>	<b>96</b>	<b>335</b>	<b>262</b>	<b>249</b>	<b>172</b>	<b>340</b>	<b>185</b>	<b>942</b>	<b>963</b>	<b>936</b>
Market related impacts	(72)	(1)	(134)	46	15	(44)	(38)	90	(76)	(117)	8	114
Assumption changes and management actions	(20)	—	(14)	39	5	(7)	(24)	34	5	23	22	(60)
Certain hedges that do not qualify for hedge accounting	(5)	1	(1)	(1)	1	6	2	(6)	(10)	5	(16)	(5)
Acquisition, integration and restructuring	2	—	—	—	(4)	(1)	—	—	—	(5)	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>243</b>	<b>237</b>	<b>245</b>	<b>251</b>	<b>245</b>	<b>295</b>	<b>232</b>	<b>222</b>	<b>266</b>	<b>1,036</b>	<b>949</b>	<b>887</b>
Return on equity - reported <sup>(1)</sup>	8.5%	13.5%	5.5%	19.4%	15.5%	15.1%	9.0%	17.7%	9.7%	13.8%	12.6%	12.0%
Return on equity - underlying <sup>(1)</sup>	13.8%	13.5%	14.1%	14.5%	14.5%	17.9%	12.2%	11.6%	13.9%	15.2%	12.4%	11.4%
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	2,700	2,686	3,628	2,722	2,573	2,963	2,160	1,911	2,183	11,886	8,002	7,389
Segregated fund deposits	2,607	2,771	2,468	2,399	2,382	3,066	2,388	1,992	2,269	10,315	9,845	10,527
Retail mutual fund deposits (Sun Life Global Investments)	530	519	451	473	503	644	445	397	478	2,071	1,824	1,735
ASO premium & deposit equivalents	1,612	1,632	1,605	1,551	1,623	1,533	1,563	1,636	1,510	6,312	6,247	5,920
Total	7,449	7,608	8,152	7,145	7,081	8,206	6,556	5,936	6,440	30,584	25,918	25,571
<b>SALES</b>												
Individual Insurance	94	93	108	90	110	88	120	87	100	396	451	475
Individual Wealth	1,491	1,574	1,472	1,469	1,497	1,818	1,470	1,281	1,400	6,256	5,884	5,386
Group Benefits	100	269	111	113	156	208	107	130	130	588	674	475
Group Retirement Services	1,757	1,251	3,411	2,070	1,542	2,007	1,713	2,328	2,381	9,030	9,092	7,814
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	91,791	89,799	86,697	84,534	85,242	84,276	84,698	83,430	83,947	86,697	84,698	82,456
Segregated funds	93,923	91,932	85,885	90,763	90,402	87,763	87,817	84,568	84,047	85,885	87,817	79,964
Other AUM	5,703	5,497	4,854	5,046	4,960	4,748	3,902	3,577	3,416	4,854	3,902	2,832
Total	191,417	187,228	177,436	180,343	180,604	176,787	176,417	171,575	171,410	177,436	176,417	165,252
<b>Sun Life Global Investments (Canada) Inc.</b>												
Gross Sales												
Retail	740	684	629	661	689	840	639	553	630	2,819	2,474	2,247
Institutional & other <sup>(2)</sup>	583	770	602	477	559	669	405	426	395	2,307	2,016	2,479
Total	1,323	1,454	1,231	1,138	1,248	1,509	1,044	979	1,025	5,126	4,490	4,726
Net Sales	555	632	473	569	644	825	585	634	428	2,511	2,467	3,360
Assets under management	26,211	25,169	22,897	23,347	22,649	21,569	20,042	18,778	18,095	22,897	20,042	16,132

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

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

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

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	1,297	1,288	1,458	1,194	1,272	1,177	1,282	1,063	1,081	5,101	4,579	4,259
Ceded premiums	(155)	(141)	(160)	(128)	(146)	(128)	(148)	(122)	(101)	(562)	(509)	(563)
Net premiums	1,142	1,147	1,298	1,066	1,126	1,049	1,134	941	980	4,539	4,070	3,696
Net investment income (loss)	1,671	2,544	435	(163)	783	253	1,599	(362)	1,070	1,308	3,077	2,668
Fee income	131	123	152	127	123	121	136	104	103	523	441	379
<b>Total revenue</b>	<b>2,944</b>	<b>3,814</b>	<b>1,885</b>	<b>1,030</b>	<b>2,032</b>	<b>1,423</b>	<b>2,869</b>	<b>683</b>	<b>2,153</b>	<b>6,370</b>	<b>7,588</b>	<b>6,743</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	847	846	871	757	799	841	822	725	753	3,268	3,115	2,991
Change in investment/insurance contract liabilities & reinsurance assets	1,723	2,425	632	(609)	691	185	1,626	(612)	993	899	2,279	1,546
Operating expenses, commissions and other expenses	480	498	496	453	495	461	508	416	462	1,905	1,927	1,763
Reinsurance expenses (recoveries)	(121)	(113)	(99)	(113)	(113)	(111)	(112)	(97)	(99)	(436)	(440)	(425)
Total policy benefits and expenses	2,929	3,656	1,900	488	1,872	1,376	2,844	432	2,109	5,636	6,881	5,875
<b>Income (loss) before income taxes</b>	<b>15</b>	<b>158</b>	<b>(15)</b>	<b>542</b>	<b>160</b>	<b>47</b>	<b>25</b>	<b>251</b>	<b>44</b>	<b>734</b>	<b>707</b>	<b>868</b>
Income tax expense (benefit)	(24)	(14)	(42)	119	16	(8)	(23)	41	(23)	85	79	134
Participating policyholders' net income (loss)	42	66	54	280	39	(52)	6	(1)	38	321	213	225
<b>Common shareholders' reported net income (loss)</b>	<b>(3)</b>	<b>106</b>	<b>(27)</b>	<b>143</b>	<b>105</b>	<b>107</b>	<b>42</b>	<b>211</b>	<b>29</b>	<b>328</b>	<b>415</b>	<b>509</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,142	1,147	1,298	1,066	1,126	1,049	1,134	941	980	4,539	4,070	3,696
Segregated fund deposits	266	235	229	235	229	256	247	207	212	949	873	763
Retail mutual fund deposits (Sun Life Global Investments)	530	519	451	473	503	644	445	397	478	2,071	1,824	1,735
Total	1,938	1,901	1,978	1,774	1,858	1,949	1,826	1,545	1,670	7,559	6,767	6,194
<b>SALES</b>												
Individual Insurance - SLFD	46	35	50	42	46	39	59	49	50	177	192	242
Individual Insurance - Third-party	48	58	58	48	64	49	61	38	50	219	259	233
Total insurance sales	94	93	108	90	110	88	120	87	100	396	451	475
Individual Wealth - fixed products	232	259	354	309	311	306	272	206	205	1,280	1,077	1,055
Individual Wealth - mutual funds	993	1,081	887	927	953	1,260	940	868	983	4,027	3,923	3,569
Individual Wealth - segregated funds	266	234	231	233	233	252	258	207	212	949	884	762
Total wealth sales	1,491	1,574	1,472	1,469	1,497	1,818	1,470	1,281	1,400	6,256	5,884	5,386
Wealth Manufactured Sales <sup>(1)</sup>	1,020	1,000	1,027	1,005	1,035	1,186	958	799	880	4,253	3,721	3,418
Other wealth sales	471	574	445	464	462	632	512	482	520	2,003	2,163	1,968
Total wealth sales	1,491	1,574	1,472	1,469	1,497	1,818	1,470	1,281	1,400	6,256	5,884	5,386
SLFD - Career Advisor Network	3,470	3,567	3,608	3,635	3,677	3,751	3,856	3,900	3,976	3,608	3,856	4,168
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	62,222	60,365	57,740	56,689	57,514	56,441	56,523	55,667	56,130	57,740	56,523	55,158
Segregated funds	11,865	11,810	11,179	12,129	12,173	12,074	12,423	12,248	12,285	11,179	12,423	12,341
Other AUM	5,703	5,497	4,854	5,046	4,960	4,748	3,902	3,577	3,416	4,854	3,902	2,832
Total assets under management	79,790	77,672	73,773	73,864	74,647	73,263	72,848	71,492	71,831	73,773	72,848	70,331
Mutual fund dealers' assets	21,389	21,072	19,733	21,027	20,891	20,496	20,535	19,868	19,700	19,733	20,535	18,698
Total assets under management and administration	101,179	98,744	93,506	94,891	95,538	93,759	93,383	91,360	91,531	93,506	93,383	89,029

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

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

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	1,537	1,533	1,465	1,457	1,446	1,445	1,374	1,379	1,333	5,813	5,426	4,910
Ceded premiums	(149)	(143)	(141)	(142)	(155)	(166)	(765)	(768)	(744)	(604)	(3,026)	(2,756)
Net premiums	1,388	1,390	1,324	1,315	1,291	1,279	609	611	589	5,209	2,400	2,154
Net investment income (loss)	202	273	113	40	100	111	193	(1)	136	364	481	492
Fee income	65	64	61	54	59	58	59	55	57	232	232	233
<b>Total revenue</b>	1,655	1,727	1,498	1,409	1,450	1,448	861	665	782	5,805	3,113	2,879
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,141	1,104	1,076	1,063	1,118	1,030	1,082	972	1,056	4,287	4,159	3,820
Change in investment/insurance contract liabilities & reinsurance assets	218	339	148	106	26	163	110	42	28	443	252	227
Operating expenses, commissions and other expenses	287	281	284	266	276	271	279	258	260	1,097	1,064	993
Reinsurance expenses (recoveries)	(99)	(93)	(86)	(91)	(109)	(104)	(711)	(704)	(688)	(390)	(2,791)	(2,564)
Total policy benefits and expenses	1,547	1,631	1,422	1,344	1,311	1,360	760	568	656	5,437	2,684	2,476
<b>Income (loss) before income taxes</b>	108	96	76	65	139	88	101	97	126	368	429	403
Income tax expense (benefit)	28	22	17	14	36	19	23	23	27	86	97	96
<b>Common shareholders' reported net income (loss)</b>	80	74	59	51	103	69	78	74	99	282	332	307
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,388	1,390	1,324	1,315	1,291	1,279	609	611	589	5,209	2,400	2,154
ASO premium equivalents	1,301	1,290	1,254	1,247	1,243	1,243	1,244	1,235	1,228	4,987	4,937	4,830
Total	2,689	2,680	2,578	2,562	2,534	2,522	1,853	1,846	1,817	10,196	7,337	6,984
<b>SALES</b>	100	269	111	113	156	208	107	130	130	588	674	475
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	14,476	14,396	14,170	13,917	13,794	13,640	14,156	14,012	13,969	14,170	14,156	13,790
<b>SUPPLEMENTAL INFORMATION</b>												
Business in-force	10,974	10,887	10,580	10,452	10,404	10,297	10,108	9,981	9,886	10,580	10,108	9,489

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

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017				2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	247	227	1,084	421	237	717	499	443	698	2,459	1,868	1,891
Ceded premiums	(77)	(78)	(78)	(80)	(81)	(82)	(82)	(84)	(84)	(321)	(336)	(352)
Net premiums	170	149	1,006	341	156	635	417	359	614	2,138	1,532	1,539
Net investment income (loss)	223	426	25	70	97	78	268	(12)	172	270	575	591
Fee income	127	121	120	124	120	121	120	112	115	485	459	414
<b>Total revenue</b>	<b>520</b>	<b>696</b>	<b>1,151</b>	<b>535</b>	<b>373</b>	<b>834</b>	<b>805</b>	<b>459</b>	<b>901</b>	<b>2,893</b>	<b>2,566</b>	<b>2,544</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	458	433	446	470	445	412	465	393	386	1,773	1,641	1,673
Change in investment/insurance contract liabilities & reinsurance assets	(48)	214	575	(142)	(174)	293	267	(19)	436	552	609	722
Operating expenses, commissions and other expenses	107	107	104	100	103	104	107	95	100	411	405	394
Reinsurance expenses (recoveries)	(76)	(75)	(77)	(77)	(79)	(79)	(80)	(81)	(81)	(312)	(326)	(343)
Total policy benefits and expenses	441	679	1,048	351	295	730	759	388	841	2,424	2,329	2,446
<b>Income (loss) before income taxes</b>	<b>79</b>	<b>17</b>	<b>103</b>	<b>184</b>	<b>78</b>	<b>104</b>	<b>46</b>	<b>71</b>	<b>60</b>	<b>469</b>	<b>237</b>	<b>98</b>
Income tax expense (benefit)	8	(40)	39	43	24	31	(6)	16	3	137	21	(22)
<b>Common shareholders' reported net income (loss)</b>	<b>71</b>	<b>57</b>	<b>64</b>	<b>141</b>	<b>54</b>	<b>73</b>	<b>52</b>	<b>55</b>	<b>57</b>	<b>332</b>	<b>216</b>	<b>120</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	170	149	1,006	341	156	635	417	359	614	2,138	1,532	1,539
Segregated fund deposits	2,341	2,536	2,239	2,164	2,153	2,810	2,141	1,785	2,057	9,366	8,972	9,764
ASO deposit equivalents	311	342	351	304	380	290	319	401	282	1,325	1,310	1,090
Total	2,822	3,027	3,596	2,809	2,689	3,735	2,877	2,545	2,953	12,829	11,814	12,393
<b>SALES</b>												
Sales	1,114	608	2,653	1,425	965	1,344	956	1,686	1,835	6,387	6,567	5,542
Asset consolidation and rollovers	643	643	758	645	577	663	757	642	546	2,643	2,525	2,272
Total	1,757	1,251	3,411	2,070	1,542	2,007	1,713	2,328	2,381	9,030	9,092	7,814
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	15,093	15,038	14,787	13,928	13,934	14,195	14,019	13,751	13,848	14,787	14,019	13,508
Segregated funds	82,058	80,122	74,706	78,634	78,229	75,689	75,394	72,320	71,762	74,706	75,394	67,623
Total assets under management	97,151	95,160	89,493	92,562	92,163	89,884	89,413	86,071	85,610	89,493	89,413	81,131
<b>ASSETS UNDER MANAGEMENT AND ADMINISTRATION</b>												
	106,028	103,887	97,675	101,541	101,048	98,332	98,223	94,471	93,539	97,675	98,223	89,248

## U.S.

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Premiums - life insurance	401	407	420	404	404	405	431	414	445	1,633	1,736	1,792
Premiums - health insurance	1,055	1,047	967	955	925	920	875	862	923	3,767	3,570	3,507
Premiums - annuities	—	1	—	—	—	—	—	—	—	—	—	1
Gross premiums	1,456	1,455	1,387	1,359	1,329	1,325	1,306	1,276	1,368	5,400	5,306	5,300
Ceded premiums	(170)	(155)	(168)	(145)	(147)	(137)	(162)	2	(142)	(597)	(436)	(529)
Net premiums	1,286	1,300	1,219	1,214	1,182	1,188	1,144	1,278	1,226	4,803	4,870	4,771
Net investment income (loss)	932	892	404	159	25	(283)	433	367	687	305	1,864	1,544
Fee income	23	21	21	19	19	14	16	49	18	73	103	71
<b>Total revenue</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>1,694</b>	<b>1,931</b>	<b>5,181</b>	<b>6,837</b>	<b>6,386</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,309	1,243	1,229	1,178	1,199	1,246	1,156	1,078	1,226	4,852	4,820	4,858
Change in investment/insurance contract liabilities & reinsurance assets	585	571	54	313	(307)	(605)	553	278	716	(545)	1,596	397
Operating expenses, commissions and other expenses	411	414	395	392	384	387	401	382	428	1,558	1,629	1,561
Reinsurance expenses (recoveries)	(164)	(171)	(178)	(150)	(175)	(179)	(169)	(136)	(155)	(682)	(676)	(706)
Total policy benefits and expenses	2,141	2,057	1,500	1,733	1,101	849	1,941	1,602	2,215	5,183	7,369	6,110
<b>Income (loss) before income taxes</b>	<b>100</b>	<b>156</b>	<b>144</b>	<b>(341)</b>	<b>125</b>	<b>70</b>	<b>(348)</b>	<b>92</b>	<b>(284)</b>	<b>(2)</b>	<b>(532)</b>	<b>276</b>
Income tax expense (benefit)	11	32	26	(75)	20	10	(286)	19	(107)	(19)	(392)	54
Participating policyholders' net income (loss)	(5)	—	—	1	—	(36)	1	1	1	(35)	4	5
<b>Common shareholders' reported net income (loss)</b>	<b>94</b>	<b>124</b>	<b>118</b>	<b>(267)</b>	<b>105</b>	<b>96</b>	<b>(63)</b>	<b>72</b>	<b>(178)</b>	<b>52</b>	<b>(144)</b>	<b>217</b>
Market related impacts	(11)	(17)	5	(5)	(1)	(25)	(34)	4	(16)	(26)	(58)	11
Assumption changes and management actions	1	(2)	—	(393)	(4)	3	—	(38)	(238)	(394)	(280)	(23)
Acquisition, integration and restructuring	(6)	(7)	(8)	(8)	(15)	(11)	(10)	(15)	(25)	(42)	(68)	(55)
Other	—	—	—	—	—	—	(114)	—	—	—	(114)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>110</b>	<b>150</b>	<b>121</b>	<b>139</b>	<b>125</b>	<b>129</b>	<b>95</b>	<b>121</b>	<b>101</b>	<b>514</b>	<b>376</b>	<b>284</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,286	1,300	1,219	1,214	1,182	1,188	1,144	1,278	1,226	4,803	4,870	4,771
<b>SALES</b>												
Group Benefits	225	160	844	172	155	136	627	193	165	1,307	1,106	1,053
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	34,588	34,286	34,584	32,566	32,831	32,575	32,259	32,061	32,762	34,584	32,259	33,625
Segregated funds	509	502	491	476	488	484	488	479	496	491	488	502
Other AUM	27	31	33	32	53	54	57	58	64	33	57	80
Total	<b>35,124</b>	<b>34,819</b>	<b>35,108</b>	<b>33,074</b>	<b>33,372</b>	<b>33,113</b>	<b>32,804</b>	<b>32,598</b>	<b>33,322</b>	<b>35,108</b>	<b>32,804</b>	<b>34,207</b>

U.S.  
(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018				2017			2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Premiums - life insurance	299	306	317	310	312	321	339	330	331	1,260	1,337	1,354
Premiums - health insurance	789	789	732	731	717	728	689	688	687	2,908	2,752	2,652
Premiums - annuities	—	—	—	—	—	—	—	—	—	—	—	—
Gross premiums	1,088	1,095	1,049	1,041	1,029	1,049	1,028	1,018	1,018	4,168	4,089	4,006
Ceded premiums	(126)	(117)	(126)	(111)	(114)	(108)	(128)	4	(106)	(459)	(332)	(399)
Net premiums	962	978	923	930	915	941	900	1,022	912	3,709	3,757	3,607
Net investment income (loss)	696	669	299	121	18	(224)	342	290	509	214	1,427	1,171
Fee income	17	16	16	14	15	11	13	38	13	56	80	54
<b>Total revenue</b>	<b>1,675</b>	<b>1,663</b>	<b>1,238</b>	<b>1,065</b>	<b>948</b>	<b>728</b>	<b>1,255</b>	<b>1,350</b>	<b>1,434</b>	<b>3,979</b>	<b>5,264</b>	<b>4,832</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	979	935	930	902	929	986	911	859	911	3,747	3,708	3,672
Change in investment/insurance contract liabilities & reinsurance assets	437	428	35	240	(239)	(478)	434	223	533	(442)	1,229	304
Operating expenses, commissions and other expenses	307	311	299	300	297	306	314	304	319	1,202	1,253	1,180
Reinsurance expenses (recoveries)	(122)	(129)	(134)	(115)	(136)	(142)	(133)	(109)	(114)	(527)	(520)	(532)
Total policy benefits and expenses	1,601	1,545	1,130	1,327	851	672	1,526	1,277	1,649	3,980	5,670	4,624
<b>Income (loss) before income taxes</b>	<b>74</b>	<b>118</b>	<b>108</b>	<b>(262)</b>	<b>97</b>	<b>56</b>	<b>(271)</b>	<b>73</b>	<b>(215)</b>	<b>(1)</b>	<b>(406)</b>	<b>208</b>
Income tax expense (benefit)	8	25	19	(58)	16	8	(223)	15	(81)	(15)	(302)	41
Participating policyholders' net income (loss)	(4)	—	—	1	—	(28)	1	1	1	(27)	3	4
<b>Common shareholders' reported net income (loss)</b>	<b>70</b>	<b>93</b>	<b>89</b>	<b>(205)</b>	<b>81</b>	<b>76</b>	<b>(49)</b>	<b>57</b>	<b>(135)</b>	<b>41</b>	<b>(107)</b>	<b>163</b>
Market related impacts	(8)	(11)	4	(4)	(1)	(20)	(25)	2	(12)	(21)	(44)	8
Assumption changes and management actions	1	(2)	—	(301)	(3)	2	—	(30)	(177)	(302)	(210)	(18)
Acquisition, integration and restructuring	(4)	(6)	(6)	(6)	(12)	(8)	(8)	(12)	(19)	(32)	(52)	(42)
Other	—	—	—	—	—	—	(90)	—	—	—	(90)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>81</b>	<b>112</b>	<b>91</b>	<b>106</b>	<b>97</b>	<b>102</b>	<b>74</b>	<b>97</b>	<b>73</b>	<b>396</b>	<b>289</b>	<b>215</b>
Return on equity - reported	9.9%	13.6%	13.1%	(30.6)%	11.7%	11.2%	(7.2)%	8.8%	(21.6)%	1.5%	(4.1)%	6.5%
Return on equity - underlying	11.6%	16.3%	13.5%	15.7%	14.0%	15.1%	10.9%	14.9%	11.8%	14.6%	11.1%	8.5%
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	962	978	923	930	915	941	900	1,022	912	3,709	3,757	3,607
<b>SALES</b>												
Group Benefits	168	120	639	132	120	108	494	154	123	999	863	794
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	26,424	25,694	25,360	25,237	25,004	25,250	25,649	25,717	25,275	25,360	25,649	25,037
Segregated funds	388	376	360	369	372	375	388	385	383	360	388	374
Other AUM	21	23	24	24	40	42	45	47	50	24	45	59
<b>Total</b>	<b>26,833</b>	<b>26,093</b>	<b>25,744</b>	<b>25,630</b>	<b>25,416</b>	<b>25,667</b>	<b>26,082</b>	<b>26,149</b>	<b>25,708</b>	<b>25,744</b>	<b>26,082</b>	<b>25,470</b>



**U.S. - GROUP BENEFITS**

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018				2017			2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	965	967	914	914	899	914	885	880	880	3,641	3,533	3,430
Ceded premiums	(38)	(38)	(36)	(36)	(31)	(33)	(39)	(32)	(29)	(136)	(133)	(107)
Net premiums	927	929	878	878	868	881	846	848	851	3,505	3,400	3,323
Net investment income (loss)	84	103	37	42	19	(4)	51	58	84	94	256	236
Fee income	26	25	25	23	24	21	20	50	18	93	108	52
<b>Total revenue</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>956</b>	<b>953</b>	<b>3,692</b>	<b>3,764</b>	<b>3,611</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	717	653	706	671	642	696	669	653	664	2,715	2,667	2,593
Change in investment/insurance contract liabilities & reinsurance assets	20	41	(46)	(44)	(56)	(74)	(33)	(78)	(2)	(220)	(125)	7
Operating expenses, commissions and other expenses	285	289	279	281	276	288	283	288	294	1,124	1,157	1,076
Reinsurance expenses (recoveries)	(37)	(35)	(74)	(51)	(24)	(54)	(60)	(33)	(26)	(203)	(151)	(164)
Total policy benefits and expenses	985	948	865	857	838	856	859	830	930	3,416	3,548	3,512
<b>Income (loss) before income taxes</b>	<b>52</b>	<b>109</b>	<b>75</b>	<b>86</b>	<b>73</b>	<b>42</b>	<b>58</b>	<b>126</b>	<b>23</b>	<b>276</b>	<b>216</b>	<b>99</b>
Income tax expense (benefit)	11	23	16	18	16	9	28	40	7	59	76	26
<b>Common shareholders' reported net income (loss)</b>	<b>41</b>	<b>86</b>	<b>59</b>	<b>68</b>	<b>57</b>	<b>33</b>	<b>30</b>	<b>86</b>	<b>16</b>	<b>217</b>	<b>140</b>	<b>73</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	927	929	878	878	868	881	846	848	851	3,505	3,400	3,323
<b>ASSETS UNDER MANAGEMENT</b>												
General Funds	7,926	7,816	7,704	7,539	7,508	7,471	7,344	7,395	7,393	7,704	7,344	7,409
<b>SALES</b>												
Employee Benefits	62	63	217	85	58	71	163	83	64	431	370	436
Medical Stop-Loss	106	57	422	47	62	37	331	71	59	568	493	358
Total	168	120	639	132	120	108	494	154	123	999	863	794
<b>BUSINESS IN-FORCE</b>												
Employee Benefits	2,409	2,408	2,385	2,407	2,428	2,433	2,464	2,522	2,573	2,385	2,464	2,589
Medical Stop-Loss	1,826	1,739	1,631	1,490	1,499	1,445	1,404	1,251	1,232	1,631	1,404	1,194
Total	4,235	4,147	4,016	3,897	3,927	3,878	3,868	3,773	3,805	4,016	3,868	3,783
<b>AFTER-TAX PROFIT MARGIN <sup>(1)</sup></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>4.5%</b>	<b>3.3%</b>	<b>6.7%</b>	<b>5.0%</b>	<b>3.5%</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)

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017				2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	123	128	135	127	130	135	143	138	138	527	556	576
Ceded premiums	(88)	(79)	(90)	(75)	(83)	(75)	(89)	36	(77)	(323)	(199)	(292)
Net premiums	35	49	45	52	47	60	54	174	61	204	357	284
Net investment income (loss)	612	566	262	79	(1)	(220)	291	232	425	120	1,171	935
Fee income	(9)	(9)	(9)	(9)	(9)	(10)	(7)	(12)	(5)	(37)	(28)	2
<b>Total revenue</b>	<b>638</b>	<b>606</b>	<b>298</b>	<b>122</b>	<b>37</b>	<b>(170)</b>	<b>338</b>	<b>394</b>	<b>481</b>	<b>287</b>	<b>1,500</b>	<b>1,221</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	262	282	224	231	287	290	242	206	247	1,032	1,041	1,079
Change in investment/insurance contract liabilities & reinsurance assets	417	387	81	284	(183)	(404)	467	301	535	(222)	1,354	297
Operating expenses, commissions and other expenses	22	22	20	19	21	18	31	16	25	78	96	104
Reinsurance expenses (recoveries)	(85)	(94)	(60)	(64)	(112)	(88)	(73)	(76)	(88)	(324)	(369)	(368)
Total policy benefits and expenses	616	597	265	470	13	(184)	667	447	719	564	2,122	1,112
<b>Income (loss) before income taxes</b>	<b>22</b>	<b>9</b>	<b>33</b>	<b>(348)</b>	<b>24</b>	<b>14</b>	<b>(329)</b>	<b>(53)</b>	<b>(238)</b>	<b>(277)</b>	<b>(622)</b>	<b>109</b>
Income tax expense (benefit)	(3)	2	3	(76)	—	(1)	(251)	(25)	(88)	(74)	(378)	15
Participating policyholders' net income (loss)	(4)	—	—	1	—	(28)	1	1	1	(27)	3	4
<b>Common shareholders' reported net income (loss)</b>	<b>29</b>	<b>7</b>	<b>30</b>	<b>(273)</b>	<b>24</b>	<b>43</b>	<b>(79)</b>	<b>(29)</b>	<b>(151)</b>	<b>(176)</b>	<b>(247)</b>	<b>90</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	35	49	45	52	47	60	54	174	61	204	357	284
<b>ACCOUNT VALUE</b>												
Individual insurance - domestic	4,419	4,446	4,475	4,482	4,498	4,511	4,538	4,541	4,545	4,475	4,538	4,576
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	18,498	17,878	17,656	17,698	17,496	17,779	18,305	18,322	17,882	17,656	18,305	17,628
Segregated funds	388	376	360	369	372	375	388	385	383	360	388	374
Other AUM	21	23	24	24	40	42	45	47	50	24	45	59
<b>Total</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>18,754</b>	<b>18,315</b>	<b>18,040</b>	<b>18,738</b>	<b>18,061</b>

**ASSET MANAGEMENT**

(C\$ millions)

FINANCIAL SUMMARY	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017		2018	2017	2016		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>Revenue</b>												
Net investment income (loss)	19	28	3	9	(1)	2	10	11	10	13	45	(3)
Fee income	1,062	990	1,000	1,041	1,022	1,048	1,044	987	1,023	4,111	4,037	3,932
<b>Total revenue</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>998</b>	<b>1,033</b>	<b>4,124</b>	<b>4,082</b>	<b>3,929</b>
<b>Expenses</b>	790	741	690	731	739	771	771	715	751	2,931	2,976	2,807
<b>Income (loss) before income taxes</b>	291	277	313	319	282	279	283	283	282	1,193	1,106	1,122
Income tax expense (benefit)	62	58	69	78	68	69	169	98	99	284	453	393
<b>Common shareholders' reported net income (loss)</b>	<b>229</b>	<b>219</b>	<b>244</b>	<b>241</b>	<b>214</b>	<b>210</b>	<b>114</b>	<b>185</b>	<b>183</b>	<b>909</b>	<b>653</b>	<b>729</b>
Fair value adjustments on share-based payment awards at MFS	(11)	(8)	28	(10)	(2)	(21)	(34)	(19)	(16)	(5)	(81)	30
Acquisition, integration and restructuring	(5)	—	(11)	—	—	—	—	—	—	(11)	—	—
Other	—	—	—	—	—	—	(78)	—	—	—	(78)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>245</b>	<b>227</b>	<b>227</b>	<b>251</b>	<b>216</b>	<b>231</b>	<b>226</b>	<b>204</b>	<b>199</b>	<b>925</b>	<b>812</b>	<b>699</b>
<b>Common shareholders' underlying net income (loss)</b>												
MFS	236	223	221	242	213	222	220	199	193	898	788	670
SLC Management (formerly SLIM)	9	4	6	9	3	9	6	5	6	27	24	29
Total	245	227	227	251	216	231	226	204	199	925	812	699
<b>GROSS SALES</b>												
MFS	30,267	28,990	27,877	22,792	24,061	29,561	25,584	26,307	27,320	104,291	106,514	108,184
SLC Management	1,662	2,297	1,546	1,573	1,202	2,703	2,930	2,303	2,532	7,024	10,768	8,086
Total	31,929	31,287	29,423	24,365	25,263	32,264	28,514	28,610	29,852	111,315	117,282	116,270
<b>NET SALES</b>												
MFS	(8,116)	(7,804)	(8,737)	(9,506)	(14,882)	(5,392)	(5,042)	(3,328)	(5,435)	(38,517)	(28,479)	(16,773)
SLC Management	225	1,256	192	521	179	335	1,587	1,459	872	1,227	6,073	4,448
Total	(7,891)	(6,548)	(8,545)	(8,985)	(14,703)	(5,057)	(3,455)	(1,869)	(4,563)	(37,290)	(22,406)	(12,325)
<b>ASSETS UNDER MANAGEMENT</b>												
MFS	639,900	631,097	584,172	625,890	622,511	621,540	618,292	591,197	598,996	584,172	618,292	571,593
SLC Management	68,170	67,267	65,538	61,312	61,514	60,118	59,319	56,513	56,320	65,538	59,319	53,222
Total	708,070	698,364	649,710	687,202	684,025	681,658	677,611	647,710	655,316	649,710	677,611	624,815

**MFS**

(US\$ millions), unless otherwise noted

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Net investment income (loss)	14	20	1	7	(1)	1	8	9	8	8	35	(4)
Fee income	723	681	692	734	729	747	764	737	715	2,902	2,907	2,762
<b>Total revenue</b>	<b>737</b>	<b>701</b>	<b>693</b>	<b>741</b>	<b>728</b>	<b>748</b>	<b>772</b>	<b>746</b>	<b>723</b>	<b>2,910</b>	<b>2,942</b>	<b>2,758</b>
<b>Expenses</b>												
	523	495	452	505	511	535	556	525	519	2,003	2,112	1,939
<b>Income (loss) before income taxes</b>	<b>214</b>	<b>206</b>	<b>241</b>	<b>236</b>	<b>217</b>	<b>213</b>	<b>216</b>	<b>221</b>	<b>204</b>	<b>907</b>	<b>830</b>	<b>819</b>
Income tax expense (benefit)	46	44	52	58	54	54	144	78	72	218	359	291
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>168</b>	<b>162</b>	<b>189</b>	<b>178</b>	<b>163</b>	<b>159</b>	<b>72</b>	<b>143</b>	<b>132</b>	<b>689</b>	<b>471</b>	<b>528</b>
Fair value adjustments on share-based payment awards at MFS	(8)	(6)	22	(8)	(1)	(17)	(27)	(16)	(12)	(4)	(64)	22
Other	—	—	—	—	—	—	(75)	—	—	—	(75)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>176</b>	<b>168</b>	<b>167</b>	<b>186</b>	<b>164</b>	<b>176</b>	<b>174</b>	<b>159</b>	<b>144</b>	<b>693</b>	<b>610</b>	<b>506</b>
<b>MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT</b>												
Opening AUM	253,119	226,557	254,545	247,460	247,743	250,231	239,729	232,692	221,716	250,231	211,822	200,463
Sales	16,562	16,479	15,522	13,053	13,225	16,211	14,118	13,878	13,746	58,011	57,801	58,375
Redemptions	(14,606)	(15,769)	(18,512)	(14,925)	(15,298)	(16,567)	(13,644)	(13,964)	(13,431)	(65,302)	(58,745)	(58,951)
Market movement	11,240	25,852	(24,998)	8,957	1,790	(2,132)	10,028	7,123	10,661	(16,383)	39,353	11,935
Closing AUM	<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>239,729</b>	<b>232,692</b>	<b>226,557</b>	<b>250,231</b>	<b>211,822</b>
<b>MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT</b>												
Opening AUM	219,825	201,816	230,490	226,653	234,407	241,374	234,481	229,425	219,203	241,374	213,787	212,773
Sales	6,068	5,333	5,576	4,393	5,421	7,182	6,028	7,109	6,568	22,572	24,281	23,339
Redemptions	(14,092)	(11,915)	(9,198)	(9,797)	(14,881)	(11,093)	(10,473)	(9,678)	(10,924)	(44,969)	(45,095)	(35,357)
Market movement	10,730	24,591	(25,052)	9,241	1,706	(3,056)	11,338	7,625	14,578	(17,161)	48,401	13,032
Closing AUM	<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>234,481</b>	<b>229,425</b>	<b>201,816</b>	<b>241,374</b>	<b>213,787</b>
<b>SUPPLEMENTAL INFORMATION</b>												
Pre-tax net operating profit margin ratio	37 %	38 %	38 %	40 %	36 %	38 %	40 %	41 %	36 %	38 %	38 %	36 %
Pre-tax gross operating profit margin ratio	32 %	32 %	33 %	35 %	31 %	32 %	34 %	34 %	31 %	33 %	32 %	30 %
Total assets under management	488,846	472,944	428,373	485,035	474,113	482,150	491,605	474,210	462,117	428,373	491,605	425,609
Average net assets	480,199	456,690	451,578	482,878	480,906	495,042	482,553	468,151	453,197	477,496	460,512	421,730
Total gross sales	22,630	21,812	21,098	17,446	18,646	23,393	20,146	20,987	20,314	80,583	82,082	81,714
Total net sales	(6,068)	(5,872)	(6,612)	(7,276)	(11,533)	(4,267)	(3,971)	(2,655)	(4,041)	(29,688)	(21,758)	(12,594)
Liability for share-based compensation <sup>(1)</sup>	482	505	496	518	516	566	562	551	536	496	562	533
Diluted EPS impact - liability for share-based compensation <sup>(2)</sup>	\$0.01	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.03	\$0.01	\$0.06
U.S. GAAP net income	188	177	176	195	176	188	113	169	147	735	569	539
Dividends paid to SLF	138	131	128	144	126	134	123	122	105	532	452	387

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

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

**ASIA**

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended				
	2019		2018			2017			2018	2017	2016			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2					
<b>Revenue</b>														
Gross premiums	518	406	608	464	586	521	815	545	543	2,179	2,527	2,923		
Ceded premiums	(52)	(50)	(69)	(57)	(52)	(54)	(68)	(46)	(56)	(232)	(226)	(153)		
Net premiums	466	356	539	407	534	467	747	499	487	1,947	2,301	2,770		
Net investment income (loss)	855	1,014	322	72	(34)	(284)	315	354	655	76	1,722	1,326		
Fee income	133	126	121	130	130	133	133	124	136	514	524	498		
<b>Total revenue</b>	<b>1,454</b>	<b>1,496</b>	<b>982</b>	<b>609</b>	<b>630</b>	<b>316</b>	<b>1,195</b>	<b>977</b>	<b>1,278</b>	<b>2,537</b>	<b>4,547</b>	<b>4,594</b>		
<b>Policy benefits and expenses</b>														
Gross claims & benefits paid	433	357	326	302	256	308	265	292	228	1,192	1,061	1,182		
Change in investment/insurance contract liabilities & reinsurance assets	574	810	204	(135)	(67)	(358)	475	214	441	(356)	1,638	1,878		
Operating expenses, commissions and other expenses	325	291	354	297	322	274	357	273	273	1,247	1,165	1,134		
Reinsurance expenses (recoveries)	(33)	(56)	(46)	(38)	(35)	(45)	(49)	(38)	(41)	(164)	(185)	(273)		
Total policy benefits and expenses	1,299	1,402	838	426	476	179	1,048	741	901	1,919	3,679	3,921		
<b>Income (loss) before income taxes</b>	155	94	144	183	154	137	147	236	377	618	868	673		
Income tax expense (benefit)	13	13	14	14	19	4	17	11	15	51	62	58		
Participating policyholders' net income (loss) and non-controlling interest	8	1	5	5	2	—	9	9	6	12	28	15		
<b>Common shareholders' reported net income (loss)</b>	<b>134</b>	<b>80</b>	<b>125</b>	<b>164</b>	<b>133</b>	<b>133</b>	<b>121</b>	<b>216</b>	<b>356</b>	<b>555</b>	<b>778</b>	<b>600</b>		
Market related impacts	(14)	(42)	(22)	(12)	—	4	15	12	12	(30)	38	(5)		
Assumption changes and management actions	1	—	9	66	—	1	—	74	221	76	284	114		
Acquisition, integration and restructuring	—	—	(2)	—	(12)	—	—	—	—	(14)	—	33		
Other	—	—	—	—	—	—	(5)	—	—	—	(5)	—		
<b>Common shareholders' underlying net income (loss)</b>	<b>147</b>	<b>122</b>	<b>140</b>	<b>110</b>	<b>145</b>	<b>128</b>	<b>111</b>	<b>130</b>	<b>123</b>	<b>523</b>	<b>461</b>	<b>458</b>		
Return on equity - reported <sup>(1)</sup>	9.9 %	6.0 %	9.9 %	13.3 %	10.9 %	11.2 %	9.0 %	15.8 %	26.0 %	11.3 %	14.4 %	11.7 %		
Return on equity - underlying <sup>(1)</sup>	10.9 %	9.1 %	10.9 %	8.9 %	11.8 %	10.7 %	8.2 %	9.5 %	9.0 %	10.6 %	8.5 %	8.9 %		
<b>PREMIUMS &amp; DEPOSITS</b>														
Net premiums	466	356	539	407	534	467	747	499	487	1,947	2,301	2,770		
Segregated fund deposits	248	271	275	274	300	310	273	223	216	1,159	933	919		
Mutual fund sales	1,022	1,243	1,175	1,220	1,696	2,926	2,955	2,928	2,320	7,017	10,631	5,742		
Managed fund sales	761	591	715	650	770	567	585	460	490	2,702	1,871	1,251		
ASO deposits (pension administration)	69	75	68	142	144	142	146	169	191	496	686	943		
Total	2,566	2,536	2,772	2,693	3,444	4,412	4,706	4,279	3,704	13,321	16,422	11,625		
<b>SALES - Proportionate ownership <sup>(2)</sup></b>														
<b>Individual life insurance</b>														
Insurance and Wealth	216	246	232	174	180	200	197	156	142	786	661	628		
International	14	4	13	21	26	22	49	26	21	82	124	95		
<b>Total life insurance sales</b>	<b>230</b>	<b>250</b>	<b>245</b>	<b>195</b>	<b>206</b>	<b>222</b>	<b>246</b>	<b>182</b>	<b>163</b>	<b>868</b>	<b>785</b>	<b>723</b>		
<b>Total group life &amp; health insurance sales</b>	<b>8</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>11</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>30</b>	<b>26</b>	<b>32</b>		
<b>Total wealth sales <sup>(3)</sup></b>	<b>1,799</b>	<b>1,881</b>	<b>1,935</b>	<b>1,928</b>	<b>2,502</b>	<b>3,736</b>	<b>3,603</b>	<b>3,607</b>	<b>2,949</b>	<b>10,101</b>	<b>13,056</b>	<b>8,849</b>		
<b>ASSETS UNDER MANAGEMENT <sup>(4)</sup></b>														
Insurance and Wealth	71,042	70,684	67,821	62,187	66,371	65,134	64,688	60,050	59,070	67,821	64,688	53,469		
International	15,829	16,066	15,805	15,675	16,100	16,011	16,014	15,749	16,674	15,805	16,014	16,579		
Total	86,871	86,750	83,626	77,862	82,471	81,145	80,702	75,799	75,744	83,626	80,702	70,048		
<b>ASSETS UNDER MANAGEMENT AND ADMINISTRATION <sup>(4)</sup></b>	<b>92,714</b>	<b>92,934</b>	<b>90,214</b>	<b>84,817</b>	<b>93,405</b>	<b>93,780</b>	<b>93,845</b>	<b>89,716</b>	<b>90,580</b>	<b>90,214</b>	<b>93,845</b>	<b>86,808</b>		
<b>Constant Currency Sales <sup>(5)</sup></b>														
Individual life insurance	225	249	246	197	206									
Wealth	1,765	1,885	1,968	1,958	2,502									

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

<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.

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

<sup>(5)</sup> Quarterly sales in constant currency are relative to Q2 2018 foreign exchange rates for each of the quarters.

**ASIA - INSURANCE AND WEALTH**

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017				2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	443	370	492	341	387	305	399	314	348	1,525	1,426	1,971
Ceded premiums	(46)	(45)	(61)	(49)	(47)	(48)	(62)	(48)	(50)	(205)	(210)	(117)
Net premiums	397	325	431	292	340	257	337	266	298	1,320	1,216	1,854
Net investment income (loss)	581	797	154	(11)	(71)	(241)	215	227	421	(169)	1,144	761
Fee income	113	107	100	105	105	104	102	93	102	414	394	341
<b>Total revenue</b>	<b>1,091</b>	<b>1,229</b>	<b>685</b>	<b>386</b>	<b>374</b>	<b>120</b>	<b>654</b>	<b>586</b>	<b>821</b>	<b>1,565</b>	<b>2,754</b>	<b>2,956</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	211	189	213	213	176	200	220	180	179	802	771	789
Change in investment/insurance contract liabilities & reinsurance assets	490	700	90	(144)	(139)	(372)	110	119	367	(565)	855	1,181
Operating expenses, commissions and other expenses	285	259	307	249	266	221	271	213	218	1,043	905	873
Reinsurance expenses (recoveries)	(33)	(35)	(42)	(39)	(34)	(36)	(48)	(38)	(41)	(151)	(182)	(262)
Total policy benefits and expenses	953	1,113	568	279	269	13	553	474	723	1,129	2,349	2,581
<b>Income (loss) before income taxes</b>	<b>138</b>	<b>116</b>	<b>117</b>	<b>107</b>	<b>105</b>	<b>107</b>	<b>101</b>	<b>112</b>	<b>98</b>	<b>436</b>	<b>405</b>	<b>375</b>
Income tax expense (benefit)	14	14	11	13	17	2	9	10	15	43	51	51
Participating policyholders' net income (loss) and non-controlling interest	7	1	5	5	2	—	9	9	6	12	28	15
<b>Common shareholders' reported net income (loss)</b>	<b>117</b>	<b>101</b>	<b>101</b>	<b>89</b>	<b>86</b>	<b>105</b>	<b>83</b>	<b>93</b>	<b>77</b>	<b>381</b>	<b>326</b>	<b>309</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	397	325	431	292	340	257	337	266	298	1,320	1,216	1,854
Segregated fund deposits	248	271	275	274	300	310	273	223	216	1,159	933	918
Mutual fund sales	1,022	1,243	1,175	1,220	1,696	2,926	2,955	2,928	2,320	7,017	10,631	5,742
Managed fund sales	761	591	715	650	770	567	585	460	490	2,702	1,871	1,251
ASO deposits (pension administration)	69	75	68	142	144	142	146	169	191	496	686	943
Total	2,497	2,505	2,664	2,578	3,250	4,202	4,296	4,046	3,515	12,694	15,337	10,708
<b>ASSETS UNDER MANAGEMENT <sup>(1)</sup></b>												
General funds	17,386	16,959	16,285	15,096	15,502	15,560	15,594	15,089	15,391	16,285	15,594	15,103
Segregated funds	6,022	5,953	5,617	5,204	5,295	5,371	5,393	4,995	4,998	5,617	5,393	4,605
Other AUM	47,634	47,772	45,919	41,887	45,574	44,203	43,701	39,966	38,681	45,919	43,701	33,761
Total	71,042	70,684	67,821	62,187	66,371	65,134	64,688	60,050	59,070	67,821	64,688	53,469
<b>ASSETS UNDER MANAGEMENT AND ADMINISTRATION <sup>(1)</sup></b>	<b>76,885</b>	<b>76,868</b>	<b>74,409</b>	<b>69,142</b>	<b>77,305</b>	<b>77,769</b>	<b>77,831</b>	<b>73,967</b>	<b>73,906</b>	<b>74,409</b>	<b>77,831</b>	<b>70,229</b>
<b>SALES - Proportionate ownership <sup>(2)</sup></b>												
Individual life insurance												
Philippines	59	56	67	54	51	49	59	46	36	221	179	179
Hong Kong	75	46	73	42	57	37	57	42	39	209	180	217
Indonesia	14	23	18	15	15	19	20	19	20	67	74	57
India	30	65	43	34	23	45	26	20	18	145	105	68
China	19	35	13	12	19	34	20	15	15	78	67	55
Vietnam	4	5	5	4	3	4	4	2	3	16	12	9
Malaysia	15	16	13	13	12	12	11	12	11	50	44	43
<b>Total life insurance sales</b>	<b>216</b>	<b>246</b>	<b>232</b>	<b>174</b>	<b>180</b>	<b>200</b>	<b>197</b>	<b>156</b>	<b>142</b>	<b>786</b>	<b>661</b>	<b>628</b>
<b>Total group life &amp; health insurance sales</b>	<b>8</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>11</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>30</b>	<b>26</b>	<b>32</b>
<b>Total wealth sales <sup>(3)</sup></b>	<b>1,799</b>	<b>1,881</b>	<b>1,935</b>	<b>1,928</b>	<b>2,502</b>	<b>3,736</b>	<b>3,603</b>	<b>3,607</b>	<b>2,949</b>	<b>10,101</b>	<b>13,056</b>	<b>8,849</b>

<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				2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>Revenue</b>												
Gross premiums	75	36	116	123	199	216	416	231	195	654	1,101	952
Ceded premiums	(6)	(5)	(8)	(8)	(5)	(6)	(6)	2	(6)	(27)	(16)	(36)
Net premiums	69	31	108	115	194	210	410	233	189	627	1,085	916
Net investment income (loss)	274	217	168	83	37	(43)	100	127	234	245	578	565
Fee income	20	19	21	25	25	29	31	31	34	100	130	157
<b>Total revenue</b>	<b>363</b>	<b>267</b>	<b>297</b>	<b>223</b>	<b>256</b>	<b>196</b>	<b>541</b>	<b>391</b>	<b>457</b>	<b>972</b>	<b>1,793</b>	<b>1,638</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	222	168	113	89	80	108	45	112	49	390	290	393
Change in investment/insurance contract liabilities & reinsurance assets	84	110	114	9	72	14	365	95	74	209	783	697
Operating expenses, commissions and other expenses	40	32	47	48	56	53	86	60	55	204	260	261
Reinsurance expenses (recoveries)	—	(21)	(4)	1	(1)	(9)	(1)	—	—	(13)	(3)	(11)
Total policy benefits and expenses	346	289	270	147	207	166	495	267	178	790	1,330	1,340
<b>Income (loss) before income taxes</b>	<b>17</b>	<b>(22)</b>	<b>27</b>	<b>76</b>	<b>49</b>	<b>30</b>	<b>46</b>	<b>124</b>	<b>279</b>	<b>182</b>	<b>463</b>	<b>298</b>
Income tax expense (benefit)	(1)	(1)	3	1	2	2	8	1	—	8	11	7
Participating policyholders' net income (loss)	1	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>17</b>	<b>(21)</b>	<b>24</b>	<b>75</b>	<b>47</b>	<b>28</b>	<b>38</b>	<b>123</b>	<b>279</b>	<b>174</b>	<b>452</b>	<b>291</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	69	31	108	115	194	210	410	233	189	627	1,085	916
Segregated fund deposits	—	—	—	—	—	—	—	—	—	—	—	1
Total	69	31	108	115	194	210	410	233	189	627	1,085	917
<b>SALES</b>												
Individual insurance	14	4	13	21	26	22	49	26	21	82	124	95
<b>ACCOUNT VALUE</b>												
Individual insurance	11,567	11,913	12,223	11,507	11,616	11,235	10,802	10,312	10,554	12,223	10,802	10,522
Investment products	3,037	3,209	3,255	3,599	3,947	4,134	4,403	4,544	4,980	3,255	4,403	5,177
Total	14,604	15,122	15,478	15,106	15,563	15,369	15,205	14,856	15,534	15,478	15,205	15,699
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	12,809	12,874	12,570	12,095	12,180	11,905	11,640	11,233	11,725	12,570	11,640	11,441
Segregated funds	553	564	556	614	652	676	708	722	764	556	708	767
Other AUM	2,467	2,628	2,679	2,966	3,268	3,430	3,666	3,794	4,185	2,679	3,666	4,371
Total	15,829	16,066	15,805	15,675	16,100	16,011	16,014	15,749	16,674	15,805	16,014	16,579

**CORPORATE**

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018			2017			2018	2017	2016	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS <sup>(1)</sup></b>												
<b>Revenue</b>												
Premiums - life insurance	22	23	24	24	23	23	25	24	23	94	94	99
Premiums - health insurance	4	4	4	4	2	4	3	4	3	14	14	17
Premiums - annuities	7	6	(95)	5	6	5	4	7	7	(79)	24	28
Gross premiums	33	33	(67)	33	31	32	32	35	33	29	132	144
Ceded premiums	(5)	(5)	(6)	(7)	(5)	(5)	(5)	(7)	(6)	(23)	(24)	(26)
Net premiums	28	28	(73)	26	26	27	27	28	27	6	108	118
Net investment income (loss)	222	398	82	(58)	64	(35)	232	38	9	53	447	1,327
Fee income	1	2	8	5	4	11	12	13	8	28	46	53
<b>Total revenue</b>	251	428	17	(27)	94	3	271	79	44	87	601	1,498
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	165	137	154	138	157	165	100	147	175	614	557	686
Change in investment/insurance contract liabilities & reinsurance assets	19	199	(213)	(331)	(138)	(241)	68	(164)	(200)	(923)	(304)	434
Operating expenses, commissions and other expenses	71	88	79	64	69	90	138	72	63	302	329	375
Reinsurance expenses (recoveries)	(10)	—	(12)	(7)	(8)	(10)	39	(5)	(8)	(37)	45	(2)
Total policy benefits and expenses	245	424	8	(136)	80	4	345	50	30	(44)	627	1,493
<b>Income (loss) before income taxes</b>	6	4	9	109	14	(1)	(74)	29	14	131	(26)	5
Income tax expense (benefit)	(8)	17	(11)	(9)	(1)	(6)	40	1	(37)	(27)	(18)	(94)
Preferred shareholder dividends	24	24	23	24	23	24	23	24	23	94	93	96
<b>Common shareholders' reported net income (loss)</b>	(10)	(37)	(3)	94	(8)	(19)	(137)	4	28	64	(101)	3
Market related impacts	—	(9)	(2)	(4)	(6)	(3)	—	7	6	(15)	5	(13)
Assumption changes and management actions	(2)	(9)	18	122	—	—	(10)	33	23	140	55	14
Acquisition, integration and restructuring	(2)	—	(4)	(3)	—	(3)	(50)	(2)	(1)	(10)	(55)	(5)
Other	—	—	—	—	—	—	(54)	—	—	—	(54)	—
<b>Common shareholders' underlying net income (loss)</b>	(6)	(19)	(15)	(21)	(2)	(13)	(23)	(34)	—	(51)	(52)	7
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	28	28	(73)	26	26	27	27	28	27	6	108	118
Segregated fund deposits	17	22	20	19	21	19	19	20	21	79	80	104
Total	45	50	(53)	45	47	46	46	48	48	85	188	222
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	13,431	14,101	14,162	14,052	14,965	15,179	14,414	13,111	14,186	14,162	14,414	14,169
Segregated funds	10,677	11,060	10,513	11,241	11,855	11,927	11,986	11,473	11,761	10,513	11,986	11,329
Other AUM <sup>(2)</sup>	(25,134)	(25,266)	(23,879)	(24,351)	(25,161)	(24,887)	(23,264)	(22,504)	(21,662)	(23,879)	(23,264)	(20,822)
Total	(1,026)	(105)	796	942	1,659	2,219	3,136	2,080	4,285	796	3,136	4,676

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

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



**CORPORATE**

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2019		2018				2017			2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>STATEMENTS OF OPERATIONS - United Kingdom (U.K.)</b>												
<b>Revenue</b>												
Gross premiums	20	20	20	18	20	20	18	22	21	78	81	97
Ceded premiums	(5)	(3)	(4)	(5)	(4)	(4)	(4)	(5)	(4)	(17)	(17)	(19)
Net premiums	15	17	16	13	16	16	14	17	17	61	64	78
Net investment income (loss)	162	347	29	(63)	40	(48)	213	21	(10)	(42)	395	1,205
Fee income	29	27	30	28	34	31	31	30	27	123	118	129
<b>Total revenue</b>	<b>206</b>	<b>391</b>	<b>75</b>	<b>(22)</b>	<b>90</b>	<b>(1)</b>	<b>258</b>	<b>68</b>	<b>34</b>	<b>142</b>	<b>577</b>	<b>1,412</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	135	123	132	123	134	142	129	128	143	531	539	603
Change in investment/insurance contract liabilities & reinsurance assets	5	198	(117)	(304)	(117)	(210)	89	(153)	(188)	(748)	(249)	476
Operating expenses, commissions and other expenses	26	30	38	32	29	26	29	24	24	125	103	122
Reinsurance expenses (recoveries)	(4)	(3)	(4)	(3)	(1)	(5)	(4)	(2)	(4)	(13)	(13)	(13)
Total policy benefits and expenses	162	348	49	(152)	45	(47)	243	(3)	(25)	(105)	380	1,188
<b>Income (loss) before income taxes</b>	<b>44</b>	<b>43</b>	<b>26</b>	<b>130</b>	<b>45</b>	<b>46</b>	<b>15</b>	<b>71</b>	<b>59</b>	<b>247</b>	<b>197</b>	<b>224</b>
Income tax expense (benefit)	5	14	(5)	(4)	8	(2)	9	(1)	1	(3)	16	40
<b>Common shareholders' reported net income (loss)</b>	<b>39</b>	<b>29</b>	<b>31</b>	<b>134</b>	<b>37</b>	<b>48</b>	<b>6</b>	<b>72</b>	<b>58</b>	<b>250</b>	<b>181</b>	<b>184</b>
<b>STATEMENTS OF OPERATIONS - Corporate Support <sup>(1)</sup></b>												
<b>Revenue</b>												
Gross premiums	13	13	(87)	15	11	12	14	13	12	(49)	51	47
Ceded premiums	—	(2)	(2)	(2)	(1)	(1)	(1)	(2)	(2)	(6)	(7)	(7)
Net premiums	13	11	(89)	13	10	11	13	11	10	(55)	44	40
Net investment income (loss)	60	51	53	5	24	13	19	17	19	95	52	122
Fee income	(28)	(25)	(22)	(23)	(30)	(20)	(19)	(17)	(19)	(95)	(72)	(76)
<b>Total revenue</b>	<b>45</b>	<b>37</b>	<b>(58)</b>	<b>(5)</b>	<b>4</b>	<b>4</b>	<b>13</b>	<b>11</b>	<b>10</b>	<b>(55)</b>	<b>24</b>	<b>86</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	30	14	22	15	23	23	(29)	19	32	83	18	83
Change in investment/insurance contract liabilities & reinsurance assets	14	1	(96)	(27)	(21)	(31)	(21)	(11)	(12)	(175)	(55)	(42)
Operating expenses, commissions and other expenses	45	58	41	32	40	64	109	48	39	177	226	253
Reinsurance expenses (recoveries)	(6)	3	(8)	(4)	(7)	(5)	43	(3)	(4)	(24)	58	11
Total policy benefits and expenses	83	76	(41)	16	35	51	102	53	55	61	247	305
<b>Income (loss) before income taxes</b>	<b>(38)</b>	<b>(39)</b>	<b>(17)</b>	<b>(21)</b>	<b>(31)</b>	<b>(47)</b>	<b>(89)</b>	<b>(42)</b>	<b>(45)</b>	<b>(116)</b>	<b>(223)</b>	<b>(219)</b>
Income tax expense (benefit)	(13)	3	(6)	(5)	(9)	(4)	31	2	(38)	(24)	(34)	(134)
Preferred shareholder dividends	24	24	23	24	23	24	23	24	23	94	93	96
<b>Common shareholders' reported net income (loss)</b>	<b>(49)</b>	<b>(66)</b>	<b>(34)</b>	<b>(40)</b>	<b>(45)</b>	<b>(67)</b>	<b>(143)</b>	<b>(68)</b>	<b>(30)</b>	<b>(186)</b>	<b>(282)</b>	<b>(181)</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**

	As at June 30, 2019				As at March 31, 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
<b>DEBT SECURITIES</b>												
<b>Debt Securities by Sector</b>												
Debt Securities Issued or Guaranteed By:												
Canadian Federal Government	3,593	1,783	5,376	100 %	3,526	1,812	5,338	100 %	3,830	1,746	5,576	100 %
Canadian Provincial and Municipal Government	13,582	1,219	14,801	100 %	13,094	1,229	14,323	100 %	11,866	1,199	13,065	100 %
U.S. Government and Other U.S. Agency	1,493	1,385	2,878	100 %	1,180	1,532	2,712	100 %	1,380	1,527	2,907	100 %
Other Government	5,071	767	5,838	97 %	5,084	764	5,848	97 %	4,929	717	5,646	97 %
Total Government issued or guaranteed debt securities	23,739	5,154	28,893	99 %	22,884	5,337	28,221	99 %	22,005	5,189	27,194	99 %
Corporate Debt Securities by Industry Sector:												
Financials	8,706	1,571	10,277	99 %	8,726	1,684	10,410	99 %	8,390	1,470	9,860	99 %
Utilities	6,669	590	7,259	99 %	6,453	584	7,037	99 %	6,353	528	6,881	99 %
Consumer discretionary <sup>(1)</sup>	1,300	275	1,575	94 %	1,284	290	1,574	94 %	1,372	209	1,581	95 %
Industrials	4,357	663	5,020	99 %	4,197	653	4,850	99 %	4,053	590	4,643	99 %
Consumer staples	1,754	267	2,021	96 %	1,665	257	1,922	96 %	1,625	257	1,882	95 %
Communication Services <sup>(1)</sup>	3,079	511	3,590	99 %	2,997	553	3,550	99 %	2,826	481	3,307	99 %
Energy	3,698	397	4,095	98 %	3,582	369	3,951	98 %	3,628	340	3,968	98 %
Real Estate	2,743	394	3,137	99 %	2,658	388	3,046	99 %	2,640	376	3,016	99 %
Materials	1,262	262	1,524	93 %	1,279	248	1,527	93 %	1,225	256	1,481	93 %
Health Care	1,763	278	2,041	99 %	1,690	283	1,973	99 %	1,734	299	2,033	99 %
Information Technology <sup>(1)</sup>	1,151	243	1,394	99 %	1,034	224	1,258	99 %	1,024	207	1,231	99 %
Total Corporate debt securities	36,482	5,451	41,933	99 %	35,565	5,533	41,098	99 %	34,870	5,013	39,883	99 %
Asset Backed Securities												
Government and agency	2,155	618	2,773	100 %	1,957	618	2,575	100 %	1,976	577	2,553	100 %
Other	2,734	2,344	5,078	99 %	2,543	2,278	4,821	98 %	2,551	2,262	4,813	96 %
Total asset backed securities	4,889	2,962	7,851	99 %	4,500	2,896	7,396	99 %	4,527	2,839	7,366	98 %
Total debt securities	65,110	13,567	78,677	99 %	62,949	13,766	76,715	99 %	61,402	13,041	74,443	99 %
<b>Debt Securities by Investment Rating</b>												
AAA	9,999	5,961	15,960		9,320	6,077	15,397		9,728	5,919	15,647	
AA	10,351	1,783	12,134		15,445	2,241	17,686		14,208	2,044	16,252	
A	26,088	3,153	29,241		19,840	2,735	22,575		19,089	2,447	21,536	
BBB	18,041	2,520	20,561		17,683	2,566	20,249		17,646	2,483	20,129	
BB and lower	631	150	781		661	147	808		731	148	879	
Total debt securities	65,110	13,567	78,677		62,949	13,766	76,715		61,402	13,041	74,443	
<b>EQUITY SECURITIES</b>												
<b>Stocks</b>												
Canada	3,011	21	3,032		2,962	22	2,984		2,651	15	2,666	
United States	517	242	759		525	320	845		508	388	896	
United Kingdom	126	5	131		134	5	139		121	5	126	
Other	788	140	928		794	156	950		734	212	946	
Total equity securities	4,442	408	4,850		4,415	503	4,918		4,014	620	4,634	

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

**PROPERTIES, MORTGAGES & LOANS**

	As at June 30, 2019			As at March 31, 2019			As at December 31, 2018		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
<b>PROPERTIES</b>									
Canada	5,778	48	5,826	5,360	49	5,409	5,426	50	5,476
United States	1,380	97	1,477	1,562	97	1,659	1,652	96	1,748
United Kingdom	71	—	71	77	—	77	79	—	79
Other	—	33	33	—	33	33	—	37	37
Total properties	<u>7,229</u>	<u>178</u>	<u>7,407</u>	<u>6,999</u>	<u>179</u>	<u>7,178</u>	<u>7,157</u>	<u>183</u>	<u>7,340</u>

	As at June 30, 2019			As at March 31, 2019			As at December 31, 2018		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
<b>MORTGAGES &amp; LOANS</b>									
Retail	—	4,063	4,063	—	4,138	4,138	—	4,202	4,202
Office	—	4,003	4,003	—	4,117	4,117	—	4,228	4,228
Multi-family residential	3,389	2,079	5,468	3,515	2,120	5,635	3,196	2,179	5,375
Industrial and land	—	1,988	1,988	—	1,984	1,984	—	1,906	1,906
Other	360	417	777	338	387	725	341	381	722
Total Mortgages	<u>3,749</u>	<u>12,550</u>	<u>16,299</u>	<u>3,853</u>	<u>12,746</u>	<u>16,599</u>	<u>3,537</u>	<u>12,896</u>	<u>16,433</u>
Corporate Loans			31,186			30,966			30,389
Total mortgages & loans			<u>47,485</u>			<u>47,565</u>			<u>46,822</u>

	Impaired Loans			Impaired Loans			Impaired Loans		
	Allowances for Losses			Allowances for Losses			Allowances for Losses		
	Gross Carrying Value	Specific	Sectoral	Gross Carrying Value	Specific	Sectoral	Gross Carrying Value	Specific	Sectoral
<b>Mortgage and Loans - Impairments/Allowances</b>									
Mortgages	106	35	20	30	5	20	31	4	21
Loans	88	54	—	90	53	—	93	50	—
Total mortgage and loan impairments/allowances	<u>194</u>	<u>89</u>	<u>20</u>	<u>120</u>	<u>58</u>	<u>20</u>	<u>124</u>	<u>54</u>	<u>21</u>

	As at June 30, 2019		As at March 31, 2019		As at December 31, 2018	
	Total	Net	Total	Net	Total	Net
	Notional Amount	Fair Value Amount	Notional Amount	Fair Value Amount	Notional Amount	Fair Value Amount
<b>DERIVATIVES</b>						
Interest rate contracts	32,447	937	33,024	759	34,144	482
Foreign exchange contracts	25,736	(888)	22,399	(1,142)	20,737	(1,690)
Equity and other contracts	4,176	61	4,255	51	4,317	25
Total derivatives	<u>62,359</u>	<u>110</u>	<u>59,678</u>	<u>(332)</u>	<u>59,198</u>	<u>(1,183)</u>
Over the counter	57,044	108	53,706	(336)	52,966	(1,199)
Exchange traded	5,315	2	5,972	4	6,232	16
Total	<u>62,359</u>	<u>110</u>	<u>59,678</u>	<u>(332)</u>	<u>59,198</u>	<u>(1,183)</u>

For the Quarter ended - Q2 2019

CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	Canadian Dollars						U.S. Dollars	
	Canada	U.S.	Asset			Total Company	U.S.	MFS
			Management	Asia	Corporate			
Expected profit on in-force business	239	120	321	136	(32)	784	88	232
Impact of new business	21	1	—	(27)	—	(5)	1	—
Experience gains (losses)	(113)	(10)	—	(5)	—	(128)	(7)	—
Assumption changes and management actions	(27)	1	—	1	(2)	(27)	1	—
Other <sup>(1)</sup>	(2)	(8)	(30)	—	(2)	(42)	(6)	(18)
Earnings (loss) on operations (pre-tax)	118	104	291	105	(36)	582	77	214
Earnings on surplus	39	2	—	43	39	123	1	—
Earnings (loss) before income taxes	157	106	291	148	3	705	78	214
Income tax (expense) benefit	(9)	(12)	(62)	(14)	11	(86)	(8)	(46)
Earnings (loss) before preferred share dividends and non-controlling interest	148	94	229	134	14	619	70	168
Preferred share dividends and non-controlling interest	—	—	—	—	(24)	(24)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>148</b>	<b>94</b>	<b>229</b>	<b>134</b>	<b>(10)</b>	<b>595</b>	<b>70</b>	<b>168</b>
Underlying net income adjustments (post tax):								
Market related impacts	(72)	(11)	—	(14)	—	(97)	(8)	—
Assumption changes and management actions	(20)	1	—	1	(2)	(20)	1	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	(5)	—	—	—	—	(5)	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(11)	—	—	(11)	—	(8)
Acquisition, integration and restructuring	2	(6)	(5)	—	(2)	(11)	(4)	—
	(95)	(16)	(16)	(13)	(4)	(144)	(11)	(8)
<b>Common shareholders' underlying net income (loss)</b>	<b>243</b>	<b>110</b>	<b>245</b>	<b>147</b>	<b>(6)</b>	<b>739</b>	<b>81</b>	<b>176</b>

For the Quarter ended - Q2 2018

CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	Canadian Dollars						U.S. Dollars	
	Canada	U.S.	Asset			Total Company	U.S.	MFS
			Management	Asia	Corporate			
Expected profit on in-force business	220	109	297	130	(24)	732	85	228
Impact of new business	23	—	—	(10)	—	13	—	—
Experience gains (losses)	59	(1)	—	(4)	(3)	51	(1)	—
Assumption changes and management actions	6	(5)	—	—	3	4	(4)	—
Other <sup>(1)</sup>	(4)	(17)	(15)	(12)	—	(48)	(14)	(11)
Earnings (loss) on operations (pre-tax)	304	86	282	104	(24)	752	66	217
Earnings on surplus	29	39	—	48	37	153	31	—
Earnings (loss) before income taxes	333	125	282	152	13	905	97	217
Income tax (expense) benefit	(71)	(20)	(68)	(19)	2	(176)	(16)	(54)
Earnings (loss) before preferred share dividends and non-controlling interest	262	105	214	133	15	729	81	163
Preferred share dividends and non-controlling interest	—	—	—	—	(23)	(23)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>262</b>	<b>105</b>	<b>214</b>	<b>133</b>	<b>(8)</b>	<b>706</b>	<b>81</b>	<b>163</b>
Underlying net income adjustments (post tax):								
Market related impacts	15	(1)	—	—	(6)	8	(1)	—
Assumption changes and management actions	5	(4)	—	—	—	1	(3)	—
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	—	—	(2)	—	—	(2)	—	(1)
Acquisition, integration and restructuring	(4)	(15)	—	(12)	—	(31)	(12)	—
	17	(20)	(2)	(12)	(6)	(23)	(16)	(1)
<b>Common shareholders' underlying net income (loss)</b>	<b>245</b>	<b>125</b>	<b>216</b>	<b>145</b>	<b>(2)</b>	<b>729</b>	<b>97</b>	<b>164</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				2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Expected profit on in-force business	232	221	227	256	228	242	259	251	228	953	947	827
Impact of new business	—	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	232	221	227	256	228	242	259	251	228	953	947	827
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	232	221	227	256	228	242	259	251	228	953	947	827
Income tax (expense) benefit	(46)	(45)	(51)	(60)	(55)	(57)	(75)	(82)	(74)	(223)	(299)	(286)
Earnings (loss) before preferred share dividends and non-controlling interest	186	176	176	196	173	185	184	169	154	730	648	541
Preferred share dividends and non-controlling interest	(10)	(8)	(9)	(10)	(9)	(9)	(10)	(10)	(10)	(37)	(38)	(35)
<b>Common shareholders' underlying net income (loss)</b>	<b>176</b>	<b>168</b>	<b>167</b>	<b>186</b>	<b>164</b>	<b>176</b>	<b>174</b>	<b>159</b>	<b>144</b>	<b>693</b>	<b>610</b>	<b>506</b>
Underlying net income adjustments:												
Fair value adjustments on share-based payment awards (pre-tax)	(18)	(15)	14	(20)	(11)	(29)	(43)	(30)	(24)	(46)	(117)	(8)
Income taxes	—	1	(1)	2	1	3	6	4	2	5	15	(5)
Non-controlling interest	10	8	9	10	9	9	10	10	10	37	38	35
Other	—	—	—	—	—	—	(75)	—	—	—	(75)	—
	(8)	(6)	22	(8)	(1)	(17)	(102)	(16)	(12)	(4)	(139)	22
<b>Common shareholders' reported net income (loss)</b>	<b>168</b>	<b>162</b>	<b>189</b>	<b>178</b>	<b>163</b>	<b>159</b>	<b>72</b>	<b>143</b>	<b>132</b>	<b>689</b>	<b>471</b>	<b>528</b>

**EXPENSES**

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2019		2018			2017				2018	2017	2016
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
<b>OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES</b>												
Operating expenses	1,697	1,668	1,625	1,563	1,626	1,618	1,749	1,496	1,567	6,432	6,410	6,000
Commissions	586	564	603	574	589	573	631	566	589	2,339	2,403	2,372
Premium taxes	104	100	95	93	95	92	100	94	94	375	379	339
Interest expense	84	88	79	73	78	75	81	55	87	305	303	316
<b>Total</b>	<b>2,471</b>	<b>2,420</b>	<b>2,402</b>	<b>2,303</b>	<b>2,388</b>	<b>2,358</b>	<b>2,561</b>	<b>2,211</b>	<b>2,337</b>	<b>9,451</b>	<b>9,495</b>	<b>9,027</b>
<b>OPERATING EXPENSES BY BUSINESS GROUP</b>												
Canada	523	535	528	487	522	503	537	442	489	2,040	2,018	1,871
U.S.	236	236	220	220	214	218	218	199	219	872	857	842
Asset Management	601	571	549	550	569	572	547	515	542	2,240	2,143	2,083
Asia	222	203	236	201	203	179	229	175	183	819	758	726
Corporate	78	93	81	66	74	90	79	102	61	311	303	360
Operating expenses excluding the following:	1,660	1,638	1,614	1,524	1,582	1,562	1,610	1,433	1,494	6,282	6,079	5,882
FV adjustments on MFS share-based payment awards <sup>(1)</sup>	24	21	(19)	25	15	37	55	37	32	58	150	11
Acquisition, integration and restructuring costs	13	9	30	14	29	19	84	26	41	92	181	107
<b>Total operating expenses</b>	<b>1,697</b>	<b>1,668</b>	<b>1,625</b>	<b>1,563</b>	<b>1,626</b>	<b>1,618</b>	<b>1,749</b>	<b>1,496</b>	<b>1,567</b>	<b>6,432</b>	<b>6,410</b>	<b>6,000</b>
<b>COMMISSIONS BY BUSINESS GROUP</b>												
Canada	234	237	243	227	237	227	240	215	223	934	928	853
U.S.	108	110	114	110	106	105	103	99	109	435	423	439
Asset Management	155	147	146	157	154	162	169	163	177	619	683	712
Asia	89	72	101	82	93	81	122	91	82	357	378	369
Corporate	—	(2)	(1)	(2)	(1)	(2)	(3)	(2)	(2)	(6)	(9)	(1)
<b>Total commissions</b>	<b>586</b>	<b>564</b>	<b>603</b>	<b>574</b>	<b>589</b>	<b>573</b>	<b>631</b>	<b>566</b>	<b>589</b>	<b>2,339</b>	<b>2,403</b>	<b>2,372</b>
<b>INTEREST EXPENSE</b>												
Subordinated debt	25	26	26	26	26	28	30	29	29	106	123	126
Liabilities for SLEECs	11	11	11	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	25	26	24	19	24	19	18	18	17	86	70	79
Other <sup>(2)</sup>	23	25	18	17	17	17	22	(3)	30	69	66	67
<b>Total interest expense</b>	<b>84</b>	<b>88</b>	<b>79</b>	<b>73</b>	<b>78</b>	<b>75</b>	<b>81</b>	<b>55</b>	<b>87</b>	<b>305</b>	<b>303</b>	<b>316</b>

<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 June 30, 2019

SUN LIFE ASSURANCE COMPANY OF CANADA

FINANCIAL STRENGTH RATINGS

SECURITY RATINGS

Subordinated Debt

Sun Life Exchangeable Capital Securities

Series B

Series 2009-1

A.M. Best

Moody's

Standard & Poor's

DBRS<sup>(1)</sup>

A+

Aa3

AA

AA (low)

a

A2

AA-

A (high)

a-

A3

P-1/A+

A

a-

not rated

P-1/A+

A

A.M. Best

Moody's<sup>(2)</sup>

Standard & Poor's

DBRS<sup>(1)</sup>

SUN LIFE FINANCIAL INC.

SECURITY RATINGS

Senior Unsecured Debentures (Series D and E)<sup>(3)</sup>

Subordinated Debt

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

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

a-

not rated

A+

A

bbb+

not rated

A

A (low)

bbb

Baa1(hyb)

P-1 (low)/A-

Pfd-2

<sup>(1)</sup> Ratings placed under review with positive implications on July 22, 2019.

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

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

## General Information

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