



Financial and Operating Results Supplementary Financial Information

Sun Life Financial Inc. (unaudited)
For the period ended June 30, 2021



**SUPPLEMENTARY FINANCIAL INFORMATION
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Reporting Changes

Effective January 1, 2021, the methodology for Assets Under Management (AUM) was updated for SLC Management with respect to certain real estate and investment-grade fixed income products to add uncalled capital commitments not previously included. This will align SLC Management's AUM with market conventions applied across asset classes. We have updated prior period amounts for all quarters of 2020 to reflect this change in methodology. Subsequent to the fourth quarter of 2020, increases and decreases in all capital raising, including uncalled capital commitments and fund leverage, for the aforementioned products will be reflected in gross flows, outflows and net flows as applicable. Gross flows is a component of managed fund sales and total wealth sales. Client distributions from the sale of underlying assets in closed-end funds will no longer be reported in net flows. Details can be found on pages 2, 3 and 16. Other changes reflect: (i) a change in Value of New Business (VNB) that reflects a change in the timing of recognition of U.S. group policies sold or renewed with an effective date of January 1, which will recognize VNB for these policies in the prior year rather than the first quarter, to align with the timing of U.S. renewals and reported insurance sales; and (ii) a change in Sources of Earnings presentation between expected profit on in-force business and the impact of new business for SLF U.S. Group Benefits, such that expected profit for U.S. group policies includes previously classified new business gains, aligning group business sources of earnings reporting across business groups.

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"), the accounting requirements of the Office of the Superintendent of Financial Institutions ("OSFI") 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 Q2 and Q1 2021, amounts relate to acquisition costs for the BentallGreenOak acquisition ("BGO acquisition"), the acquisition of InfraRed Capital Partners ("InfraRed acquisition"), and the Crescent Capital Group acquisition ("Crescent acquisition"), which include the unwinding of the discount for Other financial liabilities of \$13 million post tax and \$14 million post tax, respectively. There was also a restructuring charge of \$57 million post tax in the first quarter of 2021 related to our strategy for our workspace and redefining the role of the office.

In Q1 2020, amounts include acquisition costs for the BGO acquisition, which includes the unwinding of the discount for the put option and deferred payments liability of \$10 million post tax. As a result of various projects to simplify our organizational structure and drive efficiencies, we also recorded a restructuring charge of \$28 million post tax and \$20 million post tax in Q1 2020 and Q4 2020, respectively. Amounts also include acquisition costs for the BGO acquisition and InfraRed acquisition, which includes the unwinding of the discount for the put option and deferred payments liability of \$11 million post tax in Q2 2020 and Q3 2020 and \$15 million post tax in Q4 2020.

In Q1 2019, acquisition, integration and restructuring costs related to integration costs of the U.S. Employee Benefits business. In Q2 2019, acquisition, integration and restructuring costs included \$5 million post tax acquisition costs relating to the merger of Bentall Kennedy and GreenOak. In Q3 2019, acquisition, integration and restructuring costs predominantly reflected acquisition costs in SLC Management related to the acquisition of a majority stake in BGO. In Q4 2019, acquisition, integration and restructuring costs included \$16 million post tax in acquisition costs relating to our acquisition of a majority stake in BGO and InfraRed. As part of our focus on advancing our Client Strategy, we also recorded a restructuring charge of \$25 million post tax in the fourth quarter of 2019, primarily related to severance costs, as a result of various initiatives to simplify our organizational structure and drive efficiencies.

Tax Rate Changes

On June 10, 2021, the *UK Finance Act* was signed into law, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, reported net income decreased by \$11 million in the second quarter, which was comprised of a loss of \$21 million on the remeasurement of deferred tax liabilities in SLC Management in Asset Management, partially offset by a gain of \$10 million from the remeasurement of deferred tax assets in the U.K. in Corporate. Refer to section C - Profitability - 5 - Income taxes in the Quarterly 2021 MD&A for additional details.

Non-IFRS Financial Measures

Sun Life Financial Inc. ("Sun Life" or the "Company", "we", "our" and "us") prepares annual and interim financial statements using IFRS. We report certain financial information that are not based on IFRS ("non-IFRS financial measures"), as we believe that these measures provide information that is useful to investors in understanding our performance and facilitate a comparison of our quarterly and full year results from period to period. Non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. Non-IFRS financial measures should not be viewed in isolation from or as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning non-IFRS financial measures and reconciliations to the closest IFRS measures are included in the Company's annual and interim MD&A and the Supplementary Financial Information packages that are available on www.sunlife.com under Investors – Financial results and reports.

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

Sun Life uses the following non-IFRS financial measures:

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

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

- (1) administrative services only ("ASO") premium and deposit equivalents, mutual fund sales, managed fund sales, individual insurance sales, group 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		
	2021		2020			2019			2020	2019	2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
RESULTS												
Common Shareholders' Reported Net Income (Loss) by Segment												
Canada	404	405	255	387	117	(42)	275	223	148	717	883	942
U.S.	157	211	88	(113)	118	164	131	(186)	94	257	163	52
Asset Management	221	230	267	251	223	239	228	221	229	980	897	909
Asia	143	198	132	236	126	100	136	170	134	594	520	555
Corporate	(25)	(107)	2	(11)	(65)	(70)	(51)	253	(10)	(144)	155	64
Total common shareholders' reported net income (loss)	900	937	744	750	519	391	719	681	595	2,404	2,618	2,522
Market related impacts:												
Net equity market impact	99	72	108	50	59	(360)	40	9	20	(143)	127	(174)
Net interest rate impact	(36)	141	(74)	(14)	(205)	79	(11)	(90)	(114)	(214)	(348)	(91)
Net increases (decreases) in the fair value of real estate	28	(4)	(14)	(37)	(41)	(12)	(11)	(8)	(3)	(104)	(16)	77
	91	209	20	(1)	(187)	(293)	18	(89)	(97)	(461)	(237)	(188)
Assumption changes and management actions (ACMA)	2	(4)	(42)	(53)	5	(53)	(15)	—	(20)	(143)	(46)	(155)
Other adjustments:												
Fair value adjustments on share-based payment awards at MFS	(52)	(44)	(46)	(32)	(24)	10	(37)	(8)	(11)	(92)	(64)	(5)
Acquisition, integration and restructuring	(13)	(74)	(50)	(11)	(14)	(42)	(43)	(26)	(11)	(117)	(87)	(82)
Other ⁽¹⁾	(11)	—	—	5	—	(1)	4	(5)	(5)	4	(5)	5
Total common shareholders' underlying net income (loss)	883	850	862	842	739	770	792	809	739	3,213	3,057	2,947
Common Shareholders' Underlying Net Income (Loss) by Segment												
Canada	290	285	243	293	281	256	264	268	243	1,073	1,012	1,036
U.S.	165	171	148	136	123	161	137	135	110	568	532	514
Asset Management	311	291	333	294	259	242	281	251	245	1,128	1,004	925
Asia	152	159	116	164	144	155	143	138	147	579	550	523
Corporate	(35)	(56)	22	(45)	(68)	(44)	(33)	17	(6)	(135)	(41)	(51)
Total common shareholders' underlying net income (loss)	883	850	862	842	739	770	792	809	739	3,213	3,057	2,947
Profitability Measures												
Basic earnings per common share (EPS)												
Reported	1.54	1.60	1.27	1.28	0.89	0.67	1.22	1.15	1.00	4.11	4.42	4.16
Diluted earnings per common share												
Reported	1.53	1.59	1.27	1.28	0.88	0.67	1.22	1.15	1.00	4.10	4.40	4.14
Underlying	1.50	1.45	1.47	1.44	1.26	1.31	1.34	1.37	1.24	5.49	5.16	4.86
Premiums & Deposits												
Net premiums	5,717	5,126	6,675	6,396	5,521	5,146	6,639	4,799	4,480	23,738	20,288	18,642
Segregated fund deposits	3,313	3,548	4,488	2,623	2,492	3,277	3,517	2,505	2,872	12,880	11,958	11,553
Mutual fund sales ⁽²⁾	30,304	37,495	33,796	33,549	35,697	38,089	27,177	25,292	23,703	141,131	99,836	84,202
Managed fund sales ⁽³⁾	21,521	24,906	13,687	12,815	18,810	16,878	12,347	12,200	10,539	62,190	45,062	38,903
ASO premium & deposit equivalents	1,787	1,690	1,655	3,215	1,774	1,811	1,715	1,699	1,681	8,455	6,802	6,808
Total premiums & deposits	62,642	72,765	60,301	58,598	64,294	65,201	51,395	46,495	43,275	248,394	183,946	160,108
Sales & Value of New Business												
Individual insurance ⁽⁴⁾	440	437	513	378	312	389	469	375	324	1,592	1,511	1,264
Group insurance ⁽⁴⁾	270	293	912	303	307	387	933	310	333	1,909	2,013	1,925
Asset Management gross flows ⁽³⁾	47,164	58,231	43,390	43,066	51,575	51,954	36,847	34,442	31,929	189,985	134,505	111,315
Wealth ⁽⁴⁾⁽⁵⁾	7,849	7,731	8,244	9,618	5,063	7,950	8,025	6,709	5,047	30,875	24,487	25,387
Value of New Business ⁽⁵⁾⁽⁶⁾	284	278	426	261	206	253	462	252	235	1,146	1,199	1,204

⁽¹⁾ On June 10, 2021, the UK Finance Act was signed into law, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, reported net income decreased by \$11 million in the second quarter. Refer to section C - Profitability - 5 - Income taxes in the Quarterly 2021 MD&A for additional details. Prior periods reflect certain hedges in Canada that do not qualify for hedge accounting.

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

⁽³⁾ Effective January 1, 2021, the methodology for Assets Under Management (AUM) was updated for SLC Management with respect to certain real estate and investment-grade fixed income products to add uncalled capital commitments not previously included. This will align SLC Management's AUM with market conventions applied across asset classes. We have updated prior period amounts for all quarters of 2020 to reflect this change in methodology. Subsequent to the fourth quarter of 2020, increases and decreases in all capital raising, including uncalled capital commitments and fund leverage, for the aforementioned products will be reflected in gross flows, outflows and net flows as applicable. Gross flows is a component of managed fund sales and total wealth sales. Client distributions from the sale of underlying assets in closed-end funds will no longer be reported in net flows. Refer to section M. Non-IFRS Financial Measures of the Quarterly 2021 MD&A for additional details.

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

⁽⁵⁾ Excludes Asset Management businesses.

⁽⁶⁾ Effective January 1, 2021 Value of New Business reflects a change in the timing of recognition of U.S. group policies sold or renewed with an effective date of January 1, which will recognize VNB for these policies in the prior year rather than the first quarter, to align with the timing of U.S. renewals and reported insurance sales. We have updated prior periods to reflect this change.

FINANCIAL HIGHLIGHTS CONTINUED

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019				2020	2019	2018
Valuation Data	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Book value per common share	38.37	37.61	37.96	38.17	37.56	37.50	35.97	35.56	36.26	37.96	35.97	35.84
Book value per common share excluding AOCI	37.05	36.07	35.25	34.53	33.79	33.46	33.48	32.80	33.77	35.25	33.48	33.01
Tangible book value per common share	21.86	21.05	23.35	23.35	23.73	23.42	22.50	22.14	24.31	23.35	22.50	23.82
Market-to-book value (times)	1.67	1.69	1.49	1.42	1.33	1.21	1.65	1.67	1.50	1.49	1.65	1.26
Total market capitalization (TSX in \$ billions)	37.4	37.2	33.1	31.7	29.2	26.5	34.8	34.8	32.1	33.1	34.8	27.1
Financial Strength												
SLA LICAT ratio	125 %	124 %	127 %	127 %	126 %	130 %	130 %	133 %	133 %	127 %	130 %	131 %
SLF LICAT ratio	147 %	141 %	147 %	144 %	146 %	143 %	143 %	146 %	144 %	147 %	143 %	144 %
Total debt to total capital ratio	24.7 %	22.7 %	23.5 %	21.5 %	23.2 %	20.7 %	21.2 %	22.8 %	20.4 %	23.5 %	21.2 %	21.2 %
Common Share Information (SLF on TSX)												
High (intraday)	67.26	65.37	60.34	57.56	53.32	66.44	61.91	59.73	55.97	66.44	61.91	56.09
Low (intraday)	62.04	55.92	51.59	48.29	42.01	35.43	56.62	51.19	51.64	35.43	44.43	43.13
Close (end of period)	63.92	63.51	56.60	54.26	49.89	45.27	59.21	59.24	54.23	56.60	59.21	45.29
Number of Common Shares Outstanding (in millions)⁽¹⁾												
At beginning of period	585.3	585.1	584.8	584.7	584.6	587.8	587.6	591.0	594.6	587.8	598.5	610.5
Common shares issued	0.3	0.2	0.3	0.1	0.1	0.3	0.2	0.2	0.1	0.8	0.8	0.5
Common shares purchased and cancelled	—	—	—	—	—	(3.5)	—	(3.6)	(3.7)	(3.5)	(11.5)	(12.5)
At end of period	585.6	585.3	585.1	584.8	584.7	584.6	587.8	587.6	591.0	585.1	587.8	598.5
Weighted average shares outstanding - basic	586	585	585	585	585	587	588	590	593	585	592	606
Weighted average shares outstanding - diluted ⁽²⁾	590	590	589	589	589	592	593	595	598	589	597	611
Dividend per common share	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.525	0.525	2.20	2.10	1.905
Dividend payout ratio⁽³⁾												
Reported	36 %	35 %	43 %	43 %	63 %	82 %	45 %	46 %	53 %	54 %	48 %	46 %
Underlying	37 %	38 %	37 %	38 %	44 %	42 %	41 %	38 %	42 %	40 %	41 %	39 %
Dividend yield⁽⁴⁾	3.4 %	3.6%	3.9%	4.1%	4.6%	3.8%	3.7%	3.8%	3.9%	4.1 %	3.9%	3.7%
Assets Under Management⁽⁵⁾⁽⁶⁾												
General funds	195,689	190,072	197,090	196,235	195,489	188,366	180,229	180,206	174,325	197,090	180,229	168,765
Segregated funds	133,249	127,341	125,921	116,653	112,944	102,824	116,973	112,806	111,684	125,921	116,973	103,062
Total assets	328,938	317,413	323,011	312,888	308,433	291,190	297,202	293,012	286,009	323,011	297,202	271,827
Other assets under management												
Mutual funds	521,400	495,480	487,407	456,120	427,977	377,987	417,042	394,498	381,625	487,407	417,042	341,425
Managed funds & other ⁽⁶⁾	549,848	529,186	481,231	460,594	426,772	393,422	415,888	406,458	387,781	481,231	415,888	366,847
Consolidation adjustments	(39,495)	(37,833)	(35,640)	(33,784)	(32,650)	(31,538)	(30,785)	(31,036)	(30,639)	(35,640)	(30,785)	(28,956)
Total other assets under management	1,031,753	986,833	932,998	882,930	822,099	739,871	802,145	769,920	738,767	932,998	802,145	679,316
Total assets under management	1,360,691	1,304,246	1,256,009	1,195,818	1,130,532	1,031,061	1,099,347	1,062,932	1,024,776	1,256,009	1,099,347	951,143
Total assets under management and administration ⁽⁵⁾⁽⁶⁾	1,404,879	1,346,194	1,295,930	1,232,686	1,164,556	1,061,957	1,134,344	1,106,939	1,068,913	1,295,930	1,134,344	992,984
Select Constant Currency Measures												
Reported net income	970				519							
Underlying net income	958				739							
Sales - Individual insurance	473				312							
Sales - Group insurance	295				307							
Asset Management gross flows and wealth sales	61,397				56,638							
Premiums & deposits	69,226				64,294							
Reported earnings per share - Diluted	1.65				0.88							
Underlying earnings per share - Diluted	1.63				1.26							
Assets under management ⁽⁵⁾⁽⁶⁾	1,461,448				1,130,532							

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

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

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

⁽⁴⁾ The quarterly dividend yield calculation represents the annualized dividend per share in the quarter over the daily average share price in the quarter. The annual dividend calculation represents the dividend paid in the year over the daily average share price for the year.

⁽⁵⁾ The assets of our joint ventures are included based on our proportionate equity interest.

⁽⁶⁾ Effective January 1, 2021, the methodology for Assets Under Management (AUM) was updated for SLC Management with respect to certain real estate and investment-grade fixed income products to add uncalled capital commitments not previously included. This will align SLC Management's AUM with market conventions applied across asset classes. We have updated prior period amounts for all quarters of 2020 to reflect this change in methodology. Subsequent to the fourth quarter of 2020, increases and decreases in all capital raising, including uncalled capital commitments and fund leverage, for the aforementioned products will be reflected in gross flows, outflows and net flows as applicable. Gross flows is a component of managed fund sales and total wealth sales. Client distributions from the sale of underlying assets in closed-end funds will no longer be reported in net flows. Refer to section M. Non-IFRS Financial Measures of the Quarterly 2021 MD&A for additional details.

CONSOLIDATED STATEMENTS OF OPERATIONS

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Revenue												
Premiums - life insurance	3,206	2,507	3,616	2,794	2,805	2,597	2,878	2,308	2,210	11,812	9,470	8,677
Premiums - health insurance	2,623	2,645	2,586	2,597	2,784	2,682	2,490	2,473	2,482	10,649	9,908	9,121
Premiums - annuities	516	579	1,108	1,590	571	460	1,912	589	396	3,729	3,302	3,183
Gross premiums	6,345	5,731	7,310	6,981	6,160	5,739	7,280	5,370	5,088	26,190	22,680	20,981
Ceded premiums	(628)	(605)	(635)	(585)	(639)	(593)	(641)	(571)	(608)	(2,452)	(2,392)	(2,339)
Net premiums	5,717	5,126	6,675	6,396	5,521	5,146	6,639	4,799	4,480	23,738	20,288	18,642
Net investment income (loss)	5,011	(5,497)	3,075	1,889	8,069	(315)	209	3,232	4,124	12,718	13,140	2,389
Fee income	1,941	1,885	1,899	1,747	1,596	1,639	1,677	1,585	1,542	6,881	6,251	5,966
Total revenue	12,669	1,514	11,649	10,032	15,186	6,470	8,525	9,616	10,146	43,337	39,679	26,997
Policy benefits and expenses												
Gross claims & benefits paid	4,488	4,780	4,773	4,338	4,778	4,418	4,613	4,335	4,353	18,307	17,421	15,986
Change in insurance/investment contract liabilities & reinsurance assets ⁽¹⁾	4,531	(6,841)	3,604	2,645	7,712	(661)	768	2,570	3,071	13,300	10,967	70
Operating expenses, commissions and other expenses	2,970	2,921	2,988	2,637	2,592	2,579	2,828	2,470	2,471	10,796	10,189	9,451
Reinsurance expenses (recoveries)	(542)	(682)	(636)	(577)	(609)	(531)	(595)	(525)	(503)	(2,353)	(2,131)	(2,021)
Total policy benefits and expenses	11,447	178	10,729	9,043	14,473	5,805	7,614	8,850	9,392	40,050	36,446	23,486
Income (loss) before income taxes	1,222	1,336	920	989	713	665	911	766	754	3,287	3,233	3,511
Income tax expense (benefit)	180	325	53	102	61	279	98	10	90	495	286	597
Participating policyholders' net income (loss) and non-controlling interest	119	51	99	115	109	(29)	70	52	45	294	234	298
Preferred shareholder dividends	23	23	24	22	24	24	24	23	24	94	95	94
Common shareholders' reported net income (loss)	900	937	744	750	519	391	719	681	595	2,404	2,618	2,522
Common shareholders' underlying net income (loss)	883	850	862	842	739	770	792	809	739	3,213	3,057	2,947
Return on equity - reported	16.3 %	16.9 %	13.3 %	13.5 %	9.4 %	7.2 %	13.6 %	13.0 %	11.0 %	10.8 %	12.3 %	12.1 %
Return on equity - underlying	16.0 %	15.3 %	15.4 %	15.1 %	13.4 %	14.2 %	15.0 %	15.5 %	13.7 %	14.4 %	14.3 %	14.2 %
SOURCES OF EARNINGS - Total Company												
	For the Quarter Ended									For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Expected profit on in-force business ⁽²⁾	950	913	986	926	872	829	849	817	785	3,613	3,194	3,003
Impact of new business ⁽²⁾	15	14	35	6	(6)	(7)	22	(23)	(6)	28	(22)	10
Experience gains (losses)	99	425	(136)	(13)	(403)	(111)	(18)	(86)	(128)	(663)	(328)	(4)
Assumption changes and management actions	2	(6)	(60)	(91)	3	(66)	(16)	(74)	(27)	(214)	(127)	(246)
Other ⁽³⁾	(84)	(161)	(128)	(60)	(52)	(50)	(108)	(58)	(42)	(290)	(237)	(150)
Earnings (loss) on operations (pre-tax)	982	1,185	697	768	414	595	729	576	582	2,474	2,480	2,613
Earnings on surplus	118	108	114	96	155	116	115	137	123	481	500	540
Earnings (loss) before income taxes	1,100	1,293	811	864	569	711	844	713	705	2,955	2,980	3,153
Income tax (expense) benefit	(178)	(335)	(41)	(93)	(22)	(290)	(101)	(9)	(86)	(446)	(267)	(537)
Earnings (loss) before preferred share dividends and non-controlling interest	922	958	770	771	547	421	743	704	619	2,509	2,713	2,616
Preferred share dividends and non-controlling interest	(22)	(21)	(26)	(21)	(28)	(30)	(24)	(23)	(24)	(105)	(95)	(94)
Common shareholders' reported net income (loss)	900	937	744	750	519	391	719	681	595	2,404	2,618	2,522
Underlying net income adjustments (post tax):												
Market related impacts	91	209	20	(1)	(187)	(293)	18	(89)	(97)	(461)	(237)	(188)
Assumption changes and management actions	2	(4)	(42)	(53)	5	(53)	(15)	—	(20)	(143)	(46)	(155)
Other adjustments:												
Fair value adjustments on share-based payment awards at MFS	(52)	(44)	(46)	(32)	(24)	10	(37)	(8)	(11)	(92)	(64)	(5)
Acquisition, integration and restructuring	(13)	(74)	(50)	(11)	(14)	(42)	(43)	(26)	(11)	(117)	(87)	(82)
Other ⁽⁴⁾	(11)	—	—	5	—	(1)	4	(5)	(5)	4	(5)	5
Common shareholders' underlying net income (loss)	883	850	862	842	739	770	792	809	739	3,213	3,057	2,947
EXCHANGE RATES - Average for the period												
U.S. Dollar	1.229	1.266	1.304	1.332	1.386	1.341	1.320	1.320	1.337	1.341	1.327	1.295

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

⁽²⁾ Effective January 1, 2021, expected profit for U.S. group policies includes previously classified new business gains, aligning group business sources of earnings reporting across business groups. We have updated prior period amounts to reflect this change.

⁽³⁾ Represents pre-tax adjustments related to MFS fair value adjustments on share-based payment awards, acquisition, integration and restructuring amounts, and other items that are unusual or exceptional in nature.

⁽⁴⁾ On June 10, 2021, the UK Finance Act was signed into law, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, reported net income decreased by \$11 million in the second quarter. Refer to section C - Profitability - 5 - Income taxes in the Quarterly 2021 MD&A for additional details. Prior periods reflect certain hedges in Canada that do not qualify for hedge accounting.

STATEMENTS OF FINANCIAL POSITION
(C\$ millions)

	At the Quarter Ended									At the Year Ended		
	2021		2020			2019			2020	2019	2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Assets												
Cash, cash equivalents and short-term securities	12,435	10,997	13,527	12,450	11,792	9,548	9,575	8,647	8,188	13,527	9,575	9,506
Debt securities	85,163	82,294	89,089	89,173	90,038	84,599	81,606	82,167	78,677	89,089	81,606	74,443
Equity securities	7,975	7,267	6,631	5,835	5,530	4,605	4,787	4,925	4,850	6,631	4,787	4,634
Mortgages and loans	49,987	50,010	49,946	50,067	49,858	50,253	48,222	48,125	47,485	49,946	48,222	46,822
Derivative assets	1,527	1,410	2,160	2,279	2,914	3,128	1,548	2,193	1,914	2,160	1,548	1,112
Other invested assets	6,657	6,325	5,778	5,791	5,658	5,795	5,357	5,325	5,095	5,778	5,357	4,830
Policy loans	3,237	3,242	3,265	3,310	3,308	3,324	3,218	3,216	3,196	3,265	3,218	3,222
Investment properties	8,164	7,635	7,516	7,406	7,404	7,359	7,306	7,335	7,229	7,516	7,306	7,157
Total invested assets	175,145	169,180	177,912	176,311	176,502	168,611	161,619	161,933	156,634	177,912	161,619	151,726
Other assets	5,571	5,809	5,152	5,771	5,049	5,564	5,216	4,899	5,114	5,152	5,216	4,498
Reinsurance assets	3,738	3,824	3,843	3,999	4,315	4,357	4,024	4,059	4,210	3,843	4,024	4,141
Deferred tax assets	1,568	1,566	1,634	1,485	1,534	1,606	1,455	1,431	1,305	1,634	1,455	1,209
Intangible assets	3,226	3,234	2,477	2,493	2,142	2,184	2,083	2,015	1,753	2,477	2,083	1,779
Goodwill	6,441	6,459	6,072	6,176	5,947	6,044	5,832	5,869	5,309	6,072	5,832	5,412
Total general fund assets	195,689	190,072	197,090	196,235	195,489	188,366	180,229	180,206	174,325	197,090	180,229	168,765
Investment for account of segregated fund holders	133,249	127,341	125,921	116,653	112,944	102,824	116,973	112,806	111,684	125,921	116,973	103,062
Total assets	328,938	317,413	323,011	312,888	308,433	291,190	297,202	293,012	286,009	323,011	297,202	271,827
Liabilities and Equity												
Insurance contract liabilities	142,081	138,145	145,773	144,170	142,501	135,252	131,184	130,870	127,728	145,773	131,184	121,923
Investment contract liabilities	3,507	3,584	3,189	3,251	3,198	3,120	3,116	3,121	3,145	3,189	3,116	3,164
Derivative liabilities	1,628	1,908	1,744	2,407	3,313	4,509	2,040	2,352	1,804	1,744	2,040	2,295
Deferred tax liabilities	414	386	383	407	391	313	406	397	393	383	406	322
Other liabilities	15,817	15,370	14,858	15,573	15,633	15,865	14,937	14,730	12,506	14,858	14,937	12,153
Senior debentures	300	300	300	300	300	300	300	300	600	300	300	599
Senior debentures - Innovative capital instruments	200	200	200	200	200	200	200	700	700	200	200	700
Subordinated debt	4,433	4,432	4,781	4,035	4,534	3,539	3,538	3,538	2,791	4,781	3,538	3,039
Total general fund liabilities	168,380	164,325	171,228	170,343	170,070	163,098	155,721	156,008	149,667	171,228	155,721	144,195
Insurance and investment contracts for account of segregated fund holders	133,249	127,341	125,921	116,653	112,944	102,824	116,973	112,806	111,684	125,921	116,973	103,062
Total liabilities	301,629	291,666	297,149	286,996	283,014	265,922	272,694	268,814	261,351	297,149	272,694	247,257
Total equity	27,309	25,747	25,862	25,892	25,419	25,268	24,508	24,198	24,658	25,862	24,508	24,570
Total liabilities and equity	328,938	317,413	323,011	312,888	308,433	291,190	297,202	293,012	286,009	323,011	297,202	271,827
EXCHANGE RATES - Period end rates												
U.S. Dollar	1.239	1.256	1.273	1.332	1.357	1.406	1.299	1.324	1.309	1.273	1.299	1.364

STATEMENT OF EQUITY AND CAPITAL

(C\$ millions)

	At the Quarter Ended									At the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
CHANGES IN COMMON SHAREHOLDERS' EQUITY												
Balance at beginning of period	22,016	22,212	22,323	21,962	21,921	21,141	20,896	21,427	21,525	21,141	21,449	20,064
Common shareholders' reported net income (loss)	900	937	744	750	519	391	719	681	595	2,404	2,618	2,522
Dividends - common shares	(328)	(322)	(322)	(314)	(324)	(323)	(316)	(309)	(312)	(1,283)	(1,236)	(1,147)
Common shares issued, net of expenses	9	10	6	2	3	7	5	5	5	18	23	17
Common shares buyback	—	—	—	—	—	(200)	—	(192)	(200)	(200)	(592)	(641)
Share-based compensation	1	3	1	—	—	3	1	—	1	4	5	4
Other ⁽¹⁾	—	(139)	—	—	—	—	—	(875)	—	—	(897)	45
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	(192)	(220)	(552)	(202)	(480)	1,036	(136)	112	(258)	(198)	(561)	906
Unrealized gains (losses) on available-for-sale assets	73	(372)	32	91	492	(296)	(70)	39	149	319	369	(402)
Unrealized gains (losses) on cash flow hedges	—	5	2	6	7	(21)	(1)	6	3	(6)	14	(10)
Share of other comprehensive income (loss) in joint ventures and associates	(13)	(44)	(43)	(3)	(27)	63	(14)	1	(24)	(10)	(10)	7
Remeasurement of defined benefit plans	2	(54)	21	31	(149)	120	57	1	(57)	23	(41)	84
Balance at end of period	<u>22,468</u>	<u>22,016</u>	<u>22,212</u>	<u>22,323</u>	<u>21,962</u>	<u>21,921</u>	<u>21,141</u>	<u>20,896</u>	<u>21,427</u>	<u>22,212</u>	<u>21,141</u>	<u>21,449</u>
Composition of shareholders' accumulated OCI balance												
Unrealized foreign currency translation gains (losses), net of hedging activities	738	930	1,150	1,702	1,904	2,384	1,348	1,484	1,372	1,150	1,348	1,909
Unrealized gains (losses) on available-for-sale assets	333	260	632	600	509	17	313	383	344	632	313	(56)
Unrealized gains (losses) on cash flow hedges	(8)	(8)	(13)	(15)	(21)	(28)	(7)	(6)	(12)	(13)	(7)	(21)
Share of other comprehensive income (loss) in joint ventures and associates	(101)	(88)	(44)	(1)	2	29	(34)	(20)	(21)	(44)	(34)	(24)
Unrealized gains (losses) on transfer to investment properties	145	145	145	145	145	145	145	145	145	145	145	145
Remeasurement of defined benefit plans	(333)	(335)	(281)	(302)	(333)	(184)	(304)	(361)	(362)	(281)	(304)	(263)
Balance at end of period	<u>774</u>	<u>904</u>	<u>1,589</u>	<u>2,129</u>	<u>2,206</u>	<u>2,363</u>	<u>1,461</u>	<u>1,625</u>	<u>1,466</u>	<u>1,589</u>	<u>1,461</u>	<u>1,690</u>
CAPITAL												
Subordinated debt	4,433	4,432	4,781	4,035	4,534	3,539	3,538	3,538	2,791	4,781	3,538	3,039
SLEECs ⁽²⁾	200	200	200	200	200	200	200	700	700	200	200	699
Participating policyholders' equity and non-controlling interest	1,597	1,474	1,393	1,312	1,200	1,090	1,110	1,045	974	1,393	1,110	864
Preferred shareholders' equity and other equity instruments	3,244	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257
Common shareholders' equity	22,468	22,016	22,212	22,323	21,962	21,921	21,141	20,896	21,427	22,212	21,141	21,449
Total capital	<u>31,942</u>	<u>30,379</u>	<u>30,843</u>	<u>30,127</u>	<u>30,153</u>	<u>29,007</u>	<u>28,246</u>	<u>28,436</u>	<u>28,149</u>	<u>30,843</u>	<u>28,246</u>	<u>28,308</u>
LICAT RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA												
Capital Resources												
Tier 1 capital												
Retained earnings and contributed surplus	16,037	15,282	14,630	14,065	13,447	13,444	13,731	13,791	13,521			
Adjusted accumulated other comprehensive income	696	789	1,397	1,797	1,932	2,103	1,226	1,372	1,241			
Common and preferred shares	3,195	3,195	3,195	3,195	3,197	3,195	3,195	3,195	3,195			
Innovative instruments	200	200	200	200	200	200	200	700	700			
Other	224	225	229	256	37	41	45	48	52			
Less:												
Goodwill	2,334	2,366	2,393	2,475	2,505	2,577	2,433	2,460	2,449			
Tier 1 deductions	4,960	5,010	4,606	4,609	4,730	5,030	4,690	4,459	4,171			
Net tier 1 capital	<u>13,058</u>	<u>12,315</u>	<u>12,652</u>	<u>12,429</u>	<u>11,578</u>	<u>11,376</u>	<u>11,274</u>	<u>12,187</u>	<u>12,089</u>			
Tier 2 capital												
Preferred shares and subordinated debt	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900			
Other tier 2	2,621	2,579	2,576	2,579	2,698	2,806	2,662	2,618	2,427			
Less:												
Tier 2 deductions	320	320	320	320	320	320	320	820	820			
Net tier 2 capital	<u>5,201</u>	<u>5,159</u>	<u>5,156</u>	<u>5,159</u>	<u>5,278</u>	<u>5,386</u>	<u>5,242</u>	<u>4,698</u>	<u>4,507</u>			
Surplus allowance and eligible deposits	10,078	9,771	10,575	10,203	10,339	9,472	9,359	9,648	9,520			
Total capital resources	<u>28,337</u>	<u>27,245</u>	<u>28,383</u>	<u>27,791</u>	<u>27,195</u>	<u>26,234</u>	<u>25,875</u>	<u>26,533</u>	<u>26,116</u>			
Capital Requirements												
Credit risk	4,011	4,026	4,146	4,092	4,063	3,966	3,759	3,812	3,718			
Market risk	5,025	4,953	5,264	4,868	4,748	4,014	4,416	4,481	4,510			
Insurance risk	9,303	9,085	8,766	8,788	9,009	9,092	8,487	8,503	8,510			
Total non-participating product risk (before other credits and diversification)	<u>18,339</u>	<u>18,064</u>	<u>18,176</u>	<u>17,748</u>	<u>17,820</u>	<u>17,072</u>	<u>16,662</u>	<u>16,796</u>	<u>16,738</u>			
Total participating product risk including par credits (before other credits and diversification)	4,735	4,232	4,177	4,234	4,033	3,589	3,561	3,546	3,433			
Less:												
Credits and diversification benefits	4,452	4,353	4,106	4,145	4,208	4,228	4,010	4,096	4,133			
Total Non-participating and participating product risk	<u>18,622</u>	<u>17,943</u>	<u>18,247</u>	<u>17,837</u>	<u>17,645</u>	<u>16,433</u>	<u>16,213</u>	<u>16,246</u>	<u>16,038</u>			
Segregated fund guarantees risk	872	907	904	959	947	959	906	942	936			
Operational risk	2,054	2,021	2,054	1,992	1,958	1,821	1,785	1,749	1,700			
Total before scalar	<u>21,548</u>	<u>20,871</u>	<u>21,205</u>	<u>20,788</u>	<u>20,550</u>	<u>19,213</u>	<u>18,904</u>	<u>18,937</u>	<u>18,674</u>			
Base solvency buffer (Total before scalar x scalar [1.05])	<u>22,625</u>	<u>21,914</u>	<u>22,265</u>	<u>21,827</u>	<u>21,578</u>	<u>20,174</u>	<u>19,849</u>	<u>19,884</u>	<u>19,608</u>			
LICAT ratio	125 %	124 %	127 %	127 %	126 %	130 %	130 %	133 %	133 %			
LICAT core ratio	89 %	87 %	90 %	90 %	87 %	89 %	90 %	95 %	96 %			

⁽¹⁾ In Q1 2021, other reflects the establishment of financial liabilities associated with the anticipated increase of our future ownership in Crescent. In Q3 2019, other reflects primarily the establishment of financial liabilities associated with the anticipated increase of our future ownership in BGO and in Q1 2019, other consists of a \$(22) million change in retained earnings due to the adoption of IFRS 16. In 2018, other consists of an \$89 million transfer of seed capital from the participating account to the shareholder account and a \$(44) million change in retained earnings due to the adoption of IFRS 15.

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

DILUTED EARNINGS PER SHARE RECONCILIATION

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
WEIGHTED AVERAGE SHARES												
Weighted average shares - basic	586	585	585	585	585	587	588	590	593	585	592	606
Diluted impact of stock options	1	1	—	—	—	1	1	1	1	—	1	1
Weighted average shares - diluted underlying	587	586	585	585	585	588	589	591	594	585	593	607
Diluted impact of convertible securities (SLEECs) ⁽¹⁾	3	4	4	4	4	4	4	4	4	4	4	4
Weighted average shares - diluted	590	590	589	589	589	592	593	595	598	589	597	611
DILUTED EARNINGS PER SHARE ⁽²⁾												
Total common shareholders' reported net income (loss)	900	937	744	750	519	391	719	681	595	2,404	2,618	2,522
Add: Increase in income due to convertible securities (SLEECs) ⁽³⁾	2	3	2	3	2	3	2	3	2	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	902	940	746	753	521	394	721	684	597	2,414	2,628	2,532
Less Adjustments:												
Impact of SLEECs	2	3	2	3	2	3	2	3	2	10	10	10
Market related impacts:												
Net equity market impact	99	72	108	50	59	(360)	40	9	20	(143)	127	(174)
Net interest rate impact	(36)	141	(74)	(14)	(205)	79	(11)	(90)	(114)	(214)	(348)	(91)
Net increases (decreases) in the fair value of real estate	28	(4)	(14)	(37)	(41)	(12)	(11)	(8)	(3)	(104)	(16)	77
Assumption changes and management actions	91	209	20	(1)	(187)	(293)	18	(89)	(97)	(461)	(237)	(188)
Other adjustments:	2	(4)	(42)	(53)	5	(53)	(15)	—	(20)	(143)	(46)	(155)
Impact of fair value adjustments on share-based payment awards at MFS	(52)	(44)	(46)	(32)	(24)	10	(37)	(8)	(11)	(92)	(64)	(5)
Impact of acquisition, integration and restructuring	(13)	(74)	(50)	(11)	(14)	(42)	(43)	(26)	(11)	(117)	(87)	(82)
Impact of other ⁽⁴⁾	(11)	—	—	5	—	(1)	4	(5)	(5)	4	(5)	5
Total common shareholders' underlying net income (loss)	883	850	862	842	739	770	792	809	739	3,213	3,057	2,947
Diluted earnings per share - reported	\$ 1.53	\$ 1.59	\$ 1.27	\$ 1.28	\$ 0.88	\$ 0.67	\$ 1.22	\$ 1.15	\$ 1.00	\$ 4.10	\$ 4.40	\$ 4.14
Less Adjustments:												
Impact of SLEECs	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.02)	\$ (0.01)
Market related impacts:												
Net equity market impact	\$ 0.17	\$ 0.13	\$ 0.18	\$ 0.08	\$ 0.10	\$ (0.61)	\$ 0.07	\$ 0.02	\$ 0.03	\$ (0.25)	\$ 0.21	\$ (0.29)
Net interest rate impact	\$ (0.06)	\$ 0.25	\$ (0.13)	\$ (0.02)	\$ (0.35)	\$ 0.13	\$ (0.02)	\$ (0.17)	\$ (0.19)	\$ (0.37)	\$ (0.57)	\$ (0.15)
Net increases (decreases) in the fair value of real estate	\$ 0.05	\$ (0.01)	\$ (0.02)	\$ (0.06)	\$ (0.07)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ -	\$ (0.18)	\$ (0.03)	\$ 0.13
Assumption changes and management actions	\$ 0.16	\$ 0.37	\$ 0.03	\$ -	\$ (0.32)	\$ (0.50)	\$ 0.03	\$ (0.16)	\$ (0.16)	\$ (0.80)	\$ (0.39)	\$ (0.31)
Other adjustments:	\$ -	\$ (0.01)	\$ (0.07)	\$ (0.09)	\$ 0.01	\$ (0.09)	\$ (0.03)	\$ -	\$ (0.03)	\$ (0.24)	\$ (0.08)	\$ (0.26)
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.09)	\$ (0.08)	\$ (0.08)	\$ (0.06)	\$ (0.04)	\$ 0.02	\$ (0.06)	\$ (0.01)	\$ (0.02)	\$ (0.16)	\$ (0.11)	\$ (0.01)
Impact of acquisition, integration and restructuring	\$ (0.02)	\$ (0.13)	\$ (0.08)	\$ (0.02)	\$ (0.03)	\$ (0.07)	\$ (0.07)	\$ (0.04)	\$ (0.02)	\$ (0.20)	\$ (0.15)	\$ (0.14)
Impact of other ⁽⁴⁾	\$ (0.02)	\$ -	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.01
Diluted earnings per share - underlying	\$ 1.50	\$ 1.45	\$ 1.47	\$ 1.44	\$ 1.26	\$ 1.31	\$ 1.34	\$ 1.37	\$ 1.24	\$ 5.49	\$ 5.16	\$ 4.86

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

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

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

⁽⁴⁾ On June 10, 2021, the UK Finance Act was signed into law, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, reported net income decreased by \$11 million in the second quarter. Refer to section C - Profitability - 5 - Income taxes in the Quarterly 2021 MD&A for additional details. Prior periods reflect certain hedges in Canada that do not qualify for hedge accounting.

CANADA (C\$ millions)		At and For the Quarter Ended									At and For the Year Ended		
		2021		2020			2019				2020	2019	2018
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS													
Revenue													
Premiums - life insurance	1,475	1,333	1,520	1,255	1,307	1,276	1,450	1,203	1,277	5,358	5,178	4,796	
Premiums - health insurance	1,481	1,463	1,454	1,443	1,596	1,518	1,409	1,403	1,415	6,011	5,629	5,316	
Premiums - annuities	508	562	1,077	1,557	533	427	1,905	584	389	3,594	3,276	3,261	
Gross premiums	3,464	3,358	4,051	4,255	3,436	3,221	4,764	3,190	3,081	14,963	14,083	13,373	
Ceded premiums	(390)	(377)	(393)	(361)	(402)	(374)	(388)	(357)	(381)	(1,530)	(1,488)	(1,487)	
Net premiums	3,074	2,981	3,658	3,894	3,034	2,847	4,376	2,833	2,700	13,433	12,595	11,886	
Net investment income (loss)	2,826	(3,291)	1,634	1,109	4,823	(743)	(36)	1,171	2,096	6,823	6,474	1,942	
Fee income	389	376	386	343	306	341	361	328	323	1,376	1,320	1,240	
Total revenue	6,289	66	5,678	5,346	8,163	2,445	4,701	4,332	5,119	21,632	20,389	15,068	
Policy benefits and expenses													
Gross claims & benefits paid	2,718	2,745	2,827	2,507	2,623	2,585	2,538	2,336	2,446	10,542	9,703	9,328	
Change in insurance/investment contract liabilities & reinsurance assets	2,356	(3,947)	1,945	1,803	4,933	(873)	1,194	1,185	1,893	7,808	7,250	1,894	
Operating expenses, commissions and other expenses	985	933	970	869	876	899	933	843	874	3,614	3,536	3,413	
Reinsurance expenses (recoveries)	(306)	(333)	(359)	(314)	(311)	(311)	(319)	(276)	(296)	(1,295)	(1,172)	(1,138)	
Total policy benefits and expenses	5,753	(602)	5,383	4,865	8,121	2,300	4,346	4,088	4,917	20,669	19,317	13,497	
Income (loss) before income taxes	536	668	295	481	42	145	355	244	202	963	1,072	1,571	
Income tax expense (benefit)	51	220	(26)	57	(158)	177	50	(15)	12	50	15	308	
Participating policyholders' net income (loss)	81	43	66	37	83	10	30	36	42	196	174	321	
Common shareholders' reported net income (loss)	404	405	255	387	117	(42)	275	223	148	717	883	942	
Market related impacts	114	124	15	29	(161)	(275)	6	(44)	(72)	(392)	(111)	(117)	
Assumption changes and management actions	—	(4)	(3)	60	(3)	(22)	(1)	4	(20)	32	(17)	23	
Other ⁽¹⁾	—	—	—	5	—	(1)	4	(5)	(5)	4	(5)	5	
Acquisition, integration and restructuring	—	—	—	—	—	—	2	—	2	—	4	(5)	
Common shareholders' underlying net income (loss)	290	285	243	293	281	256	264	268	243	1,073	1,012	1,036	
Return on equity - reported	20.8%	21.8%	13.7%	21.0%	6.5%	(2.4)%	15.5%	12.7%	8.5%	9.8%	12.6%	13.8%	
Return on equity - underlying	14.9%	15.3%	13.1%	15.9%	15.6%	14.3%	14.9%	15.3%	13.8%	14.7%	14.4%	15.2%	
PREMIUMS & DEPOSITS													
Net premiums	3,074	2,981	3,658	3,894	3,034	2,847	4,376	2,833	2,700	13,433	12,595	11,886	
Segregated fund deposits	2,952	3,127	4,082	2,311	2,264	2,981	3,196	2,196	2,607	11,638	10,770	10,315	
Retail mutual fund deposits (Sun Life Global Investments)	660	920	770	569	530	741	607	518	530	2,610	2,174	2,071	
ASO premium & deposit equivalents	1,724	1,600	1,573	3,127	1,691	1,728	1,623	1,626	1,612	8,119	6,493	6,312	
Total	8,410	8,628	10,083	9,901	7,519	8,297	9,802	7,173	7,449	35,800	32,032	30,584	
SALES													
Individual Insurance	122	105	118	80	77	83	117	85	94	358	389	396	
Individual Wealth	2,177	2,641	2,168	1,741	1,438	2,106	1,829	1,463	1,491	7,453	6,357	6,256	
Group Benefits	74	128	68	67	74	212	111	119	100	421	599	588	
Group Retirement Services	1,648	1,794	2,696	5,096	1,170	3,523	4,076	2,673	1,757	12,485	9,757	9,030	
ASSETS UNDER MANAGEMENT													
General funds	105,220	102,261	106,318	105,036	102,586	96,945	94,909	93,443	91,791	106,318	94,909	86,697	
Segregated funds	114,852	109,313	107,494	99,644	96,027	87,194	98,758	95,257	93,923	107,494	98,758	85,885	
Other AUM	7,125	6,796	6,719	6,340	6,100	5,645	6,173	5,875	5,703	6,719	6,173	4,854	
Total	227,197	218,370	220,531	211,020	204,713	189,784	199,840	194,575	191,417	220,531	199,840	177,436	
Sun Life Global Investments (Canada) Inc.													
Gross Sales													
Retail	910	1,206	1,039	751	712	1,021	821	698	740	3,523	2,943	2,819	
Institutional & other ⁽²⁾	655	803	410	430	573	1,090	1,261	487	583	2,503	3,101	2,307	
Total	1,565	2,009	1,449	1,181	1,285	2,111	2,082	1,185	1,323	6,026	6,044	5,126	
Net Sales	319	748	405	186	(332)	1,016	1,211	494	555	1,275	2,892	2,511	
Assets under management	35,490	33,732	32,730	30,753	29,327	27,410	29,000	27,079	26,211	32,730	29,000	22,897	

⁽¹⁾ Other reflects certain hedges in Canada that do not qualify for hedge accounting.

⁽²⁾ 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		
	2021		2020				2019			2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,565	1,407	1,670	1,401	1,324	1,378	1,524	1,222	1,297	5,773	5,331	5,101
Ceded premiums	(168)	(150)	(174)	(143)	(162)	(144)	(168)	(137)	(155)	(623)	(601)	(562)
Net premiums	1,397	1,257	1,496	1,258	1,162	1,234	1,356	1,085	1,142	5,150	4,730	4,539
Net investment income (loss)	2,313	(2,763)	1,027	632	3,589	(249)	(174)	1,026	1,671	4,999	5,067	1,308
Fee income	169	158	175	145	133	141	163	136	131	594	553	523
Total revenue	3,879	(1,348)	2,698	2,035	4,884	1,126	1,345	2,247	2,944	10,743	10,350	6,370
Policy benefits and expenses												
Gross claims & benefits paid	928	916	1,043	803	835	886	944	815	847	3,567	3,452	3,268
Change in insurance/investment contract liabilities & reinsurance assets	2,145	(3,027)	1,115	785	3,687	—	(199)	1,057	1,723	5,587	5,006	899
Operating expenses, commissions and other expenses	562	534	549	476	467	497	539	466	480	1,989	1,983	1,905
Reinsurance expenses (recoveries)	(130)	(146)	(185)	(137)	(110)	(127)	(133)	(106)	(121)	(559)	(473)	(436)
Total policy benefits and expenses	3,505	(1,723)	2,522	1,927	4,879	1,256	1,151	2,232	2,929	10,584	9,968	5,636
Income (loss) before income taxes	374	375	176	108	5	(130)	194	15	15	159	382	734
Income tax expense (benefit)	42	92	(7)	(5)	(65)	4	17	(53)	(24)	(73)	(74)	85
Participating policyholders' net income (loss)	81	43	66	37	83	10	30	36	42	196	174	321
Common shareholders' reported net income (loss)	251	240	117	76	(13)	(144)	147	32	(3)	36	282	328
PREMIUMS & DEPOSITS												
Net premiums	1,397	1,257	1,496	1,258	1,162	1,234	1,356	1,085	1,142	5,150	4,730	4,539
Segregated fund deposits	297	338	312	221	174	328	273	226	266	1,035	1,000	949
Retail mutual fund deposits (Sun Life Global Investments)	660	920	770	569	530	741	607	518	530	2,610	2,174	2,071
Total	2,354	2,515	2,578	2,048	1,866	2,303	2,236	1,829	1,938	8,795	7,904	7,559
SALES												
Individual Insurance - SLFD	48	39	48	39	40	38	49	40	46	165	170	177
Individual Insurance - Third-party	74	66	70	41	37	45	68	45	48	193	219	219
Total insurance sales	122	105	118	80	77	83	117	85	94	358	389	396
Individual Wealth - fixed products	240	278	317	407	248	293	301	203	232	1,265	995	1,280
Individual Wealth - mutual funds	1,641	2,024	1,540	1,113	1,015	1,485	1,256	1,032	993	5,153	4,362	4,027
Individual Wealth - segregated funds	296	339	311	221	175	328	272	228	266	1,035	1,000	949
Total wealth sales	2,177	2,641	2,168	1,741	1,438	2,106	1,829	1,463	1,491	7,453	6,357	6,256
Wealth Manufactured Sales ⁽¹⁾	1,191	1,528	1,392	1,191	948	1,351	1,173	941	1,020	4,882	4,134	4,253
Other wealth sales	986	1,113	776	550	490	755	656	522	471	2,571	2,223	2,003
Total wealth sales	2,177	2,641	2,168	1,741	1,438	2,106	1,829	1,463	1,491	7,453	6,357	6,256
SLFD - Career Advisor Network	2,932	2,955	2,973	3,044	3,096	3,145	3,259	3,388	3,470	2,973	3,259	3,608
ASSETS UNDER MANAGEMENT												
General funds	69,667	67,377	70,202	68,969	68,359	65,161	63,867	63,448	62,222	70,202	63,867	57,740
Segregated funds	13,267	12,742	12,510	11,862	11,478	10,477	12,108	11,895	11,865	12,510	12,108	11,179
Other AUM	7,125	6,796	6,719	6,340	6,100	5,645	6,173	5,875	5,703	6,719	6,173	4,854
Total assets under management	90,059	86,915	89,431	87,171	85,937	81,283	82,148	81,218	79,790	89,431	82,148	73,773
Mutual fund dealers' assets	28,524	26,744	25,320	23,320	22,338	19,933	22,545	21,683	21,389	25,320	22,545	19,733
Total assets under management and administration	118,583	113,659	114,751	110,491	108,275	101,216	104,693	102,901	101,179	114,751	104,693	93,506

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

CANADA - GROUP BENEFITS

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,575	1,571	1,553	1,546	1,705	1,634	1,517	1,515	1,537	6,438	6,102	5,813
Ceded premiums	(152)	(156)	(147)	(146)	(166)	(156)	(145)	(143)	(149)	(615)	(580)	(604)
Net premiums	1,423	1,415	1,406	1,400	1,539	1,478	1,372	1,372	1,388	5,823	5,522	5,209
Net investment income (loss)	193	(204)	180	133	406	57	35	116	202	776	626	364
Fee income	72	76	74	66	47	70	66	62	65	257	257	232
Total revenue	1,688	1,287	1,660	1,599	1,992	1,605	1,473	1,550	1,655	6,856	6,405	5,805
Policy benefits and expenses												
Gross claims & benefits paid	1,206	1,212	1,209	1,184	1,308	1,205	1,145	1,096	1,141	4,906	4,486	4,287
Change in insurance/investment contract liabilities & reinsurance assets	196	(166)	148	(47)	415	138	104	215	218	654	876	443
Operating expenses, commissions and other expenses	303	286	305	285	301	292	285	278	287	1,183	1,131	1,097
Reinsurance expenses (recoveries)	(108)	(119)	(104)	(107)	(130)	(112)	(113)	(97)	(99)	(453)	(402)	(390)
Total policy benefits and expenses	1,597	1,213	1,558	1,315	1,894	1,523	1,421	1,492	1,547	6,290	6,091	5,437
Income (loss) before income taxes	91	74	102	284	98	82	52	58	108	566	314	368
Income tax expense (benefit)	21	17	28	72	25	19	12	(1)	28	144	61	86
Common shareholders' reported net income (loss)	70	57	74	212	73	63	40	59	80	422	253	282
PREMIUMS & DEPOSITS												
Net premiums	1,423	1,415	1,406	1,400	1,539	1,478	1,372	1,372	1,388	5,823	5,522	5,209
ASO premium equivalents	1,380	1,284	1,283	1,275	1,297	1,396	1,356	1,332	1,301	5,251	5,279	4,987
Total	2,803	2,699	2,689	2,675	2,836	2,874	2,728	2,704	2,689	11,074	10,801	10,196
SALES	74	128	68	67	74	212	111	119	100	421	599	588
ASSETS UNDER MANAGEMENT												
General funds	16,115	15,589	15,971	16,152	16,033	15,022	14,486	14,596	14,476	15,971	14,486	14,170
SUPPLEMENTAL INFORMATION												
Business in-force ⁽¹⁾	11,523	11,080	11,020	10,937	10,952	11,415	11,198	11,004	10,974	11,020	11,198	10,580

⁽¹⁾ Represents annualized premiums for insured in-force and last twelve months of fee income and ASO claims for ASO in-force on a gross basis.

CANADA - GROUP RETIREMENT SERVICES
(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	324	380	828	1,308	407	209	1,723	453	247	2,752	2,650	2,459
Ceded premiums	(70)	(71)	(72)	(72)	(74)	(74)	(75)	(77)	(77)	(292)	(307)	(321)
Net premiums	254	309	756	1,236	333	135	1,648	376	170	2,460	2,343	2,138
Net investment income (loss)	320	(324)	427	344	828	(551)	103	29	223	1,048	781	270
Fee income	148	142	137	132	126	130	132	130	127	525	510	485
Total revenue	722	127	1,320	1,712	1,287	(286)	1,883	535	520	4,033	3,634	2,893
Policy benefits and expenses												
Gross claims & benefits paid	584	617	575	520	480	494	449	425	458	2,069	1,765	1,773
Change in insurance/investment contract liabilities & reinsurance assets	15	(754)	682	1,065	831	(1,011)	1,289	(87)	(48)	1,567	1,368	552
Operating expenses, commissions and other expenses	120	113	116	108	108	110	109	99	107	442	422	411
Reinsurance expenses (recoveries)	(68)	(68)	(70)	(70)	(71)	(72)	(73)	(73)	(76)	(283)	(297)	(312)
Total policy benefits and expenses	651	(92)	1,303	1,623	1,348	(479)	1,774	364	441	3,795	3,258	2,424
Income (loss) before income taxes	71	219	17	89	(61)	193	109	171	79	238	376	469
Income tax expense (benefit)	(12)	111	(47)	(10)	(118)	154	21	39	8	(21)	28	137
Common shareholders' reported net income (loss)	83	108	64	99	57	39	88	132	71	259	348	332
PREMIUMS & DEPOSITS												
Net premiums	254	309	756	1,236	333	135	1,648	376	170	2,460	2,343	2,138
Segregated fund deposits	2,655	2,789	3,770	2,090	2,090	2,653	2,923	1,970	2,341	10,603	9,770	9,366
ASO deposit equivalents	344	316	290	1,852	394	332	267	294	311	2,868	1,214	1,325
Total	3,253	3,414	4,816	5,178	2,817	3,120	4,838	2,640	2,822	15,931	13,327	12,829
SALES												
Sales	766	893	1,760	4,350	518	2,806	3,322	1,947	1,114	9,434	6,991	6,387
Asset consolidation and rollovers	882	901	936	746	652	717	754	726	643	3,051	2,766	2,643
Total	1,648	1,794	2,696	5,096	1,170	3,523	4,076	2,673	1,757	12,485	9,757	9,030
ASSETS UNDER MANAGEMENT												
General funds	19,438	19,295	20,145	19,915	18,194	16,762	16,556	15,399	15,093	20,145	16,556	14,787
Segregated funds	101,585	96,571	94,984	87,782	84,549	76,717	86,650	83,362	82,058	94,984	86,650	74,706
Total assets under management	121,023	115,866	115,129	107,697	102,743	93,479	103,206	98,761	97,151	115,129	103,206	89,493
ASSETS UNDER MANAGEMENT AND ADMINISTRATION												
	133,413	127,415	125,866	117,323	110,668	100,501	112,116	107,707	106,028	125,866	112,116	97,675

U.S.

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019			2020	2019	2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Revenue												
Premiums - life insurance	357	371	375	373	402	398	408	389	401	1,548	1,605	1,633
Premiums - health insurance	1,127	1,165	1,122	1,141	1,173	1,147	1,071	1,059	1,055	4,583	4,232	3,767
Premiums - annuities	—	—	—	—	—	—	—	—	—	—	1	—
Gross premiums	1,484	1,536	1,497	1,514	1,575	1,545	1,479	1,448	1,456	6,131	5,838	5,400
Ceded premiums	(187)	(179)	(181)	(168)	(180)	(166)	(182)	(155)	(170)	(695)	(662)	(597)
Net premiums	1,297	1,357	1,316	1,346	1,395	1,379	1,297	1,293	1,286	5,436	5,176	4,803
Net investment income (loss)	929	(1,016)	441	346	1,165	658	80	898	932	2,610	2,802	305
Fee income	17	16	32	19	21	20	21	21	23	92	86	73
Total revenue	2,243	357	1,789	1,711	2,581	2,057	1,398	2,212	2,241	8,138	8,064	5,181
Policy benefits and expenses												
Gross claims & benefits paid	1,268	1,533	1,367	1,334	1,531	1,333	1,435	1,521	1,309	5,565	5,508	4,852
Change in insurance/investment contract liabilities & reinsurance assets	585	(1,512)	126	357	750	273	(398)	746	585	1,506	1,504	(545)
Operating expenses, commissions and other expenses	392	383	405	392	402	419	416	380	411	1,618	1,621	1,558
Reinsurance expenses (recoveries)	(200)	(313)	(220)	(214)	(250)	(180)	(219)	(201)	(164)	(864)	(755)	(682)
Total policy benefits and expenses	2,045	91	1,678	1,869	2,433	1,845	1,234	2,446	2,141	7,825	7,878	5,183
Income (loss) before income taxes	198	266	111	(158)	148	212	164	(234)	100	313	186	(2)
Income tax expense (benefit)	41	55	23	(45)	30	48	33	(48)	11	56	28	(19)
Participating policyholders' net income (loss)	—	—	—	—	—	—	—	—	(5)	—	(5)	(35)
Common shareholders' reported net income (loss)	157	211	88	(113)	118	164	131	(186)	94	257	163	52
Market related impacts	(6)	44	2	(18)	(4)	28	—	(30)	(11)	8	(58)	(26)
Assumption changes and management actions	—	(4)	(60)	(230)	—	(23)	(3)	(287)	1	(313)	(291)	(394)
Acquisition, integration and restructuring	(2)	—	(2)	(1)	(1)	(2)	(3)	(4)	(6)	(6)	(20)	(42)
Common shareholders' underlying net income (loss)	165	171	148	136	123	161	137	135	110	568	532	514
PREMIUMS & DEPOSITS												
Net premiums	1,297	1,357	1,316	1,346	1,395	1,379	1,297	1,293	1,286	5,436	5,176	4,803
SALES												
Group Benefits	191	154	838	230	228	163	813	184	225	1,459	1,382	1,307
ASSETS UNDER MANAGEMENT												
General funds	32,314	31,898	33,790	35,303	37,911	38,131	34,711	35,924	34,588	33,790	34,711	34,584
Segregated funds	509	496	541	563	572	569	514	530	509	541	514	491
Other AUM	21	21	23	24	26	27	26	28	27	23	26	33
Total	32,844	32,415	34,354	35,890	38,509	38,727	35,251	36,482	35,124	34,354	35,251	35,108

U.S.
(US\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019			2020	2019	2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Revenue												
Premiums - life insurance	290	293	287	280	290	297	309	295	299	1,154	1,209	1,260
Premiums - health insurance	918	920	861	856	846	855	812	802	789	3,418	3,192	2,908
Gross premiums	1,208	1,213	1,148	1,136	1,136	1,152	1,121	1,097	1,088	4,572	4,401	4,168
Ceded premiums	(152)	(141)	(138)	(126)	(130)	(124)	(138)	(118)	(126)	(518)	(499)	(459)
Net premiums	1,056	1,072	1,010	1,010	1,006	1,028	983	979	962	4,054	3,902	3,709
Net investment income (loss)	753	(801)	339	251	837	523	61	679	696	1,950	2,105	214
Fee income	13	13	24	15	15	15	16	16	17	69	65	56
Total revenue	1,822	284	1,373	1,276	1,858	1,566	1,060	1,674	1,675	6,073	6,072	3,979
Policy benefits and expenses												
Gross claims & benefits paid	1,030	1,212	1,050	1,000	1,103	994	1,087	1,153	979	4,147	4,154	3,747
Change in insurance/investment contract liabilities & reinsurance assets	475	(1,195)	96	262	536	235	(301)	562	437	1,129	1,126	(442)
Operating expenses, commissions and other expenses	319	303	311	294	290	312	315	289	307	1,207	1,222	1,202
Reinsurance expenses (recoveries)	(161)	(247)	(168)	(161)	(179)	(135)	(166)	(153)	(122)	(643)	(570)	(527)
Total policy benefits and expenses	1,663	73	1,289	1,395	1,750	1,406	935	1,851	1,601	5,840	5,932	3,980
Income (loss) before income taxes	159	211	84	(119)	108	160	125	(177)	74	233	140	(1)
Income tax expense (benefit)	32	44	18	(34)	22	36	26	(37)	8	42	22	(15)
Participating policyholders' net income (loss)	—	—	—	—	—	—	—	—	(4)	—	(4)	(27)
Common shareholders' reported net income (loss)	127	167	66	(85)	86	124	99	(140)	70	191	122	41
Market related impacts	(5)	34	1	(13)	(3)	21	—	(21)	(8)	6	(40)	(21)
Assumption changes and management actions	—	(3)	(46)	(173)	—	(17)	(2)	(218)	1	(236)	(221)	(302)
Acquisition, integration and restructuring	(1)	—	(1)	(1)	(1)	(1)	(3)	(3)	(4)	(4)	(16)	(32)
Common shareholders' underlying net income (loss)	133	136	112	102	90	121	104	102	81	425	399	396
Return on equity - reported	17.4%	24.0%	9.9%	(12.3)%	12.1%	17.5%	14.8%	(21.0)%	9.9%	6.9%	4.5%	1.5%
Return on equity - underlying	18.3%	19.6%	16.8%	14.8%	12.6%	17.1%	15.5%	15.4%	11.6%	15.3%	14.7%	14.6%
PREMIUMS & DEPOSITS												
Net premiums	1,056	1,072	1,010	1,010	1,006	1,028	983	979	962	4,054	3,902	3,709
SALES												
Group Benefits	156	121	643	172	165	122	616	139	168	1,102	1,043	999
ASSETS UNDER MANAGEMENT												
General funds	26,073	25,401	26,542	26,506	27,931	27,122	26,730	27,136	26,424	26,542	26,730	25,360
Segregated funds	411	395	425	423	421	405	396	400	388	425	396	360
Other AUM	17	17	18	18	19	19	20	21	21	18	20	24
Total	26,501	25,813	26,985	26,947	28,371	27,546	27,146	27,557	26,833	26,985	27,146	25,744

U.S. - GROUP BENEFITS

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,099	1,099	1,033	1,025	1,020	1,031	992	980	965	4,109	3,904	3,641
Ceded premiums	(48)	(46)	(47)	(42)	(44)	(41)	(44)	(38)	(38)	(174)	(158)	(136)
Net premiums	1,051	1,053	986	983	976	990	948	942	927	3,935	3,746	3,505
Net investment income (loss)	81	(24)	67	67	173	(42)	49	84	84	265	320	94
Fee income	24	24	33	24	24	24	24	24	26	105	99	93
Total revenue	1,156	1,053	1,086	1,074	1,173	972	1,021	1,050	1,037	4,305	4,165	3,692
Policy benefits and expenses												
Gross claims & benefits paid	756	806	744	676	739	752	695	880	717	2,911	2,945	2,715
Change in insurance/investment contract liabilities & reinsurance assets	28	(97)	13	53	108	(110)	(3)	(41)	20	64	17	(220)
Operating expenses, commissions and other expenses	297	294	289	275	277	292	283	278	285	1,133	1,135	1,124
Reinsurance expenses (recoveries)	(52)	(62)	(58)	(51)	(53)	(61)	(35)	(63)	(37)	(223)	(170)	(203)
Total policy benefits and expenses	1,029	941	988	953	1,071	873	940	1,054	985	3,885	3,927	3,416
Income (loss) before income taxes	127	112	98	121	102	99	81	(4)	52	420	238	276
Income tax expense (benefit)	27	24	22	24	22	21	17	—	11	89	51	59
Common shareholders' reported net income (loss)	100	88	76	97	80	78	64	(4)	41	331	187	217
PREMIUMS & DEPOSITS												
Net premiums	1,051	1,053	986	983	976	990	948	942	927	3,935	3,746	3,505
ASSETS UNDER MANAGEMENT												
General Funds	8,328	7,968	7,967	7,958	7,951	7,758	7,848	7,948	7,926	7,967	7,848	7,704
SALES												
Employee Benefits	68	87	205	96	62	74	191	72	62	437	388	431
Medical Stop-Loss	88	34	438	76	103	48	425	67	106	665	655	568
Total	156	121	643	172	165	122	616	139	168	1,102	1,043	999
BUSINESS IN-FORCE												
Employee Benefits ⁽¹⁾	2,439	2,440	2,391	2,327	2,365	2,371	2,374	2,398	2,409	2,391	2,374	2,385
Medical Stop-Loss	2,274	2,245	2,161	2,093	2,076	2,032	1,912	1,845	1,826	2,161	1,912	1,631
Total	4,713	4,685	4,552	4,420	4,441	4,403	4,286	4,243	4,235	4,552	4,286	4,016
AFTER-TAX PROFIT MARGIN⁽²⁾	8.5%	8.1%	8.0%	7.8%	7.5%	6.8%	7.3%	7.2%	7.3%	8.0%	7.3%	6.7%

⁽¹⁾ Represents annualized premiums for insured in-force and premium equivalent annualized fee income for ASO in-force on a gross basis.

⁽²⁾ 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		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	109	114	115	111	116	121	129	117	123	463	497	527
Ceded premiums	(104)	(95)	(91)	(84)	(86)	(83)	(94)	(80)	(88)	(344)	(341)	(323)
Net premiums	5	19	24	27	30	38	35	37	35	119	156	204
Net investment income (loss)	672	(777)	272	184	664	565	12	595	612	1,685	1,785	120
Fee income	(11)	(11)	(9)	(9)	(9)	(9)	(8)	(8)	(9)	(36)	(34)	(37)
Total revenue	666	(769)	287	202	685	594	39	624	638	1,768	1,907	287
Policy benefits and expenses												
Gross claims & benefits paid	274	406	306	324	364	242	392	273	262	1,236	1,209	1,032
Change in insurance/investment contract liabilities & reinsurance assets	447	(1,098)	83	209	428	345	(298)	603	417	1,065	1,109	(222)
Operating expenses, commissions and other expenses	22	9	22	19	13	20	32	11	22	74	87	78
Reinsurance expenses (recoveries)	(109)	(185)	(110)	(110)	(126)	(74)	(131)	(90)	(85)	(420)	(400)	(324)
Total policy benefits and expenses	634	(868)	301	442	679	533	(5)	797	616	1,955	2,005	564
Income (loss) before income taxes	32	99	(14)	(240)	6	61	44	(173)	22	(187)	(98)	(277)
Income tax expense (benefit)	5	20	(4)	(58)	—	15	9	(37)	(3)	(47)	(29)	(74)
Participating policyholders' net income (loss)	—	—	—	—	—	—	—	—	(4)	—	(4)	(27)
Common shareholders' reported net income (loss)	27	79	(10)	(182)	6	46	35	(136)	29	(140)	(65)	(176)
PREMIUMS & DEPOSITS												
Net premiums	5	19	24	27	30	38	35	37	35	119	156	204
ACCOUNT VALUE												
Individual insurance	4,179	4,207	4,253	4,273	4,301	4,336	4,350	4,388	4,419	4,253	4,350	4,475
ASSETS UNDER MANAGEMENT												
General funds	17,745	17,433	18,575	18,548	19,980	19,364	18,882	19,188	18,498	18,575	18,882	17,656
Segregated funds	411	395	425	423	421	405	396	400	388	425	396	360
Other AUM	17	17	18	18	19	19	20	21	21	18	20	24
Total	18,173	17,845	19,018	18,989	20,420	19,788	19,298	19,609	18,907	19,018	19,298	18,040

ASSET MANAGEMENT

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2021			2020			2019			2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
FINANCIAL SUMMARY												
Revenue												
Net investment income (loss)	10	(8)	18	(13)	32	(14)	16	20	19	23	83	13
Fee income	1,421	1,375	1,369	1,284	1,176	1,185	1,199	1,139	1,103	5,014	4,471	4,274
Total revenue	1,431	1,367	1,387	1,271	1,208	1,171	1,215	1,159	1,122	5,037	4,554	4,287
Expenses	1,099	1,059	1,024	937	905	846	915	864	831	3,712	3,391	3,094
Income (loss) before income taxes	332	308	363	334	303	325	300	295	291	1,325	1,163	1,193
Income tax expense (benefit)	111	80	93	85	76	80	69	73	62	334	262	284
Non-controlling interest	—	(2)	3	(2)	4	6	3	1	—	11	4	—
Common shareholders' reported net income (loss)	221	230	267	251	223	239	228	221	229	980	897	909
Fair value adjustments on share-based payment awards at MFS	(52)	(44)	(46)	(32)	(24)	10	(37)	(8)	(11)	(92)	(64)	(5)
Acquisition, integration and restructuring	(17)	(17)	(20)	(11)	(12)	(13)	(16)	(22)	(5)	(56)	(43)	(11)
Other ⁽¹⁾	(21)	—	—	—	—	—	—	—	—	—	—	—
Common shareholders' underlying net income (loss)	311	291	333	294	259	242	281	251	245	1,128	1,004	925
Common shareholders' underlying net income (loss)												
MFS	286	280	299	276	229	230	266	248	236	1,034	973	898
SLC Management	25	11	34	18	30	12	15	3	9	94	31	27
Total	311	291	333	294	259	242	281	251	245	1,128	1,004	925
GROSS FLOWS												
MFS	36,106	45,429	40,434	40,555	47,571	49,723	34,033	31,674	30,267	178,283	124,964	104,291
SLC Management ⁽²⁾	11,058	12,802	2,956	2,511	4,004	2,231	2,814	2,768	1,662	11,702	9,541	7,024
Total	47,164	58,231	43,390	43,066	51,575	51,954	36,847	34,442	31,929	189,985	134,505	111,315
NET FLOWS												
MFS	(6,872)	(356)	1,914	5,966	7,448	2,364	(1,522)	1,730	(8,116)	17,692	(15,712)	(38,517)
SLC Management ⁽²⁾	7,588	10,630	876	851	(157)	(2,028)	585	1,486	225	(458)	3,552	1,227
Total	716	10,274	2,790	6,817	7,291	336	(937)	3,216	(7,891)	17,234	(12,160)	(37,290)
ASSETS UNDER MANAGEMENT												
MFS	820,011	786,474	776,829	730,124	690,241	613,518	684,845	655,533	639,900	776,829	684,845	584,172
SLC Management ⁽²⁾⁽³⁾	168,618	159,918	115,081	115,365	97,884	97,093	83,972	83,238	68,170	115,081	83,972	65,538
Total	988,629	946,392	891,910	845,489	788,125	710,611	768,817	738,771	708,070	891,910	768,817	649,710

⁽¹⁾ On June 10, 2021, the UK Finance Act was signed into law, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, SLC Management's reported net income decreased by \$21 million on the remeasurement of deferred tax liabilities. Refer to section C - Profitability - 5 - Income taxes in the Quarterly 2021 MD&A for additional details.

⁽²⁾ Effective January 1, 2021, the methodology for Assets Under Management (AUM) was updated for SLC Management with respect to certain real estate and investment-grade fixed income products to add uncalled capital commitments not previously included. This will align SLC Management's AUM with market conventions applied across asset classes. We have updated prior period amounts for all quarters of 2020 to reflect this change in methodology. Subsequent to the fourth quarter of 2020, increases and decreases in all capital raising, including uncalled capital commitments and fund leverage, for the aforementioned products will be reflected in gross flows, outflows and net flows as applicable. Gross flows is a component of managed fund sales and total wealth sales. Client distributions from the sale of underlying assets in closed-end funds will no longer be reported in net flows. Refer to section M. Non-IFRS Financial Measures of the Quarterly 2021 MD&A for additional details.

⁽³⁾ Excludes assets managed on behalf of the Insurance businesses and General Fund.

MFS

(US\$ millions), unless otherwise noted

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS												
Revenue												
Net investment income (loss)	4	(5)	10	5	22	(10)	11	12	14	27	57	8
Fee income	938	887	862	805	717	752	778	744	723	3,136	2,926	2,902
Total revenue	942	882	872	810	739	742	789	756	737	3,163	2,983	2,910
Expenses												
Income (loss) before income taxes	261	252	262	247	199	234	227	237	214	942	884	907
Income tax expense (benefit)	70	66	68	64	52	54	54	55	46	238	199	218
Common shareholders' reported net income (loss)	191	186	194	183	147	180	173	182	168	704	685	689
Fair value adjustments on share-based payment awards at MFS	(42)	(35)	(36)	(24)	(18)	8	(28)	(6)	(8)	(70)	(48)	(4)
Common shareholders' underlying net income (loss)	233	221	230	207	165	172	201	188	176	774	733	693
MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT												
Opening AUM	364,820	353,624	316,936	291,895	247,538	295,003	272,940	266,315	253,119	295,003	226,557	250,231
Inflows	21,837	27,186	23,534	23,344	24,191	26,700	19,183	17,485	16,562	97,769	69,709	58,011
Outflows	(20,014)	(24,400)	(19,212)	(17,319)	(17,559)	(24,755)	(14,037)	(13,825)	(14,606)	(78,845)	(58,237)	(65,302)
Market movement	22,213	8,410	32,366	19,016	37,725	(49,410)	16,917	2,965	11,240	39,697	56,974	(16,383)
Closing AUM	388,856	364,820	353,624	316,936	291,895	247,538	295,003	272,940	266,315	353,624	295,003	226,557
MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT												
Opening AUM	261,453	256,611	231,246	216,645	188,850	232,369	222,213	222,531	219,825	232,369	201,816	241,374
Inflows	7,550	8,691	7,482	7,093	10,120	10,376	6,605	6,511	6,068	35,071	24,517	22,572
Outflows	(14,966)	(11,759)	(10,336)	(8,641)	(11,380)	(10,558)	(12,903)	(8,861)	(14,092)	(40,915)	(47,771)	(44,969)
Market movement	18,726	7,910	28,219	16,149	29,055	(43,337)	16,454	2,032	10,730	30,086	53,807	(17,161)
Closing AUM	272,763	261,453	256,611	231,246	216,645	188,850	232,369	222,213	222,531	256,611	232,369	201,816
SUPPLEMENTAL INFORMATION												
Pre-tax net operating profit margin ratio	39 %	39 %	41 %	40 %	36 %	36 %	40 %	40 %	37 %	39 %	39 %	38 %
Pre-tax gross operating profit margin ratio	34 %	34 %	36 %	35 %	32 %	31 %	35 %	34 %	32 %	34 %	33 %	33 %
Total assets under management	661,619	626,273	610,235	548,182	508,540	436,388	527,372	495,153	488,846	610,235	527,372	428,373
Average net assets	655,090	619,288	577,616	539,718	479,059	504,519	507,155	491,252	480,199	525,411	483,983	477,496
Total gross flows	29,387	35,877	31,016	30,437	34,311	37,076	25,788	23,996	22,630	132,840	94,226	80,583
Total net flows	(5,593)	(282)	1,468	4,477	5,372	1,763	(1,152)	1,310	(6,068)	13,080	(11,782)	(29,688)
Liability for share-based compensation ⁽¹⁾	612	612	560	512	478	484	496	478	482	560	496	496
Diluted EPS impact - liability for share-based compensation ⁽²⁾	\$0.01	\$0.01	\$0.02	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.03	\$0.04	\$0.03
U.S. GAAP net income	251	232	241	217	178	181	212	198	188	817	775	735
Dividends paid to SLF	205	194	201	181	146	152	177	165	138	680	611	532

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

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

ASIA

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019			2020	2019	2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,365	805	1,719	1,181	1,118	944	1,006	700	518	4,962	2,630	2,179
Ceded premiums	(48)	(45)	(58)	(52)	(53)	(49)	(66)	(54)	(52)	(212)	(222)	(232)
Net premiums	1,317	760	1,661	1,129	1,065	895	940	646	466	4,750	2,408	1,947
Net investment income (loss)	1,085	(822)	762	408	1,534	(154)	308	688	855	2,550	2,865	76
Fee income	155	160	156	146	134	136	138	134	133	572	531	514
Total revenue	2,557	98	2,579	1,683	2,733	877	1,386	1,468	1,454	7,872	5,804	2,537
Policy benefits and expenses												
Gross claims & benefits paid	378	356	445	371	488	364	484	338	433	1,668	1,612	1,192
Change in insurance/investment contract liabilities & reinsurance assets	1,554	(832)	1,510	650	1,760	115	310	620	574	4,035	2,314	(356)
Operating expenses, commissions and other expenses	469	389	491	385	366	373	457	351	325	1,615	1,424	1,247
Reinsurance expenses (recoveries)	(37)	(32)	(53)	(46)	(45)	(37)	(50)	(39)	(33)	(181)	(178)	(164)
Total policy benefits and expenses	2,364	(119)	2,393	1,360	2,569	815	1,201	1,270	1,299	7,137	5,172	1,919
Income (loss) before income taxes	193	217	186	323	164	62	185	198	155	735	632	618
Income tax expense (benefit)	12	9	24	7	16	7	12	13	13	54	51	51
Participating policyholders' net income (loss)	38	10	30	80	22	(45)	37	15	8	87	61	12
Common shareholders' reported net income (loss)	143	198	132	236	126	100	136	170	134	594	520	555
Market related impacts	(11)	36	3	(9)	(24)	(47)	5	(15)	(14)	(77)	(66)	(30)
Assumption changes and management actions	2	3	21	80	7	(9)	(11)	47	1	99	37	76
Acquisition, integration and restructuring	—	—	(8)	1	(1)	1	(1)	—	—	(7)	(1)	(14)
Common shareholders' underlying net income (loss)	152	159	116	164	144	155	143	138	147	579	550	523
Return on equity - reported	9.4 %	13.0 %	8.5 %	15.6 %	8.7 %	7.3 %	9.8 %	12.1 %	9.9 %	10.1 %	9.5 %	11.3 %
Return on equity - underlying	10.1 %	10.5 %	7.4 %	10.9 %	9.9 %	11.2 %	10.2 %	9.8 %	10.9 %	9.8 %	10.0 %	10.6 %
PREMIUMS & DEPOSITS												
Net premiums	1,317	760	1,661	1,129	1,065	895	940	646	466	4,750	2,408	1,947
Segregated fund deposits	346	406	392	296	214	279	303	293	248	1,181	1,115	1,159
Mutual fund sales	2,814	2,151	2,346	1,876	1,627	1,540	1,253	1,694	1,022	7,389	5,212	7,017
Managed fund sales	1,187	1,099	977	853	775	732	817	838	761	3,337	3,007	2,702
ASO deposits (pension administration)	63	90	82	88	83	83	92	73	69	336	309	496
Total	5,727	4,506	5,458	4,242	3,764	3,529	3,405	3,544	2,566	16,993	12,051	13,321
SALES - Proportionate ownership⁽¹⁾												
Individual insurance												
Local Markets	172	231	203	166	109	182	202	176	141	660	719	577
International Hubs	146	101	192	132	126	124	150	114	89	574	403	291
Total individual insurance sales	318	332	395	298	235	306	352	290	230	1,234	1,122	868
Total group insurance sales	5	11	6	6	5	12	9	7	8	29	32	30
Total wealth sales⁽²⁾	4,024	3,296	3,380	2,781	2,455	2,321	2,120	2,573	1,799	10,937	8,373	10,101
ASSETS UNDER MANAGEMENT⁽³⁾												
Local Markets	54,606	52,522	52,741	48,832	46,253	42,175	45,325	44,514	44,141	52,741	45,325	43,328
International Hubs	56,400	53,253	53,012	50,761	49,229	46,609	44,628	44,099	42,730	53,012	44,628	40,298
Total	111,006	105,775	105,753	99,593	95,482	88,784	89,953	88,613	86,871	105,753	89,953	83,626
ASSETS UNDER MANAGEMENT AND ADMINISTRATION⁽³⁾	116,178	111,152	111,176	104,876	100,460	93,716	94,504	94,058	92,714	111,176	94,504	90,214
Constant Currency Sales⁽⁴⁾												
Individual insurance	351	363	411	304	235							
Wealth	4,433	3,511	3,508	2,843	2,455							

⁽¹⁾ Includes the sales in the Company's joint ventures and associates with local partners in Asia based on our proportionate equity interest.

⁽²⁾ 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.

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

⁽⁴⁾ Quarterly sales in constant currency are relative to Q2 2020 foreign exchange rates for each of the quarters.

ASIA - LOCAL MARKETS

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019			2020	2019	2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Revenue												
Gross premiums	174	184	190	161	135	154	180	147	134	640	593	499
Ceded premiums	(6)	(6)	(7)	(6)	(7)	(7)	(9)	(5)	(6)	(27)	(26)	(25)
Net premiums	168	178	183	155	128	147	171	142	128	613	567	474
Net investment income (loss)	142	(150)	109	12	446	(38)	113	121	194	529	769	23
Fee income	67	71	70	63	57	61	59	57	56	251	225	189
Total revenue	377	99	362	230	631	170	343	320	378	1,393	1,561	686
Policy benefits and expenses												
Gross claims & benefits paid	85	83	96	84	69	78	73	73	71	327	289	289
Change in insurance/investment contract liabilities & reinsurance assets	28	(266)	11	(90)	357	(133)	20	(33)	74	145	299	(429)
Operating expenses, commissions and other expenses	205	192	187	158	128	156	179	156	138	629	610	547
Reinsurance expenses (recoveries)	(2)	(4)	(6)	(3)	(1)	(4)	(6)	(3)	(2)	(14)	(14)	(8)
Total policy benefits and expenses	316	5	288	149	553	97	266	193	281	1,087	1,184	399
Income (loss) before income taxes	61	94	74	81	78	73	77	127	97	306	377	287
Income tax expense (benefit)	6	7	16	5	12	8	9	6	11	41	38	41
Common shareholders' reported net income (loss)	55	87	58	76	66	65	68	121	86	265	339	246
PREMIUMS & DEPOSITS												
Net premiums	168	178	183	155	128	147	171	142	128	613	567	474
Segregated fund deposits	226	301	327	244	176	241	265	258	198	988	950	854
Mutual fund sales	2,814	2,151	2,346	1,876	1,627	1,540	1,253	1,694	1,022	7,389	5,212	7,017
Managed fund sales	6	4	4	3	5	5	5	7	5	17	20	23
Total	3,214	2,634	2,860	2,278	1,936	1,933	1,694	2,101	1,353	9,007	6,749	8,368
SALES - Proportionate ownership ⁽¹⁾												
Individual insurance												
Philippines	56	58	76	52	23	64	87	69	59	215	271	221
Indonesia	12	19	20	17	12	21	23	20	14	70	80	67
India	27	61	46	39	29	48	45	38	30	162	178	145
China	27	43	32	29	30	32	26	31	19	123	111	78
Malaysia	13	15	15	19	8	12	15	13	15	54	59	50
Vietnam	37	35	14	10	7	5	6	5	4	36	20	16
Total individual insurance sales	172	231	203	166	109	182	202	176	141	660	719	577
ASSETS UNDER MANAGEMENT ⁽²⁾												
General funds	6,558	6,675	7,138	6,674	6,786	6,369	6,176	5,963	5,794	7,138	6,176	5,434
Segregated funds	4,226	4,061	4,332	3,730	3,730	3,263	4,009	3,918	3,921	4,332	4,009	3,593
Other AUM	43,822	41,786	41,271	38,428	35,737	32,543	35,140	34,633	34,426	41,271	35,140	34,301
Total	54,606	52,522	52,741	48,832	46,253	42,175	45,325	44,514	44,141	52,741	45,325	43,328
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽²⁾	57,655	55,535	55,776	51,802	48,996	45,017	47,787	47,942	47,951	55,776	47,787	47,916

⁽¹⁾ Includes the sales in the Company's joint ventures and associates with local partners in Asia based on our proportionate equity interest.

⁽²⁾ This includes the general fund assets and segregated fund assets of our insurance businesses, Aditya Birla Sun Life AMC Limited AUM, Sun Life Everbright Asset Management AUM and Philippines mutual and managed funds based on our proportionate equity interest.

ASIA - INTERNATIONAL HUBS

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,191	621	1,529	1,020	983	790	826	553	384	4,322	2,037	1,680
Ceded premiums	(42)	(39)	(51)	(46)	(46)	(42)	(57)	(49)	(46)	(185)	(196)	(207)
Net premiums	1,149	582	1,478	974	937	748	769	504	338	4,137	1,841	1,473
Net investment income (loss)	943	(672)	653	396	1,088	(116)	195	567	661	2,021	2,096	53
Fee income	88	89	86	83	77	75	79	77	77	321	306	325
Total revenue	2,180	(1)	2,217	1,453	2,102	707	1,043	1,148	1,076	6,479	4,243	1,851
Policy benefits and expenses												
Gross claims & benefits paid	293	273	349	287	419	286	411	265	362	1,341	1,323	903
Change in insurance/investment contract liabilities & reinsurance assets	1,526	(566)	1,499	740	1,403	248	290	653	500	3,890	2,015	73
Operating expenses, commissions and other expenses	264	197	304	227	238	217	278	195	187	986	814	700
Reinsurance expenses (recoveries)	(35)	(28)	(47)	(43)	(44)	(33)	(44)	(36)	(31)	(167)	(164)	(156)
Total policy benefits and expenses	2,048	(124)	2,105	1,211	2,016	718	935	1,077	1,018	6,050	3,988	1,520
Income (loss) before income taxes	132	123	112	242	86	(11)	108	71	58	429	255	331
Income tax expense (benefit)	6	2	8	2	4	(1)	3	7	2	13	13	10
Participating policyholders' net income (loss)	38	10	30	80	22	(45)	37	15	8	87	61	12
Common shareholders' reported net income (loss)	88	111	74	160	60	35	68	49	48	329	181	309
PREMIUMS & DEPOSITS												
Net premiums	1,149	582	1,478	974	937	748	769	504	338	4,137	1,841	1,473
Segregated fund deposits	120	105	65	52	38	38	38	35	50	193	165	305
Managed fund sales	1,181	1,095	973	850	770	727	812	831	756	3,320	2,987	2,679
ASO deposits (pension administration)	63	90	82	88	83	83	92	73	69	336	309	496
Total	2,513	1,872	2,598	1,964	1,828	1,596	1,711	1,443	1,213	7,986	5,302	4,953
SALES												
Individual insurance												
Hong Kong	58	80	155	101	86	86	119	90	75	428	330	209
International	88	21	37	31	40	38	31	24	14	146	73	82
Total individual insurance sales	146	101	192	132	126	124	150	114	89	574	403	291
ASSETS UNDER MANAGEMENT												
General funds	30,442	28,921	29,276	28,972	28,569	27,583	25,109	25,618	24,401	29,276	25,109	23,421
Segregated funds	2,993	2,874	2,879	2,698	2,645	2,452	2,666	2,605	2,654	2,879	2,666	2,580
Other AUM	22,965	21,458	20,857	19,091	18,015	16,574	16,853	15,876	15,675	20,857	16,853	14,297
Total	56,400	53,253	53,012	50,761	49,229	46,609	44,628	44,099	42,730	53,012	44,628	40,298
ASSETS UNDER MANAGEMENT AND ADMINISTRATION	58,523	55,617	55,400	53,074	51,464	48,699	46,717	46,116	44,763	55,400	46,717	42,298

CORPORATE ⁽¹⁾

(C\$ millions)

STATEMENTS OF OPERATIONS ⁽²⁾

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Revenue												
Premiums - life insurance	20	20	23	18	22	22	22	23	22	85	90	94
Premiums - health insurance	7	8	6	6	6	4	4	4	4	22	16	14
Premiums - annuities	5	4	14	7	3	3	5	5	7	27	23	(79)
Gross premiums	32	32	43	31	31	29	31	32	33	134	129	29
Ceded premiums	(3)	(4)	(3)	(4)	(4)	(4)	(5)	(5)	(5)	(15)	(20)	(23)
Net premiums	29	28	40	27	27	25	26	27	28	119	109	6
Net investment income (loss)	161	(360)	220	39	515	(62)	(159)	455	222	712	916	53
Fee income	(41)	(42)	(44)	(45)	(41)	(43)	(42)	(37)	(40)	(173)	(157)	(135)
Total revenue	149	(374)	216	21	501	(80)	(175)	445	210	658	868	(76)
Policy benefits and expenses												
Gross claims & benefits paid	124	146	134	126	136	136	156	140	165	532	598	614
Change in insurance/investment contract liabilities & reinsurance assets	36	(550)	23	(165)	269	(176)	(338)	19	19	(49)	(101)	(923)
Operating expenses, commissions and other expenses	25	157	98	54	43	42	107	32	30	237	217	139
Reinsurance expenses (recoveries)	1	(4)	(4)	(3)	(3)	(3)	(7)	(9)	(10)	(13)	(26)	(37)
Total policy benefits and expenses	186	(251)	251	12	445	(1)	(82)	182	204	707	688	(207)
Income (loss) before income taxes	(37)	(123)	(35)	9	56	(79)	(93)	263	6	(49)	180	131
Income tax expense (benefit)	(35)	(39)	(61)	(2)	97	(33)	(66)	(13)	(8)	1	(70)	(27)
Preferred shareholder dividends	23	23	24	22	24	24	24	23	24	94	95	94
Common shareholders' reported net income (loss)	(25)	(107)	2	(11)	(65)	(70)	(51)	253	(10)	(144)	155	64
Market related impacts	(6)	5	—	(3)	2	1	7	—	—	—	(2)	(15)
Assumption changes and management actions	—	1	—	37	1	1	—	236	(2)	39	225	140
Acquisition, integration and restructuring	6	(57)	(20)	—	—	(28)	(25)	—	(2)	(48)	(27)	(10)
Other ⁽³⁾	10	—	—	—	—	—	—	—	—	—	—	—
Common shareholders' underlying net income (loss)	(35)	(56)	22	(45)	(68)	(44)	(33)	17	(6)	(135)	(41)	(51)
PREMIUMS & DEPOSITS												
Net premiums	29	28	40	27	27	25	26	27	28	119	109	6
Segregated fund deposits	15	15	14	16	14	17	18	16	17	61	73	79
Total	44	43	54	43	41	42	44	43	45	180	182	85
ASSETS UNDER MANAGEMENT												
General funds	13,167	12,283	13,611	13,733	13,619	13,640	13,658	13,768	13,431	13,611	13,658	14,162
Segregated funds	10,670	10,597	10,675	10,018	9,970	9,346	11,026	10,496	10,677	10,675	11,026	10,513
Other AUM ⁽⁴⁾	(30,808)	(29,620)	(27,782)	(26,442)	(25,904)	(25,529)	(24,864)	(25,263)	(25,134)	(27,782)	(24,864)	(23,879)
Total	(6,971)	(6,740)	(3,496)	(2,691)	(2,315)	(2,543)	(180)	(999)	(1,026)	(3,496)	(180)	796

⁽¹⁾ Corporate is comprised of our UK business and Corporate Support operations, which 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 and Reinsurance Clearinghouse businesses.

⁽²⁾ Includes consolidation adjustments for net investment income, fee income and commission & other expenses relating to activities that cross business groups.

⁽³⁾ On June 10, 2021, the UK Finance Act was signed into law, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, UK's reported net income increased by \$10 million on the remeasurement of deferred tax assets. Refer to section C - Profitability - 5 - Income taxes in the Quarterly 2021 MD&A for additional details.

⁽⁴⁾ Includes consolidation adjustments for assets managed by one area of the Company on behalf of another.

CORPORATE

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2021		2020				2019			2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
STATEMENTS OF OPERATIONS - United Kingdom (UK)												
Revenue												
Gross premiums	17	17	27	20	16	17	18	17	20	80	75	78
Ceded premiums	(4)	(3)	(4)	(3)	(4)	(4)	(4)	(4)	(5)	(15)	(16)	(17)
Net premiums	13	14	23	17	12	13	14	13	15	65	59	61
Net investment income (loss)	152	(343)	199	(4)	440	(76)	(172)	389	162	559	726	(42)
Fee income	26	27	27	20	27	27	32	29	29	101	117	123
Total revenue	191	(302)	249	33	479	(36)	(126)	431	206	725	902	142
Policy benefits and expenses												
Gross claims & benefits paid	107	116	124	111	115	117	127	121	135	467	506	531
Change in insurance/investment contract liabilities & reinsurance assets	39	(502)	44	(159)	278	(213)	(310)	(2)	5	(50)	(109)	(748)
Operating expenses, commissions and other expenses	26	27	37	27	27	28	31	26	26	119	113	125
Reinsurance expenses (recoveries)	(1)	(3)	(4)	(2)	(3)	(3)	(3)	(5)	(4)	(12)	(15)	(13)
Total policy benefits and expenses	171	(362)	201	(23)	417	(71)	(155)	140	162	524	495	(105)
Income (loss) before income taxes	20	60	48	56	62	35	29	291	44	201	407	247
Income tax expense (benefit)	(5)	(3)	5	2	17	(16)	(3)	12	5	8	28	(3)
Common shareholders' reported net income (loss)	25	63	43	54	45	51	32	279	39	193	379	250
STATEMENTS OF OPERATIONS - Corporate Support ⁽¹⁾												
Revenue												
Gross premiums	15	15	16	11	15	12	13	15	13	54	54	(49)
Ceded premiums	1	(1)	1	(1)	—	—	(1)	(1)	—	—	(4)	(6)
Net premiums	16	14	17	10	15	12	12	14	13	54	50	(55)
Net investment income (loss)	9	(17)	21	43	75	14	13	66	60	153	190	95
Fee income	(67)	(69)	(71)	(65)	(68)	(70)	(74)	(66)	(69)	(274)	(274)	(258)
Total revenue	(42)	(72)	(33)	(12)	22	(44)	(49)	14	4	(67)	(34)	(218)
Policy benefits and expenses												
Gross claims & benefits paid	17	30	10	15	21	19	29	19	30	65	92	83
Change in insurance/investment contract liabilities & reinsurance assets	(3)	(48)	(21)	(6)	(9)	37	(28)	21	14	1	8	(175)
Operating expenses, commissions and other expenses	(1)	130	61	27	16	14	76	6	4	118	104	14
Reinsurance expenses (recoveries)	2	(1)	—	(1)	—	—	(4)	(4)	(6)	(1)	(11)	(24)
Total policy benefits and expenses	15	111	50	35	28	70	73	42	42	183	193	(102)
Income (loss) before income taxes	(57)	(183)	(83)	(47)	(6)	(114)	(122)	(28)	(38)	(250)	(227)	(116)
Income tax expense (benefit)	(30)	(36)	(66)	(4)	80	(17)	(63)	(25)	(13)	(7)	(98)	(24)
Preferred shareholder dividends	23	23	24	22	24	24	24	23	24	94	95	94
Common shareholders' reported net income (loss)	(50)	(170)	(41)	(65)	(110)	(121)	(83)	(26)	(49)	(337)	(224)	(186)

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

INVESTMENTS
DEBT & EQUITY SECURITIES
DEBT SECURITIES
Debt Securities by Sector

Debt Securities Issued or Guaranteed By:

Canadian Federal Government

Canadian Provincial and Municipal Government

U.S. Government and Other U.S. Agency

Other Government

Total Government issued or guaranteed debt securities

Corporate Debt Securities by Industry Sector:

Financials

Utilities

Consumer discretionary

Industrials

Consumer staples

Communication Services

Energy

Real Estate

Materials

Health Care

Information Technology

Total Corporate debt securities

Asset Backed Securities

Government and agency

Other

Total asset backed securities

Total debt securities

Debt Securities by Investment Rating

AAA

AA

A

BBB

BB and lower

Total debt securities

EQUITY SECURITIES
Stocks

Canada

United States

United Kingdom

Other

Total equity securities

	As at June 30, 2021				As at March 31, 2021				As at December 31, 2020			
	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade
Canadian Federal Government	4,277	1,979	6,256	100 %	3,922	1,765	5,687	100 %	4,560	1,929	6,489	100 %
Canadian Provincial and Municipal Government	15,353	1,176	16,529	100 %	14,788	1,199	15,987	100 %	16,909	1,333	18,242	100 %
U.S. Government and Other U.S. Agency	1,932	1,284	3,216	100 %	1,450	860	2,310	100 %	1,678	797	2,475	100 %
Other Government	4,809	750	5,559	96 %	4,760	806	5,566	96 %	5,281	823	6,104	96 %
Total Government issued or guaranteed debt securities	26,371	5,189	31,560	99 %	24,920	4,630	29,550	99 %	28,428	4,882	33,310	99 %
Financials	10,041	1,327	11,368	99 %	9,996	1,261	11,257	99 %	10,644	1,212	11,856	99 %
Utilities	7,127	743	7,870	99 %	7,029	715	7,744	99 %	7,561	682	8,243	99 %
Consumer discretionary	1,620	199	1,819	91 %	1,540	179	1,719	90 %	1,606	165	1,771	85 %
Industrials	5,441	637	6,078	99 %	5,349	602	5,951	98 %	5,659	567	6,226	99 %
Consumer staples	1,923	172	2,095	97 %	1,804	168	1,972	97 %	1,893	158	2,051	97 %
Communication Services	3,458	337	3,795	99 %	3,305	334	3,639	99 %	3,644	322	3,966	99 %
Energy	4,009	267	4,276	95 %	4,112	303	4,415	95 %	4,452	350	4,802	95 %
Real Estate	2,300	299	2,599	97 %	2,266	311	2,577	97 %	2,438	329	2,767	97 %
Materials	1,389	142	1,531	92 %	1,387	142	1,529	92 %	1,473	152	1,625	91 %
Health Care	1,906	238	2,144	99 %	1,785	180	1,965	99 %	1,986	186	2,172	99 %
Information Technology	1,317	192	1,509	99 %	1,268	193	1,461	99 %	1,308	187	1,495	99 %
Total Corporate debt securities	40,531	4,553	45,084	98 %	39,841	4,388	44,229	98 %	42,664	4,310	46,974	98 %
Government and agency	2,341	604	2,945	100 %	2,434	648	3,082	100 %	2,601	485	3,086	100 %
Other	4,101	1,473	5,574	99 %	3,976	1,457	5,433	99 %	4,141	1,578	5,719	99 %
Total asset backed securities	6,442	2,077	8,519	99 %	6,410	2,105	8,515	99 %	6,742	2,063	8,805	99 %
Total debt securities	73,344	11,819	85,163	98 %	71,171	11,123	82,294	98 %	77,834	11,255	89,089	99 %
AAA	12,356	5,354	17,710		11,550	4,771	16,321		12,794	4,810	17,604	
AA	10,855	1,451	12,306		10,553	1,463	12,016		11,870	1,586	13,456	
A	28,395	2,663	31,058		27,930	2,542	30,472		30,812	2,600	33,412	
BBB	20,752	2,160	22,912		20,078	2,154	22,232		21,203	2,091	23,294	
BB and lower	986	191	1,177		1,060	193	1,253		1,155	168	1,323	
Total debt securities	73,344	11,819	85,163		71,171	11,123	82,294		77,834	11,255	89,089	
Canada	3,284	15	3,299		3,211	15	3,226		3,064	15	3,079	
United States	1,766	463	2,229		1,270	245	1,515		1,046	148	1,194	
United Kingdom	179	6	185		170	6	176		163	6	169	
Other	2,099	163	2,262		2,223	127	2,350		2,096	93	2,189	
Total equity securities	7,328	647	7,975		6,874	393	7,267		6,369	262	6,631	

PROPERTIES, MORTGAGES & LOANS

	As at June 30, 2021			As at March 31, 2021			As at December 31, 2020		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
PROPERTIES									
Canada	6,615	51	6,666	6,260	51	6,311	6,080	51	6,131
United States	1,485	102	1,587	1,309	104	1,413	1,371	107	1,478
United Kingdom	64	—	64	66	—	66	65	—	65
Other	—	28	28	—	29	29	—	30	30
Total properties	8,164	181	8,345	7,635	184	7,819	7,516	188	7,704

	As at June 30, 2021			As at March 31, 2021			As at December 31, 2020		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
MORTGAGES & LOANS									
Retail	—	3,416	3,416	—	3,580	3,580	—	3,710	3,710
Office	—	3,271	3,271	—	3,356	3,356	—	3,481	3,481
Multi-family residential	3,697	1,883	5,580	3,622	1,935	5,557	3,663	1,968	5,631
Industrial and land	—	1,918	1,918	—	1,965	1,965	—	1,945	1,945
Other	356	383	739	379	304	683	345	316	661
Total Mortgages	4,053	10,871	14,924	4,001	11,140	15,141	4,008	11,420	15,428
Corporate Loans			35,063			34,869			34,518
Total mortgages & loans			49,987			50,010			49,946

	Impaired Loans			Impaired Loans			Impaired Loans		
	Gross Carrying Value	Allowances for Losses		Gross Carrying Value	Allowances for Losses		Gross Carrying Value	Allowances for Losses	
		Specific	Sectoral		Specific	Sectoral		Specific	Sectoral
Mortgage and Loans - Impairments/Allowances									
Mortgages	92	46	19	92	46	19	92	47	19
Loans	80	48	—	78	48	—	81	48	1
Total mortgage and loan impairments/allowances	172	94	19	170	94	19	173	95	20

	As at June 30, 2021		As at March 31, 2021		As at December 31, 2020	
	Total Notional Amount	Net Fair Value Amount	Total Notional Amount	Net Fair Value Amount	Total Notional Amount	Net Fair Value Amount
DERIVATIVES						
Interest rate contracts	27,485	420	28,184	71	27,823	1,069
Foreign exchange contracts	31,849	(595)	31,375	(642)	30,760	(723)
Equity and other contracts	3,829	74	4,121	73	4,209	70
Total derivatives	63,163	(101)	63,680	(498)	62,792	416
Over the counter	57,124	(128)	57,408	(498)	56,711	392
Exchange traded	6,039	27	6,272	—	6,081	24
Total	63,163	(101)	63,680	(498)	62,792	416

CONSOLIDATED SOURCES OF EARNINGS	For the Quarter ended - Q2 2021							U.S. Dollars	
	Canadian Dollars								
	Canada	U.S.	Asset Management	Asia	Corporate	Total Company	U.S.	MFS	
(\$ millions)									
Expected profit on in-force business ⁽¹⁾	302	120	421	152	(45)	950	96	318	
Impact of new business ⁽¹⁾	30	—	—	(15)	—	15	—	—	
Experience gains (losses)	105	55	—	(21)	(40)	99	44	—	
Assumption changes and management actions	—	—	—	2	—	2	—	—	
Other ⁽²⁾	—	(2)	(90)	—	8	(84)	(2)	(57)	
Earnings (loss) on operations (pre-tax)	437	173	331	118	(77)	982	138	261	
Earnings on surplus	18	25	—	37	38	118	21	—	
Earnings (loss) before income taxes	455	198	331	155	(39)	1,100	159	261	
Income tax (expense) benefit	(51)	(41)	(111)	(12)	37	(178)	(32)	(70)	
Earnings (loss) before preferred share dividends and non-controlling interest	404	157	220	143	(2)	922	127	191	
Preferred share dividends and non-controlling interest	—	—	1	—	(23)	(22)	—	—	
Common shareholders' reported net income (loss)	404	157	221	143	(25)	900	127	191	
Underlying net income adjustments (post tax):									
Market related impacts	114	(6)	—	(11)	(6)	91	(5)	—	
Assumption changes and management actions	—	—	—	2	—	2	—	—	
Other adjustments:									
Fair value adjustments on share-based payment awards at MFS	—	—	(52)	—	—	(52)	—	(42)	
Acquisition, integration and restructuring	—	(2)	(17)	—	6	(13)	(1)	—	
Other ⁽³⁾	—	—	(21)	—	10	(11)	—	—	
	114	(8)	(90)	(9)	10	17	(6)	(42)	
Common shareholders' underlying net income (loss)	290	165	311	152	(35)	883	133	233	

CONSOLIDATED SOURCES OF EARNINGS	For the Quarter ended - Q2 2020							U.S. Dollars	
	Canadian Dollars								
	Canada	U.S.	Asset Management	Asia	Corporate	Total Company	U.S.	MFS	
(\$ millions)									
Expected profit on in-force business ⁽¹⁾	268	148	354	138	(36)	872	105	226	
Impact of new business ⁽¹⁾	24	—	—	(30)	—	(6)	—	—	
Experience gains (losses)	(403)	(1)	—	(13)	14	(403)	2	—	
Assumption changes and management actions	(5)	—	—	7	1	3	—	—	
Other ⁽²⁾	—	(1)	(51)	—	—	(52)	(1)	(27)	
Earnings (loss) on operations (pre-tax)	(116)	146	303	102	(21)	414	106	199	
Earnings on surplus	46	2	—	38	69	155	2	—	
Earnings (loss) before income taxes	(70)	148	303	140	48	569	108	199	
Income tax (expense) benefit	187	(30)	(76)	(14)	(89)	(22)	(22)	(52)	
Earnings (loss) before preferred share dividends	117	118	227	126	(41)	547	86	147	
Preferred share dividends	—	—	(4)	—	(24)	(28)	—	—	
Common shareholders' reported net income (loss)	117	118	223	126	(65)	519	86	147	
Underlying net income adjustments (post tax):									
Market related impacts	(161)	(4)	—	(24)	2	(187)	(3)	—	
Assumption changes and management actions	(3)	—	—	7	1	5	—	—	
Fair value adjustments on share-based payment awards at MFS	—	—	(24)	—	—	(24)	—	(18)	
Acquisition, integration and restructuring	—	(1)	(12)	(1)	—	(14)	(1)	—	
	(164)	(5)	(36)	(18)	3	(220)	(4)	(18)	
Common shareholders' underlying net income (loss)	281	123	259	144	(68)	739	90	165	

⁽¹⁾ Effective January 1, 2021, expected profit for U.S. group policies includes previously classified new business gains, aligning group business sources of earnings reporting across business groups. We have updated prior period amounts to reflect this change.

⁽²⁾ Represents pre-tax adjustments related to MFS fair value adjustments on share-based payment awards, acquisition, integration and restructuring amounts, and other items that are unusual or exceptional in nature.

⁽³⁾ On June 10, 2021, the UK Finance Act was signed into law, increasing the corporate tax rate from 19% to 25%, which will take effect for future tax periods beginning April 1, 2023 ("UK Tax Rate Change"). As a result, reported net income decreased by \$11 million in the second quarter, which was comprised of a loss of \$21 million on the remeasurement of deferred tax liabilities in SLC Management in Asset Management, partially offset by a gain of \$10 million from the remeasurement of deferred tax assets in the UK in Corporate. Refer to section C - Profitability - 5 - Income taxes in the Quarterly 2021 MD&A for additional details.

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		
	2021		2020			2019				2020	2019	2018
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
Expected profit on in-force business	318	302	313	284	226	234	268	254	232	1,057	975	953
Impact of new business	—	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	318	302	313	284	226	234	268	254	232	1,057	975	953
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	318	302	313	284	226	234	268	254	232	1,057	975	953
Income tax (expense) benefit	(73)	(70)	(72)	(67)	(53)	(54)	(58)	(56)	(46)	(246)	(205)	(223)
Earnings (loss) before non-controlling interest	245	232	241	217	173	180	210	198	186	811	770	730
Non-controlling interest	(12)	(11)	(11)	(10)	(8)	(8)	(9)	(10)	(10)	(37)	(37)	(37)
Common shareholders' underlying net income (loss)	233	221	230	207	165	172	201	188	176	774	733	693
Underlying net income adjustments:												
Fair value adjustments on share-based payment awards (pre-tax)	(57)	(50)	(51)	(37)	(27)	—	(41)	(17)	(18)	(115)	(91)	(46)
Income taxes	3	4	4	3	1	—	4	1	—	8	6	5
Non-controlling interest	12	11	11	10	8	8	9	10	10	37	37	37
	(42)	(35)	(36)	(24)	(18)	8	(28)	(6)	(8)	(70)	(48)	(4)
Common shareholders' reported net income (loss)	191	186	194	183	147	180	173	182	168	704	685	689

EXPENSES

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2021		2020			2019			2020	2019	2018	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2			
OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES												
Operating expenses	2,036	2,086	2,090	1,807	1,771	1,733	1,954	1,714	1,697	7,401	7,033	6,432
Commissions	741	662	707	638	619	648	677	590	586	2,612	2,417	2,339
Premium taxes	109	93	102	106	112	108	101	101	104	428	406	375
Interest expense	84	80	89	86	90	90	96	65	84	355	333	305
Total	2,970	2,921	2,988	2,637	2,592	2,579	2,828	2,470	2,471	10,796	10,189	9,451
OPERATING EXPENSES BY BUSINESS GROUP												
Canada	583	564	584	512	520	530	566	498	523	2,146	2,122	2,040
U.S.	237	228	248	230	232	246	246	208	236	956	926	872
Asset Management	829	798	757	701	698	672	674	652	642	2,828	2,579	2,403
Asia	273	259	315	251	228	229	280	241	222	1,023	946	819
Corporate ⁽¹⁾	47	92	75	61	54	20	84	70	37	210	244	148
Operating expenses excluding the following:	1,969	1,941	1,979	1,755	1,732	1,697	1,850	1,669	1,660	7,163	6,817	6,282
FV adjustments on MFS share-based payment awards ⁽²⁾	71	63	66	49	37	—	54	23	24	152	122	58
Acquisition, integration and restructuring costs	(4)	82	45	3	2	36	50	22	13	86	94	92
Total operating expenses	2,036	2,086	2,090	1,807	1,771	1,733	1,954	1,714	1,697	7,401	7,033	6,432
COMMISSIONS BY BUSINESS GROUP												
Canada	273	259	259	238	226	244	243	231	234	967	945	934
U.S.	114	118	122	112	116	117	114	108	108	467	440	435
Asset Management	177	175	174	171	155	163	162	159	155	663	623	619
Asia	178	111	151	118	122	126	159	93	89	517	413	357
Corporate ⁽³⁾	(1)	(1)	1	(1)	—	(2)	(1)	(1)	—	(2)	(4)	(6)
Total commissions	741	662	707	638	619	648	677	590	586	2,612	2,417	2,339
INTEREST EXPENSE												
Subordinated debt	33	34	36	35	32	29	29	26	25	132	106	106
Liabilities for SLEECs	4	4	4	4	4	4	11	11	11	16	44	44
Interest on senior unsecured debentures/financing	4	4	3	9	17	16	18	20	25	45	89	86
Other ⁽⁴⁾	43	38	46	38	37	41	38	8	23	162	94	69
Total interest expense	84	80	89	86	90	90	96	65	84	355	333	305

⁽¹⁾ Includes consolidation adjustments for operating expenses relating to activities that cross business groups.⁽²⁾ Represent the operating expenses related to fair value adjustments on share-based payment awards at MFS before tax and the adjustment for non-controlling interest.⁽³⁾ Includes consolidation adjustments for commissions relating to activities that cross business groups.⁽⁴⁾ Primarily interest on put option liabilities associated with SLC Management's affiliates and interest on liabilities connected to consolidated special purpose entities, interest on leases, interest on real estate encumbrances and interest on income taxes.

FINANCIAL STRENGTH AND CAPITAL ADEQUACY

For the period ended June 30, 2021

SUN LIFE ASSURANCE COMPANY OF CANADA

FINANCIAL STRENGTH RATINGS

SECURITY RATINGS

Subordinated Debt

Sun Life Exchangeable Capital Securities

Series B

A.M. Best

Moody's

Standard & Poor's

DBRS

A+

Aa3

AA

AA

a+

A2

AA-

AA (low)

a

A3(hyb)

P-1/A+

A (high)

A.M. Best

Moody's ⁽¹⁾

Standard & Poor's

DBRS

SUN LIFE FINANCIAL INC.

SECURITY RATINGS

Senior Unsecured Debentures (Series E)

Subordinated Debt

(Series 2007-1, 2016-2, 2017-1, 2019-1, 2020-1 and 2020-2)

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

Limited Recourse Capital Notes (Series 2021-1)

a

not rated

A+

A (high)

a-

not rated

A

A

bbb+

Baa1(hyb)

P-1 (low)/A-

Pfd-2 (high)

not rated

not rated

A-

A (low)

⁽¹⁾ Moody's rate Preferred Shares Series 2 only.

General Information

Canada	U.S.	Asset Management	Asia	Corporate
<p>Our Canada business group is a leading provider of protection, health and wealth solutions, providing products and services that deliver value to over 6.5 million Clients. We are the largest provider of benefits and pensions in the workplace, and provide a wide range of products to individuals via retail channels. Canada is a growth market for Sun Life and we are well-positioned to help Canadians achieve lifetime financial security and live healthier lives. Canada has three business units - Individual Insurance and Wealth, Group Retirement Services and Group Benefits.</p>	<p>Our U.S. business group is one of the largest group benefits providers in the U.S. market, serving employees and their families at more than 55,000 workplaces of all sizes across the country with employer-sponsored insurance products and solutions. In addition, our U.S. business manages an in-force block of approximately 100,000 individual life insurance policies. U.S. has two business units - Group Benefits and In-force Management.</p>	<p>Our Asset Management business group is comprised of MFS and SLC Management. MFS is a premier global asset management firm which offers a comprehensive selection of financial products and services that deliver superior value and actively manages assets for retail and institutional investors around the world. SLC Management is an institutional investment management business that delivers liability driven investing, alternative fixed income, infrastructure and real estate solutions to Clients, with operations around the world.</p>	<p>Our Asia business group consists of two business units: Local Markets and International Hubs. Our Local Markets operates in six Asian markets, delivering value to over 23 million Clients by providing life, health, wealth and asset management solutions through a multi-channel distribution approach. The International Hubs offers leading insurance and wealth products, including high-net-worth solutions in Hong Kong and via our International business. Our Asia presence provides us with a strong foothold to take advantage of the high growth prospects in the region.</p>	<p>Corporate includes the results of our UK business and Corporate Support. UK has a run-off block of business consisting of approximately 499,500 in-force life and pension policies, with approximately £10 billion of AUM. Since December 2010, UK has been closed to new business and focuses on supporting existing Clients. Corporate Support operations consist of the expenses, debt charges, investment income, capital and other items not allocated to Sun Life's other business segments, as well as the Company's Run-off Reinsurance and Reinsurance Clearinghouse businesses. Coverage in our Run-off reinsurance business includes long-term care, medical coverage, and guaranteed minimum income and death benefit coverage. The block also includes group long-term disability and personal accident policies which are 100% retroceded.</p>
<p><u>Individual Insurance and Wealth</u> Individual life and health insurance Individual savings products Mutual funds</p> <p><u>Group Benefits</u> Group life and health insurance Voluntary benefits products</p> <p><u>Group Retirement Services</u> Defined contribution plans Defined benefit solutions Voluntary savings plans</p>	<p><u>Group Benefits</u> Group life Disability insurance Medical stop-loss insurance Dental insurance Vision insurance Voluntary benefits Supplemental health products FullscopeRMS products and services</p> <p><u>In-Force Management</u> Individual life insurance</p>	<p><u>MFS</u> Mutual Funds U.S. retail mutual funds MFS Meridian funds Investment Management Services Institutional accounts Pension business Insurance products</p> <p><u>SLC Management</u> Private class funds Customized fixed income portfolios Liability-driven investing strategies Investment advisory and property management services Real estate and infrastructure solutions Alternative credit solutions</p>	<p><u>Local Markets</u> Philippines Indonesia India China Malaysia Vietnam</p> <p><u>International Hubs</u> Hong Kong International Singapore</p>	<p><u>U.K.</u> Individual annuities and pensions (In-force block only) Individual life (In-force block only)</p> <p><u>Corporate Support</u> Run-off reinsurance</p>