



**Financial and Operating Results
Supplementary Financial Information**

**Sun Life Financial Inc. (unaudited)
For the period ended September 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 Q3, 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 \$17 million post tax, \$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.

Par Allocation Adjustment

In Q3 2021, there was an adjustment of investment income and expense allocations between participating policyholders and shareholders for prior years in Canada ("par allocation adjustment").

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 Q2 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) Sales. In Canada, insurance sales consist of sales of individual insurance and group benefits products; wealth sales consist of sales of individual wealth products and sales in GRS. In the U.S., insurance sales consist of sales by Group Benefits. In Asia, insurance sales consist of the individual and group insurance sales by our subsidiaries and joint ventures and associates, based on our proportionate equity interest, in the Philippines, Indonesia, India, China, Malaysia, Vietnam, International and Hong Kong; wealth sales consist of Hong Kong wealth sales, Philippines mutual and managed funds sales, wealth sales by our India and China insurance joint ventures and associates, and Aditya Birla Sun Life AMC Limited equity and fixed income mutual funds sales based on our proportionate equity interest, including sales as reported by our bank distribution partners. Asset Management sales consist of gross flows for retail and institutional Clients; SLC Management gross flows include capital raising, such as uncalled capital commitments and fund leverage. There is no directly comparable IFRS measure;
- (5) 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;
- (6) Pre-tax net operating profit margin ratio for MFS. This ratio is a measure of the profitability of MFS, which excludes the impact of fair value adjustments on MFS's share-based payment awards, investment income and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impact these items have on the pre-tax net operating profit margin ratio and have no impact on the profitability of MFS. There is no directly comparable IFRS measure;
- (7) Pre-tax gross operating profit margin ratio for MFS. This ratio excludes the impact of fair value adjustments on MFS's share-based payment awards and investment income. There is no directly comparable IFRS measure;
- (8) After-tax profit margin for U.S. Group Benefits. This ratio assists in explaining our results from period to period and is a measure of profitability that expresses U.S. employee benefits and medical stop-loss underlying net income (loss) as a percentage of net premiums. This ratio is calculated by dividing underlying net income (loss) by net premiums for the trailing four quarters. There is no directly comparable IFRS measure; and
- (9) Impact of foreign exchange. Several IFRS financial measures are presented on a constant currency adjusted basis to exclude the impacts of foreign exchange translation. These measures are calculated using the average or period end foreign exchange rates, as appropriate, in effect at the date of the comparative period.

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

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

Sources of Earnings

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

FINANCIAL HIGHLIGHTS

At and For the Quarter Ended									At and For the Year Ended		
Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018

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

Canada	1	393	404	405	255	387	117	(42)	275	223	717	883	942
U.S.	2	46	157	211	88	(113)	118	164	131	(186)	257	163	52
Asset Management	3	301	221	230	267	251	223	239	228	221	980	897	909
Asia	4	288	143	198	132	236	126	100	136	170	594	520	555
Corporate	5	(9)	(25)	(107)	2	(11)	(65)	(70)	(51)	253	(144)	155	64
Total common shareholders' reported net income (loss)	6	1,019	900	937	744	750	519	391	719	681	2,404	2,618	2,522
Market related impacts:													
Net equity market impact	7	24	99	72	108	50	59	(360)	40	9	(143)	127	(174)
Net interest rate impact	8	2	(36)	141	(74)	(14)	(205)	79	(11)	(90)	(214)	(348)	(91)
Net increases (decreases) in the fair value of real estate	9	145	28	(4)	(14)	(37)	(41)	(12)	(11)	(8)	(104)	(16)	77
Assumption changes and management actions (ACMA)	10	171	91	209	20	(1)	(187)	(293)	18	(89)	(461)	(237)	(188)
Other adjustments:	11	95	2	(4)	(42)	(53)	5	(53)	(15)	-	(143)	(46)	(155)
Fair value adjustments on share-based payment awards at MFS	12	(43)	(52)	(44)	(46)	(32)	(24)	10	(37)	(8)	(92)	(64)	(5)
Acquisition, integration and restructuring	13	(21)	(13)	(74)	(50)	(11)	(14)	(42)	(43)	(26)	(117)	(87)	(82)
Other ⁽¹⁾	14	(85)	(11)	-	-	5	-	(1)	4	(5)	4	(5)	5
Total common shareholders' underlying net income (loss)	15	902	883	850	862	842	739	770	792	809	3,213	3,057	2,947

Common Shareholders' Underlying Net Income (Loss) by Segment

Canada	16	290	290	285	243	293	281	256	264	268	1,073	1,012	1,036
U.S.	17	110	165	171	148	136	123	161	137	135	568	532	514
Asset Management	18	362	311	291	333	294	259	242	281	251	1,128	1,004	925
Asia	19	145	152	159	116	164	144	155	143	138	579	550	523
Corporate	20	(5)	(35)	(56)	22	(45)	(68)	(44)	(33)	17	(135)	(41)	(51)
Total common shareholders' underlying net income (loss)	21	902	883	850	862	842	739	770	792	809	3,213	3,057	2,947

Profitability Measures

Basic earnings per common share (EPS)													
Reported	22	1.74	1.54	1.60	1.27	1.28	0.89	0.67	1.22	1.15	4.11	4.42	4.16
Diluted earnings per common share													
Reported	23	1.74	1.53	1.59	1.27	1.28	0.88	0.67	1.22	1.15	4.10	4.40	4.14
Underlying	24	1.54	1.50	1.45	1.47	1.44	1.26	1.31	1.34	1.37	5.49	5.16	4.86

Premiums & Deposits

Net premiums	25	5,834	5,717	5,126	6,675	6,396	5,521	5,146	6,639	4,799	23,738	20,288	18,642
Segregated fund deposits	26	2,964	3,313	3,548	4,488	2,623	2,492	3,277	3,517	2,505	12,880	11,958	11,553
Mutual fund sales ⁽²⁾	27	27,007	30,304	37,495	33,796	33,549	35,697	38,089	27,177	25,292	141,131	99,836	84,202
Managed fund sales ⁽³⁾	28	18,333	21,521	24,906	13,687	12,815	18,810	16,878	12,347	12,200	62,190	45,062	38,903
ASO premium & deposit equivalents	29	1,792	1,787	1,690	1,655	3,215	1,774	1,811	1,715	1,699	8,455	6,802	6,808
Total premiums and deposits	30	55,930	62,642	72,765	60,301	58,598	64,294	65,201	51,395	46,495	248,394	183,946	160,108

Sales & Value of New Business

Individual insurance ⁽⁴⁾	31	336	440	437	513	378	312	389	469	375	1,592	1,511	1,264
Group insurance ⁽⁴⁾	32	292	270	293	912	303	307	387	933	310	1,909	2,013	1,925
Asset Management gross flows ⁽³⁾	33	40,682	47,164	58,231	43,390	43,066	51,575	51,954	36,847	34,442	189,985	134,505	111,315
Wealth ^{(4),(5)}	34	10,043	7,849	7,731	8,244	9,618	5,063	7,950	8,025	6,709	30,875	24,487	25,387
Value of New Business ^{(5),(6)}	35	290	284	278	426	261	206	253	462	252	1,146	1,199	1,204

⁽¹⁾ In Q3 2021, there was an adjustment of investment income and expense allocations between participating policyholders and shareholders in Canada for prior years ("par allocation adjustment"). 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 Q2 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 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 Q3 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 VNB 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

Valuation Data	At and For the Quarter Ended									At and For the Year Ended		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Book value per common share	39.97	38.37	37.61	37.96	38.17	37.56	37.50	35.97	35.56	37.96	35.97	35.84
Book value per common share excluding AOCI	38.23	37.05	36.07	35.25	34.53	33.79	33.46	33.48	32.80	35.25	33.48	33.01
Tangible book value per common share	23.07	21.86	21.05	23.35	23.35	23.73	23.42	22.50	22.14	23.35	22.50	23.82
Market-to-book value (times)	1.63	1.67	1.69	1.49	1.42	1.33	1.21	1.65	1.67	1.49	1.65	1.26
Total market capitalization (TSX in \$ billions)	38.2	37.4	37.2	33.1	31.7	29.2	26.5	34.8	34.8	33.1	34.8	27.1
Financial Strength												
SLA LICAT ratio	124 %	125 %	124 %	127 %	127 %	126 %	130 %	130 %	133 %	127 %	130 %	131 %
SLF LICAT ratio	143 %	147 %	141 %	147 %	144 %	146 %	143 %	143 %	146 %	147 %	143 %	144 %
Total debt to total capital ratio	22.2 %	24.7 %	22.7 %	23.5 %	21.5 %	23.2 %	20.7 %	21.2 %	22.8 %	23.5 %	21.2 %	21.2 %
Common Share Information (SLF on TSX)												
High (intraday)	67.01	67.26	65.37	60.34	57.56	53.32	66.44	61.91	59.73	66.44	61.91	56.09
Low (intraday)	62.00	62.04	55.92	51.59	48.29	42.01	35.43	56.62	51.19	35.43	44.43	43.13
Close (end of period)	65.20	63.92	63.51	56.60	54.26	49.89	45.27	59.21	59.24	56.60	59.21	45.29
Number of Common Shares Outstanding (in millions) ⁽¹⁾												
At beginning of period	585.6	585.3	585.1	584.8	584.7	584.6	587.8	587.6	591.0	587.8	598.5	610.5
Common shares issued	0.2	0.3	0.2	0.3	0.1	0.1	0.3	0.2	0.2	0.8	0.8	0.5
Common shares purchased and cancelled	-	-	-	-	-	-	(3.5)	-	(3.6)	(3.5)	(11.5)	(12.5)
At end of period	585.8	585.6	585.3	585.1	584.8	584.7	584.6	587.8	587.6	585.1	587.8	598.5
Weighted average shares outstanding - basic	586	586	585	585	585	585	587	588	590	585	592	606
Weighted average shares outstanding - diluted ⁽²⁾	589	590	590	589	589	589	592	593	595	589	597	611
Dividend per common share												
Dividend payout ratio ⁽³⁾	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.525	2.20	2.10	1.905
Reported	32 %	36 %	35 %	43 %	43 %	63 %	82 %	45 %	46 %	54 %	48 %	46 %
Underlying	36 %	37 %	38 %	37 %	38 %	44 %	42 %	41 %	38 %	40 %	41 %	39 %
Dividend yield ⁽⁴⁾												
	3.4 %	3.4%	3.6%	3.9%	4.1%	4.6%	3.8%	3.7%	3.8%	4.1 %	3.9%	3.7%
Assets Under Management ⁽⁵⁾⁽⁶⁾												
General funds	197,948	195,689	190,072	197,090	196,235	195,489	188,366	180,229	180,206	197,090	180,229	168,765
Segregated funds	133,305	133,249	127,341	125,921	116,653	112,944	102,824	116,973	112,806	125,921	116,973	103,062
Total assets	331,253	328,938	317,413	323,011	312,888	308,433	291,190	297,202	293,012	323,011	297,202	271,827
Other assets under management												
Mutual funds	534,178	521,400	495,480	487,407	456,120	427,977	377,987	417,042	394,498	487,407	417,042	341,425
Managed funds & other ⁽⁶⁾	561,904	549,848	529,186	481,231	460,594	426,772	393,422	415,888	406,458	481,231	415,888	366,847
Consolidation adjustments	(41,016)	(39,495)	(37,833)	(35,640)	(33,784)	(32,650)	(31,538)	(30,785)	(31,036)	(35,640)	(30,785)	(28,956)
Total other assets under management	1,055,066	1,031,753	986,833	932,998	882,930	822,099	739,871	802,145	769,920	932,998	802,145	679,316
Total assets under management	1,386,319	1,360,691	1,304,246	1,256,009	1,195,818	1,130,532	1,031,061	1,099,347	1,062,932	1,256,009	1,099,347	951,143
Total assets under management and administration ⁽⁵⁾⁽⁶⁾	1,431,079	1,404,879	1,346,194	1,295,930	1,232,686	1,164,556	1,061,957	1,134,344	1,106,939	1,295,930	1,134,344	992,984
Select Constant Currency Measures												
Reported net income	1,060											750
Underlying net income	938											842
Sales - Individual insurance	350											378
Sales - Group insurance	304											303
Asset Management gross flows and wealth sales	53,248											52,684
Premiums & deposits	59,425											58,598
Reported earnings per share - Diluted	1.80											1.28
Underlying earnings per share - Diluted	1.60											1.44
Assets under management ⁽⁵⁾⁽⁶⁾	1,441,909											1,195,818

⁽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 Q3 2021 MD&A for additional details.

CONSOLIDATED STATEMENTS OF OPERATIONS

(C\$ millions)

	For the Quarter Ended								For the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Premiums - life insurance	2,360	3,206	2,507	3,616	2,794	2,805	2,597	2,878	2,308	11,812	9,470	8,677
Premiums - health insurance	2,678	2,623	2,645	2,586	2,597	2,784	2,682	2,490	2,473	10,649	9,908	9,121
Premiums - annuities	1,398	516	579	1,108	1,590	571	460	1,912	589	3,729	3,302	3,183
Gross premiums	6,436	6,345	5,731	7,310	6,981	6,160	5,739	7,280	5,370	26,190	22,680	20,981
Ceded premiums	(602)	(628)	(605)	(635)	(585)	(639)	(593)	(641)	(571)	(2,452)	(2,392)	(2,339)
Net premiums	5,834	5,717	5,126	6,675	6,396	5,521	5,146	6,639	4,799	23,738	20,288	18,642
Net investment income (loss)	630	5,011	(5,497)	3,075	1,889	8,069	(315)	209	3,232	12,718	13,140	2,389
Fee income	2,046	1,941	1,885	1,899	1,747	1,596	1,639	1,677	1,585	6,881	6,251	5,966
Total revenue	8,510	12,669	1,514	11,649	10,032	15,186	6,470	8,525	9,616	43,337	39,679	26,997
Policy benefits and expenses												
Gross claims & benefits paid	4,645	4,488	4,780	4,773	4,338	4,778	4,418	4,613	4,335	18,307	17,421	15,986
Change in insurance/investment contract liabilities & reinsurance assets ⁽¹⁾	301	4,531	(6,841)	3,604	2,645	7,712	(661)	768	2,570	13,300	10,967	70
Operating expenses, commissions and other expenses	2,881	2,970	2,921	2,988	2,637	2,592	2,579	2,828	2,470	10,796	10,189	9,451
Reinsurance expenses (recoveries)	(581)	(542)	(682)	(636)	(577)	(609)	(531)	(595)	(525)	(2,353)	(2,131)	(2,021)
Total policy benefits and expenses	7,246	11,447	178	10,729	9,043	14,473	5,805	7,614	8,850	40,050	36,446	23,486
Income (loss) before income taxes	1,264	1,222	1,336	920	989	713	665	911	766	3,287	3,233	3,511
Income tax expense (benefit)	168	180	325	53	102	61	279	98	10	495	286	597
Participating policyholders' net income (loss) and non-controlling interest	54	119	51	99	115	109	(29)	70	52	294	234	298
Preferred shareholder dividends	23	23	23	24	22	24	24	24	23	94	95	94
Common shareholders' reported net income (loss)	1,019	900	937	744	750	519	391	719	681	2,404	2,618	2,522
Common shareholders' underlying net income (loss)	902	883	850	862	842	739	770	792	809	3,213	3,057	2,947
Return on equity - reported	17.6 %	16.3 %	16.9 %	13.3 %	13.5 %	9.4 %	7.2 %	13.6 %	13.0 %	10.8 %	12.3 %	12.1 %
Return on equity - underlying	15.6 %	16.0 %	15.3 %	15.4 %	15.1 %	13.4 %	14.2 %	15.0 %	15.5 %	14.4 %	14.3 %	14.2 %

SOURCES OF EARNINGS - Total Company

	For the Quarter Ended								For the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Expected profit on in-force business ⁽²⁾	1,036	950	913	986	926	872	829	849	817	3,613	3,194	3,003
Impact of new business ⁽²⁾	6	15	14	35	6	(6)	(7)	22	(23)	28	(22)	10
Experience gains (losses)	172	99	425	(136)	(13)	(403)	(111)	(18)	(86)	(663)	(328)	(4)
Assumption changes and management actions	93	2	(6)	(60)	(91)	3	(66)	(16)	(74)	(214)	(127)	(246)
Other ⁽³⁾	(201)	(84)	(161)	(128)	(60)	(52)	(50)	(108)	(58)	(290)	(237)	(150)
Earnings (loss) on operations (pre-tax)	1,106	982	1,185	697	768	414	595	729	576	2,474	2,480	2,613
Earnings on surplus	115	118	108	114	96	155	116	115	137	481	500	540
Earnings (loss) before income taxes	1,221	1,100	1,293	811	864	569	711	844	713	2,955	2,980	3,153
Income tax (expense) benefit	(182)	(178)	(335)	(41)	(93)	(22)	(290)	(101)	(9)	(446)	(267)	(537)
Earnings (loss) before preferred share dividends and non-controlling interest	1,039	922	958	770	771	547	421	743	704	2,509	2,713	2,616
Preferred share dividends and non-controlling interest	(20)	(22)	(21)	(26)	(21)	(28)	(30)	(24)	(23)	(105)	(95)	(94)
Common shareholders' reported net income (loss)	1,019	900	937	744	750	519	391	719	681	2,404	2,618	2,522
Underlying net income adjustments (post tax):												
Market related impacts	171	91	209	20	(1)	(187)	(293)	18	(89)	(461)	(237)	(188)
Assumption changes and management actions	95	2	(4)	(42)	(53)	5	(53)	(15)	-	(143)	(46)	(155)
Other adjustments:												
Fair value adjustments on share-based payment awards at MFS	(43)	(52)	(44)	(46)	(32)	(24)	10	(37)	(8)	(92)	(64)	(5)
Acquisition, integration and restructuring	(21)	(13)	(74)	(50)	(11)	(14)	(42)	(43)	(26)	(117)	(87)	(82)
Other ⁽⁴⁾	(85)	(11)	-	-	5	-	(1)	4	(5)	4	(5)	5
Common shareholders' underlying net income (loss)	902	883	850	862	842	739	770	792	809	3,213	3,057	2,947
EXCHANGE RATES - Average for the period												
U.S. Dollar	1.259	1.229	1.266	1.304	1.332	1.386	1.341	1.320	1.320	1.341	1.327	1.295

⁽¹⁾ Includes the following income statement line items: Increases/(decreases) in insurance contract liabilities, change in reinsurance assets, increases/(decreases) 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⁾ In Q3 2021, there was an adjustment of investment income and expense allocations between participating policyholders and shareholders in Canada for prior years ("par allocation adjustment"). 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 Q2 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)
Assets

Cash, cash equivalents and short-term securities

Debt securities

Equity securities

Mortgages and loans

Derivative assets

Other invested assets

Policy loans

Investment properties

Total invested assets

Other assets

Reinsurance assets

Deferred tax assets

Intangible assets

Goodwill

Total general fund assets

Investment for account of segregated fund holders

Total assets
Liabilities and Equity

Insurance contract liabilities

Investment contract liabilities

Derivative liabilities

Deferred tax liabilities

Other liabilities

Senior debentures

Senior debentures - Innovative capital instruments

Subordinated debt

Total general fund liabilities

Insurance and investment contracts for account of segregated fund holders

Total liabilities
Total equity
Total liabilities and equity
EXCHANGE RATES - Period end rates

U.S. Dollar

	At the Quarter Ended								At the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
1	11,525	12,435	10,997	13,527	12,450	11,792	9,548	9,575	8,647	13,527	9,575	9,506
2	86,130	85,163	82,294	89,089	89,173	90,038	84,599	81,606	82,167	89,089	81,606	74,443
3	7,439	7,975	7,267	6,631	5,835	5,530	4,605	4,787	4,925	6,631	4,787	4,634
4	51,126	49,987	50,010	49,946	50,067	49,858	50,253	48,222	48,125	49,946	48,222	46,822
5	1,250	1,527	1,410	2,160	2,279	2,914	3,128	1,548	2,193	2,160	1,548	1,112
6	7,366	6,657	6,325	5,778	5,791	5,658	5,795	5,357	5,325	5,778	5,357	4,830
7	3,254	3,237	3,242	3,265	3,310	3,308	3,324	3,218	3,216	3,265	3,218	3,222
8	8,599	8,164	7,635	7,516	7,406	7,404	7,359	7,306	7,335	7,516	7,306	7,157
9	176,689	175,145	169,180	177,912	176,311	176,502	168,611	161,619	161,933	177,912	161,619	151,726
10	5,897	5,571	5,809	5,152	5,771	5,049	5,564	5,216	4,899	5,152	5,216	4,498
11	3,807	3,738	3,824	3,843	3,999	4,315	4,357	4,024	4,059	3,843	4,024	4,141
12	1,659	1,568	1,566	1,634	1,485	1,534	1,606	1,455	1,431	1,634	1,455	1,209
13	3,368	3,226	3,234	2,477	2,493	2,142	2,184	2,083	2,015	2,477	2,083	1,779
14	6,528	6,441	6,459	6,072	6,176	5,947	6,044	5,832	5,869	6,072	5,832	5,412
15	197,948	195,689	190,072	197,090	196,235	195,489	188,366	180,229	180,206	197,090	180,229	168,765
16	133,305	133,249	127,341	125,921	116,653	112,944	102,824	116,973	112,806	125,921	116,973	103,062
17	331,253	328,938	317,413	323,011	312,888	308,433	291,190	297,202	293,012	323,011	297,202	271,827
18	143,862	142,081	138,145	145,773	144,170	142,501	135,252	131,184	130,870	145,773	131,184	121,923
19	3,413	3,507	3,584	3,189	3,251	3,198	3,120	3,116	3,121	3,189	3,116	3,164
20	1,821	1,628	1,908	1,744	2,407	3,313	4,509	2,040	2,352	1,744	2,040	2,295
21	378	414	386	383	407	391	313	406	397	383	406	322
22	16,245	15,817	15,370	14,858	15,573	15,633	15,865	14,937	14,730	14,858	14,937	12,153
23	-	300	300	300	300	300	300	300	300	300	300	599
24	200	200	200	200	200	200	200	200	700	200	200	700
25	4,434	4,433	4,432	4,781	4,035	4,534	3,539	3,538	3,538	4,781	3,538	3,039
26	170,353	168,380	164,325	171,228	170,343	170,070	163,098	155,721	156,008	171,228	155,721	144,195
27	133,305	133,249	127,341	125,921	116,653	112,944	102,824	116,973	112,806	125,921	116,973	103,062
28	303,658	301,629	291,666	297,149	286,996	283,014	265,922	272,694	268,814	297,149	272,694	247,257
29	27,595	27,309	25,747	25,862	25,892	25,419	25,268	24,508	24,198	25,862	24,508	24,570
30	331,253	328,938	317,413	323,011	312,888	308,433	291,190	297,202	293,012	323,011	297,202	271,827
31	1.268	1.239	1.256	1.273	1.332	1.357	1.406	1.299	1.324	1.273	1.299	1.364

STATEMENT OF EQUITY AND CAPITAL
(C\$ millions)
CHANGES IN COMMON SHAREHOLDERS' EQUITY

	At the Quarter Ended							At the Year Ended				
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Balance at beginning of period	22,468	22,016	22,212	22,323	21,962	21,921	21,141	20,896	21,427	21,141	21,449	20,064
Common shareholders' reported net income (loss)	1,019	900	937	744	750	519	391	719	681	2,404	2,618	2,522
Dividends - common shares	(314)	(328)	(322)	(322)	(314)	(324)	(323)	(316)	(309)	(1,283)	(1,236)	(1,147)
Common shares issued, net of expenses	8	9	10	6	2	3	7	5	5	18	23	17
Common shares buyback	-	-	-	-	-	-	(200)	-	(192)	(200)	(592)	(641)
Share-based compensation	1	1	3	1	-	-	3	1	-	4	5	4
Other ⁽¹⁾	(12)	-	(139)	-	-	-	-	-	(875)	-	(897)	45
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	254	(192)	(220)	(552)	(202)	(480)	1,036	(136)	112	(198)	(561)	906
Unrealized gains (losses) on available-for-sale assets	(76)	73	(372)	32	91	492	(296)	(70)	39	319	369	(402)
Unrealized gains (losses) on cash flow hedges	(1)	-	5	2	6	7	(21)	(1)	6	(6)	14	(10)
Share of other comprehensive income (loss) in joint ventures and associates	30	(13)	(44)	(43)	(3)	(27)	63	(14)	1	(10)	(10)	7
Remeasurement of defined benefit plans	35	2	(54)	21	31	(149)	120	57	1	23	(41)	84
Balance at end of period	23,412	22,468	22,016	22,212	22,323	21,962	21,921	21,141	20,896	22,212	21,141	21,449
Composition of shareholders' accumulated OCI balance												
Unrealized foreign currency translation gains (losses), net of hedging activities	992	738	930	1,150	1,702	1,904	2,384	1,348	1,484	1,150	1,348	1,909
Unrealized gains (losses) on available-for-sale assets	257	333	260	632	600	509	17	313	383	632	313	(56)
Unrealized gains (losses) on cash flow hedges	(9)	(8)	(8)	(13)	(15)	(21)	(28)	(7)	(6)	(13)	(7)	(21)
Share of other comprehensive income (loss) in joint ventures and associates	(71)	(101)	(88)	(44)	(1)	2	29	(34)	(20)	(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	(298)	(333)	(335)	(281)	(302)	(333)	(184)	(304)	(361)	(281)	(304)	(263)
Balance at end of period	1,016	774	904	1,589	2,129	2,206	2,363	1,461	1,625	1,589	1,461	1,690
CAPITAL												
Subordinated debt	4,434	4,433	4,432	4,781	4,035	4,534	3,539	3,538	3,538	4,781	3,538	3,039
SLEECs ⁽²⁾	200	200	200	200	200	200	200	200	700	200	200	699
Participating policyholders' equity and non-controlling interest	1,652	1,597	1,474	1,393	1,312	1,200	1,090	1,110	1,045	1,393	1,110	864
Preferred shareholders' equity and other equity instruments	2,531	3,244	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257
Common shareholders' equity	23,412	22,468	22,016	22,212	22,323	21,962	21,921	21,141	20,896	22,212	21,141	21,449
Total capital	32,229	31,942	30,379	30,843	30,127	30,153	29,007	28,246	28,436	30,843	28,246	28,308

LICAT RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA

Capital Resources												
Tier 1 capital												
Retained earnings and contributed surplus	15,779	16,037	15,282	14,630	14,065	13,447	13,444	13,731	13,791			
Adjusted accumulated other comprehensive income	864	696	789	1,397	1,797	1,932	2,103	1,226	1,372			
Common and preferred shares	3,935	3,195	3,195	3,195	3,195	3,197	3,195	3,195	3,195			
Innovative instruments	200	200	200	200	200	200	200	200	700			
Other	227	224	225	229	256	37	41	45	48			
Less:												
Goodwill	2,379	2,334	2,366	2,393	2,475	2,505	2,577	2,433	2,460			
Tier 1 deductions	5,082	4,960	5,010	4,606	4,609	4,730	5,030	4,690	4,459			
Net tier 1 capital	13,544	13,058	12,315	12,652	12,429	11,578	11,376	11,274	12,187			
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	2,679	2,621	2,579	2,576	2,579	2,698	2,806	2,662	2,618			
Less:												
Tier 2 deductions	320	320	320	320	320	320	320	320	820			
Net tier 2 capital	5,259	5,201	5,159	5,156	5,159	5,278	5,386	5,242	4,698			
Surplus allowance and eligible deposits	10,119	10,078	9,771	10,575	10,203	10,339	9,472	9,359	9,648			
Total capital resources	28,922	28,337	27,245	28,383	27,791	27,195	26,234	25,875	26,533			
Capital Requirements												
Credit risk	4,061	4,011	4,026	4,146	4,092	4,063	3,966	3,759	3,812			
Market risk	4,961	5,025	4,953	5,264	4,868	4,748	4,014	4,416	4,481			
Insurance risk	8,863	9,303	9,085	8,766	8,788	9,009	9,092	8,487	8,503			
Total non-participating product risk (before other credits and diversification)	17,885	18,339	18,064	18,176	17,748	17,820	17,072	16,662	16,796			
Total participating product risk including par credits (before other credits and diversification)	5,744	4,735	4,232	4,177	4,234	4,033	3,589	3,561	3,546			
Less:												
Credits and diversification benefits	4,416	4,452	4,353	4,106	4,145	4,208	4,228	4,010	4,096			
Total Non-participating and participating product risk	19,213	18,622	17,943	18,247	17,837	17,645	16,433	16,213	16,246			
Segregated fund guarantees risk	895	872	907	904	959	947	959	906	942			
Operational risk	2,072	2,054	2,021	2,054	1,992	1,958	1,821	1,785	1,749			
Total before scalar	22,180	21,548	20,871	21,205	20,788	20,550	19,213	18,904	18,937			
Base solvency buffer (Total before scalar x scalar [1.05])	23,289	22,625	21,914	22,265	21,827	21,578	20,174	19,849	19,884			
LICAT ratio	124%	125%	124%	127%	127%	126%	130%	130%	133%			
LICAT core ratio	89%	89%	87%	90%	90%	87%	89%	90%	95%			

⁽¹⁾ In Q3 2021, other reflects a change in retained earnings due to issuance costs related to redeemed preferred shares and 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		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
WEIGHTED AVERAGE SHARES												
Weighted average shares - basic	586	586	585	585	585	585	587	588	590	585	592	606
Diluted impact of stock options	-	1	1	-	-	-	1	1	1	-	1	1
Weighted average shares - diluted underlying	586	587	586	585	585	585	588	589	591	585	593	607
Diluted impact of convertible securities (SLEECs) ⁽¹⁾	3	3	4	4	4	4	4	4	4	4	4	4
Weighted average shares - diluted	589	590	590	589	589	589	592	593	595	589	597	611
DILUTED EARNINGS PER SHARE ⁽²⁾												
Total common shareholders' reported net income (loss)	1,019	900	937	744	750	519	391	719	681	2,404	2,618	2,522
Add: Increase in income due to convertible securities (SLEECs) ⁽³⁾	3	2	3	2	3	2	3	2	3	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	1,022	902	940	746	753	521	394	721	684	2,414	2,628	2,532
Less Adjustments:												
Impact of SLEECs	3	2	3	2	3	2	3	2	3	10	10	10
Market related impacts:												
Net equity market impact	24	99	72	108	50	59	(360)	40	9	(143)	127	(174)
Net interest rate impact	2	(36)	141	(74)	(14)	(205)	79	(11)	(90)	(214)	(348)	(91)
Net increases (decreases) in the fair value of real estate	145	28	(4)	(14)	(37)	(41)	(12)	(11)	(8)	(104)	(16)	77
Assumption changes and management actions	171	91	209	20	(1)	(187)	(293)	18	(89)	(461)	(237)	(188)
Other adjustments:	95	2	(4)	(42)	(53)	5	(53)	(15)	-	(143)	(46)	(155)
Impact of fair value adjustments on share-based payment awards at MFS	(43)	(52)	(44)	(46)	(32)	(24)	10	(37)	(8)	(92)	(64)	(5)
Impact of acquisition, integration and restructuring	(21)	(13)	(74)	(50)	(11)	(14)	(42)	(43)	(26)	(117)	(87)	(82)
Impact of other ⁽⁴⁾	(85)	(11)	-	-	5	-	(1)	4	(5)	4	(5)	5
Total common shareholders' underlying net income (loss)	902	883	850	862	842	739	770	792	809	3,213	3,057	2,947
Diluted earnings per share - reported	\$ 1.74	\$ 1.53	\$ 1.59	\$ 1.27	\$ 1.28	\$ 0.88	\$ 0.67	\$ 1.22	\$ 1.15	\$ 4.10	\$ 4.40	\$ 4.14
Less Adjustments:												
Impact of SLEECs	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.02)	\$ (0.01)
Market related impacts:												
Net equity market impact	\$ 0.04	\$ 0.17	\$ 0.13	\$ 0.18	\$ 0.08	\$ 0.10	\$ (0.61)	\$ 0.07	\$ 0.02	\$ (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)	\$ (0.37)	\$ (0.57)	\$ (0.15)
Net increases (decreases) in the fair value of real estate	\$ 0.25	\$ 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	\$ 0.29	\$ 0.16	\$ 0.37	\$ 0.03	\$ -	\$ (0.32)	\$ (0.50)	\$ 0.03	\$ (0.16)	\$ (0.80)	\$ (0.39)	\$ (0.31)
Other adjustments:	\$ 0.16	\$ -	\$ (0.01)	\$ (0.07)	\$ (0.09)	\$ 0.01	\$ (0.09)	\$ (0.03)	\$ -	\$ (0.24)	\$ (0.08)	\$ (0.26)
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.07)	\$ (0.09)	\$ (0.08)	\$ (0.08)	\$ (0.06)	\$ (0.04)	\$ 0.02	\$ (0.06)	\$ (0.01)	\$ (0.16)	\$ (0.11)	\$ (0.01)
Impact of acquisition, integration and restructuring	\$ (0.04)	\$ (0.02)	\$ (0.13)	\$ (0.08)	\$ (0.02)	\$ (0.03)	\$ (0.07)	\$ (0.07)	\$ (0.04)	\$ (0.20)	\$ (0.15)	\$ (0.14)
Impact of other ⁽⁴⁾	\$ (0.14)	\$ (0.02)	\$ -	\$ -	\$ 0.01	\$ -	\$ -	\$ 0.01	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ 0.01
Diluted earnings per share - underlying	\$ 1.54	\$ 1.50	\$ 1.45	\$ 1.47	\$ 1.44	\$ 1.26	\$ 1.31	\$ 1.34	\$ 1.37	\$ 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⁾ In Q3 2021, there was an adjustment of investment income and expense allocations between participating policyholders and shareholders in Canada for prior years ("par allocation adjustment"). 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 Q2 2021 MD&A for additional details. Prior periods reflect certain hedges in Canada that do not qualify for hedge accounting.

CANADA

(C\$ millions)

STATEMENTS OF OPERATIONS

Revenue

	At and For the Quarter Ended								At and For the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
1	1,350	1,475	1,333	1,520	1,255	1,307	1,276	1,450	1,203	5,358	5,178	4,796
2	1,505	1,481	1,463	1,454	1,443	1,596	1,518	1,409	1,403	6,011	5,629	5,316
3	1,387	508	562	1,077	1,557	533	427	1,905	584	3,594	3,276	3,261
4	4,242	3,464	3,358	4,051	4,255	3,436	3,221	4,764	3,190	14,963	14,083	13,373
5	(372)	(390)	(377)	(393)	(361)	(402)	(374)	(388)	(357)	(1,530)	(1,488)	(1,487)
6	3,870	3,074	2,981	3,658	3,894	3,034	2,847	4,376	2,833	13,433	12,595	11,886
7	413	2,826	(3,291)	1,634	1,109	4,823	(743)	(36)	1,171	6,823	6,474	1,942
8	404	389	376	386	343	306	341	361	328	1,376	1,320	1,240
9	4,687	6,289	66	5,678	5,346	8,163	2,445	4,701	4,332	21,632	20,389	15,068

Policy benefits and expenses

10	2,729	2,718	2,745	2,827	2,507	2,623	2,585	2,538	2,336	10,542	9,703	9,328
11	784	2,356	(3,947)	1,945	1,803	4,933	(873)	1,194	1,185	7,808	7,250	1,894
12	976	985	933	970	869	876	899	933	843	3,614	3,536	3,413
13	(302)	(306)	(333)	(359)	(314)	(311)	(311)	(319)	(276)	(1,295)	(1,172)	(1,138)
14	4,187	5,753	(602)	5,383	4,865	8,121	2,300	4,346	4,088	20,669	19,317	13,497

Income (loss) before income taxes

15	500	536	668	295	481	42	145	355	244	963	1,072	1,571
16	76	51	220	(26)	57	(158)	177	50	(15)	50	15	308
17	31	81	43	66	37	83	10	30	36	196	174	321
18	393	404	405	255	387	117	(42)	275	223	717	883	942
19	146	114	124	15	29	(161)	(275)	6	(44)	(392)	(111)	(117)
20	42	-	(4)	(3)	60	(3)	(22)	(1)	4	32	(17)	23
21	(85)	-	-	-	5	-	(1)	4	(5)	4	(5)	5
22	-	-	-	-	-	-	-	2	-	-	4	(5)
23	290	290	285	243	293	281	256	264	268	1,073	1,012	1,036

Return on equity - reported

Return on equity - underlying

PREMIUMS & DEPOSITS

26	3,870	3,074	2,981	3,658	3,894	3,034	2,847	4,376	2,833	13,433	12,595	11,886
27	2,554	2,952	3,127	4,082	2,311	2,264	2,981	3,196	2,196	11,638	10,770	10,315
28	612	660	920	770	569	530	741	607	518	2,610	2,174	2,071
29	1,722	1,724	1,600	1,573	3,127	1,691	1,728	1,623	1,626	8,119	6,493	6,312
30	8,758	8,410	8,628	10,083	9,901	7,519	8,297	9,802	7,173	35,800	32,032	30,584

SALES

31	101	122	105	118	80	77	83	117	85	358	389	396
32	1,946	2,177	2,641	2,168	1,741	1,438	2,106	1,829	1,463	7,453	6,357	6,256
33	81	74	128	68	67	74	212	111	119	421	599	588
34	3,972	1,648	1,794	2,696	5,096	1,170	3,523	4,076	2,673	12,485	9,757	9,030

ASSETS UNDER MANAGEMENT

35	106,538	105,220	102,261	106,318	105,036	102,586	96,945	94,909	93,443	106,318	94,909	86,697
36	114,958	114,852	109,313	107,494	99,644	96,027	87,194	98,758	95,257	107,494	98,758	85,885
37	7,148	7,125	6,796	6,719	6,340	6,100	5,645	6,173	5,875	6,719	6,173	4,854
38	228,644	227,197	218,370	220,531	211,020	204,713	189,784	199,840	194,575	220,531	199,840	177,436

Sun Life Global Investments (Canada) Inc.

Gross Sales

39	827	910	1,206	1,039	751	712	1,021	821	698	3,523	2,943	2,819
40	473	655	803	410	430	573	1,090	1,261	487	2,503	3,101	2,307
41	1,300	1,565	2,009	1,449	1,181	1,285	2,111	2,082	1,185	6,026	6,044	5,126
42	414	319	748	405	186	(332)	1,016	1,211	494	1,275	2,892	2,511
43	36,094	35,490	33,732	32,730	30,753	29,327	27,410	29,000	27,079	32,730	29,000	22,897

⁽¹⁾ In Q3 2021, there was an adjustment of investment income and expense allocations between participating policyholders and shareholders for prior years ("par allocation adjustment"). In prior periods, 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)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Gross premiums	1,365	1,565	1,407	1,670	1,401	1,324	1,378	1,524	1,222	5,773	5,331	5,101
Ceded premiums	(150)	(168)	(150)	(174)	(143)	(162)	(144)	(168)	(137)	(623)	(601)	(562)
Net premiums	1,215	1,397	1,257	1,496	1,258	1,162	1,234	1,356	1,085	5,150	4,730	4,539
Net investment income (loss)	327	2,313	(2,763)	1,027	632	3,589	(249)	(174)	1,026	4,999	5,067	1,308
Fee income	178	169	158	175	145	133	141	163	136	594	553	523
Total revenue	1,720	3,879	(1,348)	2,698	2,035	4,884	1,126	1,345	2,247	10,743	10,350	6,370
Policy benefits and expenses												
Gross claims & benefits paid	866	928	916	1,043	803	835	886	944	815	3,567	3,452	3,268
Change in insurance/investment contract liabilities & reinsurance assets	172	2,145	(3,027)	1,115	785	3,687	-	(199)	1,057	5,587	5,006	899
Operating expenses, commissions and other expenses	559	562	534	549	476	467	497	539	466	1,989	1,983	1,905
Reinsurance expenses (recoveries)	(115)	(130)	(146)	(185)	(137)	(110)	(127)	(133)	(106)	(559)	(473)	(436)
Total policy benefits and expenses	1,482	3,505	(1,723)	2,522	1,927	4,879	1,256	1,151	2,232	10,584	9,968	5,636
Income (loss) before income taxes	238	374	375	176	108	5	(130)	194	15	159	382	734
Income tax expense (benefit)	4	42	92	(7)	(5)	(65)	4	17	(53)	(73)	(74)	85
Participating policyholders' net income (loss)	31	81	43	66	37	83	10	30	36	196	174	321
Common shareholders' reported net income (loss)	203	251	240	117	76	(13)	(144)	147	32	36	282	328
PREMIUMS & DEPOSITS												
Net premiums	1,215	1,397	1,257	1,496	1,258	1,162	1,234	1,356	1,085	5,150	4,730	4,539
Segregated fund deposits	249	297	338	312	221	174	328	273	226	1,035	1,000	949
Retail mutual fund deposits (Sun Life Global Investments)	612	660	920	770	569	530	741	607	518	2,610	2,174	2,071
Total	2,076	2,354	2,515	2,578	2,048	1,866	2,303	2,236	1,829	8,795	7,904	7,559
SALES												
Individual Insurance - SLFD	33	48	39	48	39	40	38	49	40	165	170	177
Individual Insurance - Third-party	68	74	66	70	41	37	45	68	45	193	219	219
Total insurance sales	101	122	105	118	80	77	83	117	85	358	389	396
Individual Wealth - fixed products	178	240	278	317	407	248	293	301	203	1,265	995	1,280
Individual Wealth - mutual funds	1,518	1,641	2,024	1,540	1,113	1,015	1,485	1,256	1,032	5,153	4,362	4,027
Individual Wealth - segregated funds	250	296	339	311	221	175	328	272	228	1,035	1,000	949
Total wealth sales	1,946	2,177	2,641	2,168	1,741	1,438	2,106	1,829	1,463	7,453	6,357	6,256
Wealth Manufactured Sales ⁽¹⁾	1,035	1,191	1,528	1,392	1,191	948	1,351	1,173	941	4,882	4,134	4,253
Other wealth sales	911	986	1,113	776	550	490	755	656	522	2,571	2,223	2,003
Total wealth sales	1,946	2,177	2,641	2,168	1,741	1,438	2,106	1,829	1,463	7,453	6,357	6,256
SLFD - Career Advisor Network	2,914	2,932	2,955	2,973	3,044	3,096	3,145	3,259	3,388	2,973	3,259	3,608
ASSETS UNDER MANAGEMENT												
General funds	70,143	69,667	67,377	70,202	68,969	68,359	65,161	63,867	63,448	70,202	63,867	57,740
Segregated funds	13,258	13,267	12,742	12,510	11,862	11,478	10,477	12,108	11,895	12,510	12,108	11,179
Other AUM	7,148	7,125	6,796	6,719	6,340	6,100	5,645	6,173	5,875	6,719	6,173	4,854
Total assets under management	90,549	90,059	86,915	89,431	87,171	85,937	81,283	82,148	81,218	89,431	82,148	73,773
Mutual fund dealers' assets	29,231	28,524	26,744	25,320	23,320	22,338	19,933	22,545	21,683	25,320	22,545	19,733
Total assets under management and administration	119,780	118,583	113,659	114,751	110,491	108,275	101,216	104,693	102,901	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)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended								At and For the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Gross premiums	1,605	1,575	1,571	1,553	1,546	1,705	1,634	1,517	1,515	6,438	6,102	5,813
Ceded premiums	(153)	(152)	(156)	(147)	(146)	(166)	(156)	(145)	(143)	(615)	(580)	(604)
Net premiums	1,452	1,423	1,415	1,406	1,400	1,539	1,478	1,372	1,372	5,823	5,522	5,209
Net investment income (loss)	54	193	(204)	180	133	406	57	35	116	776	626	364
Fee income	70	72	76	74	66	47	70	66	62	257	257	232
Total revenue	1,576	1,688	1,287	1,660	1,599	1,992	1,605	1,473	1,550	6,856	6,405	5,805
Policy benefits and expenses												
Gross claims & benefits paid	1,211	1,206	1,212	1,209	1,184	1,308	1,205	1,145	1,096	4,906	4,486	4,287
Change in insurance/investment contract liabilities & reinsurance assets	89	196	(166)	148	(47)	415	138	104	215	654	876	443
Operating expenses, commissions and other expenses	297	303	286	305	285	301	292	285	278	1,183	1,131	1,097
Reinsurance expenses (recoveries)	(120)	(108)	(119)	(104)	(107)	(130)	(112)	(113)	(97)	(453)	(402)	(390)
Total policy benefits and expenses	1,477	1,597	1,213	1,558	1,315	1,894	1,523	1,421	1,492	6,290	6,091	5,437
Income (loss) before income taxes	99	91	74	102	284	98	82	52	58	566	314	368
Income tax expense (benefit)	20	21	17	28	72	25	19	12	(1)	144	61	86
Common shareholders' reported net income (loss)	79	70	57	74	212	73	63	40	59	422	253	282
PREMIUMS & DEPOSITS												
Net premiums	1,452	1,423	1,415	1,406	1,400	1,539	1,478	1,372	1,372	5,823	5,522	5,209
ASO premium equivalents	1,407	1,380	1,284	1,283	1,275	1,297	1,396	1,356	1,332	5,251	5,279	4,987
Total	2,859	2,803	2,699	2,689	2,675	2,836	2,874	2,728	2,704	11,074	10,801	10,196
SALES	81	74	128	68	67	74	212	111	119	421	599	588
ASSETS UNDER MANAGEMENT												
General funds	16,248	16,115	15,589	15,971	16,152	16,033	15,022	14,486	14,596	15,971	14,486	14,170
SUPPLEMENTAL INFORMATION												
Business in-force ⁽¹⁾	11,716	11,523	11,080	11,020	10,937	10,952	11,415	11,198	11,004	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)

STATEMENTS OF OPERATIONS
Revenue

	At and For the Quarter Ended									At and For the Year Ended		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
1	1,272	324	380	828	1,308	407	209	1,723	453	2,752	2,650	2,459
2	(69)	(70)	(71)	(72)	(72)	(74)	(74)	(75)	(77)	(292)	(307)	(321)
3	1,203	254	309	756	1,236	333	135	1,648	376	2,460	2,343	2,138
4	32	320	(324)	427	344	828	(551)	103	29	1,048	781	270
5	156	148	142	137	132	126	130	132	130	525	510	485
6	1,391	722	127	1,320	1,712	1,287	(286)	1,883	535	4,033	3,634	2,893

Policy benefits and expenses

7	652	584	617	575	520	480	494	449	425	2,069	1,765	1,773
8	523	15	(754)	682	1,065	831	(1,011)	1,289	(87)	1,567	1,368	552
9	120	120	113	116	108	108	110	109	99	442	422	411
10	(67)	(68)	(68)	(70)	(70)	(71)	(72)	(73)	(73)	(283)	(297)	(312)
11	1,228	651	(92)	1,303	1,623	1,348	(479)	1,774	364	3,795	3,258	2,424

Income (loss) before income taxes

12	163	71	219	17	89	(61)	193	109	171	238	376	469
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Income tax expense (benefit)

13	52	(12)	111	(47)	(10)	(118)	154	21	39	(21)	28	137
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Common shareholders' reported net income (loss)

14	111	83	108	64	99	57	39	88	132	259	348	332
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PREMIUMS & DEPOSITS

15	1,203	254	309	756	1,236	333	135	1,648	376	2,460	2,343	2,138
16	2,305	2,655	2,789	3,770	2,090	2,090	2,653	2,923	1,970	10,603	9,770	9,366
17	315	344	316	290	1,852	394	332	267	294	2,868	1,214	1,325
18	3,823	3,253	3,414	4,816	5,178	2,817	3,120	4,838	2,640	15,931	13,327	12,829

SALES

19	3,031	766	893	1,760	4,350	518	2,806	3,322	1,947	9,434	6,991	6,387
20	941	882	901	936	746	652	717	754	726	3,051	2,766	2,643
21	3,972	1,648	1,794	2,696	5,096	1,170	3,523	4,076	2,673	12,485	9,757	9,030

ASSETS UNDER MANAGEMENT

22	20,147	19,438	19,295	20,145	19,915	18,194	16,762	16,556	15,399	20,145	16,556	14,787
23	101,700	101,585	96,571	94,984	87,782	84,549	76,717	86,650	83,362	94,984	86,650	74,706
24	121,847	121,023	115,866	115,129	107,697	102,743	93,479	103,206	98,761	115,129	103,206	89,493

ASSETS UNDER MANAGEMENT AND ADMINISTRATION

25	134,122	133,413	127,415	125,866	117,323	110,668	100,501	112,116	107,707	125,866	112,116	97,675
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U.S.

(C\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended								At and For the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Premiums - life insurance	352	357	371	375	373	402	398	408	389	1,548	1,605	1,633
Premiums - health insurance	1,163	1,127	1,165	1,122	1,141	1,173	1,147	1,071	1,059	4,583	4,232	3,767
Premiums - annuities	-	-	-	-	-	-	-	-	-	-	1	-
Gross premiums	1,515	1,484	1,536	1,497	1,514	1,575	1,545	1,479	1,448	6,131	5,838	5,400
Ceded premiums	(174)	(187)	(179)	(181)	(168)	(180)	(166)	(182)	(155)	(695)	(662)	(597)
Net premiums	1,341	1,297	1,357	1,316	1,346	1,395	1,379	1,297	1,293	5,436	5,176	4,803
Net investment income (loss)	207	929	(1,016)	441	346	1,165	658	80	898	2,610	2,802	305
Fee income	23	17	16	32	19	21	20	21	21	92	86	73
Total revenue	1,571	2,243	357	1,789	1,711	2,581	2,057	1,398	2,212	8,138	8,064	5,181
Policy benefits and expenses												
Gross claims & benefits paid	1,364	1,268	1,533	1,367	1,334	1,531	1,333	1,435	1,521	5,565	5,508	4,852
Change in insurance/investment contract liabilities & reinsurance assets	(11)	585	(1,512)	126	357	750	273	(398)	746	1,506	1,504	(545)
Operating expenses, commissions and other expenses	393	392	383	405	392	402	419	416	380	1,618	1,621	1,558
Reinsurance expenses (recoveries)	(228)	(200)	(313)	(220)	(214)	(250)	(180)	(219)	(201)	(864)	(755)	(682)
Total policy benefits and expenses	1,518	2,045	91	1,678	1,869	2,433	1,845	1,234	2,446	7,825	7,878	5,183
Income (loss) before income taxes	53	198	266	111	(158)	148	212	164	(234)	313	186	(2)
Income tax expense (benefit)	7	41	55	23	(45)	30	48	33	(48)	56	28	(19)
Participating policyholders' net income (loss)	-	-	-	-	-	-	-	-	-	-	(5)	(35)
Common shareholders' reported net income (loss)	46	157	211	88	(113)	118	164	131	(186)	257	163	52
Market related impacts	15	(6)	44	2	(18)	(4)	28	-	(30)	8	(58)	(26)
Assumption changes and management actions	(78)	-	(4)	(60)	(230)	-	(23)	(3)	(287)	(313)	(291)	(394)
Acquisition, integration and restructuring	(1)	(2)	-	(2)	(1)	(1)	(2)	(3)	(4)	(6)	(20)	(42)
Common shareholders' underlying net income (loss)	110	165	171	148	136	123	161	137	135	568	532	514
PREMIUMS & DEPOSITS												
Net premiums	1,341	1,297	1,357	1,316	1,346	1,395	1,379	1,297	1,293	5,436	5,176	4,803
SALES												
Group Benefits	199	191	154	838	230	228	163	813	184	1,459	1,382	1,307
ASSETS UNDER MANAGEMENT												
General funds	33,626	32,314	31,898	33,790	35,303	37,911	38,131	34,711	35,924	33,790	34,711	34,584
Segregated funds	514	509	496	541	563	572	569	514	530	541	514	491
Other AUM	21	21	21	23	24	26	27	26	28	23	26	33
Total	34,161	32,844	32,415	34,354	35,890	38,509	38,727	35,251	36,482	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		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Premiums - life insurance	279	290	293	287	280	290	297	309	295	1,154	1,209	1,260
Premiums - health insurance	924	918	920	861	856	846	855	812	802	3,418	3,192	2,908
Gross premiums	1,203	1,208	1,213	1,148	1,136	1,136	1,152	1,121	1,097	4,572	4,401	4,168
Ceded premiums	(139)	(152)	(141)	(138)	(126)	(130)	(124)	(138)	(118)	(518)	(499)	(459)
Net premiums	1,064	1,056	1,072	1,010	1,010	1,006	1,028	983	979	4,054	3,902	3,709
Net investment income (loss)	168	753	(801)	339	251	837	523	61	679	1,950	2,105	214
Fee income	18	13	13	24	15	15	15	16	16	69	65	56
Total revenue	1,250	1,822	284	1,373	1,276	1,858	1,566	1,060	1,674	6,073	6,072	3,979
Policy benefits and expenses												
Gross claims & benefits paid	1,083	1,030	1,212	1,050	1,000	1,103	994	1,087	1,153	4,147	4,154	3,747
Change in insurance/investment contract liabilities & reinsurance assets	(6)	475	(1,195)	96	262	536	235	(301)	562	1,129	1,126	(442)
Operating expenses, commissions and other expenses	312	319	303	311	294	290	312	315	289	1,207	1,222	1,202
Reinsurance expenses (recoveries)	(182)	(161)	(247)	(168)	(161)	(179)	(135)	(166)	(153)	(643)	(570)	(527)
Total policy benefits and expenses	1,207	1,663	73	1,289	1,395	1,750	1,406	935	1,851	5,840	5,932	3,980
Income (loss) before income taxes	43	159	211	84	(119)	108	160	125	(177)	233	140	(1)
Income tax expense (benefit)	6	32	44	18	(34)	22	36	26	(37)	42	22	(15)
Participating policyholders' net income (loss)	-	-	-	-	-	-	-	-	-	-	(4)	(27)
Common shareholders' reported net income (loss)	37	127	167	66	(85)	86	124	99	(140)	191	122	41
Market related impacts	12	(5)	34	1	(13)	(3)	21	-	(21)	6	(40)	(21)
Assumption changes and management actions	(62)	-	(3)	(46)	(173)	-	(17)	(2)	(218)	(236)	(221)	(302)
Acquisition, integration and restructuring	(1)	(1)	-	(1)	(1)	(1)	(1)	(3)	(3)	(4)	(16)	(32)
Common shareholders' underlying net income (loss)	88	133	136	112	102	90	121	104	102	425	399	396
Return on equity - reported	4.9%	17.4%	24.0%	9.9%	(12.3)%	12.1%	17.5%	14.8%	(21.0)%	6.9%	4.5%	1.5%
Return on equity - underlying	11.6%	18.3%	19.6%	16.8%	14.8%	12.6%	17.1%	15.5%	15.4%	15.3%	14.7%	14.6%
PREMIUMS & DEPOSITS												
Net premiums	1,064	1,056	1,072	1,010	1,010	1,006	1,028	983	979	4,054	3,902	3,709
SALES												
Group Benefits	158	156	121	643	172	165	122	616	139	1,102	1,043	999
ASSETS UNDER MANAGEMENT												
General funds	26,524	26,073	25,401	26,542	26,506	27,931	27,122	26,730	27,136	26,542	26,730	25,360
Segregated funds	406	411	395	425	423	421	405	396	400	425	396	360
Other AUM	17	17	17	18	18	19	19	20	21	18	20	24
Total	26,947	26,501	25,813	26,985	26,947	28,371	27,546	27,146	27,557	26,985	27,146	25,744

U.S. - GROUP BENEFITS

(US\$ millions)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended								At and For the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Gross premiums	1,103	1,099	1,099	1,033	1,025	1,020	1,031	992	980	4,109	3,904	3,641
Ceded premiums	(49)	(48)	(46)	(47)	(42)	(44)	(41)	(44)	(38)	(174)	(158)	(136)
Net premiums	1,054	1,051	1,053	986	983	976	990	948	942	3,935	3,746	3,505
Net investment income (loss)	34	81	(24)	67	67	173	(42)	49	84	265	320	94
Fee income	28	24	24	33	24	24	24	24	24	105	99	93
Total revenue	1,116	1,156	1,053	1,086	1,074	1,173	972	1,021	1,050	4,305	4,165	3,692
Policy benefits and expenses												
Gross claims & benefits paid	799	756	806	744	676	739	752	695	880	2,911	2,945	2,715
Change in insurance/investment contract liabilities & reinsurance assets	1	28	(97)	13	53	108	(110)	(3)	(41)	64	17	(220)
Operating expenses, commissions and other expenses	301	297	294	289	275	277	292	283	278	1,133	1,135	1,124
Reinsurance expenses (recoveries)	(48)	(52)	(62)	(58)	(51)	(53)	(61)	(35)	(63)	(223)	(170)	(203)
Total policy benefits and expenses	1,053	1,029	941	988	953	1,071	873	940	1,054	3,885	3,927	3,416
Income (loss) before income taxes	63	127	112	98	121	102	99	81	(4)	420	238	276
Income tax expense (benefit)	13	27	24	22	24	22	21	17	-	89	51	59
Common shareholders' reported net income (loss)	50	100	88	76	97	80	78	64	(4)	331	187	217
PREMIUMS & DEPOSITS												
Net premiums	1,054	1,051	1,053	986	983	976	990	948	942	3,935	3,746	3,505
ASSETS UNDER MANAGEMENT												
General Funds	8,279	8,328	7,968	7,967	7,958	7,951	7,758	7,848	7,948	7,967	7,848	7,704
SALES												
Employee Benefits	87	68	87	205	96	62	74	191	72	437	388	431
Medical Stop-Loss	71	88	34	438	76	103	48	425	67	665	655	568
Total	158	156	121	643	172	165	122	616	139	1,102	1,043	999
BUSINESS IN-FORCE												
Employee Benefits ⁽¹⁾	2,471	2,439	2,440	2,391	2,327	2,365	2,371	2,374	2,398	2,391	2,374	2,385
Medical Stop-Loss	2,239	2,274	2,245	2,161	2,093	2,076	2,032	1,912	1,845	2,161	1,912	1,631
Total	4,710	4,713	4,685	4,552	4,420	4,441	4,403	4,286	4,243	4,552	4,286	4,016
AFTER-TAX PROFIT MARGIN ⁽²⁾	7.7%	8.5%	8.1%	8.0%	7.8%	7.5%	6.8%	7.3%	7.2%	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)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Gross premiums	100	109	114	115	111	116	121	129	117	463	497	527
Ceded premiums	(90)	(104)	(95)	(91)	(84)	(86)	(83)	(94)	(80)	(344)	(341)	(323)
Net premiums	10	5	19	24	27	30	38	35	37	119	156	204
Net investment income (loss)	134	672	(777)	272	184	664	565	12	595	1,685	1,785	120
Fee income	(10)	(11)	(11)	(9)	(9)	(9)	(9)	(8)	(8)	(36)	(34)	(37)
Total revenue	134	666	(769)	287	202	685	594	39	624	1,768	1,907	287
Policy benefits and expenses												
Gross claims & benefits paid	284	274	406	306	324	364	242	392	273	1,236	1,209	1,032
Change in insurance/investment contract liabilities & reinsurance assets	(7)	447	(1,098)	83	209	428	345	(298)	603	1,065	1,109	(222)
Operating expenses, commissions and other expenses	11	22	9	22	19	13	20	32	11	74	87	78
Reinsurance expenses (recoveries)	(134)	(109)	(185)	(110)	(110)	(126)	(74)	(131)	(90)	(420)	(400)	(324)
Total policy benefits and expenses	154	634	(868)	301	442	679	533	(5)	797	1,955	2,005	564
Income (loss) before income taxes	(20)	32	99	(14)	(240)	6	61	44	(173)	(187)	(98)	(277)
Income tax expense (benefit)	(7)	5	20	(4)	(58)	-	15	9	(37)	(47)	(29)	(74)
Participating policyholders' net income (loss)	-	-	-	-	-	-	-	-	-	-	(4)	(27)
Common shareholders' reported net income (loss)	(13)	27	79	(10)	(182)	6	46	35	(136)	(140)	(65)	(176)
PREMIUMS & DEPOSITS												
Net premiums	10	5	19	24	27	30	38	35	37	119	156	204
ACCOUNT VALUE												
Individual insurance	4,147	4,179	4,207	4,253	4,273	4,301	4,336	4,350	4,388	4,253	4,350	4,475
ASSETS UNDER MANAGEMENT												
General funds	18,245	17,745	17,433	18,575	18,548	19,980	19,364	18,882	19,188	18,575	18,882	17,656
Segregated funds	406	411	395	425	423	421	405	396	400	425	396	360
Other AUM	17	17	17	18	18	19	19	20	21	18	20	24
Total	18,668	18,173	17,845	19,018	18,989	20,420	19,788	19,298	19,609	19,018	19,298	18,040

ASSET MANAGEMENT

(C\$ millions)

FINANCIAL SUMMARY

	At and For the Quarter Ended									At and For the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018	
Revenue													
Net investment income (loss)	1	16	10	(8)	18	(13)	32	(14)	16	20	23	83	13
Fee income	2	1,503	1,421	1,375	1,369	1,284	1,176	1,185	1,199	1,139	5,014	4,471	4,274
Total revenue	3	1,519	1,431	1,367	1,387	1,271	1,208	1,171	1,215	1,159	5,037	4,554	4,287
Expenses	4	1,120	1,099	1,059	1,024	937	905	846	915	864	3,712	3,391	3,094
Income (loss) before income taxes	5	399	332	308	363	334	303	325	300	295	1,325	1,163	1,193
Income tax expense (benefit)	6	101	111	80	93	85	76	80	69	73	334	262	284
Non-controlling interest	7	(3)	-	(2)	3	(2)	4	6	3	1	11	4	-
Common shareholders' reported net income (loss)	8	301	221	230	267	251	223	239	228	221	980	897	909
Fair value adjustments on share-based payment awards at MFS	9	(43)	(52)	(44)	(46)	(32)	(24)	10	(37)	(8)	(92)	(64)	(5)
Acquisition, integration and restructuring	10	(18)	(17)	(17)	(20)	(11)	(12)	(13)	(16)	(22)	(56)	(43)	(11)
Other ⁽¹⁾	11	-	(21)	-	-	-	-	-	-	-	-	-	-
Common shareholders' underlying net income (loss)	12	362	311	291	333	294	259	242	281	251	1,128	1,004	925
Common shareholders' underlying net income (loss)													
MFS	13	327	286	280	299	276	229	230	266	248	1,034	973	898
SLC Management	14	35	25	11	34	18	30	12	15	3	94	31	27
Total	15	362	311	291	333	294	259	242	281	251	1,128	1,004	925
GROSS FLOWS													
MFS	16	33,670	36,106	45,429	40,434	40,555	47,571	49,723	34,033	31,674	178,283	124,964	104,291
SLC Management ⁽²⁾	17	7,012	11,058	12,802	2,956	2,511	4,004	2,231	2,814	2,768	11,702	9,541	7,024
Total	18	40,682	47,164	58,231	43,390	43,066	51,575	51,954	36,847	34,442	189,985	134,505	111,315
NET FLOWS													
MFS	19	(2,748)	(6,872)	(356)	1,914	5,966	7,448	2,364	(1,522)	1,730	17,692	(15,712)	(38,517)
SLC Management ⁽²⁾	20	4,562	7,588	10,630	876	851	(157)	(2,028)	585	1,486	(458)	3,552	1,227
Total	21	1,814	716	10,274	2,790	6,817	7,291	336	(937)	3,216	17,234	(12,160)	(37,290)
ASSETS UNDER MANAGEMENT													
MFS	22	833,015	820,011	786,474	776,829	730,124	690,241	613,518	684,845	655,533	776,829	684,845	584,172
SLC Management ⁽²⁾⁽³⁾	23	175,768	168,618	159,918	115,081	115,365	97,884	97,093	83,972	83,238	115,081	83,972	65,538
Total	24	1,008,783	988,629	946,392	891,910	845,489	788,125	710,611	768,817	738,771	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 Q2 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 Q3 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

STATEMENTS OF OPERATIONS

Revenue

Net investment income (loss)

Fee income

Total revenue

Expenses

Income (loss) before income taxes

Income tax expense (benefit)

Common shareholders' reported net income (loss)

Fair value adjustments on share-based payment awards at MFS

Common shareholders' underlying net income (loss)

		At and For the Quarter Ended								At and For the Year Ended			
		Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
1		-	4	(5)	10	5	22	(10)	11	12	27	57	8
2		973	938	887	862	805	717	752	778	744	3,136	2,926	2,902
3		973	942	882	872	810	739	742	789	756	3,163	2,983	2,910
4		671	681	630	610	563	540	508	562	519	2,221	2,099	2,003
5		302	261	252	262	247	199	234	227	237	942	884	907
6		77	70	66	68	64	52	54	54	55	238	199	218
7		225	191	186	194	183	147	180	173	182	704	685	689
8		(34)	(42)	(35)	(36)	(24)	(18)	8	(28)	(6)	(70)	(48)	(4)
9		259	233	221	230	207	165	172	201	188	774	733	693

MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT

Opening AUM

Inflows

Outflows

Market movement

Closing AUM

10	388,856	364,820	353,624	316,936	291,895	247,538	295,003	272,940	266,315	295,003	226,557	250,231
11	18,631	21,837	27,186	23,534	23,344	24,191	26,700	19,183	17,485	97,769	69,709	58,011
12	(18,032)	(20,014)	(24,400)	(19,212)	(17,319)	(17,559)	(24,755)	(14,037)	(13,825)	(78,845)	(58,237)	(65,302)
13	(558)	22,213	8,410	32,366	19,016	37,725	(49,410)	16,917	2,965	39,697	56,974	(16,383)
14	388,897	388,856	364,820	353,624	316,936	291,895	247,538	295,003	272,940	353,624	295,003	226,557

MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT

Opening AUM

Inflows

Outflows

Market movement

Closing AUM

15	272,763	261,453	256,611	231,246	216,645	188,850	232,369	222,213	222,531	232,369	201,816	241,374
16	8,115	7,550	8,691	7,482	7,093	10,120	10,376	6,605	6,511	35,071	24,517	22,572
17	(10,896)	(14,966)	(11,759)	(10,336)	(8,641)	(11,380)	(10,558)	(12,903)	(8,861)	(40,915)	(47,771)	(44,969)
18	(1,824)	18,726	7,910	28,219	16,149	29,055	(43,337)	16,454	2,032	30,086	53,807	(17,161)
19	268,158	272,763	261,453	256,611	231,246	216,645	188,850	232,369	222,213	256,611	232,369	201,816

SUPPLEMENTAL INFORMATION

Pre-tax net operating profit margin ratio

Pre-tax gross operating profit margin ratio

Total assets under management

Average net assets

Total gross flows

Total net flows

Liability for share-based compensation ⁽¹⁾

Diluted EPS impact - liability for share-based compensation ⁽²⁾

U.S. GAAP net income

Dividends paid to SLF

20	42%	39%	39%	41%	40%	36%	36%	40%	40%	39%	39%	38%
21	36%	34%	34%	36%	35%	32%	31%	35%	34%	34%	33%	33%
22	657,055	661,619	626,273	610,235	548,182	508,540	436,388	527,372	495,153	610,235	527,372	428,373
23	675,546	655,090	619,288	577,616	539,718	479,059	504,519	507,155	491,252	525,411	483,983	477,496
24	26,746	29,387	35,877	31,016	30,437	34,311	37,076	25,788	23,996	132,840	94,226	80,583
25	(2,182)	(5,593)	(282)	1,468	4,477	5,372	1,763	(1,152)	1,310	13,080	(11,782)	(29,688)
26	661	612	612	560	512	478	484	496	478	560	496	496
27	\$0.01	\$0.01	\$0.01	\$0.02	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.03	\$0.04	\$0.03
28	274	251	232	241	217	178	181	212	198	817	775	735
29	226	205	194	201	181	146	152	177	165	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)

STATEMENTS OF OPERATIONS

Revenue

	At and For the Quarter Ended									At and For the Year Ended		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Gross premiums	648	1,365	805	1,719	1,181	1,118	944	1,006	700	4,962	2,630	2,179
Ceded premiums	(52)	(48)	(45)	(58)	(52)	(53)	(49)	(66)	(54)	(212)	(222)	(232)
Net premiums	596	1,317	760	1,661	1,129	1,065	895	940	646	4,750	2,408	1,947
Net investment income (loss)	23	1,085	(822)	762	408	1,534	(154)	308	688	2,550	2,865	76
Fee income	157	155	160	156	146	134	136	138	134	572	531	514
Total revenue	776	2,557	98	2,579	1,683	2,733	877	1,386	1,468	7,872	5,804	2,537

Policy benefits and expenses

Gross claims & benefits paid	421	378	356	445	371	488	364	484	338	1,668	1,612	1,192
Change in insurance/investment contract liabilities & reinsurance assets	(291)	1,554	(832)	1,510	650	1,760	115	310	620	4,035	2,314	(356)
Operating expenses, commissions and other expenses	365	469	389	491	385	366	373	457	351	1,615	1,424	1,247
Reinsurance expenses (recoveries)	(45)	(37)	(32)	(53)	(46)	(45)	(37)	(50)	(39)	(181)	(178)	(164)
Total policy benefits and expenses	450	2,364	(119)	2,393	1,360	2,569	815	1,201	1,270	7,137	5,172	1,919

Income (loss) before income taxes

Income tax expense (benefit)	12	12	9	24	7	16	7	12	13	54	51	51
Participating policyholders' net income (loss)	26	38	10	30	80	22	(45)	37	15	87	61	12

Common shareholders' reported net income (loss)

Market related impacts	13	(11)	36	3	(9)	(24)	(47)	5	(15)	(77)	(66)	(30)
Assumption changes and management actions	132	2	3	21	80	7	(9)	(11)	47	99	37	76
Acquisition, integration and restructuring	(2)	-	-	(8)	1	(1)	1	(1)	-	(7)	(1)	(14)
Common shareholders' underlying net income (loss)	145	152	159	116	164	144	155	143	138	579	550	523

Return on equity - reported

Return on equity - underlying

Return on equity - reported	18.5 %	9.4 %	13.0 %	8.5 %	15.6 %	8.7 %	7.3 %	9.8 %	12.1 %	10.1 %	9.5 %	11.3 %
Return on equity - underlying	9.3 %	10.1 %	10.5 %	7.4 %	10.9 %	9.9 %	11.2 %	10.2 %	9.8 %	9.8 %	10.0 %	10.6 %

PREMIUMS & DEPOSITS

Net premiums	596	1,317	760	1,661	1,129	1,065	895	940	646	4,750	2,408	1,947
Segregated fund deposits	223	394	346	392	296	214	279	303	293	1,181	1,115	1,159
Mutual fund sales	24	2,940	2,814	2,346	1,876	1,627	1,540	1,253	1,694	7,389	5,212	7,017
Managed fund sales	25	1,106	1,187	977	853	775	732	817	838	3,337	3,007	2,702
ASO deposits (pension administration)	26	70	63	82	88	83	83	92	73	336	309	496
Total	27	5,106	5,727	5,458	4,242	3,764	3,529	3,405	3,544	16,993	12,051	13,321

SALES - Proportionate ownership⁽¹⁾

Individual insurance

Local Markets	28	177	172	231	203	166	109	182	202	176	660	719	577
International Hubs	29	58	146	101	192	132	126	124	150	114	574	403	291

Total individual insurance sales

Total individual insurance sales	30	235	318	332	395	298	235	306	352	290	1,234	1,122	868
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Total group insurance sales

Total group insurance sales	31	12	5	11	6	6	5	12	9	7	29	32	30
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Total wealth sales⁽²⁾

Total wealth sales ⁽²⁾	32	4,125	4,024	3,296	3,380	2,781	2,455	2,321	2,120	2,573	10,937	8,373	10,101
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ASSETS UNDER MANAGEMENT⁽³⁾

Local Markets	33	59,464	54,606	52,522	52,741	48,832	46,253	42,175	45,325	44,514	52,741	45,325	43,328
International Hubs	34	56,104	56,400	53,253	53,012	50,761	49,229	46,609	44,628	44,099	53,012	44,628	40,298
Total	35	115,568	111,006	105,775	105,753	99,593	95,482	88,784	89,953	88,613	105,753	89,953	83,626

ASSETS UNDER MANAGEMENT AND ADMINISTRATION⁽³⁾

ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽³⁾	36	120,859	116,178	111,152	111,176	104,876	100,460	93,716	94,504	94,058	111,176	94,504	90,214
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CONSTANT CURRENCY SALES⁽⁴⁾

Individual insurance	37	249	341	353	400	298							
Wealth	38	4,394	4,333	3,431	3,431	2,781							

⁽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 funds sales, China individual wealth and India group wealth sales, and Aditya Birla Sun Life AMC Limited 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 Q3 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		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Gross premiums	174	174	184	190	161	135	154	180	147	640	593	499
Ceded premiums	(7)	(6)	(6)	(7)	(6)	(7)	(7)	(9)	(5)	(27)	(26)	(25)
Net premiums	167	168	178	183	155	128	147	171	142	613	567	474
Net investment income (loss)	59	142	(150)	109	12	446	(38)	113	121	529	769	23
Fee income	67	67	71	70	63	57	61	59	57	251	225	189
Total revenue	293	377	99	362	230	631	170	343	320	1,393	1,561	686
Policy benefits and expenses												
Gross claims & benefits paid	110	85	83	96	84	69	78	73	73	327	289	289
Change in insurance/investment contract liabilities & reinsurance assets	(90)	28	(266)	11	(90)	357	(133)	20	(33)	145	299	(429)
Operating expenses, commissions and other expenses	181	205	192	187	158	128	156	179	156	629	610	547
Reinsurance expenses (recoveries)	(8)	(2)	(4)	(6)	(3)	(1)	(4)	(6)	(3)	(14)	(14)	(8)
Total policy benefits and expenses	193	316	5	288	149	553	97	266	193	1,087	1,184	399
Income (loss) before income taxes	100	61	94	74	81	78	73	77	127	306	377	287
Income tax expense (benefit)	8	6	7	16	5	12	8	9	6	41	38	41
Common shareholders' reported net income (loss)	92	55	87	58	76	66	65	68	121	265	339	246
PREMIUMS & DEPOSITS												
Net premiums	167	168	178	183	155	128	147	171	142	613	567	474
Segregated fund deposits	260	226	301	327	244	176	241	265	258	988	950	854
Mutual fund sales	2,940	2,814	2,151	2,346	1,876	1,627	1,540	1,253	1,694	7,389	5,212	7,017
Managed fund sales	6	6	4	4	3	5	5	5	7	17	20	23
Total	3,373	3,214	2,634	2,860	2,278	1,936	1,933	1,694	2,101	9,007	6,749	8,368
SALES - Proportionate ownership ⁽¹⁾												
Individual insurance												
Philippines	61	56	58	76	52	23	64	87	69	215	271	221
Indonesia	16	12	19	20	17	12	21	23	20	70	80	67
India	48	27	61	46	39	29	48	45	38	162	178	145
China	25	27	43	32	29	30	32	26	31	123	111	78
Malaysia	12	13	15	15	19	8	12	15	13	54	59	50
Vietnam	15	37	35	14	10	7	5	6	5	36	20	16
Total individual insurance sales	177	172	231	203	166	109	182	202	176	660	719	577
ASSETS UNDER MANAGEMENT ⁽²⁾												
General funds	6,680	6,558	6,675	7,138	6,674	6,786	6,369	6,176	5,963	7,138	6,176	5,434
Segregated funds	4,325	4,226	4,061	4,332	3,730	3,730	3,263	4,009	3,918	4,332	4,009	3,593
Other AUM	48,459	43,822	41,786	41,271	38,428	35,737	32,543	35,140	34,633	41,271	35,140	34,301
Total	59,464	54,606	52,522	52,741	48,832	46,253	42,175	45,325	44,514	52,741	45,325	43,328
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽²⁾	62,743	57,655	55,535	55,776	51,802	48,996	45,017	47,787	47,942	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)

STATEMENTS OF OPERATIONS

	At and For the Quarter Ended									At and For the Year Ended		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Gross premiums	474	1,191	621	1,529	1,020	983	790	826	553	4,322	2,037	1,680
Ceded premiums	(45)	(42)	(39)	(51)	(46)	(46)	(42)	(57)	(49)	(185)	(196)	(207)
Net premiums	429	1,149	582	1,478	974	937	748	769	504	4,137	1,841	1,473
Net investment income (loss)	(36)	943	(672)	653	396	1,088	(116)	195	567	2,021	2,096	53
Fee income	90	88	89	86	83	77	75	79	77	321	306	325
Total revenue	483	2,180	(1)	2,217	1,453	2,102	707	1,043	1,148	6,479	4,243	1,851
Policy benefits and expenses												
Gross claims & benefits paid	311	293	273	349	287	419	286	411	265	1,341	1,323	903
Change in insurance/investment contract liabilities & reinsurance assets	(201)	1,526	(566)	1,499	740	1,403	248	290	653	3,890	2,015	73
Operating expenses, commissions and other expenses	184	264	197	304	227	238	217	278	195	986	814	700
Reinsurance expenses (recoveries)	(37)	(35)	(28)	(47)	(43)	(44)	(33)	(44)	(36)	(167)	(164)	(156)
Total policy benefits and expenses	257	2,048	(124)	2,105	1,211	2,016	718	935	1,077	6,050	3,988	1,520
Income (loss) before income taxes	226	132	123	112	242	86	(11)	108	71	429	255	331
Income tax expense (benefit)	4	6	2	8	2	4	(1)	3	7	13	13	10
Participating policyholders' net income (loss)	26	38	10	30	80	22	(45)	37	15	87	61	12
Common shareholders' reported net income (loss)	196	88	111	74	160	60	35	68	49	329	181	309
PREMIUMS & DEPOSITS												
Net premiums	429	1,149	582	1,478	974	937	748	769	504	4,137	1,841	1,473
Segregated fund deposits	134	120	105	65	52	38	38	38	35	193	165	305
Managed fund sales	1,100	1,181	1,095	973	850	770	727	812	831	3,320	2,987	2,679
ASO deposits (pension administration)	70	63	90	82	88	83	83	92	73	336	309	496
Total	1,733	2,513	1,872	2,598	1,964	1,828	1,596	1,711	1,443	7,986	5,302	4,953
SALES												
Individual insurance												
Hong Kong	42	58	80	155	101	86	86	119	90	428	330	209
International	13	88	21	37	31	40	38	31	24	146	73	82
Singapore	3	-	-	-	-	-	-	-	-	-	-	-
Total individual insurance sales	58	146	101	192	132	126	124	150	114	574	403	291
ASSETS UNDER MANAGEMENT												
General funds	30,625	30,442	28,921	29,276	28,972	28,569	27,583	25,109	25,618	29,276	25,109	23,421
Segregated funds	2,975	2,993	2,874	2,879	2,698	2,645	2,452	2,666	2,605	2,879	2,666	2,580
Other AUM	22,504	22,965	21,458	20,857	19,091	18,015	16,574	16,853	15,876	20,857	16,853	14,297
Total	56,104	56,400	53,253	53,012	50,761	49,229	46,609	44,628	44,099	53,012	44,628	40,298
ASSETS UNDER MANAGEMENT AND ADMINISTRATION	58,116	58,523	55,617	55,400	53,074	51,464	48,699	46,717	46,116	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		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Premiums - life insurance	22	20	20	23	18	22	22	22	23	85	90	94
Premiums - health insurance	6	7	8	6	6	6	4	4	4	22	16	14
Premiums - annuities	3	5	4	14	7	3	3	5	5	27	23	(79)
Gross premiums	31	32	32	43	31	31	29	31	32	134	129	29
Ceded premiums	(4)	(3)	(4)	(3)	(4)	(4)	(4)	(5)	(5)	(15)	(20)	(23)
Net premiums	27	29	28	40	27	27	25	26	27	119	109	6
Net investment income (loss)	(29)	161	(360)	220	39	515	(62)	(159)	455	712	916	53
Fee income	(41)	(41)	(42)	(44)	(45)	(41)	(43)	(42)	(37)	(173)	(157)	(135)
Total revenue	(43)	149	(374)	216	21	501	(80)	(175)	445	658	868	(76)
Policy benefits and expenses												
Gross claims & benefits paid	131	124	146	134	126	136	136	156	140	532	598	614
Change in insurance/investment contract liabilities & reinsurance assets	(181)	36	(550)	23	(165)	269	(176)	(338)	19	(49)	(101)	(923)
Operating expenses, commissions and other expenses	27	25	157	98	54	43	42	107	32	237	217	139
Reinsurance expenses (recoveries)	(6)	1	(4)	(4)	(3)	(3)	(3)	(7)	(9)	(13)	(26)	(37)
Total policy benefits and expenses	(29)	186	(251)	251	12	445	(1)	(82)	182	707	688	(207)
Income (loss) before income taxes	(14)	(37)	(123)	(35)	9	56	(79)	(93)	263	(49)	180	131
Income tax expense (benefit)	(28)	(35)	(39)	(61)	(2)	97	(33)	(66)	(13)	1	(70)	(27)
Preferred shareholder dividends	23	23	23	24	22	24	24	24	23	94	95	94
Common shareholders' reported net income (loss)	(9)	(25)	(107)	2	(11)	(65)	(70)	(51)	253	(144)	155	64
Market related impacts	(3)	(6)	5	-	(3)	2	1	7	-	-	(2)	(15)
Assumption changes and management actions	(1)	-	1	-	37	1	1	-	236	39	225	140
Acquisition, integration and restructuring	-	6	(57)	(20)	-	-	(28)	(25)	-	(48)	(27)	(10)
Other ⁽³⁾	-	10	-	-	-	-	-	-	-	-	-	-
Common shareholders' underlying net income (loss)	(5)	(35)	(56)	22	(45)	(68)	(44)	(33)	17	(135)	(41)	(51)
PREMIUMS & DEPOSITS												
Net premiums	27	29	28	40	27	27	25	26	27	119	109	6
Segregated fund deposits	16	15	15	14	16	14	17	18	16	61	73	79
Total	43	44	43	54	43	41	42	44	43	180	182	85
ASSETS UNDER MANAGEMENT												
General funds	11,792	13,167	12,283	13,611	13,733	13,619	13,640	13,658	13,768	13,611	13,658	14,162
Segregated funds	10,533	10,670	10,597	10,675	10,018	9,970	9,346	11,026	10,496	10,675	11,026	10,513
Other AUM ⁽⁴⁾	(31,849)	(30,808)	(29,620)	(27,782)	(26,442)	(25,904)	(25,529)	(24,864)	(25,263)	(27,782)	(24,864)	(23,879)
Total	(9,524)	(6,971)	(6,740)	(3,496)	(2,691)	(2,315)	(2,543)	(180)	(999)	(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 Q2 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)

STATEMENTS OF OPERATIONS - United Kingdom (UK)

	At and For the Quarter Ended									At and For the Year Ended		
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Revenue												
Gross premiums	15	17	17	27	20	16	17	18	17	80	75	78
Ceded premiums	(4)	(4)	(3)	(4)	(3)	(4)	(4)	(4)	(4)	(15)	(16)	(17)
Net premiums	11	13	14	23	17	12	13	14	13	65	59	61
Net investment income (loss)	(42)	152	(343)	199	(4)	440	(76)	(172)	389	559	726	(42)
Fee income	29	26	27	27	20	27	27	32	29	101	117	123
Total revenue	(2)	191	(302)	249	33	479	(36)	(126)	431	725	902	142
Policy benefits and expenses												
Gross claims & benefits paid	121	107	116	124	111	115	117	127	121	467	506	531
Change in insurance/investment contract liabilities & reinsurance assets	(179)	39	(502)	44	(159)	278	(213)	(310)	(2)	(50)	(109)	(748)
Operating expenses, commissions and other expenses	25	26	27	37	27	27	28	31	26	119	113	125
Reinsurance expenses (recoveries)	(2)	(1)	(3)	(4)	(2)	(3)	(3)	(3)	(5)	(12)	(15)	(13)
Total policy benefits and expenses	(35)	171	(362)	201	(23)	417	(71)	(155)	140	524	495	(105)
Income (loss) before income taxes	33	20	60	48	56	62	35	29	291	201	407	247
Income tax expense (benefit)	3	(5)	(3)	5	2	17	(16)	(3)	12	8	28	(3)
Common shareholders' reported net income (loss)	30	25	63	43	54	45	51	32	279	193	379	250

STATEMENTS OF OPERATIONS - Corporate Support⁽¹⁾

Revenue

Gross premiums	16	15	15	16	11	15	12	13	15	54	54	(49)
Ceded premiums	-	1	(1)	1	(1)	-	-	(1)	(1)	-	(4)	(6)
Net premiums	16	16	14	17	10	15	12	12	14	54	50	(55)
Net investment income (loss)	13	9	(17)	21	43	75	14	13	66	153	190	95
Fee income	(70)	(67)	(69)	(71)	(65)	(68)	(70)	(74)	(66)	(274)	(274)	(258)
Total revenue	(41)	(42)	(72)	(33)	(12)	22	(44)	(49)	14	(67)	(34)	(218)
Policy benefits and expenses												
Gross claims & benefits paid	10	17	30	10	15	21	19	29	19	65	92	83
Change in insurance/investment contract liabilities & reinsurance assets	(2)	(3)	(48)	(21)	(6)	(9)	37	(28)	21	1	8	(175)
Operating expenses, commissions and other expenses	2	(1)	130	61	27	16	14	76	6	118	104	14
Reinsurance expenses (recoveries)	(4)	2	(1)	-	(1)	-	-	(4)	(4)	(1)	(11)	(24)
Total policy benefits and expenses	6	15	111	50	35	28	70	73	42	183	193	(102)
Income (loss) before income taxes	(47)	(57)	(183)	(83)	(47)	(6)	(114)	(122)	(28)	(250)	(227)	(116)
Income tax expense (benefit)	(31)	(30)	(36)	(66)	(4)	80	(17)	(63)	(25)	(7)	(98)	(24)
Preferred shareholder dividends	23	23	23	24	22	24	24	24	23	94	95	94
Common shareholders' reported net income (loss)	(39)	(50)	(170)	(41)	(65)	(110)	(121)	(83)	(26)	(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:

		As at September 30, 2021				As at June 30, 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	1	4,764	2,176	6,940	100 %	4,277	1,979	6,256	100 %	4,560	1,929	6,489	100 %
Canadian Provincial and Municipal Government	2	15,156	1,193	16,349	100 %	15,353	1,176	16,529	100 %	16,909	1,333	18,242	100 %
U.S. Government and Other U.S. Agency	3	1,605	824	2,429	100 %	1,932	1,284	3,216	100 %	1,678	797	2,475	100 %
Other Government	4	4,748	751	5,499	96 %	4,809	750	5,559	96 %	5,281	823	6,104	96 %
Total Government issued or guaranteed debt securities	5	26,273	4,944	31,217	99 %	26,371	5,189	31,560	99 %	28,428	4,882	33,310	99 %
Corporate Debt Securities by Industry Sector:													
Financials	6	10,266	1,493	11,759	99 %	10,041	1,327	11,368	99 %	10,644	1,212	11,856	99 %
Utilities	7	7,182	725	7,907	99 %	7,127	743	7,870	99 %	7,561	682	8,243	99 %
Consumer discretionary	8	1,598	197	1,795	92 %	1,620	199	1,819	91 %	1,606	165	1,771	85 %
Industrials	9	5,644	675	6,319	99 %	5,441	637	6,078	99 %	5,659	567	6,226	99 %
Consumer staples	10	2,019	179	2,198	97 %	1,923	172	2,095	97 %	1,893	158	2,051	97 %
Communication Services	11	3,512	341	3,853	99 %	3,458	337	3,795	99 %	3,644	322	3,966	99 %
Energy	12	4,027	236	4,263	95 %	4,009	267	4,276	95 %	4,452	350	4,802	95 %
Real Estate	13	2,344	297	2,641	97 %	2,300	299	2,599	97 %	2,438	329	2,767	97 %
Materials	14	1,384	154	1,538	92 %	1,389	142	1,531	92 %	1,473	152	1,625	91 %
Health Care	15	1,965	277	2,242	99 %	1,906	238	2,144	99 %	1,986	186	2,172	99 %
Information Technology	16	1,405	235	1,640	99 %	1,317	192	1,509	99 %	1,308	187	1,495	99 %
Total Corporate debt securities	17	41,346	4,809	46,155	98 %	40,531	4,553	45,084	98 %	42,664	4,310	46,974	98 %
Asset Backed Securities													
Government and agency	18	2,629	607	3,236	100 %	2,341	604	2,945	100 %	2,601	485	3,086	100 %
Other	19	4,013	1,509	5,522	99 %	4,101	1,473	5,574	99 %	4,141	1,578	5,719	99 %
Total asset backed securities	20	6,642	2,116	8,758	99 %	6,442	2,077	8,519	99 %	6,742	2,063	8,805	99 %
Total debt securities	21	74,261	11,869	86,130	99 %	73,344	11,819	85,163	98 %	77,834	11,255	89,089	99 %
Debt Securities by Investment Rating													
AAA	22	12,669	5,138	17,807		12,356	5,354	17,710		12,794	4,810	17,604	
AA	23	10,956	1,473	12,429		10,855	1,451	12,306		11,870	1,586	13,456	
A	24	28,679	2,748	31,427		28,395	2,663	31,058		30,812	2,600	33,412	
BBB	25	20,991	2,332	23,323		20,752	2,160	22,912		21,203	2,091	23,294	
BB and lower	26	966	178	1,144		986	191	1,177		1,155	168	1,323	
Total debt securities	27	74,261	11,869	86,130		73,344	11,819	85,163		77,834	11,255	89,089	
EQUITY SECURITIES													
Stocks													
Canada	28	3,043	15	3,058		3,284	15	3,299		3,064	15	3,079	
United States	29	1,865	230	2,095		1,766	463	2,229		1,046	148	1,194	
United Kingdom	30	181	6	187		179	6	185		163	6	169	
Other	31	1,990	109	2,099		2,099	163	2,262		2,096	93	2,189	
Total equity securities	32	7,079	360	7,439		7,328	647	7,975		6,369	262	6,631	

PROPERTIES, MORTGAGES & LOANS

PROPERTIES

As at September 30, 2021				As at June 30, 2021			As at December 31, 2020		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
1	6,976	53	7,029	6,615	51	6,666	6,080	51	6,131
2	1,559	104	1,663	1,485	102	1,587	1,371	107	1,478
3	64	-	64	64	-	64	65	-	65
4	-	27	27	-	28	28	-	30	30
5	8,599	184	8,783	8,164	181	8,345	7,516	188	7,704

MORTGAGES & LOANS

As at September 30, 2021				As at June 30, 2021			As at December 31, 2020		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
6	-	3,488	3,488	-	3,416	3,416	-	3,710	3,710
7	-	3,417	3,417	-	3,271	3,271	-	3,481	3,481
8	3,749	1,845	5,594	3,697	1,883	5,580	3,663	1,968	5,631
9	-	2,011	2,011	-	1,918	1,918	-	1,945	1,945
10	352	402	754	356	383	739	345	316	661
11	4,101	11,163	15,264	4,053	10,871	14,924	4,008	11,420	15,428
12			35,862			35,063			34,518
13			51,126			49,987			49,946

Mortgage and Loans - Impairments/Allowances

	As at September 30, 2021			As at June 30, 2021			As at December 31, 2020		
	Impaired Loans Gross Carrying Value	Allowances for Losses		Impaired Loans Gross Carrying Value	Allowances for Losses		Impaired Loans Gross Carrying Value	Allowances for Losses	
	Value	Specific	Sectoral	Value	Specific	Sectoral	Value	Specific	Sectoral
14	92	47	19	92	46	19	92	47	19
15	78	48	-	80	48	-	81	48	1
16	170	95	19	172	94	19	173	95	20

DERIVATIVES

	As at September 30, 2021		As at June 30, 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
17	27,977	303	27,485	420	27,823	1,069
18	32,497	(947)	31,849	(595)	30,760	(723)
19	3,960	73	3,829	74	4,209	70
20	64,434	(571)	63,163	(101)	62,792	416
21	58,333	(574)	57,124	(128)	56,711	392
22	6,101	3	6,039	27	6,081	24
23	64,434	(571)	63,163	(101)	62,792	416

For the Quarter ended - Q3 2021									
Canadian Dollars									
U.S. Dollars									
(\$ millions)		Asset					U.S. Dollars		
		Canada	U.S.	Management	Asia	Corporate	Total Company	U.S.	MFS
Expected profit on in-force business ⁽¹⁾	1	309	130	482	159	(44)	1,036	105	354
Impact of new business ⁽¹⁾	2	31	-	-	(25)	-	6	-	-
Experience gains (losses)	3	181	9	-	(14)	(4)	172	7	-
Assumption changes and management actions	4	56	(98)	-	132	3	93	(78)	-
Other ⁽²⁾	5	(115)	(2)	(83)	(1)	-	(201)	(1)	(52)
Earnings (loss) on operations (pre-tax)	6	462	39	399	251	(45)	1,106	33	302
Earnings on surplus	7	21	14	-	49	31	115	10	-
Earnings (loss) before income taxes	8	483	53	399	300	(14)	1,221	43	302
Income tax (expense) benefit	9	(90)	(7)	(101)	(12)	28	(182)	(6)	(77)
Earnings (loss) before preferred share dividends and non-controlling interest	10	393	46	298	288	14	1,039	37	225
Preferred share dividends and non-controlling interest	11	-	-	3	-	(23)	(20)	-	-
Common shareholders' reported net income (loss)	12	393	46	301	288	(9)	1,019	37	225
Underlying net income adjustments (post tax):									
Market related impacts	13	146	15	-	13	(3)	171	12	-
Assumption changes and management actions	14	42	(78)	-	132	(1)	95	(62)	-
Other adjustments:									
Fair value adjustments on share-based payment awards at MFS	15	-	-	(43)	-	-	(43)	-	(34)
Acquisition, integration and restructuring	16	-	(1)	(18)	(2)	-	(21)	(1)	-
Other ⁽³⁾	17	(85)	-	-	-	-	(85)	-	-
Common shareholders' underlying net income (loss)	18	103	(64)	(61)	143	(4)	117	(51)	(34)
	19	290	110	362	145	(5)	902	88	259

For the Quarter ended - Q3 2020									
Canadian Dollars									
U.S. Dollars									
(\$ millions)		Asset					U.S. Dollars		
		Canada	U.S.	Management	Asia	Corporate	Total Company	U.S.	MFS
Expected profit on in-force business ⁽¹⁾	20	281	143	397	143	(38)	926	105	284
Impact of new business ⁽¹⁾	21	26	-	-	(20)	-	6	-	-
Experience gains (losses)	22	34	(20)	-	(9)	(18)	(13)	(14)	-
Assumption changes and management actions	23	81	(292)	-	80	40	(91)	(219)	-
Other ⁽²⁾	24	5	(2)	(63)	-	-	(60)	(1)	(37)
Earnings (loss) on operations (pre-tax)	25	427	(171)	334	194	(16)	768	(129)	247
Earnings on surplus	26	11	13	-	46	26	96	10	-
Earnings (loss) before income taxes	27	438	(158)	334	240	10	864	(119)	247
Income tax (expense) benefit	28	(51)	45	(85)	(4)	2	(93)	34	(64)
Earnings (loss) before preferred share dividends and non-controlling interest	29	387	(113)	249	236	12	771	(85)	183
Preferred share dividends and non-controlling interest	30	-	-	2	-	(23)	(21)	-	-
Common shareholders' reported net income (loss)	31	387	(113)	251	236	(11)	750	(85)	183
Underlying net income adjustments (post tax):									
Market related impacts	32	29	(18)	-	(9)	(3)	(1)	(13)	-
Assumption changes and management actions	33	60	(230)	-	80	37	(53)	(173)	-
Other adjustments:									
Fair value adjustments on share-based payment awards at MFS	34	-	-	(32)	-	-	(32)	-	(24)
Acquisition, integration and restructuring	35	-	(1)	(11)	1	-	(11)	(1)	-
Other ⁽³⁾	36	5	-	-	-	-	5	-	-
Common shareholders' underlying net income (loss)	37	94	(249)	(43)	72	34	(92)	(187)	(24)
	38	293	136	294	164	(45)	842	102	207

⁽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⁾ In Q3 2021, there was an adjustment of investment income and expense allocations between participating policyholders and shareholders in Canada for prior years ("par allocation adjustment"). In Q3 2020, other reflects certain hedges in Canada that do not qualify for hedge accounting.

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			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
Expected profit on in-force business	354	318	302	313	284	226	234	268	254	1,057	975	953
Impact of new business	-	-	-	-	-	-	-	-	-	-	-	-
Experience gains (losses)	-	-	-	-	-	-	-	-	-	-	-	-
Assumption changes and management actions	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Earnings (loss) on operations (pre-tax)	354	318	302	313	284	226	234	268	254	1,057	975	953
Earnings on surplus	-	-	-	-	-	-	-	-	-	-	-	-
Earnings (loss) before income taxes	354	318	302	313	284	226	234	268	254	1,057	975	953
Income tax (expense) benefit	(81)	(73)	(70)	(72)	(67)	(53)	(54)	(58)	(56)	(246)	(205)	(223)
Earnings (loss) before non-controlling interest	273	245	232	241	217	173	180	210	198	811	770	730
Non-controlling interest	(14)	(12)	(11)	(11)	(10)	(8)	(8)	(9)	(10)	(37)	(37)	(37)
Common shareholders' underlying net income (loss)	259	233	221	230	207	165	172	201	188	774	733	693
Underlying net income adjustments:												
Fair value adjustments on share-based payment awards (pre-tax)	(52)	(57)	(50)	(51)	(37)	(27)	-	(41)	(17)	(115)	(91)	(46)
Income taxes	4	3	4	4	3	1	-	4	1	8	6	5
Non-controlling interest	14	12	11	11	10	8	8	9	10	37	37	37
	(34)	(42)	(35)	(36)	(24)	(18)	8	(28)	(6)	(70)	(48)	(4)
Common shareholders' reported net income (loss)	225	191	186	194	183	147	180	173	182	704	685	689

EXPENSES

(C\$ millions)

	For the Quarter Ended								For the Year Ended			
	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	2020	2019	2018
OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES												
Operating expenses	2,016	2,036	2,086	2,090	1,807	1,771	1,733	1,954	1,714	7,401	7,033	6,432
Commissions	672	741	662	707	638	619	648	677	590	2,612	2,417	2,339
Premium taxes	112	109	93	102	106	112	108	101	101	428	406	375
Interest expense	81	84	80	89	86	90	90	96	65	355	333	305
Total	2,881	2,970	2,921	2,988	2,637	2,592	2,579	2,828	2,470	10,796	10,189	9,451
OPERATING EXPENSES BY BUSINESS GROUP												
Canada	578	583	564	584	512	520	530	566	498	2,146	2,122	2,040
U.S.	233	237	228	248	230	232	246	246	208	956	926	872
Asset Management	845	829	798	757	701	698	672	674	652	2,828	2,579	2,403
Asia	249	273	259	315	251	228	229	280	241	1,023	946	819
Corporate ⁽¹⁾	43	47	92	75	61	54	20	84	70	210	244	148
Operating expenses excluding the following:	1,948	1,969	1,941	1,979	1,755	1,732	1,697	1,850	1,669	7,163	6,817	6,282
FV adjustments on MFS share-based payment awards ⁽²⁾	65	71	63	66	49	37	-	54	23	152	122	58
Acquisition, integration and restructuring costs	3	(4)	82	45	3	2	36	50	22	86	94	92
Total operating expenses	2,016	2,036	2,086	2,090	1,807	1,771	1,733	1,954	1,714	7,401	7,033	6,432
COMMISSIONS BY BUSINESS GROUP												
Canada	270	273	259	259	238	226	244	243	231	967	945	934
U.S.	118	114	118	122	112	116	117	114	108	467	440	435
Asset Management	188	177	175	174	171	155	163	162	159	663	623	619
Asia	97	178	111	151	118	122	126	159	93	517	413	357
Corporate ⁽³⁾	(1)	(1)	(1)	1	(1)	-	(2)	(1)	(1)	(2)	(4)	(6)
Total commissions	672	741	662	707	638	619	648	677	590	2,612	2,417	2,339
INTEREST EXPENSE												
Subordinated debt	33	33	34	36	35	32	29	29	26	132	106	106
Liabilities for SLEECs	4	4	4	4	4	4	4	11	11	16	44	44
Interest on senior unsecured debentures/financing	3	4	4	3	9	17	16	18	20	45	89	86
Other ⁽⁴⁾	41	43	38	46	38	37	41	38	8	162	94	69
Total interest expense	81	84	80	89	86	90	90	96	65	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 September 30, 2021

	<u>A.M. Best</u>	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>DBRS</u>
SUN LIFE ASSURANCE COMPANY OF CANADA				
FINANCIAL STRENGTH RATINGS	A+	Aa3	AA	AA
SECURITY RATINGS				
Subordinated Debt	a+	A2	AA-	AA (low)
Sun Life Exchangeable Capital Securities Series B	a	A3(hyb)	P-1/A+	A (high)
	<u>A.M. Best</u>	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>DBRS</u>
SUN LIFE FINANCIAL INC.				
SECURITY RATINGS				
Subordinated Debt (Series 2007-1, 2016-2, 2017-1, 2019-1, 2020-1 and 2020-2)	a-	not rated	A	A
Class A Preferred Shares (Series 3-5, 8R, 9QR, 10R, 11QR, and 12R)	bbb+	not rated	P-1 (low)/A-	Pfd-2 (high)
Limited Recourse Capital Notes (Series 2021-1)	not rated	not rated	A-	A (low)

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 Benefits and Group Retirement Services.</p>	<p>Our U.S. business group is one of the largest group benefits providers in the U.S. market, serving employees and their families at more than 55,000 workplaces of all sizes across the country with employer-sponsored insurance products and solutions. In addition, our U.S. business manages an in-force block of 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 488,400 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>UK</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>