

# Financial and operating results

For the period ended March 31, 2017

Sun Life Financial Inc. (Unaudited)

Supplementary Financial Information



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

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

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

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

## **Constant Currency Measures**

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

## **Acquisition, Integration and Restructuring**

In 2017 and 2016, acquisition, integration and restructuring amounts primarily related to integration costs of the U.S. Employee Benefits business acquired in 2016. In Q3 2016, acquisition, integration and restructuring costs were partially offset by a non-cash gain related to the increase of our ownership interest in PT CIMB Sun Life in Indonesia from 49% to 100%. In Q1 2016, acquisition, integration and restructuring costs were more than offset by a one-time, non-cash gain of \$31 million as a result of remeasuring our existing investment to fair value upon acquiring control over the operations of PVI Sun Life Insurance Company Limited (Vietnam).

In 2015, acquisition, integration and restructuring amounts primarily related to our acquisitions and integrations of Bentall Kennedy, Prime Advisors and Ryan Labs and our pending acquisition of Assurant, Inc.’s U.S. Employee Benefits business. In the fourth quarter of 2015, the acquisition, integration and restructuring amount of \$63 million (US\$46 million) related to the closing of our wealth business in SLF U.S. International to new sales, which included assumption changes and management actions of \$41 million (US\$30 million) to reflect assumption updates including the expense strengthening associated with closing the business.

In 2014, acquisition, integration and restructuring consisted of transition costs related to the sale of our U.S. Annuity Business.

## Updates to Non-IFRS measures

Beginning in the first quarter of 2017, we will no longer report operating net income and its related measures, operating EPS and operating ROE, in order to streamline our use of non-IFRS financial measures. The adjustments previously used to derive operating net income will continue to be used to derive underlying net income.

## Non-IFRS Financial Measures

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

Underlying net income (loss) and financial measures based on underlying net income (loss), including underlying EPS or underlying loss per share, and underlying return on equity ("ROE"), are non-IFRS financial measures. Underlying net income (loss) removes from reported net income (loss) the impact of the following items that create volatility in our results under IFRS and when removed assist in explaining our results from period to period: (a) market related impacts, which include: (i) the impact of returns in equity markets, net of hedging, above or below our best estimate assumptions of approximately 2% per quarter in the reporting period and of basis risk inherent in our hedging program for products that provide benefit guarantees; (ii) the impact of changes in interest rates that differ from our best estimate assumptions in the reporting period and on the value of derivative instruments used in our hedging programs, including changes in credit and swap spreads, and any changes to the assumed fixed income reinvestment rates in determining the actuarial liabilities; and (iii) the impact of changes in the fair value of real estate properties in the reporting period; (b) assumption changes and management actions, which include: (i) the impact of revisions to the assumptions used in determining our liabilities for insurance contracts and investment contracts and (ii) the impact on insurance contracts and investment contracts of actions taken by management in the current reporting period, referred to as management actions which include, for example, changes in the prices of in-force products, new or revised reinsurance on in-force business, and material changes to investment policies for assets supporting our liabilities; (c) certain hedges in SLF 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; (d) 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; (e) acquisition, integration and restructuring amounts (including impacts related to acquiring and integrating acquisitions); and (f) other items that when removed assist in explaining our results from period to period. Underlying EPS also excludes the dilutive impact of convertible instruments.

Sun Life Financial 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, reported net income (loss), and underlying net income (loss) are divided by the total weighted average common shareholders' equity for the period;
- (2) Adjusted premiums and deposits. This measure is an alternative measure of premiums and deposits that provides greater comparability across reporting periods by excluding the impact of: (i) exchange rate fluctuations, from the translation of functional currencies to the Canadian dollar, for comparisons ("Constant Currency Adjustment") and (ii) reinsurance for the insured business in SLF Canada's Group Benefits operations ("Reinsurance in SLF Canada's GB Operations Adjustment");
- (3) MFS pre-tax operating profit margin ratio. This ratio is a measure of the underlying 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 amounts are excluded in order to neutralize the impact these items have on the pre-tax operating profit margin ratio and have no impact on the underlying profitability of MFS. There is no directly comparable IFRS measure; and
- (4) Impact of foreign exchange. Several IFRS financial measures are presented on a constant currency adjusted basis to exclude the impact of foreign exchange rate fluctuations. These measures are calculated using the average or period end foreign exchange rates, as appropriate, in effect at the date of the comparative period.

Sun Life Financial also use 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 sales and total premiums and deposits;
- (2) assets under management ("AUM"), mutual fund assets, managed fund assets, other AUM, assets under administration and business in-force;
- (3) value of new business ("VNB"), which is used to measure the estimated lifetime profitability of new sales and is based on actuarial calculations;
- (4) assumption changes and management actions, which is a component of the Company's sources of earnings disclosure; and
- (5) 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 SLF Inc.

## 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		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>RESULTS</b>												
Common Shareholders' Reported Net Income (Loss) by Segment												
SLF Canada	266	398	184	185	169	210	127	337	150	936	824	790
SLF U.S.	37	106	253	54	95	100	64	134	35	508	333	341
SLF Asset Management	171	198	181	173	177	177	204	162	148	729	691	491
SLF Asia	73	58	92	68	91	73	77	93	68	309	311	182
Corporate	4	(32)	27	—	8	(24)	10	—	40	3	26	(42)
<b>Total Common Shareholders' Reported Net Income (Loss)</b>	<b>551</b>	<b>728</b>	<b>737</b>	<b>480</b>	<b>540</b>	<b>536</b>	<b>482</b>	<b>726</b>	<b>441</b>	<b>2,485</b>	<b>2,185</b>	<b>1,762</b>
Market related impacts:												
Net equity market impact	20	26	29	14	(18)	(4)	(122)	(11)	9	51	(128)	44
Net interest rate impact	(24)	130	18	(95)	(19)	(35)	44	97	(41)	34	65	(179)
Net increases (decreases) in the fair value of real estate	15	6	10	9	(3)	3	(4)	11	10	22	20	12
	11	162	57	(72)	(40)	(36)	(82)	97	(22)	107	(43)	(123)
Assumption changes and management actions	1	10	54	(8)	(11)	(12)	32	19	(48)	45	(9)	227
Certain hedges that do not qualify for hedge accounting	(2)	8	6	(6)	(13)	10	(10)	6	15	(5)	21	(7)
Fair value adjustments on share-based payment awards at MFS	(12)	10	(7)	20	7	(6)	28	(11)	(20)	30	(9)	(125)
Acquisition, integration and restructuring	(20)	(22)	(12)	(8)	15	(66)	(14)	—	—	(27)	(80)	(26)
<b>Total Common Shareholders' Underlying Net Income (Loss)</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>	<b>646</b>	<b>528</b>	<b>615</b>	<b>516</b>	<b>2,335</b>	<b>2,305</b>	<b>1,816</b>
Common Shareholders' Underlying Net Income (Loss) by Segment												
SLF Canada	229	243	226	200	218	269	174	250	201	887	894	823
SLF U.S.	77	87	135	114	111	158	97	105	81	447	441	266
SLF Asset Management	183	188	188	153	170	183	176	173	168	699	700	616
SLF Asia	79	62	80	85	68	52	67	71	62	295	252	174
Corporate	5	(20)	10	2	15	(16)	14	16	4	7	18	(63)
<b>Total Common Shareholders' Underlying Net Income (Loss)</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>	<b>646</b>	<b>528</b>	<b>615</b>	<b>516</b>	<b>2,335</b>	<b>2,305</b>	<b>1,816</b>
Profitability Measures												
Basic earnings per common share (EPS)												
Reported	0.90	1.19	1.20	0.78	0.88	0.88	0.79	1.19	0.72	4.05	3.57	2.88
Diluted earnings per common share												
Reported	0.89	1.18	1.20	0.78	0.88	0.87	0.79	1.18	0.72	4.03	3.55	2.86
Underlying	0.93	0.91	1.04	0.90	0.95	1.05	0.86	1.00	0.84	3.80	3.76	2.96
Premiums & Deposits												
Net premiums	3,564	4,419	3,888	3,563	3,178	3,551	2,114	2,523	2,207	15,048	10,395	9,996
Segregated fund deposits	3,437	3,691	2,294	2,834	2,731	2,523	2,626	4,487	2,411	11,550	12,047	9,249
Mutual fund sales <sup>(1)</sup>	24,180	22,344	23,115	20,007	19,262	17,598	16,902	19,927	22,124	84,728	76,551	66,619
Managed fund sales <sup>(2)</sup>	9,394	10,263	9,256	9,886	10,865	7,678	7,156	7,002	8,243	40,270	30,079	29,868
ASO premium & deposit equivalents	1,718	1,705	1,623	1,745	1,790	1,770	1,758	1,781	1,769	6,863	7,078	6,748
<b>Total premiums &amp; deposits</b>	<b>42,293</b>	<b>42,422</b>	<b>40,176</b>	<b>38,035</b>	<b>37,826</b>	<b>33,120</b>	<b>30,556</b>	<b>35,720</b>	<b>36,754</b>	<b>158,459</b>	<b>136,150</b>	<b>122,480</b>
<b>Total adjusted premiums &amp; deposits <sup>(3)</sup></b>	<b>44,374</b>				<b>38,514</b>							
Sales & Value of New Business												
Individual Life & Health <sup>(4)</sup>	338	432	292	260	214	276	227	214	199	1,198	916	830
Group Life & Health <sup>(4)</sup>	434	639	369	278	274	491	303	213	249	1,560	1,256	1,238
Wealth - SLF Asset Management <sup>(2)</sup>	30,306	29,457	30,023	28,182	28,608	23,598	22,397	25,292	28,236	116,270	99,523	91,112
Wealth - excluding SLF Asset Management <sup>(1)(4)(5)</sup>	7,300	7,793	5,138	4,523	4,595	5,291	4,992	6,424	4,984	22,049	21,691	19,439
Large case longevity insurance sales	—	—	—	—	—	—	—	—	5,260	—	5,260	—
<b>Value of New Business</b>	<b>370</b>	<b>392</b>	<b>325</b>	<b>296</b>	<b>323</b>	<b>347</b>	<b>251</b>	<b>269</b>	<b>308</b>	<b>1,336</b>	<b>1,175</b>	<b>1,069</b>

<sup>(1)</sup> Includes Birla Sun Life Asset Management Company's equity and fixed income mutual funds sales based on our proportionate equity interest.

<sup>(2)</sup> In the second quarter of 2016, we moved our sales reporting methodology for Bental Kennedy's real estate investment management operations from an investment property activity basis to a client cash flow basis to be consistent with the method used in our existing asset management operations. Prior periods from Q3 2015 have been restated.

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

<sup>(4)</sup> Includes the sales in the Company's joint ventures and associates with local partners in SLF Asia based on our proportionate equity interest. Sales in Vietnam are included at 100% during Q4 2016 and 75% for the first three quarters of 2016. Indonesia CSL sales are included at 100% beginning Q3 2016 and Birla Sun Life Insurance Company Ltd.'s sales are included at 49% beginning Q2 2016. Indonesia CSL sales, Birla Sun Life Insurance Company Ltd.'s sales and Vietnam's sales were included at 49% prior to Q3 2016, 26% prior to Q2 2016 and 49% prior to Q1 2016, respectively.

<sup>(5)</sup> Excludes the U.S. investment product sales in SLF U.S.'s International wealth business, which was closed to new sales in December 2015.

**FINANCIAL HIGHLIGHTS CONTINUED**

	At and For the Quarter Ended								At and For the Year Ended			
	2017	2016				2015				2016	2015	2014
Valuation Data	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Book value per common share	32.54	32.10	31.57	30.42	30.17	31.02	30.03	29.05	28.64	32.10	31.02	26.87
Book value per common share excluding AOCI	29.89	29.41	28.60	27.80	27.42	27.00	26.49	26.07	25.28	29.41	27.00	24.97
Tangible book value per common share	21.17	20.66	20.19	19.30	18.85	21.02	20.15	20.55	20.17	20.66	21.02	18.70
Market-to-book value (times)	1.49	1.61	1.35	1.40	1.39	1.39	1.43	1.44	1.36	1.61	1.39	1.56
Total market capitalization (TSX in \$ billions)	29.8	31.6	26.2	26.0	25.7	26.4	26.3	25.5	23.9	31.6	26.4	25.7
<b>Financial Strength</b>												
SLA MCCR ratio	229 %	226 %	221 %	214 %	216 %	240 %	229 %	223 %	216 %	226 %	240 %	217 %
SLF MCCR ratio	249 %	253 %	247 %	225 %	231 %					253 %		
Total debt to total capital ratio	22.6 %	25.2 %	25.6 %	23.5 %	23.7 %	22.1 %	23.4 %	22.3 %	22.6 %	25.2 %	22.1 %	23.6 %
<b>Common Share Information (SLF on TSX)</b>												
High (intraday)	53.25	53.75	43.84	46.12	42.83	45.65	45.44	43.39	42.53	53.75	45.65	43.44
Low (intraday)	46.93	42.06	40.00	40.26	36.64	41.98	36.88	38.56	37.21	36.64	36.88	35.17
Close (end of period)	48.56	51.55	42.69	42.44	41.90	43.15	43.04	41.70	39.03	51.55	43.15	41.92
<b>Number of Common Shares Outstanding (in millions)</b>												
At beginning of period	613.6	612.9	612.8	612.6	612.3	611.2	610.6	611.2	613.1	612.3	613.1	609.4
Common shares issued	0.1	0.7	0.1	0.2	0.3	1.1	0.6	1.6	1.2	1.3	4.5	4.6
Common shares purchased and cancelled	—	—	—	—	—	—	—	(2.2)	(3.1)	—	(5.3)	(0.9)
At end of period	613.7	613.6	612.9	612.8	612.6	612.3	611.2	610.6	611.2	613.6	612.3	613.1
Weighted average shares outstanding - basic	614	613	613	613	612	612	611	612	613	613	612	611
Weighted average shares outstanding - diluted <sup>(1)</sup>	619	619	619	619	618	618	617	618	619	619	618	619
Dividend per common share	0.42	0.42	0.405	0.405	0.39	0.39	0.38	0.38	0.36	1.62	1.51	1.44
Dividend payout ratio <sup>(2)</sup>												
Reported	47 %	36 %	34 %	52 %	44 %	45 %	48 %	32 %	50 %	40 %	43 %	50 %
Underlying	45 %	46 %	39 %	45 %	41 %	37 %	44 %	38 %	43 %	43 %	40 %	49 %
Dividend yield <sup>(3)</sup>	3.3 %	3.5%	3.9%	3.7%	3.9%	3.5%	3.6%	3.8%	3.6%	3.7 %	3.6%	3.7%
<b>Assets Under Management (AUM)</b>												
General funds	160,044	161,071	164,321	159,453	156,849	155,413	151,654	145,472	148,725	161,071	155,413	139,419
Segregated funds	101,055	97,167	95,386	91,463	89,795	91,440	88,248	90,500	89,667	97,167	91,440	83,938
Total Assets	261,099	258,238	259,707	250,916	246,644	246,853	239,902	235,972	238,392	258,238	246,853	223,357
Other Assets Under Management												
Mutual funds	321,790	307,937	307,374	289,000	281,965	296,438	275,959	273,412	274,713	307,937	296,438	240,397
Managed funds & other	370,302	362,513	366,846	349,680	357,193	374,095	354,832	321,871	322,543	362,513	374,095	291,840
Consolidation adjustments	(25,916)	(25,413)	(25,827)	(24,993)	(25,284)	(26,054)	(24,535)	(23,173)	(23,090)	(25,413)	(26,054)	(21,152)
Total Other Assets Under Management <sup>(4)</sup>	666,176	645,037	648,393	613,687	613,874	644,479	606,256	572,110	574,166	645,037	644,479	511,085
Total Assets Under Management	927,275	903,275	908,100	864,603	860,518	891,332	846,158	808,082	812,558	903,275	891,332	734,442
Total Assets Under Administration <sup>(4)</sup>	977,359	960,771	965,040	929,906	914,846	949,280	902,456	858,247	863,138	960,771	949,280	783,109
<b>Select Constant Currency Measures</b>												
Reported net income	572				540							
Sales - Individual Life & Health	349				214							
Sales - Group Life & Health	439				274							
Sales - Wealth <sup>(5)(6)</sup>	38,848				33,203							
Premiums & deposits	43,625				37,826							
Reported earnings per share - Diluted	0.93				0.88							
Assets under management <sup>(4)</sup>	913,086				860,518							

<sup>(1)</sup> The number of diluted shares outstanding reflect the impact of dilution from the Sun Life Exchangeable Capital Securities (SLEECs) under IFRS. Where the calculation of diluted EPS has resulted in anti-dilution, the dilutive impact of the SLEECs has been excluded in the number of weighted average number of shares outstanding.

<sup>(2)</sup> The calculation methodology is based on diluted reported EPS and diluted underlying EPS, respectively.

<sup>(3)</sup> In the fourth quarter of 2016, we changed the calculation methodology and prior periods have been restated. The quarterly dividend yield calculation represents the annualized dividend per share in the quarter over the daily average share price in the quarter. The annual dividend calculation represents the dividend paid in the year over the daily average share price for the year.

<sup>(4)</sup> The assets of our joint ventures are included based on our proportionate equity interest.

<sup>(5)</sup> Excludes the U.S. investment product sales in SLF U.S.'s International wealth business, which was closed to new sales in December 2015.

<sup>(6)</sup> In the second quarter of 2016, we moved our sales reporting methodology for Bentall Kennedy's real estate investment management operations from an investment property activity basis to a client cash flow basis to be consistent with the method used in our existing asset management operations. Prior periods from Q3 2015 have been restated.

**SUN LIFE FINANCIAL INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2017		2016			2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Premiums - life insurance	2,194	2,488	2,249	2,145	2,012	2,180	1,818	1,740	1,724	8,894	7,462	7,003
Premiums - health insurance	2,122	2,052	2,021	1,992	1,844	1,658	1,643	1,572	1,601	7,909	6,474	5,916
Premiums - annuities	417	1,052	667	502	403	1,325	374	791	398	2,624	2,888	2,580
Gross premiums	4,733	5,592	4,937	4,639	4,259	5,163	3,835	4,103	3,723	19,427	16,824	15,499
Ceded premiums	(1,169)	(1,173)	(1,049)	(1,076)	(1,081)	(1,612)	(1,721)	(1,580)	(1,516)	(4,379)	(6,429)	(5,503)
Net premiums	3,564	4,419	3,888	3,563	3,178	3,551	2,114	2,523	2,207	15,048	10,395	9,996
Net investment income (loss)	2,027	(3,495)	2,594	4,616	4,230	578	1,241	(2,134)	3,870	7,945	3,555	11,315
Fee income	1,418	1,442	1,410	1,354	1,374	1,438	1,338	1,293	1,255	5,580	5,324	4,453
<b>Total revenue</b>	<b>7,009</b>	<b>2,366</b>	<b>7,892</b>	<b>9,533</b>	<b>8,782</b>	<b>5,567</b>	<b>4,693</b>	<b>1,682</b>	<b>7,332</b>	<b>28,573</b>	<b>19,274</b>	<b>25,764</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	4,032	4,003	3,654	3,848	3,705	3,679	3,516	3,461	3,430	15,210	14,086	12,816
Change in investment/insurance contract liabilities & reinsurance assets <sup>(1)</sup>	818	(4,093)	2,040	3,883	3,374	551	294	(3,145)	2,984	5,204	684	8,973
Operating expenses, commissions and other expenses	2,386	2,500	2,271	2,188	2,068	2,104	1,939	1,894	1,814	9,027	7,751	7,013
Reinsurance expenses (recoveries)	(1,158)	(1,073)	(1,196)	(1,017)	(1,027)	(1,508)	(1,662)	(1,523)	(1,453)	(4,313)	(6,146)	(5,411)
<b>Total policy benefits and expenses</b>	<b>6,078</b>	<b>1,337</b>	<b>6,769</b>	<b>8,902</b>	<b>8,120</b>	<b>4,826</b>	<b>4,087</b>	<b>687</b>	<b>6,775</b>	<b>25,128</b>	<b>16,375</b>	<b>23,391</b>
<b>Income (loss) before income taxes</b>	<b>931</b>	<b>1,029</b>	<b>1,123</b>	<b>631</b>	<b>662</b>	<b>741</b>	<b>606</b>	<b>995</b>	<b>557</b>	<b>3,445</b>	<b>2,899</b>	<b>2,373</b>
Income tax expense (benefit)	182	201	206	120	92	180	79	245	95	619	599	491
Participating policyholders' net income (loss) and non-controlling interest	175	77	155	7	6	1	21	(2)	(5)	245	15	9
Preferred shareholder dividends	23	23	25	24	24	24	24	26	26	96	100	111
<b>Common shareholders' reported net income (loss)</b>	<b>551</b>	<b>728</b>	<b>737</b>	<b>480</b>	<b>540</b>	<b>536</b>	<b>482</b>	<b>726</b>	<b>441</b>	<b>2,485</b>	<b>2,185</b>	<b>1,762</b>
<b>Common shareholders' underlying net income (loss)</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>	<b>646</b>	<b>528</b>	<b>615</b>	<b>516</b>	<b>2,335</b>	<b>2,305</b>	<b>1,816</b>
Return on equity - reported	11.0 %	14.8 %	15.4 %	10.3 %	11.5 %	11.4 %	10.6 %	16.4 %	10.3 %	13.0 %	12.2 %	11.2 %
Return on equity - underlying	11.5 %	11.4 %	13.4 %	11.9 %	12.4 %	13.8 %	11.6 %	13.9 %	12.1 %	12.2 %	12.8 %	11.6 %
	<b>SOURCES OF EARNINGS - Total Company</b>											
	For the Quarter Ended									For the Year Ended		
	2017		2016			2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Expected profit on in-force business <sup>(2)</sup>	666	707	738	668	674	680	665	672	639	2,787	2,656	2,366
Impact of new business <sup>(2)</sup>	(33)	(19)	(47)	(37)	(62)	(30)	(63)	(39)	(50)	(165)	(182)	(135)
Experience gains (losses)	(16)	167	100	(97)	(54)	84	(98)	252	(49)	116	189	(318)
Assumption changes and management actions	2	17	20	(10)	(17)	(20)	2	22	(58)	10	(54)	277
Other <sup>(3)</sup>	(58)	(24)	(34)	(21)	(7)	(81)	(14)	(25)	(27)	(86)	(147)	(255)
Earnings (loss) on operations (pre-tax)	561	848	777	503	534	633	492	882	455	2,662	2,462	1,935
Earnings on surplus	132	91	126	118	123	112	88	126	109	458	435	396
Earnings (loss) before income taxes	693	939	903	621	657	745	580	1,008	564	3,120	2,897	2,331
Income taxes	(119)	(188)	(141)	(118)	(93)	(185)	(74)	(256)	(97)	(540)	(612)	(458)
Earnings (loss) before preferred share dividends and non-controlling interest	574	751	762	503	564	560	506	752	467	2,580	2,285	1,873
Preferred share dividends and non-controlling interest	(23)	(23)	(25)	(23)	(24)	(24)	(24)	(26)	(26)	(95)	(100)	(111)
<b>Common shareholders' reported net income (loss)</b>	<b>551</b>	<b>728</b>	<b>737</b>	<b>480</b>	<b>540</b>	<b>536</b>	<b>482</b>	<b>726</b>	<b>441</b>	<b>2,485</b>	<b>2,185</b>	<b>1,762</b>
<b>Underlying Net Income Adjustments (post tax):</b>												
Market related impacts	11	162	57	(72)	(40)	(36)	(82)	97	(22)	107	(43)	(123)
Assumption changes and management actions	1	10	54	(8)	(11)	(12)	32	19	(48)	45	(9)	227
Impact of certain hedges that do not qualify for hedge accounting	(2)	8	6	(6)	(13)	10	(10)	6	15	(5)	21	(7)
Fair value adjustments on share-based payment awards at MFS	(12)	10	(7)	20	7	(6)	28	(11)	(20)	30	(9)	(125)
Acquisition, integration and restructuring	(20)	(22)	(12)	(8)	15	(66)	(14)	—	—	(27)	(80)	(26)
	(22)	168	98	(74)	(42)	(110)	(46)	111	(75)	150	(120)	(54)
<b>Common shareholders' underlying net income (loss)</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>	<b>646</b>	<b>528</b>	<b>615</b>	<b>516</b>	<b>2,335</b>	<b>2,305</b>	<b>1,816</b>
<b>EXCHANGE RATES - Average for the period</b>												
U.S. Dollar	1.323	1.335	1.304	1.289	1.373	1.335	1.307	1.229	1.240	1.325	1.278	1.104
U.K. Pound	1.639	1.659	1.711	1.849	1.968	2.025	2.025	1.882	1.878	1.797	1.953	1.818

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

<sup>(2)</sup> Expected profit on in-force business and impact of new business reflect a change in presentation for our U.S. Group Benefits business on a prospective basis as of Q1 2017. Additional details can be found on page 25 of this document.

<sup>(3)</sup> Represents pre-tax adjustments related to certain hedges that do not qualify for hedge accounting, MFS fair value adjustments on share-based payment awards, and acquisition, integration and restructuring amounts.

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

	At the Quarter Ended									At the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Assets</b>												
Cash, cash equivalents and short-term securities	6,939	8,642	7,992	6,544	7,583	8,983	8,052	7,454	6,744	8,642	8,983	6,818
Debt securities	72,875	71,887	76,039	74,035	71,371	69,896	68,386	66,750	70,713	71,887	69,896	66,214
Equity securities	5,798	5,774	5,731	5,445	5,323	5,313	5,232	5,475	5,551	5,774	5,313	5,223
Mortgages and loans	40,875	40,775	39,707	39,497	39,005	39,103	38,274	36,528	35,727	40,775	39,103	33,679
Derivative assets	1,538	1,608	2,910	2,837	2,680	1,866	2,238	1,601	2,378	1,608	1,866	1,839
Other invested assets	3,970	3,931	3,851	3,442	2,993	3,111	2,764	2,717	2,686	3,931	3,111	2,375
Policy loans	3,135	3,141	3,112	3,082	3,097	3,151	3,087	2,998	3,000	3,141	3,151	2,895
Investment properties	6,595	6,592	6,492	6,511	6,446	6,540	6,505	6,372	6,260	6,592	6,540	6,108
<b>Total invested assets</b>	<b>141,725</b>	<b>142,350</b>	<b>145,834</b>	<b>141,393</b>	<b>138,498</b>	<b>137,963</b>	<b>134,538</b>	<b>129,895</b>	<b>133,059</b>	<b>142,350</b>	<b>137,963</b>	<b>125,151</b>
Other assets	4,930	5,109	4,524	4,507	4,747	4,567	4,689	4,485	4,629	5,109	4,567	3,984
Reinsurance assets	5,029	5,144	5,437	5,122	5,080	5,386	5,110	4,653	4,583	5,144	5,386	4,042
Deferred tax assets	1,386	1,448	1,552	1,616	1,589	1,372	1,280	1,246	1,280	1,448	1,372	1,230
Intangible assets	1,678	1,703	1,672	1,595	1,427	1,479	1,455	929	932	1,703	1,479	895
Goodwill	5,296	5,317	5,302	5,220	5,508	4,646	4,582	4,264	4,242	5,317	4,646	4,117
<b>Total general fund assets</b>	<b>160,044</b>	<b>161,071</b>	<b>164,321</b>	<b>159,453</b>	<b>156,849</b>	<b>155,413</b>	<b>151,654</b>	<b>145,472</b>	<b>148,725</b>	<b>161,071</b>	<b>155,413</b>	<b>139,419</b>
Investment for account of segregated fund holders	101,055	97,167	95,386	91,463	89,795	91,440	88,248	90,500	89,667	97,167	91,440	83,938
<b>Total assets</b>	<b>261,099</b>	<b>258,238</b>	<b>259,707</b>	<b>250,916</b>	<b>246,644</b>	<b>246,853</b>	<b>239,902</b>	<b>235,972</b>	<b>238,392</b>	<b>258,238</b>	<b>246,853</b>	<b>223,357</b>
<b>Liabilities and Equity</b>												
Insurance contract liabilities	115,490	115,057	118,750	115,740	112,597	110,227	107,827	104,707	107,966	115,057	110,227	101,228
Investment contract liabilities	3,049	2,913	2,913	2,904	2,896	2,913	2,880	2,842	2,864	2,913	2,913	2,819
Derivative liabilities	2,226	2,512	2,803	2,697	2,796	3,378	3,284	2,167	2,671	2,512	3,378	1,603
Deferred tax liabilities	741	687	634	515	448	405	340	325	217	687	405	155
Other liabilities	11,391	12,399	12,132	12,367	12,100	12,332	11,010	10,264	10,071	12,399	12,332	9,725
Senior debentures	599	599	599	598	1,548	1,548	2,148	2,149	2,149	599	1,548	2,149
Senior debentures - Innovative capital instruments	700	700	700	700	700	700	700	700	700	700	700	700
Subordinated debt	3,037	3,836	3,835	2,841	2,841	2,492	2,692	2,182	2,184	3,836	2,492	2,168
<b>Total general fund liabilities</b>	<b>137,233</b>	<b>138,703</b>	<b>142,366</b>	<b>138,362</b>	<b>135,926</b>	<b>133,995</b>	<b>130,881</b>	<b>125,336</b>	<b>128,822</b>	<b>138,703</b>	<b>133,995</b>	<b>120,547</b>
Insurance contracts for account of segregated fund holders	94,039	90,388	88,388	84,759	82,754	83,670	80,751	82,713	81,821	90,388	83,670	76,736
Investment contracts for account of segregated fund holders	7,016	6,779	6,998	6,704	7,041	7,770	7,497	7,787	7,846	6,779	7,770	7,202
<b>Total liabilities</b>	<b>238,288</b>	<b>235,870</b>	<b>237,752</b>	<b>229,825</b>	<b>225,721</b>	<b>225,435</b>	<b>219,129</b>	<b>215,836</b>	<b>218,489</b>	<b>235,870</b>	<b>225,435</b>	<b>204,485</b>
<b>Total equity</b>	<b>22,811</b>	<b>22,368</b>	<b>21,955</b>	<b>21,091</b>	<b>20,923</b>	<b>21,418</b>	<b>20,773</b>	<b>20,136</b>	<b>19,903</b>	<b>22,368</b>	<b>21,418</b>	<b>18,872</b>
<b>Total liabilities and equity</b>	<b>261,099</b>	<b>258,238</b>	<b>259,707</b>	<b>250,916</b>	<b>246,644</b>	<b>246,853</b>	<b>239,902</b>	<b>235,972</b>	<b>238,392</b>	<b>258,238</b>	<b>246,853</b>	<b>223,357</b>
<b>EXCHANGE RATES - Period end rates</b>												
U.S. Dollar	1.331	1.343	1.313	1.292	1.300	1.384	1.331	1.249	1.269	1.343	1.384	1.162
U.K. Pound	1.670	1.657	1.703	1.720	1.867	2.040	2.014	1.962	1.880	1.657	2.040	1.809



**EQUITY AND CAPITAL**

(C\$ millions)

	At the Quarter Ended									At the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>CHANGES IN COMMON SHAREHOLDERS' EQUITY</b>												
Balance at beginning of period	19,699	19,347	18,641	18,480	18,993	18,352	17,740	17,504	16,474	18,993	16,474	14,724
Common shareholders' reported net income (loss)	551	728	737	480	540	536	482	726	441	2,485	2,185	1,762
Dividends - common shares	(258)	(251)	(248)	(248)	(239)	(233)	(232)	(232)	(221)	(986)	(918)	(869)
Common shares issued, net of expenses	3	25	2	5	7	39	25	61	41	39	166	158
Common shares buyback	—	—	—	—	—	—	—	(92)	(120)	—	(212)	(39)
Share-based compensation	2	1	—	1	2	—	1	1	1	4	3	4
Other <sup>(1)</sup>	—	17	—	—	(47)	—	—	—	—	(30)	—	(4)
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	(97)	189	135	(182)	(776)	442	546	(110)	767	(634)	1,645	663
Unrealized gains (losses) on available-for-sale assets	70	(317)	75	158	70	(59)	(208)	(201)	170	(14)	(298)	219
Unrealized gains (losses) on cash flow hedges	(4)	7	—	(2)	(14)	(2)	—	2	(3)	(9)	(3)	(7)
Share of other comprehensive income (loss) in joint ventures and associates <sup>(2)</sup>	10	(46)	19	(19)	(30)	—	—	—	—	(76)	—	—
Remeasurement of defined benefit plans	(8)	(1)	(14)	(32)	(26)	(82)	(2)	81	(46)	(73)	(49)	(137)
Balance at end of period	<u>19,968</u>	<u>19,699</u>	<u>19,347</u>	<u>18,641</u>	<u>18,480</u>	<u>18,993</u>	<u>18,352</u>	<u>17,740</u>	<u>17,504</u>	<u>19,699</u>	<u>18,993</u>	<u>16,474</u>
Composition of shareholders' accumulated OCI balance <sup>(2)</sup>												
Unrealized foreign currency translation gains (losses), net of hedging activities	1,636	1,733	1,544	1,409	1,591	2,418	1,976	1,430	1,540	1,733	2,418	773
Unrealized gains (losses) on available-for-sale assets	281	211	528	453	295	250	309	517	718	211	250	548
Unrealized gains (losses) on cash flow hedges	(10)	(6)	(13)	(13)	(11)	3	5	5	3	(6)	3	6
Share of other comprehensive income (loss) in joint ventures and associates	10	—	46	27	46	—	—	—	—	—	—	—
Remeasurement of defined benefit plans	(299)	(291)	(290)	(276)	(244)	(218)	(136)	(134)	(215)	(291)	(218)	(169)
Unrealized gains (losses) on transfer to investment properties	6	6	6	6	6	6	6	6	6	6	6	6
Balance at end of period	<u>1,624</u>	<u>1,653</u>	<u>1,821</u>	<u>1,606</u>	<u>1,683</u>	<u>2,459</u>	<u>2,160</u>	<u>1,824</u>	<u>2,052</u>	<u>1,653</u>	<u>2,459</u>	<u>1,164</u>
<b>CAPITAL</b>												
Subordinated debt	3,037	3,836	3,835	2,841	2,841	2,492	2,692	2,182	2,184	3,836	2,492	2,168
SLEECs <sup>(3)</sup>	698	698	698	697	697	697	697	697	697	698	697	697
Participating policyholders' equity and non-controlling interest	586	412	351	193	186	168	164	139	142	412	168	141
Preferred shareholders' equity	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257	2,257
Common shareholders' equity	19,968	19,699	19,347	18,641	18,480	18,993	18,352	17,740	17,504	19,699	18,993	16,474
Total capital	<u>26,546</u>	<u>26,902</u>	<u>26,488</u>	<u>24,629</u>	<u>24,461</u>	<u>24,607</u>	<u>24,162</u>	<u>23,015</u>	<u>22,784</u>	<u>26,902</u>	<u>24,607</u>	<u>21,737</u>
<b>MCCSR RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA</b>												
<b>Capital Available</b>												
Retained earnings and contributed surplus	12,110	11,871	11,425	10,964	10,826	10,831	10,632	10,339	9,991	11,871	10,831	9,791
Accumulated other comprehensive income	1,076	1,143	1,028	912	1,139	1,817	1,570	1,164	1,177	1,143	1,817	600
Common and preferred shares	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196
Innovative instruments	698	698	698	697	697	697	697	697	697	698	697	697
Other	57	56	73	72	73	72	69	62	63	56	72	56
Less:												
Goodwill	2,227	2,242	2,241	2,169	2,366	1,553	1,511	1,444	1,451	2,242	1,553	1,363
Non-life investments and other	3,078	2,876	2,694	2,594	2,500	2,547	2,421	2,517	2,512	2,876	2,547	2,427
Net Tier 1 Capital	<u>11,832</u>	<u>11,846</u>	<u>11,485</u>	<u>11,078</u>	<u>11,065</u>	<u>12,513</u>	<u>12,232</u>	<u>11,497</u>	<u>11,161</u>	<u>11,846</u>	<u>12,513</u>	<u>10,550</u>
Tier 2A	174	142	174	146	156	203	180	277	263	142	203	212
Tier 2B	3,100	3,100	3,100	3,100	2,750	2,750	1,500	1,500	1,500	3,100	2,750	1,500
Tier 2C	2,143	1,977	1,826	1,760	1,801	1,861	1,695	1,751	1,822	1,977	1,861	1,764
Less:												
Non-life investments and other	1,134	1,112	1,107	1,096	948	940	908	932	930	1,112	940	885
Total Tier 2 Capital	<u>4,283</u>	<u>4,107</u>	<u>3,993</u>	<u>3,910</u>	<u>3,759</u>	<u>3,874</u>	<u>2,467</u>	<u>2,596</u>	<u>2,655</u>	<u>4,107</u>	<u>3,874</u>	<u>2,591</u>
Total capital available	<u>16,115</u>	<u>15,953</u>	<u>15,478</u>	<u>14,988</u>	<u>14,824</u>	<u>16,387</u>	<u>14,699</u>	<u>14,093</u>	<u>13,816</u>	<u>15,953</u>	<u>16,387</u>	<u>13,141</u>
<b>Required Capital</b>												
Asset default and market risks	4,074	4,109	3,997	4,063	4,009	4,078	3,937	3,843	3,859	4,109	4,078	3,672
Insurance risks	1,787	1,797	1,815	1,775	1,743	1,646	1,420	1,439	1,470	1,797	1,646	1,375
Interest rate risks	1,165	1,156	1,186	1,154	1,120	1,095	1,060	1,043	1,075	1,156	1,095	1,009
Total capital required	<u>7,026</u>	<u>7,062</u>	<u>6,998</u>	<u>6,992</u>	<u>6,872</u>	<u>6,819</u>	<u>6,417</u>	<u>6,325</u>	<u>6,404</u>	<u>7,062</u>	<u>6,819</u>	<u>6,056</u>
MCCSR ratio	229 %	226 %	221 %	214 %	216 %	240 %	229 %	223 %	216 %	226 %	240 %	217 %

<sup>(1)</sup> Related to the acquisition of non-controlling interests in Sun Life Vietnam in 2016.

<sup>(2)</sup> Beginning in 2016, share of other comprehensive income (loss) in joint ventures and associates is presented separately in OCI. Included in foreign currency translation gains (losses) and unrealized gains (losses) on available-for-sale assets in prior periods.

<sup>(3)</sup> SLEECs, which are innovative capital instruments issued by Sun Life Capital Trust and Sun Life Capital Trust II, are presented net of associated transaction costs. SLEEC securities qualify as capital for Canadian Regulatory purposes.

**DILUTED EARNINGS PER SHARE RECONCILIATION**

	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>WEIGHTED AVERAGE SHARES</b>												
Weighted average shares - basic	614	613	613	613	612	612	611	612	613	613	612	611
Diluted impact of stock options	1	1	1	1	1	1	1	1	1	1	1	2
Weighted average shares - diluted operating	615	614	614	614	613	613	612	613	614	614	613	613
Diluted impact of convertible securities (SLEECs) <sup>(1)</sup>	4	5	5	5	5	5	5	5	5	5	5	6
Weighted average shares - diluted	619	619	619	619	618	618	617	618	619	619	618	619
<b>DILUTED EARNINGS PER SHARE <sup>(2)</sup></b>												
Total common shareholders' reported net income (loss)	551	728	737	480	540	536	482	726	441	2,485	2,185	1,762
Add: Increase in income due to convertible securities (SLEECs) <sup>(3)</sup>	3	2	3	2	3	2	3	2	3	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	554	730	740	482	543	538	485	728	444	2,495	2,195	1,772
Less Adjustments:												
Impact of SLEECs	3	2	3	2	3	2	3	2	3	10	10	10
Market related impacts:												
Net equity market impact	20	26	29	14	(18)	(4)	(122)	(11)	9	51	(128)	44
Net interest rate impact	(24)	130	18	(95)	(19)	(35)	44	97	(41)	34	65	(179)
Net increases (decreases) in the fair value of real estate	15	6	10	9	(3)	(4)	(4)	11	10	22	20	12
	11	162	57	(72)	(40)	(36)	(82)	97	(22)	107	(43)	(123)
Assumption changes and management actions	1	10	54	(8)	(11)	(12)	32	19	(48)	45	(9)	227
Impact of certain hedges that do not qualify for hedge accounting	(2)	8	6	(6)	(13)	10	(10)	6	15	(5)	21	(7)
Impact of fair value adjustments on share-based payment awards at MFS	(12)	10	(7)	20	7	(6)	28	(11)	(20)	30	(9)	(125)
Impact of acquisition, integration and restructuring	(20)	(22)	(12)	(8)	15	(66)	(14)	—	—	(27)	(80)	(26)
Total common shareholders' underlying net income (loss)	573	560	639	554	582	646	528	615	516	2,335	2,305	1,816
Diluted earnings per share - reported	\$ 0.89	\$ 1.18	\$ 1.20	\$ 0.78	\$ 0.88	\$ 0.87	\$ 0.79	\$ 1.18	\$ 0.72	\$ 4.03	\$ 3.55	\$ 2.86
Less Adjustments:												
Impact of SLEECs	\$ —	\$ (0.01)	\$ —	\$ —	\$ —	\$ (0.01)	\$ —	\$ —	\$ —	\$ (0.02)	\$ (0.02)	\$ (0.01)
Market related impacts:												
Net equity market impact	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.02	\$ (0.03)	\$ (0.01)	\$ (0.20)	\$ (0.02)	\$ 0.02	\$ 0.08	\$ (0.21)	\$ 0.07
Net interest rate impact	\$ (0.04)	\$ 0.21	\$ 0.03	\$ (0.15)	\$ (0.03)	\$ (0.05)	\$ 0.07	\$ 0.16	\$ (0.07)	\$ 0.06	\$ 0.11	\$ (0.29)
Net increases (decreases) in the fair value of real estate	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.01	\$ —	\$ 0.01	\$ —	\$ 0.02	\$ 0.02	\$ 0.04	\$ 0.03	\$ 0.02
	\$ 0.01	\$ 0.26	\$ 0.09	\$ (0.12)	\$ (0.06)	\$ (0.05)	\$ (0.13)	\$ 0.16	\$ (0.03)	\$ 0.18	\$ (0.07)	\$ (0.20)
Assumption changes and management actions	\$ —	\$ 0.02	\$ 0.09	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ 0.05	\$ 0.03	\$ (0.08)	\$ 0.07	\$ (0.01)	\$ 0.37
Impact of certain hedges that do not qualify for hedge accounting	\$ —	\$ 0.01	\$ 0.01	\$ (0.01)	\$ (0.02)	\$ 0.02	\$ (0.02)	\$ 0.01	\$ 0.02	\$ (0.01)	\$ 0.03	\$ (0.01)
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.02)	\$ 0.02	\$ (0.01)	\$ 0.03	\$ 0.01	\$ (0.01)	\$ 0.05	\$ (0.02)	\$ (0.03)	\$ 0.05	\$ (0.01)	\$ (0.21)
Impact of acquisition, integration and restructuring	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ 0.02	\$ (0.11)	\$ (0.02)	\$ —	\$ —	\$ (0.04)	\$ (0.13)	\$ (0.04)
Diluted earnings per share - underlying	\$ 0.93	\$ 0.91	\$ 1.04	\$ 0.90	\$ 0.95	\$ 1.05	\$ 0.86	\$ 1.00	\$ 0.84	\$ 3.80	\$ 3.76	\$ 2.96

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

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

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

SLF CANADA  
(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Premiums - life insurance	1,108	1,151	996	1,000	960	1,005	956	916	906	4,107	3,783	3,580
Premiums - health insurance	1,202	1,115	1,105	1,074	1,074	1,032	1,039	1,004	1,030	4,368	4,105	3,951
Premiums - annuities	411	1,049	655	492	389	1,288	345	732	350	2,585	2,715	2,227
Gross premiums	2,721	3,315	2,756	2,566	2,423	3,325	2,340	2,652	2,286	11,060	10,603	9,758
Ceded premiums	(973)	(941)	(911)	(911)	(908)	(1,416)	(1,391)	(1,420)	(1,355)	(3,671)	(5,582)	(5,058)
Net premiums	1,748	2,374	1,845	1,655	1,515	1,909	949	1,232	931	7,389	5,021	4,700
Net investment income (loss)	1,070	(1,492)	1,394	2,106	1,743	640	202	(741)	2,426	3,751	2,527	6,017
Fee income	271	285	253	245	243	276	238	243	241	1,026	998	909
<b>Total revenue</b>	<b>3,089</b>	<b>1,167</b>	<b>3,492</b>	<b>4,006</b>	<b>3,501</b>	<b>2,825</b>	<b>1,389</b>	<b>734</b>	<b>3,598</b>	<b>12,166</b>	<b>8,546</b>	<b>11,626</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	2,261	2,256	1,965	2,158	2,105	2,113	1,978	2,153	2,094	8,484	8,338	7,699
Change in investment/insurance contract liabilities & reinsurance assets	269	(1,734)	1,169	1,701	1,359	1,025	(224)	(1,225)	1,956	2,495	1,532	5,079
Operating expenses, commissions and other expenses	911	874	770	779	727	755	736	717	679	3,150	2,887	2,647
Reinsurance expenses (recoveries)	(904)	(834)	(838)	(829)	(831)	(1,308)	(1,307)	(1,346)	(1,266)	(3,332)	(5,227)	(4,723)
Total policy benefits and expenses	2,537	562	3,066	3,809	3,360	2,585	1,183	299	3,463	10,797	7,530	10,702
<b>Income (loss) before income taxes</b>	<b>552</b>	<b>605</b>	<b>426</b>	<b>197</b>	<b>141</b>	<b>240</b>	<b>206</b>	<b>435</b>	<b>135</b>	<b>1,369</b>	<b>1,016</b>	<b>924</b>
Income tax expense (benefit)	116	135	93	8	(28)	29	58	100	(10)	208	177	129
Participating policyholders' net income (loss)	170	72	149	4	—	1	21	(2)	(5)	225	15	5
<b>Common shareholders' reported net income (loss)</b>	<b>266</b>	<b>398</b>	<b>184</b>	<b>185</b>	<b>169</b>	<b>210</b>	<b>127</b>	<b>337</b>	<b>150</b>	<b>936</b>	<b>824</b>	<b>790</b>
Market related impacts	32	130	13	(5)	(24)	(56)	(51)	70	(69)	114	(106)	(77)
Assumption changes and management actions	7	17	(61)	(4)	(12)	(13)	14	11	3	(60)	15	51
Certain hedges that do not qualify for hedge accounting	(2)	8	6	(6)	(13)	10	(10)	6	15	(5)	21	(7)
Acquisition, integration and restructuring	—	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>229</b>	<b>243</b>	<b>226</b>	<b>200</b>	<b>218</b>	<b>269</b>	<b>174</b>	<b>250</b>	<b>201</b>	<b>887</b>	<b>894</b>	<b>823</b>
Return on equity - reported	13.7 %	20.1 %	9.3 %	9.5 %	8.9 %	11.0 %	6.5 %	17.3 %	7.9 %	12.0 %	10.7 %	10.7 %
Return on equity - underlying	11.8 %	12.3 %	11.5 %	10.3 %	11.4 %	14.1 %	9.0 %	12.8 %	10.6 %	11.4 %	11.6 %	11.2 %
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,748	2,374	1,845	1,655	1,515	1,909	949	1,232	931	7,389	5,021	4,700
Segregated fund deposits	3,196	3,385	2,000	2,622	2,520	2,260	2,360	4,183	2,141	10,527	10,944	8,117
Retail mutual fund deposits (Sun Life Global Investments)	504	463	414	405	453	383	288	322	325	1,735	1,318	750
ASO premium & deposit equivalents	1,538	1,523	1,432	1,467	1,498	1,441	1,452	1,500	1,496	5,920	5,889	5,776
Total	6,986	7,745	5,691	6,149	5,986	5,993	5,049	7,237	4,893	25,571	23,172	19,343
<b>SALES</b>												
Individual Insurance	144	203	102	99	71	100	98	85	67	475	350	303
Individual Wealth	1,733	1,480	1,216	1,192	1,498	1,370	1,244	1,327	1,457	5,386	5,398	4,768
Group Benefits	307	105	106	114	150	78	139	102	167	475	486	540
Group Retirement Services	2,670	3,221	1,520	1,554	1,519	2,215	2,177	3,492	6,599	7,814	14,483	8,998
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	82,171	82,456	83,237	81,640	79,147	78,109	76,256	76,071	76,869	82,456	78,109	73,810
Segregated funds	83,278	79,964	77,679	74,668	72,411	72,633	70,329	71,989	70,966	79,964	72,633	66,859
Other AUM	3,200	2,832	2,547	2,251	2,021	1,818	1,590	1,444	1,264	2,832	1,818	1,020
Total	168,649	165,252	163,463	158,559	153,579	152,560	148,175	149,504	149,099	165,252	152,560	141,689
<b>Sun Life Global Investments (Canada) Inc.</b>												
Gross Sales												
Retail	652	605	537	527	578	478	356	336	325	2,247	1,495	750
Institutional & other <sup>(1)</sup>	790	645	433	790	611	467	457	430	486	2,479	1,840	1,848
	1,442	1,250	970	1,317	1,189	945	813	766	811	4,726	3,335	2,598
Net Sales	820	835	680	958	887	601	512	473	514	3,360	2,100	1,665
Assets under management <sup>(2)</sup>	17,442	16,132	15,374	14,272	12,987	12,281	11,252	10,858	10,524	16,132	12,281	9,526

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

<sup>(2)</sup> Amounts have been updated for prior quarters to reflect a change in consolidation across funds.

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

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016					2015			2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Gross premiums	1,153	1,307	1,009	989	954	1,055	963	897	885	4,259	3,800	3,725
Ceded premiums	(138)	(161)	(128)	(144)	(130)	(154)	(122)	(133)	(122)	(563)	(531)	(493)
Net premiums	1,015	1,146	881	845	824	901	841	764	763	3,696	3,269	3,232
Net investment income (loss)	770	(1,415)	1,051	1,700	1,332	465	170	(790)	1,960	2,668	1,805	4,821
Fee income	98	119	89	85	86	118	87	88	87	379	380	348
<b>Total revenue</b>	<b>1,883</b>	<b>(150)</b>	<b>2,021</b>	<b>2,630</b>	<b>2,242</b>	<b>1,484</b>	<b>1,098</b>	<b>62</b>	<b>2,810</b>	<b>6,743</b>	<b>5,454</b>	<b>8,401</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	815	810	714	730	737	799	732	769	800	2,991	3,100	3,067
Change in investment/insurance contract liabilities & reinsurance assets	272	(1,843)	726	1,503	1,160	298	(18)	(1,208)	1,729	1,546	801	3,850
Operating expenses, commissions and other expenses	541	511	430	433	389	418	417	392	364	1,763	1,591	1,455
Reinsurance expenses (recoveries)	(132)	(99)	(117)	(104)	(105)	(111)	(100)	(116)	(97)	(425)	(424)	(383)
Total policy benefits and expenses	1,496	(621)	1,753	2,562	2,181	1,404	1,031	(163)	2,796	5,875	5,068	7,989
<b>Income (loss) before income taxes</b>	<b>387</b>	<b>471</b>	<b>268</b>	<b>68</b>	<b>61</b>	<b>80</b>	<b>67</b>	<b>225</b>	<b>14</b>	<b>868</b>	<b>386</b>	<b>412</b>
Income tax expense (benefit)	84	108	61	(11)	(24)	(5)	10	46	(28)	134	23	28
Participating policyholders' net income (loss)	170	72	149	4	—	1	21	(2)	(5)	225	15	5
<b>Common shareholders' reported net income (loss)</b>	<b>133</b>	<b>291</b>	<b>58</b>	<b>75</b>	<b>85</b>	<b>84</b>	<b>36</b>	<b>181</b>	<b>47</b>	<b>509</b>	<b>348</b>	<b>379</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,015	1,146	881	845	824	901	841	764	763	3,696	3,269	3,232
Segregated fund deposits	207	193	196	177	197	154	151	144	123	763	572	436
Retail mutual fund deposits (Sun Life Global Investments)	504	463	414	405	453	383	288	322	325	1,735	1,318	750
Total	1,726	1,802	1,491	1,427	1,474	1,438	1,280	1,230	1,211	6,194	5,159	4,418
<b>SALES</b>												
Individual Insurance - Career Sales Force	34	96	52	53	41	59	46	51	39	242	195	181
Individual Insurance - Third-party	110	107	50	46	30	41	52	34	28	233	155	122
Total insurance sales	144	203	102	99	71	100	98	85	67	475	350	303
Individual Wealth - fixed products	394	381	205	206	263	288	256	215	225	1,055	984	1,213
Individual Wealth - mutual funds	1,132	906	815	808	1,040	928	836	979	1,109	3,569	3,852	3,119
Individual Wealth - segregated funds	207	193	196	178	195	154	152	133	123	762	562	436
Total wealth sales	1,733	1,480	1,216	1,192	1,498	1,370	1,244	1,327	1,457	5,386	5,398	4,768
Wealth Manufactured Sales <sup>(1)</sup>	1,084	1,020	766	765	867	796	655	560	550	3,418	2,561	1,963
Other wealth sales	649	460	450	427	631	574	589	767	907	1,968	2,837	2,805
Total wealth sales	1,733	1,480	1,216	1,192	1,498	1,370	1,244	1,327	1,457	5,386	5,398	4,768
Career Sales Force - Career Advisor Network	4,052	4,168	4,054	4,004	4,039	4,101	3,943	3,869	3,875	4,168	4,101	3,929
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	55,146	55,158	56,218	55,148	53,203	52,077	51,252	51,226	52,080	55,158	52,077	49,874
Segregated funds	12,427	12,341	12,343	11,980	11,882	12,280	12,296	12,924	13,361	12,341	12,280	13,018
Other AUM	3,200	2,832	2,547	2,251	2,021	1,818	1,590	1,444	1,264	2,832	1,818	1,020
Total assets under management	70,773	70,331	71,108	69,379	67,106	66,175	65,138	65,594	66,705	70,331	66,175	63,912
Mutual fund dealers' assets	19,460	18,698	18,125	17,328	16,892	16,977	16,388	16,771	16,655	18,698	16,977	15,326
Total assets under administration	90,233	89,029	89,233	86,707	83,998	83,152	81,526	82,365	83,360	89,029	83,152	79,238

(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.

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

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016					2015			2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Gross premiums	1,340	1,238	1,241	1,211	1,220	1,171	1,179	1,149	1,185	4,910	4,684	4,565
Ceded premiums	(749)	(693)	(696)	(679)	(688)	(1,171)	(1,179)	(1,149)	(1,185)	(2,756)	(4,684)	(4,565)
Net premiums	591	545	545	532	532	—	—	—	—	2,154	—	—
Net investment income (loss)	153	(68)	167	200	193	124	76	34	252	492	486	668
Fee income	61	60	58	57	58	58	54	56	56	233	224	195
<b>Total revenue</b>	<b>805</b>	<b>537</b>	<b>770</b>	<b>789</b>	<b>783</b>	<b>182</b>	<b>130</b>	<b>90</b>	<b>308</b>	<b>2,879</b>	<b>710</b>	<b>863</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,049	959	877	995	989	938	894	952	913	3,820	3,697	3,582
Change in investment/insurance contract liabilities & reinsurance assets	72	(119)	147	90	109	6	35	(143)	223	227	121	388
Operating expenses, commissions and other expenses	267	259	247	248	239	240	232	234	224	993	930	861
Reinsurance expenses (recoveries)	(688)	(650)	(636)	(639)	(639)	(1,109)	(1,119)	(1,094)	(1,124)	(2,564)	(4,446)	(4,340)
Total policy benefits and expenses	700	449	635	694	698	75	42	(51)	236	2,476	302	491
<b>Income (loss) before income taxes</b>	<b>105</b>	<b>88</b>	<b>135</b>	<b>95</b>	<b>85</b>	<b>107</b>	<b>88</b>	<b>141</b>	<b>72</b>	<b>403</b>	<b>408</b>	<b>372</b>
Income tax expense (benefit)	24	18	35	24	19	18	20	32	14	96	84	82
<b>Common shareholders' reported net income (loss)</b>	<b>81</b>	<b>70</b>	<b>100</b>	<b>71</b>	<b>66</b>	<b>89</b>	<b>68</b>	<b>109</b>	<b>58</b>	<b>307</b>	<b>324</b>	<b>290</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	591	545	545	532	532	—	—	—	—	2,154	—	—
ASO premium equivalents	1,230	1,221	1,211	1,200	1,198	1,193	1,186	1,149	1,132	4,830	4,660	4,213
Total	1,821	1,766	1,756	1,732	1,730	1,193	1,186	1,149	1,132	6,984	4,660	4,213
<b>SALES</b>	<b>307</b>	<b>105</b>	<b>106</b>	<b>114</b>	<b>150</b>	<b>78</b>	<b>139</b>	<b>102</b>	<b>167</b>	<b>475</b>	<b>486</b>	<b>540</b>
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	13,712	13,790	13,939	13,706	13,442	13,511	13,415	13,278	13,330	13,790	13,511	12,990
<b>SUPPLEMENTAL INFORMATION</b>												
Business in-force	9,801	9,489	9,380	9,280	9,221	9,071	8,994	8,822	8,786	9,489	9,071	8,564

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

	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	228	770	506	366	249	1,099	198	606	216	1,891	2,119	1,468
Ceded premiums	(86)	(87)	(87)	(88)	(90)	(91)	(90)	(138)	(48)	(352)	(367)	—
Net premiums	142	683	419	278	159	1,008	108	468	168	1,539	1,752	1,468
Net investment income (loss)	147	(9)	176	206	218	51	(44)	15	214	591	236	528
Fee income	112	106	106	103	99	100	97	99	98	414	394	366
<b>Total revenue</b>	<b>401</b>	<b>780</b>	<b>701</b>	<b>587</b>	<b>476</b>	<b>1,159</b>	<b>161</b>	<b>582</b>	<b>480</b>	<b>2,544</b>	<b>2,382</b>	<b>2,362</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	397	487	374	433	379	376	352	432	381	1,673	1,541	1,050
Change in investment/insurance contract liabilities & reinsurance assets	(75)	228	296	108	90	721	(241)	126	4	722	610	841
Operating expenses, commissions and other expenses	103	104	93	98	99	97	87	91	91	394	366	331
Reinsurance expenses (recoveries)	(84)	(85)	(85)	(86)	(87)	(88)	(88)	(136)	(45)	(343)	(357)	—
Total policy benefits and expenses	341	734	678	553	481	1,106	110	513	431	2,446	2,160	2,222
<b>Income (loss) before income taxes</b>	<b>60</b>	<b>46</b>	<b>23</b>	<b>34</b>	<b>(5)</b>	<b>53</b>	<b>51</b>	<b>69</b>	<b>49</b>	<b>98</b>	<b>222</b>	<b>140</b>
Income tax expense (benefit)	8	9	(3)	(5)	(23)	16	28	22	4	(22)	70	19
<b>Common shareholders' reported net income (loss)</b>	<b>52</b>	<b>37</b>	<b>26</b>	<b>39</b>	<b>18</b>	<b>37</b>	<b>23</b>	<b>47</b>	<b>45</b>	<b>120</b>	<b>152</b>	<b>121</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	142	683	419	278	159	1,008	108	468	168	1,539	1,752	1,468
Segregated fund deposits	2,989	3,192	1,804	2,445	2,323	2,106	2,209	4,039	2,018	9,764	10,372	7,681
ASO deposit equivalents	308	302	221	267	300	248	266	351	364	1,090	1,229	1,563
Total	3,439	4,177	2,444	2,990	2,782	3,362	2,583	4,858	2,550	12,393	13,353	10,712
<b>SALES</b>												
Sales	2,090	2,555	957	1,042	988	1,528	1,634	2,957	895	5,542	7,014	7,417
Asset consolidation and rollovers	580	666	563	512	531	687	543	535	444	2,272	2,209	1,581
Large case longevity insurance sales	—	—	—	—	—	—	—	—	5,260	—	5,260	—
Total	2,670	3,221	1,520	1,554	1,519	2,215	2,177	3,492	6,599	7,814	14,483	8,998
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	13,313	13,508	13,080	12,786	12,502	12,521	11,589	11,567	11,459	13,508	12,521	10,946
Segregated funds	70,851	67,623	65,336	62,688	60,529	60,353	58,033	59,065	57,605	67,623	60,353	53,841
Total assets under management	84,164	81,131	78,416	75,474	73,031	72,874	69,622	70,632	69,064	81,131	72,874	64,787
<b>ASSETS UNDER ADMINISTRATION</b>												
	92,315	89,248	86,008	82,912	80,365	80,097	76,701	77,937	76,836	89,248	80,097	74,255

**SLF U.S.**

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016					2015			2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Premiums - life insurance	705	739	737	662	596	718	560	569	535	2,734	2,382	2,491
Premiums - health insurance	910	930	907	910	760	616	596	560	561	3,507	2,333	1,940
Premiums - annuities	—	—	7	2	2	24	25	51	43	11	143	325
Gross premiums	1,615	1,669	1,651	1,574	1,358	1,358	1,181	1,180	1,139	6,252	4,858	4,756
Ceded premiums	(140)	(164)	(98)	(147)	(156)	(177)	(153)	(151)	(146)	(565)	(627)	(388)
Net premiums	1,475	1,505	1,553	1,427	1,202	1,181	1,028	1,029	993	5,687	4,231	4,368
Net investment income (loss)	494	(1,203)	475	1,314	1,523	(6)	814	(797)	801	2,109	812	3,089
Fee income	54	56	55	60	57	58	51	50	51	228	210	180
<b>Total revenue</b>	<b>2,023</b>	<b>358</b>	<b>2,083</b>	<b>2,801</b>	<b>2,782</b>	<b>1,233</b>	<b>1,893</b>	<b>282</b>	<b>1,845</b>	<b>8,024</b>	<b>5,253</b>	<b>7,637</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,444	1,399	1,332	1,321	1,199	1,080	1,116	955	987	5,251	4,138	3,773
Change in investment/insurance contract liabilities & reinsurance assets	298	(1,498)	206	1,120	1,266	(120)	648	(1,004)	690	1,094	214	2,808
Operating expenses, commissions and other expenses	477	507	481	453	381	323	300	295	296	1,822	1,214	1,305
Reinsurance expenses (recoveries)	(218)	(184)	(189)	(162)	(182)	(200)	(183)	(170)	(183)	(717)	(736)	(676)
Total policy benefits and expenses	2,001	224	1,830	2,732	2,664	1,083	1,881	76	1,790	7,450	4,830	7,210
<b>Income (loss) before income taxes</b>	<b>22</b>	<b>134</b>	<b>253</b>	<b>69</b>	<b>118</b>	<b>150</b>	<b>12</b>	<b>206</b>	<b>55</b>	<b>574</b>	<b>423</b>	<b>427</b>
Income tax expense (benefit)	(16)	28	(1)	14	20	50	(52)	72	20	61	90	82
Participating policyholders' net income (loss)	1	—	1	1	3	—	—	—	—	5	—	4
<b>Common shareholders' reported net income (loss)</b>	<b>37</b>	<b>106</b>	<b>253</b>	<b>54</b>	<b>95</b>	<b>100</b>	<b>64</b>	<b>134</b>	<b>35</b>	<b>508</b>	<b>333</b>	<b>341</b>
Market related impacts	(7)	32	35	(50)	2	15	(23)	29	9	19	30	(40)
Assumption changes and management actions	(15)	2	98	—	(3)	(10)	(10)	—	(55)	97	(75)	115
Acquisition, integration and restructuring	(18)	(15)	(15)	(10)	(15)	(63)	—	—	—	(55)	(63)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>77</b>	<b>87</b>	<b>135</b>	<b>114</b>	<b>111</b>	<b>158</b>	<b>97</b>	<b>105</b>	<b>81</b>	<b>447</b>	<b>441</b>	<b>266</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,475	1,505	1,553	1,427	1,202	1,181	1,028	1,029	993	5,687	4,231	4,368
Segregated fund deposits	—	—	—	—	1	1	1	7	2	1	11	47
Total	1,475	1,505	1,553	1,427	1,203	1,182	1,029	1,036	995	5,688	4,242	4,415
<b>SALES<sup>(1)</sup></b>												
Group Benefits	121	526	257	157	113	398	154	100	71	1,053	723	669
International - Individual insurance	28	29	28	22	16	29	15	20	14	95	78	105
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	44,892	45,066	47,052	45,740	44,743	42,890	40,407	37,265	39,021	45,066	42,890	34,820
Segregated funds	1,280	1,269	1,301	1,296	1,305	1,379	1,350	1,353	1,465	1,269	1,379	1,363
Other AUM	4,454	4,451	4,690	4,799	5,134	5,653	5,557	5,680	5,847	4,451	5,653	5,373
Total	50,626	50,786	53,043	51,835	51,182	49,922	47,314	44,298	46,333	50,786	49,922	41,556

<sup>(1)</sup> Effective Q1 2016, we no longer report U.S. investment product sales in SLF U.S.'s International wealth business, which was closed to new sales in December 2015.

**SLF U.S.**

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Premiums - life insurance	533	554	565	514	434	536	429	462	432	2,067	1,859	2,261
Premiums - health insurance	688	697	695	706	554	461	456	455	453	2,652	1,825	1,758
Premiums - annuities	—	—	6	1	2	18	19	41	35	9	113	295
Gross premiums	1,221	1,251	1,266	1,221	990	1,015	904	958	920	4,728	3,797	4,314
Ceded premiums	(106)	(123)	(75)	(114)	(114)	(132)	(117)	(122)	(119)	(426)	(490)	(355)
Net premiums	1,115	1,128	1,191	1,107	876	883	787	836	801	4,302	3,307	3,959
Net investment income (loss)	375	(898)	366	1,020	1,109	(4)	625	(646)	670	1,597	645	2,795
Fee income	41	41	42	47	42	44	39	40	41	172	164	163
<b>Total revenue</b>	<b>1,531</b>	<b>271</b>	<b>1,599</b>	<b>2,174</b>	<b>2,027</b>	<b>923</b>	<b>1,451</b>	<b>230</b>	<b>1,512</b>	<b>6,071</b>	<b>4,116</b>	<b>6,917</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,091	1,047	1,022	1,026	873	808	853	777	798	3,968	3,236	3,416
Change in investment/insurance contract liabilities & reinsurance assets	228	(1,119)	160	868	923	(88)	498	(816)	591	832	185	2,551
Operating expenses, commissions and other expenses	360	379	368	352	277	240	229	242	239	1,376	950	1,181
Reinsurance expenses (recoveries)	(165)	(138)	(145)	(126)	(132)	(148)	(140)	(140)	(149)	(541)	(577)	(613)
Total policy benefits and expenses	1,514	169	1,405	2,120	1,941	812	1,440	63	1,479	5,635	3,794	6,535
<b>Income (loss) before income taxes</b>	<b>17</b>	<b>102</b>	<b>194</b>	<b>54</b>	<b>86</b>	<b>111</b>	<b>11</b>	<b>167</b>	<b>33</b>	<b>436</b>	<b>322</b>	<b>382</b>
Income tax expense (benefit)	(12)	22	(1)	11	15	37	(39)	59	14	47	71	74
Participating policyholders' net income (loss)	—	—	1	1	2	(1)	1	—	—	4	—	3
<b>Common shareholders' reported net income (loss)</b>	<b>29</b>	<b>80</b>	<b>194</b>	<b>42</b>	<b>69</b>	<b>75</b>	<b>49</b>	<b>108</b>	<b>19</b>	<b>385</b>	<b>251</b>	<b>305</b>
Market related impacts	(5)	25	27	(40)	1	11	(16)	23	8	13	26	(37)
Assumption changes and management actions	(11)	2	75	—	(2)	(8)	(8)	—	(54)	75	(70)	102
Acquisition, integration and restructuring	(13)	(12)	(11)	(8)	(11)	(46)	—	—	—	(42)	(46)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>58</b>	<b>65</b>	<b>103</b>	<b>90</b>	<b>81</b>	<b>118</b>	<b>73</b>	<b>85</b>	<b>65</b>	<b>339</b>	<b>341</b>	<b>240</b>
Return on equity - reported	3.5 %	9.0 %	22.1 %	4.9 %	8.6 %	11.1 %	7.5 %	16.1 %	2.8 %	11.2 %	9.4 %	11.3 %
Return on equity - underlying	6.9 %	7.3 %	11.7 %	10.4 %	10.2 %	17.4 %	11.2 %	12.7 %	9.7 %	9.9 %	12.8 %	8.9 %
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,115	1,128	1,191	1,107	876	883	787	836	801	4,302	3,307	3,959
Segregated fund deposits	—	—	—	—	1	1	1	5	2	1	9	43
Total	1,115	1,128	1,191	1,107	877	884	788	841	803	4,303	3,316	4,002
<b>SALES <sup>(1)</sup></b>												
Group Benefits	92	394	197	121	82	298	118	81	57	794	554	599
International - Individual insurance	21	21	21	17	12	22	11	16	12	71	61	97
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	33,726	33,556	35,844	35,379	34,366	30,992	30,354	29,833	30,759	33,556	30,992	29,970
Segregated funds	961	945	991	1,003	1,004	997	1,014	1,084	1,155	945	997	1,173
Other AUM	3,346	3,314	3,573	3,714	3,948	4,085	4,174	4,547	4,609	3,314	4,085	4,625
Total	38,033	37,815	40,408	40,096	39,318	36,074	35,542	35,464	36,523	37,815	36,074	35,768

<sup>(1)</sup> Effective Q1 2016, we no longer report U.S. investment product sales in SLF U.S.'s International wealth business, which was closed to new sales in December 2015.



**SLF U.S. - GROUP BENEFITS <sup>(1)</sup>**

(US\$ millions)

	At and For the Quarter Ended								At and For the Year Ended			
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	888	899	897	908	726	622	613	614	616	3,430	2,465	2,405
Ceded premiums	(33)	(35)	2	(31)	(43)	(48)	(40)	(40)	(52)	(107)	(180)	(182)
Net premiums	855	864	899	877	683	574	573	574	564	3,323	2,285	2,223
Net investment income (loss)	63	(58)	63	122	109	25	31	1	57	236	114	161
Fee income	20	17	12	16	7	2	3	2	3	52	10	10
<b>Total revenue</b>	<b>938</b>	<b>823</b>	<b>974</b>	<b>1,015</b>	<b>799</b>	<b>601</b>	<b>607</b>	<b>577</b>	<b>624</b>	<b>3,611</b>	<b>2,409</b>	<b>2,394</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	681	646	688	706	553	481	468	446	423	2,593	1,818	1,783
Change in investment/insurance contract liabilities & reinsurance assets	(12)	(105)	16	46	50	(13)	(3)	(25)	19	7	(22)	221
Operating expenses, commissions and other expenses	292	292	286	283	215	160	162	163	166	1,076	651	685
Reinsurance expenses (recoveries)	(32)	(33)	(34)	(43)	(54)	(62)	(44)	(41)	(42)	(164)	(189)	(208)
Total policy benefits and expenses	929	800	956	992	764	566	583	543	566	3,512	2,258	2,481
<b>Income (loss) before income taxes</b>	<b>9</b>	<b>23</b>	<b>18</b>	<b>23</b>	<b>35</b>	<b>35</b>	<b>24</b>	<b>34</b>	<b>58</b>	<b>99</b>	<b>151</b>	<b>(87)</b>
Income tax expense (benefit)	1	3	4	12	7	12	8	12	20	26	52	(32)
<b>Common shareholders' reported net income (loss)</b>	<b>8</b>	<b>20</b>	<b>14</b>	<b>11</b>	<b>28</b>	<b>23</b>	<b>16</b>	<b>22</b>	<b>38</b>	<b>73</b>	<b>99</b>	<b>(55)</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	855	864	899	877	683	574	573	574	564	3,323	2,285	2,223
<b>ASSETS UNDER MANAGEMENT</b>												
General Funds	7,379	7,409	7,609	7,685	7,563	4,879	4,965	4,900	4,914	7,409	4,879	4,746
<b>SALES <sup>(2)</sup></b>												
Employee Benefits	60	225	100	66	45	91	58	27	26	436	202	266
Medical Stop-Loss	32	169	97	55	37	207	60	54	31	358	352	333
Total	92	394	197	121	82	298	118	81	57	794	554	599
<b>BUSINESS IN-FORCE <sup>(2)</sup></b>												
Employee Benefits	2,584	2,589	2,611	2,672	2,857	1,426	1,459	1,474	1,477	2,589	1,426	1,525
Medical Stop-Loss	1,204	1,194	1,195	1,177	1,155	1,155	1,055	1,024	1,003	1,194	1,155	1,030
Total	3,788	3,783	3,806	3,849	4,012	2,581	2,514	2,498	2,480	3,783	2,581	2,555

<sup>(1)</sup> Effective March 1, 2016, our results have included Assurant, Inc.'s Employee Benefits acquired business.

<sup>(2)</sup> Our sales and business in-force categories have been changed to employee benefits and medical stop-loss. Employee benefits includes group life, disability, dental and vision insurance products, as well as Disability Reinsurance Management Services, Inc.

**SLF U.S. - INTERNATIONAL**

(US\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016					2015			2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Gross premiums	196	205	227	170	120	240	137	191	150	722	718	1,211
Ceded premiums	(4)	(7)	(7)	(7)	(6)	(9)	(9)	(8)	(5)	(27)	(31)	(30)
Net premiums	192	198	220	163	114	231	128	183	145	695	687	1,181
Net investment income (loss)	89	(261)	84	282	321	(42)	203	(220)	201	426	142	740
Fee income	25	27	29	30	32	38	34	35	35	118	142	150
<b>Total revenue</b>	<b>306</b>	<b>(36)</b>	<b>333</b>	<b>475</b>	<b>467</b>	<b>227</b>	<b>365</b>	<b>(2)</b>	<b>381</b>	<b>1,239</b>	<b>971</b>	<b>2,071</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	64	107	64	67	58	74	102	74	86	296	336	483
Change in investment/insurance contract liabilities & reinsurance assets	189	(220)	66	340	342	72	148	(131)	248	528	337	1,192
Operating expenses, commissions and other expenses	44	57	52	44	43	79	48	54	47	196	228	249
Reinsurance expenses (recoveries)	(1)	(1)	(8)	—	—	—	(2)	—	(3)	(9)	(5)	(19)
Total policy benefits and expenses	296	(57)	174	451	443	225	296	(3)	378	1,011	896	1,905
<b>Income (loss) before income taxes</b>	<b>10</b>	<b>21</b>	<b>159</b>	<b>24</b>	<b>24</b>	<b>2</b>	<b>69</b>	<b>1</b>	<b>3</b>	<b>228</b>	<b>75</b>	<b>166</b>
Income tax expense (benefit)	1	2	2	1	1	2	2	2	1	6	7	5
<b>Common shareholders' reported net income (loss)</b>	<b>9</b>	<b>19</b>	<b>157</b>	<b>23</b>	<b>23</b>	<b>—</b>	<b>67</b>	<b>(1)</b>	<b>2</b>	<b>222</b>	<b>68</b>	<b>161</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	192	198	220	163	114	231	128	183	145	695	687	1,181
Segregated fund deposits	—	—	—	—	1	1	1	5	2	1	9	19
Total	192	198	220	163	115	232	129	188	147	696	696	1,200
<b>SALES<sup>(1)</sup></b>												
Individual insurance	21	21	21	17	12	22	11	16	12	71	61	97
<b>ACCOUNT VALUE</b>												
Individual insurance	7,996	7,835	7,704	7,490	7,343	7,230	7,025	6,941	6,798	7,835	7,230	6,684
Investment products	3,905	3,854	4,130	4,287	4,542	4,711	4,744	5,181	5,299	3,854	4,711	5,338
Total	11,901	11,689	11,834	11,777	11,885	11,941	11,769	12,122	12,097	11,689	11,941	12,022
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	8,620	8,519	9,110	8,742	8,476	8,001	7,952	7,720	7,866	8,519	8,001	7,578
Segregated funds	585	571	594	608	621	626	639	707	764	571	626	791
Other AUM	3,294	3,255	3,506	3,644	3,868	4,003	4,084	4,453	4,513	3,255	4,003	4,523
Total	12,499	12,345	13,210	12,994	12,965	12,630	12,675	12,880	13,143	12,345	12,630	12,892

<sup>(1)</sup> Effective Q1 2016, we no longer report U.S. investment product sales in SLF U.S.'s International wealth business, which was closed to new sales in December 2015.

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

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	137	147	142	143	144	153	154	153	154	576	614	698
Ceded premiums	(69)	(81)	(70)	(76)	(65)	(75)	(68)	(74)	(62)	(292)	(279)	(143)
Net premiums	68	66	72	67	79	78	86	79	92	284	335	555
Net investment income (loss)	223	(579)	219	616	679	13	391	(427)	412	935	389	1,894
Fee income	(4)	(3)	1	1	3	4	2	3	3	2	12	3
<b>Total revenue</b>	<b>287</b>	<b>(516)</b>	<b>292</b>	<b>684</b>	<b>761</b>	<b>95</b>	<b>479</b>	<b>(345)</b>	<b>507</b>	<b>1,221</b>	<b>736</b>	<b>2,452</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	346	294	270	253	262	253	283	257	289	1,079	1,082	1,150
Change in investment/insurance contract liabilities & reinsurance assets	51	(794)	78	482	531	(147)	353	(660)	324	297	(130)	1,138
Operating expenses, commissions and other expenses	24	30	30	25	19	1	19	25	26	104	71	247
Reinsurance expenses (recoveries)	(132)	(104)	(103)	(83)	(78)	(86)	(94)	(99)	(104)	(368)	(383)	(386)
Total policy benefits and expenses	289	(574)	275	677	734	21	561	(477)	535	1,112	640	2,149
<b>Income (loss) before income taxes</b>	<b>(2)</b>	<b>58</b>	<b>17</b>	<b>7</b>	<b>27</b>	<b>74</b>	<b>(82)</b>	<b>132</b>	<b>(28)</b>	<b>109</b>	<b>96</b>	<b>303</b>
Income tax expense (benefit)	(14)	17	(7)	(2)	7	23	(49)	45	(7)	15	12	101
Participating policyholders' net income (loss)	—	—	1	1	2	(1)	1	—	—	4	—	3
<b>Common shareholders' reported net income (loss)</b>	<b>12</b>	<b>41</b>	<b>23</b>	<b>8</b>	<b>18</b>	<b>52</b>	<b>(34)</b>	<b>87</b>	<b>(21)</b>	<b>90</b>	<b>84</b>	<b>199</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	68	66	72	67	79	78	86	79	92	284	335	555
Segregated fund deposits	—	—	—	—	—	—	—	—	—	—	—	24
Total	68	66	72	67	79	78	86	79	92	284	335	579
<b>ACCOUNT VALUE</b>												
Individual insurance - domestic	4,545	4,576	4,592	4,603	4,605	4,613	4,602	4,600	4,588	4,576	4,613	4,579
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	17,727	17,628	19,125	18,952	18,327	18,112	17,437	17,213	17,979	17,628	18,112	17,646
Segregated funds	376	374	397	395	383	371	375	377	391	374	371	382
Other AUM	52	59	67	70	80	82	90	94	96	59	82	102
Total	18,155	18,061	19,589	19,417	18,790	18,565	17,902	17,684	18,466	18,061	18,565	18,130

**SLF ASSET MANAGEMENT**<sup>(1)</sup>

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016			2015			2016	2015	2014		
<b>FINANCIAL SUMMARY</b>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Net investment income	14	(12)	6	(2)	5	3	—	2	(1)	(3)	4	(21)
Fee income	983	1,003	997	953	979	1,007	950	901	869	3,932	3,727	3,046
<b>Total revenue</b>	<b>997</b>	<b>991</b>	<b>1,003</b>	<b>951</b>	<b>984</b>	<b>1,010</b>	<b>950</b>	<b>903</b>	<b>868</b>	<b>3,929</b>	<b>3,731</b>	<b>3,025</b>
<b>Expenses</b>	<b>739</b>	<b>710</b>	<b>725</b>	<b>674</b>	<b>698</b>	<b>723</b>	<b>637</b>	<b>634</b>	<b>622</b>	<b>2,807</b>	<b>2,616</b>	<b>2,202</b>
<b>Income (loss) before income taxes</b>	<b>258</b>	<b>281</b>	<b>278</b>	<b>277</b>	<b>286</b>	<b>287</b>	<b>313</b>	<b>269</b>	<b>246</b>	<b>1,122</b>	<b>1,115</b>	<b>823</b>
Income tax expense (benefit)	87	83	97	104	109	110	109	107	98	393	424	332
<b>Common shareholders' reported net income (loss)</b>	<b>171</b>	<b>198</b>	<b>181</b>	<b>173</b>	<b>177</b>	<b>177</b>	<b>204</b>	<b>162</b>	<b>148</b>	<b>729</b>	<b>691</b>	<b>491</b>
Fair value adjustments on share-based payment awards at MFS	(12)	10	(7)	20	7	(6)	28	(11)	(20)	30	(9)	(125)
Acquisition, integration and restructuring	—	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>183</b>	<b>188</b>	<b>188</b>	<b>153</b>	<b>170</b>	<b>183</b>	<b>176</b>	<b>173</b>	<b>168</b>	<b>699</b>	<b>700</b>	<b>616</b>
<b>Common shareholders' underlying net income (loss)</b>												
MFS	176	179	181	146	164	174	173	173	168	670	688	616
SLIM	7	9	7	7	6	9	3			29	12	
Total	183	188	188	153	170	183	176	173	168	699	700	616
<b>Gross Sales</b>												
MFS	27,303	26,291	28,211	26,848	26,834	22,034	21,518	24,673	28,236	108,184	96,461	91,112
SLIM <sup>(2)</sup>	3,003	3,166	1,812	1,334	1,774	1,564	879	619		8,086	3,062	
Total	30,306	29,457	30,023	28,182	28,608	23,598	22,397	25,292	28,236	116,270	99,523	91,112
<b>Net Sales</b>												
MFS	(14,674)	(12,718)	(1,216)	(1,328)	(1,511)	(6,230)	(11,798)	(2,204)	(229)	(16,773)	(20,461)	1,231
SLIM <sup>(2)</sup>	2,155	2,260	1,296	519	373	(214)	322	429		4,448	537	
Total	(12,519)	(10,458)	80	(809)	(1,138)	(6,444)	(11,476)	(1,775)	(229)	(12,325)	(19,924)	1,231
<b>Assets Under Management</b>												
MFS	586,907	571,593	578,603	549,174	543,980	571,877	537,433	550,219	559,936	571,593	571,877	500,679
SLIM	55,936	53,222	51,106	48,580	57,068	57,761	55,617	8,062		53,222	57,761	
Total	642,843	624,815	629,709	597,754	601,048	629,638	593,050	558,281	559,936	624,815	629,638	500,679

<sup>(1)</sup> SLF Asset Management includes SLIM's assets under management, gross sales and net sales as of the second quarter of 2015. SLIM's assets under management and gross sales were reported in the Corporate segment in Q1 2015 and previous periods.

<sup>(2)</sup> In the second quarter of 2016, we moved our sales reporting methodology for Bentall Kennedy's real estate investment management operations from an investment property activity basis to a client cash flow basis to be consistent with the method used in our existing asset management operations. Prior periods from Q3 2015 have been restated.

**MFS**

(US\$ millions), unless otherwise noted

	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Net investment income	10	(10)	4	(2)	4	1	—	2	(1)	(4)	2	(20)
Fee income	691	696	712	690	664	703	703	732	702	2,762	2,840	2,759
<b>Total revenue</b>	<b>701</b>	<b>686</b>	<b>716</b>	<b>688</b>	<b>668</b>	<b>704</b>	<b>703</b>	<b>734</b>	<b>701</b>	<b>2,758</b>	<b>2,842</b>	<b>2,739</b>
<b>Expenses</b>	<b>512</b>	<b>483</b>	<b>510</b>	<b>480</b>	<b>466</b>	<b>498</b>	<b>467</b>	<b>515</b>	<b>502</b>	<b>1,939</b>	<b>1,982</b>	<b>1,995</b>
<b>Income (loss) before income taxes</b>	<b>189</b>	<b>203</b>	<b>206</b>	<b>208</b>	<b>202</b>	<b>206</b>	<b>236</b>	<b>219</b>	<b>199</b>	<b>819</b>	<b>860</b>	<b>744</b>
Income tax expense (benefit)	65	61	73	79	78	80	82	87	80	291	329	301
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>124</b>	<b>142</b>	<b>133</b>	<b>129</b>	<b>124</b>	<b>126</b>	<b>154</b>	<b>132</b>	<b>119</b>	<b>528</b>	<b>531</b>	<b>443</b>
Fair value adjustments on share-based payment awards at MFS	(9)	7	(5)	15	5	(5)	21	(9)	(16)	22	(9)	(114)
<b>Common shareholders' underlying net income (loss)</b>	<b>133</b>	<b>135</b>	<b>138</b>	<b>114</b>	<b>119</b>	<b>131</b>	<b>133</b>	<b>141</b>	<b>135</b>	<b>506</b>	<b>540</b>	<b>557</b>
<b>MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT</b>												
Opening AUM	211,822	217,103	208,905	203,308	200,463	194,260	205,824	204,041	195,521	200,463	195,521	172,718
Sales	16,059	14,717	16,176	14,414	13,068	12,124	11,885	15,117	16,310	58,375	55,436	56,351
Redemptions	(17,706)	(16,981)	(14,821)	(13,594)	(13,555)	(12,548)	(12,191)	(12,815)	(12,433)	(58,951)	(49,987)	(42,170)
Acquisitions/(dispositions)	—	—	—	—	—	—	—	—	—	—	—	—
Market movement	11,541	(3,017)	6,843	4,777	3,332	6,627	(11,258)	(519)	4,643	11,935	(507)	8,622
Closing AUM	<b>221,716</b>	<b>211,822</b>	<b>217,103</b>	<b>208,905</b>	<b>203,308</b>	<b>200,463</b>	<b>194,260</b>	<b>205,824</b>	<b>204,041</b>	<b>211,822</b>	<b>200,463</b>	<b>195,521</b>
<b>MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT</b>												
Opening AUM	213,787	223,670	216,053	215,010	212,773	209,461	234,668	237,340	235,430	212,773	235,430	240,092
Sales	4,576	4,980	5,463	6,421	6,475	4,384	4,574	4,952	6,469	23,339	20,379	26,156
Redemptions	(14,020)	(12,245)	(7,751)	(8,272)	(7,089)	(8,629)	(13,293)	(9,047)	(10,530)	(35,357)	(41,499)	(39,171)
Acquisitions/(dispositions)	—	—	—	—	—	—	—	—	—	—	—	—
Market movement	14,860	(2,618)	9,905	2,894	2,851	7,557	(16,488)	1,423	5,971	13,032	(1,537)	8,353
Closing AUM	<b>219,203</b>	<b>213,787</b>	<b>223,670</b>	<b>216,053</b>	<b>215,010</b>	<b>212,773</b>	<b>209,461</b>	<b>234,668</b>	<b>237,340</b>	<b>213,787</b>	<b>212,773</b>	<b>235,430</b>
<b>SUPPLEMENTAL INFORMATION</b>												
Pre-tax operating profit margin ratio	36 %	35 %	38 %	35 %	37 %	38 %	40 %	40 %	40 %	36 %	40 %	41 %
Total assets under management	440,919	425,609	440,773	424,958	418,318	413,236	403,721	440,492	441,381	425,609	413,236	430,951
Average net assets	437,570	426,939	437,802	423,038	398,907	420,235	429,514	450,278	436,352	421,730	434,038	425,545
Total gross sales	20,635	19,697	21,639	20,835	19,543	16,508	16,459	20,069	22,779	81,714	75,815	82,507
Total net sales	(11,091)	(9,529)	(933)	(1,031)	(1,101)	(4,669)	(9,025)	(1,793)	(184)	(12,594)	(15,671)	1,166
Liability for share-based compensation <sup>(1)</sup>	551	533	555	550	652	696	747	796	829	533	696	827
Diluted EPS impact - liability for share-based compensation <sup>(2)</sup>	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.03	\$0.00	\$0.06	\$0.04	\$0.02
U.S. GAAP net income	140	142	148	122	127	141	145	155	148	539	589	609
Dividends paid to SLF	102	103	106	87	91	100	102	108	104	387	414	426

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

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

SLF ASIA  
(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Gross premiums	365	573	494	464	440	440	278	232	261	1,971	1,211	837
Ceded premiums	(50)	(62)	(34)	(10)	(11)	(11)	(11)	(9)	(9)	(117)	(40)	(33)
Net premiums	315	511	460	454	429	429	267	223	252	1,854	1,171	804
Net investment income (loss)	281	(470)	211	553	467	(21)	(20)	(159)	252	761	52	832
Fee income	97	87	93	81	80	81	77	75	73	341	306	230
<b>Total revenue</b>	<b>693</b>	<b>128</b>	<b>764</b>	<b>1,088</b>	<b>976</b>	<b>489</b>	<b>324</b>	<b>139</b>	<b>577</b>	<b>2,956</b>	<b>1,529</b>	<b>1,866</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	192	198	200	199	192	252	238	169	157	789	816	601
Change in investment/insurance contract liabilities & reinsurance assets	259	(357)	398	638	502	(47)	(167)	(276)	198	1,181	(292)	524
Operating expenses, commissions and other expenses	203	274	229	190	180	208	167	149	149	873	673	535
Reinsurance expenses (recoveries)	(55)	(59)	(172)	(25)	(6)	(8)	(5)	(8)	(6)	(262)	(27)	(19)
Total policy benefits and expenses	599	56	655	1,002	868	405	233	34	498	2,581	1,170	1,641
<b>Income (loss) before income taxes</b>	<b>94</b>	<b>72</b>	<b>109</b>	<b>86</b>	<b>108</b>	<b>84</b>	<b>91</b>	<b>105</b>	<b>79</b>	<b>375</b>	<b>359</b>	<b>225</b>
Income tax expense (benefit)	17	9	12	16	14	11	14	12	11	51	48	43
Participating policyholders' net income (loss) and non-controlling interest	4	5	5	2	3	—	—	—	—	15	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>73</b>	<b>58</b>	<b>92</b>	<b>68</b>	<b>91</b>	<b>73</b>	<b>77</b>	<b>93</b>	<b>68</b>	<b>309</b>	<b>311</b>	<b>182</b>
Market related impacts	(6)	6	5	(13)	(11)	7	(17)	19	10	(13)	19	(12)
Assumption changes and management actions	—	(9)	4	(4)	3	14	27	3	(4)	(6)	40	20
Acquisition, integration and restructuring	—	(1)	3	—	31	—	—	—	—	33	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>79</b>	<b>62</b>	<b>80</b>	<b>85</b>	<b>68</b>	<b>52</b>	<b>67</b>	<b>71</b>	<b>62</b>	<b>295</b>	<b>252</b>	<b>174</b>
Return on equity - reported	6.9 %	5.5 %	9.0 %	7.2 %	10.0 %	8.1 %	9.0 %	11.1 %	8.5 %	7.9 %	9.2 %	6.8 %
Return on equity - underlying	7.4 %	5.8 %	7.8 %	9.0 %	7.6 %	5.6 %	7.8 %	8.4 %	7.7 %	7.5 %	7.4 %	6.5 %
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	315	511	460	454	429	429	267	223	252	1,854	1,171	804
Segregated fund deposits	221	281	271	185	181	228	233	263	236	918	960	950
Mutual fund sales <sup>(1)</sup>	2,428	2,237	1,612	1,028	865	1,033	1,076	1,020	1,582	5,742	4,711	3,645
Managed fund sales	336	450	322	278	201	262	297	295	224	1,251	1,078	955
ASO deposits (pension administration)	180	182	191	278	292	329	306	281	273	943	1,189	972
Total	3,480	3,661	2,856	2,223	1,968	2,281	2,179	2,082	2,567	10,708	9,109	7,326
<b>ASSETS UNDER MANAGEMENT <sup>(2)</sup></b>												
General funds	15,327	15,103	15,362	14,528	13,583	13,551	12,915	12,456	12,922	15,103	13,551	11,568
Segregated funds	4,859	4,605	4,716	4,268	4,157	4,278	3,899	4,022	3,970	4,605	4,278	3,383
Other AUM	37,076	33,761	32,688	29,616	26,697	29,017	26,290	25,462	24,805	33,761	29,017	20,750
Total	57,262	53,469	52,766	48,412	44,437	46,846	43,104	41,940	41,697	53,469	46,846	35,701
<b>ASSETS UNDER ADMINISTRATION</b>	<b>74,808</b>	<b>70,229</b>	<b>70,109</b>	<b>75,445</b>	<b>69,267</b>	<b>75,274</b>	<b>70,537</b>	<b>68,029</b>	<b>67,850</b>	<b>70,229</b>	<b>75,274</b>	<b>60,706</b>
<b>SALES - Proportionate ownership <sup>(3)</sup></b>												
Individual life insurance												
Philippines	38	53	51	38	37	49	45	46	38	179	178	133
Hong Kong	42	76	54	49	38	57	30	24	33	217	144	124
Indonesia	15	18	15	12	12	14	9	11	11	57	45	41
India	41	23	17	12	16	8	8	6	15	68	37	40
China	17	17	11	15	12	9	9	10	12	55	40	49
Vietnam	3	3	2	1	3	1	5	2	1	9	9	7
Malaysia	10	10	12	12	9	9	8	10	8	43	35	28
<b>Total life insurance sales</b>	<b>166</b>	<b>200</b>	<b>162</b>	<b>139</b>	<b>127</b>	<b>147</b>	<b>114</b>	<b>109</b>	<b>118</b>	<b>628</b>	<b>488</b>	<b>422</b>
<b>Total group life &amp; health insurance sales</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>11</b>	<b>15</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>32</b>	<b>47</b>	<b>29</b>
<b>Total wealth sales <sup>(1)(4)</sup></b>	<b>2,897</b>	<b>3,092</b>	<b>2,402</b>	<b>1,777</b>	<b>1,578</b>	<b>1,706</b>	<b>1,571</b>	<b>1,605</b>	<b>2,188</b>	<b>8,849</b>	<b>7,070</b>	<b>5,648</b>
<b>Constant Currency Sales <sup>(5)</sup></b>												
Individual life insurance	176	209	170	147	127							
Wealth	3,011	3,201	2,524	1,882	1,578							

<sup>(1)</sup> Includes Birla Sun Life Asset Management Company's equity and fixed income mutual funds sales based on our proportionate equity interest (49%).

<sup>(2)</sup> This includes the general fund assets and segregated fund assets of our insurance businesses, Birla Sun Life Asset Management Company AUM, Sun Life Everbright Asset Management AUM, Hong Kong wealth assets and Philippines mutual and managed funds based on our proportionate equity interest.

<sup>(3)</sup> Includes the sales in the Company's joint ventures and associates with local partners in SLF Asia based on our proportionate equity interest. Sales in Vietnam are included at 100% during Q4 2016 and 75% for the first three quarters of 2016. Indonesia CSL sales are included at 100% beginning Q3 2016 and Birla Sun Life Insurance Company Ltd.'s sales are included at 49% beginning Q2 2016. Indonesia CSL sales, Birla Sun Life Insurance Company Ltd.'s sales and Vietnam's sales were included at 49% prior to Q3 2016, 26% prior to Q2 2016 and 49% prior to Q1 2016, respectively.

<sup>(4)</sup> Includes Hong Kong wealth sales, Philippines mutual and managed fund sales, China individual wealth and group wealth sales from the India and China insurance companies, and Birla Sun Life Asset Management Company's equity and fixed income mutual funds sales based on our proportionate equity interest.

<sup>(5)</sup> Quarterly sales in constant currency are relative to Q1 2016 foreign exchange rates for each of the quarters.

**CORPORATE**

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016					2015			2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b> <sup>(1)</sup>												
<b>Revenue</b>												
Premiums - life insurance	22	25	26	23	25	21	28	27	26	99	102	109
Premiums - health insurance	4	3	5	4	5	6	4	4	6	17	20	11
Premiums - annuities	6	7	5	8	8	13	4	8	5	28	30	28
Gross premiums	32	35	36	35	38	40	36	39	37	144	152	148
Ceded premiums	(6)	(6)	(6)	(8)	(6)	(8)	(166)	—	(6)	(26)	(180)	(24)
Net premiums	26	29	30	27	32	32	(130)	39	31	118	(28)	124
Net investment income (loss)	168	(318)	508	645	492	(38)	245	(439)	392	1,327	160	1,398
Fee income	13	11	12	15	15	16	22	24	21	53	83	88
<b>Total revenue</b>	207	(278)	550	687	539	10	137	(376)	444	1,498	215	1,610
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	135	150	157	170	209	234	184	184	192	686	794	743
Change in investment/insurance contract liabilities & reinsurance assets	(8)	(504)	267	424	247	(307)	37	(640)	140	434	(770)	562
Operating expenses, commissions and other expenses	56	135	66	92	82	95	99	99	68	375	361	324
Reinsurance expenses (recoveries)	19	4	3	(1)	(8)	8	(167)	1	2	(2)	(156)	7
Total policy benefits and expenses	202	(215)	493	685	530	30	153	(356)	402	1,493	229	1,636
<b>Income (loss) before income taxes</b>	5	(63)	57	2	9	(20)	(16)	(20)	42	5	(14)	(26)
Income tax expense (benefit)	(22)	(54)	5	(22)	(23)	(20)	(50)	(46)	(24)	(94)	(140)	(95)
Preferred shareholder dividends	23	23	25	24	24	24	24	26	26	96	100	111
<b>Common shareholders' reported net income (loss)</b>	4	(32)	27	—	8	(24)	10	—	40	3	26	(42)
Market related impacts	(8)	(6)	4	(4)	(7)	(2)	9	(21)	28	(13)	14	6
Assumption changes and management actions	9	—	13	—	1	(3)	1	5	8	14	11	41
Acquisition, integration and restructuring	(2)	(6)	—	2	(1)	(3)	(14)	—	—	(5)	(17)	(26)
<b>Common shareholders' underlying net income (loss)</b>	5	(20)	10	2	15	(16)	14	16	4	7	18	(63)
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	26	29	30	27	32	32	(130)	39	31	118	(28)	124
Segregated fund deposits	20	25	23	27	29	34	32	34	32	104	132	135
Total	46	54	53	54	61	66	(98)	73	63	222	104	259
<b>ASSETS UNDER MANAGEMENT</b> <sup>(2)</sup>												
General funds	13,726	14,169	14,722	13,900	15,617	16,522	18,777	17,647	17,825	14,169	16,522	17,100
Segregated funds	11,638	11,329	11,690	11,231	11,922	13,150	12,670	13,136	13,266	11,329	13,150	12,333
Other AUM <sup>(3)</sup>	(21,397)	(20,822)	(21,241)	(20,733)	(21,026)	(21,647)	(20,231)	(18,758)	(17,686)	(20,822)	(21,647)	(16,737)
Total	3,967	4,676	5,171	4,398	6,513	8,025	11,216	12,025	13,405	4,676	8,025	12,696

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

<sup>(2)</sup> SLIM's AUM was reported in the Corporate Segment in Q1 2015 and previous periods.

<sup>(3)</sup> Includes consolidation adjustments for assets managed by one area of the Company on behalf of another, and Other AUM not included in other business segments.

## CORPORATE

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS - SLF United Kingdom (U.K.)</b>												
<b>Revenue</b>												
Gross premiums	20	22	21	25	29	26	28	31	29	97	114	124
Ceded premiums	(4)	(5)	(4)	(5)	(5)	(6)	(5)	1	(5)	(19)	(15)	(18)
Net premiums	16	17	17	20	24	20	23	32	24	78	99	106
Net investment income (loss)	171	(304)	505	582	422	(29)	176	(428)	354	1,205	73	1,274
Fee income	30	30	32	33	34	37	40	35	38	129	150	145
<b>Total revenue</b>	<b>217</b>	<b>(257)</b>	<b>554</b>	<b>635</b>	<b>480</b>	<b>28</b>	<b>239</b>	<b>(361)</b>	<b>416</b>	<b>1,412</b>	<b>322</b>	<b>1,525</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	139	133	140	159	171	175	167	167	171	603	680	672
Change in investment/insurance contract liabilities & reinsurance assets	3	(430)	275	402	229	(215)	(33)	(591)	135	476	(704)	521
Operating expenses, commissions and other expenses	26	28	29	30	35	37	36	34	35	122	142	148
Reinsurance expenses (recoveries)	(3)	(1)	(3)	(4)	(5)	(3)	(3)	(4)	(5)	(13)	(15)	(16)
Total policy benefits and expenses	165	(270)	441	587	430	(6)	167	(394)	336	1,188	103	1,325
<b>Income (loss) before income taxes</b>	<b>52</b>	<b>13</b>	<b>113</b>	<b>48</b>	<b>50</b>	<b>34</b>	<b>72</b>	<b>33</b>	<b>80</b>	<b>224</b>	<b>219</b>	<b>200</b>
Income tax expense (benefit)	7	(13)	27	16	10	12	2	(4)	9	40	19	26
<b>Common shareholders' reported net income (loss)</b>	<b>45</b>	<b>26</b>	<b>86</b>	<b>32</b>	<b>40</b>	<b>22</b>	<b>70</b>	<b>37</b>	<b>71</b>	<b>184</b>	<b>200</b>	<b>174</b>
<b>STATEMENTS OF OPERATIONS - Corporate Support<sup>(1)</sup></b>												
<b>Revenue</b>												
Gross premiums	12	13	15	10	9	14	8	8	8	47	38	24
Ceded premiums	(2)	(1)	(2)	(3)	(1)	(2)	(161)	(1)	(1)	(7)	(165)	(6)
Net premiums	10	12	13	7	8	12	(153)	7	7	40	(127)	18
Net investment income (loss)	(3)	(14)	3	63	70	(9)	69	(11)	38	122	87	124
Fee income	(17)	(19)	(20)	(18)	(19)	(21)	(18)	(11)	(17)	(76)	(67)	(57)
<b>Total revenue</b>	<b>(10)</b>	<b>(21)</b>	<b>(4)</b>	<b>52</b>	<b>59</b>	<b>(18)</b>	<b>(102)</b>	<b>(15)</b>	<b>28</b>	<b>86</b>	<b>(107)</b>	<b>85</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	(4)	17	17	11	38	59	17	17	21	83	114	71
Change in investment/insurance contract liabilities & reinsurance assets	(11)	(74)	(8)	22	18	(92)	70	(49)	5	(42)	(66)	41
Operating expenses, commissions and other expenses	30	107	37	62	47	58	63	65	33	253	219	176
Reinsurance expenses (recoveries)	22	5	6	3	(3)	11	(164)	5	7	11	(141)	23
Total policy benefits and expenses	37	55	52	98	100	36	(14)	38	66	305	126	311
<b>Income (loss) before income taxes</b>	<b>(47)</b>	<b>(76)</b>	<b>(56)</b>	<b>(46)</b>	<b>(41)</b>	<b>(54)</b>	<b>(88)</b>	<b>(53)</b>	<b>(38)</b>	<b>(219)</b>	<b>(233)</b>	<b>(226)</b>
Income tax expense (benefit)	(29)	(41)	(22)	(38)	(33)	(32)	(52)	(42)	(33)	(134)	(159)	(121)
Preferred shareholder dividends	23	23	25	24	24	24	24	26	26	96	100	111
<b>Common shareholders' reported net income (loss)</b>	<b>(41)</b>	<b>(58)</b>	<b>(59)</b>	<b>(32)</b>	<b>(32)</b>	<b>(46)</b>	<b>(60)</b>	<b>(37)</b>	<b>(31)</b>	<b>(181)</b>	<b>(174)</b>	<b>(216)</b>

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



**INVESTMENTS**
**DEBT & EQUITY SECURITIES**

	As at March 31, 2017				As at December 31, 2016				As at March 31, 2016			
	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade
<b>DEBT SECURITIES</b>												
<b>Debt Securities by Sector</b>												
Debt Securities Issued or Guaranteed By:												
Canadian Federal Government	3,117	1,801	4,918	100 %	3,117	1,654	4,771	100 %	2,263	1,665	3,928	100 %
Canadian Provincial and Municipal Government	11,621	1,200	12,821	100 %	11,452	1,148	12,600	100 %	11,562	932	12,494	100 %
U.S. Government and Other U.S. Agency	1,108	625	1,733	100 %	1,198	692	1,890	100 %	1,359	420	1,779	100 %
Other Government	5,659	771	6,430	95 %	5,578	766	6,344	94 %	5,831	741	6,572	95 %
Total Government issued or guaranteed debt securities	21,505	4,397	25,902	99 %	21,345	4,260	25,605	99 %	21,015	3,758	24,773	99 %
Corporate Debt Securities by Industry Sector:												
Financials <sup>(1)</sup>	8,030	1,622	9,652	99 %	7,757	1,546	9,303	99 %	7,918	1,744	9,662	98 %
Utilities	6,709	550	7,259	99 %	6,641	560	7,201	99 %	6,750	623	7,373	99 %
Consumer discretionary	2,548	632	3,180	96 %	2,465	693	3,158	96 %	2,602	848	3,450	94 %
Industrials	4,144	700	4,844	99 %	4,103	708	4,811	99 %	4,113	747	4,860	98 %
Consumer staples	2,229	393	2,622	95 %	2,253	442	2,695	95 %	2,307	545	2,852	96 %
Telecommunication services	1,809	308	2,117	98 %	1,786	288	2,074	98 %	1,978	359	2,337	98 %
Energy	3,820	493	4,313	97 %	3,900	516	4,416	96 %	3,695	685	4,380	95 %
Real Estate <sup>(1)</sup>	2,055	358	2,413	99 %	1,977	324	2,301	99 %	1,941	388	2,329	94 %
Materials	1,232	250	1,482	90 %	1,203	263	1,466	90 %	1,224	296	1,520	92 %
Other	2,358	545	2,903	99 %	2,368	543	2,911	99 %	2,195	607	2,802	98 %
Total Corporate debt securities	34,934	5,851	40,785	98 %	34,453	5,883	40,336	98 %	34,723	6,842	41,565	97 %
Asset Backed Securities												
Government and agency	1,499	664	2,163	100 %	1,353	590	1,943	100 %	948	390	1,338	100 %
Other	2,374	1,651	4,025	90 %	2,315	1,688	4,003	88 %	2,169	1,526	3,695	84 %
Total asset backed securities	3,873	2,315	6,188	93 %	3,668	2,278	5,946	92 %	3,117	1,916	5,033	88 %
Total debt securities	60,312	12,563	72,875	98 %	59,466	12,421	71,887	98 %	58,855	12,516	71,371	97 %
<b>Debt Securities by Investment Rating</b>												
AAA	8,251	4,695	12,946		8,128	4,567	12,695		8,750	4,369	13,119	
AA	12,365	1,804	14,169		11,905	1,727	13,632		10,687	1,081	11,768	
A	20,875	2,929	23,804		20,798	2,914	23,712		20,696	3,402	24,098	
BBB	17,595	2,771	20,366		17,347	2,778	20,125		17,191	3,078	20,269	
BB and lower	1,226	364	1,590		1,288	435	1,723		1,531	586	2,117	
Total debt securities	60,312	12,563	72,875		59,466	12,421	71,887		58,855	12,516	71,371	
<b>EQUITY SECURITIES</b>												
<b>Stocks</b>												
Canada	3,243	36	3,279		3,404	37	3,441		2,986	42	3,028	
United States	771	562	1,333		757	538	1,295		745	587	1,332	
United Kingdom	124	5	129		126	5	131		107	5	112	
Other	862	195	1,057		729	178	907		673	178	851	
Total equity securities	5,000	798	5,798		5,016	758	5,774		4,511	812	5,323	

<sup>(1)</sup> During the third quarter of 2016, certain Real Estate debt securities were moved out from the Financials sector and classified under their own category. Prior periods were also restated.

**PROPERTIES, MORTGAGES & LOANS**

	As at March 31, 2017			As at December 31, 2016			As at March 31, 2016		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
<b>PROPERTIES</b>									
Canada	4,711	174	4,885	4,713	175	4,888	4,546	180	4,726
United States	1,809	72	1,881	1,806	73	1,879	1,810	72	1,882
United Kingdom	75	—	75	73	—	73	90	—	90
Other	—	39	39	—	43	43	—	47	47
Total properties	6,595	285	6,880	6,592	291	6,883	6,446	299	6,745

	As at March 31, 2017			As at December 31, 2016			As at March 31, 2016		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
<b>MORTGAGES &amp; LOANS</b>									
Retail	—	4,424	4,424	—	4,480	4,480	—	4,573	4,573
Office	—	4,448	4,448	—	4,408	4,408	—	4,258	4,258
Multi-family residential	2,815	1,376	4,191	2,782	1,398	4,180	2,525	1,348	3,873
Industrial and land	—	1,686	1,686	—	1,725	1,725	—	1,724	1,724
Other	179	412	591	154	449	603	162	446	608
Total Mortgages	2,994	12,346	15,340	2,936	12,460	15,396	2,687	12,349	15,036
Corporate Loans			25,535			25,379			23,969
Total mortgages & loans			40,875			40,775			39,005

	As at March 31, 2017			As at December 31, 2016			As at March 31, 2016		
	Impaired Loans	Allowances for Losses		Impaired Loans	Allowances for Losses		Impaired Loans	Allowances for Losses	
	Carrying Value	Specific	Sectoral	Carrying Value	Specific	Sectoral	Carrying Value	Specific	Sectoral
<b>Mortgage and Loans - Impairments/Allowances</b>									
Mortgages	38	2	21	39	2	21	90	21	20
Loans	97	31	—	7	7	—	8	8	—
Total mortgage and loan impairments/allowances	135	33	21	46	9	21	98	29	20

	As at March 31, 2017		As at December 31, 2016		As at March 31, 2016	
	Total	Net	Total	Net	Total	Net
	Notional Amount	Fair Value Amount	Notional Amount	Fair Value Amount	Notional Amount	Fair Value Amount
<b>DERIVATIVES</b>						
Interest rate contracts	33,726	831	33,655	826	34,175	1,752
Foreign exchange contracts	16,538	(1,589)	16,525	(1,829)	17,706	(1,885)
Equity and other contracts	4,027	70	4,170	99	4,377	17
Total derivatives	54,291	(688)	54,350	(904)	56,258	(116)
Over the counter	48,426	(707)	48,289	(931)	50,596	(139)
Exchange traded	5,865	19	6,061	27	5,662	23
Total	54,291	(688)	54,350	(904)	56,258	(116)

## CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	For the Quarter ended - Q1 2017						U.S. Dollars	
	Canadian Dollars							
	SLF Canada	SLF U.S.	SLF Asset Management	SLF Asia	Corporate	Total Company	SLF U.S.	MFS
Expected profit on in-force business	199	138	284	84	(39)	666	103	209
Impact of new business	15	(22)	—	(26)	—	(33)	(17)	—
Experience gains (losses)	53	(77)	—	(11)	19	(16)	(55)	—
Assumption changes and management actions	10	(17)	—	—	9	2	(13)	—
Other <sup>(1)</sup>	(2)	(27)	(26)	—	(3)	(58)	(13)	(20)
Earnings (loss) on operations (pre-tax)	275	(5)	258	47	(14)	561	5	189
Earnings on surplus	47	26	—	43	16	132	19	—
Earnings (loss) before income taxes	322	21	258	90	2	693	24	189
Income taxes	(56)	16	(87)	(17)	25	(119)	5	(65)
Earnings (loss) before preferred share dividends and non-controlling interest	266	37	171	73	27	574	29	124
Preferred share dividends and non-controlling interest	—	—	—	—	(23)	(23)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>266</b>	<b>37</b>	<b>171</b>	<b>73</b>	<b>4</b>	<b>551</b>	<b>29</b>	<b>124</b>
Underlying Net Income Adjustments (post tax):								
Market related impacts	32	(7)	—	(6)	(8)	11	(5)	—
Assumption changes and management actions	7	(15)	—	—	9	1	(11)	—
Impact of certain hedges that do not qualify for hedge accounting	(2)	—	—	—	—	(2)	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(12)	—	—	(12)	—	(9)
Acquisition, integration and restructuring	—	(18)	—	—	(2)	(20)	(13)	—
	37	(40)	(12)	(6)	(1)	(22)	(29)	(9)
<b>Common shareholders' underlying net income (loss)</b>	<b>229</b>	<b>77</b>	<b>183</b>	<b>79</b>	<b>5</b>	<b>573</b>	<b>58</b>	<b>133</b>

## CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	For the Quarter ended - Q1 2016						U.S. Dollars	
	Canadian Dollars							
	SLF Canada	SLF U.S.	SLF Asset Management	SLF Asia	Corporate	Total Company	SLF U.S.	MFS
Expected profit on in-force business <sup>(2)</sup>	184	121	286	77	(17)	651	88	202
Impact of new business <sup>(2)</sup>	1	(22)	—	(18)	—	(39)	(16)	—
Experience gains (losses)	(57)	17	—	(20)	6	(54)	14	—
Assumption changes and management actions	(16)	(4)	—	3	—	(17)	(3)	—
Other <sup>(1)</sup>	(13)	(23)	—	31	(2)	(7)	(17)	—
Earnings (loss) on operations (pre-tax)	99	89	286	73	(13)	534	66	202
Earnings on surplus	54	25	—	32	12	123	17	—
Earnings (loss) before income taxes	153	114	286	105	(1)	657	83	202
Income taxes	16	(19)	(109)	(14)	33	(93)	(14)	(78)
Earnings (loss) before preferred share dividends and non-controlling interest	169	95	177	91	32	564	69	124
Preferred share dividends and non-controlling interest	—	—	—	—	(24)	(24)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>169</b>	<b>95</b>	<b>177</b>	<b>91</b>	<b>8</b>	<b>540</b>	<b>69</b>	<b>124</b>
Underlying Net Income Adjustments (post tax):								
Market related impacts	(24)	2	—	(11)	(7)	(40)	1	—
Assumption changes and management actions	(12)	(3)	—	3	1	(11)	(2)	—
Impact of certain hedges that do not qualify for hedge accounting	(13)	—	—	—	—	(13)	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	7	—	—	7	—	5
Acquisition, integration and restructuring	—	(15)	—	31	(1)	15	(11)	—
	(49)	(16)	7	23	(7)	(42)	(12)	5
<b>Common shareholders' underlying net income (loss)</b>	<b>218</b>	<b>111</b>	<b>170</b>	<b>68</b>	<b>15</b>	<b>582</b>	<b>81</b>	<b>119</b>

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

<sup>(2)</sup> Q1 2016 expected profit on in-force business and impact of new business have been updated to reflect a change in presentation for our U.S. Group Benefits business effective Q1 2017. Amounts in expected profit on in-force business and impact of new business in Q1 2016 were previously \$144 million and (\$45) million for SLF U.S. and \$674 million and \$(62) million for the Total Company, respectively, a net change of \$23 million.

**CONSOLIDATED SOURCES OF EARNINGS - SUPPLEMENTAL INFORMATION**
**CONSOLIDATED SOURCES OF EARNINGS - Updated for U.S. Group Benefits Presentation Change Effective Q1 2017**

The expected profit on in-force business and impact of new business for the quarters in 2016 have been updated to reflect a change in presentation for our U.S. Group Benefits business effective Q1 2017. This aligns our methodology for new business strain between our legacy group business in the U.S. and the acquired employee benefits business of Assurant, Inc.

(C\$ millions)	For the Quarter Ended				
	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Expected profit on in-force business	666	679	712	644	651
Impact of new business	(33)	9	(21)	(13)	(39)
Experience gains (losses)	(16)	167	100	(97)	(54)
Assumption changes and management actions	2	17	20	(10)	(17)
Other <sup>(1)</sup>	(58)	(24)	(34)	(21)	(7)
<b>Earnings (loss) on operations (pre-tax)</b>	<b>561</b>	<b>848</b>	<b>777</b>	<b>503</b>	<b>534</b>
Earnings on surplus	132	91	126	118	123
<b>Earnings (loss) before income taxes</b>	<b>693</b>	<b>939</b>	<b>903</b>	<b>621</b>	<b>657</b>
Income taxes	(119)	(188)	(141)	(118)	(93)
<b>Earnings (loss) before preferred share dividends and non-controlling interest</b>	<b>574</b>	<b>751</b>	<b>762</b>	<b>503</b>	<b>564</b>
Preferred share dividends and non-controlling interest	(23)	(23)	(25)	(23)	(24)
<b>Common shareholders' reported net income (loss)</b>	<b>551</b>	<b>728</b>	<b>737</b>	<b>480</b>	<b>540</b>
Underlying Net Income Adjustments (post tax):					
Market related impacts	11	162	57	(72)	(40)
Assumption changes and management actions	1	10	54	(8)	(11)
Impact of certain hedges that do not qualify for hedge accounting	(2)	8	6	(6)	(13)
Fair value adjustments on share-based payment awards at MFS	(12)	10	(7)	20	7
Acquisition, integration and restructuring	(20)	(22)	(12)	(8)	15
	(22)	168	98	(74)	(42)
<b>Common shareholders' underlying net income (loss)</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>

**MFS SOURCES OF EARNINGS**

This MFS Sources of Earnings is presented for comparability to the reporting in prior periods, with reconciliation details to reported net income.

(US\$ millions)	For the Quarter Ended				
	2017	2016			
	Q1	Q4	Q3	Q2	Q1
Expected profit on in-force business	209	203	222	200	202
Impact of new business	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—
Other	—	—	—	—	—
<b>Earnings (loss) on operations (pre-tax)</b>	<b>209</b>	<b>203</b>	<b>222</b>	<b>200</b>	<b>202</b>
Earnings on surplus	—	—	—	—	—
<b>Earnings (loss) before income taxes</b>	<b>209</b>	<b>203</b>	<b>222</b>	<b>200</b>	<b>202</b>
Income taxes	(68)	(60)	(74)	(78)	(74)
<b>Earnings (loss) before preferred share dividends and non-controlling interest</b>	<b>141</b>	<b>143</b>	<b>148</b>	<b>122</b>	<b>128</b>
Preferred share dividends and non-controlling interest	(8)	(8)	(10)	(8)	(9)
<b>Common shareholders' underlying net income (loss)</b>	<b>133</b>	<b>135</b>	<b>138</b>	<b>114</b>	<b>119</b>
Underlying Net Income Adjustments:					
Fair value adjustments on share-based payment awards (pre-tax)	(20)	—	(16)	8	—
Income taxes	3	(1)	1	(1)	(4)
Non-controlling interest	8	8	10	8	9
	(9)	7	(5)	15	5
<b>Common shareholders' reported net income (loss)</b>	<b>124</b>	<b>142</b>	<b>133</b>	<b>129</b>	<b>124</b>

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

**EXPENSES**

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2017	2016				2015				2016	2015	2014
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES</b>												
Operating expenses	1,598	1,678	1,510	1,443	1,369	1,383	1,245	1,229	1,180	6,000	5,037	4,537
Commissions	617	652	601	579	540	566	534	508	492	2,372	2,100	1,889
Premium taxes	91	90	84	87	78	75	74	73	70	339	292	251
Interest expenses	80	80	76	79	81	80	86	84	72	316	322	336
Total	2,386	2,500	2,271	2,188	2,068	2,104	1,939	1,894	1,814	9,027	7,751	7,013
<b>OPERATING EXPENSES BY BUSINESS GROUP</b>												
SLF Canada	550	509	457	470	435	441	431	428	406	1,871	1,706	1,564
SLF U.S.	239	271	245	228	181	133	146	142	150	925	571	579
SLF Asset Management	539	530	523	510	520	519	468	427	413	2,083	1,827	1,409
SLF Asia	153	201	167	141	134	154	124	111	110	643	499	397
Corporate	61	135	72	79	74	86	72	90	59	360	307	340
Operating expenses excluding the following:	1,542	1,646	1,464	1,428	1,344	1,333	1,241	1,198	1,138	5,882	4,910	4,289
FV adjustments on MFS share-based payment awards <sup>(1)</sup>	26	—	21	(10)	—	22	(12)	31	42	11	83	217
Acquisition, integration and restructuring costs	30	32	25	25	25	28	16	—	—	107	44	31
Total operating expenses	1,598	1,678	1,510	1,443	1,369	1,383	1,245	1,229	1,180	6,000	5,037	4,537
<b>COMMISSIONS BY BUSINESS GROUP</b>												
SLF Canada	250	253	208	200	192	205	197	183	180	853	765	701
SLF U.S.	146	151	155	155	126	125	111	112	107	587	455	472
SLF Asset Management	174	180	180	175	177	182	181	175	167	712	705	576
SLF Asia	49	71	58	47	45	52	43	36	38	221	169	134
Corporate	(2)	(3)	—	2	—	2	2	2	—	(1)	6	6
Total commissions	617	652	601	579	540	566	534	508	492	2,372	2,100	1,889
<b>INTEREST ON BORROWINGS</b>												
Subordinated debt	35	36	32	30	28	30	27	27	27	126	111	115
Liabilities for SLEECs	11	11	11	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	17	16	15	22	26	29	32	31	32	79	124	127
Other <sup>(2)</sup>	17	17	18	16	16	10	16	15	2	67	43	50
Total interest expenses	80	80	76	79	81	80	86	84	72	316	322	336

<sup>(1)</sup> Represent the operating expenses related to fair value adjustments on share-based payment awards at MFS before tax and the adjustment for non-controlling interest.<sup>(2)</sup> Primarily interest on income taxes and real estate encumbrances and interest on liabilities connected to the consolidated special purpose entities.

FINANCIAL STRENGTH AND CAPITAL ADEQUACY

For the period ended March 31, 2017

SUN LIFE ASSURANCE COMPANY OF CANADA

FINANCIAL STRENGTH RATINGS

	<u>A.M. Best</u>	<u>Moody's</u>	<u>Standard &amp; Poor's</u> <sup>(1)</sup>	<u>DBRS</u>
	A+	Aa3	AA-	AA (low)

SECURITY RATINGS

Subordinated Debt (C\$150 million)

a	A2	A+	A (high)
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Sun Life ExchangeEable Capital Securities

Series B

a-	A3	P-1 (low)/A	A
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Series 2009-1

a-	not rated	P-1 (low)/A	A
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A.M. Best

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

Standard & Poor's

DBRS

SUN LIFE FINANCIAL INC.

SECURITY RATINGS

Senior Unsecured Debentures (Series D and E)

a-	not rated	A	A
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Subordinated Debt (C\$2,900 million)

bbb+	not rated	A-	A (low)
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(Series 2007 - 1, 2008 - 1, 2014 - 1, 2015 - 1, 2016 - 1 and 2016 - 2)

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

bbb	Baa2	P-2 (high)/BBB+	Pfd-2
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<sup>(1)</sup> S&P affirmed ratings and revised outlook to positive from stable on March 13, 2017.

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

## General Information

SLF Canada	SLF U.S.	SLF Asset Management	SLF Asia	Corporate
<p>SLF Canada is the Canadian market leader in the group market segments and is a leading provider of retail holistic advice, providing products and services to over six million people across Canada. SLF Canada has three main business units - Individual Insurance and Wealth, Group Benefits and Group Retirement Services - which offer a full range of insurance, wealth and income products and services to employers, group members of company sponsored plans and individuals in their communities across Canada.</p>	<p>SLF U.S. has three business units - Group Benefits, International and In-force Management. Group Benefits provides insurance solutions to employers and employees including group life, disability, medical stop-loss, dental and vision insurance products. Group Benefits also includes Disability Reinsurance Management Services, Inc., which provides turnkey disability risk management products and services to other insurance companies. International serves high net worth clients in international markets, offering individual life insurance products, and manages a closed block of wealth products. In-force Management includes certain closed individual life insurance products, primarily universal life and participating whole life insurance.</p>	<p>SLF Asset Management is our asset management segment composed of MFS and SLIM. MFS is a premier global asset management firm that actively manages assets for retail and institutional investors around the world through mutual and commingled funds, separately managed accounts, institutional products and retirement strategies. SLIM is an institutional investment management business, which delivers customized fixed income solutions, including liability-driven investing and a suite of alternative, yield-oriented asset classes, including private fixed income, real estate and commercial mortgages.</p>	<p>SLF Asia operates through subsidiaries in the Philippines, Hong Kong, Indonesia and Vietnam, as well as through joint ventures and associates with local partners in the Philippines, India, China and Malaysia. We offer individual life insurance products in all seven markets, and group benefits and/or pension and retirement products in the Philippines, China, Hong Kong, India, Malaysia and Vietnam. We have also established asset management companies either directly or through joint ventures and associates in the Philippines, China and India. We distribute these insurance and wealth products to middle- and upper-income individuals, groups and affinity clients through multiple distribution channels.</p>	<p>Corporate includes the results of our United Kingdom business (SLF U.K.) and Corporate Support, which includes the Company's reinsurance businesses, as well as investment income, expenses, capital and other items that have not been allocated to the Company's other business segments. Our Run-off reinsurance business is a closed block of reinsurance assumed from other insurers. SLF U.K. manages a large block of in-force annuity and insurance policies, and focuses on supporting existing clients.</p>
<p><u>Individual Insurance and Wealth</u> Individual life and health insurance Individual savings products Mutual funds</p> <p><u>Group Benefits</u> Group life and health insurance Voluntary benefits products</p> <p><u>Group Retirement Services</u> Defined contribution plans Defined benefit solutions Voluntary savings plans</p>	<p><u>Group Benefits</u> Group life and health insurance Disability insurance Medical stop-loss insurance Dental insurance Vision insurance Disability risk management products and services</p> <p><u>International</u> Individual life insurance Investment wealth products (In-force block only)</p> <p><u>In-Force Management</u> Individual life insurance</p>	<p><u>MFS</u> Mutual Funds U.S. retail mutual funds MFS Meridian funds Investment Management Services Institutional accounts 401(k) Insurance products</p> <p><u>SLIM</u> Private class funds Customized fixed income portfolios Liability-driven investing strategies Investment advisory and property management services</p>	<p><u>Markets</u> Philippines Hong Kong Indonesia India China Vietnam Malaysia</p>	<p><u>SLF U.K.</u> Individual annuities and pensions (In-force block only) Individual life (In-force block only)</p> <p><u>Corporate Support</u> Run-off reinsurance</p>