

# Financial and operating results

For the period ended March 31, 2018

Sun Life Financial Inc. (Unaudited)

Supplementary Financial Information



**SUPPLEMENTARY FINANCIAL INFORMATION  
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## Reporting Changes

Effective Q1 2018, we strengthened our capabilities in the high net worth insurance market by combining our International business with our SLF Asia business group. As a result, the financial and operating results of SLF International is reported as part of the SLF Asia business group (previously part of SLF U.S.). In addition to including International as part of the SLF Asia business group, other changes reflect: (i) SLF Asset Management amounts being excluded from value of new business; (ii) a change in Sources of Earnings presentation between expected profit on in-force business and the impact of new business for SLF U.S. Group Benefits (Stop Loss); and (iii) The Office of the the Superintendent of Financial Institutions has replaced the Minimum Continuing Capital and Surplus Requirements (MCCSR) capital adequacy guideline with the Life Insurance Capital Adequacy Test (LICAT) effective January 1, 2018.

## 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’s Discussion & Analysis (MD&A).

## Other Adjustments

### Acquisition, Integration and Restructuring

In Q1 2018, acquisition, integration and restructuring amounts primarily related to integration costs of the U.S. Employee Benefits business.

In 2017, acquisition, integration and restructuring amounts primarily related to a Q4 restructuring charge of \$44 million post tax (\$60 million pre-tax) and integration costs of the U.S. Employee Benefits business throughout the year.

In 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).

### Other

Other includes the U.S. tax reform of \$(251) million, including \$(288) million (\$444 million pre-tax) of ACMA, which is excluded from the ACMA of \$(34) million in Q4 2017. Additional information concerning the U.S. tax reform can be found in the Company’s 2017 annual and Q4 interim MD&A.

## Non-IFRS Financial Measures

Sun Life Financial Inc. (Sun Life 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.

Underlying net income (loss) and financial measures based on underlying net income (loss), including underlying EPS or underlying loss per share, and underlying 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) 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. Equity market impact also includes the impact of the basis risk inherent in our hedging program, which is the difference between the return on underlying funds of products that provide benefit guarantees and the return on the derivative assets used to hedge those benefit guarantees; (ii) the impact of changes in interest rate 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 investment properties in the reporting period; (b) assumption changes and management actions, which include: (i) the impact of revisions to the methods and assumptions used in determining our liabilities for insurance contracts and investment contracts and (ii) the impact on insurance contracts and investment contracts of actions taken by management in the current reporting period, referred to as management actions which include, for example, changes in the prices of in-force products, new or revised reinsurance on in-force business, and material changes to investment policies for assets supporting our liabilities; (c) Other adjustments, which include: (i) 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; (ii) fair value adjustments on MFS’s share-based payment awards, that are settled with MFS’s own shares and accounted for as liabilities and measured at fair value each reporting period until they are vested, exercised and repurchased - this adjustment enhances the comparability of MFS’s results with publicly traded asset managers in the United States; (iii) acquisition, integration and restructuring amounts (including impacts related to acquiring and integrating acquisitions); and (iv) other items that are unusual or exceptional in nature. All factors discussed in this document that impact our underlying net income are also applicable to reported net income. All EPS measures in this document refer to fully diluted EPS, unless otherwise stated. Underlying EPS exclude the dilutive impact of convertible instruments.

Sun Life 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, respectively, reported net income (loss) and underlying net income (loss) is divided by the total weighted average common shareholders’ equity for the period and the quarterly ROE is annualized;
- (2) Financial leverage ratio. This total debt to total capital ratio is a ratio of debt plus preferred shares to total capital, where debt consists of all capital qualifying debt securities, which represent subordinated debt and innovative capital instruments;
- (3) Dividend payout ratio. This is the ratio of dividends paid to diluted reported and underlying EPS, respectively, for the period;
- (4) 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”);
- (5) Pre-tax net operating profit margin ratio for MFS. This ratio is a measure of the profitability of MFS, which excludes the impact of fair value adjustments on MFS’s share-based payment awards, investment income and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impact these items have on the pre-tax operating profit margin ratio and have no impact on the profitability of MFS. There is no directly comparable IFRS measure;
- (6) Pre-tax gross operating profit margin ratio for MFS. This ratio excludes the impact of fair value adjustments on MFS’s share-based payment awards and investment income. There is no directly comparable IFRS measure;
- (7) After-tax profit margin for SLF U.S. Group Benefits. This ratio assists in explaining our results from period to period and is a measure of profitability that expresses SLF U.S. Group Benefits underlying net income (loss) as a percentage of net premiums. This ratio is calculated by dividing underlying net income (loss) by net premiums for the trailing four quarters. There is no directly comparable IFRS measure; and
- (8) Impact of foreign exchange. 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 uses the following non-IFRS financial measures for which there are no comparable financial measures in IFRS:

- (1) administrative services only (“ASO”) premium and deposit equivalents, mutual fund sales, managed fund sales, life and health or insurance sales and total premiums and deposits;
- (2) assets under management (“AUM”), mutual fund assets, managed fund assets, other AUM, and assets under management and under administration;
- (3) the value of new business (“VNB”), which is used to measure the estimated lifetime profitability of new sales and is based on actuarial calculations; and
- (4) 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		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>RESULTS</b>												
Common Shareholders' Reported Net Income (Loss) by Segment												
SLF Canada	249	172	340	185	266	398	184	185	169	963	936	824
SLF U.S.	96	(63)	72	(178)	25	81	47	26	63	(144)	217	238
SLF Asset Management	210	114	185	183	171	198	181	173	177	653	729	691
SLF Asia	133	121	216	356	85	83	298	96	123	778	600	406
Corporate	(19)	(137)	4	28	4	(32)	27	—	8	(101)	3	26
<b>Total Common Shareholders' Reported Net Income (Loss)</b>	<b>669</b>	<b>207</b>	<b>817</b>	<b>574</b>	<b>551</b>	<b>728</b>	<b>737</b>	<b>480</b>	<b>540</b>	<b>2,149</b>	<b>2,485</b>	<b>2,185</b>
Market related impacts:												
Net equity market impact	(45)	19	18	5	20	26	29	14	(18)	62	51	(128)
Net interest rate impact	(27)	(110)	69	(92)	(24)	130	18	(95)	(19)	(157)	34	65
Net increases (decreases) in the fair value of real estate	4	34	26	13	15	6	10	9	(3)	88	22	20
	(68)	(57)	113	(74)	11	162	57	(72)	(40)	(7)	107	(43)
Assumption changes and management actions (ACMA) <sup>(1)</sup>	(3)	(34)	103	11	1	10	54	(8)	(11)	81	45	(9)
Other adjustments:												
Certain hedges that do not qualify for hedge accounting	6	2	(6)	(10)	(2)	8	6	(6)	(13)	(16)	(5)	21
Fair value adjustments on share-based payment awards at MFS	(21)	(34)	(19)	(16)	(12)	10	(7)	20	7	(81)	30	(9)
Acquisition, integration and restructuring	(15)	(60)	(17)	(26)	(20)	(22)	(12)	(8)	15	(123)	(27)	(80)
Other <sup>(1)</sup>	—	(251)	—	—	—	—	—	—	—	(251)	—	—
<b>Total Common Shareholders' Underlying Net Income (Loss)</b>	<b>770</b>	<b>641</b>	<b>643</b>	<b>689</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>	<b>2,546</b>	<b>2,335</b>	<b>2,305</b>
Common Shareholders' Underlying Net Income (Loss) by Segment												
SLF Canada	295	232	222	266	229	243	226	200	218	949	887	894
SLF U.S.	129	95	121	101	59	55	85	61	83	376	284	287
SLF Asset Management	231	226	204	199	183	188	188	153	170	812	699	700
SLF Asia	128	111	130	123	97	94	130	138	96	461	458	406
Corporate	(13)	(23)	(34)	—	5	(20)	10	2	15	(52)	7	18
<b>Total Common Shareholders' Underlying Net Income (Loss)</b>	<b>770</b>	<b>641</b>	<b>643</b>	<b>689</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>	<b>2,546</b>	<b>2,335</b>	<b>2,305</b>
Profitability Measures												
Basic earnings per common share (EPS)												
Reported	1.10	0.34	1.33	0.93	0.90	1.19	1.20	0.78	0.88	3.51	4.05	3.57
Diluted earnings per common share												
Reported	1.09	0.34	1.32	0.93	0.89	1.18	1.20	0.78	0.88	3.49	4.03	3.55
Underlying	1.26	1.05	1.05	1.12	0.93	0.91	1.04	0.90	0.95	4.15	3.80	3.76
Premiums & Deposits												
Net premiums	4,645	4,078	3,716	3,923	3,564	4,419	3,888	3,563	3,178	15,281	15,048	10,395
Segregated fund deposits	3,395	2,680	2,235	2,506	3,437	3,691	2,294	2,834	2,731	10,858	11,550	12,047
Mutual fund sales <sup>(2)</sup>	24,056	21,329	20,721	21,285	24,180	22,344	23,115	20,007	19,262	87,515	84,728	76,551
Managed fund sales	12,345	11,170	11,674	11,855	9,394	10,263	9,256	9,886	10,865	44,093	40,270	30,079
ASO premium & deposit equivalents	1,675	1,709	1,805	1,701	1,718	1,705	1,623	1,745	1,790	6,933	6,863	7,078
<b>Total premiums &amp; deposits</b>	<b>46,116</b>	<b>40,966</b>	<b>40,151</b>	<b>41,270</b>	<b>42,293</b>	<b>42,422</b>	<b>40,176</b>	<b>38,035</b>	<b>37,826</b>	<b>164,680</b>	<b>158,459</b>	<b>136,150</b>
<b>Total adjusted premiums &amp; deposits<sup>(3)</sup></b>	<b>47,972</b>				<b>43,042</b>							
Sales & Value of New Business												
Individual Life & Health <sup>(4)</sup>												
Group Life & Health <sup>(4)</sup>	310	366	269	263	338	432	292	260	214	1,236	1,198	916
Wealth - SLF Asset Management	355	740	330	302	434	639	369	278	274	1,806	1,560	1,256
Wealth - excluding SLF Asset Management <sup>(2)(4)</sup>	32,264	28,514	28,610	29,852	30,306	29,457	30,023	28,182	28,608	117,282	116,270	99,523
Large case longevity insurance sales	7,561	6,786	7,216	6,730	7,300	7,793	5,138	4,523	4,595	28,032	22,049	21,691
	—	—	—	—	—	—	—	—	—	—	—	5,260
<b>Value of New Business<sup>(5)</sup></b>	<b>334</b>	<b>265</b>	<b>224</b>	<b>227</b>	<b>252</b>	<b>273</b>	<b>202</b>	<b>185</b>	<b>200</b>	<b>968</b>	<b>860</b>	<b>712</b>

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

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

<sup>(3)</sup> Adjusted premiums and deposits are a non-IFRS financial measure that excludes the impact of currency and reinsurance for the insured business in 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 Aditya Birla Sun Life Insurance Company Limited's sales are included at 49% beginning Q2 2016. Indonesia CSL sales, Aditya Birla Sun Life Insurance Company Limited'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 SLF Asset Management's value of new business.

**FINANCIAL HIGHLIGHTS CONTINUED**

	At and For the Quarter Ended								At and For the Year Ended			
	2018	2017				2016				2017	2016	2015
Valuation Data	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
Book value per common share	33.82	32.86	32.75	32.69	32.54	32.10	31.57	30.42	30.17	32.86	32.10	31.02
Book value per common share excluding AOCI	31.67	31.05	31.22	30.37	29.89	29.41	28.60	27.80	27.42	31.05	29.41	27.00
Tangible book value per common share	22.35	21.64	21.73	21.47	21.17	20.66	20.19	19.30	18.85	21.64	20.66	21.02
Market-to-book value (times)	1.56	1.58	1.52	1.42	1.49	1.61	1.35	1.40	1.39	1.58	1.61	1.39
Total market capitalization (TSX in \$ billions)	32.1	31.7	30.4	28.5	29.8	31.6	26.2	26.0	25.7	31.7	31.6	26.4
<b>Financial Strength</b>												
SLA LICAT ratio <sup>(1)</sup>	139 %	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
SLF LICAT ratio <sup>(1)</sup>	149 %	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total debt to total capital ratio	22.2 %	23.6 %	22.5 %	22.5 %	22.6 %	25.2 %	25.6 %	23.5 %	23.7 %	23.6 %	25.2 %	22.1 %
<b>Common Share Information (SLF on TSX)</b>												
High (intraday)	55.80	52.94	49.95	49.71	53.25	53.75	43.84	46.12	42.83	53.25	53.75	45.65
Low (intraday)	49.62	49.06	45.91	43.51	46.93	42.06	40.00	40.26	36.64	43.51	36.64	36.88
Close (end of period)	52.91	51.88	49.69	46.36	48.56	51.55	42.69	42.44	41.90	51.88	51.55	43.15
<b>Number of Common Shares Outstanding (in millions)</b>												
At beginning of period	610.5	611.9	613.7	613.7	613.6	612.9	612.8	612.6	612.3	613.6	612.3	613.1
Common shares issued	0.2	0.3	—	—	0.1	0.7	0.1	0.2	0.3	0.4	1.3	4.5
Common shares purchased and cancelled	(3.1)	(1.7)	(1.8)	—	—	—	—	—	—	(3.5)	—	(5.3)
At end of period	607.6	610.5	611.9	613.7	613.7	613.6	612.9	612.8	612.6	610.5	613.6	612.3
Weighted average shares outstanding - basic	610	612	613	614	614	613	613	613	612	613	613	612
Weighted average shares outstanding - diluted <sup>(2)</sup>	615	617	619	619	619	619	619	619	618	618	619	618
Dividend per common share	0.455	0.455	0.435	0.435	0.42	0.42	0.405	0.405	0.39	1.745	1.62	1.51
<b>Dividend payout ratio <sup>(3)</sup></b>												
Reported	42 %	nm <sup>(4)</sup>	33 %	47 %	47 %	36 %	34 %	52 %	44 %	49 %	40 %	43 %
Underlying	36 %	43 %	41 %	39 %	45 %	46 %	39 %	45 %	41 %	42 %	43 %	40 %
Dividend yield <sup>(5)</sup>	3.4 %	3.6%	3.6%	3.8%	3.3%	3.5%	3.9%	3.7%	3.9%	3.6 %	3.7%	3.6%
<b>Assets Under Management <sup>(6)</sup></b>												
General funds	163,499	162,720	158,757	161,755	160,044	161,071	164,321	159,453	156,849	162,720	161,071	155,413
Segregated funds	106,221	106,392	102,237	102,066	101,055	97,167	95,386	91,463	89,795	106,392	97,167	91,440
Total assets	269,720	269,112	260,994	263,821	261,099	258,238	259,707	250,916	246,644	269,112	258,238	246,853
Other assets under management												
Mutual funds	351,919	346,659	328,563	329,895	321,790	307,937	307,374	289,000	281,965	346,659	307,937	296,438
Managed funds & other	387,159	386,840	370,853	376,211	370,302	362,513	366,846	349,680	357,193	386,840	362,513	374,095
Consolidation adjustments	(29,872)	(27,826)	(26,815)	(26,106)	(25,916)	(25,413)	(25,827)	(24,993)	(25,284)	(27,826)	(25,413)	(26,054)
Total other assets under management	709,206	705,673	672,601	680,000	666,176	645,037	648,393	613,687	613,874	705,673	645,037	644,479
Total assets under management	978,926	974,785	933,595	943,821	927,275	903,275	908,100	864,603	860,518	974,785	903,275	891,332
Total assets under management and administration <sup>(6)</sup>	1,027,537	1,023,458	981,719	990,678	977,359	960,771	965,040	929,906	914,846	1,023,458	960,771	949,280
<b>Select Constant Currency Measures</b>												
Reported net income	688				551							
Underlying net income	789				573							
Sales - Individual Life & Health	316				338							
Sales - Group Life & Health	361				434							
Sales - Wealth	41,398				37,606							
Premiums & deposits	47,806				42,293							
Reported earnings per share - Diluted	1.12				0.89							
Underlying earnings per share - Diluted	1.29				0.93							
Assets under management <sup>(6)</sup>	999,802				927,275							

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

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

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

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

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

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

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

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2018		2017			2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Premiums - life insurance	2,078	2,507	2,046	2,084	2,194	2,488	2,249	2,145	2,012	8,831	8,894	7,462
Premiums - health insurance	2,245	2,139	2,121	2,137	2,122	2,052	2,021	1,992	1,844	8,519	7,909	6,474
Premiums - annuities	894	662	574	835	417	1,052	667	502	403	2,488	2,624	2,888
Gross premiums	5,217	5,308	4,741	5,056	4,733	5,592	4,937	4,639	4,259	19,838	19,427	16,824
Ceded premiums	(572)	(1,230)	(1,025)	(1,133)	(1,169)	(1,173)	(1,049)	(1,076)	(1,081)	(4,557)	(4,379)	(6,429)
Net premiums	4,645	4,078	3,716	3,923	3,564	4,419	3,888	3,563	3,178	15,281	15,048	10,395
Net investment income (loss)	(158)	3,050	395	2,739	2,027	(3,495)	2,594	4,616	4,230	8,211	7,945	3,555
Fee income	1,506	1,520	1,444	1,460	1,418	1,442	1,410	1,354	1,374	5,842	5,580	5,324
<b>Total revenue</b>	<b>5,993</b>	<b>8,648</b>	<b>5,555</b>	<b>8,122</b>	<b>7,009</b>	<b>2,366</b>	<b>7,892</b>	<b>9,533</b>	<b>8,782</b>	<b>29,334</b>	<b>28,573</b>	<b>19,274</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	4,002	3,890	3,607	3,824	4,032	4,003	3,654	3,848	3,705	15,353	15,210	14,086
Change in investment/insurance contract liabilities & reinsurance assets <sup>(1)</sup>	(563)	3,099	(261)	2,414	818	(4,093)	2,040	3,883	3,374	6,070	5,204	684
Operating expenses, commissions and other expenses	2,358	2,561	2,211	2,337	2,386	2,500	2,271	2,188	2,068	9,495	9,027	7,751
Reinsurance expenses (recoveries)	(528)	(1,082)	(1,061)	(1,072)	(1,158)	(1,073)	(1,196)	(1,017)	(1,027)	(4,373)	(4,313)	(6,146)
Total policy benefits and expenses	5,269	8,468	4,496	7,503	6,078	1,337	6,769	8,902	8,120	26,545	25,128	16,375
<b>Income (loss) before income taxes</b>	<b>724</b>	<b>180</b>	<b>1,059</b>	<b>619</b>	<b>931</b>	<b>1,029</b>	<b>1,123</b>	<b>631</b>	<b>662</b>	<b>2,789</b>	<b>3,445</b>	<b>2,899</b>
Income tax expense (benefit)	119	(66)	209	(23)	182	201	206	120	92	302	619	599
Participating policyholders' net income (loss) and non-controlling interest	(88)	16	9	45	175	77	155	7	6	245	245	15
Preferred shareholder dividends	24	23	24	23	23	23	25	24	24	93	96	100
<b>Common shareholders' reported net income (loss)</b>	<b>669</b>	<b>207</b>	<b>817</b>	<b>574</b>	<b>551</b>	<b>728</b>	<b>737</b>	<b>480</b>	<b>540</b>	<b>2,149</b>	<b>2,485</b>	<b>2,185</b>
<b>Common shareholders' underlying net income (loss)</b>	<b>770</b>	<b>641</b>	<b>643</b>	<b>689</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>	<b>2,546</b>	<b>2,335</b>	<b>2,305</b>
Return on equity - reported	13.1 %	4.1 %	16.2 %	11.4 %	11.0 %	14.8 %	15.4 %	10.3 %	11.5 %	10.7 %	13.0 %	12.2 %
Return on equity - underlying	15.1 %	12.7 %	12.7 %	13.7 %	11.5 %	11.4 %	13.4 %	11.9 %	12.4 %	12.7 %	12.2 %	12.8 %
<b>SOURCES OF EARNINGS - Total Company</b>												
Expected profit on in-force business <sup>(2)</sup>	734	743	710	702	651	666	699	632	636	2,806	2,633	2,656
Impact of new business <sup>(2)</sup>	(7)	29	21	9	(18)	22	(8)	(1)	(24)	41	(11)	(182)
Experience gains (losses)	(1)	(152)	207	(80)	(16)	167	100	(97)	(54)	(41)	116	189
Assumption changes and management actions	(5)	(486)	93	(114)	2	17	20	(10)	(17)	(505)	10	(54)
Other <sup>(3)</sup>	(50)	(137)	(69)	(83)	(58)	(24)	(34)	(21)	(7)	(347)	(86)	(147)
Earnings (loss) on operations (pre-tax)	671	(3)	962	434	561	848	777	503	534	1,954	2,662	2,462
Earnings on surplus	157	128	102	134	132	91	126	118	123	496	458	435
Earnings (loss) before income taxes	828	125	1,064	568	693	939	903	621	657	2,450	3,120	2,897
Income tax (expense) benefit	(135)	105	(223)	29	(119)	(188)	(141)	(118)	(93)	(208)	(540)	(612)
Earnings (loss) before preferred share dividends and non-controlling interest	693	230	841	597	574	751	762	503	564	2,242	2,580	2,285
Preferred share dividends and non-controlling interest	(24)	(23)	(24)	(23)	(23)	(23)	(25)	(23)	(24)	(93)	(95)	(100)
<b>Common shareholders' reported net income (loss)</b>	<b>669</b>	<b>207</b>	<b>817</b>	<b>574</b>	<b>551</b>	<b>728</b>	<b>737</b>	<b>480</b>	<b>540</b>	<b>2,149</b>	<b>2,485</b>	<b>2,185</b>
<b>Underlying Net Income Adjustments (post tax):</b>												
Market related impacts	(68)	(57)	113	(74)	11	162	57	(72)	(40)	(7)	107	(43)
Assumption changes and management actions	(3)	(34)	103	11	1	10	54	(8)	(11)	81	45	(9)
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	6	2	(6)	(10)	(2)	8	6	(6)	(13)	(16)	(5)	21
Fair value adjustments on share-based payment awards at MFS	(21)	(34)	(19)	(16)	(12)	10	(7)	20	7	(81)	30	(9)
Acquisition, integration and restructuring	(15)	(60)	(17)	(26)	(20)	(22)	(12)	(8)	15	(123)	(27)	(80)
Other	—	(251)	—	—	—	—	—	—	—	(251)	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>770</b>	<b>641</b>	<b>643</b>	<b>689</b>	<b>573</b>	<b>560</b>	<b>639</b>	<b>554</b>	<b>582</b>	<b>2,546</b>	<b>2,335</b>	<b>2,305</b>
<b>EXCHANGE RATES - Average for the period</b>												
U.S. Dollar	1.264	1.270	1.253	1.345	1.323	1.335	1.304	1.289	1.373	1.298	1.325	1.278

<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> Reflects a change in presentation for our U.S. Stop Loss business effective Q1 2018. We have updated the prior eight quarters to reflect this change in presentation.

<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		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Assets</b>												
Cash, cash equivalents and short-term securities	7,837	8,890	8,063	7,826	6,939	8,642	7,992	6,544	7,583	8,890	8,642	8,983
Debt securities	72,607	72,619	70,562	73,407	72,875	71,887	76,039	74,035	71,371	72,619	71,887	69,896
Equity securities	5,699	6,020	5,991	5,912	5,798	5,774	5,731	5,445	5,323	6,020	5,774	5,313
Mortgages and loans	44,073	42,805	41,226	40,735	40,875	40,775	39,707	39,497	39,005	42,805	40,775	39,103
Derivative assets	1,313	1,478	1,510	1,566	1,538	1,608	2,910	2,837	2,680	1,478	1,608	1,866
Other invested assets	4,322	4,154	4,020	4,015	3,970	3,931	3,851	3,442	2,993	4,154	3,931	3,111
Policy loans	3,120	3,106	3,066	3,109	3,135	3,141	3,112	3,082	3,097	3,106	3,141	3,151
Investment properties	7,243	7,067	7,034	6,982	6,595	6,592	6,492	6,511	6,446	7,067	6,592	6,540
<b>Total invested assets</b>	<b>146,214</b>	<b>146,139</b>	<b>141,472</b>	<b>143,552</b>	<b>141,725</b>	<b>142,350</b>	<b>145,834</b>	<b>141,393</b>	<b>138,498</b>	<b>146,139</b>	<b>142,350</b>	<b>137,963</b>
Other assets	4,830	4,408	4,945	5,056	4,930	5,109	4,524	4,507	4,747	4,408	5,109	4,567
Reinsurance assets	4,143	4,028	4,124	4,762	5,029	5,144	5,437	5,122	5,080	4,028	5,144	5,386
Deferred tax assets	1,344	1,295	1,473	1,501	1,386	1,448	1,552	1,616	1,589	1,295	1,448	1,372
Intangible assets	1,685	1,667	1,598	1,647	1,678	1,703	1,672	1,595	1,427	1,667	1,703	1,479
Goodwill	5,283	5,183	5,145	5,237	5,296	5,317	5,302	5,220	5,508	5,183	5,317	4,646
<b>Total general fund assets</b>	<b>163,499</b>	<b>162,720</b>	<b>158,757</b>	<b>161,755</b>	<b>160,044</b>	<b>161,071</b>	<b>164,321</b>	<b>159,453</b>	<b>156,849</b>	<b>162,720</b>	<b>161,071</b>	<b>155,413</b>
Investment for account of segregated fund holders	106,221	106,392	102,237	102,066	101,055	97,167	95,386	91,463	89,795	106,392	97,167	91,440
<b>Total assets</b>	<b>269,720</b>	<b>269,112</b>	<b>260,994</b>	<b>263,821</b>	<b>261,099</b>	<b>258,238</b>	<b>259,707</b>	<b>250,916</b>	<b>246,644</b>	<b>269,112</b>	<b>258,238</b>	<b>246,853</b>
<b>Liabilities and Equity</b>												
Insurance contract liabilities	118,685	117,785	113,997	116,609	115,490	115,057	118,750	115,740	112,597	117,785	115,057	110,227
Investment contract liabilities	3,124	3,082	3,035	3,036	3,049	2,913	2,913	2,904	2,896	3,082	2,913	2,913
Derivative liabilities	1,928	1,756	1,823	2,004	2,226	2,512	2,803	2,697	2,796	1,756	2,512	3,378
Deferred tax liabilities	428	403	747	768	741	687	634	515	448	403	687	405
Other liabilities	11,719	11,987	11,887	12,057	11,391	12,399	12,132	12,367	12,100	11,987	12,399	12,332
Senior debentures	599	599	599	599	599	599	599	598	1,548	599	599	1,548
Senior debentures - Innovative capital instruments	700	700	700	700	700	700	700	700	700	700	700	700
Subordinated debt	3,037	3,437	3,038	3,038	3,037	3,836	3,835	2,841	2,841	3,437	3,836	2,492
<b>Total general fund liabilities</b>	<b>140,220</b>	<b>139,749</b>	<b>135,826</b>	<b>138,811</b>	<b>137,233</b>	<b>138,703</b>	<b>142,366</b>	<b>138,362</b>	<b>135,926</b>	<b>139,749</b>	<b>138,703</b>	<b>133,995</b>
Insurance contracts for account of segregated fund holders	98,943	99,121	95,282	94,967	94,039	90,388	88,388	84,759	82,754	99,121	90,388	83,670
Investment contracts for account of segregated fund holders	7,278	7,271	6,955	7,099	7,016	6,779	6,998	6,704	7,041	7,271	6,779	7,770
<b>Total liabilities</b>	<b>246,441</b>	<b>246,141</b>	<b>238,063</b>	<b>240,877</b>	<b>238,288</b>	<b>235,870</b>	<b>237,752</b>	<b>229,825</b>	<b>225,721</b>	<b>246,141</b>	<b>235,870</b>	<b>225,435</b>
<b>Total equity</b>	<b>23,279</b>	<b>22,971</b>	<b>22,931</b>	<b>22,944</b>	<b>22,811</b>	<b>22,368</b>	<b>21,955</b>	<b>21,091</b>	<b>20,923</b>	<b>22,971</b>	<b>22,368</b>	<b>21,418</b>
<b>Total liabilities and equity</b>	<b>269,720</b>	<b>269,112</b>	<b>260,994</b>	<b>263,821</b>	<b>261,099</b>	<b>258,238</b>	<b>259,707</b>	<b>250,916</b>	<b>246,644</b>	<b>269,112</b>	<b>258,238</b>	<b>246,853</b>
<b>EXCHANGE RATES - Period end rates</b>												
U.S. Dollar	1.289	1.258	1.247	1.296	1.331	1.343	1.313	1.292	1.300	1.258	1.343	1.384



**EQUITY AND CAPITAL**

(C\$ millions)

	At the Quarter Ended								At the Year Ended			
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>CHANGES IN COMMON SHAREHOLDERS' EQUITY</b>												
Balance at beginning of period	20,064	20,041	20,059	19,968	19,699	19,347	18,641	18,480	18,993	19,699	18,993	16,474
Common shareholders' reported net income (loss)	669	207	817	574	551	728	737	480	540	2,149	2,485	2,185
Dividends - common shares	(277)	(274)	(267)	(267)	(258)	(251)	(248)	(248)	(239)	(1,066)	(986)	(918)
Common shares issued, net of expenses	9	9	3	—	3	25	2	5	7	15	39	166
Common shares buyback	(166)	(87)	(88)	—	—	—	—	—	—	(175)	—	(212)
Share-based compensation	2	—	—	1	2	1	—	1	2	3	4	3
Other <sup>(1)</sup>	45	—	—	—	—	17	—	—	(47)	—	(30)	—
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	313	152	(467)	(318)	(97)	189	135	(182)	(776)	(730)	(634)	1,645
Unrealized gains (losses) on available-for-sale assets	(190)	85	(79)	59	70	(317)	75	158	70	135	(14)	(298)
Unrealized gains (losses) on cash flow hedges	(1)	—	3	(4)	(4)	7	—	(2)	(14)	(5)	(9)	(3)
Share of other comprehensive income (loss) in joint ventures and associates	17	24	(33)	(32)	10	(46)	19	(19)	(30)	(31)	(76)	—
Unrealized gains (losses) on transfer to investment properties	—	—	—	139	—	—	—	—	—	139	—	—
Remeasurement of defined benefit plans	62	(93)	93	(61)	(8)	(1)	(14)	(32)	(26)	(69)	(73)	(49)
Balance at end of period	20,547	20,064	20,041	20,059	19,968	19,699	19,347	18,641	18,480	20,064	19,699	18,993
<b>Composition of shareholders' accumulated OCI balance</b>												
Unrealized foreign currency translation gains (losses), net of hedging activities	1,316	1,003	851	1,318	1,636	1,733	1,544	1,409	1,591	1,003	1,733	2,418
Unrealized gains (losses) on available-for-sale assets	156	346	261	340	281	211	528	453	295	346	211	250
Unrealized gains (losses) on cash flow hedges	(12)	(11)	(11)	(14)	(10)	(6)	(13)	(13)	(11)	(11)	(6)	3
Share of other comprehensive income (loss) in joint ventures and associates	(14)	(31)	(55)	(22)	10	—	46	27	46	(31)	—	—
Unrealized gains (losses) on transfer to investment properties	145	145	145	145	6	6	6	6	6	145	6	6
Remeasurement of defined benefit plans	(285)	(347)	(254)	(347)	(299)	(291)	(290)	(276)	(244)	(347)	(291)	(218)
Balance at end of period	1,306	1,105	937	1,420	1,624	1,653	1,821	1,606	1,683	1,105	1,653	2,459
<b>CAPITAL</b>												
Subordinated debt	3,037	3,437	3,038	3,038	3,037	3,836	3,835	2,841	2,841	3,437	3,836	2,492
SLEECs <sup>(2)</sup>	699	699	698	698	698	698	698	697	697	699	698	697
Participating policyholders' equity and non-controlling interest	475	650	633	628	586	412	351	193	186	650	412	168
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	20,547	20,064	20,041	20,059	19,968	19,699	19,347	18,641	18,480	20,064	19,699	18,993
Total capital	27,015	27,107	26,667	26,680	26,546	26,902	26,488	24,629	24,461	27,107	26,902	24,607
<b>LICAT RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA</b>												
<b>Capital Resources</b>												
Tier 1 capital												
Retained earnings and contributed surplus	13,033											
Adjusted accumulated other comprehensive income	1,091											
Common and preferred shares	3,195											
Innovative instruments	699											
Other	60											
Less:												
Goodwill	2,464											
Tier 1 deductions	4,020											
Net tier 1 capital	11,594											
Tier 2 capital												
Preferred shares and subordinated debt	2,900											
Other tier 2	2,109											
Less:												
Tier 2 deductions	820											
Net tier 2 capital	4,189											
Surplus allowance and eligible deposits	9,660											
Total capital resources	25,443											
<b>Capital Requirements</b>												
Credit risk	3,606											
Market risk	3,895											
Insurance risk	8,037											
Total non-participating product risk (before other credits and diversification)	15,538											
Total participating product risk including par credits (before other credits and diversification)	3,312											
Less:												
Credits and diversification benefits	4,010											
Total Non-participating and participating product risk	14,840											
Segregated fund guarantees risk	970											
Operational risk	1,619											
Total before scalar	17,429											
Base solvency buffer (Total before scalar x scalar [1.05])	18,301											
LICAT ratio	139%											
LICAT core ratio	100%											

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

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

**DILUTED EARNINGS PER SHARE RECONCILIATION**

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>WEIGHTED AVERAGE SHARES</b>												
Weighted average shares - basic	610	612	613	614	614	613	613	613	612	613	613	612
Diluted impact of stock options	1	1	1	1	1	1	1	1	1	1	1	1
Weighted average shares - diluted underlying	611	613	614	615	615	614	614	614	613	614	614	613
Diluted impact of convertible securities (SLEECs) <sup>(1)</sup>	4	4	5	4	4	5	5	5	5	4	5	5
Weighted average shares - diluted	615	617	619	619	619	619	619	619	618	618	619	618
<b>DILUTED EARNINGS PER SHARE <sup>(2)</sup></b>												
Total common shareholders' reported net income (loss)	669	207	817	574	551	728	737	480	540	2,149	2,485	2,185
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	672	209	820	576	554	730	740	482	543	2,159	2,495	2,195
Less Adjustments:												
Impact of SLEECs	3	2	3	2	3	2	3	2	3	10	10	10
Market related impacts:												
Net equity market impact	(45)	19	18	5	20	26	29	14	(18)	62	51	(128)
Net interest rate impact	(27)	(110)	69	(92)	(24)	130	18	(95)	(19)	(157)	34	65
Net increases (decreases) in the fair value of real estate	4	34	26	13	15	6	10	9	(3)	88	22	20
	(68)	(57)	113	(74)	11	162	57	(72)	(40)	(7)	107	(43)
Assumption changes and management actions	(3)	(34)	103	11	1	10	54	(8)	(11)	81	45	(9)
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	6	2	(6)	(10)	(2)	8	6	(6)	(13)	(16)	(5)	21
Impact of fair value adjustments on share-based payment awards at MFS	(21)	(34)	(19)	(16)	(12)	10	(7)	20	7	(81)	30	(9)
Impact of acquisition, integration and restructuring	(15)	(60)	(17)	(26)	(20)	(22)	(12)	(8)	15	(123)	(27)	(80)
Other	—	(251)	—	—	—	—	—	—	—	(251)	—	—
Total common shareholders' underlying net income (loss)	770	641	643	689	573	560	639	554	582	2,546	2,335	2,305
Diluted earnings per share - reported	\$ 1.09	\$ 0.34	\$ 1.32	\$ 0.93	\$ 0.89	\$ 1.18	\$ 1.20	\$ 0.78	\$ 0.88	\$ 3.49	\$ 4.03	\$ 3.55
Less Adjustments:												
Impact of SLEECs	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.02)	\$ (0.02)
Market related impacts:												
Net equity market impact	\$ (0.08)	\$ 0.03	\$ 0.03	\$ 0.01	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.02	\$ (0.03)	\$ 0.10	\$ 0.08	\$ (0.21)
Net interest rate impact	\$ (0.04)	\$ (0.18)	\$ 0.11	\$ (0.15)	\$ (0.04)	\$ 0.21	\$ 0.03	\$ (0.15)	\$ (0.03)	\$ (0.25)	\$ 0.06	\$ 0.11
Net increases (decreases) in the fair value of real estate	\$ 0.01	\$ 0.05	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.01	\$ -	\$ 0.14	\$ 0.04	\$ 0.03
	\$ (0.11)	\$ (0.10)	\$ 0.18	\$ (0.12)	\$ 0.01	\$ 0.26	\$ 0.09	\$ (0.12)	\$ (0.06)	\$ (0.01)	\$ 0.18	\$ (0.07)
Assumption changes and management actions	\$ (0.01)	\$ (0.05)	\$ 0.17	\$ 0.02	\$ -	\$ 0.02	\$ 0.09	\$ (0.01)	\$ (0.02)	\$ 0.13	\$ 0.07	\$ (0.01)
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	\$ 0.01	\$ -	\$ (0.01)	\$ (0.02)	\$ -	\$ 0.01	\$ 0.01	\$ (0.01)	\$ (0.02)	\$ (0.03)	\$ (0.01)	\$ 0.03
Impact of fair value adjustments on share-based payment awards at MFS	\$ (0.03)	\$ (0.05)	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.01)	\$ 0.03	\$ 0.01	\$ (0.13)	\$ 0.05	\$ (0.01)
Impact of acquisition, integration and restructuring	\$ (0.03)	\$ (0.10)	\$ (0.03)	\$ (0.04)	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ 0.02	\$ (0.20)	\$ (0.04)	\$ (0.13)
Other	\$ -	\$ (0.41)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -	\$ -
Diluted earnings per share - underlying	\$ 1.26	\$ 1.05	\$ 1.05	\$ 1.12	\$ 0.93	\$ 0.91	\$ 1.04	\$ 0.90	\$ 0.95	\$ 4.15	\$ 3.80	\$ 3.76

<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		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Premiums - life insurance	1,137	1,239	1,067	1,079	1,108	1,151	996	1,000	960	4,493	4,107	3,783
Premiums - health insurance	1,313	1,258	1,251	1,205	1,202	1,115	1,105	1,074	1,074	4,916	4,368	4,105
Premiums - annuities	889	658	567	828	411	1,049	655	492	389	2,464	2,585	2,715
Gross premiums	3,339	3,155	2,885	3,112	2,721	3,315	2,756	2,566	2,423	11,873	11,060	10,603
Ceded premiums	(376)	(995)	(974)	(929)	(973)	(941)	(911)	(911)	(908)	(3,871)	(3,671)	(5,582)
Net premiums	2,963	2,160	1,911	2,183	1,748	2,374	1,845	1,655	1,515	8,002	7,389	5,021
Net investment income (loss)	442	2,060	(375)	1,378	1,070	(1,492)	1,394	2,106	1,743	4,133	3,751	2,527
Fee income	300	315	271	275	271	285	253	245	243	1,132	1,026	998
<b>Total revenue</b>	<b>3,705</b>	<b>4,535</b>	<b>1,807</b>	<b>3,836</b>	<b>3,089</b>	<b>1,167</b>	<b>3,492</b>	<b>4,006</b>	<b>3,501</b>	<b>13,267</b>	<b>12,166</b>	<b>8,546</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	2,283	2,369	2,090	2,195	2,261	2,256	1,965	2,158	2,105	8,915	8,484	8,338
Change in investment/insurance contract liabilities & reinsurance assets	641	2,003	(589)	1,457	269	(1,734)	1,169	1,701	1,359	3,140	2,495	1,532
Operating expenses, commissions and other expenses	836	894	769	822	911	874	770	779	727	3,396	3,150	2,887
Reinsurance expenses (recoveries)	(294)	(903)	(882)	(868)	(904)	(834)	(838)	(829)	(831)	(3,557)	(3,332)	(5,227)
Total policy benefits and expenses	3,466	4,363	1,388	3,606	2,537	562	3,066	3,809	3,360	11,894	10,797	7,530
<b>Income (loss) before income taxes</b>	239	172	419	230	552	605	426	197	141	1,373	1,369	1,016
Income tax expense (benefit)	42	(6)	80	7	116	135	93	8	(28)	197	208	177
Participating policyholders' net income (loss)	(52)	6	(1)	38	170	72	149	4	—	213	225	15
<b>Common shareholders' reported net income (loss)</b>	249	172	340	185	266	398	184	185	169	963	936	824
Market related impacts	(44)	(38)	90	(76)	32	130	13	(5)	(24)	8	114	(106)
Assumption changes and management actions	(7)	(24)	34	5	7	17	(61)	(4)	(12)	22	(60)	15
Certain hedges that do not qualify for hedge accounting	6	2	(6)	(10)	(2)	8	6	(6)	(13)	(16)	(5)	21
Acquisition, integration and restructuring	(1)	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' underlying net income (loss)</b>	295	232	222	266	229	243	226	200	218	949	887	894
Return on equity - reported	15.1%	9.0%	17.7%	9.7%	13.7%	20.1%	9.3%	9.5%	8.9%	12.6%	12.0%	10.7%
Return on equity - underlying	17.9%	12.2%	11.6%	13.9%	11.8%	12.3%	11.5%	10.3%	11.4%	12.4%	11.4%	11.6%
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	2,963	2,160	1,911	2,183	1,748	2,374	1,845	1,655	1,515	8,002	7,389	5,021
Segregated fund deposits	3,066	2,388	1,992	2,269	3,196	3,385	2,000	2,622	2,520	9,845	10,527	10,944
Retail mutual fund deposits (Sun Life Global Investments)	644	445	397	478	504	463	414	405	453	1,824	1,735	1,318
ASO premium & deposit equivalents	1,533	1,563	1,636	1,510	1,538	1,523	1,432	1,467	1,498	6,247	5,920	5,889
Total	8,206	6,556	5,936	6,440	6,986	7,745	5,691	6,149	5,986	25,918	25,571	23,172
<b>SALES</b>												
Individual Insurance	88	120	87	100	144	203	102	99	71	451	475	350
Individual Wealth	1,818	1,470	1,281	1,400	1,733	1,480	1,216	1,192	1,498	5,884	5,386	5,398
Group Benefits	208	107	130	130	307	105	106	114	150	674	475	486
Group Retirement Services	2,007	1,713	2,328	2,381	2,670	3,221	1,520	1,554	1,519	9,092	7,814	14,483
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	84,276	84,698	83,430	83,947	82,171	82,456	83,237	81,640	79,147	84,698	82,456	78,109
Segregated funds	87,763	87,817	84,568	84,047	83,278	79,964	77,679	74,668	72,411	87,817	79,964	72,633
Other AUM	4,748	3,902	3,577	3,416	3,200	2,832	2,547	2,251	2,021	3,902	2,832	1,818
Total	176,787	176,417	171,575	171,410	168,649	165,252	163,463	158,559	153,579	176,417	165,252	152,560
<b>Sun Life Global Investments (Canada) Inc.</b>												
Gross Sales												
Retail	840	639	553	630	652	605	537	527	578	2,474	2,247	1,495
Institutional & other <sup>(1)</sup>	669	405	426	395	790	645	433	790	611	2,016	2,479	1,840
Total	1,509	1,044	979	1,025	1,442	1,250	970	1,317	1,189	4,490	4,726	3,335
Net Sales	825	585	634	428	820	835	680	958	887	2,467	3,360	2,100
Assets under management <sup>(2)</sup>	21,569	20,042	18,778	18,095	17,442	16,132	15,374	14,272	12,987	20,042	16,132	12,281

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

<sup>(2)</sup> In Q1 2017, 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		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Gross premiums	1,177	1,282	1,063	1,081	1,153	1,307	1,009	989	954	4,579	4,259	3,800
Ceded premiums	(128)	(148)	(122)	(101)	(138)	(161)	(128)	(144)	(130)	(509)	(563)	(531)
Net premiums	1,049	1,134	941	980	1,015	1,146	881	845	824	4,070	3,696	3,269
Net investment income (loss)	253	1,599	(362)	1,070	770	(1,415)	1,051	1,700	1,332	3,077	2,668	1,805
Fee income	121	136	104	103	98	119	89	85	86	441	379	380
<b>Total revenue</b>	<b>1,423</b>	<b>2,869</b>	<b>683</b>	<b>2,153</b>	<b>1,883</b>	<b>(150)</b>	<b>2,021</b>	<b>2,630</b>	<b>2,242</b>	<b>7,588</b>	<b>6,743</b>	<b>5,454</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	841	822	725	753	815	810	714	730	737	3,115	2,991	3,100
Change in investment/insurance contract liabilities & reinsurance assets	185	1,626	(612)	993	272	(1,843)	726	1,503	1,160	2,279	1,546	801
Operating expenses, commissions and other expenses	461	508	416	462	541	511	430	433	389	1,927	1,763	1,591
Reinsurance expenses (recoveries)	(111)	(112)	(97)	(99)	(132)	(99)	(117)	(104)	(105)	(440)	(425)	(424)
Total policy benefits and expenses	1,376	2,844	432	2,109	1,496	(621)	1,753	2,562	2,181	6,881	5,875	5,068
<b>Income (loss) before income taxes</b>	<b>47</b>	<b>25</b>	<b>251</b>	<b>44</b>	<b>387</b>	<b>471</b>	<b>268</b>	<b>68</b>	<b>61</b>	<b>707</b>	<b>868</b>	<b>386</b>
Income tax expense (benefit)	(8)	(23)	41	(23)	84	108	61	(11)	(24)	79	134	23
Participating policyholders' net income (loss)	(52)	6	(1)	38	170	72	149	4	—	213	225	15
<b>Common shareholders' reported net income (loss)</b>	<b>107</b>	<b>42</b>	<b>211</b>	<b>29</b>	<b>133</b>	<b>291</b>	<b>58</b>	<b>75</b>	<b>85</b>	<b>415</b>	<b>509</b>	<b>348</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,049	1,134	941	980	1,015	1,146	881	845	824	4,070	3,696	3,269
Segregated fund deposits	256	247	207	212	207	193	196	177	197	873	763	572
Retail mutual fund deposits (Sun Life Global Investments)	644	445	397	478	504	463	414	405	453	1,824	1,735	1,318
Total	1,949	1,826	1,545	1,670	1,726	1,802	1,491	1,427	1,474	6,767	6,194	5,159
<b>SALES</b>												
Individual Insurance - Career Sales Force	39	59	49	50	34	96	52	53	41	192	242	195
Individual Insurance - Third-party	49	61	38	50	110	107	50	46	30	259	233	155
Total insurance sales	88	120	87	100	144	203	102	99	71	451	475	350
Individual Wealth - fixed products	306	272	206	205	394	381	205	206	263	1,077	1,055	984
Individual Wealth - mutual funds	1,260	940	868	983	1,132	906	815	808	1,040	3,923	3,569	3,852
Individual Wealth - segregated funds	252	258	207	212	207	193	196	178	195	884	762	562
Total wealth sales	1,818	1,470	1,281	1,400	1,733	1,480	1,216	1,192	1,498	5,884	5,386	5,398
Wealth Manufactured Sales <sup>(1)</sup>	1,186	958	799	880	1,084	1,020	766	765	867	3,721	3,418	2,561
Other wealth sales	632	512	482	520	649	460	450	427	631	2,163	1,968	2,837
Total wealth sales	1,818	1,470	1,281	1,400	1,733	1,480	1,216	1,192	1,498	5,884	5,386	5,398
Career Sales Force - Career Advisor Network	3,751	3,856	3,900	3,976	4,052	4,168	4,054	4,004	4,039	3,856	4,168	4,101
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	56,441	56,523	55,667	56,130	55,146	55,158	56,218	55,148	53,203	56,523	55,158	52,077
Segregated funds	12,074	12,423	12,248	12,285	12,427	12,341	12,343	11,980	11,882	12,423	12,341	12,280
Other AUM	4,748	3,902	3,577	3,416	3,200	2,832	2,547	2,251	2,021	3,902	2,832	1,818
Total assets under management	73,263	72,848	71,492	71,831	70,773	70,331	71,108	69,379	67,106	72,848	70,331	66,175
Mutual fund dealers' assets	20,496	20,535	19,868	19,700	19,460	18,698	18,125	17,328	16,892	20,535	18,698	16,977
Total assets under management and administration	93,759	93,383	91,360	91,531	90,233	89,029	89,233	86,707	83,998	93,383	89,029	83,152

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

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

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017					2016			2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	1,445	1,374	1,379	1,333	1,340	1,238	1,241	1,211	1,220	5,426	4,910	4,684
Ceded premiums	(166)	(765)	(768)	(744)	(749)	(693)	(696)	(679)	(688)	(3,026)	(2,756)	(4,684)
Net premiums	1,279	609	611	589	591	545	545	532	532	2,400	2,154	—
Net investment income (loss)	111	193	(1)	136	153	(68)	167	200	193	481	492	486
Fee income	58	59	55	57	61	60	58	57	58	232	233	224
<b>Total revenue</b>	<b>1,448</b>	<b>861</b>	<b>665</b>	<b>782</b>	<b>805</b>	<b>537</b>	<b>770</b>	<b>789</b>	<b>783</b>	<b>3,113</b>	<b>2,879</b>	<b>710</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,030	1,082	972	1,056	1,049	959	877	995	989	4,159	3,820	3,697
Change in investment/insurance contract liabilities & reinsurance assets	163	110	42	28	72	(119)	147	90	109	252	227	121
Operating expenses, commissions and other expenses	271	279	258	260	267	259	247	248	239	1,064	993	930
Reinsurance expenses (recoveries)	(104)	(711)	(704)	(688)	(688)	(650)	(636)	(639)	(639)	(2,791)	(2,564)	(4,446)
Total policy benefits and expenses	1,360	760	568	656	700	449	635	694	698	2,684	2,476	302
<b>Income (loss) before income taxes</b>	<b>88</b>	<b>101</b>	<b>97</b>	<b>126</b>	<b>105</b>	<b>88</b>	<b>135</b>	<b>95</b>	<b>85</b>	<b>429</b>	<b>403</b>	<b>408</b>
Income tax expense (benefit)	19	23	23	27	24	18	35	24	19	97	96	84
<b>Common shareholders' reported net income (loss)</b>	<b>69</b>	<b>78</b>	<b>74</b>	<b>99</b>	<b>81</b>	<b>70</b>	<b>100</b>	<b>71</b>	<b>66</b>	<b>332</b>	<b>307</b>	<b>324</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	1,279	609	611	589	591	545	545	532	532	2,400	2,154	—
ASO premium equivalents	1,243	1,244	1,235	1,228	1,230	1,221	1,211	1,200	1,198	4,937	4,830	4,660
Total	2,522	1,853	1,846	1,817	1,821	1,766	1,756	1,732	1,730	7,337	6,984	4,660
<b>SALES</b>	<b>208</b>	<b>107</b>	<b>130</b>	<b>130</b>	<b>307</b>	<b>105</b>	<b>106</b>	<b>114</b>	<b>150</b>	<b>674</b>	<b>475</b>	<b>486</b>
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	13,640	14,156	14,012	13,969	13,712	13,790	13,939	13,706	13,442	14,156	13,790	13,511
<b>SUPPLEMENTAL INFORMATION</b>												
Business in-force	10,297	10,108	9,981	9,886	9,801	9,489	9,380	9,280	9,221	10,108	9,489	9,071

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

	At and For the Quarter Ended									At and For the Year Ended			
	2018	2017					2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1				
<b>STATEMENTS OF OPERATIONS</b>													
<b>Revenue</b>													
Gross premiums	717	499	443	698	228	770	506	366	249	1,868	1,891	2,119	
Ceded premiums	(82)	(82)	(84)	(84)	(86)	(87)	(87)	(88)	(90)	(336)	(352)	(367)	
Net premiums	635	417	359	614	142	683	419	278	159	1,532	1,539	1,752	
Net investment income (loss)	78	268	(12)	172	147	(9)	176	206	218	575	591	236	
Fee income	121	120	112	115	112	106	106	103	99	459	414	394	
<b>Total revenue</b>	<b>834</b>	<b>805</b>	<b>459</b>	<b>901</b>	<b>401</b>	<b>780</b>	<b>701</b>	<b>587</b>	<b>476</b>	<b>2,566</b>	<b>2,544</b>	<b>2,382</b>	
<b>Policy benefits and expenses</b>													
Gross claims & benefits paid	412	465	393	386	397	487	374	433	379	1,641	1,673	1,541	
Change in investment/insurance contract liabilities & reinsurance assets	293	267	(19)	436	(75)	228	296	108	90	609	722	610	
Operating expenses, commissions and other expenses	104	107	95	100	103	104	93	98	99	405	394	366	
Reinsurance expenses (recoveries)	(79)	(80)	(81)	(81)	(84)	(85)	(85)	(86)	(87)	(326)	(343)	(357)	
Total policy benefits and expenses	730	759	388	841	341	734	678	553	481	2,329	2,446	2,160	
<b>Income (loss) before income taxes</b>	<b>104</b>	<b>46</b>	<b>71</b>	<b>60</b>	<b>60</b>	<b>46</b>	<b>23</b>	<b>34</b>	<b>(5)</b>	<b>237</b>	<b>98</b>	<b>222</b>	
Income tax expense (benefit)	31	(6)	16	3	8	9	(3)	(5)	(23)	21	(22)	70	
<b>Common shareholders' reported net income (loss)</b>	<b>73</b>	<b>52</b>	<b>55</b>	<b>57</b>	<b>52</b>	<b>37</b>	<b>26</b>	<b>39</b>	<b>18</b>	<b>216</b>	<b>120</b>	<b>152</b>	
<b>PREMIUMS &amp; DEPOSITS</b>													
Net premiums	635	417	359	614	142	683	419	278	159	1,532	1,539	1,752	
Segregated fund deposits	2,810	2,141	1,785	2,057	2,989	3,192	1,804	2,445	2,323	8,972	9,764	10,372	
ASO deposit equivalents	290	319	401	282	308	302	221	267	300	1,310	1,090	1,229	
Total	3,735	2,877	2,545	2,953	3,439	4,177	2,444	2,990	2,782	11,814	12,393	13,353	
<b>SALES</b>													
Sales	1,344	956	1,686	1,835	2,090	2,555	957	1,042	988	6,567	5,542	7,014	
Asset consolidation and rollovers	663	757	642	546	580	666	563	512	531	2,525	2,272	2,209	
Large case longevity insurance sales	—	—	—	—	—	—	—	—	—	—	—	5,260	
Total	2,007	1,713	2,328	2,381	2,670	3,221	1,520	1,554	1,519	9,092	7,814	14,483	
<b>ASSETS UNDER MANAGEMENT</b>													
General funds	14,195	14,019	13,751	13,848	13,313	13,508	13,080	12,786	12,502	14,019	13,508	12,521	
Segregated funds	75,689	75,394	72,320	71,762	70,851	67,623	65,336	62,688	60,529	75,394	67,623	60,353	
Total assets under management	89,884	89,413	86,071	85,610	84,164	81,131	78,416	75,474	73,031	89,413	81,131	72,874	
<b>ASSETS UNDER MANAGEMENT AND ADMINISTRATION</b>													
	98,332	98,223	94,471	93,539	92,315	89,248	86,008	82,912	80,365	98,223	89,248	80,097	

**SLF U.S.**

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017					2016			2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Premiums - life insurance	405	431	414	445	446	465	448	445	434	1,736	1,792	1,602
Premiums - health insurance	920	875	862	923	910	930	907	910	760	3,570	3,507	2,333
Premiums - annuities	—	—	—	—	—	—	—	1	—	—	1	2
Gross premiums	1,325	1,306	1,276	1,368	1,356	1,395	1,355	1,356	1,194	5,306	5,300	3,937
Ceded premiums	(137)	(162)	2	(142)	(134)	(155)	(88)	(138)	(148)	(436)	(529)	(587)
Net premiums	1,188	1,144	1,278	1,226	1,222	1,240	1,267	1,218	1,046	4,870	4,771	3,350
Net investment income (loss)	(283)	433	367	687	377	(853)	365	949	1,083	1,864	1,544	636
Fee income	14	16	49	18	20	19	17	22	13	103	71	28
<b>Total revenue</b>	<b>919</b>	<b>1,593</b>	<b>1,694</b>	<b>1,931</b>	<b>1,619</b>	<b>406</b>	<b>1,649</b>	<b>2,189</b>	<b>2,142</b>	<b>6,837</b>	<b>6,386</b>	<b>4,014</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	1,246	1,156	1,078	1,226	1,360	1,255	1,249	1,235	1,119	4,820	4,858	3,707
Change in investment/insurance contract liabilities & reinsurance assets	(605)	553	278	716	49	(1,203)	121	681	798	1,596	397	(204)
Operating expenses, commissions and other expenses	387	401	382	428	418	430	412	397	322	1,629	1,561	922
Reinsurance expenses (recoveries)	(179)	(169)	(136)	(155)	(216)	(183)	(179)	(162)	(182)	(676)	(706)	(729)
Total policy benefits and expenses	849	1,941	1,602	2,215	1,611	299	1,603	2,151	2,057	7,369	6,110	3,696
<b>Income (loss) before income taxes</b>												
Income tax expense (benefit)	70	(348)	92	(284)	8	107	46	38	85	(532)	276	318
Participating policyholders' net income (loss)	10	(286)	19	(107)	(18)	26	(2)	11	19	(392)	54	80
<b>Common shareholders' reported net income (loss)</b>	<b>(36)</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>—</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>—</b>
Market related impacts	96	(63)	72	(178)	25	81	47	26	63	(144)	217	238
Assumption changes and management actions	(25)	(34)	4	(16)	(12)	36	4	(25)	(4)	(58)	11	37
Acquisition, integration and restructuring	3	—	(38)	(238)	(4)	5	(27)	—	(1)	(280)	(23)	(86)
Other	(11)	(10)	(15)	(25)	(18)	(15)	(15)	(10)	(15)	(68)	(55)	—
<b>Common shareholders' underlying net income (loss)</b>	<b>—</b>	<b>(114)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(114)</b>	<b>—</b>	<b>—</b>
<b>PREMIUMS &amp; DEPOSITS</b>	<b>1,188</b>	<b>1,144</b>	<b>1,278</b>	<b>1,226</b>	<b>1,222</b>	<b>1,240</b>	<b>1,267</b>	<b>1,218</b>	<b>1,046</b>	<b>4,870</b>	<b>4,771</b>	<b>3,350</b>
<b>SALES</b>	<b>136</b>	<b>627</b>	<b>193</b>	<b>165</b>	<b>121</b>	<b>526</b>	<b>257</b>	<b>157</b>	<b>113</b>	<b>1,106</b>	<b>1,053</b>	<b>723</b>
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	32,575	32,259	32,061	32,762	33,417	33,625	35,094	34,442	33,721	32,259	33,625	31,818
Segregated funds	484	488	479	496	501	502	521	510	497	488	502	513
Other AUM	54	57	58	64	69	80	88	90	104	57	80	113
<b>Total</b>	<b>33,113</b>	<b>32,804</b>	<b>32,598</b>	<b>33,322</b>	<b>33,987</b>	<b>34,207</b>	<b>35,703</b>	<b>35,042</b>	<b>34,322</b>	<b>32,804</b>	<b>34,207</b>	<b>32,444</b>

**SLF U.S.**

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Premiums - life insurance	321	339	330	331	337	349	344	345	316	1,337	1,354	1,254
Premiums - health insurance	728	689	688	687	688	697	695	706	554	2,752	2,652	1,825
Premiums - annuities	—	—	—	—	—	—	—	—	—	—	—	—
Gross premiums	1,049	1,028	1,018	1,018	1,025	1,046	1,039	1,051	870	4,089	4,006	3,079
Ceded premiums	(108)	(128)	4	(106)	(102)	(116)	(68)	(107)	(108)	(332)	(399)	(459)
Net premiums	941	900	1,022	912	923	930	971	944	762	3,757	3,607	2,620
Net investment income (loss)	(224)	342	290	509	286	(637)	282	738	788	1,427	1,171	503
Fee income	11	13	38	13	16	14	13	17	10	80	54	22
<b>Total revenue</b>	<b>728</b>	<b>1,255</b>	<b>1,350</b>	<b>1,434</b>	<b>1,225</b>	<b>307</b>	<b>1,266</b>	<b>1,699</b>	<b>1,560</b>	<b>5,264</b>	<b>4,832</b>	<b>3,145</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	986	911	859	911	1,027	940	958	959	815	3,708	3,672	2,900
Change in investment/insurance contract liabilities & reinsurance assets	(478)	434	223	533	39	(899)	94	528	581	1,229	304	(152)
Operating expenses, commissions and other expenses	306	314	304	319	316	322	316	308	234	1,253	1,180	722
Reinsurance expenses (recoveries)	(142)	(133)	(109)	(114)	(164)	(137)	(137)	(126)	(132)	(520)	(532)	(572)
Total policy benefits and expenses	672	1,526	1,277	1,649	1,218	226	1,231	1,669	1,498	5,670	4,624	2,898
<b>Income (loss) before income taxes</b>	<b>56</b>	<b>(271)</b>	<b>73</b>	<b>(215)</b>	<b>7</b>	<b>81</b>	<b>35</b>	<b>30</b>	<b>62</b>	<b>(406)</b>	<b>208</b>	<b>247</b>
Income tax expense (benefit)	8	(223)	15	(81)	(13)	20	(3)	10	14	(302)	41	64
Participating policyholders' net income (loss)	(28)	1	1	1	—	—	1	1	2	3	4	—
<b>Common shareholders' reported net income (loss)</b>	<b>76</b>	<b>(49)</b>	<b>57</b>	<b>(135)</b>	<b>20</b>	<b>61</b>	<b>37</b>	<b>19</b>	<b>46</b>	<b>(107)</b>	<b>163</b>	<b>183</b>
Market related impacts	(20)	(25)	2	(12)	(9)	27	4	(20)	(3)	(44)	8	32
Assumption changes and management actions	2	—	(30)	(177)	(3)	4	(21)	—	(1)	(210)	(18)	(71)
Acquisition, integration and restructuring	(8)	(8)	(12)	(19)	(13)	(12)	(11)	(8)	(11)	(52)	(42)	—
Other	—	(90)	—	—	—	—	—	—	—	(90)	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>102</b>	<b>74</b>	<b>97</b>	<b>73</b>	<b>45</b>	<b>42</b>	<b>65</b>	<b>47</b>	<b>61</b>	<b>289</b>	<b>215</b>	<b>222</b>
Return on equity - reported	11.2%	(7.2)%	8.8%	(21.6)%	3.1%	9.4%	5.7%	3.1%	7.8%	(4.1)%	6.5%	9.8%
Return on equity - underlying	15.1%	10.9%	14.9%	11.8%	7.0%	6.5%	10.1%	7.3%	10.4%	11.1%	8.5%	11.9%
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	941	900	1,022	912	923	930	971	944	762	3,757	3,607	2,620
<b>SALES</b>												
Group Benefits	108	494	154	123	92	394	197	121	82	863	794	554
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	25,250	25,649	25,717	25,275	25,106	25,037	26,734	26,637	25,890	25,649	25,037	22,991
Segregated funds	375	388	385	383	376	374	397	395	383	388	374	371
Other AUM	42	45	47	50	52	59	67	70	80	45	59	82
<b>Total</b>	<b>25,667</b>	<b>26,082</b>	<b>26,149</b>	<b>25,708</b>	<b>25,534</b>	<b>25,470</b>	<b>27,198</b>	<b>27,102</b>	<b>26,353</b>	<b>26,082</b>	<b>25,470</b>	<b>23,444</b>



**SLF U.S. - GROUP BENEFITS**

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	914	885	880	880	888	899	897	908	726	3,533	3,430	2,465
Ceded premiums	(33)	(39)	(32)	(29)	(33)	(35)	2	(31)	(43)	(133)	(107)	(180)
Net premiums	881	846	848	851	855	864	899	877	683	3,400	3,323	2,285
Net investment income (loss)	(4)	51	58	84	63	(58)	63	122	109	256	236	114
Fee income	21	20	50	18	20	17	12	16	7	108	52	10
<b>Total revenue</b>	<b>898</b>	<b>917</b>	<b>956</b>	<b>953</b>	<b>938</b>	<b>823</b>	<b>974</b>	<b>1,015</b>	<b>799</b>	<b>3,764</b>	<b>3,611</b>	<b>2,409</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	696	669	653	664	681	646	688	706	553	2,667	2,593	1,818
Change in investment/insurance contract liabilities & reinsurance assets	(74)	(33)	(78)	(2)	(12)	(105)	16	46	50	(125)	7	(22)
Operating expenses, commissions and other expenses	288	283	288	294	292	292	286	283	215	1,157	1,076	651
Reinsurance expenses (recoveries)	(54)	(60)	(33)	(26)	(32)	(33)	(34)	(43)	(54)	(151)	(164)	(189)
Total policy benefits and expenses	856	859	830	930	929	800	956	992	764	3,548	3,512	2,258
<b>Income (loss) before income taxes</b>	<b>42</b>	<b>58</b>	<b>126</b>	<b>23</b>	<b>9</b>	<b>23</b>	<b>18</b>	<b>23</b>	<b>35</b>	<b>216</b>	<b>99</b>	<b>151</b>
Income tax expense (benefit)	9	28	40	7	1	3	4	12	7	76	26	52
<b>Common shareholders' reported net income (loss)</b>	<b>33</b>	<b>30</b>	<b>86</b>	<b>16</b>	<b>8</b>	<b>20</b>	<b>14</b>	<b>11</b>	<b>28</b>	<b>140</b>	<b>73</b>	<b>99</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	881	846	848	851	855	864	899	877	683	3,400	3,323	2,285
<b>ASSETS UNDER MANAGEMENT</b>												
General Funds	7,471	7,344	7,395	7,393	7,379	7,409	7,609	7,685	7,563	7,344	7,409	4,879
<b>SALES</b>												
Employee Benefits	71	163	83	64	60	225	100	66	45	370	436	202
Medical Stop-Loss	37	331	71	59	32	169	97	55	37	493	358	352
Total	108	494	154	123	92	394	197	121	82	863	794	554
<b>BUSINESS IN-FORCE</b>												
Employee Benefits	2,433	2,464	2,522	2,573	2,584	2,589	2,611	2,672	2,857	2,464	2,589	1,426
Medical Stop-Loss	1,445	1,404	1,251	1,232	1,204	1,194	1,195	1,177	1,155	1,404	1,194	1,155
Total	3,878	3,868	3,773	3,805	3,788	3,783	3,806	3,849	4,012	3,868	3,783	2,581
<b>AFTER-TAX PROFIT MARGIN <sup>(1)</sup></b>												
	5.6%	5.0%	4.5%	3.3%	2.8%	3.5%	3.6%	3.0%	3.5%	5.0%	3.5%	3.7%

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

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

(US\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	135	143	138	138	137	147	142	143	144	556	576	614
Ceded premiums	(75)	(89)	36	(77)	(69)	(81)	(70)	(76)	(65)	(199)	(292)	(279)
Net premiums	60	54	174	61	68	66	72	67	79	357	284	335
Net investment income (loss)	(220)	291	232	425	223	(579)	219	616	679	1,171	935	389
Fee income	(10)	(7)	(12)	(5)	(4)	(3)	1	1	3	(28)	2	12
<b>Total revenue</b>	<b>(170)</b>	<b>338</b>	<b>394</b>	<b>481</b>	<b>287</b>	<b>(516)</b>	<b>292</b>	<b>684</b>	<b>761</b>	<b>1,500</b>	<b>1,221</b>	<b>736</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	290	242	206	247	346	294	270	253	262	1,041	1,079	1,082
Change in investment/insurance contract liabilities & reinsurance assets	(404)	467	301	535	51	(794)	78	482	531	1,354	297	(130)
Operating expenses, commissions and other expenses	18	31	16	25	24	30	30	25	19	96	104	71
Reinsurance expenses (recoveries)	(88)	(73)	(76)	(88)	(132)	(104)	(103)	(83)	(78)	(369)	(368)	(383)
Total policy benefits and expenses	(184)	667	447	719	289	(574)	275	677	734	2,122	1,112	640
<b>Income (loss) before income taxes</b>	<b>14</b>	<b>(329)</b>	<b>(53)</b>	<b>(238)</b>	<b>(2)</b>	<b>58</b>	<b>17</b>	<b>7</b>	<b>27</b>	<b>(622)</b>	<b>109</b>	<b>96</b>
Income tax expense (benefit)	(1)	(251)	(25)	(88)	(14)	17	(7)	(2)	7	(378)	15	12
Participating policyholders' net income (loss)	(28)	1	1	1	—	—	1	1	2	3	4	—
<b>Common shareholders' reported net income (loss)</b>	<b>43</b>	<b>(79)</b>	<b>(29)</b>	<b>(151)</b>	<b>12</b>	<b>41</b>	<b>23</b>	<b>8</b>	<b>18</b>	<b>(247)</b>	<b>90</b>	<b>84</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	60	54	174	61	68	66	72	67	79	357	284	335
<b>ACCOUNT VALUE</b>												
Individual insurance - domestic	4,511	4,538	4,541	4,545	4,545	4,576	4,592	4,603	4,605	4,538	4,576	4,613
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	17,779	18,305	18,322	17,882	17,727	17,628	19,125	18,952	18,327	18,305	17,628	18,112
Segregated funds	375	388	385	383	376	374	397	395	383	388	374	371
Other AUM	42	45	47	50	52	59	67	70	80	45	59	82
Total	18,196	18,738	18,754	18,315	18,155	18,061	19,589	19,417	18,790	18,738	18,061	18,565

**SLF ASSET MANAGEMENT**

(C\$ millions)

	At and For the Quarter Ended								At and For the Year Ended			
	2018	2017			2016				2017	2016	2015	
<b>FINANCIAL SUMMARY</b>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Net investment income	2	10	11	10	14	(12)	6	(2)	5	45	(3)	4
Fee income	1,048	1,044	987	1,023	983	1,003	997	953	979	4,037	3,932	3,727
<b>Total revenue</b>	<b>1,050</b>	<b>1,054</b>	<b>998</b>	<b>1,033</b>	<b>997</b>	<b>991</b>	<b>1,003</b>	<b>951</b>	<b>984</b>	<b>4,082</b>	<b>3,929</b>	<b>3,731</b>
<b>Expenses</b>	771	771	715	751	739	710	725	674	698	2,976	2,807	2,616
<b>Income (loss) before income taxes</b>	279	283	283	282	258	281	278	277	286	1,106	1,122	1,115
Income tax expense (benefit)	69	169	98	99	87	83	97	104	109	453	393	424
<b>Common shareholders' reported net income (loss)</b>	210	114	185	183	171	198	181	173	177	653	729	691
Fair value adjustments on share-based payment awards at MFS	(21)	(34)	(19)	(16)	(12)	10	(7)	20	7	(81)	30	(9)
Other	—	(78)	—	—	—	—	—	—	—	(78)	—	—
<b>Common shareholders' underlying net income (loss)</b>	231	226	204	199	183	188	188	153	170	812	699	700
<b>Common shareholders' underlying net income (loss)</b>												
MFS	222	220	199	193	176	179	181	146	164	788	670	688
SLIM	9	6	5	6	7	9	7	7	6	24	29	12
Total	231	226	204	199	183	188	188	153	170	812	699	700
<b>GROSS SALES</b>												
MFS	29,561	25,584	26,307	27,320	27,303	26,291	28,211	26,848	26,834	106,514	108,184	96,461
SLIM	2,703	2,930	2,303	2,532	3,003	3,166	1,812	1,334	1,774	10,768	8,086	3,062
Total	32,264	28,514	28,610	29,852	30,306	29,457	30,023	28,182	28,608	117,282	116,270	99,523
<b>NET SALES</b>												
MFS	(5,392)	(5,042)	(3,328)	(5,435)	(14,674)	(12,718)	(1,216)	(1,328)	(1,511)	(28,479)	(16,773)	(20,461)
SLIM	335	1,587	1,459	872	2,155	2,260	1,296	519	373	6,073	4,448	537
Total	(5,057)	(3,455)	(1,869)	(4,563)	(12,519)	(10,458)	80	(809)	(1,138)	(22,406)	(12,325)	(19,924)
<b>ASSETS UNDER MANAGEMENT</b>												
MFS	621,540	618,292	591,197	598,996	586,907	571,593	578,603	549,174	543,980	618,292	571,593	571,877
SLIM	60,118	59,319	56,513	56,320	55,936	53,222	51,106	48,580	57,068	59,319	53,222	57,761
Total	681,658	677,611	647,710	655,316	642,843	624,815	629,709	597,754	601,048	677,611	624,815	629,638

**MFS**

(US\$ millions), unless otherwise noted

STATEMENTS OF OPERATIONS	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Net investment income	1	8	9	8	10	(10)	4	(2)	4	35	(4)	2
Fee income	747	764	737	715	691	696	712	690	664	2,907	2,762	2,840
<b>Total revenue</b>	<b>748</b>	<b>772</b>	<b>746</b>	<b>723</b>	<b>701</b>	<b>686</b>	<b>716</b>	<b>688</b>	<b>668</b>	<b>2,942</b>	<b>2,758</b>	<b>2,842</b>
<b>Expenses</b>	<b>535</b>	<b>556</b>	<b>525</b>	<b>519</b>	<b>512</b>	<b>483</b>	<b>510</b>	<b>480</b>	<b>466</b>	<b>2,112</b>	<b>1,939</b>	<b>1,982</b>
<b>Income (loss) before income taxes</b>	<b>213</b>	<b>216</b>	<b>221</b>	<b>204</b>	<b>189</b>	<b>203</b>	<b>206</b>	<b>208</b>	<b>202</b>	<b>830</b>	<b>819</b>	<b>860</b>
Income tax expense (benefit)	54	144	78	72	65	61	73	79	78	359	291	329
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>159</b>	<b>72</b>	<b>143</b>	<b>132</b>	<b>124</b>	<b>142</b>	<b>133</b>	<b>129</b>	<b>124</b>	<b>471</b>	<b>528</b>	<b>531</b>
Fair value adjustments on share-based payment awards at MFS	(17)	(27)	(16)	(12)	(9)	7	(5)	15	5	(64)	22	(9)
Other	—	(75)	—	—	—	—	—	—	—	(75)	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>176</b>	<b>174</b>	<b>159</b>	<b>144</b>	<b>133</b>	<b>135</b>	<b>138</b>	<b>114</b>	<b>119</b>	<b>610</b>	<b>506</b>	<b>540</b>
<b>MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT</b>												
Opening AUM	250,231	239,729	232,692	221,716	211,822	217,103	208,905	203,308	200,463	211,822	200,463	195,521
Sales	16,211	14,118	13,878	13,746	16,059	14,717	16,176	14,414	13,068	57,801	58,375	55,436
Redemptions	(16,567)	(13,644)	(13,964)	(13,431)	(17,706)	(16,981)	(14,821)	(13,594)	(13,555)	(58,745)	(58,951)	(49,987)
Market movement	(2,132)	10,028	7,123	10,661	11,541	(3,017)	6,843	4,777	3,332	39,353	11,935	(507)
Closing AUM	<b>247,743</b>	<b>250,231</b>	<b>239,729</b>	<b>232,692</b>	<b>221,716</b>	<b>211,822</b>	<b>217,103</b>	<b>208,905</b>	<b>203,308</b>	<b>250,231</b>	<b>211,822</b>	<b>200,463</b>
<b>MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT</b>												
Opening AUM	241,374	234,481	229,425	219,203	213,787	223,670	216,053	215,010	212,773	213,787	212,773	235,430
Sales	7,182	6,028	7,109	6,568	4,576	4,980	5,463	6,421	6,475	24,281	23,339	20,379
Redemptions	(11,093)	(10,473)	(9,678)	(10,924)	(14,020)	(12,245)	(7,751)	(8,272)	(7,089)	(45,095)	(35,357)	(41,499)
Market movement	(3,056)	11,338	7,625	14,578	14,860	(2,618)	9,905	2,894	2,851	48,401	13,032	(1,537)
Closing AUM	<b>234,407</b>	<b>241,374</b>	<b>234,481</b>	<b>229,425</b>	<b>219,203</b>	<b>213,787</b>	<b>223,670</b>	<b>216,053</b>	<b>215,010</b>	<b>241,374</b>	<b>213,787</b>	<b>212,773</b>
<b>SUPPLEMENTAL INFORMATION</b>												
Pre-tax net operating profit margin ratio	38 %	40 %	41 %	36 %	36 %	35 %	38 %	35 %	37 %	38 %	36 %	40 %
Pre-tax gross operating profit margin ratio	32 %	34 %	34 %	31 %	30 %	29 %	31 %	29 %	31 %	32 %	30 %	33 %
Total assets under management	482,150	491,605	474,210	462,117	440,919	425,609	440,773	424,958	418,318	491,605	425,609	413,236
Average net assets	495,042	482,553	468,151	453,197	437,570	426,939	437,802	423,038	398,907	460,512	421,730	434,038
Total gross sales	23,393	20,146	20,987	20,314	20,635	19,697	21,639	20,835	19,543	82,082	81,714	75,815
Total net sales	(4,267)	(3,971)	(2,655)	(4,041)	(11,091)	(9,529)	(933)	(1,031)	(1,101)	(21,758)	(12,594)	(15,671)
Liability for share-based compensation <sup>(1)</sup>	566	562	551	536	551	533	555	550	652	562	533	696
Diluted EPS impact - liability for share-based compensation <sup>(2)</sup>	\$0.01	\$0.00	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.06	\$0.04
U.S. GAAP net income	188	113	169	147	140	142	148	122	127	569	539	589
Dividends paid to SLF	134	123	122	105	102	103	106	87	91	452	387	414

<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		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Gross premiums	521	815	545	543	624	847	790	682	604	2,527	2,923	2,132
Ceded premiums	(54)	(68)	(46)	(56)	(56)	(71)	(44)	(19)	(19)	(226)	(153)	(80)
Net premiums	467	747	499	487	568	776	746	663	585	2,301	2,770	2,052
Net investment income (loss)	(284)	315	354	655	398	(820)	321	918	907	1,722	1,326	228
Fee income	133	133	124	136	131	124	131	119	124	524	498	488
<b>Total revenue</b>	<b>316</b>	<b>1,195</b>	<b>977</b>	<b>1,278</b>	<b>1,097</b>	<b>80</b>	<b>1,198</b>	<b>1,700</b>	<b>1,616</b>	<b>4,547</b>	<b>4,594</b>	<b>2,768</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	308	265	292	228	276	342	283	285	272	1,061	1,182	1,247
Change in investment/insurance contract liabilities & reinsurance assets	(358)	475	214	441	508	(652)	483	1,077	970	1,638	1,878	126
Operating expenses, commissions and other expenses	274	357	273	273	262	351	298	246	239	1,165	1,134	965
Reinsurance expenses (recoveries)	(45)	(49)	(38)	(41)	(57)	(60)	(182)	(25)	(6)	(185)	(273)	(34)
<b>Total policy benefits and expenses</b>	<b>179</b>	<b>1,048</b>	<b>741</b>	<b>901</b>	<b>989</b>	<b>(19)</b>	<b>882</b>	<b>1,583</b>	<b>1,475</b>	<b>3,679</b>	<b>3,921</b>	<b>2,304</b>
<b>Income (loss) before income taxes</b>	<b>137</b>	<b>147</b>	<b>236</b>	<b>377</b>	<b>108</b>	<b>99</b>	<b>316</b>	<b>117</b>	<b>141</b>	<b>868</b>	<b>673</b>	<b>464</b>
Income tax expense (benefit)	4	17	11	15	19	11	13	19	15	62	58	58
Participating policyholders' net income (loss) and non-controlling interest	-	9	9	6	4	5	5	2	3	28	15	-
<b>Common shareholders' reported net income (loss)</b>	<b>133</b>	<b>121</b>	<b>216</b>	<b>356</b>	<b>85</b>	<b>83</b>	<b>298</b>	<b>96</b>	<b>123</b>	<b>778</b>	<b>600</b>	<b>406</b>
Market related impacts	4	15	12	12	(1)	2	36	(38)	(5)	38	(5)	12
Assumption changes and management actions	1	-	74	221	(11)	(12)	129	(4)	1	284	114	51
Acquisition, integration and restructuring	-	-	-	-	-	(1)	3	-	31	-	33	(63)
Other	-	(5)	-	-	-	-	-	-	-	(5)	-	-
<b>Common shareholders' underlying net income (loss)</b>	<b>128</b>	<b>111</b>	<b>130</b>	<b>123</b>	<b>97</b>	<b>94</b>	<b>130</b>	<b>138</b>	<b>96</b>	<b>461</b>	<b>458</b>	<b>406</b>
Return on equity - reported	11.2 %	9.0 %	15.8 %	26.0 %	6.4 %	6.1 %	22.3 %	7.8 %	10.3 %	14.4 %	11.7 %	9.2 %
Return on equity - underlying	10.7 %	8.2 %	9.5 %	9.0 %	7.2 %	6.9 %	9.7 %	11.2 %	8.1 %	8.5 %	8.9 %	9.2 %
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	467	747	499	487	568	776	746	663	585	2,301	2,770	2,052
Segregated fund deposits	310	273	223	216	221	281	271	185	182	933	919	971
Mutual fund sales	2,926	2,955	2,928	2,320	2,428	2,237	1,612	1,028	865	10,631	5,742	4,711
Managed fund sales	567	585	460	490	336	450	322	278	201	1,871	1,251	1,078
ASO deposits (pension administration)	142	146	169	191	180	182	191	278	292	686	943	1,189
<b>Total</b>	<b>4,412</b>	<b>4,706</b>	<b>4,279</b>	<b>3,704</b>	<b>3,733</b>	<b>3,926</b>	<b>3,142</b>	<b>2,432</b>	<b>2,125</b>	<b>16,422</b>	<b>11,625</b>	<b>10,001</b>
<b>SALES - Proportionate ownership <sup>(1)</sup></b>												
<b>Individual life insurance</b>												
Insurance and Wealth	200	197	156	142	166	200	162	139	127	661	628	488
International	22	49	26	21	28	29	28	22	16	124	95	78
<b>Total life insurance sales</b>	<b>222</b>	<b>246</b>	<b>182</b>	<b>163</b>	<b>194</b>	<b>229</b>	<b>190</b>	<b>161</b>	<b>143</b>	<b>785</b>	<b>723</b>	<b>566</b>
<b>Total group life &amp; health insurance sales</b>	<b>11</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>11</b>	<b>26</b>	<b>32</b>	<b>47</b>
<b>Total wealth sales <sup>(2)</sup></b>	<b>3,736</b>	<b>3,603</b>	<b>3,607</b>	<b>2,949</b>	<b>2,897</b>	<b>3,092</b>	<b>2,402</b>	<b>1,777</b>	<b>1,578</b>	<b>13,056</b>	<b>8,849</b>	<b>7,070</b>
<b>ASSETS UNDER MANAGEMENT <sup>(3)</sup></b>												
Insurance and Wealth	65,134	64,688	60,050	59,070	57,262	53,469	52,766	48,412	44,437	64,688	53,469	46,846
International	16,011	16,014	15,749	16,674	16,639	16,579	17,340	16,793	16,860	16,014	16,579	17,478
<b>Total</b>	<b>81,145</b>	<b>80,702</b>	<b>75,799</b>	<b>75,744</b>	<b>73,901</b>	<b>70,048</b>	<b>70,106</b>	<b>65,205</b>	<b>61,297</b>	<b>80,702</b>	<b>70,048</b>	<b>64,324</b>
<b>ASSETS UNDER MANAGEMENT AND ADMINISTRATION <sup>(3)</sup></b>	<b>93,780</b>	<b>93,845</b>	<b>89,716</b>	<b>90,580</b>	<b>91,447</b>	<b>86,808</b>	<b>87,449</b>	<b>92,238</b>	<b>86,127</b>	<b>93,845</b>	<b>86,808</b>	<b>92,752</b>
<b>Constant Currency Sales <sup>(4)</sup></b>												
Individual life insurance	228	256	190	160	194							
Wealth	3,812	3,693	3,721	2,833	2,897							

<sup>(1)</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 Aditya Birla Sun Life Insurance Company Limited's sales are included at 49% beginning Q2 2016. Indonesia CSL sales, Aditya Birla Sun Life Insurance Company Limited'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>(2)</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 Aditya Birla Sun Life AMC Limited's equity and fixed income mutual funds sales based on our proportionate equity interest.

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

<sup>(4)</sup> Quarterly sales in constant currency are relative to Q1 2017 foreign exchange rates for each of the quarters.

**SLF ASIA - INSURANCE AND WEALTH**

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017					2016			2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	305	399	314	348	365	573	494	464	440	1,426	1,971	1,211
Ceded premiums	(48)	(62)	(48)	(50)	(50)	(62)	(34)	(10)	(11)	(210)	(117)	(40)
Net premiums	257	337	266	298	315	511	460	454	429	1,216	1,854	1,171
Net investment income (loss)	(241)	215	227	421	281	(470)	211	553	467	1,144	761	52
Fee income	104	102	93	102	97	87	93	81	80	394	341	306
<b>Total revenue</b>	<b>120</b>	<b>654</b>	<b>586</b>	<b>821</b>	<b>693</b>	<b>128</b>	<b>764</b>	<b>1,088</b>	<b>976</b>	<b>2,754</b>	<b>2,956</b>	<b>1,529</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	200	220	180	179	192	198	200	199	192	771	789	816
Change in investment/insurance contract liabilities & reinsurance assets	(372)	110	119	367	259	(357)	398	638	502	855	1,181	(292)
Operating expenses, commissions and other expenses	221	271	213	218	203	274	229	190	180	905	873	673
Reinsurance expenses (recoveries)	(36)	(48)	(38)	(41)	(55)	(59)	(172)	(25)	(6)	(182)	(262)	(27)
Total policy benefits and expenses	13	553	474	723	599	56	655	1,002	868	2,349	2,581	1,170
<b>Income (loss) before income taxes</b>	<b>107</b>	<b>101</b>	<b>112</b>	<b>98</b>	<b>94</b>	<b>72</b>	<b>109</b>	<b>86</b>	<b>108</b>	<b>405</b>	<b>375</b>	<b>359</b>
Income tax expense (benefit)	2	9	10	15	17	9	12	16	14	51	51	48
Participating policyholders' net income (loss) and non-controlling interest	-	9	9	6	4	5	5	2	3	28	15	—
<b>Common shareholders' reported net income (loss)</b>	<b>105</b>	<b>83</b>	<b>93</b>	<b>77</b>	<b>73</b>	<b>58</b>	<b>92</b>	<b>68</b>	<b>91</b>	<b>326</b>	<b>309</b>	<b>311</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	257	337	266	298	315	511	460	454	429	1,216	1,854	1,171
Segregated fund deposits	310	273	223	216	221	281	271	185	181	933	918	960
Mutual fund sales	2,926	2,955	2,928	2,320	2,428	2,237	1,612	1,028	865	10,631	5,742	4,711
Managed fund sales	567	585	460	490	336	450	322	278	201	1,871	1,251	1,078
ASO deposits (pension administration)	142	146	169	191	180	182	191	278	292	686	943	1,189
Total	4,202	4,296	4,046	3,515	3,480	3,661	2,856	2,223	1,968	15,337	10,708	9,109
<b>ASSETS UNDER MANAGEMENT <sup>(1)</sup></b>												
General funds	15,560	15,594	15,089	15,391	15,327	15,103	15,362	14,528	13,583	15,594	15,103	13,551
Segregated funds	5,371	5,393	4,995	4,998	4,859	4,605	4,716	4,268	4,157	5,393	4,605	4,278
Other AUM	44,203	43,701	39,966	38,681	37,076	33,761	32,688	29,616	26,697	43,701	33,761	29,017
Total	65,134	64,688	60,050	59,070	57,262	53,469	52,766	48,412	44,437	64,688	53,469	46,846
<b>ASSETS UNDER MANAGEMENT AND ADMINISTRATION <sup>(1)</sup></b>												
	77,769	77,831	73,967	73,906	74,808	70,229	70,109	75,445	69,267	77,831	70,229	75,274
<b>SALES - Proportionate ownership <sup>(2)</sup></b>												
<b>Individual life insurance</b>												
Philippines	49	59	46	36	38	53	51	38	37	179	179	178
Hong Kong	37	57	42	39	42	76	54	49	38	180	217	144
Indonesia	19	20	19	20	15	18	15	12	12	74	57	45
India	45	26	20	18	41	23	17	12	16	105	68	37
China	34	20	15	15	17	17	11	15	12	67	55	40
Vietnam	4	4	2	3	3	3	2	1	3	12	9	9
Malaysia	12	11	12	11	10	10	12	12	9	44	43	35
<b>Total life insurance sales</b>	<b>200</b>	<b>197</b>	<b>156</b>	<b>142</b>	<b>166</b>	<b>200</b>	<b>162</b>	<b>139</b>	<b>127</b>	<b>661</b>	<b>628</b>	<b>488</b>
<b>Total group life &amp; health insurance sales</b>	<b>11</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>7</b>	<b>11</b>	<b>26</b>	<b>32</b>	<b>47</b>
<b>Total wealth sales <sup>(3)</sup></b>	<b>3,736</b>	<b>3,603</b>	<b>3,607</b>	<b>2,949</b>	<b>2,897</b>	<b>3,092</b>	<b>2,402</b>	<b>1,777</b>	<b>1,578</b>	<b>13,056</b>	<b>8,849</b>	<b>7,070</b>

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

<sup>(2)</sup> Includes the sales in the Company's joint ventures and associates with local partners in 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 Aditya Birla Sun Life Insurance Company Limited's sales are included at 49% beginning Q2 2016. Indonesia CSL sales, Aditya Birla Sun Life Insurance Company Limited'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>(3)</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 Aditya Birla Sun Life AMC Limited's equity and fixed income mutual funds sales based on our proportionate equity interest.

**SLF ASIA - INTERNATIONAL**

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017			2016			2017	2016	2015		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>STATEMENTS OF OPERATIONS</b>												
<b>Revenue</b>												
Gross premiums	216	416	231	195	259	274	296	218	164	1,101	952	921
Ceded premiums	(6)	(6)	2	(6)	(6)	(9)	(10)	(9)	(8)	(16)	(36)	(40)
Net premiums	210	410	233	189	253	265	286	209	156	1,085	916	881
Net investment income (loss)	(43)	100	127	234	117	(350)	110	365	440	578	565	176
Fee income	29	31	31	34	34	37	38	38	44	130	157	182
<b>Total revenue</b>	<b>196</b>	<b>541</b>	<b>391</b>	<b>457</b>	<b>404</b>	<b>(48)</b>	<b>434</b>	<b>612</b>	<b>640</b>	<b>1,793</b>	<b>1,638</b>	<b>1,239</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	108	45	112	49	84	144	83	86	80	290	393	431
Change in investment/insurance contract liabilities & reinsurance assets	14	365	95	74	249	(295)	85	439	468	783	697	418
Operating expenses, commissions and other expenses	53	86	60	55	59	77	69	56	59	260	261	292
Reinsurance expenses (recoveries)	(9)	(1)	—	—	(2)	(1)	(10)	—	—	(3)	(11)	(7)
Total policy benefits and expenses	166	495	267	178	390	(75)	227	581	607	1,330	1,340	1,134
<b>Income (loss) before income taxes</b>	<b>30</b>	<b>46</b>	<b>124</b>	<b>279</b>	<b>14</b>	<b>27</b>	<b>207</b>	<b>31</b>	<b>33</b>	<b>463</b>	<b>298</b>	<b>105</b>
Income tax expense (benefit)	2	8	1	—	2	2	1	3	1	11	7	10
<b>Common shareholders' reported net income (loss)</b>	<b>28</b>	<b>38</b>	<b>123</b>	<b>279</b>	<b>12</b>	<b>25</b>	<b>206</b>	<b>28</b>	<b>32</b>	<b>452</b>	<b>291</b>	<b>95</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	210	410	233	189	253	265	286	209	156	1,085	916	881
Segregated fund deposits	—	—	—	—	—	—	—	—	1	—	1	11
Total	210	410	233	189	253	265	286	209	157	1,085	917	892
<b>SALES</b>												
Individual insurance	22	49	26	21	28	29	28	22	16	124	95	78
<b>ACCOUNT VALUE</b>												
Individual insurance	11,235	10,802	10,312	10,554	10,644	10,522	10,112	9,679	9,549	10,802	10,522	10,006
Investment products	4,134	4,403	4,544	4,980	5,197	5,177	5,422	5,540	5,906	4,403	5,177	6,520
Total	15,369	15,205	14,856	15,534	15,841	15,699	15,534	15,219	15,455	15,205	15,699	16,526
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	11,905	11,640	11,233	11,725	11,475	11,441	11,958	11,298	11,022	11,640	11,441	11,072
Segregated funds	676	708	722	764	779	767	780	786	808	708	767	866
Other AUM	3,430	3,666	3,794	4,185	4,385	4,371	4,602	4,709	5,030	3,666	4,371	5,540
Total	16,011	16,014	15,749	16,674	16,639	16,579	17,340	16,793	16,860	16,014	16,579	17,478

**CORPORATE**

(C\$ millions)

STATEMENTS OF OPERATIONS <sup>(1)</sup>	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017				2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>Revenue</b>												
Premiums - life insurance	23	25	24	23	22	25	26	23	25	94	99	102
Premiums - health insurance	4	3	4	3	4	3	5	4	5	14	17	20
Premiums - annuities	5	4	7	7	6	7	5	8	8	24	28	30
Gross premiums	32	32	35	33	32	35	36	35	38	132	144	152
Ceded premiums	(5)	(5)	(7)	(6)	(6)	(6)	(6)	(8)	(6)	(24)	(26)	(180)
Net premiums	27	27	28	27	26	29	30	27	32	108	118	(28)
Net investment income (loss)	(35)	232	38	9	168	(318)	508	645	492	447	1,327	160
Fee income	11	12	13	8	13	11	12	15	15	46	53	83
<b>Total revenue</b>	<b>3</b>	<b>271</b>	<b>79</b>	<b>44</b>	<b>207</b>	<b>(278)</b>	<b>550</b>	<b>687</b>	<b>539</b>	<b>601</b>	<b>1,498</b>	<b>215</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	165	100	147	175	135	150	157	170	209	557	686	794
Change in investment/insurance contract liabilities & reinsurance assets	(241)	68	(164)	(200)	(8)	(504)	267	424	247	(304)	434	(770)
Operating expenses, commissions and other expenses	90	138	72	63	56	135	66	92	82	329	375	361
Reinsurance expenses (recoveries)	(10)	39	(5)	(8)	19	4	3	(1)	(8)	45	(2)	(156)
Total policy benefits and expenses	4	345	50	30	202	(215)	493	685	530	627	1,493	229
<b>Income (loss) before income taxes</b>	(1)	(74)	29	14	5	(63)	57	2	9	(26)	5	(14)
Income tax expense (benefit)	(6)	40	1	(37)	(22)	(54)	5	(22)	(23)	(18)	(94)	(140)
Preferred shareholder dividends	24	23	24	23	23	23	25	24	24	93	96	100
<b>Common shareholders' reported net income (loss)</b>	<b>(19)</b>	<b>(137)</b>	<b>4</b>	<b>28</b>	<b>4</b>	<b>(32)</b>	<b>27</b>	<b>—</b>	<b>8</b>	<b>(101)</b>	<b>3</b>	<b>26</b>
Market related impacts	(3)	—	7	6	(8)	(6)	4	(4)	(7)	5	(13)	14
Assumption changes and management actions	—	(10)	33	23	9	—	13	—	1	55	14	11
Acquisition, integration and restructuring	(3)	(50)	(2)	(1)	(2)	(6)	—	2	(1)	(55)	(5)	(17)
Other	—	(54)	—	—	—	—	—	—	—	(54)	—	—
<b>Common shareholders' underlying net income (loss)</b>	<b>(13)</b>	<b>(23)</b>	<b>(34)</b>	<b>—</b>	<b>5</b>	<b>(20)</b>	<b>10</b>	<b>2</b>	<b>15</b>	<b>(52)</b>	<b>7</b>	<b>18</b>
<b>PREMIUMS &amp; DEPOSITS</b>												
Net premiums	27	27	28	27	26	29	30	27	32	108	118	(28)
Segregated fund deposits	19	19	20	21	20	25	23	27	29	80	104	132
Total	46	46	48	48	46	54	53	54	61	188	222	104
<b>ASSETS UNDER MANAGEMENT</b>												
General funds	15,179	14,414	13,111	14,186	13,726	14,169	14,722	13,900	15,617	14,414	14,169	16,522
Segregated funds	11,927	11,986	11,473	11,761	11,638	11,329	11,690	11,231	11,922	11,986	11,329	13,150
Other AUM <sup>(2)</sup>	(24,887)	(23,264)	(22,504)	(21,662)	(21,397)	(20,822)	(21,241)	(20,733)	(21,026)	(23,264)	(20,822)	(21,647)
Total	2,219	3,136	2,080	4,285	3,967	4,676	5,171	4,398	6,513	3,136	4,676	8,025

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

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



**CORPORATE**

(C\$ millions)

	At and For the Quarter Ended									At and For the Year Ended		
	2018	2017				2016				2017	2016	2015
	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	18	22	21	20	22	21	25	29	81	97	114
Ceded premiums	(4)	(4)	(5)	(4)	(4)	(5)	(4)	(5)	(5)	(17)	(19)	(15)
Net premiums	16	14	17	17	16	17	17	20	24	64	78	99
Net investment income (loss)	(48)	213	21	(10)	171	(304)	505	582	422	395	1,205	73
Fee income	31	31	30	27	30	30	32	33	34	118	129	150
<b>Total revenue</b>	<b>(1)</b>	<b>258</b>	<b>68</b>	<b>34</b>	<b>217</b>	<b>(257)</b>	<b>554</b>	<b>635</b>	<b>480</b>	<b>577</b>	<b>1,412</b>	<b>322</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	142	129	128	143	139	133	140	159	171	539	603	680
Change in investment/insurance contract liabilities & reinsurance assets	(210)	89	(153)	(188)	3	(430)	275	402	229	(249)	476	(704)
Operating expenses, commissions and other expenses	26	29	24	24	26	28	29	30	35	103	122	142
Reinsurance expenses (recoveries)	(5)	(4)	(2)	(4)	(3)	(1)	(3)	(4)	(5)	(13)	(13)	(15)
Total policy benefits and expenses	(47)	243	(3)	(25)	165	(270)	441	587	430	380	1,188	103
<b>Income (loss) before income taxes</b>	<b>46</b>	<b>15</b>	<b>71</b>	<b>59</b>	<b>52</b>	<b>13</b>	<b>113</b>	<b>48</b>	<b>50</b>	<b>197</b>	<b>224</b>	<b>219</b>
Income tax expense (benefit)	(2)	9	(1)	1	7	(13)	27	16	10	16	40	19
<b>Common shareholders' reported net income (loss)</b>	<b>48</b>	<b>6</b>	<b>72</b>	<b>58</b>	<b>45</b>	<b>26</b>	<b>86</b>	<b>32</b>	<b>40</b>	<b>181</b>	<b>184</b>	<b>200</b>
<b>STATEMENTS OF OPERATIONS - Corporate Support<sup>(1)</sup></b>												
<b>Revenue</b>												
Gross premiums	12	14	13	12	12	13	15	10	9	51	47	38
Ceded premiums	(1)	(1)	(2)	(2)	(2)	(1)	(2)	(3)	(1)	(7)	(7)	(165)
Net premiums	11	13	11	10	10	12	13	7	8	44	40	(127)
Net investment income (loss)	13	19	17	19	(3)	(14)	3	63	70	52	122	87
Fee income	(20)	(19)	(17)	(19)	(17)	(19)	(20)	(18)	(19)	(72)	(76)	(67)
<b>Total revenue</b>	<b>4</b>	<b>13</b>	<b>11</b>	<b>10</b>	<b>(10)</b>	<b>(21)</b>	<b>(4)</b>	<b>52</b>	<b>59</b>	<b>24</b>	<b>86</b>	<b>(107)</b>
<b>Policy benefits and expenses</b>												
Gross claims & benefits paid	23	(29)	19	32	(4)	17	17	11	38	18	83	114
Change in investment/insurance contract liabilities & reinsurance assets	(31)	(21)	(11)	(12)	(11)	(74)	(8)	22	18	(55)	(42)	(66)
Operating expenses, commissions and other expenses	64	109	48	39	30	107	37	62	47	226	253	219
Reinsurance expenses (recoveries)	(5)	43	(3)	(4)	22	5	6	3	(3)	58	11	(141)
Total policy benefits and expenses	51	102	53	55	37	55	52	98	100	247	305	126
<b>Income (loss) before income taxes</b>	<b>(47)</b>	<b>(89)</b>	<b>(42)</b>	<b>(45)</b>	<b>(47)</b>	<b>(76)</b>	<b>(56)</b>	<b>(46)</b>	<b>(41)</b>	<b>(223)</b>	<b>(219)</b>	<b>(233)</b>
Income tax expense (benefit)	(4)	31	2	(38)	(29)	(41)	(22)	(38)	(33)	(34)	(134)	(159)
Preferred shareholder dividends	24	23	24	23	23	23	25	24	24	93	96	100
<b>Common shareholders' reported net income (loss)</b>	<b>(67)</b>	<b>(143)</b>	<b>(68)</b>	<b>(30)</b>	<b>(41)</b>	<b>(58)</b>	<b>(59)</b>	<b>(32)</b>	<b>(32)</b>	<b>(282)</b>	<b>(181)</b>	<b>(174)</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	As at March 31, 2018				As at December 31, 2017				As at March 31, 2017			
	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 &amp; EQUITY SECURITIES</b>												
<b>DEBT SECURITIES</b>												
<b>Debt Securities by Sector</b>												
Debt Securities Issued or Guaranteed By:												
Canadian Federal Government	3,545	1,912	5,457	100 %	3,366	1,832	5,198	100 %	3,117	1,801	4,918	100 %
Canadian Provincial and Municipal Government	12,135	1,093	13,228	100 %	12,158	1,138	13,296	100 %	11,621	1,200	12,821	100 %
U.S. Government and Other U.S. Agency	1,156	930	2,086	100 %	1,231	818	2,049	100 %	1,108	625	1,733	100 %
Other Government	5,162	762	5,924	97 %	5,361	752	6,113	97 %	5,659	771	6,430	95 %
Total Government issued or guaranteed debt securities	21,998	4,697	26,695	99 %	22,116	4,540	26,656	99 %	21,505	4,397	25,902	99 %
Corporate Debt Securities by Industry Sector:												
Financials	7,958	1,774	9,732	99 %	7,856	1,705	9,561	99 %	8,030	1,622	9,652	99 %
Utilities	6,699	535	7,234	99 %	6,756	550	7,306	99 %	6,709	550	7,259	99 %
Consumer discretionary	2,247	534	2,781	96 %	2,352	609	2,961	95 %	2,548	632	3,180	96 %
Industrials	4,029	637	4,666	99 %	4,090	707	4,797	99 %	4,144	700	4,844	99 %
Consumer staples	1,949	334	2,283	96 %	1,920	351	2,271	95 %	2,229	393	2,622	95 %
Telecommunication services	1,778	283	2,061	99 %	1,763	298	2,061	99 %	1,809	308	2,117	98 %
Energy	3,505	385	3,890	98 %	3,657	455	4,112	98 %	3,820	493	4,313	97 %
Real Estate	2,351	337	2,688	99 %	2,213	366	2,579	99 %	2,055	358	2,413	99 %
Materials	1,257	273	1,530	93 %	1,211	262	1,473	91 %	1,232	250	1,482	90 %
Other	2,308	512	2,820	99 %	2,352	591	2,943	99 %	2,358	545	2,903	99 %
Total Corporate debt securities	34,081	5,604	39,685	99 %	34,170	5,894	40,064	98 %	34,934	5,851	40,785	98 %
Asset Backed Securities												
Government and agency	1,560	584	2,144	100 %	1,556	533	2,089	100 %	1,499	664	2,163	100 %
Other	2,222	1,861	4,083	93 %	2,125	1,685	3,810	92 %	2,374	1,651	4,025	90 %
Total asset backed securities	3,782	2,445	6,227	95 %	3,681	2,218	5,899	95 %	3,873	2,315	6,188	93 %
Total debt securities	59,861	12,746	72,607	99 %	59,967	12,652	72,619	98 %	60,312	12,563	72,875	98 %
<b>Debt Securities by Investment Rating</b>												
AAA	8,689	5,149	13,838		8,579	4,870	13,449		8,251	4,695	12,946	
AA	14,222	2,075	16,297		14,006	1,809	15,815		12,365	1,804	14,169	
A	19,458	2,829	22,287		19,603	3,000	22,603		20,875	2,929	23,804	
BBB	16,623	2,543	19,166		16,894	2,674	19,568		17,595	2,771	20,366	
BB and lower	869	150	1,019		885	299	1,184		1,226	364	1,590	
Total debt securities	59,861	12,746	72,607		59,967	12,652	72,619		60,312	12,563	72,875	
<b>EQUITY SECURITIES</b>												
<b>Stocks</b>												
Canada	3,123	57	3,180		3,282	53	3,335		3,243	36	3,279	
United States	770	617	1,387		765	671	1,436		771	562	1,333	
United Kingdom	128	6	134		130	5	135		124	5	129	
Other	812	186	998		901	213	1,114		862	195	1,057	
Total equity securities	4,833	866	5,699		5,078	942	6,020		5,000	798	5,798	

**PROPERTIES, MORTGAGES & LOANS**

	As at March 31, 2018			As at December 31, 2017			As at March 31, 2017		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
<b>PROPERTIES</b>									
Canada	5,448	47	5,495	5,260	87	5,347	4,711	174	4,885
United States	1,709	82	1,791	1,731	78	1,809	1,809	72	1,881
United Kingdom	86	—	86	76	—	76	75	—	75
Other	—	37	37	—	38	38	—	39	39
Total properties	7,243	166	7,409	7,067	203	7,270	6,595	285	6,880

	As at March 31, 2018			As at December 31, 2017			As at March 31, 2017		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
<b>MORTGAGES &amp; LOANS</b>									
Retail	—	4,274	4,274	—	4,291	4,291	—	4,424	4,424
Office	—	4,325	4,325	—	4,261	4,261	—	4,448	4,448
Multi-family residential	2,912	1,748	4,660	2,921	1,661	4,582	2,815	1,376	4,191
Industrial and land	—	1,692	1,692	—	1,660	1,660	—	1,686	1,686
Other	301	493	794	250	449	699	179	412	591
Total Mortgages	3,213	12,532	15,745	3,171	12,322	15,493	2,994	12,346	15,340
Corporate Loans			28,328			27,312			25,535
Total mortgages & loans			44,073			42,805			40,875

	Impaired Loans			Impaired Loans			Impaired Loans		
	Carrying Value	Allowances for Losses		Carrying Value	Allowances for Losses		Carrying Value	Allowances for Losses	
		Specific	Sectoral		Specific	Sectoral		Specific	Sectoral
<b>Mortgage and Loans - Impairments/Allowances</b>									
Mortgages	42	3	20	33	2	20	38	2	21
Loans	153	30	—	89	28	—	97	31	—
Total mortgage and loan impairments/allowances	195	33	20	122	30	20	135	33	21

	As at March 31, 2018		As at December 31, 2017		As at March 31, 2017	
	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	31,494	589	31,795	670	33,726	831
Foreign exchange contracts	18,594	(1,284)	18,091	(1,055)	16,538	(1,589)
Equity and other contracts	4,281	80	4,235	107	4,027	70
Total derivatives	54,369	(615)	54,121	(278)	54,291	(688)
Over the counter	48,215	(630)	47,978	(300)	48,426	(707)
Exchange traded	6,154	15	6,143	22	5,865	19
Total	54,369	(615)	54,121	(278)	54,291	(688)

For the Quarter ended - Q1 2018

## CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	Canadian Dollars						U.S. Dollars	
	SLF Canada	SLF U.S.	SLF Asset			Total Company	SLF U.S.	MFS
			Management	SLF Asia	Corporate			
Expected profit on in-force business <sup>(1)</sup>	211	106	316	129	(28)	734	84	242
Impact of new business <sup>(1)</sup>	18	4	—	(29)	—	(7)	3	—
Experience gains (losses)	14	(12)	—	(1)	(2)	(1)	(10)	—
Assumption changes and management actions	(9)	3	—	1	—	(5)	3	—
Other <sup>(2)</sup>	5	(14)	(37)	—	(4)	(50)	(11)	(29)
Earnings (loss) on operations (pre-tax)	239	87	279	100	(34)	671	69	213
Earnings on surplus	57	19	—	46	35	157	15	—
Earnings (loss) before income taxes	296	106	279	146	1	828	84	213
Income tax (expense) benefit	(47)	(10)	(69)	(13)	4	(135)	(8)	(54)
Earnings (loss) before preferred share dividends and non-controlling interest	249	96	210	133	5	693	76	159
Preferred share dividends and non-controlling interest	—	—	—	—	(24)	(24)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>249</b>	<b>96</b>	<b>210</b>	<b>133</b>	<b>(19)</b>	<b>669</b>	<b>76</b>	<b>159</b>
Underlying Net Income Adjustments (post tax):								
Market related impacts	(44)	(25)	—	4	(3)	(68)	(20)	—
Assumption changes and management actions	(7)	3	—	1	—	(3)	2	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	6	—	—	—	—	6	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	(21)	—	—	(21)	—	(17)
Acquisition, integration and restructuring	(1)	(11)	—	—	(3)	(15)	(8)	—
	(46)	(33)	(21)	5	(6)	(101)	(26)	(17)
<b>Common shareholders' underlying net income (loss)</b>	<b>295</b>	<b>129</b>	<b>231</b>	<b>128</b>	<b>(13)</b>	<b>770</b>	<b>102</b>	<b>176</b>

For the Quarter ended - Q1 2017

## CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	Canadian Dollars						U.S. Dollars	
	SLF Canada	SLF U.S.	SLF Asset			Total Company	SLF U.S.	MFS
			Management	SLF Asia	Corporate			
Expected profit on in-force business <sup>(1)</sup>	199	102	284	105	(39)	651	77	209
Impact of new business <sup>(1)</sup>	15	(8)	—	(25)	—	(18)	(7)	—
Experience gains (losses)	53	(75)	—	(13)	19	(16)	(54)	—
Assumption changes and management actions	10	(6)	—	(11)	9	2	(5)	—
Other <sup>(2)</sup>	(2)	(27)	(26)	—	(3)	(58)	(13)	(20)
Earnings (loss) on operations (pre-tax)	275	(14)	258	56	(14)	561	(2)	189
Earnings on surplus	47	21	—	48	16	132	15	—
Earnings (loss) before income taxes	322	7	258	104	2	693	13	189
Income tax (expense) benefit	(56)	18	(87)	(19)	25	(119)	7	(65)
Earnings (loss) before preferred share dividends and non-controlling interest	266	25	171	85	27	574	20	124
Preferred share dividends and non-controlling interest	—	—	—	—	(23)	(23)	—	—
<b>Common shareholders' reported net income (loss)</b>	<b>266</b>	<b>25</b>	<b>171</b>	<b>85</b>	<b>4</b>	<b>551</b>	<b>20</b>	<b>124</b>
Underlying Net Income Adjustments (post tax):								
Market related impacts	32	(12)	—	(1)	(8)	11	(9)	—
Assumption changes and management actions	7	(4)	—	(11)	9	1	(3)	—
Other adjustments:								
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	(34)	(12)	(12)	(1)	(22)	(25)	(9)
<b>Common shareholders' underlying net income (loss)</b>	<b>229</b>	<b>59</b>	<b>183</b>	<b>97</b>	<b>5</b>	<b>573</b>	<b>45</b>	<b>133</b>

<sup>(1)</sup> Reflects a change in presentation for our U.S. Stop Loss business effective Q1 2018. We have updated Q1 2017 to reflect this change in presentation.

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

CONSOLIDATED SOURCES OF EARNINGS - SUPPLEMENTAL INFORMATION

MFS SOURCES OF EARNINGS

This MFS Sources of Earnings is presented with reconciliation details to reported net income.

	For the Quarter Ended									For the Year Ended	
	2018	2017			2016				2017	2016	
(US\$ millions)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1		
Expected profit on in-force business	242	259	251	228	209	203	222	200	202	947	827
Impact of new business	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	242	259	251	228	209	203	222	200	202	947	827
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	242	259	251	228	209	203	222	200	202	947	827
Income tax (expense) benefit	(57)	(75)	(82)	(74)	(68)	(60)	(74)	(78)	(74)	(299)	(286)
Earnings (loss) before preferred share dividends and non-controlling interest	185	184	169	154	141	143	148	122	128	648	541
Preferred share dividends and non-controlling interest	(9)	(10)	(10)	(10)	(8)	(8)	(10)	(8)	(9)	(38)	(35)
<b>Common shareholders' underlying net income (loss)</b>	<b>176</b>	<b>174</b>	<b>159</b>	<b>144</b>	<b>133</b>	<b>135</b>	<b>138</b>	<b>114</b>	<b>119</b>	<b>610</b>	<b>506</b>
Underlying Net Income Adjustments:											
Fair value adjustments on share-based payment awards (pre-tax)	(29)	(43)	(30)	(24)	(20)	—	(16)	8	—	(117)	(8)
Income taxes	3	6	4	2	3	(1)	1	(1)	(4)	15	(5)
Non-controlling interest	9	10	10	10	8	8	10	8	9	38	35
Other	—	(75)	—	—	—	—	—	—	—	(75)	—
	(17)	(102)	(16)	(12)	(9)	7	(5)	15	5	(139)	22
<b>Common shareholders' reported net income (loss)</b>	<b>159</b>	<b>72</b>	<b>143</b>	<b>132</b>	<b>124</b>	<b>142</b>	<b>133</b>	<b>129</b>	<b>124</b>	<b>471</b>	<b>528</b>

**EXPENSES**

(C\$ millions)

	For the Quarter Ended									For the Year Ended		
	2018		2017			2016				2017	2016	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1			
<b>OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES</b>												
Operating expenses	1,618	1,749	1,496	1,567	1,598	1,678	1,510	1,443	1,369	6,410	6,000	5,037
Commissions	573	631	566	589	617	652	601	579	540	2,403	2,372	2,100
Premium taxes	92	100	94	94	91	90	84	87	78	379	339	292
Interest expense	75	81	55	87	80	80	76	79	81	303	316	322
Total	2,358	2,561	2,211	2,337	2,386	2,500	2,271	2,188	2,068	9,495	9,027	7,751
<b>OPERATING EXPENSES BY BUSINESS GROUP</b>												
SLF Canada	503	537	442	489	550	509	457	470	435	2,018	1,871	1,706
SLF U.S.	218	218	199	219	221	246	224	211	161	857	842	478
SLF Asset Management	572	547	515	542	539	530	523	510	520	2,143	2,083	1,827
SLF Asia	179	229	175	183	171	226	188	158	154	758	726	592
Corporate	90	79	102	61	61	135	72	79	74	303	360	307
Operating expenses excluding the following:	1,562	1,610	1,433	1,494	1,542	1,646	1,464	1,428	1,344	6,079	5,882	4,910
FV adjustments on MFS share-based payment awards <sup>(1)</sup>	37	55	37	32	26	—	21	(10)	—	150	11	83
Acquisition, integration and restructuring costs	19	84	26	41	30	32	25	25	25	181	107	44
Total operating expenses	1,618	1,749	1,496	1,567	1,598	1,678	1,510	1,443	1,369	6,410	6,000	5,037
<b>COMMISSIONS BY BUSINESS GROUP</b>												
SLF Canada	227	240	215	223	250	253	208	200	192	928	853	765
SLF U.S.	105	103	99	109	112	107	115	122	95	423	439	307
SLF Asset Management	162	169	163	177	174	180	180	175	177	683	712	705
SLF Asia	81	122	91	82	83	115	98	80	76	378	369	317
Corporate	(2)	(3)	(2)	(2)	(2)	(3)	—	2	—	(9)	(1)	6
Total commissions	573	631	566	589	617	652	601	579	540	2,403	2,372	2,100
<b>INTEREST EXPENSE</b>												
Subordinated debt	28	30	29	29	35	36	32	30	28	123	126	111
Liabilities for SLEECs	11	11	11	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	19	18	18	17	17	16	15	22	26	70	79	124
Other <sup>(2)</sup>	17	22	(3)	30	17	17	18	16	16	66	67	43
Total interest expense	75	81	55	87	80	80	76	79	81	303	316	322

<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, 2018

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

a	A2	A+	A (high)
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Sun Life Exchangeable 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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SUN LIFE FINANCIAL INC.

SECURITY RATINGS

Senior Unsecured Debentures (Series D and E)

	<u>A.M. Best</u>	<u>Moody's</u> <sup>(2)</sup>	<u>Standard &amp; Poor's</u>	<u>DBRS</u>
a-		not rated	A	A
Subordinated Debt (Series 2007 - 1, 2008 - 1, 2014 - 1, 2015 - 1, 2016 - 1, 2016-2 and 2017-1)	bbb+	not rated	A-	A (low)
Class A Preferred Shares (Series 1-5, 8R, 9QR, 10R, 11QR, and 12R)	bbb	Baa2	P-2 (high)/BBB+	Pfd-2

Subordinated Debt

(Series 2007 - 1, 2008 - 1, 2014 - 1, 2015 - 1, 2016 - 1, 2016-2 and 2017-1)

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

<sup>(1)</sup> Positive outlook.

<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 a leading provider in insurance and wealth solutions in the Canadian market, providing products and services to over six million people via our group and individual businesses. We are the largest provider of benefits and pensions in the workplace, and provide wide range of products to individuals via retail channels. SLF Canada has three main business units - Individual Insurance and Wealth, Group Benefits and Group Retirement Services.</p>	<p>Sun Life is one of the largest Group Benefits providers in the U.S. market, serving more than 13 million Americans at their workplaces with insurance products and solutions. SLF U.S. has two business units - Group Benefits and In-force Management.</p>	<p>SLF Asset Management segment is composed of MFS and SLIM. MFS is a premier global asset management firm which offers a comprehensive selection of financial products and services and actively manages assets for retail and institutional investors around the world. SLIM is an institutional investment management business with operations in the U.S. and Canada. SLIM delivers liability driven investing, alternative fixed income and real estate solutions to Clients.</p>	<p>Sun Life Financial's history in Asia dates back to the early 1890's. Today, SLF Asia operates in seven markets serving over 16 million Clients offering life, health and wealth management solutions through a multi-channel distribution approach. Sun Life is well positioned in Asia with the seven markets it operates in accounting for over 80% of higher growth markets in Asia's GDP and life insurance premiums with high potential for growth. There is also a growing International business, where we are the leader helping global high-net-worth Clients transfer wealth to future generations.</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 life and pension 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>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>Insurance and Wealth</u> Philippines Hong Kong Indonesia Vietnam Malaysia India China</p> <p><u>International</u> Individual life insurance Wealth investment products (In-force block only)</p>	<p><u>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>