

Financial and operating results

For the period ended December 31, 2017

Sun Life Financial Inc. (Unaudited)

Supplementary Financial Information



SUPPLEMENTARY FINANCIAL INFORMATION
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Basis of Presentation

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

Diluted Earnings per Share – Underlying

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

Constant Currency Measures

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

Acquisition, Integration and Restructuring

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).

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

Updates to Non-IFRS measures

Beginning in the first quarter of 2017, we stopped reporting operating net income and its related measures, operating earnings per share ("EPS") and operating return on equity ("ROE"), in order to streamline our use of non-IFRS financial measures. The adjustments previously used to derive operating net income will continue to be used to derive underlying net income.

Non-IFRS Financial Measures

Sun Life Financial Inc. (Sun Life Financial or the "Company") prepares annual and interim financial statements using International Financial Reporting Standards ("IFRS"). The Company reports certain financial information that are not based on IFRS ("non-IFRS financial measures"), as the Company believes that these measures provide information that is useful to investors in understanding our performance and facilitate a comparison of our quarterly and full year results from period to period. These non-IFRS financial measures do not have any standardized meaning and may not be comparable with similar measures used by other companies. For certain non-IFRS financial measures, there are no directly comparable amounts under IFRS. These non-IFRS financial measures should not be viewed as alternatives to measures of financial performance determined in accordance with IFRS. Additional information concerning these non-IFRS financial measures and reconciliations to the closest IFRS measures are included in the Company's annual and interim MD&A and the Supplementary Financial Information packages that are available on www.sunlife.com 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 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) 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
- (7) 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
RESULTS
Common Shareholders' Reported Net Income (Loss) by Segment

	2017				2016				2015	2014		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
SLF Canada	172	340	185	266	398	184	185	169	210	963	936	824
SLF U.S.	(25)	195	101	37	106	253	54	95	100	308	508	333
SLF Asset Management	114	185	183	171	198	181	173	177	177	653	729	691
SLF Asia	83	93	77	73	58	92	68	91	73	326	309	311
Corporate	(137)	4	28	4	(32)	27	—	8	(24)	(101)	3	26
Total Common Shareholders' Reported Net Income (Loss)	207	817	574	551	728	737	480	540	536	2,149	2,485	2,185

Market related impacts:

Net equity market impact	19	18	5	20	26	29	14	(18)	(4)	62	51	(128)
Net interest rate impact	(110)	69	(92)	(24)	130	18	(95)	(19)	(35)	(157)	34	65
Net increases (decreases) in the fair value of real estate	34	26	13	15	6	10	9	(3)	3	88	22	20

Assumption changes and management actions (ACMA)⁽¹⁾
Other adjustments:

Certain hedges that do not qualify for hedge accounting	2	(6)	(10)	(2)	8	6	(6)	(13)	10	(16)	(5)	21
Fair value adjustments on share-based payment awards at MFS	(34)	(19)	(16)	(12)	10	(7)	20	7	(6)	(81)	30	(9)
Acquisition, integration and restructuring	(60)	(17)	(26)	(20)	(22)	(12)	(8)	15	(66)	(123)	(27)	(80)
U.S. tax reform ⁽¹⁾	(251)	—	—	—	—	—	—	—	—	(251)	—	—

Total Common Shareholders' Underlying Net Income (Loss)

	641	643	689	573	560	639	554	582	646	2,546	2,335	2,305
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Common Shareholders' Underlying Net Income (Loss) by Segment

SLF Canada	232	222	266	229	243	226	200	218	269	949	887	894
SLF U.S.	126	161	143	77	87	135	114	111	158	507	447	441
SLF Asset Management	226	204	199	183	188	188	153	170	183	812	699	700
SLF Asia	80	90	81	79	62	80	85	68	52	330	295	252
Corporate	(23)	(34)	—	5	(20)	10	2	15	(16)	(52)	7	18
Total Common Shareholders' Underlying Net Income (Loss)	641	643	689	573	560	639	554	582	646	2,546	2,335	2,305

Profitability Measures
Basic earnings per common share (EPS)

Reported	0.34	1.33	0.93	0.90	1.19	1.20	0.78	0.88	0.88	3.51	4.05	3.57
Diluted earnings per common share												
Reported	0.34	1.32	0.93	0.89	1.18	1.20	0.78	0.88	0.87	3.49	4.03	3.55
Underlying	1.05	1.05	1.12	0.93	0.91	1.04	0.90	0.95	1.05	4.15	3.80	3.76

Premiums & Deposits

Net premiums	4,078	3,716	3,923	3,564	4,419	3,888	3,563	3,178	3,551	15,281	15,048	10,395
Segregated fund deposits	2,680	2,235	2,506	3,437	3,691	2,294	2,834	2,731	2,523	10,858	11,550	12,047
Mutual fund sales ⁽²⁾	21,329	20,721	21,285	24,180	22,344	23,115	20,007	19,262	17,598	87,515	84,728	76,551
Managed fund sales	11,170	11,674	11,855	9,394	10,263	9,256	9,886	10,865	7,678	44,093	40,270	30,079
ASO premium & deposit equivalents	1,709	1,805	1,701	1,718	1,705	1,623	1,745	1,790	1,770	6,933	6,863	7,078
Total premiums & deposits	40,966	40,151	41,270	42,293	42,422	40,176	38,035	37,826	33,120	164,680	158,459	136,150
Total adjusted premiums & deposits⁽³⁾	43,420				43,117							

Sales & Value of New Business

Individual Life & Health ⁽⁴⁾	366	269	263	338	432	292	260	214	276	1,236	1,198	916
Group Life & Health ⁽⁴⁾	740	330	302	434	639	369	278	274	491	1,806	1,560	1,256
Wealth - SLF Asset Management	28,514	28,610	29,852	30,306	29,457	30,023	28,182	28,608	23,598	117,282	116,270	99,523
Wealth - excluding SLF Asset Management ⁽²⁾⁽⁴⁾	6,786	7,216	6,730	7,300	7,793	5,138	4,523	4,595	5,291	28,032	22,049	21,691
Large case longevity insurance sales	—	—	—	—	—	—	—	—	—	—	—	5,260
Value of New Business	379	337	347	370	392	325	296	323	347	1,433	1,336	1,175

⁽¹⁾ U.S. tax reform of \$(251) million includes \$(288) million (\$/444) million pre-tax) of ACMA, which is excluded from the ACMA of \$(34) million.

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

⁽³⁾ 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.

⁽⁴⁾ 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 (formerly Birla Sun Life Insurance Company Ltd.'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.

FINANCIAL HIGHLIGHTS CONTINUED

	At and For the Quarter Ended									At and For the Year Ended		
	2017				2016				2015	2017	2016	2015
Valuation Data	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Book value per common share	32.86	32.75	32.69	32.54	32.10	31.57	30.42	30.17	31.02	32.86	32.10	31.02
Book value per common share excluding AOCI	31.05	31.22	30.37	29.89	29.41	28.60	27.80	27.42	27.00	31.05	29.41	27.00
Tangible book value per common share	21.64	21.73	21.47	21.17	20.66	20.19	19.30	18.85	21.02	21.64	20.66	21.02
Market-to-book value (times)	1.58	1.52	1.42	1.49	1.61	1.35	1.40	1.39	1.39	1.58	1.61	1.39
Total market capitalization (TSX in \$ billions)	31.7	30.4	28.5	29.8	31.6	26.2	26.0	25.7	26.4	31.7	31.6	26.4
Financial Strength												
SLA MCCR ratio	221 %	232 %	229 %	229 %	226 %	221 %	214 %	216 %	240 %	221 %	226 %	240 %
SLF MCCR ratio	246 %	252 %	248 %	249 %	253 %	247 %	225 %	231 %		246 %	253 %	
Total debt to total capital ratio	23.6 %	22.5 %	22.5 %	22.6 %	25.2 %	25.6 %	23.5 %	23.7 %	22.1 %	23.6 %	25.2 %	22.1 %
Common Share Information (SLF on TSX)												
High (intraday)	52.94	49.95	49.71	53.25	53.75	43.84	46.12	42.83	45.65	53.25	53.75	45.65
Low (intraday)	49.06	45.91	43.51	46.93	42.06	40.00	40.26	36.64	41.98	43.51	36.64	36.88
Close (end of period)	51.88	49.69	46.36	48.56	51.55	42.69	42.44	41.90	43.15	51.88	51.55	43.15
Number of Common Shares Outstanding (in millions)												
At beginning of period	611.9	613.7	613.7	613.6	612.9	612.8	612.6	612.3	611.2	613.6	612.3	613.1
Common shares issued	0.3	—	—	0.1	0.7	0.1	0.2	0.3	1.1	0.4	1.3	4.5
Common shares purchased and cancelled	(1.7)	(1.8)	—	—	—	—	—	—	—	(3.5)	—	(5.3)
At end of period	610.5	611.9	613.7	613.7	613.6	612.9	612.8	612.6	612.3	610.5	613.6	612.3
Weighted average shares outstanding - basic	612	613	614	614	613	613	613	612	612	613	613	612
Weighted average shares outstanding - diluted ⁽¹⁾	617	619	619	619	619	619	619	618	618	618	619	618
Dividend per common share	0.455	0.435	0.435	0.42	0.42	0.405	0.405	0.39	0.39	1.745	1.62	1.51
Dividend payout ratio ⁽²⁾												
Reported	nm ⁽³⁾	33 %	47 %	47 %	36 %	34 %	52 %	44 %	45 %	49 %	40 %	43 %
Underlying	43 %	41 %	39 %	45 %	46 %	39 %	45 %	41 %	37 %	42 %	43 %	40 %
Dividend yield ⁽⁴⁾	3.6 %	3.6%	3.8%	3.3%	3.5%	3.9%	3.7%	3.9%	3.5%	3.6 %	3.7%	3.6%
Assets Under Management ⁽⁵⁾												
General funds	162,720	158,757	161,755	160,044	161,071	164,321	159,453	156,849	155,413	162,720	161,071	155,413
Segregated funds	106,392	102,237	102,066	101,055	97,167	95,386	91,463	89,795	91,440	106,392	97,167	91,440
Total assets	269,112	260,994	263,821	261,099	258,238	259,707	250,916	246,644	246,853	269,112	258,238	246,853
Other assets under management												
Mutual funds	346,659	328,563	329,895	321,790	307,937	307,374	289,000	281,965	296,438	346,659	307,937	296,438
Managed funds & other	386,840	370,853	376,211	370,302	362,513	366,846	349,680	357,193	374,095	386,840	362,513	374,095
Consolidation adjustments	(27,826)	(26,815)	(26,106)	(25,916)	(25,413)	(25,827)	(24,993)	(25,284)	(26,054)	(27,826)	(25,413)	(26,054)
Total other assets under management	705,673	672,601	680,000	666,176	645,037	648,393	613,687	613,874	644,479	705,673	645,037	644,479
Total assets under management	974,785	933,595	943,821	927,275	903,275	908,100	864,603	860,518	891,332	974,785	903,275	891,332
Total assets under management and administration ⁽⁵⁾	1,023,458	981,719	990,678	977,359	960,771	965,040	929,906	914,846	949,280	1,023,458	960,771	949,280
Select Constant Currency Measures												
Reported net income	216				728							
Sales - Individual Life & Health	378				432							
Sales - Group Life & Health	772				639							
Sales - Wealth	36,860				37,250							
Premiums & deposits	42,655				42,422							
Reported earnings per share - Diluted	0.35				1.18							
Assets under management ⁽⁵⁾	1,025,633				903,275							

⁽¹⁾ 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.

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

⁽³⁾ nm is defined as not meaningful.

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

⁽⁵⁾ 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		
	2017				2016				2015	2017	2016	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	2,507	2,046	2,084	2,194	2,488	2,249	2,145	2,012	2,180	8,831	8,894	7,462
Premiums - health insurance	2,139	2,121	2,137	2,122	2,052	2,021	1,992	1,844	1,658	8,519	7,909	6,474
Premiums - annuities	662	574	835	417	1,052	667	502	403	1,325	2,488	2,624	2,888
Gross premiums	5,308	4,741	5,056	4,733	5,592	4,937	4,639	4,259	5,163	19,838	19,427	16,824
Ceded premiums	(1,230)	(1,025)	(1,133)	(1,169)	(1,173)	(1,049)	(1,076)	(1,081)	(1,612)	(4,557)	(4,379)	(6,429)
Net premiums	4,078	3,716	3,923	3,564	4,419	3,888	3,563	3,178	3,551	15,281	15,048	10,395
Net investment income (loss)	3,050	395	2,739	2,027	(3,495)	2,594	4,616	4,230	578	8,211	7,945	3,555
Fee income	1,520	1,444	1,460	1,418	1,442	1,410	1,354	1,374	1,438	5,842	5,580	5,324
Total revenue	8,648	5,555	8,122	7,009	2,366	7,892	9,533	8,782	5,567	29,334	28,573	19,274
Policy benefits and expenses												
Gross claims & benefits paid	3,890	3,607	3,824	4,032	4,003	3,654	3,848	3,705	3,679	15,353	15,210	14,086
Change in investment/insurance contract liabilities & reinsurance assets ⁽¹⁾	3,099	(261)	2,414	818	(4,093)	2,040	3,883	3,374	551	6,070	5,204	684
Operating expenses, commissions and other expenses	2,561	2,211	2,337	2,386	2,500	2,271	2,188	2,068	2,104	9,495	9,027	7,751
Reinsurance expenses (recoveries)	(1,082)	(1,061)	(1,072)	(1,158)	(1,073)	(1,196)	(1,017)	(1,027)	(1,508)	(4,373)	(4,313)	(6,146)
Total policy benefits and expenses	8,468	4,496	7,503	6,078	1,337	6,769	8,902	8,120	4,826	26,545	25,128	16,375
Income (loss) before income taxes	180	1,059	619	931	1,029	1,123	631	662	741	2,789	3,445	2,899
Income tax expense (benefit)	(66)	209	(23)	182	201	206	120	92	180	302	619	599
Participating policyholders' net income (loss) and non-controlling interest	16	9	45	175	77	155	7	6	1	245	245	15
Preferred shareholder dividends	23	24	23	23	23	25	24	24	24	93	96	100
Common shareholders' reported net income (loss)	207	817	574	551	728	737	480	540	536	2,149	2,485	2,185
Common shareholders' underlying net income (loss)	641	643	689	573	560	639	554	582	646	2,546	2,335	2,305
Return on equity - reported	4.1 %	16.2 %	11.4 %	11.0 %	14.8 %	15.4 %	10.3 %	11.5 %	11.4 %	10.7 %	13.0 %	12.2 %
Return on equity - underlying	12.7 %	12.7 %	13.7 %	11.5 %	11.4 %	13.4 %	11.9 %	12.4 %	13.8 %	12.7 %	12.2 %	12.8 %
SOURCES OF EARNINGS - Total Company												
	2017				2016				2015	For the Year Ended		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	2017	2016	2015
Expected profit on in-force business ⁽²⁾	758	724	718	666	679	712	644	651	680	2,866	2,686	2,656
Impact of new business ⁽²⁾	14	7	(7)	(33)	9	(21)	(13)	(39)	(30)	(19)	(64)	(182)
Experience gains (losses)	(152)	207	(80)	(16)	167	100	(97)	(54)	84	(41)	116	189
Assumption changes and management actions ⁽³⁾	(486)	93	(114)	2	17	20	(10)	(17)	(20)	(505)	10	(54)
Other ⁽⁴⁾	(137)	(69)	(83)	(58)	(24)	(34)	(21)	(7)	(81)	(347)	(86)	(147)
Earnings (loss) on operations (pre-tax)	(3)	962	434	561	848	777	503	534	633	1,954	2,662	2,462
Earnings on surplus	128	102	134	132	91	126	118	123	112	496	458	435
Earnings (loss) before income taxes	125	1,064	568	693	939	903	621	657	745	2,450	3,120	2,897
Income tax (expense) benefit	105	(223)	29	(119)	(188)	(141)	(118)	(93)	(185)	(208)	(540)	(612)
Earnings (loss) before preferred share dividends and non-controlling interest	230	841	597	574	751	762	503	564	560	2,242	2,580	2,285
Preferred share dividends and non-controlling interest	(23)	(24)	(23)	(23)	(23)	(25)	(23)	(24)	(24)	(93)	(95)	(100)
Common shareholders' reported net income (loss)	207	817	574	551	728	737	480	540	536	2,149	2,485	2,185
Underlying Net Income Adjustments (post tax):												
Market related impacts	(57)	113	(74)	11	162	57	(72)	(40)	(36)	(7)	107	(43)
Assumption changes and management actions ⁽³⁾	(34)	103	11	1	10	54	(8)	(11)	(12)	81	45	(9)
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	2	(6)	(10)	(2)	8	6	(6)	(13)	10	(16)	(5)	21
Fair value adjustments on share-based payment awards at MFS	(34)	(19)	(16)	(12)	10	(7)	20	7	(6)	(81)	30	(9)
Acquisition, integration and restructuring	(60)	(17)	(26)	(20)	(22)	(12)	(8)	15	(66)	(123)	(27)	(80)
U.S. tax reform ⁽³⁾	(251)	—	—	—	—	—	—	—	—	(251)	—	—
Common shareholders' underlying net income (loss)	641	643	689	573	560	639	554	582	646	2,546	2,335	2,305
EXCHANGE RATES - Average for the period												
U.S. Dollar	1.270	1.253	1.345	1.323	1.335	1.304	1.289	1.373	1.335	1.298	1.325	1.278

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

⁽²⁾ Expected profit on in-force business and impact of new business reflect a change in presentation for our U.S. Group Benefits business effective Q1 2017. We have updated the quarters and full year for 2016 to reflect this change in presentation.

⁽³⁾ U.S. tax reform of \$(251) million includes \$(288) million (\$(444) million pre-tax) of ACMA, which is excluded from the ACMA of \$(34) million. Pre-tax ACMA of \$(486) million includes \$(444) million impact from U.S. tax reform.

⁽⁴⁾ Represents pre-tax adjustments related to certain hedges that do not qualify for hedge accounting, MFS fair value adjustments on share-based payment awards, and acquisition, integration and restructuring amounts.

STATEMENTS OF FINANCIAL POSITION
(C\$ millions)

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

EQUITY AND CAPITAL

(C\$ millions)

CHANGES IN COMMON SHAREHOLDERS' EQUITY

	At the Quarter Ended				At the Quarter Ended				At the Year Ended			
	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Balance at beginning of period	20,041	20,059	19,968	19,699	19,347	18,641	18,480	18,993	18,352	19,699	18,993	16,474
Common shareholders' reported net income (loss)	207	817	574	551	728	737	480	540	536	2,149	2,485	2,185
Dividends - common shares	(274)	(267)	(267)	(258)	(251)	(248)	(248)	(239)	(233)	(1,066)	(986)	(918)
Common shares issued, net of expenses	9	3	—	3	25	2	5	7	39	15	39	166
Common shares buyback	(87)	(88)	—	—	—	—	—	—	—	(175)	—	(212)
Share-based compensation	—	—	1	2	1	—	1	2	—	3	4	3
Other	—	—	—	—	17	—	—	(47)	—	—	(30)	—
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	152	(467)	(318)	(97)	189	135	(182)	(776)	442	(730)	(634)	1,645
Unrealized gains (losses) on available-for-sale assets	85	(79)	59	70	(317)	75	158	70	(59)	135	(14)	(298)
Unrealized gains (losses) on cash flow hedges	—	3	(4)	(4)	7	—	(2)	(14)	(2)	(5)	(9)	(3)
Share of other comprehensive income (loss) in joint ventures and associates ⁽¹⁾	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	(93)	93	(61)	(8)	(1)	(14)	(32)	(26)	(82)	(69)	(73)	(49)
Balance at end of period	20,064	20,041	20,059	19,968	19,699	19,347	18,641	18,480	18,993	20,064	19,699	18,993

Composition of shareholders' accumulated OCI balance ⁽¹⁾

Unrealized foreign currency translation gains (losses), net of hedging activities	1,003	851	1,318	1,636	1,733	1,544	1,409	1,591	2,418	1,003	1,733	2,418
Unrealized gains (losses) on available-for-sale assets	346	261	340	281	211	528	453	295	250	346	211	250
Unrealized gains (losses) on cash flow hedges	(11)	(11)	(14)	(10)	(6)	(13)	(13)	(11)	3	(11)	(6)	3
Share of other comprehensive income (loss) in joint ventures and associates	(31)	(55)	(22)	10	—	46	27	46	—	(31)	—	—
Unrealized gains (losses) on transfer to investment properties	145	145	145	6	6	6	6	6	6	145	6	6
Remeasurement of defined benefit plans ⁽²⁾	(347)	(254)	(347)	(299)	(291)	(290)	(276)	(244)	(218)	(347)	(291)	(218)
Balance at end of period	1,105	937	1,420	1,624	1,653	1,821	1,606	1,683	2,459	1,105	1,653	2,459

CAPITAL

Subordinated debt	3,437	3,038	3,038	3,037	3,836	3,835	2,841	2,841	2,492	3,437	3,836	2,492
SLEECs ⁽³⁾	699	698	698	698	698	698	697	697	697	699	698	697
Participating policyholders' equity and non-controlling interest	650	633	628	586	412	351	193	186	168	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	20,064	20,041	20,059	19,968	19,699	19,347	18,641	18,480	18,993	20,064	19,699	18,993
Total capital	27,107	26,667	26,680	26,546	26,902	26,488	24,629	24,461	24,607	27,107	26,902	24,607

MCCSR RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA
Capital Available

Retained earnings and contributed surplus	12,503	12,587	12,380	12,110	11,871	11,425	10,964	10,826	10,831	12,503	11,871	10,831
Accumulated other comprehensive income	515	432	745	1,076	1,143	1,028	912	1,139	1,817	515	1,143	1,817
Common and preferred shares	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196	3,196
Innovative instruments	699	698	698	698	698	698	697	697	697	699	698	697
Other	59	58	59	57	56	73	72	73	72	59	56	72

Less:

Goodwill	2,146	2,113	2,182	2,227	2,242	2,241	2,169	2,366	1,553	2,146	2,242	1,553
Non-life investments and other	3,040	3,015	3,031	3,078	2,876	2,694	2,594	2,500	2,547	3,040	2,876	2,547

Net Tier 1 Capital	11,786	11,843	11,865	11,832	11,846	11,485	11,078	11,065	12,513	11,786	11,846	12,513
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Tier 2A	183	180	177	174	142	174	146	156	203	183	142	203
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Tier 2B	3,100	3,100	3,100	3,100	3,100	3,100	3,100	2,750	2,750	3,100	3,100	2,750
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Tier 2C	2,097	2,024	2,148	2,143	1,977	1,826	1,760	1,801	1,861	2,097	1,977	1,861
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Less:

Non-life investments and other	1,164	1,127	1,124	1,134	1,112	1,107	1,096	948	940	1,164	1,112	940
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Total Tier 2 Capital	4,216	4,177	4,301	4,283	4,107	3,993	3,910	3,759	3,874	4,216	4,107	3,874
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Total capital available	16,002	16,020	16,166	16,115	15,953	15,478	14,988	14,824	16,387	16,002	15,953	16,387
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Required Capital

Asset default and market risks	3,991	3,979	4,065	4,074	4,109	3,997	4,063	4,009	4,078	3,991	4,109	4,078
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Insurance risks	2,065	1,794	1,828	1,787	1,797	1,815	1,775	1,743	1,646	2,065	1,797	1,646
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Interest rate risks	1,186	1,146	1,165	1,165	1,156	1,186	1,154	1,120	1,095	1,186	1,156	1,095
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Total capital required	7,242	6,919	7,058	7,026	7,062	6,998	6,992	6,872	6,819	7,242	7,062	6,819
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MCCSR ratio	221%	232%	229%	229%	226%	221%	214%	216%	240%	221%	226%	240%
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⁽¹⁾ Beginning in 2016, share of other comprehensive income (loss) in joint ventures and associates is presented separately in OCI. Included in foreign currency translation gains (losses) and unrealized gains (losses) on available-for-sale assets in prior periods.

⁽²⁾ The remeasurement of defined benefit plans reflects a \$13 million transfer to retained earnings in Q2 2017.

⁽³⁾ 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
WEIGHTED AVERAGE SHARES

Weighted average shares - basic
Diluted impact of stock options
Weighted average shares - diluted underlying
Diluted impact of convertible securities (SLEECs) ⁽¹⁾
Weighted average shares - diluted

DILUTED EARNINGS PER SHARE ⁽²⁾

Total common shareholders' reported net income (loss)
Add: Increase in income due to convertible securities (SLEECs) ⁽³⁾
Total common shareholders' reported net income (loss) on a diluted basis

Less Adjustments:

Impact of SLEECs
Market related impacts:
Net equity market impact
Net interest rate impact
Net increases (decreases) in the fair value of real estate

Assumption changes and management actions ⁽⁴⁾

Other adjustments:

Impact of certain hedges that do not qualify for hedge accounting
Impact of fair value adjustments on share-based payment awards at MFS
Impact of acquisition, integration and restructuring
U.S. tax reform ⁽⁴⁾

Total common shareholders' underlying net income (loss)

Diluted earnings per share - reported

Less Adjustments:

Impact of SLEECs
Market related impacts:
Net equity market impact
Net interest rate impact
Net increases (decreases) in the fair value of real estate

Assumption changes and management actions

Other adjustments:

Impact of certain hedges that do not qualify for hedge accounting
Impact of fair value adjustments on share-based payment awards at MFS
Impact of acquisition, integration and restructuring
U.S. tax reform

Diluted earnings per share - underlying

At and For the Quarter Ended									At and For the Year Ended		
2017				2016				2015	2017	2016	2015
Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
612	613	614	614	613	613	613	612	612	613	613	612
1	1	1	1	1	1	1	1	1	1	1	1
613	614	615	615	614	614	614	613	613	614	614	613
4	5	4	4	5	5	5	5	5	4	5	5
617	619	619	619	619	619	619	618	618	618	619	618
207	817	574	551	728	737	480	540	536	2,149	2,485	2,185
2	3	2	3	2	3	2	3	2	10	10	10
209	820	576	554	730	740	482	543	538	2,159	2,495	2,195
2	3	2	3	2	3	2	3	2	10	10	10
19	18	5	20	26	29	14	(18)	(4)	62	51	(128)
(110)	69	(92)	(24)	130	18	(95)	(19)	(35)	(157)	34	65
34	26	13	15	6	10	9	(3)	3	88	22	20
(57)	113	(74)	11	162	57	(72)	(40)	(36)	(7)	107	(43)
(34)	103	11	1	10	54	(8)	(11)	(12)	81	45	(9)
2	(6)	(10)	(2)	8	6	(6)	(13)	10	(16)	(5)	21
(34)	(19)	(16)	(12)	10	(7)	20	7	(6)	(81)	30	(9)
(60)	(17)	(26)	(20)	(22)	(12)	(8)	15	(66)	(123)	(27)	(80)
(251)	—	—	—	—	—	—	—	—	(251)	—	—
641	643	689	573	560	639	554	582	646	2,546	2,335	2,305
\$ 0.34	\$ 1.32	\$ 0.93	\$ 0.89	\$ 1.18	\$ 1.20	\$ 0.78	\$ 0.88	\$ 0.87	\$ 3.49	\$ 4.03	\$ 3.55
\$ -	\$ (0.01)	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
\$ 0.03	\$ 0.03	\$ 0.01	\$ 0.03	\$ 0.04	\$ 0.05	\$ 0.02	\$ (0.03)	\$ (0.01)	\$ 0.10	\$ 0.08	\$ (0.21)
\$ (0.18)	\$ 0.11	\$ (0.15)	\$ (0.04)	\$ 0.21	\$ 0.03	\$ (0.15)	\$ (0.03)	\$ (0.05)	\$ (0.25)	\$ 0.06	\$ 0.11
\$ 0.05	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.01	\$ 0.01	\$ -	\$ 0.01	\$ 0.14	\$ 0.04	\$ 0.03
\$ (0.10)	\$ 0.18	\$ (0.12)	\$ 0.01	\$ 0.26	\$ 0.09	\$ (0.12)	\$ (0.06)	\$ (0.05)	\$ (0.01)	\$ 0.18	\$ (0.07)
\$ (0.05)	\$ 0.17	\$ 0.02	\$ -	\$ 0.02	\$ 0.09	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ 0.13	\$ 0.07	\$ (0.01)
\$ -	\$ (0.01)	\$ (0.02)	\$ -	\$ 0.01	\$ 0.01	\$ (0.01)	\$ (0.02)	\$ 0.02	\$ (0.03)	\$ (0.01)	\$ 0.03
\$ (0.05)	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.01)	\$ 0.03	\$ 0.01	\$ (0.01)	\$ (0.13)	\$ 0.05	\$ (0.01)
\$ (0.10)	\$ (0.03)	\$ (0.04)	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ (0.01)	\$ 0.02	\$ (0.11)	\$ (0.20)	\$ (0.04)	\$ (0.13)
\$ (0.41)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -	\$ -
\$ 1.05	\$ 1.05	\$ 1.12	\$ 0.93	\$ 0.91	\$ 1.04	\$ 0.90	\$ 0.95	\$ 1.05	\$ 4.15	\$ 3.80	\$ 3.76

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

⁽²⁾ The SLEECs contain features which enable the holders to convert these securities into preferred shares of Sun Life Assurance Company of Canada. Following this conversion, the Company has the option to settle the preferred shares with cash prior to the conversion to common shares of 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.

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

⁽⁴⁾ U.S. tax reform of \$(251) million includes \$(288) million (\$(444) million pre-tax) of ACMA, which is excluded from the ACMA of \$(34) million.

SLF CANADA
(C\$ millions)
STATEMENTS OF OPERATIONS

Revenue												
Premiums - life insurance	1,239	1,067	1,079	1,108	1,151	996	1,000	960	1,005	4,493	4,107	3,783
Premiums - health insurance	1,258	1,251	1,205	1,202	1,115	1,105	1,074	1,074	1,032	4,916	4,368	4,105
Premiums - annuities	658	567	828	411	1,049	655	492	389	1,288	2,464	2,585	2,715
Gross premiums	3,155	2,885	3,112	2,721	3,315	2,756	2,566	2,423	3,325	11,873	11,060	10,603
Ceded premiums	(995)	(974)	(929)	(973)	(941)	(911)	(911)	(908)	(1,416)	(3,871)	(3,671)	(5,582)
Net premiums	2,160	1,911	2,183	1,748	2,374	1,845	1,655	1,515	1,909	8,002	7,389	5,021
Net investment income (loss)	2,060	(375)	1,378	1,070	(1,492)	1,394	2,106	1,743	640	4,133	3,751	2,527
Fee income	315	271	275	271	285	253	245	243	276	1,132	1,026	998
Total revenue	4,535	1,807	3,836	3,089	1,167	3,492	4,006	3,501	2,825	13,267	12,166	8,546
Policy benefits and expenses												
Gross claims & benefits paid	2,369	2,090	2,195	2,261	2,256	1,965	2,158	2,105	2,113	8,915	8,484	8,338
Change in investment/insurance contract liabilities & reinsurance assets	2,003	(589)	1,457	269	(1,734)	1,169	1,701	1,359	1,025	3,140	2,495	1,532
Operating expenses, commissions and other expenses	894	769	822	911	874	770	779	727	755	3,396	3,150	2,887
Reinsurance expenses (recoveries)	(903)	(882)	(868)	(904)	(834)	(838)	(829)	(831)	(1,308)	(3,557)	(3,332)	(5,227)
Total policy benefits and expenses	4,363	1,388	3,606	2,537	562	3,066	3,809	3,360	2,585	11,894	10,797	7,530
Income (loss) before income taxes												
Income tax expense (benefit)	(6)	80	7	116	135	93	8	(28)	29	197	208	177
Participating policyholders' net income (loss)	6	(1)	38	170	72	149	4	—	1	213	225	15
Common shareholders' reported net income (loss)												
Market related impacts	(38)	90	(76)	32	130	13	(5)	(24)	(56)	8	114	(106)
Assumption changes and management actions	(24)	34	5	7	17	(61)	(4)	(12)	(13)	22	(60)	15
Certain hedges that do not qualify for hedge accounting	2	(6)	(10)	(2)	8	6	(6)	(13)	10	(16)	(5)	21
Common shareholders' underlying net income (loss)												
	232	222	266	229	243	226	200	218	269	949	887	894
Return on equity - reported	9.0%	17.7%	9.7%	13.7%	20.1%	9.3%	9.5%	8.9%	11.0%	12.6%	12.0%	10.7%
Return on equity - underlying	12.2%	11.6%	13.9%	11.8%	12.3%	11.5%	10.3%	11.4%	14.1%	12.4%	11.4%	11.6%
PREMIUMS & DEPOSITS												
Net premiums	2,160	1,911	2,183	1,748	2,374	1,845	1,655	1,515	1,909	8,002	7,389	5,021
Segregated fund deposits	2,388	1,992	2,269	3,196	3,385	2,000	2,622	2,520	2,260	9,845	10,527	10,944
Retail mutual fund deposits (Sun Life Global Investments)	445	397	478	504	463	414	405	453	383	1,824	1,735	1,318
ASO premium & deposit equivalents	1,563	1,636	1,510	1,538	1,523	1,432	1,467	1,498	1,441	6,247	5,920	5,889
Total	6,556	5,936	6,440	6,986	7,745	5,691	6,149	5,986	5,993	25,918	25,571	23,172
SALES												
Individual Insurance	120	87	100	144	203	102	99	71	100	451	475	350
Individual Wealth	1,470	1,281	1,400	1,733	1,480	1,216	1,192	1,498	1,370	5,884	5,386	5,398
Group Benefits	107	130	130	307	105	106	114	150	78	674	475	486
Group Retirement Services	1,713	2,328	2,381	2,670	3,221	1,520	1,554	1,519	2,215	9,092	7,814	14,483
ASSETS UNDER MANAGEMENT												
General funds	84,698	83,430	83,947	82,171	82,456	83,237	81,640	79,147	78,109	84,698	82,456	78,109
Segregated funds	87,817	84,568	84,047	83,278	79,964	77,679	74,668	72,411	72,633	87,817	79,964	72,633
Other AUM	3,902	3,577	3,416	3,200	2,832	2,547	2,251	2,021	1,818	3,902	2,832	1,818
Total	176,417	171,575	171,410	168,649	165,252	163,463	158,559	153,579	152,560	176,417	165,252	152,560
Sun Life Global Investments (Canada) Inc.												
Gross Sales												
Retail	639	553	630	652	605	537	527	578	478	2,474	2,247	1,495
Institutional & other ⁽¹⁾	405	426	395	790	645	433	790	611	467	2,016	2,479	1,840
Total	1,044	979	1,025	1,442	1,250	970	1,317	1,189	945	4,490	4,726	3,335
Net Sales	585	634	428	820	835	680	958	887	601	2,467	3,360	2,100
Assets under management ⁽²⁾	20,042	18,778	18,095	17,442	16,132	15,374	14,272	12,987	12,281	20,042	16,132	12,281

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

⁽²⁾ 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)

UNITED CANADA – INDIVIDUAL INSURANCE & WEALTH (C\$ millions)	At and For the Quarter Ended								At and For the Year Ended			
	2017				2016				2015	2017	2016	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,282	1,063	1,081	1,153	1,307	1,009	989	954	1,055	4,579	4,259	3,800
Ceded premiums	(148)	(122)	(101)	(138)	(161)	(128)	(144)	(130)	(154)	(509)	(563)	(531)
Net premiums	1,134	941	980	1,015	1,146	881	845	824	901	4,070	3,696	3,269
Net investment income (loss)	1,599	(362)	1,070	770	(1,415)	1,051	1,700	1,332	465	3,077	2,668	1,805
Fee income	136	104	103	98	119	89	85	86	118	441	379	380
Total revenue	2,869	683	2,153	1,883	(150)	2,021	2,630	2,242	1,484	7,588	6,743	5,454
Policy benefits and expenses												
Gross claims & benefits paid	822	725	753	815	810	714	730	737	799	3,115	2,991	3,100
Change in investment/insurance contract liabilities & reinsurance assets	1,626	(612)	993	272	(1,843)	726	1,503	1,160	298	2,279	1,546	801
Operating expenses, commissions and other expenses	508	416	462	541	511	430	433	389	418	1,927	1,763	1,591
Reinsurance expenses (recoveries)	(112)	(97)	(99)	(132)	(99)	(117)	(104)	(105)	(111)	(440)	(425)	(424)
Total policy benefits and expenses	2,844	432	2,109	1,496	(621)	1,753	2,562	2,181	1,404	6,881	5,875	5,068
Income (loss) before income taxes	25	251	44	387	471	268	68	61	80	707	868	386
Income tax expense (benefit)	(23)	41	(23)	84	108	61	(11)	(24)	(5)	79	134	23
Participating policyholders' net income (loss)	6	(1)	38	170	72	149	4	—	1	213	225	15
Common shareholders' reported net income (loss)	42	211	29	133	291	58	75	85	84	415	509	348
PREMIUMS & DEPOSITS												
Net premiums	1,134	941	980	1,015	1,146	881	845	824	901	4,070	3,696	3,269
Segregated fund deposits	247	207	212	207	193	196	177	197	154	873	763	572
Retail mutual fund deposits (Sun Life Global Investments)	445	397	478	504	463	414	405	453	383	1,824	1,735	1,318
Total	1,826	1,545	1,670	1,726	1,802	1,491	1,427	1,474	1,438	6,767	6,194	5,159
SALES												
Individual Insurance - Career Sales Force	59	49	50	34	96	52	53	41	59	192	242	195
Individual Insurance - Third-party	61	38	50	110	107	50	46	30	41	259	233	155
Total insurance sales	120	87	100	144	203	102	99	71	100	451	475	350
Individual Wealth - fixed products	272	206	205	394	381	205	206	263	288	1,077	1,055	984
Individual Wealth - mutual funds	940	868	983	1,132	906	815	808	1,040	928	3,923	3,569	3,852
Individual Wealth - segregated funds	258	207	212	207	193	196	178	195	154	884	762	562
Total wealth sales	1,470	1,281	1,400	1,733	1,480	1,216	1,192	1,498	1,370	5,884	5,386	5,398
Wealth Manufactured Sales ⁽¹⁾	958	799	880	1,084	1,020	766	765	867	796	3,721	3,418	2,561
Other wealth sales	512	482	520	649	460	450	427	631	574	2,163	1,968	2,837
Total wealth sales	1,470	1,281	1,400	1,733	1,480	1,216	1,192	1,498	1,370	5,884	5,386	5,398
Career Sales Force - Career Advisor Network	3,856	3,900	3,976	4,052	4,168	4,054	4,004	4,039	4,101	3,856	4,168	4,101
ASSETS UNDER MANAGEMENT												
General funds	56,523	55,667	56,130	55,146	55,158	56,218	55,148	53,203	52,077	56,523	55,158	52,077
Segregated funds	12,423	12,248	12,285	12,427	12,341	12,343	11,980	11,882	12,280	12,423	12,341	12,280
Other AUM	3,902	3,577	3,416	3,200	2,832	2,547	2,251	2,021	1,818	3,902	2,832	1,818
Total assets under management	72,848	71,492	71,831	70,773	70,331	71,108	69,379	67,106	66,175	72,848	70,331	66,175
Mutual fund dealers' assets	20,535	19,868	19,700	19,460	18,698	18,125	17,328	16,892	16,977	20,535	18,698	16,977
Total assets under management and administration	93,383	91,360	91,531	90,233	89,029	89,233	86,707	83,998	83,152	93,383	89,029	83,152

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

SLF CANADA - GROUP BENEFITS
(C\$ millions)

STATEMENTS OF OPERATIONS

At and For the Quarter Ended												
	2017				2016				2015	2014		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Gross premiums	1,374	1,379	1,333	1,340	1,238	1,241	1,211	1,220	1,171	5,426	4,910	4,684
Ceded premiums	(765)	(768)	(744)	(749)	(693)	(696)	(679)	(688)	(1,171)	(3,026)	(2,756)	(4,684)
Net premiums	609	611	589	591	545	545	532	532	—	2,400	2,154	—
Net investment income (loss)	193	(1)	136	153	(68)	167	200	193	124	481	492	486
Fee income	59	55	57	61	60	58	57	58	58	232	233	224
Total revenue	861	665	782	805	537	770	789	783	182	3,113	2,879	710
Policy benefits and expenses												
Gross claims & benefits paid	1,082	972	1,056	1,049	959	877	995	989	938	4,159	3,820	3,697
Change in investment/insurance contract liabilities & reinsurance assets	110	42	28	72	(119)	147	90	109	6	252	227	121
Operating expenses, commissions and other expenses	279	258	260	267	259	247	248	239	240	1,064	993	930
Reinsurance expenses (recoveries)	(711)	(704)	(688)	(688)	(650)	(636)	(639)	(639)	(1,109)	(2,791)	(2,564)	(4,446)
Total policy benefits and expenses	760	568	656	700	449	635	694	698	75	2,684	2,476	302
Income (loss) before income taxes	101	97	126	105	88	135	95	85	107	429	403	408
Income tax expense (benefit)	23	23	27	24	18	35	24	19	18	97	96	84
Common shareholders' reported net income (loss)	78	74	99	81	70	100	71	66	89	332	307	324
PREMIUMS & DEPOSITS												
Net premiums	609	611	589	591	545	545	532	532	—	2,400	2,154	—
ASO premium equivalents	1,244	1,235	1,228	1,230	1,221	1,211	1,200	1,198	1,193	4,937	4,830	4,660
Total	1,853	1,846	1,817	1,821	1,766	1,756	1,732	1,730	1,193	7,337	6,984	4,660
SALES	107	130	130	307	105	106	114	150	78	674	475	486
ASSETS UNDER MANAGEMENT												
General funds	14,156	14,012	13,969	13,712	13,790	13,939	13,706	13,442	13,511	14,156	13,790	13,511
SUPPLEMENTAL INFORMATION												
Business in-force	10,108	9,981	9,886	9,801	9,489	9,380	9,280	9,221	9,071	10,108	9,489	9,071

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

STATEMENTS OF OPERATIONS

Revenue												
Gross premiums	499	443	698	228	770	506	366	249	1,099	1,868	1,891	2,119
Ceded premiums	(82)	(84)	(84)	(86)	(87)	(87)	(88)	(90)	(91)	(336)	(352)	(367)
Net premiums	417	359	614	142	683	419	278	159	1,008	1,532	1,539	1,752
Net investment income (loss)	268	(12)	172	147	(9)	176	206	218	51	575	591	236
Fee income	120	112	115	112	106	106	103	99	100	459	414	394
Total revenue	805	459	901	401	780	701	587	476	1,159	2,566	2,544	2,382
Policy benefits and expenses												
Gross claims & benefits paid	465	393	386	397	487	374	433	379	376	1,641	1,673	1,541
Change in investment/insurance contract liabilities & reinsurance assets	267	(19)	436	(75)	228	296	108	90	721	609	722	610
Operating expenses, commissions and other expenses	107	95	100	103	104	93	98	99	97	405	394	366
Reinsurance expenses (recoveries)	(80)	(81)	(81)	(84)	(85)	(85)	(86)	(87)	(88)	(326)	(343)	(357)
Total policy benefits and expenses	759	388	841	341	734	678	553	481	1,106	2,329	2,446	2,160
Income (loss) before income taxes												
	46	71	60	60	46	23	34	(5)	53	237	98	222
Income tax expense (benefit)	(6)	16	3	8	9	(3)	(5)	(23)	16	21	(22)	70
Common shareholders' reported net income (loss)												
	52	55	57	52	37	26	39	18	37	216	120	152

PREMIUMS & DEPOSITS

Net premiums	417	359	614	142	683	419	278	159	1,008	1,532	1,539	1,752
Segregated fund deposits	2,141	1,785	2,057	2,989	3,192	1,804	2,445	2,323	2,106	8,972	9,764	10,372
ASO deposit equivalents	319	401	282	308	302	221	267	300	248	1,310	1,090	1,229
Total	2,877	2,545	2,953	3,439	4,177	2,444	2,990	2,782	3,362	11,814	12,393	13,353

SALES

Sales	956	1,686	1,835	2,090	2,555	957	1,042	988	1,528	6,567	5,542	7,014
Asset consolidation and rollovers	757	642	546	580	666	563	512	531	687	2,525	2,272	2,209
Large case longevity insurance sales	—	—	—	—	—	—	—	—	—	—	—	5,260
Total	1,713	2,328	2,381	2,670	3,221	1,520	1,554	1,519	2,215	9,092	7,814	14,483

ASSETS UNDER MANAGEMENT

General funds	14,019	13,751	13,848	13,313	13,508	13,080	12,786	12,502	12,521	14,019	13,508	12,521
Segregated funds	75,394	72,320	71,762	70,851	67,623	65,336	62,688	60,529	60,353	75,394	67,623	60,353
Total assets under management	89,413	86,071	85,610	84,164	81,131	78,416	75,474	73,031	72,874	89,413	81,131	72,874

ASSETS UNDER MANAGEMENT AND ADMINISTRATION

	98,223	94,471	93,539	92,315	89,248	86,008	82,912	80,365	80,097	98,223	89,248	80,097
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SLF U.S.

(C\$ millions)

STATEMENTS OF OPERATIONS

At and For the Quarter Ended												
At and For the Year Ended												
	2017				2016				2015	2017	2016	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	847	645	640	705	739	737	662	596	718	2,837	2,734	2,382
Premiums - health insurance	875	862	923	910	930	907	910	760	616	3,570	3,507	2,333
Premiums - annuities	—	—	—	—	—	7	2	2	24	—	11	143
Gross premiums	1,722	1,507	1,563	1,615	1,669	1,651	1,574	1,358	1,358	6,407	6,252	4,858
Ceded premiums	(168)	4	(148)	(140)	(164)	(98)	(147)	(156)	(177)	(452)	(565)	(627)
Net premiums	1,554	1,511	1,415	1,475	1,505	1,553	1,427	1,202	1,181	5,955	5,687	4,231
Net investment income (loss)	533	494	921	494	(1,203)	475	1,314	1,523	(6)	2,442	2,109	812
Fee income	47	80	52	54	56	55	60	57	58	233	228	210
Total revenue	2,134	2,085	2,388	2,023	358	2,083	2,801	2,782	1,233	8,630	8,024	5,253
Policy benefits and expenses												
Gross claims & benefits paid	1,201	1,190	1,275	1,444	1,399	1,332	1,321	1,199	1,080	5,110	5,251	4,138
Change in investment/insurance contract liabilities & reinsurance assets	918	373	790	298	(1,498)	206	1,120	1,266	(120)	2,379	1,094	214
Operating expenses, commissions and other expenses	487	442	483	477	507	481	453	381	323	1,889	1,822	1,214
Reinsurance expenses (recoveries)	(170)	(136)	(155)	(218)	(184)	(189)	(162)	(182)	(200)	(679)	(717)	(736)
Total policy benefits and expenses	2,436	1,869	2,393	2,001	224	1,830	2,732	2,664	1,083	8,699	7,450	4,830
Income (loss) before income taxes	(302)	216	(5)	22	134	253	69	118	150	(69)	574	423
Income tax expense (benefit)	(278)	20	(107)	(16)	28	(1)	14	20	50	(381)	61	90
Participating policyholders' net income (loss)	1	1	1	1	—	1	1	3	—	4	5	—
Common shareholders' reported net income (loss)	(25)	195	101	37	106	253	54	95	100	308	508	333
Market related impacts	(19)	20	5	(7)	32	35	(50)	2	15	(1)	19	30
Assumption changes and management actions ⁽¹⁾	(3)	29	(22)	(15)	2	98	—	(3)	(10)	(11)	97	(75)
Acquisition, integration and restructuring	(10)	(15)	(25)	(18)	(15)	(15)	(10)	(15)	(63)	(68)	(55)	(63)
U.S. tax reform ⁽¹⁾	(119)	—	—	—	—	—	—	—	—	(119)	—	—
Common shareholders' underlying net income (loss)	126	161	143	77	87	135	114	111	158	507	447	441
PREMIUMS & DEPOSITS												
Net premiums	1,554	1,511	1,415	1,475	1,505	1,553	1,427	1,202	1,181	5,955	5,687	4,231
Segregated fund deposits	—	—	—	—	—	—	—	1	1	—	1	11
Total	1,554	1,511	1,415	1,475	1,505	1,553	1,427	1,203	1,182	5,955	5,688	4,242
SALES												
Group Benefits	627	193	165	121	526	257	157	113	398	1,106	1,053	723
International - Individual insurance	49	26	21	28	29	28	22	16	29	124	95	78
ASSETS UNDER MANAGEMENT												
General funds	43,899	43,294	44,487	44,892	45,066	47,052	45,740	44,743	42,890	43,899	45,066	42,890
Segregated funds	1,196	1,201	1,260	1,280	1,269	1,301	1,296	1,305	1,379	1,196	1,269	1,379
Other AUM	3,723	3,852	4,249	4,454	4,451	4,690	4,799	5,134	5,653	3,723	4,451	5,653
Total	48,818	48,347	49,996	50,626	50,786	53,043	51,835	51,182	49,922	48,818	50,786	49,922

⁽¹⁾ U.S. tax reform of \$(119) million includes \$(293) million of ACMA, which is excluded from the ACMA of \$(3) million.

SLF U.S.

(US\$ millions)

STATEMENTS OF OPERATIONS

At and For the Quarter Ended												
	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue												
Premiums - life insurance	667	516	476	533	554	565	514	434	536	2,192	2,067	1,859
Premiums - health insurance	689	688	687	688	697	695	706	554	461	2,752	2,652	1,825
Premiums - annuities	—	—	—	—	—	6	1	2	18	—	9	113
Gross premiums	1,356	1,204	1,163	1,221	1,251	1,266	1,221	990	1,015	4,944	4,728	3,797
Ceded premiums	(132)	5	(111)	(106)	(123)	(75)	(114)	(114)	(132)	(344)	(426)	(490)
Net premiums	1,224	1,209	1,052	1,115	1,128	1,191	1,107	876	883	4,600	4,302	3,307
Net investment income (loss)	420	389	683	375	(898)	366	1,020	1,109	(4)	1,867	1,597	645
Fee income	37	64	39	41	41	42	47	42	44	181	172	164
Total revenue	1,681	1,662	1,774	1,531	271	1,599	2,174	2,027	923	6,648	6,071	4,116
Policy benefits and expenses												
Gross claims & benefits paid	946	949	947	1,091	1,047	1,022	1,026	873	808	3,933	3,968	3,236
Change in investment/insurance contract liabilities & reinsurance assets	721	297	586	228	(1,119)	160	868	923	(88)	1,832	832	185
Operating expenses, commissions and other expenses	383	352	360	360	379	368	352	277	240	1,455	1,376	950
Reinsurance expenses (recoveries)	(133)	(109)	(114)	(165)	(138)	(145)	(126)	(132)	(148)	(521)	(541)	(577)
Total policy benefits and expenses	1,917	1,489	1,779	1,514	169	1,405	2,120	1,941	812	6,699	5,635	3,794
Income (loss) before income taxes	(236)	173	(5)	17	102	194	54	86	111	(51)	436	322
Income tax expense (benefit)	(218)	16	(80)	(12)	22	(1)	11	15	37	(294)	47	71
Participating policyholders' net income (loss)	1	1	1	—	—	1	1	2	(1)	3	4	—
Common shareholders' reported net income (loss)	(19)	156	74	29	80	194	42	69	75	240	385	251
Market related impacts	(14)	16	4	(5)	25	27	(40)	1	11	1	13	26
Assumption changes and management actions ⁽¹⁾	(2)	23	(17)	(11)	2	75	—	(2)	(8)	(7)	75	(70)
Acquisition, integration and restructuring	(8)	(12)	(19)	(13)	(12)	(11)	(8)	(11)	(46)	(52)	(42)	(46)
U.S. tax reform ⁽¹⁾	(94)	—	—	—	—	—	—	—	—	(94)	—	—
Common shareholders' underlying net income (loss)	99	129	106	58	65	103	90	81	118	392	339	341
Return on equity - reported	(2.1%)	17.7%	8.7%	3.5%	9.0%	22.1%	4.9%	8.6%	11.1%	6.9%	11.2%	9.4%
Return on equity - underlying	11.0%	14.6%	12.4%	6.9%	7.3%	11.7%	10.4%	10.2%	17.4%	11.3%	9.9%	12.8%
PREMIUMS & DEPOSITS												
Net premiums	1,224	1,209	1,052	1,115	1,128	1,191	1,107	876	883	4,600	4,302	3,307
Segregated fund deposits	—	—	—	—	—	—	—	1	1	—	1	9
Total	1,224	1,209	1,052	1,115	1,128	1,191	1,107	877	884	4,600	4,303	3,316
SALES												
Group Benefits	494	154	123	92	394	197	121	82	298	863	794	554
International - Individual insurance	38	20	16	21	21	21	17	12	22	95	71	61
ASSETS UNDER MANAGEMENT												
General funds	34,904	34,727	34,321	33,726	33,556	35,844	35,379	34,366	30,992	34,904	33,556	30,992
Segregated funds	951	964	972	961	945	991	1,003	1,004	997	951	945	997
Other AUM	2,960	3,090	3,279	3,346	3,314	3,573	3,714	3,948	4,085	2,960	3,314	4,085
Total	38,815	38,781	38,572	38,033	37,815	40,408	40,096	39,318	36,074	38,815	37,815	36,074

⁽¹⁾ U.S. tax reform of \$(94) million includes \$(231) million of ACMA, which is excluded from the ACMA of \$(2) million.

SLF U.S. - GROUP BENEFITS ⁽¹⁾

(US\$ millions)

(US\$ millions)	At and For the Quarter Ended									At and For the Year Ended		
	2017				2016				2015	2017	2016	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	885	880	880	888	899	897	908	726	622	3,533	3,430	2,465
Ceded premiums	(39)	(32)	(29)	(33)	(35)	2	(31)	(43)	(48)	(133)	(107)	(180)
Net premiums	846	848	851	855	864	899	877	683	574	3,400	3,323	2,285
Net investment income (loss)	51	58	84	63	(58)	63	122	109	25	256	236	114
Fee income	20	50	18	20	17	12	16	7	2	108	52	10
Total revenue	917	956	953	938	823	974	1,015	799	601	3,764	3,611	2,409
Policy benefits and expenses												
Gross claims & benefits paid	669	653	664	681	646	688	706	553	481	2,667	2,593	1,818
Change in investment/insurance contract liabilities & reinsurance assets	(33)	(78)	(2)	(12)	(105)	16	46	50	(13)	(125)	7	(22)
Operating expenses, commissions and other expenses	283	288	294	292	292	286	283	215	160	1,157	1,076	651
Reinsurance expenses (recoveries)	(60)	(33)	(26)	(32)	(33)	(34)	(43)	(54)	(62)	(151)	(164)	(189)
Total policy benefits and expenses	859	830	930	929	800	956	992	764	566	3,548	3,512	2,258
Income (loss) before income taxes	58	126	23	9	23	18	23	35	35	216	99	151
Income tax expense (benefit)	28	40	7	1	3	4	12	7	12	76	26	52
Common shareholders' reported net income (loss)	30	86	16	8	20	14	11	28	23	140	73	99
PREMIUMS & DEPOSITS												
Net premiums	846	848	851	855	864	899	877	683	574	3,400	3,323	2,285
ASSETS UNDER MANAGEMENT												
General Funds	7,344	7,395	7,393	7,379	7,409	7,609	7,685	7,563	4,879	7,344	7,409	4,879
SALES												
Employee Benefits	163	83	64	60	225	100	66	45	91	370	436	202
Medical Stop-Loss	331	71	59	32	169	97	55	37	207	493	358	352
Total	494	154	123	92	394	197	121	82	298	863	794	554
BUSINESS IN-FORCE												
Employee Benefits	2,464	2,522	2,573	2,584	2,589	2,611	2,672	2,857	1,426	2,464	2,589	1,426
Medical Stop-Loss	1,404	1,251	1,232	1,204	1,194	1,195	1,177	1,155	1,155	1,404	1,194	1,155
Total	3,868	3,773	3,805	3,788	3,783	3,806	3,849	4,012	2,581	3,868	3,783	2,581
AFTER-TAX PROFIT MARGIN ⁽²⁾	5.0%	4.5%	3.3%	2.8%	3.5%	3.6%	3.0%	3.5%	3.7%	5.0%	3.5%	3.7%

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

⁽²⁾ 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. - INTERNATIONAL

(US\$ millions)

STATEMENTS OF OPERATIONS

CONSOLIDATED STATEMENTS OF INCOME												
	2017				2016				2015	2014		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Gross premiums	328	186	145	196	205	227	170	120	240	855	722	718
Ceded premiums	(4)	1	(5)	(4)	(7)	(7)	(7)	(6)	(9)	(12)	(27)	(31)
Net premiums	324	187	140	192	198	220	163	114	231	843	695	687
Net investment income (loss)	78	99	174	89	(261)	84	282	321	(42)	440	426	142
Fee income	24	26	26	25	27	29	30	32	38	101	118	142
Total revenue	426	312	340	306	(36)	333	475	467	227	1,384	1,239	971
Policy benefits and expenses												
Gross claims & benefits paid	35	90	36	64	107	64	67	58	74	225	296	336
Change in investment/insurance contract liabilities & reinsurance assets	287	74	53	189	(220)	66	340	342	72	603	528	337
Operating expenses, commissions and other expenses	69	48	41	44	57	52	44	43	79	202	196	228
Reinsurance expenses (recoveries)	—	—	—	(1)	(1)	(8)	—	—	—	(1)	(9)	(5)
Total policy benefits and expenses	391	212	130	296	(57)	174	451	443	225	1,029	1,011	896
Income (loss) before income taxes	35	100	210	10	21	159	24	24	2	355	228	75
Income tax expense (benefit)	5	1	1	1	2	2	1	1	2	8	6	7
Common shareholders' reported net income (loss)	30	99	209	9	19	157	23	23	—	347	222	68
PREMIUMS & DEPOSITS												
Net premiums	324	187	140	192	198	220	163	114	231	843	695	687
Segregated fund deposits	—	—	—	—	—	—	—	1	1	—	1	9
Total	324	187	140	192	198	220	163	115	232	843	696	696
SALES												
Individual insurance	38	20	16	21	21	21	17	12	22	95	71	61
ACCOUNT VALUE												
Individual insurance	8,589	8,271	8,142	7,996	7,835	7,704	7,490	7,343	7,230	8,589	7,835	7,230
Investment products	3,501	3,645	3,842	3,905	3,854	4,130	4,287	4,542	4,711	3,501	3,854	4,711
Total	12,090	11,916	11,984	11,901	11,689	11,834	11,777	11,885	11,941	12,090	11,689	11,941
ASSETS UNDER MANAGEMENT												
General funds	9,255	9,010	9,046	8,620	8,519	9,110	8,742	8,476	8,001	9,255	8,519	8,001
Segregated funds	563	579	589	585	571	594	608	621	626	563	571	626
Other AUM	2,915	3,043	3,229	3,294	3,255	3,506	3,644	3,868	4,003	2,915	3,255	4,003
Total	12,733	12,632	12,864	12,499	12,345	13,210	12,994	12,965	12,630	12,733	12,345	12,630

SLF U.S. - IN-FORCE MANAGEMENT

(US\$ millions)

STATEMENTS OF OPERATIONS

At and For the Quarter Ended												
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SLF ASSET MANAGEMENT

(C\$ millions)

FINANCIAL SUMMARY

	At and For the Quarter Ended									At and For the Year Ended		
	2017				2016				2015	2017	2016	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Net investment income	10	11	10	14	(12)	6	(2)	5	3	45	(3)	4
Fee income	1,044	987	1,023	983	1,003	997	953	979	1,007	4,037	3,932	3,727
Total revenue	1,054	998	1,033	997	991	1,003	951	984	1,010	4,082	3,929	3,731
Expenses	771	715	751	739	710	725	674	698	723	2,976	2,807	2,616
Income (loss) before income taxes	283	283	282	258	281	278	277	286	287	1,106	1,122	1,115
Income tax expense (benefit)	169	98	99	87	83	97	104	109	110	453	393	424
Common shareholders' reported net income (loss)	114	185	183	171	198	181	173	177	177	653	729	691
Fair value adjustments on share-based payment awards at MFS	(34)	(19)	(16)	(12)	10	(7)	20	7	(6)	(81)	30	(9)
U.S. tax reform ⁽¹⁾	(78)	—	—	—	—	—	—	—	—	(78)	—	—
Common shareholders' underlying net income (loss)	226	204	199	183	188	188	153	170	183	812	699	700
Common shareholders' underlying net income (loss)												
MFS	220	199	193	176	179	181	146	164	174	788	670	688
SLIM	6	5	6	7	9	7	7	6	9	24	29	12
Total	226	204	199	183	188	188	153	170	183	812	699	700
GROSS SALES												
MFS	25,584	26,307	27,320	27,303	26,291	28,211	26,848	26,834	22,034	106,514	108,184	96,461
SLIM	2,930	2,303	2,532	3,003	3,166	1,812	1,334	1,774	1,564	10,768	8,086	3,062
Total	28,514	28,610	29,852	30,306	29,457	30,023	28,182	28,608	23,598	117,282	116,270	99,523
NET SALES												
MFS	(5,042)	(3,328)	(5,435)	(14,674)	(12,718)	(1,216)	(1,328)	(1,511)	(6,230)	(28,479)	(16,773)	(20,461)
SLIM	1,587	1,459	872	2,155	2,260	1,296	519	373	(214)	6,073	4,448	537
Total	(3,455)	(1,869)	(4,563)	(12,519)	(10,458)	80	(809)	(1,138)	(6,444)	(22,406)	(12,325)	(19,924)
ASSETS UNDER MANAGEMENT												
MFS	618,292	591,197	598,996	586,907	571,593	578,603	549,174	543,980	571,877	618,292	571,593	571,877
SLIM	59,319	56,513	56,320	55,936	53,222	51,106	48,580	57,068	57,761	59,319	53,222	57,761
Total	677,611	647,710	655,316	642,843	624,815	629,709	597,754	601,048	629,638	677,611	624,815	629,638

⁽¹⁾ This consists of a charge of \$32 million relating to the revaluation of its deferred tax balances, consisting of a charge of \$49 million for MFS, partially offset by a benefit of \$17 million for SLIM, and a one-time charge on the deemed repatriation of foreign earnings of \$46 million for MFS.

MFS

(US\$ millions), unless otherwise noted

STATEMENTS OF OPERATIONS

REVENUE AND EXPENSES												
Revenue												
Net investment income	8	9	8	10	(10)	4	(2)	4	1	35	(4)	2
Fee income	764	737	715	691	696	712	690	664	703	2,907	2,762	2,840
Total revenue	772	746	723	701	686	716	688	668	704	2,942	2,758	2,842
Expenses												
	556	525	519	512	483	510	480	466	498	2,112	1,939	1,982
Income (loss) before income taxes	216	221	204	189	203	206	208	202	206	830	819	860
Income tax expense (benefit)	144	78	72	65	61	73	79	78	80	359	291	329
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
Common shareholders' reported net income (loss)	72	143	132	124	142	133	129	124	126	471	528	531
Fair value adjustments on share-based payment awards at MFS	(27)	(16)	(12)	(9)	7	(5)	15	5	(5)	(64)	22	(9)
U.S. tax reform	(75)	—	—	—	—	—	—	—	—	(75)	—	—
Common shareholders' underlying net income (loss)	174	159	144	133	135	138	114	119	131	610	506	540

MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT

Opening AUM	239,729	232,692	221,716	211,822	217,103	208,905	203,308	200,463	194,260	211,822	200,463	195,521
Sales	14,118	13,878	13,746	16,059	14,717	16,176	14,414	13,068	12,124	57,801	58,375	55,436
Redemptions	(13,644)	(13,964)	(13,431)	(17,706)	(16,981)	(14,821)	(13,594)	(13,555)	(12,548)	(58,745)	(58,951)	(49,987)
Market movement	10,028	7,123	10,661	11,541	(3,017)	6,843	4,777	3,332	6,627	39,353	11,935	(507)
Closing AUM	250,231	239,729	232,692	221,716	211,822	217,103	208,905	203,308	200,463	250,231	211,822	200,463

MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT

Opening AUM	234,481	229,425	219,203	213,787	223,670	216,053	215,010	212,773	209,461	213,787	212,773	235,430
Sales	6,028	7,109	6,568	4,576	4,980	5,463	6,421	6,475	4,384	24,281	23,339	20,379
Redemptions	(10,473)	(9,678)	(10,924)	(14,020)	(12,245)	(7,751)	(8,272)	(7,089)	(8,629)	(45,095)	(35,357)	(41,499)
Market movement	11,338	7,625	14,578	14,860	(2,618)	9,905	2,894	2,851	7,557	48,401	13,032	(1,537)
Closing AUM	241,374	234,481	229,425	219,203	213,787	223,670	216,053	215,010	212,773	241,374	213,787	212,773

SUPPLEMENTAL INFORMATION

Pre-tax operating profit margin ratio	40 %	41 %	36 %	36 %	35 %	38 %	35 %	37 %	38 %	38 %	36 %	40 %
Total assets under management	491,605	474,210	462,117	440,919	425,609	440,773	424,958	418,318	413,236	491,605	425,609	413,236
Average net assets	482,553	468,151	453,197	437,570	426,939	437,802	423,038	398,907	420,235	460,512	421,730	434,038
Total gross sales	20,146	20,987	20,314	20,635	19,697	21,639	20,835	19,543	16,508	82,082	81,714	75,815
Total net sales	(3,971)	(2,655)	(4,041)	(11,091)	(9,529)	(933)	(1,031)	(1,101)	(4,669)	(21,758)	(12,594)	(15,671)
Liability for share-based compensation ⁽¹⁾	562	551	536	551	533	555	550	652	696	562	533	696
Diluted EPS impact - liability for share-based compensation ⁽²⁾	\$0.00	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.06	\$0.04
U.S. GAAP net income	113	169	147	140	142	148	122	127	141	569	539	589
Dividends paid to SLF	123	122	105	102	103	106	87	91	100	452	387	414

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

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

SLF ASIA
(C\$ millions)

STATEMENTS OF OPERATIONS

CONSOLIDATED STATEMENTS OF OPERATIONS												
	2017				2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Gross premiums	399	314	348	365	573	494	464	440	440	1,426	1,971	1,211
Ceded premiums	(62)	(48)	(50)	(50)	(62)	(34)	(10)	(11)	(11)	(210)	(117)	(40)
Net premiums	337	266	298	315	511	460	454	429	429	1,216	1,854	1,171
Net investment income (loss)	215	227	421	281	(470)	211	553	467	(21)	1,144	761	52
Fee income	102	93	102	97	87	93	81	80	81	394	341	306
Total revenue	654	586	821	693	128	764	1,088	976	489	2,754	2,956	1,529
Policy benefits and expenses												
Gross claims & benefits paid	220	180	179	192	198	200	199	192	252	771	789	816
Change in investment/insurance contract liabilities & reinsurance assets	110	119	367	259	(357)	398	638	502	(47)	855	1,181	(292)
Operating expenses, commissions and other expenses	271	213	218	203	274	229	190	180	208	905	873	673
Reinsurance expenses (recoveries)	(48)	(38)	(41)	(55)	(59)	(172)	(25)	(6)	(8)	(182)	(262)	(27)
Total policy benefits and expenses	553	474	723	599	56	655	1,002	868	405	2,349	2,581	1,170
Income (loss) before income taxes	101	112	98	94	72	109	86	108	84	405	375	359
Income tax expense (benefit)	9	10	15	17	9	12	16	14	11	51	51	48
Participating policyholders' net income (loss) and non-controlling interest	9	9	6	4	5	5	2	3	—	28	15	—
Common shareholders' reported net income (loss)	83	93	77	73	58	92	68	91	73	326	309	311
Market related impacts	—	(4)	(9)	(6)	6	5	(13)	(11)	7	(19)	(13)	19
Assumption changes and management actions	3	7	5	—	(9)	4	(4)	3	14	15	(6)	40
Acquisition, integration and restructuring	—	—	—	—	(1)	3	—	31	—	—	33	—
Common shareholders' underlying net income (loss)	80	90	81	79	62	80	85	68	52	330	295	252
Return on equity - reported	7.6 %	8.8 %	7.2 %	6.9 %	5.5 %	9.0 %	7.2 %	10.0 %	8.1 %	7.6 %	7.9 %	9.2 %
Return on equity - underlying	7.3 %	8.4 %	7.6 %	7.4 %	5.8 %	7.8 %	9.0 %	7.6 %	5.6 %	7.7 %	7.5 %	7.4 %
PREMIUMS & DEPOSITS												
Net premiums	337	266	298	315	511	460	454	429	429	1,216	1,854	1,171
Segregated fund deposits	273	223	216	221	281	271	185	181	228	933	918	960
Mutual fund sales	2,955	2,928	2,320	2,428	2,237	1,612	1,028	865	1,033	10,631	5,742	4,711
Managed fund sales	585	460	490	336	450	322	278	201	262	1,871	1,251	1,078
ASO deposits (pension administration)	146	169	191	180	182	191	278	292	329	686	943	1,189
Total	4,296	4,046	3,515	3,480	3,661	2,856	2,223	1,968	2,281	15,337	10,708	9,109
ASSETS UNDER MANAGEMENT ⁽¹⁾												
General funds	15,594	15,089	15,391	15,327	15,103	15,362	14,528	13,583	13,551	15,594	15,103	13,551
Segregated funds	5,393	4,995	4,998	4,859	4,605	4,716	4,268	4,157	4,278	5,393	4,605	4,278
Other AUM	43,701	39,966	38,681	37,076	33,761	32,688	29,616	26,697	29,017	43,701	33,761	29,017
Total	64,688	60,050	59,070	57,262	53,469	52,766	48,412	44,437	46,846	64,688	53,469	46,846
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽¹⁾	77,831	73,967	73,906	74,808	70,229	70,109	75,445	69,267	75,274	77,831	70,229	75,274
SALES - Proportionate ownership ⁽²⁾												
Individual life insurance												
Philippines	59	46	36	38	53	51	38	37	49	179	179	178
Hong Kong	57	42	39	42	76	54	49	38	57	180	217	144
Indonesia	20	19	20	15	18	15	12	12	14	74	57	45
India	26	20	18	41	23	17	12	16	8	105	68	37
China	20	15	15	17	17	11	15	12	9	67	55	40
Vietnam	4	2	3	3	3	2	1	3	1	12	9	9
Malaysia	11	12	11	10	10	12	12	9	9	44	43	35
Total life insurance sales	197	156	142	166	200	162	139	127	147	661	628	488
Total group life & health insurance sales	6	7	7	6	8	6	7	11	15	26	32	47
Total wealth sales ⁽³⁾	3,603	3,607	2,949	2,897	3,092	2,402	1,777	1,578	1,706	13,056	8,849	7,070
Constant Currency Sales ⁽⁴⁾												
Individual life insurance	206	167	141	167	200					687	628	
Wealth	3,729	3,754	2,858	2,915	3,092					13,220	8,849	

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ Quarterly sales in constant currency are relative to Q4 2016 foreign exchange rates for each of the quarters and year-to-date sales in constant currency are relative to the annual average 2016 foreign exchange rates.

CORPORATE

(C\$ millions)

STATEMENTS OF OPERATIONS ⁽¹⁾

	At and For the Quarter Ended									At and For the Year Ended		
	2017				2016				2015	2017	2016	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	25	24	23	22	25	26	23	25	21	94	99	102
Premiums - health insurance	3	4	3	4	3	5	4	5	6	14	17	20
Premiums - annuities	4	7	7	6	7	5	8	8	13	24	28	30
Gross premiums	32	35	33	32	35	36	35	38	40	132	144	152
Ceded premiums	(5)	(7)	(6)	(6)	(6)	(6)	(8)	(6)	(8)	(24)	(26)	(180)
Net premiums	27	28	27	26	29	30	27	32	32	108	118	(28)
Net investment income (loss)	232	38	9	168	(318)	508	645	492	(38)	447	1,327	160
Fee income	12	13	8	13	11	12	15	15	16	46	53	83
Total revenue	271	79	44	207	(278)	550	687	539	10	601	1,498	215
Policy benefits and expenses												
Gross claims & benefits paid	100	147	175	135	150	157	170	209	234	557	686	794
Change in investment/insurance contract liabilities & reinsurance assets	68	(164)	(200)	(8)	(504)	267	424	247	(307)	(304)	434	(770)
Operating expenses, commissions and other expenses	138	72	63	56	135	66	92	82	95	329	375	361
Reinsurance expenses (recoveries)	39	(5)	(8)	19	4	3	(1)	(8)	8	45	(2)	(156)
Total policy benefits and expenses	345	50	30	202	(215)	493	685	530	30	627	1,493	229
Income (loss) before income taxes	(74)	29	14	5	(63)	57	2	9	(20)	(26)	5	(14)
Income tax expense (benefit)	40	1	(37)	(22)	(54)	5	(22)	(23)	(20)	(18)	(94)	(140)
Preferred shareholder dividends	23	24	23	23	23	25	24	24	24	93	96	100
Common shareholders' reported net income (loss)	(137)	4	28	4	(32)	27	—	8	(24)	(101)	3	26
Market related impacts	—	7	6	(8)	(6)	4	(4)	(7)	(2)	5	(13)	14
Assumption changes and management actions ⁽²⁾	(10)	33	23	9	—	13	—	1	(3)	55	14	11
Acquisition, integration and restructuring	(50)	(2)	(1)	(2)	(6)	—	2	(1)	(3)	(55)	(5)	(17)
U.S. tax reform ⁽²⁾	(54)	—	—	—	—	—	—	—	—	(54)	—	—
Common shareholders' underlying net income (loss)	(23)	(34)	—	5	(20)	10	2	15	(16)	(52)	7	18
PREMIUMS & DEPOSITS												
Net premiums	27	28	27	26	29	30	27	32	32	108	118	(28)
Segregated fund deposits	19	20	21	20	25	23	27	29	34	80	104	132
Total	46	48	48	46	54	53	54	61	66	188	222	104
ASSETS UNDER MANAGEMENT												
General funds	14,414	13,111	14,186	13,726	14,169	14,722	13,900	15,617	16,522	14,414	14,169	16,522
Segregated funds	11,986	11,473	11,761	11,638	11,329	11,690	11,231	11,922	13,150	11,986	11,329	13,150
Other AUM ⁽³⁾	(23,264)	(22,504)	(21,662)	(21,397)	(20,822)	(21,241)	(20,733)	(21,026)	(21,647)	(23,264)	(20,822)	(21,647)
Total	3,136	2,080	4,285	3,967	4,676	5,171	4,398	6,513	8,025	3,136	4,676	8,025

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

⁽²⁾ U.S. tax reform impact of \$(54) million includes \$5 million of ACMA, which is excluded from ACMA of \$(10) million.

⁽³⁾ 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)

STATEMENTS OF OPERATIONS - SLF United Kingdom (U.K.)

At and For the Quarter Ended													At and For the Year Ended			
	2017				2016				2015				2017	2016	2015	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue																
Gross premiums	18	22	21	20	22	21	25	29	26	81	97	114				
Ceded premiums	(4)	(5)	(4)	(4)	(5)	(4)	(5)	(5)	(6)	(17)	(19)	(15)				
Net premiums	14	17	17	16	17	17	20	24	20	64	78	99				
Net investment income (loss)	213	21	(10)	171	(304)	505	582	422	(29)	395	1,205	73				
Fee income	31	30	27	30	30	32	33	34	37	118	129	150				
Total revenue	258	68	34	217	(257)	554	635	480	28	577	1,412	322				
Policy benefits and expenses																
Gross claims & benefits paid	129	128	143	139	133	140	159	171	175	539	603	680				
Change in investment/insurance contract liabilities & reinsurance assets	89	(153)	(188)	3	(430)	275	402	229	(215)	(249)	476	(704)				
Operating expenses, commissions and other expenses	29	24	24	26	28	29	30	35	37	103	122	142				
Reinsurance expenses (recoveries)	(4)	(2)	(4)	(3)	(1)	(3)	(4)	(5)	(3)	(13)	(13)	(15)				
Total policy benefits and expenses	243	(3)	(25)	165	(270)	441	587	430	(6)	380	1,188	103				
Income (loss) before income taxes	15	71	59	52	13	113	48	50	34	197	224	219				
Income tax expense (benefit)	9	(1)	1	7	(13)	27	16	10	12	16	40	19				
Common shareholders' reported net income (loss)	6	72	58	45	26	86	32	40	22	181	184	200				

STATEMENTS OF OPERATIONS - Corporate Support⁽¹⁾

Revenue												
Gross premiums	14	13	12	12	13	15	10	9	14	51	47	38
Ceded premiums	(1)	(2)	(2)	(2)	(1)	(2)	(3)	(1)	(2)	(7)	(7)	(165)
Net premiums	13	11	10	10	12	13	7	8	12	44	40	(127)
Net investment income (loss)	19	17	19	(3)	(14)	3	63	70	(9)	52	122	87
Fee income	(19)	(17)	(19)	(17)	(19)	(20)	(18)	(19)	(21)	(72)	(76)	(67)
Total revenue	13	11	10	(10)	(21)	(4)	52	59	(18)	24	86	(107)
Policy benefits and expenses												
Gross claims & benefits paid	(29)	19	32	(4)	17	17	11	38	59	18	83	114
Change in investment/insurance contract liabilities & reinsurance assets	(21)	(11)	(12)	(11)	(74)	(8)	22	18	(92)	(55)	(42)	(66)
Operating expenses, commissions and other expenses	109	48	39	30	107	37	62	47	58	226	253	219
Reinsurance expenses (recoveries)	43	(3)	(4)	22	5	6	3	(3)	11	58	11	(141)
Total policy benefits and expenses	102	53	55	37	55	52	98	100	36	247	305	126
Income (loss) before income taxes	(89)	(42)	(45)	(47)	(76)	(56)	(46)	(41)	(54)	(223)	(219)	(233)
Income tax expense (benefit)	31	2	(38)	(29)	(41)	(22)	(38)	(33)	(32)	(34)	(134)	(159)
Preferred shareholder dividends	23	24	23	23	23	25	24	24	24	93	96	100
Common shareholders' reported net income (loss)	(143)	(68)	(30)	(41)	(58)	(59)	(32)	(32)	(46)	(282)	(181)	(174)

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

INVESTMENTS
DEBT & EQUITY SECURITIES
DEBT SECURITIES
Debt Securities by Sector

Debt Securities Issued or Guaranteed By:

	As at December 31, 2017				As at September 30, 2017				As at December 31, 2016			
	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available- for-Sale	Total	Investment Grade
Canadian Federal Government	3,366	1,832	5,198	100 %	2,796	1,842	4,638	100 %	3,117	1,654	4,771	100 %
Canadian Provincial and Municipal Government	12,158	1,138	13,296	100 %	11,527	1,161	12,688	100 %	11,452	1,148	12,600	100 %
U.S. Government and Other U.S. Agency	1,231	818	2,049	100 %	1,056	851	1,907	100 %	1,198	692	1,890	100 %
Other Government	5,361	752	6,113	97 %	5,247	690	5,937	97 %	5,578	766	6,344	94 %
Total Government issued or guaranteed debt securities	22,116	4,540	26,656	99 %	20,626	4,544	25,170	99 %	21,345	4,260	25,605	99 %

Corporate Debt Securities by Industry Sector:

Financials	7,856	1,705	9,561	99 %	7,790	1,696	9,486	99 %	7,757	1,546	9,303	99 %
Utilities	6,756	550	7,306	99 %	6,609	526	7,135	99 %	6,641	560	7,201	99 %
Consumer discretionary	2,352	609	2,961	95 %	2,347	594	2,941	96 %	2,465	693	3,158	96 %
Industrials	4,090	707	4,797	99 %	4,066	674	4,740	99 %	4,103	708	4,811	99 %
Consumer staples	1,920	351	2,271	95 %	1,905	355	2,260	95 %	2,253	442	2,695	95 %
Telecommunication services	1,763	298	2,061	99 %	1,757	313	2,070	99 %	1,786	288	2,074	98 %
Energy	3,657	455	4,112	98 %	3,671	472	4,143	97 %	3,900	516	4,416	96 %
Real Estate	2,213	366	2,579	99 %	2,115	354	2,469	99 %	1,977	324	2,301	99 %
Materials	1,211	262	1,473	91 %	1,156	245	1,401	89 %	1,203	263	1,466	90 %
Other	2,352	591	2,943	99 %	2,240	552	2,792	99 %	2,368	543	2,911	99 %
Total Corporate debt securities	34,170	5,894	40,064	98 %	33,656	5,781	39,437	98 %	34,453	5,883	40,336	98 %

Asset Backed Securities

Government and agency	1,556	533	2,089	100 %	1,490	618	2,108	100 %	1,353	590	1,943	100 %
Other	2,125	1,685	3,810	92 %	2,202	1,645	3,847	92 %	2,315	1,688	4,003	88 %
Total asset backed securities	3,681	2,218	5,899	95 %	3,692	2,263	5,955	95 %	3,668	2,278	5,946	92 %

Total debt securities

59,967	12,652	72,619	98 %	57,974	12,588	70,562	98 %	59,466	12,421	71,887	98 %
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Debt Securities by Investment Rating

AAA	8,579	4,870	13,449		7,738	4,977	12,715		8,128	4,567	12,695	
AA	14,006	1,809	15,815		13,331	1,757	15,088		11,905	1,727	13,632	
A	19,603	3,000	22,603		19,127	2,876	22,003		20,798	2,914	23,712	
BBB	16,894	2,674	19,568		16,871	2,669	19,540		17,347	2,778	20,125	
BB and lower	885	299	1,184		907	309	1,216		1,288	435	1,723	
Total debt securities	59,967	12,652	72,619		57,974	12,588	70,562		59,466	12,421	71,887	

EQUITY SECURITIES
Stocks

Canada	3,282	53	3,335		3,275	45	3,320		3,404	37	3,441	
United States	765	671	1,436		753	690	1,443		757	538	1,295	
United Kingdom	130	5	135		120	6	126		126	5	131	
Other	901	213	1,114		905	197	1,102		729	178	907	
Total equity securities	5,078	942	6,020		5,053	938	5,991		5,016	758	5,774	

PROPERTIES, MORTGAGES & LOANS
PROPERTIES

	As at December 31, 2017			As at September 30, 2017			As at December 31, 2016		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
Canada	5,260	87	5,347	5,255	86	5,341	4,713	175	4,888
United States	1,731	78	1,809	1,703	71	1,774	1,806	73	1,879
United Kingdom	76	—	76	76	—	76	73	—	73
Other	—	38	38	—	37	37	—	43	43
Total properties	7,067	203	7,270	7,034	194	7,228	6,592	291	6,883

MORTGAGES & LOANS

	As at December 31, 2017			As at September 30, 2017			As at December 31, 2016		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
Retail	—	4,291	4,291	—	4,245	4,245	—	4,480	4,480
Office	—	4,261	4,261	—	4,357	4,357	—	4,408	4,408
Multi-family residential	2,921	1,661	4,582	2,879	1,497	4,376	2,782	1,398	4,180
Industrial and land	—	1,660	1,660	—	1,572	1,572	—	1,725	1,725
Other	250	449	699	176	435	611	154	449	603
Total Mortgages	3,171	12,322	15,493	3,055	12,106	15,161	2,936	12,460	15,396
Corporate Loans			27,312			26,065			25,379
Total mortgages & loans			42,805			41,226			40,775

Mortgage and Loans - Impairments/Allowances

	Impaired Loans			Impaired Loans			Impaired Loans		
	Allowances for Losses			Allowances for Losses			Allowances for Losses		
	Carrying Value	Specific	Sectoral	Carrying Value	Specific	Sectoral	Carrying Value	Specific	Sectoral
Mortgages	33	2	20	31	2	19	39	2	21
Loans	89	28	—	90	30	—	7	7	—
Total mortgage and loan impairments/allowances	122	30	20	121	32	19	46	9	21

DERIVATIVES

	As at December 31, 2017		As at September 30, 2017		As at December 31, 2016	
	Total	Net	Total	Net	Total	Net
	Notional Amount	Fair Value Amount	Notional Amount	Fair Value Amount	Notional Amount	Fair Value Amount
Interest rate contracts	31,795	670	32,274	654	33,655	826
Foreign exchange contracts	18,091	(1,055)	17,008	(1,046)	16,525	(1,829)
Equity and other contracts	4,235	107	4,081	79	4,170	99
Total derivatives	54,121	(278)	53,363	(313)	54,350	(904)
Over the counter	47,978	(300)	47,772	(322)	48,289	(931)
Exchange traded	6,143	22	5,591	9	6,061	27
Total	54,121	(278)	53,363	(313)	54,350	(904)

CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	For the Quarter ended - Q4 2017							
	Canadian Dollars						U.S. Dollars	
	SLF Canada	SLF U.S.	SLF Asset Management	SLF Asia	Corporate	Total Company	SLF U.S.	MFS
Expected profit on in-force business	221	134	338	92	(27)	758	107	259
Impact of new business	40	(8)	—	(18)	—	14	(6)	—
Experience gains (losses)	(114)	(33)	—	(14)	9	(152)	(26)	—
Assumption changes and management actions ⁽¹⁾	(33)	(453)	—	3	(3)	(486)	(357)	—
Other ⁽²⁾	2	(16)	(55)	—	(68)	(137)	(13)	(43)
Earnings (loss) on operations (pre-tax)	116	(376)	283	63	(89)	(3)	(295)	216
Earnings on surplus	51	26	—	29	22	128	21	—
Earnings (loss) before income taxes	167	(350)	283	92	(67)	125	(274)	216
Income tax (expense) benefit	5	325	(169)	(9)	(47)	105	255	(144)
Earnings (loss) before preferred share dividends and non-controlling interest	172	(25)	114	83	(114)	230	(19)	72
Preferred share dividends and non-controlling interest	—	—	—	—	(23)	(23)	—	—
Common shareholders' reported net income (loss)	172	(25)	114	83	(137)	207	(19)	72
Underlying Net Income Adjustments (post tax):								
Market related impacts	(38)	(19)	—	—	—	(57)	(14)	—
Assumption changes and management actions ⁽¹⁾	(24)	(3)	—	3	(10)	(34)	(2)	—
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	—	—	(34)	—	—	(34)	—	(27)
Acquisition, integration and restructuring	—	(10)	—	—	(50)	(60)	(8)	—
U.S. tax reform ⁽¹⁾	—	(119)	(78)	—	(54)	(251)	(94)	(75)
	(60)	(151)	(112)	3	(114)	(434)	(118)	(102)
Common shareholders' underlying net income (loss)	232	126	226	80	(23)	641	99	174

CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	For the Quarter ended - Q4 2016							
	Canadian Dollars						U.S. Dollars	
	SLF Canada	SLF U.S.	SLF Asset Management	SLF Asia	Corporate	Total Company	SLF U.S.	MFS
Expected profit on in-force business ⁽³⁾	200	133	281	88	(23)	679	102	203
Impact of new business ⁽³⁾	42	(15)	—	(18)	—	9	(11)	—
Experience gains (losses)	208	18	—	(21)	(38)	167	11	—
Assumption changes and management actions	23	5	—	(9)	(2)	17	4	—
Other ⁽²⁾	8	(23)	—	(1)	(8)	(24)	(18)	—
Earnings (loss) on operations (pre-tax)	481	118	281	39	(71)	848	88	203
Earnings on surplus	29	17	—	28	17	91	14	—
Earnings (loss) before income taxes	510	135	281	67	(54)	939	102	203
Income tax (expense) benefit	(112)	(29)	(83)	(9)	45	(188)	(22)	(61)
Earnings (loss) before preferred share dividends and non-controlling interest	398	106	198	58	(9)	751	80	142
Preferred share dividends and non-controlling interest	—	—	—	—	(23)	(23)	—	—
Common shareholders' reported net income (loss)	398	106	198	58	(32)	728	80	142
Underlying Net Income Adjustments (post tax):								
Market related impacts	130	32	—	6	(6)	162	25	—
Assumption changes and management actions	17	2	—	(9)	—	10	2	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	8	—	—	—	—	8	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	10	—	—	10	—	7
Acquisition, integration and restructuring	—	(15)	—	(1)	(6)	(22)	(12)	—
	155	19	10	(4)	(12)	168	15	7
Common shareholders' underlying net income (loss)	243	87	188	62	(20)	560	65	135

⁽¹⁾ The Total Company's U.S. tax reform of \$(251) million includes \$(288) million (\$444 million pre-tax) of ACMA, which is excluded from the ACMA of \$(34) million. The Total Company's pre-tax ACMA of \$(486) million includes \$(444) million impact from U.S. tax reform. For business group segments, refer to the footnote details included on their respective pages.

⁽²⁾ 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.

⁽³⁾ Q4 2016 expected profit on in-force business and impact of new business have been updated to reflect a change in presentation for our U.S. Group Benefits business effective Q1 2017. Amounts in expected profit on in-force business and impact of new business in Q4 2016 were previously \$161 million and \$(43) million for SLF U.S. and \$707 million and \$(19) million for the Total Company, respectively, a net change of \$28 million.

CONSOLIDATED SOURCES OF EARNINGS - SUPPLEMENTAL INFORMATION

MFS SOURCES OF EARNINGS

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

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

EXPENSES

(C\$ millions)

(C\$ millions)	For the Quarter Ended								For the Year Ended			
	2017				2016				2015	2017	2016	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES												
Operating expenses	1,749	1,496	1,567	1,598	1,678	1,510	1,443	1,369	1,383	6,410	6,000	5,037
Commissions	631	566	589	617	652	601	579	540	566	2,403	2,372	2,100
Premium taxes	100	94	94	91	90	84	87	78	75	379	339	292
Interest expense	81	55	87	80	80	76	79	81	80	303	316	322
Total	2,561	2,211	2,337	2,386	2,500	2,271	2,188	2,068	2,104	9,495	9,027	7,751
OPERATING EXPENSES BY BUSINESS GROUP												
SLF Canada	537	442	489	550	509	457	470	435	441	2,018	1,871	1,706
SLF U.S.	246	217	238	239	271	245	228	181	133	940	925	571
SLF Asset Management	547	515	542	539	530	523	510	520	519	2,143	2,083	1,827
SLF Asia	201	157	164	153	201	167	141	134	154	675	643	499
Corporate	79	102	61	61	135	72	79	74	86	303	360	307
Operating expenses excluding the following:	1,610	1,433	1,494	1,542	1,646	1,464	1,428	1,344	1,333	6,079	5,882	4,910
FV adjustments on MFS share-based payment awards ⁽¹⁾	55	37	32	26	—	21	(10)	—	22	150	11	83
Acquisition, integration and restructuring costs	84	26	41	30	32	25	25	25	28	181	107	44
Total operating expenses	1,749	1,496	1,567	1,598	1,678	1,510	1,443	1,369	1,383	6,410	6,000	5,037
COMMISSIONS BY BUSINESS GROUP												
SLF Canada	240	215	223	250	253	208	200	192	205	928	853	765
SLF U.S.	156	135	139	146	151	155	155	126	125	576	587	455
SLF Asset Management	169	163	177	174	180	180	175	177	182	683	712	705
SLF Asia	69	55	52	49	71	58	47	45	52	225	221	169
Corporate	(3)	(2)	(2)	(2)	(3)	—	2	—	2	(9)	(1)	6
Total commissions	631	566	589	617	652	601	579	540	566	2,403	2,372	2,100
INTEREST EXPENSE												
Subordinated debt	30	29	29	35	36	32	30	28	30	123	126	111
Liabilities for SLEECs	11	11	11	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	18	18	17	17	16	15	22	26	29	70	79	124
Other ⁽²⁾	22	(3)	30	17	17	18	16	16	10	66	67	43
Total interest expense	81	55	87	80	80	76	79	81	80	303	316	322

⁽¹⁾ 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.⁽²⁾ 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 December 31, 2017
SUN LIFE ASSURANCE COMPANY OF CANADA
FINANCIAL STRENGTH RATINGS
SECURITY RATINGS

Subordinated Debt (C\$150 million)

Sun Life Exchangeable Capital Securities

Series B

Series 2009-1

A.M. Best
Moody's
Standard & Poor's⁽¹⁾
DBRS

A+

Aa3

AA-

AA (low)

a

A2

A+

A (high)

a-

A3

P-1 (low)/A

A

a-

not rated

P-1 (low)/A

A

SUN LIFE FINANCIAL INC.
SECURITY RATINGS

Senior Unsecured Debentures (Series D and E)

Subordinated Debt (C\$2,900 million)

(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)

A.M. Best
Moody's⁽²⁾
Standard & Poor's
DBRS

a-

not rated

A

A

bbb+

not rated

A-

A (low)

bbb

Baa2

P-2 (high)/BBB+

Pfd-2

⁽¹⁾ S&P affirmed ratings and revised outlook to positive from stable on March 13, 2017.

⁽²⁾ 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. We also have a growing International life insurance business, where we are a leader helping global high-net-worth Clients transfer wealth to future generations. SLF U.S. has three business units - Group Benefits, International 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.</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>International</u> Individual life insurance Wealth investment products (In-force block only)</p> <p><u>In-Force Management</u> Individual life insurance</p>	<p><u>MFS</u> Mutual Funds U.S. retail mutual funds MFS Meridian funds Investment Management Services Institutional accounts 401(k) Insurance products</p> <p><u>SLIM</u> Private class funds Customized fixed income portfolios Liability-driven investing strategies Investment advisory and property management services</p>	<p><u>Markets</u> Philippines Hong Kong Indonesia Vietnam Malayasia India China</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>