

Financial and operating results

For the period ended December 31, 2018

Sun Life Financial Inc. (Unaudited)

Supplementary Financial Information



**SUPPLEMENTARY FINANCIAL INFORMATION
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Reporting Changes

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

Basis of Presentation

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

Diluted Earnings per Share – Underlying

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

Constant Currency Measures

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

Other Adjustments

Acquisition, Integration and Restructuring

In Q1 2018, acquisition, integration and restructuring costs primarily related to integration costs of the U.S. Employee Benefits business. In Q2 2018, acquisition, integration and restructuring costs included integration costs of the U.S. Employee Benefits business, acquisition costs for Maxwell Health and an amount pertaining to a distribution arrangement in India for asset management. In Q3 2018, acquisition, integration and restructuring costs primarily related to the Maxwell Health acquisition. In Q4 2018, acquisition, integration and restructuring costs primarily related to the acquisition costs of \$11 million post tax (\$13 million pre-tax) relating to the merger of Bentall Kennedy and GreenOak, expected to close in 2019, as well as integration costs of the U.S. Employee Benefits business.

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

Other

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

Non-IFRS Financial Measures

Sun Life Financial Inc. (Sun Life Financial or the “Company”) prepares annual and interim financial statements using 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 and reports.

Underlying net income (loss) and financial measures based on underlying net income (loss), including underlying EPS or underlying loss per share, and underlying return on equity (“ROE”), are non-IFRS financial measures. Underlying net income (loss) removes from reported net income (loss) the 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, that differ from our best estimate assumptions, which include: (i) impact of returns in equity markets, net of hedging, for which our best estimate assumptions are approximately 2% per quarter. This also includes the impact of the basis risk inherent in our hedging program, which is the difference between the return on underlying funds of products that provide benefit guarantees and the return on the derivative assets used to hedge those benefit guarantees; (ii) the impact of changes in interest rates in the reporting period and on the value of derivative instruments used in our hedging programs including changes in credit and swap spreads, and any changes to the assumed fixed income reinvestment rates in determining the actuarial liabilities; and (iii) the 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; and (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 costs (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 per share to diluted reported and underlying EPS, respectively, for the period;
- (4) Value of New Business (“VNB”). VNB represents the present value of our best estimate of future distributable earnings, net of the cost of capital, from new business contracts written in a particular time period, except new business in our SLF Asset Management pillar. The assumptions used in the calculations are generally consistent with those used in the valuation of our insurance contract liabilities except that discount rates used approximate theoretical return expectations of an equity investor. Capital required is generally based on Sun Life Assurance’s LICAT operating target. VNB is a useful metric to evaluate the present value created from new business contracts. There is no directly comparable IFRS measure;
- (5) 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”);
- (6) Pre-tax net operating profit margin ratio for MFS. This ratio is a measure of the profitability of MFS, which excludes the impact of fair value adjustments on MFS’s share-based payment awards, investment income and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impact these items have on the pre-tax net operating profit margin ratio and have no impact on the profitability of MFS. There is no directly comparable IFRS measure;
- (7) Pre-tax gross operating profit margin ratio for MFS. This ratio excludes the impact of fair value adjustments on MFS’s share-based payment awards and investment income. There is no directly comparable IFRS measure;
- (8) After-tax profit margin for 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
- (9) 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; and
- (3) MFS pro forma diluted EPS impact, which illustrates the impact on the Company’s diluted earnings per share for the period assuming the MFS liability for share-based compensation is settled in the shares of SLF Inc.

Sources of Earnings

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

FINANCIAL HIGHLIGHTS

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
RESULTS												
Common Shareholders' Reported Net Income (Loss) by Segment												
SLF Canada	96	335	262	249	172	340	185	266	398	942	963	936
SLF U.S.	118	(267)	105	96	(63)	72	(178)	25	81	52	(144)	217
SLF Asset Management	244	241	214	210	114	185	183	171	198	909	653	729
SLF Asia	125	164	133	133	121	216	356	85	83	555	778	600
Corporate	(3)	94	(8)	(19)	(137)	4	28	4	(32)	64	(101)	3
Total common shareholders' reported net income (loss)	580	567	706	669	207	817	574	551	728	2,522	2,149	2,485
Market related impacts:												
Net equity market impact	(143)	5	9	(45)	19	18	5	20	26	(174)	62	51
Net interest rate impact	(41)	14	(37)	(27)	(110)	69	(92)	(24)	130	(91)	(157)	34
Net increases (decreases) in the fair value of real estate	31	6	36	4	34	26	13	15	6	77	88	22
	(153)	25	8	(68)	(57)	113	(74)	11	162	(188)	(7)	107
Assumption changes and management actions (ACMA) ⁽¹⁾	13	(166)	1	(3)	(34)	103	11	1	10	(155)	81	45
Other adjustments:												
Certain hedges that do not qualify for hedge accounting	(1)	(1)	1	6	2	(6)	(10)	(2)	8	5	(16)	(5)
Fair value adjustments on share-based payment awards at MFS	28	(10)	(2)	(21)	(34)	(19)	(16)	(12)	10	(5)	(81)	30
Acquisition, integration and restructuring	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(20)	(22)	(82)	(123)	(27)
Other ⁽¹⁾	—	—	—	—	(251)	—	—	—	—	—	(251)	—
Total common shareholders' underlying net income (loss)	718	730	729	770	641	643	689	573	560	2,947	2,546	2,335
Common Shareholders' Underlying Net Income (Loss) by Segment												
SLF Canada	245	251	245	295	232	222	266	229	243	1,036	949	887
SLF U.S.	121	139	125	129	95	121	101	59	55	514	376	284
SLF Asset Management	227	251	216	231	226	204	199	183	188	925	812	699
SLF Asia	140	110	145	128	111	130	123	97	94	523	461	458
Corporate	(15)	(21)	(2)	(13)	(23)	(34)	—	5	(20)	(51)	(52)	7
Total common shareholders' underlying net income (loss)	718	730	729	770	641	643	689	573	560	2,947	2,546	2,335
Profitability Measures												
Basic earnings per common share (EPS)												
Reported	0.96	0.94	1.16	1.10	0.34	1.33	0.93	0.90	1.19	4.16	3.51	4.05
Diluted earnings per common share												
Reported	0.96	0.93	1.16	1.09	0.34	1.32	0.93	0.89	1.18	4.14	3.49	4.03
Underlying	1.19	1.20	1.20	1.26	1.05	1.05	1.12	0.93	0.91	4.86	4.15	3.80
Premiums & Deposits												
Net premiums	5,313	4,369	4,315	4,645	4,078	3,716	3,923	3,564	4,419	18,642	15,281	15,048
Segregated fund deposits	2,763	2,692	2,703	3,395	2,680	2,235	2,506	3,437	3,691	11,553	10,858	11,550
Mutual fund sales ⁽²⁾	22,135	18,746	19,265	24,056	21,329	20,721	21,285	24,180	22,344	84,202	87,515	84,728
Managed fund sales	9,629	7,962	8,967	12,345	11,170	11,674	11,855	9,394	10,263	38,903	44,093	40,270
ASO premium & deposit equivalents	1,673	1,693	1,767	1,675	1,709	1,805	1,701	1,718	1,705	6,808	6,933	6,863
Total premiums & deposits	41,513	35,462	37,017	46,116	40,966	40,151	41,270	42,293	42,422	160,108	164,680	158,459
Total adjusted premiums & deposits ⁽³⁾	40,512				41,731							
Sales & Value of New Business												
Individual Life & Health ⁽⁴⁾												
Group Life & Health ⁽⁴⁾	353	285	316	310	366	269	263	338	432	1,264	1,236	1,198
Wealth - SLF Asset Management	29,423	24,365	25,263	32,264	28,514	28,610	29,852	30,306	29,457	111,315	117,282	116,270
Wealth - excluding SLF Asset Management ⁽²⁾⁽⁴⁾	6,818	5,467	5,541	7,561	6,786	7,216	6,730	7,300	7,793	25,387	28,032	22,049
Value of New Business ⁽⁵⁾	310	244	266	334	265	224	227	252	273	1,154	968	860

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

⁽²⁾ Includes Aditya Birla Sun Life AMC Limited's 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.

⁽⁵⁾ Excludes SLF Asset Management's value of new business.

FINANCIAL HIGHLIGHTS CONTINUED

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
Valuation Data	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Book value per common share	35.84	34.11	34.53	33.82	32.86	32.75	32.69	32.54	32.10	35.84	32.86	32.10
Book value per common share excluding AOCI	33.01	32.67	32.33	31.67	31.05	31.22	30.37	29.89	29.41	33.01	31.05	29.41
Tangible book value per common share	23.82	22.54	22.92	22.35	21.64	21.73	21.47	21.17	20.66	23.82	21.64	20.66
Market-to-book value (times)	1.26	1.51	1.53	1.56	1.58	1.52	1.42	1.49	1.61	1.26	1.58	1.61
Total market capitalization (TSX in \$ billions)	27.1	31.0	32.1	32.1	31.7	30.4	28.5	29.8	31.6	27.1	31.7	31.6
Financial Strength												
SLA LICAT ratio ⁽¹⁾	131 %	130 %	134 %	139 %	n/a	n/a	n/a	n/a	n/a	131 %	n/a	n/a
SLF LICAT ratio ⁽¹⁾	144 %	145 %	149 %	149 %	n/a	n/a	n/a	n/a	n/a	144 %	n/a	n/a
Total debt to total capital ratio	21.2 %	21.9 %	21.8 %	22.2 %	23.6 %	22.5 %	22.5 %	22.6 %	25.2 %	21.2 %	23.6 %	25.2 %
Common Share Information (SLF on TSX)												
High (intraday)	51.58	53.98	56.09	55.80	52.94	49.95	49.71	53.25	53.75	56.09	53.25	53.75
Low (intraday)	43.13	49.66	50.77	49.62	49.06	45.91	43.51	46.93	42.06	43.13	43.51	36.64
Close (end of period)	45.29	51.35	52.83	52.91	51.88	49.69	46.36	48.56	51.55	45.29	51.88	51.55
Number of Common Shares Outstanding (in millions)												
At beginning of period	603.3	607.0	607.6	610.5	611.9	613.7	613.7	613.6	612.9	610.5	613.6	612.3
Common shares issued	—	0.1	0.1	0.2	0.3	—	—	0.1	0.7	0.5	0.4	1.3
Common shares purchased and cancelled	(4.8)	(3.8)	(0.7)	(3.1)	(1.7)	(1.8)	—	—	—	(12.5)	(3.5)	—
At end of period	598.5	603.3	607.0	607.6	610.5	611.9	613.7	613.7	613.6	598.5	610.5	613.6
Weighted average shares outstanding - basic	602	606	607	610	612	613	614	614	613	606	613	613
Weighted average shares outstanding - diluted ⁽²⁾	607	611	612	615	617	619	619	619	619	611	618	619
Dividend per common share	0.500	0.475	0.475	0.455	0.455	0.435	0.435	0.420	0.420	1.905	1.745	1.620
Dividend payout ratio ⁽³⁾												
Reported	52 %	51 %	41 %	42 %	nm ⁽⁴⁾	33 %	47 %	47 %	36 %	46 %	49 %	40 %
Underlying	42 %	40 %	40 %	36 %	43 %	41 %	39 %	45 %	46 %	39 %	42 %	43 %
Dividend yield ⁽⁵⁾	4.2 %	3.6%	3.6%	3.4%	3.6%	3.6%	3.8%	3.3%	3.5%	3.7 %	3.6%	3.7%
Assets Under Management ⁽⁶⁾												
General funds	168,765	162,439	164,709	163,499	162,720	158,757	161,755	160,044	161,071	168,765	162,720	161,071
Segregated funds	103,062	108,298	108,692	106,221	106,392	102,237	102,066	101,055	97,167	103,062	106,392	97,167
Total assets	271,827	270,737	273,401	269,720	269,112	260,994	263,821	261,099	258,238	271,827	269,112	258,238
Other assets under management												
Mutual funds	341,425	358,458	358,024	351,919	346,659	328,563	329,895	321,790	307,937	341,425	346,659	307,937
Managed funds & other	366,847	383,679	384,978	387,159	386,840	370,853	376,211	370,302	362,513	366,847	386,840	362,513
Consolidation adjustments	(28,956)	(29,355)	(30,283)	(29,872)	(27,826)	(26,815)	(26,106)	(25,916)	(25,413)	(28,956)	(27,826)	(25,413)
Total other assets under management	679,316	712,782	712,719	709,206	705,673	672,601	680,000	666,176	645,037	679,316	705,673	645,037
Total assets under management	951,143	983,519	986,120	978,926	974,785	933,595	943,821	927,275	903,275	951,143	974,785	903,275
Total assets under management and administration ⁽⁶⁾	992,984	1,027,784	1,033,958	1,027,537	1,023,458	981,719	990,678	977,359	960,771	992,984	1,023,458	960,771
Select Constant Currency Measures												
Reported net income	562				207							
Underlying net income	702				641							
Sales - Individual Life & Health	353				366							
Sales - Group Life & Health	928				740							
Sales - Wealth	35,159				35,300							
Premiums & deposits	40,371				40,966							
Reported earnings per share - Diluted	0.93				0.34							
Underlying earnings per share - Diluted	1.16				1.05							
Assets under management ⁽⁶⁾	894,646				974,785							

⁽¹⁾ LICAT ratios are not applicable before January 1, 2018; we previously used the MCCSR guideline, the former capital regulatory guideline.

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

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

⁽⁴⁾ nm is defined as not meaningful.

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

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

SUN LIFE FINANCIAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(C\$ millions)

	For the Quarter Ended								For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	2,383	2,015	2,201	2,078	2,507	2,046	2,084	2,194	2,488	8,677	8,831	8,894
Premiums - health insurance	2,321	2,300	2,255	2,245	2,139	2,121	2,137	2,122	2,052	9,121	8,519	7,909
Premiums - annuities	1,231	613	445	894	662	574	835	417	1,052	3,183	2,488	2,624
Gross premiums	5,935	4,928	4,901	5,217	5,308	4,741	5,056	4,733	5,592	20,981	19,838	19,427
Ceded premiums	(622)	(559)	(586)	(572)	(1,230)	(1,025)	(1,133)	(1,169)	(1,173)	(2,339)	(4,557)	(4,379)
Net premiums	5,313	4,369	4,315	4,645	4,078	3,716	3,923	3,564	4,419	18,642	15,281	15,048
Net investment income (loss)	1,384	129	1,034	(158)	3,050	395	2,739	2,027	(3,495)	2,389	8,211	7,945
Fee income	1,483	1,500	1,477	1,506	1,520	1,444	1,460	1,418	1,442	5,966	5,842	5,580
Total revenue	8,180	5,998	6,826	5,993	8,648	5,555	8,122	7,009	2,366	26,997	29,334	28,573
Policy benefits and expenses												
Gross claims & benefits paid	4,102	3,908	3,974	4,002	3,890	3,607	3,824	4,032	4,003	15,986	15,353	15,210
Change in investment/insurance contract liabilities & reinsurance assets ⁽¹⁾	1,400	(798)	31	(563)	3,099	(261)	2,414	818	(4,093)	70	6,070	5,204
Operating expenses, commissions and other expenses	2,402	2,303	2,388	2,358	2,561	2,211	2,337	2,386	2,500	9,451	9,495	9,027
Reinsurance expenses (recoveries)	(498)	(476)	(519)	(528)	(1,082)	(1,061)	(1,072)	(1,158)	(1,073)	(2,021)	(4,373)	(4,313)
Total policy benefits and expenses	7,406	4,937	5,874	5,269	8,468	4,496	7,503	6,078	1,337	23,486	26,545	25,128
Income (loss) before income taxes	774	1,061	952	724	180	1,059	619	931	1,029	3,511	2,789	3,445
Income tax expense (benefit)	112	184	182	119	(66)	209	(23)	182	201	597	302	619
Participating policyholders' net income (loss) and non-controlling interest	59	286	41	(88)	16	9	45	175	77	298	245	245
Preferred shareholder dividends	23	24	23	24	23	24	23	23	23	94	93	96
Common shareholders' reported net income (loss)	580	567	706	669	207	817	574	551	728	2,522	2,149	2,485
Common shareholders' underlying net income (loss)	718	730	729	770	641	643	689	573	560	2,947	2,546	2,335
Return on equity - reported	10.9 %	10.8 %	13.5 %	13.1 %	4.1 %	16.2 %	11.4 %	11.0 %	14.8 %	12.1 %	10.7 %	13.0 %
Return on equity - underlying	13.6 %	14.0 %	14.0 %	15.1 %	12.7 %	12.7 %	13.7 %	11.5 %	11.4 %	14.2 %	12.7 %	12.2 %
	For the Quarter Ended								For the Year Ended			
SOURCES OF EARNINGS - Total Company	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Expected profit on in-force business ⁽²⁾	744	788	732	734	743	710	702	651	666	2,998	2,806	2,633
Impact of new business ⁽²⁾	17	(8)	13	(7)	29	21	9	(18)	22	15	41	(11)
Experience gains (losses)	(142)	88	51	(1)	(152)	207	(80)	(16)	167	(4)	(41)	116
Assumption changes and management actions	13	(258)	4	(5)	(486)	93	(114)	2	17	(246)	(505)	10
Other ⁽³⁾	(12)	(40)	(48)	(50)	(137)	(69)	(83)	(58)	(24)	(150)	(347)	(86)
Earnings (loss) on operations (pre-tax)	620	570	752	671	(3)	962	434	561	848	2,613	1,954	2,662
Earnings on surplus	111	119	153	157	128	102	134	132	91	540	496	458
Earnings (loss) before income taxes	731	689	905	828	125	1,064	568	693	939	3,153	2,450	3,120
Income tax (expense) benefit	(128)	(98)	(176)	(135)	105	(223)	29	(119)	(188)	(537)	(208)	(540)
Earnings (loss) before preferred share dividends and non-controlling interest	603	591	729	693	230	841	597	574	751	2,616	2,242	2,580
Preferred share dividends and non-controlling interest	(23)	(24)	(23)	(24)	(23)	(24)	(23)	(23)	(23)	(94)	(93)	(95)
Common shareholders' reported net income (loss)	580	567	706	669	207	817	574	551	728	2,522	2,149	2,485
Underlying net income adjustments (post tax):												
Market related impacts	(153)	25	8	(68)	(57)	113	(74)	11	162	(188)	(7)	107
Assumption changes and management actions	13	(166)	1	(3)	(34)	103	11	1	10	(155)	81	45
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	(1)	(1)	1	6	2	(6)	(10)	(2)	8	5	(16)	(5)
Fair value adjustments on share-based payment awards at MFS	28	(10)	(2)	(21)	(34)	(19)	(16)	(12)	10	(5)	(81)	30
Acquisition, integration and restructuring	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(20)	(22)	(82)	(123)	(27)
Other	—	—	—	—	(251)	—	—	—	—	—	(251)	—
Common shareholders' underlying net income (loss)	718	730	729	770	641	643	689	573	560	2,947	2,546	2,335
EXCHANGE RATES - Average for the period												
U.S. Dollar	1.321	1.306	1.290	1.264	1.270	1.253	1.345	1.323	1.335	1.295	1.298	1.325

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

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

STATEMENTS OF FINANCIAL POSITION
(C\$ millions)

	At the Quarter Ended								At the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Assets												
Cash, cash equivalents and short-term securities	9,506	8,196	8,128	7,837	8,890	8,063	7,826	6,939	8,642	9,506	8,890	8,642
Debt securities	74,443	71,076	72,707	72,607	72,619	70,562	73,407	72,875	71,887	74,443	72,619	71,887
Equity securities	4,634	4,961	5,608	5,699	6,020	5,991	5,912	5,798	5,774	4,634	6,020	5,774
Mortgages and loans	46,822	45,207	44,917	44,073	42,805	41,226	40,735	40,875	40,775	46,822	42,805	40,775
Derivative assets	1,112	1,185	1,182	1,313	1,478	1,510	1,566	1,538	1,608	1,112	1,478	1,608
Other invested assets	4,830	4,546	4,415	4,322	4,154	4,020	4,015	3,970	3,931	4,830	4,154	3,931
Policy loans	3,222	3,141	3,164	3,120	3,106	3,066	3,109	3,135	3,141	3,222	3,106	3,141
Investment properties	7,157	7,270	7,337	7,243	7,067	7,034	6,982	6,595	6,592	7,157	7,067	6,592
Total invested assets	151,726	145,582	147,458	146,214	146,139	141,472	143,552	141,725	142,350	151,726	146,139	142,350
Other assets	4,498	4,817	4,598	4,830	4,408	4,945	5,056	4,930	5,109	4,498	4,408	5,109
Reinsurance assets	4,141	3,937	4,273	4,143	4,028	4,124	4,762	5,029	5,144	4,141	4,028	5,144
Deferred tax assets	1,209	1,122	1,332	1,344	1,295	1,473	1,501	1,386	1,448	1,209	1,295	1,448
Intangible assets	1,779	1,705	1,725	1,685	1,667	1,598	1,647	1,678	1,703	1,779	1,667	1,703
Goodwill	5,412	5,276	5,323	5,283	5,183	5,145	5,237	5,296	5,317	5,412	5,183	5,317
Total general fund assets	168,765	162,439	164,709	163,499	162,720	158,757	161,755	160,044	161,071	168,765	162,720	161,071
Investment for account of segregated fund holders	103,062	108,298	108,692	106,221	106,392	102,237	102,066	101,055	97,167	103,062	106,392	97,167
Total assets	271,827	270,737	273,401	269,720	269,112	260,994	263,821	261,099	258,238	271,827	269,112	258,238
Liabilities and Equity												
Insurance contract liabilities	121,923	117,480	119,374	118,685	117,785	113,997	116,609	115,490	115,057	121,923	117,785	115,057
Investment contract liabilities	3,164	3,137	3,169	3,124	3,082	3,035	3,036	3,049	2,913	3,164	3,082	2,913
Derivative liabilities	2,295	1,676	1,929	1,928	1,756	1,823	2,004	2,226	2,512	2,295	1,756	2,512
Deferred tax liabilities	322	359	470	428	403	747	768	741	687	322	403	687
Other liabilities	12,153	11,813	11,697	11,719	11,987	11,887	12,057	11,391	12,399	12,153	11,987	12,399
Senior debentures	599	599	599	599	599	599	599	599	599	599	599	599
Senior debentures - Innovative capital instruments	700	700	700	700	700	700	700	700	700	700	700	700
Subordinated debt	3,039	3,039	3,038	3,037	3,437	3,038	3,038	3,037	3,836	3,039	3,437	3,836
Total general fund liabilities	144,195	138,803	140,976	140,220	139,749	135,826	138,811	137,233	138,703	144,195	139,749	138,703
Insurance contracts for account of segregated fund holders	96,663	101,500	101,496	98,943	99,121	95,282	94,967	94,039	90,388	96,663	99,121	90,388
Investment contracts for account of segregated fund holders	6,399	6,798	7,196	7,278	7,271	6,955	7,099	7,016	6,779	6,399	7,271	6,779
Total liabilities	247,257	247,101	249,668	246,441	246,141	238,063	240,877	238,288	235,870	247,257	246,141	235,870
Total equity	24,570	23,636	23,733	23,279	22,971	22,931	22,944	22,811	22,368	24,570	22,971	22,368
Total liabilities and equity	271,827	270,737	273,401	269,720	269,112	260,994	263,821	261,099	258,238	271,827	269,112	258,238
EXCHANGE RATES - Period end rates												
U.S. Dollar	1.364	1.290	1.313	1.289	1.258	1.247	1.296	1.331	1.343	1.364	1.258	1.343

STATEMENT OF EQUITY AND CAPITAL

(C\$ millions)

	At the Quarter Ended								At the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
CHANGES IN COMMON SHAREHOLDERS' EQUITY												
Balance at beginning of period	20,577	20,959	20,547	20,064	20,041	20,059	19,968	19,699	19,347	20,064	19,699	18,993
Common shareholders' reported net income (loss)	580	567	706	669	207	817	574	551	728	2,522	2,149	2,485
Dividends - common shares	(294)	(287)	(289)	(277)	(274)	(267)	(267)	(258)	(251)	(1,147)	(1,066)	(986)
Common shares issued, net of expenses	—	3	5	9	9	3	—	3	25	17	15	39
Common shares buyback	(235)	(200)	(40)	(166)	(87)	(88)	—	—	—	(641)	(175)	—
Share-based compensation	1	—	1	2	—	—	1	2	1	4	3	4
Other ⁽¹⁾	—	—	—	45	—	—	—	—	17	45	—	(30)
Other comprehensive income (OCI) for the period:												
Unrealized foreign currency translation gains (losses), net of hedging activities	770	(314)	137	313	152	(467)	(318)	(97)	189	906	(730)	(634)
Unrealized gains (losses) on available-for-sale assets	(31)	(88)	(93)	(190)	85	(79)	59	70	(317)	(402)	135	(14)
Unrealized gains (losses) on cash flow hedges	(6)	(2)	(1)	(1)	—	3	(4)	(4)	7	(10)	(5)	(9)
Share of other comprehensive income (loss) in joint ventures and associates	103	(72)	(41)	17	24	(33)	(32)	10	(46)	7	(31)	(76)
Unrealized gains (losses) on transfer to investment properties	—	—	—	—	—	—	139	—	—	—	139	—
Remeasurement of defined benefit plans	(16)	11	27	62	(93)	93	(61)	(8)	(1)	84	(69)	(73)
Balance at end of period	<u>21,449</u>	<u>20,577</u>	<u>20,959</u>	<u>20,547</u>	<u>20,064</u>	<u>20,041</u>	<u>20,059</u>	<u>19,968</u>	<u>19,699</u>	<u>21,449</u>	<u>20,064</u>	<u>19,699</u>
Composition of shareholders' accumulated OCI balance												
Unrealized foreign currency translation gains (losses), net of hedging activities	1,909	1,139	1,453	1,316	1,003	851	1,318	1,636	1,733	1,909	1,003	1,733
Unrealized gains (losses) on available-for-sale assets	(56)	(25)	63	156	346	261	340	281	211	(56)	346	211
Unrealized gains (losses) on cash flow hedges	(21)	(15)	(13)	(12)	(11)	(11)	(14)	(10)	(6)	(21)	(11)	(6)
Share of other comprehensive income (loss) in joint ventures and associates	(24)	(127)	(55)	(14)	(31)	(55)	(22)	10	—	(24)	(31)	—
Unrealized gains (losses) on transfer to investment properties	145	145	145	145	145	145	145	6	6	145	145	6
Remeasurement of defined benefit plans	(263)	(247)	(258)	(285)	(347)	(254)	(347)	(299)	(291)	(263)	(347)	(291)
Balance at end of period	<u>1,690</u>	<u>870</u>	<u>1,335</u>	<u>1,306</u>	<u>1,105</u>	<u>937</u>	<u>1,420</u>	<u>1,624</u>	<u>1,653</u>	<u>1,690</u>	<u>1,105</u>	<u>1,653</u>
CAPITAL												
Subordinated debt	3,039	3,039	3,038	3,037	3,437	3,038	3,038	3,037	3,836	3,039	3,437	3,836
SLEECs ⁽²⁾	699	699	699	699	699	698	698	698	698	699	699	698
Participating policyholders' equity and non-controlling interest	864	802	517	475	650	633	628	586	412	864	650	412
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	21,449	20,577	20,959	20,547	20,064	20,041	20,059	19,968	19,699	21,449	20,064	19,699
Total capital	<u>28,308</u>	<u>27,374</u>	<u>27,470</u>	<u>27,015</u>	<u>27,107</u>	<u>26,667</u>	<u>26,680</u>	<u>26,546</u>	<u>26,902</u>	<u>28,308</u>	<u>27,107</u>	<u>26,902</u>
LICAT RATIO - SUN LIFE ASSURANCE COMPANY OF CANADA												
Capital Resources												
Tier 1 capital												
Retained earnings and contributed surplus	13,338	13,057	12,409	13,033								
Adjusted accumulated other comprehensive income	1,405	664	1,082	1,091								
Common and preferred shares	3,195	3,195	3,195	3,195								
Innovative instruments	699	699	699	699								
Other	59	59	59	60								
Less:												
Goodwill	2,552	2,423	2,478	2,464								
Tier 1 deductions	4,618	4,240	3,992	4,020								
Net tier 1 capital	<u>11,526</u>	<u>11,011</u>	<u>10,974</u>	<u>11,594</u>								
Tier 2 capital												
Preferred shares and subordinated debt	2,900	2,900	2,900	2,900								
Other tier 2	2,647	2,440	2,144	2,109								
Less:												
Tier 2 deductions	820	820	820	820								
Net tier 2 capital	<u>4,727</u>	<u>4,520</u>	<u>4,224</u>	<u>4,189</u>								
Surplus allowance and eligible deposits	8,799	8,649	9,690	9,660								
Total capital resources	<u>25,052</u>	<u>24,180</u>	<u>24,888</u>	<u>25,443</u>								
Capital Requirements												
Credit risk	3,642	3,554	3,612	3,606								
Market risk	4,337	4,203	4,073	3,895								
Insurance risk	8,625	8,265	8,151	8,037								
Total non-participating product risk (before other credits and diversification)	16,604	16,022	15,836	15,538								
Total participating product risk including par credits (before other credits and diversification)	3,283	3,303	3,345	3,312								
Less:												
Credits and diversification benefits	4,292	4,150	4,058	4,010								
Total Non-participating and participating product risk	<u>15,595</u>	<u>15,175</u>	<u>15,123</u>	<u>14,840</u>								
Segregated fund guarantees risk	983	951	989	970								
Operational risk	1,646	1,625	1,619	1,619								
Total before scalar	<u>18,224</u>	<u>17,751</u>	<u>17,731</u>	<u>17,429</u>								
Base solvency buffer (Total before scalar x scalar [1.05])	<u>19,136</u>	<u>18,639</u>	<u>18,618</u>	<u>18,301</u>								
LICAT ratio	131%	130%	134%	139%								
LICAT core ratio	92%	92%	95%	100%								

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

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

DILUTED EARNINGS PER SHARE RECONCILIATION

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
WEIGHTED AVERAGE SHARES												
Weighted average shares - basic	602	606	607	610	612	613	614	614	613	606	613	613
Diluted impact of stock options	1	1	1	1	1	1	1	1	1	1	1	1
Weighted average shares - diluted underlying	603	607	608	611	613	614	615	615	614	607	614	614
Diluted impact of convertible securities (SLEECs) ⁽¹⁾	4	4	4	4	4	5	4	4	5	4	4	5
Weighted average shares - diluted	607	611	612	615	617	619	619	619	619	611	618	619
DILUTED EARNINGS PER SHARE ⁽²⁾												
Total common shareholders' reported net income (loss)	580	567	706	669	207	817	574	551	728	2,522	2,149	2,485
Add: Increase in income due to convertible securities (SLEECs) ⁽³⁾	2	3	2	3	2	3	2	3	2	10	10	10
Total common shareholders' reported net income (loss) on a diluted basis	582	570	708	672	209	820	576	554	730	2,532	2,159	2,495
Less Adjustments:												
Impact of SLEECs	2	3	2	3	2	3	2	3	2	10	10	10
Market related impacts:												
Net equity market impact	(143)	5	9	(45)	19	18	5	20	26	(174)	62	51
Net interest rate impact	(41)	14	(37)	(27)	(110)	69	(92)	(24)	130	(91)	(157)	34
Net increases (decreases) in the fair value of real estate	31	6	36	4	34	26	13	15	6	77	88	22
	(153)	25	8	(68)	(57)	113	(74)	11	162	(188)	(7)	107
Assumption changes and management actions	13	(166)	1	(3)	(34)	103	11	1	10	(155)	81	45
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	(1)	(1)	1	6	2	(6)	(10)	(2)	8	5	(16)	(5)
Impact of fair value adjustments on share-based payment awards at MFS	28	(10)	(2)	(21)	(34)	(19)	(16)	(12)	10	(5)	(81)	30
Impact of acquisition, integration and restructuring	(25)	(11)	(31)	(15)	(60)	(17)	(26)	(20)	(22)	(82)	(123)	(27)
Other	—	—	—	—	(251)	—	—	—	—	—	(251)	—
Total common shareholders' underlying net income (loss)	718	730	729	770	641	643	689	573	560	2,947	2,546	2,335
Diluted earnings per share - reported	\$ 0.96	\$ 0.93	\$ 1.16	\$ 1.09	\$ 0.34	\$ 1.32	\$ 0.93	\$ 0.89	\$ 1.18	\$ 4.14	\$ 3.49	\$ 4.03
Less Adjustments:												
Impact of SLEECs	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ (0.01)	\$ -	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Market related impacts:												
Net equity market impact	\$ (0.23)	\$ 0.01	\$ 0.01	\$ (0.08)	\$ 0.03	\$ 0.03	\$ 0.01	\$ 0.03	\$ 0.04	\$ (0.29)	\$ 0.10	\$ 0.08
Net interest rate impact	\$ (0.07)	\$ 0.02	\$ (0.06)	\$ (0.04)	\$ (0.18)	\$ 0.11	\$ (0.15)	\$ (0.04)	\$ 0.21	\$ (0.15)	\$ (0.25)	\$ 0.06
Net increases (decreases) in the fair value of real estate	\$ 0.05	\$ 0.01	\$ 0.06	\$ 0.01	\$ 0.05	\$ 0.04	\$ 0.02	\$ 0.02	\$ 0.01	\$ 0.13	\$ 0.14	\$ 0.04
	\$ (0.25)	\$ 0.04	\$ 0.01	\$ (0.11)	\$ (0.10)	\$ 0.18	\$ (0.12)	\$ 0.01	\$ 0.26	\$ (0.31)	\$ (0.01)	\$ 0.18
Assumption changes and management actions	\$ 0.02	\$ (0.27)	\$ -	\$ (0.01)	\$ (0.05)	\$ 0.17	\$ 0.02	\$ -	\$ 0.02	\$ (0.26)	\$ 0.13	\$ 0.07
Other adjustments:												
Impact of certain hedges that do not qualify for hedge accounting	\$ -	\$ -	\$ -	\$ 0.01	\$ -	\$ (0.01)	\$ (0.02)	\$ -	\$ 0.01	\$ 0.01	\$ (0.03)	\$ (0.01)
Impact of fair value adjustments on share-based payment awards at MFS	\$ 0.05	\$ (0.02)	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.03)	\$ (0.03)	\$ (0.02)	\$ 0.02	\$ (0.01)	\$ (0.13)	\$ 0.05
Impact of acquisition, integration and restructuring	\$ (0.04)	\$ (0.02)	\$ (0.05)	\$ (0.03)	\$ (0.10)	\$ (0.03)	\$ (0.04)	\$ (0.03)	\$ (0.03)	\$ (0.14)	\$ (0.20)	\$ (0.04)
Other	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.41)	\$ -
Diluted earnings per share - underlying	\$ 1.19	\$ 1.20	\$ 1.20	\$ 1.26	\$ 1.05	\$ 1.05	\$ 1.12	\$ 0.93	\$ 0.91	\$ 4.86	\$ 4.15	\$ 3.80

⁽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.

SLF CANADA
(C\$ millions)

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Premiums - life insurance	1,335	1,129	1,195	1,137	1,239	1,067	1,079	1,108	1,151	4,796	4,493	4,107
Premiums - health insurance	1,347	1,335	1,321	1,313	1,258	1,251	1,205	1,202	1,115	5,316	4,916	4,368
Premiums - annuities	1,325	608	439	889	658	567	828	411	1,049	3,261	2,464	2,585
Gross premiums	4,007	3,072	2,955	3,339	3,155	2,885	3,112	2,721	3,315	13,373	11,873	11,060
Ceded premiums	(379)	(350)	(382)	(376)	(995)	(974)	(929)	(973)	(941)	(1,487)	(3,871)	(3,671)
Net premiums	3,628	2,722	2,573	2,963	2,160	1,911	2,183	1,748	2,374	11,886	8,002	7,389
Net investment income (loss)	573	(53)	980	442	2,060	(375)	1,378	1,070	(1,492)	1,942	4,133	3,751
Fee income	333	305	302	300	315	271	275	271	285	1,240	1,132	1,026
Total revenue	4,534	2,974	3,855	3,705	4,535	1,807	3,836	3,089	1,167	15,068	13,267	12,166
Policy benefits and expenses												
Gross claims & benefits paid	2,393	2,290	2,362	2,283	2,369	2,090	2,195	2,261	2,256	9,328	8,915	8,484
Change in investment/insurance contract liabilities & reinsurance assets	1,355	(645)	543	641	2,003	(589)	1,457	269	(1,734)	1,894	3,140	2,495
Operating expenses, commissions and other expenses	884	819	874	836	894	769	822	911	874	3,413	3,396	3,150
Reinsurance expenses (recoveries)	(262)	(281)	(301)	(294)	(903)	(882)	(868)	(904)	(834)	(1,138)	(3,557)	(3,332)
Total policy benefits and expenses	4,370	2,183	3,478	3,466	4,363	1,388	3,606	2,537	562	13,497	11,894	10,797
Income (loss) before income taxes												
Income tax expense (benefit)	14	791	377	239	172	419	230	552	605	1,571	1,373	1,369
Participating policyholders' net income (loss)	54	176	76	42	(6)	80	7	116	135	308	197	208
Common shareholders' reported net income (loss)	96	335	262	249	172	340	185	266	398	942	963	936
Market related impacts	(134)	46	15	(44)	(38)	90	(76)	32	130	(117)	8	114
Assumption changes and management actions	(14)	39	5	(7)	(24)	34	5	7	17	23	22	(60)
Certain hedges that do not qualify for hedge accounting	(1)	(1)	1	6	2	(6)	(10)	(2)	8	5	(16)	(5)
Acquisition, integration and restructuring	—	—	(4)	(1)	—	—	—	—	—	(5)	—	—
Common shareholders' underlying net income (loss)	245	251	245	295	232	222	266	229	243	1,036	949	887
Return on equity - reported ⁽¹⁾	5.5%	19.4%	15.5%	15.1%	9.0%	17.7%	9.7%	13.7%	20.1%	13.8%	12.6%	12.0%
Return on equity - underlying ⁽¹⁾	14.1%	14.5%	14.5%	17.9%	12.2%	11.6%	13.9%	11.8%	12.3%	15.2%	12.4%	11.4%
PREMIUMS & DEPOSITS												
Net premiums	3,628	2,722	2,573	2,963	2,160	1,911	2,183	1,748	2,374	11,886	8,002	7,389
Segregated fund deposits	2,468	2,399	2,382	3,066	2,388	1,992	2,269	3,196	3,385	10,315	9,845	10,527
Retail mutual fund deposits (Sun Life Global Investments)	451	473	503	644	445	397	478	504	463	2,071	1,824	1,735
ASO premium & deposit equivalents	1,605	1,551	1,623	1,533	1,563	1,636	1,510	1,538	1,523	6,312	6,247	5,920
Total	8,152	7,145	7,081	8,206	6,556	5,936	6,440	6,986	7,745	30,584	25,918	25,571
SALES												
Individual Insurance	108	90	110	88	120	87	100	144	203	396	451	475
Individual Wealth	1,472	1,469	1,497	1,818	1,470	1,281	1,400	1,733	1,480	6,256	5,884	5,386
Group Benefits	111	113	156	208	107	130	130	307	105	588	674	475
Group Retirement Services	3,411	2,070	1,542	2,007	1,713	2,328	2,381	2,670	3,221	9,030	9,092	7,814
ASSETS UNDER MANAGEMENT												
General funds	86,697	84,534	85,242	84,276	84,698	83,430	83,947	82,171	82,456	86,697	84,698	82,456
Segregated funds	85,885	90,763	90,402	87,763	87,817	84,568	84,047	83,278	79,964	85,885	87,817	79,964
Other AUM	4,854	5,046	4,960	4,748	3,902	3,577	3,416	3,200	2,832	4,854	3,902	2,832
Total	177,436	180,343	180,604	176,787	176,417	171,575	171,410	168,649	165,252	177,436	176,417	165,252
Sun Life Global Investments (Canada) Inc.												
Gross Sales												
Retail	629	661	689	840	639	553	630	652	605	2,819	2,474	2,247
Institutional & other ⁽²⁾	602	477	559	669	405	426	395	790	645	2,307	2,016	2,479
Total	1,231	1,138	1,248	1,509	1,044	979	1,025	1,442	1,250	5,126	4,490	4,726
Net Sales	473	569	644	825	585	634	428	820	835	2,511	2,467	3,360
Assets under management	22,897	23,347	22,649	21,569	20,042	18,778	18,095	17,442	16,132	22,897	20,042	16,132

⁽¹⁾ The adoption of LICAT impacted the capital allocation for SLF Canada. As a result, reported and underlying ROEs increased approximately 1.6% and 1.8%, respectively, for each of the four quarters and the year 2018.

⁽²⁾ Institutional & other consists primarily of Group Retirement Services segregated fund deposits.

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

STATEMENTS OF OPERATIONS	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Gross premiums	1,458	1,194	1,272	1,177	1,282	1,063	1,081	1,153	1,307	5,101	4,579	4,259
Ceded premiums	(160)	(128)	(146)	(128)	(148)	(122)	(101)	(138)	(161)	(562)	(509)	(563)
Net premiums	1,298	1,066	1,126	1,049	1,134	941	980	1,015	1,146	4,539	4,070	3,696
Net investment income (loss)	435	(163)	783	253	1,599	(362)	1,070	770	(1,415)	1,308	3,077	2,668
Fee income	152	127	123	121	136	104	103	98	119	523	441	379
Total revenue	1,885	1,030	2,032	1,423	2,869	683	2,153	1,883	(150)	6,370	7,588	6,743
Policy benefits and expenses												
Gross claims & benefits paid	871	757	799	841	822	725	753	815	810	3,268	3,115	2,991
Change in investment/insurance contract liabilities & reinsurance assets	632	(609)	691	185	1,626	(612)	993	272	(1,843)	899	2,279	1,546
Operating expenses, commissions and other expenses	496	453	495	461	508	416	462	541	511	1,905	1,927	1,763
Reinsurance expenses (recoveries)	(99)	(113)	(113)	(111)	(112)	(97)	(99)	(132)	(99)	(436)	(440)	(425)
Total policy benefits and expenses	1,900	488	1,872	1,376	2,844	432	2,109	1,496	(621)	5,636	6,881	5,875
Income (loss) before income taxes	(15)	542	160	47	25	251	44	387	471	734	707	868
Income tax expense (benefit)	(42)	119	16	(8)	(23)	41	(23)	84	108	85	79	134
Participating policyholders' net income (loss)	54	280	39	(52)	6	(1)	38	170	72	321	213	225
Common shareholders' reported net income (loss)	(27)	143	105	107	42	211	29	133	291	328	415	509
PREMIUMS & DEPOSITS												
Net premiums	1,298	1,066	1,126	1,049	1,134	941	980	1,015	1,146	4,539	4,070	3,696
Segregated fund deposits	229	235	229	256	247	207	212	207	193	949	873	763
Retail mutual fund deposits (Sun Life Global Investments)	451	473	503	644	445	397	478	504	463	2,071	1,824	1,735
Total	1,978	1,774	1,858	1,949	1,826	1,545	1,670	1,726	1,802	7,559	6,767	6,194
SALES												
Individual Insurance - Career Sales Force	50	42	46	39	59	49	50	34	96	177	192	242
Individual Insurance - Third-party	58	48	64	49	61	38	50	110	107	219	259	233
Total insurance sales	108	90	110	88	120	87	100	144	203	396	451	475
Individual Wealth - fixed products	354	309	311	306	272	206	205	394	381	1,280	1,077	1,055
Individual Wealth - mutual funds	887	927	953	1,260	940	868	983	1,132	906	4,027	3,923	3,569
Individual Wealth - segregated funds	231	233	233	252	258	207	212	207	193	949	884	762
Total wealth sales	1,472	1,469	1,497	1,818	1,470	1,281	1,400	1,733	1,480	6,256	5,884	5,386
Wealth Manufactured Sales ⁽¹⁾	1,027	1,005	1,035	1,186	958	799	880	1,084	1,020	4,253	3,721	3,418
Other wealth sales	445	464	462	632	512	482	520	649	460	2,003	2,163	1,968
Total wealth sales	1,472	1,469	1,497	1,818	1,470	1,281	1,400	1,733	1,480	6,256	5,884	5,386
Career Sales Force - Career Advisor Network	3,608	3,635	3,677	3,751	3,856	3,900	3,976	4,052	4,168	3,608	3,856	4,168
ASSETS UNDER MANAGEMENT												
General funds	57,740	56,689	57,514	56,441	56,523	55,667	56,130	55,146	55,158	57,740	56,523	55,158
Segregated funds	11,179	12,129	12,173	12,074	12,423	12,248	12,285	12,427	12,341	11,179	12,423	12,341
Other AUM	4,854	5,046	4,960	4,748	3,902	3,577	3,416	3,200	2,832	4,854	3,902	2,832
Total assets under management	73,773	73,864	74,647	73,263	72,848	71,492	71,831	70,773	70,331	73,773	72,848	70,331
Mutual fund dealers' assets	19,733	21,027	20,891	20,496	20,535	19,868	19,700	19,460	18,698	19,733	20,535	18,698
Total assets under management and administration	93,506	94,891	95,538	93,759	93,383	91,360	91,531	90,233	89,029	93,506	93,383	89,029

⁽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)

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,465	1,457	1,446	1,445	1,374	1,379	1,333	1,340	1,238	5,813	5,426	4,910
Ceded premiums	(141)	(142)	(155)	(166)	(765)	(768)	(744)	(749)	(693)	(604)	(3,026)	(2,756)
Net premiums	1,324	1,315	1,291	1,279	609	611	589	591	545	5,209	2,400	2,154
Net investment income (loss)	113	40	100	111	193	(1)	136	153	(68)	364	481	492
Fee income	61	54	59	58	59	55	57	61	60	232	232	233
Total revenue	1,498	1,409	1,450	1,448	861	665	782	805	537	5,805	3,113	2,879
Policy benefits and expenses												
Gross claims & benefits paid	1,076	1,063	1,118	1,030	1,082	972	1,056	1,049	959	4,287	4,159	3,820
Change in investment/insurance contract liabilities & reinsurance assets	148	106	26	163	110	42	28	72	(119)	443	252	227
Operating expenses, commissions and other expenses	284	266	276	271	279	258	260	267	259	1,097	1,064	993
Reinsurance expenses (recoveries)	(86)	(91)	(109)	(104)	(711)	(704)	(688)	(688)	(650)	(390)	(2,791)	(2,564)
Total policy benefits and expenses	1,422	1,344	1,311	1,360	760	568	656	700	449	5,437	2,684	2,476
Income (loss) before income taxes	76	65	139	88	101	97	126	105	88	368	429	403
Income tax expense (benefit)	17	14	36	19	23	23	27	24	18	86	97	96
Common shareholders' reported net income (loss)	59	51	103	69	78	74	99	81	70	282	332	307
PREMIUMS & DEPOSITS												
Net premiums	1,324	1,315	1,291	1,279	609	611	589	591	545	5,209	2,400	2,154
ASO premium equivalents	1,254	1,247	1,243	1,243	1,244	1,235	1,228	1,230	1,221	4,987	4,937	4,830
Total	2,578	2,562	2,534	2,522	1,853	1,846	1,817	1,821	1,766	10,196	7,337	6,984
SALES	111	113	156	208	107	130	130	307	105	588	674	475
ASSETS UNDER MANAGEMENT												
General funds	14,170	13,917	13,794	13,640	14,156	14,012	13,969	13,712	13,790	14,170	14,156	13,790
SUPPLEMENTAL INFORMATION												
Business in-force	10,580	10,452	10,404	10,297	10,108	9,981	9,886	9,801	9,489	10,580	10,108	9,489

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

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	1,084	421	237	717	499	443	698	228	770	2,459	1,868	1,891
Ceded premiums	(78)	(80)	(81)	(82)	(82)	(84)	(84)	(86)	(87)	(321)	(336)	(352)
Net premiums	1,006	341	156	635	417	359	614	142	683	2,138	1,532	1,539
Net investment income (loss)	25	70	97	78	268	(12)	172	147	(9)	270	575	591
Fee income	120	124	120	121	120	112	115	112	106	485	459	414
Total revenue	1,151	535	373	834	805	459	901	401	780	2,893	2,566	2,544
Policy benefits and expenses												
Gross claims & benefits paid	446	470	445	412	465	393	386	397	487	1,773	1,641	1,673
Change in investment/insurance contract liabilities & reinsurance assets	575	(142)	(174)	293	267	(19)	436	(75)	228	552	609	722
Operating expenses, commissions and other expenses	104	100	103	104	107	95	100	103	104	411	405	394
Reinsurance expenses (recoveries)	(77)	(77)	(79)	(79)	(80)	(81)	(81)	(84)	(85)	(312)	(326)	(343)
Total policy benefits and expenses	1,048	351	295	730	759	388	841	341	734	2,424	2,329	2,446
Income (loss) before income taxes	103	184	78	104	46	71	60	60	46	469	237	98
Income tax expense (benefit)	39	43	24	31	(6)	16	3	8	9	137	21	(22)
Common shareholders' reported net income (loss)	64	141	54	73	52	55	57	52	37	332	216	120
PREMIUMS & DEPOSITS												
Net premiums	1,006	341	156	635	417	359	614	142	683	2,138	1,532	1,539
Segregated fund deposits	2,239	2,164	2,153	2,810	2,141	1,785	2,057	2,989	3,192	9,366	8,972	9,764
ASO deposit equivalents	351	304	380	290	319	401	282	308	302	1,325	1,310	1,090
Total	3,596	2,809	2,689	3,735	2,877	2,545	2,953	3,439	4,177	12,829	11,814	12,393
SALES												
Sales	2,653	1,425	965	1,344	956	1,686	1,835	2,090	2,555	6,387	6,567	5,542
Asset consolidation and rollovers	758	645	577	663	757	642	546	580	666	2,643	2,525	2,272
Total	3,411	2,070	1,542	2,007	1,713	2,328	2,381	2,670	3,221	9,030	9,092	7,814
ASSETS UNDER MANAGEMENT												
General funds	14,787	13,928	13,934	14,195	14,019	13,751	13,848	13,313	13,508	14,787	14,019	13,508
Segregated funds	74,706	78,634	78,229	75,689	75,394	72,320	71,762	70,851	67,623	74,706	75,394	67,623
Total assets under management	89,493	92,562	92,163	89,884	89,413	86,071	85,610	84,164	81,131	89,493	89,413	81,131
ASSETS UNDER MANAGEMENT AND ADMINISTRATION												
	97,675	101,541	101,048	98,332	98,223	94,471	93,539	92,315	89,248	97,675	98,223	89,248

SLF U.S.

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	420	404	404	405	431	414	445	446	465	1,633	1,736	1,792
Premiums - health insurance	967	955	925	920	875	862	923	910	930	3,767	3,570	3,507
Premiums - annuities	—	—	—	—	—	—	—	—	—	—	—	1
Gross premiums	1,387	1,359	1,329	1,325	1,306	1,276	1,368	1,356	1,395	5,400	5,306	5,300
Ceded premiums	(168)	(145)	(147)	(137)	(162)	2	(142)	(134)	(155)	(597)	(436)	(529)
Net premiums	1,219	1,214	1,182	1,188	1,144	1,278	1,226	1,222	1,240	4,803	4,870	4,771
Net investment income (loss)	404	159	25	(283)	433	367	687	377	(853)	305	1,864	1,544
Fee income	21	19	19	14	16	49	18	20	19	73	103	71
Total revenue	1,644	1,392	1,226	919	1,593	1,694	1,931	1,619	406	5,181	6,837	6,386
Policy benefits and expenses												
Gross claims & benefits paid	1,229	1,178	1,199	1,246	1,156	1,078	1,226	1,360	1,255	4,852	4,820	4,858
Change in investment/insurance contract liabilities & reinsurance assets	54	313	(307)	(605)	553	278	716	49	(1,203)	(545)	1,596	397
Operating expenses, commissions and other expenses	395	392	384	387	401	382	428	418	430	1,558	1,629	1,561
Reinsurance expenses (recoveries)	(178)	(150)	(175)	(179)	(169)	(136)	(155)	(216)	(183)	(682)	(676)	(706)
Total policy benefits and expenses	1,500	1,733	1,101	849	1,941	1,602	2,215	1,611	299	5,183	7,369	6,110
Income (loss) before income taxes	144	(341)	125	70	(348)	92	(284)	8	107	(2)	(532)	276
Income tax expense (benefit)	26	(75)	20	10	(286)	19	(107)	(18)	26	(19)	(392)	54
Participating policyholders' net income (loss)	—	1	—	(36)	1	1	1	1	—	(35)	4	5
Common shareholders' reported net income (loss)	118	(267)	105	96	(63)	72	(178)	25	81	52	(144)	217
Market related impacts	5	(5)	(1)	(25)	(34)	4	(16)	(12)	36	(26)	(58)	11
Assumption changes and management actions	—	(393)	(4)	3	—	(38)	(238)	(4)	5	(394)	(280)	(23)
Acquisition, integration and restructuring	(8)	(8)	(15)	(11)	(10)	(15)	(25)	(18)	(15)	(42)	(68)	(55)
Other	—	—	—	—	(114)	—	—	—	—	—	(114)	—
Common shareholders' underlying net income (loss)	121	139	125	129	95	121	101	59	55	514	376	284
PREMIUMS & DEPOSITS												
Net premiums	1,219	1,214	1,182	1,188	1,144	1,278	1,226	1,222	1,240	4,803	4,870	4,771
SALES												
Group Benefits	844	172	155	136	627	193	165	121	526	1,307	1,106	1,053
ASSETS UNDER MANAGEMENT												
General funds	34,584	32,566	32,831	32,575	32,259	32,061	32,762	33,417	33,625	34,584	32,259	33,625
Segregated funds	491	476	488	484	488	479	496	501	502	491	488	502
Other AUM	33	32	53	54	57	58	64	69	80	33	57	80
Total	35,108	33,074	33,372	33,113	32,804	32,598	33,322	33,987	34,207	35,108	32,804	34,207

SLF U.S.

(US\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	317	310	312	321	339	330	331	337	349	1,260	1,337	1,354
Premiums - health insurance	732	731	717	728	689	688	687	688	697	2,908	2,752	2,652
Premiums - annuities	—	—	—	—	—	—	—	—	—	—	—	—
Gross premiums	1,049	1,041	1,029	1,049	1,028	1,018	1,018	1,025	1,046	4,168	4,089	4,006
Ceded premiums	(126)	(111)	(114)	(108)	(128)	4	(106)	(102)	(116)	(459)	(332)	(399)
Net premiums	923	930	915	941	900	1,022	912	923	930	3,709	3,757	3,607
Net investment income (loss)	299	121	18	(224)	342	290	509	286	(637)	214	1,427	1,171
Fee income	16	14	15	11	13	38	13	16	14	56	80	54
Total revenue	1,238	1,065	948	728	1,255	1,350	1,434	1,225	307	3,979	5,264	4,832
Policy benefits and expenses												
Gross claims & benefits paid	930	902	929	986	911	859	911	1,027	940	3,747	3,708	3,672
Change in investment/insurance contract liabilities & reinsurance assets	35	240	(239)	(478)	434	223	533	39	(899)	(442)	1,229	304
Operating expenses, commissions and other expenses	299	300	297	306	314	304	319	316	322	1,202	1,253	1,180
Reinsurance expenses (recoveries)	(134)	(115)	(136)	(142)	(133)	(109)	(114)	(164)	(137)	(527)	(520)	(532)
Total policy benefits and expenses	1,130	1,327	851	672	1,526	1,277	1,649	1,218	226	3,980	5,670	4,624
Income (loss) before income taxes	108	(262)	97	56	(271)	73	(215)	7	81	(1)	(406)	208
Income tax expense (benefit)	19	(58)	16	8	(223)	15	(81)	(13)	20	(15)	(302)	41
Participating policyholders' net income (loss)	—	1	—	(28)	1	1	1	—	—	(27)	3	4
Common shareholders' reported net income (loss)	89	(205)	81	76	(49)	57	(135)	20	61	41	(107)	163
Market related impacts	4	(4)	(1)	(20)	(25)	2	(12)	(9)	27	(21)	(44)	8
Assumption changes and management actions	—	(301)	(3)	2	—	(30)	(177)	(3)	4	(302)	(210)	(18)
Acquisition, integration and restructuring	(6)	(6)	(12)	(8)	(8)	(12)	(19)	(13)	(12)	(32)	(52)	(42)
Other	—	—	—	—	(90)	—	—	—	—	—	(90)	—
Common shareholders' underlying net income (loss)	91	106	97	102	74	97	73	45	42	396	289	215
Return on equity - reported	13.1%	(30.6)%	11.7%	11.2%	(7.2)%	8.8%	(21.6)%	3.1%	9.4%	1.5%	(4.1)%	6.5%
Return on equity - underlying	13.5%	15.7%	14.0%	15.1%	10.9%	14.9%	11.8%	7.0%	6.5%	14.6%	11.1%	8.5%
PREMIUMS & DEPOSITS												
Net premiums	923	930	915	941	900	1,022	912	923	930	3,709	3,757	3,607
SALES												
Group Benefits	639	132	120	108	494	154	123	92	394	999	863	794
ASSETS UNDER MANAGEMENT												
General funds	25,360	25,237	25,004	25,250	25,649	25,717	25,275	25,106	25,037	25,360	25,649	25,037
Segregated funds	360	369	372	375	388	385	383	376	374	360	388	374
Other AUM	24	24	40	42	45	47	50	52	59	24	45	59
Total	25,744	25,630	25,416	25,667	26,082	26,149	25,708	25,534	25,470	25,744	26,082	25,470

SLF U.S. - GROUP BENEFITS

(US\$ millions)

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	914	914	899	914	885	880	880	888	899	3,641	3,533	3,430
Ceded premiums	(36)	(36)	(31)	(33)	(39)	(32)	(29)	(33)	(35)	(136)	(133)	(107)
Net premiums	878	878	868	881	846	848	851	855	864	3,505	3,400	3,323
Net investment income (loss)	37	42	19	(4)	51	58	84	63	(58)	94	256	236
Fee income	25	23	24	21	20	50	18	20	17	93	108	52
Total revenue	940	943	911	898	917	956	953	938	823	3,692	3,764	3,611
Policy benefits and expenses												
Gross claims & benefits paid	706	671	642	696	669	653	664	681	646	2,715	2,667	2,593
Change in investment/insurance contract liabilities & reinsurance assets	(46)	(44)	(56)	(74)	(33)	(78)	(2)	(12)	(105)	(220)	(125)	7
Operating expenses, commissions and other expenses	279	281	276	288	283	288	294	292	292	1,124	1,157	1,076
Reinsurance expenses (recoveries)	(74)	(51)	(24)	(54)	(60)	(33)	(26)	(32)	(33)	(203)	(151)	(164)
Total policy benefits and expenses	865	857	838	856	859	830	930	929	800	3,416	3,548	3,512
Income (loss) before income taxes	75	86	73	42	58	126	23	9	23	276	216	99
Income tax expense (benefit)	16	18	16	9	28	40	7	1	3	59	76	26
Common shareholders' reported net income (loss)	59	68	57	33	30	86	16	8	20	217	140	73
PREMIUMS & DEPOSITS												
Net premiums	878	878	868	881	846	848	851	855	864	3,505	3,400	3,323
ASSETS UNDER MANAGEMENT												
General Funds	7,704	7,539	7,508	7,471	7,344	7,395	7,393	7,379	7,409	7,704	7,344	7,409
SALES												
Employee Benefits	217	85	58	71	163	83	64	60	225	431	370	436
Medical Stop-Loss	422	47	62	37	331	71	59	32	169	568	493	358
Total	639	132	120	108	494	154	123	92	394	999	863	794
BUSINESS IN-FORCE												
Employee Benefits	2,385	2,407	2,428	2,433	2,464	2,522	2,573	2,584	2,589	2,385	2,464	2,589
Medical Stop-Loss	1,631	1,490	1,499	1,445	1,404	1,251	1,232	1,204	1,194	1,631	1,404	1,194
Total	4,016	3,897	3,927	3,878	3,868	3,773	3,805	3,788	3,783	4,016	3,868	3,783
AFTER-TAX PROFIT MARGIN ⁽¹⁾	6.7%	6.4%	6.5%	5.6%	5.0%	4.5%	3.3%	2.8%	3.5%	6.7%	5.0%	3.5%

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

SLF U.S. - IN-FORCE MANAGEMENT

(US\$ millions)

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	135	127	130	135	143	138	138	137	147	527	556	576
Ceded premiums	(90)	(75)	(83)	(75)	(89)	36	(77)	(69)	(81)	(323)	(199)	(292)
Net premiums	45	52	47	60	54	174	61	68	66	204	357	284
Net investment income (loss)	262	79	(1)	(220)	291	232	425	223	(579)	120	1,171	935
Fee income	(9)	(9)	(9)	(10)	(7)	(12)	(5)	(4)	(3)	(37)	(28)	2
Total revenue	298	122	37	(170)	338	394	481	287	(516)	287	1,500	1,221
Policy benefits and expenses												
Gross claims & benefits paid	224	231	287	290	242	206	247	346	294	1,032	1,041	1,079
Change in investment/insurance contract liabilities & reinsurance assets	81	284	(183)	(404)	467	301	535	51	(794)	(222)	1,354	297
Operating expenses, commissions and other expenses	20	19	21	18	31	16	25	24	30	78	96	104
Reinsurance expenses (recoveries)	(60)	(64)	(112)	(88)	(73)	(76)	(88)	(132)	(104)	(324)	(369)	(368)
Total policy benefits and expenses	265	470	13	(184)	667	447	719	289	(574)	564	2,122	1,112
Income (loss) before income taxes	33	(348)	24	14	(329)	(53)	(238)	(2)	58	(277)	(622)	109
Income tax expense (benefit)	3	(76)	—	(1)	(251)	(25)	(88)	(14)	17	(74)	(378)	15
Participating policyholders' net income (loss)	—	1	—	(28)	1	1	1	—	—	(27)	3	4
Common shareholders' reported net income (loss)	30	(273)	24	43	(79)	(29)	(151)	12	41	(176)	(247)	90
PREMIUMS & DEPOSITS												
Net premiums	45	52	47	60	54	174	61	68	66	204	357	284
ACCOUNT VALUE												
Individual insurance - domestic	4,475	4,482	4,498	4,511	4,538	4,541	4,545	4,545	4,576	4,475	4,538	4,576
ASSETS UNDER MANAGEMENT												
General funds	17,656	17,698	17,496	17,779	18,305	18,322	17,882	17,727	17,628	17,656	18,305	17,628
Segregated funds	360	369	372	375	388	385	383	376	374	360	388	374
Other AUM	24	24	40	42	45	47	50	52	59	24	45	59
Total	18,040	18,091	17,908	18,196	18,738	18,754	18,315	18,155	18,061	18,040	18,738	18,061

SLF ASSET MANAGEMENT

(C\$ millions)

FINANCIAL SUMMARY	At and For the Quarter Ended									At and For the Year Ended		
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Net investment income (loss)	3	9	(1)	2	10	11	10	14	(12)	13	45	(3)
Fee income	1,000	1,041	1,022	1,048	1,044	987	1,023	983	1,003	4,111	4,037	3,932
Total revenue	1,003	1,050	1,021	1,050	1,054	998	1,033	997	991	4,124	4,082	3,929
Expenses	690	731	739	771	771	715	751	739	710	2,931	2,976	2,807
Income (loss) before income taxes	313	319	282	279	283	283	282	258	281	1,193	1,106	1,122
Income tax expense (benefit)	69	78	68	69	169	98	99	87	83	284	453	393
Common shareholders' reported net income (loss)	244	241	214	210	114	185	183	171	198	909	653	729
Fair value adjustments on share-based payment awards at MFS	28	(10)	(2)	(21)	(34)	(19)	(16)	(12)	10	(5)	(81)	30
Acquisition, integration and restructuring	(11)	—	—	—	—	—	—	—	—	(11)	—	—
Other	—	—	—	—	(78)	—	—	—	—	—	(78)	—
Common shareholders' underlying net income (loss)	227	251	216	231	226	204	199	183	188	925	812	699
Common shareholders' underlying net income (loss)												
MFS	221	242	213	222	220	199	193	176	179	898	788	670
SLIM	6	9	3	9	6	5	6	7	9	27	24	29
Total	227	251	216	231	226	204	199	183	188	925	812	699
GROSS SALES												
MFS	27,877	22,792	24,061	29,561	25,584	26,307	27,320	27,303	26,291	104,291	106,514	108,184
SLIM	1,546	1,573	1,202	2,703	2,930	2,303	2,532	3,003	3,166	7,024	10,768	8,086
Total	29,423	24,365	25,263	32,264	28,514	28,610	29,852	30,306	29,457	111,315	117,282	116,270
NET SALES												
MFS	(8,737)	(9,506)	(14,882)	(5,392)	(5,042)	(3,328)	(5,435)	(14,674)	(12,718)	(38,517)	(28,479)	(16,773)
SLIM	192	521	179	335	1,587	1,459	872	2,155	2,260	1,227	6,073	4,448
Total	(8,545)	(8,985)	(14,703)	(5,057)	(3,455)	(1,869)	(4,563)	(12,519)	(10,458)	(37,290)	(22,406)	(12,325)
ASSETS UNDER MANAGEMENT												
MFS	584,172	625,890	622,511	621,540	618,292	591,197	598,996	586,907	571,593	584,172	618,292	571,593
SLIM	65,538	61,312	61,514	60,118	59,319	56,513	56,320	55,936	53,222	65,538	59,319	53,222
Total	649,710	687,202	684,025	681,658	677,611	647,710	655,316	642,843	624,815	649,710	677,611	624,815

MFS

(US\$ millions), unless otherwise noted

STATEMENTS OF OPERATIONS	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Net investment income (loss)	1	7	(1)	1	8	9	8	10	(10)	8	35	(4)
Fee income	692	734	729	747	764	737	715	691	696	2,902	2,907	2,762
Total revenue	693	741	728	748	772	746	723	701	686	2,910	2,942	2,758
Expenses	452	505	511	535	556	525	519	512	483	2,003	2,112	1,939
Income (loss) before income taxes	241	236	217	213	216	221	204	189	203	907	830	819
Income tax expense (benefit)	52	58	54	54	144	78	72	65	61	218	359	291
Non-controlling interest	—	—	—	—	—	—	—	—	—	—	—	—
Common shareholders' reported net income (loss)	189	178	163	159	72	143	132	124	142	689	471	528
Fair value adjustments on share-based payment awards at MFS	22	(8)	(1)	(17)	(27)	(16)	(12)	(9)	7	(4)	(64)	22
Other	—	—	—	—	(75)	—	—	—	—	—	(75)	—
Common shareholders' underlying net income (loss)	167	186	164	176	174	159	144	133	135	693	610	506
MUTUAL FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT												
Opening AUM	254,545	247,460	247,743	250,231	239,729	232,692	221,716	211,822	217,103	250,231	211,822	200,463
Sales	15,522	13,053	13,225	16,211	14,118	13,878	13,746	16,059	14,717	58,011	57,801	58,375
Redemptions	(18,512)	(14,925)	(15,298)	(16,567)	(13,644)	(13,964)	(13,431)	(17,706)	(16,981)	(65,302)	(58,745)	(58,951)
Market movement	(24,998)	8,957	1,790	(2,132)	10,028	7,123	10,661	11,541	(3,017)	(16,383)	39,353	11,935
Closing AUM	226,557	254,545	247,460	247,743	250,231	239,729	232,692	221,716	211,822	226,557	250,231	211,822
MANAGED FUNDS - CHANGES IN ASSETS UNDER MANAGEMENT												
Opening AUM	230,490	226,653	234,407	241,374	234,481	229,425	219,203	213,787	223,670	241,374	213,787	212,773
Sales	5,576	4,393	5,421	7,182	6,028	7,109	6,568	4,576	4,980	22,572	24,281	23,339
Redemptions	(9,198)	(9,797)	(14,881)	(11,093)	(10,473)	(9,678)	(10,924)	(14,020)	(12,245)	(44,969)	(45,095)	(35,357)
Market movement	(25,052)	9,241	1,706	(3,056)	11,338	7,625	14,578	14,860	(2,618)	(17,161)	48,401	13,032
Closing AUM	201,816	230,490	226,653	234,407	241,374	234,481	229,425	219,203	213,787	201,816	241,374	213,787
SUPPLEMENTAL INFORMATION												
Pre-tax net operating profit margin ratio	38 %	40 %	36 %	38 %	40 %	41 %	36 %	36 %	35 %	38 %	38 %	36 %
Pre-tax gross operating profit margin ratio	33 %	35 %	31 %	32 %	34 %	34 %	31 %	30 %	29 %	33 %	32 %	30 %
Total assets under management	428,373	485,035	474,113	482,150	491,605	474,210	462,117	440,919	425,609	428,373	491,605	425,609
Average net assets	451,578	482,878	480,906	495,042	482,553	468,151	453,197	437,570	426,939	477,496	460,512	421,730
Total gross sales	21,098	17,446	18,646	23,393	20,146	20,987	20,314	20,635	19,697	80,583	82,082	81,714
Total net sales	(6,612)	(7,276)	(11,533)	(4,267)	(3,971)	(2,655)	(4,041)	(11,091)	(9,529)	(29,688)	(21,758)	(12,594)
Liability for share-based compensation ⁽¹⁾	496	518	516	566	562	551	536	551	533	496	562	533
Diluted EPS impact - liability for share-based compensation ⁽²⁾	\$0.01	\$0.00	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01	\$0.00	\$0.01	\$0.03	\$0.01	\$0.06
U.S. GAAP net income	176	195	176	188	113	169	147	140	142	735	569	539
Dividends paid to SLF	128	144	126	134	123	122	105	102	103	532	452	387

⁽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)

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	608	464	586	521	815	545	543	624	847	2,179	2,527	2,923
Ceded premiums	(69)	(57)	(52)	(54)	(68)	(46)	(56)	(56)	(71)	(232)	(226)	(153)
Net premiums	539	407	534	467	747	499	487	568	776	1,947	2,301	2,770
Net investment income (loss)	322	72	(34)	(284)	315	354	655	398	(820)	76	1,722	1,326
Fee income	121	130	130	133	133	124	136	131	124	514	524	498
Total revenue	982	609	630	316	1,195	977	1,278	1,097	80	2,537	4,547	4,594
Policy benefits and expenses												
Gross claims & benefits paid	326	302	256	308	265	292	228	276	342	1,192	1,061	1,182
Change in investment/insurance contract liabilities & reinsurance assets	204	(135)	(67)	(358)	475	214	441	508	(652)	(356)	1,638	1,878
Operating expenses, commissions and other expenses	354	297	322	274	357	273	273	262	351	1,247	1,165	1,134
Reinsurance expenses (recoveries)	(46)	(38)	(35)	(45)	(49)	(38)	(41)	(57)	(60)	(164)	(185)	(273)
Total policy benefits and expenses	838	426	476	179	1,048	741	901	989	(19)	1,919	3,679	3,921
Income (loss) before income taxes	144	183	154	137	147	236	377	108	99	618	868	673
Income tax expense (benefit)	14	14	19	4	17	11	15	19	11	51	62	58
Participating policyholders' net income (loss) and non-controlling interest	5	5	2	—	9	9	6	4	5	12	28	15
Common shareholders' reported net income (loss)	125	164	133	133	121	216	356	85	83	555	778	600
Market related impacts	(22)	(12)	—	4	15	12	12	(1)	2	(30)	38	(5)
Assumption changes and management actions	9	66	—	1	—	74	221	(11)	(12)	76	284	114
Acquisition, integration and restructuring	(2)	—	(12)	—	—	—	—	—	(1)	(14)	—	33
Other	—	—	—	—	(5)	—	—	—	—	—	(5)	—
Common shareholders' underlying net income (loss)	140	110	145	128	111	130	123	97	94	523	461	458
Return on equity - reported ⁽¹⁾	9.9 %	13.3 %	10.9 %	11.2 %	9.0 %	15.8 %	26.0 %	6.4 %	6.1 %	11.3 %	14.4 %	11.7 %
Return on equity - underlying ⁽¹⁾	10.9 %	8.9 %	11.8 %	10.7 %	8.2 %	9.5 %	9.0 %	7.2 %	6.9 %	10.6 %	8.5 %	8.9 %
PREMIUMS & DEPOSITS												
Net premiums	539	407	534	467	747	499	487	568	776	1,947	2,301	2,770
Segregated fund deposits	275	274	300	310	273	223	216	221	281	1,159	933	919
Mutual fund sales	1,175	1,220	1,696	2,926	2,955	2,928	2,320	2,428	2,237	7,017	10,631	5,742
Managed fund sales	715	650	770	567	585	460	490	336	450	2,702	1,871	1,251
ASO deposits (pension administration)	68	142	144	142	146	169	191	180	182	496	686	943
Total	2,772	2,693	3,444	4,412	4,706	4,279	3,704	3,733	3,926	13,321	16,422	11,625
SALES - Proportionate ownership ⁽²⁾												
Individual life insurance												
Insurance and Wealth	232	174	180	200	197	156	142	166	200	786	661	628
International	13	21	26	22	49	26	21	28	29	82	124	95
Total life insurance sales	245	195	206	222	246	182	163	194	229	868	785	723
Total group life & health insurance sales	6	7	6	11	6	7	7	6	8	30	26	32
Total wealth sales ⁽³⁾	1,935	1,928	2,502	3,736	3,603	3,607	2,949	2,897	3,092	10,101	13,056	8,849
ASSETS UNDER MANAGEMENT ⁽⁴⁾												
Insurance and Wealth	67,821	62,187	66,371	65,134	64,688	60,050	59,070	57,262	53,469	67,821	64,688	53,469
International	15,805	15,675	16,100	16,011	16,014	15,749	16,674	16,639	16,579	15,805	16,014	16,579
Total	83,626	77,862	82,471	81,145	80,702	75,799	75,744	73,901	70,048	83,626	80,702	70,048
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽⁴⁾												
	90,214	84,817	93,405	93,780	93,845	89,716	90,580	91,447	86,808	90,214	93,845	86,808
Constant Currency Sales ⁽⁵⁾												
Individual life insurance	245	196	204	221	246							
Wealth	1,982	1,974	2,524	3,739	3,603							

⁽¹⁾ As a result of a revision of the capital allocation model for SLF Asia, reported and underlying ROEs increased approximately 1.4% in Q1 2018, 1.4% and 1.5%, respectively, in Q2 2018, 1.6% and 1.2%, respectively, in Q3 2018, and 1.5% in Q4 2018. For the year ended 2018, reported and underlying ROE increased approximately 1.5%.

⁽²⁾ Includes the sales in the Company's joint ventures and associates with local partners in SLF Asia based on our proportionate equity interest.

⁽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⁾ 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.

⁽⁵⁾ Quarterly sales in constant currency are relative to Q4 2017 foreign exchange rates for each of the quarters.

SLF ASIA - INSURANCE AND WEALTH

(C\$ millions)

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS												
Revenue												
Gross premiums	492	341	387	305	399	314	348	365	573	1,525	1,426	1,971
Ceded premiums	(61)	(49)	(47)	(48)	(62)	(48)	(50)	(50)	(62)	(205)	(210)	(117)
Net premiums	431	292	340	257	337	266	298	315	511	1,320	1,216	1,854
Net investment income (loss)	154	(11)	(71)	(241)	215	227	421	281	(470)	(169)	1,144	761
Fee income	100	105	105	104	102	93	102	97	87	414	394	341
Total revenue	685	386	374	120	654	586	821	693	128	1,565	2,754	2,956
Policy benefits and expenses												
Gross claims & benefits paid	213	213	176	200	220	180	179	192	198	802	771	789
Change in investment/insurance contract liabilities & reinsurance assets	90	(144)	(139)	(372)	110	119	367	259	(357)	(565)	855	1,181
Operating expenses, commissions and other expenses	307	249	266	221	271	213	218	203	274	1,043	905	873
Reinsurance expenses (recoveries)	(42)	(39)	(34)	(36)	(48)	(38)	(41)	(55)	(59)	(151)	(182)	(262)
Total policy benefits and expenses	568	279	269	13	553	474	723	599	56	1,129	2,349	2,581
Income (loss) before income taxes	117	107	105	107	101	112	98	94	72	436	405	375
Income tax expense (benefit)	11	13	17	2	9	10	15	17	9	43	51	51
Participating policyholders' net income (loss) and non-controlling interest	5	5	2	—	9	9	6	4	5	12	28	15
Common shareholders' reported net income (loss)	101	89	86	105	83	93	77	73	58	381	326	309
PREMIUMS & DEPOSITS												
Net premiums	431	292	340	257	337	266	298	315	511	1,320	1,216	1,854
Segregated fund deposits	275	274	300	310	273	223	216	221	281	1,159	933	918
Mutual fund sales	1,175	1,220	1,696	2,926	2,955	2,928	2,320	2,428	2,237	7,017	10,631	5,742
Managed fund sales	715	650	770	567	585	460	490	336	450	2,702	1,871	1,251
ASO deposits (pension administration)	68	142	144	142	146	169	191	180	182	496	686	943
Total	2,664	2,578	3,250	4,202	4,296	4,046	3,515	3,480	3,661	12,694	15,337	10,708
ASSETS UNDER MANAGEMENT ⁽¹⁾												
General funds	16,285	15,096	15,502	15,560	15,594	15,089	15,391	15,327	15,103	16,285	15,594	15,103
Segregated funds	5,617	5,204	5,295	5,371	5,393	4,995	4,998	4,859	4,605	5,617	5,393	4,605
Other AUM	45,919	41,887	45,574	44,203	43,701	39,966	38,681	37,076	33,761	45,919	43,701	33,761
Total	67,821	62,187	66,371	65,134	64,688	60,050	59,070	57,262	53,469	67,821	64,688	53,469
ASSETS UNDER MANAGEMENT AND ADMINISTRATION ⁽¹⁾												
	74,409	69,142	77,305	77,769	77,831	73,967	73,906	74,808	70,229	74,409	77,831	70,229
SALES - Proportionate ownership ⁽²⁾												
Individual life insurance												
Philippines	67	54	51	49	59	46	36	38	53	221	179	179
Hong Kong	73	42	57	37	57	42	39	42	76	209	180	217
Indonesia	18	15	15	19	20	19	20	15	18	67	74	57
India	43	34	23	45	26	20	18	41	23	145	105	68
China	13	12	19	34	20	15	15	17	17	78	67	55
Vietnam	5	4	3	4	4	2	3	3	3	16	12	9
Malaysia	13	13	12	12	11	12	11	10	10	50	44	43
Total life insurance sales	232	174	180	200	197	156	142	166	200	786	661	628
Total group life & health insurance sales	6	7	6	11	6	7	7	6	8	30	26	32
Total wealth sales ⁽³⁾	1,935	1,928	2,502	3,736	3,603	3,607	2,949	2,897	3,092	10,101	13,056	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.

⁽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.

SLF ASIA - INTERNATIONAL

(C\$ millions)

STATEMENTS OF OPERATIONS	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Gross premiums	116	123	199	216	416	231	195	259	274	654	1,101	952
Ceded premiums	(8)	(8)	(5)	(6)	(6)	2	(6)	(6)	(9)	(27)	(16)	(36)
Net premiums	108	115	194	210	410	233	189	253	265	627	1,085	916
Net investment income (loss)	168	83	37	(43)	100	127	234	117	(350)	245	578	565
Fee income	21	25	25	29	31	31	34	34	37	100	130	157
Total revenue	297	223	256	196	541	391	457	404	(48)	972	1,793	1,638
Policy benefits and expenses												
Gross claims & benefits paid	113	89	80	108	45	112	49	84	144	390	290	393
Change in investment/insurance contract liabilities & reinsurance assets	114	9	72	14	365	95	74	249	(295)	209	783	697
Operating expenses, commissions and other expenses	47	48	56	53	86	60	55	59	77	204	260	261
Reinsurance expenses (recoveries)	(4)	1	(1)	(9)	(1)	—	—	(2)	(1)	(13)	(3)	(11)
Total policy benefits and expenses	270	147	207	166	495	267	178	390	(75)	790	1,330	1,340
Income (loss) before income taxes	27	76	49	30	46	124	279	14	27	182	463	298
Income tax expense (benefit)	3	1	2	2	8	1	—	2	2	8	11	7
Common shareholders' reported net income (loss)	24	75	47	28	38	123	279	12	25	174	452	291
PREMIUMS & DEPOSITS												
Net premiums	108	115	194	210	410	233	189	253	265	627	1,085	916
Segregated fund deposits	—	—	—	—	—	—	—	—	—	—	—	1
Total	108	115	194	210	410	233	189	253	265	627	1,085	917
SALES												
Individual insurance	13	21	26	22	49	26	21	28	29	82	124	95
ACCOUNT VALUE												
Individual insurance	12,223	11,507	11,616	11,235	10,802	10,312	10,554	10,644	10,522	12,223	10,802	10,522
Investment products	3,255	3,599	3,947	4,134	4,403	4,544	4,980	5,197	5,177	3,255	4,403	5,177
Total	15,478	15,106	15,563	15,369	15,205	14,856	15,534	15,841	15,699	15,478	15,205	15,699
ASSETS UNDER MANAGEMENT												
General funds	12,570	12,095	12,180	11,905	11,640	11,233	11,725	11,475	11,441	12,570	11,640	11,441
Segregated funds	556	614	652	676	708	722	764	779	767	556	708	767
Other AUM	2,679	2,966	3,268	3,430	3,666	3,794	4,185	4,385	4,371	2,679	3,666	4,371
Total	15,805	15,675	16,100	16,011	16,014	15,749	16,674	16,639	16,579	15,805	16,014	16,579

CORPORATE

(C\$ millions)

STATEMENTS OF OPERATIONS ⁽¹⁾	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Revenue												
Premiums - life insurance	24	24	23	23	25	24	23	22	25	94	94	99
Premiums - health insurance	4	4	2	4	3	4	3	4	3	14	14	17
Premiums - annuities	(95)	5	6	5	4	7	7	6	7	(79)	24	28
Gross premiums	(67)	33	31	32	32	35	33	32	35	29	132	144
Ceded premiums	(6)	(7)	(5)	(5)	(5)	(7)	(6)	(6)	(6)	(23)	(24)	(26)
Net premiums	(73)	26	26	27	27	28	27	26	29	6	108	118
Net investment income (loss)	82	(58)	64	(35)	232	38	9	168	(318)	53	447	1,327
Fee income	8	5	4	11	12	13	8	13	11	28	46	53
Total revenue	17	(27)	94	3	271	79	44	207	(278)	87	601	1,498
Policy benefits and expenses												
Gross claims & benefits paid	154	138	157	165	100	147	175	135	150	614	557	686
Change in investment/insurance contract liabilities & reinsurance assets	(213)	(331)	(138)	(241)	68	(164)	(200)	(8)	(504)	(923)	(304)	434
Operating expenses, commissions and other expenses	79	64	69	90	138	72	63	56	135	302	329	375
Reinsurance expenses (recoveries)	(12)	(7)	(8)	(10)	39	(5)	(8)	19	4	(37)	45	(2)
Total policy benefits and expenses	8	(136)	80	4	345	50	30	202	(215)	(44)	627	1,493
Income (loss) before income taxes	9	109	14	(1)	(74)	29	14	5	(63)	131	(26)	5
Income tax expense (benefit)	(11)	(9)	(1)	(6)	40	1	(37)	(22)	(54)	(27)	(18)	(94)
Preferred shareholder dividends	23	24	23	24	23	24	23	23	23	94	93	96
Common shareholders' reported net income (loss)	(3)	94	(8)	(19)	(137)	4	28	4	(32)	64	(101)	3
Market related impacts	(2)	(4)	(6)	(3)	—	7	6	(8)	(6)	(15)	5	(13)
Assumption changes and management actions	18	122	—	—	(10)	33	23	9	—	140	55	14
Acquisition, integration and restructuring	(4)	(3)	—	(3)	(50)	(2)	(1)	(2)	(6)	(10)	(55)	(5)
Other	—	—	—	—	(54)	—	—	—	—	—	(54)	—
Common shareholders' underlying net income (loss)	(15)	(21)	(2)	(13)	(23)	(34)	—	5	(20)	(51)	(52)	7
PREMIUMS & DEPOSITS												
Net premiums	(73)	26	26	27	27	28	27	26	29	6	108	118
Segregated fund deposits	20	19	21	19	19	20	21	20	25	79	80	104
Total	(53)	45	47	46	46	48	48	46	54	85	188	222
ASSETS UNDER MANAGEMENT												
General funds	14,162	14,052	14,965	15,179	14,414	13,111	14,186	13,726	14,169	14,162	14,414	14,169
Segregated funds	10,513	11,241	11,855	11,927	11,986	11,473	11,761	11,638	11,329	10,513	11,986	11,329
Other AUM ⁽²⁾	(23,879)	(24,351)	(25,161)	(24,887)	(23,264)	(22,504)	(21,662)	(21,397)	(20,822)	(23,879)	(23,264)	(20,822)
Total	796	942	1,659	2,219	3,136	2,080	4,285	3,967	4,676	796	3,136	4,676

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

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

CORPORATE

(C\$ millions)

	At and For the Quarter Ended								At and For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
STATEMENTS OF OPERATIONS - SLF United Kingdom (U.K.)												
Revenue												
Gross premiums	20	18	20	20	18	22	21	20	22	78	81	97
Ceded premiums	(4)	(5)	(4)	(4)	(4)	(5)	(4)	(4)	(5)	(17)	(17)	(19)
Net premiums	16	13	16	16	14	17	17	16	17	61	64	78
Net investment income (loss)	29	(63)	40	(48)	213	21	(10)	171	(304)	(42)	395	1,205
Fee income	30	28	34	31	31	30	27	30	30	123	118	129
Total revenue	75	(22)	90	(1)	258	68	34	217	(257)	142	577	1,412
Policy benefits and expenses												
Gross claims & benefits paid	132	123	134	142	129	128	143	139	133	531	539	603
Change in investment/insurance contract liabilities & reinsurance assets	(117)	(304)	(117)	(210)	89	(153)	(188)	3	(430)	(748)	(249)	476
Operating expenses, commissions and other expenses	38	32	29	26	29	24	24	26	28	125	103	122
Reinsurance expenses (recoveries)	(4)	(3)	(1)	(5)	(4)	(2)	(4)	(3)	(1)	(13)	(13)	(13)
Total policy benefits and expenses	49	(152)	45	(47)	243	(3)	(25)	165	(270)	(105)	380	1,188
Income (loss) before income taxes	26	130	45	46	15	71	59	52	13	247	197	224
Income tax expense (benefit)	(5)	(4)	8	(2)	9	(1)	1	7	(13)	(3)	16	40
Common shareholders' reported net income (loss)	31	134	37	48	6	72	58	45	26	250	181	184
STATEMENTS OF OPERATIONS - Corporate Support⁽¹⁾												
Revenue												
Gross premiums	(87)	15	11	12	14	13	12	12	13	(49)	51	47
Ceded premiums	(2)	(2)	(1)	(1)	(1)	(2)	(2)	(2)	(1)	(6)	(7)	(7)
Net premiums	(89)	13	10	11	13	11	10	10	12	(55)	44	40
Net investment income (loss)	53	5	24	13	19	17	19	(3)	(14)	95	52	122
Fee income	(22)	(23)	(30)	(20)	(19)	(17)	(19)	(17)	(19)	(95)	(72)	(76)
Total revenue	(58)	(5)	4	4	13	11	10	(10)	(21)	(55)	24	86
Policy benefits and expenses												
Gross claims & benefits paid	22	15	23	23	(29)	19	32	(4)	17	83	18	83
Change in investment/insurance contract liabilities & reinsurance assets	(96)	(27)	(21)	(31)	(21)	(11)	(12)	(11)	(74)	(175)	(55)	(42)
Operating expenses, commissions and other expenses	41	32	40	64	109	48	39	30	107	177	226	253
Reinsurance expenses (recoveries)	(8)	(4)	(7)	(5)	43	(3)	(4)	22	5	(24)	58	11
Total policy benefits and expenses	(41)	16	35	51	102	53	55	37	55	61	247	305
Income (loss) before income taxes	(17)	(21)	(31)	(47)	(89)	(42)	(45)	(47)	(76)	(116)	(223)	(219)
Income tax expense (benefit)	(6)	(5)	(9)	(4)	31	2	(38)	(29)	(41)	(24)	(34)	(134)
Preferred shareholder dividends	23	24	23	24	23	24	23	23	23	94	93	96
Common shareholders' reported net income (loss)	(34)	(40)	(45)	(67)	(143)	(68)	(30)	(41)	(58)	(186)	(282)	(181)

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

INVESTMENTS	As at December 31, 2018				As at September 30, 2018				As at December 31, 2017			
	Fair Value through Profit or Loss	Available-for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available-for-Sale	Total	Investment Grade	Fair Value through Profit or Loss	Available-for-Sale	Total	Investment Grade
DEBT & EQUITY SECURITIES												
DEBT SECURITIES												
Debt Securities by Sector												
Debt Securities Issued or Guaranteed By:												
Canadian Federal Government	3,830	1,746	5,576	100 %	3,460	1,915	5,375	100 %	3,366	1,832	5,198	100 %
Canadian Provincial and Municipal Government	11,866	1,199	13,065	100 %	11,694	1,163	12,857	100 %	12,158	1,138	13,296	100 %
U.S. Government and Other U.S. Agency	1,380	1,527	2,907	100 %	1,054	1,225	2,279	100 %	1,231	818	2,049	100 %
Other Government	4,929	717	5,646	97 %	4,618	694	5,312	97 %	5,361	752	6,113	97 %
Total Government issued or guaranteed debt securities	22,005	5,189	27,194	99 %	20,826	4,997	25,823	99 %	22,116	4,540	26,656	99 %
Corporate Debt Securities by Industry Sector:												
Financials	8,390	1,470	9,860	99 %	8,185	1,550	9,735	99 %	7,856	1,705	9,561	99 %
Utilities	6,353	528	6,881	99 %	6,280	502	6,782	99 %	6,756	550	7,306	99 %
Consumer discretionary ⁽¹⁾	1,372	209	1,581	95 %	1,360	260	1,620	95 %	1,329	363	1,692	94 %
Industrials	4,053	590	4,643	99 %	3,891	581	4,472	99 %	4,090	707	4,797	99 %
Consumer staples	1,625	257	1,882	95 %	1,587	264	1,851	95 %	1,920	351	2,271	95 %
Communication Services ⁽¹⁾	2,826	481	3,307	99 %	2,706	490	3,196	99 %	2,826	545	3,371	98 %
Energy	3,628	340	3,968	98 %	3,335	353	3,688	98 %	3,657	455	4,112	98 %
Real Estate	2,640	376	3,016	99 %	2,319	324	2,643	99 %	2,213	366	2,579	99 %
Materials	1,225	256	1,481	93 %	1,230	281	1,511	93 %	1,211	262	1,473	91 %
Health Care	1,734	299	2,033	99 %	1,642	304	1,946	99 %	1,256	323	1,579	99 %
Information Technology ⁽¹⁾	1,024	207	1,231	99 %	982	211	1,193	99 %	1,056	267	1,323	98 %
Total Corporate debt securities	34,870	5,013	39,883	99 %	33,517	5,120	38,637	99 %	34,170	5,894	40,064	98 %
Asset Backed Securities												
Government and agency	1,976	577	2,553	100 %	1,646	600	2,246	100 %	1,556	533	2,089	100 %
Other	2,551	2,262	4,813	96 %	2,220	2,150	4,370	96 %	2,125	1,685	3,810	92 %
Total asset backed securities	4,527	2,839	7,366	98 %	3,866	2,750	6,616	97 %	3,681	2,218	5,899	95 %
Total debt securities	61,402	13,041	74,443	99 %	58,209	12,867	71,076	99 %	59,967	12,652	72,619	98 %
Debt Securities by Investment Rating												
AAA	9,728	5,919	15,647		8,532	5,707	14,239		8,579	4,870	13,449	
AA	14,208	2,044	16,252		13,937	2,082	16,019		14,006	1,809	15,815	
A	19,089	2,447	21,536		18,640	2,575	21,215		19,603	3,000	22,603	
BBB	17,646	2,483	20,129		16,374	2,360	18,734		16,894	2,674	19,568	
BB and lower	731	148	879		726	143	869		885	299	1,184	
Total debt securities	61,402	13,041	74,443		58,209	12,867	71,076		59,967	12,652	72,619	
EQUITY SECURITIES												
Stocks												
Canada	2,651	15	2,666		2,953	14	2,967		3,282	53	3,335	
United States	508	388	896		529	410	939		765	671	1,436	
United Kingdom	121	5	126		127	6	133		130	5	135	
Other	734	212	946		725	197	922		901	213	1,114	
Total equity securities	4,014	620	4,634		4,334	627	4,961		5,078	942	6,020	

⁽¹⁾ Our grouping of debt securities by sector is based on the Global Industry Classification Standard and S&P Dow Jones Indices. During the fourth quarter of 2018, certain consumer discretionary and information technology debt securities were moved to the Communication services sector. Prior period balances have been changed to conform with current period presentation.

PROPERTIES, MORTGAGES & LOANS

	As at December 31, 2018			As at September 30, 2018			As at December 31, 2017		
	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total	Investment Property	Owner Occupied Property	Total
PROPERTIES									
Canada	5,426	50	5,476	5,675	46	5,721	5,260	87	5,347
United States	1,652	96	1,748	1,514	89	1,603	1,731	78	1,809
United Kingdom	79	—	79	81	—	81	76	—	76
Other	—	37	37	—	34	34	—	38	38
Total properties	7,157	183	7,340	7,270	169	7,439	7,067	203	7,270

MORTGAGES & LOANS

	As at December 31, 2018			As at September 30, 2018			As at December 31, 2017		
	Insured	Non-Insured	Total	Insured	Non-Insured	Total	Insured	Non-Insured	Total
Retail	—	4,202	4,202	—	4,129	4,129	—	4,291	4,291
Office	—	4,228	4,228	—	4,315	4,315	—	4,261	4,261
Multi-family residential	3,196	2,179	5,375	3,062	2,026	5,088	2,921	1,661	4,582
Industrial and land	—	1,906	1,906	—	1,734	1,734	—	1,660	1,660
Other	341	381	722	311	429	740	250	449	699
Total Mortgages	3,537	12,896	16,433	3,373	12,633	16,006	3,171	12,322	15,493
Corporate Loans			30,389			29,201			27,312
Total mortgages & loans			46,822			45,207			42,805

Mortgage and Loans - Impairments/Allowances

	As at December 31, 2018			As at September 30, 2018			As at December 31, 2017		
	Impaired Loans Carrying Value	Allowances for Losses		Impaired Loans Carrying Value	Allowances for Losses		Impaired Loans Carrying Value	Allowances for Losses	
		Specific	Sectoral		Specific	Sectoral		Specific	Sectoral
Mortgages	31	4	21	30	4	20	33	2	20
Loans	93	50	—	153	42	—	89	28	—
Total mortgage and loan impairments/allowances	124	54	21	183	46	20	122	30	20

DERIVATIVES

	As at December 31, 2018		As at September 30, 2018		As at December 31, 2017	
	Total Notional Amount	Net Fair Value Amount	Total Notional Amount	Net Fair Value Amount	Total Notional Amount	Net Fair Value Amount
Interest rate contracts	34,144	482	31,476	348	31,795	670
Foreign exchange contracts	20,737	(1,690)	19,341	(909)	18,091	(1,055)
Equity and other contracts	4,317	25	3,970	70	4,235	107
Total derivatives	59,198	(1,183)	54,787	(491)	54,121	(278)
Over the counter	52,966	(1,199)	49,708	(501)	47,978	(300)
Exchange traded	6,232	16	5,079	10	6,143	22
Total	59,198	(1,183)	54,787	(491)	54,121	(278)

For the Quarter ended - Q4 2018

CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	Canadian Dollars						U.S. Dollars	
	SLF Canada	SLF U.S.	SLF Asset			Total Company	SLF U.S.	MFS
			Management	SLF Asia	Corporate			
Expected profit on in-force business ⁽¹⁾	226	122	307	117	(28)	744	95	227
Impact of new business ⁽¹⁾	42	—	—	(25)	—	17	—	—
Experience gains (losses)	(127)	13	—	(5)	(23)	(142)	7	—
Assumption changes and management actions	(19)	1	—	9	22	13	—	—
Other ⁽²⁾	(1)	(10)	6	(2)	(5)	(12)	(8)	14
Earnings (loss) on operations (pre-tax)	121	126	313	94	(34)	620	94	241
Earnings on surplus	3	18	—	44	46	111	14	—
Earnings (loss) before income taxes	124	144	313	138	12	731	108	241
Income tax (expense) benefit	(28)	(26)	(69)	(13)	8	(128)	(19)	(52)
Earnings (loss) before preferred share dividends and non-controlling interest	96	118	244	125	20	603	89	189
Preferred share dividends and non-controlling interest	—	—	—	—	(23)	(23)	—	—
Common shareholders' reported net income (loss)	96	118	244	125	(3)	580	89	189
Underlying net income adjustments (post tax):								
Market related impacts	(134)	5	—	(22)	(2)	(153)	4	—
Assumption changes and management actions	(14)	—	—	9	18	13	—	—
Other adjustments:								
Impact of certain hedges that do not qualify for hedge accounting	(1)	—	—	—	—	(1)	—	—
Fair value adjustments on share-based payment awards at MFS	—	—	28	—	—	28	—	22
Acquisition, integration and restructuring	—	(8)	(11)	(2)	(4)	(25)	(6)	—
	(149)	(3)	17	(15)	12	(138)	(2)	22
Common shareholders' underlying net income (loss)	245	121	227	140	(15)	718	91	167

For the Quarter ended - Q4 2017

CONSOLIDATED SOURCES OF EARNINGS

(\$ millions)	Canadian Dollars						U.S. Dollars	
	SLF Canada	SLF U.S.	SLF Asset			Total Company	SLF U.S.	MFS
			Management	SLF Asia	Corporate			
Expected profit on in-force business ⁽¹⁾	221	100	338	111	(27)	743	80	259
Impact of new business ⁽¹⁾	40	(1)	—	(10)	—	29	(1)	—
Experience gains (losses)	(114)	(50)	—	3	9	(152)	(38)	—
Assumption changes and management actions	(33)	(450)	—	—	(3)	(486)	(354)	—
Other ⁽²⁾	2	(16)	(55)	—	(68)	(137)	(13)	(43)
Earnings (loss) on operations (pre-tax)	116	(417)	283	104	(89)	(3)	(326)	216
Earnings on surplus	51	21	—	34	22	128	17	—
Earnings (loss) before income taxes	167	(396)	283	138	(67)	125	(309)	216
Income tax (expense) benefit	5	333	(169)	(17)	(47)	105	260	(144)
Earnings (loss) before preferred share dividends and non-controlling interest	172	(63)	114	121	(114)	230	(49)	72
Preferred share dividends and non-controlling interest	—	—	—	—	(23)	(23)	—	—
Common shareholders' reported net income (loss)	172	(63)	114	121	(137)	207	(49)	72
Underlying net income adjustments (post tax):								
Market related impacts	(38)	(34)	—	15	—	(57)	(25)	—
Assumption changes and management actions	(24)	—	—	—	(10)	(34)	—	—
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)	—
Other	—	(114)	(78)	(5)	(54)	(251)	(90)	(75)
	(60)	(158)	(112)	10	(114)	(434)	(123)	(102)
Common shareholders' underlying net income (loss)	232	95	226	111	(23)	641	74	174

⁽¹⁾ Reflects a change in presentation for our U.S. Stop Loss business effective Q1 2018. We have updated Q4 2017 to reflect this change in presentation.⁽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.

CONSOLIDATED SOURCES OF EARNINGS - SUPPLEMENTAL INFORMATION

MFS SOURCES OF EARNINGS

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

(US\$ millions)	For the Quarter Ended								For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
Expected profit on in-force business	227	256	228	242	259	251	228	209	203	953	947	827
Impact of new business	—	—	—	—	—	—	—	—	—	—	—	—
Experience gains (losses)	—	—	—	—	—	—	—	—	—	—	—	—
Assumption changes and management actions	—	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) on operations (pre-tax)	227	256	228	242	259	251	228	209	203	953	947	827
Earnings on surplus	—	—	—	—	—	—	—	—	—	—	—	—
Earnings (loss) before income taxes	227	256	228	242	259	251	228	209	203	953	947	827
Income tax (expense) benefit	(51)	(60)	(55)	(57)	(75)	(82)	(74)	(68)	(60)	(223)	(299)	(286)
Earnings (loss) before preferred share dividends and non-controlling interest	176	196	173	185	184	169	154	141	143	730	648	541
Preferred share dividends and non-controlling interest	(9)	(10)	(9)	(9)	(10)	(10)	(10)	(8)	(8)	(37)	(38)	(35)
Common shareholders' underlying net income (loss)	167	186	164	176	174	159	144	133	135	693	610	506
Underlying net income adjustments:												
Fair value adjustments on share-based payment awards (pre-tax)	14	(20)	(11)	(29)	(43)	(30)	(24)	(20)	—	(46)	(117)	(8)
Income taxes	(1)	2	1	3	6	4	2	3	(1)	5	15	(5)
Non-controlling interest	9	10	9	9	10	10	10	8	8	37	38	35
Other	—	—	—	—	(75)	—	—	—	—	—	(75)	—
	22	(8)	(1)	(17)	(102)	(16)	(12)	(9)	7	(4)	(139)	22
Common shareholders' reported net income (loss)	189	178	163	159	72	143	132	124	142	689	471	528

EXPENSES

(C\$ millions)

	For the Quarter Ended								For the Year Ended			
	2018				2017				2016	2018	2017	2016
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4			
OPERATING EXPENSES, COMMISSIONS AND OTHER EXPENSES												
Operating expenses	1,625	1,563	1,626	1,618	1,749	1,496	1,567	1,598	1,678	6,432	6,410	6,000
Commissions	603	574	589	573	631	566	589	617	652	2,339	2,403	2,372
Premium taxes	95	93	95	92	100	94	94	91	90	375	379	339
Interest expense	79	73	78	75	81	55	87	80	80	305	303	316
Total	2,402	2,303	2,388	2,358	2,561	2,211	2,337	2,386	2,500	9,451	9,495	9,027
OPERATING EXPENSES BY BUSINESS GROUP												
SLF Canada	528	487	522	503	537	442	489	550	509	2,040	2,018	1,871
SLF U.S.	220	220	214	218	218	199	219	221	246	872	857	842
SLF Asset Management	549	550	569	572	547	515	542	539	530	2,240	2,143	2,083
SLF Asia	236	201	203	179	229	175	183	171	226	819	758	726
Corporate	81	66	74	90	79	102	61	61	135	311	303	360
Operating expenses excluding the following:	1,614	1,524	1,582	1,562	1,610	1,433	1,494	1,542	1,646	6,282	6,079	5,882
FV adjustments on MFS share-based payment awards ⁽¹⁾	(19)	25	15	37	55	37	32	26	—	58	150	11
Acquisition, integration and restructuring costs	30	14	29	19	84	26	41	30	32	92	181	107
Total operating expenses	1,625	1,563	1,626	1,618	1,749	1,496	1,567	1,598	1,678	6,432	6,410	6,000
COMMISSIONS BY BUSINESS GROUP												
SLF Canada	243	227	237	227	240	215	223	250	253	934	928	853
SLF U.S.	114	110	106	105	103	99	109	112	107	435	423	439
SLF Asset Management	146	157	154	162	169	163	177	174	180	619	683	712
SLF Asia	101	82	93	81	122	91	82	83	115	357	378	369
Corporate	(1)	(2)	(1)	(2)	(3)	(2)	(2)	(2)	(3)	(6)	(9)	(1)
Total commissions	603	574	589	573	631	566	589	617	652	2,339	2,403	2,372
INTEREST EXPENSE												
Subordinated debt	26	26	26	28	30	29	29	35	36	106	123	126
Liabilities for SLEECs	11	11	11	11	11	11	11	11	11	44	44	44
Interest on senior unsecured debentures/financing	24	19	24	19	18	18	17	17	16	86	70	79
Other ⁽²⁾	18	17	17	17	22	(3)	30	17	17	69	66	67
Total interest expense	79	73	78	75	81	55	87	80	80	305	303	316

⁽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, 2018

SUN LIFE ASSURANCE COMPANY OF CANADA

FINANCIAL STRENGTH RATINGS

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

SECURITY RATINGS

Subordinated Debt

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

Series B

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

a-	not rated	P-1 (low)/A	A
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SUN LIFE FINANCIAL INC.

SECURITY RATINGS

Senior Unsecured Debentures (Series D and E)

	<u>A.M. Best</u>	<u>Moody's</u> ⁽²⁾	<u>Standard & Poor's</u>	<u>DBRS</u>
	a-	not rated	A	A

Subordinated Debt

bbb+	not rated	A-	A (low)
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(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)

bbb	Baa1(hyb)	P-2 (high)/BBB+	Pfd-2
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⁽¹⁾ Positive outlook.

⁽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 of insurance and wealth solutions in its home market, providing products and services that deliver value to over six million Canadians through our group and individual businesses. We are the largest provider of benefits and pensions in the workplace, and provide a 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>SLF U.S. is one of the largest Group Benefits providers in the U.S. market, serving employees and their families at approximately 60,000 workplaces of all sizes across the country with employer-sponsored insurance products and solutions. In addition, our U.S. business manages an in-force block of more than 110,000 individual life insurance policies. SLF U.S. has two business units - Group Benefits and In-force Management.</p>	<p>SLF Asset Management segment is composed of MFS and SLIM. MFS is a premier global asset management firm which offers a comprehensive selection of financial products and services that deliver superior value and actively manages assets for retail and institutional investors around the world. SLIM is an institutional investment management business that delivers liability-driven investing, alternative fixed income and real estate solutions to Clients, with operations in the U.S. and Canada.</p>	<p>SLF Asia operates in seven markets, delivering value to over 20 million Clients by providing life, health and wealth management solutions through a multi-channel distribution approach. SLF Asia's seven Asian markets account for over 87% of GDP and 91% of life insurance premiums of higher growth markets in Asia. As well, SLF Asia manages our International high net worth insurance business. SLF Asia has two business units - Insurance and Wealth, and International.</p>	<p>Corporate includes the results of our United Kingdom business (SLF U.K.) and Corporate Support. SLF U.K. has a run-off block of business consisting of approximately 590,000 in-force life and pension policies, and focuses on supporting existing Clients. Corporate Support operations consists of the expenses, debt charges, investment income, capital and other items not allocated to Sun Life Financial's other business segments, as well as the Company's Run-off reinsurance business. Our Run-off reinsurance business is a closed block of reinsurance assumed from other insurers.</p>
<p><u>Individual Insurance and Wealth</u> Individual life and health insurance Individual savings products Mutual funds</p> <p><u>Group Benefits</u> Group life and health insurance Voluntary benefits products</p> <p><u>Group Retirement Services</u> Defined contribution plans Defined benefit solutions Voluntary savings plans</p>	<p><u>Group Benefits</u> Group life and health insurance Disability insurance Medical stop-loss insurance Dental insurance Vision insurance Disability risk management products and services</p> <p><u>In-Force Management</u> Individual life insurance</p>	<p><u>MFS</u> Mutual Funds U.S. retail mutual funds MFS Meridian funds Investment Management Services Institutional accounts 401(k) Insurance products</p> <p><u>SLIM</u> Private class funds Customized fixed income portfolios Liability-driven investing strategies Investment advisory and property management services</p>	<p><u>Insurance and Wealth</u> Philippines Hong Kong Indonesia Vietnam Malaysia India China</p> <p><u>International</u> Individual life insurance Wealth investment products (In-force block only)</p>	<p><u>SLF U.K.</u> Individual annuities and pensions (In-force block only) Individual life (In-force block only)</p> <p><u>Corporate Support</u> Run-off reinsurance</p>