

BEST'S RATING REPORT



SUN LIFE ASSURANCE COMPANY OF CANADA

Domiciliary Address: 1 York Street, Toronto, Ontario M5J 0B6 Canada

AMB #: 067413

NAIC #: N/A

FEIN #: N/A

Phone: 416-979-9966

Fax:

Website: www.sunlife.ca

SUN LIFE ASSURANCE COMPANY OF CANADA

A+

Domiciliary Address: 1 York Street, Toronto, Ontario M5J 0B6 Canada

AMB #: 007101

NAIC #: N/A

AIIN #: AA-1561039

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Best's Credit Rating Effective Date

January 13, 2021

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Information

[Best's Credit Rating Methodology](#)

[Guide to Best's Credit Ratings](#)

[Market Segment Outlooks](#)

Financial Data Presented

Financial data in this report: (i) includes data of affiliated entities that are not rating unit members where analytics benefit from inclusion; and/or (ii) excludes data of rating unit member entities if they operate in different segments or geographic areas than the Rating Unit generally. See [list of companies](#) for details of rating unit members and any such included and/or excluded entities.

The financial data in this report reflects the most current data available to the Analytical Team at the time of the rating. Updates to the financial exhibits in this report are available here: [Best's Financial Report](#).

Sun Life Assurance Company of Canada

AMB #: 067413

Associated Ultimate Parent: AMB # 050913 - Sun Life Financial Inc.

Best's Credit Ratings - for the Rating Unit Members

Financial Strength Rating (FSR)

<p>A+</p> <p>Superior</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Issuer Credit Rating (ICR)

<p>aa</p> <p>Superior</p>
<p>Outlook: Stable</p> <p>Action: Affirmed</p>

Assessment Descriptors

Balance Sheet Strength	Strongest
Operating Performance	Strong
Business Profile	Favorable
Enterprise Risk Management	Very Strong

Rating Unit - Members

Rating Unit: Sun Life Assur Co of Canada | **AMB #:** 067413

AMB # Rating Unit Members
007101 Sun Life Assur Co of Canada

AMB # Rating Unit Members
008474 Sun Life and Health Ins Co US

Rating Rationale

Balance Sheet Strength: **Strongest**

- Very strong regulatory capital profile that is supportive of growth initiatives in all geographic territories and market segments. The company's BCAR measure is expected to improve due to continued capital growth from earnings contribution.
- Prudent use of financial and operating leverage, which enhances balance sheet opportunities and new business growth that are supported by solid risk-based capital levels.
- Appropriate use of reinsurance with affiliated and non-affiliated reinsurers.
- Strong liquidity profile supported by positive earnings and a highly liquid investment portfolio backed by highly rated bonds. Some increase in impairments are anticipated in the company's investment portfolio as a result of the implications due to COVID-19 and its impact on economic activity.

Operating Performance: **Strong**

- Stable trend of operating performance with some volatility related to managing a complex global organization along with potential future impairments due to implications related to COVID-19.
- Operating performance is expected to provide a stable trend of consistent earnings compared to prior years as prior acquisitions have been reflected in previous financial results.
- Underwriting is subject to periodic volatility related to actuarial assumption changes in reserve modeling and management actions.

Business Profile: **Favorable**

- Sun Life has a leading market share in the United States, Canada, and Asian marketplaces in product segments in which it operates.
- The company has been able to demonstrate the ability to expand in various markets while continuing to adhere to a lower product risk profile within group benefits, group retirement, and individual life and wealth segments.
- Execution risk with regard to growth and expansion strategies does exist as part of the business profile of the company pertaining to asset management segments in Asia.

Enterprise Risk Management: **Very Strong**

- Risk culture and governance are embedded within all levels of the organization.
- ERM is heavily supported by both quantitative and qualitative measures, which are embedded as part of the company's risk culture.
- The company conducts an array of stress tests above and beyond that which is required by regulators including impacts on earnings, capital and liquidity.
- Given the international footprint of the company, a highly sophisticated and integrated ERM program exists within the company's operations.

Outlook

- The stable outlooks reflect the expectation that the company will maintain a balance sheet strength assessment in the strongest range with operating results that will contribute to surplus growth needed to support an evolving book of business.

Rating Drivers

- Negative rating action could occur if there is a substantial deterioration in operating performance.
- Negative rating action could occur if there is a substantial deterioration in risk-adjusted capitalization.

Key Financial Indicators

Best's Capital Adequacy Ratio (BCAR) Scores (%)

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	42.9	20.2	11.6	9.1

Source: Best's Capital Adequacy Ratio Model - L/H, Canada

Year End - December 31

Key Financial Indicators CAD (000)	2019	2018	2017	2016	2015
Assets:					
General Account	176,512,494	164,997,736	159,581,180	158,777,694	152,256,258
Segregated Funds	116,917,805	103,013,870	106,340,970	97,118,228	91,389,217
Total Assets	293,430,299	268,011,606	265,922,150	255,895,922	243,645,475
Liabilities:					
Actuarial Liabilities:					
Non-Participating Life	28,621,239	26,427,297	25,172,031	24,468,549	23,851,463
Non-Participating Annuity	24,032,107	21,979,307	21,162,090	20,508,862	19,515,489
Non-Participating Accident & Sickness	15,330,280	13,943,415	13,229,997	13,026,989	10,754,482
Participating	28,879,840	26,781,844	26,257,135	25,847,235	25,535,905
Other	27,280,998	25,920,928	25,494,988	24,880,926	24,423,718
Other Contract Liabilities	10,401,327	10,176,829	9,768,510	9,550,868	9,399,663
Other Liabilities, including Segregated Funds	140,696,031	124,815,294	127,899,270	120,923,004	113,775,569
Total Liabilities	275,241,822	250,044,914	248,984,021	239,206,433	227,256,289
Total Equity	18,188,477	17,966,692	16,938,129	16,689,489	16,389,186
Net Income	1,735,779	2,035,476	1,578,514	1,703,218	1,789,134
Net Premiums	18,888,209	18,521,065	13,527,085	13,343,344	10,226,566
Net Investment Income	11,441,031	2,442,921	7,306,931	7,241,265	3,337,390

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

Year End - December 31

Key Financial Ratios (%)	2019	2018	2017	2016	2015	Weighted Average
Operating Return on Net Premiums	10.7	10.6	14.8	18.5	5.4	12.1
Operating Return on Equity	11.2	11.2	11.9	14.9	3.6	10.7
Pre-Tax Investment Total Return	7.9	1.5	5.3	5.3	2.6	4.6

Source: BestLink® - Best's Financial Suite

Year End - December 31

Leverage (%)	2019	2018	2017	2016	2015
General Account Liabilities to Equity	8.7	8.2	8.4	8.5	8.3
Non-Investment Grade Bonds to Equity	11.2	11.1	11.9	14.7	17.1
Mortgages and Investment Properties to Equity	127.7	129.9	131.8	129.2	126.9
Net Unsatisfactory Mortgages to Equity	0.9	0.2	0.5	0.6	1.1

Source: BestLink® - Best's Financial Suite

Year End - December 31

Liquidity Analysis (%)	2019	2018	2017	2016	2015
Current Liquidity	79.0	79.0	78.5	78.2	78.4

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Capitalization

The capitalization of SLA is considered very strong on a consolidated basis relative to its current insurance and investment risks. In addition, SLA maintains a strong level of risk-adjusted capitalization. The company has a capital policy designed to provide the flexibility to take advantage of growth opportunities and to support the risks associated with their business lines

The company's capital base consists mainly of common shareholders' equity. Other sources of capital include preferred shareholders' equity and subordinated debt issued by SLF Inc. and Sun Life Assurance. For Canadian regulatory purposes, capital also includes innovative capital instruments issued by Sun Life Capital Trust.

Balance Sheet Strength (Continued...)

The group's regulatory capital consists primarily of common equity along with a moderate mix of preferred equity, SLEECs (Sun Life Exchangeable Securities), which qualify as Tier 1 capital for regulatory capital purposes, and subordinated debt. There is an intercompany loan arrangement between SLF and SLA of \$500 million for additional liquidity as part of the company's enterprise risk management program. The increase in total capital was primarily the result of profitable operations.

Through Sun Life Capital Trust, SLA will have only one outstanding SLEEC issued at Year End 2019 (SLEECs Series B). The remaining SLEECs is a long-dated subordinated unsecured debt that qualifies as capital for Canadian regulatory purposes. The SLEECs Series B can be converted into SLA's preferred shares that are exchangeable in certain limited circumstances at a future date into SLF common shares at a price equal to 95% of the trading price at the time of the exchange. The SLEECs represents low-cost and tax-efficient capital that A.M. Best believes provides the company with increased capital flexibility.

Year End - December 31

Capital Generation Analysis CAD (000)	2019	2018	2017	2016	2015
Beginning Equity	17,966,692	16,938,129	16,689,489	16,389,186	14,153,511
Pre-Tax Operating Income	-4,711,223	5,215,002	-265,274	359,724	3,132,477
Net Realized Capital Gains (Losses)	377,370	483,665	187,886	256,410	261,067
Income Taxes	45,707	426,523	328,161	316,406	295,518
Net Unrealized Capital Gains (Losses)	6,788,442	-3,172,346	2,389,626	1,718,791	-1,338,746
Net Change in Paid In Capital and Equity	54,509	53,404	53,793	53,348	53,502
Stockholder Dividends	1,630,860	1,830,860	1,230,860	880,860	730,860
Other Changes in Equity	-610,746	706,221	-558,370	-890,704	1,153,753
Net Change in Equity	221,785	1,028,563	248,640	300,303	2,235,675
Ending Equity	18,188,477	17,966,692	16,938,129	16,689,489	16,389,186
Net Change in Equity (%)	1.2	6.1	1.5	1.8	15.8
Net Change in Equity (5 Yr CAGR)	5.1	...	...	...	...

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

Asset Liability Management - Investments

The majority of the general fund is invested in medium- to long-term fixed income instruments, such as debt securities, mortgages and loans. Debt securities represented about half of invested assets. The quality of the bond portfolio remains high, with a minimal amount of below investment grade issues, as a percent of total invested assets. Impaired assets to total invested assets is considered low and not a material risk factor at this time. SLF's bond portfolio is very diverse, represented by a large number of credits and good diversification across multiple segments. Its bond portfolio is actively managed through a regular program of purchases and sales directed at optimizing yield quality and liquidity, while ensuring that asset/liability matching requirements are met. The company maintains exposure to private placements (approximately 30% of fixed-income securities), collateralized mortgage obligations and mortgage-backed securities in its United States branch operations and indirectly through its U.S.-domiciled subsidiaries. Although these investments are highly rated, they are volatile in price and duration during changing interest rate environments coupled with volatility in the global economy. The company utilizes derivative instruments to manage risks related to equity market, interest rate and currency fluctuations and in replication strategies for permissible investments, but does not engage in speculative investment in derivatives.

SLF's mortgage loan portfolio is almost entirely in first mortgages. Mortgages are concentrated in office, retail, industrial and land properties, and apartment properties. The portfolio is supported by low weighted average loan-to-values and the estimated weighted average debt service coverage adequately supports the underwriting of the asset class.

The company also originates and manages mortgage-backed investments for institutional clients. The fee-based business allows SLF to leverage its commercial mortgage underwriting expertise and enhance its asset management strength. SLF's actively manages its real estate portfolio focusing on acquisitions and dispositions, leasing and rehabilitation, and the management of foreclosed properties.

SLF's equity portfolio represents approximately three percent of invested assets and remains well diversified by industry classification and issuer. To attain desired spreads and maintain appropriate matching, the company adheres to stringent asset/liability management guidelines for interest-sensitive products. A somewhat less conservative strategy is maintained for non-interest-sensitive products.

SLF has a hedging program, involving the use of derivative instruments, to mitigate a portion of the equity market-related volatility in the cost of providing these guarantees. For segregated fund products (including variable annuities), SLF has implemented hedging programs involving the use of derivative instruments to mitigate a large portion of the equity market risk associated with the

Balance Sheet Strength (Continued...)

guarantees. The unhedged portion of risk for these products reflects equity market risks associated with items such as provisions for adverse deviation and a portion of fee income that is not related to the guarantees provided.

Year End - December 31

Composition of Cash and Invested Assets	2019	2018	2017	2016	2015
Total Cash and Invested Assets CAD (000)	154,580,323	145,646,909	140,689,131	138,762,582	134,279,928
Composition Percentages (%)					
Unaffiliated:					
Cash and Short Term Investments	3.4	3.7	3.8	3.9	4.9
Bonds	71.0	69.4	68.4	67.5	67.2
Stocks	3.1	3.2	4.3	4.2	3.9
Mortgage Loans	10.3	11.2	10.9	11.0	10.9
Other Invested Assets	11.2	11.6	11.7	12.6	12.4
Total Unaffiliated	99.0	99.0	99.0	99.1	99.3
Investments in Affiliates	1.0	1.0	1.0	0.9	0.7
Total	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Year End - December 31

Bonds - Distribution by Issuer	2019	2018	2017	2016	2015
Bonds CAD (000)	109,817,632	101,066,881	96,164,797	93,611,233	90,213,838
Government (%)	28.6	27.8	28.1	27.8	26.6
Municipal, Public Authority (%)	11.4	11.4	10.7	10.4	9.2
Corporate:					
Investment Grade (%)	58.6	59.1	59.4	59.7	61.5
Below Investment Grade (%)	1.4	1.6	1.8	2.2	2.8

Source: BestLink® - Best's Financial Suite

Holding Company Assessment

Sun Life financial Inc. is viewed as a positive rating consideration to the balance sheet assessment of the rating unit. Factors supporting this view include the access to public debt markets at the parent along with an ability to obtain additional leverage if needed. The level of financial leverage at the parent and operating unit is considered at an acceptable level compared to the insurance industry as a whole. This access to the capital markets, along with current convertibility of outstanding debt into the parent's capital structure, provides an added level of financial flexibility to the company structure. The parent also provides additional sources of liquidity to the group through an available line of credit for quick access to funds in addition to current high levels of cash held at the parent.

Financial Leverage Summary - Holding Company

Financial Leverage Ratio (%)	26.50
Adjusted Financial Leverage Ratio (%)	15.30
Interest Coverage (x)	8.90

Operating Performance

Sun Life Financial Inc.'s (SLF) has reported generally increasing earnings in its core segments, which include Canada, U.S., Asset Management and Asia. SLF reported total net income from continuing operations of CAD 3,057 million in 2019, compared to CAD 2,947 million in the prior year. Income thru the third quarter of 2020 was CAD 2,351. Direct Premiums in almost all line grew year over year with participating lines demonstrating another year of material improvement compared to the previous year. Annuity lines was the only product segment demonstrating a modest decline year over year but in line with longer term trends. SLF's main operating company is Sun Life Assurance Company of Canada (SLA) which reported net income from operations of CAD 1,966 million in 2019, compared to CAD 2,333 million in 2018 with a 5 year income trend essentially flat.

Operating Performance (Continued...)

Sales have increased over the past years for US and Asia insurance segment as well as the Canadian wealth product segment. Overall, Canadian insurance sales have been on an increasing trend since 2015 due to several factors over the past several years along with a fundamental effort to reprice products. Asia wealth sales have demonstrated some volatility and continues to remain strong over several years and is expected to continue a trend of growth with potential volatility year over year due market volatility and money flow behavior related to client activity.

Year End - December 31

Net Premiums by Line of Business CAD (000)	2019	2018	2017	2016	2015
Non-Participating Life:					
Individual	1,117,205	1,128,533	1,189,572	1,198,514	1,130,264
Group	1,549,646	1,545,142	1,244,712	1,248,829	714,329
Non-Participating Annuity:					
Individual	660,297	697,782	593,207	691,048	594,763
Group	2,343,654	2,137,322	1,531,870	1,539,058	1,751,298
Non-Participating Accident and Sickness:					
Individual	418,093	398,236	371,422	337,864	306,526
Group	7,567,538	8,131,250	3,979,594	3,639,122	2,020,630
Participating	2,767,686	2,441,319	2,218,235	1,816,554	1,541,808
Other	2,464,090	2,041,481	2,398,473	2,872,355	2,166,948
Total	18,888,209	18,521,065	13,527,085	13,343,344	10,226,566

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Year End - December 31

Total Revenue By Line of Business CAD (000)	2019	2018	2017	2016	2015
Non-Participating Life:					
Individual	3,068,026	1,345,173	2,398,295	2,089,560	1,704,700
Group	1,657,828	1,593,716	1,386,752	1,383,117	845,818
Non-Participating Annuity:					
Individual	1,849,519	1,401,672	1,334,320	1,320,761	1,408,433
Group	3,597,538	2,925,551	2,409,806	2,348,335	2,440,738
Non-Participating Accident and Sickness:					
Individual	710,539	393,496	520,360	466,226	301,334
Group	8,774,332	8,776,452	5,043,385	4,617,225	2,822,324
Participating	5,507,052	3,393,292	3,965,293	3,420,380	2,461,794
Other	7,191,613	3,089,287	5,876,136	6,868,817	3,460,497
Total	32,356,447	22,918,639	22,934,347	22,514,421	15,445,638

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Operating Performance (Continued...)

Year End - December 31

Net Income by Line of Business CAD (000)	2019	2018	2017	2016	2015
Non-Participating Life:					
Individual	-41,191	-46,984	-299,786	297,336	153,917
Group	157,623	114,679	148,017	109,012	85,186
Non-Participating Annuity:					
Individual	123,217	25,442	-71,595	-87,247	-51,509
Group	325,631	391,991	86,096	-40,597	226,448
Non-Participating Accident and Sickness:					
Individual	-37,919	30,973	47,586	408	90,991
Group	349,019	462,922	365,744	290,907	291,943
Participating	221,508	689,506	366,303	372,461	209,169
Other	868,452	664,804	1,181,235	1,006,064	798,342
Total	1,966,340	2,333,333	1,823,600	1,948,344	1,804,487

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Business Profile

Sun Life Assurance Company of Canada (SLA) is the Canadian insurance company and lead insurance company for Sun Life Financial Inc. (SLF).

The key life insurance subsidiary of Sun Life Financial Inc. (SLF) is Sun Life Assurance Company of Canada (SLA). SLA owns Sun Life and Health Insurance Company (U.S.) (SLHIC), which markets group life and A&H products. With the sale of Sun Life Assurance Company of Canada (U.S.) (SLUS) and Sun Life Insurance and Annuity Company of New York (SLNY) in August 2013, SLHIC became the U.S. marketing arm in New York.

SLA maintains a market leading position in Canada through their workplace segment. SLA has three main business units: Individual Insurance & Wealth, Group Benefits and Group Retirement Services. These units offer a full range of protection, wealth accumulation and income products and services to individuals in their communities and their workplaces. SLA also has investments in the Canadian asset management sector.

GB provides life, dental, drug, extended health care, disability and critical illness benefits programs to employers of all sizes. In addition, voluntary benefits are offered directly to individual plan members, including post-employment life and health plans to members exiting their plan. Products are marketed and distributed across Canada by sales representatives in collaboration with independent advisors, benefits consultants and the Sun Life Financial Career Sales Force (CSF).

While each of its business units remain focused on their respective markets, SLA recognizes the opportunity to serve its clients through the combination of some aspects of these businesses. This has led to the formation of SLA's Total Benefits offering for group clients and customer solutions, which addresses the needs of individual and group clients as they do business with the company through the exclusive CSF. The CSF provides solutions to members at the worksite while they are enrolling in group plans and through ongoing services at important life events including transition guidance for members changing jobs or retiring. Client Solutions (CS) business was created in January 2009 to address these needs and help manage retirement planning while giving them access to products such as term life insurance, health coverage, home and auto and travel insurance, as well as providing solutions to members at the worksite while enrolling in group plans, and changing jobs. The Defined Benefit Solutions (DBS) business, which falls under GRS, provides de-risking solutions to pension clients through annuity buyout and liability driven investment solutions. SLA's Canadian Individual Insurance and Wealth business comprises permanent life, participating life, term life, universal life, critical illness, long-term care and personal health insurance. Savings and retirement products include internally manufactured Sun Life Global Investments (Canada) Inc. (SLGIC) mutual funds, third-party mutual funds, segregated funds, accumulation annuities, guaranteed investment certificates and payout annuities. These products are marketed through a multi-channel distribution model consisting of the CSF and third-party distribution channels, such as independent insurance and mutual fund licensed brokers and broker-dealers. Certain products, including accidental death insurance and personal health insurance, are marketed directly to retail clients in partnership with advisor channels.

SLF U.S. Group Benefits provides protection solutions to employers and employees including group life, disability, medical stop-loss and dental insurance products, as well as a suite of voluntary benefits products. In-force Management includes certain closed individual life insurance products, primarily universal life and participating whole life insurance. SLF acquired Assurant Inc.'s (Assurant) employee benefits business a couple of years ago, which created the sixth largest group benefits business in the U.S., with the combined business having one of the broadest product portfolios in the industry. The transaction added significant new capabilities to the SLF

Business Profile (Continued...)

U.S. Group Benefits business, including a strong dental business with the second largest proprietary provider network in the U.S. and will also significantly increase the size and scale of the SLF U.S. Group Benefits business.

Sun Life Investment Management Inc. (SLIM) in Canada was created to help Canadian pension funds and other investors seeking additional yield in a low return environment by giving them access to SLF's investments in commercial mortgages, private fixed income and real estate, as well as liability-driven investment (LDI) capabilities. SLF extensive history of acquisitions over the years has provided the company an excellent platform for serving institutional clients and expanding business in the U.S. Strategic acquisitions is expected to part of the company's growth strategy as they continue to grow in the business segment.

MFS, headquartered in Boston, MA, is a global investment management company. MFS has investment teams located in Hong Kong, London, Mexico City, Sao Paulo, Singapore, Sydney, Tokyo, Melbourne and Toronto and offer products and services that address the varying needs of retail and institutional investors over time. Retail investors have access to MFS' advisory services through a broad selection of financial products including mutual funds, variable annuities, separate accounts, college and retirement savings plans, and offshore investment products. These products are distributed through financial intermediaries that provide sales support, product administration and client services. MFS provides asset management services to institutional clients for corporate retirement plans, separate accounts, public or government funds and insurance company assets. Institutional clients are serviced through a direct sales force and a network of independent consultants. MFS' strategy has expanded in recent years to include institutional product sales. Over the last few years, MFS has initiated several institutionally focused investment products, designed to better meet the market diversification of investment performance linked to an index and investment performance based on the management of investment vehicles.

SLF Asia operates in eight markets, through subsidiaries, joint ventures (JV) and local partners in the Philippines, Hong Kong, Indonesia, India, China, Vietnam, Singapore, and Malaysia. It provides individual life and health insurance as well as group life insurance and savings products in the markets in which it operates as well as pension and retirement products in Hong Kong and India, and mutual funds in the Philippines and India. These protection and wealth management products are distributed to middle and upper income individuals, employer / employee groups and affinity clients. SLF Asia's parent is Sun Life Assurance. The international segment, which was previously held in SLF U.S., was moved to SLF Asia in 2019. International offers individual life insurance products to high net worth clients in international hubs.

The Corporate segment includes the results of SLF U.K and Corporate Support operations that consist of the company's run-off reinsurance business as well as investment income, expenses, capital and other items not allocated to Sun Life Financial's other business segments. Since 2008, SLF began consolidating the results of SLF Reinsurance into Corporate Support as reinsurance business is a closed block that consists of reinsurance assumed from other insurers with coverages of individual disability income, long-term care, group long-term disability and personal accident and medical coverage, as well as guaranteed minimum income and death benefit coverage. The block also includes group long-term disability and personal accident which are 100% retroceded. Discontinued Operations in Corporate relate to Corporate Support only.

	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	CAD (000)	%	CAD (000)	%	CAD (000)	%	CAD (000)	%	%
2019 By Line Business									
Non-Participating Life:									
Individual	1,939,750	8.8	14,483	2.4	837,028	22.3	1,117,205	5.9	57.2
Group	1,862,189	8.4	58,121	9.7	370,664	9.9	1,549,646	8.2	80.7
Non-Participating Annuity:									
Individual	657,367	3.0	2,930	0.5	...	...	660,297	3.5	100.0
Group	2,650,370	12.0	...	...	306,716	8.2	2,343,654	12.4	88.4
Non-Participating Accident and Sickness:									
Individual	507,761	2.3	2,709	0.5	92,377	2.5	418,093	2.2	81.9
Group	8,826,942	40.0	520,276	86.9	1,779,680	47.3	7,567,538	40.1	81.0
Participating	2,902,767	13.2	...	...	135,081	3.6	2,767,686	14.7	95.3
Other	2,701,883	12.3	179	...	237,972	6.3	2,464,090	13.0	91.2
Total	22,049,029	100.0	598,698	100.0	3,759,518	100.0	18,888,209	100.0	83.4

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

Enterprise Risk Management

SLF maintains a strong risk management framework that emanates from the Board of Directors and is reflected throughout the management and employees. This framework highlights six major categories of risk: credit risk, market risk, insurance risk, operational risk, liquidity risk and strategic and business risk. Qualitative and quantitative measures have been set out to control the amount of risk the company is willing to bear with respect to each of these risk categories in aggregate. This risk appetite defines the type and amount of risk SLF is willing to assume in pursuit of its business objectives. The same set of considerations is used in developing business strategy. This risk appetite is laid out in a formal policy that is approved by the Board of Directors. In addition to the company's risk management framework, SLF uses the Financial Condition Test (FTC) process that is required by the regulator to project income and capital for a five-year period based on plausible adverse scenarios. SLF also stress tests the company's earnings and LICAT ratio to key emerging risks and scenarios on a regular basis.

SLF's risk culture is well-defined. Employees at all levels of the organization share a common philosophy and set of values regarding risk. Every employee must feel accountable for achieving the best results for his or her business unit and for SLF as a whole. Business decisions are made at all levels of the organization, and every employee has a role in managing risk, including identification of exposures, and communication and escalation of risk concerns.

SLF's risk philosophy is based on the premise that SLF is in the business of accepting risks for appropriate return. In conducting its business activities, SLF, driven by shareholder and policyholder expectations, external ratings and its positioning in the marketplace, will take on those risks that meet the objectives of the organization. Risk management is aligned with the corporate vision and strategy, and is embedded within the business management practices of every Business Group and Corporate leader.

SLF defines its risk appetite as the level of enterprise-wide risk that the company is willing to assume in pursuit of its business objectives and is used in determining the types and levels of risks that can be assumed in the design and pricing of products offered. It represents a foundational element of the overall Enterprise Risk Management Framework by providing important context to the risk identification, measurement, risk response development, monitoring and control and reporting elements of the framework. SLF has integrated its Risk Appetite and Enterprise Key Risk processes with its Strategic and Business Planning processes.

SLF has developed a list of significant risk categories and sub-categories. These categories reflect the business environment and facilitate consistency in reporting and aggregation. Changes to the risk categories or sub-categories must be approved by the Board of Directors as changes to the Risk Management Framework. The Risk Management Framework outlines six major categories of risk (credit, market, insurance, operational, liquidity and strategic and business risks) and sets out the key risk management processes in the areas of risk appetite, risk identification, risk measurement, risk management, risk monitoring and risk reporting. The Risk Management Framework sets out qualitative and quantitative measures that aim to control the amount of risk the Company will bear in respect of each of these risk categories and in aggregate.

Risk measurement involves determining and evaluating potential risk exposures, and includes a number of techniques such as monitoring key risk indicators, stress testing including sensitivity and scenario analysis, and stochastic modeling.

A robust stress testing program is an essential component of the Company's Risk Management Framework. Stress testing plays an important role in measuring, monitoring, understanding and mitigating the company's risk exposures and ensuring on-going capital adequacy under plausible stress events. Stress testing is performed on earnings, regulatory capital ratios and liquidity which is used to set the company's risk appetite and evaluate risk exposures versus limits and enables us to identify and monitor potential vulnerabilities to key risk drivers and ensure that the company is operating within its risk appetite.

Monitoring processes include oversight by the Board of Directors, which is exercised through four Board committees. Senior management risk oversight is provided primarily through the Executive Risk Committee. The risk oversight is supported through several other Senior Management Committees, each of which focuses on specific risks.

The Senior Management Committees, Board Committees and the Board of Directors review reports that summarize the exposures across the company's principal risks including any changes in risk exposures and trends on a quarterly basis. These committees also review the effectiveness of the mitigation strategies presented in the reports. On annual regular basis, the Board of Directors and the Board Committees review and approve significant changes to key policies for the management of risk and review compliance with these policies.

Reinsurance Summary

On a single life or joint-first-to-die basis retention limit is \$40 million in Canada and is US\$40 million outside of Canada. For survivorship life insurance, maximum global retention limit is \$50 million in Canada and is US\$50 million outside of Canada. In certain markets and jurisdictions retention levels below the maximum are applied. Reinsurance is utilized for numerous products in most business segments, and placement is done on an automatic basis for defined insurance portfolios and on a facultative basis for

Enterprise Risk Management (Continued...)

individual risks with certain characteristics. Reinsurance is used to provide catastrophic mortality and morbidity coverage for the Canadian group benefits business.

Financial Statements

	Year End - December 31			
	2019		2018	
Balance Sheet	CAD (000)	%	CAD (000)	%
Cash and Short Term Investments	5,298,466	1.8	5,356,543	2.0
Bonds	109,817,632	37.4	101,066,881	37.7
Preferred and Common Stock	4,752,219	1.6	4,590,443	1.7
Other Invested Assets	34,712,006	11.8	34,633,042	12.9
Total Cash and Invested Assets	154,580,323	52.7	145,646,909	54.3
Accounts Receivable	1,934,444	0.7	1,622,323	0.6
Reinsurance Recoverables	13,913,465	4.7	12,538,192	4.7
Goodwill and Other Intangible Assets	2,892,801	1.0	2,859,334	1.1
Other Assets	3,191,461	1.1	2,330,978	0.9
Total General Account Assets	176,512,494	60.2	164,997,736	61.6
Segregated Funds Assets	116,917,805	39.8	103,013,870	38.4
Total Assets	293,430,299	100.0	268,011,606	100.0
Gross Actuarial Liabilities	124,144,464	42.3	115,052,791	42.9
Other Contract Liabilities	10,401,327	3.5	10,176,829	3.8
Other Liabilities	23,778,226	8.1	21,801,424	8.1
Total General Account Liabilities	158,324,017	54.0	147,031,044	54.9
Segregated Funds Liabilities	116,917,805	39.8	103,013,870	38.4
Total Liabilities	275,241,822	93.8	250,044,914	93.3
Capital Stock	3,196,684	1.1	3,196,684	1.2
Paid In and Contributed Equity	1,281,170	0.4	1,226,661	0.5
Retained Earnings	11,359,522	3.9	11,251,276	4.2
Accumulated Other Comprehensive Income (Loss)	1,202,766	0.4	1,353,448	0.5
Other Capital and Equity	1,148,335	0.4	938,623	0.4
Total Equity	18,188,477	6.2	17,966,692	6.7
Total Liabilities and Equity	293,430,299	100.0	268,011,606	100.0

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

Year End - December 31

Income Statement CAD (000)	2019	2018
Net Premiums Earned	18,888,209	18,521,065
Net Investment Income	11,441,031	2,442,921
Other Revenue	2,027,207	1,954,653
Total Revenue	32,356,447	22,918,639
Net Policy and Contract Benefits	13,950,926	13,920,033
Net Changes to Actuarial and Contract Liabilities	10,242,845	345,182
Commissions	1,644,247	1,603,278
General and Other Expenses	4,943,157	4,597,575
Net Transfers to (from) Segregated Funds	-436,775	-307,285
Total Benefits and Expenses	30,344,400	20,158,783
Pre-Tax Income	2,012,047	2,759,856
Income Taxes Incurred	45,707	426,523
Income before Attribution to Participating Policyholders and Other Funds	1,966,340	2,333,333
Income Attributable to Participating Policyholders and Other Funds	230,561	297,857
Net Income	1,735,779	2,035,476

Source: BestLink® - Best's Financial Suite
 Local Currency: Canadian Dollar

Sun Life Assurance Company of Canada

Last Update

March 16, 2021

Identifiers

AMB #: 067413

Contact Information

Domiciliary Address:
1 York Street, Toronto, Ontario
M5J 0B6
Canada

Web: www.sunlife.ca

Phone: 416-979-9966

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Operations

Domiciled: Ontario, Canada

Business Type: Life, Annuity, and Accident

Organization Type: Stock

Marketing Type: Career Agent

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [067413 - Sun Life Assurance Company of Canada](#)

Refer to the [Best's Credit Report for AMB# 067413 - Sun Life Assurance Company of Canada](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

AMB#	Rating Unit Members	Best's Credit Ratings	
		Financial Strength Rating	Long-Term Issuer Credit Rating
007101	Sun Life Assur Co of Canada	A+	aa
008474	Sun Life and Health Ins Co US	A+	aa

Corporate Structure

Associated Ultimate Parent: AMB # 050913 - Sun Life Financial Inc.

Based on AM Best's analysis, AMB# 050913 Sun Life Financial Inc. is the AMB Associated Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Management

Directors

William D. Anderson (Chair)

Dean A. Connor

Stephanie L. Coyles

Martin J.G. Glynn

Sara Grootwassink Lewis

Ashok K. Gupta

M. Marianne Harris

James M. Peck

Scott F. Powers

Hugh D. Segal

Directors (Continued...)

Kevin D. Strain

Barbara G. Stymiest

Sun Life Assurance Company of Canada

Last Update

March 22, 2021

Identifiers

AMB #: 007101

AIIN #: AA-1561039

LEI #: 5493002BABWBV2A7Q82

Contact Information

Domiciliary Address:

1 York Street, Toronto, Ontario
M5J 0B6
Canada

Web: www.sunlife.ca

Phone: 416-979-9966

Financial Data Presented

The financial data in this report reflects the most current data available at the time the report was printed.

Operations

Date Incorporated: March 18, 1865 | **Date Commenced:** May 01, 1871

Domiciled: Ontario, Canada

Licensed: (Current since 11/26/2001). The company is licensed in all provinces and territories. It is also licensed in the United States in the District of Columbia, Puerto Rico, U.S. Virgin Islands, AL, AK, AZ, AR, CA, CO, CT, DE, FL, GA, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI and WY. Through its subsidiaries and joint ventures, the company also conducts business in the United Kingdom, Ireland, Hong Kong, the Philippines, Indonesia, India, China, Vietnam, Malaysia, Singapore and Bermuda.

Business Type: Life, Annuity, and Accident

Organization Type: Stock

Marketing Type: Career Agent

Financial Size: XV (\$2 Billion or greater)

Best's Credit Ratings

Rating Relationship

AM Best Rating Unit: [067413 - Sun Life Assurance Company of Canada](#)

Refer to the [Best's Credit Report for AMB# 067413 - Sun Life Assurance Company of Canada](#) for details regarding the rating rationale, credit analysis, and financial exhibits available at the time the credit analysis was performed.

Best's Credit Rating History

AM Best has assigned ratings on this company since 1928. In our opinion, the company has a Superior ability to meet their ongoing insurance obligations and a Superior ability to meet their ongoing senior financial obligations.

The following are the most recent rating events, for longer history refer to [Rating History](#) in BestLink:

Best's Financial Strength Ratings				Best's Long-Term Issuer Credit Ratings		
Effective Date	Rating	Outlook	Action	Rating	Outlook	Action
Current -						
Jan 13, 2021	A+	Stable	Affirmed	aa	Stable	Affirmed
Dec 4, 2019	A+	Stable	Affirmed	aa	Stable	Upgraded
Dec 14, 2018	A+	Stable	Affirmed	aa-	Stable	Affirmed
Dec 19, 2017	A+	Stable	Affirmed	aa-	Stable	Affirmed
Dec 2, 2016	A+	Stable	Affirmed	aa-	Stable	Affirmed

Best's Issue Credit Ratings

AM Best assigns Best's Issue Credit Ratings. Refer to the profile page to view current Issue Ratings for [Sun Life Assur Co of Canada \(AMB#7101\)](#).

Corporate Structure

Ultimate Parent: AMB # 050913 - Sun Life Financial Inc.

Based on AM Best's analysis, AMB# 050913 Sun Life Financial Inc. is the AMB Ultimate Parent and identifies the topmost entity of the corporate structure. Access in BestLink this company's current [Corporate Structure](#).

Management

Officers

Chairman of the Board: William D. Anderson

President and CEO: Dean A. Connor

President: Claude A. Accum (SLF Asia)

President: Daniel R. Fishbein (SLF U.S.)

President: Jacques Goulet (SLF Canada)

President: Stephen C. Peacher (Sun Life Investment Management)

EVP and CFO: Kevin D. Strain

EVP and Chief Information Officer: Mark S. Saunders

EVP and Chief Risk Officer: Colm J. Freyne

EVP and Chief Legal Officer: Melissa J. Kennedy (Public Affairs)

EVP and Chief Human Resource Officer: Carolyn D. Blair (Communications)

EVP: Kevin P. Dougherty (Innovation and Partnerships)

EVP: Linda M. Dougherty (Corporate Strategy & Global Marketing)

Directors

William D. Anderson (Chairman)

Dean A. Connor

Stephanie Coyles

Martin J. G. Glynn

Sara Grootwassink-Lewis

M. Marianne Harris

Christopher J. McCormick

Scott F. Powers

Réal Raymond

Hugh D. Segal

Barbara G. Stymiest

History

Originally incorporated as The Sun Insurance Company of Montreal in 1865, the name was changed in 1871 to Sun Mutual Life Insurance Company of Montreal, and in 1882, the present title Sun Life Assurance Company of Canada (SLA or the Company) was adopted. In 1962, the company was organized as a mutual life insurance company. On March 22, 2000, the company completed its demutualization. Sun Life Financial Inc. (SLF) is the publicly traded holding company for its principal Canadian life insurance subsidiary, SLA and is traded on the major stock exchanges in Toronto, New York and the Philippines.

SLF has made several business transactions to enhance its overall evolving business model.

SLF acquired Clarica Life Insurance Company (Clarica Life) and its wholly owned subsidiary, Clarica Life Insurance Company-U.S. in 2002, as an all-stock transaction valued at approximately \$6.9 billion CAD. Clarica Life Insurance Company-U.S. was subsequently sold in early 2003 and Clarica Life Insurance Company was merged into Sun Life at the end of 2002. At the time of the transaction, based on assets under management, Clarica Life was Canada's fourth largest life insurer with favorable market positions in a number of major Canadian business segments. The consolidation created one of Canada's largest life insurance companies, with very strong market positions in all major protection and wealth accumulation business segments in Canada.

In 2002, SLF acquired an economic interest in CI in exchange for its subsidiary, Spectrum Investment Management Limited (Spectrum), and Clarica Diversico Ltd. (Diversico), the mutual fund subsidiary of Clarica Life.

In 2007, SLF introduced an integrated brand strategy to reduce brand duplication and complexity in the Canadian market. This strategy included retiring the Clarica brand and aligning its career sales force with the Sun Life brand.

On May 31, 2007, the Company completed its acquisition of Genworth Financial Inc.'s U.S. Employee Benefits Group (Genworth EBG Business) for \$725 million. The SLF U.S. group business combined with the Genworth EBG Business and became the SLF Employee Benefits Group, offering customers group life, disability, dental and stop loss insurance, and voluntary worksite products. This

acquisition added scale and scope to the SLF U.S. Employee Benefits Group business and solidified its top ten leadership position in the important U.S. employee benefits industry. In addition, the increased access to markets, broadened product and service offerings and strengthened distribution platform positioned SLF for long-term growth.

On June 22, 2007, the Company purchased approximately two million of additional trust units of CI Financial Income Fund for \$66 million in order to maintain its existing combined interest in CI Financial Income Fund and Canadian International LP (collectively, CI Financial). SLF's interest in CI Financial had decreased slightly as a result of CI Financial's purchase of Rockwater Capital Corporation in the second quarter of 2007.

On November 7, 2007, the Company sold the U.S. subsidiaries that comprised of the Independent Financial Marketing Group business to LPL Holdings, Inc. The sale had no material effect on the 2007 financial results.

On February 29, 2008, the Company sold Sun Life Retirement Services (U.S.), Inc., a 401(k) plan administration business in the United States, to The Hartford Financial Services LLC (Hartford). The sale had no material effect on the 2008 financial results. The sale price was \$47 million. Hartford acquired over 400 employees, \$17 billion in AUM across roughly 6,000 plans and 465,000 plan participants.

On December 12, 2008, SLF sold its 37% interest in CI Financial Income Fund to Bank of Nova Scotia for \$2.2 billion CAD. The proceeds included \$1.55 billion CAD in cash and the balance in common and preferred shares of Bank of Nova Scotia.

On July 15, 2009, SLF and CIMB Group received regulatory approval to form a joint venture to distribute SFL's life, accident and health insurance products through the 600-plus retail branches of PT Bank CIMB Niaga in Indonesia.

On July 29, 2009, the Company announced the restructuring of its insurance JV in China. During the third quarter of 2010, SLF repositioned the company in China when it completed its restructuring initiatives, reducing its ownership from 50% to about a 24.9% interest. SLF will continue to provide its international governance, risk management and actuarial expertise and standards to Sun Life Everbright. The repositioning of Sun Life Everbright as a domestic insurer in the market will provide additional avenues of growth in China's financial services market and enable the company to fully leverage China Everbright Bank's broad distribution capabilities.

On October 1, 2009, the Company completed the acquisition of the United Kingdom operations of Lincoln National Corporation for \$387 million. The purchase price was subject to adjustment related to market and business performance prior to October 1, 2009. There were no material adjustments to the purchase price allocation of 2010. The acquisition increased Sun Life U.K.'s assets under management over 60% to \$20 billion and doubled the number of policies in force to 1.1 million.

On December 31, 2010, the Company completed the sale of its reinsurance business to Berkshire Hathaway Life Company of Nebraska.

On October 25, 2011, SLF completed the acquisition of 49% of Grepalife Financial Inc., a Philippine life insurance company. The new joint venture includes an exclusive bancassurance relationship with the Yuchengco-owned Rizal Commercial Banking Corporation, which serves two million customers in more than 350 branches nationwide.

On November 8, 2011, McLean Budden Limited became the wholly owned subsidiary of MFS Investment Management and added approximately \$30 billion to MFS's assets under management. The combined assets under management of MFS and McLean Budden are C\$261 billion (US\$253 billion). McLean Budden now operates as MFS Investment Management Canada Limited.

In May 2012, the Company entered into an agreement with PVI Holdings to form PVI Sun Life Insurance Company Limited in Vietnam, a joint venture life insurance company, and received its license to operate from the Ministry of Finance of Vietnam in January 2013.

On December 17, 2012, the Company entered into a definitive stock purchase agreement to sell its U.S. annuities business and certain U.S. life insurance businesses (the "U.S. Annuity Business"), including all of the issued and outstanding shares of Sun Life Assurance Company of Canada (U.S.). The U.S. Annuity Business includes domestic U.S. variable annuity, fixed annuity and fixed indexed annuity products, corporate and bank-owned life insurance products and variable life insurance products. The transaction was completed in August 2013.

In January 2013, SLF entered into a strategic partnership with Khazanah Nasional Berhad to acquire 98% of each of CIMB Aviva Assurance Berhad and CIMB Aviva Takaful Berhad (together, "CIMB Aviva") in Malaysia. The transaction was completed in April 2013. As a result, Sun Life Assurance acquired a 49% interest in CIMB Aviva. The names of the CIMB Aviva entities were subsequently changed to Sun Life Malaysia Assurance Berhad and Sun Life Malaysia Takaful Berhad respectively.

In 2014, SLF established Sun Life Investment Management Inc. (SLIM) in Canada. SLIM was created to help Canadian pension funds and other investors seeking additional yield in a low return environment by giving them access to SLF's investments in commercial mortgages, private fixed income and real estate, as well as liability-driven investment (LDI) capabilities.

In April 2015, SLF acquired the New York-based firm Ryan Labs Inc. (Ryan Labs), specializing in liability-driven investment (LDI) and total return fixed income strategies, and adding \$5.1 billion under management and expanding SLF's footprint in the U.S. This purchase is anticipated to build the business overseeing bonds for investors including pension funds and institutional clients.

In July 2015, SLF acquired Prime Advisors, Inc. (Prime), an investment management firm specializing in customized fixed income portfolios, primarily for U.S. insurance companies. As of May 31, 2015, Prime had approximately US\$13 billion in assets under management on behalf of clients.

In September 2015, SLF acquired the Bentall Kennedy group of companies, a real estate investment manager operating in Canada and the U.S., which provides specialized real estate investment management and real estate services, including property management and leasing. At the end of the first quarter 2015, Bentall Kennedy had assets under management of \$27 billion and provided real estate service across 91 million square feet of properties.

In September 2015, SLF announced an agreement with Assurant, Inc. (Assurant) to acquire Assurant's employee benefits business for a net investment of US\$975 million. The transaction will significantly increase the size and scale of the SLF U.S. Group Benefits business, growing business in-force by more than 50%. The transaction closed on March 1, 2016.

In November 2015, the Company announced the acquisition of an additional ownership interest in its Vietnam joint venture, PVI Sun Life Insurance Company Limited, from PVI Holdings, increasing its ownership to 75% from 49%. The transaction closed on January 8, 2016.

In December 2015, SLF announced the acquisition of an additional ownership interest in its India Insurance joint venture, Birla Sun Life Insurance Company Limited, from Aditya Birla Nuvo Limited, increasing its ownership to 49% from 26%. The transaction closed on April 11, 2016.

In March 2016, SLF announced the acquisition of the remaining 51% of PT CIMB Sun Life (CSL), an Indonesian life insurance company, from its long-term partner, CIMB Group. The transaction closed on July 1, 2016 and resulted in SLF owning 100% of CSL. CSL transferred all of its portfolios to PT. Sun Life Financial Indonesia in September 2016 and ceased to be an active life insurance company in December 2016. The name of CSL was subsequently changed to PT. Cakrawala Solusi Lintas.

In August 2016, SLF announced the acquisition of the remaining 25% of PVI Sun Life Insurance Company Limited (PVI Sun Life) from PVI Holdings. The transaction closed on November 9, 2016 and the name of PVI Sun Life was changed to Sun Life Vietnam Insurance Company Limited.

In March 2017, SLF announced that Sun Life Vietnam Insurance Company Limited ('Sun Life Vietnam') had entered into a 3-year partnership agreement with Global Online Financial Solutions Limited ("GOFIS"), one of the fastest-growing and leading Fintech providers in Vietnam which operates the first digital banking platform in Vietnam under the "Timo" brand. Under the partnership, Timo will be able to offer life and health insurance products to its members. Moreover, Timo's members will be able to access Sun Life Vietnam's products directly via the bank's mobile application.

In April 2017, the U.S. business group of SLF entered into an agreement to acquire The Premier Dental Group, Inc. (PDG), a Minnesota-based dental network that offered one of the strongest dental preferred provider networks (PPOs) in the state, as well as network offerings in Florida, Wisconsin, Missouri and several other Midwestern states. The transaction was closed on June 1, 2017. Sun Life has become the insurer with the largest PPO dental network in the U.S. with the launch of new proprietary Sun Life Dental Network (that includes PDG dental network), which has approximately 125,000 unique providers.

On January 2, Sun Life Global Investments (Canada) Inc. purchased all of the outstanding shares of Excel Funds Management Inc. and Excel Investment Counsel Inc., expanding Sun Life's product suite into emerging market funds

In June 2018, SLF announced the establishment of SLC Management. SLC Management combines Sun Life's affiliated fixed income institutional asset management businesses - Prime Advisors, Ryan Labs Asset Management and Sun Life Institutional Investments (U.S. and Canada) - as well as Sun Life's general account, into a new autonomous asset management business. SLC Management also replaced the Sun Life Investment Management brand globally. With \$212 billion (US\$159 billion) in combined assets under management as of March 31, 2019, SLC Management provides its more than 1,000 institutional clients with a full range of yield-oriented investment solutions across public and private fixed income asset classes as well as global real estate equity and debt.

In July 2019, SLF announced the completion of its acquisition of a majority state in BentallGreenOak. BentallGreenOak became the real estate pillar of the institutional asset management business, SLC Management, a top 100 global asset management firm.

On October 17, 2019, SLF entered into a 15-year bancassurance partnership with Tien Phong Commercial Bank ("TPBank"). The agreement combines TPBank's distribution network with Sun Life's market-leading life insurance products, giving 2.5 million TPBank customers access to a comprehensive range of innovative insurance solutions.

On July 1, 2020, SLF acquired 80% of InfraRed Capital Partners ("InfraRed"), a UK-based global infrastructure and real estate investment manager, as well as the ability to acquire the remaining interest in the future. InfraRed will form part of SLC Management, SLF's alternative asset management business. InfraRed's infrastructure platform focuses on value-add investing in both greenfield and brownfield assets worldwide across social, transportation, and renewable energy sectors; while InfraRed's real estate platform is a combination of European and Asian value-add strategies. This acquisition provided SLC Management with capabilities in infrastructure equity, a fit with SLC Management's mission to provide a broad spectrum of solutions built on alternative asset classes and liability-driven investing strategies. InfraRed has approximately \$16.3 billion in AUM as at December 31, 2020.

On November 18, 2020, SLF through its subsidiary Sun Life Vietnam Insurance Company Limited (Sun Life Vietnam) and Asia Commercial Joint Stock Bank (ACB) have formed a 15-year exclusive bancassurance partnership in Vietnam. Launched January 1, 2021, the partnership combines ACB's extensive distribution network of 371 branches with Sun Life Vietnam's competitive and comprehensive life insurance solutions.

On January 1, 2021, Sun Life Vietnam Insurance Company Limited, SLF's subsidiary, and Asia Commercial Joint Stock Bank ("ACB") launched a 15-year exclusive bancassurance partnership in Vietnam.

On January 5, 2021, SLF completed the acquisition of a majority stake of Crescent, a U.S.-based global alternative credit investment manager. Crescent will form part of Asset Management business segment. The acquisition extends SLC Management's solutions in alternative credit, which will benefit existing and prospective Clients. Crescent has more than 180 partners and employees and approximately \$39.1 billion in AUM (US\$30.7 billion), as at December 31, 2020.

In February 2021, SLF through Sun Life Hong Kong Limited (Sun Life HK) completed the last stage of the acquisition of Occupational Retirement Schemes Ordinance (ORSO) business of FWD Life Insurance Company (Bermuda) Limited (FWD). The transaction, announced in August 2016, involved a stage-wise acquisition of the pension business of FWD, consisting of the business of Mandatory Provident Fund (MPF) and Occupational Retirement Schemes Ordinance (ORSO). Sun Life HK and FWD also entered into an exclusive 15-year distribution agreement that allowed Sun Life HK to distribute its pension products at the time of the transaction announcement.

Corporate Changes

Date	Event Type	Company Name	Current Company Name	Corporate Changes Text
00/00/1882	Name Change	Sun Mutual Life Assurance Company of Montreal	Sun Life Assurance Company of Canada	This company changed its name to Sun Life Assurance Company of Canada during 1882.
00/00/1871	Name Change	The Sun Insurance Company of Montreal	Sun Life Assurance Company of Canada	This company changed its name to Sun Mutual Life Assurance Company of Montreal during 1871.

Search for this company in [Corporate Changes](#) in BestLink to review previous changes.

Regulatory

Auditor: Deloitte LLP

The 2020 annual independent audit of the company was conducted by Deloitte LLP.

Financial Statements

Financial Statements reflected were compiled from the most recent company-filed statement available in BestLink - Best's Statement File - L/H, Canada. Access [Statement Pages in Excel](#) available in BestLink.

Currency: CAD

Company's local Currency: Canadian Dollar

Year End - December 31

	2019		2018	
	CAD (000)	%	CAD (000)	%
Balance Sheet				
Cash and Short Term Investments	2,846,604	1.1	3,100,167	1.3
Bonds	67,897,029	26.3	62,567,246	26.5
Preferred and Common Stock	3,572,943	1.4	3,679,485	1.6
Other Invested Assets	42,031,650	16.3	41,678,618	17.7
Total Cash and Invested Assets	116,348,226	45.1	111,025,516	47.0
Accounts Receivable	7,036,384	2.7	6,946,506	2.9
Reinsurance Recoverables	30,892,642	12.0	27,660,370	11.7
Goodwill and Other Intangible Assets	1,683,707	0.7	1,719,089	0.7
Other Assets	2,418,244	0.9	1,773,179	0.8
Total General Account Assets	158,379,203	61.4	149,124,660	63.2
Segregated Funds Assets	99,741,169	38.6	86,883,237	36.8
Total Assets	258,120,372	100.0	236,007,897	100.0
Gross Actuarial Liabilities	110,581,765	42.8	103,054,491	43.7
Other Contract Liabilities	6,390,979	2.5	6,102,592	2.6
Other Liabilities	23,390,406	9.1	22,133,717	9.4
Total General Account Liabilities	140,363,150	54.4	131,290,800	55.6
Segregated Funds Liabilities	99,741,169	38.6	86,883,237	36.8
Total Liabilities	240,104,319	93.0	218,174,037	92.4
Capital Stock	3,196,684	1.2	3,196,684	1.4
Paid In and Contributed Equity	1,281,170	0.5	1,226,661	0.5
Retained Earnings	11,359,522	4.4	11,251,276	4.8
Accumulated Other Comprehensive Income (Loss)	1,202,766	0.5	1,353,448	0.6
Other Capital and Equity	975,911	0.4	805,791	0.3
Total Equity	18,016,053	7.0	17,833,860	7.6
Total Liabilities and Equity	258,120,372	100.0	236,007,897	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Year End - December 31

Income Statement CAD (000)

	2019	2018
Net Premiums Earned	14,178,242	14,475,661
Net Investment Income	7,838,736	2,594,869
Other Revenue	2,144,489	1,664,234
Total Revenue	24,161,467	18,734,764
Net Policy and Contract Benefits	11,553,128	11,648,364
Net Changes to Actuarial and Contract Liabilities	6,434,462	279,219
Commissions	712,292	711,750
General and Other Expenses	4,058,594	3,850,539
Net Transfers to (from) Segregated Funds	-436,775	-307,285
Total Benefits and Expenses	22,321,701	16,182,587
Pre-Tax Income	1,839,766	2,552,177
Income Taxes Incurred	-80,431	229,795
Income before Attribution to Participating Policyholders and Other Funds	1,920,197	2,322,382
Income Attributable to Participating Policyholders and Other Funds	170,236	286,033
Net Income	1,749,961	2,036,349

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Financial Results

Financial exhibits presented in this report provide calculated ratios using the most recent company-filed statements available in BestLink - Best's Statement File – L/H, Canada.

Currency: CAD

Company's local Currency: Canadian Dollar

Key Financial Indicators

Year End - December 31

Key Financial Indicators CAD (000)

	2019	2018	2017	2016	2015
Assets:					
General Account	158,379,203	149,124,660	144,367,320	143,736,105	137,742,962
Segregated Funds	99,741,169	86,883,237	88,961,692	81,184,549	73,961,128
Total Assets	258,120,372	236,007,897	233,329,012	224,920,654	211,704,090
Liabilities:					
Actuarial Liabilities:					
Non-Participating Life	12,199,355	10,684,898	10,613,836	10,025,989	9,111,075
Non-Participating Annuity	23,811,722	21,690,994	20,742,655	20,001,362	18,904,964
Non-Participating Accident & Sickness	11,812,454	10,332,855	9,670,883	9,087,557	8,539,012
Participating	23,419,083	20,994,240	20,820,535	19,942,009	19,364,338
Total Canada	71,242,614	63,702,987	61,847,909	59,056,917	55,919,389
Out of Canada	39,339,151	39,351,504	37,606,638	38,601,438	37,868,355
Other Contract Liabilities	6,390,979	6,102,592	5,841,672	5,697,582	5,413,083
Other Liabilities, including Segregated Funds	123,131,575	109,016,954	111,206,994	104,963,114	96,185,347
Total Liabilities	240,104,319	218,174,037	216,503,213	208,319,051	195,386,174
Equity	18,016,053	17,833,860	16,825,799	16,601,603	16,317,916
Net Income	1,749,961	2,036,349	1,576,096	1,701,650	1,786,622
Net Premiums	14,178,242	14,475,661	9,576,244	9,213,746	7,105,502
Net Investment Income	7,838,736	2,594,869	5,236,433	5,594,628	2,982,972

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Year End - December 31

Key Financial Ratios (%)

	2019	2018	2017	2016	2015	Weighted Average
Operating Return on Net Premiums	13.5	16.0	18.7	21.0	25.4	17.9
Operating Return on Equity	10.7	13.4	10.7	11.7	11.8	11.7
Pre-Tax Investment Total Return	7.2	2.5	5.1	5.5	3.1	4.6
Leverage						
General Account Liabilities to Equity	7.8	7.4	7.6	7.7	7.4	...
Mortgages and Investment Properties to Equity	121.9	124.8	125.7	121.4	117.1	...
Liquidity Analysis						
Current Liquidity	59.8	59.5	59.7	60.2	61.0	...

Source: BestLink® - Best's Financial Suite

Balance Sheet Highlights

Year End - December 31

Capital Generation Analysis CAD (000)

	2019	2018	2017	2016	2015
Beginning Equity	17,833,860	16,825,799	16,601,603	16,317,916	14,095,965
Net Income	1,749,961	2,036,349	1,576,096	1,701,650	1,786,622
Net Unrealized Capital Gains (Losses) in AOCI	239,308	-116,335	138,856	42,811	16,764
Net Change in Paid In Capital and Equity	54,509	53,404	53,793	53,348	53,502
Stockholder Dividends	1,630,860	1,830,860	1,230,860	880,860	730,860
Other Changes in Equity	-390,106	563,913	-583,462	-832,076	1,036,740
Net Change in Equity	182,193	1,008,061	224,196	283,687	2,221,951
Ending Equity	18,016,053	17,833,860	16,825,799	16,601,603	16,317,916
Net Change in Equity (%)	1.0	6.0	1.4	1.7	15.8
Net Change in Equity (5 Yr CAGR)	5.0	...	...	...	...

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Asset Liability Management | Investments

Year End - December 31

	2019	2018	2017	2016	2015
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Composition of Cash and Invested Assets

Total Cash and Invested Assets CAD (000)	116,348,226	111,025,516	106,908,038	106,674,806	102,826,955
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Composition Percentages (%)

Unaffiliated:

Cash and Short Term Investments	2.4	2.8	3.4	3.6	4.4
Bonds	58.4	56.4	55.0	54.3	54.3
Stocks	3.1	3.3	4.6	4.6	4.3
Mortgage Loans	13.2	14.0	13.6	13.4	13.1
Other Invested Assets	12.4	12.5	12.5	13.3	12.9
Total Unaffiliated	89.5	89.0	89.2	89.1	89.0
Investments in Affiliates	10.5	11.0	10.8	10.9	11.0
Total	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Operating Performance Highlights

Year End - December 31

Net Premiums by Line of Business CAD (000)

	2019	2018	2017	2016	2015
Life:					
Individual	3,960,082	3,778,719	3,434,207	3,535,963	3,565,807
Group	1,493,266	1,490,836	1,191,871	1,193,140	660,537
Annuity:					
Individual	371,138	311,823	264,737	226,599	248,676
Group	472,465	470,153	443,145	473,661	470,814
Accident and Sickness:					
Individual	415,384	395,262	368,123	334,078	302,466
Group	7,465,483	8,020,772	3,873,974	3,450,141	1,857,202
Other	424	8,096	187	164	...
Total	14,178,242	14,475,661	9,576,244	9,213,746	7,105,502

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Business Profile Highlights

2019 By Line Business	Direct Premiums Written		Reinsurance Premiums Assumed		Reinsurance Premiums Ceded		Net Premiums Written		Business Retention
	CAD (000)	%	CAD (000)	%	CAD (000)	%	CAD (000)	%	%
Life:									
Individual	5,404,482	27.6	3,549	0.6	1,447,949	24.0	3,960,082	27.9	73.2
Group	1,772,879	9.0	70,581	11.3	350,194	5.8	1,493,266	10.5	81.0
Annuity:									
Individual	657,370	3.4	14,849	2.4	301,081	5.0	371,138	2.6	55.2
Group	2,650,370	13.5	15,918	2.5	2,193,823	36.3	472,465	3.3	17.7
Accident and Sickness:									
Individual	507,761	2.6	...	...	92,377	1.5	415,384	2.9	81.8
Group	8,599,403	43.9	520,334	83.2	1,654,254	27.4	7,465,483	52.7	81.9
Other	424	...	...	...	...	...	424	...	...
Total	19,592,689	100.0	625,231	100.0	6,039,678	100.0	14,178,242	100.0	70.1

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

Historical Market Presence

Geographic Breakdown by Direct Premiums Written CAD (000)

	2019	2018	2017	2016	2015
Ontario	6,623,352	6,025,627	5,659,036	4,902,423	4,330,344
Out of Canada	5,488,355	4,730,164	4,793,609	4,736,224	4,354,989
Quebec	2,922,385	2,774,454	2,307,252	2,413,111	2,123,830
Alberta	1,538,080	1,518,909	1,390,587	1,265,165	1,264,026
British Columbia	1,499,969	1,592,372	1,253,039	1,304,120	1,085,580
Saskatchewan	362,665	376,784	316,716	294,926	266,095
New Brunswick	353,363	182,428	170,704	166,608	389,972
Manitoba	262,601	335,017	216,167	216,943	413,253
Nova Scotia	261,777	245,696	251,201	211,834	282,386
Newfoundland and Labrador	157,662	140,152	139,408	132,017	260,554
All Other	122,056	132,261	123,112	106,570	143,909
Total	19,592,265	18,053,864	16,620,831	15,749,941	14,914,938

Source: BestLink® - Best's Financial Suite
Local Currency: Canadian Dollar

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