



SUN LIFE ASSURANCE COMPANY OF CANADA

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AMB #: 067413

NAIC #: N/A

FEIN #: N/A

Phone: 416-979-9966

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SUN LIFE ASSURANCE COMPANY OF CANADA

A+

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Best's Credit Rating Effective Date

April 03, 2025

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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)

A+
Superior
Outlook: Stable
Action: Affirmed

Issuer Credit Rating (ICR)

aa
Superior
Outlook: Stable
Action: Affirmed

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**

- Strongest level of risk-adjusted capitalization, as measured by Best's Capital Adequacy Ratio (BCAR), which has been maintained at a favorable level historically; also evidenced by higher LICAT ratios in most recent years above peers.
- The favorable balance sheet strength assessment is bolstered further by the support of the ultimate parent, Sun Life Financial Inc., which has maintained financial leverage and interest coverage at target levels and has the ability to provide capital in a hypothetical stress scenario if ever needed.
- The group maintains a strong liquidity profile supported by positive earnings and a highly liquid investment portfolio backed by highly rated bonds and strong credit performance in its mortgage-related exposure.

Operating Performance: **Strong**

- The group has a long history of producing favorable operating results from multiple lines of business despite some volatility related to managing a complex global organization that is sensitive to macroeconomic changes.
- With the exception of a few rare outlier years, the investment performance of the group over the long term has provided the organization with a stable stream of consistent earnings with both investment returns and net investment results showing notable growth in recent years.
- Revenue growth remains positive; even after a substantial increase in sales during the pandemic, Sun Life has continued to build upon already top market positions in multiple products coupled with prudent expense management to generate favorable earnings.

Business Profile: **Favorable**

- Sun Life has several leading market share positions in various products and jurisdictions within the United States, Canada, and Asian marketplaces.
- The organization has been able to demonstrate the ability to expand in various markets through multiple distribution channels with a diversified range of products.
- Execution risk in regard to ongoing growth and expansion initiatives, particularly in the United States and Asia, remain a primary risk to its overall business profile, especially given current geopolitical concerns.

Enterprise Risk Management: **Very Strong**

- The group's ERM program is considered a competitive advantage and is heavily supported by both quantitative and qualitative measures. Active monitoring of these measures coupled with a risk-aware culture allows the framework to be embedded within all levels of the organization.
- The group conducts an array of stress tests above and beyond that which are required by regulators including impacts on earnings, capital, and liquidity. Excess capital buffer has been enhanced in most recent years, adding additional security in the event of a macroeconomic downturn.
- Given the international footprint of the organization, a highly sophisticated and integrated ERM program is required within its operations and to date has been successful.

Outlook

- The stable outlooks reflect the expectation that the group 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 metrics.
- Negative rating action could occur if there is a substantial deterioration in risk-adjusted capitalization.
- Negative rating action could occur if the holding company's financial leverage or interest coverage metrics were to substantially deteriorate.
- While unlikely over the near term, positive rating action may occur by expansion resulting in dominant market positions outside of Canada, enhancing the overall profile of Sun Life.

Key Financial Indicators

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

Confidence Level	95.0	99.0	99.5	99.6
BCAR Score	54.4	35.5	28.4	26.4

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

Key Financial Indicators	Year End - December 31				
	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Total Insurance Services Revenue	17,843,390	16,973,932	...	...	...
Net Premiums Written	...	...	20,504,031	21,145,136	18,888,209
Net Income	2,251,831	1,852,185	2,978,114	1,406,916	1,735,779
Total Assets	312,298,240	303,686,109	339,285,048	322,625,850	293,430,299
Equity	19,484,235	19,907,432	23,750,614	21,708,698	18,188,477

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Key Financial Indicators & Ratios	Year End - December 31					5-Year Average
	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)	
Profitability:						
(Re)Insurance and Investment Result	2,001,211	1,108,966	...	...	...	...
Net Income Return on Revenue (%)	12.6	10.9	10.8	4.1	5.4	7.9
Net Income Return on Equity (%)	13.3	10.7	14.0	7.3	9.6	11.0
Leverage:						
General Account Liabilities to Equity (%)	8.4	8.0	7.4	8.1	8.7	8.1

Source: BestLink® - Best's Financial Suite

Credit Analysis

Balance Sheet Strength

Capitalization

The balance sheet strength of SLA is considered to be at the strongest level on a consolidated basis relative to its current insurance and investment risks. In addition, SLA has recently improved to a strongest level of risk-adjusted capitalization per Best's Capital Adequacy Ratio model. 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, limited recourse capital notes, 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.

The group's regulatory capital consists primarily of common equity along with a moderate mix of preferred equity, SLEECs (Sun Life Exchangeable Securities), and subordinated debt. The increase in total capital over time has primarily been the result of profitable operations.

Through Sun Life Capital Trust, SLA has only one outstanding SLEEC at Year End 2024 (SLEECs Series B). The 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 AM Best believes provides the company with increased capital flexibility.

Balance Sheet Strength (Continued...)

	Year End - December 31				
Capital Generation Analysis	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Beginning Equity	19,908,555	18,474,670	21,708,698	18,188,477	17,966,692
Net Income	2,251,831	1,852,185	2,978,114	1,406,916	1,735,779
Total Other Comprehensive Income (Loss)	-247,762	-506,682	...	...	...
Change in Paid-In Capital	522,698	672,533	1,362,904	547,904	54,509
Pre-Tax Operating Income	...	...	5,515,761	-3,860,560	-4,711,223
Net Realized Capital Gains (Losses)	...	...	133,669	161,747	377,370
Income Taxes	...	...	326,495	129,840	45,707
Net Unrealized Capital Gains (Losses)	...	...	-2,232,634	5,924,787	6,788,442
Stockholder Dividends	-2,788,012	-432,228	1,880,860	1,280,875	1,630,860
Other Changes in Equity	-163,075	-153,046	-530,429	2,157,058	-610,746
Net Change in Equity	-424,320	1,432,762	2,041,916	3,520,221	221,785
Ending Equity	19,484,235	19,907,432	23,750,614	21,708,698	18,188,477
of which Minorities/Non-Controlling	2,602,086	2,659,033	2,477,748	2,494,473	57,293
Change in Equity (%)	-2.1	7.8	9.4	19.4	1.2
Change in Net CSM	1,090,912	983,318	...	...	...

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Note: 2023 IFRS Other Changes in Equity includes transfers from and to retained earnings and Par account and other equity changes.

	Year End - December 31				
Liquidity Analysis (%)	2023 - IFRS 17	2022 - IFRS 17	2021	2020	2019
Liquid Assets to Total Liabilities	15.1	...	82.6	82.1	79.0
Total Investments to Total Liabilities	49.2	49.7	55.2	56.9	55.2

Source: BestLink® - Best's Financial Suite

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 represent the largest portion 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 one-third 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 diversified by type including multi-family, office, retail, industrial and other. Given more recent concerns with office real estate, the company has reduced its exposure to office type properties over the previous several years. 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 five 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.

Balance Sheet Strength (Continued...)

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 guarantees.

	Year End - December 31				
Composition of Cash and Invested Assets	2023 - IFRS 17 CAD (000)	2022 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Total Cash and Invested Assets	151,385,105	169,930,354	176,820,071	174,514,488	154,580,323
Cash (%)	5.5	4.2	4.0	4.7	3.4
Bonds (%)	74.7	67.0	68.9	69.9	71.0
Stocks (%)	4.6	4.1	4.6	3.8	3.1
Real Estate, Mortgage and Loans (%)	15.9	...	...	...	...
Mortgage Loans (%)	...	9.0	8.8	8.8	10.3
Other Invested Assets (%)	4.9	14.8	12.8	11.9	11.2
Total Cash and Unaffiliated Invested Assets (%)	100.0	99.1	99.1	99.1	99.0
Investments in Affiliates (%)	...	0.9	0.9	0.9	1.0
Total Cash and Invested Assets (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Note: Prior to 2023, Other Invested Assets (%) includes Real Estate

	Year End - December 31				
Bonds - Distribution by Issuer	2023 - IFRS 17 CAD (000)	2022 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Bonds	113,071,851	113,791,949	121,862,885	121,999,516	109,817,632
Federal Government (%)	12.4	23.5	27.0	28.0	28.6
Provincial and State (%)	11.7	...	...	...	...
Municipal, Public Authority (%)	7.5	11.6	10.7	11.0	11.4
Corporate:					
Investment Grade (%)	66.2	62.7	60.2	58.4	58.6
Below Investment Grade (%)	2.2	2.2	2.2	2.6	1.4
Total Bonds (%)	100.0	100.0	100.0	100.0	100.0

Source: BestLink® - Best's Financial Suite

Holding Company Assessment

The holding company, Sun Life Financial Inc. (SLFI) is viewed as a positive factor in the assessment of SLF. SLFI maintains positive metrics including unadjusted financial leverage under 30%, interest coverage over 6 times, and significant total equity of over \$26 billion for year-end 2024 under IFRS 17 reporting. The company has the ability to access the capital markets, which increases financial flexibility of entities enterprise wide. SLFI has nearly \$14 billion of cash and short-term investments at year-end 2024 and maintained a favorable LICAT ratio of 152%. The consolidated financials for year-end 2024 report that SLFI produced a net income of over \$3 billion driven by substantial fee income and growth in both the net insurance service result and net investment result from the prior year.

Operating Performance

Insurance revenue for year-end 2023 rose to CAD 17.8 billion, an increase of just over 5% from the previous year. Net insurance service result for the year saw even more favorable growth to CAD 2.25 billion, up over 13% from 2022. Favorable results were also achieved in the groups investments as the net investment result for the year nearly doubled from the prior to CAD 1.58 billion. Slightly offsetting these gains in 2023 was lower net fee income of CAD 1.75 billion, down from CAD 2.13 billion in 2022. Available results through 2024 suggest another favorable year with growth in fee income, us medical stop loss, wealth, and individual protection sales in particular.

The group reported year-end 2023 IFRS 17 net income from operations of CAD 2,252 million in 2023, compared to CAD 1,852 million in 2022 which were restated under the IFRS 17 accounting regime. The results for 2023 represent an operating return on equity of just

Operating Performance (Continued...)

over 14%. This is above the group's 3 and 5 year average total returns on equity. Earnings through 3Q 2024 remain favorable with overall profitability trending towards further improvement from year-end 2023 results.

	Year End - December 31				
Financial Performance Summary	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Pre-Tax Income	2,406,148	2,072,008	3,639,640	1,819,816	2,012,047
Net Income excl Non-Controlling Interests	2,251,831	1,852,185	2,978,114	1,406,916	1,735,779
Source: BestLink® - Best's Financial Suite					
Local Currency: Canadian Dollar					

	Year End - December 31				
Operating and Performance Ratios (%)	2023 - IFRS 17	2022 - IFRS 17	2021	2020	2019
Return on Assets	1.4	1.2	1.8	0.9	1.1
Return on Equity	13.3	10.7	14.0	7.3	9.6
Return on Equity (Life CSM as Equity)	8.2	7.2	...	...	...
Pre-Tax to Net Insurance Services Revenue	13.5	12.2	...	...	...
Pre-Tax to Net Premiums Written	...	...	17.8	8.6	10.7
Change in CSM	10.7	10.6	...	...	...
Source: BestLink® - Best's Financial Suite					

	Year End - December 31				
Total Insurance Services Revenue by Line of Business	2023 - IFRS 17 CAD (000)	2022 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Non-Participating Life US & CAD:					
Individual	2,519,468	1,636,829	1,577,888	1,539,912	1,535,298
Group	11,435,810	9,344,772	8,490,755	8,509,852	9,117,184
Non-Participating Annuity US & CAD:					
Individual	441,250	788,086	612,194	841,898	660,297
Group	1,462,749	2,854,308	2,982,618	2,459,766	2,343,654
Participating	285,804	3,779,732	3,362,555	2,943,459	2,767,686
Other	...	3,427,099	3,478,021	4,850,249	2,464,090
Europe, Asia and Other Countries	1,698,309	...	...	...	...
Total	17,843,390	21,830,826	20,504,031	21,145,136	18,888,209

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Note: 2022 and prior represents premiums

Note: 2022 and prior Europe, Asia and Other Countries is included in Other

	Year End - December 31				
Net Income by Line of Business	2023 - IFRS 17 CAD (000)	2022 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Non-Participating Life US & CAD:					
Individual	129,281	64,176	687,314	-194,069	-79,110
Group	959,897	686,333	455,715	754,432	506,642
Non-Participating Annuity US & CAD:					
Individual	127,715	103,355	205,167	-109,814	123,217
Group	223,989	338,519	368,912	256,698	325,631
Participating	147,024	229,262	305,783	270,074	221,508
Other	-226,778	46,314	-226,872	-367,299	-160,786
Europe, Asia and Other Countries	890,703	637,569	1,517,126	1,079,954	1,029,238
Total	2,251,831	2,105,528	3,313,145	1,689,976	1,966,340

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). To further support this business SLF acquired Dialogue Health Technologies Inc., a Canadian-based health and wellness virtual care platform in October 2023.

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 in 2016, 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 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.

In June 2022 Sun Life acquired DentaQuest for just under \$2.5 billion to become the top dental carrier in government programs within the U.S. while allowing for further opportunities to grow in the commercial dental space. The company projects that by the end of 2024 the integration of systems and conversion of Sun Life dental clients to the DentaQuest claims platform will be complete.

Prior to 2019 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. Since 2019 the group's global asset management pillar has been managed by SLC Management, an institutional investment management business focused on LDI, alternative fixed income, and global real estate solutions. SLF has an extensive history of acquisitions over the years that 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,

Business Profile (Continued...)

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 outside of the U.S. and Canada.

The Corporate segment includes the results of 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.

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.

Enterprise Risk Management (Continued...)

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

Environmental, Social & Governance

AM Best believes that there is low risk to ESG factors at this time and that the company has been active in the area to remain ahead of peers. Credit quality, investment risk, and underwriting activities are viewed as having limited ESG risk. Despite this limited risk to date SLF maintains a focus on sustainable investing and other initiatives related to ESG.

Rating Lift/Drag

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 Statements
Year End - December 31

Balance Sheet	2023 - IFRS 17 CAD (000)	%	2022 - IFRS 17 CAD (000)	%
Cash and Cash Equivalents	7,325,325	2.3	5,693,126	1.9
Investments	144,059,780	46.1	141,000,467	46.4
Financial Instrument Derivative Assets	2,901,795	0.9	2,040,884	0.7
Insurance Contract Assets	183,426	0.1	75,078	...
Reinsurance Contract Held Assets	5,858,136	1.9	6,181,802	2.0
Goodwill and Intangible Assets	3,962,009	1.3	3,477,556	1.1
Other Assets	19,611,401	6.3	19,975,295	6.6
Total General Account Assets	183,901,872	58.9	178,444,208	58.8
Segregated Funds Assets	128,396,368	41.1	125,241,901	41.2
Total Assets	312,298,240	100.0	303,686,109	100.0
Insurance, Reinsurance, Investment Contract excl Seg Funds Net Liabilities	149,376,053	47.8	143,957,472	47.4
Subordinated Debt and Preferred Shares	2,900,000	0.9	2,900,000	1.0
Other Liabilities	12,141,584	3.9	11,679,304	3.8
Total General Account Liabilities	164,417,637	52.6	158,536,776	52.2
Segregated Funds Liabilities	128,396,368	41.1	125,241,901	41.2
Total Liabilities	292,814,005	93.8	283,778,677	93.4
Policyholders' Equity	456,159	0.1	268,574	0.1
Common and Preferred Shares	4,535,924	1.5	4,535,924	1.5
Retained Earnings	8,443,884	2.7	9,877,078	3.3
Accumulated Other Comprehensive Income (Loss)	398,850	0.1	42,189	...
Other Capital and Equity	3,047,332	1.0	2,524,634	0.8
Non-Controlling Interests	2,602,086	0.8	2,659,033	0.9
Total Equity	19,484,235	6.2	19,907,432	6.6
Total Liabilities and Equity	312,298,240	100.0	303,686,109	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Year End - December 31

Income Statement	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)
Total Insurance Services Revenue	17,843,390	16,973,932
Insurance and Reinsurance Expenses	14,752,046	14,478,726
Insurance Services Result	2,253,658	1,986,356
Investment Return	12,963,119	-21,302,281
Net Finance Income (Expense)	-11,050,216	22,308,570
Movement in Investment Contract Liabilities	-330,535	-151,748
Net Investment Result	1,582,368	854,541
Other Income and Expense	-1,429,878	-768,889
Profit (Loss) Before Taxes	2,406,148	2,072,008
Total Income Taxes	154,317	219,823
Profit (Loss) After Taxes	2,251,831	1,852,185
Net Income	2,251,831	1,852,185
of which Non-Controlling interests	165,307	165,360

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Sun Life Assurance Company of Canada

Operations

Last Update

April 09, 2025

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.

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](#)

Best's Credit Rating Effective Date: April 03, 2025

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 [Data Structure](#).

Management

Officers

President and CEO: Kevin D. Strain

Directors

Deepak Chopra

Stephanie L. Coyles

Ashok K. Gupta

M. Marianne Harris

David H.Y. Ho

Laurie G. Hylton

Helen M. Malloy Hicks

Directors (Continued...)

Marie-Lucie Morin
Joseph M. Natale
Scott F. Powers (Chair)
Kevin D. Strain
Barbara G. Stymiest

Financial Results

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

Currency: CAD

Company's local Currency: Canadian Dollar

Balance Sheet Highlights

	Year End - December 31				
	2023 - IFRS 17	2022 - IFRS 17	2021	2020	2019
Liquidity Analysis (%)					
Liquid Assets to Total Liabilities	14.7	15.1	...	82.6	82.1
Total Investments to Total Liabilities	47.9	49.2	49.7	55.2	56.9

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

	Year End - December 31				
	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)

Financial Performance Summary

Pre-Tax Income	2,128,061	2,406,148	2,072,008	3,639,640	1,819,816
Net Income excl Non-Controlling Interests	1,567,021	2,251,831	1,852,185	2,978,114	1,406,916

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

	Year End - December 31				
	2023 - IFRS 17	2022 - IFRS 17	2021	2020	2019

Operating and Performance Ratios (%)

Return on Assets	1.1	1.4	1.2	1.8	0.9
Return on Equity	8.9	13.3	10.7	14.0	7.3
Return on Equity (Life CSM as Equity)	7.0	8.2	7.2	...	...
Pre-Tax to Net Insurance Services Revenue	11.0	13.5	12.2	...	...
Pre-Tax to Net Premiums Written	...	...	...	17.8	8.6
Change in CSM	16.8	10.7	10.6	...	...

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Last Update

April 09, 2025

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.

Filing Date History

March 27, 2025 (Annual)

Sun Life Assurance Company of Canada

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**Best's Financial Size Category:** XV (Greater than or Equal to USD 2.00 Billion)

Best's Credit Ratings

Rating Relationship**AM Best Rating Unit:** [067413 - Sun Life Assurance Company of Canada](#)**Best's Credit Rating Effective Date:** April 03, 2025

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 -						
Apr 3, 2025	A+	Stable	Affirmed	aa	Stable	Affirmed
Feb 22, 2024	A+	Stable	Affirmed	aa	Stable	Affirmed
Feb 17, 2023	A+	Stable	Affirmed	aa	Stable	Affirmed
Jan 28, 2022	A+	Stable	Affirmed	aa	Stable	Affirmed
Jan 13, 2021	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

President and CEO: Kevin D. Strain

President: Daniel R. Fishbein (Sun Life U.S.)

President: Jacques Goulet (Sun Life Canada)

President: Ingrid Johnson (Sun Life Asia)

President: Stephen C. Peacher (SLC Management)

EVP and CFO: Manjit Singh

EVP and Chief Risk Officer: Tom Murphy

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

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

EVP: Colm J. Freyne (Special Advisor to the CEO)

EVP: Laura Money (Chief Information and Technology Innovation Officer)

EVP: Helena Pagano (Chief People and Culture Officer Sun Life)

EVP: Chris Wei (Chief Client and Innovation Officer)

Directors

Deepak Chopra

Stephanie L. Coyles

Ashok K. Gupta

M. Marianne Harris

David H.Y. Ho

Laurie G. Hylton

Helen M. Mallovy Hicks

Marie-Lucie Morin

Joseph M. Natale

Scott F. Powers (Chair)

Kevin D. Strain

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 August 2016, SLF announced that Sun Life Hong Kong Limited (Sun Life HK) would acquire the pension business of FWD Life Insurance Company (Bermuda) Limited (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 allows Sun Life HK to distribute its pension products. The first stage of the acquisition that included acquisition of FWD and the 15-year distribution agreement, was closed on October 3, 2017. The name of the acquired entity, FWD Pension Trust Limited, was changed to Sun Life Pension Trust Limited. The completion of the second and final stage of the transaction involved the purchase of the ORSO business of FWD, and is expected to close by the end of 2018.

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 ("GOFS"), 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, 2018, 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 stake 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, Sun Life 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.

On April 5, 2022, Sun Life announced an expansion to the existing bancassurance partnership with PT Bank CIMB Niaga Tbk ("CIMB Niaga") in Indonesia, which also extends the existing agreement by six years to 2039. Under the new agreement, for a term of 15 years effective January 2025, Sun Life will be the provider of insurance solutions to CIMB Niaga customers across all distribution channels, accelerating the growth ambitions in the country.

On June 1, 2022, Sun Life completed the acquisition of DentaQuest Group, Inc. ("DentaQuest"), the second-largest dental benefits provider in the U.S.(1) for approximately \$3.3 billion (US\$2.6 billion). DentaQuest is included in the U.S. business segment as part of the new "Dental" business unit, along with the existing dental and vision business, formerly within Group Benefits. DentaQuest is the largest provider of U.S. Medicaid dental benefits, with growing Medicare Advantage, commercial, and U.S. Affordable Care Act exchange businesses. The acquisition advances the strategy of being a leader in health and benefits in the U.S. while contributing to fee-based earnings and businesses which generate higher ROE.

On August 4, 2022, Sun Life entered into an agreement to sell SLF of Canada UK Limited ("Sun Life UK") to Phoenix Group Holdings plc ("Phoenix Group") for approximately \$385 million (£248 million). Sun Life UK manages life and pension policies as well as payout annuities for UK Clients. Sun Life UK is closed to new sales and has operated as a run-off business since 2001. Under the agreement, Sun Life will retain the economic interest in the payout annuities business through a reinsurance treaty. Phoenix Group is the UK's largest long-term savings and retirement business, with £270 billion(2) of assets under administration and approximately 13 million customers. As part of the sale, Sun Life will establish a long-term partnership to become a strategic asset management partner to Phoenix Group. The asset management companies, MFS and SLC Management, will continue to manage approximately \$9 billion of Sun Life UK's general account upon the close of the sale. In addition, Phoenix Group has set a goal to invest approximately US\$25 billion in North American public and private fixed income and alternative investments over the next five years. MFS and SLC Management will be material partners to Phoenix Group in achieving this goal. In Q3'22, Sun Life recognized an impairment charge of \$170 million (£108 million) pertaining to the attributed goodwill that is not expected to be recovered through the sale. The transaction is expected to close in the first half of 2023, subject to regulatory approvals and customary closing conditions.

On January 20, 2023, Sun Life announced a 15-year exclusive bancassurance partnership in Hong Kong with Dah Sing Bank ("Dah Sing"). Under this partnership, Sun Life will be the exclusive provider of life insurance solutions to Dah Sing's 570,000 retail banking

customers, helping to fulfill their savings and protection needs at different life stages. This is Sun Life's first exclusive bancassurance partnership in Hong Kong and will be a valuable complement to the existing network of over 2,500 expert insurance advisors. Hong Kong is a thriving life insurance hub in Asia and bancassurance is a key distribution channel, accounting for more than 50% of the life insurance distribution mix. Following the completion of regulatory processes and approvals, distribution of Sun Life products is anticipated to start in July 2023.

On February 1, 2023, Sun Life completed the acquisition of a 51%(3) interest in Advisors Asset Management, Inc. ("AAM"), a leading independent U.S. retail distribution firm. AAM provides access to U.S. retail distribution for SLC Management, Sun Life's institutional fixed income and alternatives asset manager. This allows SLC Management to meet the growing demand among U.S. HNWI investors for alternative assets. AAM provides a range of solutions and products to financial advisors at wirehouses, registered investment advisors and independent broker-dealers, overseeing US\$40.5 billion (approximately C\$55 billion) in assets as at December 31, 2022, with 10 offices across nine U.S. states.

On February 1, 2023, Sun Life completed the sale of the sponsored markets business from Sun Life Assurance Company of Canada ("SLA"), a wholly owned subsidiary of SLF Inc., to Canadian Premier Life Insurance Company ("Canadian Premier"). Sponsored markets include a variety of association & affinity, and group creditor clients.

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

Balance Sheet	2023 - IFRS 17 CAD (000)	%	2022 - IFRS 17 CAD (000)	%
Cash and Cash Equivalents	2,919,757	0.9	4,349,201	1.5
Investments	117,514,322	37.5	109,791,384	38.7
Financial Instrument Derivative Assets	2,220,616	0.7	2,046,532	0.7
Insurance Contract Assets	120,381	...	89,533	...
Reinsurance Contract Held Assets	28,224,026	9.0	25,795,721	9.1
Goodwill and Intangible Assets	2,074,487	0.7	1,916,613	0.7
Other Assets	18,304,238	5.8	17,774,944	6.3
Total General Account Assets	171,377,827	54.7	161,763,928	57.1
Segregated Funds Assets	141,668,526	45.3	121,721,824	42.9
Total Assets	313,046,353	100.0	283,485,752	100.0
Insurance, Reinsurance, Investment Contract excl Seg Funds Net Liabilities	138,530,661	44.3	129,914,119	45.8
Subordinated Debt and Preferred Shares	2,900,000	0.9	2,900,000	1.0
Other Liabilities	12,288,003	3.9	12,033,798	4.2
Total General Account Liabilities	153,720,769	49.1	144,879,842	51.1
Segregated Funds Liabilities	141,668,526	45.3	121,721,825	42.9
Total Liabilities	295,389,295	94.4	266,601,667	94.0
Policyholders' Equity	485,511	0.2	458,095	0.2
Common and Preferred Shares	4,535,924	1.4	4,535,924	1.6
Retained Earnings	8,009,404	2.6	8,443,884	3.0
Accumulated Other Comprehensive Income (Loss)	1,555,983	0.5	398,850	0.1
Other Capital and Equity	3,070,236	1.0	3,047,332	1.1
Total Equity	17,657,058	5.6	16,884,085	6.0
Total Liabilities and Equity	313,046,353	100.0	283,485,752	100.0

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Year End - December 31

Income Statement	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)
Total Insurance Services Revenue	17,857,389	16,301,090
Insurance and Reinsurance Expenses	14,874,370	12,865,361
Insurance Services Result	2,243,927	1,597,909
Investment Return	6,639,605	8,558,328
Net Finance Income (Expense)	-5,642,445	-7,428,525
Movement in Investment Contract Liabilities	-322,848	-263,468
Net Investment Result	674,312	866,335
Other Income and Expense	-933,970	-288,185
Profit (Loss) Before Taxes	1,984,269	2,176,059
Total Income Taxes	443,473	89,535
Profit (Loss) After Taxes	1,540,796	2,086,524
Net Income	1,540,796	2,086,524

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

Key Financial Indicators	Year End - December 31				
	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Assets:					
General Account	171,377,827	161,763,928	...	177,553,377	174,064,897
Segregated Funds	141,668,526	121,721,824	...	122,086,876	108,475,311
Total Assets	313,046,353	283,485,752	...	299,640,253	282,540,208
Liabilities:					
Liabilities from Insurance Contracts & Reinsurance - In Canada:					
Individual Insurance	17,338,656	16,729,574	...	...	...
Individual Annuity	12,553,000	12,245,748	...	...	...
Group Insurance	13,733,021	12,935,634	...	...	...
Group Annuity	36,531,330	32,369,144	...	...	...
Participating & Property/Casualty	33,017,522	30,364,587	...	...	...
Total Canada	113,173,529	104,644,687	...	83,926,878	80,710,079
Other Contract Liabilities	25,357,132	25,269,432	...	7,183,803	7,054,100
Other Liabilities, including Segregated Funds	270,032,163	241,332,235	...	146,242,626	133,920,708
Total Liabilities	295,389,295	266,601,667	...	278,300,161	263,462,040
Equity	17,657,058	16,884,085	...	21,340,092	19,078,168
Net Income	1,540,796	2,086,524	...	2,972,890	1,349,207
Total Insurance Services Revenue	2,243,927	1,597,909	...	...	...
Net Premiums Earned	...	...	...	15,486,330	15,614,463
Net Premiums Written	19,436,197	19,531,686	...	...	...
Net Investment Income	674,312	866,335	...	3,651,997	7,623,749

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Key Financial Indicators & Ratios	Year End - December 31					5-Year Average
	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)	
Net Income Return on Revenue (%)	8.6	12.8	...	21.2	11.0	14.2
Net Income Return on Equity (%)	8.7	12.4	...	16.3	8.7	11.1
Leverage:						
General Account Liabilities to Equity (%)	9.4	9.3	...	7.3	8.1	9.7
Liquidity Analysis:						
Cash and Cash Equivalents	2,919,757	4,349,201	...	2,222,178	2,899,316	...

Source: BestLink® - Best's Financial Suite

Operating Performance Highlights

Operating and Performance Ratios (%)	Year End - December 31				
	2023 - IFRS 17	2022 - IFRS 17	2021	2020	2019
Return on Assets	1.4	1.6	...	1.8	1.0
Return on Equity	8.7	12.4	...	16.3	8.7
Return on Equity (Life CSM as Equity)	7.4	8.2	...	...	...
Pre-Tax to Net Insurance Services Revenue	11.1	13.3	...	...	...
Pre-Tax to Net Premiums Written	10.2	11.1	...	21.2	11.0
Change in CSM	-4.6	-0.4	...	...	...

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Operating Performance Highlights

Net Premiums by Line of Business	Year End - December 31				
	2023 - IFRS 17 CAD (000)	2022 - IFRS 17 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Individual:					
Life	6,867,396	7,036,013	7,506,660	5,639,236	5,766,297
Annuity	484,268	930,206	592,016	353,390	464,366
Accident and Sickness	522,172	496,424	471,773	451,291	434,485
Group:					
Life	1,798,361	1,694,811	1,554,140	1,450,270	1,459,135
Annuity	735,714	750,093	741,248	726,285	605,554
Accident and Sickness	9,028,286	8,624,098	7,593,181	6,865,420	6,884,182
Other	...	41	457	438	444
Total	19,436,197	19,531,686	18,459,475	15,486,330	15,614,463

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Business Profile Highlights

2024 IFRS 17 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)	%	%
Individual:									
Life	7,775,135	28.4	146,657	22.7	1,054,396	12.3	6,867,396	35.3	86.7
Annuity	908,391	3.3	3,201	0.5	427,324	5.0	484,268	2.5	53.1
Accident and Sickness	633,593	2.3	2,973	0.5	114,394	1.3	522,172	2.7	18.0
Group:									
Life	1,884,576	6.9	11,748	1.8	97,963	1.1	1,798,361	9.3	94.8
Annuity	3,486,676	12.8	5,794	0.9	2,756,756	32.3	735,714	3.8	21.1
Accident and Sickness	12,642,929	46.3	474,779	73.6	4,089,422	47.9	9,028,286	46.5	68.8
Total	27,331,300	100.0	645,152	100.0	8,540,255	100.0	19,436,197	100.0	69.5

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

Historical Market Presence

Geographic Breakdown of DPW	Year End - December 31				
	2023 - IFRS 17 CAD (000)	2022 CAD (000)	2021 CAD (000)	2020 CAD (000)	2019 CAD (000)
Ontario	9,475,134	8,800,540	8,061,476	7,681,891	7,886,859
Out of Canada	8,360,023	8,299,050	9,161,704	7,105,127	7,647,553
Quebec	3,172,824	3,235,755	3,113,346	3,193,517	2,480,922
British Columbia	2,556,340	2,172,284	1,904,932	1,777,949	1,526,664
Alberta	2,024,854	1,968,634	2,117,481	1,639,914	1,609,018
Saskatchewan	449,376	434,584	430,736	415,445	388,399
Manitoba	318,936	566,605	290,903	248,106	250,563
Nova Scotia	282,461	269,649	249,315	275,024	240,862
New Brunswick	271,460	248,703	222,557	189,580	210,860
Newfoundland and Labrador	257,444	184,961	172,129	151,169	235,519
All Other	162,448	130,123	133,615	124,807	118,787
Total	27,331,300	26,310,888	25,858,194	22,802,529	22,596,006

Source: BestLink® - Best's Financial Suite

Local Currency: Canadian Dollar

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