STANDARD & POOR'S | CANADIAN RATINGS

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Sun Life Assurance Co. of Canada

RATING AA+ (VERY STRONG)

Insurers rated 'AA+' offer very strong financial security. Capacity to meet policyholder obligations is very strong under a variety of economic and underwriting conditions.

RELATED RATINGS	
Sun Life Assurance Co. of Canada	
Sub debt	AA-
Pfd stk	
Local currency	A+
Sun Life Financial Inc.	
Pfd stk	
Local currency	A-
Clarica Life Insurance Co.	
Sub debt	NR
Pfd stk	
Local currency	NR
Independence Life & Annuity Co.	
Financial Strength Rating	
Local currency	AA+
Sun Canada Financial Co.	
Sub debt	
Foreign currency	AA-
Sun Life Assurance Co. of Canada (U.S. branch)	
Financial Strength Rating	
Local currency	AA+
Sun Life Assurance Co. of Canada (U.S.)	
Financial Strength Rating	
Local currency	AA+
Sun Life Capital Trust	
Pfd stk	
Local currency	A+
Sun Life Insurance & Annuity Co. of New York	
Financial Strength Rating	
Local currency	AA+

HOLDING COMPANY
Sun Life Financial Inc.
DOMICILE

Canada
LICENSED
Canada
Company Contact
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CEO: Mr. Donald Stewart
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Investor Relations: Ann Hildebrand

Major Rating Factors

Strengths:

- Very strong franchise position in Canada, and strong position in the U.S.
- Well diversified by customer, geography, and product
- Very strong capital strength and actuarial reserves
- Well established risk management framework

Weaknesses:

- Negative impact of currency translation on U.S. and other foreign-denominated earnings
- Margin compression on fixed annuity product due to low interest rates
- Competitive position in the U.S. could be further strengthened with additional scale
- Impact of soft global equity markets on asset management businesses and investments backing surplus
- Economic and political risk associated with investments in emerging markets

The financial strength ratings on Sun Life Assurance Co. of Canada, including the Canadian scale preferred stock rating of 'P-1', Sun Life Assurance Co. of Canada (U.S.), and Sun Life Insurance & Annuity Co. of New York (collectively known as Sun Life), reflect the insurer's very strong consolidated capital strength, business profile, and operating performance. Partially offsetting these strengths are the strong competitive pressures that Sun Life faces in its primary markets, and the susceptibility of its wealth management businesses to earnings volatility given the uncertainties associated with the equity markets and interest rates.

Of the rated operating subsidiaries of Sun Life Financial Inc., Standard & Poor's Ratings Services views Sun Life Assurance Co. of Canada (Sun Life Assurance), Sun Life Assurance Co. of Canada (U.S.), and Sun Life Insurance and Annuity Co. of New York as core subsidiaries; accordingly, the ratings are equalized with those on the primary operating company, Sun Life Assurance. The financial strength rating on Independence Life and Annuity Co. is based on the company's balance-sheet strength and the explicit claims guarantee for policyholder obligations from Sun Life Assurance (U.S.). (See report on Sun Life Financial Inc., published Feb. 21, 2005, on RatingsDirect, Standard & Poor's Web-based credit analysis system.)

Although the company's operating performance historically has been very strong, it remains susceptible to erosion given the amount of wealth management businesses contained in its business mix. Given that Canada remains a mature market with limited growth opportunities, Standard & Poor's expects Sun Life to generate a larger proportion of its future earnings from the more fragmented and very competitive U.S. insurance and wealth management marketplace. Sun Life is expected to maintain revenue growth in line with its peer group, achieve a consolidated fixed-charge coverage ratio of greater than 8.0x, a Standard & Poor's Canadian capital adequacy ratio of greater than 145% and a total minimum continuing capital and surplus requirements (MCCSR) ratio of greater than 200% for its Canadian operations; and a Standard & Poor's Capital Adequacy Ratio (U.S.) of greater than 170% for its U.S. operations.

Major rating factors on Sun Life include the following:

- Sun Life is one of the three largest life insurance groups operating in the Canadian market.
- The group holds a competitive market position in the savings, retirement, and life insurance markets and is the majority owner of the U.S.-based mutual fund company MFS Investment Management (MFS), the 11th largest mutual fund company in the U.S.
- Standard & Poor's views Sun Life's consolidated capital strength as very strong. As of December 2004, the company's Canadian regulatory capital adequacy ratio was 238%.
- The company generated solid financial performance in 2004, which included a net income of C$1.7 billion, and a pretax ROA of 1.9%.
- Sun Life maintains a well-diversified investment portfolio that has produced solid investment returns of 6.3% in the past five years.
- Liquidity remains extremely strong as reflected by a Standard & Poor's liquidity ratio and by the secure liquidity characteristics of its insurance affiliates and subsidiaries.

Sun Life is a Security Circle insurer, which means it voluntarily underwent Standard & Poor's most comprehensive analysis and was assigned ratings in one of the top four categories for financial security.

Back to Top

Outlook

The stable outlook on Sun Life Assurance and its related operating subsidiaries reflects Standard & Poor's expectation that the group's very strong operating performance, business position, and capital will be maintained.

Back to Top

Management And Corporate Strategy

Strategic objectives.
Sun Life's business strategy remains centered on achieving scale, diversification, and operational excellence. In the past five years, this has been achieved through acquisitions, which have brought product and geographic diversification, giving the company a top three market share position in Canada, and put it in reach of achieving or maintaining a top 10 position in its key U.S. markets.

Recent strategic initiatives include the destacking of some of the operating companies from underneath the top holding company to lighten regulatory capital requirements and oversight for noninsurance operations such as the mutual fund businesses. Standard & Poor's views the destacking as a favorable event given that it increases the group's overall financial flexibility.

Management has built a well-diversified portfolio of products, including individual life insurance and annuity, group life insurance, health insurance, and savings products. Off-balance-sheet, management has continued to develop innovative savings and retirement products. Sun Life's asset management businesses remain a fundamental strength of the franchise with more than C$57 billion in segregated funds (primarily variable annuities) and about C$195 billion in what are mostly mutual funds and institutional funds under management, as of year-end 2004. Sun Life has a 34% equity interest in CI Fund Management Inc., which is now the No. 2 mutual fund group in Canada. This position effectively blocks any competition bids for a control stake in this company, has created revenue and distribution synergies, and provides a means by which to deploy surplus capital.

In the U.S. business, steps have been taken to counter the challenges and risk associated with a low interest-rate environment. The bailout clause embedded within the fixed annuity product gives Sun Life the ability to reset minimum crediting rates. As well, the variable annuity and equity-linked annuity products are more profitable than fixed annuities at this point in the interest-rate cycle.

Sun Life has also been pursuing cost and operational synergies such as moving to service centers to rationalize expenses, capitalize on time zone advantages, and reduce single location risk. Sun Life has recognized that it needs additional scale in the U.S. group and individual life insurance products to drive costs down and could make a small bolt-on acquisition in the range of C$300 million-C$500 million if the right strategic opportunity presented itself.

The Asian market continues to be developed as a source of the company's future earnings and growth, and remains self-funded primarily through its long and well-established Philippine operations.

Operational management.
Operational management is viewed as good and improving with many resources devoted to enhancing performance issues. The company ensures its products are priced competitively and for appropriate return. Sun Life increasingly uses technology effectively for productivity gains throughout its global operations.

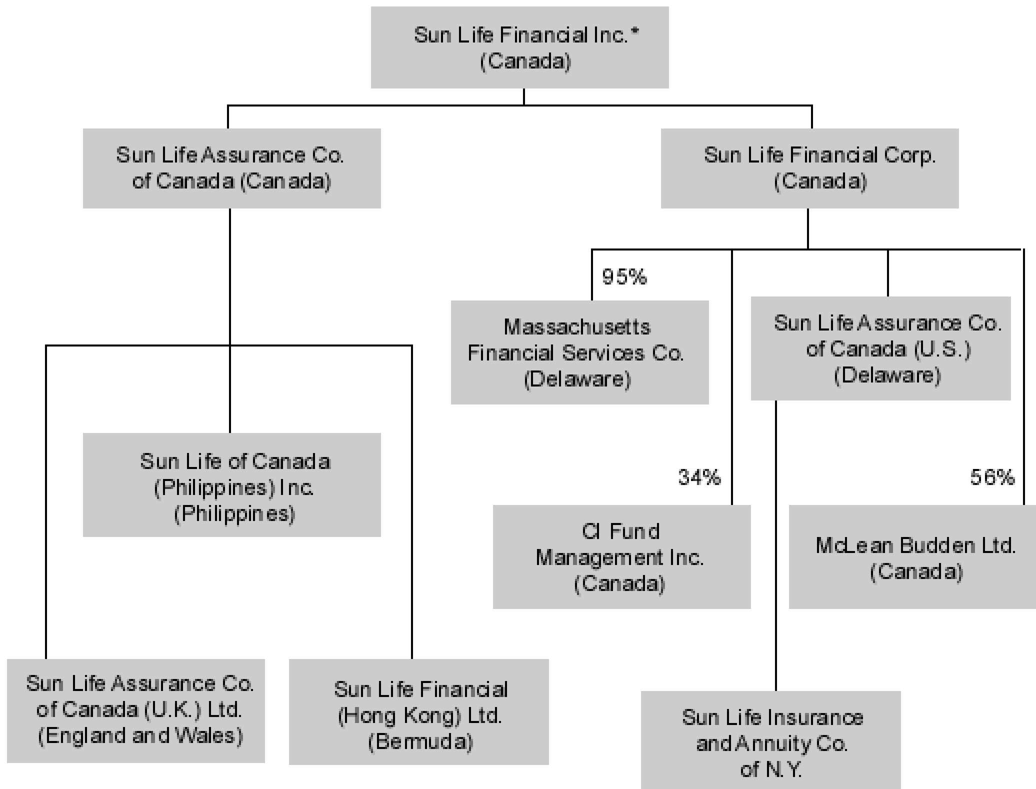
Financial management.
Sun Life's overall balance-sheet risk is considered to be appropriate for the ratings category. Investment risk has remained relatively stable for the past few years, while the amount and quality of capital are currently very strong for the company's asset and business risks. The company prudently uses reinsurance to limit its risk retention in all major product lines.

Back to Top

Business Position
Sun Life has a very strong business profile given it is one of the top three life insurance groups in the Canadian marketplace, and its competitive and sustainable market position in the North American life and health protection and wealth management businesses. The company had C$108 billion in general funds, C$57 billion in segregated funds, and C$195 billion in other assets under management (AUM) as of December 2004.

On a consolidated basis, the insurer has maintained a well-diversified product portfolio with very good market positions in annuities (about 35.5% of 2004 premium), life insurance (46.2%), and health insurance (18.3%).

Corporate Structure



*Ownership interests are for 100% unless otherwise indicated.

Historical.
Sun Life's geographic spread of operating earnings in 2004 was: Canada: 55%, U.S.: 22%, MFS: 10%, U.K.: 10%, and Asia: 3%.

Canada.
The Canadian operations, which include individual annuities and life insurance, group retirement, and life and health products, represent Sun Life's largest pool of AUM, when excluding U.S.-based mutual fund company MFS. In Canada, 2004 earnings contributions were distributed as follows: individual insurance and investments: 51%, group benefits: 25%, group retirement services: 11%, and reinsurance and other: 13%.

In 2002, Sun Life purchased Clarica Life Insurance Co. for C$6.9 billion and also took up a 34% interest in CI through merger of its mutual fund operations. The Clarica acquisition generated C$270 million in synergies, which represented about 35% of Clarica's premerger general expenses, gave Sun Life a top-three position in the Canadian market, and an independent career advisors sales force of about 4,000. CI is the second-largest investment fund company in Canada ranked by long-term AUM. CI had fee-earning assets of C$68 billion at Dec. 31, 2004, consisting of C$52 billion in retail and institutional AUM, and C$16 billion in assets under administration.

U.S.
Sun Life's stated objective is to reach a top-10 position in select protection

and wealth management markets in the U.S. Its primary products in the U.S. are fixed and variable annuities, individual life, group life and health insurance, and investment products. The U.S. 2004 earnings contributions were distributed as follows: annuities: 61%, individual life: 27%, and group life and health: 12%.

Through its U.S. insurance subsidiaries and a multichannel distribution network, Sun Life is a competitive provider of fixed-rate and variable annuities to middle- and upper-income individuals, individual life insurance to medium and high net worth individuals, and group life and health insurance to midsize employers. The U.S. annuity operations continue to represent one of Sun Life's largest sources of AUM, excluding MFS, and the largest contributor to this division's net income. Fixed annuities are sold primarily through the bank channels via IFMG, and overall, Sun Life is ranked in the top 20 of the U.S. annuities markets.

The acquisition of Keyport Life Insurance Co. and IFMG in 2001 for C$2.7 billion in an all-cash transaction provided Sun Life with fixed annuity expertise and leading bank distribution channels through which to sell annuity products. The Keyport and IFMG purchase almost doubled Sun Life U.S.'s insurance operations. Keyport was amalgamated with Sun Life U.S. in December 2003.

MFS.
Sun Life's subsidiary, MFS, is the 11th-largest mutual fund company in the U.S. Including institutional investment, it manages about 50% of Sun Life's C$360 billion in consolidated AUM as of December 2004. The bulk of the mutual fund assets are held in long-term funds, which generally generate a higher management fee. AUM for this division have remained relatively flat largely due to the appreciation in the Canadian dollar, which is the company's reporting currency. Although a significant player, MFS' mutual fund assets represented only 2.3% of the mutual fund assets of the top 15 U.S. players. Lipper Inc. ranked 77% of MFS' funds for three-year performance in the top 50 percentile in 2004, up from 72% in 2003. Following MFS' regulatory settlements relating to frequent trading and disclosure of brokerage allocations, steps have been taken to strengthen the firm's governance function.

Asia.
Asia is a very small piece of Sun Life's overall business but represents a good toehold in high growth markets. Growth has been funded primarily through the earnings generated by the Philippine operations, which have been in place for more than 100 years.

Reinsurance.
Sun Life's reinsurance business is focused primarily on the life retrocession business in North America where it holds close to a 30% market share position. The company is expected to selectively pursue growth opportunities in the core life retrocession business in North America and views Europe as a potential growth market.

Ownership and legal status.
As a Tier 1 insurance company, Sun Life is broadly held and publicly traded. Both the operating insurance company and the holding company are supervised by the Office of the Superintendent of Financial Institutions and regulated by the federal Minister of Finance.

Prospective.
Sun Life is expected to maintain its position as one of three market leaders in the Canadian life insurance sector and pricing discipline is expected to be maintained in the Canadian marketplace, given the three largest players

control two-thirds of the market and they need to keep their shareholders' interest in mind.

Sun Life is expected to pursue additional scale in its U.S. operations. The U.S. division remains exposed to volatility in the equity markets with its variable annuities and wealth management businesses, and margin compression with its fixed annuity business line; however, steps continue to be taken to mitigate these risks. MFS will remain an integral part of the company's wealth accumulation franchise, and is expected to remain a top-tier U.S. mutual fund company.

Back to Top

Operating Performance

Standard & Poor's views Sun Life's operating performance as very strong and well diversified by customer, geography, and lines of business. The substantial base of insurance protection products offsets some of the inherent instability associated with the company's wealth management businesses and small exposure to emerging market economies.

Historical.

The operating performance commentary reflects that of Sun Life Financial Inc., rather than Sun Life, given these financial statements provide better continuity in financial reporting and historically, very little has been held in the top holding company aside from its equity investments in its operating companies. Standard & Poor's has made use of both the consolidated and unconsolidated financial statements and regulatory filings for Sun Life Financial's primary operating companies.

Overall, Sun Life Financial's performance met Standard & Poor's expectations in 2004 with its net income of C$1.7 billion, stable asset quality, and solid capital position. The company's earnings were somewhat tempered by the strengthening Canadian dollar, as well as the regulatory settlements taken against MFS in 2004.

Sun Life's operating earnings have shown a positive trajectory since 2000, generating an average pretax ROA of 1.9% for the year ended December 2004. Sun Life has effectively exited the U.K., given its adverse experience and the limited opportunities that it sees in this marketplace. Sun Life repatriated C$300 million in capital from this division in 2004. The remaining closed block of U.K. individual life and pensions remains very profitable.

Canada.

On a segmented basis, the Canadian division generated very strong earnings across all business lines during 2004 due to the increases in the equity markets, favorable credit markets, better-than-expected mortality experience, and continued cost containment initiative. Although group life and health sales showed a healthy increase during the year, the sales of individual insurance showed a slight decline as the repricing on universal life insurance put a damper on sales.

U.S.

The increases in the 2004 operating earnings of the U.S. operations were driven primarily by the recovery seen in the annuities line, as earnings for the individual life and group life and health business were relatively flat for the year. The performance of the annuities line rebounded to more historical levels following the improved equity and credit markets, although low interest rates continue to challenge the fixed annuity results. Although sales of equity-indexed annuity sales have been quite robust, the sale of both fixed and variable annuities has been off. The low interest rates continue to challenge fixed annuity sales and margins. In response, Sun Life lowered its commissions, received approval from the required regulators to lower their minimum credited rates to 1.5% in 45 of 50 states, and has reduced its fixed overhead cost. Management is addressing the decline in variable annuity sales by updating Sun Life's annuity product offering and revamping its wholesale distribution system with experienced new hires. Sales within the variable annuities platform are not expected to approach historical levels until mid-2005, when the company's revised sales infrastructure is fully up to speed.

By virtue of it ownership stake in MFS, as well as the fees earned off its segregated fund insurance assets, Sun Life's earnings remain influenced by movements in the equity markets. The impact of the adverse equity markets was tempered by the S&P 500 hedges that were originally established by the company during 2001, which allowed Sun Life to minimize reserve-strengthening requirements for guaranteed minimum death benefit (GMDB) exposure.

Asia & U.K.
Sun Life's U.K. operations represent the financial performance of a closed block of individual life insurance business, which is expected to generate a steady return of C$40 million-C$50 million a quarter. The persistency rate on this block of business remains at about 92% annually. Although Sun Life's Asian operations remain a small part of the overall operations, they continue to be developed as a source of the company's future earnings and growth. In 2004, sales in Asia grew by 88% from 2003 to $240 million.

Prospective.
Standard & Poor's expects to see Sun Life maintain its strong and consistent operating performance, and believes that the company's 2005 consolidated earnings will remain reasonably insulated from equity-market volatility given the company's hedge strategy and its well-entrenched Canadian and U.S. franchise. On a consolidated basis, the company is expected to earn more than C$1.9 billion in net income, produce a fixed-charge coverage ratio of more than 8.0x, and generate a Canadian GAAP ROE of greater than 12.5% in 2005, with no substantive increase in financial leverage.

Back to Top

Investments
Sun Life's consolidated investment portfolio is strong as measured by asset class, diversification, quality, and return.

Historical.
The investment portfolio is well balanced among primary asset classes. Assets backing Canadian and U.S. liabilities are invested largely in their own currencies as this creates a natural hedge. Other liabilities are backed primarily by local currency-denominated investments. As of Dec. 31, 2004, Sun Life's total investments were made up of: bonds (67%), mortgage loans (14%), cash and cash equivalent (6%), policy loans and other investments (6%), stock and equity indices (4%), and real estate (3%). The investment portfolio is spread over 1,200 names worldwide, and the top-10 group exposures remain well spread and represent less than 5% of total invested assets.

At December 2004, 69.5% of the bond portfolio was rated 'A' or better, 27.4% of the bond portfolio was rated 'BBB', and 3.1% was rated 'BB' or lower or not rated. As part of the company's yield enhancement philosophy, the portfolio has a higher proportion of 'BBB' credits than most of its Canadian peers. Sun

Life's holdings of non-investment-grade/not rated bonds have declined to the current level of 3.1% from a high of 5.5% as of year-end 2001, following the close of the Keyport acquisition. Government bonds make up about 25% of the bond portfolio, and the average credit rating of the overall bond portfolio is 'A–'. Sun Life's asset allocation varies by country. It is of lower credit risk in the U.K. where investments back a closed block of business, higher in the U.S. given the depth and breath of this market, and is in the middle of the risk spectrum for the Canadian market.

On average, non-investment-grade bonds represent about 3%-4% of bond investments for Canadian lifecos, versus 9%-10% for U.S. lifecos. As a matter of policy, Sun Life does not purchase non-investment-grade bond investments or third-party residuals, and the ones that are held in the investment portfolio represent the residual remaining from the Keyport and Clarica acquisitions, and fallen angels. The noted exception is bond investments in the Philippines, where investment-grade ratings are constrained by the sovereign ceiling of BB+/Negative/B.

As of December 2004, the mortgage portfolio was made up almost entirely of first mortgages on commercial (72%) and residential (28%) properties. The real estate investment portfolio, which is primarily office, retail, and industrial properties, is used primarily to support a closed block of par accounts. A high loan-to-value ratio on residential properties is generally accepted only if the mortgage is insured with a government guarantee. Sun Life's mortgages portfolio is of high quality with net impaired loans of 0.27% at December 2004 remaining at very manageable levels.

Sun Life's gross impaired investments were 0.46% of total invested assets, and net impaired investments stood at 0.18% as at December 2004. These are at very manageable levels, and down from 2003. In addition to the C$263 million allowance for investment losses, an additional C$2,167 million resides in allowance for investment losses included in actuarial liabilities, or C-1 reserves.

Sun Life's stated investment policy calls for very tight asset-liability management matching, and the company does not take interest-rate risk. Sun Life segments its assets based on liability requirements. It has maintained a fairly close duration match in its interest-sensitive portfolios. Management closely monitors its mismatch position and uses derivative instruments for hedge purposes only to ensure that the financial risk of its position is small relative to the company's capital base. Sun Life has entered into derivative contracts with more than 30 counterparties that are generally rated 'AA' or better.

Sun Life's risk management calls for conservative investment risk management, very tight asset liability matching both on a cash flow and duration basis, and the establishment of an enterprise risk management framework to determine where the company's greatest risk lies.

Prospective.
The company is not expected to materially change the conservative nature of its investment portfolio, and continues to rebalance its portfolio and maintain only a nominal amount of non-investment-grade bonds within its investment portfolio. The overall investment yield on the portfolio is expected to reflect the current low interest-rate environment and remain in line with the company's asset mix, which primarily consists of fixed-income investments.

Back to Top

Capitalization

Historical.
Standard & Poor's views Sun Life's capital strength as extremely strong, and its financial leverage as appropriate for the current ratings.

Table 1 Sun Life Assurance Co. of Canada Capitalization Ratios					
	2004	**2003**	**2002**	**2001**	**2000**
MCCSR (%)	238.0	232.0	217.0	185.5	289.7
MCCSR Tier 1 (%)*	202.0	189.0	164.0	144.6	218.7
Debt + hybrids to total capital (%)	19.9	21.7	22.3	26.0	20.6
Debt + hybrids/total tangible capital (%)	32.8	36.2	35.6	32.7	20.8
Hybrids to total equity (%)	16.7	17.0	17.0	19.6	12.0
Fixed charge (x)	9.0	7.0	6.9	7.9	8.8
Interest coverage (x)	21.0	21.2	21.9	15.1	16.0
MCCSR--Minimum continuing capital surplus requirements. *Office of the Superintendent of Financial Institutions' minimum 105%.					

Sun Life has maintained very strong to extremely strong capital strength relative to its investment and business risks in the past five years. Sun Life's Canadian regulatory risk-based capital ratio was 238% as of December 2004, which is supportive of the financial strength ratings. The decline in the capital ratio from 2000-2001 resulted from the redeployment of capital used for the Keyport acquisition, which was an all-cash transaction. The consolidated fixed-charge coverage ratio of 9x in 2004 and forecasted coverage ratio of 8.0x or better for 2005 are viewed as satisfactory.

Although Sun Life's consolidated capital position is viewed as very strong, the amount of core capital available has been offset by the C$6.8 billion in goodwill and intangibles that was created with the Keyport and Clarica acquisitions. Although the C$2.7 billion all-cash acquisition of Keyport and IFMG in 2001 provided Sun Life with fixed annuity expertise and leading bank distribution channels through which to sell annuity products, the significant decline in the U.S. dollar relative to the Canadian dollar, and the declining interest rates in the U.S. have offset much of the value created by this transaction.

As of Dec. 31, 2000, segregated fund risk, which reflects both GMDB and maturity guarantees, became incorporated into the company's Canadian regulatory risk-based capital ratios. Based on a review of regulatory filings, the company's segregated fund risk (variable annuities) exposure is manageable.

Prospective.
Sun Life's consolidated capital position is expected to remain very strong.

Sun Life is expected to maintain a consolidated Standard & Poor's Canadian capital adequacy capital and MCCSR ratio at or above 145% and 200%, respectively; a consolidated debt plus preferred plus hybrids securities-to-total tangible capital ratio below 35%, and a fixed-charge coverage ratio at or above 8.0x. Moreover, the capital strength of its two U.S. operating companies, Sun Life Assurance Co. of Canada (U.S.), and Sun Life Insurance & Annuity Co. of New York is expected to remain supportive of the current ratings. The U.S. operating companies must maintain a Standard & Poor's capital adequacy ratio (U.S. model) within one ratings category of its parent using a 30% ceiling on intercompany surplus notes.

Liquidity.
Standard & Poor's views Sun Life's liquidity as extremely strong, given the makeup of its investment portfolio and the secure liquidity characteristics of its other rated insurance affiliates and subsidiaries.

Historical.
Sun Life has consistently maintained extremely strong liquidity in the past five years. The company's 2003 Standard & Poor's liquidity ratio was 377% (2002: 365%; 2001: 332%) and the balance sheet has not changed materially as of year-end 2004. As of Dec. 31, 2004, the company had more than C$44.8 billion or 46.2% of its investment portfolio in government and corporate bonds rated 'A' or better. Ongoing operations consistently generate positive cash flows.

Prospective.
The strong and diverse source of earnings and the highly liquid profile of the investment portfolio provide Sun Life with ample liquidity to absorb anticipated and unanticipated surrenders and withdrawals. Standard & Poor's does not expect any material change in the company's liquidity characteristics.

Back to Top

Financial Flexibility/Reinsurance
Standard & Poor's considers Sun Life's financial flexibility to be very strong based on its well-diversified earnings profile, extremely strong capital position, and demonstrated access to reinsurance and the capital markets. The company's lower price-to-book ratio vis-a-vis its peer group makes it less attractive for the company to issue new common stock.

Historical.
The company uses reinsurance to manage its claims exposure and to limit exposure to large losses. During 2004, about 5% of direct written premiums was ceded to reinsurers, while reinsurance assumed was almost for a like amount. To hedge its exposure to equity-market risk as it relates to its variable annuity product in the U.S., Sun Life has acquired long-dated put options against the S&P 500, which has allowed Sun Life to minimize reserve-strengthening requirements for GMDB exposure. As of December 2004, letters of credit in the amount of C$341 million had been issued. The company uses derivatives for hedging purposes only.

Prospective.
Sun Life is expected to maintain financial flexibility given its prudent use of reinsurance, demonstrated access to the capital markets, and financial leverage. In Standard & Poor's opinion, the company would be most vulnerable to embedded options associated with equity-market linked products (segregated funds and variable annuities), adverse lapse experience as it relates to its term to 100 insurance product, and low future interest rates, which could have an adverse impact on fixed annuities with minimum crediting rate guarantees.

Table 2 Sun Life Financial Co. Operating Statistics*

(C$ mil.)	2004	2003	2002	2001	2000
INVESTMENT PORTFOLIO RATIOS					
Market to book value of the investment portfolio (%)	106.1	105.2	104.1	102.0	103.9
Invested Assets Portfolio Composition (%)					

Cash and short-term investments	6.2	5.1	6.5	6.6	7.8
Bonds	66.5	68.0	66.4	65.6	54.0
Mortgages	14.3	14.0	14.3	11.8	20.0
Policy loans	6.2	6.1	6.1	6.2	4.7
Stocks	3.6	3.6	3.8	6.7	9.0
Real estate	3.2	3.2	2.9	3.2	4.6
Mortgages to common equity	96.7	97.3	106.0	111.6	156.2
Stocks to common equity	24.2	24.8	28.3	63.2	70.3
Real estate to common equity	22.0	21.9	21.6	30.0	35.7
FINANCIAL LEVERAGE AND CAPITAL RATIOS					
Total adjusted capital (TAC)	17,239.0	16,885.0	18,013.0	9,722.0	7,485.0
Total capital (TAC + direct debt)	17,932.0	17,900.0	19,256.0	10,569.0	8,295.0
Preferred stock to total adjusted capital (%)	0.9	0.9	0.9	0.0	0.0
Hybrids to total adjusted capital (%)	15.8	16.1	16.1	19.6	12.0
Preferred stock + hybrids to total adjusted capital (%)	16.7	17.0	17.0	19.6	12.0
Debt (direct) to total capital (%)	3.9	5.7	6.5	8.0	9.8
Debt (direct + indirect) to total capital (%)	13.9	14.0	15.8	10.3	13.9
Hybrids + preferreds to total capital (%)	16.0	16.1	15.9	18.0	10.8
Debt (direct) + hybrids + preferreds to total capital (%)	19.9	21.7	22.3	26.0	20.6
Debt (direct) to total tangible capital (%)	6.4	9.5	10.3	10.1	9.9
Debt (direct + indirect) to total tangible capital (%)	22.9	23.4	25.2	12.9	14.0
Hybrids + preferreds to total tangible capital (%)	26.4	26.8	25.3	22.6	11.0
Debt (direct) + hybrids + preferreds to total tangible capital (%)	32.8	36.2	35.6	32.7	20.8
Tier 1 MCCSR--Sun Life Assurance Co. of Canada (%)	201.5	189.0	164.0	144.6	218.7
MCCSR--Sun Life Assurance Co. of Canada (%)	238.0	232.0	217.0	185.5	289.7
LIQUIDITY RATIOS (%)					
Operating leverage ratio	6.5	6.8	7.3	9.4	7.4
Standard & Poor's liquidity ratio	N.A.	377.2	365.4	331.7	394.0
PROFITABILITY RATIOS (%)					
Revenue growth rate	(1.4)	(4.5)	38.4	3.0	9.9
Fee income to revenue	13.3	12.7	13.4	19.3	20.5
Return on revenue (pretax)	9.5	8.0	7.0	7.5	7.7
Return on revenue	7.8	5.9	4.3	5.3	4.9
Return on assets (pretax)	1.9	1.5	1.6	1.9	2.3
Return on assets	1.6	1.1	1.0	1.3	1.5
Yield on invested assets	6.1	5.5	5.6	6.6	7.5

Return on common equity (calculated)	12.0	9.1	8.8	12.4	12.9
Return on total equity (calculated)	12.0	9.1	8.8	12.4	12.9
EFFICIENCY RATIOS (%)					
General expenses ratio	13.0	13.7	11.7	14.6	14.6
COVERAGE RATIOS (x)					
Interest coverage ratio	21.0	21.2	21.9	15.1	16.0
Fixed charge coverage	9.0	7.0	6.9	7.9	8.8
ASSET QUALITY RATIOS					
Portfolio Composition (%)					
Government--Canadian	17.5	17.1	15.5	9.5	19.9
Government--foreign	6.2	6.9	9.4	10.5	14.7
Government--total	23.8	24.1	24.9	20.0	34.7
Corporate	62.6	61.4	58.9	60.7	60.1
Mortgage-backed securities	13.6	14.5	16.2	19.2	5.2
Bonds Maturity (%)					
1 year or less	5.8	5.2	4.1	3.6	4.5
1-5 years	19.8	23.3	25.4	21.5	20.8
5-10 years	22.7	21.7	22.1	22.9	20.0
After 10 years	51.6	49.9	48.4	52.0	54.6
Bonds Quality (%)					
Rated 'AAA'	26.2	28.3	32.0	28.7	33.6
Rated 'AA'	13.5	12.0	12.2	11.1	14.9
Rated 'A'	29.7	28.7	27.6	28.0	28.6
Total rated 'A' or above	69.5	69.0	71.8	67.8	77.2
Rated ''BBB'	27.4	27.2	24.4	26.7	21.8
Rated 'BB' or lower/unrated	3.1	3.8	3.8	5.5	1.0
Mortgages (%)					
Residential	27.8	29.7	27.2	22.1	37.4
Nonresidential	72.2	70.3	72.8	77.9	62.6
Gross NPI/total invested assets	0.5	0.7	0.9	0.4	0.4
Net impaired investments/total invested assets	0.2	0.3	0.4	0.2	0.1
Allowances for losses/gross NPI	59.6	52.4	52.0	50.4	79.5
Gross NPI total invested assets	0.5	0.7	0.9	0.4	0.4
Net impaired investments/total invested assets	0.2	0.3	0.4	0.2	0.1
Provisions/total invested assets	0.0	0.4	0.3	0.0	0.2
Actuarial liabilities/total invested assets	78.5	77.3	78.9	79.0	64.3
*Figures are for holding company Sun Life Financial Inc. N.A.--Not available. NPI--Net profits interest. MCCSR--Minimum continuing capital and surplus requirements.					

Back to Top

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