

SUN LIFE OF CANADA (PHILIPPINES), INC.

[A Wholly-Owned Subsidiary of Sun Life of Canada
(Netherlands), B.V.]

Financial Statements December 31, 2025 and 2024

Sun Life Centre, 5th Avenue corner
Rizal Drive, Bonifacio Global City
Taguig City, Philippines



SECURITIES AND EXCHANGE COMMISSION

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**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The Management of Sun Life of Canada (Philippines), Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the Shareholders.

Navarro Amper & Co., the independent auditor appointed by the Shareholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



MANJIT SINGH

Chairman of the Board



BENEDICTO C. SISON

Chief Executive Officer



CANDY S. ESTEBAN

Chief Financial Officer

Signed this 18th day of March 2026

SUBSCRIBED AND SWORN TO BEFORE ME THIS MAR 23 2026 2026 at MAKATI CITY by
affiants, who personally exhibiting as proof of identity the following competent evidence of
identification.

Affiant Manjit Singh
Issued at Toronto

Exhibiting his/her Passport No [REDACTED]
on [REDACTED]

Affiant Benedicto C. Sison
Issued at DFA Manila

Exhibiting his/her Passport No [REDACTED]
on [REDACTED]

Affiant Candy S. Esteban
Issued at Mandaluyong City

Exhibiting his/her Driver's License No. [REDACTED]
on [REDACTED]

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Series of 2026

ATTY. JOEL L. VILLALON
Notary Public for Makati City until 12-31-2026
Roll No. 51808, Appointment No. M-008
IBP Lifetime No. 018385, 12-27-17, PPLM
MCLE Compliance No. VIII-0028633
PTR No. 10764518/1-02-2026
Unit 203 Carreon Bldg.,
146 Zerrada St., Poblacion, Makati City, 1210

SUPPLEMENTAL WRITTEN STATEMENT OF AUDITOR

To the Board of Directors and Shareholders
SUN LIFE OF CANADA (PHILIPPINES), INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Netherlands) B.V.]
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Gentlemen:

We have audited the financial statements of Sun Life of Canada (Philippines), Inc. for the year ended December 31, 2025, on which we have rendered our report dated April 16, 2026.

In compliance with the Revised Securities Regulation Code (SRC) Rule 68, we are stating that the said Company has only one (1) shareholder owning more than one hundred (100) shares.

Navarro Amper & Co.

BOA/PRC ACR. No. 0004, October 1, 2024; valid until September 22, 2027
SEC ACR 0004-SEC (Group A), December 7, 2021; valid to audit 2021 to 2025 financial statements


Nina Cecilia S. Felismino
Partner

CPA Certificate No. 0103737

BOA/PRC ACR. No. 0004/P-003, October 1, 2024; valid until September 22, 2027

SEC ACR. 103737-SEC (Group A), December 21, 2021; valid to audit 2021 to 2025 financial statements

IC ACR. No. IC-EA-2025-0068-R (Group A), January 26, 2026; valid to audit 2025 to 2027 financial statements

BIR ACR. No. 08-002552-046-2025, June 9, 2025; effective until June 8, 2028

TIN 218-720-328

PTR No. A-6751946, January 9, 2026, Taguig City

Taguig City, Philippines

April 16, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders
SUN LIFE OF CANADA (PHILIPPINES), INC.
[A Wholly Owned Subsidiary of Sun Life of Canada (Netherlands) B.V.]
2nd Floor, Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sun Life of Canada (Philippines), Inc. (the Company), which comprise the statements of financial position as at December 31, 2025 and 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Philippines. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Insurance Commission (IC) Annual Statements and the Company's Annual Report, which are prepared by the Management and submitted after the issuance of the audited financial statements with our auditor's report attached thereon.

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The IC Annual Statements and Annual Report are expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the other information identified above which have not yet been received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.



- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Report on Other Legal and Regulatory Requirements

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 46 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.

BOA/PRC ACR. No. 0004, October 1, 2024; valid until September 22, 2027

SEC ACR 0004-SEC (Group A), December 7, 2021; valid to audit 2021 to 2025 financial statements


Nina Cecilia S. Felismino

Partner

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BIR ACR. No. 08-002552-046-2025, June 9, 2025; effective until June 8, 2028

TIN 218-720-328

PTR No. A-6751946, January 9, 2026, Taguig City

Taguig City, Philippines

April 16, 2026



SUN LIFE OF CANADA (PHILIPPINES), INC.

[A Wholly Owned Subsidiary of Sun Life of Canada (Netherlands) B.V.]

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2025	2024
ASSETS			
Cash and cash equivalents	6	P 5,173,921,301	P 4,082,751,642
Financial assets at fair value through profit or loss	10	176,818,322,734	173,802,477,658
Available-for-sale financial assets	7	143,951,810,690	134,212,457,920
Uncollected policyholder premiums	27	1,466,364,372	1,067,772,759
Policyholders' loans	11	8,180,861,216	7,734,344,394
Loans and receivables	8	2,399,257,345	1,419,531,541
Due from related parties	16	207,494,611	207,428,921
Investment income earned and accrued	12	3,330,561,657	3,080,230,876
Other receivables	17	434,436,528	424,275,487
Loan to fellow subsidiary	16	-	3,813,286,167
Investments in subsidiaries	9	231,963,878	311,556,168
Intangible asset - net	14	3,413,961,675	2,381,529,321
Retirement benefit assets	35	1,746,006,800	1,661,227,900
Leasehold, property and equipment - net	13	3,289,108,695	3,318,118,419
Investment property - net	15	332,912,917	410,369,463
Prepaid taxes	18	101,294,992	86,377,417
Prepayments and other assets	19	232,332,246	522,146,497
TOTAL ASSETS		P351,310,611,657	P338,535,882,550
LIABILITIES AND EQUITY			
Liabilities			
Accounts payable, accrued expenses and other liabilities	23	P12,971,868,913	P14,813,490,369
Variable unit-linked liabilities	20	176,343,923,190	173,426,250,200
Insurance contract liabilities	21	62,944,544,057	57,614,822,811
Due to policyholders	22	32,115,938,443	31,274,233,589
Due to related parties	16	3,259,222,112	749,445,568
Deferred tax liabilities - net	39	1,833,943,197	1,345,400,530
		289,469,439,912	279,223,643,067
Equity			
Share capital	24	500,000,200	500,000,200
Reserves	25	9,642,876,579	7,167,094,539
Retained earnings		51,698,294,966	51,645,144,744
		61,841,171,745	59,312,239,483
TOTAL LIABILITIES AND EQUITY		P351,310,611,657	P338,535,882,550

See Notes to Financial Statements.

SUN LIFE OF CANADA (PHILIPPINES), INC.

[A Wholly Owned Subsidiary of Sun Life of Canada (Netherlands) B.V.]

STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31,	
	Notes	2025	2024
Income			
Gross premiums	27	P62,482,937,322	P57,807,813,561
Less: Premiums ceded	27	672,829,448	652,798,518
Premiums - net		61,810,107,874	57,155,015,043
Investment income - net	28	9,013,522,613	17,261,400,615
Fee income	29	1,123,026,939	948,474,940
Other income	30	1,104,665,908	986,960,632
		73,051,323,334	76,351,851,230
Benefits, Changes in Reserves and Operating Expenses			
Variable unit-linked fund allocation	20	2,917,672,990	10,807,448,840
Increase in insurance contract liabilities	21	7,621,688,149	4,495,099,185
Surrenders and maturities	22	20,807,177,815	20,100,989,873
Death, disability and other policy benefits	22	6,992,388,257	5,967,476,264
Commissions, bonuses and other agents' expenses	31	9,475,267,763	9,093,252,346
General and administrative expenses	32	11,646,437,439	10,277,907,688
Insurance taxes, licenses and fees	33	1,007,159,707	863,262,189
		60,467,792,120	61,605,436,385
Income Before Tax		12,583,531,214	14,746,414,845
Income tax expense	38	3,030,380,992	3,398,291,087
Profit for the Year		9,553,150,222	11,348,123,758
Other Comprehensive Income (Loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of actuarial liability	21	2,291,966,903	(1,313,157,840)
Remeasurement of defined benefit obligation	35	(7,797,700)	42,356,500
Deferred tax effect	39	(571,042,302)	317,700,335
		1,713,126,901	(953,101,005)
Item that will be reclassified to profit or loss			
Net gain (loss) on fair value measurement	25	762,655,139	(1,081,687,886)
Other Comprehensive Income (Loss)		2,475,782,040	(2,034,788,891)
Total Comprehensive Income for the Year		P12,028,932,262	P9,313,334,867

See Notes to Financial Statements.

SUNLIFE OF CANADA (PHILIPPINES), INC.

[(A Wholly-Owned Subsidiary of Sun Life of Canada (Netherlands) B.V.)]

STATEMENTS OF CHANGES IN EQUITY

	Notes	For the Years Ended December 31							Total
		Share Capital (Note 24)	Contributed Surplus (Note 25)	Investment Revaluation Surplus	Remeasurement of Defined Benefit Obligation	Remeasurement of Insurance Contract Liabilities	Total Reserves (Note 25)	Retained Earnings (Note 26)	
Balance, January 1, 2024		P500,000,200	P50,000,000	P1,377,792,238	P1,213,092,756	P6,560,998,436	P9,201,883,430	P45,297,020,986	P54,998,904,616
Profit for the year		-	-	-	-	-	-	11,348,123,758	11,348,123,758
Other comprehensive income (loss) - net	21, 25, 35, 39	-	-	(1,081,687,886)	31,767,375	(984,868,380)	(2,034,788,891)	-	(2,034,788,891)
Total comprehensive income (loss)		-	-	(1,081,687,886)	31,767,375	(984,868,380)	(2,034,788,891)	11,348,123,758	9,313,334,867
Dividends declared and paid	26	-	-	-	-	-	-	(5,000,000,000)	(5,000,000,000)
Balance, December 31, 2024		500,000,200	50,000,000	296,104,352	1,244,860,131	5,576,130,056	7,167,094,539	51,645,144,744	59,312,239,483
Profit for the year		-	-	-	-	-	-	9,553,150,222	9,553,150,222
Other comprehensive income (loss) - net	21, 25, 35, 39	-	-	762,655,139	(5,848,275)	1,718,975,176	2,475,782,040	-	2,475,782,040
Total comprehensive income (loss)		-	-	762,655,139	(5,848,275)	1,718,975,176	2,475,782,040	9,553,150,222	12,028,932,262
Dividends declared and paid	26	-	-	-	-	-	-	(9,500,000,000)	(9,500,000,000)
Balance, December 31, 2025		P500,000,200	P50,000,000	P1,058,759,491	P1,239,011,856	P7,295,105,232	P9,642,876,579	P51,698,294,966	P61,841,171,745

See Notes to Financial Statements.

SUN LIFE OF CANADA (PHILIPPINES), INC.

[A Wholly Owned Subsidiary of Sun Life of Canada (Netherlands) B.V.]

STATEMENTS OF CASH FLOWS

For the Years Ended December 31

	Notes	2025	2024
Cash Flows from Operating Activities			
Income before tax		P 12,583,531,214	P 14,746,414,845
Adjustments for:			
Depreciation and amortization	32	1,398,814,071	1,147,171,549
Unrealized (gain) loss on foreign exchange on financial assets at FVTPL		(4,592,643,462)	3,405,581,636
Unrealized gain on foreign exchange on financial assets at AFS	7	(1,117,376,338)	714,593,967
Unrealized fair value (gain) loss on financial assets at FVTPL		2,960,887,596	(2,378,022,965)
Impairment loss on AFS financial assets	7	1,376,926,564	329,212,061
Impairment (reversal) loss on investment in subsidiary	9	79,592,290	(40,247,629)
Amortization of bond premiums - net on financial assets at AFS	7	320,587,148	349,753,621
Realized fair value gain from			
AFS financial assets and investment in associate	28	(567,971,550)	(213,144,144)
Gain on disposal of leasehold, property and equipment	30	(3,942,554)	(8,598,757)
Loss on written-off leasehold, property and equipment	13	845	17,804
Loss on written-off intangible assets	14	32,574,735	-
Interest income	28, 30	(11,680,069,549)	(11,225,722,703)
Dividend income	28	(3,877,293,909)	(3,758,798,744)
Increase in insurance contract liabilities	21	7,621,688,149	4,495,099,185
Interest expense on lease liability	37	107,841,344	99,009,350
Dividends to policyholder	22	1,691,867,081	1,698,156,426
Interest on dividends to policyholder	22	1,226,237,940	1,168,559,076
Operating cash flows before working capital changes		7,561,251,615	10,529,034,578
Decrease (Increase) in:			
Uncollected policyholder premiums	27	(398,591,613)	(107,707,319)
Receivable from agents and employees	8	14,153,274	(48,907,986)
Due from related parties	16	1,777,776	(120,323,420)
Other receivables	17	(10,161,041)	188,956,948
Retirement benefit asset		(92,576,600)	(81,725,000)
Prepaid taxes		(14,917,575)	161,634,738
Prepayments and other assets		289,814,251	(104,125,440)
Increase (Decrease) in:			
Variable unit-linked liabilities	20	2,917,672,990	10,807,448,840
Due to policyholders		332,345,013	(201,916,931)
Due to related parties	16	2,509,776,544	418,931,777
Accounts payable, accrued expenses and other liabilities		(2,046,314,478)	2,789,737,760
Cash generated from operations		11,064,230,155	24,231,038,545
Income taxes paid		(3,032,269,087)	(3,468,917,110)
Interest and dividends paid to policyholders		(2,408,745,180)	(2,426,566,685)
Net cash generated from operating activities		P 5,623,215,888	P 18,335,554,750

(Forward)

SUN LIFE OF CANADA (PHILIPPINES), INC.

[A Wholly Owned Subsidiary of Sun Life of Canada (Netherlands) B.V.]

STATEMENTS OF CASH FLOWS

For the Years Ended December 31

	Notes	2025	2024
Net cash from operating activities (<i>balance forwarded</i>)		P 5,623,215,888	P 18,335,554,750
Cash Flows from Investing Activities			
Interest received from			
Guaranteed loans		83,165,556	59,315,766
Receivables from agents and employees	30	9,096,434	8,652,751
Policyholders' loans		624,875,340	588,725,055
Loan to fellow subsidiary		213,892,593	3,062,353
Investments in AFS financial assets		8,166,641,273	7,689,927,513
Investments in financial assets at FVTPL		2,131,922,910	2,269,289,319
Cash and cash equivalents		97,168,872	132,085,939
Dividend received		3,906,935,933	3,785,941,044
Proceeds from sale/maturities of investments in			
AFS financial assets	7	48,077,546,491	11,193,563,401
Financial assets at FVTPL	11	181,877,673,121	94,152,410,535
Acquisitions of investments in			
AFS financial assets	7	(57,066,409,946)	(27,606,802,631)
Financial assets at FVTPL	11	(183,261,762,331)	(106,289,702,896)
Acquisition of leasehold, property and equipment	13, 15	(870,858,173)	(1,433,366,748)
Acquisition of intangible assets	14	(1,492,363,735)	-
Proceeds from disposal of leasehold, property and equipment		7,965,262	11,531,468
Collections of:			
Guaranteed loans		62,120,922	82,941,354
Policyholders' loans		2,181,625,951	2,058,376,992
Loan to fellow subsidiary		47,665,027	-
Releases of:			
Guaranteed loans		(1,056,000,000)	-
Loan to fellow subsidiary	16	(120,000,000)	(160,000,000)
Policyholders' loans		(2,628,142,773)	(2,376,959,576)
Net cash from (used in) investing activities		992,758,727	(15,831,008,361)
Cash Flows from Financing Activities			
Payment of lease liabilities	37	(420,106,917)	(415,414,593)
Finance cost paid	37	(107,841,344)	(99,009,350)
Dividends paid	26	(5,000,000,000)	(5,000,000,000)
Cash used in financing activities		(5,527,948,261)	(5,514,423,943)
Effect of Changes in Foreign Exchange Rates		3,143,305	15,458,219
Net Increase (Decrease) in Cash and Cash Equivalents		1,091,169,659	(2,994,419,335)
Cash and Cash Equivalents, Beginning		4,082,751,642	7,077,170,977
Cash and Cash Equivalents, End	6	P5,173,921,301	P4,082,751,642

See Notes to Financial Statements.

SUN LIFE OF CANADA (PHILIPPINES), INC.

[A Wholly Owned Subsidiary of Sun Life of Canada (Netherlands) B.V.]

NOTES TO THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. CORPORATE INFORMATION

Sun Life of Canada (Philippines), Inc. (the "Company"), a wholly owned subsidiary of Sun Life of Canada (Netherlands) B.V., is a stock, life insurance company authorized to engage in, conduct, transact, carry on and undertake the business of life insurance, including accident and health insurance. The ultimate parent company is Sun Life Financial, Inc. (SLF, Inc.), a company incorporated under the laws of Canada.

The Company was registered with the Philippine Securities and Exchange Commission (SEC) on July 28, 1999. On December 22, 1999, the Company was granted a Certificate of Authority by the Insurance Commission (IC) to operate as a life insurance company and started commercial operations on April 1, 2000. On July 29, 2004, the IC approved the Company's license to sell variable insurance or investment-linked insurance, a life insurance product that is linked to investment funds.

The registered office address and principal place of business of the Company is Sun Life Centre, 5th Avenue corner Rizal Drive, Bonifacio Global City, Taguig City.

2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards, which includes all applicable PFRS, Philippine Accounting Standards (PAS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as approved by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and the Board of Accountancy (BOA), and adopted by SEC.

Basis of Preparation and Presentation

The financial statements have been prepared on the historical cost basis, except for:

- financial instruments measured at fair value;
- financial instruments measured at amortized cost;
- insurance contract liabilities computed based on data and assumptions which are in accordance with the Insurance Code of the Philippines and the regulations set by the IC;
- liabilities for cash-settled share-based payment arrangements measured at fair value; and
- the retirement benefit asset recognized as the net of the fair value of plan assets less the present value of the defined benefit obligation.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of PFRS 2 Share-based payment, leasing transactions that are within the scope of PFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net

realizable value in PAS 2 or value in use in PAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company is also required to file an annual statement with the IC, which is different from this set of financial statements. In certain respects, insurance accounting principles and reporting practices differ from PFRS. For the annual statement submitted with the IC, the significant principles and practices are as follows:

- a. Policyholder premiums are recognized as earned when due or received instead of over the life of the policy; commissions on reinsurance ceded are recognized when cessions are made;
- b. Policy acquisition costs are charged to current operations as incurred rather than amortized over the premium-paying period of the policies;
- c. Investments in marketable bonds and shares of stocks are stated at fair value based on the recommended value published by the IC rather than closing prices used for statutory reporting;
- d. Legal policy reserves and other policy liabilities are computed based on actuarial assumptions, in accordance with the Philippine insurance regulations and are modified as the need arises to reflect current experience; and
- e. Policy benefits are recognized in the accounts when paid or when claims are filed and approved.

Functional Currency

These financial statements are presented in Philippine peso, the currency of the primary economic environment in which the Company operates. All amounts are recorded in the nearest peso, except when otherwise indicated.

Separate Financial Statements

These are the Company's separate financial statements. Separate financial statements are those presented by a parent, an investor in an associate or a venturer in a jointly controlled entity, in which the investments are accounted for on the basis of the direct equity interest rather than on the basis of the reported results and net assets of the investees.

The Company did not present consolidated financial statements having met the following criteria set out in PFRS 10, *Consolidated Financial Statements*:

- the Company is itself a wholly owned subsidiary of another entity and its owners including those not otherwise entitled to vote, have been informed about, and do not object to, the Company not preparing consolidated financial statements;
- the Company's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- the Company did not file, nor is it in the process of filing, its consolidated financial statements with a securities commission or other regulatory organization for the purpose of issuing any class of instruments in a public market; and
- the ultimate parent of the Company produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards by SLF, Inc., a publicly traded company and is the holding company of Sun Life Assurance Company of Canada (Sun Life Assurance) and Sun Life Global Investments Inc. Both SLF, Inc. and Sun Life Assurance are incorporated under the Insurance Companies Act of Canada, and are regulated by the Office of the Superintendent of Financial Institutions

(OSFI) in Canada. The consolidated financial statements can be obtained from SLF, Inc., the ultimate parent, at <https://www.sunlife.com/en/investors/financial-results-and-reports/annual-reports/>.

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of Revised Accounting Standards Effective in 2025

The Company applied for the first time the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*, approved by the FSRSC that is mandatorily effective for accounting periods beginning on or after January 1, 2025. Its adoption has not had a material impact on the disclosures or the amounts reported in these financial statements.

New and Revised Accounting Standards Effective after the Reporting Period Ended December 31, 2025

PFRS 17 Insurance Contracts

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes PFRS 4, Insurance Contracts.

PFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

An amendment issued on June 2020 to address concerns and implementation challenges that were identified after PFRS 17 was published.

An amendment issued on December 2021 for the Initial Application of PFRS 17 and PFRS 9, Comparative Information (Amendment to PFRS 17), to address implementation challenges that were identified after PFRS 17 was published. The amendment addresses challenges in the presentation of comparative information.

PFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2027, as amended by the FSRSC from January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date, from January 1, 2023 to January 1, 2025. The effective date is further extended by Circular Letter No. 2025-04, from January 1, 2025 to January 1, 2027. Earlier application is permitted.

The management of the Company is still evaluating the impact of the new standard.

PFRS 9, Financial Instruments

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

Based on the initial assessment made by Management and to comply with the disclosure requirements of the amendment to PFRS 4, the table below presents the classification of the Company's financial assets as at December 31, 2025 under PAS 39 and how they will likely be classified under PFRS 9.

Management will continue to evaluate such classification based on the specific criteria and guidelines in classifying financial instruments under PFRS 9 taking into consideration the Company's business model in managing financial assets.

Financial Assets	Classification under PAS 39	Classification under PFRS 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss
Available-for-sale financial assets	Available-for-sale financial assets	Financial assets at fair value through other comprehensive income or Financial assets at fair value through profit or loss or Financial assets at amortized cost
Loans and receivables	Loans and receivables	Financial assets at amortized cost
Security deposits	Loans and receivables	Financial assets at amortized cost
Due from related parties	Loans and receivables	Financial assets at amortized cost
Investment income earned and accrued	Loans and receivables	Financial assets at amortized cost
Other receivables	Loans and receivables	Financial assets at amortized cost
Loan to a fellow subsidiary	Loans and receivables	Financial assets at amortized cost
Due to related parties	Other financial liabilities	Financial liabilities at amortized cost
Accounts payable, accrued expenses and other liabilities	Other financial liabilities	Financial liabilities at amortized cost

The Company applies the exemption from applying PFRS 9 as permitted by the amendments to PFRS 4 Applying PFRS 9, *Financial Instruments* with PFRS 4, *Insurance Contracts* issued in September 2016. The temporary exemption permits the Company to continue applying PAS 39 rather than PFRS 9 for annual periods beginning before January 1, 2018. The Company concluded that it qualified for the temporary exemption from PFRS 9 because its activities are predominantly connected with insurance.

Fair value disclosures

The table below presents an analysis of the fair value of classes of financial assets of the Company as of December 31, 2025 and 2024, as well as the corresponding change in fair value for the year then ended. The financial assets are divided into two categories:

- Assets for which their contractual cash flows represent solely payments of principal and interest (SPPI), excluding any financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis; and
- All financial assets other than those specified in SPPI above (i.e. those for which contractual cash flows do not represent SPPI, assets that are held for trading and assets that are managed and whose performance is evaluated on a fair value basis).

	2025			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Available-for-sale financial assets				
Government and corporate debt securities	P102,346,151,654	P99,687,495	32,265,530,054	P636,937,013
Equity securities	-	-	8,752,677,791	24,266,807
UITF	-	-	587,451,191	1,763,824
Financial assets at fair value through profit or loss				
Stocks	-	-	91,712,753,989	(5,033,313,783)
Government and corporate debt securities	-	-	53,357,419,874	736,391,115
Mutual fund	-	-	30,010,389,231	1,336,035,072
Savings deposits	-	-	1,737,759,640	-
Cash and cash equivalents	5,173,921,301	-	-	-
Uncollected policyholder premiums	1,466,364,372	-	-	-
Policyholders' loans	8,180,861,216	-	-	-
Loans and receivables	2,361,557,337	-	-	-
Due from related parties	207,494,611	-	-	-
Other receivables	434,436,528	-	-	-
Security deposit	101,978,624	-	-	-
Investment income earned and accrued	3,330,561,657	-	-	-
	P123,603,327,300	P99,687,495	218,423,981,770	(P2,297,919,952)

	2024			
	SPPI financial assets		Other financial assets	
	Fair value	Fair value change	Fair value	Fair value change
Available-for-sale financial assets				
Government and corporate debt securities				
Equity securities	P109,840,341,866	(P1,039,136,327)	P15,228,557,111	(P499,630,116)
UITF	-	-	9,129,114,879	477,231,537
Financial assets at fair value through profit or loss				
Stocks	-	-	14,444,064	(20,152,980)
Government and corporate debt securities	-	-		
Mutual fund	-	-	109,324,680,620	2,780,750,105
Savings deposits	-	-	47,255,439,783	(352,555,767)
Cash and cash equivalents	4,082,751,642	-	15,720,599,687	(50,171,373)
Uncollected policyholder premiums	1,067,772,759	-	1,501,757,568	-
Policyholders' loans	7,734,344,394	-	-	-
Loans and receivables	1,330,980,277	-	-	-
Due from related parties	207,428,921	-	-	-
Loan to a fellow subsidiary	3,346,010,646	-	-	-
Other receivables	424,275,487	-	-	-
Security deposit	92,390,079	-	-	-
Investment income earned and accrued	3,080,230,876	-	-	-
	P131,206,526,947	(P1,039,136,327)	P198,174,593,712	P2,335,471,406

Credit risk disclosures

The following table shows the carrying amounts of the SPPI assets in accordance with PAS 39 categories by credit risk rating grades reported to key management personnel. The carrying amounts are measured in accordance with PAS 39. For assets measured at amortized cost, the carrying amount shown is before any allowance for impairment loss.

	2025					
	Credit Rating					
	Total	AAA	AA/A	BBB	BB/B	Unrated
Available-for-sale financial assets						
Government and corporate debt securities	P134,611,681,708	P3,858,539,937	P -	P -	P -	P130,753,141,771
Financial assets at fair value through profit or loss						
Government and corporate debt securities	53,357,419,874	2,986,841,262	-	-	-	50,370,578,612
Cash and cash equivalents	5,173,921,301	-	-	-	-	5,173,921,301
Uncollected policyholder premiums	1,466,364,372	-	-	-	-	1,466,364,372
Policyholders' loans	8,180,861,216	-	-	-	-	8,180,861,216
Loans and receivables	2,399,257,345	884,300,000	-	-	-	1,514,957,345
Due from related parties	207,494,611	-	-	-	-	207,494,611
Other receivables	434,436,528	-	-	-	-	434,436,528
Security deposit	132,506,841	-	-	-	-	132,506,841
Investment income earned and accrued	3,330,561,657	-	-	-	-	3,330,561,657
	P209,294,505,453	P 7,729,681,199	P -	P -	P -	P201,564,824,254

	2024					
	Credit Rating					
	Total	AAA	AA/A	BBB	BB/B	Unrated
Available-for-sale financial assets						
Government and corporate debt securities	P125,068,898,977	P4,902,263,791	P-	P-	P-	P120,166,635,186
Financial assets at fair value through profit or loss						
Government and corporate debt securities	47,255,439,783	3,312,523,302	-	-	-	43,942,916,482
Cash and cash equivalents	4,082,751,642	-	-	-	-	4,082,751,642
Uncollected policyholder premiums	1,067,772,759	-	-	-	-	1,067,772,759
Policyholders' loans	7,734,344,394	-	-	-	-	7,734,344,394
Loans and receivables	1,419,531,541	888,300,000	-	-	-	531,231,541
Due from related parties	207,428,921	-	-	-	-	207,428,921
Loan to a fellow subsidiary	3,813,286,167	-	-	-	-	3,813,286,167
Other receivables	424,275,487	-	-	-	-	424,275,487
Security deposit	124,909,507	-	-	-	-	124,909,507
Investment income earned and accrued	3,080,230,876	-	-	-	-	3,080,230,876
	P194,278,870,054	P9,103,087,093	P -	P -	P -	P185,175,782,961

Financial assets that passed the SPPI test have low credit risk as at December 31, 2025 and 2024.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2027, as amended by the FSRSC from January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date, from January 1, 2023 to January 1, 2025. The effective date is further extended by Circular Letter No. 2025-04, from January 1, 2025 to January 1, 2027. Earlier application is permitted.

Amendment to PFRS 17, Initial Application of PFRS 17 and PFRS 9 – Comparative Information

The amendment is a transition option relating to comparative information about financial assets presented on initial application of PFRS 17.

The main amendment in Initial Application of PFRS 17 and PFRS 9 – Comparative Information (Amendment to PFRS 17) is a narrow-scope amendment to the transition requirements of PFRS 17 for entities that first apply PFRS 17 and PFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of PFRS 17 and PFRS 9, but where this information has not been restated for PFRS 9.

Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of PFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of PFRS 9.

There are no changes to the transition requirements in PFRS 9.

The standard (incorporating the amendments) is effective for periods beginning on or after January 1, 2027, as amended by the FSRSC from January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date, from January 1, 2023 to January 1, 2025. The effective date is further extended by Circular Letter No. 2025-04, from January 1, 2025 to January 1, 2027. Earlier application is permitted.

The Company is still evaluating the impact of the amendments.

PFRS 18, Presentation and Disclosure in Financial Statements

PFRS 18 replaces PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements. In addition, some PAS 1 paragraphs have been moved to PAS 8 and PFRS 7. Furthermore, the FSRSC has made minor amendments to PAS 7 and PAS 33 Earnings per Share.

PFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply PFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to PAS 7 and PAS 33, as well as the revised PAS 8 and PFRS 7, become effective when an entity applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

Management anticipates that the application of the new standard will have an impact on the Company's financial statements in future periods. The Company is in the process of assessing the impact of the new standard, particularly with respect to the structure of the statement of profit or loss and the additional disclosures required for MPMs as well as the impact on how information is grouped in the financial statements. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Company's financial

statements as management has yet to complete its detailed assessment.

The new standards, amendments to standards, and interpretations that are issued, but not yet effective, up to the date of issuance of the Company are listed below.

The Company intends to adopt these when they become effective. The Company anticipates that the application of these standards and amendments to standards will not have a material impact on the Company's financial statements in future periods.

Effective for annual period beginning or after January 1, 2026

- a) Amendments to PFRS 9, *Financial Instruments*, and PFRS 7 *Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments*
- b) Annual Improvements to PFRS Accounting Standards—Volume 11
- c) Amendments to PFRS 9, *Financial Instruments* and PFRS 7 *Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity*

Effective for annual period beginning or after January 1, 2027

- a) PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Deferred effectivity

- a) Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

4. MATERIAL ACCOUNTING POLICY INFORMATION

Financial Instruments

Financial Assets

Initial recognition

Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company's financial assets, except for investments classified as at fair value through profit or loss (FVTPL).

Classification and subsequent measurement

Financial assets are classified into the following categories: financial assets at FVTPL, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company's financial assets as at December 31, 2025 and 2024 consist of loans and receivables, financial assets at FVTPL and AFS financial assets.

Loans and receivables

After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Company's financial assets classified under this category include cash and cash equivalents, loans and receivables, loan to a fellow subsidiary, investment income earned and accrued, policyholders' loans, uncollected policyholder premiums, due from related parties, other receivables, and security deposits.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated upon initial recognition.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified as loans and receivables, HTM investments or financial assets at FVTPL.

AFS financial assets are stated at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated in investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. The Company classified its investments in government debt securities, equity securities and other debt securities as AFS financial assets.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses are recognized in profit or loss.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair value of unquoted equity instruments, these investments are carried at cost, net of any impairment in value.

Dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment

For equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including fixed income securities classified as AFS, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counter party; or
- breach of contract such as, default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets,

although the decrease cannot yet be identified with the individual financial assets in the Company.

For certain categories of financial assets, such as uncollected policyholders premiums, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments past the average credit period in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Financial assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition.

The carrying amount of financial assets carried at amortized cost is reduced directly by the impairment loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in profit or loss.

AFS financial assets

When a decline in the fair value of listed shares and fixed income securities classified as AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative gain or loss that had been recognized in other comprehensive income are reclassified to profit or loss in the period even though the financial asset has not been derecognized.

If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when the Company transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and any cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Investments in Subsidiaries

Investments in subsidiaries are measured initially at cost. Subsequently, these are carried in the Company's financial statements at cost less any accumulated impairment losses.

The Company's accounting policy for impairment of financial assets is applied to determine whether it is necessary to recognize any impairment loss with respect to its investment in subsidiaries. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with the Company's accounting policy on impairment of tangible and intangible assets as a single asset. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The investment in subsidiary is derecognized upon disposal or when no future economic benefits are expected to arise from the investment. Gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying amount of the investment in subsidiary and is recognized in profit or loss.

When the Company loses control of a subsidiary, the Company recognizes the fair value of the consideration received, if any, from the transaction that resulted in the loss of control. The carrying amount of the investment in subsidiary is derecognized and any investment retained in the former subsidiary is recognized at its fair value at the date the control is lost. Any resulting difference is recognized in profit or loss.

Subsidiaries of investment entities

An investment entity is an entity that:

- obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

An investment entity does not consolidate when it obtains control over a subsidiary. Instead, investments in subsidiaries are measured at fair value with gains and losses charged to profit or loss.

Variable Unit-linked Insurance Contracts

Variable unit-linked insurance contracts are products for which the Company issues a contract where the benefit amount is directly linked to the fair value of the investments held in particular variable unit-linked (VUL) fund. Although the underlying assets are registered in the Company's name, the VUL fund policyholder bears the risk and rewards of the fund's investment performance. The deposit component received from variable unit-linked insurance contracts is shown as part of gross premiums.

Variable unit-linked liabilities

Variable unit-linked liabilities is increased by additional deposits and changes in unit prices and decreased by policy administration fees, fund changes, and any withdrawals. At the end of each reporting period, variable unit-linked liabilities is computed based on the basis of the number of units allocated to the policyholder multiplied by the unit price of the underlying investment funds. The assets, liabilities, income and expenses of the internal investment funds have been reflected in the appropriate accounts in the statement of financial position and statements of comprehensive income.

Leasehold, Property and Equipment

Leasehold, property and equipment are initially measured at cost.

Major spare parts and stand-by equipment qualify as leasehold, property and equipment when the Company expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of leasehold, property and equipment, they are accounted for as leasehold, property and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

At the end of each reporting period, item of leasehold, property and equipment are measured at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation is computed on a straight-line method based on the estimated useful lives of the assets as follows:

Building and building improvements	18-36 years
Condominium units	25 years
Furniture and fixtures	10 years
Office equipment	5 years
Transportation equipment	3 years
Computer equipment	3 years

Leasehold improvements are amortized over the improvement's useful life of ten years or when shorter, the term of the relevant lease.

Construction in progress relates to ongoing leasehold projects. Upon completion, the cost of completed projects are reclassified to the appropriate asset account.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of leasehold, property and equipment.

An item of leasehold, property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Right-of-use asset is classified within Leasehold, property and equipment – net. Refer to accounting policy on Leases.

Investment Property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is computed on the straight-line method based on the estimated useful life of 36 years.

Investment property is derecognized by the Company upon its disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Intangible Asset

The Company's intangible assets include software projects developed or purchased and naming rights, which were initially measured at cost.

At the end of each reporting period, intangible assets are carried at cost less any accumulated depreciation and impairment losses.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the intangible assets, from the date that this is available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life for the current and comparative periods of the software projects is not greater than 5 years and naming rights is 10 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in profit or loss when the asset is derecognized.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

Financial liabilities

Initial recognition

Financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially recognized at fair value. Transaction costs are included in the initial measurement of the Company's financial liabilities.

Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The Company's financial liabilities as at December 31, 2025 and 2024 consist of variable unit-linked liabilities, insurance contract liabilities, due to policyholders, due to related parties, accounts payable, accrued expenses, and other liabilities.

Derecognition

Financial liabilities are derecognized by the Company when the obligation under the liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

Equity instruments issued by the Company are recognized as the proceeds are received, net of direct issue costs.

Share Capital

Share capital consisting of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Contributed Surplus

Contributed surplus represents the original contribution of the stockholders in addition to share capital.

Retained earnings

Retained earnings represent accumulated profit attributable to equity holders of the Company after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

Insurance Contract Liabilities

Life insurance contract liabilities

Life insurance contract liabilities are recognized when the contracts are entered into and the premiums are recognized. The provision for life insurance contracts and riders for variable unit-linked are calculated on the basis of a stringent prospective actuarial valuation method where the assumptions used depend on the circumstances prevailing at the inception of the contract. Assumptions and actuarial valuation methods are also subject to provisions of the Insurance Code (the Code) and guidelines set by the Insurance Commission.

Subsequently, new estimates are developed at each reporting date to determine whether the liabilities reflect the current experience using the gross premium valuation which considers assumptions on mortality, morbidity, lapse and/or persistency, expenses, non-guaranteed benefits, discount rate and margin for adverse deviation. The initial assumptions could not be altered if the Company deems the current assumptions to still be reflective of their experience. As a result, the effect of changes in the underlying variables on insurance liabilities and related assets is not symmetrical. Improvements and significant deteriorations in estimates have an impact on the value of the liabilities and related assets.

Movements in legal policy reserves attributable to changes in discount rate are recorded under Remeasurement of insurance contract liabilities in other comprehensive income and the changes in policies and assumptions are recorded under Increase (Decrease) in insurance contract liabilities in the statements of comprehensive income.

Insurance contracts with fixed and guaranteed terms

Premiums are recognized as revenue when they become due from the policyholders which for single premium business, is the date on which the policy becomes effective.

Benefits are recorded as an expense when they are incurred and are accrued as a liability.

An increase in liability for contractual benefits that are expected to be incurred in the future is recorded under 'change in legal policy reserves' in the statements of income when the premiums are recognized. The liability is determined as the sum of the present value of future benefits and expenses, less the present value of the future gross premiums arising from the policy contract discounted at the appropriate risk-free discount rate. The expected future cash flows is determined using the best estimate assumptions with due regard to significant recent experience and appropriate margin for adverse deviation from the expected experience.

The liability is based on actuarial assumptions such as mortality and morbidity, maintenance expenses, and lapse and/or persistency rates that are established at the time the contract is issued. A margin for adverse deviation (MfAD) is also included in the assumptions. For group life insurance and accident and health insurance, reserves are computed by calculating the unearned portion of the written premiums for the year.

Provision is also made for the cost of claims incurred but not reported (IBNR) as of the reporting date based on the Company's experience. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statements of income in later years. Policy and contract claims payable forms part of the insurance contract liability section of the statements of financial position.

Unit-linked insurance contracts

The Company issues unit-linked insurance contracts. In addition to providing life insurance coverage, a unit-linked contract links payments to insurance investment funds set-up by the Company with consideration received from the policyholders. As allowed by PFRS 4, the Company chose not to unbundle the investment portion of its unit-linked products. Premiums received from the issuance of unit-linked insurance contracts are recognized as premium revenue. Consideration received from policyholders that are transferred to the segregated funds is recognized as part of Increase (Decrease) in insurance contract liabilities in the statements of comprehensive income.

The Company withdraws the cost of insurance and administrative charges from the consideration received from the policyholders in accordance with the provisions of the unit-linked insurance contracts. After deduction of these charges, the remaining amounts in fund assets are equal to the surrender value of the unit-linked policies, and are withdrawable anytime.

The investment returns on the insurance investment funds belong to policyholders and the Company does not bear the risk associated with these assets (outside of guarantees offered). Accordingly, investment income earned and expenses incurred by these funds and payments to policyholders have the same corresponding change in the reserve for unit-linked liabilities. Such changes have no effect on the Company's results of operations. Management fee income earned by the Company for managing the insurance investment funds, periodic charges, and cost of insurance charges are included in management fees.

Insurance investment funds primarily include investments in debt securities, equities, short-term investments and cash and cash equivalents. The methodology applied to determine the fair value of the investments held in these funds is consistent with that applied to investments held by general fund. Reserve for unit-linked liabilities is measured based on the value of the insurance investment funds attributable to the policyholders. The equity of each unit-linked policyholder in the fund is monitored through the designation of outstanding units for each policy. Hence, the equity of each unit-linked insurance contract in the fund is equal to its total number of outstanding units multiplied by the net asset value per unit (NAVPU). The NAVPU is the market value of the fund divided by its total number of outstanding units.

Other Insurance Policy and Contract Liabilities

Other insurance policy and contract liabilities are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event; when it is probable that the Company will be required to settle the obligation through an outflow of resources embodying economic benefits and; when the amount of the obligation can be estimated reliably.

An amount equal to the policyholders' dividends expected to be allotted to policyholders over the next twelve months is set up as provision for policyholders' dividends.

Reserves for claims Incurred But Not Reported (IBNR) pertain to the estimate of the sum of individual claims that have already occurred but on which notice has not yet been received by the Company. This is computed using factors resulting from the review of prior years' experience.

Outstanding claims, premiums on deposit, premiums paid in advance, proceeds on deposit and dividends on deposit are obtained directly from the policy administration system. These represent actual claims payable to the policyholders, premiums paid in advance and balances of benefits and dividends left on deposit with the Company including any interest accruals.

Other insurance policy and contract liabilities are determined and reviewed at end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, such liabilities shall be reversed and the carrying amount of the liabilities derecognized are reflected in profit or loss.

Provisions

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

Share-based Payments

The Company recognizes the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received.

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

Employee Benefits

Short-term benefits

The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Post-employment benefits

The Company has a funded non-contributory defined benefit retirement plan. For the defined benefit retirement plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected as a separate equity component. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Defined benefit costs are categorized as follows:

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)

- Net interest expense or income
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit assets recognized in the statements of financial position represents the fair value of plan assets, and as reduced by the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

The funding policy is to contribute an amount based on the actuarial valuation report which is carried out at each reporting date. Actual contributions are made on the first quarter of the year after the valuation date.

Revenue Recognition

Life insurance premiums

Life insurance premiums written are recognized as earned at policy anniversary date. When premiums are recognized, actuarial liabilities are computed to match benefits and expenses with such revenue.

Recoveries from ceded reinsurance

Ceded reinsurance recoveries are accounted for in the same period as the underlying claim.

Interest and dividend revenues

Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Fee income

Management and service fee are recognized as revenue over time as the related services are rendered. Revenue is measured based on the consideration specified in the contract.

Expense Recognition

Expenses are recognized in profit or loss when incurred. Expenses in the statements of comprehensive income are presented using the nature of expense method.

Death, Disability, and Other Policy Benefits

Death, Disability, and Other Policy Benefits are recorded as expense when incurred. Death and health claims, as well as policy surrenders, are recorded when notices of claims and surrenders have been received. Dividends are recognized when earned by the policy holders upon policy anniversary date or when policies reach maturity.

Commissions, bonuses and other agents' expenses

Commissions, bonuses and other agents' expenses are recognized when the insurance contracts are entered into and the premiums are recognized.

Leases

The Company assesses whether a contract is, or contains, a lease at the inception of the contract.

The Company as lessee

For leases where the Company acts as the lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease as it represents the time pattern in which economic benefits from the leased assets are consumed.

The right-of-use asset is initially measured at cost, which is composed of the initial amount of the lease liability with certain adjustments, and subsequently depreciated using the straight-line method over the shorter of the lease term and the estimated useful lives of the assets, with depreciation expense included in General and Administrative expenses in the statements of comprehensive income. Right-of-use assets are subject to impairment. Refer to the accounting policies on impairment of nonfinancial assets discussed in Note 5.

The lease liability is initially measured at the present value of lease payments over the term of the lease using a discount rate that is based on the Company's incremental borrowing rate. The discount rate is specific to each lease and is determined by various factors, such as the lease term and currency. The lease term includes the non-cancellable period and the optional period where it is reasonably certain the Company will exercise or not exercise an extension or termination option, considering various factors that create an economic incentive to do so.

Subsequently, the lease liability is measured at amortized cost using the effective interest method, with interest charged to General and administrative expenses in the statements of comprehensive income.

Lease liabilities and right-of-use assets are remeasured when a lease modification occurs.

The Company's right-of-use asset are presented as part of Leasehold, Property and Equipment while lease liabilities are included in Accounts payable, accrued expenses and other liabilities in the statements of financial position.

The Company as lessor

Rental income from operating leases is recognized as income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign Currency Transactions and Translation

Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the gains and losses of such non-monetary items are recognized in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

Related Party Transactions

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

Income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax

The current tax expense is composed of the regular corporate income tax (RCIT), the minimum corporate income tax (MCIT) or final tax. The RCIT and MCIT are based on taxable profit for the year which may differ from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

Final tax

Final tax expense represents final taxes withheld on interest income from cash in banks, special savings deposits and fixed-income securities and final taxes withheld on proceeds from sale of listed equity securities.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, while deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when these relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax

Current and deferred tax are recognized as an expense or income in profit or loss, except when these relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax are also recognized outside profit or loss.

5. MATERIAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Material Accounting Judgment

The following are the material judgments, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the material effect on the amounts recognized in the financial statements.

Investment entities

Management exercises its judgment whether an entity will qualify as investment entity by evaluating the structure and nature of transactions of the entity. The recognition and measurement of an investment entity's subsidiary will depend on the result of the judgment made.

Since the VUL funds obtain funds from one or more policyholders for the purpose of providing those policyholders with investment management services; commit to its policyholders that its business purpose is to invest funds solely for returns from investment income; and measure and evaluate the performance of substantially all of its investments on a fair value basis, the VUL funds qualify as investment entities. Accordingly, an associate of the VUL funds is carried at fair value with gains and losses charged to profit or loss.

Savings deposits designated at FVTPL

The Company designated the savings deposits held by the VUL funds as financial assets at FVTPL since it forms part of a group of managed financial assets whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy. The information about the group of managed financial assets is provided internally on that basis to the Company's management.

As at December 31, 2025 and 2024, the carrying amount of savings deposits designated as financial assets at FVTPL amounted to P1,737,759,640 and P1,501,757,568, respectively, as disclosed in Note 10.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimating useful lives of assets

The useful lives of assets are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives of assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the Company's assets. In addition, the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recording expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of assets would increase the recognized operating expenses and decrease the assets.

The estimated useful lives of the assets are disclosed in Note 4.

As at December 31, 2025 and 2024, the carrying amounts of the Company's leasehold, property and equipment amounted to P3,289,108,695 and P3,318,118,419, respectively, as disclosed in Note 13. Total accumulated depreciation as at December 31, 2025 and 2024 amounted to P5,003,852,130 and P4,061,965,058, respectively, as disclosed in Note 13.

As at December 31, 2025 and 2024, the carrying amount of the Company's intangible assets amounted to P3,413,961,675 and 2,381,529,321, respectively, as disclosed in Note 14. Total accumulated amortization as at December 31, 2025 and 2024 amounted to P1,163,320,697 and P735,964,052, respectively, as disclosed in Note 14.

As at December 31, 2025 and 2024, the carrying amount of the Company's investment property amounted to P332,912,917 and P410,369,463, respectively, as disclosed in Note 15. Total accumulated depreciation as at December 31, 2025 and 2024 amounted to P381,410,799 and P406,463,021, respectively, as disclosed in Note 15.

Asset impairment

Impairment of AFS financial assets

The Company treats AFS equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats 'significant' generally as 30% or more of the cost and 'prolonged' as greater than 12 months. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and near-term business outlook of the issuer, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

The amount and timing of recorded expenses for any period would differ if the Company made different judgments or utilized different estimates. An increase in allowance for impairment losses would increase recorded expenses and decrease net income. As at December 31, 2025 and 2024, the carrying value of AFS equity securities amounted to P8,752,677,791 and P9,129,114,879, respectively, as disclosed in Note 7. In 2025 and 2024, the Company recognized an impairment loss of P1,376,926,564 and P329,212,061 on its AFS equity securities, respectively, as disclosed in Note 28.

Impairment of nonfinancial assets

The Company performs an impairment review when certain impairment indicators are present.

Determining the recoverable amounts of leasehold, property and equipment, intangible assets, investment property and investments in subsidiaries requires the Company to make estimates and assumptions that can materially affect the financial statements. Future events could cause the Company to conclude that leasehold, property and equipment, intangible assets, investment property and investments in subsidiaries are impaired. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgment and estimations. While the Company believes that its assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to future additional impairment charges.

The non-financial assets of the Company are composed of its leasehold, property and equipment, intangible assets, investment property, and investment in subsidiaries. The carrying amounts of its non-financial assets as at December 31, 2025 and 2024 are as follows:

	Notes	2025	2024
Leasehold, property and equipment – net	13	P3,289,108,695	P3,318,118,419
Intangible asset – net	14	3,413,961,675	2,381,529,321
Investment property – net	15	332,912,917	410,369,463
Investments in subsidiaries - net	9	231,963,878	311,556,168
		P7,267,947,165	P6,421,573,371

As at December 31, 2025 and 2024, Management believes that the recoverable amounts of the Company's leasehold, property and equipment, intangible assets, and investment property exceed their carrying amounts.

The Company performed impairment assessment for its investment in subsidiaries by computing the recoverable amount and comparing it to the carrying amount of the investment. The recoverable amount was based on the higher of value in use and fair value less cost of disposal, estimated as the subsidiaries net assets as of December 31, 2025 and 2024. The Company recognized an impairment loss of 79,592,290 in 2025, and a reversal of impairment loss of P40,247,629 in 2024 on its investment in subsidiaries, as disclosed in Note 9.

Deferred tax assets

The Company reviews the carrying amounts at the end of each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Based on Management's expectation of the Company's future taxable income, the Company did recognize the deferred tax assets amounting to P1,010,762,501 and P928,262,864 as at December 31, 2025 and 2024, respectively, as disclosed in Note 39.

Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The unrecognized deferred tax assets amounted to P265,099,178 and P245,201,105 as at December 31, 2025 and 2024, respectively, as disclosed in Note 39.

Estimating allowances for doubtful accounts

The Company estimates the allowance for doubtful accounts related to its loans and receivables, investment income earned and accrued, loan to a fellow subsidiary, uncollected policyholder premiums, due from related parties and other receivables based on assessment of specific accounts when the Company has information that certain counterparties are unable to meet their financial obligations.

In these cases, judgment used was based on the best available facts and circumstances including, but not limited to, the length of relationship with the counterparty and the counterparty's current credit status based on third party credit reports and known market factors. The Company used judgment to record specific reserves for counterparties against amounts due to reduce the expected collectible amounts.

These specific reserves are re-evaluated and adjusted as additional information obtained impacts the amounts estimated.

The amounts and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in the allowance for doubtful accounts would increase the recognized operating expenses and decrease current assets.

As at December 31, 2025 and 2024, Management believes that the receivables are fully recoverable, accordingly, no doubtful accounts expense was recognized in both years.

The carrying amounts of the receivables are as follows:

	Notes	2025	2024
Policyholders' loans	11	P8,180,861,216	P7,734,344,394
Investment income earned and accrued	12	3,330,561,657	3,080,230,876
Loans and receivables	8	2,399,257,345	1,419,531,541
Uncollected policyholder premiums	27	1,466,364,372	1,067,772,759
Other receivables	17	434,436,528	424,275,487
Security deposits	19	132,506,841	124,909,507
Due from related parties	16	207,494,611	207,428,921
Loan to fellow subsidiary	16	-	3,813,286,167
		P16,201,654,470	P17,871,779,652

Estimating legal policy reserves

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance and investment contracts. Assumptions used are based on past experience, current internal data and conditions and external market indices and benchmarking, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate and prudent estimates at the date of valuation. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are also subject to the provisions of the Code and guidelines set by the Insurance Commission.

The key assumptions to which the estimation of liabilities is particularly sensitive follows:

- *Mortality and morbidity*
The mortality and morbidity assumptions are based on rates of mortality and morbidity that are appropriate to the nature of the risks covered based on the Company's actual experience.
- *Discount rates*
Discount rates relate to the time value of money. The risk-free discount rate shall be the equivalent zero-coupon spot and forward yield of the yield curve with matching duration for durations less than or equal to 20 years. The valuation interest rate assumptions are consistent with risk free rates as provided by IC.

The assumptions are reviewed and revised at each reporting date. A decrease in discount rate would result in remeasurement loss on life insurance reserves.
- *Non-guaranteed benefits*
The level of non-guaranteed benefits under traditional life insurance policies to be valued, including policy dividends, are determined with due regard to the Company's duty to treat its policyholders fairly and meet policyholders' reasonable expectations.
- *Expenses*
The expense assumptions are based on the Company's experience derived from its latest expense study.
- *Lapses and/or persistency rates*
Lapse and/or persistency rates reflective of the Company's actual experience are taken as the best estimate lapse and/or persistency assumption, with regard to changing Company practices and market conditions.

As at December 31, 2025 and 2024, insurance contract liabilities amounted to P62,944,544,057 and P57,614,822,811, respectively, as disclosed in Note 21. Increase in insurance contract liabilities due to change in policies and assumptions amounted to P7,621,688,149 and P4,495,099,185 in 2025 and 2024, respectively, as disclosed in Note 21.

Post-employment and other retirement benefits

The determination of the retirement benefit cost and other retirement benefits is dependent on the selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates and rates of compensation increase. Actual results that differ from the assumptions are directly charged to other comprehensive income and therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The Company recognized total retirement benefit expense amounting to P53,825,200 and P40,280,800 in 2025 and 2024, respectively as disclosed in Note 35. As at the end of 2025 and 2024, retirement benefit assets amounted to P1,746,006,800 and P1,661,227,900 respectively, as disclosed in Note 35.

Contingencies

The Company is currently involved in various legal proceedings, as disclosed in Note 40. Estimates of probable costs for the resolution of these claims have been developed in consultation with outside counsel handling the defenses in these matters and are based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the Company's strategies relating to these proceedings.

6. CASH AND CASH EQUIVALENTS

The details of the Company's cash and cash equivalents are as follows:

	2025	2024
Cash on hand and in banks	P3,219,221,301	P2,453,239,532
Cash equivalents	1,954,700,000	1,629,512,110
	P5,173,921,301	P4,082,751,642

Cash equivalents represent short-term deposits with periods varying from one day to three months depending on the cash requirements of the Company and earn annual interest rates ranging from 3.00% to 5.375% in 2025 and 2.88% to 5.40% in 2024 for peso placements and from 3.65% to 3.95% in 2025 and 4.15% to 4.90% in 2024 for dollar placements.

Interest earned on cash and cash equivalents amounted to P96,620,904 and P131,300,492 in 2025 and 2024, respectively, as disclosed in Note 28.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Details of available-for-sale financial assets are as follows:

	2025	2024
Investments in government and corporate debt securities	P134,611,681,708	P125,068,898,977
Investments in equity securities	8,752,677,791	9,129,114,879
Investments in UITF	587,451,191	14,444,064
	P143,951,810,690	P134,212,457,920

Investments in equity securities represent opportunities for return through dividend income and trading gains.

The movements in the available-for-sale financial assets are summarized as follows:

	Notes	2025	2024
Balance, beginning		P134,212,457,920	P120,061,322,081
Additions		57,066,409,946	27,606,802,631
Disposals		(48,077,546,491)	(11,193,563,401)
Fair value adjustments	25	(46,299,875)	(1,197,755,803)
Unrealized Foreign exchange differences		1,117,376,338	(714,593,967)
Amortization of premiums - net		(320,587,148)	(349,753,621)
Balance, ending		P143,951,810,690	P134,212,457,920

An analysis of the carrying amount are as follows:

	Note	2025	2024
Cost			
Investments in government and corporate debt securities		P134,851,030,065	P126,044,871,842
Investments in equity securities		7,456,649,624	7,857,353,519
Investments in UITF		585,371,510	14,128,207
		142,893,051,199	133,916,353,568
Accumulated fair value gain	25	1,058,759,491	296,104,352
		P143,951,810,690	P134,212,457,920

Investment income and losses from available-for-sale financial assets reported in profit or loss are summarized below:

	Notes	2025	2024
Interest income	28	P8,397,347,165	P7,983,623,642
Realized fair value gain (loss) - net	25,28	567,971,550	213,144,144
Dividend income	28	307,832,214	242,475,444
Impairment loss	25,28	(1,376,926,564)	(329,212,061)
		P7,896,224,365	P8,110,031,169

Debt securities classified as available-for-sale carry coupon interest rates of:

	2025	2024
Investment in government peso bonds	3.63% to 12.50%	3.70% to 12.45%
Investment in government dollar bonds	3.45% to 9.50%	2.63% to 10.57%
Investment in private bonds	5.99% to 8.49%	3.15% to 8.49%

8. LOANS AND RECEIVABLES

The details of the Company's loans and receivables are shown below:

	2025	2024
Guaranteed loans	P2,067,729,492	P1,073,850,414
Receivables from agents and employees	331,527,853	345,681,127
	P2,399,257,345	P1,419,531,541

Guaranteed loans represent amounts extended to top Philippine corporations, which carry terms of five to ten years. Receivables from agents and employees pertain to short-term emergency and personal loans with terms of one and two years, respectively, and long-term car and housing loans with maximum terms of six years and twenty years, respectively.

As at December 31, 2025 and 2024, Management believes that the loans and receivables are fully recoverable, accordingly, no impairment loss was recognized in both years.

Guaranteed loans earn annual interest rates ranging from 3.52% to 7.23% in 2025 and 4.29% to 7.00% in 2024.

Interest income from loans and receivables reported in profit or loss are summarized below:

	Notes	2025	2024
Guaranteed loans	28	P94,847,566	P68,403,907
Receivables from agents and employees	30	9,096,434	8,652,751
		P103,944,000	P77,056,658

9. INVESTMENTS IN SUBSIDIARIES – net

Subsidiaries Carried at Cost

The details of the Company's investments in subsidiaries carried in the books at cost, net of allowance for impairment, are shown below:

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity	2025	2024
Sun Life Financial Plans, Inc. (SLFPI)	Philippines	100%	Pre-need Company	P1,187,000,000	P1,187,000,000
Sun Life Asset Management Company, Inc. (SLAMCI)	Philippines	100%	Asset Management Company	105,360,590	105,360,590
				1,292,360,590	1,292,360,590
Less: Allowance for impairment loss				1,060,396,712	980,804,422
				P231,963,878	P311,556,168

The rollforward of the changes in the allowance for impairment losses on Investments in Subsidiaries follow:

	Note	2025	2024
At January 1		P980,804,422	P1,021,052,051
Provision (reversal)	28	79,592,290	(40,247,629)
Allowance for impairment loss		P1,060,396,712	P980,804,422

The Company recognized an impairment loss on its investments in SLFPI amounting to P79,592,290 in 2025, and a reversal of impairment loss of P40,247,629 in 2024, as disclosed in Note 28. No impairment was recognized on investments in SLAMCI as at December 31, 2025 and 2024.

No dividends were received for 2024 and 2025.

Aggregated audited financial information of the subsidiaries as at and for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
SLFPI		
Cash and cash equivalents	P105,643,327	P83,601,526
Other current assets	3,445,803	4,057,883
Current assets	109,089,130	87,659,409
Non-current assets	3,153,653,933	3,430,335,645
Total assets	P3,262,743,063	P3,517,995,054
Current liabilities	P298,221,582	P286,247,865
Non-current liabilities	2,845,484,130	3,049,172,747
Total liabilities	3,143,705,712	3,335,420,612
Total equity	119,037,351	182,574,442
Total liabilities and equity	P3,262,743,063	P3,517,995,054
Revenues	P 211,964,045	P303,109,595
Expenses	(266,654,954)	(233,328,883)
Income tax expense	(3,312,925)	(3,301,639)
Net income (loss) for the year	(58,003,834)	66,479,073
Other comprehensive loss	(5,533,257)	(49,852,580)
Total comprehensive income (loss)	(P63,537,091)	P16,626,493
SLAMCI		
Cash and cash equivalents	P96,991,383	P214,734,424
Other current assets	968,416,836	873,504,568
Current assets	1,065,408,219	1,088,238,992
Non-current assets	520,760,648	512,593,578
Total assets	P1,586,168,867	P1,600,832,570
Current liabilities	P127,593,479	P156,645,831
Non-current liabilities	7,556,169	-
Total liabilities	135,149,648	156,645,831
Total equity	1,451,019,219	1,444,186,739
Total liabilities and equity	P1,586,168,867	P1,600,832,570
Revenues	P677,202,508	P773,193,341
Expenses	(669,557,352)	(713,974,746)
Income tax expense	(1,217,827)	(8,486,073)
Net income for the year	6,427,329	50,732,522
Other comprehensive income (loss)	405,150	(3,222,675)
Total comprehensive income	P6,832,479	P47,509,847

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This account pertains to the financial assets of the VUL funds managed by the Company and is composed of the following:

	Note	2025	2024
Investment in equity securities		P91,712,753,989	P 109,324,680,620
Investments in government and corporate debt securities		53,357,419,874	47,255,439,783
Investment in mutual fund		30,010,389,231	15,720,599,687
Investments in savings deposits		1,737,759,640	1,501,757,568
	20	P176,818,322,734	P173,802,477,658

Variable unit-linked funds are composed of investments in government and corporate debt securities, equity securities, and investments in mutual funds while designated financial assets are composed of investments in savings deposits.

As at December 31, 2025, the Company's investment in mutual fund include investment in Sun Life Prosperity Peso Starter Fund, Inc. amounting to P96,783,064. As at December 31, 2024, the Company's investment in mutual fund include investment in Sun Life Prosperity Peso Starter Fund, Inc. and Sun Life Prosperity Dollar Starter Fund, Inc. amounting to P266,137,120 and P4,909,575, respectively.

The movements in the financial assets at fair value through profit or loss are summarized as follows:

	Note	2025	2024
Balance, beginning		P173,802,477,658	P162,692,743,968
Additions		183,261,762,331	106,289,702,896
Disposals		(181,877,673,121)	(94,152,410,535)
Fair value gains (losses)	28	(2,960,887,596)	2,378,022,965
Foreign exchange differences		4,592,643,462	(3,405,581,636)
Balance, ending		P176,818,322,734	P173,802,477,658

Debt securities classified as financial assets at FVTPL carry coupon interest rates of:

	2025	2024
Investments in savings and time deposits	0.06% to 0.15%	3.00% to 5.4%
Investment in government peso bonds	2.88% to 9.25%	2.38% to 9.25%
Investment in government dollar bonds	2.75% to 6.38%	1.38% to 9.5%
Investment in private bonds	3.00% to 8.30%	3.00% to 8.3%

Investment income (loss) earned and incurred from financial assets at FVTPL are as follows:

	Note	2025	2024
Unrealized fair value gain (losses)	28	(P2,960,887,596)	P2,378,022,965
Interest income	28	2,236,237,388	2,257,122,662
Dividends	28	3,569,461,695	3,516,323,300
Realized fair value loss - net	28	(2,533,516,363)	(79,228,099)
		P311,295,124	P8,072,240,828

Details of the Company's interest income from financial assets at FVTPL are as follows:

	Note	2025	2024
Interest income from:			
Investments in government and corporate debt securities		P2,231,616,738	P2,117,641,986
Investments in savings deposits		4,620,650	139,480,676
	28	P 2,236,237,388	P2,257,122,662

Details of the Company's realized and unrealized fair value gain (loss) are as follows:

	Note	2025	2024
Realized fair value gain (loss) from:			
Equity securities		(P3,757,052,111)	(P648,913,769)
Fixed income securities		(3,718,301)	(215,434,893)
Mutual funds		1,227,254,049	785,120,563
	28	(2,533,516,363)	(79,228,099)
Unrealized fair value gain (loss) from:			
Equity securities		(5,033,313,783)	2,780,750,105
Fixed income securities		736,391,115	(352,555,767)
Mutual funds		1,336,035,072	(50,171,373)
	28	(2,960,887,596)	2,378,022,965
		(P5,494,403,959)	P2,298,794,866

11. POLICYHOLDERS' LOANS

Policy loans are either policyholder's direct borrowing or borrowing to pay premiums. These are carried at their unpaid balance and are fully secured by the cash surrender values on their policies to which the loans are made. Interest is accrued on a daily basis. Unpaid accrued interest forms part of the unpaid balance at the end of the policy anniversary.

Interest income recognized amounted to P637,884,161 and P599,715,821 in 2025 and 2024, respectively, as disclosed in Note 30.

As at December 31, 2025 and 2024, the carrying amount of the loans amounted to P8,180,861,216 and P7,734,344,394, respectively. The Management believes that the policyholders' loans are fully recoverable, accordingly, no impairment was recognized in both years.

12. INVESTMENT INCOME EARNED AND ACCRUED

The details of the investment income earned and accrued are shown below:

	Note	2025	2024
Accrued interest from:			
AFS financial assets		P2,335,140,944	P2,104,435,052
Financial assets at FVTPL		618,173,949	513,859,471
Policyholders' loans		282,064,500	269,055,679
Guaranteed loans		64,436,010	52,754,000
Cash equivalents		624,697	1,172,665
Loan to a fellow subsidiary	16	-	79,190,428
Dividends receivable		30,121,557	59,763,581
		P3,330,561,657	P3,080,230,876

13. LEASEHOLD, PROPERTY AND EQUIPMENT – net

The movements in leasehold, property and equipment are summarized as follows:

	Office Equipment	Computer Equipment	Furniture and Fixtures	Transportation Equipment	Leasehold Improvements	Condominium Units	Building and Building Improvements	Right-of-Use Asset	Construction in Progress	Total	
Cost											
At January 1, 2024	P261,638,513	P3,325,505,107	P575,888,233	P204,097,994	P1,451,299,640	P83,900,348	P967,826,925	P3,437,951,084	P962,585,382	P11,270,693,226	
Reclassification	-	(1,588,439,840)	-	-	-	-	-	-	(930,636,617)	(2,519,076,457)	
Additions	26,601,699	216,571,146	14,704,278	40,997,925	5,622,019	-	-	711,170,140	129,532,321	1,145,199,528	
Disposals	(61,425,980)	(8,726,802)	(53,910,185)	(46,305,336)	-	-	-	-	-	(170,368,303)	
Transfers/Adjustments	-	-	-	-	36,040,519	-	(81,773,850)	-	(36,040,519)	(81,773,850)	
Write-off	(127,186,531)	(1,384,396,918)	(226,138,969)	-	-	-	(526,868,249)	-	-	(2,264,590,667)	
December 31, 2024 (As restated)	99,627,701	560,512,693	310,543,357	198,790,583	1,492,962,178	83,900,348	359,184,826	4,149,121,224	125,440,567	7,380,083,477	
Additions	57,137,010	299,158,215	32,955,159	38,153,467	33,567,618	-	-	306,022,829	103,863,875	870,858,173	
Disposals	-	-	(1,422,919)	(37,241,283)	-	-	-	-	-	(38,664,202)	
Transfers/Adjustments	-	-	-	-	140,875,868	-	102,508,768	-	(140,875,868)	102,508,768	
Write-off	-	(21,825,391)	-	-	-	-	-	-	-	(21,825,391)	
December 31, 2025	P156,764,711	P837,845,517	P342,075,597	P199,702,767	P1,667,405,664	P83,900,348	P461,693,594	P4,455,144,053	P88,428,574	P8,292,960,825	
Accumulated Depreciation and Amortization											
January 1, 2024	P211,050,849	P2,348,834,809	P438,892,568	P139,409,238	P893,170,446	P83,900,348	P531,796,514	P1,919,401,908	P	6,566,456,680	
Reclassification	-	(853,080,717)	-	-	-	-	-	-	-	(853,080,717)	
Depreciation (Note 32)	17,314,872	147,018,568	31,953,948	41,209,505	92,427,552	-	39,546,432	448,657,288	-	818,128,165	
Disposals	(61,378,040)	(8,726,631)	(51,902,997)	(45,427,924)	-	-	-	-	-	(167,435,592)	
Transfers/Adjustments	-	-	-	-	-	-	(37,530,589)	-	-	(37,530,589)	
Write-off	(127,183,996)	(1,384,388,555)	(226,132,161)	-	-	-	(526,868,177)	-	-	(2,264,572,889)	
December 31, 2024 (As restated)	39,803,685	249,657,474	192,811,358	135,190,819	985,597,998	83,900,348	6,944,180	2,368,059,196	-	4,061,965,058	
Depreciation (Note 32)	23,083,296	270,386,427	32,204,822	13,019,606	99,537,694	-	50,620,000	458,760,653	-	947,612,498	
Disposals	-	-	(1,121,375)	(33,520,118)	-	-	-	-	-	(34,641,493)	
Transfers/Adjustments	-	(367,771)	-	-	-	-	51,009,264	99,120	-	50,740,613	
Write-off	-	(21,824,546)	-	-	-	-	-	-	-	(21,824,546)	
December 31, 2025	62,886,981	497,851,584	223,894,805	114,690,307	1,085,135,692	83,900,348	108,573,444	2,826,918,969	-	5,003,852,130	
Carrying Amounts											
December 31, 2025	P93,877,730	P 339,993,933	P118,180,792	P85,012,460	P582,269,972	P	-	P353,120,150	P1,628,225,084	P88,428,574	P3,289,108,695
Carrying Amounts											
December 31, 2024 (As restated - See Note 44)	P59,824,016	P310,855,219	P117,731,999	P63,599,764	P507,364,180	P	-	P352,240,646	P1,781,062,028	P125,440,567	P3,318,118,419

Gain on disposal of property and equipment amounted to P3,942,554 in 2025 and P8,598,757 in 2024, as disclosed in Note 30. In 2025 and 2024, Management believes that there is no indication that an impairment loss has occurred.

In 2025 and 2024, there are transfers to Building and Building Improvements from Investment Property and to Investment Property from Building and Building Improvements with a net carrying amount of P51,499,504 and P44,243,261, respectively, as disclosed in Note 15. The net transfers represent the portion of the carrying amount of Sun Life building leased out to tenants allocated based on the area occupied.

In 2025, the Company reclassified software projects in progress and completed software projects from Leasehold, Property and Equipment - net to Intangible Assets – net to better reflect the nature and characteristics of these assets. This reclassification was made to align with the requirements of IAS 38, Intangible Assets.

14. INTANGIBLE ASSET – net

Movements in intangible asset, naming rights, are summarized as follows:

	Note	Software projects in progress	Software	Naming Rights	Total
Cost					
January 1, 2024		P-	P-	P40,000,000	P40,000,000
Reclassification		930,636,617	1,588,439,840		2,519,076,457
Addition		993,838,220	5,499,141	-	999,337,361
Adjustment/Transfers		(330,654,804)	330,654,804	-	-
Write-Off		-	(440,920,445)	-	(440,920,445)
December 31, 2024 (As restated)		1,593,820,033	1,483,673,340	40,000,000	3,117,493,373
Additions		1,492,363,734	-	-	1,492,363,734
Transfers/Adjustments		(1,260,897,946)	1,260,897,946	-	-
Write-off		(32,574,735)	-	-	(32,574,735)
December 31, 2025		1,792,711,086	2,744,571,286	40,000,000	4,577,282,372
Accumulated Amortization					
January 1, 2024		-	-	26,333,334	26,333,334
Reclassification		-	853,080,717	-	853,080,717
Provision	32	-	293,470,419	4,000,000	297,470,419
Write-Off		-	(440,920,418)	-	(440,920,418)
December 31, 2024 (As restated)		-	705,630,718	30,333,334	735,964,052
Provision	32	-	421,244,530	4,000,000	425,244,530
Adjustment/Transfers		-	2,112,115	-	2,112,115
December 31, 2025		-	1,128,987,363	34,333,334	1,163,320,697
Carrying Amount					
December 31, 2025		P1,792,711,086	P1,615,583,923	P5,666,666	P3,413,961,675
Carrying Amount December 31, 2024 (As restated- See Note 44)		P1,593,820,032	P778,042,623	P9,666,666	P2,381,529,321

Cost of completed software projects and enhancements reclassified from construction in progress to computer software amounted to P1,260,897,946 and P330,654,804 in 2025 and 2024, respectively.

In 2015, the Company entered into a Deed of Conditional Donation with Bonifacio Arts Foundation, Inc. (BAFI). The contract states that the Company would donate P40,000,000 for the construction of the Performing Arts Center Amphitheatre. In return BAFI provides the Company the 10-year naming rights to amphitheatre which shall be called "Sun Life Amphitheatre". The construction was completed in June 2017.

Management believes that there is no indication that an impairment loss has occurred on its intangible assets with definite useful lives.

15. INVESTMENT PROPERTY – net

Carrying amount of the Company's investment property is summarized as follows:

	Notes	
Cost		
January 1, 2024		P735,058,634
Transfers	13	81,773,850
December 31, 2024		816,832,484
Transfers	13	(102,508,768)
December 31, 2025		P714,323,716
Accumulated Depreciation		
January 1, 2024		P337,359,467
Depreciation	32	31,572,965
Transfers	13	37,530,589
December 31, 2024		406,463,021
Depreciation	32	25,957,042
Transfers	13	(51,009,264)
December 31, 2025		P381,410,799
Carrying Amount		
December 31, 2025		P332,912,917
<hr/>		
Carrying Amount		
December 31, 2024		P410,369,463

The Company leased out a portion of Sun Life building as office space to its subsidiaries, related parties and third parties.

In 2024, the Management engaged an independent appraiser accredited by the SEC, to determine the fair value of the investment property. Based on the result of the appraisal, the fair value of the investment property amounted to P1,549,000,000. The fair value was determined using the Cost Approach which is based on the reproduction cost of the subject property or asset, less total depreciation. As such, the fair value hierarchy is considered as Level 3. Management believes that the fair value of the investment property has not significantly changed since the last valuation date as the economic condition which may affect the volatility of the fair value of the property has remained constant. There was no appraisal made in 2025.

The rental income earned by the Company from its investment property, all of which are leased out under operating leases, amounted to P160,887,423 and P150,976,277 in 2025 and 2024, respectively, as disclosed in Note 30. Direct operating expenses such as depreciation, repairs and maintenance and real property taxes, arising from holding the investment property amounted to P36,547,582 and P67,380,293 during 2025 and 2024, respectively and are included in general and administrative expenses, as disclosed in Note 32.

Management believes there is no indication that an impairment loss has occurred on its investment property in 2025 and 2024.

16. RELATED PARTY TRANSACTIONS

The Company has the following transactions and outstanding balances with related parties as at and for the years ended December 31:

Nature of Transactions	Notes	Amounts of Transactions During the Year		Outstanding Balance Assets (Liabilities)		Terms	Conditions
		2025	2024	2025	2024		
Parent							
Sun Life Assurance Company of Canada							
Expense chargebacks	16.i	P1,127,292,324	P823,454,884	(P327,716,845)	(P179,468,580)	90-day; non-interest bearing	Unsecured
Immediate Parent							
Sun Life of Canada (Netherlands) B.V							
Dividends	26	9,500,000,000	5,000,000,000	-	-		
Fellow Subsidiaries							
Sun Life Philippine Holding Company, Inc							
Loan	16.a-d	3,813,286,167	321,527,643	-	3,813,286,167	5-10 years; fixed rate ranging from 2.94% to 8.62%	Unsecured, Unimpaired
Intercompany payable	16.d	36,846,251	-	(585,666)	-	non-interest bearing; settled in cash	Unsecured, Unimpaired
Interest income	16.d, 30	79,190,428	176,903,428	-	79,190,428	-	-
Sun Life Assurance Company of Canada – RHQ							
Reimbursable expenses	16.h	559,139,944	135,744,968	(1,805,768,973)	10,054,007	90-day; non-interest bearing	Unsecured
Service fee	16.o	522,052,852	-	(522,829,863)	-	30-day; non-interest bearing	Unsecured
Sun Life Financial Asia Services Limited							
Expense chargebacks	16.i	2,384,384,011	2,067,903,659	(576,741,012)	(545,503,530)	30-day; non-interest bearing	Unsecured
Fee income	29	12,351,152	26,629,106	4,130,633	5,382,079	6.8% markup; 30-day; non-interest bearing	Unsecured
Reimbursable expenses	16.h	978,279	5,272,645	1,069,412	-	30-day; non-interest bearing	Unsecured
Rental income	16.g	74,192,090	74,462,950	-	-	15-day; non-interest bearing	Unsecured
Other (rental dues)	16.g	28,516,022	25,891,323	-	-	15-day; non-interest bearing	Unsecured

Nature of Transactions	Notes	Amounts of Transactions During the Year		Outstanding Balance Assets (Liabilities)		Terms	Conditions
		2025	2024	2025	2024		
Sun Life Hong Kong Limited							
Reimbursable expenses	16.h	P8,477,165	P7,100,592	P 70,896	(P7,052,861)	90-day; non-interest bearing	Unsecured, Unimpaired
Joint venture of fellow subsidiary							
Sun Life Grepa Financial, Inc.							
Reimbursable expenses	16.h	149,108,728	126,477,930	65,491,399	46,210,790	30-day; non-interest bearing	Unsecured, Unimpaired
Fee income	16.e, 29	343,588,014	318,737,621	78,986,983	91,106,634	Transaction fees with 6.8% markup; 30-day; non-interest bearing	Unsecured, Unimpaired
Sale and purchase of investments	16.k	434,594,459	71,414,613	-	-		
Sun Life Global Solutions Private Limited							
Reimbursable expenses	16.h	265,397,524	93,654,209	(25,579,753)	(16,523,888)	90-day; non-interest bearing	Unsecured, Unimpaired
Subsidiaries							
Sun Life Asset Management Company, Inc.							
Reimbursable expenses	16.h	(1,305,582)	7,050,076	(600,000)	-	30-day; non-interest bearing	Unsecured, Unimpaired
Fee income	16.e, 29	287,233,184	267,236,338	25,761,031	24,858,778	30-day; non-interest bearing	Unsecured, Unimpaired
Rental income	16.g	8,059,439	7,899,516	-	-	15-day; non- interest bearing	
Others (rental dues)	16.g	2,517,828	2,696,150	-	-	15-day; non- interest bearing	
Sun Life Financial Plans, Inc.							
Reimbursable expenses	16.h	561,122	107,957	1,650	-	30-day; non-interest bearing	Unsecured, Unimpaired
Fee income	16.p, 29	14,451,564	15,057,074	1,430,891	-	30-day; non-interest bearing	Unsecured
Rider premiums	16.f	380,099	295,735	-	-	30-day; non-interest bearing	Unsecured, Unimpaired

Nature of Transactions	Notes	Amounts of Transactions During the Year		Outstanding Balance Assets (Liabilities)		Terms	Conditions
		2025	2024	2025	2024		
Sun Life Prosperity Peso Starter Fund, Inc.							
Subscription of redeemable shares	16.k	P179,048,220	P858,185,455	P	-	P	-
Sale and purchase of investments	16.k	-	21,345,281		-		-
Sun Life Prosperity Dollar Starter Fund, Inc.							
Subscription of redeemable shares	16.k	285,714,897	56,933,041		-		-
Sun Life Investment Management and Trust Company							
Reimbursable expenses	16.h	13,380,259	13,096,765	11,843,748	5,532,529	30-day; non-interest bearing	Unsecured, Unimpaired
Fee income	29	28,156,948	48,737,434	16,765,681	22,337,990	30-day; non-interest bearing	Unsecured, Unimpaired
Rental income	16.g	14,106,050	13,434,328	1,348,674	-	30-day; non-interest bearing	Unsecured, Unimpaired
Others (rental dues)	16.g	4,663,774	4,498,301	412,965	-	30-day; non-interest bearing	Unsecured, Unimpaired
Trust Fees	16.n	279,425,054	95,088,191	(48,208,280)	(54,733,899)		
Investment Management Fee	16.m	2,889,606	14,733,333	-	-	30-day; non-interest bearing	Unsecured
Contributor							
Sun Life Financial Philippines Foundation, Inc.							
Reimbursable expenses	16.h	2,194,918	1,810,091	780,647	1,049,403	90-day; non-interest bearing	Unsecured, Unimpaired
Donation	16.l	60,000,000	120,000,000		-		
Sun Life of Canada (Philippines), Inc. Multi-Employer Employee's Retirement Plan							
Contribution	35	143,321,100	121,364,400	-	-		
Key Management Personnel							
Loans	16.j	-	5,972,005	P14,871,192	P29,294,610	1 to 20 years; interest-bearing	Unsecured, Unimpaired
Loan to a fellow subsidiary	16.a-D	P-	p-	-	P3,813,286,167		
Due from related parties		P-	p-	P207,494,611	P207,428,921		
Due to related parties		P-	p-	P3,259,222,112	P749,445,568		
Accounts payable, accrued expenses and other liabilities				P48,208,280	P54,733,899		
Interest income earned and accrued	12 16.d	P-	p-	P-	P79,190,428		
Financial assets at FVTPL	10	P-	p-	P-	P550,131,534		

Details of the Company's related party transactions are as follows:

- a. On February 14, 2011 and October 26, 2015; the Board of Directors (BOD) approved a maximum loanable amount of P2,000,000,000 and P265,000,000 excluding interest transfers, respectively, to Sun Life Financial Philippine Holding Company, Inc (HoldCo).
 - 1) On September 22, 2019, the loan agreement dated September 17, 2014 was amended to extend the term of the loans up to 5 years for the principal amount of P1,255,000,000 and change the compounding interest rates from 4.2159% to 4.439% per annum.
 - 2) On February 16, 2020, the loan agreement dated February 16, 2015 was amended to extend the term of the loans up to 5 years for the principal amount of P580,000,000 and change the compounding interest rates from 3.5568% to 4.2860% per annum.
 - 3) On March 7, 2021, the loan agreement dated March 7, 2016 was amended to extend the term of the loans up to 5 years for the principal amount of P40,000,000 and change the compounding interest rates from 4.1800% to 2.994% per annum.
 - 4) On March 11, 2021, the loan agreement dated March 16, 2016 was amended to extend the term of the loans up to 5 years for the principal amount of P40,000,000 and change the compounding interest rates from 4.0277% to 3.304% per annum.
 - 5) On July 10, 2021, the loan agreement dated July 10, 2016 was amended to extend the term of the loans up to 5 years for the principal amount of P40,000,000 and change the compounding interest rates from 2.8327% to 2.936% per annum.
 - 6) On September 8, 2021, the loan agreement dated September 8, 2016 was amended to extend the term of the loans up to 5 years for the principal amount of P40,000,000 and change the compounding interest rates from 2.8821% to 2.9487% per annum.
 - 7) On October 26, 2018, the loan agreement dated October 26, 2015 was amended to extend the term of the loans up to 5 years for the principal amount of P40,000,000 and change the interest rates from 3.1713% to 8.6161% per annum. On October 26, 2023, the loan agreement was amended to extend the term of the loans up to 5 years for the principal amount of P40,000,000 and change the compounding interest rates from 8.6161% to 6.5725% per annum.
 - 8) On September 25, 2024, the loan agreement was further amended. The revised provision states that the interest will now be computed solely on the initial principal amount, which amended the original provision that provides for the annual compounding of interest. The changes in the agreement are to be applied prospectively.
 - 9) On November 4, 2024, the loan agreement dated September 25, 2019 was amended to extend the term of the loan up to 10 years for the principal amount of P1,255,000,000 and change the interest rates from 4.4390% to 5.6520% per annum, and the mode of interest payment from compounding to simple, following the amendment in the main loan agreement on September 25, 2024.
 - 10) On February 14, 2025, the loan agreement dated February 16, 2020 was amended to extend the term of the loan up to 10 years for the principal amount of P580,000,000 and change the interest rates from 4.286% to 6.1077% per annum, and the mode of interest payment from compounding to simple, following the amendment in the main loan agreement on September 25, 2024.
- b. On December 5, 2018, the Company's BOD approved a new loan facility of P1,508,970,000.
 - 1) On November 26, 2019, the Company issued a new 10-year loan amounting to P80,000,000 with compounding interest rate of 4.718%.

- 2) On September 14, 2023, the Company issued a new 5-year loan amounting to P20,000,000 with compounding interest rate of 6.3307%.
 - 3) On December 21, 2023, the loan facility was amended. The revised provision states that the interest will now be computed solely on the initial principal amount, which amended the original provision that provides for the annual compounding of interest. The changes in the agreement are to be applied prospectively.
 - 4) On December 21, 2023, the Company issued a new 5-year loan amounting to P50,000,000 with simple interest rate of 6.0243%.
 - 5) On August 13, 2024, the Company issued a new 10-year loan amounting to P40,000,000 with simple interest rate of 6.1534%.
 - 6) On October 2, 2024, the Company issued a new 10-year loan amounting to P120,000,000 with simple interest rate of 5.6520%.
 - 7) On December 21, 2024, the Company collected the annual fixed interest of loan issued on December 21, 2023 amounting to P3,062,353.
 - 8) On January 20, 2025, the Company issued a new 10-year loan amounting to P120,000,000 with simple interest rate of 5.6520%.
- c. On June 15, 2022, the Company's BOD approved a new loan facility of P500,000,000. On the same day, the Company issued a new 10-year loan amounting to P500,000,000 with compounding interest rate of 5.9056%.
- d. The details of the loan are as follows:

Due Date	Interest Rate	Ref	2025*	2024*
February 16, 2025	4.2860%	16.a.2	P505,011,399	P505,011,399
March 7, 2026	2.9940%	16.a.3	58,596,989	58,596,989
March 15, 2026	3.3040%	16.a.4	53,949,527	53,949,527
July 10, 2026	2.9360%	16.a.5	55,143,408	55,143,408
September 8, 2026	2.9487%	16.a.6	50,472,279	50,472,279
September 14, 2028	6.3307%	16.b.2	21,287,242	21,287,242
October 26, 2028	6.5725%	16.a.7	71,347,524	71,347,524
December 21, 2028	6.0243%	16.b.4	50,000,000	50,000,000
November 26, 2029	4.7180%	16.b.1	101,079,642	101,079,642
June 15, 2032	5.9056%	16.c	561,755,737	561,755,737
August 13, 2034	6.1534%	16.b.5	40,000,000	40,000,000
September 25, 2034	5.6520%	16.a.9	2,124,642,419	2,124,642,419
September 25, 2034	5.6520%	16.b.6	120,000,000	120,000,000
January 20, 2035	5.6520%	16.b.8	193,333,767	-
			P4,006,619,933	P3,813,286,167

**Amounts presented include both original principals plus capitalized interests.*

On December 2, 2025, the Board of Directors of Sun Life of Canada (Netherlands) B.V. ("SL Netherlands") approved the P4,050,000,000 capital infusion to Sun Life Financial Philippine Holding Company, Inc. ("HoldCo") through additional paid-in capital. On December 5, 2025, HoldCo fully settled its intercompany loans and interests payable to the Company amounting to P4,006,619,933 and P82,767,812, respectively, using the capital infusion from SL Netherlands.

Intercompany payable transactions for the year pertain to the VAT portion of the interest expense for the year to be paid by HoldCo to the Company from its intercompany loans. The outstanding intercompany receivable pertains to overpayment of this VAT portion during full settlement of the loans on December 5th, 2025, using the capital received from SL Netherlands

The Company also transfers the interest receivable to the loan to a fellow subsidiary every anniversary date of each individual loan agreement. As at December 31, 2025

and 2024, the amount of interest receivable transferred as part of the loan is P73,333,766 and P161,527,643, respectively.

Accrued interest receivable as at December 31, 2024 amounted P79,190,428, as disclosed in Note 12. Interest income earned in 2025 and 2024 amounted to P208,035,931 and P176,903,428, respectively, as disclosed in Note 30.

- e. In 2011, a Service Level Agreement was executed between the Company and Grepalife Financial, Inc. The Company will be the service provider of Sun Life Grepa Financial, Inc.'s (SLGFI) and Grepalife Asset Management Corporation's (GAMC) back-office individual and group services in the areas of operations, finance, actuarial, investment, information technology, administrative services, product development, legal, compliance and risk management. The Company will be paid its actual cost to provide those services with VAT and an agreed mark-up. In 2022, pursuant to Section 14 of the Service Level Agreement, the parties amended the same to reflect the latest service levels agreed upon by the Company and SLGFI.

In 2018, the Company and Sun Life Asset Management, Inc. (SLAMCI) executed an Service Level Agreement with SLOCPI as service provider for shared costs, integrated sales force, marketing and promotional initiatives such as investors' forum, annual sales recognition programs and the use of branch facilities, personnel and services. Fee income for the year 2025 and 2024 amounted to P287,233,184 and 267,236,338, respectively, which is included under fee income from subsidiaries and affiliates in Note 29.

- f. In the normal course of business, the Company provides insurance riders to SLFPI's planholders. This is settled on a monthly basis.
- g. The Company has entered into lease agreements with its subsidiaries and fellow subsidiary. Leases are negotiated for an average term of one year to five years, renewable at the option of the Company under such terms and conditions, which are mutually acceptable to both parties. The rental charges shall be subject to 5% escalation beginning in the second year of the term of the lease as disclosed in Note 37.
- h. Reimbursable expenses pertain to transactions with subsidiaries and related parties which consist mainly of inter-company billings made by the Company to related parties for shared costs and operating expenses for integrated backroom services (such as the operations of systems and human resources, legal and internal audit teams, rent and others) which are recognized as deductions from the related expenses.
- i. Expense chargebacks pertain to expenses paid by related parties on behalf of the Company. Transactions with subsidiaries are settled every month while other intercompany transactions are settled quarterly through inter-company billing.
- j. Loans granted to key management personnel are as follows:

	2025	2024
Short-term loans	P499,250	P476,750
Long-term loans	14,371,942	28,817,860
	P14,871,192	P29,294,610

These interest bearing loans are presented as part of receivables from agents and employees with maximum terms of one year and 20 years for short-term and long-term loans, respectively.

- k. Sale and purchase of investments pertain to buying and selling of the same security between portfolios of two separate affiliated legal entities and whose assets are managed by the same Portfolio Managers. Portfolio Managers determine that this is appropriate and in the best interest of certain portfolios and ensure that the trade will be executed in a manner that is fair and equitable to the parties involved.
- l. The Company donates a portion of its net profit to Sun Life Financial – Philippines Foundation, Inc. for the achievement of its purposes and objectives.

- m. In 2021, the Company entered into a Consultancy Agreement with Sun Life Investment Management and Trust Company (SLIMTC). Under the agreement, SLIMTC will perform consultancy services.
- n. In 2024, the Company entered into an Investment Management Agreement with SLIMTC. Under the agreement, SLIMTC will perform investment management services.
- o. In In 2025, a Service Level Agreement was executed between Sun Life Assurance Company of Canada (SLARO) as service provider and Sun Life of Canada (Philippines), Inc. (SLOCPI) as recipient. SLARO will provide a comprehensive range of professional services including actuarial, human resources, client and distribution services, finance and tax, information/digital and operations, legal, corporate development, strategy, strategic finance, asset-liability management, and investment-related services. Pre-approved expenses are charged at actual cost plus the agreed mark-up, while out-of-pocket costs are reimbursed without mark-up.
- p. In 2018, a Service Level Agreement was executed between Sun Life Financial Plans, Inc. (SLFPI) and Sun Life of Canada (Philippines), Inc. (SLOCPI). SLOCPI will be the service provider of SLFPI's back-office services in the areas of plan account maintenance processing, claims processing, client care support and handling, procurement and facilities maintenance, agency compensation and support processing, financial accounting and reporting, internal controls, financial planning and analysis, disbursement processing, information technology support, investment operations support, legal services, compliance services, actuarial services, risk management support, process management support, and internal control support.
- q. All outstanding balances will be settled in cash.

Remuneration of Key Management Personnel

The remuneration of key management personnel of the Company is set out below in aggregate as specified in PAS 24.

	2025	2024
Short-term employee benefits	P958,732,180	P880,027,870
Post-employment benefits	93,977	5,182,254
Share-based payments	63,962,506	73,106,767
	P1,022,788,663	P958,316,891

Significant Information on the Retirement Plan

The Company has a funded retirement plan for its employees maintained with a trustee bank. The details of the fund are disclosed in Note 35.

The Company's Multi-Employer Employee's Retirement Plan entered into a Purchase of Long-term Leasehold Interest Agreement with the SLACC Philippine Branch. The Agreement provided for a 25-year absolute interest to possess and use the real property for a price of P526,240,741. The leasehold interest was transferred by the SLACC Philippine Branch in 1997 to the Company as a result of its demutualization. On December 22, 2022, the lease agreement has been extended for another 25 years.

17. OTHER RECEIVABLES

The details of the Company's other receivables are as follows:

	2025	2024
Due from brokers	P373,362,392	P401,854,491
Rental receivable	2,577,332	3,609,628
Others	58,496,804	18,811,368
	P434,436,528	P424,275,487

Due from brokers account refers to amounts receivable from brokers for the sale of investments processed on or before the reporting period, that are settled three days after the transaction date.

Others pertain to travel and expense advances given to employees, receivables from resigned employees and miscellaneous deposits.

18. PREPAID TAXES

The details of the Company's prepaid taxes are shown below.

	2025	2024
Creditable withholding tax	P81,893,623	P55,023,940
Input tax	10,733,366	23,129,429
Prepaid documentary stamp tax	8,668,003	8,224,048
	P101,294,992	P86,377,417

Creditable withholding tax pertains to taxes withheld from the Company from its investments and other revenue subject to withholding tax.

Prepaid income taxes pertain to overpayment of regular corporate income taxes for the year.

19. PREPAYMENTS AND OTHER ASSETS

The details of the Company's prepayments and other assets are shown below.

	Note	2025	2024
Security deposits	37	P132,506,841	P124,909,507
Prepaid supplies		93,935,771	102,839,837
Investment in trust fund		2,263,980	4,845,043
Prepayments		-	285,926,436
Other assets		3,625,654	3,625,674
		P232,332,246	P522,146,497

Investment in trust fund is a portfolio of assets managed by professional fund managers set aside for loans to agents and restricted for other use.

20. VARIABLE UNIT-LINKED LIABILITIES

On July 29, 2004, the IC approved the Company's license to sell variable or investment-linked insurance, a life insurance product that is linked to investment funds. The portion of the premium invested separately in identifiable funds managed by the Company is known to the policyholder at the outset. The funds are valued regularly and divided into units allocated to the investment-linked policyholder's share in the fund.

VUL liabilities represent net assets of the VUL funds attributable to the policyholders.

Details are as follows:

	Note	2025	2024
Assets			
Financial assets at FVTPL	10	P 176,818,322,734	P173,802,477,658
Other assets		792,309,076	755,101,065
		177,610,631,810	174,557,578,723
Liabilities			
		686,861,108	578,588,987
Net Assets			
Less: Net assets attributable to seed capital		579,847,512	552,739,536
Net assets attributable to policyholders		P176,343,923,190	P173,426,250,200

Other assets are included under other receivables, prepayments and other assets.

Liabilities are presented as part of accounts payable, accrued expenses and other liabilities in the statements of financial position.

Movement of VUL net assets attributable to policyholders are as follows:

	Notes	2025	2024
Balance beginning of the year		P173,426,250,200	P162,618,801,360
VUL fund contributions	27	34,184,892,851	34,262,361,580
VUL fund withdrawals	22	(17,093,975,171)	(16,757,427,741)
VUL fund loss for the year		(14,173,244,690)	(6,697,484,999)
Balance end of the year		P176,343,923,190	P173,426,250,200

The details of VUL fund allocation recognized in profit or loss are as follows:

	Notes	2025	2024
VUL fund loss for the year		(P14,173,244,690)	(P6,697,484,999)
VUL fund contributions	27	34,184,892,851	34,262,361,580
VUL fund withdrawals	22	(17,093,975,171)	(16,757,427,741)
		P2,917,672,990	P10,807,448,840

The breakdown of the Company's net income generated from general fund and segregated fund with combined amounts presented in the statements of comprehensive is as follows:

	Notes	2025		
		General Fund	Segregated Fund	Total
Income				
Gross premiums	27	P28,298,044,471	34,184,892,851	P62,482,937,322
Less: Premiums ceded	27	672,829,448	-	672,829,448
Premiums - Net		27,625,215,023	34,184,892,851	61,810,107,874
Investment income - net	28	8,334,817,732	678,704,881	9,013,522,613
Fee income	29	15,277,670,553	(14,154,643,614)	1,123,026,939
Other Income	30	1,029,432,529	75,233,379	1,104,665,908
		P52,267,135,837	P20,784,187,497	P73,051,323,334
Benefits, Changes in Reserves and Operating Expenses				
Variable unit-linked fund allocation		P-	P2,917,672,990	P2,917,672,990
Increase in insurance contract liabilities	21	7,621,688,149	-	7,621,688,149
Surrenders and maturities	22	3,713,202,644	17,093,975,171	20,807,177,815
Death, disability and other policy benefits	22	7,118,075,446	(125,687,189)	6,992,388,257
Commissions, bonuses and other agents' expenses	31	9,475,267,763	-	9,475,267,763
General and administrative expenses	32	11,268,022,679	378,414,760	11,646,437,439
Insurance taxes, licenses and fees	33	999,584,219	7,575,488	1,007,159,707
		40,195,840,900	20,271,951,220	60,467,792,120
Income Before Tax		12,071,294,937	512,236,277	12,583,531,214
Income tax expense	38	2,518,144,715	512,236,277	3,030,380,992
Profit for the year		P9,553,150,222	P -	P9,553,150,222
2024				
	Notes	General Fund	Segregated Fund	Total
Income				
Gross premiums	27	P23,545,451,981	P34,262,361,580	P57,807,813,561
Less: Premiums ceded	27	652,798,518	-	652,798,518
Premiums - Net		22,892,653,463	34,262,361,580	57,155,015,043
Investment income - net	28	8,699,130,712	8,562,269,903	17,261,400,615
Fee income	29	14,951,363,396	(14,002,888,456)	948,474,940
Other Income	30	952,698,663	34,261,969	986,960,632
		47,495,846,234	28,856,004,996	76,351,851,230
Benefits, Changes in Reserves and Operating Expenses				
Variable unit-linked fund allocation	20	-	10,807,448,840	10,807,448,840
Increase in insurance contract liabilities	21	4,495,099,185	-	4,495,099,185
Surrenders and maturities	22	3,343,562,132	16,757,427,741	20,100,989,873
Death, disability and other policy benefits	22	5,967,476,264	-	5,967,476,264
Commissions, bonuses and other agents' expenses	31	9,093,252,346	-	9,093,252,346
General and administrative expenses	32	9,512,682,137	765,225,551	10,277,907,688
Insurance taxes, licenses and fees	33	851,759,357	11,502,832	863,262,189
		33,263,831,421	28,341,604,964	61,605,436,385
Income Before Tax		14,232,014,813	514,400,032	14,746,414,845
Income tax expense	38	2,883,891,055	514,400,032	3,398,291,087
Profit for the year		P11,348,123,758	-	P11,348,123,758

21. INSURANCE CONTRACT LIABILITIES

Insurance contract liabilities or legal policy reserves are computed based on Insurance Commission Circular No. 2016-66 which prescribes the valuation standards for life insurance policy reserves. Under this circular, the valuation of traditional life insurance policy reserves will be primarily on gross premium basis with discount rates as prescribed by the Insurance Commission as of a certain valuation date.

Insurance contract liabilities is analyzed as follows:

	Insurance Contract Liabilities	Reinsurers' Share of Liabilities	Net
December 31, 2025			
Ordinary life	P 80,768,114,122	P 127,132,413	P 80,640,981,709
Group life	215,334,356	131,606	215,202,750
Accident and health	14,051,038	-	14,051,038
Variable life	(17,693,541,001)	232,150,439	(17,925,691,440)
	P 63,303,958,515	P 359,414,458	P 62,944,544,057
December 31, 2024			
Ordinary life	P 75,853,194,275	P 105,019,476	P 75,748,174,799
Group life	276,335,200	136,848	276,198,352
Accident and health	16,562,650	-	16,562,650
Variable life	(18,206,585,508)	219,527,482	(18,426,112,990)
	P 57,939,506,617	P 324,683,806	P 57,614,822,811

The movements during the year in insurance contract liabilities are as follows:

	Note	2025	2024
Balance at January 1		P57,614,822,811	P51,806,565,786
Due to change in discount rates	25	(2,291,966,903)	1,313,157,840
Due to change in policies and Assumptions		7,621,688,149	4,495,099,185
Balance at December 31		P62,944,544,057	P57,614,822,811

The Key Assumptions are Determined as Follows:

Mortality and morbidity tables

Mortality refers to the rate at which death occurs for a defined group of people while morbidity refers to the rate of accident or sickness, and recovery therefrom, for a defined group of people. Best estimate assumptions for both mortality and morbidity are generally based on the Company's historical experience of its policyholders' portfolio profile. Increase in mortality or morbidity rates would generally increase the liability for life insurance contracts.

Interest rates

Interest rates for the purpose of liability valuation is based on the risk-free discount rate which is prescribed by the Insurance Commission. Changes in interest rates may increase or decrease the liability.

Expenses

Operating expenses include costs of premium collection, claims processing, preparation and mailing of policy statements and related indirect expenses and overheads. Best estimate expense assumptions are mainly based on recent Company experience using an internal expense allocation methodology. Future expense assumptions reflect inflation. Increase in unit expenses would result in an increase in liability.

Policy terminations

Policyholders may allow their policies to terminate prior to the end of the contractual coverage period by choosing not to continue to pay premiums or by exercising one of the non-forfeiture options in the contract. Best estimate assumptions for termination on life insurance are generally based on the Company's experience. Termination rates may vary by plan, age at issue, method of premium payment, and policy duration. Changes in termination rates may increase or decrease the liability.

Other insurance policy liabilities

Outstanding claims, premiums on deposit, and premiums paid in advance are obtained directly from the policy administration system. These represent actual claims payable to the policyholders, premiums paid in advance and balances of benefits and dividends left on deposit with the Company including any interest accruals.

22. DUE TO POLICYHOLDERS

The details of due to policyholders are as follows:

	2025	2024
Dividends payable to policyholders	P30,078,104,369	P29,568,744,528
Death benefits	1,175,600,812	1,042,584,329
IBNR claims	452,956,264	360,964,556
Surrenders and maturities	393,799,023	288,411,001
Hospitalization and disability benefits	15,477,975	13,529,175
	P32,115,938,443	P31,274,233,589

Dividends payable to policyholders pertains to dividends and anticipated endowments from outstanding insurance contracts issued by the Company.

IBNR claims are estimated by the actuary of the Company on the basis of past experiences.

Death, disability and other policyholder benefits expense charged to profit or loss are as follows:

	2025	2024
Death claims	P3,195,497,293	P2,567,135,253
Dividends to policyholders	1,691,867,081	1,698,156,426
Interest on dividends	1,226,237,940	1,168,559,076
Other benefits	878,785,943	533,625,509
	P6,992,388,257	P5,967,476,264

Claims paid and incurred for matured, cancelled or surrendered policies as well as anticipated endowments are as follows:

	Note	2025	2024
VUL fund withdrawals	20	P17,093,975,171	P16,757,427,741
Anticipated endowment expense		1,799,983,926	1,678,274,525
Cash surrender value expense		1,788,611,627	1,532,435,495
Matured endowment expense		124,607,091	132,852,112
		P20,807,177,815	P20,100,989,873

23. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER LIABILITIES

The details of the Company's accounts payable, accrued expenses and other liabilities are as follows:

	Notes	2025	2024
Premiums received in advance		P2,272,343,988	P1,974,263,816
Banking suspense		1,750,264,294	1,720,046,360
Lease liabilities	37	1,739,142,637	1,861,107,236
Premium suspense		1,219,690,016	1,195,393,440
Agent related payable		1,217,497,793	1,251,675,825
Taxes, licenses and fees due and accrued		1,122,391,303	1,319,566,207
Salaries and employee benefits		856,699,121	945,902,575
Due to brokers		495,921,973	658,131,467
Investment Management Fee		299,205,974	274,268,772
Utilities payable		234,083,643	12,138,905
Reinsurance liabilities		207,303,958	199,490,799
Share-based payment liability	36	182,215,656	183,367,557
Commissions payable		175,639,290	186,875,625
Digital Enterprise and software		135,828,140	1,585,308,414
VAT payable		125,099,377	152,295,097
Advertising		107,932,730	74,799,677
Refundable deposits	37	59,722,712	58,859,845
Professional fees		43,438,238	65,202,593
Miscellaneous payable		727,448,070	1,094,796,159
		P12,971,868,913	P14,813,490,369

Premiums received in advance pertain to the premiums collected on policies which were requested by policyholders to be paid in advance at a discounted amount determined by Sun Life.

Banking suspense pertains to stale checks and unidentified bank credits. Stale checks refer to checks issued which had not been presented to banks for more than 6 months. Unidentified bank credits pertain to the unidentified bank collections temporarily recorded in a suspense account pending the confirmation of the policyholder's identification.

Premium suspense account represents premiums collected on policies not yet issued, pending the receipt of requirements from the prospective policyholders.

Due to brokers account pertains to amounts payable to brokers for the purchase of investments processed on or before the reporting period, that are settled three days after the transaction date.

Miscellaneous payable pertains to miscellaneous policy liabilities, accrued postage and courier, and other liabilities.

24. SHARE CAPITAL

Components of share capital are as follows:

	2025	2024
Authorized:		
<u>10,000,000 ordinary shares at P100 par value</u>	<u>P1,000,000,000</u>	<u>P1,000,000,000</u>
Issued, outstanding and fully paid:		
<u>5,000,002 ordinary shares at P100 par value</u>	<u>P 500,000,200</u>	<u>P 500,000,200</u>

The Company has one class of ordinary shares which carry no right to fixed income.

25. RESERVES

The details of the Company's reserves are as follows:

	Note	2025	2024
Investment revaluation reserve:			
Available-for-sale financial assets	7	P1,058,759,491	P296,104,352
Remeasurement of insurance contract liabilities		7,295,105,232	5,576,130,056
Remeasurement of retirement benefit plan		1,239,011,856	1,244,860,131
Contributed surplus		50,000,000	50,000,000
		P9,642,876,579	P7,167,094,539

Investment Revaluation Reserves

Movement of investment revaluation reserves are as follows:

	Notes	2025	2024
Balance, beginning		P296,104,352	P1,377,792,238
Movements:			
Net gain (loss) on fair value measurement:			
Available-for-sale financial assets	7	(46,299,875)	(1,197,755,803)
Reclassification adjustments relating to impairment losses on AFS financial assets during the year	7, 28	1,376,926,564	329,212,061
Reclassification adjustments relating to AFS financial assets disposed of during the year	7, 28	(567,971,550)	(213,144,144)
		762,655,139	(1,081,687,886)
Balance, end		P1,058,759,491	P 296,104,352

Investments revaluation reserves represent accumulated gains and losses arising on the revaluation of AFS financial assets and investments in associates that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Remeasurement of Insurance Contract Liabilities

Movement of insurance contract liability reserves under Other Comprehensive Income are as follows:

	Notes	2025	2024
Balance, beginning		P7,434,840,073	P8,747,997,913
Remeasurement gain (loss) of insurance contract liabilities	21	2,291,966,903	(1,313,157,840)
Total		9,726,806,976	7,434,840,073
Deferred tax effect	39	(2,431,701,744)	(1,858,710,017)
Balance, end		P7,295,105,232	P5,576,130,056

Remeasurement of insurance contract liabilities represents the accumulated gain or loss arising from the impact of discount rate in the valuation of insurance contract liabilities.

Remeasurement of Retirement Benefit Asset

Movement of defined benefit asset are as follows:

	Notes	2025	2024
Balance, beginning		P1,659,813,508	P1,617,457,008
Remeasurement gain (loss) of defined benefit asset	35	(7,797,700)	42,356,500
Total		1,652,015,808	1,659,813,508
Deferred tax effect	39	(413,003,952)	(414,953,377)
Balance, end		P1,239,011,856	P1,244,860,131

Remeasurement of defined benefit obligation represents the accumulated gain or loss on retirement plan.

26. RETAINED EARNINGS

On April 7, 2025, the Company declared cash dividends of P5,000,000,000 (P1,000 per share) out of the Company's unrestricted retained earnings to stockholders of record as at December 31, 2024 which were paid on May 27, 2025.

On September 29, 2025, the Company declared cash dividends amounting to P4,500,000,000 on shares held by SL Netherlands. In December 2025, pursuant to the instructions of SL Netherlands, the dividends, net of withholding taxes totaling P4,050,000,000, were paid to HoldCo and applied as an offset against the intercompany loans and related interests payable to the Company, as disclosed in Note 16.

On March 13, 2024, the Company declared cash dividends of P5,000,000,000 (P1,000 per share) out of the Company's unrestricted retained earnings to stockholders of record as at December 31, 2023, respectively. The dividends were paid on May 14, 2024.

Under IC Circular Letter 2016-66, for traditional life insurance policy where the calculation based on the gross premium valuation results in a negative reserve, the Company shall appropriate from the unassigned surplus an amount equal to the aggregate of the negative reserves calculated on a per policy basis. The total amount of negative reserves is P32,665,022,553 and P30,606,342,127 as of December 31, 2025 and 2024, respectively. The appropriated surplus on account of the negative reserves are not available for dividend declaration. As per Board Resolution dated March 3, 2022, the BOD delegated / authorized the President or the Chief Financial Officer to make annual appropriation of retained earnings on account of negative reserves. The appropriation for December 31, 2025 and December 31, 2024 negative reserves was approved by the Chief Financial Officer on March 11, 2026 and February 6, 2025, respectively.

	2025	2024
Unappropriated Retained Earnings	P19,033,272,413	P21,038,802,617
Appropriation of Negative Reserves		
Beginning balance	30,606,342,127	30,168,501,869
Movement during the year	2,058,680,426	437,840,258
Ending balance	32,665,022,553	30,606,342,127
Total Retained Earnings	P51,698,294,966	P51,645,144,744

27. PREMIUMS – net

The details of premiums – net are as follows:

	Note	2025	2024
Premiums from:			
VUL insurance contracts	20	P34,184,892,851	P34,262,361,580
Life insurance contracts		28,298,044,471	23,545,451,981
		62,482,937,322	57,807,813,561
Less: Premiums ceded		672,829,448	652,798,518
		P61,810,107,874	P57,155,015,043

The uncollected policyholder premiums, which are all current, amounted to P1,466,364,372 and P1,067,772,759 as at December 31, 2025 and 2024, respectively.

A unit-linked product is a non-traditional product. It includes a protection element in the form of a term insurance. In addition, a portion of the premium is placed in segregated funds. The value of each fund depends on the returns from the investments held by the fund.

Life insurance contracts offered by the Company mainly include whole life, endowment, term insurance and unit-linked products.

Whole life and term insurance are traditional products that provide for lump sum payments to the beneficiary upon death of the insured as long as death occurred within the terms of the policy.

An endowment product provides for lump sum payment to the beneficiary upon death of the insured if death occurred within the terms of the policy, or to the insured if he survives the endowment period

28. INVESTMENT INCOME – net

The details of investments income– net are as follows:

	Notes	2025	2024
Interest income from:			
Available-for-sale financial assets	7	P8,397,347,165	P7,983,623,642
Financial assets at FVTPL	10	2,236,237,388	2,257,122,662
Loans and receivables – guaranteed loans	8	94,847,566	68,403,907
Cash and cash equivalents	6	96,620,904	131,300,492
		10,825,053,023	10,440,450,703
Realized fair value gain (loss) – net from:			
Available-for-sale financial assets	7, 25	567,971,550	213,144,144
Financial assets at FVTPL	10	(2,533,516,363)	(79,228,099)
		(1,965,544,813)	133,916,045
Dividend income from:			
Available-for-sale financial assets	7	307,832,214	242,475,444
Financial assets at FVTPL	10	3,569,461,695	3,516,323,300
		3,877,293,909	3,758,798,744
Others:			
Unrealized fair value gain (loss) – net from financial assets at FVTPL	10	(2,960,887,596)	2,378,022,965
Foreign exchange gain		694,126,944	839,176,590
Reversal of (Provision for) impairment – Subsidiary	9	(79,592,290)	40,247,629
Impairment loss from Available-for-sale financial assets	7, 25	(1,376,926,564)	(329,212,061)
		(3,723,279,506)	2,928,235,123
		P9,013,522,613	P17,261,400,615

29. FEE INCOME

The details of fee income are as follows:

	Note	2025	2024
Fee Income from:			
Periodic charges		P384,120,607	P223,571,827
Asset Management - Joint Venture	16	343,588,014	318,737,621
Subsidiaries and affiliated entities	16	342,192,847	357,659,952
Surrender charges		35,139,618	39,343,016
Others		17,985,853	9,162,524
		P1,123,026,939	P948,474,940

30. OTHER INCOME

The details of other income are as follows:

	Notes	2025	2024
Interest from policyholders' loans	11	P637,884,161	P599,715,821
Interest from loan to fellow subsidiary	16	208,035,931	176,903,428
Rental income	15, 37	160,887,423	150,976,277
Interest from receivables from agents and employees	8	9,096,434	8,652,751
Gain on sale of property	13	3,942,554	8,598,757
Other income		84,819,405	42,113,598
		P1,104,665,908	P986,960,632

31. COMMISSIONS, BONUSES AND OTHER AGENTS' EXPENSES

The details of commissions, bonuses and other agents' expenses are as follows:

	2025	2024
Commissions	P5,010,062,246	P5,055,148,254
Bonuses and benefits	3,693,044,645	3,354,134,955
Other agents' expenses	772,160,872	683,969,137
	P9,475,267,763	P9,093,252,346

Commissions are based on premiums due and received or accrued by the Company and are paid in local currency regardless of the policy currency.

Other agents' expenses pertain to allowances, either cash or in kind, and agents' training and conference expenses.

32. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

	Notes	2025	2024
Materials, supplies and facilities		P3,332,709,515	P2,856,095,411
Employee salaries and benefits	34	2,830,504,734	2,774,329,122
Repairs and maintenance		1,893,499,146	1,094,669,108
Depreciation and amortization		1,398,814,070	1,147,171,549
Investment expenses		796,449,934	590,751,406
Outside services		427,692,460	439,591,353
Rent and utilities		335,029,429	376,386,383
Advertising and promotions		221,620,794	297,774,990
Bank charges		187,066,174	176,174,073
Interest expense on leases	37	107,841,344	99,009,350
Miscellaneous expense		115,209,839	425,954,943
		P11,646,437,439	P10,277,907,688

Details of depreciation and amortization are summarized below:

	Notes	2025	2024
Leasehold, property and equipment	13	P947,612,498	P818,128,165
Investment property	15	25,957,042	31,572,965
Intangible assets	14	425,244,530	297,470,419
		P1,398,814,070	1,147,171,549

33. INSURANCE TAXES, LICENSES AND FEES

The details of insurance taxes, licenses and fees are as follows:

	2025	2024
Premium taxes	P758,405,045	P670,748,612
Local business taxes	112,963,188	110,996,963
Documentary stamp taxes	53,655,680	37,898,289
Real property taxes	12,075,962	12,075,962
Other licenses and fees	70,059,832	31,542,363
	P1,007,159,707	P863,262,189

Other licenses and fees consist of municipal taxes, community taxes, barangay clearance and filing fees.

34. EMPLOYEE SALARIES AND BENEFITS

The details of employee salaries and benefits charged to profit or loss are as follows:

	Notes	2025	2024
Short term benefits		P2,712,717,028	P2,660,941,555
Post-employment benefits	35	53,825,200	40,280,800
Share-based payments	36	63,962,506	73,106,767
		P2,830,504,734	P2,774,329,122

Post-employment benefit charged to other comprehensive income amounted to a loss of P7,797,700 in 2025 and a gain of P42,356,500 in 2024, as disclosed in Note 35.

35. RETIREMENT BENEFIT PLAN

The components of the Company's retirement benefit asset as presented in the statements of financial position are as follows:

	2025	2024
Post-employment defined benefit asset	P1,809,364,500	P1,722,099,300
Other post-employment benefit obligation	(63,357,700)	(60,871,400)
	P1,746,006,800	P1,661,227,900

The details of defined benefit costs recognized in profit or loss are as follows:

		2025	2024
Post-employment defined benefit		P49,316,800	P36,247,800
Other post-employment benefit		4,508,400	4,033,000
Defined benefit costs recognized in profit or loss	34	P53,825,200	P40,280,800

The details of defined benefit costs (income) recognized in other comprehensive income are as follows:

		2025	2024
Post-employment defined benefit		P9,819,800	(P47,415,800)
Other post-employment benefit		(2,022,100)	5,059,300
Defined benefit costs (income) recognized in other comprehensive income	25	P7,797,700	(P42,356,500)

Post-employment benefits - Requirement of Republic Act (RA) 7641

RA 7641 provides for the minimum retirement pay to qualified private sector employees in the Philippines. Benefits due under RA 7641 are accounted for as defined benefit plan under PAS 19.

An employee upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years which is declared the compulsory retirement age, who has served at least five (5) years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

The Company is in compliance of the minimum requirement of RA 7641 as at December 31, 2025 and 2024, respectively. The Company is a participant to the Sun Life of Canada (Philippines), Inc. Multi-Employer Employees' Retirement Plan (the "Retirement Plan"), a funded and non-contributory defined benefit retirement plan covering substantially all of its qualified employees. The other participants to the Retirement Plan are Sun Life Financial Asia Services Limited (ROHQ), Sun Life Financial Philippines Foundation, Inc., Sun Life Investment Management and Trust Corporation, Sun Life Global Solutions - Philippines, and SLAMCI.

Under the plan, the employees, who are 50 years old and with at least 10 years of credited service or who are 65 years old, are entitled to a lump sum post-retirement benefit amounting to 50% to 200% of average monthly salary during the last three years immediately preceding the month of termination or a minimum benefit under the RA 7641, whichever is higher.

The retirement plan typically exposes the participants to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a strategic mix of investment in equity securities, debt instruments and real estate. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in debt securities and in real estate to leverage the return generated by the fund.

Interest rate risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan’s debt investments.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan’s liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan’s liability.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2025 by Willis Towers Watson, an independent actuary. The valuation includes information for comparative periods as at December 31, 2024. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	2025	2024
Discount rate	6.25%	6.00%
Expected rates of salary increases	6.00%	6.00%
Average longevity at retirement age for current pensioners (years)	38.29	37.60
Average longevity at retirement age for current employees (future pensioners) (years)	8.87	11.10

Amounts recognized in comprehensive income in respect of these defined benefit plans are as follows:

	Notes	2025	2024
Service cost			
Current service cost		P156,942,400	P139,348,300
Net interest income		(107,625,600)	(103,100,500)
Components of defined benefit costs recognized in profit or loss		49,316,800	36,247,800
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)		90,227,300	(71,087,600)
Actuarial gains and losses:			
from changes in financial assumptions		(57,998,700)	54,699,100
from experience adjustments		(22,408,800)	(31,027,300)
Components of defined benefit costs recognized in other comprehensive income	25,39	9,819,800	(47,415,800)
		P59,136,600	(P11,168,000)

Total retirement cost for 2025 and 2024 has been included as employee benefits as disclosed in Note 34.

As at December 31, 2025 and 2024, an analysis of the Company's post-employment defined benefit asset is shown below.

	2025	2024
Present value of defined benefit obligations	(P2,105,272,900)	(P2,023,349,300)
Fair value of plan assets	3,914,637,400	3,745,448,600
Post-employment defined benefit asset	P1,809,364,500	P1,722,099,300

Movements in the present value of defined benefit obligations are as follows:

	2025	2024
Balance, January 1	P2,023,349,300	P1,842,664,300
Current service cost	156,942,400	139,348,300
Interest cost	119,230,900	111,175,300
Remeasurement (gains) losses:		
Actuarial gains arising from changes in financial assumptions	(57,998,700)	54,699,100
Actuarial losses due to liability experience	(22,408,800)	(31,027,300)
Benefits paid from plan assets	(118,410,900)	(89,982,800)
Benefits paid directly by the Company	(3,080,700)	(489,600)
Transfer payments	7,649,400	(3,038,000)
Balance, December 31	P2,105,272,900	P2,023,349,300

Movements in the fair value of plan assets are as follows:

	Note	2025	2024
Balance, January 1		P3,745,448,600	P3,431,589,800
Interest income		226,856,500	214,275,800
Remeasurement gains (losses):			
Return on plan assets (excluding amounts included in net interest expense)		(90,227,300)	71,087,600
Contributions from the employer	16	143,321,100	121,364,400
Benefits paid		(118,410,900)	(89,982,800)
Transfers		7,649,400	(2,886,200)
Balance, December 31		P3,914,637,400	P3,745,448,600

Fair value of plan assets represents the Company's share in Sun Life Philippines Group Retirement Plan's assets as at December 31, 2025 and 2024. The assets of the Retirement Plan were allocated to the participating companies by taking into consideration actual contribution and benefit payments during the year.

The defined benefit plans are administered by a Retirement Plan Trustee that is legally separated from the entity. The appointed Retirement Trustee is responsible for the general administration and management of the Retirement Fund.

Transfers pertain to adjustments arising from intercompany employee transfers.

The expected rate of return is 6.25% in 2025 and 2024, and analysis of the fair value of allocated plan assets at the end of each reporting period is as follows:

	2025	2024
Cash and Cash Equivalents	P21,921,969	P265,926,850
Domestic Government Securities	695,239,602	643,842,614
Foreign Corporate Bonds	126,834,252	32,585,403
Domestic Corporate Bonds	7,046,347	19,101,788
Foreign Equity Instruments	331,178,324	64,796,261
Domestic Equity Instruments	54,413,460	56,556,274
Real Estate	2,678,003,446	2,662,639,410
	P3,914,637,400	P3,745,448,600

The determination of the defined benefit obligation used significant actuarial assumptions including discount rate and expected salary growth rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

	Change in Assumption		Increase (Decrease) on Retirement Benefit Obligation	
	2025	2024	2025	2024
Discount rate	1% increase	1% increase	(P225,895,782)	(P205,933,500)
	1% decrease	1% decrease	269,264,404	243,416,000
Expected salary growth rate	1% increase	1% increase	246,737,984	222,048,400
	1% decrease	1% decrease	(212,211,508)	(192,362,000)

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analyses, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statements of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analyses from prior years.

The Asset-Liability Matching Strategies are set and reviewed from time to time by the plan trustees by taking into account the membership profile, the liquidity requirements of the plan and risk appetite of the plan sponsor. This considers the expected benefit cash flows to be matched with asset durations.

There has been no change in the process used to manage its risks from prior periods.

The average duration of the benefit obligation for active employees is 12.10 years and 12.20 years as at December 31, 2025 and 2024, respectively.

The Company expects to contribute P141,186,600 to the retirement fund in 2026.

The maturity analysis of the undiscounted benefit payments follows:

	2025	2024
Within 1 year	P103,682,000	P72,334,600
More than 1 year to 5 years	423,471,300	480,838,200
More than 5 years	11,433,737,000	10,989,641,600

Other Post-Employment Benefits

The Company recognizes other post-employment benefit (OPEB) liability, using projected unit credit method, for the lifetime insurance coverage it provides to retired employees through a group term life insurance policy which was determined to be a defined benefit plan. As at December 31, 2025 and 2024, the OPEB liability amounted to P63,357,700 and P60,871,400, respectively.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	2025	2024
Discount rate	6.25%	6.00%
Expected rates of salary increases	6.00%	6.00%

Amounts recognized in comprehensive income in respect of these other post-employment benefits are as follows:

	Notes	2025	2024
Service cost			
Current service cost		P890,100	P826,500
Net interest expense		3,618,300	3,206,500
Components of defined benefit costs recognized in profit or loss		4,508,400	4,033,000
Remeasurement on the net defined benefit liability:			
Actuarial (gains) and losses:			
from changes in financial assumptions		(3,053,400)	2,862,100
from experience adjustments		1,031,300	2,197,200
Components of defined benefit costs recognized in other comprehensive income	25,39	(2,022,100)	5,059,300
		P2,486,300	P9,092,300

Movements in the present value of defined benefit obligations are as follows:

	2025	2024
Balance, January 1	P60,871,400	P51,779,100
Current service cost	890,100	826,500
Interest cost	3,618,300	3,206,500
Remeasurement (gains) losses:		
Actuarial gains arising from changes in financial assumptions	(3,053,400)	2,862,100
Actuarial losses due to liability experience	1,031,300	2,197,200
Balance, December 31	P63,357,700	P60,871,400

36. SHARE-BASED COMPENSATION

Sun Share Unit ("Sun Share") Plan

Under the Sun Share plan, participants are granted units that are equivalent in value to one common share and have a grant price equal to the average of the closing price of a common share on the TSX on the five trading days immediately prior to the date of grant. Participants generally hold units for up to 36 months from the date of grant. The units earn dividend equivalents in the form of additional units at the same rate as the dividends on common shares. Units may vest or become payable if we meet specified threshold performance targets. The plan provides for performance factors to motivate participants achieve a higher return for shareholders (performance factors are determined through a multiplier that can be as low as zero or as high as two times the number of units that vest). Payments to participants are based on the number of units vested multiplied by the average closing price of a common share on the TSX on the five trading days immediately prior to the vesting date.

Share based compensation expense recognized in profit or loss amounted to P63,962,506 and P73,106,767 in 2025 and 2024, respectively, as disclosed in Note 34.

Share based payment liability as at December 31, 2025 and 2024 amounted to P182,215,656 and P183,367,557, respectively, as disclosed in Note 23. The amount of liability recognized is settled through intercompany charges between the Company and SLF, Inc.

37. LEASE AGREEMENTS

The Company as Lessee

The Company leases several office facilities and operating equipment under cancellable and non-cancellable lease agreements. Rental charges are subject to escalation of between 3% to 15%.

Security deposits relating to the Company's leases amounted to P132,506,841 and P124,909,507 as at December 31, 2025 and 2024, respectively, as disclosed in Note 19.

The following are the amounts recognized in statements of comprehensive income:

	2025	2024
Depreciation expense of right-of-use assets included in leasehold, property and equipment	P458,760,653	P448,657,288
Interest expense on lease liabilities	107,841,344	99,009,350
Expenses relating to short-term leases (included in general and administrative expenses)	11,180,004	15,159,216
Total amounts recognized in statements of comprehensive income	P577,782,001	P562,825,854

Movements in the lease liabilities are presented below:

	2025	2024
Balance at January 1	P1,861,107,236	P1,596,106,277
Additions	298,142,318	680,415,552
Accretion of interest	107,841,344	99,009,350
Payments	(527,948,261)	(514,423,943)
Balance at December 31	P1,739,142,637	P1,861,107,236

The maturity analysis of the contractual undiscounted cash flows of lease liability payments are as follows:

	Note	2025	2024
Not later than 1 year		P457,594,419	P298,620,776
Between 2 to 5 years		933,040,079	692,168,450
Later than 5 years		1,099,802,858	1,099,480,815
Total undiscounted lease liabilities		2,490,437,356	2,090,270,041
Lease liabilities included in accounts payable, accrued expenses and other liabilities	23	P1,739,142,637	P1,861,107,236

The Company as Lessor

The Company leases out its office space under an operating lease to its subsidiaries, related parties and third parties. Leases are negotiated for an average term of one year to five years, renewable at the option of the Company under such terms and conditions, which are mutually acceptable to both parties. The rental charges shall be subjected to 5% escalation beginning in the second year of the term of the lease.

Property rental income earned amounted to P160,887,423 and P150,976,277 in 2025 and 2024, respectively as discussed in Notes 15 and 30.

Total refundable deposits recognized in the statements of financial position as part of accounts payable, accrued expenses and other liabilities amounted to P59,722,712 and P58,859,845 as at December 31, 2025 and 2024, respectively, as disclosed in Note 23.

At the end of each reporting period, the Company had contracted with tenants for the following future minimum lease payments:

	2025	2024
Not later than 1 year	P137,603,708	P133,150,717
more than 1 year to 2 years	124,735,260	119,952,313
more than 2 years to 3 years	67,080,064	61,613,537
more than 3 years to 4 years	26,015,921	23,215,993
	P355,434,953	P337,932,560

38. INCOME TAXES

Components of income tax expense charged to profit or loss are as follows:

	2025	2024
Current		
RCIT	P1,354,881,157	P1,663,991,610
Final taxes	1,757,999,524	1,840,637,488
	3,112,880,629	3,504,629,098
Deferred tax benefit	(82,499,637)	(106,338,011)
	P3,030,380,992	P3,398,291,087

Final taxes are taxes withheld on the Company's interest income on cash and cash equivalents and government bonds and proceeds from sale of equity securities.

Reconciliation between tax expense and the product of accounting profit multiplied by 25% in 2025 and 2024 are as follows:

	2025	2024
Accounting profit before tax	P12,583,531,214	P14,746,414,845
Tax expense at 25% in 2025 and 2024	P3,145,882,804	P3,686,603,711
Tax effects of:		
Income subject to lower tax rate and tax exempt	(337,417,641)	(205,467,589)
Dividend income	(76,958,054)	(60,618,861)
Non-deductible expenses	390,186,693	76,971,842
Unrealized forex gain related to financial instruments exempt from income tax	(116,881,623)	(89,136,108)
Change in unrecognized deferred tax assets	25,568,813	(10,061,908)
	P3,030,380,992	P3,398,291,087

39. DEFERRED TAXES - net

The composition of the Company's deferred tax as at December 31 are as follows:

	2025	2024
Charged to profit or loss:		
Deferred tax assets		
Lease liabilities	P453,302,986	P481,769,690
Agent's benefit pension	464,985,242	429,122,532
Accrued expenses	370,558,332	367,365,150
IBNR claims	113,239,066	90,241,139
Other post-employment benefits	22,118,925	20,991,825
Unamortized past service cost	5,682,894	4,005,010
Unrealized foreign exchange loss	32,672,560	1,273,186
Deferred tax liabilities		
Right of use asset	(407,056,271)	(445,265,507)
Retirement benefit assets, net of other comprehensive income portion	(44,741,235)	(21,240,161)
	1,010,762,499	928,262,864
Recognized in other comprehensive income:		
Deferred tax liabilities		
Remeasurement of insurance contract liabilities	(P2,431,701,744)	(P1,858,710,017)
Remeasurement of defined benefit obligation	(413,003,952)	(414,953,377)
	(2,844,705,696)	(2,273,663,394)
Deferred Tax Liabilities - net	(P1,833,943,197)	(P1,345,400,530)

Unrecognized Deferred Tax Assets

The Company reviews the carrying amounts at the end of each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. As at December 31, 2025 and 2024, the deferred tax asset amounting to P265,099,178 and P245,201,105, respectively, related to the allowance for impairment loss on its investment in SLFPI will continue to be unrecognized as the amount will not reverse in the foreseeable future since there is no concrete plan to liquidate or dissolve SLFPI. Moreover, the deferred tax asset amounting to P5,670,740 as at December 31, 2025 (nil in 2024) related to unrealized fair value loss on private bonds purchased after the passage of Republic Act No. 12214 (otherwise known as the Capital Markets Efficiency Promotion Act) is not recognized since it will not be deductible if realized. The Company will recognize a deferred tax liability if the unrealized fair value movement is a gain.

40. CONTINGENCIES

In the normal course of the Company's operations, there are various outstanding contingent liabilities which are not reported in the accompanying financial statements. The Company recognizes in its books losses and liabilities incurred in the normal course of operations as these become determinable and quantifiable. In the opinion of management and its legal and tax counsels, it is not liable to and has strong position on these contingent liabilities, and if decided adversely, will not have a material effect on the Company's financial position and result of operations.

41. FAIR VALUE INFORMATION

Financial Instruments

Assets and liabilities measured at fair value on a recurring basis

The following table gives information about how the fair values of the Company's assets and liabilities, which are measured at fair value at the end of each reporting period.

	Level 1	Level 2	Total
December 31, 2025			
Financial Assets			
Financial assets at FVTPL			
Investments in stocks	P91,712,753,989	P-	P91,712,753,989
Investments in Government and corporate debt securities	32,001,172,371	21,356,247,503	53,357,419,874
Investment in mutual fund	-	30,010,389,231	30,010,389,231
Investments in savings deposits	1,737,759,640	-	1,737,759,640
Available-for-sale financial assets			
Investments in Government and corporate debt securities	103,354,090,869	31,257,590,839	134,611,681,708
Investments in stocks	8,752,677,791	-	8,752,677,791
Investments in UITF	-	587,451,191	587,451,191
	P237,558,454,660	P83,211,678,764	P320,770,133,424
December 31, 2024			
Financial Assets			
Financial assets at FVTPL			
Investments in stocks	P109,324,680,620	P-	P109,324,680,620
Investments in Government and corporate debt securities	27,174,472,562	20,080,967,221	47,255,439,783
Investment in mutual fund	-	15,720,599,687	15,720,599,687
Investments in savings deposits	1,501,757,568	-	1,501,757,568
Available-for-sale financial assets			
Investments in Government and corporate debt securities	104,928,546,792	20,140,352,185	125,068,898,977
Investments in stocks	9,128,284,978	829,901	9,129,114,879
Investments in UITF	-	14,444,064	14,444,064
	P252,057,742,521	P55,957,193,058	P308,014,935,578

The fair values of investments in government and corporate debt securities classified as Level 1 are based on quoted prices of either done deals or bid rates of identical instruments published in Bloomberg Valuation Services (BVAL) while the fair value of fixed-income securities classified as Level 2 are based on quoted prices of either done deals and bid rates of similar instruments and interpolated yields derived from benchmark rates of the same market price provider.

Investments in mutual funds and investments in UITF are valued at its published Net Assets Values Per Share (NAVPS) as at reporting date.

The fair values of the special savings deposits are based on discounted cash flow analysis using prevailing market interest rates. However, due to their short-term maturity, their carrying amounts approximate their fair values.

The carrying amounts and fair values of the Company's financial assets and financial liabilities not measured at fair value in the statements of financial position are shown below:

	2025		2024		Fair Value Hierarchy
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Financial Assets					
Cash and cash equivalents	P5,173,921,301	P5,173,921,301	P4,082,751,642	P4,082,751,642	Level 1
Uncollected policyholder premiums	1,466,364,372	1,466,364,372	1,067,772,759	1,067,772,759	Level 3
Policyholders' loans	8,180,861,216	8,180,861,216	7,734,344,394	7,734,344,394	Level 3
Loans and receivables	2,399,257,345	2,361,557,337	1,419,531,541	1,330,980,277	Level 3
Due from related parties	207,494,611	207,494,611	207,428,921	207,428,921	Level 3
Loan to a fellow subsidiary	-	-	3,813,286,167	3,346,010,646	Level 3
Other receivables	434,436,528	434,436,528	424,275,487	424,275,487	Level 3
Security deposit	132,506,841	101,978,624	124,909,507	92,390,079	Level 3
Investment income earned and accrued	3,330,561,657	3,330,561,657	3,080,230,876	3,080,230,876	Level 3
	P21,325,403,871	P21,257,175,646	P21,954,531,294	P21,366,185,081	
Financial Liabilities					
Due to policyholders	P32,115,938,443	P32,115,938,443	P31,274,233,589	P31,274,233,589	Level 3
Due to related parties	3,259,222,112	3,259,222,112	749,445,568	749,445,568	Level 3
Accounts payable, accrued expenses and other liabilities	9,985,235,596	9,985,235,596	9,322,890,456	9,322,890,456	Level 3
	P45,360,396,151	P45,360,396,151	P41,346,569,613	P41,346,569,613	

Accounts payable, accrued expenses and other liabilities are net of premiums received in advance, share-based payment liability, and government payables which are not considered as financial liabilities, and ROU liability.

The fair value of loan receivables, loan to a fellow subsidiary and security deposit were determined based on a discounted cash flow analysis using the Company's average incremental cost of borrowing of 4.85% and 5.43% in 2025 and 2024, respectively.

42. RISK MANAGEMENT

The Company's overall Risk Management Framework (RMF), adopted after the Company's parent company, prescribes a comprehensive set of protocols and programs that need to be followed in conducting business activities. The risks that arise when providing products and services to clients, which are in line with the company's purpose to help its clients achieve lifetime financial security and live healthier lives, are managed within these protocols and programs. Effective risk management is critical to the overall profitability, competitive market positioning and long-term financial viability of the Company. While all risk cannot necessarily be eliminated or known with certainty, the RMF seeks to ensure that risks to a business undertaking are appropriately managed to achieve the Company's business objectives over time and are not expected to exceed pre-established boundaries for risk taking.

Board of Directors

The Company's Board of Directors is ultimately responsible for ensuring the oversight of all risks across the enterprise and has primary responsibility for taking action to ensure risk management policies, programs and practices are in place.

Three Lines of Defense

The Company has adopted the Three Lines of Defense model to provide a consistent, transparent and clearly documented allocation of accountability and segregation of functional responsibilities. This segregation of responsibility helps to establish a robust control framework that promotes transparent and independent challenge of all risk taking activities, and encourages that all functions engage in self-critical examination to foster continuous improvement of the management of risk in its business.

The first line of defense (“LOD”) is represented by the business segment management who own the risks that are intrinsic to the business and have the primary responsibility to identify, measure, manage, monitor and report these risks. Some of the first LOD risk related responsibilities include:

- Identification of key and emerging risks;
- Manage, measure, monitor and report on risk within their business operations;
- Accountability for the risks taken to achieve business results and the resulting impact of those risks; and
- Operating within risk appetite and according to risk management policies

The second line of defense includes the Risk Officer and heads of the oversight functions who are responsible for providing independent oversight of the Company-wide risk management programs. Some of the key second LOD risk related responsibilities include:

- Establishment of the risk management framework and policies;
- Providing oversight and effective independent challenge of the first line (effective challenge ensures the integrity of risk data and facilitates ongoing monitoring of key control activities and changes in the risk profile); and
- Independent reporting to the Board of Directors on the level of risk against risk appetite.

The Internal Audit function is the third LOD and is responsible for providing independent assurance to management and the Audit Committee of the Board on the design and operational effectiveness of the risk management practices carried out by first LOD and second LOD. Internal Audit provides a quarterly opinion on the effectiveness of internal controls, risk management and governance processes to the Risk Management Committee. In addition, the Risk Management Committee may engage third-party independent reviews to supplement the third LOD review of the effectiveness of the Company’s risk management programs.

Risk Management Process

The risk management process as set out in the company’s risk management framework is described below:

Risk Identification and Measurement

The company employs a common approach to identify and measure risks. Business units have accountability for identifying and managing risks facing their business. It has a process to identify and monitor emerging risks that may have a material impact on its finances, operations or reputation.

Risk measurement involves determining and evaluating potential risk exposures and includes a number of techniques such as monitoring key risk indicators, assessing probability and severity of risks, and conducting stress testing.

Risk Management, Monitoring and Reporting

Risk management decisions are formed by evaluating how well the outcomes of the risk measurements and risk assessments for a business activity conform to the company’s risk appetite, including an assessment of risk-adjusted return. Monitoring processes include oversight by the Board of Directors, which is exercised through Board Committees and senior management committees.

Risk Categories

The company group all risks into six major risk categories: credit, market, insurance, business and strategic, operational and liquidity risks.

Credit risk

Credit risk is the possibility of loss from amounts owed by borrowers or financial counterparties. It is the uncertainty surrounding the likelihood of default or credit downgrades.

The Company has no significant concentration of credit risk except on Philippine government securities as required by Philippine laws and regulations. It has policies in place to ensure that services are rendered to customers with an appropriate credit history.

Credit risks associated with fixed income investments are managed using:

- a. Detailed credit and underwriting policies
- b. Specific diversification requirements
- c. Comprehensive due diligence and on-going credit analysis
- d. Aggregate counterparty exposure limits
- e. Monitoring against pre-established limits

Provisions for impaired assets are charged against the carrying value of the asset with additional allowances provided for in actuarial liabilities.

Limits to the aggregate general life fixed income portfolio for the Company for 2025 and 2024 are governed by numerous policies. This include, but are not limited to, the General Life segment Portfolio Policies and Parameters (PPP), Credit Business Group Operating Guidelines (BGOG) and Outstanding Money Market Concentration Limits Memo, among others.

For 2025 and 2024, exposure to government securities generally ranges from 55% - 100% depending on the PPPs approved in a particular General Life segment.

Aggregate credit exposure (public bonds, private placements and commercial loans, derivatives, common and private single name specific equities, commercial mortgages, and 50% of short term securities and/or money market instruments,) to a single name shall not exceed the prescribed limits assigned by SLF, Inc. Established at the business unit and regional levels, these limits are based on international credit ratings/credit rating equivalence.

The Money Market concentration limits vary in three (3) tiers depending on the bank's asset size. The total cash of Sun Life Group should not exceed the assigned credit limit of each depository banks. Maximum limits are assigned per original currency (i.e. PHP and USD). The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	Notes	2025	2024
Cash in banks and cash equivalents	6	P5,171,044,318	P4,080,325,847
Available-for-sale financial assets	7	135,199,132,899	125,083,343,041
Financial Assets at FVTPL	10	85,105,568,745	64,477,797,038
Loans and receivables	8	2,399,257,345	1,419,531,541
Loan to a fellow subsidiary	16	-	3,813,286,167
Policyholders' loans	11	8,180,861,216	7,734,344,394
Investment income earned and accrued	12	3,330,561,657	3,080,230,876
Uncollected policyholder premiums	27	1,466,364,372	1,067,772,759
Due from related parties	16	207,494,611	207,428,921
Security deposit	19	132,506,841	124,909,507
Other receivables	17	434,436,528	424,275,487
		P241,627,228,532	P211,513,245,578

The Company has no past due accounts.

The Company uses internal ratings to determine the credit quality of its financial assets. These have been mapped to the summary rating below:

High Grade - applies to highly rated financial obligors, strong corporate counterparties and personal borrowers with whom the Company has excellent repayment experience.

Satisfactory Grade - applies to financial assets that are performing as expected.

Acceptable Grade - applies to counterparties with risk profiles that are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category.

Low Grade - applies to risks that is neither past due nor expected to result in loss but where the Company requires a workout of the relationship unless an early reduction in risk is achievable.

The following table details the credit quality of the Company's neither past due nor impaired financial assets:

	High Grade	Satisfactory Grade	Total
2025			
Cash and cash equivalents	P5,171,044,318	P -	P5,171,044,318
Available-for-sale financial assets	135,199,132,899	-	135,199,132,899
Financial assets at FVTPL	85,105,568,745	-	85,105,568,745
Loans and receivables	-	2,399,257,345	2,399,257,345
Policyholders' loans	-	8,180,861,216	8,180,861,216
Investment income earned and accrued	2,953,314,893	377,246,764	3,330,561,657
Uncollected policyholder premiums	-	1,466,364,372	1,466,364,372
Due from related parties	-	207,494,611	207,494,611
Security deposit	132,506,841	-	132,506,841
Other receivables	-	434,436,528	434,436,528
	P228,561,567,696	P13,065,660,836	P241,627,228,532
2024			
Cash and cash equivalents	P4,080,325,847	P -	P4,080,325,847
Available-for-sale financial assets	125,083,343,041	-	125,083,343,041
Financial assets at FVTPL	64,477,797,038	-	64,477,797,038
Loans and receivables	-	1,419,531,541	1,419,531,541
Loan to a fellow subsidiary	-	3,813,286,167	3,813,286,167
Policyholders' loans	-	7,734,344,394	7,734,344,394
Investment income earned and accrued	2,618,294,523	461,936,353	3,080,230,876
Uncollected policyholder premiums	-	1,067,772,759	1,067,772,759
Due from related parties	-	207,428,921	207,428,921
Security deposit	124,909,507	-	124,909,507
Other receivables	-	424,275,487	424,275,487
	P196,384,669,956	P15,128,575,622	P211,513,245,578

As at December 31, 2025 and 2024, the Company has no financial assets with credit quality of acceptable or low grade.

As at December 31, 2025 and 2024, the Company does not have any undrawn loan balance, which is considered as high grade.

Market risk

The company is exposed to financial and capital market risk, which is defined as the risk that the fair value or future cash flows of an insurance contract or financial instrument will fluctuate because of changes or volatility in market prices. Market risk includes equity, interest rate, and foreign currency risks. The objective and management of these risks are discussed below.

Equity price risk

The Company is exposed to equity price risks arising from equity investments. Equity price risk is the risk that the fair value of equity investment decreases as the result of changes in the value of individual stocks. Equity investments are held for strategic purposes. Equity exposure is managed through the equity asset class allocation target and range defined in the Portfolio Policies & Parameters in accordance with the Asset Liability Management Operating Guideline. Exposure is monitored periodically and reported to the Asset Liability Committee on a quarterly basis.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices for investment classified as available for sale have been 10% higher or lower, equity reserves would have increased or decreased by P875 million in 2025 and P913 million in 2024, as a result of the changes in fair value of available-for-sale shares.

Interest rate risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest. This is the risk of asset-liability mismatch resulting from the interest rate volatility.

The primary source of the Company's interest rate risk relates to cash and cash equivalents, debt securities classified as available-for-sale and financial assets at FVPTL, loans and receivables, policyholders' loans, loan to a fellow subsidiary, and dividends payable to policyholders. The interest rates on these assets and liabilities are disclosed in Notes 6, 7, 8, 10, 11, 16, and 22.

This risk is managed by cash flow and/or duration matching strategies and by providing reasonable long term returns based on asset allocation strategies. The Company has established policies and operating guidelines in managing interest rate risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of each reporting period. A 100 basis point increase or decrease is used for reporting interest rate risk internally to key management personnel and represents Management's assessment of the possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's:

- a. Profit for the years ended December 31, 2025 and 2024 would have increased or decreased by P106 million and P79 million, respectively. This is mainly attributable to the impact of new money yields on reinvestments; and
- b. Other equity reserves would have increased by P8.7 billion as at December 31, 2025 and P8.5 billion as at December 31, 2024 if interest rates had been 100 basis points lower, or decreased by P7.4 billion as at December 31, 2025 and 2024 if interest rates had been 100 basis points higher, mainly as a result of the changes in the fair value of available-for-sale fixed rate instruments and change of Gross Premium Valuation (GPV) discount rates.

Foreign currency exchange risk

Foreign currency risk results from the mismatches in the currency of assets and liabilities (inclusive of capital), and cash flows. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US dollars. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

Assets are currency matched to the liabilities they support, and the Company's assets are invested as specified in the Asset Liability Management Operating Guideline, unless otherwise approved by the Asset Liability Committee (ALCO). The said guideline also defines the approved foreign currency exposure through an early-warning threshold, and through soft and hard tolerance limits thereafter. When a breach of the soft limit occurs, at a maximum no action should be taken that will worsen the situation. The focus is on identifying cause and assessing the risk of a hard breach. When a hard breach of the hard limit occurs, the focus is on taking immediate corrective action to restore the foreign exchange position within a reasonable time horizon.

The carrying amounts of the Company's foreign currency denominated monetary financial assets and monetary financial liabilities at the end of each reporting period are as follows:

	2025	2024
Cash and cash equivalents	P339,581,523	P363,831,623
Available-for-sale financial assets	9,833,940,002	9,187,132,841
Financial assets at FVTPL	10,740,059,716	10,342,798,389
Policyholders' loans	251,911,403	254,493,203
Uncollected policyholder premiums	12,633,777	9,718,923
Investment income earned and accrued	153,078,860	160,801,152
Other receivables	25,920,968	21,843,517
Due to policyholders	(2,485,381,226)	(2,465,019,871)
Accounts payable, accrued expenses and other liabilities	(505,137,815)	(1,880,487,139)
	P18,366,607,208	P15,995,112,638

The following table details the Company's sensitivity to a 5% increase and decrease in the Philippine peso against the US Dollar. The sensitivity rate used for reporting foreign currency risk internally to key management personnel is 5% and it represents Management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only US Dollar denominated monetary financial assets and liabilities and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in net profit when the Philippine peso weakens by 5% against the relevant currency. For a 5% strengthening of the Philippine peso against the relevant currency, there would be an equal and opposite impact on the net profit and the amounts below would be negative.

	Effect on Profit for the Year	
	2025	2024
Cash and cash equivalents	P16,979,076	P 18,191,581
Available-for-sale financial assets	491,697,000	459,356,642
Financial assets at FVTPL	537,002,986	517,139,919
Policyholders' loans	12,595,570	12,724,660
Uncollected policyholder premiums	631,689	485,946
Investment income earned and accrued	7,653,943	8,040,058
Other receivables	1,296,048	1,092,176
Total Impact on Assets	1,067,856,312	1,017,030,982
Due to policyholders	(124,269,061)	(123,250,994)
Accounts payable, accrued expenses and other liabilities	(25,256,891)	(94,024,356)
Total Impact on Liabilities	(149,525,952)	(217,275,350)
	P918,330,360	P799,755,632

Insurance risks

Insurance risk is the uncertainty of product performance due to actual experience emerging differently than expected in the areas of policyholder behaviour, mortality, morbidity, and longevity.

Insurance risk is managed through a number of enterprise wide controls addressing a wide range of insurance risk factors, as follows:

- Enterprise wide Insurance Underwriting and Claims, Product Development and Pricing, and Reinsurance Risk management policies
- Product development and pricing policies require detailed risk assessment and provision for material insurance risks.
- Target capital levels established that exceed regulatory minimums.
- Board approved maximum retention limits (amounts issued in excess of these limits are reinsured).

- Various limits, restrictions and fee structures may be introduced into plan designs in order to establish more homogeneous policy risk profile and limit potential for anti-selection.
- Enterprise underwriting and risk selection standards with oversight by Corporate underwriting and claims risk management function.
- Diversification and risk pooling is managed by aggregation of broad exposures across product lines, geography, distribution channels, etc.
- Experience studies (both Company specific and industry level) and Source of Earnings analysis are periodically monitored and factored into ongoing valuation, renewal and new business pricing processes.
- Stress-testing techniques are used to measure the effects of large and sustained adverse movements in insurance risk factors.
- The Company has established a reinsurance ceded policy to set acceptance criteria and protocols to monitor the level of reinsurance ceded to any single reinsurer or group of reinsurers. Our reinsurance counterparty risk profile is monitored closely, including through regular reporting to the Risk Review Committee of the Sun Life Financial BOD.

The table below sets out the Company's concentration of insurance risk based on the sum assured:

	2025		2024	
	Number of Policies	Amount of Insurance	Number of Policies	Amount of Insurance
Group life	2,127	P217,850,538,366	2,125	P221,699,000,815
Whole life	497,801	407,007,430,003	456,918	369,188,415,894
Endowment	29,131	24,207,938,122	23,861	19,364,062,044
Term	70,024	79,754,434,182	62,785	73,893,675,815
Accident and health	649	32,309,565,880	807	37,457,427,150
Variable unit-linked	1,350,542	1,567,605,450,652	1,350,081	1,567,563,422,597
	1,950,274	P2,328,735,357,205	1,896,577	P2,289,166,004,315

Key assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions relating to insurance contracts. Assumptions in use are based on past experience, current internal data and conditions and external market indices and benchmarks, which reflect current observable market prices and other published information. Such assumptions are determined as appropriate at inception of the contract and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations. Assumptions are subject to the provisions of the Code and guidelines set by the IC.

The key assumptions to which the estimation and adequacy testing of liabilities are particularly sensitive are as follows:

- Mortality and morbidity rates
Assumptions are based on rates of mortality and morbidity that are appropriate to the nature of the risks covered based on the Company's actual experience. The increase in mortality and morbidity rates will increase the legal policy reserves and result in a corresponding decrease in profit or loss.
- Discount rates
The risk-free discount rate provided by IC shall be used for all cash flows to determine the liability of a traditional life insurance policy. The yield curve used as basis for the risk-free discount shall be obtained from the following sources:
 - For Philippine peso policies: BVAL rates
 - For US Dollar policies: International Yield Curve (IYC) from Bloomberg

The increase in discount rate will decrease the legal policy reserves and result in a corresponding increase in remeasurement on legal policy reserves in OCI.

Policyholder behaviour risk

The Company can incur losses due to adverse policyholder behaviour relative to that assumed in the liabilities with regard to lapse of policies or exercise of other embedded policy options.

Uncertainty in policyholder behaviour can arise from several sources including unexpected events in the policyholder's circumstances, the general level of economic activity (whether higher or lower than expected), changes in pricing and availability of current products, the introduction of new products, changes in underwriting technology and standards as well as changes in financial strength or reputation. Uncertainty in future cash flows affected by policyholder behaviour can be further exacerbated by irrational behaviour during times of economic turbulence or at key option exercise points in the life of an insurance contract.

Various types of provisions are built into many of the Company's products to reduce the impact uncertain policyholder behaviour. These provisions include:

- surrender charges which adjust the payout to the policyholder by taking into account prevailing market conditions;
- limits on the amount that policyholders can surrender or borrow;
- restrictions on the timing of policyholders' ability to exercise certain options; and
- restrictions on both the types of funds customers can select and the frequency with which they can change funds.

Mortality and morbidity risk

Mortality and morbidity risk is the risk of incurring higher than anticipated mortality and morbidity claim losses on any one policy or group of policies. It can arise in the normal course of business through the random fluctuation in realized experience, through catastrophes, or in association with other risk factors such as product development and pricing or model risk. Adverse mortality and morbidity experience could also occur through systemic anti-selection, which could arise due to poor plan design or underwriting process failure or the development of investor owned and secondary markets for life insurance policies.

Detailed uniform underwriting procedures have been established to determine the insurability of applicants and to manage exposure to large claims. These underwriting requirements are regularly scrutinized against industry guidelines and oversight is provided through a corporate underwriting and claim management function.

Individual and group insurance policies are underwritten prior to initial issue and renewals based on selection, plan design and rating techniques.

Underwriting and claims risk policies approved by the Risk Review Committee of the Sun Life Financial BOD include limits on the maximum amount of insurance that may be issued under one policy and the maximum amount that may be retained. These limits vary by geographic region and amounts in excess of limits are reinsured to ensure there is no exposure to unreasonable concentration of risk.

Longevity risk

Longevity risk is the potential for economic loss, accounting loss or volatility in earnings arising from adverse changes in rates of mortality improvement relative to the assumptions used in the pricing and valuation of products. This risk can manifest itself slowly over time as socioeconomic conditions improve and medical advances continue. It could also manifest itself more quickly, for example, due to medical breakthroughs that significantly extend life expectancy. Longevity risk affects contracts where benefits or costs are based upon the likelihood of survival (for example, annuities, pensions, pure endowments, reinsurance, segregated funds, and specific types of health contracts).

To improve management of longevity risk, the company monitor research in the fields that could result in a change in expected mortality improvement. Stress-testing techniques are used to measure and monitor the impact of extreme mortality.

Business and Strategic Risk

Business and strategic risk include risks related to changes in the economic or political environment, changes in distribution channels or Client behaviour, changes in the competitive environment, risks relating to the design or implementation of business strategy, changes in the legal or regulatory environment.

Business and strategic risk is managed through strategic and business planning process and controls over the implementation of these plans. These plans are reviewed and discussed by the Executive Team and the key themes, issues and risks emerging are discussed by the Board of Directors and the Board Committees.

Operational risk

Operational risk is the risk of loss (financial or non-financial) resulting from inadequate or failed internal processes, controls, people and systems. Categories of operational risks may fall under: sales and distribution, human resources, information technology, processes and people, accounting and finance, model risk, legal and regulatory and third party relationships.

The Company ensures that internal controls and practices are consistent with enterprise wide policies supporting the management of operational risks.

Liquidity risk

Liquidity risk is the possibility that we will not be able to fund all cash outflow commitments and collateral requirements as they fall due.

Entities within the Sun Life Financial Group are required to have appropriate liquidity. This means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, while not having excessive liquidity that entails an opportunity cost in terms of product competitiveness and asset yields.

Exposure to liquidity risk will be measured and managed by using liquidity ratios calculated over various scenarios and time horizons. The Company measures and manages their liquidity ratios within prescribed tolerances and target ranges, and monitors and reports their liquidity ratios as set forth in the Liquidity Operating Guideline developed in compliance with the Asset Liability Management Corporate Operating Guideline. This will also contain a contingency plan for the management of liquidity in the event of a liquidity crisis.

The table below illustrates the net cash flows over the lifetime of the Company's existing portfolio. Positive net cash flows are assumed to be reinvested at a conservative net annual effective yield and equity holdings are assumed to have zero market value growth.

Financial Assets Portfolio for:	Within One Year	More than One to Five Years	More than Five Years	Total
(In Million Pesos)				
December 31, 2025				
Asset cash flow	P9,920	P46,433	P493,502	P549,855
Liability cash flow	9,572	20,575	(429,100)	(398,953)
	P19,492	P67,008	P64,402	P150,902
December 31, 2024				
Asset cash flow	P13,948	P39,398	P594,415	P647,761
Liability cash flow	7,886	18,432	(379,728)	(353,410)
	P21,834	P57,830	P214,687	P294,351

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Within one year	Beyond one year	Total
December 31, 2025			
Due to policyholders	P1,243,090,111	P30,872,848,332	P32,115,938,443
Due to related parties	3,259,222,112	-	3,259,222,112
Accounts payable, accrued expenses and other liabilities	10,442,830,013	2,032,842,937	12,475,672,950
	P14,945,142,236	P32,905,691,269	P47,850,833,505
December 31, 2024			
Due to policyholders	P1,003,358,466	P30,270,875,123	P31,274,233,589
Due to related parties	749,445,568	-	749,445,568
Accounts payable, accrued expenses and other liabilities	9,621,511,232	1,791,649,265	11,413,160,497
	P11,374,315,266	P32,062,524,388	P43,436,839,654

Regulatory Compliance Management Policy

The Compliance Risk Management Framework of Sun Life sets out the framework for the management and mitigation of Compliance Risk that enables the Company to achieve key objectives and make better business decisions, while meeting regulatory and client expectations. Compliance Risk arises from potential non-conformance with laws, rules, regulations, prescribed practices or ethical standards on anti-money laundering and anti-terrorist financing, market conduct, privacy, prevention of bribery and corruption, and related party transactions.

In line with this framework, the Company adopted various Operating Guidelines ("Guidelines"), with the objective of establishing a strong, sustainable compliance risk management program that conforms to regulatory and industry standards, and provides reasonable assurance that the following outcomes are achieved:

- a) Identification of applicable regulatory requirements;
- b) Assessment of inherent compliance risks of applicable regulatory requirements;
- c) Development of key controls designed to comply with the applicable regulatory requirements and to manage and mitigate compliance risks;
- d) Assessment of the design and operating effectiveness of controls to determine residual risk;
- e) Testing and monitoring of the ongoing operation of the controls and identification of gaps and other issues; and
- f) Reporting to management on the overall effectiveness of the regulatory compliance management program and the state of compliance of the business.

The Board provides the highest level of independent oversight of the management and operations of the Company. The Board is also responsible for approving regulatory compliance Guidelines, and ensuring that the same are reviewed and assessed on its effectiveness.

Management is the first line of defense and is responsible for day-to-day compliance with the Guidelines. It is accountable for identifying and assessing Compliance Risks, specifically incorporating consideration of Compliance Risks in business activities and decisions, and managing compliance risks in day-to-day activities.

The Company's Compliance team are the second line of defense. The Chief Compliance Officer has oversight responsibility for the Guidelines and the Code of Business Conduct. The Chief Compliance Officer promotes a tone from the top and an atmosphere that fosters high ethical standards and conduct, and an appropriate risk culture.

43. CAPITAL RISK MANAGEMENT

This policy is intended to safeguard capital for the benefit of all the stakeholders including the shareholders and the policyholders. The interest of the shareholders is to maximize returns. The interests of participating and other policyholders are also protected under the demutualization agreements and the appropriate regulatory requirements.

The BOD establishes the written policies, standards and procedures necessary to effectively implement policies.

The level of capital adequacy risk accepted by the Company should be prudent as determined by Management. Capital adequacy risk is mitigated through appropriate risk management policies and processes.

Capital Structure

Maximizing returns on capital requires maintenance of an optimal capital structure. The Company seeks to maintain the optimal mixture of available financial instruments within its capital structure.

The overall quality of the capital base is a function of the characteristics and amounts of the individual types of capital within the overall capital structure. In general, the quality of individual capital item is measured by the capital's permanency, degree of subordination, ability to absorb losses and fixed charge obligations.

The Company is committed to maintaining a sufficiently high quality capital structure to:

- a. Maintain the target level of financial strength;
- b. Achieve the target financial ratings; and
- c. Comply with the capital adequacy requirements.

The Company has established capital risk management policies and operating guidelines and the BOD and Management review the capital structure on a quarterly basis. A corporate capital management committee monitors the capital management program of the Company to ensure adherence to the policies and to the local regulatory capital requirements. A capital plan is prepared on an annual basis as part of the business planning process.

The capital structure of the Company consists of equity comprising issued capital, reserves and retained earnings.

The Company maintains at least the minimum net worth required by the IC which is P1.3 billion. In addition, the Company maintains an appropriate operational minimum capital ratio and move towards an optimal target capital ratio.

The equity ratio at year end is as follows:

	2025	2024
Equity	P61,841,171,745	P59,312,239,483
Total assets	P351,310,611,657	P338,535,882,550
Equity ratio	0.18:1	0.18:1

Management believes that the above ratio is within the acceptable range.

The Company's strategy has remained unchanged in 2025 and 2024.

Regulatory Capital Requirement

The operations of the Company are subject to the regulatory requirements of the IC. Such regulations not only prescribe approval and monitoring of activities but also impose certain capital requirement.

The 2024 Annual Statement synopsis was issued by IC on September 8, 2025 where the total assets admitted amounted to P328,459,265,490 and those assets that are not admitted are as follows:

	2024	2023
Cash on Hand and in Banks	P1,355,156	P73,500
Premiums Due and Uncollected	40,245	28,216
Loans and Receivables	4,152,994,071	3,777,247,312
Amounts Recoverable from Reinsurers, net	-	1,595,833
Accounts Receivable	231,502,502	152,738,269
Investment Income Due and Accrued	404,181	644,737
Segregated Fund Assets	724,012,730	921,966,237
Leasehold, property and equipment – net	1,103,745,746	1,081,530,307
Investment Property	446,735,766	525,349,940
Right-of Use Asset	35,427,059	6,459,556
Security Fund Contribution	-	1,291,619
Pension Asset	1,661,227,900	1,537,146,400
Other assets	3,125,874,024	2,263,857,589
	P11,483,319,380	P10,269,929,515

Fixed capitalization requirements

In 2016, the IC issued Circular Letter No. 2017-02-A which provides for the minimum capitalization requirements of all life, non-life and reinsurance companies in pursuant to Section 194 of the Insurance Code as Amended (RA 10607). Under this circular, a minimum statutory net worth for domestic insurance company has been stipulated at each compliance date. The statutory net worth shall include the Company's paid-up capital, capital in excess of par value, contingency surplus, retained earnings and revaluation increments as may be approved by the IC and this shall remain unimpaired at all times.

As at December 31, 2025 and 2024, the required statutory net worth for the Company is P1.3 billion.

The Company has fully complied with the net worth requirements of Circular Letter No. 2017-02-A as at the end of each reporting period.

Risk-based capital requirements (RBC)

In 2006, the IC issued Memorandum Circular (IMC) No. 6-2006 adopting a risk-based capital framework to establish the required amounts of capital to be maintained by the life insurance companies in relation to their investment and insurance risks. The investments and insurance risks of the company are classified under four major categories as asset default risk, insurance pricing risk, interest rate risk and general business risk.

The RBC ratio shall be calculated as net worth divided by the RBC requirement. Net worth shall include the company's paid-up capital, capital in excess of par value, contributed and contingency surplus and unassigned surplus. Revaluation and fluctuation reserve accounts shall form part of net worth only to the extent authorized by the IC.

Every life insurance company is annually required to maintain a minimum RBC ratio of 100% and not fail the Trend Test. The Trend Test has failed, in the event that:

- a. The RBC ratio is less than 125% but is not below 100%
- b. The RBC ratio has decreased over the past year
- c. The difference between RBC ratio and the decrease in the RBC ratio over the past year is less than 100%

Failure to meet the RBC ratio shall subject the insurance company to the corresponding regulatory intervention which has been defined at various levels. As of the latest filing made by the Company to the IC, the RBC ratio on December 31, 2024 is 226%. The Company's 2025 RBC ratio is still subject to examination by the IC.

Retention of profits in excess of paid-in capital

On September 28, 2023, the SEC Memorandum Circular No. 16, s. 2023 became effective providing for the revised guidelines on the determination of retained earnings available for dividend declarations of stock corporations by taking into account the unrealized gains and other items affecting the unrestricted retained earnings following the effective reporting standards. Based on the guidelines set forth by SEC, the Company's total retained earnings available for dividend amounted to P18,022,509,911 and P14,394,007,318 as at December 31, 2025 and 2024, respectively.

As at December 31, 2025 and 2024, the Company's retained earnings is in excess of 100% of its share capital. Under Section 42 of the Revised Corporation Code, stock corporations are prohibited from retaining surplus profit in excess of 100% of its paid up capital.

Management will continue to evaluate the need to declare dividends after considering the regulatory capital requirement of IC on fixed capitalization and risk-based capital requirement. Approval of the Company's Board of Directors will be requested as deemed necessary.

Financial Reporting Framework (FRF)

In 2015, IC issued Circular Letter (CL) No. 2015-29, Financial Reporting Framework under Section 189 of the amended Insurance Code (RA No. 10607). Whereas, the FRF will adopt the economic valuation of assets and liabilities based on internationally accepted accounting, actuarial and insurance core principles.

Subsequently, the IC issued CL No. 2016-65 to supersede the CL No. 2015-29 which states that the new regulatory requirement is hereby promulgated effective January 1, 2017. Accordingly, the Financial Reporting Framework will be used on the statutory quarterly and annual reporting for net worth requirements

44. RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform to the current year's presentation. The reclassifications include comparative amount of P2,371,862,655 previously presented in the Company's financial statements as part of Leasehold, property and equipment - net which has been reclassified to Intangible asset - net.

Management believes that the above reclassifications would reflect the nature of the transactions and did not have any impact on prior year's profit or loss and cash flows.

	Note	January 1, 2024 (Previously Stated)	Effects of Reclassification	January 1, 2024 (As Restated)
ASSETS				
Intangible asset - net	14	P13,666,666	P1,665,995,740	P1,679,662,406
Leasehold, property and equipment - net	13	4,704,236,546	(1,665,995,740)	3,038,240,806

	Note	December 31, 2024 (Previously Stated)	Effects of Reclassification	December 31, 2024 (As Restated)
ASSETS				
Intangible asset - net	14	P9,666,666	P2,371,862,655	P2,381,529,321
Leasehold, property and equipment - net	13	5,689,981,074	(2,371,862,655)	3,318,118,419

45. EVENTS AFTER THE REPORTING PERIOD

On January 5, 2026 and March 18, 2026, the Company declared P4,550,000,000 and P5,000,000,000, respectively, cash dividends out of the Company's unrestricted retained earnings to shareholders of record as at December 31, 2025.

46. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU of INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS NOS. 15-2010

The following supplementary information for 2025 are presented for purposes of filing with the BIR and are not required part of the basic financial statements.

Percentage Tax

The Company is engaged in the business of life insurance and paid the amount of P757,562,385 as percentage tax pursuant to the provisions of Sec. 244 of the National Internal Revenue Code of 1997, as last amended by Revenue Memorandum Circular No. 22-2010.

Output VAT

Details of the Company's output VAT declared in 2025 are as follows:

Fee income:	
Asset management	P3,156,647,721
Partial fund with charge	19,798,130
	<u>3,176,445,852</u>
Rental income	157,213,375
Transaction fees	791,536,153
Other income	179,150,321
	<u>4,304,345,701</u>
Output VAT rate	12%
	<u>P516,521,484</u>

Input VAT

Details of the Company's input VAT claimed in 2025 are as follows:

Balance, January 1	P23,129,429
Current year's domestic purchases/payments for services lodged under other accounts	64,581,606
Creditable Value Added Tax	1,702,616
Total available input VAT	89,413,651
Less: Claims for tax credit	78,680,285
Balance, December 31	P10,733,366

Documentary stamp tax

The Company's documentary stamp tax paid or accrued in 2025 amounted to P54,556,046.

Other taxes and licenses

Details of the Company's other taxes and licenses and permit fees paid or accrued charged to operating expenses in 2025 are as follows:

Permit fees	P112,963,188
Real property tax	12,075,962
Others	70,059,832
	P195,098,982

Withholding taxes

Details of the Company's withholding taxes paid or accrued in 2025 are as follows:

Withholding tax on compensation and benefits	P549,479,566
Expanded withholding taxes	880,712,096
Final withholding taxes	970,770,307
Withholding VAT	19,705,334
	P549,479,566

Deficiency tax assessments and tax cases

The Company has outstanding tax assessments covering taxable years 2020, 2021 and 2022 as of December 31, 2025. The Company received the Final Assessment Notice covering taxable year 2020 on 28 October 2024, which has been protested with a request for reinvestigation.

47. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements of the Company were approved and authorized for issue by the Board of Directors on March 18, 2026.

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