

FINANCIAL STATEMENTS

Sun Life Financial Trust Inc.
For the year ended December 31, 2025

Annual Financial Information

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Financial Statements

and Notes

Sun Life Financial Trust Inc.

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Independent Auditor's Report

To the Shareholders of Sun Life Financial Trust Inc.

Opinion

We have audited the financial statements of Sun Life Financial Trust Inc. (the "Company"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, 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 Canadian GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 24, 2026
Toronto, Ontario

STATEMENT OF FINANCIAL POSITION

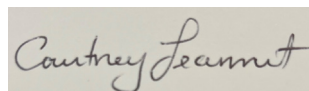
As at December 31, (in thousands of Canadian dollars)	2025	2024
Assets		
Cash held in trust (Note 12)	\$ 95,558	\$ 86,648
Cash and cash equivalents	44,456	44,125
Short-term securities	—	10,382
Debt securities	484,945	523,405
Mortgages and loans	337,778	306,437
Invested assets (Note 5)	962,737	970,997
Derivative assets (Note 5,6 and 9)	3,531	516
Deferred tax asset (Note 8)	1,070	378
Other assets (Note 10)	13,468	12,155
Total assets	\$ 980,806	\$ 984,046
Liabilities		
Bank overdraft (Note 5)	15,678	1,977
Deposits (Note 11)	771,030	790,748
Derivative liabilities (Note 5, 6 and 9)	100	4,330
Other liabilities (Note 12)	102,854	103,103
Total liabilities	889,662	\$ 900,158
Equity		
Issued share capital (Note 13)	98,561	\$ 98,561
Contributed surplus	38,050	38,050
Accumulated deficit	(50,334)	(56,651)
Accumulated other comprehensive income	4,867	3,928
Total equity (Note 7)	\$ 91,144	\$ 83,888
Total liabilities and equity	\$ 980,806	\$ 984,046

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on February 24, 2026.



Jay Zhong
Director



Courtney Learmont
Director

STATEMENT OF OPERATIONS

For the years ended December 31, (in thousands of Canadian dollars)	2025	2024
Interest income		
Cash, cash equivalents and short-term securities	\$ 1,040	\$ 2,308
Debt securities	18,489	24,094
Mortgages and loans	18,195	22,133
Other interest income	2,371	4,618
Total interest income	40,095	53,153
Interest expense		
Deposits	25,622	31,905
Net interest income	14,473	21,248
Provision for credit losses (Note 6)	929	6,987
Net interest income after provision for credit losses	13,544	14,261
Other income		
Fee income	1,425	1,618
Gains on the sale of assets	823	31
Unrealized (losses) gains on invested assets	(44)	118
Derivative related gains (losses)	2,471	(13,005)
Foreign currency (losses) gains	(5,198)	12,793
Total other (losses) income	(523)	1,555
Net interest and other income	13,021	15,816
Operating expenses (Note 15)		
Deposit and investment fees	3,007	2,788
Deposit insurance	360	369
Amortization of deferred commissions	753	728
Other operating expenses	355	347
Total operating expenses	4,475	4,232
Income before income taxes	8,546	11,584
Provision for income taxes (Note 9)	2,229	3,080
Total net income	\$ 6,317	\$ 8,504

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, (in thousands of Canadian dollars)	2025	2024
Total net income, net of taxes:	\$ 6,317	\$ 8,504
Other comprehensive income, net of taxes:		
Items that may be reclassified subsequently to income:		
Unrealized gains on FVOCI assets	2,161	5,998
Taxes on unrealized (gains) on FVOCI assets	(573)	(1,590)
Reclassification of (gains) losses on FVOCI assets to income	(848)	9
Taxes on reclassification of gains (losses) on FVOCI assets to income	225	(2)
Changes in expected credit losses on FVOCI debt securities	(35)	80
Taxes on changes in expected credit losses on FVOCI debt securities	9	(21)
Total other comprehensive income	939	4,474
Total comprehensive income	\$ 7,256	\$ 12,978

The attached notes form part of these Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31, (in thousands of Canadian dollars)	2025	2024
Common shares		
Balance at beginning and end of year (Note 13)	\$ 98,561	\$ 98,561
Contributed surplus		
Balance at beginning and end of year	38,050	38,050
Accumulated (deficit) earnings		
Balance, beginning of year	(56,651)	(20,155)
Net Income	6,317	8,504
Common share dividends (Note 13)	—	(45,000)
Balance, end of year	(50,334)	(56,651)
Accumulated other comprehensive income (loss), net of taxes		
Balance, beginning of year	3,928	(546)
Total other comprehensive income for the year	939	4,474
Balance, end of year	4,867	3,928
Total equity	\$ 91,144	\$ 83,888

The attached notes form part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the years ended December 31, (in thousands of Canadian dollars)	2025	2024
Cash flows provided by (used in) operating activities		
Income after income taxes	\$ 6,317	\$ 8,504
Adjustments:		
Interest expense on deposits	(25,622)	(31,905)
Realized and unrealized losses on derivatives and foreign currency changes on invested assets	945	2,803
Unrealized gains on invested assets	44	(129)
Realized (gains) on invested assets	(823)	(20)
Invested asset amortization	3,096	(5,557)
Provision for credit losses	(3,658)	2,703
Increase in deposits	5,904	75,300
Sales, maturities and repayments of invested assets	966,681	1,033,062
Purchases of invested assets	(955,013)	(1,053,705)
Income taxes paid	(3,431)	(12,553)
Other operating activities ⁽¹⁾	1,100	(28,147)
Net cash used in operating activities	(4,460)	(9,644)
Cash flows used in financing activities		
Dividends paid on common shares	—	(45,000)
Net cash used in financing activities	—	(45,000)
(Decrease) in cash and cash equivalents	(4,460)	(54,644)
Net cash and cash equivalents, beginning of year	128,796	183,440
Net cash and cash equivalents, end of year	124,336	128,796
Net cash and cash equivalents consist of:		
Cash held in trust	95,558	86,648
Cash and cash equivalents	44,456	44,125
Bank overdraft	(15,678)	(1,977)
	\$ 124,336	\$ 128,796

⁽¹⁾ Interest paid and received was \$13,748 (2024 - \$28,454) and \$40,730 (2024 - \$52,834), respectively.

The attached notes form part of these Financial Statements.

Notes to the Financial Statements

(Amounts in thousands of Canadian dollars except where otherwise stated.)

1. Description of Business

Sun Life Financial Trust Inc. ("SLFT" or the "Company") is licensed under the Federal Trust and Loan Companies Act, incorporated in Canada, registered at 227 King Street South, Waterloo, Ontario, and is a wholly owned subsidiary of Sun Life Assurance Company of Canada ("SLAC" or the "parent"), which is a wholly owned subsidiary of Sun Life Financial Inc. ("SLF" or the "ultimate parent"). The Company provides trustee services and deposit products.

2. Statement of Compliance

We prepared our Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Our accounting policies have been applied consistently within our Financial Statements.

3. Material Accounting Policies

Basis of Presentation

The material accounting policies used in the preparation of the financial statements, which are applied consistently with IFRS Accounting Standards, and which in all material respects conform to the accounting requirements of Office of the Superintendent of Financial Institutions, Canada ("OSFI"), are summarized below.

Estimates, Assumptions and Judgments

The application of our accounting policies requires estimates, assumptions and judgments as they relate to matters that are inherently uncertain. We have established procedures to ensure that our accounting policies are applied consistently and that the processes for changing methodologies for determining estimates are controlled and occur in an appropriate and systematic manner.

Use of Estimates and Assumptions

The preparation of our Financial Statements requires us to make estimates and assumptions that affect the application of our policies and the reported amounts of assets, liabilities, revenue and expenses. Key sources of estimation uncertainty include the determination of fair value, impairment of financial instruments, valuation of derivatives and provisions and liabilities for contingencies and income taxes. Actual results may differ from our estimates thereby impacting our Financial Statements. Information on our use of estimates and assumptions is discussed in this Note and other Notes.

Judgments

In preparation of these Financial Statements, we use judgments to select assumptions and determine estimates as described above. We also use judgment when applying accounting policies; functional currencies; contingencies; and deferred income tax assets.

Significant estimates and judgments have been made in the following areas and are discussed as noted:

Determination of fair value	Note 3 Determination of Fair Value Note 5 Invested Assets
Impairment of financial instruments	Note 3 Financial Assets and Liabilities Excluding Derivative Financial Instruments Note 6 Financial Instrument Risk Management
Income taxes	Note 3 Income Taxes Note 8 Income Taxes

Determination of Fair Value

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. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. We determine fair value by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximize the use of observable inputs. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and valuation inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value. A description of the fair value methodologies, assumptions, valuation techniques, and valuation inputs by type of asset is included in Note 5.

Foreign currency translation

The Company's functional currency is Canadian dollars as this is the currency of the primary economic environment in which it operates. Revenue and expenses in foreign currencies, including amortized gains and losses on foreign investments, are translated into Canadian dollars using the spot exchange rates at the dates of transactions. Monetary assets and liabilities are translated into Canadian dollars at market exchange rates at the Statement of financial position date. Any resulting foreign currency gains or losses are included in Other income in the Statement of operations.

Invested Assets

Financial Assets Excluding Derivative Financial Instruments (IFRS 9)

Financial assets include cash and cash equivalents, cash held in trust, short-term securities, debt securities, mortgages and loans and other assets.

i) Initial Recognition and Subsequent Measurement

Classification of financial assets

Financial assets are measured at initial recognition at fair value and are classified as and subsequently measured at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost based on the business model used to manage the financial asset and the contractual cash flow characteristics of the asset. Amortized cost is determined using the effective interest rate method, which is the gross carrying amount less the allowance for expected credit losses ("ECL"). Financial assets are not reclassified subsequent to initial recognition unless the business model used to manage the financial asset has changed. Financial assets are recognized in the Statements of Financial Position on their trade dates, which are the dates that we commit to purchase or sell the assets. Originated mortgages and loans are recognized in the Statements of Financial Position on their settlement dates.

A financial asset is measured at amortized cost if both of the following conditions are met and the asset is not designated at FVTPL:

- The asset is held within a business model that is held to collect ("HTC"), in which the collection of contractual cash flows from the financial asset is the primary objective and sales are expected to be insignificant or infrequent; and
- The contractual terms of the asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

A financial asset is measured at FVOCI if both of the following conditions are met and the asset is not designated at FVTPL:

- The asset is held within a business model that is held to collect and sell ("HTC&S"), in which both the collection of contractual cash flows and the sale of financial assets are integral to achieving the objective of the business model; and
- The contractual terms of the asset give rise, on specified dates, to cash flows that are SPPI.

All financial assets not classified as amortized cost or FVOCI, as described above, are measured at FVTPL. Financial assets at FVTPL include financial assets that are held-for-trading. A financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling in the near term. Cash, cash equivalents and short-term securities are held for trading for the purpose of meeting short-term cash requirements and are measured at FVTPL. On initial recognition, we may also make an irrevocable election to designate a financial asset that would otherwise be measured at amortized cost or FVOCI as measured at FVTPL if the financial asset is managed together with a related financial liability and their performance is evaluated on a fair value basis.

The following table summarizes the financial assets included in our Statements of Financial Position and the applicable classifications:

Statement of Financial Position line

Cash and cash equivalents
 Short term securities
 Debt securities
 Mortgages and loans
 Other Assets
 Bank overdraft
 Deposits
 Other Liabilities

Classification (IFRS 9)

Amortized Cost
 Amortized Cost
 FVOCI / FVTPL (Mandatory)
 Amortized Cost
 Amortized Cost
 Amortized Cost
 Amortized Cost

Business model assessment

We determine our business models at the level that best reflects how we manage portfolios of financial assets to achieve our business objectives. Judgment is used in determining our business models, which is supported by relevant, objective evidence including:

- How the economic activities of our businesses generate benefits, for example, through enhancing yields or hedging and how such economic activities are evaluated and reported to key management personnel;
- The significant risks affecting the performance of our businesses, for example, market risk, credit risk, or other risks as described in the Note 6, and the activities undertaken to manage those risks;
- The frequency, volume, and timing of sales in prior periods, the reasons for the sales and expectations about future sales activity. Information about sales activity is not considered in isolation, but as part of an overall assessment of how our stated objective for managing the financial assets is achieved and how cash flows are realized; and
- The compensation structures for managers of our businesses, to the extent that these are directly linked to the economic performance of the business model.

Our business models include HTC, and HTC&S.

Assessment of whether contractual cash flows are SPPI

Financial assets held within a HTC or HTC&S business model are assessed to evaluate if their contractual cash flows are comprised of SPPI. SPPI payments are those which would typically be expected from basic lending arrangements, such as interest and basic lending returns, compensation for credit risk and the time value of money, costs associated with holding the financial asset for a period of time, and a profit margin. In making the SPPI assessment, we consider the contractual terms of the instrument, including assessment of whether the timing or amount of the contractual cash flows could change by a contractual term of the financial asset. A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Where the contractual terms introduce exposure to risk or variability of the cash flows that are inconsistent with a basic lending arrangement, the related financial asset is classified as and measured at FVTPL.

Subsequent measurement

Debt securities that are classified or designated at FVTPL are recorded at fair value in our Statements of Financial Position, and gains or losses, including interest and foreign exchange gains and losses, are recognized in Net interest and other income in the Statements of Operations.

Debt securities that are classified as FVOCI are recorded at fair value. Interest income, foreign exchange gains (losses), and impairment are recognized in Net interest and other income in the Statements of Operations. Other gains or losses are recognized in other comprehensive income ("OCI").

Mortgages and loans classified as amortized cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses, and impairment are presented in Net interest and other income in the Statements of Operations.

Cash equivalents are highly liquid instruments with a term to maturity of three months or less. Cash and cash equivalents are classified as amortized cost and the fair values are assumed to approximate their carrying values, due to their short-term nature or because they are frequently repriced to current market rates. Short-term securities are those that have a term to maturity exceeding three months but less than one year. The fair value of short-term securities is approximated by their carrying amount.

Financial assets must be reclassified if there are changes to the business model under which they are held. Any such reclassifications are applied prospectively from the date of the reclassification.

ii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows of the financial asset have expired, or when the Company has transferred the rights to receive contractual cash flows and substantially all the risks and rewards of owning the financial assets have been transferred. When we neither retain nor transfer substantially all the risks and rewards of ownership, the financial assets are derecognized if control over the financial assets have been relinquished. If we retain control of the financial assets, we continue to recognize the transferred assets to the extent of our continuing involvement.

When financial assets are derecognized, the difference between the carrying amount and the consideration received on the date of derecognition is recognized in Other income in the Statements of Operations. For debt securities at FVOCI, the cumulative gains (losses) previously recognized in OCI are reclassified to Other income in the Statements of Operations.

For financial assets measured at amortized cost in which modifications have resulted in derecognition, the gain (loss) is presented together with impairment losses if the modification was a result of financial difficulties of the borrower. Otherwise, the gain (loss) is presented as Other income in the Statements of Operations.

Judgment is applied in determining whether contractual rights to the cash flows from the transferred assets have expired or whether we retain the rights to receive the cash flows on the assets but have assumed an obligation to pay for those cash flows.

iii) Impairment

We establish an allowance for ECL for financial assets not classified or designated at FVTPL. Financial assets measured at amortized cost are presented at their carrying amounts on the Statements of Financial Position, which is the gross carrying amount less the allowance for ECL, with changes in the allowance for ECL recognized in Provision for credit losses in Net investment income (loss) in the Statements of Operations. The allowance for ECL on financial assets measured at FVOCI does not reduce the carrying amount of the assets in the Statements of Financial Position, which remains at fair value. Rather, an amount equal to the allowance for ECL that would arise if the assets were measured at amortized cost is recognized in OCI, with changes in the allowance for ECL recognized in Provision for credit losses in Net investment income (loss) in the Statements of Operations.

At the end of each reporting period, we apply a three-stage impairment approach to measure the ECL on financial assets measured at amortized cost or at FVOCI:

- Stage 1: For financial assets that have not experienced a significant increase in credit risk since the date of initial recognition, a loss allowance equal to the credit losses expected to result from default events occurring over the 12 months following the reporting date is recognized.
- Stage 2: For financial assets that have experienced a significant increase in credit risk since the date of initial recognition, a loss allowance equal to the credit losses expected to result from default events occurring over the remaining lifetime of the financial asset is recognized.
- Stage 3: When a financial asset is considered to be credit-impaired, a loss allowance equal to the expected credit losses over the remaining lifetime of the financial asset is recognized. Interest income is calculated based on the carrying amount of the asset, net of the loss allowance.

We monitor all financial assets that are subject to impairment for significant increase in credit risk. In making this assessment, we consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Additional details about significant increase in credit risk and forward-looking information are provided in Note 6.D.iv.

Modified financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies in this Note.

If modification does not result in derecognition, the financial asset continues to be subject to the assessment for significant increase in credit risk relative to initial recognition. Expected cash flows arising from the modified contractual terms are considered when calculating the ECL for the modified asset. For loans that were modified while having lifetime ECLs, such loans can revert to having 12-month ECLs if the borrower's financial condition that led to it being identified as credit-impaired are no longer present.

Definition of default

The definition of default used in the measurement of ECL is consistent with the definition of default used for our internal credit risk management purposes. We consider a financial asset to be in default when the issuer is unlikely to meet its credit obligations in full, without recourse action on our part, or when the financial asset is 90 days past due. Our definition of default may differ across financial assets and consider qualitative factors, such as the terms of financial covenants, breaches of such covenants, and other indicators of financial distress, as well as quantitative factors, such as overdue status and non-payment of other obligations under the same issuer. We use internally developed data and those obtained from external sources when assessing default.

Credit-impaired financial assets (Stage 3)

At each reporting date, we assess whether financial assets measured at amortized cost and FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment may include indications that the borrower is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as a measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the borrower or economic conditions that correlate with defaults. If a financial asset is credit-impaired, interest income is calculated based on the carrying amount of the asset, which is net of the allowance for ECL, rather than on the gross carrying amount.

Write-off of financial assets

The gross carrying amount of a financial asset, and the related allowance for ECL, is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when we determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with procedures for recovery of amounts due.

Collateral

Cash received (pledged) as collateral is recognized (derecognized) in our Statement of Financial Position with corresponding amounts recognized in Other liabilities (Other assets), respectively. All other types of assets received (pledged) as collateral are not recognized (derecognized) in our Statement of Financial Position.

Derivative Financial Instruments

All derivative financial instruments are recorded at fair value in the Statement of financial position. Derivatives with a positive fair value are recorded as Derivative assets while derivatives with a negative fair value are recorded as Derivative liabilities.

Changes in fair value of derivatives and income earned or paid on these derivatives are recorded in Derivative related gains (losses) in the Statement of operations.

The accounting for the changes in fair value of a derivative instrument depends on whether or not it is designated as a hedging instrument for hedge accounting purposes. Changes in fair value of derivatives that are not designated for hedge accounting purposes, which are defined as derivative investments, are recorded in derivative related gains (losses) in our Statements of Operations. Income earned or paid on these derivatives is recorded in derivative related gains (losses) in our Statements of Operations. Hedge accounting is applied to certain derivatives to reduce income statement volatility. All hedging relationships are documented at inception and hedge effectiveness is assessed at inception and on a quarterly basis to determine whether the hedging instruments are highly effective in offsetting changes attributable to the hedged risk in the fair value or cash flows of the hedged items. We have elected to continue to apply the hedge accounting principles under IAS 39 Financial Instruments: *Recognition and Measurement* instead of those under IFRS 9.

Cash Flow Hedges

Certain foreign currency forwards are designated as hedging instruments in cash flow hedges for anticipated payments of awards under certain share-based payment plans and for anticipated foreign currency purchases of foreign operations. Changes in the fair value of derivatives for the effective portion of the hedge are recognized in OCI, while the ineffective portion of the hedge and any items excluded from the hedging relationship, such as the spot-to-forward differential, are recognized in derivative related gains (losses) in our Statements of Operations. A portion of the amounts recognized in OCI related to the foreign currency forwards would be reclassified to income upon disposal or impairment of the foreign operations. All amounts recognized in, or reclassified from, OCI are net of related taxes.

Other Assets

Other assets, which are measured at amortized cost, include accounts receivable, investment income due and accrued, prepaid expenses and deferred commissions. Commissions are deferred and amortized over the term of the Guaranteed Investment Certificates ("GIC") deposit.

Trust assets under administration

Trust assets under administration are maintained separately from the Company's assets. The Company provides trustee services for the nominee business offered by a subsidiary wholly owned by Sun Life Assurance Company of Canada and Group Retirement Services (GRS).

Financial Liabilities

Classification and initial measurement

Our financial liabilities are classified and measured at amortized cost, except for financial guarantees, and derivative liabilities. Financial guarantees and derivative liabilities are classified as FVTPL. All other financial liabilities are measured at amortized cost using the effective interest rate method.

Subsequent measurement

Financial liabilities at amortized cost are measured at fair value less transaction costs at initial recognition, and subsequently at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains (losses) are recorded in Interest expense in the Statements of Operations.

Derecognition

We generally derecognize a financial liability when the contractual obligations expire or are discharged or cancelled. We also derecognize a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any new non-cash assets transferred or liabilities assumed) is recognized in the Statements of Operations.

Deposits

Deposits which are financial liabilities primarily include GIC deposit obligations are financial liabilities. Deposits are initially recognized at fair value, less transaction costs directly attributable to the issue of the contract, and are subsequently held at amortized cost using the effective interest rate method.

Other Liabilities

Other liabilities, which are measured at amortized cost, include accounts payable, credit facilities, accrued expenses and taxes, and provisions. Liabilities for provisions are recognized for present legal or constructive obligations as a result of a past event if it is probable that they will result in an outflow of economic resources and the amount can be reliably estimated. The amounts recognized for these provisions are the best estimates of the expenditures required to settle the present obligations or to transfer them to a third party at the reporting date, considering all the inherent risks and uncertainties, as well as the time value of money. These provisions are reviewed as relevant facts and circumstances change.

Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Current and deferred income tax relating to items recognized in the current or previous period in OCI or directly in equity is accordingly recognized in OCI or equity and not in our Statements of Operations. Interest and penalties payable to taxation authorities are recorded in Other operating expenses in the Statement of operations.

Deferred income tax assets and liabilities are calculated based on income tax rates and laws that are expected to apply when the liability is settled or the asset is realized, which are normally those enacted or considered substantively enacted at reporting dates. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses to the extent that is probable that future taxable profit will be available against which these assets can be utilized. At each reporting period, we assess all available evidence, both positive and negative, to determine the amount of deferred income tax assets

to be recognized. The recognition of deferred income tax assets requires estimates and significant judgment about future events, such as projections of future taxable profits, based on the information available at the reporting date.

The determination of the required provision for current and deferred income taxes requires that we interpret tax legislation in the jurisdictions in which we operate. For each reporting period, our income tax provision reflects our best estimate, based on the information available at the reporting date, of tax positions that are under audit or appeal by relevant tax authorities. To the extent that our estimate of tax positions or the timing of realization of deferred income tax assets or liabilities are not as expected, the provision for income taxes may increase or decrease in the future to reflect the actual experience.

Dividends

Dividends payable to holders of shares of the Company are recognized in the period in which they are authorized and approved by the Board of Directors.

Operating expenses

Operating expenses are recorded on an accrual basis.

Contributed surplus

Contributed surplus includes amounts in excess of the amount recorded as share capital.

4. Changes in Accounting Policies

4.A. New and Amended International Financial Reporting Standards to be Adopted in 2026 or Later

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, disclosure of management-defined performance measures, and principles for aggregation and disaggregation of financial information in the financial statements and the notes. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 is to be applied retrospectively. We are currently assessing the impact that IFRS 18 will have on our Financial Statements.

In May 2024, the IASB issued Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7 Financial Instruments: Disclosures). The amendments clarify the timing for derecognizing financial liabilities and introduce an accounting policy choice to derecognize financial liabilities settled using electronic payment systems before the settlement date if certain conditions are met. We have chosen to apply this early derecognition for electronic payments. The amendments also clarify the assessment of contractual cash flow characteristic of financial assets that include environmental, social and corporate governance linked features and other similar contingent features not directly related to changes in basic lending risks; and introduced additional related disclosure requirements for financial instruments with such contingent features. The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. The amendments are to be applied retrospectively with no restatement of comparative periods required. We do not expect the adoption of these amendments to have a material impact on our Financial Statements

5. Invested Assets

5.A. Fair Value of Financial Instruments

5.A.i. Carrying Value and Fair Value of Financial Assets and Financial Liabilities

The carrying values and fair values of our financial assets and financial liabilities are shown in the following table:

As at	December 31, 2025		December 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash held in trust - Amortized cost	\$ 95,558	\$ 95,558	\$ 86,648	\$ 86,648
Cash, cash equivalents and short-term securities - Amortized cost	44,456	44,456	54,507	54,507
Debt securities – FVTPL	17,349	17,349	22,059	22,059
Debt securities – FVOCI	467,596	467,596	501,346	501,346
Mortgages and loans - Amortized cost	337,778	339,975	306,437	308,308
Invested assets	962,737	964,934	970,997	972,868
Derivative assets - FVTPL	\$ 3,531	\$ 3,531	\$ 516	\$ 516
Other assets - Amortized cost	13,468	13,468	12,155	12,155
Total financial assets	\$ 979,736	\$ 981,933	\$ 983,668	\$ 985,539
Financial liabilities				
Bank overdraft - Amortized cost	\$ 15,678	\$ 15,678	\$ 1,977	\$ 1,977
Deposits - Amortized cost	771,030	776,775	790,748	799,354
Derivative liabilities - FVTPL	100	100	4,330	4,330
Other liabilities - Amortized cost	102,854	102,854	103,103	103,103
Total financial liabilities	\$ 889,662	\$ 895,407	\$ 900,158	\$ 908,764

5.A.ii. Fair Value Methodologies and Assumptions

The specific inputs and valuation techniques used to determine the fair value of our invested assets and financial liabilities are noted below:

Cash held in trust, cash, cash equivalents and short term securities

Cash equivalents are highly liquid investments that are subject to insignificant changes in value and are readily convertible into known amounts of cash. Cash equivalents comprise financial assets with maturities of three months or less from the date of acquisition. Short-term securities comprise financial assets with maturities of greater than three months and less than one year when acquired. The fair value of cash held in trust, cash, cash equivalents and short-term securities is approximated by their carrying amount, adjusted for credit risk where appropriate. As at December 31, 2025, \$140,014 (2024 - \$141,155) are classified as Level 1 in the fair value hierarchy.

Debt securities

The fair value of government and corporate debt securities is primarily determined using unadjusted quoted prices in active markets for identical or similar securities, where available. When quoted prices in active markets are not available, fair value is determined using market standard valuation methodologies, which include discounted cash flow analysis, consensus pricing from various broker dealers that are typically the market makers, or other similar techniques. The assumptions and valuation inputs in applying these market standard valuation methodologies are determined primarily using observable market inputs, which include, but are not limited to, benchmark yields, reported trades of identical or similar instruments, broker-dealer quotes, issuer spreads, bid prices, and reference data including market research publications. In limited circumstances, non-binding broker quotes are used.

The fair value of asset-backed securities is determined using quoted prices in active markets for identical or similar securities, when available, or valuation methodologies and valuation inputs similar to those used for government and corporate debt securities. Additional valuation inputs include structural characteristics of the securities, and the underlying collateral performance, such as prepayment speeds and delinquencies. Expected prepayment speeds are based primarily on those previously experienced in the market at projected future interest rate levels. In instances where there is a lack of sufficient observable market data to value the securities, non-binding broker quotes are used.

Mortgages and loans

Our mortgages and loans are carried at amortized cost. The fair value of mortgages and loans, for disclosure purposes, is determined by discounting the expected future cash flows using a current market interest rate applicable to financial instruments with a similar yield, credit quality and maturity characteristics. Valuation inputs typically include benchmark yields and risk-adjusted spreads from current lending activities or loan issuances. The risk-adjusted spreads are determined based on the borrower's credit and liquidity, as well as term and other loan-specific features. As at December 31, 2025, \$320,870 and \$19,105 are categorized in Level 2 and Level 3, respectively, of the fair value hierarchy described in this Note (December 31, 2024 - \$280,927 and \$27,381 respectively).

Deposits

The fair values of demand deposits approximate their carrying values due to their short term nature. The estimated fair values of fixed rate deposits are determined by management by discounting the contractual cash flows using current market interest rates.

Derivative Related Assets and Liabilities

The fair value of derivative financial instruments depends upon derivative types. The fair value of exchange-traded futures and options is determined using quoted prices in active markets, while the fair value of over-the-counter (OTC) derivatives is determined using pricing models, such as discounted cash flow analysis or other market standard valuation techniques, with primarily observable market inputs. Valuation inputs used to price OTC derivatives may include swap interest rate curves, foreign exchange spot and forward rates, index prices, the value of underlying securities, projected dividends, volatility surfaces, and in limited circumstances, counterparty quotes.

The fair value of OTC derivative financial instruments also includes credit valuation adjustments to reflect the credit risk of both the derivative counterparty and the Company as well as the impact of contractual factors designed to reduce the Company's credit exposure, such as collateral and legal rights of offset under master netting agreements. Inputs into determining the appropriate credit valuation adjustments are typically obtained from publicly available information and include credit default swap spreads when available, credit spreads derived from specific bond yields, or published cumulative default experience data adjusted for current trends when credit default swap spreads are not available.

5.A.iii. Fair Value Hierarchy

The Company categorizes assets and liabilities carried at fair value, based on the priority of the inputs to the valuation techniques used to measure fair value, into a three-level fair value hierarchy as follows:

Level 1: Fair value is based on the unadjusted quoted prices for identical assets or liabilities in an active market. The types of assets and liabilities classified as Level 1 generally include cash and cash equivalents.

Level 2: Fair value is based on quoted prices for similar assets or liabilities traded in active markets, or prices from valuation techniques that use significant observable inputs, or inputs that are derived principally from or corroborated with observable market data through correlation or other means. The types of assets and liabilities classified as Level 2 generally include Canadian federal, provincial and municipal government, other foreign government and corporate debt securities, certain asset-backed securities and OTC derivatives.

Level 3: Fair value is based on valuation techniques that require one or more significant inputs that are not based on observable market inputs. These unobservable inputs reflect the Company's expectations about the assumptions market participants would use in pricing the asset or liability. The types of assets and liabilities classified as Level 3 generally include certain corporate bonds and certain other financial invested assets.

Our assets and liabilities that are carried at fair value on a recurring basis by hierarchy level are as follows:

As at	December 31, 2025				December 31, 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Debt securities – FVTPL								
Asset-backed securities:								
Other	\$ —	\$ 17,349	\$ —	\$ 17,349	\$ —	\$ 22,059	\$ —	\$ 22,059
Total debt securities – FVTPL	\$ —	\$ 17,349	—	\$ 17,349	\$ —	\$ 22,059	—	\$ 22,059
Debt securities – FVOCI:								
Federal government	\$ —	\$ 61,683	\$ —	\$ 61,683	\$ —	\$ 81,111	\$ —	\$ 81,111
Provincial and municipal government	—	78,254	—	78,254	—	77,476	—	77,476
Foreign government & agency securities	—	5,095	—	5,095	—	5,111	—	5,111
Corporate securities	—	201,850	—	201,850	—	205,192	—	205,192
Asset-backed securities:								
Commercial mortgage-backed securities	—	14,792	—	14,792	—	6,108	—	6,108
Residential mortgage-backed securities	—	1,740	—	1,740	—	—	—	—
Collateralized debt obligations	—	20,617	—	20,617	—	—	—	—
Other	—	83,565	—	83,565	—	126,348	—	126,348
Total debt securities – FVOCI	\$ —	\$ 467,596	\$ —	\$ 467,596	\$ —	\$ 501,346	\$ —	\$ 501,346
Derivative assets	\$ —	\$ 3,531	\$ —	\$ 3,531	\$ —	\$ 516	\$ —	\$ 516
Total financial instrument assets measured at fair value	\$ —	\$ 488,476	\$ —	\$ 488,476	\$ —	\$ 523,921	\$ —	\$ 523,921
Liabilities								
Derivative liabilities	\$ —	\$ 100	\$ —	\$ 100	\$ —	\$ 4,330	\$ —	\$ 4,330
Total financial instrument liabilities measured at fair value	\$ —	\$ 100	\$ —	\$ 100	\$ —	\$ 4,330	\$ —	\$ 4,330

There were no significant transfer between Level 1 and Level 2 for the year end December 31, 2025 and December 31, 2024.

5.A.iv. Reconciliation of Level 3 Assets

The following table provides a reconciliation of the beginning and ending balances for assets that are categorized at Level 3⁽¹⁾:

For the year ended	Debt securities - FVOCI	Debt securities - FVTPL	Total financial instrument assets measured at fair value
December 31, 2025			
Beginning balance	\$ —	\$ —	\$ —
Included in net income ⁽¹⁾⁽²⁾	—	—	—
Included in OCI ⁽¹⁾	—	—	—
Purchases	—	—	—
Sales	—	—	—
Settlements	—	—	—
Transfers into (out of) Level 3 ⁽³⁾	—	—	—
Ending balance	\$ —	\$ —	\$ —
December 31, 2024			
Beginning balance	\$ —	\$ —	\$ —
Included in net income ⁽¹⁾⁽²⁾	—	12	12
Included in OCI ⁽²⁾	249	—	249
Purchases	10,000	—	10,000
Sales	—	—	—
Settlements	(2,460)	(2,826)	(5,286)
Transfers into (out of) Level 3 ⁽³⁾	(7,789)	2,814	(4,975)
Ending balance	\$ —	\$ —	\$ —

⁽¹⁾ Amounts included in net income and OCI are calculated assuming transfers into or out of Level 3 occur at the beginning of the period. For an invested asset that transfers into Level 3 during the reporting period, the entire change in fair value for the period is included in the table above. For transfers out of Level 3 during the reporting period, the change in fair value for the period is excluded from the table above.

⁽²⁾ This amount is reported in Debt securities interest income and/or Gains and losses on the sale of assets in the Statement of operations.

⁽³⁾ Transfers into Level 3 occur when the inputs used to price the invested asset lack observable market data and as a result, no longer meet the Level 1 or 2 definitions at the reporting date. In addition, transfers out of Level 3 occur when the pricing inputs become more transparent and satisfy the Level 1 or 2 criteria and are primarily the result of observable market data being available at the reporting date, thus removing the requirement to rely on inputs that lack observability. If a financial instrument is transferred into and out of Level 3 during the same period, it is not included in the above table.

Unobservable Inputs and Sensitivity for Level 3 Assets

As at December 2025, there is no assets categorized in Level 3 of the fair value hierarchy (2024: our assets categorized in Level 3 of the fair value hierarchy is Debt securities.)

Our Debt securities categorized in Level 3, which are included in Debt securities – FVTPL and Debt securities – FVOCI in the Level 3 roll forward table, consist primarily of corporate bonds. The fair value of these corporate bonds is generally determined using broker quotes that cannot be corroborated with observable market transactions. Significant unobservable inputs for these corporate bonds would include issuer spreads, which are comprised of credit, liquidity, and other security-specific features of the bonds. A decrease (increase) in these issuer spreads would result in a lower (higher) fair value. Due to the unobservable nature of these broker quotes, we do not assess whether applying reasonably possible alternative assumptions would have an impact on the fair value of the Level 3 corporate bonds.

Valuation Process for Level 3 Assets

The fair value of debt securities is generally obtained by external pricing services. We obtain an understanding of inputs and valuation methods used by external pricing services. When fair value cannot be obtained from external pricing services, broker quotes, or internal models subject to detailed review and validation processes are used. The fair value of debt securities is subject to price validation and review procedures to ensure overall reasonability.

6. Financial Instrument Risk Management

In accordance with OSFI Guideline D-1 on Annual Disclosure Requirements (the "Guideline") issued by OSFI under the authority of Subsection 313 (3) of the Trust and Loan Companies Act and the requirements of IFRS 7 Financial Instruments: Disclosures, this note to the financial statements discloses information relating to the risk management and control practices employed by the Company.

The Company is governed by the enterprise-wide risk management policies of its ultimate parent. The Company also has its own portfolio policies and parameters which include specific risk management limits by asset class. These specific risk management limits include credit risk, liquidity risk, interest rate risk, and currency risk.

The role of the Board of Directors and Management in risk management

Risk management responsibilities of the Board of Directors (the "Board") and Management can be summarized as follows:

Board of Directors

- The Board approves Company specific policies ensuring appropriate risk management is in place.
- The Board monitors the activities of the Company on a quarterly basis.
- The Board approves the appointment of all officers to the Company.
- The Board delegates authority for managing the key risk areas to appropriate personnel.
- The Audit Committee of the Company's parent, SLAC, performs the functions of an audit committee for SLFT, as permitted under the Trust and Loan Companies Act.

Management

- Management implements risk management policies as approved by the Board.
- Management is responsible for identifying risks and estimating their likelihood of occurrence and the resulting impact on the Company's ability to achieve its business objectives.
- Management establishes policies, procedures and controls to ensure appropriate approval processes, mitigation of risks, complete and accurate accounting, safeguarding of assets, and segregation of duties for transaction processing.
- Management establishes management reporting information systems in order to manage the Company's operations and periodically reviews reporting mechanisms to ensure that systems and processes operate as designed.
- An internal audit function is responsible for assessing the adequacy of and adherence to the systems of internal control. The results of internal audit's reviews are reported to management and the Audit Committee of SLAC regularly throughout the year.
- Management of the Company reports quarterly to the Board on the internal control practices in place to provide reasonable assurance that the financial and reporting information generated within the Company is accurate and reliable, and that prescribed policies, procedures, laws and regulations are complied with throughout the Company.

Alignment of operations with SLAC

The Company's operations are highly integrated with those of SLAC, to maximize the efficiency of operations and the ability to maintain consistent management information systems and internal controls. The alignment of operations is evident in the Asset Liability Management and Investment Departments. These departments manage the Company's investment risks.

6.A. Investment Risk

The Company manages its investments in accordance with its risk management framework and policies approved by the Board that establish aggregate limits and constraints for credit, interest rate, liquidity, and currency risks.

6.B. 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. This includes the risk of being forced to sell assets at depressed prices resulting in realized losses on sale. The Company

generally maintains a conservative liquidity position and employs a wide range of liquidity risk management practices and controls, which are described below:

- Liquidity is managed in accordance with the Company's liquidity policies and guidelines.
- Stress testing of the Company's liquidity is performed by comparing liquidity coverage ratios under one-month and one-year stress scenarios to Company policy thresholds approved by management and the Board.
- Cash management and asset liability management programs support the Company's ability to maintain its financial position by ensuring that sufficient cash flow and liquid assets are available to cover potential funding requirements. The Company invests in various types of assets with a view of matching them to the Company's liabilities of various durations.
- Target capital levels exceed regulatory minimums. The Company actively manages and monitors its capital and asset levels, and the diversification and credit quality of its investments.
- The Company maintains liquidity contingency plans for the management of liquidity in the event of a liquidity crisis.
- Reporting is submitted to the Board quarterly for oversight and monitoring.

Based on its historical cash flows and liquidity management processes, the Company believes that the cash flows from its operating activities will continue to provide sufficient liquidity for it to satisfy its deposit obligations and to pay other expenses as they fall due.

The contractual maturities of the Company's financial assets and financial liabilities are as follows:.

Term to Maturity	2025					No Specific Maturity	Total
	On Demand	Within 1 Year	1 to 5 Years	Over 5 Years			
Assets							
Cash held in trust	\$ 95,558	\$ —	\$ —	\$ —	\$ —	\$ —	95,558
Cash, cash equivalents and short-term securities	27,737	16,719	—	—	—	—	44,456
Debt securities	—	157,334	319,655	7,956	—	—	484,945
Mortgages and loans	—	58,349	250,892	28,537	—	—	337,778
Invested assets	\$ 123,295	\$ 232,402	\$ 570,547	\$ 36,493	\$ —	\$ —	962,737
Derivative related assets	\$ —	\$ 3,531	\$ —	\$ —	\$ —	\$ —	3,531
Other assets	—	—	—	—	—	14,538	14,538
Total assets	\$ 123,295	\$ 235,933	\$ 570,547	\$ 36,493	\$ 14,538	\$ —	980,806
Liabilities							
Bank overdraft	\$ 15,678	\$ —	\$ —	\$ —	\$ —	\$ —	15,678
Deposits	59,048	462,014	246,439	3,529	—	—	771,030
Derivative related liabilities	—	67	33	—	—	—	100
Other liabilities	95,558	—	—	—	—	7,296	102,854
Total liabilities	\$ 170,284	\$ 462,081	\$ 246,472	\$ 3,529	\$ 7,296	\$ —	889,662

Term to Maturity	2024					No Specific Maturity	Total
	On Demand	Within 1 Year	1 to 5 Years	Over 5 Years			
Assets							
Cash held in trust	\$ 86,648	\$ —	\$ —	\$ —	\$ —	\$ —	86,648
Cash, cash equivalents and short-term securities	3,779	50,728	—	—	—	—	54,507
Debt securities	—	238,800	280,317	4,288	—	—	523,405
Mortgages and loans	—	86,770	198,818	20,849	—	—	306,437
Invested assets	\$ 90,427	\$ 376,298	\$ 479,135	\$ 25,137	\$ —	\$ —	970,997
Derivative related assets	\$ —	\$ 516	\$ —	\$ —	\$ —	\$ —	516
Other assets	—	—	—	—	—	12,533	12,533
Total assets	\$ 90,427	\$ 376,814	\$ 479,135	\$ 25,137	\$ 12,533	\$ —	984,046
Liabilities							
Bank overdraft	\$ 1,977	\$ —	\$ —	\$ —	\$ —	\$ —	1,977
Deposits	48,410	487,555	251,049	3,734	—	—	790,748
Derivative related liabilities	—	3,812	518	—	—	—	4,330
Deferred tax liability	—	—	—	—	—	—	—
Other liabilities	86,648	—	—	—	—	16,455	103,103
Total liabilities	\$ 137,035	\$ 491,367	\$ 251,567	\$ 3,734	\$ 16,455	\$ —	900,158

6.C. Market Risk

Market risk includes: (i) equity market risk, resulting from changes in equity market prices; (ii) interest rate and spread risk, resulting from changes in interest rates or spreads; (iii) foreign currency risk, resulting from changes in foreign exchange rates.

Equity market risk is the potential for financial loss arising from declines or volatility in equity market prices. Equity market risk is not applicable to the Company, therefore; no sensitivity analysis is performed.

Interest rate and spread risk is the potential for financial loss arising from changes or volatility in interest rates or spreads when asset cash flows and the policy obligations they support are not matched. This may result in the need to either sell assets to meet policy payments and expenses or reinvest excess asset cash flows in unfavourable interest rate or spread environments.

The Company manages the impact of interest rate changes within self-imposed limits established after careful analysis in order to keep disinvestments and reinvestment losses within acceptable limits. The primary approach for managing interest rate risk is management of the duration gap of assets and liabilities. Duration analysis measures the sensitivity of assets, liabilities and off-balance sheet instruments to changes in interest rates.

Sensitivity to changes in interest rates is disclosed in Note 17, Interest rate sensitivity.

Foreign currency risk is the result of mismatches in the currency of assets and liabilities (inclusive of capital), and cash flows. This risk may arise from a variety of sources such as foreign currency transactions, foreign currency hedging, and investments denominated in foreign currencies. Changes or volatility in foreign exchange rates could adversely affect our financial condition and results of operations.

Foreign exchange derivative contracts such as currency swaps and forwards are used as a risk management tool to manage the currency exposure in accordance with the Company's Asset Liability Management Policy.

6.D. Credit Risk

Credit risk is the possibility of loss from amounts owed by our borrowers or financial counterparties. We are subject to credit risk in connection with issuers of securities held in our investment portfolio, debtors, counterparties (including derivative), other financial institutions and other entities. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can also arise in connection with deterioration in the value of, or ability to realize, any underlying security that may be used as collateral for the debt obligation. Credit risk can occur as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Company to record realized or unrealized losses and may cause an increase in our provisions for asset default, adversely impacting earnings.

Comprehensive Investment and Credit Risk Management Policy, guidelines and practices are in place. Specific investment diversification requirements are in place, such as defined investment limits for asset class, geography, and industry. Limits are set relative to the capital base of the Company and overall investment objectives.

SLAC's investment policy framework and governance defines required approval authority at various management levels for new loans and refinancing which are commensurate with the credit risk involved. Individuals involved in loan management have the appropriate level of experience and expertise.

Portfolio performance with respect to credit risk is monitored closely by management and the Board. Detailed reports are provided to the Board on a quarterly basis.

For details on allowances for credit losses see Note 6.D.iv, Impaired assets and allowance for credit losses.

Invested assets are monitored on an on-going basis. The portfolio is stratified using a risk rating system, which includes the following categories:

1. Government grade bonds based on their credit rating
2. Canada Mortgage and Housing Corporation insured loans or AAA rated Corporations
3. Low risk conventional loans or AA rated Public Corporations or Provincial Government issues
4. Moderate risk conventional loans or A rated Public Corporations or Provincial Government issues
5. Higher risk but acceptable loans or BBB rated Public Corporations or Provincial Government issues
6. High risk properties
7. Loans in arrears
8. Non-performing loans

The Company's maximum credit exposure related to invested assets is summarized in Note 6.D.i Maximum Credit Risk Exposure.

6.D.i. Maximum Credit Risk Exposure

Our maximum credit exposure related to financial instruments as at December 31 is the balance as presented in our Statement of financial position as we believe that these carrying amounts best represent the maximum exposure to credit risk.

6.D.ii. Right of Offset and Collateral

For over-the-counter ("OTC") derivatives, collateral is collected from and pledged to counterparties to manage credit exposure according to the Credit Support Annexes ("CSA"), which form part of the International Swaps and Derivatives Association's ("ISDA") master agreements. It is common practice to execute a CSA in conjunction with an ISDA master agreement. Under the ISDA master agreements for OTC derivatives, the Company has a right of offset in the event of default, insolvency, bankruptcy or other early termination. In the ordinary course of business, bilateral OTC exposures under these agreements are substantially mitigated through associated collateral agreements with a majority of the Company's counterparties.

The Company does not offset financial instruments in the Statement of financial position, as its rights of offset are conditional. The following tables present the effect of conditional netting.

As at December 31,	2025				2024				
	Net amount of financial instruments presented in the Statement of Financial Position ⁽¹⁾	Related amounts not set off in the Statement of Financial Position			Net amount	Net amount of financial instruments presented in the Statement of Financial Position ⁽¹⁾	Related amounts not set off in the Statement of Financial Position		
Financial instruments subject to master netting or similar		Financial collateral (received)	pledged ⁽²⁾	Financial instruments subject to master netting or similar			Financial collateral (received)	pledged ⁽²⁾	
Financial assets:									
Derivative assets (Note 9)	\$ 3,531	\$ (100)	\$ (3,431)	\$ —	\$ 516	\$ (516)	\$ —	\$ —	
Total financial assets	\$ 3,531	\$ (100)	\$ (3,431)	\$ —	\$ 516	\$ (516)	\$ —	\$ —	
Financial liabilities:									
Derivative liabilities (Note 9)	\$ (100)	\$ 100	\$ (3,832)	\$ (3,832)	\$ (4,330)	\$ 516	\$ 3,814	\$ —	
Total financial liabilities	\$ (100)	\$ 100	\$ (3,832)	\$ (3,832)	\$ (4,330)	\$ 516	\$ 3,814	\$ —	

⁽¹⁾ Net amounts of the financial instruments presented in our Statement of Financial Position are the same as the gross recognized financial instruments, as assets and liabilities are not netted in the Statement of Financial Position.

⁽²⁾ Financial collateral excludes overcollateralization and, for exchange-traded derivatives, initial margin. Total financial collateral, including initial margin and overcollateralization, received on derivative assets in 2025 was \$3,911 (2024 - \$nil), pledged on derivative liabilities in 2025 was \$0 (2024 - \$3,814).

6.D.iii. Concentration risk

Credit risk is the possibility of loss from amounts owed by the Company's financial counterparties. The Company is subject to credit risk in connection with issuers of securities held in their investment portfolio, debtors, derivative counterparties and other financial institutions. Losses may occur when a counterparty fails to make timely payments pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can also arise in connection with deterioration in the value of, or ability to, realize on any underlying security that may be used as collateral for the debt obligation. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments, or downgrades of the securities in the Company's investment portfolio would cause the Company to record realized or unrealized losses and increase the company's provisions for asset default, adversely impacting earnings.

The Company employs a wide range of credit risk management practices and controls including transacting with entities that are rated the equivalent of investment grade or above. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors, or groups of debtors that have similar credit risk characteristics, such as groups of debtors in the same economic or geographic regions or in similar industries. The invested asset issuers have similar economic characteristics so that their ability to meet contractual obligations may be impacted similarly by changes in the economic or political conditions. The Company manages this risk by appropriately diversifying the Company's investment portfolio through the use of concentration limits. In particular, the Company maintains policies which set counterparty exposure limits to manage the credit exposure for investments in any single issuer or to the same underlying credit. Exceptions exist for investments in securities which are issued or guaranteed by the Government of Canada, United States or United Kingdom and issuers for which the Board has granted specific approval. Mortgages are collateralized by the related property, and generally do not exceed 75% of the value of the property at the time the original loan is made. The Company's mortgages and loans are diversified by type and location and, for mortgages, by borrower. Loans provide diversification benefits (name, industry and geography) and often provide stronger covenants and collateral than public debt securities, thereby providing both better credit protection and potentially higher recoveries in the event of default. The following tables provide details of the debt securities and mortgages held by issuer country, geographic location and industry sector, where applicable.

The carrying value of the debt securities by issuer and/or industry sector as at December 31, 2025 and 2024 is shown in the following table:

	2025	2024
	<u>Carrying Value</u>	<u>Carrying Value</u>
Debt securities - FVOCI		
Canadian federal government	\$ 61,683	\$ 81,111
Canadian provincial and municipal governments	78,254	77,476
Foreign government	5,095	5,111
Total government issued or guaranteed debt securities	\$ 145,032	\$ 163,698
Corporate debt securities by industry sector:		
Consumer discretionary	67,720	66,139
Financials	58,316	31,610
Energy	6,003	22,971
Industrials	49,405	58,431
Utilities	18,403	26,041
Consumer staples	2,003	—
Total corporate debt securities	\$ 201,850	\$ 205,192
Asset backed securities:		
FVOCI	\$ 120,714	\$ 132,456
FVTPL	17,349	22,059
Total asset back securities	\$ 138,063	\$ 154,515
Total debt securities	\$ 484,945	\$ 523,405

Debt securities are predominantly issued in Canada. As at December 31, 2025, the percentage of the debt security portfolio rated investment grade (BBB- or higher) is 100.0% (2024 – 100.0%).

6.D.iv. Impaired assets and allowance for credit losses

Significant increase in credit risk

The assessment of significant increase in credit risk requires judgment. We assign counterparties a relevant internal credit risk rating grade depending on their credit quality. Changes in borrower-specific internal risk ratings is a primary indicator of significant increase in credit risk.

At each reporting date, movements between Stage 1 and Stage 2 are determined based on whether an instrument's internal rating as at the reporting date has increased (decreased) significantly relative to the date it was initially recognized. We assess whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. Unless identified at an earlier stage, the credit risk of financial assets is deemed to have increased significantly when more than 30 days past due or moved to Watch List status and such assets are automatically migrated to Stage 2. Exposures are classified as "Watch List" when there is a moderate deterioration in credit quality, but the full payment of principal and interest is still expected to be collected, or there is an increased possibility of the exposure being impaired in the near term. No impairment charge is recorded for unrealized losses on assets related to these debtors.

Incorporation of forward-looking information

The measurement of ECL for each stage and the assessment of significant increase in credit risk considers future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

The probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") inputs used to estimate allowance for ECL are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Our estimation of ECL is a discounted probability-weighted estimate that considers a minimum of three future macroeconomic scenarios (base case, upside and downside) and probability weights are attributed to each scenario. All scenarios considered are applied to all portfolios subject to ECL with the same probabilities. Our assessment of significant increase in credit risk is based on changes in internal rating as at the reporting date.

We subscribe to Moody's Analytics economic forecasting services and leverage its forward-looking macroeconomic information to model ECL.

Measurement of ECL

ECL is measured as the probability-weighted present value of expected cash shortfalls expected to result from defaults over the relevant time horizon, which is the maximum contractual period over which we are exposed to credit risk, including consideration of prepayments, and extensions.

The mechanics of the ECL calculations are outlined below and the key elements are as follows: PD, LGD, and EAD.

The PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time based on historical losses, along with consideration of economic scenarios and forward-looking information.

LGD is the magnitude of the likely loss if there is a default at a given time. It is based on the difference in the present values of the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral (net of directly attributable costs).

EAD represents the expected exposure in the event of a default. We derive the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization, and prepayments.

An ECL estimate is produced for each individual exposure. Relevant parameters are modelled on a collective basis using portfolio segmentation that allows for appropriate incorporation of forward-looking information. To reflect other characteristics that are not already considered through modelling, expert credit judgment can be exercised in determining the final ECL.

Qualitative adjustments or overlays

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. This could be a case where a major event occurs close to the reporting date, so that the potential effects are not

appropriately captured in the models and inputs. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are material.

The following tables show reconciliations from the opening balance to the closing balance of the allowance for ECL by class of financial instrument for December 31, 2025 and December 31, 2024:

Debt securities at FVOCI	2025					
	Performing		Impaired			Total
	Stage 1	Stage 2	Stage 3			
Balance, beginning of year	\$ 398	\$ —	\$ —	\$ —	\$ —	\$ 398
Provision for credit losses ⁽¹⁾ :						
Transfer to (from) Stage 1	—	—	—	—	—	—
Transfer to (from) Stage 2	—	—	—	—	—	—
Transfer to (from) Stage 3	—	—	—	—	—	—
New originations or purchases	176	—	—	—	—	176
Derecognition or maturities	(163)	—	—	—	—	(163)
Net measurements ⁽²⁾	(48)	—	—	—	—	(48)
Write-offs, net of recoveries, and other adjustments	—	—	—	—	—	—
Balance, end of year	\$ 363	\$ —	\$ —	\$ —	\$ —	\$ 363

Mortgage and loans at amortized cost	2025					
	Performing		Impaired			Total
	Stage 1	Stage 2	Stage 3			
Balance, beginning of year	\$ 480	\$ 90	\$ 13,195	\$ —	\$ —	\$ 13,765
Provision for credit losses ⁽¹⁾ :						
Transfer to (from) Stage 1	(18)	—	—	—	—	(18)
Transfer to (from) Stage 2	—	18	—	—	—	18
Transfer to (from) Stage 3	—	—	—	—	—	—
New originations or purchases	645	122	—	—	—	767
Derecognition or maturities	(109)	(60)	(560)	—	—	(729)
Net measurements ⁽²⁾	(255)	(18)	842	—	—	569
Write-offs, net of recoveries, and other adjustments	—	—	(4,230)	—	—	(4,230)
Balance, end of year	\$ 743	\$ 152	\$ 9,247	\$ —	\$ —	\$ 10,142

Debt securities at FVOCI	2024					
	Performing		Impaired			Total
	Stage 1	Stage 2	Stage 3			
Balance, beginning of year	\$ 297	\$ 21	\$ —	\$ —	\$ —	\$ 318
Provision for credit losses ⁽¹⁾ :						
Transfer to (from) Stage 1	18	—	—	—	—	18
Transfer to (from) Stage 2	—	(21)	—	—	—	(21)
Transfer to (from) Stage 3	—	—	4	—	—	4
New originations or purchases	258	—	—	—	—	258
Derecognition or maturities	(111)	—	—	—	—	(111)
Net measurements ⁽²⁾	(64)	—	(4)	—	—	(68)
Write-offs, net of recoveries, and other adjustments	—	—	—	—	—	—
Balance, end of year	\$ 398	\$ —	\$ —	\$ —	\$ —	\$ 398

	2024				
	Performing		Impaired		Total
	Stage 1	Stage 2	Stage 3		
Mortgage and loans at amortized cost					
Balance, beginning of year	\$ 640	\$ 65	\$ 10,437	\$	11,142
Provision for credit losses ⁽¹⁾ :					—
Transfer to (from) Stage 1	(7)	—	—		(7)
Transfer to (from) Stage 2	—	(19)	—		(19)
Transfer to (from) Stage 3	—	—	26		26
New originations or purchases	316	—	—		316
Derecognition or maturities	(194)	—	—		(194)
Net measurements ⁽²⁾	(275)	44	7,529		7,298
Write-offs, net of recoveries, and other adjustments	—	—	(4,797)		(4,797)
Balance, end of year	\$ 480	\$ 90	\$ 13,195	\$	13,765

¹⁾ Transfers between stages, which are presumed to occur before any corresponding remeasurement of the allowance.

²⁾ Includes changes in the measurement resulting from the significant changes in credit risk and from changes in credit risk that did not result in a transfer between stages, changes in model inputs and assumptions and changes in forward looking macroeconomic conditions.

Credit risk exposure by internal rating

The following tables set out our credit risk exposure for the financial assets carried at amortized cost or FVOCI as at December 31, 2025 and December 31, 2024:

	2025					
	Debt Securities at FVOCI			Loans and Mortgages		
	Performing	Impaired		Performing	Impaired	
Internal Rating Grade	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Investment Grades (BBB- to AAA)	\$ 467,596	\$ —	\$ —	\$ 275,269	\$ 41,136	\$ —
Non-Investment Grades:						
BB- to BB+	—	—	—	3,229	—	—
D	—	—	—	—	—	28,286
Gross carrying amount	\$ 467,596	\$ —	\$ —	\$ 278,498	\$ 41,136	\$ 28,286
Loss allowance	—	—	—	(743)	(152)	(9,247)
Net Carrying amount	\$ 467,596	\$ —	\$ —	\$ 277,755	\$ 40,984	\$ 19,039

	2024					
	Debt Securities at FVOCI			Loans and Mortgages		
	Performing	Impaired		Performing	Impaired	
Internal Rating Grade	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Investment Grades (BBB- to AAA)	\$ 501,346	\$ —	\$ —	\$ 260,704	\$ 15,950	\$ —
Non-Investment Grades:						
BB- to BB+	—	—	—	—	2,973	—
D	—	—	—	—	5,234	35,341
Gross carrying amount	\$ 501,346	\$ —	\$ —	\$ 260,704	\$ 24,157	\$ 35,341
Loss allowance	—	—	—	(480)	(90)	(13,195)
Net Carrying amount	\$ 501,346	\$ —	\$ —	\$ 260,224	\$ 24,067	\$ 22,146

Management assesses debt securities and mortgages and loans for objective evidence of impairment at each reporting date. A portfolio monitoring process is employed to identify assets or groups of assets that have objective evidence of impairment, having

experienced a loss event or events that have an impact on the estimated future cash flows of the asset or group of assets. There are inherent risks and uncertainties in the Company's evaluation of assets or groups of assets for objective evidence of impairment, including both internal and external factors such as general economic conditions, issuers' financial conditions and prospects for economic recovery, market interest rates, unforeseen events which affect one or more issuers or industry sectors, and portfolio management parameters, including asset mix, interest rate risk, portfolio diversification, duration matching, and greater than expected liquidity needs. All of these factors could impact the evaluation of an asset or group of assets for objective evidence of impairment.

Management exercises considerable judgment in assessing for objective evidence of impairment and, based on its assessment, classifies specific assets as performing or into these credit quality lists:

"Monitor List"- the timely collection of all contractually specified cash flows is reasonably assured, but changes in issuer-specific facts and circumstances require monitoring. No impairment charge is recorded for unrealized losses on assets related to these debtors.

"Watch List"- the timely collection of all contractually specified cash flows is reasonably assured, but changes in issuer-specific facts and circumstances require heightened monitoring. An asset is moved from the Monitor List to the Watch List when changes in issuer-specific facts and circumstances increase the possibility that a security may experience a loss event on an imminent basis. No impairment charge is recorded for unrealized losses on assets related to these debtors.

"Impaired List"- the timely collection of all contractually specified cash flows is no longer reasonably assured or the account is past due 90 days or more. For these investments that are classified at FVOCI or amortized cost, an impairment charge is recorded or the asset is sold and a realized loss is recorded as a charge to income. Impairment charges and realized losses are recorded on assets related to these debtors. The Company's approach to determining whether there is objective evidence of impairment varies by asset type. However, the Company has a process to ensure that in all instances where a decision has been made to sell an asset at a loss, the asset is impaired.

Debt Securities

Objective evidence of impairment on debt securities involves an assessment of the issuer's ability to meet current and future contractual interest and principal payments. In determining whether debt securities have objective evidence of impairment, a screening process is employed. The process identifies securities in an unrealized loss position, with particular attention paid to those securities whose fair value to amortized cost percentages have been less than 80% for an extended period of time. Discrete credit events, such as a ratings downgrade, are also used to identify securities that may have objective evidence of impairment. The securities identified are then evaluated based on issuer-specific facts and circumstances, including an evaluation of the issuer's financial condition and prospects for economic recovery, evidence of difficulty being experienced by the issuer's parent or affiliate, and management's assessment of the outlook for the issuer's industry sector.

Management also assesses previously impaired debt securities whose fair value has recovered to determine whether the recovery is objectively related to an event occurring subsequent to the impairment loss that has an impact on the estimated future cash flows of the asset.

Asset-backed securities are assessed for objective evidence of impairment on an alternative basis. Specifically, the Company periodically updates the best estimate of cash flows over the life of the security. In the event that there is an adverse change in the expected cash flows, the asset is impaired. Estimating future cash flows is a quantitative and qualitative process that incorporates information received from third parties, along with assumptions and judgments about the future performance of the underlying collateral. Losses incurred on the respective mortgage-backed securities portfolios are based on loss models using assumptions about key systematic risks, such as unemployment rates and housing prices, and loan-specific information such as delinquency rates and loan-to-value ratios.

Mortgages and Loans

Objective evidence of impairment on mortgages and loans involves an assessment of the borrower's ability to meet current and future contractual interest and principal payments. In determining whether an individual mortgage or loan has objective evidence of impairment, a number of triggers are considered that cause management to reassess its creditworthiness and consequent cause for concern, generally based on a decline in the current financial position of the borrower and, for collateral-dependent mortgages and loans, the value of the collateral.

Mortgages and loans causing concern are monitored closely and evaluated for objective evidence of impairment. For these mortgages and loans, information is reviewed that is appropriate to the circumstances, including recent operating developments, strategy review, timelines for remediation, financial position of the borrower and, for collateral-dependent mortgages and loans, the value of security as well as occupancy and cash flow considerations.

In addition to specific allowances, circumstances may warrant a collective allowance based on objective evidence of impairment for a group of mortgages and loans. The Company considers regional economic conditions, developments for various property types, and significant exposure to struggling tenants in determining whether there is objective evidence of impairment for certain collateral dependent mortgages and loans, even though it is not possible to identify specific mortgages and loans that are likely to become impaired on an individual basis.

Management also assesses previously impaired mortgages and loans to determine whether a recovery is objectively related to an event occurring subsequent to the impairment loss that has an impact on the estimated future cash flows of the asset.

The Company has invested assets with allowances for credit losses as follows:

	2025			2024		
	Gross Invested Assets	Allowances for Losses	Net Invested Assets	Gross Invested Assets	Allowances for Losses	Net Invested Assets
Cash held in trust	\$ 95,558	\$ —	\$ 95,558	\$ 86,648	\$ —	\$ 86,648
Cash and cash equivalents	44,456	—	44,456	44,125	—	44,125
Short-term securities	—	—	—	10,382	—	10,382
Debt securities ⁽¹⁾	484,945	363	484,945	523,405	398	523,405
Corporate loans	347,920	10,142	337,778	320,202	13,765	306,437
	\$ 972,879	\$ 10,505	\$ 962,737	\$ 984,762	\$ 14,163	\$ 970,997

⁽¹⁾ Allowances for debt securities are recorded in OCI.

7. Capital Management

The capital risk policy is designed to ensure that adequate capital is maintained to provide the flexibility necessary to take advantage of growth opportunities, to support the risks associated with the businesses and to optimize return to shareholders. This policy is also intended to provide an appropriate level of risk management over capital adequacy risk, which is defined as the risk that capital is not or will not be sufficient to withstand adverse economic conditions, to maintain financial strength or to allow the Company to support ongoing operations and to take advantage of opportunities for expansion.

The Board annually reviews the policy and monitors compliance with the policy on a quarterly basis.

Under the Company's capital risk policy, and OSFI guidelines, it annually is required to assess the adequacy of current and projected capital resources under expected and stressed conditions. This involves evaluating the Company's strategy, financial plan and risk appetite; assessing the effectiveness of its risk and capital management practices (including Board and management oversight); subjecting the Company's plans and/or actual results to a range of stress tests; and concluding on capital adequacy.

The Company is subject to the guidelines regarding capital framework for regulated financial institutions. These guidelines are consistent with international standards set by the Bank for International Settlements. The Company has adopted the capital framework issued by OSFI under the "International Convergence of Capital Measurement and Capital Standards – A Revised Framework" (Basel II). The Company follows the Standard Approach for calculating credit risk and the Basic Indicator Approach for operational risk and is exempt from calculating market risk. The Company uses ratings from DBRS, Fitch Group, Moody's and Standard & Poor's, where available, to determine credit ratings for invested assets. In the absence of external ratings, the Company uses an internal quality rating system to assign appropriate credit ratings.

As at December 31, 2025 and December 31, 2024, Tier 1 capital includes common shares, contributed surplus, accumulated earnings/deficit, accumulated other comprehensive income as prescribed by OSFI.

The regulatory capital position of the Company was as follows:

	2025		2024	
Regulatory Capital				
Tier 1 and Total Capital				
Common stock	\$	98,561	\$	98,561
Contributed Surplus		38,050		38,050
Accumulated deficit		(50,334)		(56,651)
Accumulated other comprehensive income		4,867		3,928
Total Tier 1 and Total capital	\$	91,144	\$	83,888
Risk-weighted assets for				
Credit risk	\$	346,098	\$	350,001
Operational risk		67,979		66,284
Total risk-weighted assets	\$	414,077	\$	416,285
Regulatory ratios				
Tier 1 and Total		22.01 %		20.15 %
Leverage Ratio		8.97 %		8.34 %

As at December 31, 2025 and 2024, The Company was in compliance with the OSFI capital guidelines.

8. Income Taxes

8.A. Deferred income taxes

The following represents the net deferred income tax assets (liabilities) in the Statement of Financial Position by source of temporary differences:

As at December 31,	2025		2024	
Investments	\$	556	\$	606
Deferred commissions		(219)		(231)
Tax benefit from unclaimed capital cost allowance (CCA)		2		3
Capital Tax Credit		731		—
Total deferred tax asset (liability)	\$	1,070	\$	378

The movement in the net deferred income tax assets (liabilities) for the years ended December 31, are as follows:

2025	Investments	Deferred Commissions	Tax benefit from unclaimed CCA	Capital Tax Credit	Total
As at December 31, 2024	\$ 606	\$ (231)	\$ 3	\$ —	\$ 378
Charged to statement of operations	(59)	12	(1)	731	683
Charged to other comprehensive income	9	—	—	—	9
As at December 31, 2025	\$ 556	\$ (219)	\$ 2	\$ 731	\$ 1,070
2024	Investments	Deferred Commissions	Tax benefit from unclaimed CCA	Capital Tax Credit	Total
As at December 31, 2023	\$ 499	\$ (184)	\$ 3	\$ —	\$ 318
Charged to statement of operations	128	(47)	—	—	81
Charged to other comprehensive income	(21)	—	—	—	(21)
As at December 31, 2024	\$ 606	\$ (231)	\$ 3	\$ —	\$ 378

8.B. Income tax expense

In our Statement of Operations, the Provision for income taxes for the Company's operations has the following components:

	2025	2024
Current income tax expense (benefit):		
Current year	\$ 1,917	\$ 3,161
Adjustments to prior year	995	—
Total current income tax expense (benefit)	\$ 2,912	\$ 3,161

	2025	2024
Deferred income tax expense (benefit):		
Origination and reversal of temporary differences	\$ 312	\$ (81)
Adjustments to prior years	(995)	—
Total deferred income tax expense (benefit)	\$ (683)	\$ (81)

Income tax expense recognized directly in equity for the years ended December 31:

	2025	2024
Recognized in other comprehensive income (loss):		
Current income tax expense	\$ 347	\$ 1,592
Deferred income tax expense (benefit)	(9)	21
Total income tax expense (benefit) recorded in other comprehensive income (loss)	\$ 338	\$ 1,613

The Company's effective income tax rate differs from the combined Canadian federal and provincial statutory income tax rate, as follows:

	2025		2024	
		%		%
Total net income (loss)	\$ 6,317		\$ 8,504	
Add: Provision for income taxes	2,229		3,080	
Net income (loss) before income taxes	\$ 8,546		\$ 11,584	
Taxes at the combined Canadian federal and provincial statutory income tax rate	\$ 2,265	26.5	3,070	26.5
Increase (decrease) in rate resulting from:				
Adjustment in respect to prior year	—	—	—	—
Other	(36)	(0.4)	10	0.1
Provision for (recovery of) income taxes and effective rate	\$ 2,229	26.1	\$ 3,080	26.6

Tax-exempt investment income includes tax rate differences related to various types of investment income that is taxed at rates lower than our statutory income tax rate. Fluctuations in foreign exchange rates, and changes in market values of investments have an impact on the amount of these tax rate differences.

9. Derivative Financial Instruments and Hedging Activities

Derivative instruments are contracts that derive their value from underlying assets, interest or foreign currency rates or other indices. The Company's derivative transactions include equity, currency and interest rate swaps. Swaps are contracts that involve commitments to settle in cash at a future date or dates, based on differentials between specified financial indices, as applied to a notional principal amount.

The market and credit risks associated with these instruments as well as the operating risks are similar to those relating to other types of financial instruments.

Notional principal amounts

The notional principal amount of derivative instruments represents an amount to which a rate or price is applied in order to calculate the exchange of cash flows. Notional principal amounts are frequently used as an indicator of business activity; however, they are not indicative of credit or market risk exposure.

The notional principal amounts by remaining term to maturity are disclosed below:

Derivative Type	2025				
	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years	Total
Interest rate contracts	\$ —	\$ —	\$ 18,000	\$ —	\$ 18,000
Foreign exchange contracts	136,633	69,496	—	—	206,129
Total	\$ 136,633	\$ 69,496	\$ 18,000	\$ —	\$ 224,129

Derivative Type	2024				
	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years	Total
Interest rate contracts	\$ —	\$ —	\$ 5,000	\$ —	\$ 5,000
Foreign exchange contracts	200,434	4,605	14,714	—	219,753
Total	\$ 200,434	\$ 4,605	\$ 19,714	\$ —	\$ 224,753

Credit exposure

Current credit risk exposure in the table below, represents the current replacement cost of all outstanding derivative contracts with a positive value.

Credit equivalent amount represents the current credit risk exposure plus an estimate of the impact that future changes in interest and foreign currency rates and other indices would have based upon a formula prescribed by OSFI.

Risk-weighted balance represents the credit equivalent amount weighted according to the credit worthiness of the counterparty as prescribed by OSFI.

The following provides a summary of the Company's derivative portfolio and related credit exposure:

	2025			
	Notional Principal	Current Credit Risk Exposure	Credit Equivalent Amount	Risk Weighted Balance
Interest rate contracts	\$ 18,000	\$ —	\$ 112	\$ 56
Foreign exchange contracts	206,129	3,431	7,582	3,791
Total	\$ 224,129	\$ 3,431	\$ 7,694	\$ 3,847

	2024			
	Notional Principal	Current Credit Risk Exposure	Credit Equivalent Amount	Risk Weighted Balance
Interest rate contracts	\$ 5,000	\$ —	\$ 14	\$ 7
Foreign exchange contracts	219,753	4,643	1,560	780
Total	\$ 224,753	\$ 4,643	\$ 1,574	\$ 787

The above amounts do not reflect the impact of collateral received by the Company from counterparties, the legal right to offset positions or the effect of master netting agreements.

We apply hedge accounting to minimize volatility in income and equity caused by changes in interest rates or foreign exchange rates. Interest rate and currency fluctuations will either cause assets and liabilities to appreciate or depreciate in market value or cause variability in forecasted cash flows. When a hedging relationship is effective, gains, losses, revenue and expenses of the hedging instrument will offset the gains, losses, revenue and expenses of the hedged item. Derivatives used in hedging relationships are recorded in Derivative assets or Derivative liabilities on the Statements of Financial Position.

9.A. Derivative Held for Risk Management

We use other derivatives, not designated in a qualifying hedging relationship ("Derivatives investments"), to manage exposure to foreign currency, interest rate, and equity market. The instruments used include principally interest rate swaps, cross-currency swaps, forward contracts, interest rate futures, interest rate options, credit and swaps and equity swaps.

The following table describes the fair value of derivatives held for risk management purposes by type of risk exposure.

As at December 31	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Interest rate contracts:				
Derivative investments	\$ —	\$ (33)	\$ —	\$ (31)
Total interest rate derivatives	—	(33)	—	(31)
Foreign exchange contracts:				
Designed in cash flow hedges	—	—	—	(243)
Derivative investments	3,531	(67)	516	(4,056)
Total foreign exchange derivatives	3,531	(67)	516	(4,299)
Total derivative contracts	3,531	(100)	516	(4,330)

Fair value of derivative instruments

The following table provides the fair value of the Company's derivative instrument portfolio as at December 31, 2025 and 2024:

	2025			2024		
	Asset	Liability	Net	Asset	Liability	Net
Interest rate contracts	\$ —	\$ (33)	\$ (33)	\$ —	\$ (31)	\$ (31)
Foreign exchange contracts	3,531	(67)	3,464	516	(4,299)	(3,783)
Total	\$ 3,531	\$ (100)	\$ 3,431	\$ 516	\$ (4,330)	\$ (3,814)

9.B. Hedge Accounting

Cash flow hedges

We use pay fixed/receive floating interest rate and cross-currency interest rate swaps to hedge the interest rate risks in respect of the benchmark interest rate (mainly sterling and Euribor or SONIA, SOFR) and foreign currency risks (mainly U.S. dollar and sterling or SONIA, SOFR) from its issuance of floating-rate notes denominated in foreign currencies. We hedge interest rate risk to the extent of benchmark interest rate exposure on its floating-rate notes to mitigate variability in its cash flows. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria.

Our exposure to market risk and our approach to managing market risk, including interest rate risk and foreign currency risk, are discussed in Note 6.

We determine the amount of the exposure to which it applies hedge accounting by assessing the potential impact of changes in interest rates and foreign currency exchange rates on the future cash flows from its issuance of floating-rate notes denominated in foreign currencies. This assessment is performed using analytical techniques, such as cash flow sensitivity analysis.

We manage our exposure to credit risk of the counterparties to the derivatives, which is not offset by the hedged items, in a similar manner as described above for the fair value hedges.

We determine whether an economic relationship exists between the cash flows of the hedged item and hedging instrument based on an evaluation of the qualitative characteristics of these items and the hedged risk that is supported by quantitative analysis. We consider whether the critical terms of the hedged item and hedging instrument closely align when assessing the presence of an economic relationship. We evaluate whether the cash flows of the hedged item and the hedging instrument respond similarly to the hedged risk, such as the benchmark interest rate or foreign currency. For cash flow hedging relationships directly impacted by IBOR reform (i.e. hedges of U.S. dollar LIBOR and sterling LIBOR), we assume that the cash flows of the hedged item and hedging instrument will not be altered as a result of IBOR reform. We further support this qualitative assessment by using regression analysis to assess whether the hedging instrument is expected to be and has been highly effective in offsetting changes in the present value of the hedged item. We assess hedge effectiveness using the hypothetical derivative method, which creates a derivative instrument to serve as a proxy for the hedged transaction. The terms of the hypothetical derivative match the critical terms of the hedged item and it has a fair value of zero at inception. We assess whether the derivative designated in each hedging relationship is expected to be and has been highly effective in offsetting changes in cash flows of the hedged item (prospectively and retrospectively) using this regression analysis.

Potential sources of hedge ineffectiveness can be attributed to differences between hedging instruments and hedge items:

- The effect of the counterparty and our own credit risk on the fair value of the interest rate swap, which is not reflected in the fair value of the hedged item attributable to the change in interest rate.
- Differences in maturities of the interest rate swap and the loans or debt securities.
- Mismatches in the frequency and timing of when interest rates are reset and frequency of payment.
- Differences in the discounting factors between the hedged item and hedging instrument.

There were no other sources of ineffectiveness in these hedging relationships.

The amounts relating to items designated as hedging instruments were as follows:

For the years ended December 31		2025	2024
Hedging risks	Hedged Item	Accumulated other comprehensive income from active hedges	Accumulated other comprehensive income from active hedges
Foreign exchange risk ⁽¹⁾	Variable rate liabilities ⁽²⁾	\$ —	\$ (97)

⁽¹⁾ Cross-currency swap may be used to hedge foreign exchange risk, or a combination of interest rate risk and foreign exchange risk in a single hedge relationship. Cross-currency swaps in both type of hedge relationships are disclosed in the above risk category (foreign exchange risk).

⁽²⁾ Hedged items include other financial liabilities.

The amounts relating to the effectiveness of hedging relationships were as follows:

Hedging risks	Hedged Item	Gains (losses) on hedged items for ineffectiveness measurement	Gain (losses) on hedging instruments for ineffectiveness measurement	Hedge ineffectiveness	Unrealized gains (losses) included in Other comprehensive income as the	Losses (gains) reclassified to Net interest income
For the year ended December 31, 2025						
Foreign exchange risk ⁽¹⁾	Variable rate liabilities ⁽²⁾	—	—	—	—	—
For the year ended December 31, 2024						
Foreign exchange risk ⁽¹⁾	Variable rate liabilities ⁽²⁾	243	(243)	—	(243)	—

⁽¹⁾ Cross-currency swap may be used to hedge foreign exchange risk, or a combination of interest rate risk and foreign exchange risk in a single hedge relationship. Cross-currency swaps in both type of hedge relationships are disclosed in the above risk category (foreign exchange risk).

⁽²⁾ Hedged items include other financial liabilities, that are floating rate obligations.

9.C. Reconciliation of Components of Equity

The following table provides a reconciliation by risk category of the accumulated other comprehensive income and analysis of OCI items resulting from hedge accounting:

	2025	2024
	Unrealized gains (losses) on cash flow hedges	Unrealized gains (losses) on cash flow hedges
Cash flow hedges		
Balance, beginning of year	\$ (97)	\$ 146
Effective portion of changes in fair value:		
Foreign currency risk	—	(243)
Net amount reclassified to income (loss):		
Foreign currency risk	97	—
Balance, end of year	\$ —	\$ (97)

10. Other Assets

	2025	2024
Trade receivables	\$ 7	\$ 7
Related party receivable (Note 15)	4,938	2,043
Investment income due and accrued	4,828	5,463
Deferred Commissions	828	872
Accounts receivable and prepaid expenses	1,132	2,207
Income tax receivable	1,735	1,563
Total other assets	\$ 13,468	\$ 12,155

As at December 31, 2025, the assets expected to be recovered in one year or less, and greater than one year from the reporting date are \$12,800 and \$668, respectively (2024 - \$11,493 and \$662, respectively).

11. Deposits

Under the Federal Trust and Loan Companies Act, the Company is required to segregate and hold assets specifically for client deposits. Assets held for deposits are as follows:

	2025	2024
Cash and cash equivalents	\$ 43,750	\$ 43,813
Short-term securities	—	10,215
Debt securities	403,334	445,300
Mortgages and loans	314,408	284,181
Investment income due and accrued	4,600	5,196
Other assets	4,938	2,043
	\$ 771,030	\$ 790,748

The following table provides a summary of the deposit liabilities and yields by term to maturity:

	2025									
	Within 3 Months		3 months - 1 year		1 - 5 years		> 5 years		Total Carrying Value	
	Yield (%)		Yield (%)		Yield (%)		Yield (%)		Yield (%)	
Demand	\$ 123,500	0.22 %	\$ 13,612	1.71 %	\$ 38,194	2.98 %	\$ —	— %	\$ 175,306	0.94 %
Term	190,793	3.52 %	193,157	3.18 %	208,246	3.55 %	3,529	3.79 %	595,724	3.42 %
Total	\$ 314,293		\$ 206,769	3.09 %	\$ 246,439	3.46 %	\$ 3,529	3.79 %	\$ 771,030	2.86 %

	2024									
	Within 3 Months		3 months - 1 year		1 - 5 years		> 5 years		Total Carrying Value	
	Yield (%)		Yield (%)		Yield (%)		Yield (%)		Yield (%)	
Demand	\$ 65,137	0.48 %	\$ 13,884	2.53 %	\$ 50,402	2.77 %	\$ —	— %	\$ 129,423	1.59 %
Term	199,142	4.81 %	257,802	4.28 %	200,647	4.18 %	3,734	3.76 %	661,325	4.41 %
Total	\$ 264,279	3.74 %	\$ 271,686	4.19 %	\$ 251,049	3.90 %	\$ 3,734	3.76 %	\$ 790,748	3.95 %

Demand deposits are GICs that are redeemable at any time. Term deposits are GICs, which pay a fixed rate of interest over a fixed time period.

The Company must maintain invested assets in such amount and form to meet regulatory liquidity requirements. The Liquidity Coverage Ratio (LCR) is a requirement under Basel III for a deposit taking institutions to hold high-quality liquid assets (HQLAs) sufficient to cover 100% of its stressed net cash requirements over 30 days. The objective of the LCR is to promote short-term resilience of the liquidity risk profile of the Company. The LCR is calculated by dividing HQLAs by net cash outflows. As of December 31, the LCR was as follows:

	2025	2024
High Quality Liquid Assets (HQLAs)	\$ 215,235	\$ 252,456
Net cash outflows	30,133	26,062
Liquidity Coverage Ratio (LCR)	714 %	969 %

12. Other Liabilities

	2025	2024
Trade payables	\$ 16	\$ 25
Related party payable (Note 15)	42	10,208
Accounts payable and accrued liabilities	6,275	5,259
Income tax payable	—	—
Withholding tax payable	963	963
Cash held in trust for nominee registered plans	95,558	86,648
Total other liabilities	\$ 102,854	\$ 103,103

The other liabilities are expected to be settled in one year or less. As at December 31, 2025, the Company held cash in trust of \$95,558 (2024 - \$86,648). Interest earned of \$2,371 (2024 - \$4,614) on the cash balance is retained by the Company.

13. Share Capital

Unlimited number of non-voting, redeemable, retractable special shares and an unlimited number of common shares with no par value.

13.A. Common Shares

The common shares issued and outstanding are included in the following table.

	2025		2024	
	Number of shares	Stated Capital	Number of shares	Stated Capital
Common shares (issued)	2,364,897	\$ 98,561	2,364,897	\$ 98,561

There were nil common shares issued during the year ended December 31, 2025 (2024 – nil common shares issued).

Dividends on the common shares of nil were paid to the parent company during the year (2024 - \$45,000).

14. Trust Assets under Administration

As at December 31, 2025, the Company has trust assets under administration with a carrying value of \$70,426,915 (2024 - \$58,457,874).

15. Related Party Transactions

Transactions between the Company and related parties are executed at their exchange amounts. Transactions with related parties were as follows:

	2025	2024
Sun Life Assurance Company of Canada		
Charged to the Company for operating expenses (a)	\$ 3,180	\$ 2,950
Net corporate loans and private debt securities (sold) purchased for the Company (b)	46,422	(18,002)
Net mortgages (sold) purchased for the Company (c)	—	(864)
Dividends (d)	—	45,000
Net derivatives sold for the Company (e)	(4,472)	(4,847)

- a. The Company receives deposit administration, marketing services and certain shared services from SLAC in the ordinary course of business. Deposit and investment fees, and other operating expenses on the Statement of operations include amounts paid and accrued to SLAC. During the year ended December 31, 2025, operating expenses amounting to \$3,180 (2024 - \$2,950) were charged to the Company by SLAC. As at December 31, 2025, the amount payable to SLAC relating to these expenses was \$42 (2024 - \$28). Key management personnel ("KMP") are defined as those persons having authority and responsibility for planning, directing, and controlling the activities of the Company. In 2025, there were 21 (2024 - 22) Officers and Directors that met the definition of KMP. The aggregate fees charged by SLAC for the services performed for the Company is estimated to be less than \$1,000 (2024 - less than \$1,000), which is included in the operating expenses above. SLAC administers withholding taxes on behalf of the Company. As at December 31, 2025, the amount receivable from SLAC relating to these transactions was \$4,043 (2024 - \$1,330).
- b. The Company invests in corporate loans and private debt securities. During the year ended December 31, 2025, a net amount of \$46,422 of corporate loans and private debt securities were purchase for the Company by SLAC (2024 - sales of \$18,002). Additionally, SLAC administers the transactions on behalf of the Company with respect to these corporate loans and debt securities. As at December 31, 2025, the amount (payable) receivable from SLAC relating to these net sales and administration transactions was \$894 (2024 - \$714).
- c. The Company invests in mortgages. During the year ended December 31, 2025, a net amount of \$0 of mortgages were sold for the Company by SLAC (2024- sales of \$864). SLAC administers the transactions on behalf of the Company with respect to these mortgages. As at December 31, 2025, the amount receivable from SLAC relating to these sales and administration transactions was nil (2024 - nil).
- d. During the year ended December 31, 2025, nil in dividends on the common shares were paid to SLAC (2024 - \$(45,000)).
- e. SLAC administers derivative transactions on behalf of SLFT. As at December 31, 2025 there was an outstanding payable from SLFT to SLAC in the amount of \$nil (2024 - \$10,208). This amount is disclosed in the table in Note 12.

16. Commitments and Contingencies

Mortgages and loans

Outstanding commitments for future mortgages and loans were \$51,140 at December 31, 2025 (2024 - \$19,941).

Litigation

In the normal course of business, the Company is involved in various legal actions of which the outcome is indeterminable. In management's opinion, the resolution of these actions will not have a material adverse effect on the financial condition of the Company.

17. Interest Rate Sensitivity

The Company's assets and liabilities are classified below by term to maturity (which approximates the time at which an asset is reinvested or a liability is reissued at a new interest rate).

	2025 Carrying Value						
	Floating Rate	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years	Non-interest	Total
Assets							
Cash held in trust	\$ 95,558	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 95,558
Cash and cash equivalents	44,456	—	—	—	—	—	44,456
Debt securities	—	—	157,334	319,655	7,956	—	484,945
Mortgages and loans	—	35,280	23,069	250,892	28,537	—	337,778
Derivative related assets (1)	—	—	—	—	—	3,531	3,531
Other assets (1)	—	—	—	—	—	14,538	14,538
	\$ 140,014	\$ 35,280	\$ 180,403	\$ 570,547	\$ 36,493	\$ 18,069	\$ 980,806
Liabilities and Equity							
Bank Overdraft	\$ 15,678	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15,678
Deposits							
Term Deposits	—	190,793	193,157	208,245	3,529	—	595,724
Demand deposits	—	123,500	13,612	38,194	—	—	175,306
Derivative related amounts (1)	—	—	—	—	—	100	100
Other liabilities (1)	—	—	—	—	—	102,854	102,854
Equity (1)	—	—	—	—	—	91,144	91,144
	\$ 15,678	\$ 314,293	\$ 206,769	\$ 246,439	\$ 3,529	\$ 194,098	\$ 980,806
On-Balance Sheet	\$ 124,336	\$ (279,013)	\$ (26,366)	\$ 324,108	\$ 32,964	\$ (176,029)	\$ —
Off-Balance Sheet (Note 9)	—	136,633	69,496	18,000	—	—	224,129
Total Interest Rate Sensitivity	\$ 124,336	\$ (142,380)	\$ 41,391	\$ 302,423	\$ 74,388	\$ (176,029)	\$ 224,129

(1) Average effective rates for these items are not included in the sensitivity analysis.

	2025 Average Effective Rates ⁽²⁾				
	Floating Rate	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
Assets					
Cash and cash equivalents	2.50 %	— %	— %	— %	— %
Debt securities	— %	— %	3.22 %	2.48 %	4.52 %
Mortgages and loans	— %	6.00 %	6.88 %	6.40 %	5.84 %
Liabilities					
Bank overdraft	2.50 %	— %	— %	— %	— %
Term deposits	— %	3.52 %	3.18 %	3.55 %	3.79 %
Demand deposits	— %	0.22 %	1.71 %	2.98 %	— %

(2) Average effective rates are based on contractual interest rates.

	2024 Carrying Value						
	Floating Rate	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years	Non-interest	Total
Assets							
Cash held in trust	\$ 86,648	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 86,648
Cash and cash equivalents	44,125	—	—	—	—	—	44,125
Short-term securities	—	10,382	—	—	—	—	10,382
Debt securities	—	9,993	228,807	280,317	4,288	—	523,405
Mortgages and loans	—	41,884	44,886	198,818	20,849	—	306,437
Derivative related assets (1)	—	—	—	—	—	516	516
Other assets (1)	—	—	—	—	—	12,533	12,533
	\$ 130,773	\$ 62,259	\$ 273,693	\$ 479,135	\$ 25,137	\$ 13,049	\$ 984,046
Liabilities and Equity							
Bank Overdraft	\$ 1,977	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,977
Deposits							
Term Deposits	—	199,142	257,802	200,647	3,734	—	661,325
Demand deposits	—	65,137	13,884	50,402	—	—	129,423
Derivative related amounts (1)	—	—	—	—	—	4,330	4,330
Deferred tax liability (1)	—	—	—	—	—	—	—
Other liabilities (1)	—	—	—	—	—	103,103	103,103
Equity (1)	—	—	—	—	—	83,888	83,888
	\$ 1,977	\$ 264,279	\$ 271,686	\$ 251,049	\$ 3,734	\$ 191,321	\$ 984,046
On-Balance Sheet	\$ 128,796	\$ (202,020)	\$ 2,007	\$ 228,086	\$ 21,403	\$ (178,272)	\$ —
Off-Balance Sheet (Note 9)	—	200,434	4,605	19,714	—	—	224,753
Total Interest Rate Sensitivity	\$ 128,796	\$ (1,586)	\$ 6,612	\$ 247,800	\$ 21,403	\$ (178,272)	\$ 224,753

(1) Average effective rates for these items are not included in the sensitivity analysis.

	2024 Average Effective Rates ⁽²⁾				
	Floating Rate	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years
Assets					
Cash and cash equivalents	3.50 %	— %	— %	— %	— %
Short-term securities	— %	— %	— %	— %	— %
Debt securities	— %	4.23 %	3.70 %	4.42 %	1.86 %
Mortgages and loans	— %	6.00 %	5.21 %	6.75 %	5.99 %
Liabilities					
Bank overdraft	3.50 %	— %	— %	— %	— %
Term deposits	— %	4.81 %	4.28 %	4.18 %	3.76 %
Demand deposits	— %	0.48 %	2.53 %	2.77 %	— %

(2) Average effective rates are based on contractual interest rates.

As at December 31, 2025, an immediate 1% increase in interest rates across the yield curve would have resulted in a decrease of \$935 in the Company's pre-tax income (2024 – \$1,203). An immediate and parallel decrease in interest rates of 1% would have resulted in an increase of \$966 in the Company's pre-tax income (2024 – \$1,231).

18. Interests in Unconsolidated Structured Entities

SLFT has interests in various structured entities that are not consolidated. SLFT has an interest in a structured entity when it has a contractual or non-contractual involvement that exposes the Company to variable returns from the performance of the entity. The Company's interest includes investments held in securities or units issued by these entities.

Information on the Company's interests in unconsolidated structured entities as at December 31, 2025 and 2024 is as follows:

As at December 31,		2025			2024	
Type of structured entity	Type of investment held	Statement of Financial Position line item	Carrying amount	Maximum exposure to loss	Carrying amount	Maximum exposure to loss
Securitization entities - third party managed	Debt securities	Debt securities	\$ 138,062	\$ 138,062	\$ 154,515	\$ 154,515

Securitization entities

Securitization entities are structured entities that are generally financed primarily through the issuance of debt securities that are backed by a pool of assets, such as mortgages or loans.

Third party managed

SLFT's investment in third party managed securitization entities consist of asset backed securities including commercial mortgage-backed securities. These securities are generally large-issue debt securities designed to transform the cash flows from a specific pool of underlying assets into tranches providing various risk exposures for investment purposes. SLFT has not provided financial or other support with respect to these investments other than its original investment and therefore the maximum exposure to loss on these investments is limited to the fair value of its investment. The Company does not have control over these investments since it does not have power to direct the relevant activities of these entities, regardless of the level of its investment.

19. Change in comparative figures

Certain comparative figures in Note 6.B and Note 17 have been reclassified to correct time-to-maturity information for certain assets in the comparative period. The resulting changes are outlined in the table below:

Note 6.B

As previously stated,

The contractual maturities of the company's financial assets and financial liabilities are as follows:

Term to Maturity	2024					No Specific Maturity	Total
	On Demand	Within 1 Year	1 to 5 Years	Over 5 Years			
Assets							
Mortgages and loans	—	86,770	185,939	33,728	—		306,437
Invested assets	\$90,427	\$376,298	\$466,256	\$38,016	\$—		\$970,997
Total assets	\$90,427	\$376,814	\$466,256	\$38,016	\$12,533		\$984,046

As restated,

The contractual maturities of the company's financial assets and financial liabilities are as follows:

Term to Maturity	2024					No Specific Maturity	Total
	On Demand	Within 1 Year	1 to 5 Years	Over 5 Years			

Assets						
Mortgages and loans	—	86,770	198,818	20,849	—	306,437
Invested assets	\$90,427	\$376,298	\$ 479,135	\$ 25,137	\$—	\$970,997
Total assets	\$90,427	\$376,814	\$ 479,135	\$ 25,137	\$12,533	\$984,046

Note 17

As previously stated,

The Company's assets and liabilities are classified below by term to maturity (which approximates the time at which an asset is reinvested or a liability is reissued at a new interest rate).

	2024 Carrying Value						Total
	Floating Rate	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years	Non-interest	
Assets							
Mortgages and loans	—	41,884	44,886	185,939	33,728	—	306,437
	\$130,773	\$62,259	\$273,693	\$466,256	\$38,016	\$13,049	\$984,046

As restated,

The Company's assets and liabilities are classified below by term to maturity (which approximates the time at which an asset is reinvested or a liability is reissued at a new interest rate).

	2024 Carrying Value						Total
	Floating Rate	Within 3 Months	3 Months to 1 Year	1 to 5 Years	Over 5 Years	Non-interest	
Assets							
Mortgages and loans	—	41,884	44,886	198,818	20,849	—	306,437
	\$130,773	\$62,259	\$273,693	\$ 479,135	\$ 25,137	\$13,049	\$984,046



Sun Life Global Investments is a trade name of SLGI Asset Management Inc., Sun Life Assurance Company of Canada and Sun Life Financial Trust Inc. all of which are members of the Sun Life group of companies.

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