

SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION

Financial Statements December 31, 2023 and 2022 and Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Trustees and Members
SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION
[A Wholly Owned Subsidiary of Sun Life Financial Philippine Holding Company, Inc.]
Sun Life Center, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

We have audited the financial statements of Sun Life Investment Management and Trust Corporation (the "Company") as at December 31, 2023 and 2022, in accordance with Philippine Standards on Auditing on which we have rendered an unqualified opinion dated March 19, 2024.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on the attached schedule showing the reconciliation statement of the Company as at December 31, 2023, as required by the Bangko Sentral ng Pilipinas, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.
BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024
BSP R. N. 004-BSP, issued on September 21, 2020, effective until September 21, 2024
TIN 005299331

By:



Nina Cecilia S. Felismino
Partner
CPA License No. 0103737
TIN 218720328
BIR A.N. 08-002552-046-2022, issued on June 8, 2022; effective until June 7, 2025
BSP R. N. 103737-BSP, issued on March 26, 2020, Group A, valid to audit 2019 to 2023 financial statements
PTR No. A-6110725, issued on January 18, 2024, Taguig City

Taguig City, Philippines
March 19, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Shareholders
SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION
[A Wholly Owned Subsidiary of Sun Life Financial Philippine Holding Company, Inc.]
Sun Life Centre, 5th Avenue corner Rizal Drive
Bonifacio Global City, Taguig City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sun Life Investment Management and Trust Corporation (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2023 and 2022 and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS, 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with PSA, 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 override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Report on the Supplementary Information Required by Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information in Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and has been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Navarro Amper & Co.

BOA Registration No. 0004, valid from June 7, 2021 to September 22, 2024

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Taguig City, Philippines

March 19, 2024



SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION
[A Wholly Owned Subsidiary of Sun Life Financial Philippine Holding Company, Inc.]

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2023	2022
ASSETS			
CURRENT ASSETS			
Cash in bank	6	P26,693,700	P29,036,943
Receivables	7	6,079,053	4,683,625
Other current assets	8	22,754,792	15,882,996
Total current assets		55,527,545	49,603,564
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income (FVOCI)	9	113,377,000	111,344,174
Loans receivable	18	2,407,257	2,147,390
Property and equipment, net	10	65,575,306	86,790,258
Deferred tax assets, net	17	163,461,590	115,596,549
Security deposit	13	3,340,915	3,225,543
Retirement benefit asset, net	11	2,920,800	10,422,400
Total non-current assets		351,082,868	329,526,314
TOTAL ASSETS		P406,610,413	P379,129,878
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	12	P75,494,413	P57,537,965
Due to related parties	18	11,647,162	14,756,445
Lease liabilities	13	15,505,099	14,154,158
Total current liabilities		102,646,674	86,448,568
NON-CURRENT LIABILITIES			
Lease liabilities	13	21,710,976	37,216,075
Other liability	13	335,861	491,893
Total non-current liabilities		22,046,837	37,707,968
Total liabilities		124,693,511	124,156,536
EQUITY			
Share capital	14	920,000,000	600,000,000
Deficit		(643,030,613)	(352,918,060)
Revaluation reserve on financial assets at FVOCI	9	(423,310)	(2,284,373)
Remeasurement gain on pension plan	11	5,370,825	10,175,775
Total equity		281,916,902	254,973,342
TOTAL LIABILITIES AND EQUITY		P406,610,413	P379,129,878

See accompanying Notes to Financial Statements.

SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION
[A Wholly Owned Subsidiary of Sun Life Financial Philippine Holding Company, Inc.]
STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31	
	Notes	2023	2022
INCOME			
Trust income	18, 21	P47,326,201	P48,713,840
Interest income:			
Cash in banks	6	1,239,208	176,335
Financial assets at FVOCI	9	2,926,036	2,927,405
Financial assets at fair value through profit or loss (FVPL)	15	-	270,223
Receivables	7	201,773	80,734
Security deposit	13	115,373	174,854
Gain on sale of property and equipment	10	480,117	44,586
		52,288,708	52,387,977
EXPENSES			
Salaries and other employee benefits	16	191,750,885	175,028,265
Shared services	18	67,515,904	50,877,734
Information technology-related services	8	63,335,486	61,168,260
Depreciation	10	27,601,522	23,413,285
Outsourcing fees		10,944,327	9,454,026
Professional fees		5,879,106	4,409,232
Utilities		5,401,326	4,630,360
Supervisory fees		5,085,884	2,477,108
Taxes and licenses		4,642,040	9,575,088
Interest expense from lease liability	13	1,652,349	2,160,629
Advertising expense		948,718	356,366
Provision (Reversal of) for impairment loss	9	(299,959)	302,277
Others		924,668	261,471
		385,382,256	344,114,101
LOSS BEFORE INCOME TAX		(333,093,548)	(291,726,124)
Benefit from income tax	17	(46,180,995)	(73,035,081)
NET LOSS FOR THE YEAR		(286,912,553)	(218,691,043)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Remeasurement gain (loss) on financial assets at FVOCI	9	2,581,404	(2,875,603)
Income tax effect on net changes in fair value of financial assets at FVOCI		(720,341)	794,470
<i>Item that will never be reclassified to profit or loss:</i>			
Remeasurement gain (loss) on retirement benefit plans	11	(6,406,600)	11,303,200
Income tax effect on remeasurement gain (loss) on retirement plan		1,601,650	(2,825,800)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(P289,856,440)	(P212,294,776)

See accompanying Notes to Financial Statements.

SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION
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STATEMENTS OF CHANGES IN EQUITY

	For the Years Ended December 31				
	Share capital	Deficit	Unrealized gain (loss) on financial assets at FVOCI	Remeasurement gain (loss) on retirement benefit plans	Total
	(Note 14)		(Note 9)	(Note 11)	
Balances at January 1, 2022	P350,000,000	(P134,227,017)	(P203,240)	P1,698,375	P217,268,118
Issuance of share capital	250,000,000	-	-	-	250,000,000
Total	600,000,000	(134,227,017)	(203,240)	1,698,375	467,268,118
Comprehensive income					
Net loss for the year	-	(218,691,043)	-	-	(218,691,043)
Other comprehensive income (loss)	-	-	(2,081,133)	8,477,400	6,396,267
Total comprehensive income (loss) for the year	-	(218,691,043)	(2,081,133)	8,477,400	(212,294,776)
Balances at December 31, 2022	P600,000,000	(P352,918,060)	(P2,284,373)	P10,175,775	P254,973,342
Issuance of share capital	P320,000,000	P-	P-	P-	P320,000,000
Share issuance cost	-	(3,200,000)	-	-	(3,200,000)
Total	920,000,000	(356,118,060)	(2,284,373)	10,175,775	571,773,342
Comprehensive income					
Net loss for the year	-	(286,912,553)	-	-	(286,912,553)
Other comprehensive income (loss)	-	-	1,861,063	(4,804,950)	(2,943,887)
Total comprehensive income (loss) for the year	-	(286,912,553)	1,861,063	(4,804,950)	(289,856,440)
Balances at December 31, 2023	P920,000,000	(P643,030,613)	(P423,310)	P5,370,825	P281,916,902

See accompanying Notes to Financial Statements.

SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION
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STATEMENTS OF CASH FLOWS

		For the Years Ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(P333,093,548)	(P291,726,124)
Adjustments for:			
Depreciation	10	27,601,522	23,413,285
Retirement benefit expense	11	5,948,300	8,847,700
Interest expense on lease liability	13	1,652,349	2,160,629
Loss on disposal of property and equipment	10	55,165	-
Foreign exchange loss (gain) - net		15,141	(24,308)
Interest income	6, 7, 9, 13, 15	(4,482,390)	(3,629,551)
Gain on disposal of property and equipment	10	(480,117)	(44,586)
Provision for (Reversal of) impairment losses	9	(299,959)	302,277
Operating loss before working capital changes		(303,083,537)	(260,700,678)
Changes in working capital:			
Decrease (Increase) in:			
Receivables		(1,205,421)	129,381
Other current assets		(6,889,186)	(6,467,112)
Security deposit		-	(815,344)
Increase (Decrease) in:			
Accounts payable and accrued expenses		18,157,034	9,735,981
Due to related parties		(3,109,283)	12,142,010
Other liability		-	640,489
Cash used in operations		(296,130,393)	(245,335,273)
Interest received		4,203,721	3,210,817
Interest expense paid	13	(1,652,349)	(2,160,629)
Retirement contributions paid	11	(4,853,300)	(6,960,600)
Income taxes paid		(802,737)	(635,456)
Payment of security deposit	13	(156,032)	(148,596)
Net cash used in operating activities		(299,391,090)	(252,029,737)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from disposals of property and equipment	10	1,497,667	411,855
Proceeds from FVOCI maturities	9	1,000,000	-
Collection of loans receivable	18	561,063	201,943
Acquisition of property and equipment	10	(7,655,949)	(36,803,283)
Additions to loans receivable	18	(1,000,000)	(2,830,000)
Proceeds from FVPL maturities	15	-	104,953,527
Acquisition of financial assets at FVOCI	9	-	(1,994,645)
Acquisition of financial assets at FVPL	15	-	(104,683,304)
Net cash used in investing activities		(5,597,219)	(40,743,907)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of share capital, net of issuance cost	14	316,800,000	250,000,000
Actual lease payments	13	(14,154,158)	(12,893,188)
Net cash from financing activities		302,645,842	237,106,812
NET DECREASE IN CASH IN BANK		(2,342,467)	(55,666,832)
Effects of Exchange Rate Changes		(776)	13,586
CASH IN BANK AT THE BEGINNING OF YEAR		29,036,943	84,690,189
CASH IN BANK AT END OF YEAR		P26,693,700	P29,036,943

See accompanying Notes to Financial Statements.

SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION
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NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. CORPORATE INFORMATION

Sun Life Investment Management and Trust Corporation (the "Company" or "SLIMTC") was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 28, 2020 primarily to carry and engage in the business of trust, other fiduciary business and investment management activities, to have and exercise all authority and powers, to do and perform all acts, and to transact all business which may legally be had or done by trust corporations organized under and in accordance with Republic Act No. 8791 (The General Banking Law of 2000) and its implementing regulations as it exists or may be amended and to do all other things incidental thereto and necessary and proper in connection with said purposes within such territory, as may be determined by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). The corresponding Certificate of Authority to Operate was issued by the BSP to the Company on November 6, 2020.

The Company is a wholly-owned subsidiary of Sun Life Financial Philippine Holding Company, Inc., a holding company incorporated and with principal place of business in the Philippines. The Company's ultimate parent is Sun Life Financial, Inc. (SLF, Inc.), an entity incorporated under the laws of Canada.

The registered office address and principal place of business of the Company is at the 11/F Sun Life Centre, Block 16, Lot 1-A, Bonifacio South District, 5th Avenue cor. Rizal Drive, Bonifacio Global City, 1634 Taguig City.

Approval of financial statements

The financial statements of the Company were reviewed and endorsed by the Audit Committee for the approval of the Board of Directors on March 15, 2024. The Board of Directors approved the issuance of the financial statements also on March 19, 2024.

2. SUMMARY OF FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION AND PRESENTATION

Statement of Compliance

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

Basis of Preparation and Presentation

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

- financial instruments measured at fair value;
- liabilities for cash-settled share-based payment arrangements measured at fair value; and
- the retirement benefit asset recognized as the net total of the fair value of plan assets less the present value of the defined benefit obligation.

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

Functional and Presentation Currency

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

3. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Adoption of Revised Accounting Standards Effective as at Reporting Period Ended December 31, 2023

The Company adopted all accounting standards and interpretations as at December 31, 2023. The revised accounting standards and interpretations that have been published by the International Accounting Standards Board (IASB) and approved by the FSRSC in the Philippines, were assessed to be applicable to the Company's financial statements, are as follows:

Amendments to PAS 1, Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements, Disclosure Initiative – Accounting Policies

The Company has adopted the amendments to PAS 1 for the first time in the current year. The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The FSRSC has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in PFRS Practice Statement 2.

The amendments to the Practice Statement provide non-mandatory guidance.

The Company has adopted the amendments by disclosing 'material accounting policy information' instead of 'significant accounting policy', and removing the accounting policies not considered as material.

Amendments to PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The Company has adopted the amendments to PAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

The adoption of the amendments did not have an effect on the Company's financial statements as the clarification in the amendment did not change the Company's definition of an accounting estimate.

Amendments to PAS 12, Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company has adopted the amendments to PAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to PAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The Company previously recognized the deferred tax asset and liability arising from right-of-use assets and lease liabilities on a net basis. With this amendment, it was clarified that that the initial recognition exemption does not apply to transactions that give rise to equal taxable and deductible temporary differences. Therefore, the deferred tax asset and liability arising from right-of-use assets and lease liabilities should be recognized separately. The Company has restated the 2022 comparative figures to reflect this amendment (Note 17). The restatement did not have any impact on the statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flows.

Amendments to PAS 12, Income Taxes— International Tax Reform—Pillar Two Model Rules

The Company has adopted the amendments to PAS 12 for the first time in the current year. The FSRSC amends the scope of PAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in PAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The amendments did not have an impact to the financial statements of the Company as the Pillar Two legislation has not been enacted or substantively enacted in the jurisdiction where the Company operates.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2023

At the date of authorization of these financial statements, the Company has not applied the following PFRS pronouncements that have been issued but are not yet effective:

Effective for annual periods beginning on or after January 1, 2024

- Amendments to PAS 1 *Presentation of Financial Statements—Classification of Liabilities as Current or Non-current*
- Amendments to PAS 1 *Presentation of Financial Statements—Non-current Liabilities with Covenants*
- Amendments to PAS 7 *Statement of Cash Flows and PFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements*
- Amendments to PFRS 16 *Leases—Lease Liability in a Sale and Leaseback*

Effective for annual periods beginning on or after January 1, 2025

- Amendments to PAS 21 *The Effects of Changes in Foreign Exchange Rates—Lack of Exchangeability*
- PFRS 17 *Insurance Contracts (including the June 2020 and December 2021 Amendments to PFRS 17)*

Effective date is deferred indefinitely

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

Management anticipates that the adoption of the new or revised PFRSs in future periods will not have a material impact on the financial statements in the period of their initial adoption.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Financial Instruments

Financial assets and financial liabilities are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company's financial assets and financial liabilities, except for investments classified at fair value through profit or loss (FVPL). Transaction costs directly attributable to the acquisition of financial assets classified as at FVPL are recognized immediately in profit or loss.

Financial assets

Classification and subsequent measurement

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period established by regulation or convention in the marketplace.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value (either through OCI or through profit or loss), depending on the classification of the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Amortized cost and effective interest method

For financial instruments, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses (ECL), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost.

These accounting policies on amortized cost apply to cash in bank, receivables, and security deposit.

Debt instruments classified as at FVOCI

Government issued bonds held by the Company are classified as at FVOCI. These bonds are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these bonds as a result of impairment gains or losses, and interest income calculated using the effective interest method are recognized in profit or loss.

The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these government issued bonds had been measured at amortized cost.

All other changes in the carrying amount of these bonds are recognized in other comprehensive income and accumulated under the heading of revaluation reserve on financial assets at fair value through other comprehensive income. When these bonds are derecognized, the cumulative gains or losses previously recognized in OCI are reclassified to profit or loss.

Impairment of financial assets

The Company recognizes a loss allowance for ECL on investments in debt instruments that are measured at amortized cost and financial assets at FVOCI.

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

The Company monitors all financial assets that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Company considers 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.

Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument (e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost);
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default;
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Credit-impaired financial assets

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 includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortized cost or FVOCI are credit-impaired at each reporting date. To assess if debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

Measurement and recognition of ECL

The measurement of ECL is a function of the PD, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the

cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in OCI and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

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

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVPL. Financial liabilities are classified as either financial liabilities 'at FVPL' or 'other financial liabilities'.

Since the Company does not have financial liabilities classified at FVPL, all financial liabilities are subsequently measured at amortized cost.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVPL, are measured subsequently at amortized cost using the effective interest method.

The Company's financial liabilities classified under this category include accounts payable and accrued expenses, due to related parties, and lease liabilities.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Share Capital

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

Deficit

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

Property and equipment

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises of:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management; and

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

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method over the estimated useful life (EUL) of the assets as follows:

	Number of Years
Computer Equipment	3
Transportation Equipment	3
Leasehold Improvements	5 or lease term whichever is shorter

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

Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there is any indication that any of its tangible and intangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Employee Benefits

Short-term benefits

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

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

Post-employment benefits

The Company classifies its retirement benefit as defined benefit plan. Under the defined benefit plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statements of financial position with a charge or credit recognized in OCI in the period in which they occur. Remeasurement recognized in OCI is reflected immediately in reserves under equity and will not be reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item "salaries and other employee benefits". Curtailment gains and losses are accounted for as past service costs.

The retirement plan asset recognized in the statements of financial position represents the actual surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset. The right-of-use assets of the Company include office spaces which have estimated useful life and lease term of five (5) years. Right-of-use assets are classified under Property and equipment, net in the statements of financial position.

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payment of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Revenue Recognition for Contracts with Customers

Trust income

Trust income related to trust accounts and investment consultancy activities are recognized ratably over the period as the service is provided. The management fees are computed based on the assets under management (AUM) of the managed mutual funds while the consultancy fees are based on agreed fees. The performance obligation is satisfied over time, hence, the revenue is also recognized over time. For fees based on AUM, these are accrued daily while for other services such as advisory or consultancy, these are accrued on a monthly basis.

Revenue Recognition outside the scope of PFRS 15

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Gains or losses on disposal of assets

Gains or losses arising on the disposal of assets are determined as the difference between the sales proceeds and the carrying amount of the assets and is recognized in profit or loss.

Expense Recognition

Expenses are recognized in profit or loss when incurred.

Expenses in the statements of comprehensive income are presented using the nature of expense method.

Share-based Payments

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

The equity instruments offered by Sun Life Financial, Inc. include stock options. The share-based compensation expense amounts are determined based on the fair value of the equity instruments on the date of grant, recognized ratably over the vesting period of the instruments.

The fair value for stock options is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on Management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The fair value of stock awards equals the value of the stock that is awarded on the grant date.

The amount of liability recognized based on the fair value of the stock options granted is settled through intercompany charges between the Company and SLF, Inc.

Foreign Currency Transactions

Transactions of the Company in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period.

The Company presents the gains and losses arising from foreign currency transactions in profit or loss included the line item "Others".

Related Party Transactions

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. An entity

that is a post-employment benefit plan for the employees of the Company and the key management personnel of the Company are also considered to be related parties.

Taxation

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

Current tax

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's current tax expense is calculated using 25% regular corporate income tax (RCIT) rate in 2023 and 2022.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Current and deferred taxes for the year

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

Events after the Reporting Period

The Company identifies events after the end of each reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

5. MATERIAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and

associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Material Judgments in Applying Accounting Policies

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

Business model assessment

Classification and measurement of financial assets depend on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

The Company measures its financial assets at amortized cost or FVOCI if the financial asset qualifies for both SPPI and business model test. The Company's business model is to hold to collect and sell and hold the asset and to collect its cashflows which are SPPI. All other financial assets that do not meet the SPPI and business model test are measured as at FVPL.

Total financial assets measured at fair value through other comprehensive income amounted to P113,377,000 and P111,344,174 as at December 31, 2023 and 2022, respectively (Note 9).

As at December 31, 2023 and 2022, the Company's total financial assets measured at amortized cost amounted to P38,520,925 and P39,093,501, respectively, composed of cash in banks, receivables, loans receivable, and security deposit, as disclosed in Notes 6, 7, 18 and 13, respectively.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition.

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the qualitative and quantitative criteria have been met as disclosed in Note 19.

As at December 31, 2023 and 2022, the Company's estimated credit losses for financial instruments measured at FVOCI amounted to P2,318 and P302,277, respectively, as disclosed in Note 9.

Models and assumptions used

The Company uses various models and assumptions in estimating ECL. Judgment is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.

The Company's model and assumptions used in estimating ECL and measuring the fair value of financial assets are disclosed in Notes 19 and 20, respectively.

Key Sources of Estimation Uncertainty

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

Probability of default (PD)

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As at December 31, 2023 and 2022, the Company assessed a PD of 0.24% and 0.27%, respectively, for all of its financial assets at FVOCI and financial assets measured at amortized cost.

The assumptions used by the Company in estimating PD is disclosed in Note 19.

Loss Given Default (LGD)

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

The Company uses portfolio averages from external estimates sourced out from Standard and Poor's (S&P) as the LGD estimates. The categorization of LGD estimates per financial asset measured at amortized cost is disclosed in Note 19.

Estimating loss allowance for ECL

The measurement of the ECL allowance for financial assets measured at amortized cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 19 Credit Risk – ECL measurement, which also sets out the key sensitivities of the ECL to changes in these elements.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios and the associated ECL.

The Company's ECL assessment on the financial assets at FVOCI is disclosed in Note 19.

Estimating useful lives of assets

The useful lives of the Company's assets with definite life are estimated based on the period over which the assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the Company's assets. In addition,

the estimation of the useful lives is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of property and equipment and intangible assets would increase the recognized operating expenses and decrease non-current assets.

The carrying amounts of the Company's property and equipment amounted to P65,575,306 and P86,790,258 as at December 31, 2023 and 2022, respectively while the total accumulated depreciation amounted to P57,802,699 and P31,883,471 as at December 31, 2023 and 2022, respectively (Note 10).

Deferred tax assets

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

In 2023, Management assessed that it is not probable that the Company will have sufficient future taxable profit to utilize the deferred tax assets. Consequently, a portion of the deferred tax assets was unrecognized as of December 31, 2023.

The balances of unrecognized and recognized deferred tax assets and liabilities are disclosed in Note 17.

Post-employment and any other employee benefits

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

Retirement benefit expense amounted to P5,948,300 and P8,847,700 in 2023 and 2022, respectively. Net defined benefit asset amounted to P2,920,800 and P10,422,400 as at December 31, 2023 and 2022, respectively (Note 11).

6. CASH IN BANK

The Company's cash in bank amounted to P26,693,700 and P29,036,943 as at December 31, 2023 and 2022, respectively. Cash in bank earns interest at annual rates ranging from 0.00% to 6.10% and 0.00% to 4.50% in 2023 and 2022, respectively. Interest income from cash in bank amounted to P1,239,208 and P176,335 in 2023 and 2022, respectively, as presented in the statements of comprehensive income.

7. RECEIVABLES

This account consists of:

	2023	2022
Trust fee receivables		
Related parties (Note 18)	P5,016,810	P3,971,563
Third party customers	79,239	30,998
Loans receivable – current portion (Note 18)	659,736	480,667
Accrued interest receivable (Note 9)	212,231	200,397
Others	111,037	–
	P6,079,053	P4,683,625

Trust fee receivables pertain to receivables from the Company's investment management and investment consultancy services.

Loans receivables pertain to the current portion of loans to officers and employees. Interest income earned from loans receivable amounted to P201,773 and P80,734 in 2023 and 2022, respectively.

Other receivables pertain to receivables from employees for HMO Premiums and receivables for overcharged custody fee.

8. OTHER CURRENT ASSETS

This account consists of:

	2023	2022
Prepayments		
Information technology-related services	P6,029,303	P5,683,704
Utilities	26,027	253,055
Prepaid tax	16,699,462	9,946,237
	P22,754,792	P15,882,996

Information technology-related services pertain to service terminal subscription services the Company uses in executing investment management activities. The Company recognized expenses related to this account amounting P63,335,486 and P61,168,260 in 2023 and 2022, respectively, as presented in Statements of Comprehensive Income.

9. FINANCIAL ASSETS AT FVOCI

This account consists of investments in treasury bonds amounting to P113,377,000 and P111,344,174 as at December 31, 2023 and 2022, respectively.

The movements in financial assets at FVOCI are summarized as follows:

	2023	2022
Balance, beginning	P111,344,174	P112,399,824
Additions	–	1,994,645
Amortization of discount - net	151,463	127,585
Maturity	(1,000,000)	–
Changes in fair value recognized in equity	2,881,363	(3,177,880)
Balance, ending	P113,377,000	P111,344,174

The following presents the breakdown of the maturity profile of the principal amounts of financial assets at FVOCI:

	2023	2022
Due in one year or less	P113,000,000	P1,000,000
Due after one year through three years	1,000,000	114,000,000
	P114,000,000	P115,000,000

These securities bear interest rates ranging from 2.38% to 6.25% in 2023 and 2022. Interest income from financial assets at FVOCI reported in profit or loss amounted to P2,926,036 and P2,927,405 in 2023 and 2022. Accrued interest receivable from these securities amounted to P212,231 and P200,397 as at December 2023 and 2022, respectively, as disclosed in Note 7.

The treasury bonds are considered eligible government securities deposited with BSP. As at December 31, 2023 and 2022, the balance of the earmarked treasury bonds amounted to P33,793,000 and P33,819,696 respectively.

In accordance with BSP Circular No. 884, otherwise known as the Guideline on the Establishment and Operation of Trust Corporations (TC), the Company is required to deposit with BSP eligible government securities as security for the faithful performance of trust and other fiduciary duties and investment management activities equivalent to 0.05% of the total book value of the Assets Under Management (AUM). Provided, that at no time shall the basic security deposit (BSD) be less than P500,000. Further, after the first year of operation, the BSD shall be based on the trust rating of the most recent report of examination of the TC, as shown in the table below:

Trust Rating	Required BSD
4	₱500,000 or 0.03% of the total book value of the AUM, whichever is higher.
3	₱500,000 or 0.05% of the total book value of the AUM, whichever is higher.
2	₱500,000 or 0.10% of the total book value of the AUM, whichever is higher.
1	₱500,000 or 0.20% of the total book value of the AUM, whichever is higher.

The Company shall not withdraw, transfer or replace such securities without prior written approval of BSP.

As at December 31, 2023 and 2022, the Company has complied with this requirement.

The movements in net unrealized gains (losses) on financial assets at FVOCI follow:

	2023	2022
Balance at the beginning of the year	(P2,284,373)	(P203,240)
Fair value changes recognized in OCI	2,881,363	(3,177,880)
Allowance (Reversal of) for impairment	(299,959)	302,277
Tax effect	(720,341)	794,470
Net change during the year	1,861,063	(2,081,133)
Balance at the end of the year	(P423,310)	(P2,284,373)

10. PROPERTY AND EQUIPMENT, net

The composition of and movements in the account are as follows:

	Computer Equipment	Transportation Equipment	Leasehold Improvements	Right-of-Use Assets (Note 13)	Total
Cost					
January 1, 2022	P-	P8,218,715	P-	P70,561,646	P78,780,361
Additions	1,356,989	3,490,283	32,753,378	1,213,671	38,814,321
Transfers	-	-	2,180,855	-	2,180,855
Disposals	-	(1,101,808)	-	-	(1,101,808)
December 31, 2022	1,356,989	10,607,190	34,934,233	71,775,317	118,673,729
Additions	52,200	5,208,486	2,198,599	-	7,459,285
Disposals	-	(2,755,009)	-	-	(2,755,009)
December 31, 2023	1,409,189	13,060,667	37,132,832	71,775,317	123,378,005
Accumulated depreciation					
January 1, 2022	-	2,332,099	-	6,872,626	9,204,725
Additions	37,694	3,268,897	5,589,477	14,517,217	23,413,285
Disposals	-	(734,539)	-	-	(734,539)
December 31, 2022	37,694	4,866,457	5,589,477	21,389,843	31,883,471
Additions	453,779	3,924,416	8,827,477	14,395,850	27,601,522
Disposals	-	(1,682,294)	-	-	(1,682,294)
December 31, 2023	491,473	7,108,579	14,416,954	35,785,693	57,802,699
Carrying amounts, December 31, 2022	P1,319,295	P5,740,733	P29,344,756	P50,385,474	P86,790,258
Carrying amounts, December 31, 2023	P917,716	P5,952,088	P22,715,878	P35,989,624	P65,575,306

The Company capitalized construction costs of the office premises as leasehold improvements amounting to P2,198,599 and P34,934,233 in 2023 and 2022.

In 2023, the Company sold transportation equipment with carrying amount of P950,883 for P1,431,000. In 2022, the Company sold its transportation equipment with carrying amount of P367,269 for P411,855. Accordingly, the Company recognized gain on disposal amounting to P480,117 and P44,586, as presented in the statements of comprehensive income in 2023 and 2022, respectively. Additionally, the Company sold transportation equipment with carrying amount of P121,832 for P66,667 and the Company recognized loss on sale amounting to P55,165 in 2023 as presented under "Others" in the statements of comprehensive income in 2023.

The Company purchased computer equipment amounting to P52,200 and P1,356,989 in 2023 and 2022, respectively. Balances of P52,200 and P248,864 remain unpaid which are presented under 'Others' in Note 12 in 2023 and 2022, respectively.

Management believes that there is no indication that an impairment loss has occurred on the Company's property and equipment as at December 31, 2023 and 2022.

11. RETIREMENT BENEFITS

Requirement of Republic Act (RA) 7641

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

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

The Company is compliant with the minimum requirement of RA 7641 as at December 31, 2023 and 2022.

The Company is a participant to the SLOCPI Multi-Employer Employees' Retirement Plan (the "Retirement Plan"), a funded and non-contributory defined benefit retirement plan covering substantially all of its qualified employees. The other participants to the Retirement Plan are Sun Life Financial Asia Services Limited (ROHQ), SLOCPI and Sun Life Asset Management Company Inc. (SLAMCI), Sun Life Financial Asia Services Limited and Sun Life Financial - Philippines Foundation, Inc.

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

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

Investment risk

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

Interest rate risk

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

Longevity risk

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

Salary risk

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

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2023 by Towers Watson, an independent actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

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

	2023	2022
Discount rate	6.25%	7.50%
Expected rates of salary increases	6%	6%
Average age in years	38.69	37.81
Average future working life in years	11.26	11.15

Amounts recognized in profit or loss and OCI in respect of these defined benefit plans are as follows:

	2023	2022
Pension expense		
Current service cost	P 6,912,000	P9,072,000
Net interest	(963,700)	(224,300)
Components of defined benefit costs recognized in profit or loss (Note 16)	5,948,300	8,847,700
Remeasurement on the net defined benefit liability (Gain) loss on plan assets (excluding amounts included in the net interest expense)	(2,356,700)	5,875,300
Actuarial losses (gains) from:		
- changes in financial assumptions	8,539,200	(16,230,600)
- experience adjustments	224,100	(1,015,200)
- demographic assumptions	-	67,300
Components of defined benefit costs recognized in OCI	6,406,600	(11,303,200)
	P12,354,900	(P2,455,500)

The amounts included in the statements of financial position arising from the Company's obligations with respect to its defined benefit obligation is as follows:

	2023	2022
Fair value of plan assets	P60,750,300	P51,197,300
Present value of defined benefit obligation	(57,829,500)	(40,774,900)
	P2,920,800	P10,422,400

The movements in the present value of the defined benefit obligation are summarized as follows:

	2023	2022
Beginning	P40,774,900	P52,149,800
Current service costs	6,912,000	9,072,000
Interest cost	2,966,800	2,563,500
Benefit payments	(1,587,500)	(545,800)
Transfers	-	(5,286,100)
Remeasurement losses (gains):		
- changes in financial assumptions	8,539,200	(16,230,600)
- experience adjustments	224,100	(1,015,200)
- changes in demographic assumptions	-	67,300
Ending	P57,829,500	P40,774,900

The movements in plan assets are summarized as follows:

	2023	2022
Beginning	51,197,300	P53,156,100
Benefit payments	(1,587,500)	(545,800)
Interest income	3,930,500	2,787,800
Contributions	4,853,300	6,960,600
Transfers	-	(5,286,100)
Remeasurement gain (loss) on plan assets	2,356,700	(5,875,300)
Ending	P60,750,300	P51,197,300

Fair value of plan assets represents the Company's share in Sun Life Philippines Group Retirement Plan's assets as at December 31, 2023 and 2022. The assets of the Retirement Plan were allocated to the participating companies by taking into consideration actual contribution and benefit payments during the year.

The transfer of defined benefit obligation and plan assets refers to the pension of the transferred employees from the SLOCPI to the Company effective 2022.

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

The movements in remeasurement gains on defined benefit obligation recognized in OCI are as follows:

	Note	2023	2022
At January 1, gross of tax		P13,567,700	P2,264,500
Remeasurement (losses) gains		(6,406,600)	11,303,200
At December 31, gross of tax		7,161,100	13,567,700
Income tax effect	17	(1,790,275)	(3,391,925)
At December 31, net of tax		P5,370,825	P10,175,775

The analysis of the fair value of allocated plan assets at December 31 are as follows:

	2023	2022
Cash and cash equivalents	P801,904	P 302,065
Debt securities	13,796,393	11,329,962
Equity securities	2,660,863	2,396,034
Real estate	43,952,842	37,573,698
Others	(461,702)	(404,459)
Ending	P60,750,300	P51,197,300

The Company has no other transactions with the plan other than the contributions presented above for the years ended December 31, 2023 and 2022. The Company expects to contribute P6,052,600 to the retirement fund in 2024.

Discount rate

The risk-free discount rate shall be used for all cash flows to determine the defined benefit obligation.

Future salary rate increases

This is the expected long-term average rate of salary increase taking into account inflation, seniority, promotion and other market factors. Salary increases comprise of the general inflationary increases. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions

Assumptions regarding future mortality and disability experience are based on published statistics generally used for local actuarial valuation purposes.

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions on the defined benefit obligation as of the end of the reporting period, while holding all other assumptions constant.

		Amount	
Change in Assumption		2023	2022
Discount rate	1% increase	(P6,714,005)	(P4,733,966)
	1% decrease	7,413,742	5,227,342
Expected salary growth rate	1% increase	7,512,052	5,296,660
	1% decrease	(6,459,555)	(4,554,556)

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

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

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

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

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

The projected maturity analysis of retirement benefit payments as at December 31 follows:

	2023	2022
Less than a year	P2,261,400	P2,435,700
Between 1 to 5 years	12,268,500	10,845,200
5 years and beyond	610,057,100	613,325,600

The average duration of the benefit obligation for active employees is 11.47 years and 11.25 years as of December 31, 2023 and 2022, respectively.

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2023	2022
Accrued:		
Sick leave and vacation leave	P22,145,343	P45,093,509
Annual incentive plan	34,203,599	-
Bonus	4,721,475	-
Other employee benefits (Note 18)	4,556,161	25,500
Professional fees	2,242,144	2,589,032
HMO	949,262	-
Taxes payable	3,655,674	3,772,087
Outsourcing fees	1,703,975	4,512,308
Utilities	493,532	642,135
Information technology-related services	184,566	185,850
Others	638,682	717,544
	P75,494,413	P57,537,965

Taxes payable include withholding taxes payable, fringe benefit tax payable, and gross receipts tax payable.

Others include government contributions payable, accruals for advertising expenses, vehicle insurance, and computer equipment.

13. LEASE LIABILITIES AND OTHER LIABILITY

Company as Lessee

The Company entered into a lease agreement with SLOCPI. This lease covers the use of office premises at 11th Floor Sun Life Centre 5th Avenue corner Rizal Drive Bonifacio Global City, Taguig City for five (5) years commencing on July 1, 2021 and terminating on June 30, 2026, with annual escalation of 5.00%. The lessor required an advance rental amounting to P3,328,673 to be applied as rental payment on the last three months of the lease term of the contract. The advance rental was considered in the initial cost of the right-of-use assets.

Set out below are the Company's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets	
	2023	2022
Balance at beginning of year	P50,385,474	P63,689,020
Additions	-	1,213,671
Depreciation	(14,395,850)	(14,517,217)
Balance at end of year	P35,989,624	P50,385,474

	Lease liabilities	
	2023	2022
Balance at beginning of year	P51,370,233	P63,611,581
Additions	-	651,840
Interest expense	1,652,349	2,160,629
Lease payments	(15,806,507)	(15,053,817)
Balance at end of year	P 37,216,075	P51,370,233

Total lease liabilities in the statements of financial position follow:

	2023	2022
Current	P15,505,099	P14,154,158
Noncurrent	21,710,976	37,216,075
	P37,216,075	P51,370,233

Set out below are the amounts recognized in the statements of comprehensive income:

	2023	2022
Depreciation expense from right-of-use assets (Note 10)	P14,395,850	P14,517,217
Interest expense on lease liabilities	1,652,349	2,160,629
	P16,048,199	P16,677,846

The future minimum lease commitments under lease are as follows as at December 31:

	2023	2022
Within one year	P16,596,880	P15,806,507
After one year but not more than three years	22,207,861	38,804,741
More than three years	-	-
	38,804,741	54,611,248
Less: Unearned Interest	1,588,666	3,241,015
	P37,216,075	P51,370,233

Security Deposit

This represents cash paid in advance to lessor equivalent to three (3) months' rent which shall be refunded at the end of the lease term. Security deposit amounted to P3,340,915 and P3,225,543 as at December 31, 2023 and 2022, respectively. Interest income from security deposit amounted to P115,373 and P174,854, as at December 31, 2023 and 2022, respectively, as presented in statements of comprehensive income.

In 2022, the Company also recognized other liability related to required increase in security deposit amounting to P640,489. The Company paid additional security deposit amounting to P156,032 and P148,596 in 2023 and 2022 as part of the annual escalation of the lease. The outstanding other liability is P335,861 and P491,893 as of December 31, 2023 and 2022, respectively.

14. EQUITY

Share Capital

The table below summarizes the share capital of the Company:

	2023		2022	
	Shares	Amount	Shares	Amount
Ordinary shares -P100 par value				
Authorized	12,000,000	P1,200,000,000	12,000,000	P1,200,000,000
Issued and outstanding	9,200,000	920,000,000	6,000,000	600,000,000

In 2023 and 2022, additional share capital amounting to P320,000,000 and P250,000,000 were issued, respectively. Fully paid ordinary shares, which have a par value of P100 carry one vote per share and carry a right to dividend.

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong capital ratio in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. It may issue new shares and issue call options to existing shareholders. The Company considers total equity as its capital.

The Company monitors capital on the basis of debt-to-equity ratio and makes adjustments to it in light of changes in economic conditions and its financial position. The ratio is calculated as total debt divided by equity. The Company's capital includes share capital, reserves and deficit.

	2023	2022
Total liabilities	P124,693,511	P124,156,536
Total equity	281,916,902	254,973,342
Debt-to-equity ratio	0.43	0.49

Management believes that the above ratios are within the acceptable range.

In accordance with BSP Circular No. 884, the Company is required to have a minimum unimpaired combined capital account of P300,000,000 or 0.10% of the total book value of its AUM, whichever is higher. Upon incorporation, the Company may have an initial minimum paid-in capital of P100,000,000 and shall be allowed to build-up capital over a period of 5 years. The minimum paid-in capital after 5 years shall be at least P300,000,000.

Further, the minimum capital during the capital build-up phase shall be determined as follows:

Calendar Year	Capital Requirement
Year 0 - Upon incorporation	P100 million
End of Year 1	P140 million or 0.10% of AUM whichever is higher
End of Year 2	P180 million or 0.10% of AUM whichever is higher
End of Year 3	P220 million or 0.10% of AUM whichever is higher
End of Year 4	P260 million or 0.10% of AUM whichever is higher
End of Year 5 and onwards	P300 million or 0.10% of AUM whichever is higher

The AUM, for this purpose, shall be computed based on the average of the quarter-end balance of AUM for the calendar year (Note 21).

As at December 31, 2023 and 2022, the Company has complied with this requirement.

Cost of issuance of capital stock

In 2023 and 2022, the Company incurred documentary stamp taxes amounting to P3,200,000 and P2,500,000, respectively.

15. INTEREST INCOME ON FINANCIAL ASSET AT FVPL

The Company's interest income on financial asset at FVPL amounted to nil and P270,223 in 2023 and 2022, respectively, as presented in the statements of comprehensive income.

In 2022, the Company purchased financial asset designated as at FVPL amounting to P104,683,304. The Company received a total of P104,953,527 when such assets matured and sold in 2022.

16. SALARIES AND OTHER EMPLOYEE BENEFITS

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

	2023	2022
Salaries and wages	P164,051,667	P146,680,012
Variable compensation	14,845,970	12,852,603
Pension expense (Note 11)	5,948,300	8,847,700
Trainings and employee activities	4,558,265	4,675,991
Other employee benefits	2,346,683	1,971,959
	P191,750,885	P175,028,265

Other employee benefits include mandatory employer government contributions and other allowances.

17. INCOME TAXES

Benefit from income tax consists of:

	2023	2022
Final tax	P 802,737	P 635,457
Deferred tax benefit	(46,983,732)	(73,670,538)
	(P46,180,995)	(P73,035,081)

Reconciliation between the statutory income tax and the effective income tax follows:

	2023	2022
Loss before income tax	(P333,093,548)	(P291,726,124)
Income tax at statutory tax rate at 25%	(83,273,387)	(72,931,531)
Tax effect of:		
Interest income subject to final tax	(238,574)	(204,179)
Non-taxable income	(74,990)	-
Non-deductible expense	23,313	100,629
Others	140,458	-
Unrecognized DTA	37,242,185	-
Benefit from income tax	(P46,180,995)	(P73,035,081)

On March 26, 2021, the Republic Act (RA) 11534 also known as "Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE" Act was passed into law which reduced the corporate income tax rates and rationalized the current fiscal incentives by making it time-bound, targeted and performance-based.

Among others, the Act includes the following significant revisions:

1. Effective July 1, 2020, domestic corporations with total assets not exceeding P100 million and net taxable income of P5 million and below shall be subject to 20% income tax rate while the other domestic corporations and resident foreign corporations will be subject to 25% tax income tax rate;
2. Minimum corporate income tax (MCIT) rate is reduced from 2% to 1% from July 1, 2020 to June 30, 2023;
3. Percentage tax for non-VAT taxpayers is reduced from 3% to 1% from July 1, 2020 to June 30, 2023; and
4. Repeal of the improperly accumulated earnings tax

The Company's deferred income tax at December 31, 2023 and 2022 consists of:

	2023	2022
Deferred income tax assets on:		
Net operating loss carry over (NOLCO)	P168,530,643	P105,135,751
Lease liabilities	4,512,892	12,679,598
Net Pension	1,060,075	786,325
*Unrealized loss from financial assets at FVOCI	141,876	862,217
Unrealized foreign exchange loss	3,785	-
Accrued expenses	-	11,820,323
	174,249,271	131,284,214
Deferred income tax liabilities on:		
*Remeasurement gain on defined benefit obligation	1,790,275	3,391,925
Rights-of-use asset	8,997,406	12,292,951
Unrealized foreign exchange gain, net	-	2,789
	10,787,681	15,687,665
Deferred tax assets (liability), net	P163,461,590	P115,596,549

* charged directly to OCI

In 2023, the Company derecognized a portion of deferred tax assets amounting to P37,242,185 since Management believes that it is not probable that future taxable profit will be available against which deferred tax asset can be utilized. The details of the derecognized deferred tax assets are as follows:

	2023	2022
Net operating loss carry over (NOLCO)	P15,818,859	P-
Accrued expenses	16,632,199	-
Lease liabilities	4,791,127	-
	P37,242,185	P-

Pursuant to Section 4 COVID-19 Response and Recovery Interventions paragraph (bbbb) of Republic Act No. 11494 also known as "Bayanihan to Recover As One Act" and to RR No. 25-2020 of Bureau of Internal Revenue, the NOLCO incurred by the Company for taxable years 2020 and 2021 shall be carried over as a deduction from gross income for the next five consecutive taxable years immediately following the year of such loss.

Details of the Company's NOLCO are as follows:

Year of Incurrence	Year of Expiry	Beginning Balance	Addition	Expired	2022 Balance
2020	2025	P -	P10,475,425	P -	P10,475,425
2021	2026	P10,475,425	P127,487,686	-	P137,963,111
2022	2025	P137,963,111	P282,579,895	-	P420,543,006
2023	2026	P420,543,006	P316,855,002	-	P737,398,008

The movements in deferred income tax account at December 31 are summarized as follows:

	2023	2022
Beginning balance	P115,596,549	P 43,957,341
Amounts credited to profit or loss	84,225,917	73,670,538
Amounts charged to other comprehensive income	881,309	(2,031,330)
Derecognized DTA	(37,242,185)	-
Ending balance	P163,461,590	P115,596,549

18. RELATED PARTY TRANSACTIONS

Transactions between related parties are based on terms similar to those offered to nonrelated parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence (referred to as affiliates). Related parties include subsidiaries, affiliates, directors, officers & shareholders (DOS), close family members of DOS, related interests, and any person or juridical entity whose interests may pose potential conflict with the interest of the Company.

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

Entities	Transactions for the year		Outstanding balances		Nature / Terms and conditions	Note/ Ref
	2023	2022	2023	2022		
Sun Life of Canada Philippines), Inc.	P4,530,661	P2,753,352	(P4,556,161)	(P25,500)	Share-based compensation -Unsecured	j
	51,496,156	32,810,623	(2,576,470)	(5,468,437)	-Non-interest bearing Shared services	a
	14,987,857	15,043,608	(8,582,693)	(9,213,636)	-Unsecured -Non-interest bearing Reimbursable expenses	b
	3,295,256	2,210,581	-	-	-Unsecured -Non-interest bearing CUSA, Office Utilities and supplies	c
	15,806,507	15,457,017	(37,216,075)	(51,370,233)	- Unsecured - Non-interest bearing Office and Parking Lease	d
	-	-	3,340,915	3,225,543	- Unsecured - Non-interest bearing Security deposit	13, e
	156,033	640,490	(335,861)	(491,893)	-Unsecured -Non-interest bearing Other liability	e
	13,600,000	12,000,000	2,266,667	1,000,000	-Unsecured -Non-interest bearing Trust fee receivables for consultancy services provided	21,f
Sun Life Asset Management Company, Inc.	33,205,911	36,393,100	2,750,143	2,971,563	Trust fee receivables for investment management services provided.	21,g

Entities	Transactions for the year		Outstanding balances		Nature / Terms and conditions	Note/ Ref
	2023	2022	2023	2022		
Sun Life India Service Centre Private limited (ASCI)	1,031,891	3,023,503	(487,999)	(74,362)	Intercompany service agreement - Unsecured	h
Loans Receivables from Officers and Employees	438,937	2,628,057	3,066,993	2,628,057	Loans to Officers and Employees -Secured by Chattel mortgage -Interest bearing	i
TOTAL						
		Trust fee receivables	5,016,810	3,971,563	Note 7	
		Loans Receivables	3,066,993	2,628,057	Note 7	
		Security Deposit	3,340,915	3,225,543	Note 13	
		Accrued other employee benefits	(4,556,161)	(25,500)	Note 12	
		Lease liabilities	(37,216,075)	(51,370,233)	Note 13	
		Other liabilities	(335,861)	(491,893)	Note 13	
		Due to related parties	(11,647,162)	(14,756,435)		

- a. The Company entered into a Shared Service Agreement for back-office services to be provided by SLOCPI. In 2023 and 2022, the Company has P2,576,470 and P5,468,437 unpaid shared services payable to SLOCPI, respectively.
- b. Reimbursable expenses pertain to expenditures paid by related parties on behalf of the Company. Transactions with related parties are settled in cash. In 2023 and 2022, the Company has P8,582,693 and P9,213,636 unpaid reimbursements payable to SLOCPI, respectively.
- c. In 2023 and 2022, the Company paid common charges, utilities and maintenance supplies amounting to P3,295,256 and P2,210,581, respectively. These charges are related to the lease of office space.
- d. Capitalized leases on the Company's office spaces with lease contract term of five (5) years and with annual escalation of 5.00%. In 2023 and 2022, lease payments amounted to P15,806,507 and P15,457,017, respectively. The outstanding lease liabilities as of December 31, 2023 and 2022 amounted to P37,216,075 and P51,370,233, respectively.
- e. The security deposit represents cash paid in advance to lessor equivalent to three (3) months' rent which shall be refunded at the end of the lease term. In 2022, the Company also recognized other liability related to required increase in security deposit amounting to P640,489. In 2023 and 2022, the Company paid additional security deposit amounting to P156,032 and P148,596, respectively, to reflect annual escalation of 5%. As at December 31, 2023 and 2022, the balance of security deposit amounted to P3,340,915 and P3,225,543, respectively.
- f. In 2021, the Company entered into a Consultancy Agreement to perform certain investment consultancy services with SLOCPI. Trust income earned from such agreement amounted to P13,600,000 and P12,000,000 in 2023 and 2022, respectively. Trust fee receivables from SLOCPI amounted to P2,266,667 and P1,000,000 as at December 31, 2023 and 2022, respectively, as disclosed in Note 7.

- g. The Company has an Investment Management Agreement with SLAMCI. As at December 31, 2023 and 2022, assets managed for SLAMCI amounted to P41,671,912,221 and P45,437,729,909, respectively. The management fees are charged at 0.04% or 0.04% of the AUM of the managed mutual funds. Trust income earned from such agreement amounted to P33,205,911 and P36,393,100 in 2023 and 2022, respectively. Trust fee receivables from SLAMCI as of December 31, 2023 and 2022 amounted to P2,750,143 and P2,971,563, respectively, as disclosed in Note 7.
- h. In 2021, the Company entered into an Intercompany Service Agreement for advisory services to be provided by ASCI. As at December 31, 2023 and 2022, the outstanding balance due to ASCI amounted to P487,999 and P74,362, respectively.
- i. In 2022 and 2023, the Company entered into a loan agreement with some of its employees. These loans are secured by Chattel mortgage and has annual interest of 7.00%.
- j. Under the Sun Share plan, participants are granted units that are equivalent in value to one common share and have a grant price equal to the average of the closing price of a common share on the TSX on the five trading days immediately prior to the date of grant. Participants generally hold units for up to 36 months from the date of grant. The units earn dividend equivalents in the form of additional units at the same rate as the dividends on common shares. Units may vest or become payable if they meet specified threshold performance targets. The plan provides for performance factors to motivate participants achieve a higher return for shareholders (performance factors are determined through a multiplier that can be as low as zero or as high as two times the number of units that vest). Payments to participants are based on the number of units vested multiplied by the average closing price of a common share on the TSX on the five trading days immediately prior to the vesting date.

Remuneration of Key Management Personnel

The remuneration of the key management personnel of the Company is set out below in aggregate categories.

	2023	2022
Short-term benefits	P95,853,229	P95,146,400
Share-based payment	4,525,819	2,753,352
Post-employment benefits	3,171,116	4,716,824
	P103,550,164	P102,616,576

Significant Information on the Retirement Plan

The Company has a funded retirement plan for its employees maintained with a trustee bank. The details of the fund are disclosed in Note 11.

19. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk, which includes interest rate, foreign exchange risk and equity price risk, credit risk and liquidity risk. Management exerts best efforts to anticipate events that would negatively affect the value of the Company's assets and takes appropriate actions to counter these risks. However, there is no guarantee that the strategies will work as intended. The policies for managing specific risks are summarized below.

Market risk

Market risk refers to the possibility that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's profit or the value of its holdings of financial instruments. The Company focuses on two market

risk areas such as interest rate risk and foreign currency risk. The objective and management of these risks are discussed below.

Interest rate risk

Interest rate risk refers to the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest.

The primary source of the Company's interest rate risk relates to the impact on the trust fees. This is from the change in the market value of the assets under management, which are affected by the changes in the interest rates of the fixed income securities held by the Company in fiduciary or agency capacity. The Company manages this risk by actively monitoring the prevailing interest rate environment.

The duration of the portfolio is reduced during periods of rising rates and widening credit spreads to maximize interest income potential. Conversely, the same is increased during periods of falling interest rates and narrowing credit spreads.

A sensitivity analysis for the interest rate of the fixed income securities within the assets under management. This represents the Management's assessment of the reasonably possible change in interest rates. The following table details the increase or decrease in net profit after tax if there are changes in the interest rates and all other variables are held constant for the years ended 2023 and 2022:

	2023		2022	
	+108 basis points	-84 basis points	+133 basis points	-74 basis points
Impact on income before tax	P11,478	(P8,769)	P11,480	(P6,209)

In Management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

Foreign currency exchange risk

Foreign currency exchange risk arises when an investment's value changes due to changes in currency exchange rate. The Company undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arose. Significant fluctuation in the exchange rates could significantly affect the Company's financial position.

The table below summarizes the Company's exposure to currency risks of financial instruments as of December 31, 2023 and 2022:

	2023		2022	
	US\$	PHP	US\$	PHP
Cash in bank	\$6,744	P373,415	\$69,674	P3,884,674
Trust fee receivables	7,800	431,886	9,483	528,725
Prepayments	151,222	8,373,162	131,366	7,324,305
Accruals	(34,107)	(1,888,505)	(85,498)	(4,766,941)
Other payables	(231)	(12,790)	(368)	(20,518)

In translating foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rate used was P55.37 and P55.7555 to US\$1.00 in 2023 and 2022, respectively.

The following table shows the sensitivity to a reasonably possible change in U.S. dollar exchange rate, with all other variables held constant, of the Company's income before tax for the years ended December 31, 2023 and 2022:

Change in foreign exchange rates	Impact on income before tax	
	2023	2022
+1%	P73,027	P69,502
-1%	(73,027)	(69,502)

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing only with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults and transacts only with entities that are rated with equivalent of investment grade of "High" down to "Satisfactory". This information is supplied by independent rating agencies, when available. If the information is not available, the Company uses other publicly available financial information and its own trading records to rate its major counterparties. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The maximum exposure of credit risks for the Company's financial assets is limited to their carrying value as at December 31, 2023 and 2022. The Company does not have any collateral or other credit enhancements for its financial assets.

ECL measurement

In 2023 and 2022, ECLs are probability-weighted estimates of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Stage 1	The counterparty has a low risk of default and does not have any past-due amounts or that the financial instrument is not credit-impaired on initial recognition	12-month ECL
Stage 2	There has been a significant increase in credit risk since initial recognition but not yet deemed to be credit-impaired	Lifetime ECL - not credit-impaired
Stage 3	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery or that the financial instrument is credit-impaired	Lifetime ECL - credit-impaired

Measuring ECL – Explanation of inputs, assumptions, and estimation techniques

The ECL is determined by projecting the PD, LGD and exposure at default (EAD) for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Given that the Company currently has no history of default on their portfolio, a model which incorporates internal default experience is not feasible. For the 12-month and Lifetime PD, the Company uses external benchmarking of current internal credit ratings to S&P's using one-year transition matrices in S&P's Annual Global Corporate Default Study and Rating Transition reports. From the transition matrices, cumulative PDs are identified. The overall PD for a specific time horizon is calculated from the cumulative PD, by determining the marginal PD and taking the conditional PD given that it has not yet defaulted prior to the said time horizon. The resulting overall PDs are the values that will act as components in ECL calculation.

The table below summarizes the current internal credit rating equivalence system of the Company.

Summary rating	Internal credit rating	S&P rating
High	AAA	AAA
High	AA	AA- to AA+
High	A	A- to A+
High	BBB	BBB- to BBB+
Satisfactory	BB	BB- to B+
Acceptable	B	B- to B+
Low	CCC/C	CCC- to CCC+

The 12-month and lifetime EADs are determined based on the contractual repayments owed by the borrower over the 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. The Company does not have an undrawn component for any of its debt instruments.

For the 12-month and lifetime LGDs, considering the availability of related information, the Company use the external estimates sourced from S&P's. The table below summarized the LGD value for each category of financial assets at amortized costs.

Category	LGD value
Senior Unsecured Notes	48.00%

Forward-looking information incorporated in the ECL models

The assessment of significant increase in credit risk and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and ECL for each portfolio. The Company assessed that the key economic variable is unemployment rates.

This economic variable such as unemployment rate and its associated impact on the PD, EAD and LGD vary by financial instrument. Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are based on the economic data from the International Monetary Fund (IMF) from year 2023 until 2026. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of EAD and LGD.

In addition to the base economic scenario, the best value economically spanning from the historical years is taken (upside forecasts). A similar approach applies for the downside forecasts. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The per-scenario Forward Looking Adjustments were assigned probability weights of 70% for the base scenario and 15% for each of the upside and downside forecast in 2023 and 2022.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes

may be significantly different to those projected. The Company considers these forecasts to represent its best estimate of the possible outcomes and has analyzed the non-linearities and asymmetries within the Company's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The following table details the credit quality and ECL of the Company's financial assets and other items, as well as the Company's maximum credit exposure to credit risk by credit risk rating grades as at December 31:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL?	Gross carrying amount	Loss allowance	Net carrying amount
2023							
Cash in banks	6	AAA	Stage 1	12-month ECL	P26,693,700	-	P26,693,700
Receivables	7	AAA	Stage 1	12-month ECL	5,419,317	-	5,419,317
Loans receivables	18	AAA	Stage 2	Lifetime ECL-simplified approach	3,066,993	-	3,066,993
Security deposits	13	AAA	Stage 1	12-month ECL	3,340,915	-	3,340,915
Financial assets at FVOCI	9	AAA	Stage 1	12-month ECL	113,377,000	2,318	113,377,000
					P149,490,668	P2,318	P149,490,668
2022							
Cash in banks	6	AAA	Stage 1	12-month ECL	P29,036,943	P-	P29,036,943
Receivables	7	AAA	Stage 1	12-month ECL	4,202,958	-	4,202,958
Loans receivables	18	AAA	Stage 2	Lifetime ECL-simplified approach	2,628,057	-	2,628,057
Security deposits	13	AAA	Stage 1	12-month ECL	3,225,543	-	3,225,543
Financial assets at FVOCI	9	AAA	Stage 1	12-month ECL	111,344,174	302,277	111,344,174
					P148,290,285	P302,277	P148,290,285

Cash in banks and receivables are considered as high-grade credit as these are receivables from corporate counterparties that are subject to the Company's rules that provide adequate remedies to the Company's credit exposures. Receivables or investments in institutions that are not top-tier corporations are considered as standard grade.

Loans receivable from employees are considered as high-grade credit as these are guaranteed by the employees benefits with the Company. For loans receivables, the Company has applied the simplified approach in PFRS 9 to measure the loss allowance at lifetime ECL.

As at December 31, 2023 and 2022, Management believes that the Company's cash, receivables, and security deposit are fully recoverable. Accordingly, no allowance for credit loss was recognized in both years.

The gross carrying amount and net carrying amount of Financial assets at FVOCI are the same since the loss allowance is charged in OCI. For the year ended December 31, 2023 and 2022, the addition (reversal) in ECL amounted to (P299,959) and P302,277, respectively. The movements in ECL pertain to effects of changes in assumptions.

Liquidity risk

The Company aims to maintain an appropriate level of liquidity which means having sufficient liquidity to be able to meet all obligations promptly under foreseeable adverse circumstances, whilst not having excessive liquidity.

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company maintains adequate highly liquid assets in the form of cash in bank to assure necessary liquidity.

The tables below summarize the maturity profile of financial assets and liabilities of the Company using undiscounted contractual maturities based on remaining contractual obligations.

2023				
	Due within 1 year	Due beyond 1 year	Unamortized interest	Total
Financial Assets				
Cash in banks	P26,693,700	P -	P -	P26,693,700
Receivables	6,079,053	2,407,257	-	8,486,310
Financial assets at FVOCI	112,418,060	958,940	-	113,377,000
Security deposits	-	3,612,519	(271,604)	3,340,915
	P145,190,813	P6,978,716	P(271,604)	P151,897,925
Financial Liabilities				
Accounts payable and accrued expenses*	71,838,738	P -	P -	P71,838,738
Due to related parties	11,647,162	-	-	11,647,162
Lease liabilities	16,596,880	22,207,861	(1,588,666)	37,216,075
Other liability	163,847	172,014	-	335,861
	P100,246,627	P22,379,875	(P1,588,666)	P121,037,836
2022				
	Due within 1 year	Due beyond 1 year	Unamortized interest	Total
Financial Assets				
Cash in banks	P29,036,943	P -	P -	P29,036,943
Receivables	4,683,625	2,147,390	-	6,831,015
Financial assets at FVOCI	1,000,250	110,343,924	-	111,344,174
Security deposits	-	3,225,543	-	3,225,543
	P34,720,818	P116,103,833	P -	P150,824,651
Financial Liabilities				
Accounts payable and accrued expenses*	P53,765,878	P -	P -	P53,765,878
Due to related parties	14,756,445	-	-	14,756,445
Lease liabilities	15,806,507	38,804,741	(3,241,015)	51,370,233
Other liability	156,033	335,861	-	491,893
	P84,484,863	P39,140,602	(P3,241,015)	P120,384,449

* *excluding taxes payable*

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value is the price that would be received to sell an asset or paid to transfer in orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique.

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

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

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

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

	Level 1	Total
December 31, 2023		
Financial Assets		
Financial assets at FVOCI	P113,377,000	P113,377,000
December 31, 2022		
Financial Assets		
Financial assets at FVOCI	P111,344,174	P111,344,174

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements for the years ended December 31, 2023 and 2022.

The carrying amounts of cash in bank, receivables, loan receivable, security deposits, accounts payable and accrued expenses (excluding taxes payable), due to related parties, and other liability approximate their fair values. As such, their fair values were determined using Level 3 of the fair value hierarchy.

21. TRUST OPERATIONS

Assets under management of the Company in fiduciary or agency capacity for clients and beneficiaries amounting to P42,588,543,781 and P45,781,268,468 as at December 31, 2023 and 2022, respectively, are not included in the accompanying statements of financial position, since these are not assets of the Company.

The Company earmarked treasury bonds amounting to P33,793,000 and P33,819,696 as at December 31, 2023 and 2022, respectively, in compliance with the requirements of the BSP relative to its operations (Note 9).

The details of trust fee income are as follows:

	2023	2022
Trust fee from:		
Related party (Note 18)	P46,805,911	P48,393,100
Third party	520,290	320,740
	P47,326,201	P48,713,840

22. EVENTS AFTER THE REPORTING PERIOD

On January 2, 2024, the Company received additional investment of P50,000,000 from Sun Life Financial Philippine Holding Company, Inc.

The BSP approved the creation of SLIMTC PHP Multi-Class Money Market Fund, a Unit Investment Trust Fund (UITF). The Company will launch the SLIMTC PHP Multi-Class Money Market UITF on March 14, 2024.

23. SUPPLEMENTARY INFORMATION REQUIRED UNDER BSP CIRCULAR NO. 1075

The supplementary information is presented for BSP reporting purposes and is not required in the basic financial statements.

BSP Circular No. 1075

The Monetary Board (MB), in its Resolution No. 48 dated January 8, 2020 approved the amendments to the relevant provisions of the manual of regulations for non-bank financial institutions prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements. Subsection 4190T.4 was further amended to include in the Notes

to Financial Statements supplementary information as prescribed under Annex Q33-c of Appendix Q-33.

Below is the additional information required by BSP Circular No. 1075:

a. Basic quantitative indicators of financial performance:

	2023	2022
Return on average equity ⁽¹⁾	(106.88%)	(92.62%)
Return on average assets ⁽²⁾	(73.03%)	(61.64%)
Percentage of trust fees to total assets under management ⁽³⁾	0.11%	0.11%

(1) Net loss divided by average total equity of the Company. Average total equity is based on the average of beginning and ending balances.

(2) Net loss divided by average total assets. Average total assets is based on the average of beginning and ending balances.

(3) Total trust fees divided by total assets under management

b. Total outstanding investment, loans and other credit accommodations to the Company's Directors, Officers, Stockholders, and Related Interest (DOSRI) and related parties with name of DOSRI/related parties, and breakdown, if applicable, as to (i) security (secured, including type of security; and unsecured) and (ii) status (performing and non-performing):

Name of DOSRI/ Related Party	Rank	Outstanding Balance	Security	Status
Brodeth, Mara P.	Officer	P 324,781	Chattel	Performing
Bruna, George P.	Officer	848,122	Chattel	Performing
Chong, Christopher S.	Officer	736,261	Chattel	Performing
Rosuman, Raymund	Officer	919,604	Chattel	Performing
Veluz, Joaquin Rossano U.	Officer	238,225	Chattel	Performing
		P3,066,993		

c. Large exposures as defined under Section 203-T

None to report.

d. Nature and amount of contingencies and commitments arising from off-balance sheet items

None to report.

e. Aggregate amount of secured liabilities and assets pledged as security

None to report.

24. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR) UNDER REVENUE REGULATIONS 15-2010

The following information on taxes and license fees paid or accrued during the 2023 taxable year is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

Withholding taxes

Withholding taxes paid and accrued and/or withheld consist of:

	Paid	Accrued	Total
Withholding tax on compensation and benefits	P36,629,277	P2,635,991	P39,265,268
Expanded withholding taxes	4,234,876	541,934	4,776,810
Fringe benefits withholding taxes	1,283,703	391,910	1,675,613
Withholding Value-Added Tax and Other Percentage Taxes	96,376	52,824	149,200
Final withholding taxes	60,235	33,015	93,250
	P42,304,467	P3,655,674	P45,960,141

Documentary stamp tax

In 2023, the Company incurred documentary stamp taxes amounting to P3,200,000 related to the issuance of capital stock.

Other taxes and licenses

Details of the Company's other taxes and licenses and permit fees paid or accrued during 2023 are as follows:

Charged to Operating Expenses	
Gross receipts tax	2,593,903
Fringe benefit tax	1,675,613
Withholding Value-Added Tax and Other Percentage Taxes	149,200
Local Business tax	129,574
Final withholding taxes	93,250
BIR annual fee	500
	P4,642,040

Deficiency tax assessments and tax cases

The Company has outstanding Letter of Authority for the taxable year 2021 dated December 12, 2023 and taxable year 2022 dated November 14, 2023 but no pending deficiency tax assessment and tax case as of December 31, 2023.