

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Shareholders
SUN LIFE INVESTMENT MANAGEMENT AND TRUST COPORATION
[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, 2024, and 2023 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including 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, 2024 and 2023, and its financial performance and its cash flows for the years then ended, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) 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 Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Report on the Supplementary Information Required by Bureau of Internal Revenue and Bangko Sentral ng Pilipinas

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 23 and Note 24 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and Bangko Sentral ng Pilipinas, respectively, and are not a required part of the basic financial statements. Such supplementary information is the responsibility of Management and have 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/PRC ACR. No. 0004, valid until September 22, 2027

BSP ACR. No. 0004-BSP (Group A), September 21, 2020, valid to audit 2020 to 2024
financial statements



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BIR ACR. No. 08-002552-046-2022, June 8, 2022; effective until June 7, 2025

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

BSP ACR. No. 103737-BSP (Group A), March 26, 2020, valid to audit 2019 to 2024
financial statements

PTR No. A-6396507, January 4, 2025, Taguig City

Taguig City, Philippines

March 21, 2025



SUN LIFE INVESTMENT MANAGEMENT AND TRUST CORPORATION

Financial Statements December 31, 2024 and 2023 and Independent Auditor's Report

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	2024	2023
ASSETS			
CURRENT ASSETS			
Cash in banks	6	P110,012,719	P26,693,700
Receivables	7	75,036,741	6,079,053
Other current assets	8	40,441,160	22,754,792
Total current assets		225,490,620	55,527,545
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income (FVOCI)	9	162,013,190	113,377,000
Loans receivable	18	1,812,986	2,407,257
Property and equipment, net	10	40,385,818	65,575,306
Deferred tax assets, net	17	172,019,391	163,461,590
Security deposit	13	3,454,575	3,340,915
Retirement benefit asset	11	–	2,920,800
Total non-current assets		379,685,960	351,082,868
TOTAL ASSETS		P605,176,580	P406,610,413
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	12	P116,437,412	P75,494,413
Due to related parties	18	28,205,923	11,647,162
Lease liabilities	13	16,948,255	15,505,099
Other liabilities	13	172,014	335,861
Total current liabilities		161,763,604	102,982,535
NON-CURRENT LIABILITIES			
Lease liabilities – net of current portion	13	4,762,721	21,710,976
Retirement benefit obligation	11	3,348,800	–
Deposit for future subscriptions	14	130,000,000	–
Total non-current liabilities		138,111,521	21,710,976
Total liabilities		299,875,125	124,693,511
EQUITY			
Share capital	15	1,200,000,000	920,000,000
Deficit		(897,652,243)	(643,030,613)
Revaluation reserve on financial assets at OCI	9	464,523	(423,310)
Remeasurement gain on pension plan	11	2,489,175	5,370,825
Total equity		305,301,455	281,916,902
TOTAL LIABILITIES AND EQUITY		P605,176,580	P406,610,413

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	2024	2023
INCOME			
Trust income	18, 21	P176,412,790	P47,326,201
Interest income:			
Cash in banks	6	1,443,673	1,239,208
Financial assets at FVOCI	9	5,208,939	2,926,036
Receivables	7	187,829	201,773
Security deposit	13	113,660	115,373
Gain on sale of property and equipment	10	366,365	480,117
		183,733,256	52,288,708
EXPENSES			
Salaries and other employee benefits	16	208,455,171	191,750,885
Information technology-related services	8	74,032,622	63,335,486
Shared services	18	69,837,948	67,515,904
Depreciation	10	26,732,144	27,601,522
Outsourcing fees		24,902,954	10,944,327
Professional fees		8,374,868	5,879,106
Taxes and licenses		7,801,915	4,642,040
Utilities		7,076,019	5,401,326
Supervisory fees		4,380,345	5,085,884
Advertising expense		1,543,449	948,718
Interest expense from lease liability	13	1,091,781	1,652,349
Provision for (reversal of) impairment loss	9	372,375	(299,959)
Others		7,401,344	924,668
		442,002,935	385,382,256
LOSS BEFORE INCOME TAX		(258,269,679)	(333,093,548)
Benefit from income tax	17	(6,548,049)	(46,180,995)
NET LOSS FOR THE YEAR		(251,721,630)	(286,912,553)
OTHER COMPREHENSIVE INCOME, NET OF TAX			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Changes in fair value of financial assets at FVOCI	9	687,277	2,881,363
Provision for (Reversal of) impairment	9	372,375	(299,959)
Income tax effect on net changes in fair value of financial assets at FVOCI	9,17	(171,819)	(720,341)
		887,833	1,861,063
<i>Item that will never be reclassified to profit or loss:</i>			
Remeasurement loss on retirement benefit plans	11	(3,842,200)	(6,406,600)
Income tax effect on remeasurement loss on retirement plan	17	960,550	1,601,650
		(2,881,650)	(4,804,950)
		(1,993,817)	(2,943,887)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(P253,715,447)	(P289,856,440)

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 CHANGES IN EQUITY

	For the Years Ended December 31				
	Share capital	Deficit	Changes in fair value of financial assets at FVOCI	Remeasurement gain (loss) on retirement benefit plans	Total
	(Note 15)		(Note 9)	(Note 11)	
Balances at January 1, 2023	P600,000,000	(P352,918,060)	(P2,284,373)	P10,175,775	P254,973,342
Transactions with owners:					
Issuance of share capital	320,000,000	-	-	-	320,000,000
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
Transactions with owners:					
Issuance of share capital	P280,000,000	P-	P-	P-	P280,000,000
Share issuance cost	-	(2,900,000)	-	-	(2,900,000)
Total	1,200,000,000	(645,930,613)	(423,310)	5,370,825	559,016,902
Comprehensive income					
Net loss for the year	-	(251,721,630)	-	-	(251,721,630)
Other comprehensive income (loss)	-	-	887,833	(2,881,650)	(1,993,817)
Total comprehensive income (loss) for the year	-	(251,721,630)	887,833	(2,881,650)	(253,715,447)
Balances at December 31, 2024	P1,200,000,000	(P897,652,243)	P464,523	P2,489,175	P305,301,455

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 CASH FLOWS

		For the Years Ended December 31	
	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(P258,269,679)	(P333,093,548)
Adjustments for:			
Depreciation	10	26,732,144	27,601,522
Retirement benefit expense	11	8,480,000	5,948,300
Interest expense on lease liability	13	1,091,781	1,652,349
Loss on disposal of property and equipment	10	-	55,165
Foreign exchange loss (gain) - net		(17,786)	15,141
Interest income	6, 7, 9, 13	(6,954,101)	(4,482,390)
Gain on disposal of property and equipment	10	(366,365)	(480,117)
Provision for (Reversal of) impairment losses	9	372,375	(299,959)
Operating loss before working capital changes		(228,931,631)	(303,083,537)
Changes in working capital:			
Decrease (Increase) in:			
Receivables		(67,852,827)	(1,205,421)
Other current assets		(17,816,800)	(6,889,186)
Increase (Decrease) in:			
Accounts payable and accrued expenses		41,258,130	18,157,034
Due to related parties		16,558,761	(3,109,283)
Cash used in operations		(256,784,367)	(296,130,393)
Interest received		5,034,160	4,203,721
Retirement contributions paid	11	(6,052,600)	(4,853,300)
Income taxes paid		(1,221,021)	(802,737)
Payment of security deposit	13	(163,848)	(156,032)
Net cash used in operating activities		(259,187,676)	(297,738,741)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Proceeds from FVOCI maturities	9	113,000,000	1,000,000
Proceeds from disposals of property and equipment	10	1,033,033	1,497,667
Refund of construction deposit	10	990,676	-
Collection of loans receivable	18	679,737	561,063
Additions to loans receivable	18	(30,000)	(1,000,000)
Acquisition of financial assets at FVOCI	9	(160,401,412)	-
Acquisition of property and equipment	10	(3,252,200)	(7,655,949)
Net cash used in investing activities		(47,980,166)	(5,597,219)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital, net of issuance cost	15	277,100,000	316,800,000
Receipt of deposits for future subscriptions	14	130,000,000	-
Principal lease payments	13	(15,505,099)	(14,154,158)
Interest expense paid	13	(1,091,781)	(1,652,349)
Net cash from financing activities		390,503,120	300,993,493
NET INCREASE (DECREASE) IN CASH IN BANKS		83,335,278	(2,342,467)
Effects of Exchange Rate Changes		(16,259)	(776)
CASH IN BANKS AT THE BEGINNING OF YEAR		26,693,700	29,036,943
CASH IN BANKS AT END OF YEAR		P110,012,719	P26,693,700

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.]

NOTES TO FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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.

Status of Operations

The Company incurred losses in 2024 and 2023 amounting to P251,107,039 and P286,912,553, respectively. Moreover, the Company reported a deficit of P897,652,243 and P643,030,613 as at December 31, 2024 and 2023, respectively.

The Company's Management believes that the Company can generate sufficient profits in the succeeding years because of the current growth in the Company's industry.

In addition, Sun Life Financial Philippine Holding Company, Inc. (Parent) has committed to provide continuous financial support to enable the Company to sustain its operations. At the time of approving the financial statements, the Board of Directors has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

Approval of financial statements

The Board of Directors approved the issuance of the financial statements on March 21, 2025.

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) Accounting Standards, which includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC) and Standing Interpretations Committee (SIC) as

approved by the 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;
- financial instruments measured at amortized cost;
- lease liabilities measured at the present value of future minimum lease payments;
- liabilities for cash-settled share-based payment arrangements measured at fair value; and
- the retirement benefit asset recognized as the net of the fair value of plan assets less the present value of the defined benefit obligation.

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

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 New and Revised Accounting Standards Effective in 2024

The Company has applied all amendments to PFRS Accounting Standards that are mandatorily effective for accounting periods beginning on or after January 1, 2024. Their adoption has not had a material impact on the disclosures or the amounts reported in these financial statements.

New Accounting Standards Effective after the Reporting Period Ended December 31, 2024

There are new and revised PFRS adopted by the FSRSC but are not yet effective as at December 31, 2024. The Company has not early adopted any of the pronouncements but will adopt those when they become effective.

Among those pronouncements, Management has initially determined that PFRS 18, *Presentation and Disclosure in Financial Statements* which will be effective for annual reporting period beginning on or after January 1, 2027 is relevant to the Company's financial statements. PFRS 18 replaces PAS 1, carrying forward many of the requirements in PAS 1 unchanged and complementing them with new requirements.

PFRS 18 introduces the following new key requirements:

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

Consequential amendments to PAS 7, *Statement of Cash Flows* and PAS 33, *Earnings per Share*, as well as the revised PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, and PFRS 7 will become effective when an entity applies PFRS 18. PFRS 18 requires retrospective application with specific transition provisions.

The Management anticipate that the adoption of PFRS 18 will affect the manner the Company is presenting certain line items and sub-totals within the statement of comprehensive income and would entail Management disclosing meaningful and transparent MPMs in the notes to financial statements.

On the other hand, Management does not expect that the adoption of the following pronouncements will have a material impact on the Company's financial statements in future periods:

Effective for annual period beginning or after January 1, 2025

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Effective for annual period beginning or after January 1, 2026

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

Effective for annual period beginning or after January 1, 2027

- PFRS 17, *Insurance Contracts*
- Amendments to PFRS 17, *Insurance Contracts*
- Amendment to PFRS 17, *Insurance Contracts - Initial Application and PFRS 9, Financial Instruments – Comparative Information*
- PFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Deferred effectivity

- 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, depending on the classification of the entity's (either through OCI or through profit or loss) 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.

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

Financial liabilities

The Company's financial liabilities which include accrued expenses and other liabilities (except for government payables), due to related parties, accounts payable, and lease liabilities are measured subsequently at amortized cost using the effective interest rate (EIR) method, except for those with short-term maturities where effect of discounting is immaterial.

The EIR method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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.

Deposit for future stock subscriptions

Deposit for future stock subscriptions is recorded at historical cost. According to Financial Reporting Bulletin (FRB) No. 6 as issued by SEC, this is classified as equity when all of the following criteria are met:

- the unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- there is Board of Directors' approval on the proposed increase in authorized capital stock (for which a deposit was received by the Company);
- there is stockholders' approval of said proposed increase; and
- the application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

Deposit for future stock subscription is classified as non-current liability, when the above criteria are not met.

Equity instruments

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

Share Capital

Share capital is measured at par value for all issued and outstanding.

Share issuance cost

Share issuance costs are direct costs, net of related tax benefit, incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to 'Deficit'. Share issuance costs are charged to 'Deficit' as the Company has no additional paid-in capital.

Deficit

Deficit represents accumulated loss attributable to equity holders of the Company. 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.

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
Office Equipment	5
Leasehold Improvements	5 or lease term whichever is shorter
Furniture and Fixtures	10

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.

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, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payment. 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.

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.

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.

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

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. 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, deferred tax 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 2% minimum corporate income tax (MCIT) and 25% regular corporate income tax (RCIT) rates, whichever is higher.

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.

Critical Judgment in Applying Accounting Policies

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

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.

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.

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.

Management believes that the Company will be profitable in 2026 due to on-going business plans to ramp up the operations of the business. Due to this, the deferred tax on NOLCO for 2026 onwards has been recognized as at December 31, 2024 and 2023.

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

Post-employment benefits

The determination of the retirement benefit obligation cost 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 P8,480,000 and P5,948,300 in 2024 and 2023, respectively. Net defined benefit obligation amounted to P3,348,800 and net

defined benefit asset amounted to P2,920,800 as at December 31, 2024 and 2023, respectively (Note 11).

6. CASH IN BANKS

The Company's cash in bank amounted to P110,012,719 and P26,693,700 as at December 31, 2024 and 2023, respectively. Cash in bank earns interest at annual rates ranging from 0.00% to 6.00% and 0.00% to 6.10% in 2024 and 2023, respectively. Interest income from cash in bank amounted to P1,443,673 and P1,239,208 in 2024 and 2023, respectively, as presented in the statements of comprehensive income. Accrued interest receivable amounted to P144,222 and NIL as at December 2024 and 2023, respectively, as disclosed in Note 7.

7. RECEIVABLES

This account consists of:

	2024	2023
Trust fee receivables		
Related parties (Note 18)	P71,482,623	P5,016,810
Third party customers	1,418,355	79,239
Loans receivable – current portion (Note 18)	604,270	659,736
Accrued interest receivable (Notes 6 and 9)	1,471,011	212,231
Others	60,482	111,037
	P75,036,741	P6,079,053

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 P187,829 and P201,773 in 2024 and 2023, respectively.

Other receivables pertain to receivable from SSS for employee maternity benefit and receivables for overcharged custody fee.

8. OTHER CURRENT ASSETS

This account consists of:

	2024	2023
Prepayments		
Information technology-related services	P7,348,386	P6,029,303
Utilities	77,184	26,027
Creditable withholding tax	33,015,590	16,699,462
	P40,441,160	P22,754,792

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 P74,032,622 and P63,335,486 in 2024 and 2023, respectively, as presented in Statements of Comprehensive Income.

9. FINANCIAL ASSETS AT FVOCI

This account consists of investments in treasury bonds.

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

	2024	2023
Balance, beginning	P113,377,000	P111,344,174
Additions	160,401,412	-
Amortization of discount and premium – net	547,501	151,463
Maturity	(113,000,000)	(1,000,000)
Changes in fair value recognized in equity	687,277	2,881,363
Balance, ending	P162,013,190	P113,377,000

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

	2024	2023
Due in one year or less	P1,000,000	P113,000,000
Due after one year through three years	164,000,000	1,000,000
	P165,000,000	P114,000,000

These securities bear interest rates ranging from 2.63% to 8.63% and 2.38% to 6.25% in 2024 and 2023, respectively. Interest income, including amortization of discount, from financial assets at FVOCI reported in profit or loss amounted to P5,208,939 and P2,926,036 in 2024 and 2023. Accrued interest receivable from these securities amounted to P1,326,789 and P212,231 as at December 2024 and 2023, respectively, as disclosed in Note 7.

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 treasury bonds are considered eligible government securities deposited with BSP. As at December 31, 2024 and 2023, the balance of the earmarked treasury bonds amounted to P162,013,190 and P33,793,000, respectively.

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

As at December 31, 2024 and 2023, the Company has complied with this requirement.

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

	2024	2023
Balance at the beginning of the year	(P423,310)	(P2,284,373)
Fair value changes recognized in OCI	687,277	2,881,363
Provision for (Reversal of) impairment	372,375	(299,959)
Tax effect	(171,819)	(720,341)
Net change during the year	887,833	1,861,063
Balance at the end of the year	P464,523	(P423,310)

10. PROPERTY AND EQUIPMENT, net

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

	Computer Equipment	Transportation Equipment	Leasehold Improvements	Furniture and Fixture	Office Equipment	Right-of-Use Assets (Note 13)	Total
Cost							
January 1, 2023	P1,356,989	P10,607,190	P34,934,233	P-	P-	P71,775,317	P118,673,729
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
Additions	-	3,200,000	-	-	-	-	3,200,000
Reclass	4,438,551	-	(11,311,650)	3,482,945	2,399,478	-	(990,676)
Disposals	-	(2,129,707)	-	-	-	-	(2,129,707)
December 31, 2024	5,847,740	14,130,960	25,821,182	3,482,945	2,399,478	71,775,317	123,457,622
Accumulated depreciation							
January 1, 2023	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
Additions	2,467,075	3,211,254	5,975,287	250,772	431,906	14,395,850	26,732,144
Reclass	1,775,420	-	(4,128,389)	1,393,178	959,791	-	-
Disposals	-	(1,463,039)	-	-	-	-	(1,463,039)
December 31, 2024	4,733,968	8,856,794	16,263,852	1,643,950	1,391,697	50,181,543	83,071,804
Carrying amounts, December 31, 2023	P917,716	P5,952,088	P22,715,878	P-	P-	P35,989,624	P65,575,306
Carrying amounts, December 31, 2024	P1,113,772	P5,274,166	P9,557,330	P1,838,995	P1,007,781	P21,593,774	P40,385,818

In 2024, the Company sold its transportation equipment with carrying amount of P666,668 for P1,033,033 and recognized gain on disposal amounting to P 366,365. In prior year 2023, the Company sold its transportation equipment with carrying amount of P950,883 for P1,431,000 and recognized gain on disposal amounting to P480,117. During the same year, the Company sold another transportation equipment with carrying amount of P121,832 for P66,667 and resulted in a loss on sale amounting to P55,165 which is presented under "Others" in the statements of comprehensive income.

Total payments made amounted to P3,252,200 and P7,655,949 in 2024 and 2023, respectively. These amounts include new acquisition and payment of outstanding payables from 2023 and 2022 amounting to P52,200 and P196,664, 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, 2024 and 2023.

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, 2024 and 2023.

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 Global Solutions Private Limited (SLGS-P), and Sun Life Financial - Philippines Foundation, Inc.

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.

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. 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 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, 2024 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:

	2024	2023
Discount rate	6.00%	6.25%
Expected rates of salary increases	6%	6%
Average age in years	38.04	38.69

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.

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

	2024	2023
Pension expense		
Current service cost	P8,851,700	P6,912,000
Net interest	(371,700)	(963,700)
Components of defined benefit costs recognized as part of salaries and other employee benefits in profit or loss (Note 16)	8,480,000	5,948,300
Remeasurement on the net defined benefit liability		
Gain on plan assets (excluding amounts included in the net interest expense)	(1,212,800)	(2,356,700)
Actuarial losses from:		
- changes in financial assumptions	2,461,300	8,539,200
- experience adjustments	2,593,700	224,100
Remeasurement loss on retirement benefit plans	3,842,200	6,406,600
	P12,322,200	P12,354,900

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:

	2024	2023
Fair value of plan assets	P74,129,200	P60,750,300
Present value of defined benefit obligation	(77,478,000)	(57,829,500)
	(P3,348,800)	P2,920,800

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

	2024	2023
Beginning	P57,829,500	P40,774,900
Current service costs	8,851,700	6,912,000
Interest cost	3,543,700	2,966,800
Benefit payments	(517,600)	(1,587,500)
Transfers	2,715,700	-
Remeasurement losses:		
- changes in financial assumptions	2,461,300	8,539,200
- experience adjustments	2,593,700	224,100
Ending	P77,478,000	P57,829,500

The movements in plan assets are summarized as follows:

	2024	2023
Beginning	P60,750,300	P51,197,300
Benefit payments	(517,600)	(1,587,500)
Interest income	3,915,400	3,930,500
Contributions	6,052,600	4,853,300
Transfers	2,715,700	-
Remeasurement gain on plan assets	1,212,800	2,356,700
Ending	P74,129,200	P60,750,300

Fair value of plan assets represents the Company's share in Sun Life Philippines Group Retirement Plan's assets as at December 31, 2024 and 2023. 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 2024.

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.

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

	Note	2024	2023
At January 1, gross of tax		P7,161,100	P13,567,700
Remeasurement losses		(3,842,200)	(6,406,600)
At December 31, gross of tax		3,318,900	7,161,100
Income tax effect	17	(829,725)	(1,790,275)
At December 31, net of tax		P2,489,175	P5,370,825

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

	2024	2023
Cash and cash equivalents	P5,270,586	P801,904
Debt securities	13,758,380	13,796,393
Equity securities	2,401,786	2,660,863
Real estate	52,698,448	43,952,842
Others	-	(461,702)
Ending	P74,129,200	P60,750,300

The Company has no other transactions with the plan other than the contributions presented above for the years ended December 31, 2024 and 2023. The Company expects to contribute P10,237,000 to the retirement fund in 2025.

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.

	Change in Assumption	Amount	
		2024	2023
Discount rate	1% increase	(P8,313,389)	(P6,714,005)
	1% decrease	9,909,436	7,413,742
Expected salary growth rate	1% increase	9,080,422	7,512,052
	1% decrease	(7,809,782)	(6,459,555)

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.

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:

	2024	2023
Less than a year	P3,517,700	P2,261,400
Between 1 to 5 years	14,665,900	12,268,500
5 years and beyond	59,294,400	43,299,600

The average duration of the benefit obligation for active employees is 12.20 years and 11.47 years as of December 31, 2024 and 2023, respectively.

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

	2024	2023
Accrued:		
Annual incentive plan	P31,538,724	P34,203,599
Sick leave and vacation leave	30,411,464	22,145,343
Share-based compensation (Note 18)	9,072,485	4,556,161
Bonus	5,034,894	4,721,475
Professional fees	4,803,472	2,242,144
HMO	666,667	949,262
Others	5,016,725	638,682
Outsourcing fees	19,271,741	1,703,975
Taxes payable	7,726,543	3,655,674
Utilities	2,677,776	493,532
Information technology-related services	216,921	184,566
	P116,437,412	P75,494,413

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

Others include accrual for BIR assessment, government contributions payable, accruals for advertising expenses, vehicle insurance, and mobile charges.

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%.

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

	Right-of-use assets (Note 10)	
	2024	2023
Balance at beginning of year	P35,989,624	P50,385,474
Depreciation	(14,395,850)	(14,395,850)
Balance at end of year	P21,593,774	P35,989,624

	Lease liabilities	
	2024	2023
Balance at beginning of year	P37,216,075	P51,370,233
Accretion for interest expense	1,091,781	1,652,349
Actual lease payment:		
Principal	(15,505,099)	(14,154,158)
Interest expense	(1,091,781)	(1,652,349)
Balance at end of year	P21,710,976	P37,216,075

Total lease liabilities in the statements of financial position follow:

	2024	2023
Current	P16,948,255	P13,852,750
Noncurrent	4,762,721	21,710,976
	P21,710,976	P35,563,726

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

	2024	2023
Depreciation expense from right-of-use assets (Note 10)	P14,395,850	P14,395,850
Interest expense on lease liabilities	1,091,781	1,652,349
	P15,487,631	P16,048,199

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

	2024	2023
Within one year	P17,426,701	P16,596,880
After one year but not more than three years	4,781,160	22,207,861
	22,207,861	38,804,741
Less: Unearned Interest	496,885	1,588,666
	P21,710,976	P37,216,075

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 P3,454,575 and P3,340,915 as at December 31, 2024 and 2023, respectively, as presented in statements of financial position. Interest income from security deposit amounted to P113,660 and P115,373, as at December 31, 2024 and 2023, respectively, as presented in statements of comprehensive income.

The Company paid additional security deposit amounting to P163,848 and to P156,032 in 2024 and 2023 as part of the annual escalation of the lease. The outstanding other liability related to the required increase in security deposit amounted to P172,014 and P335,861 as at December 31, 2024 and 2023, respectively, as presented in statements of financial position.

14. DEPOSIT FOR FUTURE SUBSCRIPTIONS

As at December 31, 2024, the Company has recognized Deposit for Future Subscriptions (DFFS) amounting to P130,000,000, classified under non-current liabilities.

The DFFS pertains to additional share subscription by Sun Life Financial Philippine Holding Company, Inc. (HOLDCO) of 1,300,000 shares, at a subscription price of P100 per share, which cannot be directly credited to "Share Capital" pending registration with SEC of the amendment to the Articles of Incorporation increasing total authorized capital stock.

The Company is contractually obligated to either fulfill the share subscription or return the funds, depending on the outcome of the regulatory approval process.

15. EQUITY

Share Capital

The table below summarizes the share capital of the Company:

	2024		2023	
	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	12,000,000	1,200,000,000	9,200,000	920,000,000

In 2024 and 2023, additional share capital amounting to P280,000,000 and P320,000,000 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.

In 2024, the Board of Directors approved the increase of authorized capital stock of the corporation from P1,200,000,000 divided into 12,000,000 shares of common stocks with par value of P100 per share to P2,200,000,000 divided into 22,000,000 shares of common stocks with par value of P100 per share.

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 and improves its capital structure through the issuance of new shares 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.

	2024	2023
Total debt	P299,875,125	P124,693,511
Total equity	305,301,455	281,916,902
Debt-to-equity ratio	0.98	0.44

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, 2024 and 2023, the Company has complied with this requirement.

Cost of issuance of capital stock

In 2024 and 2023, the Company incurred documentary stamp taxes amounting to P2,900,000 and P3,200,000, respectively, as presented in the statements of changes in equity.

16. SALARIES AND OTHER EMPLOYEE BENEFITS

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

	2024	2023
Salaries and wages	P172,955,795	P164,051,667
Share-based compensation	18,105,782	14,845,970
Retirement benefits (Note 11)	8,480,000	5,948,300
Trainings and employee activities	5,999,950	4,558,265
Other employee benefits	2,913,644	2,346,683
	P208,455,171	P191,750,885

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

17. INCOME TAXES

Benefit from income tax consists of:

	2024	2023
Final tax	P1,221,022	P802,737
Deferred tax benefit	(7,769,071)	(46,983,732)
	(P6,548,049)	(P46,180,995)

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

	2024	2023
Loss before income tax	(P258,269,679)	(P333,093,548)
Income tax at statutory tax rate at 25%	(64,567,420)	(83,273,387)
Tax effect of:		
Interest income subject to final tax	(442,131)	(238,574)
Non-deductible expense	1,016,530	23,313
Non-taxable income	-	(74,990)
Others	-	140,458
Unrecognized DTA	57,444,971	37,242,185
Benefit from income tax	(P6,548,050)	(P46,180,995)

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.

The Company's deferred income tax at December 31, 2024 and 2023 consists of:

	2024	2023
Deferred income tax assets on:		
Net operating loss carry over (NOLCO)	P155,488,148	P168,530,643
Accrued expenses	20,485,811	-
Net Pension	1,666,925	1,060,075
Lease liabilities	636,618	4,512,892
*Unrealized loss from financial assets at FVOCI	-	141,876
Unrealized foreign exchange loss	-	3,785
	178,277,502	174,249,271
Deferred income tax liabilities on:		
Rights-of-use asset	5,398,443	8,997,406
*Remeasurement gain on defined benefit obligation	829,725	1,790,275
*Unrealized gain from financial assets at FVOCI	29,943	-
	6,258,111	10,787,681
Deferred tax assets (liability), net	P172,019,391	P163,461,590

* charged directly to OCI

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

	2024	2023
Beginning balance	P163,461,590	P115,596,549
Amounts credited to profit or loss	7,769,070	46,983,732
Amounts charged to other comprehensive income	788,731	881,309
Ending balance	P172,019,391	P163,461,590

In 2024 and 2023, the Company derecognized a portion of deferred tax assets amounting to P57,444,971 and P37,242,185, respectively, 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:

	2024	2023
Net operating loss carry over (NOLCO)	P57,444,971	P15,818,859
Accrued expenses	-	16,632,199
Lease liabilities	-	4,791,127
	P57,444,971	P37,242,185

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	2024 Balance
2020	2025	P 10,475,425	P -	P -	P 10,475,425
2021	2026	127,487,686	-	-	127,487,686
2022	2025	282,579,895	-	-	282,579,895
2023	2026	316,855,002	-	-	316,855,002
2024	2027	-	177,609,906	-	177,609,906
		P737,398,008	P177,609,906	P -	P915,007,914

18. RELATED PARTY TRANSACTIONS

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
	2024	2023	2024	2023		
Parent Sun Life Financial Philippine Holding Company, Inc.	P130,000,000	-	P130,000,000	-	Deposit for future subscriptions -Unsecured -Non-interest bearing	14,l
Affiliate Sun Life of Canada Philippines), Inc.	54,585,926	51,496,156	(22,337,990)	(2,576,470)	Shared services -Unsecured	a
	13,314,634	14,987,857	(5,617,738)	(8,582,693)	Reimbursable expenses as part of Shared service	b
	3,387,801	3,295,256	-	-	-Unsecured -Non-interest bearing CUSA, Office Utilities and supplies	c
	16,596,880	15,806,507	(21,710,976)	(37,216,075)	- Unsecured - Non-interest bearing Office and Parking Lease	d
	-	-	3,454,575	3,340,915	- Unsecured - Non-interest bearing Security deposit	13, e
	163,847	156,033	(172,014)	(335,861)	-Unsecured -Non-interest bearing	e
	13,600,000	13,600,000	2,266,667	2,266,667	Trust fee receivables for consultancy services provided	21,f
	95,138,678	-	54,733,899	-	Trust fee receivables for investment management services provided.	21,j

Sun Life Asset Management Company, Inc.	41,792,461	33,205,911	3,790,178	2,750,143	- Trust fee receivables for investment management services provided.	21,g
Sun Life Grepa Financial, Inc.	20,909,501	-	10,691,879	-	- Trust fee receivables for investment management services provided.	21,k
Sun Life Global Solutions Private Limited formerly Sun Life India Service Centre Private limited	1,937,388	1,031,891	(250,195)	(487,999)	Intercompany service agreement - Unsecured Non-interest bearing	h
Loans Receivables from Officers and Employees	(649,737)	438,937	2,417,256	3,066,993	Loans to Officers and Employees -Secured by Chattel mortgage -Interest bearing	i
TOTAL						
		Trust fee receivables	71,482,623	5,016,810	Note 7	
		Loans Receivables	2,417,256	3,066,993	Note 7	
		Security Deposit	3,454,575	3,340,915	Note 13	
		Lease Liabilities	(21,710,976)	(37,216,075)	Note 13	
		Due to related parties	(28,205,923)	(11,647,162)		

- a. The Company entered into a Shared Service Agreement for back-office services to be provided by SLOCPI. In 2024 and 2023, the Company has P22,337,990 and P2,576,470 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 2024 and 2023, the Company has P5,617,738 and P8,582,693 unpaid reimbursements payable to SLOCPI, respectively.
- c. In 2024 and 2023, the Company paid common charges, utilities and maintenance supplies amounting to P3,387,801 and P3,295,256, 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 2024 and 2023, lease payments amounted to P16,596,880 and P15,806,507, respectively. The outstanding lease liabilities as of December 31, 2024 and 2023 amounted to P21,710,976 and P37,216,075, 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 2024 and 2023, the Company paid additional security deposit amounting to P163,847 and P156,032, respectively, to reflect annual escalation of 5%. As at December 31, 2024 and 2023, the balance of security deposit amounted to P3,454,575 and P3,340,915, 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 P13,600,000 in 2024 and 2023, respectively. Trust fee receivables from SLOCPI amounted to P2,266,667 and P2,266,667 as at December 31, 2024 and 2023, respectively, as disclosed in Note 7.
- g. The Company has an Investment Management Agreement with SLAMCI. As at December 31, 2024 and 2023, assets managed for SLAMCI amounted to P43,382,188,618 and P41,671,912,221, respectively. The management fees are charged at 0.05% to 0.14% and 0.04% to .08% of the AUM of the managed mutual funds in 2024 and 2023, respectively. Trust income earned from such agreement amounted to P41,792,461 and P33,205,911 in 2024 and 2023, respectively. Trust fee receivables from SLAMCI as of December 31, 2024 and 2023 amounted to P3,790,178 and P2,750,143, 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, 2024 and 2023, the outstanding balance due to ASCI amounted to P250,195 and P487,999, respectively.
- i. In 2024 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. The Company has an Investment Management Agreement with SLOCPI. As at December 31, 2024, assets managed for SLOCPI amounted to P157,702,325,637. The management fees are charged at 0.05% to .14% of the AUM of the managed mutual funds in 2024. Trust income earned from such agreement amounted to P95,138,678 in 2024. Trust fee receivables from SLOCPI as of December 31, 2024 amounted to P54,733,899, as disclosed in Note 7.
- k. The Company has an Investment Management Agreement with SLGFI. As at December 31, 2024, assets managed for SLGFI amounted to P30,527,285,331. The management fees are charged at 0.05% to .14% of the AUM of the managed mutual funds in 2024. Trust income earned from such agreement amounted to P20,909,501 in 2024. Trust fee receivables from SLGFI as of December 31, 2024 amounted to P10,691,879, as disclosed in Note 7.
- l. The Company has recognized DFFS amounting to P130,000,000 for additional share subscription from Sun Life Financial Philippine Holding Company, Inc. (HOLDCO) of 1,300,000 shares, at a subscription price of P100 per share, which cannot be directly credited to "Share Capital" pending registration with SEC of the amendment to the Articles of Incorporation increasing total authorized capital stock.

Remuneration of Key Management Personnel

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

	2024	2023
Short-term benefits	P118,028,654	P95,853,229
Share-based payment	6,528,540	4,525,819
Post-employment benefits	4,520,798	3,171,116
	P129,077,992	P103,550,164

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.

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, 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 2024 and 2023:

	2024		2023	
	+210 basis points	-220 basis points	+108 basis points	-84 basis points
Impact on income before tax	P89,851	(P89,876)	P11,478	(P8,769)

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 U.S. dollar, 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, 2024 and 2023:

	2024		2023	
	US\$	PHP	US\$	PHP
Cash in bank	\$20,980	P1,213,588	\$6,744	P373,415
Trust fee receivables	127,036	7,348,397	7,800	431,886
Prepayments	168,300	9,735,314	151,222	8,373,162
Accruals	(339,265)	(19,624,784)	(34,107)	(1,888,505)
Other payables	(1)	(58)	(231)	(12,790)

In translating foreign currency-denominated financial instruments into Philippine peso amounts, the exchange rate used was P57.85 and P55.37 to US\$1.00 in 2024 and 2023, 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, 2024 and 2023:

Change in foreign exchange rates	Impact on income before tax	
	2024	2023
+1%	(P13,277)	P73,027
-1%	13,277	(73,027)

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, 2024 and 2023. The Company does not have any collateral or other credit enhancements for its financial assets.

ECL measurement

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.

PFRS 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 cost.

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 2024 and 2023.

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
2024							
Cash in banks	6	AAA	Stage 1	12-month ECL	P110,012,719	-	P110,012,719
Receivables	7	N/A	Stage 1	12-month ECL Lifetime ECL-simplified	74,432,471	-	74,432,471
Loans receivables	18	N/A	Stage 2	approach	2,417,256	-	2,417,256
Security deposits	13	N/A	Stage 1	12-month ECL	3,454,575	-	3,454,575
Financial assets at FVOCI	9	AAA	Stage 1	12-month ECL	162,013,190	374,693	162,013,190
					P350,517,225	P374,693	P350,517,225
2023							
Cash in banks	6	AAA	Stage 1	12-month ECL	P26,693,700	P-	P26,693,700
Receivables	7	AAA	Stage 1	12-month ECL Lifetime ECL-simplified	5,419,317	-	5,419,317
Loans receivables	18	AAA	Stage 2	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

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.

Based on the Company's policy and in alignment with the intercompany accounts settlement policy, receivables arising from all billings for investment management services shall be settled within 60 days. Based on historical credit performance of the related party customers over the previous years and during the year, the Company has neither observed those customers defaulted on payment nor does it have identified circumstances, including adverse economic factors that may indicate the customer's unlikelihood to settle their obligation to the Company. In addition, based on the relevant facts and circumstances existing at the reporting date, Management has assessed that all strategies indicate that the Company can fully recover the outstanding balance of its receivables from related party customers, thus, no ECL is required to be recognized.

As at December 31, 2024 and 2023, 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, 2024 and 2023, the addition (reversal) in ECL amounted to P372,375 and (P299,959), 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.

	2024			Total
	Due within 1 year	Due beyond 1 year	Unamortized interest	
Financial Assets				
Cash in banks	P110,012,719	P -	P -	P110,012,719
Receivables	75,036,741	1,812,986	-	76,849,727
Financial assets at FVOCI	983,310	161,029,880	-	162,013,190
Security deposits	-	3,612,519	(157,944)	3,454,575
	P186,032,770	P166,455,385	(P157,944)	P352,330,211
Financial Liabilities				
Accounts payable and accrued expenses*	108,710,869	P -	P -	P108,710,869

Due to related parties	28,205,923	-	-	28,205,923
Lease liabilities	17,426,701	4,781,160	(496,885)	21,710,976
Other liability	172,014	-	-	172,014
	P154,515,507	P4,781,160	(P496,885)	P155,321,883

	2023			Total
	Due within 1 year	Due beyond 1 year	Unamortized interest	
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	(P271,604)	P151,897,925
Financial Liabilities				
Accounts payable and accrued expenses*	P71,838,739	P -	P -	P71,518,079
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
	P100,246,628	P22,379,875	(P1,588,666)	P120,717,177

* *excluding taxes and government payables*

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, 2024		
Financial Assets		
Financial assets at FVOCI	P162,013,190	P162,013,190
December 31, 2023		
Financial Assets		
Financial assets at FVOCI	P113,377,000	P113,377,000

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, 2024 and 2023.

The fair values of financial assets at FVOCI classified as Level 1 are based on quoted prices of either done deals or bid rates.

Due to their short duration, 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.

21. TRUST OPERATIONS

Assets under management of the Company in fiduciary or agency capacity for clients and beneficiaries amounting to P239,109,252,208 and P42,588,543,781 as at December 31, 2024 and 2023, 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 P162,013,190 and P33,793,000 as at December 31, 2024 and 2023, respectively, in compliance with the requirements of the BSP relative to its operations (Note 9).

The details of trust fee income are as follows:

	2024	2023
Trust fee from:		
Related party (Note 18)	P171,440,640	P46,805,911
Third party	4,972,150	520,290
	P176,412,790	P47,326,201

22. EVENTS AFTER THE REPORTING PERIOD

On January 8, 2025, the Company received approval from BSP for increase of authorized capital stock to P2,200,000,000. The Company is in the process of filing its application for the increase in authorized capital stock with the SEC.

The Company received additional investment of P70,000,000 and P50,000,000 from Sun Life Financial Philippine Holding Company, Inc. on January 23, 2025 and March 5, 2025, respectively.

23. 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 2024 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	P42,963,783	P2,201,170	P45,164,953
Expanded withholding taxes	5,998,730	1,592,642	7,591,372
Fringe benefits withholding taxes	1,088,491	338,649	1,427,140
Withholding Value-Added Tax and Other Percentage Taxes	182,565	59,872	242,437
Final withholding taxes	114,103	37,420	151,523
	P50,347,672	P4,229,753	P54,577,425

Documentary stamp tax

In 2024, the Company incurred documentary stamp taxes amounting to P2,900,000 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 2024 are as follows:

Charged to Operating Expenses	
Gross receipts tax	P5,718,805
Fringe benefit tax	1,427,140
Withholding Value-Added Tax and Other Percentage Taxes	242,437
Final withholding taxes	151,523
BSP Application Fees	135,000
Local Business tax	127,010
	P7,801,915

Deficiency tax assessments and tax cases

The Company has received Letter of Authority dated December 12, 2023 for taxable year 2021 and settled the related deficiency tax assessment amounting to P1,500,155 on September 30, 2024.

24. 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:

	2024	2023
Return on average equity ⁽¹⁾	(85.73%)	(106.88%)
Return on average assets ⁽²⁾	(49.76%)	(73.03%)
Percentage of trust fees to total assets under management ⁽³⁾	0.07%	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 578,003	Chattel	Performing
Bruna, George P.	Officer	136,810	Chattel	Performing
Chong, Christopher S.	Officer	220,568	Chattel	Performing
Rosuman, Raymund	Officer	697,695	Chattel	Performing
Veluz, Joaquin Rossano U.	Officer	774,180	Chattel	Performing
Magsino, Kristyn Therese A.	Officer	10,000		Performing
		P2,417,256		

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.

**Sun Life Investment Management and Trust Corporation
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
For the years ended December 31, 2024 and 2023**

	2024	2023
Total Audit Fees	P2,396,576	P1,281,280
Non-audit service fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Non-audit Fees	-	-
Total Audit and Non-audit Fees	P2,396,576	P1,281,280
Audit and Non-audit fees of other related entities		
	2024	2023
Audit fees	-	-
Non-audit service fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of other related entities	-	-