

Francisco, Wes-W

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Hi AIA INVESTMENT MANAGEMENT AND TRUST CORPORATION PHILIPPINES,

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Submission Date/Time: **Apr 29, 2025 02:13 PM**

Company TIN: **000-148-734**

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

The management of AIA Investment Management and Trust Corporation Philippines. (the "Company") is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

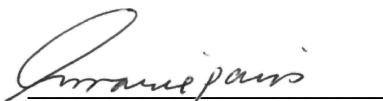
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

Isla Lipana & Co., the independent auditor, appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.



Gary Ogilvie
Chairman



Angel Marie Pacis
Chief Executive Officer



Marissa Escala
Treasurer, and Head of Investment services

Signed this ____ day of _____, 2025.



Independent Auditor's Report

To the Board of Directors and Shareholder of
AIA Investment Management and Trust Corporation Philippines
25th floor, AIA Philippines Tower 8767
Paseo De Roxas, Makati City 1226
Metro Manila, Philippines

Report on the Audits of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AIA Investment Management and Trust Corporation Philippines (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.

What we have audited

The financial statements of the Company comprise:

- the statements of financial position as at December 31, 2024 and 2023;
- the statements of total comprehensive income for the years ended December 31, 2024 and 2023;
- the statements of changes in equity for the years ended December 31, 2024 and 2023;
- the statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report

To the Board of Directors and Shareholder of
AIA Investment Management and Trust Corporation Philippines
Page 2

Independence

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 audit 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.

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

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



Independent Auditor's Report

To the Board of Directors and Shareholder of

AIA Investment Management and Trust Corporation Philippines

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

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

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



Independent Auditor's Report

To the Board of Directors and Shareholder of
AIA Investment Management and Trust Corporation Philippines
Page 4

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

The supplementary information required under BSP Circular No. 1075 in Note 19 and Revenue Regulations No. 15-2010 in Note 20 to the financial statements is presented for the purposes of filing with the BSP and the BIR, respectively, and are not required part of the basic financial statements. Such information are the responsibility of management of the Company. The information have been subjected to the auditing procedures applied in our audits of the basic financial statements. In our opinion, the information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Isla Lipana & Co.

A handwritten signature in black ink, appearing to read "Imelda Dela Vega-Mangundaya", is written over a faint, light-colored watermark or background.

Imelda Dela Vega-Mangundaya
Partner
CPA Cert. No. 0090670

PTR No. 0024586, issued on January 3, 2025, Makati City
TIN 152-015-124

BIR A.N. 08-000745-047-2024, issued on October 30, 2024; effective until October 29, 2027
BOA/PRC Reg. No. 0142, effective until November 14, 2025

Makati City
April 22, 2025

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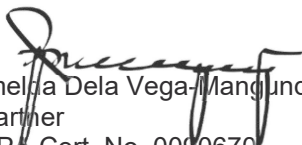


**Statement Required by Rule 68,
Part I, Section 3F
Securities Regulation Code (SRC)**

To the Board of Directors and Shareholder of
AIA Investment Management and Trust Corporation Philippines
25th floor, AIA Philippines Tower 8767
Paseo De Roxas, Makati City 1226
Metro Manila, Philippines

We have audited the financial statements of AIA Investment Management and Trust Corporation Philippines for the year ended December 31, 2024, on which we have rendered the attached report dated April 22, 2025. In compliance with the Revised Securities Regulation Code Rule 68 and based on the certification received from the Company's corporate secretary and the results of the work we performed, the Company has only one (1) shareholder owning one hundred (100) or more shares as at December 31, 2024.

Isla Lipana & Co.


Imelda Dela Vega-Mangundaya
Partner
CPA Cert. No. 0090670
PTR No. 0024586, issued on January 3, 2025, Makati City
TIN 152-015-124
BIR A.N. 08-000745-047-2024, issued on October 30, 2024; effective until October 29, 2027
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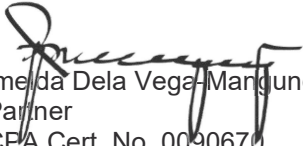
Statements Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholder of
AIA Investment Management and Trust Corporation Philippines
25th floor, AIA Philippines Tower 8767
Paseo De Roxas, Makati City 1226
Metro Manila, Philippines

We have audited the financial statements of AIA Investment Management and Trust Corporation Philippines for the year ended December 31, 2024, on which we have rendered the attached report dated April 22, 2025.

The supplementary information shown in the Reconciliation of Retained Earnings Available for Dividend Declaration, as additional components required by Part I, Section 5 of Rule 68 of the SRC, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

Isla Lipana & Co.


Imelda Dela Vega Mangundaya
Partner
CPA Cert. No. 0090670
PTR No. 0024586, issued on January 3, 2025, Makati City
TIN 152-015-124
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Makati City
April 22, 2025

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AIA Investment Management and Trust Corporation Philippines

(A wholly-owned subsidiary of
AIA Philippines Life and General Insurance Company Inc.)

Statements of Financial Position
December 31, 2024 and 2023
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	2	287,967	97,428
Financial assets at fair value through other comprehensive income	3	102,846	154,997
Receivables, net	4	89,610	137,866
Prepaid taxes	5	21,047	20,284
Other current assets	6	2,795	4,470
Total current assets		504,265	415,045
Non-current assets			
Property and equipment, net	7	5,646	12,744
Retirement benefit assets	10	7,764	7,625
Prepaid taxes	5	741,083	716,009
Deferred income tax assets, net	11	9,592	11,868
Other non-current assets	6	1,017	459
Total non-current assets		765,102	748,705
Total assets		1,269,367	1,163,750
Liabilities and Equity			
Current liabilities			
Accounts payable and other liabilities	8	96,811	109,186
Lease liabilities	14	-	1,528
Total current liabilities		96,811	110,714
Non-current liabilities			
Lease liabilities	14	-	5,559
Total non-current liabilities		-	5,559
Total liabilities		96,811	116,273
Equity			
Share capital	9	250,000	250,000
Share premium		535	535
Subscribed share capital, net		50,000	50,000
Reserve for remeasurement of retirement benefit, net	10	5,761	5,492
Reserve for fluctuation of financial assets at fair value through other comprehensive income	3	(801)	(1,040)
Retained earnings	9	867,061	742,490
Total equity		1,172,556	1,047,477
Total liabilities and equity		1,269,367	1,163,750

The notes on pages 1 to 46 are an integral part of these financial statements.

AIA Investment Management and Trust Corporation Philippines

(A wholly-owned subsidiary of
AIA Philippines Life and General Insurance Company Inc.)

Statements of Total Comprehensive Income
For the years ended December 31, 2024 and 2023
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023
Revenues			
Trust fee income	12	417,036	407,536
Equity research fee and dealing fee income	12	116,859	68,146
Total revenues		533,895	475,682
Other income (expenses), net			
Interest income	13	12,523	10,374
Foreign exchange (loss) / gains, net	17	(504)	2,775
Fair value gains on financial assets at FVTPL		-	332
Loss on distribution of property dividends	9	-	(3,836)
Other income	12	1,549	2
Total other income, net		13,568	9,647
Operating expenses			
Service dealing fee expense	12	173,665	120,641
Professional and other fees		72,826	102,728
Salaries and wages	10,12	77,993	80,581
Taxes and licenses		31,252	25,531
Employee benefits	10	15,988	8,842
Depreciation	7	3,703	2,746
Transportation and travel		2,718	2,067
Occupancy costs	14	20	398
Other expenses	12,14	2,360	3,213
Total operating expenses		380,525	346,747
Income before income tax		166,938	138,582
Income tax expense	11	(42,367)	(36,672)
Net income for the year		124,571	101,910
Other comprehensive income (loss)			
Item that will not be subsequently reclassified to profit or loss:			
Remeasurement gain (loss) on retirement benefit, net of tax	10	269	767
Reserve for fair value loss not recycled to profit or loss	3	239	(235)
Total comprehensive income for the year		125,079	102,442

The notes on pages 1 to 46 are an integral part of these financial statements.

AIA Investment Management and Trust Corporation Philippines
(A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.)

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(All amounts in thousands of Philippine Peso)

	Subscribed and Paid-up					Net	Reserve for remeasurement of retirement benefit, net (Note 10)	Reserve for fluctuation on financial assets at other comprehensive income (Note 3)	Retained Earnings		Total	Total Equity
	Share capital (Note 9)	Share premium (Note 9)	Subscribed share capital (Note 9)	Subscription receivable (Note 9)	Appropriated (Note 9)				Unappropriated (Note 9)			
Balances at January 1, 2023	250,000	535	62,500	(12,500)	50,000	4,725	(805)	470,000	170,580	640,580	945,035	
Comprehensive income												
Net income for the year	-	-	-	-	-	-	-	-	101,910	101,910	101,910	
Other comprehensive (loss)												
Remeasurement gain on retirement benefit, net of tax	-	-	-	-	-	767	-	-	-	-	767	
Reserve for fluctuation on financial asset at other comprehensive income	-	-	-	-	-	-	(235)	-	-	-	(235)	
Total comprehensive income (loss) for the year	-	-	-	-	-	767	(235)	-	101,910	101,910	102,442	
Balances at December 31, 2023	250,000	535	62,500	(12,500)	50,000	5,492	(1,040)	470,000	272,490	742,490	1,047,477	
Comprehensive income												
Net income for the year	-	-	-	-	-	-	-	-	124,571	124,571	124,571	
Other comprehensive income												
Remeasurement gain on retirement benefit, net of tax	-	-	-	-	-	269	-	-	-	-	269	
Reserve for fluctuation on financial asset at other comprehensive income	-	-	-	-	-	-	239	-	-	-	239	
Total comprehensive income for the year	-	-	-	-	-	269	239	-	124,571	124,571	125,079	
Balances at December 31, 2024	250,000	535	62,500	(12,500)	50,000	5,761	(801)	470,000	397,061	867,061	1,172,556	

The notes on pages 1 to 46 are an integral part of these financial statements.

AIA Investment Management and Trust Corporation Philippines

(A wholly-owned subsidiary of
AIA Philippines Life and General Insurance Company Inc.)

Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(All amounts in thousands of Philippine Peso)

	Notes	2024	2023
Cash flows from operating activities			
Income before income tax		166,938	138,582
Adjustments for:			
Depreciation	7	3,703	2,746
Loss on termination of lease	12,14	424	-
Unrealized foreign exchange loss / (gains), net	17	504	(2,776)
Interest expense on lease	14	434	418
Retirement benefit expense	10	4,290	2,209
Interest income	3,13	(10,485)	(7,522)
Interest amortization	3	(2,038)	(2,852)
Loss on distribution of property dividends	9	-	3,836
Fair value (gains) losses on financial assets at FVPTL		-	(332)
Operating income before changes in operating assets and liabilities		163,770	134,309
Changes in operating assets and liabilities (Increase) decrease in:			
Receivables, net		49,014	(27,745)
Prepaid taxes		(63,962)	(71,076)
Other current assets		1,675	(2,052)
Other non-current assets		(857)	(459)
Increase in accounts payable and other liabilities		(14,176)	14,897
Net cash used in operations		135,464	47,874
Interest received	13,4	9,727	7,196
Actual contributions, net	10	(4,071)	(3,998)
Net cash from (used in) operating activities		141,120	51,072
Cash flows from investing activities			
Acquisition of financial assets at FVOCI	3	(19,792)	(121,054)
Acquisition of property and equipment	7	(2,051)	(3,363)
Proceeds from sale/redemption of financial assets at FVOCI	3	74,220	55,000
Net cash (used in) from investing activities		52,377	(69,417)
Cash flows from financing activities			
Interest paid on lease	14	(434)	(418)
Principal portion of lease payments	14	(2,088)	(2,088)
Net cash (used in) from financing activities		(2,522)	(2,506)
Net increase (decrease) in cash and cash equivalents		190,975	(20,851)
Cash and cash equivalents at January 1		97,428	118,210
Effect of exchange rate changes on cash and cash equivalents		(436)	69
Cash and cash equivalents at December 31	2	287,967	97,428
Non-cash financing activities	14		

The notes on pages 1 to 46 are an integral part of these financial statements.

AIA Investment Management and Trust Corporation Philippines

A wholly-owned subsidiary of AIA Philippines Life and General Insurance Company Inc.

Notes to the Financial Statements

As at and for the years ended December 31, 2024 and 2023

(All amounts are shown in thousands of Philippine Peso, unless otherwise stated)

1 General information

AIA Investment Management and Trust Corporation Philippines (the “Company”, “AIAIM PH”), a wholly owned subsidiary of AIA Philippines Life and General Insurance Company Inc, was incorporated in the Philippines and registered with the Securities and Exchange Commission (“SEC”) on October 12, 1971. Its primary purpose is to manage, provide, and render management and technical advice and services for mutual funds, corporation, natural persons and other entities, and in connection therewith, as far as may be permitted by law, to purchase, subscribe for or otherwise acquire, mortgage, sell or otherwise dispose of and deal in securities of every kind and description, including, but not limited to stocks, bonds, notes, commercial papers, and to promote, manage, and participate in the distribution of any securities, to the extent provided by law.

AIA Philippines is a wholly-owned entity of AIA Company Limited (“AIA”), a company incorporated in Hong Kong with limited liability, whose ultimate holding company is AIA Group Limited (“AIAGL”), a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited.

On September 29, 2021, the Company received the approval of the Securities and Exchange Commission (SEC) on the withdrawal of the Investment Company Adviser (ICA) or Fund Manager license. Further to the approval of the SEC on December 1, 2021, the Company’s corporate name was changed to AIA Investment Management and Trust Corporation Philippines.

Subsequent to December 31, 2021, the Company received from the Bangko Sentral ng Pilipinas (BSP) on February 7, 2022 an authority to operate as a Trust Company. On May 16, 2022, the Company started its operations as a Trust and Fiduciary Corporation. The Company was appointed by AIA PH and BPI AIA Life Assurance Corporation (“BPI AIA”) as Investment Manager to perform investment advisory and management services on their behalf.

On July 28, 2022, the Company amended its Articles of Incorporation and change its primary business purpose to engage in the business of trust, other fiduciary business and investment management activities in accordance with Republic Act No. 8791 (The General Banking Law of 2000) and to do all other things incident thereto and necessary and proper in connection with said purposes, as may be determined by the Monetary Board of the Bangko Sentral ng Pilipinas. The amended Articles of Incorporation was approved by the SEC on December 12, 2022.

In 2024, there were no new clients or additional investment management agreements with existing clients. As at December 31, 2024, the Company manages 21 (2023 - 21) investment management agreements (IMA) with AIA PH (2024 - 18; 2023 - 18) and BPI AIA (2024 3; 2023 - 3) and 4 UITF (2023 - 4) with total Asset Under Management (AUM) amounting to P156,415 (2023 - P164,087 million).

As at December 31, 2024, the Company’s registered office address, which is also its principal place of business, is located at the 25th Floor, AIA Philippines Tower (Formerly Philam Life Tower), 8767 Paseo de Roxas, Makati City 1226, Metro Manila, Philippines.

The Company has 26 employees as at December 31, 2024 (2023 - 26).

The financial statements have been approved and authorized for issue by the Board of Directors (“BOD”) on April 22, 2025.

2 Cash and cash equivalents

The account as at December 31 consists of:

	2024	2023
Cash on hand	5	5
Cash in banks	96,322	25,450
Short-term placements	191,640	71,973
	287,967	97,428

Cash in banks earn interest at prevailing bank deposit rates. The short-term placements are time deposit accounts that have average maturities in 2024 of 30 to 60 days and (2023 - 30 to 60 days) and carry effective interest rates ranging from 4.8% to 6% (2023 - 4.42% to 6.25%).

Interest income on these cash and cash equivalents for the year ended December 31, 2024 amounts to P6,967 (2023 - P5,992) (Note 13).

3 Financial assets at fair value through other comprehensive income

The Company's financial assets at fair value through other comprehensive income ("FVOCI") consist of debt securities in government bonds as at December 31.

Movement in financial assets for the year ended December 31 is as follows:

	2024	2023
At January 1	154,997	86,326
Additions	19,792	121,054
Disposals/maturities	(74,220)	(55,000)
Fair value gains/(losses) charged to OCI	239	(235)
Interest amortization	2,038	2,852
At December 31	102,846	154,997

Details of movement in the reserve for fluctuation of FVOCI financial assets for the year ended December 31 follow:

	2024	2023
At January 1	(1,040)	(805)
Net fair value changes recognized in OCI	239	(235)
At December 31	(801)	(1,040)

Interest income earned on these financial assets for the year ended December 31, 2024 amounts to P5,556 (2023 - P4,382) (Note 13). No allowance for impairment of financial assets at FVOCI has been set-up for 2024 and 2023.

Basic Security Deposit

In accordance with BSP Circular No. 884, otherwise known as the Guideline on the Establishment and Operations of Trust Corporations (TC), the Company is required to deposit with the 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 Asset 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 most recent report of examination of the Company, as shown in the table below:

Trust Rating	Required BSD
4	P500,000 or 0.03% of the total book value of the AUM, whichever is higher.
3	P500,000 or 0.05% of the total book value of the AUM, whichever is higher.
2	P500,000 or 0.10% of the total book value of the AUM, whichever is higher.
1	P500,000 or 0.20% of the total book value of the AUM, whichever is higher.

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

As at December 31, 2024, the Company's AUM totaled to P156,415 million (2023 - P164,087 million) and required to have P78.21 million (2023 - P82.00 million) basic security deposit to BSP. Government bonds amounting to P103 million (2023 - P155.00 million) presented under FVOCI are deposited with the BSP in compliance with BSP Circular No. 884.

4 Receivables, net

Details of the account are as follows:

	Note	2024	2023
Due from related parties	12	88,041	137,002
Due from officers and employees		-	53
Interest receivable		1,569	811
		89,610	137,866
Less: Allowance for impairment		-	-
		89,610	137,866

Due from related parties are receivables mainly coming from services performed by the Company to the Parent Company and entities under common control under Investment Management Agreements and service level agreements (Note 12).

Interest receivable pertains to interest income earned from cash and cash equivalents and financial assets at FVOCI.

5 Prepaid taxes

The account as at December 31 consists of:

	2024	2023
Current	21,047	20,284
Non-current	741,083	716,009
	762,130	736,293

Prepaid taxes as at December 31, 2024 and 2023 represent excess creditable withholding taxes which can be applied against future income tax liabilities. The excess creditable withholding taxes are fully supported by tax certificates and declared in the Company's income tax returns and have no expiry period.

Current and non-current presentation is determined based on management's assessment of the amount of prepaid tax that can be applied against income tax obligation in the next 12 months and beyond 12 months, respectively, after reporting date.

6 Other current assets

The account as at December 31 consists of:

	2024	2023
Current:		
Prepaid expense	582	2,257
Security deposit	2,213	2,213
	2,795	4,470
Non-current		
Security deposit	1,017	459
	1,017	459

The account as at December 31 consists of prepayments to Bloomberg fees, and refundable security deposits pertaining to the lease contract of the Company (Note 14). As of December 31, 2024, the lease was terminated and the refundable deposit remains in possession of the Lessor and expected to be refunded subsequent to year-end.

7 Property and equipment, net

Movements in property and equipment are shown below:

	2024			
	Office furniture and equipment	Transportation equipment	Right-of-use assets (Leased office space) (Note 14)	Total
Cost				
At January 1	16,071	6,937	8,757	31,765
Additions	251	1,800	-	2,051
Lease termination	-	-	(8,757)	(8,757)
At December 31	16,322	8,737	-	25,059
Accumulated depreciation				
At January 1	14,689	2,872	1,460	19,021
Depreciation	674	1,477	1,552	3,703
Disposal	-	(299)	-	(299)
Lease termination	-	-	(3,012)	(3,012)
At December 31	15,363	4,050	-	19,413
Net book value at December 31	959	4,687	-	5,646
	2023			
	Office furniture and equipment	Transportation equipment	Right-of-use assets (Leased office space) (Note 14)	Total
Cost				
At January 1	14,808	4,837	-	19,645
Additions	1,263	2,100	8,757	12,120
At December 31	16,071	6,937	8,757	31,765
Accumulated depreciation				
At January 1	14,295	1,980	-	16,275
Depreciation	394	892	1,460	2,746
At December 31	14,689	2,872	1,460	19,021
Net book value at December 31	1,382	4,065	7,297	12,744

8 Accounts payable and other liabilities

The account as at December 31 consists of:

	Notes	2024	2023
Accrued expenses		46,047	53,516
Due to related parties	12	43,150	45,626
Taxes payable		7,264	10,044
Others		350	-
		96,811	109,186

Accrued expenses consist of accrual for BSP supervision fee, utilities, and other employee benefits.

Due to related parties are advisory fees, service dealing fee expenses and share in intercompany fees payable to the Parent and entities under common control (Note 12).

Taxes payable consist of gross receipts taxes and withholding taxes payable.

9 Equity

Share capital at December 31 consists of:

	2024	2023
Share capital - P100 par value per share		
Authorized - 5,000,000 shares	500,000	500,000

	2024	2023
Share capital - P100 par value per share		
Issued and outstanding - 2,500,000 shares	250,000	250,000
Subscribed capital stock - 625,000 shares	62,500	62,500
Subscription receivable	(12,500)	(12,500)
Share premium	535	535
	300,535	300,535

Share capital, share premium, and subscription

On June 9, 2021, the Company filed their application with the Securities and Exchange Commission (SEC) to increase their authorized capital stock from P250 million to P500 million divided into P5 million shares with par value of P100. The SEC subsequently issued its approval of this increase on November 3, 2021.

On May 19, 2021, the Company received P50,000 cash from its shareholder for the subscription of share capital amounting to P62,500 and a recognition of P12,500 subscription receivable for the unpaid subscription as at December 31, 2021, to meet its regulatory capital requirements as a Trust Corporation in accordance with BSP Circular 884 Series of 2015 Guidelines on the Establishment of Operations of Trust Corporation (Note 1).

Dividends

On September 30, 2023, after receipt of regulatory approvals, the Company distributed the property dividends to its shareholders which is considered as non-cash transaction. On the same date, the fair value of the property dividends and carrying amount of the dividends payable amount to P218,021 and P214,185, respectively, resulting to loss on distribution of P3,836 that was recognized in the profit/loss.

On March 26, 2021, the Company's BOD approved the declaration of its stock dividends amounting to P80,000 which represent 800,000 shares with par value of P100 which was subsequently issued to the shareholders.

On March 23, 2020, the Company declared cash dividends amounting to P38.23 per share or P65,000 payable to shareholders on record as at the same date. On the same date, property dividends amounting to P202,150 from its investments in Philam Growth Equity Fund, Inc. (“PGEFI”) and AIA Information Technology Philippines, Inc. (formerly PAMI Income Payout Fund, Inc “PIPFI”) based on its NAV as at April 1, 2020, together with the special cash dividends amounting to P23.53 per share or P40,000 were declared.

Subsequently, on October 28, 2020, the Company’s BOD revoked the P65,000 cash dividends and the P40,000 special cash dividends that were previously declared and paid out to the shareholders to support sufficient retained earnings as at December 31, 2019 is available for its property dividend declaration as prescribed by the SEC in compliance with the Rule 68 of the Securities Regulation Code. The Company received the cash returned by the shareholders on December 10, 2020 amounting to P105,000.

Minimum Unimpaired Capital

In accordance with BSP Circular No. 884, the Company is required to have a minimum unimpaired capital of 300 million 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 100 million 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 300 million. Further, the minimum capital during the capital build-up phase shall be determined as follows:

Calendar Year	Capital Requirement
Year 0 - Upon incorporation	100 million
End of Year 1	140 million or 0.10% of AUM whichever is higher
End of Year 2	180 million or 0.10% of AUM whichever is higher
End of Year 3	220 million or 0.10% of AUM whichever is higher
End of Year 4	260 million or 0.10% of AUM whichever is higher
End of Year 5 and onwards	300 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. The AUM as at December 31, 2024 amounts to P156 million (2023 - P164 million) (Note 3).

The stock dividend declaration of P80,000 and subscribed and paid-up capital of P50,000 in 2021 brought the Company’s total paid up capital to P300 million, the minimum paid up capital requirement of a trust corporation. Further, the Company is also compliant with Section 37 of Revised Corporation Code of the Philippines (R.A 11232) in relation to the increase of its authorized capital stock to P500 million.

Retained earnings

The balance of Retained earnings as of December 31 is as follows:

	2024	2023
Appropriated	470,000	470,000
Unappropriated	397,061	272,490
	867,061	742,490

The outstanding appropriation of retained earnings of P470,000, after considering appropriation for dividends as at December 31, 2023 and 2022, are intended to cover business growth opportunities and strategies as a Trust Company (Note 1) which is expected to be completed upon establishment and operations as a Trust Company, where the detailed plan was approved by the Board at the time of appropriation in December 2017. Following to the establishment of the trust business, management has retained the appropriation to support the continuous growth and expansion strategies for its trust operations in the ensuing years.

As at December 31, 2024 and 2023 the appropriated retained earnings of the Company continue to satisfy the requirement of BSP MORNBF Section. 425-Q “Required Retained Earnings Appropriation” and the continuing growth and expansion strategies of the Company’s trust operations.

In April 22, 2025, the Company's BOD further approved the appropriation of Retained Earnings amounting to P100 million. These legal appropriation will bring the unappropriated retained earnings to P297million.

10 Employee benefits

The Company has a defined benefit (DB) plan which requires contributions to be made to a fund administered by a trustee bank.

Effective July 1, 2014, the Company also implemented a defined contribution (DC) plan which is accounted for as a DB plan with minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA No. 7641. All employees hired on or after the effective date are automatically under the DC plan. Employees hired prior to the effective date had the option to elect to become members of the DC plan.

As at December 31, 2024 and 2023, no employees under DB plan.

The following are the amounts recognized based on the latest actuarial valuation:

Retirement benefit assets recognized in the statement of financial position as at December 31 are as follows:

	2024	2023
	DB with minimum guarantee	DB with minimum guarantee
Fair value of plan assets	29,758	24,221
Present value of the retirement obligation	(21,994)	(16,596)
Asset in the statement of financial position	7,764	7,625

Changes in the present value of the plan assets are as follows:

	2024	2023
	DB with minimum guarantee	DB with minimum guarantee
At January 1	16,596	16,803
Current service cost	4,773	2,546
Interest cost	1,283	1,304
Remeasurement		
Effect of experience adjustments	(299)	(974)
Benefits paid from plan assets	(782)	-
Benefits paid directly by the Company	-	(1,235)
Transfers within the group	423	(1,848)
At December 31	21,994	16,596

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

	2024 DB with minimum guarantee	2023 DB with minimum guarantee
At January 1	24,221	21,617
Interest income	1,766	1,641
Employer contributions	4,494	915
Return on plan assets, excluding amount recognized as interest	59	48
Benefits paid	(782)	-
At December 31	29,758	24,221

The transfers within the group are related to transfer of employees between the subsidiaries and related entities of AIA group.

The carrying value of combined retirement plan assets as at December 31, 2024 and 2023 approximates its fair value. These assets, which are held in trust and governed by local regulations and practices in the Philippines, are as follows:

	2024	2023
Cash in bank	342	627
Equity instruments	2,764	1,599
Debt securities	2,635	2,680
Government securities	24,017	19,315
	29,758	24,221

The overall expected rate of return on the retirement plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The Company has no other transactions with the fund other than the contributions presented above.

The expected contributions of the Company for the year ending December 31, 2025 amounts to P5,319 (2024 - P4,828).

Retirement benefit expense recognized in profit or loss for the years ended December 31 follows:

	2024 DB with minimum guarantee	2023 DB with minimum guarantee
Current service cost	4,773	2,546
Net interest income on retirement obligation	(483)	(337)
Pension expense	4,290	2,209

The movements in the reserve for remeasurement of retirement benefit, presented within equity, for the years ended December 31 are as follows:

	2024 DB with minimum guarantee	2023 DB with minimum guarantee
Beginning of year, gross	7,322	6,300
Effect of experience adjustments	299	974
Remeasurements - plan assets		
Return on plan assets	59	48
End of year, gross	7,680	7,322
Deferred income tax liability	(1,919)	(1,830)
End of year, net	5,761	5,492

The assumptions used to determine retirement benefit obligations for the years ended December 31 are as follows:

	2024 DB with minimum guarantee	2023 DB with minimum guarantee
Discount rate	5.75%	6.75%
Salary increase rate	5.00%	5.00%

Discount rate

The discount rate was determined in accordance with the Philippine Interpretations Committee (“PIC”) - approved Q&A 2008-01 (Revised), which mandates that discount rates reflect (a) benefit cash flows and (b) use of zero-coupon rates, even though theoretically derived.

The procedure of bootstrapping was applied to the PHP BVAL Reference Rates benchmark government bonds to arrive at the theoretical zero-coupon yield curve. These derived rates were then used to compute the present value of the expected future benefit cash flows across valuation years.

Finally, the single-weighted discount rate was calculated as the uniform discount rate that produced the same present value.

Future salary 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 plus a further increase for individual productivity, merit and promotion. The future salary increase rates are set by reference over the period over which benefits are expected to be paid.

Demographic assumptions

Assumptions regarding mortality experience are set based on published statistics and experience in the Philippines.

The retirement plan typically exposes the Company to a number of risks such as investment risk and interest rate risk. The most significant of which relate to investment and interest rate risk. The present value of the pension obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have term to maturity approximating the terms of the related pension liability. A decrease in government bond yields will increase the retirement obligation although this will also be partially offset by an increase in the value of the plan’s investment holdings. Hence, the present value of retirement obligation is directly affected by the discount rate to be applied by the Company. However, the Company believes that due to the long-term nature of the retirement liability, the mix of investment holdings of the plan is an appropriate element of the Company’s long-term strategy to manage the plan efficiently.

The projected maturity analyses of retirement payments as at December 31 are as follows:

	2024 DB with minimum guarantee	2023 DB with minimum guarantee
Less than a year	1,274	950
1-3 years	2,433	2,009
3-5 years	3,817	1,789
Over 5 years	8,998	8,735

The sensitivity of the retirement obligation to changes in the weighted principal assumptions as at December 31 follows:

	Change in assumption	Impact on DB with minimum guarantee obligation	
		Increase in assumption	Decrease in assumption
2024			
Discount rate	0.25%	(22)	22
Future salary increases	0.25%	22	(22)
2023			
Discount rate	0.25%	(34)	36
Future salary increases	0.25%	37	(35)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the retirement obligation to significant actuarial assumptions, the same method (present value of the retirement obligation calculated with the project unit credit method at the end of the reporting period) has been applied as when calculating the net retirement asset (liability) recognized within the statement of financial position.

Salaries, wages and employee benefits for the years ended December 31 include:

	Note	2024	2023
Salaries and wages		77,993	80,581
Employee benefits			
Training costs		7,551	2,416
Pension costs		4,290	2,209
Social security cost		2,110	1,833
Medical and insurance		-	1,193
Share-based compensation expense	15	2,037	1,191
		93,981	89,423

11 Income tax

Income tax expense for the years ended December 31 consists of:

	2024	2023
Current	40,180	44,375
Deferred	2,187	(7,703)
	42,367	36,672

The details in deferred income tax assets and liabilities as at December 31 are as follows:

	2024	2023
Deferred income tax assets on:		
Accrued expenses	11,512	13,600
Net lease - PFRS 16	-	99
	11,512	13,699
Deferred income tax liabilities on:		
Pension asset	1,920	1,831
	1,920	1,831
Deferred tax assets, net	9,592	11,868

The movement in deferred income tax assets as at December 31 are as follows:

	2024	2023
At January 1	11,868	4,420
Amounts credited (charged) to profit or loss	(2,187)	7,703
Amounts charged to OCI	(89)	(255)
At December 31	9,592	11,868

The roll forward analysis of the Company's net deferred tax assets follows:

	2024	2023
At January 1	11,868	4,420
Amounts credited (charged) to profit or loss:		
Deferred tax relating to temporary difference	(2,187)	7,703
Amounts charged to OCI:		
Deferred tax relating to temporary difference	(89)	(255)
At December 31	9,592	11,868

The reconciliation of statutory income tax rate to effective income tax rate for the years ended December 31 follows:

	2024	2023
Statutory income tax rate	25.00%	25.00%
Tax effects of:		
Income exempt from tax	-	(0.62%)
Income subjected to final tax	0.89%	(0.30%)
Non-deductible expenses	(0.51%)	0.10%
Change in recognized deferred taxes	(1.31%)	1.57%
Effective income tax rate	24.07%	25.75%

12 Related party transactions

In the normal course of conducting its business, the Company transacts with the following related parties:

Related party	Relationship
AIA Philippines Life and General Insurance Company Inc ("AIA PH")	Parent company
BPI-AIA Life Assurance Corporation ("BPI AIA")	Joint Venture
AIA Shared Services	Affiliate company under AIA Group
AIA Company Limited	Ultimate Parent
AIA Investment Management Private Limited ("AIAIM SG")	Affiliate company under AIA Group
PERF Realty Corporation	Affiliate company under AIA Group
Trust Funds (UITF)	
AIA Peso Money Market Fund	
AIA Peso Equity Fund	Trustor / Investment Manager
AIA Peso Medium-Term Bond Fund	
AIA Peso Long-Term Bond Fund	

The nature of and balances arising from transactions with related parties are summarized below:

<i>As at and for the year ended December 31, 2024</i>	Transactions during the year (Included in profit or loss)	Outstanding balance (Included in Receivables, net)	Terms and conditions of outstanding balances
Trust fee income			
Parent			- Note 12.1
AIA PH	392,240	60,331	- Unguaranteed and unsecured
Entity under common control			- Non-interest bearing
BPI AIA	17,186	3,707	- Collectible in cash at gross amounts on demand but not later than 12 months from reporting date
Trust Funds			
UITFs	7,610	461	
	417,036	64,499	
Equity Research and dealing Fee Income			
Parent			- Note 12.2
AIA PH	57,574	11,125	- Unguaranteed and unsecured
Fellow subsidiary			- Non-interest bearing
BPI AIA	12,125	5,627	- Collectible in cash at gross amounts on demand but not later than 12 months from reporting date
Affiliate company under AIA Group			
AIAIM SG	44,639	3,688	
Trust Funds			
UITFs	2,521	-	
Group Office Service Fee - Ultimate Parent			
AIA Company Ltd.	-	3,102	
	116,859	23,542	
	533,895	88,041	

<i>As at and for the year ended December 31, 2024</i>	Transactions during the year (Included in profit or loss)	Outstanding balance (Included in Accounts payable and other liabilities)	Terms and conditions of outstanding balances
Service dealing fee expense			
Entity under common control			
AIAIM SG	173,665	33,226	- Note 12.3 - Unguaranteed and unsecured - Non-interest bearing - Payable in cash at gross amount on a monthly basis
Trust Funds			
UITFs	-	196	
	173,665	33,422	
Operating expenses			
Parent			
AIA PH	6,717	8,621	- Note 12.4 - Unguaranteed and unsecured
Entities under common control			- Non-interest bearing
AIA Shared Services	1,537	127	Payable in cash at gross amount on a monthly basis
AIAIM SG	10,858	980	
Ultimate Parent			
AIA Company Ltd.	4,187	-	
	23,299	9,728	
Lease-related transactions			
Affiliate company under AIA Group			
PERF	2,512	-	
	196,964	43,150	
<i>As at and for the year ended December 31, 2023</i>	Transactions during the year (Included in profit or loss)	Outstanding balance	Terms and conditions of outstanding balances
Retirement benefits			
Key management personnel	-	-	- Note 12.5
Salaries and other short-term employee benefits			
Key management personnel	77,993	22,501	- Note 12.5
Loans			
Key management Personnel	-	-	- Note 12.5

<i>As at and for the year ended December 31, 2023</i>	Transactions during the year (Included in profit or loss)	Outstanding balance (Included in Receivables, net)	Terms and conditions of outstanding balances
Trust fee income			
Parent			- Note 12.1
AIA PH	385,995	109,870	- Unguaranteed and unsecured
Entity under common control	17,260	3,657	- Non-interest bearing
BPI AIA Trust Funds	4,281	1,527	- Collectible in cash at gross amounts on demand but not later than 12 months from reporting date
	407,536	115,054	
Equity Research and Dealing Fee Income			
Parent			- Note 12.2
AIA PH	14,999	13,589	- Unguaranteed and unsecured
Entities under common control			- Non-interest bearing
AIAIM SG	41,177	3,413	- Collectible in cash at gross amounts on demand but not later than 12 months from reporting date
BPI-AIA	11,970	4,946	
	68,146	21,948	
	475,682	137,002	
<hr/>			
<i>As at and for the year ended December 31, 2023</i>	Transactions during the year (Included in profit or loss)	Outstanding balance (Included in Accounts payable and other liabilities)	Terms and conditions of outstanding balances
Service dealing fee expense			
Entity under common control			
AIAIM SG	120,641	32,960	- Note 12.3 - Unguaranteed and unsecured - Non-interest bearing - Payable in cash at gross amount on a monthly basis
	120,641	32,960	
Operating expenses			
Parent			
AIA PH	24,863	10,424	- Note 12.5
Entities under common control			- Unguaranteed and unsecured
AIA Shared Services	2,398	179	- Non-interest bearing
AIAIM SG	12,460	-	Payable in cash at gross amount on a monthly basis
Ultimate Parent			
AIA Company Ltd.	11,701	2,063	
	51,422	12,666	
Lease-related transactions			
Affiliate company under AIA Group			
PERF	2,088	7,087	- Note 14 - Monthly lease payments
	2,088	7,087	
	174,151	52,713	

<i>As at and for the year ended December 31, 2023</i>	Transactions during the year (Included in profit or loss)	Outstanding balance	Terms and conditions of outstanding balances
Retirement benefits			
Key management personnel	-	-	- Note 12.5
Salaries and other short-term employee benefits			
Key management personnel	80,581	26,344	- Note 12.5
Loans			
Key management Personnel	-	-	- Note 12.5

12.1 Trust fee income

The Company acts as an Investment Manager and performs investment advisory and management services on behalf of its related parties (Note 1).

Trust fee income charged by the Company are computed based on the average Asset Under Management (AUM) of relevant portfolios as at the end of current month and as at the end of previous month multiplied by the following agreed basis points (bps):

	December 31, 2024								
	Rates in bps p.a			Average AUM			Trust fee income		
	Fixed Income Portfolio	Equity Portfolio	UITF Portfolio	Fixed Income Portfolio	Equity Portfolio	UITF Portfolio	Fixed Income Portfolio	Equity Portfolio	UITF Portfolio
AIA Philippines Par Sub Fund	21.05	33.68	N/A	42,021,524	3,998,013	-	94,678	12,759	-
AIA Philippines Non-Par Sub Fund	21.05	33.68	N/A	29,312,892	2,236,958	-	61,072	7,045	-
AIA Philippines Non-Par New Sub Fund	21.05	33.68	N/A	1,408,229	12,164	-	3,371	11	-
AIA Philippines Non Par IA-7 Sub Fund	21.05	33.68	N/A	5,534,805	-	-	10,757	-	-
AIA Philippines Shareholders Sub Fund	21.05	33.68	N/A	473,096	7	-	1,002	-	-
AIA Philippines - Philam Life Long Term Fund	21.05	N/A	4.21	39,892	-	110,559	94	-	38
AIA Philippines - Philam Life Short Term Fund	21.05	N/A	4.21	2,716	-	56,264	2	-	24
Philam Equity Capped Index Fund	21.05	33.68	4.21	892	161,320	394	3	523	-
Philamlife Peso Equity Fund	21.05	33.68	4.21	133,643	5,533,024	209,943	103	20,741	140
Philamlife Peso Balanced Fund	21.05	33.68	4.21	873,640	1,080,599	51,593	1,898	4,001	44
Philamlife Fixed Income Fund	21.05	N/A	4.21	1,260,109	-	1	2,853	-	-
PAMI Philam Bond Fund	21.05	N/A	4.21	4,081,200	-	1	8,696	-	-
PAMI Philam Fund	21.05	33.68	4.21	3,347,320	4,180,497	432,468	7,088	15,008	247
PAMI Philam Strategic Growth Fund	21.05	33.68	4.21	326,815	22,144,280	1,403,148	390	78,876	779
PAMI Philam Equity Index Fund	21.05	33.68	4.21	64,157	17,206,555	8,411	170	59,713	98
Premier Philam Bond Fund	21.05	N/A	4.21	576,196	-	1	1,306	-	-
Premier Philam Strategic Growth Fund	21.05	33.68	4.21	111,056	3,777,256	124,995	100	14,100	95
Premier PAMI Equity Index Fund	21.05	33.68	4.21	6,192	459,484	82	7	1,576	2
AIA Peso Conservative Fund	N/A	N/A	4.21	-	-	15,811	-	-	4
AIA Peso Balanced Fund	N/A	N/A	4.21	-	-	26,896	-	-	8
AIA Peso Adventurous Fund	N/A	N/A	4.21	-	-	18,400	-	-	5
AIA Peso Money Market Fund	21.05	N/A	N/A	52,914	-	-	109	-	-
AIA Peso Equity Fund	N/A	33.68	N/A	2,229	513,373	-	-	1,416	-
AIA Peso Medium-Term Bond Fund	21.05	N/A	N/A	137,726	-	-	226	-	-
AIA Peso Long-Term Bond Fund	21.05	N/A	N/A	1,746,993	-	-	5,858	-	-
							199,783	215,769	1,484

	December 31, 2023								
	Rates in bps p.a			Average AUM			Trust fee income		
	Fixed Income Portfolio	Equity Portfolio	UITF Portfolio	Fixed Income Portfolio	Equity Portfolio	UITF Portfolio	Fixed Income Portfolio	Equity Portfolio	UITF Portfolio
AIA Philippines Par Sub Fund	21.05	33.68	N/A	47,700,693	3,162,862	-	102,734	10,895	-
AIA Philippines Non-Par Sub Fund	21.05	33.68	N/A	27,668,143	1,739,820	-	61,211	6,053	-
AIA Philippines Non-Par New Sub Fund	21.05	33.68	N/A	1,793,527	-	-	3,816	-	-
AIA Philippines Non Par IA-7 Sub Fund	21.05	N/A	N/A	4,381,321	-	-	9,419	-	-
AIA Philippines Shareholders Sub Fund	21.05	33.68	N/A	475,680	-	-	1,244	-	-
AIA Philippines - Philam Life Long Term Fund	21.05	N/A	4.21	43,982	-	71,535	92	-	20
AIA Philippines - Philam Life Short Term Fund	21.05	N/A	4.21	876	-	54,234	2	-	17
Philam Equity Capped Index Fund	21.05	33.68	4.21	2,428	124,515	4,823	1	398	-
Philamlife Peso Equity Fund	21.05	33.68	4.21	58,766	5,551,206	723,808	1,469	19,812	98
Philamlife Peso Balanced Fund	21.05	33.68	4.21	905,970	1,074,205	213,377	2,389	3,766	31
Philamlife Fixed Income Fund	21.05	N/A	4.21	1,408,703	-	1	3,106	-	-
PAMI Philam Bond Fund	21.05	N/A	4.21	4,015,256	-	1	8,328	-	-
PAMI Philam Fund	21.05	33.68	4.21	3,311,353	3,879,554	878,986	8,504	13,391	134
PAMI Philam Strategic Growth Fund	21.05	33.68	4.21	422,388	20,053,182	2,859,195	5,432	68,306	399
PAMI Philam Equity Index Fund	21.05	33.68	4.21	196,712	15,188,625	1,002,047	173	54,591	83
Premier Philam Bond Fund	21.05	N/A	4.21	637,776	-	1	1,415	-	-
Premier Philam Strategic Growth Fund	21.05	33.68	4.21	60,517	3,763,256	488,442	1,006	13,457	66
Premier PAMI Equity Index Fund	21.05	33.68	4.21	5,610	399,444	25,929	6	1,386	2
AIA Peso Conservative Fund	N/A	N/A	4.21	-	-	-	-	-	1
AIA Peso Balanced Fund	N/A	N/A	4.21	-	-	-	-	-	1
AIA Peso Adventurous Fund	N/A	N/A	4.21	-	-	-	-	-	1
AIA Peso Money Market Fund	21.05	N/A	-	5,995,466	-	-	3,640	-	-
AIA Peso Equity Fund	N/A	33.68	-	-	212,680	-	-	433	-
AIA Peso Medium-Term Bond Fund	21.05	N/A	-	51,581	-	-	92	-	-
AIA Peso Long-Term Bond Fund	21.05	N/A	-	78,340	-	-	116	-	-
							214,195	192,488	853

12.2 Equity research fee and Dealing fee income

Equity research fees are accounted as income from investment advisory services from AIA Investment Management Private Limited (AIAIM SG) which includes conducting in-depth market research, stock analysis, and portfolio simulations to support the latter's investment decisions particularly to companies listed in the Philippines Stock Exchange.

Dealing fee income pertains to income generated for central dealing services to AIAPH based on the central transaction price plus mark-up.

12.3 Service dealing fee expense

Service dealing fee comprised advisory fee and central dealing fee. expense pertains to the central dealing fee. Central dealing fee represents charges for dealing active equity funds. Equity trades are done in Singapore which is the AIA Group's Centre of Excellence for trading. Central dealing fee is the basic cost of the central dealing desk shared by other AIA countries based on the volume and value of trades.

12.4 Other expenses

Other expenses represent various shared expenses within the AIA PH (e.g. office supplies expense, bank and brokerage fees, maintenance expenses, etc).

12.5 Retirement benefits, salaries, loans, and other short-term employee benefits

There were no other provisions for termination, post-employment and other long-term benefits for key management personnel except for such as salaries and short term benefits to which they are entitled under the Company's policy and retirement plan.

13 Interest income

Interest income earned from financial assets for the years ended December 31 follows:

	Notes	2024	2023
Cash and cash equivalents	2	6,967	5,992
FVOCI investments	3	5,556	4,382
		12,523	10,374

14 Leases

The Company leases its office space for varying periods from less than a year to five years and agreed rental rates. The agreed rental rates are subject to a 5% annual escalation rate.

The lease term is negotiated either on an individual basis and contain a wide range of different terms and conditions. The lease agreement do not impose any covenants other than the security interests in the leased asset that is held by the lessor. Leased asset may not be used as security for borrowing purposes.

The movements on the lease liability are as follows:

	January 1, 2024	Principal payments	Non-cash changes		December 31, 2024	
			Additions during the year	Interest expense	Current	Non-current
Lease liability	7,087	(2,088)	(5,433)	434	-	-

	January 1, 2023	Principal payments	Non-cash changes		December 31, 2023	
			Additions during the year	Interest expense	Current	Non-current
Lease liability	-	(2,088)	8,757	418	1,528	5,559

On December 27, 2024, the Company terminated its lease agreement with PERF Realty Corporation (the lessor), which resulted into nil balance of right of use of asset and lease liability as of year-end. The lease termination resulted to a loss amounting to PhP 424 thousands which is recorded under other expenses in the statement of total comprehensive income. Subsequent to year-end, the Company entered into a lease agreement with AIA PH to occupy a portion of the 25th floor of AIA Tower located at AIA Philippines Head Office, AIA Tower, Paseo de Roxas, Makati. The lease term under the contracts will cover a period of five (5) years and which shall commence on February 14, 2025.

Amounts recognized in the statements of total comprehensive income

The statement of total comprehensive income shows the following amounts relating to leases:

	2024	2023
Depreciation expense		
Right-of-use assets (Note 7)	1,552	1,460
Interest expense (included in other expense)	434	418
Expense relating to variable lease payments not included in lease liabilities (included in occupancy cost)	20	398
	2,006	2,276

The total cash outflow for leases as at December 31, 2024 is P2,522 (2023 - P2,506). The recognition and movement in Right-of-use assets as considered as non-cash transactions.

Discount rate

Payments for lease of property is discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate used by the Company for 2024 is 5.94% (2023 – 6.65%).

Extension and termination options

Extension and termination options are included in the property leases of the Company. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

The rental deposits related to the lease contract amounts to P1,017 as of December 31, 2024 (2023 - P459) which is included in the other assets (Note 6).

15 Share-based compensation

Share-based compensation plans

During the years ended December 31, 2024 and 2023, the AIA Group made further grants of share options and restricted stock purchase units to certain employees, directors and officers of the Company under the Employee Share Purchase Plan (ESPP).

ESPP

Under the plan, eligible employees of the Company may elect to purchase the Shares and, through the grant of matching RSPUs, receive one matching Share for every two Shares purchased and held until the end of the vesting period, which is usually of a 3-year duration. Each eligible employee's participation level is capped at the lower of 10% of the base salary or HK\$12,500 (or local currency equivalent) per calendar month. The matching Shares can either be awarded through the issuance of new Shares by the Company or the on-market purchase of Shares by the plan trustee. For the year ended December 31, 2024, eligible employees of the Company paid P3,532 (2023 - P3,621) to purchase ordinary shares of AIAGL.

Valuation methodology

The Group utilises a binomial lattice model to calculate the fair value of the SO grants, involving a few significant assumptions such as the expected volatility, expected dividend yield and risk-free interest rate. The expected volatility of the Company's shares is estimated based on an analysis of historical data since they are traded in the HKSE. The expected dividend yield is estimated based on an analysis of historical dividend relative to historical share price. The risk-free interest rate is estimated based on implied yield of the Government Bonds and Exchange Fund Notes issued by the Hong Kong Monetary Authority as at the grant date. The analysis period for expected volatility and risk-free interest rate is consistent with the expected life of the SOs, which is derived from the output of the valuation model and is calculated based on an analysis of expected exercise behaviour of the Company's employees.

The Group utilises a Monte-Carlo simulation model and/or discounted cash flow technique to calculate the fair value of the RSU, RSPU and RSSU grants, taking into account the terms and conditions upon which the grants were made. The value of expected dividends during the vesting period is estimated based on an analysis of historical dividend relative to historical share price. The estimate of market condition for performance-based RSUs is based on historical data preceding the grant date.

Forfeitures prior to vesting are not allowed for in the valuation of the grants.

The fair values calculated for the grants are inherently subjective due to the assumptions made and the limitations of the models utilised. The key assumptions utilized in the calculation are as follows:

	ESPP Restricted stock purchase units	
	2024	2023
Risk-free interest rate	3.21%	3.67%
Volatility	-	-
Dividend yield	1.75%	1.65%
Weighted average fair value per option/unit at measurement date (HK\$)	51.98	61.72

The ESPP Restricted stock is offered at a fixed price to eligible key management personnel and employee of the Company.

Recognized compensation cost

The compensation cost recognized (net of expected forfeitures) related to various share-based compensation awards granted under the ESPP for the year ended December 31, 2024 is US\$35.4 or P2,037 (2023 - US\$9.5 or P650). The amounts arising from share-based transactions are covered by recharge arrangements.

16 Critical accounting judgments, estimates and assumptions

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

16.1 Judgments in applying the accounting policies

The accounting judgments that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Classification of financial assets (Note 3)*

The Company classifies financial assets under PFRS 9 on the basis of the Company's business model for managing the financial assets, unless the option to designate a financial asset to FVTPL is applied. The Company assesses the business model within which the financial assets are held and whether the contractual terms of the financial assets pertain to solely payments of principal and interest (SPPI) on the principal amount outstanding, with interest representing the time value of money and credit risk associated with the principal amount outstanding.

The Company designated its government debt securities at fair value through other comprehensive income based on the contractual cash flow characteristic and business model for managing the financial assets.

The Company's investments in PGEF and AIA IT are designated and accounted for as financial assets at fair value through profit or loss in 2023 following the declaration of these investments as property dividends and consistent with the requirements of IFRIC 17 and considering the contractual cash flow characteristics and business model for managing and holding these investments. These investments declared by the Company as property dividends were distributed in 2023 (Note 6).

The judgments exercised in the classification affect the measurement of financial assets.

(b) *Impairment of financial assets (Note 4)*

The Company reviews its receivables, net to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from each counterparty before the decrease can be identified. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers or issuers in a group, financial stability of the counterparty, historical default of the counterparty or national or local economic conditions that correlate with defaults on financial assets.

Management uses estimates-based judgement and historical loss experience for assets with similar credit risk characteristics for its calculation of expected credit loss.

(c) *Impairment of property and equipment, net (Note 7)*

Property and equipment are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the Company's property and equipment is determined based on the higher of its fair value less cost to sell and value in use, calculated on the basis of management's assumptions and estimates.

At December 31, 2024 and 2023, management believes that there are no indications that the carrying amount of the asset exceeds its recoverable amount, and therefore impairment provisions are not recognized.

(d) Useful lives of property and equipment

The Company determines the estimated useful lives of its property and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. The possible effects of sensitivities surrounding the carrying values of property and equipment are deemed immaterial for financial reporting purposes.

(e) Determining the lease term (Note 14)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company considers the factors below as the most relevant in assessing the options:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).

Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at December 31, 2024 and 2023, the Company does not have extension option in the lease arrangement.

(f) Realization of deferred income tax (DIT) (Note 11)

Significant judgment is required in determining the recorded income tax expense in profit or loss. Where the final income tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the Company's income tax and DIT provisions in the period in which such determination is made. Further, the recognition of DIT assets depends on management's assessment of adequate future taxable income against which the temporary differences can be applied.

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

Management has assessed that it will be able to generate sufficient taxable income to fully apply and recover its deferred income tax as at December 31, 2024 and 2023.

(g) Recoverability of creditable withholding tax (Note 5 and 11)

The Company reviews its creditable withholding tax at each reporting date to assess whether an allowance for impairment should be recognized in profit or loss. In particular, assessment and judgment by management is required in determining the recoverability and the level of impairment required to bring the amount of credit withholding tax to their recoverable amount. Such assessment and judgment is based on consideration of a number of factors, and actual results may differ, resulting in future changes to the allowance for impairment. The level of allowance for impairment is evaluated by management on the basis of factors that affect the recoverability of these accounts. These factors include, but are not limited to, age of balances, the refundability of these amounts, completeness of the required documentation and procedural due process.

The Company believes, in consultation with its tax and legal advisers, that its creditable withholding tax are fully supportable and can be applied against future taxable income obligation. Current and non-current presentation is determined based on management's assessment of the amount of prepaid tax that can be applied against income tax obligation in the next 12 months and beyond 12 months, respectively, after reporting date.

16.2 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Retirement benefits

The present value of the pension liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net interest (income) expense for pension include the discount rate. Any change in the assumptions used will impact the carrying amount of pension liability.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement obligation. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension liability are based on current market conditions (Note 10).

(b) Leases

The Company uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. Where third party financing cannot be obtained, the Company uses the government bond yield, adjusted for the (1) credit spread specific to each entity under the Company and (2) security using the right-of-use asset. The discount rates applied by the Company are disclosed in Note 14.

17 Financial risk management and capital management

Governance framework

The primary objective of the Company's financial and capital risk management framework is to protect the Company from events that hinder the sustainable achievement of the Company's performance objectives, including failing to exploit opportunities. The Company recognizes the critical importance of having efficient and effective risk management systems in place.

The Company is exposed to a variety of financial risks in relation to its financial assets and liabilities. The Company's risk management is coordinated with AIA Group and in close cooperation with the BOD. The Company focuses on actively securing short-term to medium-term cash flows to minimize the exposure from financial markets. Long-term financial investments are managed to generate lasting returns. The Company does not actively engage in derivative transactions for speculative purposes and does not write any options.

Financial instruments

The following table sets forth the carrying values and estimated fair values of financial assets and liabilities recognized as at December 31.

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Financial assets at amortized cost				
Cash and cash equivalents	287,967	287,967	97,428	97,428
Receivables, net				
Due from related parties	88,041	88,041	137,002	137,002
Due from officers and employees	-	-	53	53
Interest receivable	1,569	1,569	811	811
Other current assets				
Refundable deposits	2,213	2,213	2,213	2,213
Other non-current assets				
Refundable deposits	1,017	1,017	459	459
Total financial assets at amortized cost	380,807	380,807	237,966	237,966
Financial assets at FVOCI	102,846	102,846	154,997	154,997
Total financial assets	483,653	483,653	392,963	392,963
Financial liabilities				
Other financial liabilities at amortized cost				
Accounts payable and other liabilities (excluding taxes payable and lease liability)	89,547	89,547	99,142	99,142
Lease liability	-	-	7,087	7,087
Total financial liabilities	89,547	89,547	106,229	106,229

Due to the short-term nature of cash and cash equivalents, receivables, net, refundable deposits and lease liabilities, accounts payable and accrued expenses, their carrying values reasonably approximate their fair values at year-end. For long term refundable deposits, the difference between carrying value and fair value is not significant.

The fair value of financial instruments at FVOCI that are actively traded in organized financial markets is determined by reference to quoted market bid prices, at the close of business on the reporting date.

Financial risk

The Company is exposed to financial risk through its financial assets and financial liabilities. The most important components of this financial risk are credit risk, liquidity risk and market risk.

These risks arise from open positions in time deposits, investments and foreign exchange rates, all of which are exposed to general and specific market movements. The most significant risks that the Company primarily faces due to the nature of its investments are price risk and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's Credit Risk Policy strictly follows the guidelines set by the Credit Risk Committee of AIA, which has the overall responsibility for approving credit risk policies and procedures for use throughout AIA; delegating credit authority to business unit credit officers and selected business unit managers; approving transaction requests and limits for corporate, sovereign and cross-border credit exposures in the portfolios of all credit-incurring business units.

The role of establishing specific policies applicable to the Company has been delegated to the Company's Investment Committee. The investment policies include the following:

- a) The investment objective;
- b) Relevant limits for asset allocation and currency allocation and policy;
- c) An exhaustive list of permissible investments;
- d) Minimum rating requirements, minimum market capitalization and minimum size of issues; and
- e) Maximum risk limits within the overall investment policy.

Maximum exposure to credit risk

The maximum exposure to credit risks without taking into account any collateral held or other credit enhancements, equals the carrying values of financial assets.

The following table provides information regarding the maximum credit risk exposure of the Company as at December 31:

	2024	2023
Cash and cash equivalents (excluding cash on hand)	287,962	97,423
Financial assets at FVOCI	102,846	154,997
Receivables, net		
Due from related parties	88,041	137,002
Due from officers and employees	-	53
Interest receivable	1,569	811
Other current assets		
Refundable deposits	2,213	2,213
Other non-current assets		
Refundable deposits	1,017	459
	483,648	392,958

Risk concentration of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

As at December 31, 2024 and 2023, the Company's Receivables, net mainly represents amounts from related parties (Note 12), with no history of default.

Credit quality per class of financial assets

(i) Cash and cash equivalents

The Company deposits its cash balance in universal and commercial banks to minimize credit risk exposure. Amounts deposited in these banks are as follows:

	Classification		Total
	Universal	Commercial	
December 31, 2024			
Cash in banks	2,939	93,383	96,322
Short-term placements	191,640	-	191,640
	194,579	93,383	287,962
December 31, 2023			
Cash in banks	3,198	22,252	25,450
Short-term placements	71,973	-	71,973
	75,171	22,252	97,423

The Company's funds are deposited only in banks that are directly, or comparably, with the peer institutions, rated as investment grade by the global external rating agency. Accordingly, placements in these banks are considered to be low credit risk investments. As at December 31, 2024 and 2023, the Company determined that the impact of 12-month ECL ("Stage 1") is not material.

(ii) Other financial assets

The table below provides information regarding the credit risk exposure of financial assets, which are classified as neither past-due nor impaired and mapped to the Company's internal credit ratings of counterparties:

	Investment Grade	Non-Investment grade: Satisfactory	Total
December 31, 2024			
Financial assets at FVOCI	-	102,846	102,846
Receivables, net			
Due from related parties	-	88,041	88,041
Due from officers and employees	-	-	-
Interest receivable	-	1,569	1,569
Other current assets			
Refundable deposits	-	2,213	2,213
	-	194,669	194,669

	Investment Grade	Non-Investment grade: Satisfactory	Total
December 31, 2023			
Financial assets at FVOCI	-	154,997	154,997
Receivables, net			
Due from related parties	-	137,002	137,002
Due from officers and employees	-	53	53
Interest receivable	-	811	811
Other current assets			
Refundable deposits	-	2,213	2,213
	-	295,076	295,076

The credit quality of the financial assets was determined as follows:

Investment grade - rating given to counterparties who possess very strong capacity to meet their obligations, such as the government.

Non-investment grade: satisfactory - rating given to counterparties who possess above average capacity to meet their obligations.

The credit risk on due from related parties depends primarily on the availability of accessible highly liquid asset and internal and external funding from other related parties and its own cash flows. As at December 31, 2024 and 2023, the Company assessed that the risk of default from related parties is low and no significant increase in credit risk is demonstrated (under "Stage 1") because of the related parties having adequate equity and positive cash flows.

The credit risk on due from employees and officers are primarily attributable on the employment status and the payment behavior of the counterparty. The Company evaluates if the counterparties have good standing and payment behavior. As at December 31, 2024 and 2023, the Company assessed that the risk of default of the counterparties is low and no significant increase in credit risk is demonstrated (under "Stage 1") because of good standing and payment behavior of the counterparties.

The credit risk on interest receivables lies mainly on the level of loss absorbing capacity and the payment behaviour of the counterparty. The Company evaluates if the counterparties are in a good financial position and have a good payment behavior. As at December 31, 2024 and 2023, credit risk on interest receivables have been assessed to be insignificant considering no historical defaults and counterparties' high credit ratings.

Refundable deposits mainly pertain to security deposits in connection with the Company's lease arrangements (Note 14). To mitigate credit risk on the security deposits, due diligence review on the lessor is performed by the Company. The amount is deemed fully recoverable in the absence of history of default by the counterparty lessor.

Cash and cash equivalents and other financial assets are not collateralized and are fully performing as at December 31, 2024 and 2023.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair value or inability to generate cash inflows as anticipated.

The Company manages liquidity through the following activities: determines concentration of funding sources; reports liquidity risk exposures; monitors compliance with liquidity risk policy and reviews the liquidity risk policy for pertinence and changing environment.

The table below summarizes the maturity profile of financial assets and liabilities of the Company based on contractual terms:

	Up to a year*	2-3 years	More than 3 years	No term	Total
December 31, 2024					
Cash and cash equivalents	287,967	-	-	-	287,967
Financial assets at FVOCI	-	-	-	-	-
Investment in treasury bills	22,520	80,326	-	-	102,846
Receivables, net	-	-	-	-	-
Due from related parties	88,041	-	-	-	88,041
Due from officers and employees	-	-	-	-	-
Interest receivable	1,569	-	-	-	1,569
Other current assets	-	-	-	-	-
Refundable deposits	2,213	-	-	-	2,213
	402,310	80,326	-	-	482,636
Accounts payable and accrued expenses (excluding taxes payable and lease liability)	89,547	-	-	-	89,547
	89,547	-	-	-	89,547
December 31, 2023					
Cash and cash equivalents	97,428	-	-	-	97,428
Financial assets at FVOCI	-	-	-	-	-
Investment in treasury bills	74,147	80,850	-	-	154,997
Receivables, net	-	-	-	-	-
Due from related parties	137,002	-	-	-	137,002
Due from officers and employees	53	-	-	-	53
Interest receivable	811	-	-	-	811
Other current assets	-	-	-	-	-
Refundable deposits	2,213	-	-	-	2,213
	311,654	80,850	-	-	392,504
Accounts payable and accrued expenses (excluding taxes payable and lease liability)	99,142	-	-	-	99,142
Lease Liability	1,528	3,597	1,962	-	7,087
	100,670	3,597	1,962	-	106,229

* Up to a year include all assets/commitments which are either due within the time frame or are collectible/payable on demand.

The Company has the ability to dispose its investments in FVOCI should the need arises. Further, the financial assets of the Company is sufficient to meet its contractual obligations with a sufficient buffer.

Market risk

Market risk is the risk of change in fair value of financial instruments due to fluctuation in foreign exchange rates (currency risk), market interest rates (fair value interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company structures levels of market risk it accepts through a market risk policy that determines what constitutes market risk for the Company; basis used to compute for the fair value of financial assets and liabilities; asset allocation and portfolio limit structure; diversification benchmarks by type of instrument; the net exposure limits by each counterparty or group of counterparties and industry segments; reports on market risk exposures; compliance with market risk policy and review of market risk policy for pertinence and changing environment.

Currency risk

The Company's principal transactions are carried out in Philippine Peso ("PHP") and its foreign exchange risk arises primarily with respect to United States Dollars ("USD"), where some of its financial assets are denominated, as well as the management fee derived out of its dollar-denominated Fund Companies.

The following table shows the details of the Company's USD-denominated monetary assets and liabilities and their PHP equivalents:

	2024		2023	
	USD	PHP	USD	PHP
Assets				
Cash and cash equivalents	384	22,214	277	15,329
Net currency position	384	22,214	277	15,329

The sensitivity analysis below is performed for reasonably possible movements of PHP to USD with all other variables held constant, showing the impact on profit or loss due to changes in value of currency-sensitive monetary assets and liabilities. There is no impact on the Company's equity other than those already affecting profit or loss. The fluctuation rates indicated below are based on the historical movement of PHP against USD year-on-year.

	Change in PHP to USD	Impact on profit or loss
December 31, 2024	+1.00	384
	-1.00	(384)
December 31, 2023	+1.00	277
	-1.00	(277)

The Company recognized unrealized foreign exchange gains (loss) for the year ended December 31, 2024 amounting to P(0.5 million - loss) (2023 - P2.8 million -gain).

Interest rate risk

Interest rate risk is the risk that the value/future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company's market risk policy requires it to manage the maturities of interest-bearing financial assets and interest-bearing financial liabilities. The amount, duration and yield to maturity of assets are matched against the amount and duration of the liabilities.

The following table shows the interest profile of the Company's financial instruments:

	Interest rate	Up to 1 year	2-4 years	Total
December 31, 2024				
Cash and cash equivalents	0.05% to 5.25%	287,967	-	287,967
Financial assets at FVOCI	2.66% to 3.38%	22,520	80,326	102,846
		310,487	80,326	390,813
December 31, 2023				
Cash and cash equivalents	0.05% to 5.25%	97,428	-	97,428
Financial assets at FVOCI	0% to 6.25%	74,147	80,850	154,997
Due from officers and employees	8%	53	-	53
		171,628	80,850	252,478

The analysis below is performed for reasonably possible movements in interest rate with all other variables held constant, showing the impact on pre-tax profit.

	Change in interest rate	Impact on pre-tax profit Increase (Decrease)
December 31, 2024	+1	384
	-1	(384)
December 31, 2023	+1	277
	-1	(277)

Management believes that the impact of changes in interest rates for cash and cash equivalents and due from officers and employees are not material to the Company, considering the rates are fixed and the financial assets are carried at amortized cost.

Price risk

The Company is not exposed to price risk, as it does not hold financial assets and liabilities with fair values that significantly fluctuates with the market price movements.

Fair value hierarchy

PFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Philippine Stock Exchange, Inc., Philippine Dealing and Exchange Corp., etc.).
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

The Company's financial assets at FVOCI are classified under Level 2, respectively, as at December 31, 2024 and 2023. The Company has no financial assets that fall under the categories of Level 1 and 3.

There are no other financial assets and liabilities measured at fair value as at December 31, 2024 and 2023.

Capital management

The Company maintains a certain level of capital over and above the minimum capital requirements set forth by the regulators not only to ensure sufficient solvency margins but more importantly to provide adequate capital requirement for future capital expenditures.

The Company is also compliant with the minimum paid up capital with respect to a trust entity of P300 million and authorized capital stock of P500 million following the BSP's approval for the Company to operate as Trust Corporation on February 7, 2022 (Note 1).

Total capital is defined as "equity" as shown in the statement of financial position. As at December 31, 2024, the Company's equity amounts to P1,172,556 (2023 - P1,047,477).

The Company has fully complied with the externally imposed capital requirement during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous year.

18 Summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared as the Company's separate financial statements.

18.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards comprise the following authoritative literature:

- PFRS Accounting Standards
- PAS Standards, 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, and adopted by the SEC.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at FVOCI and plan assets.

The preparation of financial statements in conformity with PFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity and estimates significant to the financial statements are disclosed in Note 16.

Changes in accounting policy and disclosures

(a) *New standard and amendments to existing standards adopted by the Company*

Amendments to PAS1, 'Presentation of Financial Statements', and PFRS Practice Statement 2 The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support these amendments, PFRS Practice Statement 2 Making Materiality Judgements was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The adoption of these amendments resulted to changes in the accounting policies disclosure in Note 18 series.

(b) *New standard and amendments to existing standards not yet adopted by the Company*

The following new accounting standard are not mandatory for December 31, 2024 reporting period and has not been early adopted by the Company:

PFRS 18, 'Presentation and Disclosure in Financial Statements'

This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general

PFRS 19, 'Subsidiaries without Public Accountability: Disclosures'

This new standard works alongside other PFRS Accounting Standards. An eligible subsidiary applies the requirements in other PFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in PFRS 19. PFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. PFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- It does not have public accountability; and
- It has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with PFRS Accounting Standards

Amendments to the Classification and Measurement of Financial Instruments – Amendments to PFRS 9 and PFRS 7

On May 30, 2024, the IASB issued targeted amendments to PFRS 9 Financial Instruments and PFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- (a) Clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- (b) Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest criterion;

- (c) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- (d) Update the disclosures for equity instruments design

The adoption of PRFS 19 and amendments to PFRS 9 and PFRS 7 are not expected to have a material financial effect to the financial statements of the Company. The Company is still assessing the impact of PFRS 18 as of the reporting date.

There are no other new standards, amendments to existing standards, or interpretations that are effective for annual periods beginning on or after January 1, 2024 that are considered relevant or expected to have a material effect on the financial statement of the Company.

18.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and treasury bills. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

18.3 Financial instruments - recognition, classification and measurement

Date of recognition

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Classification of financial assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company's business model for managing financial assets. The Company classifies its financial assets into the following categories: financial assets at FVTPL, at fair value through other comprehensive income (FVOCI) and financial assets measured at amortized cost.

Business model

The Company's business model does not only depend on management's intentions for an individual instrument, rather it refers to how the Company manages its group of financial assets in order to generate cash flows (i.e. collecting contractual cash flows, selling financial assets or both).

Relevant factors considered by the Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel. The Company also considers the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Contractual cash flows characteristics

The Company assesses whether the cash flows from a debt instrument represent SPPI on the principal amount outstanding. Instruments with cash flows that do not represent SPPI are classified at FVTPL.

In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time.

Reclassification

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the year ended December 31, 2024 and 2023.

Initial recognition of financial instruments

All financial assets or financial liability are initially recognized at fair value. Except for financial assets and liabilities at FVTPL, the initial measurement of financial assets and liabilities includes transaction costs.

Subsequent measurement of financial asset

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other operating income, net, using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income, net, together with foreign exchange gains or losses. Impairment losses are presented as separate line item in the statement of total comprehensive income.

The Company's financial assets at amortized cost consist of cash and cash equivalents (Note 2), receivables (Note 4), and refundable security deposits (Note 6).

- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains or losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income, net. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains or losses are presented in foreign exchange, net, if any, is presented as separate line items in the statement of total comprehensive income.

As at December 31, 2024, The Company holds government bonds and treasury bill recognized as financial assets at FVOCI.

- **FVTPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented within other income, net, in the period in which it arises.

The Company has no financial assets classified as FVTPL as at December 31, 2024 and 2023.

Classification of financial liabilities

Financial liabilities are classified as financial liabilities at FVTPL or other liabilities at amortized cost. The Company has no financial liabilities at FVTPL as at December 31, 2024 and 2023.

Financial liabilities at amortized cost

Issued financial instruments, which are not designated at FVTPL, are classified as financial liabilities at amortized cost which includes 'Due to related parties', 'Accrued expenses', 'Accounts payable', 'Dividends payable', and 'Others' included under 'Accounts payable and other liabilities'.

After initial measurement, financial liabilities at amortized cost are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR.

18.4 Prepaid taxes

Prepayments are expenses paid in cash and recorded as assets before they are used or consumed, as the service or benefit will be received in the future. Prepayments expire and are recognized as expense either with the passage of time or through use or consumption.

Creditable withholding taxes are carried at face amount or at nominal amount. Creditable withholding taxes are included in current assets, except when these are expected to be utilized more than twelve months after the end of the reporting period, in which case these are classified as non-current assets.

The Company's creditable withholding taxes are part of the prepaid taxes under prepaid expenses and other current assets in the financial position. Creditable withholding taxes are derecognized when utilized or applied against income tax due.

18.5 Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at FVOCI and at amortized cost. The Company recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit impaired financial assets

Financial assets are assessed for credit impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment may include indications that the debtor is experiencing significant financial difficulty, probability of bankruptcy or other financial reorganization, as well as measurable decrease in the estimated future cash flows evidenced by the adverse changes in the payments status of the debtor or economic conditions that correlate with defaults. An asset that is in Stage 3 will move back to Stage 2 when, as at reporting date, it is no longer considered to be credit-impaired. The asset will transfer back to Stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly from initial recognition, and when there is sufficient evidence to support full collection of principal and interest due. Prior to the transfer to Stage 1, the asset should have exhibited both the quantitative and qualitative indicators of probable collection.

When a financial asset has been identified as credit-impaired, ECL are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the instrument's original effective interest rate. For impaired financial assets with drawn and undrawn components, expected credit losses also reflect any credit losses related to the portion of the loan commitment that is expected to be drawn down over the remaining life of the instrument.

When a financial asset is credit impaired, interest ceases to be recognized on the regular accrual basis, which accrues income based on gross carrying amount of the asset. Rather, interest income is calculated by applying the original effective interest rate to the amortized cost of the asset, which is the gross carrying

amount less related allowance for impairment. Following impairment, interest income is recognized on the unwinding of the discount from the initial recognition of impairment.

Impairment of other financial assets

The Company applies the PFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for its financial assets, at amortized cost, and FVOCI.

To measure the expected credit losses, other financial assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of receivables over a period of 36 months before December 31, 2024 and 2023, respectively, and the corresponding historical credit losses experienced within this periods. The forward-looking information on macroeconomic factors are considered insignificant in calculating impairment of other financial assets.

Expected credit loss methodology

ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either (i) 12-month ECL or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk since initial recognition. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

ECL parameters and methodologies

For financial assets such as 'Financial assets at FVOCI', the Company's calculation of ECL is a function of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), with the timing of the loss also considered, and is estimated by incorporating forward-looking economic information and through the use of experienced credit judgment.

For 'Cash on hand and in bank', "Due from parent company", 'Due from officers and employees', 'Interest receivables', and 'Other receivables', the Company applied the simplified approach in calculating ECLs, therefore the Company no longer tracks changes in credit risk, but instead recognizes an allowance based on lifetime ECLs that considers historical loss experience adjusted for current conditions and forward-looking inputs and assumptions, to the extent relevant.

Definition of "default"

The Company defines a financial instrument as in default by applying a qualitative assessment including whether there is objective evidence of default such as significant problems in the operations of the customers and bankruptcy of the counterparties. Also, a possible indication that a counterparty is at risk of default is when its balances become 90 days past due on its contractual payments.

Significant increase in credit risk (SICR)

The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's aging information, the borrower becomes past due over 30 days. Further, the Company assumes that the credit risk of a financial asset; mainly cash on hand and in bank, financial assets at FVOCI, and receivables, has not increased significantly since origination if the financial asset is determined to have "low credit risk" as of the reporting date. A financial asset is considered "low credit risk" when it has an external rating equivalent to "investment grade".

In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company shall revert to recognizing a 12-month ECL.

Staging assessment

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired debt financial assets which have not experienced a SICR since initial recognition. The Company recognizes a 12-month ECL for Stage 1 debt financial assets.
- Stage 2 is comprised of all non-impaired debt financial assets which have experienced a SICR since initial recognition. The Company recognizes a lifetime ECL for Stage 2 financial assets.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is an objective evidence of impairment.

Forward looking information

A range of economic overlays (such as inflation rate and USD Libor rate) are considered and expert credit judgment is applied in determining the forward-looking inputs to the ECL calculation, to the extent relevant.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to "Provision for (recovery from) credit losses".

18.6 Derecognition of financial assets and liabilities

Financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control over the asset.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognized in profit or loss.

Related gains and losses realized at the time of derecognition are recognized within Net gains (losses) on financial assets in profit or loss in the statement of total comprehensive income.

18.7 Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements and the related assets and liabilities are presented gross in the statement of financial position.

As at December 31, 2024 and 2023, no financial assets and financial liabilities have been offset.

18.8 Property and equipment

All items of property and equipment are stated at historical cost less accumulated depreciation and amortization and any impairment in value.

The historical cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized as part of that asset.

Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the period the costs are incurred. In situation where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation and amortization is calculated on a straight-line basis over the estimated useful life of the assets. The cost of leasehold improvements is amortized over the term of the lease or the estimated useful life of the improvements, whichever is shorter. The estimated useful lives of the different categories of property and equipment follow:

Office furniture and equipment	3-5 years
Transportation equipment	5 years
Leasehold improvements	5 years
Right-of-use assets	4 years

The assets' residual values estimated useful lives and depreciation and amortization method are reviewed at each reporting date and adjusted as appropriate to ensure that the period, residual value and the method of depreciation and amortization are consistent with the expected pattern of consumption of future economic benefits embodied in the asset. Impairment reviews take place when events or changes in circumstances indicate that the carrying values may not be recoverable. Impairment losses are recognized in profit or loss.

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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

18.9 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that a non-financial assets such as property and equipment and creditable withholding tax may be impaired. If any such indication exists, or when annual impairment for an asset is required, the Company makes an estimate of the asset's recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other asset or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

An impairment loss is charged to profit or loss in the year in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is charged to the revaluation increment of the said asset.

For non-financial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since that last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss in the statement of total comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

18.10 Fair value measurement

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

There are no non-financial assets measured at fair value as at December 31, 2024 and 2023.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price quotations, without any deduction for transaction costs. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. For shares in mutual funds, fair value is determined by reference to the net asset value ("NAV") per share. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

18.11 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where discounting is used, the increase in provision due to the passage of time is recognized as interest expense.

18.12 Share capital and share premium

Common shares are classified as share capital. The excess of proceeds from issuance of shares over the par value of shares is credited to share premium. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Paid-up capital is the total amount paid by shareholders in exchange for shares of a company's stocks.

Subscribed share capital is the portion of the authorized share capital that has been subscribed but not yet fully paid. This account is credited for the total par value of the shares subscribed and debited for the total par value of the fully collected subscriptions. Subscription receivable shall be also recognized upon subscription and shall be recognized as a deduction to equity account if will not be settled 12 months after reporting date.

18.13 Dividend distribution

Cash and property dividend distribution to the Company's shareholder are recognized as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's BOD.

For property dividend declaration, the Company reviews and adjusts the carrying amount of the property dividend payable, with any changes in the fair values recognised in equity as adjustments to the amount for distribution. Upon settlement of the dividend payable, the Company recognises the difference, if any, between the fair value of the assets distributed and the carrying amount of the dividend payable in statements of total comprehensive income.

18.14 Revenue recognition

Trust fee income

Trust fee income fees which are determined based on agreed rates as stipulated in the contract are recognized as revenue over time when services are rendered, which is when the performance obligation is satisfied.

Equity research and dealing fee income

The Company recognizes equity research and service dealing fee income based on the agreed rates specified in the service agreement and are recognized as revenue at point in time when services are rendered, which is when the performance obligation is satisfied.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial instruments, interest income is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The change in carrying amount is recorded as interest income.

18.15 Expense recognition

Expenses are recognized in the year in which they are incurred.

18.16 Retirement benefit asset (liability)

DB with minimum guarantee

The Company maintains a DC plan, which is accounted for as a DB plan with minimum guarantee that covers certain full-time employees. Under this plan, the Company pays fixed contributions based on the employees' monthly salaries. The Company, however, is covered under Republic Act (RA) No. 7641, The Philippine Retirement Pay Law, which provides for its qualified employees a DB minimum guarantee. The DB minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of RA 7641.

Accordingly, the Company accounts for its retirement obligation under the higher of the DB obligation relating to the minimum guarantee and the obligation arising from this plan.

The liability for this plan is determined based on the present value of the excess of the projected DB obligation over the projected DC obligation at the end of the reporting period. The DB obligation is calculated annually by a qualified independent actuary using the projected unit credit method. The Company determines the net interest income (expense) on the net DB asset (liability) for the period by applying the discount rate used to measure the DB obligation at the beginning of the annual period to the then net DB asset (liability), taking into account any changes in the net DB asset (liability) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the DB plan are recognized in profit or loss.

The DC obligation, on the other hand, is measured at the fair value of the DC assets upon which the DC benefits depend, with an adjustment for margin on asset returns, if any, where this is reflected in the DC benefits.

Remeasurements of the pension plans, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains or losses on the settlement of a DB plan when the settlement occurs.

18.17 Leases

The Company recognizes leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The interest expense is recognized in the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

i. Measurement of lease liabilities

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held for entities which do not have recent third party financing, and
- makes adjustments specific to the lease (i.e. term, currency and security).

Lease payments are allocated between principal and interest expense. The interest expense is charged to profit or loss over the lease period using the effective interest rate based on the remaining balance of the liability for each period.

ii. Measurement of right-of-use assets

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

iii. Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is revised only if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

iv. Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

18.18 Income tax

Income tax expense for the year comprises current and deferred income tax. Income tax is determined in accordance with Philippine tax law. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which tax on these items is recognized in equity.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided or recognized in full using the liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date except where the deferred income tax asset or liability relating to the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred income tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date 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 deferred income tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority and where there is an intention to settle the balances on a net basis.

18.19 Share-based payment

Share-based compensation and cash incentive plans

AIAGL launched a number of share-based compensation plans, under which the Company receives services from the agents, employees, directors and officers as consideration for the shares and/or options of AIAGL. These share-based compensation plans comprise the Share Option Scheme, ESPP, and the Agent Share Purchase Plan.

The AIA Group's share compensation plans offered to the Company's employees are equity-settled plans. Under equity-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of AIAGL's shares and/or options is recognized as an expense in profit or loss over the vesting period with a corresponding amount recorded in equity. Any amounts recharged from AIAGL related to equity-settled share-based payment arrangements are offset against the amount recorded in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share and/or options granted. Non-market vesting conditions are included in assumptions about the number of shares and/or options that are expected to be vested. At each period end, the Company revises its estimates of the number of shares and/or options that are expected to be vested. Any impact of the revision to original estimates is recognized in profit or loss with a corresponding adjustment to equity. Where awards of share-based payment arrangements have graded vesting terms, each tranche is recognized as a separate award, and therefore the fair value of each tranche is recognized over the applicable vesting period.

The Company estimates the fair value of options using a binomial lattice model. This model requires inputs such as share price, implied volatility, risk free interest rate, expected dividend rate and the expected life of the option.

Where modification or cancellation of an equity-settled share-based compensation plan occurs, the grant date fair value continues to be recognized, together with any incremental value arising on the date of modification if non-market conditions are met.

18.20 Foreign currency transactions and translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Philippine Peso, which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at

the exchange rate prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction and are not subsequently restated. All foreign exchange differences are taken to profit or loss.

18.21 Related party relationships and transactions

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

18.22 Events after the reporting date

Post year-end events that provide additional information about the Company's position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are non-adjusting events, if any, are disclosed in the notes to the financial statements when material.

19 Supplementary Information Required Under BSP Circular No. 1075

This information is presented for purposes of filing with the BSP and is not a required part of the basic financial statements prepared in accordance with PFRS.

BSP Circular No. 1075

The Monetary Board (MB), in its Resolution No. 48 dated January 8, 2020 approved 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 require inclusion in the Notes to Financial Statements supplementary information as prescribed under Annex Q-33-c of Appendix Q-33.

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

1. Basic quantitative indicators of financial performance as at December 31, 2024:

Return on average equity (a/b)	11.22%
a. Net income	124,571
b. Average total equity	1,110,017
Return on average assets (c/d)	10.24%
c. Net income	124,571
d. Average total assets	1,216,559
Percentage of total trust fees to total assets under management (AUM) (e/f)	0.27%
e. Trust fees	417,036
f. Assets under management	156,415,331

2. There are no transactions and balances with respect to the following items as at December 31, 2024:
- i. Total outstanding investment, loans and other credit accommodations to the Company's 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)
 - ii. Large exposures as defined under Section 4303T
 - iii. Nature and amount of contingencies and commitments arising from off-balance sheet items
 - iv. Aggregate amount of secured liabilities and assets pledged as security

20 Supplementary information required by the Bureau of Internal Revenue (BIR)

The following information, as required by Revenue Regulations No. 15-2010, is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

(i) Output value-added tax (VAT)

Output VAT declared for the year ended December 31, 2024 and the revenues upon which the same was based consist of:

	Gross amount of revenues	Output VAT
Subject to 12% VAT		
Sale of services	-	-

The gross revenues shown above are based on gross receipts of the Company for VAT purposes while gross revenues in the statement of total comprehensive income are measured in accordance with the policy in Note 19.14.

Output VAT recognized is partly paid and applied to input VAT.

(ii) Input VAT

Movements in input VAT for the year ended December 31, 2024 follow:

	Amount
Beginning balance	305
Add: Current year's domestic payments for:	
Goods other than for resale or manufacture	
Services lodged under other accounts	
Less: Amount claimed against output VAT	(305)
Ending balance	-

Gross receipts tax

Gross receipts tax declared for the year ended December 31, 2024 and the revenues upon which the same was based consist of:

	Gross amount of revenues	Gross receipts tax
Subject to 5% GRT		
Sale of services	544,295	27,215

(iii) All other local and national taxes

All other local and national taxes paid for the year ended December 31, 2024 consist of:

	Amount
Mayor's permit	3,371
Others	11
	<u>3,382</u>

The above local and national taxes are included under Taxes and licenses in the statement of total comprehensive income.

(iv) Withholding taxes

Withholding taxes paid and accrued/withheld for the year ended December 31, 2024 consist of:

	Paid	Accrued	Total
Withholding tax on compensation	22,436	1,172	23,608
Expanded withholding tax	1,358	159	1,517
Final withholding tax	5,939	-	5,939
Fringe benefit tax	463	150	613
	<u>30,196</u>	<u>1,481</u>	<u>31,677</u>

(v) Tax assessments

Taxable years 2023, 2022 and 2021 are open tax years. There are no outstanding tax assessments as at December 31, 2024.

(vi) Tax cases

There are no pending tax cases as at December 31, 2024.

AIA Investment Management and Trust Corporation Philippines

(A wholly-owned subsidiary of
The Philippine American Life and General Insurance Company)

Reconciliation of Retained Earnings Available for Dividend Declaration

As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Unappropriated Retained Earnings, beginning of the year/period		269,784
Add: Category A: Items that are directly credited to Unappropriated retained earnings		
Reversal of Retained earnings appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others (Reversal of Remeasurement of Dividend Property Distribution)	-	-
Less: Category B: Items that are directly debited to Unappropriated retained earnings		
Dividend declaration during the reporting period	-	
Retained earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
Unappropriated Retained Earnings, as adjusted		269,784
Add/Less: Net Income (loss) for the current year/period		124,571
Less: Category C.1: Unrealized income recognized in the profit or loss during the year/period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of investment property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	-

AIA Investment Management and Trust Corporation Philippines
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Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-	
Realized foreign exchange gain, except those attributable to Cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment property	-	-
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of investment property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Adjusted net income/loss		124,571
Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		-
Depreciation on revaluation increment (after tax)		-
Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	-
Others (describe nature)	-	

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Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2024
(All amounts in thousands of Philippine Peso)

Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement of treasury shares (except for reacquisition of redeemable shares)	-
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-
Others (describe nature):	
Redemption of redeemable shares	-
Total Retained Earnings, end of the year/period available for dividend declaration	394,355