

AIA Investment Management and Trust Corporation Philippines Trust Funds and Managed Funds

Combined Financial Statements

**As at December 31, 2024 and 2023 and for the year ended
December 31, 2024 and for period ended from February 17,
2023 to December 31, 2023 (Unit Investment Trust Funds) and
year ended December 31, 2023 (Managed Funds – Institutional)**



pwc



Independent Auditor's Report

To the Board of Directors and Shareholder of
AIA Investment Management and Trust Corporation Philippines
17th 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 the Trust Funds and Managed Funds of AIA Investment Management and Trust Corporation Philippines (the "Company") as at December 31, 2024 and 2023, and their financial performance for the year ended December 31, 2024 and for the period from February 17 to December 31, 2023 (Unit Investments Trust Funds) and for the year ended December 31, 2023 (Managed Funds - Institutional) in accordance with the reporting guidelines of the Bangko Sentral ng Pilipinas, as described in Note 13 to the financial statements.

What we have audited

The financial statements of the Trust Funds and Managed Funds of the Company comprise:

- the statements of assets and accountabilities as at December 31, 2024 and 2023;
- the statements of total comprehensive income for the year ended December 31, 2024 and for the period from February 17 to December 31, 2023 (Unit Investments Trust Funds) and for the year ended December 31, 2023 (Managed Funds - Institutional);
- the statements of changes in accountabilities for the year ended December 31, 2024 and for the period from February 17 to December 31, 2023 (Unit Investments Trust Funds) and for the year ended December 31, 2023 (Managed Funds - Institutional); 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.

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 Code of Ethics.



Independent Auditor's Report

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

Emphasis of Matter - Basis of Accounting and Restriction on Use

We draw attention to Note 13 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the reporting guidelines prescribed by the Bangko Sentral ng Pilipinas. As a result, the financial statements may not be suitable for any other purpose. Our report is intended solely for the information and use of the Board of Directors, Shareholder and Management of the Company and for the purpose of filing with the Bangko Sentral ng Pilipinas and is not intended for any other purpose. Our opinion is not modified in respect of this matter.

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 the reporting guidelines prescribed by the Bangko Sentral ng Pilipinas, as discussed fully in Note 13 to the financial statements, 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 financial reporting process of the Trust Funds and Managed Funds of the Company.

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
Page 3

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.



Independent Auditor's Report

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

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.

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. 08-000745-047-2021, 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

AIA Investment Management and Trust Corporation Philippines
(Formerly Philam Asset Management, Inc.)
Trust Funds and Managed Funds

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

	Notes	2024		2023	
		Unit Investment Trust Funds	Managed Funds - Institutional	Unit Investment Trust Funds	Managed Funds - Institutional
Assets					
Deposit in banks	2	5,799	2,087,328	5,591	1,905,701
Financial assets at fair value through profit or loss	3	2,921,403	71,637,029	6,334,766	72,270,854
Financial assets at fair value through other comprehensive income	4,13	-	78,223,600	-	-
Available-for-sale-financial assets, net of impairment	4,13	-	-	-	82,258,741
Other assets	5	10,477	1,529,695	17,984	1,293,632
		2,937,679	153,477,652	6,358,341	157,728,928
Accountabilities					
Financial liabilities at fair value through profit or loss		-	86,201	-	82,036
Accounts payable	6	751	174,486	309	134,078
Accrued expenses	6	1,602	-	2,014	-
Principal		2,692,247	132,578,613	6,260,709	142,983,174
Accumulated income		243,079	18,344,160	95,309	10,193,033
Fair value reserves		-	1,988,648	-	4,333,775
Translation adjustment		-	305,544	-	2,832
		2,935,326	153,216,965	6,356,018	157,512,814
		2,937,679	153,477,652	6,358,341	157,728,928

The notes on pages 1 to 24 are an integral part of the financial statements.

AIA Investment Management and Trust Corporation Philippines
(Formerly Philam Asset Management, Inc.)
Trust Funds and Managed Funds

Statements of Total Comprehensive Income
For the year ended December 31, 2024
and for the period ended from February 17 to December 31, 2023 (Unit Investments Trust Funds)
and for the year ended December 31, 2023 (Managed Funds - Institutional)
(All amounts in thousands of Philippine Peso)

	Notes	For the year ended December 31, 2024		For the period from February 17 to December 31, 2023	For the year ended December 31, 2023
		Unit Investment Trust Funds	Managed Funds - Institutional	Unit Investment Trust Funds	Managed Funds - Institutional
Income, net					
Interest					
On term deposits	2	115	56,145	937	247,402
On bank deposits	2	-	1	-	175
On government securities	4	-	4,752,433	-	5,609,099
On other securities and debt instruments	4	-	305,220	-	276,243
Fair value gains (losses) on investments	3	166,610	2,950,549	109,414	2,241,230
Dividend income	3,4	10,303	1,726,723	2,617	1,434,500
Foreign exchange loss, net	3	-	(22,537)	-	(132,056)
Other income	9	1	2,493	-	-
		177,029	9,771,027	112,968	9,676,593
Expenses					
Taxes and licenses		14,396	1,038,092	10,711	1,209,847
Provision for credit losses	4	-	100,940	-	57,109
Trust and investment management fees		14,112	480,299	6,946	430,224
Other expenses	10	751	569	2	9,872
		29,259	1,619,900	17,659	1,707,052
Net income for the period		147,770	8,151,127	95,309	7,969,541
Other comprehensive loss					
Translation adjustment		-	302,712	-	(5,488)
Fair value changes on financial assets at fair value through other comprehensive income		-	(2,345,127)	-	-
Fair value changes on available-for- Sale financial assets, net		-	-	-	8,646,709
Total other comprehensive (loss) income		-	(2,042,415)	-	8,641,221
Total comprehensive loss for the period		147,770	6,108,712	95,309	16,610,762

The notes on pages 1 to 24 are an integral part of the financial statements.

AIA Investment Management and Trust Corporation Philippines
(Formerly Philam Asset Management, Inc.)
Trust Funds and Managed Funds

Statements of Changes in Accountabilities
For the year ended December 31, 2024
and for the period ended from February 17 to December 31, 2023 (Unit Investments Trust Funds)
and for the year ended December 31, 2023 (Managed Funds - Institutional)
(All amounts in thousands of Philippine Peso)

	Managed Funds - Institutional				Total
	Principal	Accumulated Income	Fair Value Reserves	Translation Adjustment	
Balances at January 1, 2023	157,692,173	2,223,492	(4,312,934)	8,320	155,611,051
Comprehensive income					
Net income for the period	-	7,969,541	-	-	7,969,541
Other comprehensive income (loss)	-	-	8,646,709	(5,488)	8,641,221
Total comprehensive income (loss)	-	7,969,541	8,646,709	(5,488)	16,610,762
Transactions with trustors and beneficiaries					
Contributions	11,370,249	-	-	-	11,370,249
Withdrawals	(26,079,248)	-	-	-	(26,079,248)
Total transactions with trustors and beneficiaries	(14,708,999)	-	-	-	(14,708,999)
Balances at December 31, 2023	142,983,174	10,193,033	4,333,775	2,832	157,512,814
Comprehensive income					
Net income for the year	-	8,151,127	-	-	8,151,127
Other comprehensive loss	-	-	(2,345,127)	302,712	(2,042,415)
Total comprehensive income (loss)	-	8,151,127	(2,345,127)	302,712	6,108,712
Transactions with trustors and beneficiaries					
Contributions	18,632,945	-	-	-	18,632,945
Withdrawals	(29,037,506)	-	-	-	(29,037,506)
Total transactions with trustors and beneficiaries	(10,404,561)	-	-	-	(10,404,561)
Balances at December 31, 2024	132,578,613	18,344,160	1,988,648	305,544	153,216,965

The notes on pages 1 to 24 are an integral part of the financial statements.



AIA Investment Management and Trust Corporation Philippines
(Formerly Philam Asset Management, Inc.)
Trust Funds and Managed Funds

Statements of Changes in Accountabilities
For the year ended December 31, 2024
and for the period ended from February 17 to December 31, 2023 (Unit Investments Trust Funds)
and for the years ended December 31, 2024 and 2023 (Managed Funds - Institutional)
(All amounts in thousands of Philippine Peso)

	Unit Investment Trust Funds				Total
	Principal	Accumulated Income	Fair Value Reserves	Translation Adjustment	
Comprehensive income					
Net income for the period	-	95,309	-	-	95,309
Other comprehensive loss	-	-	-	-	-
Total comprehensive income	-	95,309	-	-	95,309
Transactions with trustors and beneficiaries					
Contributions	6,261,812	-	-	-	6,261,812
Withdrawals	(1,103)	-	-	-	(1,103)
Total transactions with trustors and beneficiaries	6,260,709	-	-	-	6,260,709
Balances at December 31, 2023	6,260,709	95,309	-	-	6,356,018
Comprehensive income					
Net income for the period	-	147,770	-	-	147,770
Other comprehensive loss	-	-	-	-	-
Total comprehensive income	-	147,770	-	-	147,770
Transactions with trustors and beneficiaries					
Contributions	1,650,967	-	-	-	1,650,967
Withdrawals	(5,219,429)	-	-	-	(5,219,429)
Total transactions with trustors and beneficiaries	(3,568,462)	-	-	-	(3,568,462)
Balances at December 31, 2024	2,692,247	243,079	-	-	2,935,326

The notes on pages 1 to 24 are an integral part of the financial statements.

AIA Investment Management and Trust Corporation Philippines

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

Trust Funds and Managed Funds

Notes to the Financial Statements

As at December 31, 2024 and 2023 and for the year ended December 31, 2024 and period ended from February 17, 2023 to December 31, 2023 (Unit Investment Trust Funds) and year ended December 31, 2023 (Managed Funds – Institutional)

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

1 General information

Nature of operations

AIA Investment Management and Trust Corporation Philippines (the “Company”), a wholly owned subsidiary of AIA Philippines Life and General Insurance Company Inc. (“AIA PH”), was incorporated in the Philippines and registered with the Securities and Exchange Commission (“SEC”) on October 12, 1971.

AIA PH 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. AIA PH was incorporated in the Philippines registered with the SEC.

The Monetary Board of the BSP on its Resolution No. 1162, dated September 2, 2021, approved the request of the Company to operate as a Trust Corporation. The corresponding Certificate of Authority to Operate was issued by the BSP to the Company on February 7, 2022. On May 16, 2022, the Company started its operations as a Trust and Fiduciary Corporation.

The combined financial statements of the trust, other fiduciary and investment management funds (collectively referred to hereafter as “Trust Funds and Managed Funds”) held in trust, managed or advised for by the Company are issued in compliance with BSP Circular Letter dated July 22, 2015, requiring the financial audit of the Company's operations by an external auditor in accordance with generally accepted auditing standards in the Philippines.

The Company maintains separate books of each trust account under Investment Management Accounts (IMA) and Unit Investment Trust Funds (UITF). Income and expenses of each fund are directly recorded in the books of the respective funds.

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 Tower (Formerly Philam Life Tower), 8767 Paseo de Roxas, Makati City, Metro Manila, Philippines.

Approval of financial statements

The combined financial statements of the Trust Funds and Managed Funds of the Company have been approved and authorized for issuance by the Company's Board of Directors on April 22, 2025.

2 Deposits in banks

The account as at December 31, 2024 and 2023 consist of the following:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Deposit in banks		
Time deposit	5,462	1,428,100
Savings deposit	337	659,228
	5,799	2,087,328
2023		
Deposit in banks		
Time deposit	4,500	1,904,816
Savings deposit	1,091	885
	5,591	1,905,701

The maturity profile of deposits in banks follows:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Within 1 year	5,799	2,087,328
Over 1 year	-	-
	5,799	2,087,328
2023		
Within 1 year	5,591	1,905,701
Over 1 year	-	-
	5,591	1,905,701

Deposit in banks as at December 31, 2024 and 2023 carry annual interest rates (%) as follows:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Peso-denominated accounts	6.25%	6.35%
Foreign currency-denominated accounts	0.00%	5.15%
2023		
Peso-denominated accounts	2.75%	3.00%
Foreign currency-denominated accounts	6.00%	6.45%

Interest income and accrued interest on deposit in banks for the year ended December 31, 2024 amounts to P56,261 and P30, respectively (2023 - P248,514 and P1,896).

3 Financial assets at fair value through profit or loss (FVTPL)

The account as at December 31, 2024 and 2023 consists of the following:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Designated at fair value through profit or loss	2,921,403	71,561,862
Derivative financial assets	-	75,167
	2,921,403	71,637,029



	Unit Investment Trust Funds	Managed Funds Institutional
2023		
Designated at fair value through profit or loss	6,334,766	72,204,086
Derivative financial assets	-	66,768
	6,334,766	72,270,854

Financial assets designated at fair value through profit or loss at December 31 consist of the following:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Designated at fair value through profit or loss		
Equity securities - listed	506,979	62,012,237
Derivative financial assets	-	75,167
Government debt securities	2,071,816	9,442,781
BSP Securities	342,608	-
Corporate debt securities	-	106,844
	2,921,403	71,637,029

	Unit Investment Trust Funds	Managed Funds Institutional
2023		
Designated at fair value through profit or loss		
Equity securities - listed	217,237	62,459,992
Derivative financial assets	-	66,768
Government debt securities	5,084,103	9,675,735
BSP Securities	1,033,426	-
Corporate debt securities	-	68,359
	6,334,766	72,270,854

The fair value gains (losses) on investments consists of the following:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Realized trading gains (losses)	72,593	1,468,677
Unrealized trading gains (losses)	21,142	880,055
Interest income on debt securities	72,875	601,817
	166,610	2,950,549

	Unit Investment Trust Funds	Managed Funds Institutional
2023		
Realized trading gains (losses)	14,251	191,662
Unrealized trading gains (losses)	42,546	1,496,905
Interest income on debt securities	52,617	552,663
	109,414	2,241,230

Accrued interest on financial assets at FVTPL for the year ended December 31, 2024 amounts to P147,346 (2023 - P168,875)

Financial assets measured at fair value through profit or loss are classified as current, given the regular trading activities.



4 Financial assets at fair value through other comprehensive income (FVOCI) / Available-for-sale financial assets (AFS)

The account as at December 31, 2024 and 2023 consists of the following:

	Note	Unit Investment Trust Funds	Managed Funds Institutional
2024			
Debt securities accounted as FVOCI	13		
Government debt securities		-	72,607,739
Corporate debt securities		-	5,615,861
		-	78,223,600
2023			
Debt securities accounted as AFS	13		
Government debt securities		-	76,826,650
Corporate debt securities		-	5,432,091
		-	82,258,741

The maturity profile of the account follows:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Within 1 year	-	1,143,215
Over 1 year	-	77,080,385
	-	78,223,600
2023		
Within 1 year	-	734,361
Over 1 year	-	81,524,380
	-	82,258,741



Average effective interest rates (%) of AFS financial assets as at December 31, 2024 and 2023 follow:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Peso-denominated accounts	-	6.54%
Foreign currency-denominated accounts	-	4.54%
2023		
Peso-denominated accounts	-	7.83%
USD-denominated accounts	-	4.39%

Interest income and accrued interest on financial assets at FVOCI for the year ended December 31, 2024 amounts to P5,057,653 and P1,016,839 respectively (2023 - P 5,885,342 and P1,091,259 - available-for-sale financial assets).

5 Other assets

The account as at December 31, 2024 and 2023 consists of the following:

	Note	Unit Investment Trust Funds	Managed Funds Institutional
2024			
Accrued interest income	2,3,4	10,438	1,153,777
Dividend receivable	3	39	11,626
Due from broker		-	364,292
		10,477	1,529,695

	Note	Unit Investment Trust Funds	Managed Funds Institutional
2023			
Accrued interest income	2,3,4	17,820	1,244,210
Dividend receivable	3	164	49,084
Due from broker		-	338
		17,984	1,293,632

6 Accounts payable and accrued expenses

The accounts at December 31, 2024 and 2023 consists of:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Accounts payable		
Trustee fees payable	-	69,347
Central dealing fees	-	3,772
Due to broker	-	101,367
Audit fees payable	751	-
	751	174,486
Accrued expenses		
Central dealing fee	226	-
Custodian Fees	28	-
Fund administration fees	163	-
Transfer Agent fees	179	-
Trust fees	1,006	-
	1,602	-



	Unit Investment Trust Funds	Managed Funds Institutional
2023		
Accounts payable		
Unsettled redemption	309	-
Trustee fees payable	-	113,527
Central dealing fees	-	18,535
Due to broker	-	2,016
	309	134,078
Accrued expenses		
Central dealing fee	23	-
Custodian Fees	30	-
Fund administration fees	151	-
Transfer agent fees	654	-
Trust fees	1,156	-
	2,014	-

7 Derivative financial instruments

The derivatives of the Company's Trust Funds and Managed Funds that provide effective economic hedges pertain to short-term foreign currency exchange forward contracts entered by IMAs in order to manage some of its foreign currency transaction exposures.

Derivative position, notional principal and average forward rate as at December 31 are as follows:

	Currency	Notional Amount (Absolute)	Forward Rate	Asset	Liabilities
December 31, 2024	USD	148,382,000	58.02	75,167	86,201
December 31, 2023	USD	134,423,000	53.88	66,768	82,036

Derivatives financial instruments are foreign exchange forwards represent commitments to purchase or sell one currency against another at an agreed forward rate on a specified date in the future. These instruments are measured at fair value through profit or loss are classified as current.

8 Trust and investment management fees

On February 20, 2023, the Company signed additional 3 on top of the existing 18 investment management agreements (IMA) with AIA PH (2023 - 18; 2022 - 15) and BPI AIA (2023 and 2022 - 3). On the same date, the Company also signed a Declaration of Trust for 4 unit investment trust funds as a trustee. The Company acts as an Investment Manager and performs investment advisory and management services on their behalf.



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
<i>Managed Funds</i>									
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	N/A	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
PAMI Philam Premier Philam Bond Fund	21.05	N/A	4.21						
PAMI Philam Premier Philam Strategic Growth Fund	21.05	33.68	4.21	576,196	-	1	1,306	-	-
PAMI Philam Premier PAMI Equity Index Fund	21.05	33.68	4.21	111,056	3,777,256	124,995	100	14,100	95
AIA Peso Conservative Fund	N/A	N/A	4.21	6,192	459,484	82	7	1,576	2
AIA Peso Balanced Fund	N/A	N/A	4.21	-	-	15,811	-	-	4
AIA Peso Adventurous Fund	N/A	N/A	4.21	-	-	26,896	-	-	8
<i>Unit Investment Trust Funds</i>									
AIA Peso Money Market Fund	21.05	N/A	-	52,914	-	-	109	-	-
AIA Peso Equity Fund	N/A	33.68	-	2,229	513,373	-	-	1,416	-
AIA Peso Medium-Term Bond Fund	21.05	N/A	-	137,726	-	-	226	-	-
AIA Peso Long-Term Bond Fund	21.05	N/A	-	1,746,993	-	-	5,858	-	-
							199,783	215,769	1,479



	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
<i>Managed Funds</i>									
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
<i>Unit Investment Trust Funds</i>									
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

Other trust and management fees include dealing fees, fund administration fees, custodian fees and agency fees.



9 Other income

Other income mainly pertains to management fee rebates.

10 Other expenses

Other expenses mainly include bank charges and other operating expenses.

11 Tax privilege

Under the provisions of Republic Act No. 4917, as amplified by Revenue Regulations No. 11-2001 (amending Revenue Regulations No. 1-68, as amended by Revenue Regulations No. 1-83, otherwise known as the Private Benefit Plan Regulations) and as provided by Revenue Regulations No. 6-73 Implementing Presidential Decree No. 220, the retirement benefits under the plan and the income of the trust funds are exempt from all taxes and income tax, respectively.

12 Critical accounting estimates, assumptions, and judgments

The Company's Trust Funds and Managed Funds make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities. 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. It is reasonably possible that the outcomes within the next financial year could differ from assumptions made at reporting date and could result in the adjustment to the carrying amount of affected assets or liabilities.

12.1 Critical accounting judgments

Impairment of financial assets at fair value through other comprehensive income and Assessment of allowance for credit losses of AFS Financial assets (Note 4)

As of December 31, 2024, the Company's Trust Funds and Managed Funds provision for credit losses are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

For December 31, 2023, the Company's Trust Funds and Managed Funds treat AFS financial assets as impaired or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Company's Trust Funds and Managed Funds treat 'significant' generally as 20% or more and 'prolonged' as greater than twelve (12) months. In addition, the Company's Trust Funds and Managed Funds evaluates other factors, including normal volatility in share price for quoted securities and the future cash flows and the discount factors for unquoted securities. Impairment may be appropriate also when there is evidence of deterioration in the financial health of the investee, the industry and sector performance, changes in technology and operational and financing cash flows.

As of December 31, 2024 allowance for credit losses for financial assets at fair value through other comprehensive income is P100,940 (2023 - P57,109).

13 Financial risk management

13.1 Governance framework

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



The Company's Trust Funds and Managed Funds is exposed to a variety of financial risks in relation to its financial instruments. The risk management of the Company's Trust Funds and Managed Funds is coordinated with AIA Group and in close cooperation with the BOD. The Company's Trust Funds and Managed Funds 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.

13.2 Financial risks

The Company's Trust Funds and Managed Funds 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, interest, prices and foreign exchange rates, all of which are exposed to general and specific market movements.

13.3 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's Trust Funds and Managed Funds has been delegated to the Company's Trust Funds and Managed Funds 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 before collateral held or other credit enhancements

Credit risk exposures relating to significant on-balance sheet financial assets as at December 31, 2024 and 2023 are as follows:

	Unit Investment Trust Funds	Managed Funds Institutional
2024		
Financial assets measured at fair value through profit or loss		
Government debt securities	2,071,816	9,442,781
BSP securities	342,608	-
Corporate debt securities	-	106,844
Available-for-sale financial assets		
Government debt securities	-	72,641,930
Private debt securities	-	5,682,610
Deposit in banks	5,799	2,087,328
Other assets	10,477	1,529,695
	2,430,700	91,491,188



	Unit Investment Trust Funds	Managed Funds Institutional
2023		
Financial assets measured at fair value through profit or loss		
Government debt securities	5,084,103	9,675,735
BSP securities	1,033,426	-
Corporate debt securities	-	68,359
Available-for-sale financial assets		
Government debt securities	-	76,844,190
Private debt securities	-	5,471,660
Deposit in banks	5,591	1,905,701
Other assets	17,984	1,293,632
	6,141,104	95,259,277

The above table represents the maximum credit risk exposure of the Company's Trust Funds and Managed Funds as at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements. The exposures set out above are based on net carrying amounts as reported in the statement of assets and accountabilities.

Credit quality of deposits in banks

The Managed Funds' and UITFs' cash in banks is with highly reputable universal banks in the Philippines and global banks with an equivalent credit rating of Aa3 and A3 by Moody's.

Credit quality of fixed-income debt securities, treasury bills and other government securities

The table below presents the ratings of fixed-income debt securities, treasury bills and other government securities as at December 31, 2024 and 2023:

	2024		
	Managed Funds - Institutional		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income (Note 13)	Total
Investment Grade	9,462,758	74,312,081	83,774,839
Satisfactory	86,867	3,911,519	3,998,386
	9,549,625	78,223,600	87,773,225
	2023		
	Managed Funds - Institutional		
	Financial assets measured at fair value through profit or loss	Available-for-sale financial assets (Note 13)	Total
Investment Grade	9,725,465	78,564,450	88,289,915
Satisfactory	18,629	3,694,291	3,712,920
	9,744,094	82,258,741	92,002,835



	2024		
	Unit Investment Trust Funds		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Investment Grade	2,414,424	-	2,414,424
Satisfactory	-	-	-
	2,414,424	-	2,414,424

	2023		
	Unit Investment Trust Funds		
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Total
Investment Grade	6,117,529	-	6,117,529
Satisfactory	-	-	-
	6,117,529	-	6,117,529

The credit rating for each of the investment securities are considerably acceptable as these securities have been issued by reputable and highly credible counterparties.

Investment Grade securities are considered to have a relatively low risk of default and with investment rating of A and above. Further, securities with "Satisfactory" rating are those unrated debt securities of which have been assessed by the investment manager to have credit quality consistent with "Investment grade" securities.

Risk concentration of the maximum exposure to credit risk

The main credit exposures of the Company's Trust Funds and Managed Funds at their carrying amounts as at December 31, 2024 and 2023 as categorized by industry sectors, follow:

	2024		
	Managed Funds - Institutional		
	Government	Other	Total
Financial assets measured at fair value through profit or loss, fixed-income debt securities	9,442,781	106,844	9,549,625
Financial assets measured at fair value through other comprehensive income, fixed income debt securities	72,641,930	5,682,610	78,324,540
Deposit in banks	-	2,087,328	2,087,328
Other assets	-	1,529,695	1,529,695
	82,084,711	9,406,477	91,491,188

	2023		
	Managed Funds - Institutional		
	Government	Other	Total
Financial assets measured at fair value through profit or loss, fixed-income debt securities	9,675,735	68,359	9,744,094
Available-for-sale financial assets, fixed-income debt securities	76,844,190	5,471,660	82,315,850
Deposit in banks	-	1,905,701	1,905,701
Other assets	-	1,293,632	1,293,632
	86,519,925	8,739,352	95,259,277



	2024		
	Unit Investment Trust Funds		
	Government	Other	Total
Financial assets measured at fair value through profit or loss, fixed-income debt securities	2,414,424	-	2,414,424
Financial assets measured at fair value through other comprehensive income, fixed income debt securities	-	-	-
Deposit in banks		5,799	5,799
Other assets		10,477	10,477
	2,414,424	16,276	2,430,700

	2023		
	Unit Investment Trust Funds		
	Government	Other	Total
Financial assets measured at fair value through profit or loss, fixed-income debt securities	6,117,529	-	6,117,529
Available-for-sale financial assets, fixed-income debt securities	-	-	-
Deposit in banks	-	5,591	5,591
Other assets	-	17,984	17,984
	6,117,529	23,575	6,141,104

Industry sectors categorized as others mainly include holding firms, telecommunications, and retail.

13.4 Liquidity risk

In the context of the Company's Trust Funds and Managed Funds' operations, liquidity risk is the risk to clients' earnings or principal arising from unplanned changes in their funding needs which the Company's Trust Funds and Managed Funds are not able to recognize or address, thereby affecting their ability to liquidate their investments quickly with minimal loss in value. Liquidity risk also arises from inadequate market liquidity, a market disruption or liquidity squeeze, whereby the Company's Trust Funds and Managed Funds may only be able to liquidate clients' investments at significantly discounted values.

Funding liquidity risk

The risk that the Company's Trust Funds and Managed Funds will not be able to meet clients' liquidity requirements without having material impact on the value of their investments is referred to as funding liquidity risk. It normally occurs as a result of unplanned changes in the timing and/or size of clients' funding needs which the Company's Trust Funds and Managed Funds are not able to immediately recognize and/or address.

The Company Trust Funds and Managed Funds are not exposed to funding liquidity risk as the investment are readily convertible into cash in the event of significant liquidity requirements from the client. Further, Trust Funds and Managed Funds are limited to related party of the Company of which sources of liquidity are regularly reviewed.

Market liquidity risk

Market or trading liquidity risk arises from the difficulty of liquidating or converting clients' investments to cash within a reasonable period of time at a reasonable price due to inadequate market liquidity, which is normally characterized by low market turn-over, a relatively small number of traders and significant bid-offer spreads. These factors translate to significant costs to liquidate positions in the form of higher transaction costs, longer lead time to execute a deal or selling at a relatively disadvantageous price, particularly if the need to sell is urgent. Market disruptions such as the occurrence of a financial crisis or credit squeeze can also put a strain on market liquidity.



The liquidity risk of the Company's Trust Funds and Managed Funds may be gauged on two levels: (i) at the security/asset level and (ii) at the portfolio level. Bid-ask spread size, volume/value turnover and benchmark of index issues are monitored to gauge asset liquidity while portfolio liquidity is measured by portfolio's net cash flows, investor base of pooled funds (institutional vs. retail clients), asset mix and concentration of exposures.

The accounts are not exposed to market liquidity risk since majority of its holdings are government securities, private and corporate debt securities which are classified as investment grade securities and may be liquidated on its maturity date.

Liquidity risk management process

Like market risk, liquidity risk is managed through liquidity risk control measures and parameters based on an assessment of the client's future funding needs and desired level of portfolio liquidity as specified in their respective Investment Policy Statements. Regulatory restrictions and parameters for managing liquidity risks are also strictly adhered to.

Liquidity assessment forms a significant part of the Company's Trust Funds and Managed Funds' investment accreditation process. For equities, important criteria for assessing trading liquidity include volume and value turnover, market capitalization and free float, including index membership. For primary bond issuances, the issuer, issue size and tenor are among the factors considered while bid-ask spread, trading volume, number of counterparties and availability of two-way quotes are additional criteria used in determining the acceptability of bond issues in the secondary market as far as trading liquidity is concerned.

Another important component of liquidity risk management is contingency planning. The Company's Trust Funds and Managed Funds have in place a liquidity contingency plan that provides a framework for addressing potential liquidity crisis situations which consists of identifying early warning indicators of a potential liquidity problem, setting out response action plans and defining the roles and responsibilities of key units and personnel to effectively manage the liquidity situation, which include servicing client redemptions in a timely and orderly manner.

The Managed Funds' and UITFs' obligations are attributable to accounts payable and accrued expenses of which can be settled on its maturity date (Note 6).

13.5 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: market prices (price risk), foreign exchange rates (foreign exchange risk), and market interest rates (interest rate risk).

The following policies and procedures are in place to mitigate the Company's exposure to market risk:

- There is a market risk policy setting out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Risk Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.
- Set asset allocation and portfolio limit structure, to ensure that assets back specific policyholder liabilities and those assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.
- Stipulated diversification benchmarks by type of instrument, as the Company are exposed to guaranteed bonuses, cash, and annuity options when interest rates fall.



Foreign exchange risk

The Company's Trust Funds and Managed Funds take on exposure to the effects of fluctuations in the prevailing exchange rates on cash flows from foreign currency denominated investments. The return on a foreign currency denominated investment may increase or decrease due to foreign exchange fluctuations when periodic interest and/or the entire principal, upon the sale or maturity of the investment, are converted back to the local currency.

Included in the table below are the financial instruments of the Company's Trust Funds and Managed Funds at carrying amounts, categorized by foreign currency as at December 31, 2024 and 2023:

	2024	
	Managed Funds - Institutional	
	USD	Total
Financial assets		
Financial assets measured at fair value through profit or loss		
Fixed-income securities	-	-
Financial assets measured at fair value through		
Other comprehensive income		
Fixed-income securities	134,923	134,923
Deposit in banks	125	125
Total financial assets	135,048	135,048
Financial liabilities		
Other liabilities	-	-
Total financial liabilities	-	-
Net on-balance sheet financial position	135,048	135,048

	2023	
	Managed Funds - Institutional	
	USD	Total
Financial assets		
Financial assets measured at fair value through profit or loss		
Fixed-income securities	-	-
Available-for-sale financial assets		
Fixed-income securities	127,823	127,823
Deposit in banks	1	1
Total financial assets	127,824	127,824
Financial liabilities		
Other liabilities	-	-
Total financial liabilities	-	-
Net on-balance sheet financial position	127,824	127,824

The sensitivity analysis for the Company's Trust Funds and Managed Funds to movement of Philippine Peso against foreign currencies assuming a shift of +/-10% is shown below:

	Managed Funds	
	Institutional	
	2024	2023
As at December 31		
US Dollars	780,265	708,017

The assumed shift in currencies as used in the sensitivity analysis above represents the defined shift used by the Company's Trust Funds and Managed Funds to manage its foreign exchange risk during the period.

The UITFs have no foreign currency-denominated financial assets and liabilities subject to the effects of fluctuation in foreign exchange rates.



Interest rate risk

Interest rate risk refers to the sensitivity of a security or portfolio of securities to interest rate changes. It is measured primarily by modified duration, which is approximately equal to the percentage change in the price of a bond for a given change in yield. The higher the modified duration, the greater its sensitivity to interest rate changes.

The Company's Trust Funds and Managed Funds exposure to interest rate risk arises from deposit in banks financial asset at FVOCI and FVTPL which comprises of government securities as at December 31, 2024 and 2023.

The table below represents the sensitivity of the Company's Trust Funds and Managed Funds to reasonably possible interest rate changes with all other variables held constant. The effect on net investment income and fair value reserves primarily represents the increase or decrease in the market value of investments at fair value through profit or loss and fair value through other comprehensive income, respectively, as at December 31 given the assumed changes in interest rates.

	Managed Funds	
	Institutional	
December 31, 2024	+100 bps	-100 bps
Effect of reasonable possible shift		
Deposit in banks	20,873	(20,873)
Financial assets at FVTPL	716,370	(716,370)
Financial assets at FVOCI	782,235	(782,235)

	Managed Funds	
	Institutional	
December 31, 2023	+100 bps	-100 bps
Effect of reasonable possible shift		
Deposit in banks	19,057	(19,057)
Financial assets at FVTPL	722,709	(722,709)
Available-for-sale financial assets	822,587	(822,587)

	Unit Investment Trust Funds	
	+100 bps	-100 bps
December 31, 2024		
Effect of reasonable possible shift		
Deposit in banks	58	(58)
Financial assets at FVTPL	29,214	(29,214)
Financial assets at FVOCI	-	-

	Unit Investment Trust Funds	
	+100 bps	-100 bps
December 31, 2023		
Effect of reasonable possible shift		
Deposit in banks	56	(56)
Financial assets at FVTPL	63,348	(63,348)
Available-for-sale financial assets	-	-

The Company's sensitivity analysis is based on the management's assessment of the most reasonable shift covering a period of one year.



Equity price risk

Equity price risk is the risk of loss arising from the adverse movement in equity prices. Equity prices fluctuate based on systematic and non-systematic risk. Non-systematic risk is unique to an asset class or security, which can be reduced through diversification. Systematic risk, on the other hand, relates to variables that affect the general economy such as inflation, economic growth, exchange rate movements, etc. that trickle down to interest rates and company-specific fundamentals and eventually affect equity prices. Unlike non-systematic risk, systematic risk cannot be diversified away.

The Company's Trust Funds and Managed Funds exposure to equity price risk arises from investment held in equity holdings that are available in Philippine Stock Exchange (PSE) as at December 31, 2024 and 2023.

The sensitivity of the Company's Trust Funds and Managed Funds to a change in equity prices by $\pm 10\%$ is shown in the table below:

	Managed Funds	
	Institutional	
December 31	2024	2023
Effect of reasonable possible shift		
Financial assets measured at fair value through profit or loss equities	5,907,713	5,610,408

	Unit Investment Trust Funds	
	2024	2023
December 31		
Effect of reasonable possible shift		
Financial assets measured at fair value through profit or loss equities	50,698	21,724

The Company's sensitivity analysis is based on the management's assessment of the most reasonable shift covering a period of one year.

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 table below shows the fair value hierarchy levels for financial assets measured at FVTPL and AFS as at December 31:

December 31, 2024	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	74,483,265	75,167	-	74,558,432
Financial assets at FVOCI	-	78,223,600	-	78,223,600
Total	74,483,265	78,298,767	-	152,782,032



December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	78,538,852	66,768	-	78,605,620
Available-for-sale financial assets	-	82,258,741	-	82,258,741
Total	78,538,852	82,325,509	-	160,864,361

The Company has no financial assets that fall under the categories of Level 3.

14 Summary of material accounting policy information

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

14.1 Basis of preparation

The combined financial statements of the Company's Trust Funds and Managed Funds are prepared in accordance with the reporting guidelines of the BSP as contained in Circular Nos. 967, Reportorial Requirements for Trust Entities, and 653, Guidelines in the Preparation of Audited Financial Statements for Trust Institutions, and 1023, Guidelines on the Adoption of Philippine Financial Reporting Standard 9 (PFRS 9) - Financial Instruments under management of Trust Entities.

On May 5, 2009, BSP issued Circular No. 653, which requires trust institutions to adopt the provisions of Philippine Financial Reporting Standards (PFRS) and Philippine Accounting Standards (PAS) issued by the Financial and Sustainability Reporting Standards Council (FRSC) in the preparation of financial statements of the trust and other fiduciary and investment management activities effective from annual periods beginning January 1, 2008. On July 27, 2017, BSP issued Circular No. 967 informing all banks and non-bank financial institutions authorized to engage in trust business of the revised Manual of Accounts (MOA) for Trust Institutions and the corresponding BSP reportorial requirements through the issuance of the Financial Reporting Package for Trust Institutions (FRPTI), in view of the adoption of the PFRS and PAS. The FRPTI is designed to align the MOA for Trust Institutions and the corresponding BSP reportorial requirements with the provisions of the PFRSs/PAS and the Financial Reporting Package for banks. Further, on December 4, 2018, Circular No. 1023 was issued as a guideline for the adoption of PFRS 9 for financial instruments under management of trust entities.

As at December 31, 2023, the Company's Trust Funds and Managed Funds in relation to VUL and general funds under Managed Funds - Institutional with AIA PH and BPI AIA (Note 7) are predominantly connected with insurance activities. As such, the temporary exemption from PFRS 9, Financial instruments was applied to the financial instruments of the insurance companies (AIA PH and BPI-AIA) presented under Managed Funds - Institutional in the financial statements (Notes 14.2 (b) and 14.4.1).

Transition to PFRS 9

Consistent with the requirements of the BSP the Managed Funds adopted PFRS 9, '*Financial instruments*' which replaces the provisions of PAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Managed Fund's adoption of this standard for the period beginning January 1, 2024, resulted in a change in accounting policies. The transition adjustment only relates to the reclassification of Available for sale financial asset to financial asset at fair value through other comprehensive income in the Statement of Assets and Accountabilities. The impact of adopting the ECL methodology is not considered significant to the Managed Fund. There were no changes to the Statements of Total Comprehensive Income and Statements of Changes in Accountabilities.



Set out below are details relating to the impact of the adoption of PFRS 9 on the Manage Fund.

The measurement category and the carrying amount of financial assets in accordance with PAS 39 and PFRS 9 at January 1, 2024 are as follows:

	PAS 39		PFRS 9	
	December 31, 2023		January 1, 2024	
	Measurement category	Carrying amount	Measurement category	Carrying amount
Financial assets				
Cash	Amortized cost	2,087,328	Amortized cost	2,087,328
Fixed Income Securities	Available for sale	78,223,600	FVOCI	78,223,600
Other assets	Amortized cost	1,529,695	Amortized cost	1,529,695

The Managed Fund performed a detailed analysis of its business models for managing financial assets including their cash flow characteristics. While there were reclassifications of financial assets that were effected upon transition to PFRS 9, the measurement basis of financial assets remains the same.

There were no changes in the classification of financial liabilities.

Requirements of BSP Circular 653

The more important reporting guidelines contained in BSP Circular 653 follow:

- (1) A complete set of financial statements shall comprise the following:
 - a) Statement of assets and accountabilities (Balance sheet);
 - b) Statement of total comprehensive income (Income statement);
 - c) Statement of changes in accountabilities, which shall show reconciliation of the net carrying amount at the beginning and end of the period of the following accounts:
 - (i) principal;
 - (ii) accumulated income; and
 - (iii) net unrealized gains and losses on financial assets at FVOCI, separately disclosing the changes in each of the foregoing accounts.
 - d) Notes to the financial statements, which shall comprise of a summary of significant accounting policies and other disclosure requirements provided under PFRS/PAS.
- (2) The statement of assets and accountabilities, statement total of comprehensive income and statement of changes in accountabilities shall be presented for each of the general categories of contractual relationship (i.e. Institutional - Trust, Individual - Trust, Unit Investment Trust Fund (UITF) - Trust, Other Fiduciary, Institutional - Agency, Individual - Agency and Special Purpose Trust).

The combined financial statements of the Company's Trust Funds and Managed Funds have complied with the provisions of PFRS/PAS, except for reporting requirements where specific guidelines are provided for under BSP regulations. The reporting guidelines of BSP differ in certain respects with PFRS such as:

- statement of cash flows is not required to be presented;
- investments are valued in accordance with BSP Circular 1021;
- certain financial assets are classified in accordance with the provisions of BSP Circular 967 and 1023;
- selection of accounting policy over subsequent measurement depends on the nature of the contractual relationship; and
- provisions of Circular 653 shall be applied to assets outstanding as at December 31, 2008.

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



The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the financial statements therefore present fairly the financial position and results of the Trust Funds and Managed Funds. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 12.

14.2 New standards, interpretations and amendments to published standards

(a) New standards, amendments to existing standards and interpretations adopted by the Company's Trust Funds and Managed Funds

The Company's Trust Funds and Managed Funds has adopted the following amendments to existing standards effective January 1, 2024:

- 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. c

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 14 series.

There are no other new standards, amendments or interpretations which are effective for the financial year beginning on January 1, 2024 that are considered relevant on the financial statements of the Trust Funds and Managed Funds.

(b) New standards, amendments to existing standards and interpretations not yet effective and not early adopted by the Company's Trust Funds and Managed Funds

The following amendments to existing standards are not mandatory for the December 31, 2024 reporting period and have not been early adopted by the Company's Trust Funds and Managed Funds:

- 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 PFRS 19 and amendments to PFRS 9 and PFRS 7 are not expected to have a material financial effect to the financial statements of the Trust Funds and Managed Funds. Management of Trust Funds and Managed Funds 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 which are effective for the financial year beginning on January 1, 2024 which are considered relevant on the financial statements of the Trust Funds and Managed Funds.

14.3 Financial instruments

Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Company's Trust Funds and Managed Funds commits to purchase or sell the asset. At initial recognition, the Company's Trust Funds and Managed Funds measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

- When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e., a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- In all other cases, the difference is deferred, and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.



14.3.1 Classification

The Company's Trust Funds and Managed Funds classifies its financial assets and liabilities according to the categories described below. The classification depends on the purpose for which the financial assets and liabilities were acquired or incurred. Management determines the classification of its financial assets and liabilities at initial recognition.

Financial assets

The Company's Trust Funds and Managed Funds classify its financial assets in the following measurement categories: at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVOCI) and at amortized cost.

As of December 31, 2024, certain investments under insurance accounts are measured at Available-for-sale financial assets (AFS financial assets) in line with the amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts, issued in September 2016, allowing entities that issue insurance contracts within the scope of PFRS 4 to defer the implementation of PFRS 9 until January 1, 2025 upon meeting certain criteria (Note 13.2.b).

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on the Company's Trust Funds and Managed Funds' business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Company's Trust Funds and Managed Funds classify debt instruments into one of the following measurement categories:

- ***Amortized cost***

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at fair value through profit or loss, are measured at amortized cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Amortized cost financial assets include deposits in banks, and other financial assets.

- ***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 recognized as financial assets at FVOCI.



- *FVTPL*

Assets that do not meet the criteria for amortized cost or AFS financial assets are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of total comprehensive income within 'Fair value gains (losses) on investments' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately.

Business model: The business model reflects how the Company's Trust Funds and Managed Funds manage the assets in order to generate cash flows. That is, whether the Company's Trust Funds and Managed Funds objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable, then the financial assets are classified and measured at fair value through profit or loss. Factors considered by the Company's Trust Funds and Managed Funds in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company's Trust Funds and Managed Funds assess whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company's Trust Funds and Managed Funds consider whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Company's Trust Funds and Managed Funds reclassify debt investments 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.

- *AFS financial assets*

Available-for-sale securities are non-derivatives that are either designated in this category or not classified in any of the other categories and specifically apply to financial instruments of certain insurance and pre-need companies.

AFS securities financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of AFS securities are recognized in other comprehensive income, until the financial asset is derecognized or impaired at which time the cumulative gain or loss previously recognized in other comprehensive income should be recognized in profit or loss. However, interest calculated on these securities using the effective interest rate method and foreign currency gains and losses on monetary assets classified as available-for-sale are recognized in profit or loss.

This classification applies to certain investments under insurance accounts in line with the amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts, issued in September 2016, allowing entities that issue insurance contracts within the scope of PFRS 4 to defer the implementation of PFRS 9 until January 1, 2025 upon meeting certain criteria (Note 13.2.b).

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.



The Company's Trust Funds and Managed Funds subsequently measure all equity investments at fair value through profit or loss, except where the management or beneficial owners of the Company's Trust Funds and Managed Funds' management have elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's Trust Funds and Managed Funds' policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognized in other comprehensive income and are not subsequently reclassified to profit or loss, even on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognized in profit or loss when the Company's Trust Funds and Managed Funds' right to receive payments is established. Gains and losses on equity investments at fair value through profit or loss are included in the 'Fair value gains (losses) on investments' in the statement of total comprehensive income.

Financial liabilities

The Company's Trust Funds and Managed Funds classifies its financial liabilities in the following categories: (i) financial liabilities at FVTPL (including financial liabilities held for trading and those that designated at fair value); and (ii) financial liabilities at amortized cost.

- ***Financial liabilities at FVTPL***

This category comprises two sub-categories: financial liabilities classified as held for trading, and financial liabilities designated by the Company's Trust Funds and Managed Funds as at FVTPL upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments.

There were not financial liabilities at FVTPL as of 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 Accounts payable and Accrued expenses.

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.

14.3.2 Recognition and measurement

Initial recognition and measurement

Financial assets and liabilities are recognized in the statement of financial position when the Company 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 trade date, which is the date when the Company commits to purchase or sell the asset.

Financial assets and liabilities are recognized initially at fair value of the consideration given (in case of an asset) or received (in the case of liability). Financial assets and liabilities not carried at FVTPL are initially recognized at fair value plus transaction costs (AFS financial assets and amortised cost). Financial assets and liabilities carried at FVTPL are initially recognized at fair value, and transaction costs are recognized as expense in profit or loss.



Subsequent measurement

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

After initial measurement, AFS financial assets are subsequently measured at fair value. The effective yield component of AFS debt securities, as well as the foreign exchange gains and losses on foreign currency-denominated AFS debt securities, is recognized in profit or loss. Interest earned on holding AFS debt financial assets are reported as interest income using the effective interest rate. Dividends earned on holding AFS equity financial assets are recognized in profit or loss as dividend income when the right of payment has been established. The unrealized gains and losses arising from the fair valuation of AFS financial assets are reported as part of reserves for fluctuation of AFS financial assets in the statement of financial position. The losses arising from impairment of such investments are recognized as Provision for impairment losses in profit or loss. When the security is disposed of, the cumulative gain or loss previously recognized in equity is recognized as Realized gain or loss on sale of AFS securities in profit or loss.

Gains or losses arising from changes in the fair value of financial assets and liabilities at FVTPL, including interest and dividend income and interest expense, are presented in profit or loss under fair value changes in financial assets at FVTPL, net account in the period in which they arise. Dividend income from financial assets at FVTPL is recognized in profit or loss when the Company's right to receive payment is established.

Financial assets at amortised cost are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included within Interest income account under Investment income in the statement of income. The losses arising from impairment of such loans and receivables are recognized in Provision for impairment losses in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

14.3.3 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 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

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.

To measure the expected credit losses, 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 at amortised cost, 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 'Deposit in banks', and 'Other assets', 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. These financial assets were determined by the Company to have low credit risk at the reporting date.

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 deposit in banks and other assets 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 profit and loss.

AFS financial assets carried at fair value

When a decline in the fair value of an AFS asset has been recognized in OCI and there is an objective evidence that the asset is impaired, the cumulative loss already recognized directly in other OCI is recognized in current period profit or loss.

If the fair value of a debt instrument classified as AFS increases in a subsequent period, and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss. Where, following the recognition of an impairment loss in respect of an AFS debt security, the asset suffers further falls in value, such further falls are recognized as impairment only in the case when an objective evidence exists of a further impairment event to which the losses can be attributed.

14.3.4 Derecognition

Financial asset

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

- The right to receive cash flows from the asset has expired;
- The Company's Trust Funds and Managed Funds 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's Trust Funds and Managed Funds 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 substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company's Trust Funds and Managed Funds has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the continuing involvement of the Company's Trust Funds and Managed Funds in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company's Trust Funds and Managed Funds could be required to repay.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged, 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 between the respective carrying amount is recognized in profit or loss.



14.4 Contributions and additional investments

Contributions and additional investments by trustors are recorded upon receipt.

14.5 Withdrawals

Withdrawals by trustors are recorded upon disbursement.

14.6 Revenue recognition

Interest income

Interest income is recognized in profit or loss for all interest-bearing financial instruments using effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset.

When calculating the effective interest rate, the management of the Company's Trust Funds and Managed Funds estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss.

The Company's Trust Funds and Managed Funds have interest income which is subject to final withholding taxes. Such income is presented net of final withholding tax.

Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established.

Other income

Other income is recognized when earned.

14.7 Expenses

Expenses are recognized when incurred.

14.8 Foreign currency transactions and translation

Functional and presentation currency

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



Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary items measured at historical cost and denominated in a foreign currency are translated at exchange rate as at the date of initial recognition.