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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
RCBC Trust Corporation
Yuchengco Tower, RCBC Plaza
6819 Ayala Avenue, cor. Sen. Gil Puyat Avenue
Makati City

Report on the Financial Statements

Opinion

We have audited the financial statements of RCBC Trust Corporation ("the Company") which comprise of the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended December 31, 2024 and the period June 29, 2023 to December 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the year ended December 31, 2024 and the period June 29, 2023 to December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the combined financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Identify and assess the risks of material misstatement of the combined 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 combined 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 combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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Report on the Supplementary Information Required Under Revenue Regulations No. 15-2010 and Section 174-T of the Manual of Regulations for Non-Bank Financial Institutions

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations No. 15-2010 in Note 19 and Section 174-T of the Manual of Regulations for Non-Bank Financial Institutions in Note 20 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and the BSP, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of RCBC Trust Corporation, Inc. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Glenda C. Anisco-Niño

Glenda C. Anisco-Niño
Partner
CPA Certificate No. 114462
Tax Identification No. 225-158-629
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-151-2022, November 7, 2022, valid until November 6, 2025
PTR No. 10465259, January 2, 2025, Makati City

April 28, 2025

RCBC TRUST CORPORATION

STATEMENT OF FINANCIAL POSITION

December 31, 2024 and 2023

(Amounts in thousands of Philippine Pesos)

	December 31	
	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱205,604**	₱19,586
Investments in fair value through profit or loss (Note 6)	**93,750**	80,529
Receivables (Note 7)	**152,414**	230
Other current assets (Note 10)	**9,427**	–
Total Current Assets	**461,195**	100,345
Non-current Assets		
Property and equipment (Note 8)	**5,614**	–
Right-of-use assets (Note 17)	**21,385**	
Intangible assets (Note 9)	**21,757**	–
Deferred income tax asset (Note 18)	**4,798**	–
Plan asset (Note 14)	**129,629**	–
Total Non-current Assets	**183,183**	–
Total Assets	**₱644,378**	₱100,345
LIABILITIES AND EQUITY		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses (Note 11)	**₱87,098**	₱230
Income tax payable	**22,794**	–
Lease liability (Note 17)	**22,460**	–
Other current liabilities (Note 12)	**27,127**	–
Total Current Liabilities	**159,479**	230
Non-Current Liabilities		
Defined Benefit Obligation (Note 14)	**121,829**	–
Due to Shareholder (Note 16)	**125,634**	–
Total Non-Current Liabilities	**247,463**	230
Total Liabilities	**406,942**	230
Equity (Note 13)		
Share Capital	**100,000**	100,000
Additional Paid-in Capital	**28,427**	–
Retained Earnings	**117,030**	115
Net remeasurements gains on retirement benefits (Note 14)	**(8,021)**	–
Total Equity	**237,436**	100,115
Total Liabilities and Equity	**₱644,378**	₱100,345

See accompanying Notes to Financial Statement

RCBC TRUST CORPORATION

STATEMENTS OF INCOME
For the year ended December 31, 2024 and
the period June 29, 2023 to December 31, 2023*
(Amounts in thousands Philippine Pesos)

	2024 (12 months)	2023* (5 months)
REVENUES		
Trust Income (Note 7)	**₱476,483**	₱–
OTHER INCOME (LOSSES)		
Interest Income (Notes 5 and 6)	**12,334**	146
Fair value gain (loss) on investment in FVTPL (Note 6)	**3,905**	(2)
	16,239	144
	492,721	144
OPERATING COST AND EXPENSES		
Salaries and other employee benefits (Note 14)	**174,661**	–
Depreciation and amortization (Notes 8 and 9)	**34,343**	–
Gross receipts tax (Note 19)	**24,601**	–
Retirement expense (Note 14)	**10,466**	–
Interest expense (Note 16)	**9,472**	–
Occupancy expenses (Note 15)	**7,860**	–
Taxes and licenses	**135**	–
Other operating expenses (Note 15)	**75,366**	–
	336,885	–
INCOME BEFORE TAXES	**155,836**	144
Provision for income taxes (Note 18)	**38,921**	29
NET INCOME	**₱116,915**	₱115

**RCBC Trust Corporation was registered with the Securities and Exchange Commission on June 29, 2023*
See accompanying Notes to Financial Statements.

RCBC TRUST CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31, 2024 and
the period from June 29 2023 to December 31 2023*
(Amounts in thousands Philippine Pesos)

	2024 (12 months)	2023* (5 months)
NET INCOME	**₱116,915**	₱115
OTHER COMPREHENSIVE LOSS		
Item that may not be classified to profit or loss in subsequent periods:		
Remeasurement loss on defined benefit plan, net of tax (Note 14)	**(8,021)**	–
TOTAL COMPREHENSIVE INCOME	**₱108,894**	₱115

**RCBC Trust Corporation was registered with the Securities and Exchange Commission on June 29, 2023*

See accompanying Notes to Financial Statements.

RCBC TRUST CORPORATION

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2024 AND FOR THE PERIOD JUNE 29, 2023 TO DECEMBER 31, 2023
(Amounts in thousands of Philippine Pesos)

	Share Capital	Additional Paid-in Capital	Retained earnings	Remeasurement loss on defined benefit plan (Note 9)	Total
Balance at January 1, 2024	**₱100,000**	**₱–**	**₱115**	**₱–**	**₱100,115**
Net income	–	–	**116,915**	–	**116,915**
Other comprehensive loss	–	–	–	**(8,021)**	**(8,021)**
Total comprehensive income (loss)	–	–	**116,915**	**(8,021)**	**108,894**
Contributions from shareholders (Note 16)	–	**28,427**	–	–	**28,427**
Balance as of December 31, 2024	**₱100,000**	**₱28,427**	**117,030117,030**	**(₱8,021)**	**₱237,436**
Balances as at June 29, 2023*	₱–	₱–	₱–	₱–	₱–
Capital contribution	₱100,000	–	–	–	100,000
Total comprehensive income	–	–	115	–	115
Balance as at December 31, 2023	₱100,000	₱–	₱115	₱–	₱100,115

See accompanying Notes to Financial Statements.

RCBC TRUST CORPORATION

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023
(Amounts in thousands Philippine Pesos)

	For the periods ended December 31	
	2024 (12 months)	2023 (5 months)
Cash Flow from Operating Activities		
Income before income tax	**₱155,836**	₱144
Adjustments for:		
Amortization of right of use asset (Note 17)	**23,968**	–
Interest Income (Notes 5 and 6)	**(12,334)**	(146)
Retirement Benefit Expense (Note 14)	**10,446**	–
Interest expense (Note 16)	**7,607**	–
Depreciation and amortization (Notes 8 and 9)	**3,157**	–
Interest expenses on leases (Note 17)	**1,865**	–
Amortization of prepaid benefit (Note 10)	**776**	–
Provision for allowance for probable losses (Note 7)	**100**	–
Unrealized gain on investment securities at FVTPL	**23**	2
Operating income before changes in operating assets and liabilities	**191,299**	–
Changes in Operating Assets and Liabilities		
Decreases (increases) in:		–
Receivables (Note 7)	**34,245**	–
Other assets (Note 10)	**6,861**	(230)
Increases (decreases) in		
Accounts payable and accrued expenses (Note 11)	**71,496**	230
Other current liabilities (Note 12)	**23,887**	–
Cash provided by operations	**245,676**	–
Interest received	**12,052**	138
Interest paid	**–**	(23)
Income taxes paid (Note 18)	**(18,765)**	–
Cash provided by operating activities	**238,963**	0
Cash Flow from Investing Activities		
Acquisitions of:		
Intangible assets	**(13,992)**	–
Property and equipment (Note 8)	**(853)**	–
Investment at fair value through profit and loss	**(13,199)**	(80,529)
Cash used in investing activities	**(28,045)**	(80,529)
Cash Flow from Financing Activities		
Net cash used in financing activities		
Payment of lease liability (Note 17)	**(24,900)**	–
Capital contribution (Note 13)	**–**	100,000
Net cash flows provided by (used in) financing activities	**(24,900)**	100,000
Net increase (decrease) in cash and cash equivalents	**186,018**	19,586
Cash and Cash Equivalents, January 1	**19,586**	–
Cash and Cash Equivalents, December 31	**₱205,604**	₱19,586

1. Corporate Information

RCBC Trust Corporation (the “Company”) is one of the oldest trust entities in the country, boasting a rich history dating back to 1968 when it began as a department under Rizal Commercial Banking Corporation (“the Bank”).

In a landmark move in January 2024, the group spun off to a stand–alone trust corporation with a Php 100 million authorized capital, divided into 1,000,000 common shares with par value at Php 100 each. The ownership structure of the Company is as follows: (a) House of Investments Inc. (40%), (b) Rizal Commercial Banking Corporation (RCBC) (40%), and (c) GPL Holdings, Inc. (20%), all under the ultimate Parent Company, namely, Pan Malayan Management and Investment Corporation (PMMIC). After receiving its Trust License approval from the Bangko Sentral ng Pilipinas on October 10, 2023, the Company began its operations on January 2, 2024.

The Company is engaged in the business of trust, other fiduciary business and management activities. The company offers a comprehensive suite of services including the Investment Management Account (IMA), Unit Investment Trust (UITFs), corporate and personal retirement, corporate and institutional trust accounts, pre–need trust, personal management trusts, and mortgage or collateral trusts. Focused on delivering superior services and customer experience, the Company is a leader in retirement company management and corporate trust services. Its investment management services, and digital offerings have also exponentially grown in recent years.

As a financial institution, the Company’s operations are registered with the Securities and Exchange Commission and regulated and supervised by the Bangko Sentral ng Pilipinas (BSP). In this regard, the Company will be required to comply with the rules and regulations of the BSP such as those relating to maintenance of reserve deposits for trust operations and those relating to the adoption and use of safe and sound practices, among others, as promulgated by the BSP. It is subject to the provisions of the Manual of Regulations for Non–Bank Financial Institutions (MORNBFI) and other relevant laws.

The Company’s registered office address is at Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, cor. Sen. Gil Puyat Avenue, Makati City.

<u>Spin-off of the RCBC Trust Operations to a Stand-Alone Trust Corporation</u>

With the endorsement of the Bank’s Trust Committee, on November 28, 2022, the Bank’s Board of Directors (BOD) approved the spin-off of the trust operations from RCBC into a separate corporate entity by establishing a Stand-Alone Trust Corporation in accordance with the Manual of Regulations for Non-Bank Financing Institutions. The Bank’s BOD approved the capital infusion by the RCBC equivalent to 40% of the required capital under the capital build-up plan.

On March 27, 2023, the Bank’s BOD approved the incorporation of the Company. The Company was officially incorporated on June 29, 2023, while its application of Trust License from BSP – Stage 3 was approved on October 10, 2023. The Company started operations on January 2, 2024.

On January 2, 2024, the Company received assets and liabilities from RCBC. The following are the amounts of the net assets received by the Company from RCBC at the effective date of transfer (amounts in thousands):

Assets	
Receivables	₱123,037
Leased premises, furniture, fixtures and equipment	12,470
Intangible assets	7,765
Other resources	6,196
	149,468
Liabilities	
Accounts payable and accrued expenses	2,987
Lease liabilities	2,726
	5,713
Net assets	₱143,755

In accordance with the Company's agreement with the Bank, the net assets will be payable by the Company after 5 years from the date of the agreement, with 6% interest to be paid at the end of the five (5) year period.

On the same day, the Company also assumed assets under management valued at ₱155,704,780 from RCBC. These assets are maintained in separate books and records in accordance with the Financial Reporting Package for Trust Institutions (FRPTI) prescribed by the BSP.

Authorization for issuance of the financial statements
The financial statements of the Company as of and for the period ended December 31, 2024, were authorized for issue by its Board of Directors on April 28, 2025.

2. Material Accounting Policy Information

Basis of Preparation
The accompanying financial statements have been prepared on a historical cost basis. These financial statements are presented in Philippine pesos, the Trust Corporation's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

The financial statements are presented in Philippine Peso (₱), which is the Trust Corporation's functional and presentation currency. Functional currency is the currency of the primary economic environment in which the Trust Corporation operates. All values are rounded to the nearest Peso, except when otherwise indicated.

Statement of Compliance
The financial statements of the Trust Corporation have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRSs Accounting Standards are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB) and approved by the Philippine Board of Accountancy.

Adoption of New and Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except that the Trust Corporation has adopted the following new accounting pronouncements starting January 1, 2024. Adoption of these pronouncements did not have any significant impact on the Trust Corporation's financial position or performance unless otherwise indicated.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. The Trust Corporation intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Trust Corporation's financial statements.

Effective beginning on or after January 1, 2025
- Amendments to PAS 21, *Lack of Exchangeability*

Effective beginning on or after January 1, 2026
- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to PFRS Accounting Standards-Volume 11
  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
  - Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
  - Amendments to PAS 7, *Cost Method*

Effective beginning on or after January 1, 2027
- PFRS 17, Insurance Contracts
- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

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

Material Accounting Policy Information

Current and Noncurrent Classification

The Trust Corporation presents assets and liabilities in the statement of financial position based on current and noncurrent classification.

An asset or liability is current when it is:

- Expected to be realized or intended to be sold or consumed or settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized or due to be settled within twelve months after the reporting period; or
- Cash or a cash equivalent, unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is current when it is:

- Expected to be settled in the normal operating cycle;
- Held primarily for the purpose of trading;
- Due to be settled within twelve months after the reporting period; or
- Not subject to unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets or liabilities are classified as noncurrent. Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

Business Combinations Involving Entities under Common Control

A business combination involving entities under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group. Common control business combinations are outside the scope of PFRS 3, *Business Combination*. The Company elected to account for its common control business combination using pooling of interest method.

Common control business combination accounted using "pooling of interests" is where the assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination and adjustments made are only those adjustments to harmonize accounting policies.

No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. The effects of intercompany transactions on current assets, current liabilities, revenues, and cost of sales for the periods presented and on retained earnings at the date of acquisition are eliminated to the extent possible.

Cash and cash equivalents

Cash includes savings deposits held with the Bank. These are carried in the statement of financial position at face amount or at nominal amount. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and are subject to an insignificant risk of change in value.

Financial Instruments – Initial Recognition and Subsequent Measurement

Date of recognition

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized in the statement of financial position when the Trust Corporation 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 trade date.

Initial recognition of financial instruments

All financial instruments are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability except for financial assets and financial liabilities at fair value through profit or loss (FVTPL). The Trust Corporation classifies all its financial instruments at fair value through profit or loss (FVTPL). The classification and measurement of financial instruments is driven by the Trust Corporation's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments.

'Day 1' difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Trust Corporation recognizes the difference between the transaction price and fair value (a 'Day 1'difference) in profit or loss in the statement of comprehensive income, unless it qualifies for recognition as some other type of asset. In cases where transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in profit or loss in the statements of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Trust Corporation determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets

Financial assets are recognized when the Trust Corporation becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, Financial Instruments: Presentation.

Classification of financial instruments

Financial assets are classified as either financial assets at FVPL, financial assets at FVOCI or financial assets at amortized cost. Financial liabilities are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The Trust Corporation has no financial assets at FVOCI as of December 31, 2024 and 2023. The Trust Corporation has no financial liabilities at FVPL as of December 31, 2024 and 2023.

Financial Assets

Financial assets are recognized when the Trust Corporation becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, Financial Instruments: Presentation.

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are described below.

Financial Assets at Amortized Cost
Financial assets are measured at amortized cost if both of the following conditions are met:

the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interests (SPPI) on the principal amount outstanding.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less any allowance for ECL. Where the business model is to hold assets to collect contractual cash flows, the Company assesses whether the financial instruments' cash flows represent SPPI. In making this assessment, the Company considers 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 (FVTPL).

Effective Interest Rate Method and Interest Income
Interest income is recorded using the effective interest rate (EIR) method for all financial instrument measured at amortized cost and financial instrument designated at FVTPL. The EIR 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.

The EIR is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognizes the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets.

Impairment of Financial Assets
The Company recognizes allowance for ECL on a forward-looking basis associated with its financial assets at amortized cost.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following financial instruments for which they are measured as 12-month ECL:

debt securities that are identified to have 'low credit risk' at the reporting date; and,
other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

For these financial instruments, the allowance for credit losses is based on 12-month ECL associated with the probability of default of a financial instrument in the next 12 months (referred to as 'Stage 1' financial instruments). Unless there has been a significant increase in credit risk (SICR) subsequent to the initial recognition of the financial asset, a lifetime ECL (which are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial asset) will be recognized (referred to as 'Stage 2' financial instruments). 'Stage 2' financial instruments also include those loan accounts and facilities where the credit risk has improved and have been reclassified from 'Stage 3'. A lifetime ECL shall be recognized for 'Stage 3' financial instruments, which include financial instruments that are subsequently credit-impaired, as well as purchased or originated credit-impaired (POCI) assets.

Assessment of Significant Increase in Credit Risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company assesses the change in the risk of a default occurring over the remaining life of the financial instrument. In making this assessment, the Company assesses on a periodic basis both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information as appropriate.

Definition of Default
Due from banks is assessed as credit-impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of an event that occurred after the initial recognition of the security (a "loss event") and that loss event has impact on the estimated future cash flows of the securities. Losses expected as a result of future events, shall also be considered in estimating the ECL.

Derecognition of Financial Assets
A financial asset (or where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and a collateralized borrowing for the proceeds received.

Financial Liabilities
Financial liabilities which include 'Accounts payable and accrued expenses' are recognized when the Company becomes a party to the contractual terms of the instrument.

Financial liabilities are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method, for those with maturities beyond one year, less settlement payments. All interest-related charges incurred on financial liabilities are recognized as an expense in the statement of income under the caption Interest expense.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or if the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of the new liability, and the difference in the respective carrying amounts is recognized in the statement of income.

Offsetting Financial Instruments
Financial instruments are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

If an asset or a liability measured at fair value has a bid price and an ask price, the price within the bid-ask spread that is most representative of fair value in the circumstances shall be used to measure fair value regardless of where the input is categorized within the fair value hierarchy.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Such cost includes the cost of replacing part of the equipment when the recognition criteria are met, but excludes repairs and maintenance cost. The initial cost of property and equipment comprises of its purchase price and other costs directly attributable to bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to profit or loss in the statement of comprehensive income in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life (EUL) of the assets as follows:

	Number of Years
Computer equipment	5
Office equipment	10
Furniture and fixtures	10
Transportation equipment	5

Intangible assets

The Company's intangible assets consist of computer software, which is carried at cost less accumulated amortization and impairment loss, if any. Costs incurred to acquire computer software (not an integral part of its related hardware) and bring it to its intended use and costs directly associated with the development of identifiable computer software that generate expected future benefits to the Company are capitalized. All other costs of developing and maintaining computer software programs are recognized as expenses as incurred. Computer software under development is presented under "Other assets" and reclassified to "Intangible assets" when the asset is the condition necessary for it to be capable of operating in the manner intended by management and subsequently amortized to expense in the statement of income. These costs are amortized over the estimated useful life of 5 years.

Periods and methods of amortization for computer software are reviewed annually or earlier when an indicator of impairment exists.

Prepaid expenses and other non-financial assets

Prepaid expenses are recognized if payment has been made in advance of when the service is rendered. Prepaid expenses are initially measured at nominal amounts which are equal to the amount of cash paid. Prepayments are derecognized through amortization over a period of time.

Other non-financial assets consist of excess input value-added tax and creditable withholding tax payments which are recognized as assets to the extent that it is probable that the benefits will flow to the Company. These are derecognized when there is a legally enforceable right to apply the recognized amounts against the related income tax due as prescribed by applicable laws.

Accrued expenses and other liabilities

Accrued expenses and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Company is established.

Accrued expenses and other liabilities are derecognized upon settlement, or when discharged, cancelled or expired.

Provisions and Contingencies

Provisions

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle an obligation, the provision is reversed.

Contingencies

Contingent assets are not recognized but are disclosed in the notes to financial statements when an inflow of economic benefits is probable. Contingent liabilities are not recognized but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Equity

Capital stock is the portion of the capital stock that has been subscribed and fully paid therefore issued and outstanding.

Additional Paid-in Capital

The additional paid-in capital is the excess of the defined benefit obligation at the start of operations versus the initial contribution to the retirement benefit plan.

Revenue Recognition

Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Company has concluded that it is the principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Trust fees

Trust fees related to trust accounts are recognized ratably over the period as the service is provided. These are computed based on the daily net asset value per unit (NAVPU) of the managed unit investments trust funds (UITFs) and mutual funds.

Expense Recognition

Expenses are recognized when it is probable that decrease in future economic benefits related to decrease in asset or an increase in liability has occurred and that the decrease in economic benefits can be measured reliably. Expenses that may arise in the course of ordinary regular activities of the Company include among others the operating expenses on the Company's operations

Leases

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

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

Right-of-use assets
The Company recognizes right-of-use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and amortization, and adjusted for any remeasurement of lease liabilities less any impairment losses. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the EUL of the asset. The right-of-use assets of the Company include office spaces, which have EUL and lease term of five years.

Lease liabilities
At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payment of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period which the event or condition that triggers the payment occurs.
In calculating the present value of lease payments, the Company uses its incremental borrowing rate (IBR) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of office equipment and offsite record storage (that is, those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered low-value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

In an operating lease, the lease property was not capitalized and the lease payments were recognized as rent expense under ‘Rent’ in the statement of comprehensive income on a straight-line basis over the lease term.

Employee Benefits

The Trust Corporation's employment benefits to employees are as follows:

(a) *Post-employment Defined Benefit Plan*

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Trust Corporation, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Trust Corporation's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, noncontributory and administered by a trustee.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period. The DBO is calculated annually by independent actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows arising from expected benefit payments using a discount rate based on the theoretical spot yield curve calculated from the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market (previously the PDEx (PDST-R2) market yields on benchmark government bonds) by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation date, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in net interest) are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is included as part of Interest expense or Interest income in the statement of income.

Past-service costs are recognized immediately in the statement of income in the period of a plan amendment or curtailment.

(b) *Termination Benefits*

Termination benefits are payable when employment is terminated by the Trust Corporation before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Trust Corporation recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(d) *Compensated Absences*

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting date. They are included as part of Other current liabilities account in the statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

Related Party Relationships and Transactions
Related party transactions are transactions or dealings with related parties, regardless of whether a price is charged. These covers all types of transactions both on and off-balance sheet and regardless of which side of the transaction/deal of the Trust Corporation is acting.

Parties are said to be related if one has direct or indirect control as well as significant influence over the other. Related Parties of the Trust Corporation include, but is not limited to: (a) DOSRI, affiliates, and any party that directly or indirectly has control over or is subjected to the control of the Trust Corporation as well as those with direct and indirect linkages to it, (b) the Trust Corporation's and its affiliated companies' directors, officers, stockholders, and their related interests and close family members, and (c) other persons and juridical entities whose interests may pose potential conflict with the Trust Corporation.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Income Taxes
Income tax recognized in profit or loss comprises current and deferred tax. Income tax is determined in accordance with Philippine tax law.

Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as of the statement of financial position date.

Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of the amount expected to be paid to the tax authorities.

Deferred tax
Deferred tax is provided or recognized in full using the balance sheet – liability method on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and unused net operating loss carryover (NOLCO), to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences and carryforward of unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Foreign Currency-Denominated Transactions and Balances
Transactions in foreign currencies are recorded in the functional currency at the foreign exchange rate prevailing at the date of the transaction.

Offsetting Financial Assets and Financial Liabilities
The amendments to PFRS 7 require the Company to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreements or similar arrangements. However, there were no financial assets and financial liabilities presented at net in the statements of financial position.

Events after the Reporting Date
Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Significant Accounting Judgments and Estimates

The preparation of the financial statements in accordance with PFRS Accounting Standards requires the Company to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses. Future events may occur which will cause the judgments and estimates used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as they become reasonably determinable.

Judgments and estimates 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.

Estimates
Recognition of deferred tax assets
Management reviews at each reporting date the carrying amount of the Company's deferred tax assets. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized. Management believes that sufficient taxable profit will be generated in the near foreseeable future to allow, at least, the recognized deferred tax assets to be utilized.

Management assessed that sufficient taxable profit will be generated in the near foreseeable future that will allow utilization of recognized deferred tax assets.

As of December 31, 2024 and 2023, the Company's recognized deferred tax assets is disclosed in Note 18. There were no unrecognized deferred tax assets as of December 31, 2024 and 2023.

4. Risk Management Policies and Objectives

The Company is exposed to risks that are particular to its operating, investing and financing activities, and the business environment in which it operates.

Risk is the extent to which the type of business transacted, and the nature of operations exposes the Company to the possibility of financial loss, improper disclosure of data, regulatory sanctions or public embarrassment. Risk is a combination of probability and magnitude. Probability indicates the likelihood that something will go wrong. Magnitude indicates the impact if the event occurs.

The Company's objective in risk management is to ensure that it identifies, measures, monitors and controls the various risks that arise from its business activities, and that it adheres strictly to the policies, procedures and control systems which are established to address these risks.

Strategy in Using Financial Instruments

During the period, it is the Company's objective to generate returns mainly from the interests on financial instruments.

The Company's financial assets at fair value through profit or loss are composed mainly of government securities intended to be held as basic security deposit for faithful performance of trust and other fiduciary business and investment management activities.

Market Risk
The Company is not significantly exposed to market risk, considering the components of the financial assets and liabilities as of December 31, 2024.

As per BSP regulations, the Company is not permitted to conduct proprietary trading or speculative investing activities. The proprietary assets it holds are exclusively for the purpose of its trust business, investment activities, and complying with minimum capital and basic security deposit requirements.

Credit Risk
Credit risk is the risk that the counterparty in a transaction may default and arise from investment activities undertaken by the Company. It manages credit risk through a system of policies and authorities that govern the processes and practices of all credit-originating and borrowing relationship management units.

The maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position as of December 31 as summarized below.

	2024	2023
Cash in Bank	**₱205,604**	₱19,586
Investment Securities at FVPL	**93,750**	80,529

The credit risk for cash and cash equivalents is considered negligible, since these are CASA accounts with Rizal Commercial Banking Corporation.

Included in the cash and cash equivalents are short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱500,000 for every depositor per banking institution.

In 2024 and 2023, financial assets at FVTPL include investment in government securities, which are considered low credit risk. Financial assets at FVTPL are not subject to ECL.

Operational Risk
Operational risk is the current and prospective risk to earnings or capital arising from fraud, error and the inability to deliver products or services, maintain a competitive position, and manage information. Risk is inherent in efforts to gain strategic advantage, and in failure to keep pace with changes in the financial services marketplace. Operational risk is evident in each product and service offered. It encompasses product development and delivery, operational processing, systems development, computing systems, complexity of products and services, and the internal control environment.

Liquidity risk
Liquidity risk is the risk that the Company may not be able to generate sufficient resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. Working capital requirements are reviewed monthly through projection of cash flows from the Company's operating, investing, and financing activities.

The Company manages liquidity through reporting of liquidity risk exposures, monitoring compliance with liquidity risk policy and review of liquidity risk policy for pertinence and changing environment.

All financial assets and liabilities of the Company are classified as current, i.e. they are expected to be realized within twelve months from the reporting date.

Legal Risk
Legal risk refers to the potential loss that the Company may suffer due to non-existent, incomplete, incorrect and unenforceable documentation used by the company to protect and enforce its rights under contracts and obligations.

Regulatory Risk
Regulatory risk refers to the potential loss that the Company may suffer due to changes in the laws or monetary tax or other governmental regulations of a country. Its compliance program, which is overseen by the Trust Legal Officer and the Business Risk and Compliance Officer, is the control process for regulatory risk issues.

<u>Fair Value Measurement</u>
In accordance with PFRS 13, Fair Value Measurement, the fair value of financial assets, financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or accountability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

The carrying amounts approximate the fair values of financial assets and financial liabilities presented in the statements of financial position as of December 31, 2024.

Described below is the information about how the fair values of the Company's classes of financial assets were determined.

(a) Cash and Cash Equivalents, Accounts Payable and accrued expenses
The fair value of for cash in bank, short-term deposits and accounts payable approximates the nominal value due to its short-term nature.

(b) Government Securities
The fair value of the Company's government securities categorized within Level 1 is determined directly based on published prices available from electronic financial data service providers which had been based on the price quoted or dealt in an active market at the end of each reporting period.

The Company has no financial liabilities which are measured at fair value as of the end of the end of each reporting period.

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements for the years ended December 31, 2024 and 2023. The Trust Corporation has no Level 3 financial instruments as of December 31, 2024 and 2023.

5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash in bank	**₱205,594**	₱19,586
Cash on hand	**10**	–
	₱205,604	₱19,586

Cash in bank earns interest at prevailing bank deposit rates. Short-term time deposits carry effective interest rates between 4.10% - 6.00%.

6. Investments in Fair Value Through Profit or Loss

Financial assets at FVTPL pertain to Philippine government treasury bills with fair value of ₱93,750 and ₱80,529 as of December 31, 2024 and 2023, respectively, and are all maturing within 12 months from the reporting date.

The Company holds and classifies its investments in government securities at FVTPL primarily to meet regulatory requirements for basic security deposits for trust corporations. This classification also addresses the Company's liquidity needs, and the company does not plan to sell these investments in the near or medium term.

The related interest income of the securities held amounts to ₱4,903 for the year ended December 31, 2024.

7. Receivables

This account consists of:

	2024	2023
Accrued trust fees	**₱156,011**	₱–
Other receivables	**6,806**	230
	162,817	230
Allowance for losses – Accrued trust fee	**(10,403)**	–
	₱152,414	₱230

Other receivables include finance lease receivable and employee advances.

Movement in allowance for losses of accrued trust fee for the years ended December 31 follows:

	2024
January 1	**₱–**
Transferred allowance for probable losses	**11,119**
Reversal of allowance collected in 2024	**(816)**
Additional provision for probable losses in 2024	**100**
December 31	**₱10,403**

8. Property and Equipment

This account consists of:

	Computer Equipment	Office Equipment	Transportation Equipment	Leasehold Rights & Improvements	Furniture & Fixtures	Total
Cost						
Balance at beginning of the year	₱–	₱–	₱–	₱–	₱–	₱–
Additions and transfer	14,184	4,644	10,636	426	6,800	36,690
Disposal	–	–	(269)	(215)	–	(484)
Balance at end of year	14,184	4,644	10,367	209	6,800	36,204
Accumulated Depreciation						
Balance at beginning of the year	–	–	–	–	–	–
Depreciation	11,945	4,429	7,777	–	6,440	30,590
Disposal	–	–	–	–	–	–
Balance at end of year	11,945	4,429	7,777	–	6,440	30,590
Carrying Amount	₱2,239	₱215	₱2,590	₱209	₱361	₱5,614

9. Intangible Assets

This account consists of:

Computer software	2024
Cost	
Balance at beginning of the year	**₱–**
Additions and transfer	**38,217**
Disposals	**–**
(Forward)	

At the end of the year	**₱38,217**
Accumulated depreciation	
At the beginning of the year	–
Amortization	**16,460**
At end of the year	**16,460**
Net book value	**₱21,757**

10. Other Assets

This account consists of:

	2024
Prepaid expenses	**₱5,988**
Security deposit	**2,785**
Prepaid tax	**654**
	₱9,427

Prepaid expenses include other employee benefits, life and non-life insurance, membership fees & dues, infotech, and advance rental.

Security deposit represents cash paid in advance to lessor equivalent to three (3) months' rent which shall be refunded at the end of the lease term.

Prepaid tax pertains to final tax paid upfront for investment in government securities.

11. Accounts Payable and Accrued Expenses

This account consists of:

	2024	2023
Backroom Office Support	**₱70,389**	₱230
Compensated absences	**16,709**	–
	₱87,098	₱230

Outside services pertains to payable to RCBC Corporation for the support and services rendered to the Company.

Compensated absences pertain to the earned leave credits of the employees as of yearend.

12. **Other Current Liabilities**

This account consists of:

	2024
Withholding tax payable	₱16,063
Gross receipts tax payable	7,013
Government payables	922
Other Payable	2,876
	₱26,8754

Withholding tax payable pertains the withholding taxes of the Trustors to be remitted to the government.

Gross receipt tax payable pertains to 5% receipt tax on trust income and other income to be remitted to government.

The other payables represent trust fees received in advance from clients, which are generally associated with commercial papers with a maturity period of less than one year and salaries payable to resigned employees.

13. **Equity**

Share Capital
Details of share capital as at December 31, 2024 and 2023 are as follows:

	No. of Shares	Amount
Authorized, ₱100 par value	1,000	₱100,000
Issued and outstanding	1,000	100,000

Subscribed and issued share capital was fully paid at the inception of the Company.

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

In accordance with BSP Circular No. 884, the Company is required to have a minimum unimpaired capital of ₱140 million or 0.10% of the total book value of its AUM, whichever is higher.

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

Calendar Year	**Capital Requirement**
Year 0 – Upon incorporation	₱100 million
End of Year 1	₱140 million or 0.10% of AUM whichever is higher
End of Year 2	₱180 million or 0.10% of AUM whichever is higher
End of Year 3	₱220 million or 0.10% of AUM whichever is higher
End of Year 4	₱260 million or 0.10% of AUM whichever is higher
End of Year 5 and onwards	₱300 million or 0.10% of AUM whichever is higher

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

As of December 31, 2024 and 2023, the Trust Corporation has complied with this requirement.

Additional Paid-in Capital
The additional paid-in capital represents the excess of the plan asset over the defined benefit obligation transferred from RCBC to the Company. See Note 14.

Retained Earnings
Appropriation of retained earnings
In accordance with section 4413Q of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI), an institution authorized to engage in investment management activities shall, before the declaration of dividends, carry to retained earnings appropriated for trust business at least 10% of its net profits realized out of its investment management activities since the last preceding dividend declaration until the retained earnings shall amount to 20.00% of its authorized capital stock and no part of such retained earnings shall at any time be paid out in dividend.

14. **Salaries And Other Employee Benefits**

Details of compensation and fringe benefits expense for the years ended December 31 follow:

	2024 (12 months)
Salaries and wages	**₱166,902**
Retirement expense	**10,446**
Other employee benefit expenses	**7,650**
	₱184,998

Retirement benefit plan
In 2024, the Company received the transferred retirement fund and assumed the defined benefit obligation from RCBC. At the time of transfer, the retirement fund and defined benefit obligation amounted to ₱129.51 million and ₱100.57 million, respectively. The excess retirement fund is not payable to nor to be returned to RCBC. The difference of ₱28.94 is accounted for as an additional-paid-in capital of the Company.

The Company maintains a funded, tax-qualified, non-contributory post-employment benefit plan that is being administered by the Company Institutional Portfolio Management Division (IPMD), covering all regular full-time employees. The Company's IPMD manages the fund in coordination with the Company's Retirement Plan Committee (RPC) which act in the best interests of the plan assets and are responsible for setting the investment policies,

The normal retirement age of the Company's employees ranges between 55 to 60 but the plan also provides for early retirement at age 50 to 55 with a minimum of 10 to 20 years of credited service. The maximum retirement benefit is the lump sum equivalent to two months of pay per year of continuous employment based on the employee's salary at retirement. Any fraction of a year shall be computed proportionately.

Actuarial valuations are made annually to update the post-employment benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation reports obtained from the independent actuaries in 2024.

The amounts of post-employment benefit asset and obligation recognized and presented in gross in the financial statements are determined as follows:

	2024 (12 months)
Fair value of retirement fund	**₱129,629**
Present value of defined obligation	**121,829**
Excess retirement fund	**7,800**

The Company's retirement fund and post-employment defined benefit asset and obligation is included under Plan asset account and Defined benefit obligation account, respectively, in the statement of financial position.

The movements in the fair value of retirement fund are presented below:

	2024 (12 months)
Balance at beginning of year	**₱–**
Interest expense	**3,943**
Transferred retirement fund	**129,506**
Remeasurements gain/(loss)	**(3,820)**
Benefits paid by the plan	**–**
Balance at end of year	**₱129,629**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2024 (12 months)
Cash and cash equivalents	**₱27,819**
Debt securities	**102,307**
Others	**(497)**
	₱129,629

The fair values of the above debt securities are determined based on market prices in active markets.

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

	2024 (12 months)
Transferred defined benefit obligation	**₱100,565**
Current service cost	**6,124**
Interest expense	**8,265**
Remeasurements - actuarial gains arising from changes in:	
financial assumptions	**(151)**
demographic assumptions	**–**
experience	**7,026**
Balance at end of year	**₱121,829**

The amounts of post-employment benefit expense recognized in the profit or loss and in other comprehensive income in respect of the defined benefit post-employment plan are determined as follows:

Reported in profit or loss:	**2024 (12 months)**
Current service cost	**₱8,265**
Interest expense	**6,124**
Interest income	**(3,943)**
Interest on the effect of asset ceiling	**–**
	₱10,446

Reported in the other comprehensive income:	**2024 (12 months)**
Actuarial loss on defined benefit obligation	**₱6,875**
Remeasurement loss on plan assets	**3,820**
Total actuarial loss in other comprehensive income	**₱10,695**
Income tax effect	**2,678**
	₱8,021

Current service costs, interest expense and interest income form part of Employee Benefits under the Retirement Expenses account.

In determining the amounts of post-employment obligation, the following ranges of actuarial assumptions were used:

	2024 (12 months)	2023 (5 months)
Discount rate	**6.11%**	6.09%
Expected salary increase rate	**5.00%**	5.00%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring at the Company's normal retiring age of 60 is based on the 2017 Philippine Intercompany Mortality table. The discount rate assumption is based on the theoretical spot yield curve calculated from the PDEx (PDSI/T-R2) market yields on benchmark government bonds at the date of transition and subsequently the Bankers Association of the Philippines (BAP) PHP Bloomberg BVAL Reference Rates (BVAL) benchmark reference curve for the government securities market by stripping the coupons from government bonds to create virtual zero coupon bonds as of the valuation dates (or latest available), and considering the average years of remaining working life of the employees as the estimated term of the benefit obligation.

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment, and their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

The plan is currently overfunded by ₱7,800 million in 2024 based on the latest amended PAS 19R actuarial valuation report.

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

	2024 (12 months)
Less than one year	**₱26,181**
More than one year to five years	**44,892**
More than five years	**104,242**

The expected contributions of the Company for the year ending December 31, 2025 amounted to ₱10,000.

15. Other Operating Expenses

Details of other operating expenses follow:

	2024 (12 months)
Legal and professional fees	**₱52,667**
Occupancy expenses	**7,860**
Maintenance costs	**3,247**
Rent expenses	**2,141**
Stationery and supplies	**939**
Transportation and travel	**732**
Promotional and other selling expenses	**295**
Utilities expenses	**433**
Miscellaneous expenses	**14,912**
	₱83,226

Miscellaneous expenses consist of membership fees and dues, service processing fees, Bloomberg fees, Philpass fees, and expenses incurred during meetings.

16. Related Party Disclosures

Under PFRS, parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subjected to common control or common significant influence. Related parties may be individuals or corporate entities.

Transactions between related parties are based on terms similar to those offered to non-related parties.

The Company's related party transactions are as follows:

	December 31, 2024	
Category	**Balances**	Terms and Conditions/Nature
RCBC		
Due to Shareholders	**₱125,634**	Due to shareholders represent the outstanding loan balance owed by the Company to the Bank. This amount pertains to the net asset transferred to the Company following the spin-off and is payable over five years.
Interest expenses	**7,607**	Pertains to interest expenses on Due to shareholders at 6% per annum payable every six (6) months.
Plan asset	**129,506**	Pertains to retirement fund transferred from RCBC.
Defined Benefit Obligation	**121,829**	Pertains to defined benefit obligation transferred from RCBC.
Cash in Bank	**205,604**	Pertains to the balance of cash in bank and time deposit deposited in RCBC with interest rates between 4.10% - 6.00%.
Backroom Office Support	**45,083**	Services fee rendered by the following Group: Compliance and Regulatory Affairs, Data Science Analytics, Human Resource Services, Internal Audit, IT Shared Services and Risk Management
Accounts payable and accrued payable	**45,926**	Pertains to unpaid backroom office support fee as of yearend.
Sublease Office Space	**22,086**	Pertains to payment of office rental.
Others	**444**	Pertains to association dues and cross-charging expenses
House of Investments, Inc.		
Consultancy Fees	**3,830**	HI may recommend the engagement of its accredited external council; legal. Consultants and third-party providers
Grepa Realty Holdings Corporation		
Lease Office Space	**2,815**	Pertains to payment of office rental.

17. **Leases**

The Company entered into a lease and sub-lease agreement between Grepa Realty Holdings Corporation and Rizal Commercial Banking Corporation as the lessor and the sub-lessor, respectively. Both leases have a lease term for a period of two (2) years commencing on January 1, 2023, for Grepalife Building and January 1, 2024, for Yuchengco Tower, RCBC Plaza and are renewable for another period upon such terms and conditions as may be mutually agreed upon by both parties.

Presented below are the Company's right-of use assets and lease liabilities and the movements in 2024:

	For the year ended December 31, 2024	
	Right-of-use Assets	**Lease Liabilities**
At January 1, 2024	**₱–**	**₱–**
Transfer from related party	**21,385**	**22,460**
Interest expense	**–**	**1,865**
Rental payments	**–**	**(22,460)**
At December 31, 2024	**₱21,385**	**₱1,865**

Presented below are the amounts recognized in the statements of comprehensive income for 2024:

	2024
Interest expense on lease liabilities	**₱1,865**
Rent expense – others	**22,460**
	₱24,325

Security deposits
These represent cash paid in advance to the lessor, equivalent to four (4) months' rent for Grepalife Realty Holdings Corporation and one and a half (1.5) months' rent for RCBC Plaza. The security deposits are presented under the 'Other Assets' account in the statements of financial position. As of December 31, 2024, the security deposits amounted to ₱797 and ₱ 2,761, respectively.

18. **Income Taxes**

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

	2024 (12 months)	2023 (5 months)
Current	**₱41,558**	₱–
Deferred	**(2,637)**	21
	₱38,921	₱21

The account at December 31 consists of:

	2024 (12 months)	2023 (5 months)
Deferred income tax assets on:		
Provision for employee benefits	**₱4,798**	–
Deferred income tax assets	**₱4,798**	₱–

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

	2024 (12 months)	2023 (5 months)
Beginning balance	**₱–**	₱–
Amounts credited to profit or loss	**2,637**	–
Amounts credited (charged) to other comprehensive income	**2,674**	–
Amounts credited (charged) to additional paid-in capital	**(513)**	–
Ending Balance	**₱4,798**	₱–

19. **Supplementary Information Required Under Revenue Regulations (RR) 15-2010**

In compliance with RR 15-2010, the Company presents information on taxes, duties and license fees paid or accrued during the taxable year.

(i.) Withholding taxes and Documentary stamp tax

The Company reported paid/accrued and/or withheld the following types of taxes for the taxable year ended December 31, 2024:

	Paid	**Accrued**	**Amount**
Tax on compensation and benefits	**₱19,055**	**₱1,188**	**₱20,243**
Expanded/creditable withholding taxes	**900**	**90**	**990**
Final withholding taxes	**55,295**	**19,026**	**74,321**
Documentary stamp tax	**23,171**	**7,013**	**30,184**
Percentage tax	**17,610**	**6,991**	**24,601**
Fringe benefits tax	**109**	**29**	**138**
Business taxes	**14,154**	**–**	**14,154**
	₱130,294	**₱34,337**	**₱164,631**

The Company remitted the withholding tax of the special agency loans for 2024

(ii.) All other local and national taxes

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

	Paid	**Accrued**	**Amount**
Mayor's Permit Fee	**₱5**	**–**	**₱5**
Municipal Fees	**23**	**–**	**23**
Barangay Clearance Fee	**2**	**–**	**2**
Stock Transfer Agent license	**10**	**–**	**10**
LTO Registration of Officers (VPs & up)	**15**	**–**	**15**
Certified True Copy of SEC Registration	**12**	**–**	**138**
Chest x-ray of all employees, requirements for sanitary permit	**46**	**–**	**46**
Makati Health Certificate Fees	**8**	**–**	**8**
	₱121	**₱–**	**₱121**

Deficiency Tax Assessments and Tax Cases

As of December 31, 2024, the Company does not have any final deficiency tax assessments with the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

20. SUPPLEMENTARY INFORMATION REQUIRED UNDER SECTION 132-T OF THE MANUAL OF REGULATIONS FOR NON-BANK FINANCIAL INSTITUTIONS

Presented below is the supplementary information required by the BSP under Section 132-T of the Manual of Regulations for Non-bank financial institutions.

a) Basic quantitative indicators of financial performance

The following provides the basic quantitative indicators of financial performance as of December 31, 2024.

	2024
Return on average equity	**69.27**
Return on average assets	**31.40**
Percentage of total trust fees to AUM	**0.24**

b) Total outstanding investment, loans and other credit accommodations to Directors, Officers, all Stockholders and their Related Interests (DOSRI)

Supplementary Information	Disclosure
Total outstanding investment, loans, and other credit accommodations to TC's DOSRI and related parties	**₱3,471**
Large exposures as defined under section 203-T	None to report
Nature and amount of contingencies and commitments arising from off-balance sheet items	None to report
Aggregate amount of secured liabilities and assets pledged as security	None to report

Details of taxes, licenses and regulatory fees follow:

	2024 (12 months)	2023 (5 months)
Gross receipts tax	**₱24,601**	₱–
Fringe benefits	**109**	–
Other taxes and fees	**122**	–
	₱24,832	₱–

Other taxes and fees consist of banking fees, business permits, and registration fees.