BANK OF COMMERCE
Diversity Peso Bond Fund
Operated by the Trust Services Group

FINANCIAL STATEMENTS
December 31, 2024 and 2023

With Independent Auditors' Report

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REPORT OF INDEPENDENT AUDITORS

The Trust and Investment Committee
Bank of Commerce - Trust Services Group
San Miguel Properties Centre
No. 7, St. Francis Street
Mandaluyong City

Opinion

We have audited the financial statements of the Trust and Managed Fund's Diversity Peso Bond Fund operated by the Trust Services Group (TSG) of Bank of Commerce which comprise the statements of financial position as at December 31, 2024 and 2023, and the statements of comprehensive income and statements of changes in net assets for the years then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust and Managed Fund's Diversity Peso Bond Fund operated by the TSG of Bank of Commerce as at December 31, 2024 and 2023, and their financial performance for the years then ended in accordance with the Financial Reporting Package for Trust Institutions (FRPTI) prescribed by the Bangko Sentral ng Pilipinas (BSP) as described in Note 2 to the financial statements.

Basis for Opinion

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

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements of the Diversity Peso Bond Fund operated by the Trust Services Group of Bank of Commerce, which describes the basis of preparation of its financial statements. As stated in Note 2, the Trust and Managed Fund's financial statements were prepared in accordance with the requirements of the Bangko Sentral ng Pilipinas (BSP) under BSP Circular No. 653 containing the guidelines in the preparation of audited financial statements for trust institutions. 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 FRPTI prescribed by the BSP as described in Note 2 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, the management of TSG is responsible for assessing the Trust and Managed Fund's Diversity Peso Bond Fund 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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust and Managed Fund's financial reporting process.

Auditors' 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 auditors' 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 Philippine Standards on Auditing 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.

As part of an audit in accordance with Philippine Standards on Auditing, 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 TSG's internal control for the Trust and Managed Fund's Diversity Peso Bond Fund.

- 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 Trust and Managed Fund's Diversity Peso Bond Fund ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Trust and Managed Fund's Diversity Peso Bond Fund to cease to continue as a going concern.

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

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

Report on the Supplementary Information Required under Section 174 and Appendix 55 of the Manual of Regulations for Banks

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Section 174 and Appendix 55 of the Manual of Regulations for Banks in Note 14 to the financial statements is presented for purposes of filing with the BSP and is not a required part of the financial statements. Such supplementary information is the responsibility of the management of the TSG. The supplementary information has been subjected to the auditing procedures applied in our audits of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

R.G. MANABAT & CO.

Vanessa P. Macamos

VANESSA P. MACAMOS
Partner
CPA License No. 0102309
BSP Accreditation No. 102309-BSP, Group A, valid for five (5) years
covering the audit of 2019 to 2023 financial statements*
SEC Accreditation No. 102309-SEC, Group A, valid for five (5) years
covering the audit of 2022 to 2026 financial statements
Tax Identification No. 920-961-311
BIR Accreditation No. 08-001987-038-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 10467183
Issued January 2, 2025 at Makati City

**Qualified to audit 2024 financial statements under BSP Circular No. 1210 Series of 2025, Revised Framework on the Selection of External Auditors. On March 31, 2025, the BSP approved the renewal inclusion of the Firm in the List of Selected EAs of BSFIs-Group A valid for 5 years.*

May 27, 2025
Makati City, Metro Manila

BANK OF COMMERCE

STATEMENTS OF FINANCIAL POSITION
OF THE DIVERSITY PESO BOND FUND
OPERATED BY THE TRUST SERVICES GROUP

		December 31	
	Note	**2024**	2023
ASSETS			
Deposits in Banks	*5, 7, 9*	**P -**	P3
Financial Assets at Fair Value through Profit or Loss	*5, 6, 8, 9*	**9,452,698**	3,764,294
Other Assets	*5, 9*	**86,632**	46,551
		P9,539,330	P3,810,848
ACCOUNTABILITIES			
Principal and Accumulated Earnings			
Principal		**P8,992,871**	P3,480,534
Accumulated earnings		**464,077**	306,123
Other Accountabilities			
Accrued trust and audit fees		**65,596**	14,880
Withholding tax payables		**16,786**	9,311
		P9,539,330	P3,810,848

See Notes to the Financial Statements.

BANK OF COMMERCE
STATEMENTS OF COMPREHENSIVE INCOME OF THE DIVERSITY PESO BOND FUND OPERATED BY THE TRUST SERVICES GROUP

		Years Ended December 31	
	Note	**2024**	2023
INCOME			
Interest income on:			
Financial assets at fair value through profit or loss	*8*	**P290,545**	P221,647
Deposits in banks	*7*	**352**	5,063
Trading and securities gains (losses) - net	*8*	**(51,587)**	161,861
Other income		**35,417**	-
		274,727	388,571
EXPENSES			
Trust fees	*10*	**54,647**	43,632
Other expenses		**11,792**	7,918
		66,439	51,550
INCOME BEFORE FINAL TAX		**208,288**	337,021
FINAL TAX	*12*	**46,911**	45,495
NET INCOME/TOTAL COMPREHENSIVE INCOME		**P161,377**	P291,526

See Notes to the Financial Statements.

BANK OF COMMERCE
STATEMENTS OF CHANGES IN NET ASSETS OF THE DIVERSITY PESO BOND FUND OPERATED BY THE TRUST SERVICES GROUP

	Years Ended December 31		
	Principal	**Accumulated Earnings**	**Net Assets Attributable to Unitholders**
Balance at January 1, 2024	**P3,480,534**	**P306,123**	**P3,786,657**
Contributions	**13,698,037**	**-**	**13,698,037**
Withdrawals	**(8,185,700)**	**(3,423)**	**(8,189,123)**
	8,992,871	**302,700**	**9,295,571**
Net income/total comprehensive income for the year	**-**	**161,377**	**161,377**
Balance at December 31, 2024	**P8,992,871**	**P464,077**	**P9,456,948**
Balance at January 1, 2023	P3,990,534	P408,177	P4,398,711
Contributions	-	-	-
Withdrawals	(510,000)	(393,580)	(903,580)
	3,480,534	14,597	3,495,131
Net income/total comprehensive income for the year	-	291,526	291,526
Balance at December 31, 2023	P3,480,534	P306,123	P3,786,657

See Notes to the Financial Statements.

BANK OF COMMERCE
NOTES TO FINANCIAL STATEMENTS
OF THE DIVERSITY PESO BOND FUND
OPERATED BY THE TRUST SERVICES GROUP

1. Reporting Entity

The Trust Services Group (the "TSG") holds the mandate for the trust and fiduciary business of Bank of Commerce (the "Bank"). The authority to perform trust and other business is the power conferred by the General Banking Act and existing laws to the Bank which has been specifically qualified and authorized to engage in trust operations on January 15,1965 under Republic Act No. 337, as amended, and Section 4404 of the Manual of Regulations, Book IV, as promulgated by the Monetary Board by the Bangko Sentral ng Pilipinas (BSP).

The TSG is organizationally, operationally, and functionally separate and distinct from the other departments and businesses of the Bank. Under local regulations, the TSG is allowed to perform asset management in its capacity as Trustee or Investment Manager. The Bank, through its TSG, opened the Diversity Peso Bond Fund (DPBF) on March 11, 2005.

The DPBF is a peso-denominated bond trust fund, which is invested in deposits, quoted government and corporate debt securities. It is made available in units of participation where unitholders have a pro-rata interest in the entire fund. Each unitholder shall have uniform rights and privileges as any other unitholder.

The Trust Services Group's office is located at the 15th Floor, San Miguel Properties Centre, No. 7 St. Francis Street, Mandaluyong City.

The financial statements of the DPBF operated by the TSG as at and for the year ended December 31, 2024 were authorized for issue by the Trust and Investment Committee (TIC) of the Bank on May 21, 2025.

2. Basis of Preparation

<u>Statement of Compliance</u>
The financial statements of the DPBF operated by the TSG have been prepared in compliance with the Financial Reporting Package for Trust Institutions (FRPTI) prescribed by the BSP. Under the BSP guidelines, the trust/investment management department of a bank is required to adopt the Philippine Financial Reporting Standards (PFRS) Accounting Standards for purposes of preparing the audited financial statements of its trust and other fiduciary and investment management activities, except for certain requirements by the BSP. Such requirements are based on the following BSP memorandum and circulars:

a. BSP memorandum dated October 16, 1990, as amended;
b. Revised Manual of Accounts for Trust, Other Fiduciary Business and Investment Activities dated February 14, 2002;
c. BSP Circular No. 494, *Guidelines on the Adoption of Philippine FRP and Philippine Accounting Standards*, dated September 20, 2005;
d. BSP Circular No. 609, *Financial Reporting Package for Trust Institutions,* dated May 26, 2008;

e. BSP Circular No. 641, *Amendments to the Financial Reporting Package for Trust Institutions,* dated January 22, 2009;
f. BSP Circular No. 653, *Guidelines in the Preparation of Audited Financial Statements for Trust Institutions,* dated May 5, 2009; and
g. BSP Circular No. 1023, *Guidelines on the Adoption of Philippine Financial Reporting Standards 9 (PFRS 9),* December 4, 2018.

The financial statements of the DPBF operated by the TSG have been prepared in compliance with BSP Circular No. 653, which differs from PFRS Accounting Standards such that no statement of cash flows is presented. BSP Circular No. 653 provides, among others, that a complete set of financial statements shall comprise of the following:

- Statements of financial position as at the end of the period;

- Statements of comprehensive income for the period;

- Statements of changes in accountabilities, which shall show a 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/(losses) on FVOCI) securities, separately disclosing the change in each of the foregoing accounts;

- Notes, which shall comprise a summary of material accounting policies and other disclosure requirements provided under PFRS Accounting Standards or Philippine Accounting Standards (PASs). Provided, that for purposes of complying with the disclosure of the nature and extent of risks arising from financial instruments as required under PFRS 7, *Financial Instruments: Disclosures*, disclosure statements may be made based on the general categories of contractual relationships (i.e. Unit Investment Trust Fund (UITF) - Trust, Institutional - Trust, and Individual - Trust; Other Fiduciary; Institutional - Agency, and Individual - Agency; and Special Purpose Trust) of the trust/investment management department of a bank with its clients; and

- Statements of financial position as at the beginning of the earliest comparative period when a trust/ investment management department applies an accounting policy retrospectively or when it makes a retrospective restatement of items in the financial statements, or when it reclassifies items in the financial statements.

<u>Basis of Measurement</u>
The financial statements of the DPBF operated by the TSG have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), which are carried at fair value.

<u>Functional and Presentation Currency</u>
The financial statements are presented in Philippine peso (PHP), which is also the functional and presentation currency of the DPBF. All financial information presented has been rounded off to the nearest peso, except when otherwise indicated.

<u>Presentation of Financial Statements</u>
The DPBF operated by TSG presents its statements of financial position broadly in the order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 9.

3. Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements. There is no new or amended standard, or interpretation mandatorily effective starting January 1, 2024 that has a material impact to the TMF's financial statements. The TMF has not early adopted any new or amended standard, or interpretation that has been issued but is not yet effective.

Foreign Currency Transactions and Translations
The financial statements of the DPBF operated by the TSG are maintained in PHP which is the respective functional currency of the fund accounts. For financial reporting purposes, foreign currency-denominated assets and accountabilities are translated to PHP, the presentation currency.

Material foreign exchange differences arising from translation of foreign currency denominated assets and liabilities from USD functional currency to PHP are recorded under "Cumulative Translation Adjustment" account in the statements of financial position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. For reporting purposes, the foreign-currency denominated income and expenses are translated to their equivalent in PHP based on the Bankers Association of the Philippines (BAP) weighted average rate (WAR) for the reporting period.

Classification and Measurement
Financial Assets
The TSG's financial assets in the following categories: financial assets at amortized cost or financial assets at FVPL.

Debt Instruments
Financial Assets at Amortized Cost
A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest (SPPI).

Debt financial assets meeting these criteria are measured initially at fair value plus transaction costs. These financial assets are subsequently measured at amortized cost using the effective interest method less any loss allowance. 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 (EIR). The amortization is recognized in the statements of comprehensive income.

The DPBF's financial assets at amortized cost include "Deposits in banks" and accrued interest receivable which forms part of "Other assets" account in the statements of financial position.

Financial Assets at FVPL
All other financial assets not measured at amortized cost or at FVOCI are classified as measured at FVPL.

This category includes held-for-trading (HFT) investments.

HFT investments are recorded in the statements of financial position at fair value. Changes in fair value relating to the held-for-trading positions are recognized in "Trading and securities gains (losses) - net" in the statements of comprehensive income. Interest earned is recorded under "Interest income on financial assets at FVPL" in the statements of comprehensive income.

The TSG may, at initial recognition, irrevocably designate financial assets that are debt instruments as measured at FVPL, subject to the following requirements:

- The TSG has in place appropriate risk management systems including related risk management policies, procedures, and controls; and

- The TSG applies the fair value option only to instruments for which fair values can be reliably estimated.

In addition, on initial recognition, the TSG may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets include investments in government and corporate debt securities under "Financial Assets at FVPL" in the statements of financial position (see Note 8).

Equity Instruments
Financial assets that are equity instruments shall be classified under any of the following categories:

a. Financial assets measured at FVPL which shall include financial assets HFT; or

b. Financial assets at FVOCI which shall consist of:

    i. Equity instruments that are irrevocably designated at FVOCI at initial recognition that are neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which PFRS 3, Business Combinations applies; or

    ii. Financial assets mandatorily measured at fair value. These include investments in equity instruments which do not have quoted price in an active market for an identical instrument.

In limited circumstances, PFRS 9 permits an entity to use the cost as an appropriate estimate of the fair value of unquoted equity investments on cases such as:

- When insufficient more recent information is available to measure fair value; or

- When there is a wide range of possible fair value measurements and cost represents the best estimate of fair value in the range.

Dividends earned from equity instruments are recognized in the statements of comprehensive income as "Dividend income" when the TSG's right to receive payment has been established.

The DPBF does not have equity instruments as at year-end.

Business Model in Managing Financial Assets
The TSG made an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio operation and the operation of those policies in practice. In particular, whether management's strategy focuses in earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the TSG's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- how managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- the frequency, volume and timing of sales in prior periods, the reason for such sales and its expectation about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the TSG's stated objective for managing the financial assets is achieved and how cash flows are realized.

Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest
As part of TSG's classification process, TSG assesses the contractual term of financial assets to identify whether they meet the SPPI test.

For purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition and may change over the life of the financial asset (e.g., if there are repayments of principal or amortization of the premium or discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as profit margin.

To make the SPPI assessment, TSG applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. In contrast, contractual terms that introduce a "more than de minimis" exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Financial Liabilities at Amortized Cost
Other accountabilities at amortized cost are issued financial instruments or their components, which are not classified and designated as financial liabilities at FVPL. After initial measurement, these accountabilities are subsequently measured at amortized cost using the effective interest 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.

This category consists of accrued trust and audit fees under "Other accountabilities" account in the statements of financial position.

Derecognition of Financial Assets and Financial Liabilities

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

Where the DPBF have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement and have neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the trustors' continuing involvement in the asset. Continuing involvement that takes the form of a guarantee, if any, over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the DPBF could be required to repay.

(ii) *Financial Liabilities*

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 financial liability 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. The difference in the respective carrying amounts is recognized in the statements of comprehensive income.

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.

When available, TSG measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the TSG uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If TSG determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in the statements of comprehensive income on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data, or the transaction is closed out.

If an asset or a liability is measured at fair value, the benchmark or reference prices based on the interpolated yields derived from BSP-approved guidelines shall be used.

Portfolio of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by TSG on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure.

Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustments of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The TSG recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Revenue Recognition

Revenue is recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled.

Determining Whether the TSG is Acting as a Principal or an Agent

The TSG acts as an agent of the trustors. The TSG assesses its revenue arrangements against the following indicators to determine whether it is acting as a principal or an agent:

- whether the TSG, on behalf of the trustors, has primary responsibility for providing the services;

- whether the TSG, on behalf of the trustors, has discretion in establishing prices; and

- whether the TSG has inventory risk before the specified good or service has been transferred to a customer or after transfer of control of the customer.

The trustors are acting as principal and the TSG is an agent in the assessment of revenue based on the criteria above.

The following specific recognition criteria must also be met before revenue is recognized.

Interest Income
Interest income is recognized in the statements of comprehensive income for all financial assets measured at amortized cost and debt securities at FVOCI as they accrue, using the EIR. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all the contractual terms of the financial instruments including any fees or incremental costs that are directly attributable to the instrument and are integral part of the EIR, but not future credit losses. The EIR is established on initial recognition of the financial asset and liability and is not revised subsequently, except for repricing loans. The carrying amount of the financial asset or liability is adjusted if the TSG revises its estimates of payments or receipts. The change in carrying amount is recognized in statements of comprehensive income as interest income or expense.

Interest on interest-bearing financial assets at FVPL is recognized based on the contractual rate.

When a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in “Impairment of Financial Assets” above), the TSG calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Trust reverts to calculating interest income on a gross basis.

Trading and Securities Gains (Losses) - net
Trading and securities gains (losses) - net represent results arising from trading activities of financial assets at FVPL (realized gains and losses) and from the changes in fair value of financial assets and liabilities at FVPL (unrealized gains or losses).

Expense Recognition
Expense is recognized when a decrease in future economic benefit related to a decrease in an asset or an increase in liability has arisen to the DPBF and can be measured reliably.

Trust Fees
Trust fees are accrued as incurred and are generally charged against the income of the fund as a percentage of the funds managed. Trust fees may be (a) a flat rate or absolute amount; (b) a percentage of the total trust fund value or the average fund value within a specified period; or (c) any other value stated in the agreement or contract.

Other Expenses
Other expenses include losses and expenses that arise in the ordinary course of business of the DPBF and are recognized when incurred.

Final Tax
Tax assets and liabilities for the current 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 at the reporting date. Taxes represent withholding tax of 20.00% from peso-denominated investments accruing to the trustors.

Tax expense substantially represents final withholding taxes on income of the TSG accruing to the trustors.

Principal and Accumulated Earnings
Principal refers to funds and/or property that have been set aside by the owner or the person legally empowered, which are held in a trust, fiduciary or investment management capacity by the TSG and eventually to be delivered to a person entitled to such principal and the accumulated earnings derived therefrom.

Accumulated earnings refer to the accumulated profits arising from the use of the principal.

Provisions
Provisions are recognized when the DPBF has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the TSG expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to current operations, net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

4. Critical Judgments and Estimates

The preparation of the financial statements in compliance with the FRPTI prescribed by the BSP requires the DPBF, operated by the TSG, to make judgments that affect the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Significant Judgments
In the process of applying the TSG's accounting policies, management has made the following judgments, apart from those involving estimations, which may have the most significant effect on amounts recognized in the financial statements.

(a) *Business Model Assessment*
Debt securities held are classified based on the TSG's business models for managing the debt securities which are determined and assessed at the portfolio level that reflects how groups of debt securities are managed together to achieve the particular business objectives (e.g., to collect contractual cash flows or to trade to realize fair value changes) of the respective business model.

The TSG's business models for managing debt securities held determine the nature and source of the cash flows resulting from the investments. As such, the assessment of the business models for managing the debt securities is subject to judgment that is not determined by a single factor or activity. Instead, the TSG must consider all relevant evidence that is available at the date of the assessment.

(b) *Assessment of Whether Contractual Cash Flows are Solely Payments of Principal and Interest*
The classification of a financial asset is based on whether, on specified dates, the contractual terms of the financial asset give rise to cash flows are SPPI on the principal amount outstanding. This involves assessment of whether the contractual cash flows that SPPI are consistent with a basic lending arrangement. In a basic lending arrangement, consideration for the time value of money and credit risk are typically the most significant elements of interest. As such, the TSG applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set and the contractual terms that change the timing or amount of the cash flows.

Estimates
The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair Value of Financial Instruments
Where the fair values of financial assets and liabilities recognized in the statements of financial position cannot be derived from active markets, these are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. These estimates may include consideration of liquidity, volatility and correlation. Changes in assumptions about these factors could affect the reported fair values of financial instruments.

Please see Note 6 to the combined financial statements for the relevant disclosures.

5. Financial Risk Management

Overview

The TSG risk management framework seeks to foster the continuous monitoring of the risk environment and an integrated evaluation of risks and their interdependencies. It includes the responsibility for exercising and implementing risk approval instructions and effective monitoring of all risks such as credit, market, and liquidity risks.

The TSG believes that effective risk management shall not only minimize potential or actual losses but will likewise optimize earnings. Its risk mission and objectives target periodic, consistent and accurate measurement of risks for more effective management. It is also an objective to always consider risk and return on all transactions and exposures to ensure adequate returns on principal contributions. Risk mitigation strategies form part of risk management activities.

Risk Management Framework

As duly constituted and authorized by the BOD, the TIC has management oversight for establishing and maintaining a sound risk management system for the TSG. The TIC is responsible for developing and implementing adequate policies, procedures and practices for trust and fiduciary activities, which are consistent with the objectives, risk tolerances and intent of the BOD. Likewise, the TIC ensures that the policies and procedures consistently address material areas of risk, and are reviewed frequently, and modified when necessary to remain appropriate, sound and responsive to significant changes in the DPBF activities. Moreover, the TIC approves and reviews the institutional tolerance for risks such as setting counterparty limits, investment limits, and trader's limits, business strategies and risk philosophy.

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. Credit risk arises from all transactions that give rise to actual, contingent or potential claims against any counterparty, obligor or borrower.

The TSG shares with and follows the credit and risk management policies of the Bank. The Bank's primary element of credit risk management is the detailed risk assessment of every credit exposure associated with the counterparty. Risk assessment procedures consider both the creditworthiness of the counterparty and the risks related to the specific type of underlying credit exposures as mandated in the circulars issued by the BSP. The risk assessment not only affects the structuring of the transaction and the outcome of the credit decision, but also influences the monitoring procedure applied to the ongoing exposures. Moreover, TSG seeks approval from TIC with regard to credit risk parameters and counterparty limits of trust investments.

The ICRRS assigns a score to each account based on a combination of quantitative and qualitative factors. The scores assigned to each obligor is equivalent to the risk associated to each individual. The scoring model is reviewed and validated by external parties regularly to ensure that the model is risk ranking properly. The risk rating is used as one of the measures of the Bank's risk appetite and as a factor in impairment calculation.

Based on the evaluation of the facility risk factor (FRF), the borrower risk rating (BRR) can be upgraded or downgraded to come up with the final credit risk rating (CRR). Such CRR is eventually used in the determination of the ECL.

The TSG's bases in grading its financial assets are as follows:

BRR Disclosure
In compliance with BSP, the TSG implemented a credit risk classification that is compliant with global rating standards. The BRR is the evaluation of the credit worthiness of an existing or prospective borrower. The account is evaluated independent of any influence from any transactional factors. The BRR measures the borrower's credit quality by looking into three major aspects, namely, financial condition, industry analysis and management quality. The financial condition is assessed through financial ratio analysis based on the latest available financial information of the borrower. It performs industry analysis by reviewing actual and expected significant changes in the political, regulatory, and technological environment of the borrower or in its business activities. Management quality is assessed by reviewing the experience and quality of management and management's business strategy. In addition, management's business planning and management of banking relationship are also considered. Each section is given the following point allocation:

Section	Maximum Points	Section Rating
Financial Condition	240	40%
Industry Analysis	210	30%
Management Quality	150	30%
TOTAL	**600**	**100%**

There are several rating factors per section which can earn points depending on the four (4) quality judgment levels as follows:

Good	- 30 points
Satisfactory	- 20 points
Still acceptable	- 10 points
Poor	- 0 point

If there is no available information for a specific factor, a rating of "Poor" will be given.

The BRR is used to determine the credit quality of the Bank's corporate accounts. Loan accounts are classified according to a 1 -10 rating scale based on BRR results, as follows:

	Final Score	Equivalent Risk Rating	Calculated BRR
High Grade	>177	Excellent	1
	150 - 176	Strong	2
	123 - 149	Good	3
Standard Grade	96 - 122	Satisfactory	4
	68 - 95	Acceptable	5
	<68	Watchlist	6
Substandard Grade		Special Mention	7
		Substandard	8
Impaired		Substandard	8
		Doubtful	9
		Loss	10

High Grade or accounts with BRR of 1-3 are loans where the risk of the Bank are good to excellent in terms of risk quality and where the likelihood of the non-payment of obligation is less likely to happen.

Standard Grade or accounts with BRR of 4-6 are loans where the risk of the Bank ranges from satisfactory to acceptable with some form of weakness and where repayment capacity needs to be watched.

Substandard Grade or accounts with BRR of 7-8 are loans still in current status but observed to have potential weaknesses and require a closer observation than the accounts under the Standard rating since if weaknesses are uncorrected, repayment of the loan may be affected increasing the credit risk to the Bank.

Past due but not impaired are those accounts for which contractual principal and interest payments were past due but the Bank still believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Bank.

Impaired accounts are loans classified by the Bank as Substandard, Doubtful and Loss where there are experiences of past due accounts and there are well-defined weaknesses where collection or liquidation of obligation may be or is already jeopardized.

The BRR can be subject to an upgrade/downgrade on the basis of the following:

Group Affiliation:

(a) When a borrower belongs to a group of companies, it can be upgraded up to the rating of the parent company provided that the parent company has a BRR of 4 or better.

(b) If the BRR of the subsidiary is better than the parent, a downgrade can be considered especially if the parent has a BRR of 5 or worse.

(c) If the parent has a BRR of 5 or lower and the subsidiary was also rated 5 or worse, it can retain its own rating.

(d) If there are criteria such as the medium and long-term outlook, special risks that can grievously affect the company and outweigh the other criteria, a possible downgrade can be considered.

(e) Companies with rapid expansion without a strong driving force or only on account of a single customer are also potential for downgrading.

FRF:

(a) The FRF is an adjustment in the BRR that considers the transactional influence. It takes into account the quality of each facility. It is important to note that a Borrower can have only 1 BRR but several FRF for its multiple facilities. FRF evaluates the different security arrangements; the quantity and the quality of the collateral cover for each facility.

(b) Collaterals are assessed at the net realizable value in a liquidation scenario. In evaluating the worthiness of the collateral, the quality of the documentation and the possible subordination of the Bank’s claim should also be considered.

The adjustment on the BRR based on the FRF will be based on the following:

Upgrade	The facility is cash collateralized or covered by marketable securities
	Full collateralization of other assets
	3rd party guarantees in accordance with the BRR of the guarantor an upgrade should be set to the BRR of the guarantor
Downgrade	Borrower is a potential candidate for a downgrade if the facility is clean or a major part of the facilities are pledged to other creditors

As at December 31, 2024 and 2023, the DPBF has no past due accounts.

Maximum Exposure to Credit Risk before Effect of Any Collateral and Other Credit Enhancements

The table below shows the maximum exposure to on-books credit risk exposures of TSG (gross of allowance for impairment and credit losses). The maximum exposure is shown at gross, before the effect of mitigation through the use of master netting and collateral agreements.

	Note	**2024**	2023
Deposits in banks	7	**P -**	P3
Accrued interest receivable		**83,930**	46,551
Total credit risk exposure		**P83,930**	P46,554

Maximum exposures for financial instruments recorded at fair value as shown above represent the maximum risk exposure as at respective reporting dates but not the maximum risk exposure that could arise in the future as a result of changes in value.

Risk Concentrations of the Maximum Exposure to Credit Risk

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

As at December 31, 2024 and 2023, the maximum exposure of the DPBF's financial assets before taking into account collateral held or other credit enhancements is entirely concentrated to the financial intermediary sector.

Credit Quality Per Class of Financial Assets

As at December 31, 2024 and 2023, the DPBF's financial assets are all classified as high grade since these mainly consist of deposits in banks placed in top-tier Philippine banks. Accrued interest receivable is classified as standard grade as it arises from the investments made by the DPBF.

Liquidity Risk

Liquidity risk is the risk to the DPBF's earnings and capital arising from the inability to meet funding requirements in a timely manner. As at December 31, 2024 and 2023, all accountabilities are due and demandable. To ensure sufficient liquidity, the TSG has a set of internal limits that allocates a portion of its liabilities into cash, investment securities and other liquid assets.

The TSG ensures that sufficient liquid assets are available to meet short-term funding requirements. Liquidity is monitored on a daily basis and is ready for any stress-related situations. A contingency funding plan, which covers quantitative and procedural measures is in place and may be applied under different stress scenarios. The TSG manages its liquidity risk by keeping a diversified pool of assets under different tenors as reflected in the portfolio mix. The liquidity position is assessed and managed under a variety of scenarios, giving due consideration of stress factors relating to both the market in general and specific investment positions made by the TSG.

As at December 31, 2024 and 2023, other accountabilities are considered on demand.

The liquidity profiles of the financial assets and liabilities of the DPBF as at December 31, 2024 and 2023 are similar to the maturity analysis presented in Note 9.

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes. The exposure of the DPBF pertains to interest rate risk on debt securities.

Interest Rate Risk

Interest rate risk is the risk that the changes in the market interest rates will reduce the DPBF's current or future earnings and/or economic value.

The following table demonstrates the sensitivity of the statements of comprehensive income to a reasonably possible change in interest rates, with all other variables held constant. The sensitivity of the statements of comprehensive income is the effect of the assumed changes in the interest rates on the fair value of the securities held as at December 31, 2024 and 2023.

Changes in Interest Rates	**2024**		2023	
(in Basis Points)	**+100**	**-100**	+100	-100
Trading and securities gains (losses) on financial asset at FVPL	**P2,299,735**	**(P2,299,735)**	P187,493	(P187,493)
Interest income	**66,737**	**(66,737)**	41,121	(41,121)
Total impact on accountabilities	**P2,366,472**	**(P2,366,472)**	P228,614	(P228,614)

The following table presents information on the interest repricing profile of DPBF's interest-bearing financial assets and liabilities as at December 31, 2024 and 2023 (amounts in thousands):

	December 31, 2024								
In Thousands	**Up to 1 Month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 12 Months**	**1 - 3 Years**	**3 - 5 Years**	**Beyond 5 Years**	**Non-rate Sensitive**	**Total**
ASSETS									
Deposits in banks	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**
Financial assets at FVPL	**1,098**	**-**	**-**	**-**	**1,151**	**5,384**	**1,820**	**-**	**9,453**
Accrued interest receivable	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**84**	**84**
	1,098	**-**	**-**	**-**	**1,151**	**5,384**	**1,820**	**84**	**9,537**
ACCOUNTABILITIES									
Other accountabilities*	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**66**	**66**
Total Periodic Gap	**1,098**	**-**	**-**	**-**	**1,151**	**5,384**	**1,820**	**18**	**9,471**
Cumulative Net Mismatch	**P1,098**	**P1,098**	**P1,098**	**P1,098**	**P2,249**	**P7,633**	**P9,453**	**P9,471**	**P -**

**Amounts exclude withholding tax payable*

In Thousands	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 - 12 Months	1 - 3 Years	3 - 5 Years	Beyond 5 Years	Non-rate Sensitive	Total
	December 31, 2023								
ASSETS									
Deposits in banks	P -	P -	P -	P -	P -	P -	P -	P -	P -
Financial assets at FVPL	-	-	-	193	112	245	3,214	-	3,764
Accrued interest receivable	-	-	-	-	-	-	-	47	47
	-	-	-	193	112	245	3,214	47	3,811
ACCOUNTABILITIES									
Other accountabilities*	-	-	-	-	-	-	-	15	15
Total Periodic Gap	-	-	-	193	112	245	3,214	32	3,796
Cumulative Net Mismatch	P -	P -	P -	P193	P305	P550	P3,764	P3,796	P -

**Amounts exclude withholding tax payable*

TSG monitors the mismatches in the repricing of the DPBF's assets and liabilities through the interest rate gap resorts. To ensure that the DPBF's net interest income is protected, the ITC has set limit for the maximum repricing gap, either positive or negative, for tenors up to 1 year. These limits are reviewed and form part of the DPBF's risk appetite statements.

6. Categories and Fair Value Measurement

The methods and assumptions used by the TSG in estimating the fair values of financial and non-financial assets and liabilities are as follows:

Deposits in Banks - Fair values approximate carrying amounts given the nature of the instruments, and that these instruments are subject to an insignificant risk of change in value.

Financial Assets at FVPL - Fair values are generally based on quoted market prices as at reporting date.

Accrued Interest Receivable - Fair values approximate carrying amounts considering given the short-term nature of the account.

Other Accountabilities - Carrying amount approximates fair value considering that these liabilities are currently due and demandable.

Fair Value Hierarchy

The TSG evaluates the material accuracy of the valuations incorporated in the financial statements as they can involve a high degree of judgement and estimation in determining the carrying values of financial assets and financial liabilities at the reporting date.

For certain financial instruments, the TSG may use data that is not readily observable in current markets. If the TSG uses unobservable market data, then the TSG needs to exercise more judgement to determine fair value depending on the significance of the unobservable input to the overall valuation. Generally, the TSG derives unobservable inputs from other relevant market data and compares them to observed transaction prices where available.

The following table presents an analysis of financial instruments carried at fair value, by valuation method or level. The different fair valuation levels are defined as follows:

- Level 1 quoted (unadjusted) prices in active markets for identical assets or liabilities;

- Level 2 inputs other than quoted prices included within Level 1 that are observable for assets and liabilities, 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).

For assets and liabilities that are recognized in the financial statements on a recurring basis, such as financial assets at FVPL, the TSG 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.

The following table summarizes the carrying amounts and fair values of the DPBF's financial assets and financial liabilities as at December 31, 2024 and 2023:

	December 31, 2024				
	Carrying Value	**Level 1**	**Level 2**	**Level 3**	**Total**
ASSETS MEASURED AT FAIR VALUE					
Financial Assets					
Financial assets at FVPL:					
Quoted debt securities	**P9,452,698**	**P9,452,698**	**P -**	**P -**	**P9,452,698**
	P9,452,698	**P9,452,698**	**P -**	**P -**	**P9,452,698**

	December 31, 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
ASSETS MEASURED AT FAIR VALUE					
Financial Assets					
Financial assets at FVPL:					
Quoted debt securities	P3,764,294	P3,764,294	P -	P -	P3,764,294
	P3,764,294	P3,764,294	P -	P -	P3,764,294

The carrying values of the TSG's financial assets and liabilities, not included in the tables above, as reflected in the statements of financial position and related notes approximate their respective fair values.

During 2024 and 2023, there have been no transfers into and out of the levels of the fair value hierarchy.

7. Deposits in Banks

This account consists of savings deposits with the Bank amounting to nil and P3 as at December 31, 2024 and 2023, respectively. This earned interest at a fixed rate per annum of 0.125% in 2024 and 2023.

Interest income from deposits in banks amounted to P352 and P5,063 in 2024 and 2023, respectively.

8. Financial Assets at Fair Value through Profit or Loss

This account consists of quoted government debt securities which are held for trading amounting to P7.02 million and P3.50 million as at December 31, 2024 and 2023, respectively. These investments bear fixed interest rates per annum of 6.0% to 8.0% and 3.625% to 6.50% in 2024 and 2023, respectively.

Quoted corporate bonds which are held for trading amounting to P2.43 million and P0.26 million as at December 31, 2024 and 2023, respectively. These investments bear fixed interest rates per annum of 8.49% in 2024 and 8.49% 2023

In 2024 and 2023, interest income on financial assets at FVPL amounted to P0.22 million and P0.16 million, respectively for government debt securities, and P0.07 million and P0.06 million, respectively for corporate bonds. Trading and securities gains (losses) - net amounted to (P0.05 million) and P0.16 million in 2024 and 2023, respectively.

9. Maturity Analysis of Assets and Liabilities

The table below shows financial and non-financial assets and liabilities as at December 31, 2024 and 2023 analyzed according to when they are expected to be recovered or settled (amounts in thousands):

		2024			2023		
	Note	**Less than 12 Months**	**Over 12 Months**	**Total**	Less than 12 Months	Over 12 Months	Total
Financial Assets							
Deposits in banks	7	**P -**	**P -**	**P -**	P -	P -	P -
Financial assets at FVPL:							
Debt securities	8	**1,098**	**8,355**	**9,453**	-	3,764	3,764
Accrued interest receivable		**-**	**84**	**84**	1	46	47
		1,098	**8,439**	**9,537**	1	3,810	3,811
Non - Financial Assets							
Other assets		**-**	**2**	**2**	-	-	-
		-	**2**	**2**	-	-	-
Total Assets		**P1,098**	**P8,441**	**P9,539**	P1	P3,810	P3,811
Financial Liabilities							
Accrued trust and audit fees		**P66**	**P -**	**P66**	P15	P -	P15
		66	**-**	**66**	15	-	15
Non - Financial Liability							
Withholding tax payable		**16**	**-**	**16**	9	-	9
		16	**-**	**16**	9	-	9
Total		**P82**	**P -**	**P82**	P24	P -	P24

10. Related Party Transactions

The Bank is considered by the Trust and Managed Fund as a related party on the basis of the management role performed by the TSG for the DPBF.

Trust fees earned by the TSG are reported as part of the Bank's service charges, fees and commission account. For the years ended December 31, 2024 and 2023, trust fees from all Trust and Managed Funds reported by the TSG in its statements of comprehensive income amounted to P185.52 million and P173.19 million, respectively. Specifically, the Bank earned trust fees from the DPBF in 2024 and 2023 amounting to P0.05 million and P0.04 million, respectively.

Accrued trust fees of the DPBF amounted to P63,945 and P9,297 as at December 31, 2024 and 2023, respectively.

11. Trust Reserves

BSP regulations state that Unit Investment Trust Funds shall be exempt from the provisions on statutory and liquidity reserves of the Manual of Regulations applicable to trust funds in general.

12. Final Tax

This represents final withholding taxes of 20% on the PHP-denominated interest income of the DPBF accruing to the trustors. For years ended December 31, 2024 and 2023, the final taxes both amounted to P0.05 million.

13. Net Asset Value (NAV) Per Unit

The NAV per unit as at December 31, 2024 and 2023 is computed as follows:

	2024	2023
NAV	**P9,794,902**	P3,786,657
Outstanding shares	**5,442,923**	2,378,687
NAV per unit	**P1.80**	P1.59

Net asset value per unit represents the rate at which investors buy or redeem the participating units in a UITF. As at December 31, 2024 and 2023, assets consist of deposits in banks, quoted debt securities valued using the current market reference sources provided by Bloomberg Valuation Service and Philippine Dealing Exchange Corporation and other assets.

14. Supplementary Information Required under Section 174 and Appendix 55 of the Manual of Regulations for Banks

The following supplementary information is required by Appendix 55 to Section 174 of the Manual of Regulations for Banks of the BSP.

A. Financial Performance Indicators

The following basic ratios measure the financial performance of the TSG:

		2024	2023
a.	Net income (loss)	**P161,377**	P291,526
b.	Average total equity	**6,621,803**	4,092,683
	Return on average equity (a/b)	**2.44%**	7.12%
c.	Net income (loss)	**P161,377**	P291,526
d.	Average total assets	**6,675,089**	4,112,058
	Return on average assets (c/d)	**2.42%**	7.09%
e.	Net interest income	**P290,897**	P226,710
f.	Average interest earning assets	**6,673,737**	4,062,446
	Net interest margin (e/f)	**4.36%**	5.58%

Note: Average balances were determined as the average of the current and previous calendar balances of the respective statements of financial position accounts.

B. Total Loans Breakdown

Consumer Lending

Under BSP Circular No. 941 *Amendments to the Regulations on Past Due and Non-Performing Loans,* loans, investments, receivables, or any financial asset shall be considered non-performing, even without any missed contractual payments, when it is considered impaired under existing accounting standards, classified as doubtful or loss, in litigation, and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than 90 days from contractual due date, or accrued interests for more than 90 days have been capitalized, refinanced, or delayed by agreement.

As at December 31, 2024 and 2023, the DPBF has no outstanding loans.

C. Related Party Loans

As stated in BSP Circular No. 914 Section 2, Chapter E, *Loans and Credit Accommodations to Directors, Officers, Stockholders and their Related Interests (DOSRI)/Subsidiaries/Affiliates,* as amended by BSP Circular 970 dated August 22, 2017, related parties shall cover the entity's subsidiaries as well as affiliates and any party, including their subsidiaries, affiliates, and special purpose entities that the entity exerts direct or indirect control over the entity; the directors; officer; stockholders; and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies.

This shall also include such other person or juridical entity whose interests may pose potential conflict with the interest of the financial institution, hence, is identified as a related party.

As at December 31, 2024 and 2023, the TSG has no outstanding loan and other credit accommodations with certain DOSRI.

D. Commitments and Contingencies

In the normal course of business, the TSG enters into various commitments and incurs contingent liabilities that are not presented in the accompanying financial statements. The TSG does not anticipate any material losses as a result of these commitments and contingent liabilities.

There were no off-balance sheet commitments and contingent liabilities as at December 31, 2024 and 2023.

E. Assets Pledged as Security

The assets pledged by the TSG are strictly for the purpose of providing collateral for the counterparty. To the extent that the counterparty is permitted to sell and/or re-pledge the assets, they are classified in the statements of financial position as pledged collateral. The pledged assets will be returned to the TSG when the underlying transaction is terminated but, in the event of the TSG's default, the counterparty is entitled to apply the collateral in order to settle the liability.

No asset is being pledged by the TSG to secure outstanding liabilities as at December 31, 2024 and 2023.