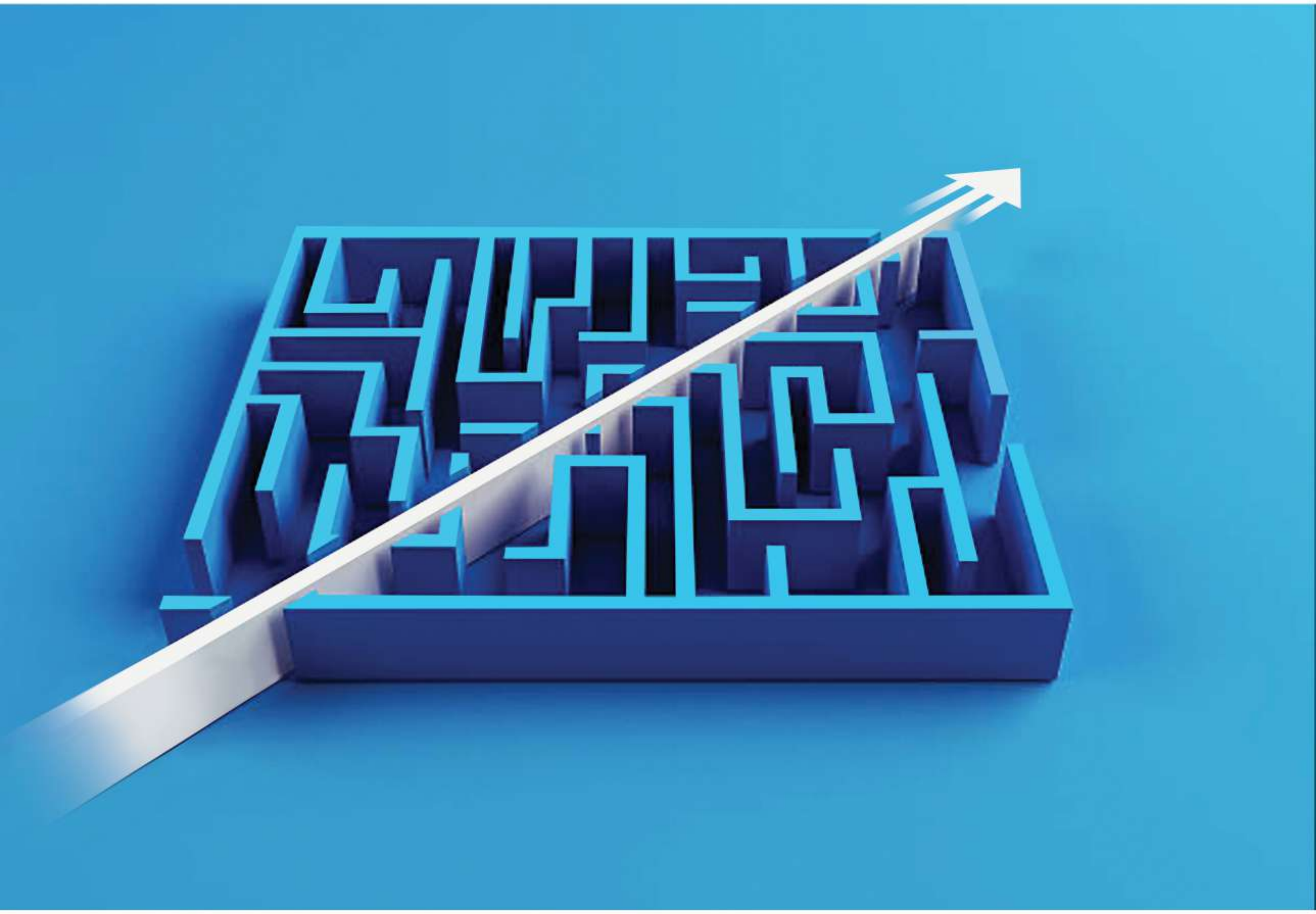
WESTERN PACIFIC
TRUST COMPANY



Competitive | Responsive | Knowledgeable

2023 Annual Report

Western Pacific Trust Company

Incorporated in British Columbia and governed pursuant to the *Financial Institutions Act* and the *Business Corporations Act*, **Western Pacific Trust Company** is a non-deposit taking trust company.

The Company is licensed to do trust business as a non-deposit taking financial institution in British Columbia and Alberta.

Western Pacific Trust Company has four wholly owned subsidiaries: **WP Private Equity Transfers Inc., WP Private Health Inc.**, **1128668 B.C. Ltd**. and **1211263 B.C. Ltd.**, all British Columbia incorporated private companies.

SHARE CAPITAL

Authorized:

100,000,000 Common shares without par value
100,000,000 Preferred shares, issuable in series

Issued:

26,293,558 Common shares
400 Series I Preferred Shares
130,550 Series II Preferred Shares

Western Pacific's Common shares are listed for trading on the TSX Venture Exchange under trading symbol **"WP"**.

Services

Self-Administered Plans – Western Pacific Trust Company offers self-administered tax deferred registered plans (RRSPs, SRRSPs, LIRAs, RIFs, LIFs) to permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices.

Western Pacific Trust also offers self-administered Tax Free Savings Accounts (TFSAs). TFSA contributions are non-deductible, but withdrawals are tax free, and any investment income earned within the TFSA, including capital gains, will not be taxed.

Qualified investments for both the RRSP and TFSA self-administered accounts are prescribed in the *Income Tax Act of Canada,* and include securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, arm's length mortgages, Employee Share Ownership Plans, etc.

Trusts – We offer strategic counsel, organizational assistance, and work with clients' legal and financial advisors in the establishment of various forms of testamentary and inter-vivos trusts. Trusts are an effective vehicle and flexible tool for present and future management of assets. In establishing a trust, there is limitless adaptability to address client requirements, ranging from the most basic to the highly complex, sophisticated or sensitive.

Our professional staff work closely with clients to ensure that the most tax-effective methods are used to achieve the objectives of its clients.

Financial & Administrative – Our senior staff work closely with select individual and corporate clients to deliver high quality professional administrative and/or accounting support, tailored specifically to the client's long or short-term needs. These services, which may cover a wide range of responsibilities, are delivered on a strictly confidential basis.

Transfer & Registration – Through wholly owned subsidiary, **WP Private Equity Transfers Inc.**, we offer transfer and registration services for non-listed, non-reporting issuers.

Private Health Plans – Wholly owned subsidiary, **WP Private Health Inc.**, offers Private Health Services Plans to help small business owners save tax, and significantly reduce the after-tax cost of their health care.

Independent Specialist Network – Western Pacific Trust Company is able to bring together independent specialist professionals in the legal, accounting and financial planning arenas, to provide comprehensive solutions for complex personal and corporate issues.

Message to Shareholders

2023 proved to be another prosperous year for Western Pacific Trust Company.

Building upon the remarkable accomplishments of 2022, where pre-tax profits tripled those of the preceding year, 2023 saw the Company achieve a pre-tax profit of $584,476, compared to $334,183 in 2022.

This was accomplished while navigating a volatile economic landscape in which inflation, rising interest rates and recession fears impacted the ability of our private company issuer clients to raise capital. Nevertheless, Western Pacific Trust Company emerged from this challenging environment even stronger than before.

While maintaining cost control measures, we continued to prioritize capital deployment to fuel organic growth and investment in technological enhancements.

We were delighted to announce the achievement of a significant milestone for our Company in 2023, when Western Pacific Trust declared its first annual dividend to our valued shareholders. This marks a pivotal moment in our journey, and we are delighted to take this important step in recognizing and rewarding your support and commitment to our Company over the years.

Western Pacific Trust has demonstrated its ability to adapt and thrive amidst uncertainty, ensuring sustained profitability and growth. With a robust foundation, we are poised to weather economic fluctuations and capitalize on strategic opportunities.

Our success is built on a strong business model, fostered by collaborative and respectful relationships with clients and industry partners, and a team of dedicated and talented employees committed to excellence. We are eager to pursue further growth in 2024 and beyond.

Our appreciation as always for the invaluable contributions of our directors, whose counsel and insight has been so helpful in our development. Our heartfelt thanks also go to our clients and business partners for their continued loyalty and support.

We extend our deepest gratitude to the entire WPTC team for their skills, dedication, and commitment to our collective success. Every day they exemplify our core promise: Competitive, Responsive, Knowledgeable.

To our fellow shareholders, we are grateful for your trust and confidence which has been instrumental in our success to date, and we look forward to continuing to create value and deliver returns as we move forward together.

Dr. Anthony Liscio
Chairman of the Board

Alison Alfer
President & Chief Executive Officer

WESTERN PACIFIC TRUST COMPANY

Management's Discussion and Analysis of
Results of Operations and Financial Position
For the year ended December 31, 2023
(Expressed in Canadian Dollars)

The following is management's discussion and analysis ("MD&A"), dated March 27, 2024, of the consolidated financial condition and results of operations of Western Pacific Trust Company and its wholly-owned subsidiaries, WP Private Equity Transfers Inc. ("WPPET"), WP Private Health Inc. ("WPPH"), 1128668 BC Ltd. and 1211263 BC Ltd. (collectively "WPTC" or the "Company") for the year ended December 31, 2023. This discussion should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2023 (the "Financial Statements").

Basis of Presentation
The Company's consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The IASB continues to amend and add to current IFRS standards and interpretations. As of the date of this MD&A, there are no new IFRS standards that have been recently issued that would have any significant impact to the Company's consolidated financial statements.

Forward Looking Statements
This MD&A contains certain forward-looking statements. All statements included herein, other than statements of historical fact, including without limitation statements regarding the future plans and objectives of the Company, are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will provide accurate information, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in Company documents filed from time-to-time with the regulatory authorities and on ***www.SEDARplus.ca***. Additional information with respect to the Company can be obtained from the Company's website at ***www.westernpacifictrust.com***.

Overview
Western Pacific Trust Company is a non-deposit taking financial institution which is licensed under the ***Financial Institutions Act ("FIA")*** in British Columbia as a Trust Company. WPTC is also registered extra-provincially in Alberta as a non-deposit taking Trust Company.

Self-Administered Plans
WPTC Self-Administered Plans permit investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. In addition to self-administered Registered Retirement Savings Plans ("RRSPs"), WPTC offers self-administered Tax-Free Savings Accounts ("TFSAs"), self-administered Registered Retirement Income Funds ("RRIFs"), and self-administered Locked-In Retirement Accounts ("LIRAs"), within which clients can earn tax-free investment income during their lifetime. Qualified investments for RRSPs and all other self-administered accounts include, but are not limited to, securities in eligible Canadian controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm's length mortgages.

Trust Services
As part of its trust services, WPTC offers strategic counsel, organizational assistance and consults with clients' legal advisors in the establishment and administration of various forms of trusts, an effective vehicle and flexible tool for present and future management of assets.

Client Consulting Services
The Company provides a range of Accounting, Administrative and Corporate Secretarial services to select clients on a fee-for-service basis.

Corporate Registrar Services
The Company provides registrar services to unlisted and non-reporting issuer companies. These services are provided through the company's wholly-owned subsidiary, WPPET, a British Columbia incorporated company.

Collateral Agency Services
The Company acts as Collateral Agent for clients in the conduct of their bond business. The wholly-owned subsidiaries, 1128668 BC Ltd. and 1211263 BC Ltd., are maintained solely for the purpose of offering these services to these clients. The costs of the annual maintenance of these subsidiaries are absorbed by the clients, pursuant to the contract between the parties.

Selected Annual Information and Results of Operations

The following selected consolidated financial data for the three most recently completed financial years should be read in conjunction with the Company's audited consolidated financial statements for the respective years. The Company's consolidated financial statements and the financial information set out below are prepared in accordance with IFRS as issued by the IASB. The Company's material accounting policies are disclosed in note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2023. The Company's functional and reporting currency is the Canadian dollar.

Statements of Financial Position-selected information

	As at December 31,		
	2023	2022	2021
Total current assets	$ 2,537,078	$ 2,176,158	$ 1,657,035
Total non-current assets	1,367,666	1,605,097	953,848
Total assets	$ 3,904,744	$ 3,781,255	$ 2,610,883
Total current liabilities	$ 158,548	$ 176,431	$ 173,720
Total non-current liabilities	966,086	1,054,247	569,643
Total equity	2,780,110	2,550,577	1,867,520
Total liabilities and shareholders' equity	$ 3,904,744	$ 3,781,255	$ 2,610,883

Current assets increased in the 2023 fiscal year compared to the same period in 2022 fiscal year due to an increase of cash and cash equivalents from interest income. In addition, interest receivable on term deposits increased due to the increase in interest rates throughout the year.

Non-current assets decreased in 2023 compared to 2022 due to amortization of the right-of-use asset and the draw-down of deferred income tax asset.

Non-current liabilities decreased in 2023 compared to 2022, reflecting the net repayment of subordinated loans and a decrease of lease liabilities.

The increase in total equity in 2023 compared to 2022 is due to the increase of net income, offset by the dividends paid for preferred shares and common shares.

Statements of Comprehensive Income	For the years ended December 31		
	2023	2022	2021
Total revenue	$ 1,942,976	$ 1,524,011	$ 1,116,368
Total general and administrative expenses	(1,283,612)	(1,140,121)	(984,392)
Income before amortization, finance expense and income taxes	659,364	383,890	131,976
Amortization	(8,580)	(7,383)	(7,555)
Finance expense and amortization of deferred gain on subordinated loans	(66,308)	(42,324)	(18,847)
Deferred income tax recovery	-	400,000	740,000
Income tax expense	(158,000)	(93,200)	-
Net income	$ 426,476	$ 640,983	$ 845,574
Earnings per share - basic	$ 0.014	$ 0.022	$ 0.031
Earnings per share - diluted	$ 0.014	$ 0.022	$ 0.028

Income before amortization, finance expense and income taxes is a non-GAAP financial measure which has no standard meaning under IFRS. Management is of the opinion that certain investors use this information, in addition to more conventional measures prepared in accordance with IFRS, to evaluate the Company's performance and ability to generate liquidity through operating cash flows.

Results of Operations

Comparison of 2023 fiscal year to 2022 fiscal year
The Company recorded an increase in total revenue of $418,965 or 27% in 2023 compared to 2022, due to the increase in self-administered plan revenue and related interest income from increases in interest rates throughout 2023.

Comparison of 2022 fiscal year to 2021 fiscal year
The Company recorded an increase in total revenue of $407,643 or 37% in 2022 compared to 2021, due to the increase in self-administered plan revenue and related interest income from increases in interest rates throughout 2022. In addition, fees received in respect to trust service fee increased by $3,418 (8%) from an increase in new trust services.

Expenses

Comparison of 2023 fiscal year to 2022 fiscal year
Total general and administrative expenses increased overall by $143,491 in 2023 when compared to 2022. The increase is mainly attributable to the increase in staff salaries and the cost of benefits of $46,403, $18,500 for directors' fees, $17,386 for consulting and professional fees, $12,589 for bad debts expense, $13,165 for website and advertising and promotion, $33,585 for rent expense, $2,178 for insurance expenses, and $10,765 for computer software. The increase is offset by decreases in computer consulting/software and maintenance of $5,764 and office/miscellaneous expenses of $6,709. Finance expense also increased by $23,984 due to the increase in interest rate paid on subordinated loans and interest portion of lease liabilities. Income taxes expense in 2023 of $158,000 has been recorded due to the taxable income for the year and the deferred income tax assets decreased by the same amount.

Comparison of 2022 fiscal year to 2021 fiscal year
Total general and administrative expenses increased overall by $155,729 in 2022 when compared to 2021. The increase is mainly attributable to the increase in staff salaries and the cost of benefits of $83,034, $27,936 for computer consulting/software and maintenance, $13,497 for rent expense, $19,260 for professional and consulting fees, $12,767 for office and miscellaneous expense and $6,440 for advertising and promotional expenses. The increase is offset by decreases in compliance and regulatory of $5,039 and directors' fees and expenses of $2,500. Finance expense also increase by $23,477 in 2022 compared to 2021 due to the increase in the interest paid on additional subordinated loans received during the year.

For the 2022 fiscal year, the Company recognized an additional $400,000 deferred income tax assets in additional to the $740,000 recognized in 2021 related to previously unrecognized income tax losses and deductible temporary differences based on management's estimate of future net taxable income. $93,200 of income tax expense has been recorded to draw down the deferred income tax assets recognized.

Summary of Quarterly Results
The following is selected financial information for the last eight quarters.

	Quarter ended	Total revenue $	Net income and comprehensive income $	Net income (loss) per share (basic and diluted) $	Total assets $
Q4/23	December 31, 2023	457,783	83,408	0.0029/0.0029	3,904,744
Q3/23	September 30, 2023	461,806	91,561	0.0029/0.0029	3,926,878
Q2/23	June 30, 2023	432,325	66,947	0.0019/0.0019	3,943,345
Q1/23	March 31, 2023	591,062	184,560	0.0064/0.0064	3,977,163
Q4/22	December 31, 2022	441,434	482,664	0.0178/0.0178	3,781,255
Q3/22	September 30, 2022	362,930	50,281	0.0013/0.0012	2,784,172
Q2/22	June 30, 2022	308,905	15,899	(0.0000)	2,719,372
Q1/22	March 31, 2022	410,742	92,139	0.0030/0.0027	2,664,004

Revenue and net income (loss) for each quarter
The fluctuations in total revenue from quarter to quarter are due to the seasonal variations in revenue from self-administered plans and the related increase in interest income from increases in interest rates.

Total revenue and net income both decreased for the last quarter of 2023 due to a decrease in self-administered plan revenue.

Significant variances in previous quarters are discussed as follows:

Total revenue and net income both increased for the **third quarter of 2023** due to an increase in investment and interest income.

Total revenue and net income both decreased for the **second quarter of 2023** due to seasonal fluctuations in self-administered plan revenue from the first to second quarter.

Total revenue and net income both increased for the **first quarter of 2023** due to an increase in self-administered plan revenue related to the annual RRSP contribution deadline as well as an increase in investment and interest income.

Total revenue and net income both increased for the **last quarter of 2022** due to an increase in investment and interest income.

During the **last quarter of the 2022**, the Company recorded additional deferred income tax asset on the statement of financial position and deferred income tax recovery on the statement of comprehensive income.

Total revenue and net income both increased for the **third quarter of 2022** due to an increase in investment and interest income.

Total revenue and net income both decreased for the **second quarter of 2022** due to seasonal fluctuations in self-administered plan revenue from the first to second quarter.

Total revenue and net income both increased for the **first quarter of 2022** due to an increase in self-administered plan revenue related to the annual RRSP contribution deadline.

Outlook
The COVID-19 pandemic and related worldwide government emergency measures caused material economic disruptions to businesses giving rise to a slowdown in business activity. The negative impacts of COVID-19 resulted in limited growth and substantially lower interest rates throughout 2021, adversely affecting the Company's revenue and profit margin. However, throughout 2022 and 2023 revenue continued to grow, reflecting not only an increase in business, but a substantial increase in interest income as a result of several interest rate adjustments during 2022 and 2023 by the Bank of Canada to offset inflation.

Inflation, continued interest rate hikes, and the threat of recession slowed the economy and resulted in lower or delayed investing for the year ended December 31, 2023.

While earlier concerns surrounding inflationary pressures and recession fears had cast a shadow of uncertainty, this threat appeared to have stabilized somewhat by the end of 2023. Higher interest rates continue to have a positive effect on the Company's interest income, and there are grounds for cautious optimism that the worst of the inflationary challenges are behind us, while recession calls are delayed quarter by quarter. The Company will continue to closely monitor the economic environment and policy developments to ensure a robust and sustainable growth trajectory in the months ahead.

Self-Administered Plans
Trustee services for Self-Administered Plans are required for any issuer wishing to offer RRSP or TFSA eligible securities, as well as for investors wishing to purchase a private market security in an RRSP or TFSA. Such investments include, but are not limited to, private Mutual Fund Trusts, eligible Canadian Controlled Private Corporations, Eligible Business Corporations, Venture Capital Corporations and arm's length mortgages.

Annual trustee fees earned from each plan build year-over-year for the life of the plan, creating a continuing revenue base for each succeeding year. Transactional fees earned on new accounts increase in proportion to the numbers of plans opened, in addition to transaction fees generated for new purchases in existing accounts.

Western Pacific Trust Company continues to earn increasing recognition in the private capital markets as a trustee for self-administered plans holding eligible private investments. While the Company offers competitive pricing, it is the commitment to offering knowledgeable and responsive service delivered on a consistent basis which distinguishes the company in the marketplace.

Client Consulting Services
The Company offers a range of administrative and accounting services to select clients.

Transfer Agency Services
The Company provides transfer agent and registrar services to unlisted and non-reporting issuer companies. These services are provided through the company's wholly-owned subsidiary, WPPET, a British Columbia incorporated company.

Private Health Plans
Through its wholly-owned subsidiary, WP Private Health Inc., the Company offers private health care plans for small business owners. Not insurance, rather a tax planning tool, these plans help clients who own small corporations to save taxes and reduce the after-tax cost of health care for themselves and their families.

Collateral Agent Services
Wholly-owned subsidiaries 1128668 BC Ltd. and 1211263 BC Ltd. provide Collateral Agent services to clients in the conduct of their bond business.

Liquidity
Western Pacific Trust Company - Capital Adequacy
As a trust company, the Company is governed by the BC Financial Services Authority ("BCFSA") pursuant to the *Financial Institutions Act* (British Columbia). The Company is required to submit to the BCFSA, on a quarterly basis, within 30 days of each quarter end, a Financial Return in which a Capital Adequacy calculation is required to set forth the Primary Capital (Shares, Retained Earnings and Reserves) and the Secondary Capital (Subordinated Debt and Other equity investments) to arrive at the Company's Capital Base. The Required Capital Base is calculated as 0.5% of the Assets Held in Trust.

As at December 31, 2023, the Company had a calculated Capital Base in excess of the Required Capital Base.

Capital Resources
As at December 31, 2023, the Company had working capital of $2,378,530 (December 31, 2022: $1,999,727) available to fund its operations.

As at December 31, 2023, the Company had subordinated debt outstanding in the aggregate amount of $681,400. The subordinated loans include $137,400 with interest at 7% per annum from related parties; $230,000 subordinated loans with interest at 7% per annum and $156,000 with interest at 5% per annum from non-related parties; and $158,000 of the subordinated loans (comprised of $93,914 in subordinated loans and $64,086 in deferred gain on subordinated loans) are from unrelated parties and bear no interest.

Off-Balance Sheet Arrangements
Other than Self-Administered Plan revenues beyond the reporting period and interest income held in term deposits from trust assets, the Company does not have any off-balance sheet items that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Transactions with Related Parties
Pursuant to the requirements of the Financial Institutions Act, WPTC's Conduct Review Committee is required to approve all related party transactions of the Company and report same to the Directors at meetings of the Board, which are held quarterly.

Related parties include directors and officers of the Company. Share-based payments consist of stock option issuances.

The following transactions with related parties for the years ended December 31, 2023 and 2022 were in the normal course of operations and were measured at the fair value of the services provided:

	Years ended			
	December 31, 2023		December 31, 2022	
Management salaries	$	162,318	$	150,283
Directors' fees		58,750		40,250
Consulting fees paid to a company controlled by a director		114,800		106,680
Professional fees for consultant		48,944		52,580
Total compensation	$	384,812	$	349,793

Finance expense includes interest of $12,025 (2022: $9,260) for subordinated loans. Total interest of $11,989 (2022: $10,303) and dividends of $30,725 (2022: $30,725) has been paid to directors and close family members of directors.

At December 31, 2023, the Company has $40,844 (December 31, 2022: $32,402) in accounts payable and accrued liabilities due to an officer, directors of the Company, and companies controlled by directors. In addition, $137,400 (December 31, 2022: $156,500) of subordinated loans are due to directors or close family members of directors of the Company and accrued interest of $835 (2022: $799) has been included in finance expense.

Financial Instruments
As at December 31, 2023, the Company had not entered into any derivative financial instruments as a method of managing market risks associated with interest rates and foreign exchange fluctuations. Note 4 to the consolidated financial statements include a discussion of the Company's financial instruments and the related risks.

Risks and Uncertainties
Inflation and Recession Threat
Management continues to monitor the impact of inflation and the threatening recession through the coming year. See Outlook section above for further detail.

Russia-Ukraine Crisis and the Conflict in the Middle East
The uncertainty in the global economy generated by Russia's invasion of Ukraine has only been heightened by the Israeli-Hamas conflict. The outcome and longevity of these crises remain unknown, as does the

potential for expansion to other countries and related impact on oil and commodity prices. Ultimately, the negative impact on Canadian consumer confidence and inflation in the coming months is difficult to measure at this time.

Dependence on major clients
Plans opened for the Company's three largest issuer clients comprise a significant percentage of total revenues. As such, any disruption in the Company's relationships with these major clients or any decrease in revenue from them, could have an adverse effect on the Company.

Tax laws
The tax laws in Canada and abroad are continually changing.

Dependence on key personnel
Loss of certain members of the executive team or key management members of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacements are found. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

Outstanding Share Information
As at the date of this report there are 26,293,558 Common shares, 400 Series I Preferred shares and 130,550 Series II Preferred shares issued and outstanding. The terms of the preferred shares are described in the consolidated financial statements.

Share Purchase Options
The Company's new 20% fixed stock option plan was approved by the Company's shareholders at the Annual General and Special Meeting held May 31, 2023, and subsequently accepted for filing by the TSX Venture Exchange. Under the new stock option plan, a total of 5,258,711 Common shares are reserved for issuance under the Company's Stock Option Plan (the "Plan").

As at the date of this report, there are no stock options outstanding and 5,258,711 shares are available for issuance under the Plan.

Common Share Dividend
On October 13, 2023, the Company paid a dividend of $0.005 per share on the outstanding Common shares, for a total dividend payment of $131,468.

Leased Premises
The Company lease agreement for existing premises is effective March 1, 2023, for a term of five years to mature February 29, 2028. The base rent for the first two years will be $6,230 per month, $6,453 per month for the third and fourth years and $6,675 per month for the fifth year. In addition, the Company acquired additional contiguous office space with the lease for the additional space which commenced on November 1, 2022 for a term of five years and four months, maturing February 29, 2028. The base rent for the additional space will be $1,629 per month for the first and second years, $1,687 per month for the third and fourth years, and $1,745 per month for the remaining term.

Proposed Transactions
As of the date of this report, there are no significant transactions, acquisition or disposition of businesses or assets currently being discussed or transacted.

Directors
As of the date of this report, the Board of Directors is composed of the following:

Anthony Liscio, DDS (Chair)	John C.A. de Wit, CPA, CA
Alison Alfer	J. Cowan McKinney, FCPA, FCA
Bruce H. Bailey, CPA, CA	Steven O. Youngman, B.Comm., LL.B (Deputy Chair)
G. Benjamin Cutler	

WESTERN PACIFIC TRUST COMPANY

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

December 31, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF WESTERN PACIFIC TRUST COMPANY

Opinion

We have audited the consolidated financial statements of Western Pacific Trust Company and its subsidiaries (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and 2022;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Canadian generally accepted auditing standards 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 auditors' report to the related disclosures in the consolidated 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 Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Karen Ka Yee Cheng.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 27, 2024

WESTERN PACIFIC TRUST COMPANY

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	Note	December 31, 2023	December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents	4.3	$ 2,220,636	$ 1,922,643
Accounts receivable	4.3, 5	94,514	87,826
Interest receivable	4.3	205,775	155,835
Prepaid expenses		16,153	9,854
		2,537,078	2,176,158
Deposits	4.3, 14	113,254	119,705
Right-of-use asset	6	326,404	406,381
Property and equipment	7	28,943	22,061
Intangible assets	8	10,265	10,150
Deferred income tax asset	17	888,800	1,046,800
		$ 3,904,744	$ 3,781,255
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	13	$ 77,675	$ 98,409
Deferred revenue		9,811	11,095
Lease liability – current portion	6	71,062	66,927
		158,548	176,431
Lease liability	6	284,686	355,747
Subordinated loans	9, 13	617,314	660,116
Deferred gain on subordinated loans	9	64,086	38,384
		1,124,634	1,230,678
SHAREHOLDERS' EQUITY			
Common shares	10	1,726,883	1,726,883
Preferred shares	10, 13	1,272,584	1,272,584
Reserves		275,365	275,365
Accumulated deficit		(494,722)	(724,255)
		2,780,110	2,550,577
		$ 3,904,744	$ 3,781,255

Approved on behalf of the Board

"Anthony Liscio" — *Director*

"Steven Youngman" — *Director*

The accompanying notes are an integral part of these Consolidated Financial Statements

WESTERN PACIFIC TRUST COMPANY

Consolidated Statements of Comprehensive Income

(Expressed in Canadian Dollars)

	Note	For the years ended December 31, 2023	December 31, 2022
Revenue			
Consulting and trust service fee income		$ 32,712	$ 48,663
Self-Administered Plan fee income		1,170,107	1,126,810
Interest		740,157	348,538
		1,942,976	1,524,011
General and administrative expenses	13,16	1,283,612	1,140,121
Income from operations		659,364	383,890
Amortization of property and equipment	7	(6,355)	(4,845)
Amortization of intangible assets	8	(2,225)	(2,538)
Finance expense	6,9,13	(70,063)	(45,361)
Amortization of deferred gain on subordinated loans	9	3,755	3,037
Net income before income taxes		$ 584,476	$ 334,183
Deferred income tax recovery	17	-	400,000
Income tax expense	17	(158,000)	(93,200)
Net income and comprehensive income		$ 426,476	$ 640,983
Earnings per share, basic	10	$ 0.014	$ 0.022
Earnings per share, diluted	10	$ 0.014	$ 0.022
Weighted average number of common shares outstanding		26,293,558	25,826,777

WESTERN PACIFIC TRUST COMPANY

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Share Capital				Reserves		
	Common Shares	Amount	Preferred Shares	Amount	Share-Based Payments	Accumulated Deficit	Total Shareholders' Equity
Balance, December 31, 2021	25,018,558	$ 1,536,734	130,950	$ 1,272,584	$ 357,965	$ (1,299,763)	$ 1,867,520
Common shares issued	1,275,000	190,149	-	-	(82,600)	-	107,549
Dividends paid on preferred shares	-	-	-	-	-	(65,475)	(65,475)
Net income for the year	-	-	-	-	-	640,983	640,983
Balance, December 31, 2022	26,293,558	$ 1,726,883	130,950	$ 1,272,584	$ 275,365	$ (724,255)	$ 2,550,577
Balance, December 31, 2022	26,293,558	$ 1,726,883	130,950	$ 1,272,584	$ 275,365	$ (724,255)	$ 2,550,577
Dividends paid on preferred shares	-	-	-	-	-	(65,475)	(65,475)
Dividends paid on common shares	-	-	-	-	-	(131,468)	(131,468)
Net income for the year	-	-	-	-	-	426,476	426,476
Balance, December 31, 2023	26,293,558	$ 1,726,883	130,950	$ 1,272,584	$ 275,365	$ (494,722)	$ 2,780,110

WESTERN PACIFIC TRUST COMPANY

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	For the years ended December 31, 2023	2022
Operating activities		
Net income for the year	$ 426,476	$ 640,983
Items not involving cash:		
Amortization of property and equipment and intangible assets	8,580	7,383
Amortization of deferred gain on subordinated loans	(3,755)	(3,037)
Accretion expense on subordinated loans	3,755	3,037
Amortization of right-of-use asset	79,977	65,395
Deferred income tax recovery	-	(400,000)
Income tax expense	158,000	93,200
Interest on lease liability	26,934	16,472
	699,967	423,433
Changes in non-cash working capital balances		
Interest receivable	(49,940)	(146,743)
Accounts receivable	(6,688)	(23,409)
Deposits	6,451	(8,196)
Prepaid expenses	(6,299)	(1,411)
Accounts payable and accrued liabilities	(20,734)	18,946
Deferred revenue	(1,284)	(1,746)
Net cash provided by operating activities	621,473	260,874
Investing activities		
Property and equipment assets acquired	(13,237)	(9,368)
Intangible assets acquired	(2,340)	-
Net cash used in investing activities	(15,577)	(9,368)
Financing activities		
Lease liability payments	(93,860)	(75,353)
Proceeds from subordinated loans	98,000	269,000
Repayment of subordinated loans	(115,100)	(81,292)
Dividends paid	(196,943)	(65,475)
Common shares issued	-	49,174
Net cash provided by (used in) financing activities	(307,903)	96,054
Increase in cash and cash equivalents during the year	297,993	347,560
Cash and cash equivalents, beginning of the year	1,922,643	1,575,083
Cash and cash equivalents, end of the year	$ 2,220,636	$ 1,922,643
Non-cash transactions:		
Right-of-use-asset subject to lease	$ -	$ 399,663
Options exercised against loan repayment	$ -	$ 58,375
Fair value of stock options exercised in share capital	$ -	$ 82,600
Cash paid during the year for:		
Interest	$ 38,589	$ 31,580
Income taxes paid	$ -	$ -
Cash and cash equivalents consist of:		
Cash	$ 191,312	$ 348,284
Term deposits	$ 2,029,324	$ 1,574,359

The accompanying notes are an integral part of these Consolidated Financial Statements

1. Corporate Information

Western Pacific Trust Company (the "Company") has been listed on the TSX Venture Exchange ("Exchange") since 1999 under the stock symbol "WP".

The Company is a British Columbia incorporated, publicly traded, non-deposit-taking independent trust company licensed under the *Financial Institutions Act* in British Columbia and the *Loan and Trust Corporations Act* in Alberta to conduct trust business in both provinces. The Company is not authorized to receive or hold funds on deposit. The Company may invest in corporations that carry on businesses described in Section 141 of the *Financial Institutions Act*.

The Company acts as Trustee for Self-Administered Registered Retirement Savings Plans ("RRSP"), which permits investors the tax-deferred benefits of a registered plan while maintaining control over their investment choices. The Company also offers self-administered Tax-Free Savings Accounts ("TFSA"), within which clients can earn tax-free investment income during their lifetime. Qualified investments for both the RRSP and TFSA self-administered accounts include securities in eligible Canadian-controlled private corporations, private mutual fund trusts, venture capital corporations, unlisted public companies, as well as arm's length mortgages.

One of the Company's wholly owned subsidiaries, WP Private Equity Transfers Inc. ("WPPET"), a British Columbia incorporated company, provides corporate registry services for unlisted, non-reporting issuers.

Another wholly owned subsidiary, WP Private Health Inc. ("WPPH"), a British Columbia incorporated company, also registered in Alberta, provides private health plans to small business owners.

The Company has two additional 100% owned private subsidiaries: 1128668 BC Ltd. and 1211263 BC Ltd., both of which act as Collateral Agent for different clients in the conduct of their respective bond businesses. These wholly owned subsidiaries are maintained solely for the purpose of offering these services to these clients. The annual maintenance costs of these subsidiaries are absorbed by the clients, pursuant to the contract between the parties.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on March 27, 2024.

2. Basis of Preparation

2.1 Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

IAS 1, Presentation of Financial Statements ("IAS 1") and IFRS Practice Statement 2: In February 2021, the IASB issued amendments to IAS 1 and the IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidelines and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making the judgements about accounting policy disclosures. Effective January 1, 2023, the Company adopted these amendments prospectively. These amendments had no material impact to these consolidated financial statements.

2. Basis of Preparation (continued)

2.2 Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are recorded at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2.3 Critical accounting judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain critical accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures. Actual results could differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The impacts of changes to estimates are recognized in the period they are revised and in future periods affected. The critical judgments and assumptions applied in the preparation of these consolidated financial statements and other major sources of measurement uncertainty are disclosed in note 3.

3. Summary of material accounting policies

3.1 Basis of consolidation

These consolidated financial statements include the accounts of the Company and its integrated wholly owned subsidiaries, WPPET, WPPH, 1128668 BC Ltd., and 1211263 BC Ltd. All material intercompany balances have been eliminated in these consolidated financial statements. Subsidiaries are all entities over which the Company has control. Control is based on whether an investor has power over the investee, exposure of rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

3.2 Significant accounting judgments and estimates

a) Collectability of receivables

Receivables comprise amounts due from consulting and trust service fee income and Self-Administered Plan fee income. The receivables are reviewed on a regular basis to determine their collectability and amounts deemed uncollectable are provided for. At December 31, 2023 and 2022, management is of the opinion that the Company's accounts receivable balance is collectable.

b) Amortization of property and equipment and intangible assets

Property and equipment and intangible assets are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is calculated on a declining-balance basis for computer software and furniture and equipment. Amortization rates used are based on standard rates for the corresponding assets and reflect management's best estimate of the useful lives of these assets.

3. Summary of material accounting policies (continued)

3.2 Significant accounting judgments and estimates (continued)

c) Deferred income tax assets

In assessing the probability of realizing income tax assets, management makes estimates of expected future taxable income. Management believes that its estimates are reasonable, but actual results may differ. The determination of income tax expense and the composition of deferred income tax assets and liabilities involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred income tax assets and liabilities, and interpretations of tax laws. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these interpretations, judgments, and estimates may materially affect the final amount of deferred income tax provisions, deferred income tax assets and liabilities, and results of operations.

d) Interest rate

The Company estimates a fair value interest rate in determining the fair value of long-term subordinated loans payable, right-of-use assets and lease liability. The determination of the fair value interest rate is subjective and changes to the business or market rates of interest could materially affect the fair value estimated.

3.3 Revenue recognition

Consulting and trust services fee income and Self-Administered Plan fee income are recognized when services are provided.

Interest income is accrued on a time-apportioned basis by reference to the carrying value using the effective interest rate method. The Company also accrues and recognizes interest income earned on funds held in trust.

3.4 Property and equipment

Property and equipment are stated at cost less accumulated amortization and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, with any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Amortization is provided at rates calculated to write off the cost of property and equipment less their estimated residual value. Furniture and equipment are amortized at 20% per year, on a declining-balance basis. An item of property and equipment is derecognized upon disposal, when held for resale, or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of comprehensive income.

3.5 Intangible assets

Intangible assets consist of trust management operations software. It is a finite-lived intangible asset being amortized 20% per year, on a declining-balance basis. The Company evaluates the recoverability of identifiable intangible assets whenever events or changes in circumstances indicate that an intangible asset’s carrying value may not be recoverable.

3. Summary of material accounting policies (continued)

3.6 Taxation

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward, to the extent it is probable the Company will realize the benefit. Income tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantively enacted. The amount of income tax assets is reviewed each reporting period and is reduced to the extent it is no longer probable the benefit will be realized.

3.7 Share-based payments

The Company has a stock option plan that is described in note 11. Stock options to employees are measured at the fair value of the instruments issued and amortized over the vesting period. Stock option payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

3.8 Earnings per share

Basic earnings per share is computed by dividing the net earnings available to common shareholders less the dividends declared on preferred shares by the weighted average number of common shares outstanding during the period. The diluted earnings per share reflects the potential dilution of common share equivalents, such as outstanding stock options, in the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

3. Summary of material accounting policies (continued)

3.9 Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset is measured initially at fair value, net of transaction costs that are directly attributable to its acquisition or issue, except for financial assets at FVTPL where transaction costs are expensed. On initial recognition, a financial asset is classified and measured at (i) amortized cost; (ii) fair value through profit or loss; or (iii) fair value through other comprehensive income ("FVTOCI"). A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit and loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance.

(ii) Derecognition

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

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

3. Summary of material accounting policies (continued)

3.9 Financial instruments (continued)

(iii) Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(iv) Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled, or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

(v) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

3.10 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset (the “ROU”), the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

3. Summary of material accounting policies (continued)

3.10 Leases (continued)

The Company applies the exemption not to recognize right-of-use assets and lease liabilities for leases relating to low-value assets. The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the end-of-the-useful-life or the lease term, whichever comes earlier, using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a lease renewal signed, change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

3.11 Preferred shares

The Series I Preferred shares issued by the Company contain provisions that allow the holders of the preferred shares to put those shares to the Company for redemption (“right of retraction”). The holder of the Series I Preferred shares has waived their right of retraction, and the associated preferred shares are presented as equity of the Company. The Series II Preferred shares issued by the Company are non-retractable.

4. Financial instruments

4.1 Categories of financial instruments

The Company has classified its financial instruments as follows under IFRS 9 *Financial Instruments*:

	IFRS 9
Financial Asset	
Cash and cash equivalents	Fair value through profit or loss
Accounts receivable, interest receivable, and deposits	Amortized cost
Financial Liability	
Accounts payable and accrued liabilities, lease liability, and subordinated loans	Amortized cost

(Expressed in Canadian Dollars)

4. Financial instruments (continued)

4.2 Fair value

The fair values of the financial instruments, other than cash and cash equivalents, approximate their carrying value as at December 31, 2023 and 2022 due to the demand nature or short-term maturity of these instruments. Subordinated loans approximate fair value as these are based on current market rates of interest. Cash and cash equivalents are valued in accordance with level 1 of the fair value hierarchy.

4.3 Financial risk management objectives and policies

The risks associated with the Company's financial instruments and the policies on mitigating these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk in respect of cash and cash equivalents by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. Trade accounts receivable are due from clients. The Company manages credit risk in respect to accounts receivable by reviewing the credit risk of the counterparty to the arrangement and has made any necessary provisions related to credit risk at December 31, 2023 and 2022.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents as the majority of amounts are held at a single major Canadian chartered bank. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	December 31, 2023		December 31, 2022	
Cash and cash equivalents	$	2,220,636	$	1,922,643
Deposits		113,254		119,705
Accounts receivable		94,514		87,826
Interest receivable		205,775		155,835
	$	2,634,179	$	2,286,009

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves to meet its liquidity requirements. At December 31, 2023, the Company had accounts payable and accrued liabilities of $77,675 (2022: $98,409), which are due for payment within three months, current portion of lease liability of $71,062 (2022: $66,927) and lease liability of $284,686 (2022: $355,747) until the lease term ending February 2028, and subordinated loans of $617,314 with undiscounted amounts of $681,400 (2022: $660,116 with undiscounted amount of $698,500), which are due for payment from 2031 to 2032.

(Expressed in Canadian Dollars)

4. Financial instruments (continued)

4.3 Financial risk management objectives and policies (continued)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

i) Interest rate risk consists of two components:

a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

b) To the extent that changes in prevailing market interest rates differ from the interest rates in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is exposed to interest rate cash flow risk due to cash equivalents held in term deposits with interest at the market rate.

ii) Foreign currency risk

The Company is not exposed to significant foreign currency risk.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to other price risk.

The Company's management of credit risk, liquidity risk, and market risk related to financial instruments above have not changed materially for the year ended December 31, 2023.

5. Accounts receivable

The Company's trade accounts receivable is aged as follows:

	December 31, 2023	December 31, 2022
Less than 1 month	$ 14,703	$ 11,825
1 to 3 months	6,625	9,859
More than 3 months	73,186	66,142
	$ 94,514	$ 87,826

Management reviews the collectability of the accounts receivable on a monthly basis and provides allowance on amounts that are not collectable. Allowance for doubtful accounts of $18,698 (2022: $6,109) has been included in general and administrative expenses.

(Expressed in Canadian Dollars)

6. Right-of-use asset

Right-of-use asset		
Value of right-of-use asset as at December 31, 2021	$	72,113
Lease renewals and addition		399,663
Depreciation		(65,395)
Value of right-of-use asset as at December 31, 2022	$	406,381
Depreciation		(79,977)
Value of right-of-use asset as at December 31, 2023	**$**	**326,404**

Lease liability		
Lease liability as at December 31, 2021	$	81,892
Lease renewals and addition		399,663
Lease payments		(75,353)
Lease interest		16,472
Lease liability as at December 31, 2022	$	422,674
Lease payments		(93,860)
Lease interest		26,934
Lease liability as at December 31, 2023	**$**	**355,748**

Current portion	$	71,062
Long-term portion		284,686
	$	**355,748**

7. Property and equipment

		Furniture and Equipment
Cost		
As at December 31, 2021	$	188,013
Additions		9,368
As at December 31, 2022		197,381
Additions		13,237
As at December 31, 2023	$	210,618
Accumulated amortization		
As at December 31, 2021	$	170,475
Charge for the year		4,845
As at December 31, 2022		175,320
Charge for the year		6,355
As at December 31, 2023	$	181,675
Net book value		
As at December 31, 2022	$	22,061
As at December 31, 2023	$	28,943

(Expressed in Canadian Dollars)

8. Intangible assets

		Software
Cost		
As at December 31, 2021 and 2022	$	53,702
Additions		2,340
As at December 31, 2023	$	56,042
Accumulated amortization		
As at December 31, 2021	$	41,014
Charge for the year		2,538
As at December 31, 2022		43,552
Charge for the year		2,225
As at December 31, 2023	$	45,777
Net book value		
As at December 31, 2022	$	10,150
As at December 31, 2023	$	10,265

9. Subordinated loans

	December 31, 2023	December 31, 2022
Non-interest bearing [(1)]	$ 71,189	$ 68,616
Non-interest bearing [(4)]	22,725	-
Interest bearing at 5% per annum [(2)]	156,000	140,000
Interest bearing at 7% per annum [(3)]	367,400	451,500
Total long-term subordinated loans, net of deferred gain	$ 617,314	$ 660,116

	Subordinated loans	Deferred gain on subordinated loans
Balance at December 31, 2021	$ 569,167	$ 43,026
Advanced of subordinated loans	269,000	23,165
Repayment of subordinated loans	(139,667)	(24,770)
Accretion expense	-	(3,037)
Balance at December 31, 2022	$ 698,500	$ 38,384
Advances of subordinated loans	98,000	29,457
Repayment of subordinated loans	(115,100)	-
Accretion expense	-	(3,755)
Balance at December 31, 2023	$ 681,400	$ 64,086

(1) Subordinated loans are recorded initially at the fair value and are calculated based on the fair value interest rate of 5% to 6%. The difference between the face value and the initial fair value of the subordinated loans payable has been recorded as a deferred gain on subordinated loans. Maturity dates commence June 15, 2031 through October 16, 2033.
(2) Subordinated loans with interest at 5% and maturity dates commencing June 1, 2032.
(3) Subordinated loans include related parties with interest at 7% with maturity dates commencing on July 2031 through December 2032.
(4) Subordinated loan is recorded initially at the fair value and are calculated based on the fair value interest rate of 9%. The difference between the face value and the initial fair value of the subordinated loan payable has been recorded as a deferred gain on subordinated loans. Maturity date is October 16, 2033.

(Expressed in Canadian Dollars)

10. Share capital

10.1 Authorized:

100,000,000 common shares without par value
100,000,000 preferred shares, issuable in series

Issued and outstanding:

26,293,558 (2022: 26,293,558) common shares (see note 11.1)
400 (2022: 400) Series I preferred shares with a value of $10 each
130,550 (2022: 130,550) Series II preferred shares with a value of $10 each

10.2 Preferred shares

Series I preferred shares are non-voting, redeemable by the Company, are non-retractable, and earn non-cumulative dividends equal to 5% per annum of the aggregate value of $10 per share and a non-cumulative cash payment equal to 1% per annum of the aggregate value of $10 per share.

Series II preferred shares are non-voting, redeemable by the Company and earn non-cumulative dividends equal to 5% per annum of the aggregate value of $10 per share. The Company has the right to redeem the Series II preferred shares at any time on 30 days (the “Redemption Period”) notice and at any time prior to the expiry of the redemption period, each holder of the Series II preferred shares shall have the right to convert the Series II preferred shares into common shares at a conversion ratio equal to the issue price divided by the conversion price of $0.15 per common share, subject to adjustment.

10.3 Earnings per share

The following is a reconciliation of the numerator in calculating basic and diluted earnings per share:

	For the years ended December 31, 2023	2022
Income before adjustment for preferred shares dividends	$ 426,476	$ 640,983
Amount paid as preferred share dividends	(65,475)	(65,475)
Adjusted income	$ 361,001	$ 575,508
Earnings per share - basic	$ 0.014	$ 0.022
Earnings per share - diluted	$ 0.014	$ 0.022

10.4 Dividend paid on common shares

On October 13, 2023, the Company paid a dividend of $0.005 per common share on the total common shares outstanding, for a total of $131,468 (2022: $nil).

(Expressed in Canadian Dollars)

11. Share-based payments

11.1 Stock options

The Company's new 20% fixed stock option plan (the "Plan") came into effect during the second quarter of 2023 following approval by the shareholders on May 31, 2023 and final regulatory approval. The new stock option plan incorporates certain requirements of the Exchange and allows the Company to grant stock options to eligible persons as defined under the new stock option plan. The maximum number of common shares issuable under the plan shall be 5,258,711. Stock options issued to insiders (as a group) are limited to 10% of the total issued and outstanding common shares, and any one optionee, a limit 5% of the issued and outstanding common shares. Any options granted to consultants and investor relations providers (as a group) shall not exceed 2% of the Company's issued and outstanding common shares of the Company. The minimum exercise price of any options granted under the Plan cannot be less than the discounted market price (the last closing price of the shares on the Exchange less a maximum 25% discount). The options are granted for up to a ten-year term. Vesting provisions may be imposed at the time of the grant of options at the discretion of the board of directors, except for consultants acting in an investor relations capacity where vesting provisions are prescribed.

Details of the Company's stock options outstanding as of December 31, 2023 and 2022 and changes during the respective periods are as follows:

	Number Outstanding	**Weighted Average Exercise Price**
Balance at December 31, 2021	2,625,000	$ 0.09
Exercised	(1,275,000)	0.08
Expired	(1,350,000)	0.11
Balance at December 31, 2022 and 2023	-	$ -

On May 10, 2022, stock options of 609,970 with an exercise price of $0.10 and stock options of 665,030 with an exercise price of $0.07 were exercised and 1,275,000 common shares were issued. The fair value of the stock options exercised of $82,600 has been reallocated from share-based payments reserve to share capital. Of the total proceeds of $107,549 from the exercise of stock options, $58,375 were from the repayment of subordinated loans.

12. Capital disclosures

The Company considers its shareholders' equity and subordinated loans to be its capital, which, as at December 31, 2023, amounted to $3,461,510 (2022: $3,249,077). The Company maintains sufficient capital to meet its future needs, taking into consideration economic risks inherent in its businesses and regulatory requirements.

Under the *Financial Institutions Act* of British Columbia, the Company is required to meet the regulatory capital as prescribed by the BC Financial Services Authority ("BCFSA"). To satisfy the requirements, the Company is required to maintain a minimum capital determined by multiplying the total value of the assets that the Company holds in trust by 0.5%. The Company has complied with the capital requirements as prescribed by BCFSA as at December 31, 2023.

The Company reviews the sufficiency of its capital as appropriate and makes any necessary adjustments to its capital primarily by raising adequate financing.

There have been no changes to the Company's approach to capital management for the year ended December 31, 2023.

(Expressed in Canadian Dollars)

13. Related party transactions and balances

The Company's related parties consist of its key management personnel, including its directors, and their close family members and entities controlled by key management personnel. All transactions with related parties are in the normal course of operations. Amounts due to or from related parties are subject to normal trade terms and conditions.

During the years ended December 31, 2023 and 2022, the Company incurred the following charges related to management compensation:

	December 31, 2023	December 31, 2022
Management salaries	$ 162,318	$ 150,283
Directors' fees	58,750	40,250
Consulting fees paid to a company controlled by a director	114,800	106,680
Professional fees for consultant	48,944	52,580
Total compensation	$ 384,812	$ 349,793

During the year ended December 31, 2023, the Company paid dividends on Preferred Shares of $30,725 (2022: $30,725) and paid interest on subordinated loans of $11,989 (2022: $10,303) to directors and close family members of directors. Finance expense includes interest for subordinated loans of $12,025 (2022: $9,260) to directors and close family members of directors. In addition, $31,000 of subordinated loans at 7% per annum were advanced by related parties and $50,100 of subordinated loans at 7% per annum were repaid to related parties.

At December 31, 2023, the Company has $40,844 (2022: $32,402) in accounts payable and accrued liabilities due to an officer, directors of the Company, and companies controlled by directors. In addition, $137,400 (2022: $156,500) of subordinated loans are due to directors or close family members of directors of the Company and accrued interest for subordinated loans of $835 (2022: $799) has been included in accounts payable and accrued liabilities.

Compensation for key management is for short-term benefits only. Key management personnel do not receive any post-employment or other long-term benefits.

14. Commitments for expenditures

The Company has lease agreements for its head office which mature on February 29, 2028 with annual based rent and operating costs which increase 2% to 5% over the term of the leases. A security deposit of $18,832 (note 4.3) is held by the lessor.

Cash commitments for minimum lease payments in relation to leased premises as at December 31, 2023 are payable as follows:

Not later than 1 year	$ 94,420
Later than 1 year and not later than 5 years	312,450
	$ 406,870

15. Operating segments

The Company operates in one industry segment, the financial services industry, and all operations and assets are situated in Canada.

(Expressed in Canadian Dollars)

16. General and administrative expenses

	For the years ended December 31, 2023	2022
Salaries and benefits (note 13)	$ 587,932	$ 541,529
Professional fees (note 13)	211,406	194,020
Lease costs	76,926	57,922
Amortization of right-of-use assets (note 6)	79,977	65,395
Office and administration	229,295	201,763
E&O insurance	16,747	16,747
Directors' fees (note 13)	58,750	40,250
Compliance and regulatory	22,579	22,495
	$ 1,283,612	$ 1,140,121

17. Income taxes

Deferred income tax asset at December 31, 2021	$ 740,000
Addition for the year	400,000
Tax assets utilized for the year	(93,200)
Deferred income tax asset at December 31, 2022	$ 1,046,800
Income tax expense for the year	(158,000)
Deferred income tax asset at December 31, 2023	$ 888,800

Income tax expense for the year ended December 31, 2023 has been recorded using the statutory rate of 27% (2022: 27%) on net income before income taxes.

The reconciliation of income taxes computed at statutory rates to the reported income tax provision is as follows:

	For the years ended December 31, 2023	2022
Net income before income tax	$ 584,476	$ 334,183
Income tax statutory rate	27%	27%
Income tax expense at Canadian statutory rate	157,808	90,229
Other items	269	1,820
Change in timing differences	5,289	1,018
Tax losses and tax offsets recognized	(5,366)	(399,867)
Income tax expense (recovery)	$ 158,000	$ (306,800)

Current statutory tax rates consist of 12% (2022: 12%) for British Columbia tax and 15% (2022: 15%) for federal corporate tax for a total tax rate of 27%.

(Expressed in Canadian Dollars)

17. Income taxes (continued)

The Company recognizes the benefit of unused tax losses and deductible temporary differences if it is probable they will be realized. Management estimated future taxable income that will be available to recognize tax losses and tax offsets and recognized previously unrecognized deferred income tax assets with the balance of $888,800 remaining at the end of 2023 (2022: $1,046,800). The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	December 31, 2023	December 31, 2022
Non-capital losses carried forward	$ 231,422	$ 232,260
Capital losses carried forward	5,723	5,723
Share issue costs	1,199	2,863
Unused losses and deductible temporary differences	$ 238,344	$ 240,846

The Company's non-capital losses of $2,479,769 are available to be carried forward and applied against future years' taxable income. The losses expire as follows:

Year	Amount
2026	$ 34,312
2027	122,184
2028	171,415
2029	402,072
2030	411,086
2031	244,225
2032	369,505
2033	329,221
2034	153,501
2035	109,997
2036	128,079
2037 to 2043	4,172
	$ 2,479,769

Western Pacific Trust Company

Corporate Directory

DIRECTORS

Anthony Liscio, DDS [2,4]	Chair
Alison Alfer [3,5,6]	
Bruce H. Bailey, CPA, CA [1,2,4,7]	
G. Benjamin Cutler [2,3,6,7]	
John C.A. de Wit, CPA, CA [1,5]	
J. Cowan McKinney, FCPA, FCA [1,3,4]	
Steven O. Youngman, B.Comm., LL.B [1,5,6,7]	Dep.Chair

Board Committees:

1 Audit Committee
2 Conduct Review Committee
3 Investment & Loan Committee
4 Executive Compensation Committee
5 Capital Management Committee
6 Cyber Security Committee
7 Nominations Committee

OFFICERS

President & CEO	Alison Alfer
Chief Financial Officer	Sharon Lee, CPA, CA [5]
Corporate Secretary	Steven Youngman

LEGAL ADVISORS

DuMoulin Black
10th Floor, 595 Howe Street
Vancouver, BC V6C 2T5

TRANSFER AGENT

Computershare Investor Services
2nd Floor, 510 Burrard Street
Vancouver, BC V6C 3B9

AUDITORS

Smythe LLP
1700 – 475 Howe Street
Vancouver B.C. V6C 2B3

BANKERS

Royal Bank of Canada

WHOLLY OWNED SUBSIDIARIES

WP Private Equity Transfers Inc.

DIRECTOR	OFFICER
Alison Alfer	President, Alison Alfer

WP Private Health Inc.

DIRECTORS	OFFICER
Alison Alfer Steven O. Youngman	President, Alison Alfer

1128668 BC Ltd.

DIRECTORS	OFFICERS
Steven O. Youngman	President, Steven Youngman
Alison Alfer	Vice-President, Alison Alfer

1211263 BC Ltd.

DIRECTORS

Steven O. Youngman
Alison Alfer

HEAD OFFICE

Suite 920 - 789 West Pender Street
Vancouver, BC. V6C 1H2
Tel: 604-683-0455
Fax: 604-669-6978
www.westernpacifictrust.com

trust
opportunity
private capital

Western Pacific Trust Company

920 – 789 West Pender Street

Vancouver, B.C. V6C 1H2

T: 604.683.0455
F: 604.669.6978

www.westernpacifictrust.com