



CONNECTING FURTHER

ACCELERATING CONSUMER FOCUSED GROWTH

**Audited Financial
Statements 2024**

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **East West Banking Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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 Group'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 Bank or to cease operations, or has no realistic alternative but to do so.

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

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

SyCip, Gorres, Velayo & Co., the independent auditors appointed by the stockholders, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.


JONATHAN T. GOTIANUN
Chairman

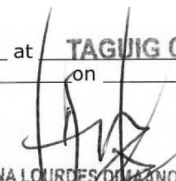

JERRY G. NGO
Chief Executive Officer


DANIEL L. ANG TAN CHAI
Chief Finance Officer

Signed this March 25 2025

SUBSCRIBED AND SWORN to before me on this MAR 26 2025 at TAGUIG CITY City, affiant exhibited to me his/her ID _____ issued at _____ on _____

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SERIES NO.: 2025


ATTY. MA. ANNA LOURDES DIMASANO-PAMILO
NOTARY PUBLIC FOR TAGUIG CITY
Appointment No. 91 (2024-2026) until December 31, 2026
MCLE Compliance No. VII-0023162 valid until April 14, 2025
Office Address: 6th Floor, The Beaufort, 5th Ave., corner
23rd Street, Bonifacio Global City, Taguig, MM
Roll No. 38260 / IBP Lifetime No. 730556
PTR No. 10465200, January 2, 2025, Makati City

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

Report on the Audit of the Consolidated and Parent Company Financial Statements

Opinion

We have audited the consolidated financial statements of East West Banking Corporation (the Parent Company) and its subsidiaries (the Group) and the parent company financial statements of the Parent Company, which comprise the consolidated and parent company statements of financial position as at December 31, 2024 and 2023 and the consolidated and parent company statements of income, consolidated and parent company statements of comprehensive income, consolidated and parent company statements of changes in equity and consolidated and parent company statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the consolidated and parent company financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and parent company financial statements present fairly, in all material respects, the financial position of the Group and the Parent Company as at December 31, 2024 and 2023, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained 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 and parent company financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Applicable to the Audit of the Consolidated and Parent Company Financial Statements

Adequacy of allowance for credit losses on loans and receivables

The Group's and Parent Company's application of the expected credit loss (ECL) model in calculating the allowance for credit losses on loans and receivables is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's and the Parent Company's credit risk exposures; determining the method to estimate ECL; defining default; identifying exposures with significant deterioration in credit quality; determining assumptions to be used in the ECL model such as the counterparty credit risk rating, the expected life of the financial asset, expected recoveries from defaulted accounts, impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information in calculating ECL.

Allowance for credit losses on loans and receivables of the Group and the Parent Company as of December 31, 2024 amounted to ₱11.48 billion and ₱10.85 billion, respectively. Provision for credit losses on loans and receivables of the Group and the Parent Company in 2024 amounted to ₱9.72 billion and ₱9.36 billion, respectively.

The disclosures related to the allowance for credit losses on loans and receivables are included in Note 15 to the financial statements.

Audit response

We obtained an understanding of the board-approved methodologies and models used for the Group's and the Parent Company's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, the time value of money and the best available forward-looking information.

We (a) assessed the Group's and the Parent Company's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts and credit risk management policies and practices in place; (c) tested the Group's and the Parent Company's application of internal credit risk rating system by reviewing the ratings of sample credit exposures; (d) assessed whether expected life is different from the contractual life by testing the maturity dates reflected in the Group's and the Parent Company's records and considering management's assumptions regarding future collections, advances, extensions, renewals and modifications; (e) tested loss given default by inspecting historical recoveries including the timing, related direct costs, write-offs and collateral valuations, and the effects of any financial support and credit enhancements provided by any party; (f) tested exposure at default considering outstanding commitments and repayment scheme; (g) checked the reasonableness the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's and the Parent Company's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.

INDEPENDENT AUDITOR'S REPORT

Further, we compared the data used in the ECL models from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis.

We recalculated impairment provisions on a sample basis. We involved our internal specialists in the performance of the above procedures. We reviewed the completeness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A, SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2024, but does not include the financial statements and our auditor's report thereon. The SEC Form 17-A, SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

In preparing the financial statements, management is responsible for assessing Group's and the Parent 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 Group and the Parent Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and the Parent Company Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and parent company 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 Group's and the Parent 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 Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and parent company financial statements, including the disclosures, and whether the consolidated and parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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 consolidated and parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Reports on the Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB) and Revenue Regulations No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Section 174 of the Manual of Regulations for Banks (MORB) in Note 34 and Revenue Regulations No. 15-2010 in Note 35 to the financial statements is presented for purposes of filing with the BSP and Bureau of Internal Revenue, respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of East West Banking Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Juan Carlo B. Maminta.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta

Partner

CPA Certificate No. 115260

Tax Identification No. 210-320-399

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465333, January 2, 2025, Makati City

March 17, 2025

STATEMENTS OF FINANCIAL POSITION

(Amounts are presented in thousands of Philippine Peso)

	Consolidated		Parent Company	
	As of December 31			
	2024	2023	2024	2023
ASSETS				
Cash and Other Cash Items	₱9,358,931	₱9,370,138	₱9,250,966	₱9,284,751
Due from Bangko Sentral ng Pilipinas (Notes 7 and 16)	27,361,439	16,171,987	26,917,286	15,745,451
Due from Other Banks (Note 7)	4,749,339	2,469,290	3,476,633	2,338,337
Interbank Loans Receivables and Securities Purchased Under Resale Agreements (Note 7)	763,554	16,441,418	763,554	16,441,418
Financial Assets at Fair Value Through Profit or Loss (FVPL) (Notes 8 and 17)	9,174,276	4,112,322	9,174,276	4,112,322
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Notes 8 and 17)	29,004,906	18,483,960	29,004,906	18,483,960
Investment Securities at Amortized Cost (Notes 8 and 17)	81,922,750	75,401,019	79,840,016	73,802,254
Loans and Receivables (Notes 9, 15 and 26)	336,410,619	296,615,470	304,409,831	268,428,909
Investment in Subsidiaries (Note 10)	—	—	6,524,615	6,851,951
Investment in a Joint Venture (Note 10)	1,125,395	993,166	1,125,395	993,166
Property, Equipment and Right-of-Use Assets (Note 11)	7,400,080	7,164,358	7,002,726	6,818,018
Investment Properties (Notes 12 and 15)	1,161,268	975,600	1,160,571	974,903
Deferred Tax Assets (Note 23)	4,085,435	4,098,880	3,698,081	3,735,365
Goodwill and Other Intangible Assets (Note 13)	7,083,804	6,943,484	7,036,561	6,893,992
Other Assets (Notes 14 and 15)	5,136,052	4,964,230	4,955,410	4,828,737
TOTAL ASSETS	₱524,737,848	₱464,205,322	₱494,340,827	₱439,733,534
LIABILITIES AND EQUITY				
LIABILITIES				
Deposit Liabilities (Notes 16 and 26)				
Demand	148,025,795	139,767,483	149,152,504	140,651,219
Savings	164,197,890	152,641,165	135,562,716	129,773,260
Time	74,175,348	64,126,014	74,175,348	64,126,014
	386,399,033	356,534,662	358,890,568	334,550,493
Bills and Acceptances Payable and Securities Sold Under Repurchase Agreements (Note 17)	40,117,180	15,403,706	40,117,180	15,403,706
Accrued Taxes, Interest and Other Expenses (Note 18)	4,963,908	4,637,744	4,289,893	4,016,984
Cashier’s Checks and Demand Draft Payable	744,511	984,224	744,511	984,224
Income Tax Payable	200,466	297,166	11,276	220,189
Lease Liability (Note 25)	6,076,170	6,073,341	5,831,841	5,845,165
Other Liabilities (Note 19)	13,169,553	13,099,317	11,388,531	11,537,611
TOTAL LIABILITIES	451,670,821	397,030,160	421,273,800	372,558,372
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY				
Common Stock (Note 21)	22,499,754	22,499,754	22,499,754	22,499,754
Additional Paid-in Capital (Note 21)	5,065,059	5,065,059	5,065,059	5,065,059
Surplus Reserves (Note 27)	985,131	971,414	985,131	971,414
Surplus (Note 27)	46,825,873	40,447,010	46,825,873	40,447,010
Unrealized Loss on Financial Assets at FVOCI (Note 8)	(1,552,738)	(1,155,498)	(1,552,738)	(1,155,498)
Remeasurement Losses on Retirement Plans (Note 24)	(513,063)	(479,447)	(513,063)	(479,447)
Cumulative Translation Adjustment	(242,989)	(173,130)	(242,989)	(173,130)
TOTAL EQUITY	73,067,027	67,175,162	73,067,027	67,175,162
TOTAL LIABILITIES AND EQUITY	₱524,737,848	₱464,205,322	₱494,340,827	₱439,733,534

See accompanying Notes to Financial Statements.

STATEMENTS OF INCOME

(Amounts are presented in thousands of Philippine Peso)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
INTEREST INCOME						
Loans and receivables (Notes 9 and 26)	₱36,626,734	₱29,840,680	₱22,410,380	₱31,573,141	₱25,899,327	₱18,662,563
Financial assets at fair value through other comprehensive income and investment securities at amortized cost (Note 8)	4,937,096	4,109,779	3,018,589	4,861,977	4,058,731	2,966,337
Financial assets at fair value through profit or loss (Note 8)	526,901	220,277	163,904	526,901	220,277	163,904
Due from BSP and other banks and interbank loans receivables and securities purchased under resale agreement (Note 7)	237,175	390,453	527,239	236,849	390,361	528,097
	42,327,906	34,561,189	26,120,112	37,198,868	30,568,696	22,320,901
INTEREST EXPENSE						
Deposit liabilities (Note 16)	7,037,240	5,230,691	2,261,514	5,675,559	4,253,515	1,928,060
Bills and acceptances payable and SSURA, bonds payable, subordinated debt and other borrowings (Notes 17)	1,423,935	768,279	293,185	1,423,476	768,279	248,474
Lease liability (Note 25)	380,600	337,695	240,354	363,423	321,123	220,357
	8,841,775	6,336,665	2,795,053	7,462,458	5,342,917	2,396,891
NET INTEREST INCOME	33,486,131	28,224,524	23,325,059	29,736,410	25,225,779	19,924,010
OTHER INCOME (LOSSES)						
Service charges, fees and commissions (Note 22)	5,850,127	4,769,438	3,780,805	5,009,631	4,039,789	3,141,503
Gain (loss) on asset foreclosure and dacion transactions (Notes 12 and 14)	1,191,284	614,532	(9,446)	1,191,284	614,532	(9,446)
Foreign exchange gain	746,220	655,790	571,168	746,220	655,790	571,169
Trading and securities gain (loss) (Note 8)	401,138	337,827	(395,638)	401,138	337,827	(395,638)
Trust income (Note 27)	137,166	126,733	121,233	137,166	126,733	121,233
Gain (loss) on sale of assets (Notes 9, 11,12 and 14)	(688,094)	183,080	105,349	(689,253)	182,813	111,073
Miscellaneous income (Note 22)	1,281,380	748,567	745,696	1,191,238	687,485	708,806
TOTAL OPERATING INCOME	42,405,352	35,660,491	28,244,226	37,723,834	31,870,748	24,172,710
OPERATING EXPENSES						
Compensation and fringe benefits (Notes 24 and 26)	8,532,705	7,348,809	5,960,407	7,811,700	6,755,174	5,455,848
Provision for impairment and credit losses (Notes 9, 12, 14 and 15)	9,579,702	7,688,252	4,950,614	9,211,517	7,091,798	4,718,914
Depreciation and amortization (Notes 11, 12 and 14)	2,092,310	1,639,948	1,985,179	1,935,861	1,504,728	1,857,453
Taxes and licenses	3,040,218	2,492,079	1,888,695	2,508,364	2,073,785	1,574,635
Rent (Note 25)	418,459	368,424	258,413	411,476	361,688	256,425
Amortization of intangible assets (Note 13)	258,290	199,647	181,433	249,611	195,138	176,585
Miscellaneous (Note 22)	9,080,496	8,243,931	6,732,261	8,699,007	7,809,599	6,293,643
TOTAL OPERATING EXPENSES	33,002,180	27,981,090	21,957,002	30,827,536	25,791,910	20,333,503
INCOME BEFORE SHARE IN NET INCOME OF SUBSIDIARIES AND JOINT VENTURE	9,403,172	7,679,401	6,287,224	6,896,298	6,078,838	3,839,207
SHARE IN NET INCOME OF SUBSIDIARIES (Note 10)	—	—	—	1,827,390	1,112,238	1,819,713
SHARE IN NET INCOME (LOSS) OF A JOINT VENTURE (Note 10)	112,745	(152,335)	(228,619)	112,745	(152,335)	(228,619)
INCOME BEFORE INCOME TAX	9,515,917	7,527,066	6,058,605	8,836,433	7,038,741	5,430,301
PROVISION FOR INCOME TAX (Note 23)	1,908,351	1,443,770	1,433,280	1,228,867	955,445	804,976
NET INCOME	₱7,607,566	₱6,083,296	₱4,625,325	₱7,607,566	₱6,083,296	₱4,625,325
Basic and Diluted Earnings Per Share Attributable to Equity Holders of the Parent Company (Note 29)						
	₱3.38	₱2.70	₱2.06	₱3.38	₱2.70	₱2.06

See accompanying Notes to Financial Statements.

STATEMENTS OF COMPREHENSIVE INCOME

(Amounts are presented in thousands of Philippine Peso)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
NET INCOME FOR THE YEAR	₱7,607,566	₱6,083,296	₱4,625,325	₱7,607,566	₱6,083,296	₱4,625,325
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX						
Items that will not be reclassified to profit or loss in subsequent periods:						
Change in remeasurement losses of retirement liability (Note 24)	(33,616)	(41,780)	(226,171)	(28,890)	(27,805)	(232,518)
Share in changes in remeasurement loss of retirement liabilities of subsidiaries and joint venture (Notes 10 and 24)	—	—	—	(4,726)	(13,975)	6,347
Share in changes in net unrealized gain on equity securities at FVOCI of a joint venture (Note 10)	19,483	525	(30,092)	19,483	525	(30,092)
Items that may be reclassified to profit or loss in subsequent periods:						
Change in net unrealized gain (loss) on debt securities at FVOCI (Note 8)	(416,723)	983,521	(1,970,632)	(416,723)	983,521	(1,970,632)
Cumulative translation adjustment	(69,859)	37,521	186,497	(69,859)	37,521	186,497
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(500,715)	979,787	(2,040,398)	(500,715)	979,787	(2,040,398)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱7,106,851	₱7,063,083	₱2,584,927	₱7,106,851	₱7,063,083	₱2,584,927

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

(Amounts are presented in thousands of Philippine Peso)

Consolidated								
Year Ended December 31, 2024								
Equity Attributable to Equity Holders of the Parent Company								
	Common Stock (Note 21)	Additional Paid in Capital (Note 21)	Surplus Reserves (Note 27)	Surplus (Note 27)	Fair Value Reserves on Financial Assets at FVOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 24)	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2024	P22,499,754	P5,065,059	P971,414	P40,447,010	(P1,155,498)	(P479,447)	(P173,130)	P67,175,162
Net income	—	—	—	7,607,566	—	—	—	7,607,566
Other comprehensive income	—	—	—	—	(397,240)	(33,616)	(69,859)	(500,715)
Total comprehensive income	—	—	—	7,607,566	(397,240)	(33,616)	(69,859)	7,106,851
Transfer to surplus reserves (Note 27)	—	—	13,717	(13,717)	—	—	—	—
Dividends declaration (Note 21)	—	—	—	(1,214,986)	—	—	—	(1,214,986)
Balance at December 31, 2024	P22,499,754	P5,065,059	P985,131	P46,825,873	(P1,552,738)	(P513,063)	(P242,989)	P73,067,027
Balance at January 1, 2023	P22,499,754	P5,065,059	P958,741	P35,298,878	(P2,139,544)	(P437,667)	(P210,651)	P61,034,570
Net income	—	—	—	6,083,296	—	—	—	6,083,296
Other comprehensive income	—	—	—	—	984,046	(41,780)	37,521	979,787
Total comprehensive income	—	—	—	6,083,296	984,046	(41,780)	37,521	7,063,083
Transfer to surplus reserves (Note 27)	—	—	12,673	(12,673)	—	—	—	—
Dividends declaration (Note 21)	—	—	—	(922,491)	—	—	—	(922,491)
Balance at December 31, 2023	P22,499,754	P5,065,059	P971,414	P40,447,010	(P1,155,498)	(P479,447)	(P173,130)	P67,175,162
Balance as at January 1, 2022	P22,499,754	P5,065,059	P946,618	P31,585,667	(P138,821)	(P211,495)	(P397,148)	P59,349,634
Net income	—	—	—	4,625,325	—	—	—	4,625,325
Other comprehensive income	—	—	—	—	(2,000,723)	(226,172)	186,497	(2,040,398)
Total comprehensive income	—	—	—	4,625,325	(2,000,723)	(226,172)	186,497	2,584,927
Transfer to surplus reserves (Note 27)	—	—	12,123	(12,123)	—	—	—	—
Dividends declaration (Note 21)	—	—	—	(899,991)	—	—	—	(899,991)
Balance at December 31, 2022	P22,499,754	P5,065,059	P958,741	P35,298,878	(P2,139,544)	(P437,667)	(P210,651)	P61,034,570

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

(Amounts are presented in thousands of Philippine Peso)

Parent Company								
Year Ended December 31, 2024								
	Common Stock (Note 21)	Additional Paid in Capital (Note 21)	Surplus Reserves (Note 27)	Surplus (Note 27)	Fair Value Reserves on Financial Assets at FVOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 24)	Cumulative Translation Adjustment	Total Equity
Balance at January 1, 2024	P22,499,754	P5,065,059	P971,414	P40,447,010	(P1,155,498)	(P479,447)	(P173,130)	P67,175,162
Net income	—	—	—	7,607,566	—	—	—	7,607,566
Other comprehensive income	—	—	—	—	(397,240)	(33,616)	(69,859)	(500,715)
Total comprehensive income	—	—	—	7,607,566	(397,240)	(33,616)	(69,859)	7,106,851
Transfer to surplus reserves (Note 27)	—	—	13,717	(13,717)	—	—	—	—
Dividends declaration (Note 21)	—	—	—	(1,214,986)	—	—	—	(1,214,986)
Balance at December 31, 2024	P22,499,754	P5,065,059	P985,131	P46,825,873	(P1,552,738)	(P513,063)	(P242,989)	P73,067,027
Balance at January 1, 2023	P22,499,754	P5,065,059	P958,741	P35,298,878	(P2,139,544)	(P437,667)	(P210,651)	P61,034,570
Net income	—	—	—	6,083,296	—	—	—	6,083,296
Other comprehensive income	—	—	—	—	984,046	(41,780)	37,521	979,787
Total comprehensive income	—	—	—	6,083,296	984,046	(41,780)	37,521	7,063,083
Transfer to surplus reserves (Note 27)	—	—	12,673	(12,673)	—	—	—	—
Dividends declaration (Note 21)	—	—	—	(922,491)	—	—	—	(922,491)
Balance at December 31, 2023	P22,499,754	P5,065,059	P971,414	P40,447,010	(P1,155,498)	(P479,447)	(P173,130)	P67,175,162
Balance at January 1, 2022	P22,499,754	P5,065,059	P946,618	P31,585,667	(P138,821)	(P211,495)	(P397,148)	P59,349,634
Net income	—	—	—	4,625,325	—	—	—	4,625,325
Other comprehensive income	—	—	—	—	(2,000,723)	(226,172)	186,497	(2,040,398)
Total comprehensive income	—	—	—	4,625,325	(2,000,723)	(226,172)	186,497	2,584,927
Transfer to surplus reserves (Note 27)	—	—	12,123	(12,123)	—	—	—	—
Dividends declaration (Note 21)	—	—	—	(899,991)	—	—	—	(899,991)
Balance at December 31, 2022	P22,499,754	P5,065,059	P958,741	P35,298,878	(P2,139,544)	(P437,667)	(P210,651)	P61,034,570

See accompanying Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

(Amounts are presented in thousands of Philippine Peso)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES						
Income before income tax	₱9,515,917	₱7,527,066	₱6,058,605	₱8,836,433	₱7,038,741	₱5,430,301
Adjustments for:						
Provision for impairment and credit losses (Note 15)	9,579,702	7,688,252	4,950,614	9,211,517	7,091,798	4,718,914
Depreciation and amortization (Notes 11, 12 and 14)	2,092,310	1,639,948	1,985,179	1,935,859	1,504,728	1,857,453
Share in net loss of a joint venture (Note 10)	(112,745)	152,335	228,619	(112,745)	152,335	228,619
Amortization of intangible assets (Note 13)	258,290	199,647	181,433	249,611	195,138	176,585
Loss (gain) on asset foreclosure and dacion transactions (Note 31)	(1,191,284)	(614,532)	9,446	(1,191,284)	(614,532)	9,446
Loss (gain) on sale of assets (Notes 11, 12 and 14)	688,094	(183,080)	(105,349)	689,253	(182,813)	(111,073)
Amortization of bond issuance cost	—	—	10,753	—	—	10,753
Amortization of premium / (discount) on financial assets at fair value through other comprehensive income and investment securities at amortized cost	84,216	74,420	(5,435,965)	84,216	74,420	(5,475,086)
Unrealized foreign exchange gains on FVOCI and HTM investments	(402)	116,516	—	(402)	116,516	—
Accretion of lease liabilities (Note 25)	380,600	337,695	240,354	363,423	321,123	220,357
Share in net income of subsidiaries (Note 10)	—	—	—	(1,827,390)	(1,112,237)	(1,819,713)
Changes in operating assets and liabilities:						
Decrease (increase) in the amounts of:						
Loans and receivables	(54,721,260)	(49,549,958)	(54,170,528)	(50,539,023)	(40,419,592)	(59,053,325)
Financial assets at FVPL	(5,061,954)	(2,154,012)	2,098,541	(5,061,954)	(2,154,012)	2,098,541
Other assets	(109,632)	(464,560)	(1,049,293)	2,078,421	(552,983)	1,014,044
Increase (decrease) in the amounts of:						
Deposit liabilities	23,085,912	27,709,754	2,321,217	18,045,584	20,817,401	6,664,363
Cashier's checks and demand draft payable	(239,713)	(397,313)	650,835	(239,713)	(397,313)	650,835
Accrued taxes, interest and other expenses	326,164	1,158,764	503,715	272,909	1,005,101	388,843
Other liabilities	36,620	1,712,261	4,521,616	(177,970)	1,364,121	3,828,353
Net cash (used in) generated from operations	(15,389,165)	(5,046,797)	(37,000,208)	(17,383,255)	(5,752,060)	(39,161,790)
Income taxes paid	(1,986,485)	(1,544,926)	(1,227,531)	(1,390,423)	(1,007,954)	(600,067)
Net cash (used in) provided by operating activities	(17,375,650)	(6,591,723)	(38,227,739)	(18,773,678)	(6,760,014)	(39,761,857)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of:						
Investment properties and other repossessed assets (Notes 12 and 14)	4,853,163	2,743,162	6,375,723	4,853,164	2,743,163	6,375,723
Financial assets at FVOCI (Note 8)	10,713,611	4,442,304	235,817,583	10,713,611	4,442,304	235,817,584
Property and equipment (Note 11)	90,637	19,247	38,743	18,514	14,413	35,416
Proceeds from maturity of investment securities at amortized cost	2,070,293	—	111,672	2,070,293	—	111,672
Acquisitions of:						
Investment securities at amortized cost	(5,860,248)	(12,039,512)	(38,371,279)	(5,860,248)	(12,039,512)	(38,371,279)
Financial assets at FVOCI	(17,689,047)	(5,543,251)	(211,908,930)	(17,689,047)	(5,543,251)	(211,908,930)
Property and equipment (Note 11)	(840,822)	(436,239)	(440,645)	(759,930)	(392,389)	(386,943)
Capitalized software (Note 13)	(398,610)	(246,660)	(283,646)	(392,179)	(226,461)	(283,042)
Additional capital infusion in a joint venture (Note 10)	—	(216,000)	(575,000)	—	(216,000)	(575,000)
Net cash provided by (used in) investing activities	(7,061,023)	(11,276,949)	(9,235,779)	(7,045,822)	(11,217,733)	(9,184,799)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from bills and acceptances payable	755,605,208	190,319,825	26,346,204	755,605,208	190,319,825	26,346,204
Payments of bills and acceptances payable	(730,891,734)	(181,677,575)	(19,682,898)	(730,891,734)	(181,677,575)	(19,682,898)
Settlement of bonds payable	—	(3,698,439)	—	—	(3,698,439)	—
Payment of lease liability (Note 25)	(1,281,382)	(1,066,269)	(1,093,643)	(1,080,504)	(948,236)	(980,866)
Payment of subordinated debt	—	—	(1,241,964)	—	—	—
Dividends paid (Note 21)	(1,214,986)	(922,491)	(899,991)	(1,214,986)	(922,491)	(899,991)
Net cash provided by (used in) financing activities	22,217,106	2,955,051	3,427,708	22,417,984	3,073,084	4,782,449
NET (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(2,219,567)	(14,913,621)	(44,035,810)	(3,401,516)	(14,904,663)	(44,164,207)

(Forward)

STATEMENTS OF CASH FLOWS

(Amounts are presented in thousands of Philippine Peso)

	Consolidated			Parent Company		
	Years Ended December 31					
	2024	2023	2022	2024	2023	2022
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR						
Cash and other cash items	₱9,370,138	₱8,713,151	₱7,705,729	₱9,284,751	₱7,705,729	₱7,641,626
Due from Bangko Sentral ng Pilipinas	16,171,987	36,114,397	58,842,366	15,745,451	35,723,579	58,425,477
Due from other banks	2,469,290	4,529,635	19,335,182	2,338,337	4,345,763	19,292,742
Interbank loans receivables and securities purchased under resale agreement	16,441,418	10,009,266	17,518,984	16,441,418	10,009,266	17,518,984
	44,452,833	59,366,449	103,402,261	43,809,957	57,784,337	102,878,829
CASH AND CASH EQUIVALENTS AT END OF YEAR						
Cash and other cash items	9,358,931	9,370,138	8,713,151	9,250,966	9,284,751	8,636,012
Due from Bangko Sentral ng Pilipinas	27,361,439	16,171,987	36,114,397	26,917,286	15,745,451	35,723,579
Due from other banks	4,749,339	2,469,290	4,529,635	3,476,633	2,338,337	4,345,763
Interbank loans receivables and securities purchased under resale agreement	763,554	16,441,418	10,009,266	763,554	16,441,418	10,009,266
	₱42,233,263	₱44,452,833	₱59,366,449	₱40,408,439	₱43,809,957	₱58,714,620
NET OPERATIONAL CASH FLOWS FROM INTEREST AND DIVIDENDS						
Interest received	₱43,036,325	₱35,806,523	₱26,534,264	₱37,940,197	₱31,793,197	₱22,693,961
Interest paid	9,833,429	5,790,731	2,388,795	8,268,486	4,853,642	2,018,710
Dividend received	631	2,629	736	631	2,629	736

See accompanying Notes to Financial Statements.

EAST WEST BANKING CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

East West Banking Corporation (EW or the Bank or the Parent Company) is a domestic universal bank which was registered with the SEC on March 22, 1994. With the effectivity of Section 11 of Republic Act (RA) No. 1132, otherwise known as the “Revised Corporation Code of the Philippines” on February 23, 2019, corporations existing before its enactment are deemed to have perpetual term. Accordingly, the Parent Company’s corporate term is considered perpetual.

The Bank was granted authority by the Bangko Sentral ng Pilipinas (BSP) to operate as a commercial bank and operate an expanded foreign currency deposit unit in 1994. Subsequently in 2012, the Parent Company was authorized by the BSP to operate as a universal bank. The Parent Company’s common shares were listed and commenced trading in the Philippine Stock Exchange (PSE) on May 7, 2012 (see Note 21).

As of December 31, 2024 and 2023, the Parent Company is effectively 77.85%, owned by Filinvest Development Corporation (FDC). The Parent Company’s ultimate parent company is A.L. Gotianun, Inc. The Parent Company’s head office is located at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

Through its network of 465 branches as of December 31, 2024 and 468 as of December 31, 2023, the Bank and its subsidiaries (the Group) provide a wide range of financial services to consumer and corporate clients, which includes deposit-taking, loan and trade finance, treasury, trust services, credit cards, cash management, custodial services, insurance services and leasing and finance.

2. Material Accounting Policy Information

Basis of Presentation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets at fair value through profit or loss (FVPL), financial assets at fair value through other comprehensive income (FVOCI) and derivative financial instruments that have been measured at fair value. The financial statements are presented in Philippine peso (₱) and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements of the Parent Company include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of the RBU and the FCDU is the Philippine peso and United States dollar (USD), respectively. For financial reporting purposes, FCDU accounts and foreign currency-denominated accounts in the RBU are translated into their equivalents in Philippine peso, which is the Parent Company’s presentation currency (accounting policy on Foreign Currency Transactions and Translation). The financial statements individually prepared for these units are combined after eliminating inter-unit accounts.

The functional currency of all subsidiaries and the joint venture is the Philippine peso.

Statement of Compliance

The accompanying financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.



Presentation of Financial Statements

The Group presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) is presented in Note 20.

Basis of Consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using consistent accounting policies. The following are the wholly owned subsidiaries of the Parent Company as of December 31, 2024 and 2023:

	Principal Activities
East West Rural Bank, Inc. (EWRB)	Consumer banking
East West Insurance Brokerage, Inc. (EWIB)	Non-life insurance brokerage
Quest Marketing and Integrated Services, Inc. (Q iMIS)	Sales and marketing
Assurance Solutions Insurance Agency (ASIA)*	General insurance and marketing
East West Leasing and Finance Corporation (EWLFC)*	Finance and leasing

* Non-operational since 2017

All significant intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in the consolidated financial statements.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control and continues to be consolidated until the date when control ceases. Control is achieved when the Parent Company is exposed, or has rights, to variable return from its involvement with an entity and has the ability to affect those returns through its power over the entity. The Parent Company has power over the entity when it has existing rights that give it the current ability to direct relevant activities (i.e., activities that significantly affect the entity's returns). Consolidation of subsidiaries ceases when control is transferred out of the Parent Company. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

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



- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, amounts due from Bangko Sentral ng Pilipinas (BSP) and other banks, and interbank loans receivables and SPURA with original maturities of three months or less from dates of placements and that are subject to insignificant risks of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Group considers as cash equivalents wherein withdrawals can be made to meet the Group's cash requirements as allowed by the BSP.

Foreign Currency Transactions and Translation

The financial statements are presented in PHP, which is the Group's functional and presentation currency. The book of accounts of RBU are maintained in PHP, while those of the FCDU are maintained in USD.

RBU

For financial reporting purposes, the foreign currency-denominated monetary assets and liabilities in the RBU are translated in Philippine peso based on the Philippine Dealing System (PDS) closing rate prevailing at the statement of financial position date and foreign currency-denominated income and expenses, at the prevailing exchange rate at the date of transaction. Foreign exchange differences arising from revaluation and translation of foreign currency-denominated assets and liabilities of the RBU are credited to or charged against operations in the period in which the rates change. Non-monetary items that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

FCDU

As at the reporting date, the assets and liabilities of the FCDU of the Parent Company are translated into the Parent Company's presentation currency (the Philippine Peso) at PDS closing rate prevailing at the statement of financial position date, and their income and expenses are translated at Bankers Association of the Philippines (BAP) weighted average rate for the year. Exchange differences arising on translation are taken to the statement of comprehensive income under 'Cumulative translation adjustment'. Upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statement of comprehensive income is recognized in the statement of income in the RBU books.

Fair Value Measurement

The Group measures certain financial instruments such as financial assets at FVPL, financial assets at FVOCI and derivative financial instruments at fair value at each statement of financial position date. Also, fair values of financial instruments carried at amortized cost and investment properties carried at cost are measured for disclosure purposes.



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

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

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

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group 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 statement of financial position date.

External appraisers are involved for valuation of significant non-financial assets, such as investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are adhered to.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy (see Note 5).

SPURA

Securities purchased under agreements to resell at a specified future date ('reverse repos') are not recognized in the balance sheet. The corresponding cash paid including accrued interest is recognized in the statement of financial position as SPURA. The difference between the purchase price and resale price is treated as interest income and is accrued over the life of the agreement using the EIR method.



Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

The Group recognizes financial instruments when, and only when, the Group becomes a party to the contractual terms of the financial instruments.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date, i.e., the date that an asset is delivered to or by the Group. Settlement date accounting refers to (a) the recognition of an asset on the day it is received by the Group, and (b) the derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group. Securities transactions and related commission income and expense are recorded also on a settlement date basis. Deposits, amounts due to banks and customers, and loans and receivables are recognized when cash is received by the Group or advanced to the borrowers.

Derivatives are recognized on trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Trade date accounting refers to (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Initial recognition of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing instruments, as described below. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction cost is added in, or subtracted from this amount. When the fair value of financial instrument at initial recognition differs from the transaction price, the Group accounts for Day 1 profit or loss, as described below.

'Day 1' Difference

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the statement of income. In cases where the transaction price used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Instruments - Classification, Reclassification and Subsequent Measurement

Financial assets are measured at FVPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVPL or financial liabilities at amortized cost. The classification of financial assets depends on the contractual terms and the business model for managing the financial assets. Subsequent to initial recognition, the Bank may reclassify its financial assets only when there is a change in its business model for managing these financial assets. Reclassification of financial liabilities is not allowed.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios. As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they pass the contractual cash flows test.



Contractual cash flow characteristics test

The Group assesses the contractual terms of financial assets to identify whether they meet the ‘solely payments of principal and interest’ (SPPI) test. Principal, for the purpose of this test, is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group 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 basis 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.

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Group’s business model is not assessed on an instrument-on-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity’s key management personnel
- The risks that affect the performance of the business model, and the financial assets held within that business model and in particular, the way those risks are managed
- How managers of the business are compensated
- The expected frequency, value and timing of sales are also important aspects of the Group’s assessment.

The business model assessment is based on reasonably expected scenarios without taking ‘worst case’ or ‘stress case’ scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group’s original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets at amortized cost

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

- the contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding; and
- the asset is held within the Group’s business model whose objective is to hold assets in order to collect contractual cash flows.

Financial assets meeting these criteria are measured initially at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method less any allowance for credit losses, with the calculated interest recognized as ‘Interest income in the statement of income.

The Group’s financial assets at amortized cost are presented in the statement of financial position as ‘Due from BSP’, ‘Due from other banks’, ‘Interbank loans receivables and SPURA’, ‘Investment securities at amortized cost’, ‘Loans and receivables’ and other financial assets (i.e., security deposits, deposit to suppliers and returned cash and other cash items) under ‘Other assets’.



The Group may irrevocably elect at initial recognition to classify a financial asset that meets the amortized cost criteria above as at FVPL if that designation eliminates or significantly reduces an accounting mismatch that would arise had the financial asset been measured at amortized cost. As of December 31, 2024 and 2023, the Group has not made such designation.

Equity securities at FVOCI

Equity securities designated at FVOCI are those that the Group made an irrevocable election to present in OCI the subsequent changes in fair value. Dividends earned on holding equity securities at FVOCI are recognized in the statement of income as 'Dividends' when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery part of the cost of the instrument, in which case, such gains are recorded in OCI. Gains and losses on disposal of these equity securities are never recycled to profit or loss, but the cumulative gain or loss previously recognized in the statement of comprehensive income is reclassified to 'Surplus' or any other appropriate equity account upon disposal. Equity securities at FVOCI are not subject to impairment assessment.

Debt securities at FVOCI

Debt securities at FVOCI are those that meet both of the following conditions:

- the contractual terms of the financial asset give rise to cash flows that are SPPI on the outstanding principal amount;
- the asset is held within a business model whose objective is both to sell or hold the financial asset in order to both collect contractual cash flows.

Debt securities at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with no deduction for sale or disposal costs. Gains and losses arising from changes in fair value are recognized in other comprehensive income as 'Change in net unrealized gains (losses) on debt securities at FVOCI'. The effective yield component and foreign exchange gains (losses) of debt securities at FVOCI are reported on the statements of income. The ECL arising from impairment of such investments are recognized in OCI with a corresponding charge to 'Provision for credit and impairment losses' in the statements of income.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Financial assets at FVPL

Debt instruments that do not meet the amortized cost or FVOCI criteria, or that meet the criteria, but the Group has chosen to designate as at FVPL at initial recognition, are measured at fair value through profit or loss. Equity investments are classified as at FVPL, unless the Group designates an investment that is not held for trading as at FVOCI at initial recognition. Derivative assets classified as at FVPL are those that are not designated under hedge accounting treatment.

The Group's financial assets at FVPL include government securities, private bonds, equity securities held for trading purposes and derivative assets.

Financial assets at FVPL are initially measured at fair value without considering transaction costs. Subsequently, financial assets at FVPL are re-measured fair value, and fair value gains and losses on these instruments are recognized as 'Trading and securities gain (loss)' in the statements of income. Interest earned on these investments is reported in the statement of income under 'Interest income' while dividend income is reported in the statement of income under 'Miscellaneous income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs provided by the BSP, Bureau of Treasury and investment



bankers. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the PDS closing rate at the statement of financial position date. The foreign exchange component forms part of its fair value gain or loss. For financial assets classified as at FVPL, the foreign exchange component is recognized in the statements of income. For equity financial assets designated as at FVOCI, any foreign exchange component is recognized in OCI. For foreign currency-denominated debt instruments classified as at amortized cost and as at FVOCI, the foreign exchange gains and losses are determined based on the amortized cost of the asset and are recognized in the statement of income.

Reclassification of financial assets

Subsequent to initial recognition, the Group may reclassify financial assets only if the objective of its business model for managing those financial assets changes.

The Group is required to reclassify the following financial assets:

- from amortized cost or FVOCI to FVPL, if the objective of the business model changes so that the amortized cost or FVOCI criteria are no longer met
- from FVPL to amortized cost or FVOCI, if the objective of the business model changes so that the amortized cost or FVOCI criteria start to be met and the characteristics of the instruments contractual cash flows are SPPI
- from amortized cost to FVOCI if the business model changes so that the objective becomes both to collect contractual cash flows and to sell or from FVOCI to amortized cost if the business model becomes solely for the collection of contractual cash flows.

Reclassification of financial assets designated as at FVPL or equity financial assets at FVOCI at initial recognition is not permitted.

A change in the Group's business model must be effected before the reclassification date. The reclassification date is the beginning of the reporting period following the change in the business model.

Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is either held for trading or is designated as at FVPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Management may designate a financial liability at FVPL upon initial recognition when the following criteria are met, and designation is determined on an instrument-by-instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognizing gains or losses on them on a different basis; or



- The liabilities are part of a group of financial liabilities which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows, or it is clear, with little or no analysis, that it would not be separately recorded.

Financial liabilities at FVPL are initially measured at fair value without considering transaction costs. Subsequently, financial liabilities at FVPL are re-measured fair value, and fair value gains and losses on these instruments are recognized as 'Trading and securities gain' in the statement of income. Interest earned on these investments is reported in the statement of income under 'Interest income' while dividend income is reported in the statement of income under 'Miscellaneous income' when the right of payment has been established. Quoted market prices, when available, are used to determine the fair value of these financial instruments. If quoted market prices are not available, their fair values are estimated based on inputs provided by the BSP, Bureau of Treasury and investment bankers. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques.

As of December 31, 2024 and 2023, the Group's financial liabilities at FVPL include derivative liabilities.

Financial liabilities at amortized cost

Issued financial instruments or their components, which are not designated as at FVPL, are classified as financial liabilities at amortized cost under deposit liabilities, bills and acceptances payable, subordinated debt or other appropriate financial liability accounts, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue. After initial measurement, financial liabilities not qualified and not designated as FVPL are subsequently measured at amortized cost using the effective interest amortization method. Amortized cost is calculated by taking into account any discount or premium on the issuance and fees that are an integral part of the effective interest rate (EIR).

Impairment of Financial Assets

PFRS 9 requires the Group to record ECL for all loans and other debt financial assets not classified as at FVPL, together with irrevocable loan commitments and financial guarantee contracts.

Expected credit loss methodology

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



Staging assessment

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced SICR since initial recognition. The Group recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced SICR since initial recognition, evidenced by missed payments (for monthly amortizing exposures) and/or the significant increase in the likelihood of default. The Group recognizes a lifetime ECL for Stage 2 financial instruments.

For credit-impaired financial instruments:

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of the financial asset. The ECL model requires that lifetime ECL be recognized for credit-impaired financial instruments.

For the movement of accounts to better stages (i.e. from Stage 2 or 3 to Stage 1 or 2):

- Financial instruments are moved to better stages when there is significant improvement to the credit risk such that the criteria for assessment of the better stage are met and/or there is consistent evidence of good credit behavior by the borrower.

Financial assets that are credit-impaired on initial recognition are classified as purchased or originated credit-impaired (POCI) assets. These are recorded at fair value at initial recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECL is only recognized or released to the extent that there is a subsequent change in the ECLs.

Definition of “default” and “cure”

For the calculation of ECL, the Group defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, in all cases when the borrower becomes: 1) 91 days past due for amortizing exposures; or 2) non-collection of full amounts at maturity date for non-amortizing loans or bullet-payment loans. As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate likelihood of non-payment when an account is under litigation. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted. An instrument is considered to be no longer in default (i.e., cured) when it no longer meets any of the default criteria and there is sufficient evidence to support full collection through payments received for at least 6 months.

Credit risk at initial recognition

The Group has an internal credit assessment process to determine the credit risk of exposures at initial recognition. The Group has separate models for its key portfolios in which the customers are rated using internal credit rating grades. The models incorporate both qualitative and quantitative information.

Significant increase in credit risk (SICR)

The Group monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12-month ECL or lifetime ECL, the Group assesses whether there has been a SICR since initial recognition. A set of defined empirical-based rules and expert judgment that discriminate good and bad credit make up the SICR model. For corporate loans and investments to debt-type instruments, accounts are considered to have a SICR if the equivalent Probability of default (PD) exceeds the Group’s set threshold. For consumer loans, accounts are



considered to have SICR when, upon missed payment, there is high likelihood that the account will flow to default. For all loans, the Group also considers an account to have a SICR if contractual payments are more than thirty (30) days past due or the account is considered “watchlist”.

Restructuring

In certain circumstances, the Group modifies the original terms and conditions of a credit exposure to create a new loan agreement or payment schedule. The modifications can be given depending on the borrower’s or counterparty’s current or expected financial difficulty. The modifications may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of periodic payments and accrual of interest and charges. Accounts subjected to distressed restructuring with indications of unlikelihood to pay are categorized as impaired accounts and are initially moved to Stage 3.

Assessment of ECL on a collective basis

The Group calculates ECL either on an individual or collective basis. The Group performs collective impairment by grouping exposures into smaller homogenous portfolios based on a combination of borrower and account characteristics. Accounts with similar attributes (i.e., type of facility) are pooled together for calculating provisions based on the ECL models.

ECL parameters and methodologies

ECL is a function of the PD, Exposure at default (EAD) and Loss given default (LGD), with consideration for the expected timing of the loss, and is estimated by incorporating forward-looking economic information through the use of statistical techniques and/or experienced credit judgment.

The PD represents the likelihood that a credit exposure will not be repaid and will go into default in either a 12-month horizon for Stage 1 or within the remaining life of the exposure for Stage 2. The PD for each individual instrument is modelled based on historical data and is adjusted for current market conditions and reasonable and supportable information about future economic conditions. The Group segmented its credit exposures based on homogenous risk characteristics and developed a corresponding PD methodology for each portfolio. The PD methodology for each relevant portfolio is determined based on the underlying nature or characteristics of the portfolio, behavior of the accounts and materiality of the portfolio as compared to the total portfolio.

EAD is modelled on historical data and represents an estimate of the outstanding amount of credit exposure at the time a default may occur. For off-balance sheet and undrawn amounts from irrevocable committed credit lines, EAD includes an estimate of any further amounts to be drawn at the time of default (i.e., credit conversion factor). LGD is the amount that may not be recovered in the event of default and is modelled based on historical net cash flow recoveries from collections and the sale of foreclosed assets.

Economic overlays

The Group incorporates economic overlays into its measurement of ECL. A broad range of economic overlays are considered as economic inputs, such as GDP growth, inflation rates, unemployment rates and interest rates. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect these, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group’s loans and receivables consists of different portfolios, such as auto, corporate, credit card receivables, mortgage loans, as well as other receivables (e.g., personal, branch, emerging enterprise lending, and Department of Education (DepEd) loans). In compliance with PFRS 9, the Group has



developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions.

Undrawn Loan Commitments

Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. Starting January 1, 2019, these contracts are in the scope of the ECL requirements where the Group estimates the expected portion of the undrawn loan commitments that will be drawn over their expected life. The ECL related to financial guarantees and undrawn amounts of irrevocable loan commitments is recognized in the statement of financial condition under 'Other Liabilities'.

Financial guarantees

Financial guarantees are initially recognized at fair value. Subsequent to initial recognition, the Group's liability under each financial guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement and the amount of related ECL.

Restructured loans

Loan restructuring may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due. Management continuously reviews restructured loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subjected to an individual or collective impairment assessment, calculated using the loan's original EIR. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the original EIR, is recognized in 'Provision for impairment and credit losses' in the statement of income.

Derecognition of Financial Assets and Financial Liabilities

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

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control over the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets are written off either partially or fully only when the Group has stopped pursuing the recovery. If a write-off is later recovered, any amounts formerly charged are credited to 'Recovery on charged-off assets' under 'Miscellaneous income' in the statements of income.



Modification of financial assets

In certain circumstances, the Group modifies the original terms and condition of a credit exposure to form a new loan agreement on payment schedule. The modification can be given on the borrower's or counterparty's current or expected financial difficulty. The modification may include, but are not limited to, change in interest rate and terms, principal amount, maturity date, date and amount of period payments and accrual of interest and charges.

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

The Bank considers both qualitative and quantitative factors in assessing whether a modification of financial asset is substantial or not. When assessing whether a modification is substantial, the Bank considers the following factors, among others:

- Change in currency
- Introduction of an equity feature
- Change in counterparty
- If the modification results in the asset no longer considered "solely payment for principal and interest"

The Bank also performs a quantitative assessment similar to that being performed for modification of financial liabilities. In performing the quantitative assessment, the Bank considers the new terms of a financial asset to be substantially different if the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the present value of the remaining cash flows of the original financial asset.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of a new financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset. The newly recognized financial asset is classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be originated as credit impaired (POCI).

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

If the modification does not result in cash flows that are substantially different, as set out above, then it does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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 from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an



exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of income.

Securities Sold Under Repurchase Agreements

Securities sold under agreements to repurchase at a specified future date ('repos') are not derecognized from the statement of financial position. The corresponding cash received, including accrued interest, is recognized in the statement of financial position as SSURA included in 'Bills and acceptances payable and SSURA' and is considered as a loan to the Group, reflecting the economic substance of such transaction.

Offsetting Financial Instruments

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

Property and Equipment

Land is stated at cost less any impairment in value and depreciable properties including buildings, leasehold improvements and furniture, fixtures and equipment are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes and any directly attributable costs of bringing the assets to their working condition and location for their intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs, and maintenance are normally charged against operations in the year in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the assets. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any accumulated impairment in value are removed from the accounts and any resulting gain or loss is credited to or charged against current operations.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives (EUL) of the property, equipment and ROU assets.

	Group	Parent
Buildings	25-40 years	30-40 years
Major furniture, fixtures and equipment	3-5 years	3-5 years
ROU asset/leasehold improvements	6-10 years	6-10 years

ROU Asset/leasehold improvements are amortized over the shorter of the terms of the covering leases and the estimated useful lives. The table above only provide the range of the useful lives of ROU Asset/leasehold improvements.

The EUL of the cash safe and vault of the Bank is 10 and 20 years, respectively. The cost of the leasehold improvements is amortized based on the expected life of the improvements or the remaining term of the contract whichever is shorter.



The estimated useful life and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the statements of income in the period the asset is derecognized.

Investment Properties

Investment properties comprise completed property and property under construction or re-development (land, buildings and malls) that are held to earn rentals or capital appreciation or both and that are not occupied by the Group. Investment properties also include right-of-use assets involving real properties that are subleased to other entities.

Investment properties are measured initially at cost, including transaction costs. Transaction costs, which include non-refundable capital gains tax and documentary stamp tax, incurred in connection with foreclosure are capitalized as part of the cost of the real properties acquired. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such an asset cannot be measured in which case the investment property acquired is measured at the carrying amount of the asset given up. Foreclosed properties are recorded as 'Investment properties' upon: (a) entry of judgment in case of judicial foreclosure; (b) execution of the Sheriff's Certificate of Sale in case of extra-judicial foreclosure; or (c) notarization of the Deed of Dacion in case of dacion in payment (dacion en pago). Subsequent to initial recognition, depreciable investment properties are carried at cost less accumulated depreciation and any impairment in value. Land is carried at cost less any impairment in value.

For those right-of-use assets that qualify as investment properties, i.e., those land and buildings that are subleased by the Group, these are classified under investment properties. Consistent with the Group's policy regarding the measurement of investment properties, these assets are subsequently measured at cost less amortization and impairment in value.

Investment properties are derecognized when they have either been disposed of or when the investment properties are permanently withdrawn from use and no future benefit is expected from their disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in the statement of income under 'Gain on sale (loss) of assets' in the year of retirement or disposal.

Expenditures incurred after the investment properties have been put into operations, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Depreciation is calculated on a straight-line basis using the remaining useful lives from the time of acquisition of the investment properties but not to exceed 10 years for both buildings and condominium units, which is being reviewed periodically.

Foreclosed properties of land or building are classified under Investment properties from foreclosure date.

Transfers are made to investment properties when, and only when, there is a change in use evidenced by ending of owner occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when,



there is a change in use evidenced by commencement of owner occupation or commencement of development with a view to sale.

Other repossessed assets

Other repossessed assets comprise of repossessed vehicles which are measured at cost less accumulated depreciation and impairment. Depreciation is calculated on a straight-line basis using the remaining useful life from the time of acquisition of the asset. The useful life of other repossessed assets is estimated to be five (5) years which is being reviewed periodically.

The carrying values of other properties acquired are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amounts (see accounting policy on Impairment of Nonfinancial Assets).

Other repossessed asset shall be disposed as soon as possible by the Bank and must not be held unsold for more than (5) years. Carrying amount shall be derecognized through disposal or sale of properties, redemption and permanent withdrawal from use and the property has no future economic benefits are expected from its disposal.

Any gain or loss arising from derecognition shall be included in profit or loss when the account is derecognized. The gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the account.

Investments in Subsidiaries

Investments in subsidiaries in the Parent Company's separate financial statements are accounted for under the equity method.

Under the equity method, an investment in subsidiary is carried in the statement of financial position at cost plus post-acquisition changes in the Parent Company's share of the net assets of the subsidiary. Post-acquisition changes in the share of net assets of the subsidiaries include the share in the: (a) income or losses; and (b) remeasurement of retirement plans. Dividends received are treated as a reduction in the carrying amount of the investments. The statements of income reflects the share of the results of operations of the subsidiary. Where there has been a change recognized directly in the equity of the subsidiary, the Parent Company recognizes its share of any changes and thus, when applicable, discloses in the statements of changes in equity. If the Parent Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Parent Company discontinues recognizing its share in further losses.

Investment in a Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. The statements of income reflects the Group's share of the results of operations of the joint venture. Any change in OCI of the investee is presented as part of the Group's



OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of income and represents profit or loss after tax.

On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in a joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in a joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as 'Share in net income (loss) of a joint venture' in the statements of income.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Following initial recognition, intangible assets, excluding goodwill and branch licenses, are carried at cost less any accumulated amortization and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statements of income.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually or more frequently, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.



Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of income when the asset is derecognized.

Intangible assets include goodwill, branch licenses, customer relationship, core deposits and capitalized software (see Note 13).

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities, and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Branch licenses

Branch licenses are determined to have indefinite useful lives. These are tested for impairment annually either individually or at the CGU level. Such intangible assets are not amortized. The useful life is reviewed annually to determine whether indefinite useful life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Customer relationship and core deposits

Customer relationship and core deposits are the intangible assets acquired by the Group through business combination. These intangible assets are initially measured at their fair value at the date of acquisition. The fair value of these intangible assets reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the Group.

Following initial recognition, customer relationship and core deposits are measured at cost less accumulated amortization and any accumulated impairment losses. Customer relationship related to the credit cards business is amortized on a straight-line basis over its useful life of 40 years while the customer relationship related to the auto loans business and core deposits are amortized on a straight-line basis over its useful life of 13 and 10 years, respectively (see Note 13).

Capitalized software

Capitalized software acquired separately is measured at cost on initial recognition. Following initial recognition, capitalized software is carried at cost less accumulated amortization and any accumulated impairment losses. The capitalized software is amortized on a straight-line basis over its estimated useful life of 4 to 10 years or terms of the contract whichever is shorter.

Impairment of Nonfinancial Assets

An assessment is made at each statement of financial position date whether there is any indication of impairment of property and equipment, investment properties, other repossessed assets and intangible assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated at the higher of the asset's value in use or its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.



An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged against the statement of income in the period in which it arises, unless the asset is carried at a revalued amount in which case the impairment loss is charged against the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations, unless the asset is carried at a revalued amount in which case the reversal of the impairment loss is credited to the revaluation increment of the said asset.

The following criteria are also applied in assessing impairment of specific assets:

Property and equipment, investment properties and other repossessed assets

The carrying values of the property and equipment and investment properties are reviewed for impairment when events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or CGUs are written down to their recoverable amounts.

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which goodwill has been allocated, an impairment loss is recognized immediately in the statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods.

Branch licenses

Branch licenses are tested for impairment annually at the statement of financial position date either individually or at the CGU level, as appropriate.

Other intangible assets

Other intangible assets such as customer relationship, core deposits and capitalized software are assessed for impairment whenever there is an indication that they may be impaired.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue from contracts with customers is recognized upon transfer of services to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.



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

Revenue within the scope of PFRS 15:

Service charges and penalties

Service charges and penalties earned over a period of time are accrued over that period as the customer simultaneously receives and consumes the benefits provided by the Group. Service charges and penalties are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer and excludes amounts collected on behalf of third parties.

Commissions earned on credit cards

Commissions earned on credit cards are taken up as income upon receipt from member establishments of charges arising from credit availments by credit cardholders. These commissions are computed based on certain agreed rates and are deducted from amounts remittable to member establishments.

Purchases by credit cardholders, collectible on an installment basis, are recorded at the cost of the items purchased plus certain percentage of cost. The excess over cost is credited to Unearned discount and is shown as a deduction from Loans and receivables in the statement of financial position.

The unearned discount is taken to income over the installment terms and is computed using the effective interest method.

Rewards revenue

The Parent Company runs a loyalty points program that enables customers to earn points when they make purchases at participating establishments using the Parent Company's issued credit card.

A portion of the interchange fees from credit card transactions is allocated to the reward points, based on their estimated standalone selling prices. The allocated amount is deferred and recognized as revenue when the loyalty points are redeemed, or when it becomes unlikely that the points will be redeemed by the customer.

Gain on sale of assets

Income from sale of assets include any gains or losses on the retirement or disposal of property and equipment, investment properties, and other repossessed assets. The gain or loss arising from the derecognition is recognized in the statement of income in the year of retirement or disposal.

Revenue outside the scope of PFRS 15:

Interest income

Under PFRS 9, interest income is recorded using the EIR method for all financial assets measured at amortized cost, interest rate derivatives for which hedge accounting is applied and the related amortization/recycling effect of hedge accounting. Interest income on interest bearing financial assets at FVOCI under PFRS 9 is also recorded using the EIR method. Interest expense is also calculated using the EIR method for all financial liabilities held at amortized cost. The EIR method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.



The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Group recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, the EIR calculation also takes into account the effect of potentially different interest rates that may be charged at various stages of the financial asset's expected life, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability on the balance sheet with a corresponding increase or decrease in Interest revenue/expense calculated using the effective interest method.

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the effective interest rate, but when instruments were initially recognized at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

The IBOR reform Phase 2 amendments allow as a practical expedient for changes to the basis for determining contractual cash flows to be treated as changes to a floating rate of interest, provided certain conditions are met. The conditions include that the change is necessary as a direct consequence of IBOR reform and that the transition takes place on an economically equivalent basis.

Trading income

Net trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded on hedging transactions.

Expense Recognition

Expenses are recognized in the statements of income when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

Expenses are recognized in the statement of income:

- on the basis of a direct association between the costs incurred and the earning of specific items of income;
- on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
- immediately when the expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Expenses in the statements of income are presented using the nature of expense method. General and administrative expenses are cost attributable to administrative and other business activities of the Group.

Leases

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



Group as a lessee

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

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized adjusted by lease payments made at or before the commencement date and lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the depreciable assets. The depreciation expense is presented under 'Depreciation and Amortization' in the statements of income.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Impairment of Nonfinancial Assets.

Lease liabilities

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

Short-term leases and low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of ATM sites (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of ATM sites that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

Retirement Cost

Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the



present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in the statement of income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the statements of income.

Remeasurements comprising actuarial gains and losses, return on plan assets (excluding net interest on defined benefit asset) and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements are recognized in other comprehensive income account. Remeasurement gains (losses) on retirement plan are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes the related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.



Employee leave entitlement

Employee entitlement to annual leave is recognized as a liability when the employees render the services that increase their annual leave entitlement. The cost of accumulating annual leave is measured as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at pre-tax rate that reflects current market assessments of the time value of money and where, appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as Interest expense in the statements of income.

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to 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 financial statements when an inflow of economic benefits is probable.

Debt Issue Costs

Issuance, underwriting and other related expenses incurred in connection with the issuance of debt instruments (other than debt instruments designated at FVPL) are deferred and amortized over the terms of the instruments using the effective interest method. Unamortized debt issuance costs are included in the measurement of the related carrying value of the debt instruments in the statement of financial position.

Income Taxes

Current taxes

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

Deferred taxes

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from the excess of Minimum Corporate Income Tax (MCIT) over the regular income tax and unused Net Operating Loss Carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits from excess MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized on temporary differences that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.



The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Current tax and deferred tax relating to items recognized directly in equity is recognized in other comprehensive income and not in the statements of income.

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Equity

Capital stock is measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to Additional paid in capital account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid in capital' account. If additional paid-in capital is not sufficient, the excess is charged against 'Surplus'.

Surplus represents accumulated earnings of the Group less dividends declared.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when declared and approved by the Board of Directors (the Board or BOD) of the Parent Company and approved by the BSP. Dividends for the year that are declared and approved after the statement of financial position date, if any, are dealt with as an event after the financial reporting date and disclosed accordingly.

Earnings Per Share (EPS)

Basic EPS is determined by dividing the net income for the year attributable to common shares by the weighted average number of common shares outstanding during the year while diluted EPS is computed by dividing net income for the year attributable to common shares by the weighted average number of outstanding and dilutive potential common shares. Basic and diluted EPS are given retroactive adjustments for any stock dividends declared and stock rights exercised in the current year, if any. The Group does not have dilutive potential common shares.

Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is one that provides products or services within a particular economic environment that is subject to risks and returns that are different from those segments operating in other economic environments.



The Group's operations are organized according to the nature of products and services provided. Financial information on business segments is presented in Note 6.

Events after the Financial Reporting Date

Post year-end events that provide additional information about the Group's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material to the financial statements.

Fiduciary Activities

Assets and income arising from fiduciary activities together with related undertakings to return such assets to customers are excluded from the financial statements where the Parent Company acts in a fiduciary capacity such as nominee, trustee or agent.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted, and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards—Volume 11

The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.



- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.
- Amendments to PFRS 7, *Gain or Loss on Derecognition*
The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.
- Amendments to PFRS 9
 - Lessee Derecognition of Lease Liabilities
The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.
 - Transaction Price
The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to ‘transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*’ with ‘the amount determined by applying PFRS 15’. The term ‘transaction price’ in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.
- Amendments to PFRS 10, *Determination of a ‘De Facto Agent’*
The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.
- Amendments to PAS 7, *Cost Method*
The amendments to paragraph 37 of PAS 7 replaced the term ‘cost method’ with ‘at cost’, following the prior deletion of the definition of ‘cost method’.

Effective beginning on or after January 1, 2027

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts



On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17 *Insurance Contracts* that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

On the same date, the FSRSC also adopted the amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity* that clarify the application of 'own-use' requirements for in-scope contracts that reference nature-dependent electricity and expose an entity to variability in an underlying amount of electricity. With respect to hedge accounting requirements, the amendments now allow an entity to designate a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions. An entity shall apply the foregoing amendments for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted

The Group evaluated that the amendment will have potential impact on its subsidiaries and affiliates involved in providing insurance contracts.

- PFRS 18, *Presentation and Disclosure in Financial Statements*

The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:

- Required totals, subtotals and new categories in the statement of profit or loss
- Disclosure of management-defined performance measures
- Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.



3. Significant Accounting Judgments and Estimates

The preparation of the Group's financial statements in compliance with PFRS Accounting Standards requires the management to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any change in judgments and estimates are reflected in the financial statements as these become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

Unless otherwise stated, below significant judgements and estimates apply as of and for the years ended December 31, 2024, 2023 and 2022:

Judgments

a) *Determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates*

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its tax compliance review, that it is probable that its income tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the consolidated financial statements of the Group.

b) *Evaluation of business model in managing financial assets and sale of investment securities at amortized cost*

The Group manages its financial assets based on business models that maintain adequate level of financial assets to match expected cash outflows and maintain adequate level of high-quality liquid assets while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

The Group's business model allows for financial assets to be held to collect contractual cash flows even when sales of certain financial assets occur. PFRS 9, however, emphasizes that if more than infrequent and more than insignificant sales are made out of a portfolio of financial assets carried at amortized cost, the entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Group considers the following to assess that an increase in the frequency or value of sales of financial instruments in a particular period is not necessarily inconsistent with a held-to-collect business model if the Group can explain the reason for those sales and why those sales do not reflect a change in the Group's objective for the business model:

- sales or derecognition of debt instrument under any of the circumstances spelled out under the relevant BSP Circulars on PFRS 9;
- sales in preparation for funding a potential aberrant behavior in the depositors' withdrawal pattern triggered by news of massive withdrawals or massive withdrawal already experienced by other systemically important banks in the industry;
- sales attributable to an anticipated or in reaction to major events in the local and/or international arena that may adversely affect the collectability of the debt instrument and seen to prospectively affect adversely the behavior of deposits or creditors; and



- sales that the Asset-Liability Management Committee (ALCO) deems appropriate to be consistent with managing the Group's balance sheet based upon but are not limited to the set risk limits and target ratios that have been approved by the BOD.

c) *Testing the cash flow characteristics of financial assets*

In determining the classification of financial assets under PFRS 9, the Group assesses whether the contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, with interest representing time value of money and credit risk associated with the principal amount outstanding. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual term that changes the timing or amount of cash flows (unless it is a variable interest rate that represents time value of money and credit risk) does not meet the amortized cost criteria.

d) *Determination of joint control over EW Ageas Life*

Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. On the other hand, joint control is presumed to exist when the investors contractually agree on the sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Based on the provisions of the joint venture arrangement between the Parent Company and Ageas (see Note 10), both parties have to agree in order for any resolution to be passed relating to the joint venture entity's relevant activities. This joint arrangement is classified as a joint venture since the parties have rights to the net assets of the joint venture entity.

e) *Contingencies*

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsels handling the Group's defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on its financial position.

It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (see Note 28).

Estimates

a) *Fair values of derivatives*

Management applies valuation techniques to determine the fair value of derivatives that are not quoted in active market. Valuation techniques are used to determine fair values which are validated and periodically reviewed by qualified independent personnel. All models are reviewed before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practicable, the models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to develop estimates and assumptions. Changes in assumptions about these factors could affect reported fair values of derivatives. The Group uses judgements to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Fair value measurements of financial instruments (including derivatives) as of December 31, 2024 and 2023 are disclosed in Note 5.



b) *Estimation of expected credit losses on financial assets*

In response to these external events, the Group made changes and updates in the methodology used in calculating for the expected credit losses.

In 2024, the Group made some enhancements and updates to the ECL model of the Group as follows:

- updating of the coverage data for the historical components of the model, thus, incorporating the impact of the post-pandemic recovery;
- refinements to the segmentation that further granularizes and therefore, differentiates between borrower behavior
- refinements to the framework for the selection of the base, best and worst economic outlook to be applied to ECL and their corresponding weights or likelihood of occurrence; and
- refinements to the staging criteria of consumer and corporate loans

The updated data coverage is the basis for establishing the relationship between economic conditions and default through the macroeconomic overlay model as well as the through the cycle (i.e. historical) default and recovery experience of the Group. The framework for the selection of economic outlook is used in the generation of economic forecasts that serve as input for estimating the forward-looking expected loss.

The measurement of credit losses under PFRS 9 across all categories of financial assets requires significant judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a SICR. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and interdependencies. Significant elements of the models include, among others:

- segmenting the Group's credit risk exposures;
- the Group's definition of default;
- determining the method to estimate ECL;
- identifying exposures with significant deterioration in credit quality;
- determining assumptions to be used in the ECL model such as the counterparty credit risk rating;
- the expected life of the financial asset and expected recoveries from defaulted accounts; and
- incorporating forward-looking information (called overlays) in calculating ECL.

The carrying values of loans and receivables and the related allowance are disclosed in Notes 9 and 15, while the carrying values of debt financial assets at FVOCI and amortized cost and their related allowances are disclosed in Notes 8 and 15.

c) *Impairment of non-financial assets (excluding goodwill and branch licenses)*

The Group assesses impairment on non-financial assets and considers the following impairment indicators:

- significant underperformance relative to historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.



The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Except for investment properties where recoverable amount is determined based on fair value less cost to sell, the recoverable amount of all other non-financial assets is determined based on the assets' value in use computation which considers the present value of estimated future cash flows expected to be generated from the continued use of the asset. The Group is required to make estimates and assumptions that can materially affect the carrying amount of the asset being assessed.

The carrying values of the investment in subsidiaries and joint venture, property and equipment, investment properties, intangible assets (excluding goodwill and branch licenses), and other non-financial assets recorded in 'Other Assets' of the Group and the Parent Company are disclosed in Notes 10, 11, 12, 13, and 14.

d) Impairment of goodwill and branch licenses

The Group determines whether goodwill and branch licenses are impaired at least on an annual basis. Goodwill and branch licenses are written down for impairment where the net present value of the forecasted future cash flows from the CGUs is insufficient to support its carrying value. The Group has used the cost of equity as the discount rate for the value in use (VIU) computation. The Group determined the cost of equity using the capital asset pricing model.

The recoverable amount of the CGU has been determined based on a VIU calculation using cash flow projections from financial budgets approved by the BOD covering a five-year period. Future cash flows from the CGU are estimated based on the theoretical annual income of the CGU. Average growth rate was derived from the average increase in annual income during the last 5 years. The discount rate applied reflects the current market assessment of the risk specific to each CGU. Key assumptions in VIU calculation of CGUs are most sensitive to the following assumptions: a) interest margin; b) discount rates; c) market share during the budget period; and d) projected growth rates used to extrapolate cash flows beyond the budget period.

The carrying values of goodwill and branch licenses of the Group and the Parent Company are disclosed in Note 13.

e) Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Key assumptions used in forecast of future taxable income include loan portfolio and deposit growth rates.

The Group believes it will be able to generate sufficient taxable income in the future to utilize its deferred tax assets. Taxable income is sourced mainly from interest income, and earnings from service charges, fees, commissions and trust activities.

The recognized and unrecognized net deferred tax assets of the Group and of the Parent Company are disclosed in Note 23.



4. Financial Risk Management Objectives and Policies

Risk Management

To ensure that corporate goals and objectives, and business and risk strategies are achieved, the Parent Company utilizes a risk management process that is applied throughout the organization in executing all business activities. Employees' functions and roles fall into one of the three categories where risk must be managed: business units, operating units and governance units.

The Parent Company's activities are principally related to the use of financial instruments and are exposed to credit risk, operational risk and market risk, the latter being subdivided into trading and banking book risks such as liquidity and interest rate risk. Forming part of a coherent risk management system that the Parent Company employs are the risk concepts, control tools, analytical models, statistical methodologies, historical research, and market analysis. These tools support the key risk processes that involve identifying, measuring, controlling, and monitoring risks.

Risk Management Structure

a. *Board of Directors (BOD)*

The Parent Company's risk culture is practiced and observed across the Group, putting the prime responsibility on the BOD. It establishes the risk culture and the risk management organization and incorporates the risk process as an essential part of the strategic plan of the Group. The BOD approves the Parent Company's articulation of risk appetite which is used internally to help management understand the tolerance for risk in each of the major risk categories, its measurement and key controls available that influence the Parent Company's level of risk taking. All risk management policies and policy amendments, risk-taking limits such as but not limited to credit and trade transactions, market risk limits, counterparty limits, trader's limits and activities are based on the Parent Company's established approving authorities which are approved by the Parent Company's BOD. At a high level, the BOD also approves the Parent Company's framework for managing risk.

b. *Executive Committee*

This is a BOD level committee, which leads the bank-wide strategic planning and the execution thereof, and reviews the bankwide credit strategy, profile and performance. It approves the credit risk-taking activities based on the Parent Company's established approving authorities and likewise reviews and endorses credit-granting activities, including the Internal Credit Risk Rating System.

c. *Loan and Investments Committee*

This committee is headed by the Chairman of the Parent Company and whose primary responsibility is to: oversee the Parent Company's credit risk-taking activities and overall adherence to the credit risk management framework; review business/credit risk strategies, quality and profitability of the Parent Company's credit portfolio; and recommend changes to the credit evaluation process, credit risk acceptance criteria and the minimum and target return per credit or investment transaction. All credit risk-taking activities based on the Parent Company's established approving authorities are evaluated and approved by this committee. It establishes infrastructure by ensuring business units have the right systems, and adequate and competent manpower support to effectively manage its credit risk.



d. *Asset-Liability Management Committee (ALCO)*

ALCO, a management level committee, meets on a weekly basis and is responsible for the overall management of the Parent Company's market, liquidity, and financial position related risks. It monitors the Parent Company's liquidity position and reviews the impact of strategic decisions on liquidity. It is responsible for managing liquidity risks and ensuring exposures remain within established tolerance levels. The ALCO's primary responsibilities include, among others, (a) ensuring that the Parent Company and each business unit holds sufficient liquid assets of appropriate quality and in appropriate currencies to meet short-term funding and regulatory requirements, (b) managing financial position and ensuring that business strategies are consistent with its liquidity, capital and funding strategies, (c) establishing asset and/or liability transfer pricing policies that are consistent with the financial position objectives, (d) recommending market and liquidity risk limits to the Risk Management Committee and BOD, and (e) approving the assumptions used in contingency and funding plans. It also reviews cash flow forecasts, stress testing scenarios and results, and implements liquidity limits and guidelines.

e. *Risk Management Committee (RMC)*

RMC is a BOD level committee that convenes monthly and is primarily responsible in assisting the BOD in managing the Parent Company's risk-taking activities. This is performed by the Committee by institutionalizing risk policies and overseeing the Parent Company's risk management system. It recommends risk appetite and tolerances for the Parent Company's major risk exposures to the BOD. Risk management principles, strategies, framework, policies, processes, and initiatives and any modifications and amendments thereto are reviewed and endorsed by the RMC to the BOD for approval. It oversees and reports to the BOD the effectiveness of the risk management system, overall risk profile, and compliance with the risk appetite and tolerances that the BOD approved.

f. *Audit Committee (Audit Com)*

The Audit Com is a BOD level committee that assists the BOD in fulfilling its responsibilities for overseeing senior management in establishing and maintaining an adequate, effective and efficient internal control framework. It ensures that systems and processes are designed to provide reasonable assurance in areas including reporting, monitoring compliance with laws, regulations and internal policies, efficiency and effectiveness of operations, and safeguarding of assets. It is tasked to discuss with management the Parent Company's major risk exposures and ensures accountability on the part of management to monitor and control such exposures including the Parent Company's risk assessment and risk management policies. The Audit Com oversees the internal audit function and is responsible for monitoring and reviewing its effectiveness while ensuring its independence.

g. *Corporate Governance and Compliance Committee (CGCC)*

The CGCC is a BOD level committee that leads the Parent Company in defining and fulfilling the corporate governance policies and attaining best practices while overseeing the implementation of the Parent Company's compliance program, money laundering and terrorist financing prevention program and ensuring that regulatory compliance issues are resolved expeditiously. In addition to its governance role, the CGCC also assumes the nomination function whereby it reviews and evaluates the qualifications of all persons nominated to the BOD, all direct reports of the President and Chief Executive Officer (CEO), Heads of Governance Units regardless of rank, and other positions of the Parent Company requiring appointment by the BOD. The committee oversees the annual performance evaluation of the BOD, its committees, and individual directors and conducts an annual self-evaluation of its performance as prescribed under and in accordance with the Corporate Governance Manual and Securities and Exchange Commission (SEC) Code of Corporate Governance for Publicly Listed Companies.



h. *Related Party Transactions (RPT) Committee*

The RPT Committee is a BOD level committee that assists the BOD in ensuring that the transactions with related parties of the Parent Company are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of depositors, creditors and other stakeholders. It also ensures that related party transactions are conducted on an arm's length basis and that no stakeholder is unduly disadvantaged by such transactions.

i. *Asset Impairment Committee (AIC)*

AIC is a management level committee that convenes monthly in a year and shall officially represent the Parent Company's source of experienced credit judgement insofar as the asset impairment exercise is concerned. This experienced credit judgment is tapped to provide guidance under the conditions that include, but are not limited to the following: 1) The result of the calculation is assessed to be unreasonable such that it is considered as not fairly representative of the Parent Company's historical experience, current, and prospective credit condition or other conditions deemed relevant in reasonably determining the recoverable value of the Parent Company's assets; 2) There is an adverse change in the prevailing or foreseen prospective economic condition relative to the embedded presumption in the existing impairment framework; and 3) The data set in the calculation parameters is not available or insufficient to complete the calculation.

j. *Risk Management Division (RMD)*

RMD performs an independent risk governance function within the Parent Company. RMD is tasked with identifying, measuring, controlling, and monitoring existing and emerging risks inherent in the Parent Company's overall portfolio (on- or off-balance sheet). RMD develops and employs risk assessment tools to facilitate risk identification, assessment and measurement. It is responsible for developing and implementing the framework for policies and practices to assess and manage enterprise-wide market, credit, operational, and all other risks of the Parent Company.

It also develops risk tolerance limits for BOD approval, as endorsed by the RMC, and monitors compliance with approved risk tolerance limits. Finally, it regularly appraises the BOD, through the RMC, the results of its risk monitoring.

k. *Internal Audit (IA)*

IA provides an independent assessment of the adequacy of the Parent Company's internal controls, risk management, governance framework and execution/operational practices. Internal audit activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) and the Code of Ethics. IA has adopted a risk assessment methodology, which provides a sound basis in the selection of areas of coverage and frequency of audit for the preparation of the annual audit plan. IA employs a risk-based audit approach that examines both the adequacy of the policies and the Parent Company's compliance with the procedures while assuring audit coverage of the areas identified as representing the greatest current risk. It discusses the results of assessments with management, and reports its findings and recommendations to the Audit Com. IA's activities are suitably designed to provide the BOD with reasonable assurance that significant financial and operating information is materially complete, reliable and accurate; internal resources are adequately protected; and employee performance is in compliance with the Parent Company's policies, standards, procedures and applicable laws and regulations.



1. Compliance Division

Compliance Division is vested with the responsibility of overseeing the design of the Parent Company's Compliance Program and coordinating its effective implementation towards the sound management of Business and Compliance Risks. It also manages the implementation of the Money Laundering and Terrorist Financing Program. Its mandate is to ensure that the Parent Company is compliant with relevant and applicable laws, rules, regulations, codes of conduct and standards of good practice while avoiding an overly risk-averse environment that inhibits business growth. It serves as the Parent Company's central point of contact with banking regulators.

The major risk types identified by the Group are disclosed in the following section:

Credit Risk

Credit risk refers to the potential loss of earnings or capital arising from an obligor/s, customer/s or counterparty's failure to perform and/or to meet the terms of any contract with the Group. Credit risk may last for the entire tenor of the exposure, may be set at the full amount of the transaction and in some cases, may exceed the original principal exposure. The risk may arise from lending, trade financing, trading, investments and other activities undertaken by the Group. To identify and assess this risk, the Group has: 1) approval process per borrower, business and/or product segment; and 2) structured and standardized internal credit risk rating system for corporate borrowers and score models for consumer products such as credit cards, auto, mortgage and personal loans. For large corporate credit transactions, the Parent Company has a comprehensive procedure for credit evaluation, risk assessment, and well-defined concentration limits that are established for each borrower. The Group's credit risk is managed at the portfolio level, which may be on an overall perspective or according to product type.

Credit Concentration

Excessive concentration of lending plays a significant role in the weakening of asset quality. The Group reduces this risk by diversifying its loan portfolios across various sectors and borrowers. The Group believes that good diversification across economic sectors and geographic areas, among others, will enable it to ride through business cycles without causing undue harm to its asset quality.

The Group's loan portfolio is in line with the Group's policy of not having significant concentrations of exposure to specific industries or group of borrowers. Management of risk concentration is by client/counterparty, by industry sector, and by geographical location. For risk concentration monitoring purposes, the financial assets are broadly categorized into loans and receivables, loans and advances to banks, and investment securities. The Group ensures compliance with BSP's limit on exposure to any single person or group of connected persons by closely monitoring large exposures and top 20 borrowers for both single and group accounts.

Aside from ensuring compliance with BSP's limit on exposures to any single person or group of connected persons and to large exposures, it is the Parent Company's policy to keep the expected loss (determined based on the credit risk rating of the account) of the latter to, at most, one percent (1.00%) of their aggregate outstanding balance. This is to maintain the quality of the large exposures within the Group's risk appetite. With this, accounts with better risk grades are given priority in terms of being granted a bigger share in the Group's loan facilities.

Aligned with the Manual of Regulations for Banks definition, the Group considers its loan portfolio concentrated if it has exposures of more than thirty percent (30.00%) to an industry. In addition to the Concentration Ratio, the Herfindahl-Hirschman Index was implemented by the Bank, where the concentration threshold is set at 0.15.



Credit Concentration Profile

Maximum exposure to credit risk

The tables below provide the analysis of the maximum exposure to credit risk of the Group and the Parent Company's financial instruments, excluding those where the carrying values are reflected in the statement of financial position and related notes already represent the financial instrument's maximum exposure to credit risk, before and after taking into account collateral held or other credit enhancement:

	Consolidated							
	2024				2023			
	Maximum Exposure to Credit Risk [A]	Fair Value of Collateral [B]	Financial Effect of Collateral [C]	Net Exposure [D] = [A] - [C]	Maximum Exposure to Credit Risk [A]	Fair Value of Collateral [B]	Financial Effect of Collateral [C]	Net Exposure [D] = [A] - [C]
Securities purchased under resell agreement (SPURA)	P-	P-	P-	P-	P15,976,310	P15,976,310	P15,976,310	P-
Loans and receivables:								
Receivables from customers								
Corporate lending	59,952,576	27,054,782	9,257,985	50,694,591	59,632,224	26,694,071	8,851,633	50,780,591
Consumer lending	274,352,956	98,913,632	78,179,415	196,173,541	237,245,146	92,740,786	71,702,992	165,542,154
	P334,305,532	P125,968,414	P87,437,400	P246,868,132	P312,853,680	P135,411,167	P96,530,935	P216,322,745

	Parent Company							
	2024				2023			
	Maximum Exposure to Credit Risk [A]	Fair Value of Collateral [B]	Financial Effect of Collateral [C]	Net Exposure [D] = [A] - [C]	Maximum Exposure to Credit Risk [A]	Fair Value of Collateral [B]	Financial Effect of Collateral [C]	Net Exposure [D] = [A] - [C]
Securities purchased under resell agreement (SPURA)	P-	P-	P-	P-	P15,976,310	P15,976,310	P15,976,310	P-
Loans and receivables:								
Receivables from customers								
Corporate lending	59,893,047	26,919,824	9,214,704	50,678,343	59,557,798	26,561,069	8,806,878	50,750,920
Consumer lending	242,082,816	98,882,389	78,161,883	163,920,933	208,899,438	92,740,786	71,703,227	137,196,211
	P301,975,863	P125,802,213	P87,376,587	P214,599,276	P284,433,546	P135,278,165	P96,486,415	P187,947,131

Credit risk, in respect of derivative financial products, is limited to those with positive fair values which are included under financial assets at FVPL (see Note 5). As a result, the maximum credit risk is limited to the amounts on the statements of financial position plus commitments to customers such as unused commercial letters of credit, outstanding guarantees and others as disclosed in Note 34 to the financial statements.

For off-balance sheet items, the figures presented below summarize the Group's and the Parent Company's maximum exposure to credit risk:

	2024					2023				
	Notional Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Credit Risk Mitigation	Net Credit Exposure	Notional Principal Amount	Credit Conversion Factor	Credit Equivalent Amount	Credit Risk Mitigation	Net Credit Exposure
Off-balance sheet items*										
Direct credit substitutes	P178,487	100%	P178,487	P-	P178,487	P434,151	100%	P434,151	P-	P434,151
Transaction-related contingencies	4,919,003	50%	2,459,502	-	2,459,502	3,087,808	50%	1,543,904	-	1,543,904
Guarantees	3,040	20%	608	-	608	91,216	20%	18,243	-	18,243
Letters of credit	609,710	20%	121,942	-	121,942	392,906	20%	78,581	-	78,581
	P5,710,240		P2,760,539	P-	P2,760,539	P4,006,081		P2,074,879	P-	P2,074,879

*For all other off-balance sheet exposures (see Note 28), credit conversion factor is 0.00%.

Collateral and other credit enhancements

Collaterals are taken into consideration during the loan application process as they offer an alternative way of collecting from the client should a default occur. The percentage of loan value attached to the collateral offered is part of the Group's lending guidelines. Such percentages take into account safety margins for foreign exchange rate exposure/fluctuations, interest rate exposure, and price volatility.



Collaterals are valued according to existing credit policy standards and following the latest appraisal report, serve as the basis for the secured amount of the loan facility. Premium security items are collaterals that have the effect of reducing the estimated credit risk for a facility. The primary consideration for enhancements falling under such category is the ease of converting them to cash.

The Group is not permitted to sell or re-pledge the collateral in the absence of default by the owner of the collateral. It is the Group's policy to dispose foreclosed assets in an orderly fashion. The proceeds of the sale of the foreclosed assets, included under 'Investment Properties', are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

As part of the Group's risk control on security/collateral documentation, standard documents are made for each security type and deviation from the pro-forma documents are subject to legal review prior to implementation.

Credit collaterals profile

The table below provides the collateral profile of the outstanding loan portfolio of the Group and the Parent Company:

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Gross Amount	%	Gross Amount	%	Gross Amount	%	Gross Amount	%
Loans secured by:								
Chattel	₱87,345,635	26.13	₱81,558,366	27.47	₱87,051,019	28.83	₱81,289,791	30.28
Real estate	23,483,527	7.02	22,569,967	7.60	23,415,891	7.75	22,496,871	8.38
Others*	15,337,228	4.59	15,516,687	5.23	15,335,303	5.08	15,515,193	5.78
	126,166,390	37.74	119,645,020	40.3	125,802,213	41.66	119,301,855	44.44
Unsecured	208,139,142	62.26	177,232,351	59.7	176,173,650	58.34	149,155,380	55.56
	₱334,305,532	100.00	₱296,877,371	100.00	₱301,975,863	100.00	₱268,457,235	100.00

*Consists of government securities, corporate bonds, shares of stock, hold-out on deposits, assignment of receivables etc.

The credit exposures, after due consideration of the allowed credit enhancements, are considered the maximum credit exposure to any client or counterparty.

As for the computation of credit risk weights, hold-out on deposits with the Parent Company, Home Guaranty cover, and Philippine sovereign guarantees are the only credit risk mitigants considered as eligible.

Large exposures and top 20 borrowers

The table below summarizes the top 20 borrowers and large exposures of the Group and the Parent Company:

	2024			
	Top 20 Borrowers		Large Exposures*	
	Single Borrowers	Group Borrowers	Single Borrowers	Group Borrowers
Aggregate Exposure	₱26,301,306	₱29,408,995	—	₱12,227,344
Composite Risk Rating	4.42	4.42	—	4
Total Credit Loss/Aggregate Exposure	0.40%	0.42%	—	0.01%

*Large exposures refer to exposures to a counterparty or a group of related counterparties equal to or greater than 10.00% of the Parent Company's qualifying capital.

	2023			
	Top 20 Borrowers		Large Exposures*	
	Single Borrowers	Group Borrowers	Single Borrowers	Group Borrowers
Aggregate Exposure	₱27,788,038	₱29,125,122	₱7,487,500	₱12,286,823
Composite Risk Rating	3.15	3.39	1	1
Total Credit Loss/Aggregate Exposure	3.22%	1.39%	0.01%	0.01%

*Large exposures refer to exposures to a counterparty or a group of related counterparties equal to or greater than 10.00% of the Parent Company's qualifying capital.



Concentration by industry

The tables below show the distribution of the Group and the Parent Company's financial assets before taking into account any collateral or other credit enhancements analyzed by industry sector as of December 31, 2024 and 2023:

	Consolidated					
	2024					
	Loans and Receivables		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
	Amount	%				
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	₱245,981,909	70.71	₱—	₱—	₱—	₱245,981,909
Wholesale and retail trade, repair of motor vehicles	24,349,576	7.00	—	—	—	24,349,576
Real estate, renting and business activity	24,158,158	6.94	—	15,068	—	24,173,226
Education	11,354,519	3.26	—	—	—	11,354,519
Financial intermediaries	11,078,341	3.18	32,875,659	543,369	—	44,497,369
Manufacturing	7,498,635	2.16	—	100	—	7,498,735
Electricity, gas, steam and air-conditioning supply	6,685,576	1.92	—	2,575,869	—	9,261,445
Other service activities	5,714,031	1.64	—	1,147,480	—	6,861,511
Accommodation and food service activities	2,354,096	0.68	—	561,633	—	2,915,729
Government and foreign sovereign	1,876,518	0.54	—	111,074,777	—	112,951,295
Construction	1,846,242	0.53	—	—	—	1,846,242
Transportation and storage	1,802,273	0.52	—	—	—	1,802,273
Agriculture, fisheries and forestry	1,007,156	0.29	—	—	—	1,007,156
Administrative and support service activities	694,475	0.20	—	—	—	694,475
Holding	75,432	0.02	—	4,194,772	—	4,270,204
Others****	1,414,438	0.41	—	—	700,499	2,114,937
	347,891,375	100	32,875,659	120,113,068	700,499	501,580,601
Allowance for credit losses (Note 15)	11,480,756	—	1,327	11,136	—	11,493,219
Total	₱336,410,619		₱32,874,332	₱120,101,932	₱700,499	₱490,087,382

* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

** Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

*** Includes other financial assets presented under 'Other assets' (Note 14)

**** Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication.

	Consolidated					
	2023					
	Loans and Receivables		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
	Amount	%				
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	₱212,499,312	68.87	₱—	₱—	₱—	₱212,499,312
Real estate, renting and business activity	24,703,996	8.01	—	15,068	—	24,719,064
Wholesale and retail trade, repair of motor vehicles	22,786,921	7.39	—	—	—	22,786,921
Financial intermediaries	10,022,249	3.25	35,083,516	2,411,398	—	47,517,163
Education	9,803,173	3.18	—	—	—	9,803,173
Manufacturing	7,449,135	2.41	—	166	—	7,449,301
Electricity, gas, steam and air-conditioning supply	7,128,870	2.31	—	2,399,382	—	9,528,252
Other service activities	3,736,544	1.21	—	1,071,840	—	4,808,384
Accommodation and food service activities	2,466,181	0.8	—	519,648	—	2,985,829
Transportation and storage	2,136,776	0.69	—	—	—	2,136,776
Government and foreign sovereign	1,535,700	0.5	—	87,626,099	—	89,161,799
Construction	1,509,341	0.49	—	—	—	1,509,341
Agriculture, fisheries and forestry	829,046	0.27	—	—	—	829,046
Administrative and support service activities	550,605	0.18	—	—	—	550,605
Holding	72,204	0.02	—	3,964,408	—	4,036,612
Others****	1,309,134	0.42	—	—	643,853	1,952,987
	308,539,187	100	35,083,516	98,008,009	643,853	442,274,565
Allowance for credit losses (Note 15)	11,923,717	—	821	10,708	—	11,935,246
Total	₱296,615,470		₱35,082,695	₱97,997,301	₱643,853	₱430,339,319

* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

** Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

*** Includes other financial assets presented under 'Other assets' (Note 14)

**** Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication.



	Parent Company					
	2024					
	Loans and Receivables		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
	Amount	%				
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	₱224,764,058	71.29	₱—	₱—	₱—	₱224,764,058
Real estate, renting and business activity	24,145,601	7.66	—	15,068	—	24,160,669
Wholesale and retail trade, repair of motor vehicles	24,341,165	7.72	—	—	—	24,341,165
Financial intermediaries	11,114,534	3.53	31,158,800	543,369	—	42,816,703
Manufacturing	7,490,205	2.38	—	100	—	7,490,305
Electricity, gas, steam and air-conditioning supply	6,684,960	2.12	—	2,575,869	—	9,260,829
Other service activities	5,631,849	1.79	—	1,147,480	—	6,779,329
Accommodation and food service activities	2,352,494	0.75	—	561,633	—	2,914,127
Transportation and storage	1,802,273	0.57	—	—	—	1,802,273
Construction	1,841,631	0.58	—	—	—	1,841,631
Government and foreign sovereign	1,807,956	0.57	—	108,992,042	—	110,799,998
Agriculture, fisheries and forestry	991,952	0.31	—	—	—	991,952
Administrative and support service activities	694,475	0.22	—	—	—	694,475
Education	109,066	0.03	—	—	—	109,066
Holding	75,432	0.02	—	4,194,773	—	4,270,205
Others****	1,413,055	0.46	—	—	674,469	2,087,524
	315,260,706	100	31,158,800	118,030,334	674,469	465,124,309
Allowance for credit losses (Note 15)	10,850,875		1,327	11,136	—	10,863,338
Total	₱304,409,831		₱31,157,473	₱118,019,198	₱674,469	₱454,260,971

* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

** Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

*** Includes other financial assets presented under 'Other assets' (Note 14)

**** Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication

	Parent Company					
	2023					
	Loans and Receivables		Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Amount	%					
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	₱193,641,808	69.23	₱—	₱—	₱—	₱193,641,808
Real estate, renting and business activity	24,673,321	8.82	—	15,068	—	24,688,389
Wholesale and retail trade, repair of motor vehicles	22,778,412	8.14	—	—	—	22,778,412
Financial intermediaries	9,931,261	3.55	34,526,027	2,411,398	—	46,868,686
Manufacturing	7,440,705	2.66	—	166	—	7,440,871
Electricity, gas, steam and air-conditioning supply	7,128,254	2.55	—	2,399,382	—	9,527,636
Other service activities	3,683,352	1.32	—	1,071,840	—	4,755,192
Accommodation and food service activities	2,464,580	0.88	—	519,648	—	2,984,228
Transportation and storage	2,136,776	0.76	—	—	—	2,136,776
Construction	1,504,852	0.54	—	—	—	1,504,852
Government and foreign sovereign	1,483,752	0.53	—	86,027,333	—	87,511,085
Agriculture, fisheries and forestry	813,386	0.29	—	—	—	813,386
Administrative and support service activities	550,605	0.2	—	—	—	550,605
Education	146,845	0.05	—	—	—	146,845
Holding	72,204	0.03	—	3,964,409	—	4,036,613
Others****	1,272,739	0.45	—	—	619,150	1,891,889
	279,722,852	100.00	34,526,027	96,409,244	619,150	411,277,273
Allowance for credit losses (Note 15)	11,293,943		821	10,708	—	11,305,472
Total	₱268,428,909		₱34,525,206	₱96,398,536	₱619,150	₱399,971,801

* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

** Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

*** Includes other financial assets presented under 'Other assets' (Note 14)

**** Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication



Geographic Segmentation

The distribution of the Group's and Parent Company's financial assets by geographic region as of December 31, 2024 and 2023 follows:

Consolidated					
2024					
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Philippines	₱347,529,911	₱30,144,848	₱102,736,831	₱644,287	₱481,055,877
Asia (excluding Philippines)	286,432	346,037	13,576,130	—	14,208,599
Australia	—	39,337	—	—	39,337
Europe	22,365	565,822	3,789,810	15,356	4,393,353
North America	52,667	—	10,297	—	62,964
USA	—	1,779,615	—	40,856	1,820,471
	347,891,375	32,875,659	120,113,068	700,499	501,580,601
Allowance for credit losses (Note 15)	11,480,756	1,327	11,136	—	11,493,219
	₱336,410,619	₱32,874,332	₱120,101,932	₱700,499	₱490,087,382

* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

** Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

*** Includes other financial assets presented under 'Other assets' (Note 14)

Consolidated					
2023					
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Philippines	₱308,190,548	₱33,405,685	₱81,520,409	₱639,562	₱423,756,204
Asia (excluding Philippines)	279,347	661,626	13,198,807	—	14,139,780
Australia	—	73,293	—	—	73,293
Europe	21,534	164,522	2,022,107	4,272	2,212,435
North America	47,758	—	1,266,686	—	1,314,444
USA	—	778,390	—	19	778,409
	308,539,187	35,083,516	98,008,009	643,853	442,274,564
Allowance for credit losses (Note 15)	11,923,717	821	10,708	—	11,935,246
	₱296,615,470	₱35,082,695	₱97,997,301	₱643,853	₱430,339,319

* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

** Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

*** Includes other financial assets presented under 'Other assets' (Note 14)

Parent Company					
2024					
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Philippines	₱314,899,241	₱28,427,989	₱100,654,096	₱618,257	₱444,599,583
Asia (excluding Philippines)	286,432	346,037	13,576,131	—	14,208,600
Australia	—	39,337	—	—	39,337
Europe	22,365	565,822	2,177,669	15,356	2,781,212
North America	52,668	—	1,622,438	—	1,675,106
USA	—	1,779,615	—	40,856	1,820,471
	315,260,706	31,158,800	118,030,334	674,469	465,124,309
Allowance for credit losses (Note 15)	10,850,875	1,327	11,136	—	10,863,338
	₱304,409,831	₱31,157,473	₱118,019,198	₱674,469	₱454,260,971

* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

** Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

*** Includes other financial assets presented under 'Other assets' (Note 14)

Parent Company					
2023					
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Other Financial Assets***	Total
Philippines	₱279,374,213	₱32,848,196	₱79,921,644	₱614,859	₱392,758,912
Asia (excluding Philippines)	279,347	661,626	13,198,807	—	14,139,780
Australia	—	73,293	—	—	73,293
Europe	21,534	164,522	2,022,107	4,272	2,212,435
North America	47,758	—	1,266,686	—	1,314,444
USA	—	778,390	—	19	778,409
	279,722,852	34,526,027	96,409,244	619,150	411,277,273
Allowance for credit losses (Note 15)	11,293,943	821	10,708	—	11,305,472
	₱268,428,909	₱34,525,206	₱96,398,536	₱619,150	₱399,971,801

* Includes Due from BSP, Due from Other Banks and Interbank loans receivables and SPURA

** Includes financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost.

*** Includes other financial assets presented under 'Other assets' (Note 14)



The following summarizes the Group's credit risk management practices and the relevant quantitative and qualitative financial information regarding the credit exposures according to the Group's portfolios:

Internal Credit Risk Rating System

The Parent Company employs a credit scoring system for borrowers to assess risks relating to the borrower and the loan exposure. Borrower risk is evaluated by considering (a) quantitative factors, such as financial condition and (b) qualitative factors, such as management quality and industry outlook.

For corporate loans, the financial condition assessment focuses on profitability, liquidity, working capital management, and leverage. Management quality determination is based on the borrower's strategies, management competence and skills, and management of banking relationship while industry outlook is evaluated based on its importance to the economy, growth, industry structure and relevant government policies. Based on these factors, each borrower is assigned a Borrower Risk Rating (BRR), that ranges from 1 to 6. A borrower may be downgraded when it exhibits the characteristics of a classified account described below, in which case it will be assigned a risk rating ranging from 7 to 10.

The BRR for each borrower is reviewed annually. A more frequent review is warranted in cases where the borrower has a higher risk profile or when there are extraordinary or adverse developments affecting the borrower, the industry and/or the Philippine economy.

The following is a brief explanation of the Parent Company's risk grades:

Rating	Description	Account/Borrower Characteristics
1	Excellent	• Low probability of going into default within the coming year; very high debt service capacity and balance sheets show no sign of any weakness • Has ready access to adequate funding sources • High degree of stability, substance and diversity • Of the highest quality under virtual economic conditions
2	Strong	• Low probability of going into default in the coming year • Access to money markets is relatively good • Business remains viable under normal market conditions • Strong market position with a history of successful financial performance • Financials show adequate cash flows for debt servicing and generally conservative balance sheets
3	Good	• Sound but may be susceptible, to a limited extent, to cyclical changes in the markets in which they operate • Financial performance is good and capacity to service debt remains comfortable • Cash flows remain healthy and critical balance sheet ratios are at par with industry norms • Reported profits in the past three years and expected to sustain profitability in the coming year



Rating	Description	Account/Borrower Characteristics
4	Satisfactory	• Clear risk elements exist and probability of going into default is somewhat greater, as reflected in the volatility of earnings and overall performance • Normally have limited access to public financial markets • Able to withstand normal business cycles, but expected to deteriorate beyond acceptable levels under prolonged unfavorable economic period • Combination of reasonably sound asset and cash flow protection
5	High Acceptable	• Risk elements for the Parent Company are sufficiently pronounced, but would still be able to withstand normal business cycles • Immediate deterioration beyond acceptable levels is expected given prolonged unfavorable economic period • There is sufficient cash flow either historically or expected in the future in spite of economic downturn combined with asset protection
5B	Low Acceptable	• Financial condition hard to ascertain due to weak validation of financial statements coupled by funding leakages to other business interests whose financial condition is generally unknown • Continuous decline in revenues and margins due to competition • Substantial or unexplained build-up in borrowings with banks financing bulk of working capital and capex requirements coupled by substantial dividends pay-outs • Chronically tight cash flows with operating income negative or barely enough for debt servicing • With past record of past due loans with other banks, cancelled credit cards and court cases
6	Watchlist	• With identified disruptions that may negatively affect performance but are likely to be resolved within the year • Deteriorating revenue, net income, margins, and sustained increase in debt levels despite a slowdown in business activity • Diversion of fund to non-core or start-up businesses and other investments that are known to be unprofitable or high risk • Past due on interest and/or principal for ≤ 30 days and the delinquency is deemed temporary in nature • Account is still in current status but already restructured but no payment experience yet or requesting for payment deferments or loan restructuring • With temporary cashflow pressures arising from unexpected circumstances but are likely to be resolved once these adverse events are mitigated or resolved.



Rating	Description	Account/Borrower Characteristics
7	Special Mention	• Past due on interest and/or principal payments up to 90 days and the delinquency is not temporary in nature • Intermittent delays or inadequate repayment of principal, interest or amortizations • Past due account that is already requesting for payment deferments or loan restructuring • Restructured account that has yet to meet the required track record of sustained payments • Continuous renewal/extension without reduction in principal and lines with all creditors maxed-out and no clear source of repayment due to chronic tightness in cashflows • Prolonged contraction in the business brought by adverse economic or market conditions resulting in net losses and affecting its capacity to pay • Deficiency in documentation which have not been rectified within an agreed period of time unless for justifiable reasons
8	Substandard	• NPL or with chronic delays in payment because of unstable cashflow or with no definite commitment to pay or restructure • Loans have already been restructured but conditions have not been fully met or tenor has been renegotiated • Net loss for the last 2 years that have wiped out capital and business sustainability is a concern unless a major turnaround in business occurs. • Due to difficulty in generating cashflows to service debt, repayment of the loans depends on non-operating sources such as collateral, personal funds or other assets • Breach of key financial covenants that will have a significant effect on the borrower's capacity to pay
9	Doubtful	• Business heavily affected by environmental, economic, health, regulatory issues to the point that closure or bankruptcy is becoming imminent • Business is almost bankrupt, and the only possible solution are either merger, acquisition, capital infusion or refinancing plans which are still being worked-out • Business closure is imminent due to challenging business conditions such as substantial loss of market share, unsalable products due to obsolescence, tight competition and influx of cheap substitutes • With uncertainty if the Parent Company could find leviabile assets or if there are other assets that can be liquidated, full recovery of principal remains uncertain due to marketability and other outstanding claims • Client is difficult to coordinate with and is non-responsive to demand letters sent • Legal cases filed



Rating	Description	Account/Borrower Characteristics
10	Loss	• Business is non-operational and loans are considered absolutely uncollectible due to presence of fraud and major build-up of claims and litigation • Borrower's whereabouts unknown or insolvent or earning power-impaired and guarantors are insolvent or guarantee not financially supported

It is the Parent Company's policy to maintain accurate and consistent risk ratings across the corporate credit portfolio. This facilitates a focused management of the applicable risk and the comparison of credit exposures across all lines of businesses, geographic regions, and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Parent Company's rating policy. The risk ratings are assessed and updated regularly.

The consumer loan portfolio of the Group is composed of the following product lines: credit cards, auto, mortgage, salary, personal and branch loans. Each of these products have established credit risk guidelines and systems for managing credit risk across all businesses. For credit cards, auto, mortgage and personal loans, application and behavioral scoring models are in place that primarily consider demographic variables and/or payment behavior, for the assessment of the likelihood of default by the borrower. For the other consumer loans, minimum risk acceptance criteria were set for each portfolio according to the nature of the product and the target market and is used for the evaluation of the credit quality of borrowers at origination.

For purposes of comparison of different exposure types, the credit portfolios (corporate and consumer) of the Parent Company are benchmarked against marketable corporate debt securities (using the Standard & Poor's (S&P) global study on corporate exposures) based on credit risk rating and corresponding PDs (i.e., Investment Grade – BRR 1 to 4, Standard Grade – BRR 5, Substandard Grade – BRR 5B to 6, Nonperforming – BRR 7 to 10).

The Parent Company assigns credit risk using the following credit score master scale:

Credit quality	Description	Credit rating
Investment Grade	These accounts are of the highest quality and are likely to meet financial obligations.	AAA to AA+ AA AA- A+ A A- BBB+ BBB
Standard Grade	These accounts may be vulnerable to adverse business, financial and economic conditions but are expected to meet financial obligations.	BBB- BB+ BB BB- B+ B B-



Credit quality	Description	Credit rating
Substandard Grade	These accounts are vulnerable to non-payment but for which default has not yet occurred.	CCC+ to C-
Non-Performing	These refer to accounts which are in default or those that demonstrate objective evidence of impairment.	Default

External Ratings

The Group also uses external ratings, such as S&P's, Moody's, and Fitch, to evaluate its counterparties and in its assignment of credit risk weights to its banking book exposures. Transactions falling under this category are normally of the following nature: placements with other banks, money market lending, debt security investments, and to some extent, equity security investments.

Credit rating grades of gross carrying amounts of financial assets

The credit quality by class of the Group's loans and receivables (gross of allowance for credit losses and unamortized premium) as of December 31, 2024 and 2023 are as follows:

	2024			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	₱21,361,349	₱—	₱—	₱21,361,349
Standard Grade	35,619,816	849,853	—	36,469,669
Substandard Grade	—	39,924	—	39,924
Non-Performing	—	—	2,086,026	2,086,026
	56,981,165	889,777	2,086,026	59,956,968
Auto loans				
Investment Grade	2,302,737	—	—	2,302,737
Standard Grade	69,775,360	919,476	—	70,694,836
Substandard Grade	40,404	2,647,021	—	2,687,425
Non-Performing	—	—	5,499,477	5,499,477
	72,118,501	3,566,497	5,499,477	81,184,475
Credit cards				
Investment Grade	1,273	—	—	1,273
Standard Grade	67,747,527	627,487	—	68,375,014
Substandard Grade	408,297	2,453,652	—	2,861,949
Non-Performing	—	—	2,352,497	2,352,497
	68,157,097	3,081,139	2,352,497	73,590,733
Mortgage loans				
Investment Grade	—	—	—	—
Standard Grade	17,745,951	222,750	—	17,968,701
Substandard Grade	—	1,096,225	—	1,096,225
Non-Performing	—	—	1,070,550	1,070,550
	17,745,951	1,318,975	1,070,550	20,135,476
Other consumer loans**				
Investment Grade	57,328	—	—	57,328
Standard Grade	84,487,874	100,281	—	84,588,155
Substandard Grade	3,948	3,470,377	—	3,474,325
Non-Performing	—	—	3,820,825	3,820,825
	84,549,150	3,570,658	3,820,825	91,940,633
Other receivables***				
Investment Grade	2,090,154	—	—	2,090,154
Standard Grade	10,627,769	68,609	—	10,696,378
Substandard Grade	5,599	442,713	—	448,312
Non-Performing	—	—	350,999	350,999
	12,723,522	511,322	350,999	13,585,843
Total	₱312,275,386	₱12,938,368	₱15,180,374	₱340,394,128

*Include Corporate loans, Emerging Enterprise Loans and Branch Loans

**Include DepEd loans, Employee loans, Salary loans, Personal loans.

*** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.



	2023			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Corporate loans*				
Investment Grade	₱13,138,763	₱—	₱—	₱13,138,763
Standard Grade	39,700,746	2,666,021	—	42,366,767
Substandard Grade	—	1,252,173	—	1,252,173
Non-Performing	—	—	2,873,648	2,873,648
	52,839,509	3,918,194	2,873,648	59,631,351
Auto loans				
Investment Grade				
Standard Grade	63,120,779	8,180,949	—	71,301,728
Substandard Grade	—	111,930	—	111,930
Non-Performing	—	—	6,402,225	6,402,225
	63,120,779	8,292,879	6,402,225	77,815,883
Credit cards				
Investment Grade	5,561	—	—	5,561
Standard Grade	44,346,509	4,581,719	—	48,928,228
Substandard Grade	259,076	2,586,912	—	2,845,988
Non-Performing	—	—	2,133,105	2,133,105
	44,611,146	7,168,631	2,133,105	53,912,882
Mortgage loans				
Investment Grade				
Standard Grade	16,520,548	3,977	—	16,524,525
Substandard Grade	—	2,180,320	—	2,180,320
Non-Performing	—	—	1,242,980	1,242,980
	16,520,548	2,184,297	1,242,980	19,947,825
Other consumer loans**				
Investment Grade				
Standard Grade	71,113,653	44,683	—	71,158,336
Substandard Grade	—	3,865,551	—	3,865,551
Non-Performing	—	—	3,672,541	3,672,541
	71,113,653	3,910,234	3,672,541	78,696,428
Other receivables***				
Investment Grade	1,737,956	—	—	1,737,956
Standard Grade	5,565,334	554,039	—	6,119,373
Substandard Grade	3,695	647,636	—	651,331
Non-Performing	—	—	3,153,154	3,153,154
	7,306,985	1,201,675	3,153,154	11,661,814
Total	₱255,512,620	₱26,675,910	₱19,477,653	₱301,666,183

*Include Corporate loans and emerging enterprise loans

**Include Branch loans, DepEd loans, Employee loans, Salary loans, Personal loans

*** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.

The credit quality by class of the Parent Company's loans and receivables (gross of allowance for credit losses and unamortized premium) as of December 31, 2024 and 2023 are as follows:

	2024			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Corporate loans*				
Investment Grade	₱21,346,346	₱—	₱—	₱21,346,346
Standard Grade	35,619,817	849,852	—	36,469,669
Substandard Grade	—	39,925	—	39,925
Non-Performing	—	—	2,041,385	2,041,385
	56,966,163	889,777	2,041,385	59,897,325
Auto loans				
Investment Grade	2,302,737	—	—	2,302,737
Standard Grade	69,775,360	919,476	—	70,694,836
Substandard Grade	40,404	2,647,021	—	2,687,425
Non-Performing	—	—	5,499,477	5,499,477
	72,118,501	3,566,497	5,499,477	81,184,475

(Forward)



	2024			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Credit cards				
Investment Grade	₱1,273	₱—	₱—	₱1,273
Standard Grade	67,747,527	627,487	—	68,375,014
Substandard Grade	408,297	2,453,652	—	2,861,949
Non-Performing	—	—	2,352,497	2,352,497
	68,157,097	3,081,139	2,352,497	73,590,733
Mortgage loans				
Investment Grade	—	—	—	—
Standard Grade	17,745,951	222,750	—	17,968,701
Substandard Grade	—	1,096,225	—	1,096,225
Non-Performing	—	—	1,070,550	1,070,550
	17,745,951	1,318,975	1,070,550	20,135,476
Other Consumer Loans**				
Investment Grade	57,328	—	—	57,328
Standard Grade	53,889,552	100,696	—	53,990,248
Substandard Grade	3,948	1,561,686	—	1,565,634
Non-Performing	—	—	1,953,312	1,953,312
	53,950,828	1,662,382	1,953,312	57,566,522
Other receivables***				
Investment Grade	2,045,928	—	—	2,045,928
Standard Grade	10,396,536	140,633	—	10,537,169
Substandard Grade	5,599	336,236	—	341,835
Non-Performing	—	—	359,911	359,911
	12,448,063	476,869	359,911	13,284,843
Total	₱281,386,603	₱10,995,639	₱13,277,132	₱305,659,374

*Include Corporate loans, Emerging Enterprise Loans and Branch Loans

**Include DepEd loans, Employee loans, Salary loans, Personal loans,

*** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.

	2023			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Investment Grade	₱13,138,763	₱—	₱—	₱13,138,763
Standard Grade	39,672,390	2,666,021	—	42,338,411
Substandard Grade	—	1,252,173	—	1,252,173
Non-Performing	—	—	2,827,202	2,827,202
	52,811,153	3,918,194	2,827,202	59,556,549
Auto loans				
Investment Grade	—	—	—	—
Standard Grade	63,120,779	8,180,949	—	71,301,728
Substandard Grade	—	111,930	—	111,930
Non-Performing	—	—	6,402,223	6,402,223
	63,120,779	8,292,879	6,402,223	77,815,881
Credit cards				
Investment Grade	5,561	—	—	5,561
Standard Grade	44,346,509	4,581,719	—	48,928,228
Substandard Grade	259,076	2,586,912	—	2,845,988
Non-Performing	—	—	2,133,105	2,133,105
	44,611,146	7,168,631	2,133,105	53,912,882
Mortgage loans				
Investment Grade	—	—	—	—
Standard Grade	16,520,548	3,977	—	16,524,525
Substandard Grade	—	2,180,320	—	2,180,320
Non-Performing	—	—	1,242,980	1,242,980
	16,520,548	2,184,297	1,242,980	19,947,825
Other Consumer Loans**				
Investment Grade	—	—	—	—
Standard Grade	44,973,343	44,705	—	45,018,048
Substandard Grade	—	1,775,831	—	1,775,831
Non-Performing	—	—	1,746,444	1,746,444
	44,973,343	1,820,536	1,746,444	48,540,323

(Forward)



	2023			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Other receivables***				
Investment Grade	₱1,705,418	₱—	₱—	₱1,705,418
Standard Grade	5,143,782	618,034	—	5,761,816
Substandard Grade	3,695	569,956	—	573,651
Non-Performing	—	—	3,224,732	3,224,732
	6,852,895	1,187,990	3,224,732	11,265,617
Total	₱228,889,864	₱24,572,527	₱17,576,686	₱271,039,077

*Include Corporate loans, Emerging Enterprise Loans and Branch Loans

**Include DepEd loans, Employee loans, Salary loans, Personal loans,

*** Include Accrued interest receivables, Accounts receivables and Sales contract receivables.

The credit quality by class of the Group's financial assets other than loans and receivables (gross of allowance for credit losses) as of December 31, 2024 and 2023 are as follows:

Credit Score	2024			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Due from BSP				
Investment Grade	₱27,361,439	₱—	₱—	₱27,361,439
Due from other banks				
Investment Grade	4,750,666	—	—	4,750,666
Interbank loans receivables and SPURA				
Investment Grade	763,554	—	—	763,554
Financial assets at FVPL				
Investment Grade	9,174,276	—	—	9,174,276
Financial assets at FVOCI				
Investment Grade	26,823,393	—	—	26,823,393
Standard Grade	523,376	1,658,137	—	2,181,513
	27,346,769	1,658,137	—	29,004,906
Investment securities at amortized cost				
Investment Grade	80,321,744	—	—	80,321,744
Standard Grade	—	1,612,142	—	1,612,142
	80,321,744	1,612,142	—	81,933,886
Other financial assets (Note 14)				
Standard Grade	83,133	—	—	83,133
Non-Performing	—	—	617,366	617,366
	83,133	—	617,366	700,499
Total	₱149,801,581	₱3,270,279	₱617,366	₱153,689,226

Credit Score	2023			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Due from BSP				
Investment Grade	₱16,171,987	₱—	₱—	₱16,171,987
Due from other banks				
Investment Grade	2,470,111	—	—	2,470,111
Interbank loans receivables and SPURA				
Investment Grade	16,441,418	—	—	16,441,418
Financial assets at FVPL				
Investment Grade	4,112,322	—	—	4,112,322
Financial assets at FVOCI				
Investment Grade	16,668,957	—	—	16,668,957
Standard Grade	263,722	1,551,281	—	1,815,003
	16,932,680	1,551,281	—	18,483,960
Investment securities at amortized cost				
Investment Grade	74,857,384	—	—	74,857,384
Standard Grade	—	554,343	—	554,343
	74,857,384	554,343	—	75,411,727
Other financial assets (Note 14)				
Standard Grade	21,812	—	—	21,812
Non-Performing	—	—	622,041	622,041
	21,812	—	622,041	643,853
Total	₱131,007,714	₱2,105,624	₱622,041	₱133,735,378



The credit quality by class of the Parent Company's financial assets other than loans and receivables (gross of allowance for credit losses) as of December 31, 2024 and 2023 are as follows:

Credit Score	2024			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Due from BSP				
Investment Grade	₱26,917,286	₱–	₱–	₱26,917,286
Due from other banks				
Investment Grade	3,477,960	–	–	3,477,960
Interbank loans receivables and SPURA				
Investment Grade	763,554	–	–	763,554
Financial assets at FVPL				
Investment Grade	9,174,276	–	–	9,174,276
Financial assets at FVOCI				
Investment Grade	26,823,393	–	–	26,823,393
Standard Grade	523,376	1,658,137	–	2,181,513
	27,346,769	1,658,137	–	29,004,906
Investment securities at amortized cost				
Investment Grade	78,239,010	–	–	78,239,010
Standard Grade	–	1,612,142	–	1,612,142
	78,239,010	1,612,142	–	79,851,152
Other financial assets (Note 14)				
Standard Grade	83,133			83,133
Non-Performing			591,336	591,336
	83,133	–	591,336	674,469
Total	₱146,001,988	₱3,270,279	₱591,336	₱149,863,603

Credit Score	2023			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Due from BSP				
Investment Grade	₱15,745,451	₱–	₱–	₱15,745,451
Due from other banks				
Investment Grade	2,339,158	–	–	2,339,158
Interbank loans receivables and SPURA				
Investment Grade	16,441,418	–	–	16,441,418
Financial assets at FVPL				
Investment Grade	4,112,322	–	–	4,112,322
Financial assets at FVOCI				
Investment Grade	16,668,957	–	–	16,668,957
Standard Grade	263,722	1,551,281	–	1,815,003
	16,932,679	1,551,281	–	18,483,960
Investment securities at amortized cost				
Investment Grade	73,258,619	–	–	73,258,619
Standard Grade	–	554,343	–	554,343
	73,258,619	554,343	–	73,812,962
Other financial assets (Note 14)				
Standard Grade	21,812	–	–	21,812
Non-Performing	–	–	597,337	597,337
	21,812	–	597,337	619,149
Total	₱128,851,459	₱2,105,624	₱597,337	₱131,554,420



Total credit risk exposure after risk mitigation

The table below shows the different credit risk exposures of the Group and of the Parent Company after credit risk mitigation, by risk weight applied in accordance with BSP Circular No. 538:

	Consolidated							Total
	2024							
	Capital Deduction	Risk Buckets						
		0%	20%	50%	75%	100%	150%	
Credit risk exposure after risk mitigation								
On-balance sheet assets	₹12,896,069	₹65,108,264	₹1,763,312	₹87,298,086	₹5,168,532	₹316,770,754	₹13,313,498	₹489,422,446
Off-balance sheet assets	—	—	—	—	—	2,760,539	—	2,760,539
Counterparty in the banking book (derivatives and repo-style transactions)	—	—	171,739	2,414,932	—	—	2,586,672	5,173,343
	₹12,896,069	₹65,108,264	₹1,935,051	₹89,713,018	₹5,168,532	₹319,531,293	₹15,900,170	₹497,356,328
Credit Risk Weighted Assets	₹—	₹—	₹387,010	₹44,856,509	₹3,876,399	₹319,531,293	₹23,850,255	₹392,501,466

	Consolidated							Total
	2023							
	Capital Deduction	Risk Buckets						
		0%	20%	50%	75%	100%	150%	
Credit risk exposure after risk mitigation								
On-balance sheet assets	P=	P66,987,927	P3,217,431	P74,056,036	P9,192,168	P273,792,753	P11,808,702	P439,055,017
Off-balance sheet assets	-	-	484,122	3,087,808	-	434,151	-	4,006,081
Counterparty in the banking book (derivatives and repo-style transactions)	-	14,918,358	2,284,109	1,487,099	191,094	55,834		18,936,495
	P=	P81,906,283	P5,985,662	P78,630,943	P9,383,262	P274,282,738	P11,808,702	P461,997,593
Credit Risk Weighted Assets	P=	P=	P1,197,133	P39,315,472	P7,037,447	P274,282,739	P17,713,053	P339,545,843

	Parent Company							Total
	2024							
	Capital Deduction	Risk Buckets						
		0%	20%	50%	75%	100%	150%	
Credit risk exposure after risk mitigation								
On-balance sheet assets	¥18,788,433	¥62,429,302	¥1,763,312	¥87,298,086	¥5,168,532	¥284,665,786	¥11,591,882	¥452,916,900
Off-balance sheet assets	—	—	—	—	—	2,760,539	—	2,760,539
Counterparty in the banking book (derivatives and repo-style transactions)	—	—	171,739	2,414,932	—	—	—	2,586,671
	¥18,788,433	¥62,429,302	¥1,935,051	¥89,713,018	¥5,168,532	¥287,426,325	¥11,591,882	¥458,264,110
Credit Risk Weighted Assets	¥—	¥—	¥387,010	¥44,856,509	¥3,876,399	¥287,426,325	¥17,387,823	¥353,934,066

	Parent Company							Total
	2023							
	Capital Deduction	Risk Buckets						
		0%	20%	50%	75%	100%	150%	
Credit risk exposure after risk mitigation								
On-balance sheet assets	₱14,306	₱64,844,786	₱3,217,410	₱74,056,036	₱9,192,168	₱246,702,010	₱10,061,172	₱408,073,583
Off-balance sheet assets	–		484,122	3,087,808	–	434,151	–	4,006,081
Counterparty in the banking book (derivatives and repo-style transactions)								
		14,918,358	2,284,109	1,487,099	191,094	55,834	–	18,936,495
	₱14,306	₱79,763,144	₱5,985,641	₱78,630,943	₱9,383,262	₱247,191,996	₱10,061,172	₱431,016,159
Credit Risk Weighted Assets	₱–	₱–	₱1,197,128	₱39,315,472	₱7,037,447	₱247,191,996	₱15,091,758	₱309,833,801

Liquidity Risk

Liquidity risk is the risk that sufficient funds are unavailable to adequately meet all maturing liabilities, including demand deposits and off-balance sheet commitments. The main responsibility of daily asset liability management lies with the Parent Company's Treasury Group, specifically the Liquidity Desk, which are tasked to manage the balance sheet and have thorough understanding of the risk elements involved in the respective businesses. Only the Parent Company and EWRB are potentially exposed to liquidity risk exposures, where their liquidity risk management are monitored by their respective ALCOs. Resulting analysis of the balance sheet along with the recommendation is presented during the weekly ALCO meeting where deliberations, formulation of actions and decisions are made to minimize risk and maximize returns.



Discussions include actions taken in the previous ALCO meeting, economic and market status and outlook, liquidity risk, pricing and interest rate structure, limit status and utilization. To ensure that both the Parent Company and EWRB have sufficient liquidity at all times, the respective ALCO formulates a contingency funding plan which sets out the amount and the sources of funds (such as unutilized credit facilities) available to both entities and the circumstances under which such funds will be used.

By way of the Maximum Cumulative Outflow (MCO) limit, the Group is able to manage its long-term liquidity risks by placing a cap on the outflow of cash on a cumulative basis. The Group takes a multi-tiered approach to maintaining liquid assets. The Group's principal source of liquidity is comprised of Cash and other cash items, Due from BSP, Due from other banks and Interbank loans receivables and SPURA with maturities of less than one year. In addition to regulatory reserves, the Parent Company maintains a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be realized quickly.

Analysis of financial assets and liabilities by remaining maturities

The tables below present the maturity profile of the financial assets and liabilities of the Group and of the Parent Company (reflected in thousands) which it uses to manage its liquidity risk. It is based on its internal methodology to determine the expected date the financial asset will be realized, or the financial liability will be settled. This is done through cash flow measurement and projections using contractual undiscounted cash flows or derived from the behavioral assumptions for the assets or liabilities. This approach is used to properly estimate future cash flows and enable the Group to proactively manage its liquidity requirement.

	Consolidated						
	2024						
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	Total
Financial Assets							
Cash and cash equivalents*	₱41,471,036	₱763,554	₱–	₱–	₱–	₱–	₱42,234,590
Investments and trading securities**	–	8,528	16,232	25,035	50,621	235,921,842	236,022,258
Loans and receivables***	43,320,011	51,210,348	20,766,233	17,665,595	23,039,016	306,026,031	462,027,234
Other assets	–	157,711	–	–	–	404,935	562,646
	₱84,791,047	₱52,140,141	₱20,782,465	₱17,690,630	₱23,089,637	₱542,352,808	₱740,846,728
Financial Liabilities							
Deposit liabilities****	₱311,596,413	₱56,690,497	₱36,674,337	₱13,239,405	₱11,768,169	₱4,532,334	₱434,501,155
Bills and acceptances payable	–	164,162	312,438	481,896	974,383	42,302,624	44,235,503
Lease liability	–	94,765	191,585	287,796	580,680	8,994,362	10,149,188
Other liabilities	–	–	–	–	11,773,753	5,103,996	16,877,749
contingent liabilities*****	–	7,729	9,053	11,553	15,938	–	44,273
	₱311,596,413	₱56,957,153	₱37,187,413	₱14,020,651	₱25,112,921	₱60,933,316	₱505,807,867

*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA

**Consists of financial assets at FVPL, investment securities at amortized cost, financial assets at FVOCI and interest receivables from investment securities at amortized cost

***Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets

****Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities

***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines



	Consolidated						Total
	2023						
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	
Financial Assets							
Cash and cash equivalents*	₱28,012,236	₱16,441,418	₱—	₱—	₱—	₱—	₱44,453,654
Investments and trading securities**	—	9,052	13,320	25,911	43,262	173,037,828	173,129,374
Loans and receivables***	35,718,917	41,098,650	16,941,533	15,662,752	19,021,973	281,627,675	410,071,500
Other assets	—	78,452	—	—	—	397,405	475,857
	₱63,731,153	₱57,627,573	₱16,954,853	₱15,688,663	₱19,065,235	₱455,062,908	₱628,130,385
Financial Liabilities							
Deposit liabilities****	₱266,002,711	₱39,091,366	₱15,511,122	₱2,356,588	₱1,205,077	₱6,069,224	₱330,236,087
Bills and acceptances payable	—	85,732	140,496	216,698	438,158	15,423,440	16,304,523
Lease liability	—	91,174	178,808	260,137	518,075	8,564,210	9,612,404
Other liabilities	—	—	—	—	10,723,873	36,017	10,759,890
Contingent liabilities*****	—	8,221	13,402	14,482	19,274	—	55,379
	₱261,334,116	₱52,821,400	₱29,293,059	₱11,540,179	₱20,126,398	₱18,401,062	₱393,516,215

*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA

**Consists of financial assets at FVPL, investment securities at amortized cost, financial assets at FVOCI and interest receivables from investment securities at amortized cost

***Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets

**** Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities

***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

	Parent Company						
	2024						
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	Total
Financial Assets							
Cash and cash equivalents*	₱39,646,213	₱763,554	₱—	₱—	₱—	₱—	₱40,409,767
Investments and trading securities**	—	8,276	15,751	24,293	49,121	232,764,850	232,862,291
Loans and receivables***	43,163,313	52,008,678	20,329,181	16,977,140	21,558,187	264,029,183	418,065,682
Other assets	—	157,016	—	—	—	379,600	536,616
	₱82,809,526	₱52,937,524	₱20,344,932	₱17,001,433	₱21,607,308	₱497,173,633	₱691,874,356
Financial Liabilities							
Deposit liabilities****	₱284,087,947	₱56,690,497	₱36,674,337	₱13,239,405	₱11,768,169	₱4,532,334	₱406,992,689
Bills and acceptances payable	—	164,162	312,438	481,896	974,383	42,302,624	44,235,503
Lease liability	—	94,444	189,206	280,688	549,106	8,791,349	9,904,792
Other liabilities	—	—	—	—	10,025,862	4,931,853	14,957,715
Contingent liabilities*****	—	7,729	9,053	11,553	15,938	—	44,273
	₱284,087,947	₱56,956,832	₱37,185,034	₱14,013,542	₱23,333,458	₱60,558,160	₱476,134,972

*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA

**Consists of financial assets at FVPL, investment securities at amortized cost, financial assets at FVOCI and interest receivables from investment securities at amortized cost

***Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets

**** Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities

***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines

	Parent Company						
	2023						
	On demand	Up to 1 month	>1 to 3 months	>3 to 6 months	>6 to 12 months	Beyond 1 year	Total
Financial Assets							
Cash and cash equivalents*	P27,369,360	P16,441,418	P–	P–	P–	P–	P43,810,779
Investments and trading securities**	–	8,867	12,967	25,366	42,161	170,885,010	170,974,371
Loans and receivables***	35,483,970	41,712,034	16,547,398	15,043,635	17,694,291	244,904,989	371,386,317
Other assets	–	77,727	–	–	–	373,427	451,154
	P62,853,330	P58,240,046	P16,560,365	P15,069,001	P17,736,452	P416,163,426	P586,622,621
Financial Liabilities							
Deposit liabilities****	270,838,284	39,091,366	15,511,122	2,356,588	1,205,077	6,069,224	335,071,660
Bills and acceptances payable	–	85,732	140,496	216,698	438,158	15,423,440	16,304,523
Lease liability	–	91,116	178,620	257,986	493,476	8,364,248	9,385,445
Other liabilities	–	–	–	–	9,253,745	36,017	9,289,762
Contingent liabilities*****	–	8,221	13,402	14,482	19,274	–	55,379
	P246,201,977	P52,821,343	P29,292,871	P11,538,028	P18,896,864	P18,009,487	P376,760,569

*Consists of cash and cash other items, due from BSP, due from other banks and Interbank loans receivables and SPURA

**Consists of financial assets at FVPL, investment securities at amortized cost, financial assets at FVOCI and interest receivables from investment securities at amortized cost

***Consists of loans and receivables, sales contract receivables, bills purchased, accrued interest receivables, accounts receivables, unearned discounts and other assets classified as financial assets

**** Consist of demand and savings deposit, time certificate of deposit, long term negotiable certificates of deposit and interest payable for these deposit liabilities

***** Consists of forecasted utilization from credit cards lines, and forecasted utilization from CBG credit lines



The Parent Company manages liquidity by maintaining sufficient liquid assets in the form of cash and cash equivalents, investment securities and loan receivables. As of December 31, 2024 and 2023, ₱154.04 billion (36.83%) and ₱126.48 billion (34.06%) respectively, of the Parent Company's loans and receivables (including interest) had remaining maturities of less than one (1) year. The total portfolio of trading and investment securities is comprised mostly of sovereign-issued securities that have high market liquidity. With the above presented liquidity profile, the Group remains to be inhibited from liquidity risk that it cannot adequately manage.

Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The Parent Company treats exposures to market risk as either trading or accrual or balance sheet exposure. The market risk for the trading and investment portfolio is measured using Value at Risk (VaR). Interest rate risk of accrual portfolios in the Banking Book are measured using Earnings at Risk (EaR).

Market Risk in the Trading Book

The BOD has set limits on the level of market risk that may be accepted. VaR limits are applied at the portfolio level and approved by the BOD based on, among other things, a business unit's capacity to manage price risks, the size and distribution of the aggregate exposure to price risks and the expected return relative to price risks. The Parent Company has a Management Action Trigger (MAT) to control actual losses (composed of realized and unrealized losses) for its Trading Book.

The Parent Company applies the VaR methodology to assess the market sensitive positions held for trading and to estimate the potential economic loss based on parameters and assumptions. VaR is a method used in measuring market risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon.

Objectives and limitations of the VaR Methodology

The Parent Company utilizes the VaR model of Bloomberg Portfolio Analytics using one-year historical data set to assess possible changes in the market value of the fixed income trading portfolio. VaR for the US treasury futures is measured using Historical Simulation, while VaR for Foreign Exchange are calculated through the Parametric methodology- both instruments utilize an internally developed Excel spreadsheet.

The VaR models are designed to measure market risk in a normal market environment. The use of VaR has limitations because correlations and volatilities in market prices are based on historical data and VaR assumes that future price movements will follow a statistical distribution. Due to the fact that VaR relies heavily on historical data to provide information and may not clearly predict the future changes and modifications of the risk factors, the probability of large market moves may be underestimated.

VaR may also be under or overestimated due to assumptions placed on risk factors and the relationship between such factors for specific instruments. Even though positions may change throughout the day, VaR only represents the risk of the portfolio at the close of each business day, and it does not account for any losses that may occur beyond the specified confidence level.

In practice, actual trading results will differ from the VaR calculation and the calculation does not provide a meaningful indication of profits and losses in stressed market conditions. To determine the reliability of the VaR model, actual outcomes are monitored through hypothetical back testing to test the accuracy of the VaR model.



Stress testing provides a means of complementing VaR by simulating the potential loss impact on market risk positions from extreme market conditions, such as risk factor movements based on historical financial market stress conditions and scenarios adopted from the uniform stress testing framework of the BSP.

VaR assumptions

The VaR that the Parent Company uses for majority of its trading exposures is at 99% confidence level, while FX uses a confidence level of 90% with a premise that this potential loss estimate is not expected to be exceeded if the current market risk positions were to be held unchanged for a given holding period. Foreign exchange and US Treasury Futures VaR is measured using one (1) day holding period while fixed income VaR has a holding period of five (5) days. The use of a 99% confidence level means that within the set time horizon, losses exceeding the VaR figure should occur, on average, not more than once every hundred days.

VaR is an integral part of the Parent Company's market risk management and encompasses investment positions held for trading. VaR exposures form part of the market risk monitoring which is reviewed daily against the limit approved by the BOD. The trading activities are controlled through the Market Risk Limit (MRL). RMD reports compliance to the MRL and trader's VaR limits daily. If the MRL or individual trader's limit is exceeded, any occurrence is promptly reported to the appropriate authorities such as the Treasurer, Chief Risk Officer and the Chief Executive Officer, and further to the BOD through the RMC.

The table below pertains to interest rate risk of the Parent Company's fixed income trading portfolio:

	2024	2023
Year-end VaR	₱389,382	₱137,158
Average VaR	360,218	125,374
Highest VaR	550,096	237,091
Lowest VaR	136,660	15,639

The year-end VaR for 2024 was based on the Parent Company's fixed income trading book valued at ₱5.82 billion with average yields of 6.41% and 7.69% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 12 years for the peso portfolio and 26 years for the foreign currency portfolio.

The year-end VaR for 2023 was based on the Parent Company's fixed income trading book valued at ₱4.06 billion with average yields of 6.22% and 7.16% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 10 years for the peso portfolio and 26 years for the foreign currency portfolio.

The market risk in the Parent Company's US treasury futures trading positions is shown in the table below:

	2024	2023
Year-end VaR	₱—	₱—
Average VaR	2,969	2,674
Highest VaR	32,249	109,397
Lowest VaR	—	—



Foreign Currency Risk

The Parent Company holds foreign currency denominated assets and liabilities; thus, foreign exchange rate fluctuations can affect the financials and cash flows of the Parent Company. Managing the foreign exchange exposure is important for banks with exposures in foreign currencies. For the Parent Company, this includes purchase or sell of foreign currency to control the impact of changes in exchange rates on its financial position.

The table below pertains to the foreign exchange risk of the Parent Company:

	2024	2023
Year-end VaR	₱31,095	₱27,318
Average VaR	24,128	23,885
Highest VaR	63,301	40,369
Lowest VaR	3,816	8,516

The Parent Company's foreign currency exposures emanate from its net open spot and forward FX purchase and sell transactions and net foreign currency income accumulated over the years of its operations. Foreign currency-denominated deposits are generally used to fund the Parent Company's foreign currency-denominated loan and investment portfolios in the FCDU.

In the FCDU books, BSP requires banks to match the foreign currency assets with the foreign currency liabilities. Thus, banks are required to maintain at all times a 100.00% cover for their foreign currency liabilities held through FCDU.

Total foreign currency position is monitored through the daily BSP FX position reports, which are subject to the overbought and oversold limits set by the BSP at 25.00% of qualifying capital or US\$150.00 million, whichever is lower.

The tables below summarize the material exposures to foreign currencies of the Parent Company as of December 31, 2024 and 2023:

	2024					Total
	USD	CNY	HKD	JPY	Other Currencies*	
Assets						
Gross FX assets	\$1,760,574	\$15,615	\$453	\$10,524	\$102,480	\$1,889,646
Contingent FX assets	188,424	13,969	-	-	70,410	\$ 272,803
	1,948,997	29,584	453	10,524	172,890	2,162,449
Liabilities						
Gross FX liabilities	1,776,756	22,393	1,066	10,757	99,642	\$ 1,910,615
Contingent FX liabilities	207,778	9,566	1,030	1,300	72,730	\$ 292,404
	1,984,534	31,960	2,096	12,057	172,372	2,203,020
Net exposure	(\$35,537)	(\$ 2,376)	(\$1,643)	(\$1,533)	\$518	(\$40,571)

*Other currencies include GBP, CAD, EUR, AUD, NZD and SGD.

	2023					Total
	USD	CNY	HKD	JPY	Other Currencies*	
Assets						
Gross FX assets	\$1,421,604	\$3,225	\$2,173	\$17,117	\$84,396	\$1,528,515
Contingent FX assets	121,750	24,853	-	532	11,653	\$ 158,789
	1,543,354	28,078	2,173	17,649	96,049	1,687,304
Liabilities						
Gross FX liabilities	1,336,366	26,606	3,025	16,239	40,319	\$ 1,422,556
Contingent FX liabilities	299,769	96	222	409	56,386	\$ 356,882
	1,636,135	26,702	3,247	16,649	96,705	1,779,438
Net exposure	(\$92,781)	\$ 1,376	(\$1,074)	\$1,000	(\$656)	(\$92,134)

*Other currencies include GBP, HKD, AUD, NZD and SGD.



The Parent Company's positions in other currencies are not individually significant.

The tables below indicate the sensitivity of the currencies which the Parent Company had significant exposures as of December 31, 2024, and 2023. The analysis calculates the impact of potential fluctuations of the foreign currency rate against Peso on the statements of income and equity, holding other variables constant. A negative amount reflects a potential net reduction while a positive amount reflects a net potential increase. The Parent Company manages FX exposures that both impact the statements of income and equity.

The impact of the significant foreign currency-denominated position (excluding FCDU USD-denominated position) on the Bank's statement of income that eventually goes to equity is shown in the table below:

Foreign currency appreciates (depreciates)	2024			
	USD	CNY	HKD	JPY
10.00%	₱214,638	(₱13,743)	(₱9,503)	(₱8,871)
-10.00%	(₱214,638)	₱13,743	₱9,503	₱8,871

Foreign currency appreciates (depreciates)	2023			
	USD	CNY	EUR	JPY
10.00%	(₱234,562)	₱7,618	(₱5,945)	₱5,539
-10.00%	₱234,562	(₱7,618)	₱5,945	(₱5,539)

The impact of the FCDU USD-denominated position that goes directly to the Bank's statement of equity is shown in the table below:

Foreign currency appreciates (depreciates)	2024	2023
	USD	USD
10.00%	(₱420,200)	(₱279,165)
-10.00%	₱420,200	₱279,165

Market Risk in the Banking Book

Interest rate risk

Interest rate risk in the banking book (IRRBB) is inherent in the Groups' traditional banking activities that include taking deposits to invest or grant loans. The future cash flows from these activities are exposed to variations in interest rates, largely from mismatch in tenors and prices. The Bank employs two perspectives in measuring IRRBB a) through economic perspective with Change in Economic Value of Equity (EVE) and b) through earnings perspective with Earnings-at-Risk (EaR) and VaR specifically for fixed income instruments categorized as fair value through other comprehensive income (FVOCI). EVE is an economic measure or indicator of net cash flow calculated by taking the present value of all asset cash flows and subtracts the present value of all liability cash flows. It is the net present value (NPV) or prevailing value of the Bank's balance sheet cash flows. With the use of EVE, impact to equity may be determined by subjecting the Bank's balance sheet cashflows to shocked rates. Such measure can be used for asset-liability management and in determining the impact of interest rate risk relative to equity. Respectively, EaR measures the net interest income movement due to changes in prevailing interest rates and the balance sheet re-pricing profile of the Group. The EaR limit is set as a function of the Group's net interest margin (NIM). The EaR limit preserves the Group's capital and competitive position by restricting the impact of interest rate sensitivities to NIM within the corridor of above average and within the first quartile of its peer banks. In measuring EaR, the Group's interest re-pricing assets and liabilities are matched by re-pricing (or maturity if non-repricing) buckets covering tenors within a one-year horizon, and corresponding gaps determined. If positive gap is noted, it implies that an increase in interest rates will positively affect the net interest income. Conversely, a negative gap implies that an increase in



interest rates will negatively affect the net interest income. The estimated nominal impact to the Bank's earnings is derived by multiplying the volatility of benchmark yields for each tenor bucket to the repricing gap profile. The result is compared vs EaR limit to monitor the compliance with the limit and is reported to the RMC on a monthly basis. Additionally, EaR limit is reviewed and updated annually to ensure its continued relevance and alignment with the Group's financial targets, strategies, and overall risk appetite.

To complement EaR and provide Management a more holistic view of market risk in the Banking Book, the Group performs forward looking scenario, sensitivity analysis as well as stress testing activities to identify any vulnerabilities. The Bank employs three (3) methodologies in the conduct of stress testing a) economic/historical stress test which assumes a parallel shift in interest yield curves of 660 basis points for PHP-denominated assets and liabilities and 270basis points for USD-denominated, b) uniform stress test, a regulatory-prescribed stress test, has three (3) scenarios with assumed parallel shift in interest rates for both PHP (from 300bps to 500bps) and USD (from 100bps to 300bps), c) reverse stress test, which primarily measures the highest swing in interest rates that can potentially wipe out the Parent Company's target net income and net interest income.

The Parent Company employs the Value-at-Risk (VaR) measurement for debt instruments categorized as fair value through other comprehensive income (FVOCI) to manage the potential threat of market fluctuations to its earnings and capital. Fixed income instruments at FVOCI are assets whose objective falls under both to collect contractual cash flows and/or sell the assets. Since fair value changes from items booked at FVOCI directly impact the equity, it is prudent to monitor and manage said risk where capital stability is sustained. The VaR assumptions and methodologies for FVOCI exposures are same as those used for the Trading Book. Similar to the Trading Book, the Parent Company has a MAT to control actual losses (composed of realized and unrealized losses) for its Banking Book.

The table below pertains to interest rate risk of the Parent Company's FVOCI portfolio:

	2024	2023
Year-end VaR	₱1,049,756	₱527,505
Average VaR	799,391	441,174
Highest VaR	1,076,905	536,886
Lowest VaR	495,577	334,770

The year-end VaR for 2024 was based on the Parent Company's FVOCI fixed income portfolios valued at ₱4.63 billion with average yields of 4.19% and 4.09% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 16 years and 9 months for the peso portfolio and 26 years and 1 month for the foreign currency portfolio.

The year-end VaR for 2023 was based on the Parent Company's FVOCI fixed income portfolios valued at ₱18.47 billion with average yields of 5.00% and 3.82% for the peso and foreign currency denominated bonds, respectively. Its average maturities are 15 years and 3 months for the peso portfolio and 12 years and 9 months for the foreign currency portfolio.

The IRRBB risk profile is also reported to the ALCO. The ALCO deliberates on matters pertaining to the management of the Bank's assets and liabilities, such as achieving optimum asset and liability mix, pricing, liquidity levels, repricing gap positions, and asset quality. The Bank's ALCO meets on a weekly basis.



The Bank manages its IRRBB through effective diversification of funding sources. By offering various deposit, investment and loan products with differing maturities, the Bank is able to meet its short, medium and long-term obligations, optimize returns, and provide options that cater to differing preferences of its target market. The Bank's target funding mix is aligned with the Bank's overall growth plans. While the Bank mainly manages IRRBB through careful planning of its cashflows, it also has access to various derivative products that provide flexibility in responding to more abrupt market developments.

The following tables provide the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of the Group as of December 31, 2024 and 2023:

2024					
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBUI					
<i>Financial assets:</i>					
Cash and cash equivalents*	7.66%	-	-	-	-
Investment securities**	-	5.13%	4.85%	5.63%	5.04%
Loans and receivables	7.13%	7.86%	8.59%	7.64%	12.16%
<i>Financial liabilities:</i>					
Deposit liabilities	5.11%	5.18%	4.91%	4.15%	4.29%
Bills payable and SSURA	6.15%	-	-	-	-
FCDU					
<i>Financial assets:</i>					
Cash and cash equivalents*	2.60%	-	-	-	-
Investment securities**	0.40%	-	-	-	4.82%
Loans and receivables	6.72%	5.46%	5.32%	1.00%	-
<i>Financial liabilities:</i>					
Deposit liabilities	4.14%	3.94%	3.64%	2.74%	3.21%
Bills payable and SSURA	1.01%	1.30%	-	-	-
*Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA					
**Pertain to financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost					
2023					
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBUI					
<i>Financial assets:</i>					
Cash and cash equivalents*	6.27%	-	-	-	-
Investment securities**	-	5.13%	4.88%	4.85%	4.95%
Loans and receivables	7.24%	7.86%	8.36%	12.47%	11.48%
<i>Financial liabilities:</i>					
Deposit liabilities	4.79%	4.42%	3.71%	3.58%	3.97%
FCDU					
<i>Financial assets:</i>					
Cash and cash equivalents*	3.40%	-	-	-	-
Investment securities**	0.50%	-	4.88%	-	4.69%
Loans and receivables	4.97%	6.56%	7.28%	-	-
<i>Financial liabilities:</i>					
Deposit liabilities	4.24%	3.98%	3.91%	3.41%	2.70%
Bills payable and SSURA	5.62%	5.76%	-	-	-
*Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA					
**Pertain to financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost					



The following tables provide the average interest rates by period of re-pricing (or by period of maturity if there is no re-pricing) of the Parent Company as of December 31, 2024 and 2023:

	2024				
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBU					
<i>Financial assets:</i>					
Cash and cash equivalents*	7.66%	-	-	-	-
Investment securities**	-	5.13%	4.85%	5.63%	5.04%
Loans and receivables	7.13%	7.86%	8.59%	7.64%	13.12%
<i>Financial liabilities:</i>					
Deposit liabilities	4.98%	5.08%	4.91%	4.15%	4.29%
FCDU					
<i>Financial assets:</i>					
Cash and cash equivalents*	2.60%	-	-	-	-
Investment securities**	0.40%	-	-	-	4.82%
Loans and receivables	6.72%	5.46%	5.32%	1.00%	-
<i>Financial liabilities:</i>					
Deposit liabilities	4.14%	3.94%	3.64%	2.74%	3.21%
Bills payable and SSURA	1.01%	1.30%	-	-	-

*Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA

**Pertain to financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost

	2023				
	Up to 1 month	>1 month to 3 months	>3 months to 6 months	>6 months to 12 months	>12 months
RBU					
<i>Financial assets:</i>					
Cash and cash equivalents*	6.27%	-	-	-	-
Investment securities**	-	5.13%	4.88%	4.85%	4.95%
Loans and receivables	7.24%	7.87%	8.37%	12.63%	12.26%
<i>Financial liabilities:</i>					
Deposit liabilities	4.68%	4.17%	3.71%	3.58%	3.97%
FCDU					
<i>Financial assets:</i>					
Cash and cash equivalents*	3.40%	-	-	-	-
Investment securities**	0.50%	-	4.88%	-	4.69%
Loans and receivables	4.97%	6.56%	7.28%	-	-
<i>Financial liabilities:</i>					
Deposit liabilities	4.24%	3.98%	3.91%	3.41%	2.70%
Bills payable and SSURA	5.62%	5.76%	-	-	-

*Pertain to Due from BSP, Due from other banks, Interbank loans receivables and SPURA

**Pertain to financial assets at FVPL, financial assets at FVOCI and investment securities at amortized cost

The following tables set forth the interest rate re-pricing gap of the Group as of December 31, 2024 and 2023:

	2024					
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	Total
Financial assets:						
Cash and cash equivalents	₱7,013,554	-	-	-	-	₱7,013,554
Investment securities	4,830,404	5,569,485	824,006	1,665,225	98,027,064	110,916,184
Loans and receivables	26,711,397	22,938,042	18,388,301	26,341,170	149,909,224	244,288,134
Contingent assets*	-	-	-	-	-	-
Total financial assets	38,555,355	28,507,527	19,212,307	28,006,395	247,936,288	362,217,872
Financial liabilities:						
Deposit liabilities	73,726,880	30,867,697	5,664,978	6,797,796	218,844	117,276,194
Bills payable and SSURA	34,833,199	3,161,135	2,071,792	-	-	40,066,126
Contingent liabilities**	16,360	4,353	-	-	-	20,714
Total financial liabilities	108,576,439	34,033,185	7,736,770	6,797,796	218,844	157,363,034
Asset-liability gap	(₱70,021,085)	(₱5,525,658)	₱11,475,537	₱21,208,599	₱247,717,444	₱204,854,838

*** Consist of Foreign Currency Swap and Forward Exchange

****Consist of Foreign Currency Swap and Forward Exchange



	2023					Total
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	
Financial assets:						
Cash and cash equivalents	₱23,441,418	-	-	-	-	₱23,441,418
Investment securities	3,726,053	420,946	1,242,592	204,924	88,278,564	93,873,079
Loans and receivables	25,979,730	19,028,841	16,043,044	24,440,951	131,550,191	217,042,757
Contingent assets*	85,236	-	-	-	-	85,236
Total financial assets	53,232,437	19,449,787	17,285,636	24,645,875	219,828,755	334,442,490
Financial liabilities:						
Deposit liabilities	103,959,463	18,970,205	2,190,854	80,195,307	5,927,246	211,243,075
Bills payable and SSURA	12,766,190	2,625,604	-	-	-	15,391,794
Contingent liabilities**	-	2,514	-	-	-	2,514
Total financial liabilities	116,725,653	21,598,323	2,190,854	80,195,307	5,927,246	226,637,383
Asset-liability gap	(₱63,493,216)	(₱2,148,536)	₱15,094,782	(₱55,549,432)	₱213,901,509	₱107,805,107

* Consist of Foreign Currency Swap and Forward Exchange

** Consist of Foreign Currency Swap and Forward Exchange

The following tables set forth the interest rate re-pricing gap of the Parent Company as of December 31, 2024 and 2023:

	2024					Total
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	
Financial assets:						
Cash and cash equivalents	₱17,013,554	-	-	-	-	₱7,013,554
Investment securities	4,830,404	5,569,485	824,006	1,665,225	95,944,330	108,833,450
Loans and receivables	26,294,719	22,096,858	17,106,706	23,704,983	123,181,815	212,385,081
Contingent assets*	-	-	-	-	-	-
Total financial assets	38,138,677	27,666,343	17,930,712	25,370,208	219,126,145	328,232,085
Financial liabilities:						
Deposit liabilities	67,646,016	26,825,014	5,664,978	6,797,796	218,844	107,152,648
Bills payable and SSURA	34,833,199	3,161,135	2,071,792	-	-	40,066,126
Contingent liabilities**	16,360	4,353	-	-	-	20,714
Total financial liabilities	102,495,575	29,990,502	7,736,770	6,797,796	218,844	147,239,488
Asset-liability gap	(₱64,356,898)	(₱2,324,159)	₱10,193,942	₱18,572,412	₱218,907,301	₱180,992,597

* Consist of Foreign Currency Swap

** Consist of Foreign Currency Swap

	2023					Total
	Up to 1 month	> 1 to 3 months	> 3 to 6 months	>6 to 12 months	>12 months	
Financial assets:						
Cash and cash equivalents	₱23,441,418	-	-	-	-	₱23,441,418
Investment securities	3,726,053	420,946	1,242,592	204,924	86,679,799	92,274,314
Loans and receivables	25,501,969	18,073,780	14,607,325	21,563,146	110,059,159	189,805,379
Contingent assets*	85,237	-	-	-	-	85,237
Total financial assets	52,754,677	18,494,726	15,849,917	21,768,070	196,738,958	305,606,348
Financial liabilities:						
Deposit liabilities	85,452,323	18,190,159	2,190,854	80,195,307	5,927,246	191,955,889
Bills payable and SSURA	12,766,190	2,625,604	-	-	-	15,391,794
Contingent liabilities**	-	2,514	-	-	-	2,514
Total financial liabilities	98,218,513	20,818,277	2,190,854	80,195,307	5,927,246	207,350,197
Asset-liability gap	(₱45,463,836)	(₱2,323,551)	₱13,659,063	(₱58,427,237)	₱190,811,712	₱98,256,151

* Consist of Foreign Currency Swap

** Consist of Foreign Currency Swap

The Group also monitors its exposure to fluctuations in interest rates by using scenario analysis to estimate the impact of interest rate movements on its interest income. This is done by modeling the impact to the Group's interest income and interest expenses of different parallel changes in the interest rate curve, assuming the parallel change only occurs once and the interest rate curve after the parallel change does not change again for the next twelve months.



The following table sets forth, for the period indicated, the impact of changes in interest rates on the Group's non-trading net interest income. There is no other impact on the Group's equity other than those already affecting the statements of income.

Change in basis points	2024	2023
+100.00 bps	(P592,339)	(P670,912)
-100.00 bps	592,339	670,912

The following table sets forth, for the period indicated, the impact of changes in interest rates on the Parent Company's non-trading net interest income. There is no other impact on the Parent Company's equity other than those already affecting the statements of income.

Change in basis points	2024	2023
+100.00 bps	(P525,978)	(P515,757)
-100.00 bps	525,978	515,757

Change in Economic Value of Equity (Δ EVE)

The Bank employs change in EVE Model to measure the net present value (NPV) or prevailing value of the Bank's balance sheet cash flows at different interest rate shocks and stress scenarios. Δ EVE is calculated by deducting the Base EVE, which is the NPV of the Bank's balance sheet cashflows using the effective yield/cost per contract, from Shock EVE, using the risk-free rate movement in addition to the same effective yield/cost used for the Base EVE. The scenario analysis includes the six Basel-prescribed scenarios.

The Group's Δ EVE stood at P2 billion or 3% of CET1as of December 31, 2024. Scenarios 2, 3, 4, and 6 resulted to positive shift in EVE while scenarios 1 and 5 resulted to decline in EVE with the largest impact occurring under Scenario 5. While the scenario highlights potential vulnerabilities, prevailing market conditions and interest rate projections do not indicate an imminent risk. On the contrary, the market is expecting rate cuts in the near-term albeit at slower pace than the forecasted. This anticipated easing of rates is expected to have a favorable impact on the Bank's EVE.

Operational Risk

Operational risk is the loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal, compliance and reputational risks but excludes strategic risk.

Adopting the Basic Indicator Approach below, where computation is based on a percentage (in accordance with BSP-prescribed capital charge) of the average gross income for the past three years, it shows the total operational risk-weighted assets of the Group and Parent Company.

	2024	2023
Group	P63,640,867	P61,760,574
Parent Company	56,517,368	55,336,923

Other Risk Exposures

Group risk exposures other than credit, market, operational, and interest rate risk in the banking book, while existent, are deemed insignificant relative to the mentioned risks and if taken in isolation. Hence, management of these risks are instead collectively performed and made an integral part of the Group's internal capital adequacy assessment process (ICAAP) and enterprise risk management initiatives.



5. Fair Value Measurement

The Group has assets and liabilities in the consolidated and Parent Company statements of financial position that are measured at fair value on a recurring and non-recurring basis after initial recognition. Recurring fair value measurements are those that another PFRS Accounting Standards requires or permits to be recognized on the statements of financial position at the end of the year. These include financial assets and liabilities at FVPL and Financial assets at FVOCI.

The methods and assumptions used by the Group in estimating the fair values of the financial instruments are:

Cash and other cash items, due from BSP and other banks, Interbank loans receivables and SPURA and accrued interest receivables – The carrying amounts approximate their fair values in view of the relatively short-term maturities of these instruments.

Debt securities - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using the discounted cash flow methodology.

Equity securities - Fair values of quoted equity securities are based on quoted market prices.

Derivative instruments (presented as other financial assets and liabilities in 'Other assets' and 'Other liabilities') - Fair values of derivative instruments, mainly currency forwards and swaps and interest rate swaps, are valued using a valuation technique using market observable inputs. The valuation technique applied includes forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies and interest rate curves prevailing at the statement of financial position date. For futures, these are valued considering the prevailing futures prices on the exchange as of the statement of financial position date.

Receivable from customers and unquoted debt securities classified as loans - Fair values of loans and receivables are estimated using the discounted cash flow methodology, using the Group's current incremental lending rates for similar types of loans and receivables.

Accounts receivable, sales contract receivable and other financial assets included in other assets – quoted market prices are not readily available for these assets. These are reported at cost and are not significant in relation to the Group's total portfolio of securities

Investment properties – Fair value of investment properties are determined by independent or in-house appraisers using the market data approach. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties and taking into account the economic conditions prevailing at the time the valuations were made, and comparability of similar properties sold with the property being valued. Significant unobservable inputs in determining fair values include the following:

- **Location:** Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road.
- **Size:** Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value.
- **Time element:** An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time, in which case, the current data is superior to historic data.



- **Discount:** Generally, asking prices in advertisements posted for sale are negotiable. Discount is the amount the seller or developer is willing to deduct from the posted selling price if the transaction will be in cash or equivalent.

Deposit liabilities (demand, savings and time) – For demand and savings deposit, carrying amounts approximate fair values considering that these are due and demandable. Fair value of time deposit liabilities is estimated using the discounted cash flow methodology using the Group's incremental borrowing rates for similar borrowing with maturities consistent with those for the liabilities being valued.

LTNCDs and subordinated debt - Fair values of LTNCD and subordinated debt are estimated using adjusted quoted market prices of comparable investments. The adjustments on market quoted prices are unobservable inputs.

Lease Liabilities – Fair value of lease liabilities are measured using the Bloomberg valuation (Bval) rate as of the reporting period plus the spread which is the derived difference between the actual market rate and the Bval rate.

Bills and acceptances payable, cashier's checks and demand draft payable – Carrying amounts approximate fair values due to the short-term nature of the accounts.

Other financial liabilities included in 'Other liabilities' – Quoted market prices are not readily available for these liabilities. These are reported at cost and are not significant in relation to the Group's total portfolio.

The following tables provide the fair value hierarchy of the Group's and of the Parent Company's assets and liabilities measured at fair value and those for which fair values are required to be disclosed:

Consolidated					
2024					
Fair Value					
		Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Carrying Value				
Assets measured at fair value					
Financial assets					
Financial assets at FVPL:					
Government securities	₱9,163,963	₱9,163,963	₱6,068,835	₱3,095,128	₱–
Equity securities	10,313	10,313	–	–	10,313
	9,174,276	9,174,276	6,068,835	3,095,128	10,313
Derivative assets*	83,133	83,133	–	83,133	–
Financial assets at FVOCI:					
Government securities	21,762,658	21,762,658	19,914,916	1,847,742	–
Private bonds	7,227,180	7,227,180	7,227,180	–	–
Equity Securities	15,068	15,068	–	–	15,068
	29,004,906	29,004,906	27,142,096	1,847,742	15,068
	38,262,315	38,262,315	33,210,931	5,026,003	25,381
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	80,137,670	73,471,550	73,471,550	–	–
Private bonds	1,785,080	1,814,434	1,814,434	–	–
	81,922,750	75,285,984	75,285,984	–	–

(Forward)



Consolidated					
2024					
Fair Value					
Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Loans and receivables					
Receivable from customers:					
Corporate lending	₱58,393,719	₱60,407,467	₱—	₱—	₱60,407,467
Consumer lending	265,994,538	299,537,284	—	—	299,537,284
Other receivables	12,022,362	13,585,843	—	—	13,585,843
	336,410,619	373,530,594	—	—	373,530,594
Other financial assets*	617,366	617,366	—	—	617,366
Non-financial assets					
Investment properties	1,161,268	2,830,680	—	—	2,830,680
	₱458,374,318	₱490,526,939	₱108,496,915	₱5,026,003	₱377,004,021
Financial liabilities					
Derivative liabilities**	59,230	59,230	—	59,230	—
Liabilities for which fair values are disclosed					
<u>Financial liabilities</u>					
Deposit liabilities					
Demand	148,025,795	148,025,795	—	—	148,025,795
Savings	164,197,890	164,197,890	—	—	164,197,890
Time	74,175,348	74,996,985	—	—	74,996,985
	386,399,033	387,220,670	—	—	387,220,670
Lease liability	6,076,170	6,081,553	—	—	6,081,553
Accrued interest payable	838,707	838,707	—	—	838,707
Other financial liabilities	10,742,348	10,742,348	—	—	10,742,348
Bills and acceptances payable and SSURA	40,117,180	40,117,180	—	—	40,117,180
	₱444,232,668	₱445,059,688	₱—	₱59,230	₱445,000,458

*Presented under 'Other Assets'

**Presented under 'Other Liabilities'

Consolidated					
2023					
Fair Value					
Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets measured at fair value					
Financial assets					
Financial assets at FVPL:					
Government securities	₱4,058,236	₱4,058,236	₱1,783,636	₱2,274,600	₱—
Private bonds	43,707	43,707	—	—	43,707
Equity securities	10,379	10,379	—	—	10,379
	4,112,322	4,112,322	1,783,636	2,274,600	54,086
Derivative assets*	21,812	21,812	—	21,812	—
Financial assets at FVOCI:					
Government securities	11,731,842	11,731,842	10,517,695	1,214,147	—
Private bonds	6,737,050	6,737,050	6,737,050	—	—
Equity Securities	15,068	15,068	—	—	15,068
	18,483,960	18,483,960	17,254,745	1,214,147	15,068
	22,618,094	22,618,094	19,038,381	3,510,559	69,154
Assets for which fair values are disclosed					
<u>Financial assets</u>					
Investment securities at amortized cost:					
Government securities	₱71,825,991	₱69,271,962	₱69,271,962	₱—	₱—
Private bonds	3,575,028	3,710,044	3,710,044	—	—
	75,401,019	72,982,006	72,982,006	—	—

(Forward)



Consolidated					
2023					
Fair Value					
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Loans and receivables					
Receivable from customers:					
Corporate lending	P57,456,170	P59,896,026	P—	P—	P59,896,026
Consumer lending	229,181,402	259,884,923	—	—	259,884,923
Other receivables	9,977,898	11,661,816	—	—	11,661,816
	296,615,470	331,442,765	—	—	331,442,765
Other financial assets*	622,041	622,041	—	—	622,041
<u>Non-financial assets</u>					
Investment properties	975,600	2,500,037	—	—	2,500,037
	P396,232,224	P430,164,943	P92,020,387	P3,510,559	P334,633,997
<u>Financial liabilities</u>					
Derivative liabilities**	P103,083	P103,083	P—	P103,083	P—
Liabilities for which fair values are disclosed					
<u>Financial liabilities</u>					
Deposit liabilities					
Demand	P139,767,483	P139,767,483	P—	P—	P139,767,483
Savings	152,641,165	152,641,165	—	—	152,641,165
Time	64,126,014	64,452,562	—	—	64,452,562
	356,534,662	356,861,210	—	—	356,861,210
Lease liability	6,073,341	6,278,492	—	—	6,278,492
Accrued interest payable	500,421	500,421	—	—	500,421
Other financial liabilities	10,656,557	10,656,557	—	—	10,656,557
Bills and acceptances payable and SSURA	15,403,706	15,403,706	—	—	15,403,706
	P389,271,770	P389,803,469	P—	P103,083	P389,700,386

Parent Company					
2024					
Fair Value					
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
<u>Financial assets</u>					
Financial assets at FVPL:					
Government securities	P9,163,963	P9,163,963	P6,068,835	P3,095,128	P—
Equity securities	10,313	10,313	—	—	10,313
	9,174,276	9,174,276	6,068,835	3,095,128	10,313
Derivative assets*	83,133	83,133	—	83,133	—
Financial assets at FVOCI:					
Government securities	21,762,658	21,762,658	19,914,917	1,847,742	—
Private bonds	7,227,180	7,227,180	7,227,180	—	—
Equity securities	15,068	15,068	—	—	15,068
	29,004,906	29,004,906	27,142,097	1,847,742	15,068
	38,262,315	38,262,315	33,210,932	5,026,003	25,381
Assets for which fair values are disclosed					
<u>Financial assets</u>					
Investment securities at amortized cost:					
Government securities	78,054,936	71,388,816	56,599,637	14,789,178	—
Private bonds	1,785,080	1,814,434	1,814,434	—	—
	79,840,016	73,203,250	58,414,071	14,789,178	—
Loans and receivables					
Receivable from customers:					
Corporate lending	58,378,981	60,302,850	—	—	60,302,850
Consumer lending	234,282,260	266,909,249	—	—	266,909,249
Other receivables	11,748,590	13,284,843	—	—	13,284,843
	304,409,831	340,496,942	—	—	340,496,942

(Forward)



Parent Company					
2024					
Fair Value					
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	₱—	₱591,336	₱—	₱—	₱591,336
Non-financial assets					
Investment properties	1,160,571	2,829,613	—	—	2,829,613
	₱424,264,069	₱455,383,456	₱91,625,003	₱19,815,181	₱343,943,272
Financial liabilities					
Derivative liabilities**	₱59,230	₱59,230	₱—	₱59,230	₱—
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	149,152,504	149,152,504	—	—	149,152,504
Savings	135,562,716	135,562,716	—	—	135,562,716
Time	74,175,348	74,996,985	—	—	74,996,985
	358,890,568	359,712,205	—	—	359,712,205
Lease liability	5,831,841	5,861,237	—	—	5,861,237
Accrued interest payable	763,376	763,376	—	—	763,376
Other financial liabilities	9,066,645	9,066,645	—	—	9,066,645
Bills and acceptances payable and SSURA	40,117,180	40,117,180	—	—	40,117,180
	₱414,728,840	₱415,579,873	₱—	₱59,230	₱415,520,643

*Presented under 'Other Assets'

**Presented under 'Other Liabilities'

Parent Company					
2023					
Fair Value					
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value					
Financial assets					
Financial assets at FVPL:					
Government securities	₱4,058,236	₱4,058,236	₱ 1,783,636	₱ 2,274,600	₱—
Private bonds	43,707	43,707	—	—	43,707
Equity securities	10,379	10,379	—	—	10,379
	4,112,322	4,112,322	1,783,636	2,274,600	54,086
Derivative assets*	21,812	21,812	—	21,812	—
Financial assets at FVOCI:					
Government securities	11,731,842	11,731,842	10,517,695	1,214,147	—
Private bonds	6,737,050	6,737,050	6,737,050	—	—
Equity securities	15,068	15,068	—	—	15,068
	18,483,960	18,483,960	17,254,745	1,214,147	15,068
	22,618,094	22,618,094	19,038,381	3,510,559	69,154
Assets for which fair values are disclosed					
Financial assets					
Investment securities at amortized cost:					
Government securities	₱70,227,226	₱67,673,197	₱67,673,197	₱—	₱—
Private bonds	3,575,028	3,710,044	3,710,044	—	—
	73,802,254	71,383,241	71,383,241	—	—
Loans and receivables					
Receivable from customers:					
Corporate lending	57,428,483	59,784,353	—	—	59,784,353
Consumer lending	201,393,262	231,147,471	—	—	231,147,471
Other receivables	9,607,164	11,265,615	—	—	11,265,615
	268,428,909	302,197,439	—	—	302,197,439
Other financial assets*	597,337	597,337	—	—	597,337
Non-financial assets					
Investment properties	974,903	2,499,046	—	—	2,499,046
	₱366,421,497	₱399,295,157	₱ 90,421,622	₱ 3,510,559	₱ 305,362,976

(Forward)



Parent Company					
2023					
Fair Value					
	Carrying Value	Total Fair Value	Quoted Prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial liabilities					
Derivative liabilities**	₱103,083	₱103,083	₱–	₱103,083	₱–
Liabilities for which fair values are disclosed					
Financial liabilities					
Deposit liabilities					
Demand	140,651,219	140,651,219	–	–	140,651,219
Savings	129,773,260	129,773,260	–	–	129,773,260
Time	64,126,014	64,452,562	–	–	64,452,562
	334,550,493	334,877,041	–	–	334,877,041
Lease liability	5,845,165	6,052,915	–	–	6,052,915
Accrued interest payable	440,341	440,341	–	–	440,341
Other financial liabilities	9,186,430	9,186,430	–	–	9,186,430
Bills and acceptances payable and SSURA	15,403,706	15,403,706	–	–	15,403,706
	₱365,529,218	₱366,063,516	₱–	₱103,083	₱365,960,433

*Presented under 'Other Assets'

**Presented under 'Other Liabilities'

In 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Derivative Financial Instruments

The Parent Company's freestanding derivative financial instruments, which mainly consist of foreign currency forwards, foreign currency swaps, US Treasury futures and interest rate swaps, are transactions not designated as accounting hedges. The tables below set out information about the Parent Company's derivative financial instruments and their related fair values as of December 31, 2024 and 2023:

Foreign Currency Forwards and Swaps	2024	2023
Notional amount	\$580,255	\$410,853
Derivative assets	\$82,739	\$21,812
Derivative liabilities	58,832	103,083

Interest Rate Swaps	2024	2023
Notional amount	\$200,000	\$–
Derivative assets	\$393	\$–
Derivative liabilities	398	–

The net movements in fair values of all derivative instruments are as follows:

	2024	2023
Derivative liabilities - net at beginning of year	(₱81,271)	(₱89,085)
Net change in fair value and settlements for the year	105,175	7,814
Derivative liabilities - net at end of year	(₱23,903)	(₱81,271)

Fair value changes of foreign currency forwards and swaps are recognized as 'foreign exchange gain' in the statements of income while fair value changes of interest rate swaps and futures are recognized as part of 'trading and securities gain (loss)' in the statements of income (Note 8).



In 2024 and 2023, the Parent Company recognized total foreign exchange gain from foreign currency forwards and swaps amounting to ₱62.37 million and ₱63.26 million, respectively, with corresponding notional amounts of US\$16.88 billion and US\$20.85 billion, respectively.

In 2024, the Parent Company recognized total realized trading loss amounting to ₱41.73 million and total realized trading gain amounting to ₱70.84 million in 2023, with no outstanding balance as of year-end.

6. Segment Reporting

The Group's main operating businesses are organized and managed primarily according to the current organizational structure. Each segment represents a strategic business unit that caters to the Group's identified markets. The Group's business segments are:

- (a) *Retail banking* - this segment mainly covers traditional branch banking products and services such as deposits, back-to-back/emerging market loans and other over-the-counter (OTC) transactions. It likewise caters to the needs of high net-worth clients for alternative investment channels. It includes entire transaction processing, service delivery and infrastructure consisting of the Group's network of branches, automated teller machines as well as its internet banking platform;
- (b) *Corporate banking* - this segment handles lending and trade financing for both large corporations and middle market clients;
- (c) *Consumer banking* - this segment primarily caters to loans for individuals; and
- (d) *Treasury and Trust* - this segment consists of Treasury and Trust operations of the Group. Treasury focuses on providing money market, trading and treasury services, as well as the management of the Group's funding operations through debt securities, placements and acceptances with other banks. Trust includes fund management, investment management services, custodianship, administration and collateral agency services, and stock and transfer agency services. In addition, the Parent Company through Trust, provides retail customers with alternative investment opportunities through its unit investment fund products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment assets are those operating assets employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities are those operating liabilities that result from the operating activities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Interest income is reported net, as management primarily relies on the net interest income as performance measure, not the gross income and expense.

The Group's revenue-producing assets are located in the Philippines (i.e., one geographical location); therefore, geographical segment information is no longer presented. The Group has no significant customers which contribute 10.00% or more of the consolidated revenue, net of interest expense.

The segment results include internal transfer pricing adjustments across business units as deemed appropriate by management. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to the business units based on a pool rate which approximates the marginal cost of funds.



Segment information of the Group as of and for the years ended December 31, 2024, 2023 and 2022 follow:

	2024					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱11,120	₱169	₱17,102	(₱561)	₱5,656	₱33,486
Intersegment	—	2,867	—	1,125	(3,992)	—
	11,120	3,036	17,102	564	1,664	33,486
Non-interest Income	1,749	118	6,320	1,102	(257)	9,032
Revenue - Net of Interest Expense	12,869	3,154	23,422	1,666	1,407	42,518
Non-interest Expense	(9,194)	(992)	(20,379)	(1,068)	(1,369)	(33,002)
Income Before Income Tax	3,675	2,162	3,043	598	38	9,516
Provision for Income Tax	(1,336)	(540)	393	(131)	(294)	(1,908)
Net Income for the Year	₱2,339	₱1,622	₱3,436	₱467	(₱256)	₱7,608
Statement of Financial Position						
Total Assets	44,271	21,891	291,195	49,603	117,778	524,738
Total Liabilities	361,181	668	76,177	82,861	(69,216)	451,671
Statement of Income						
Depreciation and Amortization	775	42	995	60	479	2,351
Provision for Impairment and Credit Losses	33	(17)	9,048	(1)	517	9,580

	2023					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱10,063	₱630	₱14,763	(₱601)	₱3,370	₱28,225
Intersegment	—	2,332	—	776	(3,108)	—
	10,063	2,962	14,763	175	262	28,225
Non-interest Income	1,699	159	4,926	925	(425)	7,284
Revenue - Net of Interest Expense	11,762	3,121	19,689	1,100	-163	35,509
Non-interest Expense	(8,482)	(620)	(16,510)	(772)	(1,597)	(27,981)
Income Before Income Tax	3,280	2,501	3,179	328	(1,760)	7,528
Provision for Income Tax	(1,117)	(625)	44	(69)	323	(1,444)
Net Income for the Year	₱2,163	₱1,876	₱3,223	₱259	(₱1,437)	₱6,084
Statement of Financial Position						
Total Assets	47,176	21,711	254,119	34,005	107,194	464,205
Total Liabilities	337,154	920	59,563	47,377	(47,984)	397,030
Statement of Income						
Depreciation and Amortization	1,054	30	549	46	161	1,840
Provision for Impairment and Credit Losses	178	19	6,894	(10)	607	7,688

	2022					
	Retail Banking	Corporate Banking	Consumer Banking	Treasury and Trust	Elimination Items	Total
Statement of Income						
Net Interest Income:						
Third Party	₱8,033	₱713	₱14,330	(₱425)	₱623	₱23,274
Intersegment	—	4	(96)	444	(300)	52
	8,033	₱717	14,234	₱19	₱323	23,326
Non-interest Income	1,491	256	3,179	239	(475)	4,690
Revenue - Net of Interest Expense	9,524	₱973	17,413	₱258	(₱152)	28,016
Non-interest Expense	(7,284)	(365)	(12,717)	(779)	(813)	(21,958)
Income Before Income Tax	2,240	608	4,696	(521)	(965)	6,058
Provision for Income Tax	(704)	(62)	(546)	142	(264)	(1,434)
Net Income for the Year	₱1,536	₱546	₱4,150	(₱379)	(₱1,229)	₱4,624
Statement of Financial Position						
Total Assets	47,170	20,987	224,279	42,531	86,405	421,372
Total Liabilities	316,544	994	59,905	36,632	(53,738)	360,337
Statement of Income						
Depreciation and Amortization	1,071	72	821	44	158	2,166
Provision for Impairment and Credit Losses	7	(52)	4,766	0	230	4,951



The 'Elimination Items' includes the Group's executive office and elimination items related to the Group's segment reporting framework.

Non-interest income consists of service charges, fees and commissions, gain on sale of assets, gain (loss) on asset foreclosure and dacion transactions, trading and securities gain (loss), gain on sale of investment securities at amortized cost, foreign exchange gain, trust income, share in net loss of a joint venture and miscellaneous income. The share in net loss of a joint venture has been presented as part of the elimination items in the Group's segment reporting framework. Non-interest expense consists of compensation and fringe benefits, taxes and licenses, depreciation and amortization, rent, amortization of intangible assets, provision for impairment and credit losses, and miscellaneous expenses.

7. Due from BSP, Due from Other Banks and Interbank Loans Receivables and SPURA

Due from BSP

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Demand deposit account	₱20,774,136	₱8,056,638	₱20,329,983	₱7,630,102
Overnight Deposit Facility Account	6,250,000	7,000,000	6,250,000	7,000,000
Special deposit account	337,303	1,115,349	337,303	1,115,349
	₱27,361,439	₱16,171,987	₱26,917,286	₱15,745,451

The annual interest rates of due from BSP range from 5.25% to 6.60% in 2024, 5.00% to 6.70% in 2023, 1.50% to 6.35% in 2022.

Due from Other Banks

This comprises of deposit accounts with:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Foreign banks	₱3,054,885	₱1,809,812	₱3,054,884	₱1,809,813
Local banks	1,695,781	660,299	423,076	529,345
	4,750,666	2,470,111	3,477,960	2,339,158
Allowance for credit losses (Note 15)	(1,327)	(821)	(1,327)	(821)
	₱4,749,339	₱2,469,290	₱3,476,633	₱2,338,337

The annual interest rates of due from other banks range from 0.10% to 3.40% in 2024, 0.01% to 3.40% in 2023, 0.01% to 2.60% in 2022.

Interbank Loans Receivables and SPURA

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
SPURA	₱—	₱15,976,310	₱—	₱15,976,310
Interbank loans receivables	763,554	465,108	763,554	465,108
	₱763,554	₱16,441,418	₱763,554	₱16,441,418

SPURA of the Bank bears annual interest rate of 4.85% to 6.50% in 2024, 5.50% to 6.39% in 2023, and 2.00% to 5.50% for 2022. The annual interest rates of interbank call loans receivables range from 6.03% to 6.53% in 2024, 4.10% to 6.50% in 2023, 1.81% to 5.50% in 2022.



Interest Income on Due from BSP, Due from Other Banks, Interbank Loans Receivables and SPURA

This account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Interbank Loans receivables and SPURA	₱99,678	₱229,035	₱269,135	₱99,678	₱229,149	₱272,872
Due from BSP	59,957	98,862	235,342	59,957	98,862	235,342
Due from other banks	77,540	62,556	22,762	77,214	62,350	19,883
	₱237,175	₱390,453	₱527,239	₱236,849	₱390,361	₱528,097

8. Trading and Investment Securities

The Group and the Parent Company have the following trading and investment securities:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Financial assets at FVPL	₱9,174,276	₱4,112,322	₱9,174,276	₱4,112,322
Financial assets at FVOCI	29,004,906	18,483,960	29,004,906	18,483,960
Investment securities at amortized cost	81,922,750	75,401,019	79,840,016	73,802,254
	₱120,101,932	₱97,997,301	₱118,019,198	₱96,398,536

Financial assets at FVPL

Financial assets at FVPL of the Group and of the Parent Company consist of:

	2024	2023
Government securities	₱9,163,963	₱4,058,236
Private bonds	—	43,707
Equity securities	10,313	10,379
	₱9,174,276	₱4,112,322

As of December 31, 2024, financial assets at FVPL include net unrealized gain (loss) of (₱241.38) million, ₱249.39 million, and ₱294.18 million as of 2024, 2023 and 2022, respectively.

In 2024, 2023 and 2022, the yield rates range from 3.22% to 8.35%, 3.86% to 7.99%, 3.04% to 7.77% respectively.

Financial assets at FVOCI

Financial assets at FVOCI of the Group and of the Parent Company consists of:

	2024	2023
Government debt securities	₱21,762,658	₱11,731,842
Private bonds	7,227,180	6,737,050
Private equity securities	15,068	15,068
	₱29,004,906	₱18,483,960

In 2024, 2023 and 2022, the interest rates of financial assets at FVOCI range from 0.13% to 8.32%, 0.13% to 8.32%, and 0.13% to 8.32%, respectively.



As of December 31, 2024 and 2023, the ECL on financial assets at FVOCI of the Group and the Parent Company (included in 'Fair value reserves on financial assets at FVOCI') amounted to ₱23.57 million and ₱16.97 million (see Note 15), respectively.

Movements in the fair value reserves on financial assets at FVOCI investments of the Group and the Parent Company follow:

	2024	2023
Balance at beginning of year	(₱1,155,498)	(₱2,139,544)
Gain from sale of financial assets at FVOCI realized in profit or loss	367,980	—
Changes in allowance for ECL (Note 15)	6,600	(20,824)
Changes in fair values of debt securities	(791,303)	1,004,345
Share in changes in fair value reserves on equity securities at FVOCI of a joint venture (Note 10)	19,483	525
Balance at end of year	(₱1,552,738)	(₱1,155,498)

The private equity securities were designated as at FVOCI on the basis that these are not held for trading. These include shares in a real estate company and a golf club. No dividend income was recognized in 2024 and 2023 for these securities.

As of December 31, 2024, the Group and Parent Company's change in fair value reserves on financial assets at FVOCI debt and equity securities amounted to (₱416.72 million) and ₱19.48 million, respectively.

As of December 31, 2023, the Group and Parent Company's change in fair value reserves on financial assets at FVOCI debt and equity securities amounted to ₱1.00 billion and ₱0.53 million, respectively.

Investment securities at amortized cost

Investment securities at amortized cost of the Group and of the Parent Company consist of:

	Consolidated		Parent Company	
	2024	2023	2023	2024
Government securities	₱80,148,154	₱71,836,021	₱78,065,420	₱70,237,256
Private bonds	1,785,732	3,575,706	1,785,732	3,575,706
Carrying value, gross of allowance for impairment losses	81,933,886	75,411,727	79,851,152	73,812,962
Allowance for impairment losses (Note 15)	(11,136)	(10,708)	(11,136)	(10,708)
	₱81,922,750	₱75,401,019	₱79,840,016	₱73,802,254

Peso-denominated government bonds have effective interest rates ranging from 4.98% to 7.96% in 2024, 4.96% to 7.98% in 2023, and 4.96% to 7.07% in 2022. Foreign currency-denominated government bonds have effective interest rates ranging from 4.38% to 6.66% in 2024, 2.76% to 6.66% in 2023, and 2.76% to 6.22% in 2022.

The fair value of the remaining investments at amortized cost is disclosed in Note 5.



Interest Income on Trading and Investment Securities

This account consists of:

	Consolidated			Parent		
	2024	2023	2022	2024	2023	2022
Financial assets at FVPL	₱526,901	₱220,277	₱163,904	₱526,901	₱220,277	₱163,904
Financial assets at FVOCI	1,088,954	585,893	861,359	1,088,954	585,893	861,359
Investment securities at amortized cost	3,848,142	3,523,886	2,157,230	3,773,023	3,472,838	2,104,978
	₱5,463,997	₱4,330,056	₱3,182,493	₱5,388,878	₱4,279,008	₱3,130,241

Trading and Securities Gains (Losses)

Trading and securities gains (losses) of the Group and of the Parent Company consists of:

	2024	2023	2022
Financial assets at FVPL	₱74,891	₱266,982	(₱314,511)
Financial assets at FVOCI	367,980	—	(104,575)
US Treasury futures (Note 5)	(41,727)	70,845	23,448
Interest rate swaps (Note 5)	(6)	—	—
	₱401,138	₱337,827	(₱395,638)

9. Loans and Receivables

	Consolidated		Parent Company	
	2024	2023	2024	2023
Receivables from customers*:				
Corporate lending				
Corporate loans	₱58,433,186	₱57,673,329	₱58,373,543	₱57,598,527
Other corporate loans**	1,523,782	1,958,022	1,523,782	1,958,022
	59,956,968	59,631,351	59,897,325	59,556,549
Consumer lending				
Auto loans	81,184,475	77,815,881	81,184,475	77,815,881
Credit cards	73,590,733	53,912,882	73,590,733	53,912,882
Mortgage loans	20,135,476	19,947,825	20,135,476	19,947,825
Other consumer loans***	91,940,633	78,696,428	57,566,522	48,540,323
	266,851,317	230,373,016	232,477,206	200,216,911
Receivable from customers – gross	326,808,285	290,004,367	292,374,531	259,773,460
Unamortized premium	7,497,247	6,873,004	9,601,332	8,683,775
	334,305,532	296,877,371	301,975,863	268,457,235
Other receivables:				
Accrued interest receivable	5,564,890	6,189,093	5,315,216	5,972,329
Other loans and receivable	7,921,879	5,347,179	7,870,553	5,167,744
Sales contracts receivable	99,074	125,544	99,074	125,544
	13,585,843	11,661,816	13,284,843	11,265,617
	347,891,375	308,539,187	315,260,706	279,722,852
Allowance for credit and impairment losses (Note 15)	(11,480,756)	(11,923,717)	(10,850,875)	(11,293,943)
	₱336,410,619	₱296,615,470	₱304,409,831	₱268,428,909

* Consolidated and Parent Company- Net of unamortized modification loss of ₱150,920 and ₱336,462 as of December 31, 2024 and 2023 respectively

**Include emerging enterprise loans and branch loans

***Include DepEd loans, employee loans, salary loans and personal loans



Receivable from customers consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Loans and discounts	₱320,798,083	₱283,777,257	₱286,364,329	₱253,546,350
Unamortized premium	7,497,247	6,873,004	9,601,332	8,683,775
	328,295,330	290,650,261	295,965,661	262,230,125
Customer liabilities under acceptances and trust receipts	5,075,728	4,989,399	5,075,728	4,989,399
Bills purchased (Note 17)	934,474	1,237,711	934,474	1,237,711
	₱334,305,532	₱296,877,371	₱301,975,863	₱268,457,235

In 2016, the Parent Company entered into a sale of receivables agreement with EWRB, whereby the Parent Company will sell to EWRB, on a without recourse basis, certain employee loans of the Parent Company. In 2024 and 2023, the total employee loans sold by the Parent Company have an aggregate carrying amount of ₱337.37 million and ₱284.05 million, respectively. The selling price of the employee loans approximates the fair value at the date of sale. As of December 31, 2024 and 2023, outstanding principal balance of employee loans purchased from the Parent Company, included in 'Other consumer loans' of EWRB, amounted to ₱531.64 million and ₱475.87 million, respectively. In connection with the sale of receivables agreement, the Parent Company and EWRB also entered into an account servicing and collection agreement whereby EWRB agreed to pay equivalent to 0.37% of the loan amounts collected by the Parent Company on behalf of EWRB. The service fees received by the Parent Company (included under 'Service charges, fees and commission income' in the statements of income) amounted to ₱1.15 million, ₱1.03 million, and ₱0.99 million in 2024, 2023, and 2022 respectively (see Note 26).

In 2013, the Parent Company entered into a purchase of receivables agreement with EWRB, whereby the Parent Company will purchase, on a without recourse basis, certain salary loans of EWRB. In 2024 and 2023, the total salary loans purchased by the Parent Company have an aggregate amount of ₱51.67 billion and ₱44.25 billion, respectively. The Parent Company's acquisition cost of the salary loans approximates the fair value at the acquisition date. As of December 31, 2024 and 2023, outstanding principal balance of salary loans purchased from EWRB, included in 'Other consumer loans' of the Parent Company, amounted to ₱47.44 billion and ₱41.67 billion, respectively. In connection with the purchase of receivables agreement, the Parent Company and EWRB also entered into an account servicing and collection agreement whereby the Parent Company agreed to pay service fees equivalent to 0.37% of the loan amounts collected by EWRB on behalf of the Parent Company. The service fees paid by the Parent Company to EWRB (included under 'Miscellaneous expense' in the statements of income) amounted to ₱181.70 million, ₱150.53 million, and ₱56.16 million in 2024, 2023 and 2022, respectively (see Note 26).

The Group took possession of various properties previously held as collateral with carrying amounts of ₱6.60 billion, ₱4.27 billion, and ₱4.68 billion in 2024, 2023 and 2022, respectively (see Notes 12 and 14).

Interest income on loans and receivables consist of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Receivables from customers	₱36,626,734	₱29,840,680	₱22,410,380	₱31,573,141	₱25,899,327	₱18,662,563

As of December 31, 2024 and 2023, 7.34% and 9.04% respectively of the total receivables from customers of the Group and the Parent Company were subject to interest repricing.



Remaining receivables carry annual fixed interest rates ranging from 16.39% to 39.53% in 2024, 16.08% to 40.70% in 2023, 16.08% to 45.00% in 2022 for peso-denominated receivables and from 1.00% to 10.00% in 2024, 1.00% to 10.00% in 2023, 1.25% to 10.00% in 2022 for foreign currency-denominated receivables.

Provision for credit losses on loans and receivables of the Group amounted to ₱9.72 billion, ₱7.50 billion, ₱4.81 billion in 2024, 2023 and 2022, respectively. Provision for credit losses on loans and receivables of the Parent Company amounted to ₱9.36 billion, ₱6.91 billion, ₱4.57 billion in 2024, 2023 and 2022, respectively.

10. Investments in Subsidiaries and Joint Venture

The movements in the investments in subsidiaries of the Parent Company and investment in a joint venture of the Group and the Parent Company follow:

	Investment in Subsidiaries		Investment in a Joint Venture	
	2024	2023	2024	2023
Acquisition Cost				
<u>Subsidiaries</u>				
EWRB	₱521,000	₱521,000	₱—	₱—
EWLFC	100,000	100,000	—	—
EWIB	30,000	30,000	—	—
QMIS	19,927	19,927	—	—
ASIA	10,305	10,305	—	—
	681,232	681,232	—	—
<u>Joint Venture</u>				
EWAL				
Cost at beginning of the year	₱—	₱—	₱3,511,000	₱3,295,000
Additional investments made during the year	—	—	—	216,000
Balance at end of yearend	681,232	681,232	3,511,000	3,511,000
Accumulated share in net income (loss)				
Balance at beginning of year	6,172,509	5,060,271	(2,487,669)	(2,335,334)
Share in net income (loss)	1,827,390	1,112,238	112,745	(152,335)
Dividends	(2,150,000)	—	—	—
Balance at end of year	5,849,899	6,172,509	(2,374,924)	(2,487,669)
Accumulated share in other comprehensive income				
Balance at beginning of year	(1,790)	12,185	(30,164)	(30,690)
Share in changes in remeasurement gain (loss) of retirement liabilities of subsidiaries and joint venture	(4,726)	(13,975)	—	—
Share in changes in fair value reserves on equity securities of a joint venture	—	—	19,483	525
Balance at end of year	(6,516)	(1,790)	(10,681)	(30,165)
	₱6,524,615	₱6,851,951	₱1,125,395	₱993,166

Investments in Subsidiaries

EWRB

The Parent Company's investment cost in EWRB amounted to ₱521.00 million as of December 31, 2022 and 2021. EWRB was incorporated and registered with Philippine SEC on November 5, 1997. It was granted authority by the BSP to operate as a rural bank and commenced operations in March 1998. As a subsidiary of EWBC, its primary mandate is to grant loans to its chosen market –Teacher, SSS Pensioners and Small-scale Entrepreneurs. It also offers a limited list of deposit products with competitive interest rates. Its principal office is located at 3rd and 4th Floors, East West Bank Building, J.P. Laurel Avenue corner Inigo Street, Bajada, Davao City.



As approved by the Board of Directors in its meeting on June 3, 2022, ₱40.00 per share dividend was declared to stockholders on record as of June 14, 2022 and paid on July 8, 2022. As of December 31, 2022, cash dividends declared was ₱2.00 billion. There were no cash dividends declared nor paid in 2023. There were no issuance of capital stocks in 2023 and 2022.

EWIB

In 2015, the BSP approved the Parent Company's initial equity investment in EWIB of ₱30.00 million. EWIB was incorporated and registered with the SEC on July 6, 2015 primarily to act as an insurance broker in soliciting, negotiating, and forwarding applications for fire insurance, motor car insurance, engineering insurance, personal accident insurance, travel insurance, bonds & surety, directors and officer's liability insurance, aviation insurance, marine cargo insurance and other non-life insurance services. On September 23, 2015, EWIB received its license to act as an insurance broker from the Insurance Commission ("IC"). It started its commercial operations in September 24, 2015. Its principal place of business is located at The Beaufort, 5th avenue corner 23rd Street, Bonifacio Global City, Taguig City.

EWLFC

In 2016, the BSP approved and confirmed the initial equity investment in EWLFC of ₱100.00 million. It was registered with the SEC in October 2016 with secondary license to operate as a financing company in accordance with the Financing Company Act of 1998 and its implementing rules and regulations. The principal place of business of EWLFC is at East West Corporate Center, The Beaufort, 5th Avenue corner 23rd Street, Fort Bonifacio Global City, Taguig City.

QMIS

In 2016, the Parent Company acquired 100.00% voting shares of QMIS as part of the asset and share transfer agreement for a consideration amounting to ₱19.93 million. On November 25, 2016, SCMB Overseas Ltd., a wholly owned subsidiary of Standard Chartered Bank (SCB), completed the transfer of its 100.00% ownership of the Company's capital stock to the Parent Company. Consequently, the Group obtained control and ownership of the QMIS on that date.

The principal place of business of the Company is at 7th Floor, Global Trade Center, 1024 EDSA, Quezon City.

ASIA

In 2016, the Parent Company acquired 100.00% voting shares of ASIA as part of the asset and share transfer agreement for a consideration amounting to ₱10.31 million. ASIA was registered with the SEC in 2012 primarily to engage in general insurance agency business. The principal place of business is at 5th Floor, 6788 Sky Plaza Building, Ayala Avenue, Makati City.

Investment in a Joint Venture

On May 28, 2015, the Parent Company and Ageas Insurance International N.V. ("Ageas") entered into a joint venture agreement to form EW Ageas Life. EW Ageas Life, which is primarily engaged in the life insurance business, was incorporated with a capitalization of ₱2.01 billion and with ultimate ownership interest of the Parent Company of 50.00% less 1 share. The Parent Company's initial investment amounted to ₱500.00 million. The joint venture agreement provided certain conditions that should be satisfied for the consummation of the agreement, which include among others, obtaining all the required regulatory approvals. EW Ageas Life was incorporated and registered with the SEC on October 20, 2015. Its primary purpose is to undertake and write insurance upon the life of individuals, and every insurance appertaining thereto or connected therewith; to make contracts of insurance providing for all risks, hazards, guarantees and contingencies to which life, accident, or health insurance is applicable; to indemnify against legal liability; to compute endowments and grant, purchase or dispose of annuities; to procure re-insurance of its risks; to issue



policies stipulated to be with or without participation in profits; and to purchase for its own benefit any policy of insurance or other obligation as well as claims of policyholders. On December 22, 2015, EW Ageas Life obtained from the Insurance Commission (IC) a license to operate as a life insurance business. The Certificate of Authority was granted effective from January 1, 2016 to December 31, 2018 and renewed every two years. The latest renewal happened on December 16, 2021 with certificate No. 22/19-R effective from January 1, 2022 to December 31, 2024.

EW Ageas Life started its commercial operations on February 1, 2016. On March 28, 2016, the Parent Company and Ageas entered into a Deed of Sale for the transfer of 1,666,655 shares from Parent Company to Ageas. The resulting shareholder structure became 50% less one share for Parent Company and 50% plus one share for Ageas. The Parent Company and Ageas control EW Ageas Life through a Joint Venture Agreement. Its registered office is at One World Place, 32nd Street, Bonifacio Global City, Taguig City.

In 2017, additional capital aggregating to ₱1.33 billion was solely contributed by Ageas to EW Ageas Life. This increased the Parent Company's investment in the joint venture by ₱665.00 million in 2017 which was recognized as gain on capital transaction. Under the joint venture agreement, within a period of seven (7) years from consummation, the joint venture entity may at any time request for additional funding from the Parent Company and Ageas. Parent Company and Ageas each infused additional capital to EW Ageas Life amounting to ₱216.00 million in 2023 and ₱575.00 million in 2022.

In 2024 and 2023, no dividends was received from EW Ageas Life. As of December 31, 2024 and 2023, the joint venture has no contingent liabilities or commitments.

As at December 31, 2024 and 2023, the EWAL is fully compliant with the minimum statutory net worth requirements as required by the Insurance Commission of the Philippines.

11. Property, Equipment and Right-of-Use Assets

The composition of and movements in the Group's property, equipment and ROU assets follow:

	2024					
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	ROU Asset	Total
Cost						
Balance at beginning of year	₱54,635	₱1,055,091	₱3,303,206	₱4,237,732	₱7,814,708	₱16,465,372
Additions	—	11,851	482,380	346,590	903,611	1,744,432
Disposals/terminations and other adjustments	—	—	(25,287)	—	(779,582)	(804,869)
Balance at end of year	54,635	1,066,942	3,760,299	4,584,322	7,938,737	17,404,935
Accumulated Depreciation and Amortization						
Balance at beginning of year	—	344,957	2,889,743	3,638,637	2,427,677	9,301,014
Depreciation and amortization	—	30,460	227,114	183,040	973,605	1,414,219
Disposals/terminations and other adjustments	—	—	(20,233)	—	(690,145)	(710,378)
Balance at end of year	—	375,417	3,096,624	3,821,677	2,711,137	10,004,855
Net Book Value	₱54,635	₱691,525	₱663,675	₱762,645	₱5,227,600	₱7,400,080



2023						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	ROU Asset	Total
Cost						
Balance at beginning of year	P54,635	P1,051,316	P3,187,791	P4,037,812	P5,921,542	P14,253,096
Additions	—	3,775	232,544	199,920	2,422,969	2,859,208
Disposals/terminations and other adjustments	—	—	(117,129)	—	(529,803)	(646,932)
Balance at end of year	54,635	1,055,091	3,303,206	4,237,732	7,814,708	16,465,372
Accumulated Depreciation and Amortization						
Balance at beginning of year	—	314,894	2,814,131	3,447,369	2,076,745	8,653,139
Depreciation and amortization	—	30,063	175,862	191,268	881,089	1,278,282
Disposals/terminations and other adjustments	—	—	(100,249)	—	(530,158)	(630,407)
Balance at end of year	—	344,957	2,889,744	3,638,637	2,427,676	9,301,014
Net Book Value	P54,635	P710,134	P413,462	P599,095	P5,387,032	P7,164,358

The composition of and movements in the Parent Company's property, equipment and ROU assets follow:

2024						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	ROU Asset	Total
Cost						
Balance at beginning of year	P33,298	P975,880	P2,855,477	P4,060,505	P7,278,884	P15,204,044
Additions	—	8,083	423,335	328,513	703,757	1,463,688
Disposals/terminations and other adjustments	—	—	(19,522)	—	(545,191)	(564,713)
Balance at end of year	33,298	983,963	3,259,290	4,389,018	7,437,450	16,103,019
Accumulated Depreciation and Amortization						
Balance at beginning of year	—	310,796	2,504,715	3,485,476	2,085,039	8,386,026
Depreciation and amortization	—	26,921	188,840	174,269	867,740	1,257,770
Disposals/terminations and other adjustments	—	—	(14,503)	—	(529,000)	(543,503)
Balance at end of year	—	337,717	2,679,052	3,659,745	2,423,779	9,100,293
Net Book Value	P33,298	P646,246	P580,238	P729,273	P5,013,671	P7,002,726

2023						
	Land	Buildings	Furniture, Fixtures and Equipment	Leasehold Improvements	ROU Asset	Total
Cost						
Balance at beginning of year	P33,298	P973,287	P2,761,252	P3,869,991	P5,423,403	P13,061,231
Additions	—	2,593	199,282	190,514	2,365,221	2,757,610
Disposals/terminations and other adjustments	—	—	(105,057)	—	(509,740)	(614,797)
Balance at end of year	33,298	975,880	2,855,477	4,060,505	7,278,884	15,204,044
Accumulated Depreciation and Amortization						
Balance at beginning of year	—	284,185	2,443,141	3,300,640	1,812,932	7,840,898
Depreciation and amortization	—	26,611	149,752	184,836	781,863	1,143,062
Disposals/terminations and other adjustments	—	—	(88,178)	—	(509,756)	(597,934)
Balance at end of year	—	310,796	2,504,715	3,485,476	2,085,039	8,386,026
Net Book Value	P33,298	P665,084	P350,762	P575,029	P5,193,845	P6,818,018

The Group has lease contracts for office branches, warehouses, spaces for Automated Teller Machines (ATMs) and office equipment. With the exception of short-term leases of low-value underlying assets, each lease is reflected on the statement of financial position as ROU asset and a lease liability.



The net gain on sale recognized by the Group for the disposal of certain property and equipment amounted to ₱1.41 million, ₱2.72 million, ₱5.00 million in 2024, 2023 and 2022, respectively. The net gain on sale recognized by the Parent Company for the disposal of certain property and equipment amounted to ₱0.25 million, ₱2.46 million, and ₱2.48 million in 2024, 2023, and 2022 respectively.

As of December 31, 2024 and 2023, the cost of fully depreciated property and equipment still in use by the Group amounted to ₱2.61 billion and ₱2.76 billion, respectively.

As of December 31, 2024 and 2023, the cost of fully depreciated property and equipment still in use by the Parent Company amounted to ₱2.09 billion and ₱2.21 billion, respectively.

12. Investment Properties

The composition of and movements in the Group's investment properties follow:

	2024		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱728,563	₱757,997	₱1,486,560
Additions	59,460	214,456	273,916
Disposals	(19,629)	(20,911)	(40,540)
Balance at end of year	768,394	951,542	1,719,936
Accumulated Depreciation and Amortization			
Balance at beginning of year	—	437,373	437,373
Depreciation and amortization	—	74,353	74,353
Disposals	—	(12,256)	(12,256)
Balance at end of year	—	499,470	499,470
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	63,405	10,182	73,587
Provision during the year	11,110	2,551	13,661
Disposals	(20,161)	(7,889)	(28,050)
Balance at end of year	54,354	4,844	59,198
Net Book Value	₱714,040	₱447,228	₱1,161,268

	2023		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱605,365	₱729,292	₱1,334,657
Additions	169,967	104,554	274,521
Disposals	(46,769)	(75,849)	(122,618)
Balance at end of year	728,563	757,997	1,486,560
Accumulated Depreciation and Amortization			
Balance at beginning of year	—	423,869	423,869
Depreciation and amortization	—	63,987	63,987
Disposals	—	(50,483)	(50,483)
Balance at end of year	—	437,373	437,373
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	57,592	12,954	70,546
Provision during the year	14,261	1,724	15,985
Disposals	(8,448)	(4,496)	(12,944)
Balance at end of year	63,405	10,182	73,587
Net Book Value	₱665,158	₱310,442	₱975,600



The composition of and movements in the Parent Company's investment properties follow:

	2024		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱727,795	₱758,062	₱1,485,857
Additions	59,460	214,456	273,916
Disposals	(19,629)	(20,911)	(40,540)
Balance at end of year	₱767,626	₱951,607	₱1,719,233
Accumulated Depreciation and Amortization			
Balance at beginning of year	—	437,366	437,366
Depreciation and amortization	—	74,353	74,353
Disposals	—	(12,256)	(12,256)
Balance at end of year	—	499,463	499,463
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	63,405	10,183	73,588
Provision during the year	11,110	2,551	13,661
Disposals	(20,161)	(7,889)	(28,050)
Balance at end of year	54,354	4,845	59,199
Net Book Value	₱713,272	₱447,299	₱1,160,571

	2023		
	Land	Buildings and Improvements	Total
Cost			
Balance at beginning of year	₱604,597	₱729,357	₱1,333,954
Additions	169,967	104,554	274,521
Disposals	(46,769)	(75,849)	(122,618)
Balance at end of year	727,795	758,062	1,485,857
Accumulated Depreciation and Amortization			
Balance at beginning of year	—	423,863	423,863
Depreciation and amortization	—	63,987	63,987
Disposals	—	(50,484)	(50,484)
Balance at end of year	—	437,366	437,366
Accumulated Impairment Losses (Note 15)			
Balance at beginning of year	57,592	12,954	70,546
Provision during the year	14,261	1,725	15,986
Disposals	(8,448)	(4,496)	(12,944)
Balance at end of year	63,405	10,183	73,588
Net Book Value	₱664,390	₱310,513	₱974,903

The Group's and the Parent Company's investment properties consist entirely of real estate properties and land improvements acquired in settlement of loans and receivables.

The aggregate fair value of the investment properties of the Group and the Parent Company amounted to ₱2.83 billion as of December 31, 2024, and ₱2.50 billion as of December 31, 2023. Fair value has been determined based on valuations made by independent and/or in-house appraisers. Valuations were derived on the basis of recent sales of similar properties in the same area as the investment properties taking into account the economic conditions prevailing at the time the valuations were made.

As of December 31, 2024 and 2023, the carrying values of foreclosed investment properties of the Group and of the Parent Company still subject to redemption period by the borrower amounted to ₱153.60 million and ₱166.15 million, respectively.



Gain on sale recognized by the Group and the Parent Company for the disposal of its foreclosed assets amounted to ₱58.58 million, ₱111.36 million, ₱66.39 million in 2024, 2023 and 2022, respectively.

Gain on foreclosure on investment property by the Group and the Parent Company amounted to ₱108.47 million in 2024 and ₱96.43 million in 2023, respectively.

Direct operating expenses from investment properties that did not generate rent income amounted to ₱107.13 million, ₱95.32 million, ₱95.57 million for the Group and the Parent Company in 2024, 2023 and 2022, respectively. The Group and the Parent Company have no investment properties that generated rent income in 2024, 2023 and 2022.

13. Goodwill and Other Intangible Assets

As of December 31, 2024 and 2023, the intangible assets of the Group consist of:

	2024					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
Balance at beginning of year	₱3,877,241	₱2,167,600	₱154,626	₱105,128	₱2,598,096	₱8,902,691
Additions	—	—	—	—	398,610	398,610
Balance at end of year	3,877,241	2,167,600	154,626	105,128	2,996,706	9,301,301
Accumulated Amortization						
Balance at beginning of year	—	—	67,051	86,256	1,805,900	1,959,207
Amortization	—	—	3,651	6,469	248,170	258,290
Balance at end of year	—	—	70,702	92,725	2,054,070	2,217,497
Net Book Value	₱3,877,241	₱2,167,600	₱83,924	₱12,403	₱942,636	₱7,083,804

	2023					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
Balance at beginning of year	₱3,877,241	₱2,167,600	₱154,626	₱105,128	₱2,351,436	₱8,656,031
Additions	—	—	—	—	246,660	246,660
Balance at end of year	3,877,241	2,167,600	154,626	105,128	2,598,096	8,902,691
Accumulated Amortization						
Balance at beginning of year	—	—	63,400	79,787	1,616,373	1,759,560
Amortization	—	—	3,651	6,469	189,527	199,647
Balance at end of year	—	—	67,051	86,256	1,805,900	1,959,207
Net Book Value	₱3,877,241	₱2,167,600	₱87,575	₱18,872	₱792,196	₱6,943,484

As of December 31, 2024 and 2023, the intangible assets of the Parent Company consist of:

	2024					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
Balance at beginning of year	₱3,853,763	₱2,167,600	₱154,626	₱105,128	₱2,539,043	₱8,820,160
Additions	—	—	—	—	392,179	392,179
Balance at end of year	₱3,853,763	₱2,167,600	₱154,626	₱105,128	₱2,931,222	₱9,212,339
Accumulated Amortization						
Balance at beginning of year	—	—	67,051	86,256	1,772,860	1,926,167
Amortization	—	—	3,651	6,469	239,491	249,611
Balance at end of year	—	—	70,702	92,725	2,012,350	2,175,778
Net Book Value	₱3,853,763	₱2,167,600	₱83,924	₱12,403	₱918,872	₱7,036,561



	2023					
	Goodwill	Branch Licenses	Customer Relationship	Core Deposits	Capitalized Software	Total
Cost						
Balance at beginning of year	₱3,853,763	₱2,167,600	₱154,626	₱105,128	₱2,312,582	₱8,593,699
Additions	—	—	—	—	226,461	226,461
Balance at end of year	3,853,763	2,167,600	154,626	105,128	2,539,043	8,820,160
Accumulated Amortization						
Balance at beginning of year	—	—	63,400	79,787	1,587,846	1,731,030
Amortization	—	—	3,651	6,469	185,018	195,138
Balance at end of year	—	—	67,051	86,256	1,772,860	1,926,168
Net Book Value	₱3,853,763	₱2,167,600	₱87,575	₱18,872	₱766,183	₱6,893,992

Goodwill

Goodwill represents the excess of the acquisitions cost over the fair value arising from acquisition of (a) Ecology Savings Bank, Inc. (“ESBI”) in 2002; (b) American International Group, Inc. Philam Savings Bank (AIGPASB) Group in 2009; (c) EWRB in 2012; (d) Green Bank, Inc. (“GBI”) in 2014; and (e) Standard Chartered Bank (“SCB”) in 2016.

The business combination resulted in the recognition of goodwill allocated to the three (3) CGUs which are also reportable segments. As of December 31, 2024 and 2023, goodwill for each CGU in the books of the Parent Company are as follows:

CGU	Consolidated	Parent Company
Consumer Banking	₱2,060,312	₱2,060,312
Treasury and Trust	1,643,239	1,643,239
Retail Banking	173,690	150,212
	₱3,877,241	₱3,853,763

Key assumptions used in VIU calculations

The recoverable amount of the CGUs has been determined based on VIU calculations using cash flow projections based on financial budgets approved by the management covering a five-year period. The VIU calculation for the CGUs is most sensitive to the following assumptions: a) interest margin; b) discount rates; c) market share during the budget period; and d) projected growth rates used to extrapolate cash flows beyond the budget period. Future cash flows were based on historical experience, strategies developed and prospects. The discount rate used for the computation of the net present value is the cost of equity and was determined by reference to comparable entities.

Discount rate and growth rate

The following discount rates were applied to the cash flow projections:

	2024			2023			2022		
	Retail banking	Consumer Banking	Treasury and Trust	Retail banking	Consumer Banking	Treasury and Trust	Retail banking	Consumer Banking	Treasury and Trust
Pre-tax discount rate	12.30%	12.30%	12.30%	12.30%	12.30%	12.30%	12.30%	12.30%	12.30%
Projected growth rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to exceed their recoverable amount.



Branch Licenses

Branch licenses of the Group and the Parent Company amounting to ₱2.17 billion represents: one branch license acquired by the Parent Company from the BSP amounting to ₱0.20 million in 2015, 25 branch licenses acquired by the Parent Company from the BSP amounting to ₱505.20 million in 2014, 10 branch licenses acquired by the Parent Company from the BSP amounting to ₱214.80 million in 2013, 42 branch licenses acquired by the Parent Company from the BSP amounting to ₱822.00 million in 2012, and 46 branch licenses acquired by the Parent Company from the acquisition of GBI amounting to ₱625.40 million in 2011.

Customer Relationship and Core Deposits

The business combination between the Parent Company and AIGPASB Group in 2009 resulted in the acquisition of customer relationship and core deposits amounting to ₱154.63 million and ₱40.43 million, respectively.

The business combination between the Parent Company and SCB in 2016 resulted in the acquisition of core deposits amounting to ₱64.70 million.

Capitalized Software

Capitalized software pertains to computer software licenses and programs acquired by the Group and the Parent Company for its banking operations. Included in the 2024 and 2023 acquisitions are software licenses acquired by the Group and the Parent Company for the upgrade of its core banking systems amounting to ₱398.61 million and ₱392.18 in 2024, and ₱246.66 million and ₱226.46 million, respectively in 2023.

14. Other Assets

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Financial assets				
Security deposits	₱404,935	₱397,405	₱379,600	₱373,427
Margin account	137,853	167,996	137,853	167,996
Derivative assets (Note 5)	83,133	21,812	83,133	21,812
Deposit to suppliers	71,867	49,030	71,867	49,030
Other asset – petty cash fund	2,711	2,731	2,016	2,006
Returned cash and other cash items	–	4,879	–	4,879
	700,499	643,853	674,469	619,150
Non-financial assets				
Other repossessed assets	2,403,769	2,025,206	2,403,769	2,025,206
Prepaid expenses	865,534	695,500	805,288	614,904
Card acquisition costs	512,704	409,531	512,704	409,531
Equity on car plan	180,371	162,658	180,231	162,458
Stationery and supplies on hand	129,688	78,517	115,480	68,923
Documentary stamps	121,322	192,146	121,322	192,146
Outward clearing	104,088	303,795	104,088	303,795
Outward settlements	30,367	206,837	30,367	206,837
Deferred charges	9,491	184,893	9,491	184,893
Interoffice items	7,088	2,460	7,088	2,460
Other miscellaneous asset	248,102	180,108	138,087	129,620
	4,612,524	4,441,651	4,427,915	4,300,773
	5,313,023	5,085,504	5,102,384	4,919,923
Allowance for impairment losses (Note 15)	(176,971)	(121,274)	(146,974)	(91,186)
	₱5,136,052	₱4,964,230	₱4,955,410	₱4,828,737



Card acquisition costs pertain to commissions paid to third party service providers for the issuance of the credit card. These transaction costs are accounted for as contract assets under PFRS 15 and amortized over 2 (two) years.

The allowance for impairment losses on other assets pertains to the allowances for impairment losses of other repossessed assets and of the Bank's long outstanding floats.

The movements in the allowance for impairment losses on other assets excluding other repossessed assets of the Group and the Parent Company follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balance at beginning of year	₱118,378	₱78,335	₱88,290	₱50,295
Provisions during the year	74,550	40,126	74,377	38,078
Write-off and others	(19,077)	(83)	(18,813)	(83)
Balance at end of year	₱173,851	₱118,378	₱143,854	₱88,290

The movements in other repossessed assets of the Group and the Parent Company follow:

	2024	2023
Cost		
Balance at beginning of year	₱2,316,579	₱1,222,755
Additions	6,329,959	3,993,505
Disposals	(5,889,144)	(2,899,681)
Balance at the end of year	2,757,394	2,316,579
Accumulated Depreciation		
Balance at the beginning of year	291,373	255,385
Depreciation	603,738	297,679
Disposals	(541,486)	(261,691)
Balance at the end of year	353,625	291,373
Net book value, gross of allowance for impairment losses	2,403,769	2,025,206
Allowance for Impairment Losses		
Balance at beginning of year	2,896	1,291
Provision during the year	3,032	4,561
Disposals	(2,808)	(2,956)
Balance at the end of year	3,120	2,896
Net book value, net of allowance for impairment losses	₱2,400,649	₱2,022,310

The Group and Parent Company recognized net gain (loss) from the disposal of its repossessed assets amounting to (₱416.14 million), (₱425.22 million), (₱266.28 million) in 2024, 2023 and 2022, respectively.

Gain on foreclosure from repossessed assets by the Parent Company amounted to ₱1.08 billion in 2024 and ₱586.36 million in 2023, respectively.



15. Allowance for Credit and Impairment Losses

Details of and changes in the allowance for impairment and credit losses follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balances at the beginning of year:				
Loans and receivables (Note 9)	₱11,923,717	₱12,230,549	₱11,293,943	₱11,575,412
Investment securities at amortized cost (Note 8)	10,708	11,280	10,708	11,280
Financial assets at FVOCI (Note 8)	16,971	37,795	16,971	37,795
Due from other banks	821	1,197	821	1,197
Investment properties (Note 12)	73,588	70,546	73,588	70,546
Other assets (Note 14)	121,274	79,627	91,186	51,586
Provision for unused credit lines (Note 19)	463,861	318,594	463,861	318,594
	12,610,940	12,749,588	11,951,078	12,066,410
Provisions charged to current operations – loans and receivables (Note 9)	9,715,933	7,504,034	9,358,988	6,909,627
Provisions charged to (recoveries credited to) current operations – due from other banks and investment securities at amortized cost	(628)	(907)	(628)	(907)
Provisions charged to current operations – financial assets at FVOCI (Note 8)	6,600	(20,824)	(4,640)	(20,824)
Provisions charged to current operations – investment properties and other assets (Notes 12 and 14)	69,449	60,672	69,449	58,625
Provisions charged to (recoveries credited to) current operations – unused credit lines (Note 19)	(211,652)	145,277	(211,652)	145,277
Write-off and others (Notes 9 and 14)	(9,374,444)	(7,101,420)	(9,021,127)	(6,481,650)
Foreclosure and other	(780,172)	(709,580)	(776,560)	(709,580)
Reversal of allowance on disposals of investment properties and other repossessed assets (Notes 12 and 14)	(30,858)	(15,900)	(30,858)	(15,900)
Balances at the end of year:				
Loans and receivables (Note 9)	11,480,756	11,923,717	10,850,875	11,293,943
Investment securities at amortized cost (Note 8)	11,136	10,708	11,136	10,708
Financial assets at FVOCI (Note 8)	23,571	16,971	12,331	16,971
Due from other banks (Note 7)	1,327	821	1,327	821
Investment properties (Note 12)	59,198	73,588	59,198	73,588
Other assets (Note 14)	176,971	121,274	146,974	91,186
Provision for unused credit lines	252,209	463,861	252,209	463,861
	₱12,005,168	₱12,610,940	₱11,334,050	₱11,951,078

With the foregoing level of allowance for impairment and credit losses, management believes that the Group has sufficient allowance for any losses that the Group may incur from the non-collection or non-realization of its receivables and other risk assets.

The reconciliation of allowance for the receivables from customers follows:

Total Loans and Receivables - Consolidated

	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱3,224,933	₱1,801,728	₱6,897,056	₱11,923,717
Newly originated assets that remained in Stage 1 as at December 31, 2024	3,443,620	–	–	3,443,620
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	–	605,525	6,020,994	6,626,519
Effect of collections and other movements in receivable balance (excluding write-offs)	(2,421,774)	(950,250)	(1,432,769)	(4,804,793)
Foreclosures and other adjustments	–	–	(806,431)	(806,431)
Write-offs (Note 9)	–	–	(9,352,463)	(9,352,463)
Transfers from Stage 1	(347,948)	95,296	252,652	–
Transfers from Stage 2	559,900	(1,410,878)	850,978	–
Transfers from Stage 3	243,384	18,600	(261,984)	–
Impact on ECL of exposures transferred between stages of exposures transferred between stages	(501,571)	1,415,892	3,536,266	4,450,587
Balance at end of year	₱4,200,544	₱1,575,913	₱5,704,299	₱11,480,756



	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱2,347,255	₱1,450,413	₱8,432,881	₱12,230,549
Newly originated assets that remained in Stage 1 as at December 31, 2023	3,109,413	—	—	3,109,413
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	1,311,245	2,114,744	3,425,989
Effect of collections and other movements in receivable balance (excluding write-offs)	(1,724,039)	(1,636,971)	(920,839)	(4,281,849)
Foreclosures and other adjustments	—	—	(709,438)	(709,438)
Write-offs (Note 9)	—	—	(7,101,428)	(7,101,428)
Transfers from Stage 1	(1,062,978)	174,937	888,041	—
Transfers from Stage 2	257,366	(1,549,182)	1,291,816	—
Transfers from Stage 3	127,705	23,120	(150,825)	—
Impact on ECL of exposures transferred between stages of exposures transferred between stages	170,211	2,028,166	3,052,104	5,250,481
Balance at end of year	₱3,224,933	₱1,801,728	₱6,897,056	₱11,923,717

Reconciliation of the allowance for impairment and credit losses by class in 2024 and 2023 follows:

	2024			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱282,017	₱62,255	₱1,831,784	₱2,176,056
Newly originated assets that remained in Stage 1 as at December 31, 2024	848,011	—	—	848,011
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	111,745	277,298	389,043
Effect of collections and other movements in receivable balance (excluding write-offs)	(887,780)	(92,689)	(22,982)	(1,003,451)
Write-offs (Note 9)	—	—	(983,660)	(983,660)
Transfers from Stage 1	(87)	—	87	—
Transfers from Stage 2	5,226	(5,226)	—	—
Transfers from Stage 3	95	—	(95)	—
Impact on ECL of exposures transferred between stages	(6,127)	4,607	133,097	131,577
Balance at end of year	241,355	80,692	1,235,529	1,557,576
Auto loans				
Balance at beginning of year	741,109	168,581	1,703,731	2,613,421
Newly originated assets that remained in Stage 1 as at December 31, 2024	211,919	—	—	211,919
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	96,425	980,200	1,076,625
Effect of collections and other movements in receivable balance (excluding write-offs)	(338,469)	(50,450)	(517,462)	(906,381)
Foreclosures and other adjustments	—	—	(803,373)	(803,373)
Write-offs (Note 9)	—	—	(1,545,147)	(1,545,147)
Transfers from Stage 1	(46,580)	26,740	19,840	—
Transfers from Stage 2	54,620	(102,693)	48,073	—
Transfers from Stage 3	20,281	1,491	(21,772)	—
Impact on ECL of exposures transferred between stages	(309,485)	127,165	1,690,052	1,507,732
Balance at end of year	333,395	267,259	1,554,142	2,154,796
Credit cards				
Balance at beginning of year	909,555	1,390,117	1,497,113	3,796,785
Newly originated assets that remained in Stage 1 as at December 31, 2024	400,208	—	—	400,208
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	163,507	3,542,457	3,705,964
Effect of collections and other movements in receivable balance (excluding write-offs)	(11,310)	(659,036)	(21,369)	(691,715)
Write-offs (Note 9)	—	—	(5,338,948)	(5,338,948)
Transfers from Stage 1	(232,953)	53,662	179,291	—
Transfers from Stage 2	484,367	(1,230,200)	745,833	—
Transfers from Stage 3	178,879	9,520	(188,399)	—
Impact on ECL of exposures transferred between stages	(126,388)	1,207,416	1,250,921	2,331,949
Balance at end of year	1,602,358	934,986	1,666,899	4,204,243
Mortgage loans				
Balance at beginning of year	135	—	92,984	93,119
Newly originated assets that remained in Stage 1 as at December 31, 2024	97	—	—	97
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	78	11	89

(Forward)



	2024			
	Stage 1	Stage 2	Stage 3	Total
Effect of collections and other movements in receivable balance (excluding write-offs)	(P37)	(P4)	P–	(P41)
Foreclosures and other adjustment	–	–	(3,058)	(3,058)
Write-offs (Note 9)	–	–	–	–
Transfers from Stage 1	(1)	1	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	182	32	(214)	–
Impact on ECL of exposures transferred between stages	377	2,442	4,421	7,240
Balance at end of year	753	2,549	94,144	97,446
Other consumer loans**				
Balance at beginning of year	581,062	83,547	895,812	1,560,421
Newly originated assets that remained in Stage 1 as at December 31, 2024	636,391	–	–	636,391
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	–	187,956	1,205,904	1,393,860
Effect of collections and other movements in receivable balance (excluding write-offs)	(493,799)	(66,179)	(184,153)	(744,131)
Write-offs (Note 9)	–	–	(1,405,822)	(1,405,822)
Transfers from Stage 1	(61,014)	13,568	47,446	–
Transfers from Stage 2	8,697	(60,066)	51,369	–
Transfers from Stage 3	42,995	7,518	(50,513)	–
Impact on ECL of exposures transferred between stages	(57,269)	63,243	455,241	461,215
Balance at end of year	657,063	229,587	1,015,284	1,901,934
Other receivables***				
Balance at beginning of year	711,055	97,228	875,632	1,683,915
Newly originated assets that remained in Stage 1 as at December 31, 2024	1,346,994	–	–	1,346,994
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	–	45,814	15,124	60,938
Effect of collections and other movements in receivable balance (excluding write-offs)	(690,379)	(81,892)	(686,803)	(1,459,074)
Write-offs (Note 9)	–	–	(78,886)	(78,886)
Transfers from Stage 1	(7,314)	1,326	5,988	–
Transfers from Stage 2	6,991	(12,694)	5,703	–
Transfers from Stage 3	952	39	(991)	–
Impact on ECL of exposures transferred between stages	(2,679)	11,019	2,534	10,874
Balance at end of year	1,365,620	60,840	138,301	1,564,761
Total	P4,200,544	P1,575,913	P5,704,299	P11,480,756

*Include corporate loans, emerging enterprise loans and branch loans

**Include DepEd loans, employee loans, salary loans and personal loans

***Include Accrued interest receivables, Accounts receivables and Sales contract receivables and unquoted debt securities classified as loans

	2023			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	P6,291	P416,250	P1,843,469	P2,266,010
Newly originated assets that remained in Stage 1 as at December 31, 2023	246,530	–	–	246,530
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	53,190	60,012	113,202
Effect of collections and other movements in receivable balance (excluding write-offs)	(4,005)	(360,936)	(52,635)	(417,576)
Transfers from Stage 2	48,999	(65,064)	16,065	–
Transfers from Stage 3	–	5,812	(5,812)	–
Impact on ECL of exposures transferred between stages	(15,798)	13,003	(29,315)	(32,110)
Balance at end of year	282,017	62,255	1,831,784	2,176,056
Auto loans				
Balance at beginning of year	295,007	91,106	2,308,610	2,694,723
Newly originated assets that remained in Stage 1 as at December 31, 2023	668,218	–	–	668,218
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	90,321	532,465	622,786
Effect of collections and other movements in receivable balance (excluding write-offs)	(62,658)	(33,031)	(683,385)	(779,074)
Foreclosures	–	–	(709,440)	(709,440)
Write-offs (Note 9)	–	–	(1,231,909)	(1,231,909)
Transfers from Stage 1	(55,748)	45,884	9,864	–
Transfers from Stage 2	21,772	(44,841)	23,069	–

(Forward)



	2023			
	Stage 1	Stage 2	Stage 3	Total
Transfers from Stage 3	₱13,589	₱4,563	(₱18,152)	₱-
Impact on ECL of exposures transferred between stages	(139,071)	14,579	1,472,609	1,348,117
Balance at end of year	741,109	168,581	1,703,731	2,613,421
Credit cards				
Balance at beginning of year	747,942	766,521	1,944,181	3,458,644
Newly originated assets that remained in Stage 1 as at December 31, 2023	833,195	-	-	833,195
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	-	955,949	460,720	1,416,669
Effect of collections and other movements in receivable balance (excluding write-offs)	(479,288)	(1,052,590)	(23,971)	(1,555,849)
Write-offs (Note 9)	-	-	(3,751,161)	(3,751,161)
Transfers from Stage 1	(752,502)	102,940	649,562	-
Transfers from Stage 2	174,345	(1,310,771)	1,136,426	-
Transfers from Stage 3	76,654	5,428	(82,082)	-
Impact on ECL of exposures transferred between stages	309,209	1,922,640	1,163,438	3,395,287
Balance at end of year	909,555	1,390,117	1,497,113	3,796,785
Mortgage loans				
Balance at beginning of year	4,141	4,823	90,876	99,840
Newly originated assets that remained in Stage 1 as at December 31, 2023	46	-	-	46
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	-	-	15	15
Effect of collections and other movements in receivable balance (excluding write-offs)	(531)	(519)	(5,160)	(6,210)
Write-offs (Note 9)	-	-	-	-
Transfers from Stage 1	(566)	529	37	-
Transfers from Stage 2	1,507	(1,962)	455	-
Transfers from Stage 3	3,420	568	(3,988)	-
Impact on ECL of exposures transferred between stages	(7,882)	(3,439)	10,749	(572)
Balance at end of year	135	-	92,984	93,119
Other consumer loans**				
Balance at beginning of year	720,138	118,873	1,419,530	2,258,541
Newly originated assets that remained in Stage 1 as at December 31, 2023	663,967	-	-	663,967
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	-	131,289	950,129	1,081,418
Effect of collections and other movements in receivable balance (excluding write-offs)	(627,121)	(161,104)	(109,980)	(898,205)
Write-offs (Note 9)	-	-	(2,083,370)	(2,083,370)
Transfers from Stage 1	(235,204)	14,353	220,851	-
Transfers from Stage 2	10,023	(113,657)	103,634	-
Transfers from Stage 3	33,929	6,739	(40,668)	-
Impact on ECL of exposures transferred between stages	15,330	87,054	435,686	538,070
Balance at end of year	581,062	83,547	895,812	1,560,421
Other receivables***				
Balance at beginning of year	573,736	52,840	826,215	1,452,791
Newly originated assets that remained in Stage 1 as at December 31, 2023	697,457	-	-	697,457
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	-	80,496	111,403	191,899
Effect of collections and other movements in receivable balance (excluding write-offs)	(550,436)	(28,791)	(45,706)	(624,933)
Write-offs (Note 9)	-	-	(34,988)	(34,988)
Transfers from Stage 1	(18,958)	11,231	7,727	-
Transfers from Stage 2	720	(12,887)	12,167	-
Transfers from Stage 3	113	10	(123)	-
Impact on ECL of exposures transferred between stages	8,423	(5,671)	(1,063)	1,689
Balance at end of year	711,055	97,228	875,632	1,683,915
Total	₱3,224,933	₱1,801,728	₱6,897,056	₱11,923,717

*Include corporate loans, emerging enterprise loans and branch loans

**Include DepEd loans, employee loans, salary loans and personal loans

***Include Accrued interest receivables, Accounts receivables and Sales contract receivables and unquoted debt securities classified as loans



Total Allowance on Credit Losses— Parent Company

	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱2,950,712	₱1,791,077	₱6,552,154	₱11,293,943
Newly originated assets that remained in Stage 1 as at December 31, 2024	3,283,545	—	—	3,283,545
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	504,410	5,952,017	6,456,427
Effect of collections and other movements in receivable balance (excluding write-offs)	(2,175,879)	(943,452)	(1,438,313)	(4,557,644)
Foreclosures and other adjustments	—	—	(804,472)	(804,472)
Write-offs (Note 9)	—	—	(8,997,584)	(8,997,584)
Transfers from Stage 1	(341,129)	92,870	248,259	—
Transfers from Stage 2	559,204	(1,407,380)	848,176	—
Transfers from Stage 3	241,999	17,887	(259,886)	—
Impact on ECL of exposures transferred between stages	(483,684)	1,418,406	3,241,938	4,176,660
Balance at end of year	₱4,034,768	₱1,473,818	₱5,342,289	₱10,850,875

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱2,104,762	₱1,418,683	₱8,051,967	₱11,575,412
Newly originated assets that remained in Stage 1 as at December 31, 2023	2,850,098	—	—	2,850,098
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	1,302,287	1,690,402	2,992,689
Effect of collections and other movements in receivable balance (excluding write-offs)	(1,496,794)	(1,610,429)	(920,848)	(4,028,071)
Foreclosures and other adjustments	—	—	(709,438)	(709,438)
Write-offs (Note 9)	—	—	(6,481,658)	(6,481,658)
Transfers from Stage 1	(1,054,313)	171,215	883,098	—
Transfers from Stage 2	255,643	(1,543,111)	1,287,468	—
Transfers from Stage 3	126,429	22,055	(148,484)	—
Impact on ECL of exposures transferred between stages	164,887	2,030,377	2,899,647	5,094,911
Balance at end of year	₱2,950,712	₱1,791,077	₱6,552,154	₱11,293,943

	2024			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱281,725	₱62,255	₱1,785,335	₱2,129,315
Newly originated assets that remained in Stage 1 as at December 31, 2024	847,998	—	—	847,998
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	111,745	277,298	389,043
Effect of collections and other movements in receivable balance (excluding write-offs)	(887,629)	(92,688)	(21,174)	(1,001,491)
Write-offs (Note 9)	—	—	(831,762)	(831,762)
Transfers from Stage 1	(87)	—	87	—
Transfers from Stage 2	5,226	(5,226)	—	—
Transfers from Stage 3	95	—	(95)	—
Impact on ECL of exposures transferred between stages	(6,122)	4,607	(18,801)	(20,316)
Balance at end of year	241,206	80,693	1,190,888	1,512,787
Auto loans				
Balance at beginning of year	741,109	168,581	1,703,731	2,613,421
Newly originated assets that remained in Stage 1 as at December 31, 2024	211,919	—	—	211,919
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	96,425	980,200	1,076,625
Effect of collections and other movements in receivable balance (excluding write-offs)	(338,469)	(50,450)	(519,418)	(908,337)
Foreclosures and Other Adjustment	—	—	(801,414)	(801,414)
Write-offs (Note 9)	—	—	(1,545,147)	(1,545,147)
Transfers from Stage 1	(46,580)	26,740	19,840	—
Transfers from Stage 2	54,620	(102,693)	48,073	—
Transfers from Stage 3	20,281	1,491	(21,772)	—
Impact on ECL of exposures transferred between stages	(309,485)	127,165	1,690,049	1,507,729
Balance at end of year	333,395	267,259	1,554,142	2,154,796

(Forward)



	2024			
	Stage 1	Stage 2	Stage 3	Total
Credit cards				
Balance at beginning of year	₱909,555	₱1,390,117	₱1,497,113	₱3,796,785
Newly originated assets that remained in Stage 1 as at December 31, 2024	400,208	—	—	400,208
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	163,507	3,542,457	3,705,964
Effect of collections and other movements in receivable balance (excluding write-offs)	(11,310)	(659,036)	(21,369)	(691,715)
Write-offs (Note 9)	—	—	(5,338,948)	(5,338,948)
Transfers from Stage 1	(232,953)	53,662	179,291	—
Transfers from Stage 2	484,367	(1,230,200)	745,833	—
Transfers from Stage 3	178,879	9,520	(188,399)	—
Impact on ECL of exposures transferred between stages	(126,388)	1,207,416	1,250,921	2,331,949
Balance at end of year	1,602,358	934,986	1,666,899	4,204,243
Mortgage loans				
Balance at beginning of year	135	—	92,984	93,119
Newly originated assets that remained in Stage 1 as at December 31, 2024	97	—	—	97
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	78	11	89
Effect of collections and other movements in receivable balance (excluding write-offs)	(37)	(4)	—	(41)
Foreclosures and Other Adjustment	—	—	(3,058)	(3,058)
Transfers from Stage 1	(1)	1	—	—
Transfers from Stage 2	—	—	—	—
Transfers from Stage 3	182	32	(214)	—
Impact on ECL of exposures transferred between stages	377	2,442	4,421	7,240
Balance at end of year	753	2,549	94,144	97,446
Other consumer loans**				
Balance at beginning of year	₱397,004	₱66,169	₱539,679	₱1,002,852
Newly originated assets that remained in Stage 1 as at December 31, 2024	486,396	—	—	486,396
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	90,071	1,138,524	1,228,595
Effect of collections and other movements in receivable balance (excluding write-offs)	(338,103)	(52,921)	(113,056)	(504,080)
Write-offs and others (Note 9)	—	—	(1,209,858)	(1,209,858)
Transfers from Stage 1	(53,891)	11,152	42,739	—
Transfers from Stage 2	8,007	(56,290)	48,283	—
Transfers from Stage 3	41,617	6,806	(48,423)	—
Impact on ECL of exposures transferred between stages	(39,492)	65,743	313,917	340,168
Balance at end of year	501,538	130,730	711,805	1,344,073
Other receivables***				
Balance at beginning of year	621,184	103,955	933,312	1,658,451
Newly originated assets that remained in Stage 1 as at December 31, 2024	1,336,927	—	—	1,336,927
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	42,584	13,527	56,111
Effect of collections and other movements in receivable balance (excluding write-offs)	(600,331)	(88,353)	(763,296)	(1,451,980)
Write-offs (Note 9)	—	—	(71,869)	(71,869)
Transfers from Stage 1	(7,617)	1,315	6,302	—
Transfers from Stage 2	6,984	(12,971)	5,987	—
Transfers from Stage 3	945	38	(983)	—
Impact on ECL of exposures transferred between stages	(2,574)	11,033	1,431	9,890
Balance at end of year	₱1,355,518	₱57,601	₱124,411	₱1,537,530
Total	₱4,034,768	₱1,473,818	₱5,342,289	₱10,850,875



	2023			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱6,160	₱416,178	₱1,793,583	₱2,215,921
Newly originated assets that remained in Stage 1 as at December 31, 2023	246,360	—	—	246,360
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	53,190	60,012	113,202
Effect of collections and other movements in receivable balance (excluding write-offs)	(4,011)	(360,864)	(49,196)	(414,071)
Write-offs (Note 9)	—	—	—	—
Transfers from Stage 1	—	—	—	—
Transfers from Stage 2	48,999	(65,064)	16,065	—
Transfers from Stage 3	—	5,812	(5,812)	—
Impact on ECL of exposures transferred between stages	(15,783)	13,003	(29,317)	(32,097)
Balance at end of year	281,725	62,255	1,785,335	2,129,315
Auto loans				
Balance at beginning of year	295,007	91,106	2,308,610	2,694,723
Newly originated assets that remained in Stage 1 as at December 31, 2023	668,218	—	—	668,218
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	90,321	532,465	622,786
Effect of collections and other movements in receivable balance (excluding write-offs)	(62,658)	(33,031)	(683,387)	(779,076)
Foreclosures	—	—	(709,438)	(709,438)
Write-offs (Note 9)	—	—	(1,231,909)	(1,231,909)
Transfers from Stage 1	(55,748)	45,884	9,864	—
Transfers from Stage 2	21,772	(44,841)	23,069	—
Transfers from Stage 3	13,589	4,563	(18,152)	—
Impact on ECL of exposures transferred between stages	(139,071)	14,579	1,472,609	1,348,117
Balance at end of year	741,109	168,581	1,703,731	2,613,421
Credit cards				
Balance at beginning of year	747,942	766,521	1,944,181	3,458,644
Newly originated assets that remained in Stage 1 as at December 31, 2023	833,195	—	—	833,195
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	955,949	460,720	1,416,669
Effect of collections and other movements in receivable balance (excluding write-offs)	(479,288)	(1,052,590)	(23,971)	(1,555,849)
Write-offs (Note 9)	—	—	(3,751,161)	(3,751,161)
Transfers from Stage 1	(752,502)	102,940	649,562	—
Transfers from Stage 2	174,345	(1,310,771)	1,136,426	—
Transfers from Stage 3	76,654	5,428	(82,082)	—
Impact on ECL of exposures transferred between stages	309,209	1,922,640	1,163,438	3,395,287
Balance at end of year	909,555	1,390,117	1,497,113	3,796,785
Mortgage loans				
Balance at beginning of year	₱4,141	₱4,823	₱90,876	₱99,840
Newly originated assets that remained in Stage 1 as at December 31, 2023	46	—	—	46
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	—	15	15
Effect of collections and other movements in receivable balance (excluding write-offs)	(531)	(519)	(5,160)	(6,210)
Transfers from Stage 1	(566)	529	37	—
Transfers from Stage 2	1,507	(1,962)	455	—
Transfers from Stage 3	3,420	568	(3,988)	—
Impact on ECL of exposures transferred between stages	(7,882)	(3,439)	10,749	(572)
Balance at end of year	135	—	92,984	93,119
Other consumer loans**				
Balance at beginning of year	518,745	85,406	1,090,478	1,694,629
Newly originated assets that remained in Stage 1 as at December 31, 2023	494,668	—	—	494,668
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	115,594	516,193	631,787
Effect of collections and other movements in receivable balance (excluding write-offs)	(441,394)	(133,145)	(138,252)	(712,791)
Write-offs (Note 9)	—	—	(1,489,488)	(1,489,488)
Transfers from Stage 1	(226,495)	10,637	215,858	—
Transfers from Stage 2	8,300	(107,495)	99,195	—
Transfers from Stage 3	32,653	5,674	(38,327)	—
Impact on ECL of exposures transferred between stages	10,527	89,498	284,022	384,047
Balance at end of year	397,004	66,169	539,679	1,002,852

(Forward)



	2023			Total
	Stage 1	Stage 2	Stage 3	
Other receivables***				
Balance at beginning of year	₱532,767	₱54,649	₱824,239	₱1,411,655
Newly originated assets that remained in Stage 1 as at December 31, 2024	607,611	—	—	607,611
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	87,233	120,997	208,230
Effect of collections and other movements in receivable balance (excluding write-offs)	(508,912)	(30,280)	(20,882)	(560,074)
Write-offs (Note 9)	—	—	(9,100)	(9,100)
Transfers from Stage 1	(19,002)	11,225	7,777	—
Transfers from Stage 2	720	(12,978)	12,258	—
Transfers from Stage 3	113	10	(123)	—
Impact on ECL of exposures transferred between stages	7,887	(5,904)	(1,854)	129
Balance at end of year	621,184	103,955	933,312	1,658,451
Total	₱2,950,712	₱1,791,077	₱6,552,154	₱11,293,943

Investments and placements – Group and Parent Company

	2024			Total
	Stage 1	Stage 2	Stage 3	
Investment securities at amortized cost				
Balance at beginning of year	₱678	₱10,030	₱—	₱10,708
Newly originated assets that remained in Stage 1 as at December 31, 2024	—	—	—	—
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	—	—	—
Effect of collections and other movements in receivable balance (excluding write-offs)	(24)	(1,110)	—	(1,134)
Other adjustments	—	1,562	—	1,562
Write-offs (Note 9)	—	—	—	—
Transfers from Stage 1	—	—	—	—
Transfers from Stage 2	—	—	—	—
Transfers from Stage 3	—	—	—	—
Impact on ECL of exposures transferred between stages	—	—	—	—
Balance at end of year	654	10,482	—	11,136
Due from other banks				
Balance at beginning of year	625	196	—	821
Newly originated assets that remained in Stage 1 as at December 31, 2024	—	—	—	—
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	—	—	—
Effect of collections and other movements in receivable balance (excluding write-offs)	187	4	—	191
Write-offs (Note 9)	—	—	—	—
Transfers from Stage 1	—	—	—	—
Transfers from Stage 2	—	—	—	—
Transfers from Stage 3	—	—	—	—
Impact on ECL of exposures transferred between stages	315	—	—	315
Balance at end of year	1,127	200	—	1,327
Total	₱1,781	₱10,682	₱—	₱12,463

	2023			Total
	Stage 1	Stage 2	Stage 3	
Investment securities at amortized cost				
Balance at beginning of year	₱730	₱10,550	₱—	₱11,280
Newly originated assets that remained in Stage 1 as at December 31, 2023	—	—	—	—
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	—	—	—
Effect of collections and other movements in receivable balance (excluding write-offs)	(4)	(1,031)	—	(1,035)
Write-offs (Note 9)	—	—	—	—
Transfers from Stage 1	—	—	—	—
Transfers from Stage 2	—	—	—	—
Transfers from Stage 3	—	—	—	—
Impact on ECL of exposures transferred between stages	(48)	511	—	463
Balance at end of year	₱678	₱10,030	₱—	₱10,708

(Forward)



	2023			
	Stage 1	Stage 2	Stage 3	Total
Due from other banks				
Balance at beginning of year	₱1,095	₱102	₱–	₱1,197
Newly originated assets that remained in Stage 1 as at December 31, 2023	–	–	–	–
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	–	174	–	174
Effect of collections and other movements in receivable balance (excluding write-offs)	(46)	–	–	(46)
Write-offs (Note 9)	(424)	(80)	–	(504)
Transfers from Stage 1	–	–	–	–
Transfers from Stage 2	–	–	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	–	–	–	–
Balance at end of year	625	196	–	821
Total	₱1,303	₱10,226	₱–	₱11,529

Provision for unused credit lines – Group and Parent Company

	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱379,565	₱84,249	₱47	₱463,861
New credit lines that remained in Stage 1 as at December 31, 2024	80,215	–	–	80,215
Newly credit lines that moved to Stage 2 and Stage 3 as at December 31, 2024	–	332	–	332
Effect of collections and other movements	184,258	(28,298)	(47)	155,913
Transfers from Stage 1	(650)	650	–	–
Transfers from Stage 2	55,063	(55,063)	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	(449,864)	1,752	–	(448,112)
Balance at end of year	₱248,587	₱3,622	₱–	₱252,209

	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱266,099	₱52,495	₱–	₱318,594
New credit lines that remained in Stage 1 as at December 31, 2023	197,174	–	–	197,174
Newly credit lines that moved to Stage 2 and Stage 3 as at December 31, 2023	–	5,353	47	5,400
Effect of collections and other movements	22,914	(9,413)	–	13,501
Other Adjustments	–	(10)	–	(10)
Transfers from Stage 1	(70,283)	70,283	–	–
Transfers from Stage 2	4,839	(4,839)	–	–
Transfers from Stage 3	–	–	–	–
Impact on ECL of exposures transferred between stages	(41,178)	(29,620)	–	(70,798)
Balance at end of year	₱379,565	₱84,249	₱47	₱463,861

Analysis of Movements of Gross Carrying Amounts

The movements in the Group's total loans and receivables (excluding unamortized premium and allowance for credit and impairment losses) in 2024 and 2023 follow:

	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱255,512,620	₱26,675,910	₱19,477,653	₱301,666,183
Newly originated assets that remained in Stage 1 as at December 31, 2024	339,607,760	–	–	339,607,760
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	–	8,605,998	3,425,763	12,031,761
Movements in receivable balance	(277,955,196)	(12,006,083)	(7,394,396)	(297,355,675)
Foreclosures	–	–	(6,203,438)	(6,203,438)
Write-offs	–	–	(9,352,463)	(9,352,463)
Transfers from Stage 1	(14,599,356)	5,003,854	9,595,502	–
Transfers from Stage 2	9,040,941	(15,426,372)	6,385,431	–
Transfers from Stage 3	668,617	85,061	(753,678)	–
Balance at end of year	₱312,275,386	₱12,938,368	₱15,180,374	₱340,394,128



	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱184,310,392	₱60,381,570	₱21,622,157	₱266,314,119
Newly originated assets that remained in Stage 1 as at December 31, 2023	153,378,471	—	—	153,378,471
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	8,970,882	7,191,724	16,162,606
Movements in receivable balance	(77,141,621)	(41,781,356)	(4,786,868)	(123,709,845)
Foreclosures	—	—	(3,656,361)	(3,656,361)
Write-offs	—	—	(6,822,807)	(6,822,807)
Transfers from Stage 1	(15,560,268)	12,068,311	3,491,957	—
Transfers from Stage 2	9,744,459	(13,265,558)	3,521,099	—
Transfers from Stage 3	781,187	302,061	(1,083,248)	—
Balance at end of year	₱255,512,620	₱26,675,910	₱19,477,653	₱301,666,183

The breakdown of the total gross carrying amounts of the Group's loans and receivables (before taking into account any allowance for credit and impairment losses, and unamortized premium) in 2024 and 2023 is as follows:

	2024			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱52,839,509	₱3,918,194	₱2,873,648	₱59,631,351
Newly originated assets that remained in Stage 1 as at December 31, 2024	144,514,898	—	—	144,514,898
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	3,132,907	290,504	3,423,411
Movements in receivable balance	(140,962,100)	(5,518,954)	(147,978)	(146,629,032)
Write-offs	—	—	(983,660)	(983,660)
Transfers from Stage 1	(16,995)	—	16,995	—
Transfers from Stage 2	600,349	(650,349)	50,000	—
Transfers from Stage 3	5,504	7,979	(13,483)	—
	56,981,165	889,777	2,086,026	59,956,968
Auto loans				
Balance at beginning of year	63,120,779	8,292,879	6,402,225	77,815,883
Newly originated assets that remained in Stage 1 as at December 31, 2024	32,618,677	—	—	32,618,677
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	1,001,217	926,497	1,927,714
Movements in receivable balance	(20,563,270)	(1,775,214)	(1,249,805)	(23,588,289)
Foreclosures	—	—	(6,044,363)	(6,044,363)
Write-offs	—	—	(1,545,147)	(1,545,147)
Transfers from Stage 1	(6,364,872)	2,139,222	4,225,650	—
Transfers from Stage 2	3,175,986	(6,105,519)	2,929,533	—
Transfers from Stage 3	131,201	13,912	(145,113)	—
	72,118,501	3,566,497	5,499,477	81,184,475
Credit cards				
Balance at beginning of year	44,611,146	7,168,631	2,133,105	53,912,882
Newly originated assets that remained in Stage 1 as at December 31, 2024	64,462,080	—	—	64,462,080
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	1,506,284	934,988	2,441,272
Movements in receivable balance	(40,518,327)	(800,999)	(567,227)	(41,886,553)
Write-offs	—	—	(5,338,948)	(5,338,948)
Transfers from Stage 1	(4,552,407)	1,398,765	3,153,642	—
Transfers from Stage 2	3,865,628	(6,207,148)	2,341,520	—
Transfers from Stage 3	288,977	15,606	(304,583)	—
	68,157,097	3,081,139	2,352,497	73,590,733
Mortgage loans				
Balance at beginning of year	16,520,548	2,184,297	1,242,980	19,947,825
Newly originated assets that remained in Stage 1 as at December 31, 2024	2,999,064	—	—	2,999,064
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	39,551	33,351	72,902
Movements in receivable balance	(2,417,796)	(238,339)	(69,105)	(2,725,240)
Foreclosures	—	—	(159,075)	(159,075)

(Forward)



	2024			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Transfers from Stage 1	(P456,250)	P382,745	P73,505	P—
Transfers from Stage 2	946,928	(1,074,982)	128,054	—
Transfers from Stage 3	153,457	25,703	(179,160)	—
	17,745,951	1,318,975	1,070,550	20,135,476
Other consumer loans**				
Balance at beginning of year	71,113,653	3,910,234	3,672,541	78,696,428
Newly originated assets that remained in Stage 1 as at December 31, 2024	85,627,133	—	—	85,627,133
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	2,610,918	1,145,849	3,756,767
Movements in receivable balance	(69,546,770)	(3,033,472)	(2,153,631)	(74,733,873)
Write-offs	—	—	(1,405,822)	(1,405,822)
Transfers from Stage 1	(2,912,818)	962,458	1,950,360	—
Transfers from Stage 2	185,081	(900,968)	715,887	—
Transfers from Stage 3	82,871	21,488	(104,359)	—
	84,549,150	3,570,658	3,820,825	91,940,633
Other receivables***				
Balance at beginning of year	P7,306,985	P1,201,675	P3,153,154	P11,661,814
Newly originated assets that remained in Stage 1 as at December 31, 2024	9,385,908	—	—	9,385,908
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	315,121	94,574	409,695
Movements in receivable balance	(3,946,934)	(639,104)	(3,206,650)	(7,792,688)
Write-offs	—	—	(78,886)	(78,886)
Transfers from Stage 1	(296,014)	120,664	175,350	—
Transfers from Stage 2	266,969	(487,406)	220,437	—
Transfers from Stage 3	6,608	372	(6,980)	—
	12,723,522	511,322	350,999	13,585,843
	P312,275,386	P12,938,368	P15,180,374	P340,394,128

*Include corporate loans, emerging enterprise loans and branch loans

**Include DepEd loans, employee loans, salary loans and personal loans

***Include Accrued interest receivables, Accounts receivables and Sales contract receivables.

	2023			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	P30,226,610	P35,545,224	P3,028,676	P68,800,510
Newly originated assets that remained in Stage 1 as at December 31, 2023	35,182,953	—	—	35,182,953
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	3,440,459	165,502	3,605,961
Movements in receivable balance	(16,772,816)	(30,864,176)	(321,081)	(47,958,073)
Write-offs	—	—	—	—
Transfers from Stage 1	(3,004)	2,741	263	—
Transfers from Stage 2	4,205,766	(4,284,684)	78,918	—
Transfers from Stage 3	—	78,630	(78,630)	—
	52,839,509	3,918,194	2,873,648	59,631,351
Auto loans				
Balance at beginning of year	45,859,274	9,686,640	8,137,870	63,683,784
Newly originated assets that remained in Stage 1 as at December 31, 2023	36,725,878	—	—	36,725,878
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	1,648,556	842,018	2,490,574
Movements in receivable balance	(15,369,254)	(4,609,609)	(398,441)	(20,377,304)
Foreclosures	—	—	(3,475,140)	(3,475,140)
Write-offs	—	—	(1,231,909)	(1,231,909)
Transfers from Stage 1	(7,268,585)	6,121,079	1,147,506	—
Transfers from Stage 2	2,891,391	(4,688,914)	1,797,523	—
Transfers from Stage 3	282,075	135,127	(417,202)	—
	63,120,779	8,292,879	6,402,225	77,815,883
Credit cards				
Balance at beginning of year	33,517,309	5,267,211	2,265,453	41,049,973
Newly originated assets that remained in Stage 1 December 31, 2023	19,089,587	—	—	19,089,587
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	704,264	3,792,440	4,496,704
Movements in receivable balance	(5,083,089)	(116,396)	(1,772,739)	(6,972,224)

(Forward)



	2023			
	Gross carrying amount			
	Stage 1	Stage 2	Stage 3	Total
Write-offs	₱—	₱—	(₱3,751,158)	(₱3,751,158)
Transfers from Stage 1	(4,513,317)	3,448,878	1,064,439	—
Transfers from Stage 2	1,488,554	(2,143,301)	654,747	—
Transfers from Stage 3	112,102	7,975	(120,077)	—
	44,611,146	7,168,631	2,133,105	53,912,882
Mortgage loans				
Balance at beginning of year	15,943,147	1,795,345	1,714,389	19,452,881
Newly originated assets that remained in Stage 1 as at December 31, 2023	3,082,742	—	—	3,082,742
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	30,505	20,731	51,236
Movements in receivable balance	(2,054,512)	(278,057)	(125,244)	(2,457,813)
Foreclosures	—	—	(181,221)	(181,221)
Transfers from Stage 1	(1,352,973)	1,282,848	70,125	—
Transfers from Stage 2	584,020	(706,382)	122,362	—
Transfers from Stage 3	318,124	60,038	(378,162)	—
	16,520,548	2,184,297	1,242,980	19,947,825
Other consumer loans**				
Balance at beginning of year	51,462,976	6,265,761	4,010,822	61,739,559
Newly originated assets that remained in Stage 1 as at December 31, 2023	55,474,967	—	—	55,474,967
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	2,689,483	1,930,439	4,619,922
Movements in receivable balance	(34,173,352)	(4,990,551)	(2,169,363)	(41,333,266)
Write-offs	—	—	(1,804,754)	(1,804,754)
Transfers from Stage 1	(1,994,552)	860,385	1,134,167	—
Transfers from Stage 2	282,083	(933,474)	651,391	—
Transfers from Stage 3	61,531	18,630	(80,161)	—
	71,113,653	3,910,234	3,672,541	78,696,428
Other receivables***				
Balance at beginning of year	7,301,076	1,821,389	2,464,947	11,587,412
Newly originated assets that remained in Stage 1 as at December 31, 2023	3,822,344	—	—	3,822,344
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	457,615	440,594	898,209
Movements in receivable balance	(3,688,598)	(922,567)	—	(4,611,165)
Write-offs	—	—	(34,986)	(34,986)
Transfers from Stage 1	(427,837)	352,380	75,457	—
Transfers from Stage 2	292,645	(508,803)	216,158	—
Transfers from Stage 3	7,355	1,661	(9,016)	—
	₱7,306,985	₱1,201,675	₱3,153,154	₱11,661,814
	₱255,512,620	₱26,675,910	₱19,477,653	₱301,666,183

The movements in the Parent Company's total loans and receivables (excluding unamortized premium and allowance for credit and impairment losses) in 2024 and 2023 follow:

	2024			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱228,889,864	₱24,572,527	₱17,576,686	₱271,039,077
Newly originated assets that remained in Stage 1 as at December 31, 2024	311,646,507	—	—	311,646,507
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	7,119,811	3,020,663	10,140,474
Movements in receivable balance	(255,228,932)	(10,373,532)	(6,204,641)	(271,807,105)
Foreclosures	—	—	(6,203,438)	(6,203,438)
Write-offs	—	—	(9,156,141)	(9,156,141)
Transfers from Stage 1	(13,561,540)	4,645,477	8,916,063	—
Transfers from Stage 2	8,982,914	(15,045,942)	6,063,028	—
Transfers from Stage 3	657,790	77,298	(735,088)	—
Balance at end of year	₱281,386,603	₱10,995,639	₱13,277,132	₱305,659,374



	2023			
	Stage 1	Stage 2	Stage 3	Total
Balance at beginning of year	₱166,974,585	₱58,054,912	₱19,767,426	₱244,796,923
Newly originated assets that remained in Stage 1 as at December 31, 2023	132,474,042	—	—	132,474,042
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	7,383,964	6,104,162	13,488,126
Movements in receivable balance	(66,341,375)	(39,969,425)	(3,271,198)	(109,581,998)
Foreclosures	—	—	(3,656,361)	(3,656,361)
Write-offs	—	—	(6,481,655)	(6,481,655)
Transfers from Stage 1	(14,626,980)	11,672,837	2,954,143	—
Transfers from Stage 2	9,636,136	(12,865,341)	3,229,205	—
Transfers from Stage 3	773,456	295,580	(1,069,036)	—
Balance at end of year	₱228,889,864	₱24,572,527	₱17,576,686	₱271,039,077

The breakdown of the total gross carrying amounts of the Parent Company's loans and receivables (before taking into account any allowance for credit and impairment losses, and unamortized premium) in 2024 and 2023 is as follows:

	2024			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	Total
Corporate loans*				
Balance at beginning of year	₱52,811,153	₱3,918,194	₱2,827,202	₱59,556,549
Newly originated assets that remained in Stage 1 as at December 31, 2024	144,513,605	—	—	144,513,605
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	3,132,907	290,504	3,423,411
Movements in receivable balance	(140,947,453)	(5,518,954)	(146,173)	(146,612,580)
Write-offs	—	—	(983,660)	(983,660)
Transfers from Stage 1	(16,995)	—	16,995	—
Transfers from Stage 2	600,349	(650,349)	50,000	—
Transfers from Stage 3	5,504	7,979	(13,483)	—
	56,966,163	889,777	2,041,385	59,897,325
Auto loans				
Balance at beginning of year	63,120,779	8,292,879	6,402,223	77,815,881
Newly originated assets that remained in Stage 1 as at December 31, 2024	32,618,677	—	—	32,618,677
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	1,001,217	926,497	1,927,714
Movements in receivable balance	(20,563,269)	(1,775,215)	(1,249,803)	(23,588,287)
Foreclosures	—	—	(6,044,363)	(6,044,363)
Write-offs	—	—	(1,545,147)	(1,545,147)
Transfers from Stage 1	(6,364,872)	2,139,222	4,225,650	—
Transfers from Stage 2	3,175,986	(6,105,519)	2,929,533	—
Transfers from Stage 3	131,200	13,913	(145,113)	—
	72,118,501	3,566,497	5,499,477	81,184,475
Credit cards				
Balance at beginning of year	44,611,146	7,168,631	2,133,105	53,912,882
Newly originated assets that remained in Stage 1 as at December 31, 2024	64,462,080	—	—	64,462,080
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	1,506,284	934,988	2,441,272
Movements in receivable balance	(40,518,327)	(800,999)	(567,226)	(41,886,552)
Write-offs	—	—	(5,338,949)	(5,338,949)
Transfers from Stage 1	(4,552,407)	1,398,765	3,153,642	—
Transfers from Stage 2	3,865,628	(6,207,148)	2,341,520	—
Transfers from Stage 3	288,977	15,606	(304,583)	—
	68,157,097	3,081,139	2,352,497	73,590,733
Mortgage loans				
Balance at beginning of year	16,520,548	2,184,297	1,242,980	19,947,825
Newly originated assets that remained in Stage 1 as at December 31, 2024	2,999,064	—	—	2,999,064
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	—	39,551	33,351	72,902
Movements in receivable balance	(2,417,796)	(238,339)	(69,105)	(2,725,240)
Foreclosures	—	—	(159,075)	(159,075)

(Forward)



	2024			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Transfers from Stage 1	(P456,250)	P382,745	P73,505	P-
Transfers from Stage 2	946,928	(1,074,982)	128,054	-
Transfers from Stage 3	153,457	25,703	(179,160)	-
	17,745,951	1,318,975	1,070,550	20,135,476
Other consumer loans**				
Balance at beginning of year	44,973,343	1,820,536	1,746,444	48,540,323
Newly originated assets that remained in Stage 1 as at December 31, 2024	57,896,051	-	-	57,896,051
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	-	1,156,629	749,243	1,905,872
Movements in receivable balance	(47,242,346)	(1,413,987)	(902,875)	(49,559,208)
Write-offs	-	-	(1,216,516)	(1,216,516)
Transfers from Stage 1	(1,875,927)	605,803	1,270,124	-
Transfers from Stage 2	127,614	(520,337)	392,723	-
Transfers from Stage 3	72,093	13,738	(85,831)	-
	53,950,828	1,662,382	1,953,312	57,566,522
Other Receivables				
Balance at beginning of year	6,852,895	1,187,990	3,224,732	11,265,617
Newly originated assets that remained in Stage 1 as at December 31, 2024	9,157,030	-	-	9,157,030
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2024	-	283,223	86,080	369,303
Movements in receivable balance	(3,539,741)	(626,038)	(3,269,459)	(7,435,238)
Write-offs	-	-	(71,869)	(71,869)
Transfers from Stage 1	(295,089)	118,942	176,147	-
Transfers from Stage 2	266,409	(487,607)	221,198	-
Transfers from Stage 3	6,559	359	(6,918)	-
	12,448,063	476,869	359,911	13,284,843
Balance at end of year	P281,386,603	P10,995,639	P13,277,132	P305,659,374

	2023			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Corporate loans*				
Balance at beginning of year	P30,209,817	P35,545,224	P2,978,790	P68,733,831
Newly originated assets that remained in Stage 1 as at December 31, 2023	35,165,855	-	-	35,165,855
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	-	3,440,459	165,502	3,605,961
Movements in receivable balance	(16,767,281)	(30,864,176)	(317,641)	(47,949,098)
Write-offs	-	-	-	-
Transfers from Stage 1	(3,004)	2,741	263	-
Transfers from Stage 2	4,205,766	(4,284,684)	78,918	-
Transfers from Stage 3	-	78,630	(78,630)	-
	52,811,153	3,918,194	2,827,202	59,556,549
Auto loans				
Balance at beginning of year	45,859,274	9,686,640	8,137,868	63,683,782
Newly originated assets that remained in Stage 1 as at December 31, 2023	36,725,878	-	-	36,725,878
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	-	1,648,556	842,018	2,490,574
Movements in receivable balance	(15,369,254)	(4,609,609)	(398,441)	(20,377,304)
Foreclosures	-	-	(3,475,140)	(3,475,140)
Write-offs	-	-	(1,231,909)	(1,231,909)
Transfers from Stage 1	(7,268,585)	6,121,079	1,147,506	-
Transfers from Stage 2	2,891,391	(4,688,914)	1,797,523	-
Transfers from Stage 3	282,075	135,127	(417,202)	-
	63,120,779	8,292,879	6,402,223	77,815,881
Credit cards				
Balance at beginning of year	33,517,309	5,267,211	2,265,453	41,049,973
Newly originated assets that remained in Stage 1 as at December 31, 2023	19,089,587	-	-	19,089,587
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	-	704,264	3,792,440	4,496,704
Movements in receivable balance	(5,083,089)	(116,396)	(1,772,739)	(6,972,224)

(Forward)



	2023			
	Gross carrying amount			Total
	Stage 1	Stage 2	Stage 3	
Write-offs	₱—	₱—	(₱3,751,158)	(₱3,751,158)
Transfers from Stage 1	(4,513,317)	3,448,878	1,064,439	—
Transfers from Stage 2	1,488,554	(2,143,301)	654,747	—
Transfers from Stage 3	112,102	7,975	(120,077)	—
	44,611,146	7,168,631	2,133,105	53,912,882
Mortgage loans				
Balance at beginning of year	15,943,147	1,795,345	1,714,389	19,452,881
Newly originated assets that remained in Stage 1 as at December 31, 2023	3,082,742	—	—	3,082,742
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	30,505	20,731	51,236
Movements in receivable balance	(2,054,512)	(278,057)	(125,244)	(2,457,813)
Foreclosures	—	—	(181,221)	(181,221)
Transfers from Stage 1	(1,352,973)	1,282,848	70,125	—
Transfers from Stage 2	584,020	(706,382)	122,362	—
Transfers from Stage 3	318,124	60,038	(378,162)	—
	16,520,548	2,184,297	1,242,980	19,947,825
Other consumer loans**				
Balance at beginning of year	34,376,074	3,959,707	2,202,651	40,538,432
Newly originated assets that remained in Stage 1 as at December 31, 2023	35,034,837	—	—	35,034,837
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	1,113,659	798,894	1,912,553
Movements in receivable balance	(23,601,863)	(3,197,015)	(657,133)	(27,456,011)
Write-offs	—	—	(1,489,488)	(1,489,488)
Transfers from Stage 1	(1,063,591)	466,582	597,009	—
Transfers from Stage 2	174,069	(534,554)	360,485	—
Transfers from Stage 3	53,817	12,157	(65,974)	—
	44,973,343	1,820,536	1,746,444	48,540,323
Other Receivables				
Balance at beginning of year	7,068,964	1,800,785	2,468,275	11,338,024
Newly originated assets that remained in Stage 1 as at December 31, 2023	3,375,143	—	—	3,375,143
Newly originated assets that moved to Stage 2 and Stage 3 as at December 31, 2023	—	446,521	484,577	931,098
Movements in receivable balance	(3,465,376)	(904,172)	—	(4,369,548)
Write-offs	—	—	(9,100)	(9,100)
Transfers from Stage 1	(425,510)	350,709	74,801	—
Transfers from Stage 2	292,336	(507,506)	215,170	—
Transfers from Stage 3	7,338	1,653	(8,991)	—
	6,852,895	1,187,990	3,224,732	11,265,617
Balance at end of year	₱228,889,864	₱24,572,527	₱17,576,686	₱271,039,077

16. Deposit Liabilities

Under existing BSP regulations, non-FCDU deposit liabilities of the Parent Company are subject to unified reserve requirements equivalent to 7.00% (under BSP Circular 1201) as at December 31, 2024.

LTNCDs are subject to required reserves of 4.00% if issued under BSP Circular No. 304, and 7.00% if issued under BSP Circular No. 842.

On the other hand, EWRB is required to maintain regular reserves equivalent to 1.00% and 2.00% demand and savings deposits in 2024 and 2023, respectively.



As of December 31, 2024 and 2023, the Parent Company and EWRB are in compliance with such regulations. As of December 31, 2024 and 2023, Due from BSP of the Parent Company and EWRB below has been set aside as reserves for deposit liabilities, as reported to the BSP:

	2024	2023
Parent Company	₱16,614,546	₱8,744,745
EWRB	444,256	426,536
Total reserves for deposit liabilities	₱17,058,802	₱9,171,281

As of December 31, 2024 and 2023, 19.74% and 17.93% respectively, of the total liabilities of the Group and 21.26% and 19.11% respectively of the Parent Company are subject to periodic interest repricing.

The remaining deposit liabilities earn annual fixed interest rates ranging from 0.01% to 1.35% in 2024, 0.01% to 2.5% in 2023 and 2022.

The Group and the Parent Company's interest expense on deposit liabilities consists:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Savings deposits	₱2,970,374	₱2,534,175	₱842,965	₱1,602,068	₱1,549,654	₱508,969
Time deposits	3,807,271	2,432,915	859,430	3,807,271	2,432,915	859,430
Demand deposits	259,595	157,500	155,776	266,220	164,845	156,318
LTNCDs	-	106,101	403,343	-	106,101	403,343
Total	₱7,037,240	₱5,230,691	₱2,261,514	₱5,675,559	₱4,253,515	₱1,928,060

17. Bills and Acceptances Payable and SSURA

This account of the Group and of the Parent Company consists of:

	2024	2023
SSURA	₱38,215,086	₱14,663,678
Interbank call loans	983,365	728,116
Interbank term loans	867,675	-
Outstanding acceptances	51,054	11,912
	₱40,117,180	₱15,403,706

The following are the fair value of government debt securities (Note 8) pledged and transferred under SSURA transactions of the Group and the Parent Company:

	2024		2023	
	Face value	Fair value	Face value	Fair value
Investment securities at amortized cost	₱39,009,231	₱35,900,499	₱17,687,183	₱17,202,332
Financial assets at FVTOCI	4,894,416	4,318,831	-	-

The Group's and the Parent Company's borrowings are subject to annual interest rates ranging from 3.43% to 6.15% in 2024 and 4.63% to 5.85% in 2023.



The Group's and the Parent Company's interest expense on bills and acceptances payable amounted to ₱226.06 billion in 2024, ₱70.80 million in 2023, and nil in 2022. The Bank entered into repurchase agreements to fund its operation amounting to ₱43.90 billion and ₱18.43 billion in 2024 and 2023, respectively. This excess liquidity is currently deployed in very liquid short-term assets. The Group's and the Parent Company's interest expense on SSURA amounted to 1.20 billion in 2024, ₱674.08 million in 2023, ₱74.71 million in 2022.

18. Accrued Taxes, Interest and Other Expenses

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Accrued other expenses	₱3,574,316	₱3,595,134	₱3,060,854	₱3,102,149
Accrued interest payable	838,707	500,421	763,376	440,341
Accrued taxes	550,885	542,189	465,663	474,494
	₱4,963,908	₱4,637,744	₱4,289,893	₱4,016,984

Accrued other expenses pertain to accruals of various operating expenses such as rent, utilities, management and professional fees, employee bonus and other expenses.

19. Other Liabilities

This account consists of:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Financial liabilities				
Accounts payable	₱10,434,859	₱10,133,817	₱8,759,155	₱8,663,690
Provision on unused credit lines (Notes 15 and 28)	252,209	463,860	252,209	463,860
Derivative liabilities (Note 5)	59,230	103,083	59,230	103,083
Retention payable	42,087	36,017	42,087	36,017
Payment orders payable	1,208	12,232	1,208	12,232
Marginal deposits and letters of credit	11,985	10,631	11,985	10,631
	10,801,578	10,759,640	9,125,874	9,289,513
Non-financial liabilities				
Deferred revenue	1,348,448	1,375,772	1,348,211	1,379,437
Net retirement obligation (Note 24)	629,676	582,930	600,811	562,290
Withholding tax payable	206,984	159,988	175,389	134,670
Miscellaneous	182,867	220,987	138,246	171,701
	2,367,975	2,339,677	2,262,657	2,248,098
	₱13,169,553	₱13,099,317	₱11,388,531	₱11,537,611

Deferred revenue of the Group and the Parent Company includes deferred credit card loyalty points, membership fees and dues as well as the deferred exclusive bancassurance access fee (Note 10).



20. Maturity Analysis of Assets and Liabilities

The following tables show an analysis of assets and liabilities analyzed according to whether they are expected to be recovered or settled within one year and beyond one year from the statement of financial position date:

	Consolidated					
	2024			2023		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	₱9,358,931	₱—	₱9,358,931	₱9,370,138	₱—	₱9,370,138
Due from BSP (Note 7)	27,361,439	—	27,361,439	16,171,987	—	16,171,987
Due from other banks - gross (Note 7)	4,750,666	—	4,750,666	2,470,111	—	2,470,111
Interbank loans receivables and SPURA (Note 7)	763,554	—	763,554	16,441,418	—	16,441,418
Financial assets at FVPL (Note 8)	9,174,276	—	9,174,276	4,112,322	—	4,112,322
Financial assets at FVOCI (Note 8)	29,004,906	—	29,004,906	18,483,960	—	18,483,960
Investment securities at amortized cost - gross (Notes 8 and 15)	250,000	82,974,497	83,224,497	1,977,816	74,880,953	76,858,769
Loans and receivables - gross (Notes 9 and 15)	140,581,398	199,812,730	340,394,128	162,657,943	139,008,240	301,666,183
Other assets - gross (Notes 14 and 15)	295,564	404,935	700,499	246,448	397,405	643,853
	221,540,734	283,192,162	504,732,896	231,932,143	214,286,598	446,218,741
Nonfinancial assets:						
Investment in a joint venture (Note 10)	—	1,125,395	1,125,395	—	993,166	993,166
Property and equipment – gross (Note 11)	—	13,582,529	13,582,529	—	12,826,743	12,826,743
Investment properties - gross (Notes 12 and 15)	—	1,719,936	1,719,936	—	1,486,561	1,486,561
Deferred tax assets (Note 23)	—	4,085,435	4,085,435	—	4,098,880	4,098,880
Goodwill and other intangible assets - gross (Note 13)	—	9,294,763	9,294,763	—	8,896,153	8,896,153
Other assets - gross (Notes 14 and 15)	1,460,664	3,151,860	4,612,524	1,748,602	2,693,049	4,441,651
	1,460,664	32,959,918	34,420,582	1,748,602	30,994,552	32,743,154
	223,001,398	316,152,080	539,153,478	233,680,745	245,281,150	478,961,895
Allowances for impairment and credit losses (Note 15)	(1,327)	(11,728,062)	(11,729,389)	(877)	(12,129,232)	(12,130,109)
Unamortized premium/discount (Note 9)	(1,101,845)	7,308,483	6,206,638	(1,138,655)	6,564,617	5,425,962
Accumulated depreciation and amortization (Notes 11, 12, 13 and 14)	—	(8,892,879)	(8,892,879)	—	(8,052,426)	(8,052,426)
	₱221,898,226	₱302,839,622	₱524,737,848	₱232,541,213	₱231,664,109	₱464,205,322
Financial liabilities:						
Deposit liabilities (Note 16)	₱385,879,718	₱519,315	₱386,399,033	₱355,938,698	₱595,964	₱356,534,662
Bills and acceptances payable (Note 17)	40,117,180	—	40,117,180	15,403,706	—	15,403,706
Cashiers' checks and demand drafts payable	744,511	—	744,511	984,224	—	984,224
Accrued interest, taxes and other expenses (Note 18)	3,812,950	—	3,812,950	3,577,193	—	3,577,193
Lease liability (Note 25)	1,014,261	5,061,909	6,076,170	873,630	5,199,711	6,073,341
Other liabilities (Note 19)	10,759,491	42,087	10,801,578	10,723,623	36,017	10,759,640
	442,328,111	5,623,311	447,951,422	387,501,074	5,831,692	393,332,766
Nonfinancial liabilities:						
Income tax payable	200,466	—	200,466	297,166	—	297,166
Accrued interest, taxes and other expenses (Note 18)	550,885	600,073	1,150,958	542,189	518,362	1,060,551
Other liabilities (Note 19)	1,274,977	1,092,998	2,367,975	1,191,604	1,148,073	2,339,677
	2,026,328	1,693,071	3,719,399	2,030,959	1,666,435	3,697,394
	₱444,354,439	₱7,316,382	₱451,670,821	₱389,532,033	₱7,498,127	₱397,030,160



	Parent Company					
	2024			2023		
	Less than 12 months	Over 12 months	Total	Less than 12 months	Over 12 months	Total
Financial assets:						
Cash and other cash items	₱9,250,966	—	₱9,250,966	₱9,284,751	₱—	₱9,284,751
Due from BSP (Note 7)	26,917,286	—	26,917,286	15,745,451	—	15,745,451
Due from other banks - gross (Note 7)	3,477,960	—	3,477,960	2,339,158	—	2,339,158
Interbank loans receivables and SPURA (Note 7)	763,554	—	763,554	16,441,418	—	16,441,418
Financial assets at FVPL (Note 8)	9,174,276	—	9,174,276	4,112,322	—	4,112,322
Financial assets at FVOCI (Note 8)	29,004,906	—	29,004,906	18,483,960	—	18,483,960
Investment securities at amortized cost - gross (Notes 8 and 15)	250,000	81,092,848	81,342,848	1,977,816	73,499,305	75,477,121
Loans and receivables - gross (Notes 9 and 15)	139,876,823	165,782,552	305,659,375	161,699,886	109,339,190	271,039,076
Other assets - gross (Notes 14 and 15)	294,869	379,600	674,469	245,723	373,427	619,150
	219,010,640	247,255,000	466,265,640	230,330,485	183,211,922	413,542,407
Nonfinancial assets:						
Investment in subsidiaries (Note 10)	—	6,524,615	6,524,615	—	6,851,951	6,851,951
Investment in a joint venture (Note 10)	—	1,125,395	1,125,395	—	993,166	993,166
Property and equipment - gross (Note 11)	—	12,443,279	12,443,279	—	11,718,577	11,718,577
Investment properties - gross (Notes 12 and 15)	—	1,719,233	1,719,233	—	1,485,857	1,485,857
Deferred tax assets (Note 25)	—	3,698,081	3,698,081	—	3,735,365	3,735,365
Goodwill and other intangible assets - gross (Note 13)	—	9,210,700	9,210,700	—	8,818,521	8,818,521
Other assets - gross (Notes 14 and 15)	1,306,639	3,121,276	4,427,915	1,638,204	2,662,570	4,300,774
	1,306,639	37,842,579	39,149,218	1,638,204	36,266,007	37,904,211
	220,317,280	285,097,578	505,414,857	231,968,690	219,477,929	451,446,619
Allowances for impairment and credit losses (Note 15)	(1,327)	(11,068,183)	(11,069,510)	(877)	(11,469,369)	(11,470,246)
Unamortized premium/discount (Note 9)	(24,876)	8,134,512	8,109,636	(256,289)	7,275,904	7,019,615
Accumulated depreciation and amortization (Notes 11, 12, 13 and 14)	—	(8,114,156)	(8,114,156)	—	(7,262,454)	(7,262,454)
	220,291,077	274,049,751	494,340,827	231,711,524	208,022,010	439,733,534
Financial liabilities:						
Deposit liabilities (Note 16)	359,006,205	519,316	359,525,521	333,954,530	595,963	334,550,493
Bills and acceptances payable (Note 17)	40,117,180	—	40,117,180	15,403,706	—	15,403,706
Cashiers' checks and demand drafts payable	744,511	—	744,511	984,224	—	984,224
Accrued interest, taxes and other expenses (Note 18)	3,226,157	—	3,226,157	3,026,418	—	3,026,418
Lease liability (Note 25)	942,075	4,889,765	5,831,840	790,624	5,054,541	5,845,165
Other liabilities (Note 19)	9,083,787	42,087	9,125,874	9,253,496	36,017	9,289,513
	413,119,915	5,451,168	418,571,083	363,412,998	5,686,521	369,099,519
Nonfinancial liabilities:						
Income tax payable	11,276	—	11,276	220,189	—	220,189
Accrued interest, taxes and other expenses (Note 18)	465,663	598,073	1,063,736	474,494	516,072	990,566
Other liabilities (Note 19)	1,174,097	1,088,560	2,262,657	1,100,561	1,147,538	2,248,099
	1,651,036	1,686,633	3,337,669	1,795,244	1,663,610	3,458,854
	₱414,770,951	₱7,137,801	₱421,908,753	₱365,208,241	₱7,350,131	₱372,558,372

21. Equity

Capital Management

The Parent Company actively manages its capital to comply with regulatory requirements, enable growth targets, withstand plausible stress events and be at par with the Parent Company's peers. The primary objective of the Parent Company's capital management is to ensure that it maintains adequate capital to cover risks inherent to its banking activities without prejudice to optimizing shareholders' value.



The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure, or issue capital securities. No changes were made in the objectives, policies and processes from the previous year.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Parent Company's compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) reported to the BSP, which is determined on the basis of regulatory policies. In addition, the risk-based Capital Adequacy Ratio (CAR) of a bank, expressed as a percentage of qualifying capital to risk-weighted assets, should not be less than 10.00% for both solo basis (head office and branches) and consolidated basis (Parent Company and subsidiaries engaged in financial allied undertakings). Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Effective January 1, 2014, the Group complied with BSP issued Circular No. 781, *Basel III Implementing Guidelines on Minimum Capital Requirements*, which provides the implementing guidelines on the revised risk-based capital adequacy framework particularly on the minimum capital and disclosure requirements for universal banks and commercial banks, as well as their subsidiary banks and quasi-banks, in accordance with the Basel III standards. The Circular sets out a minimum Common Equity Tier 1 (CET1) ratio of 6.00% and Tier 1 capital ratio of 7.50%. It also introduces a capital conservation buffer of 2.50% comprised of CET1 capital. The BSP's existing requirement for total CAR remains unchanged at 10.00% and these ratios shall be maintained at all times.

On June 27, 2014, the BSP issued Circular No. 839, *REST Limit for Real Estate Exposures* which provides the implementing guidelines on the prudential REST limit for universal, commercial, and thrift banks on their aggregate real estate exposures. The Group should maintain CET1 and CAR levels at the regulatory prescribed minimums, on a solo and consolidated basis, even after the simulated results of a 25.00% write-off to the Group's real estate exposures. These shall be complied with at all times.

The capital-to-risk assets ratio reported to the BSP as of December 31, 2024 and 2023 are shown in the table below:

	Consolidated		Parent Company	
	2024	2023	2024	2023
CET1 capital ratio	12.66%	13.04%	12.52%	12.65%
Tier 1 capital ratio	12.66%	13.04%	12.52%	12.65%
Total capital ratio	13.44%	13.84%	13.34%	13.48%

The composition of the qualifying capital is shown below:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Qualifying capital:				
Tier 1 capital	₱71,701,064	₱65,989,973	₱71,701,132	₱65,990,041
CET1 capital	71,701,064	65,989,973	71,701,132	65,990,041
Less: Required deductions	12,896,069	12,384,206	18,788,433	18,549,733
Net Tier 1 capital	58,804,995	53,605,767	52,912,699	47,440,308
Tier 2 capital	3,625,333	3,296,493	3,469,655	3,097,837
Total qualifying capital	₱62,430,328	₱56,902,260	₱56,382,354	₱50,538,145



The capital requirements as of December 31, 2024 and 2023 are shown below:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Capital requirements:				
Credit risk	₱390,113,819	₱339,495,744	₱355,426,427	₱272,668,024
Market risk	10,618,856	9,838,748	10,618,856	4,778,140
Operational risk	63,640,867	61,760,574	56,517,368	65,101,904
Total capital requirements	₱464,373,542	₱411,095,066	₱422,562,651	₱342,548,068

Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Under Basel III, the regulatory Gross Qualifying Capital of the Parent Company consists of Tier 1 (core) and Tier 2 (supplementary) capital. Tier 1 comprises share capital, surplus (including current year profit), and other comprehensive income (cumulative foreign currency translation and net unrealized gains on financial assets at FVOCI). Required deductions include goodwill, intangible assets, investments in equity, deferred tax assets, defined benefit pension assets and unsecured credit accommodations to DOSRI and subsidiaries.

Tier 2 capital comprise of unsecured subordinated debts and general loan loss provision.

Risk-weighted assets are determined by assigning defined risk weights to the statement of financial position exposure and to the credit equivalent amounts of off-balance sheet exposures. Certain items are deducted from risk-weighted assets, such as the excess of general loan loss provision over the amount permitted to be included in Tier 2 capital. The risk weights vary from 0.00% to 150.00% depending on the type of exposure, with the risk weights of off-balance sheet exposures being subjected further to credit conversion factors. Below is a summary of risk weights and selected exposure types:

Risk weight	Exposure/Asset type
0.00%	Cash on hand; claims collateralized by securities issued by the national government, BSP; loans covered by the Trade and Investment Development Corporation of the Philippines; real estate mortgages covered by the Home Guarantee Corporation
20.00%	Cash and other cash items, claims guaranteed by Philippine incorporated banks/quasi-banks with the highest credit quality; claims guaranteed by foreign incorporated banks with the highest credit quality; loans to exporters to the extent guaranteed by Small Business Guarantee and Finance Corporation
50.00%	Housing loans fully secured by first mortgage on residential property; Local Government Unit (LGU) bonds which are covered by Deed of Assignment of Internal Revenue allotment of the LGU and guaranteed by the LGU Guarantee Corporation
75.00%	Direct loans of defined Small Medium Enterprise (SME) and microfinance loans portfolio; non-performing housing loans fully secured by first mortgage
100.00%	All other assets (e.g., real estate assets) excluding those deducted from capital (e.g., deferred income tax)
150.00%	All non-performing loans (except non-performing housing loans fully secured by first mortgage) and all non-performing debt securities

* Not all inclusive



With respect to off-balance sheet exposures, the exposure amount is multiplied by a credit conversion factor (CCF), ranging from 0.00% to 100.00%, to arrive at the credit equivalent amount, before the risk weight factor is multiplied to arrive at the risk-weighted exposure. Direct credit substitutes (e.g., guarantees) have a CCF of 100.00%, while items not involving credit risk has a CCF of 0.00%.

In the case of derivatives, the credit equivalent amount (against which the risk weight factor is multiplied to arrive at the risk-weighted exposure) is generally the sum of the current credit exposure or replacement cost (the positive fair value or zero if the fair value is negative or zero) and an estimate of the potential future credit exposure or add-on. The add-on ranges from 0.00% to 1.50% (interest rate-related) and from 1.00% to 7.50% (exchange rate-related), depending on the residual maturity of the contract. For credit-linked notes and similar instruments, the risk-weighted exposure is the higher of the exposure based on the risk weight of the issuer's collateral or the reference entity or entities.

The risk-weighted CAR is calculated by dividing the sum of its Tier 1 and Tier 2 capital, as defined under BSP regulations, by its risk-weighted assets. The risk-weighted assets, as defined by the BSP regulations, consist of all of the assets on the balance sheet at their respective book values, together with certain other off-balance sheet items, weighted by certain percentages depending on the risks associated with the type of assets. The determination of compliance with regulatory requirements and ratios is based on the amount of the Parent Company's 'unimpaired capital' (regulatory net worth) as reported to the BSP, which is determined on the basis of regulatory accounting practices which differ from PFRS in some respects.

The Group has taken into consideration the impact of the foregoing requirements to ensure that the appropriate level and quality of capital are maintained on an ongoing basis.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year.

Leverage Ratio and Total Exposure Measure

The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirement. The leverage ratio intends to restrict the buildup of leverage in the Bank and reinforce the risk-based requirements with a simple, non-risk based "backstop" measure. It is defined as a capital measure over its total exposure measure with a minimum requirement of 5.00% on both Group and Parent Company.

	Consolidated		Parent	
	2024	2023	2024	2023
Capital Measure	₱58,804,995	₱53,605,767	₱52,912,700	₱47,440,308
Divided by: Exposure measure	554,699,753	488,649,026	518,194,207	457,667,491
Leverage ratio	10.60%	10.97%	10.21%	10.37%



Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)

The NSFR seeks to limit the overreliance on short-term wholesale funding and promoting enhanced assessment of funding risk across all on- and off-balance sheet accounts. It complements the LCR, which promotes short term resilience of a Bank's liquidity profile. The minimum LCR and NSFR requirement should be no lower than 100% at all times on both Group and Parent Company.

	Consolidated		Parent	
	2024	2023	2024	2023
Total Stock of High-Quality Liquid Assets	₱99,640,873	₱107,760,229	₱97,006,022	₱93,595,088
Divided by: Total Net Cash Flows	50,769,462	53,367,645	46,908,294	54,114,476
Liquidity Coverage ratio	196.26%	201.92%	206.80%	172.96%

	Consolidated		Parent	
	2024	2023	2024	2023
Available Stable Funding	₱357,143,088	₱329,816,321	₱332,318,949	₱302,685,171
Divided by: Required Stable Funding	323,611,363	273,002,655	300,466,944	255,111,835
Net Stable Funding Ratio	110.36%	120.81%	110.60%	118.65%

Capital Stock

Capital stock consists of (amounts in thousands, except for par value and number of shares):

	Shares			Amount		
	2024	2023	2022	2024	2023	2022
Authorized:						
Common stock - 10.00 par value	4,500,000,000	4,500,000,000	4,500,000,000			
Preferred stock - 10.00 par value	500,000,000	500,000,000	500,000,000			
Common stock issued and outstanding:						
Balance at the beginning of the year	2,249,975,411	2,249,975,411	2,249,975,411	22,499,754	22,499,754	22,499,754
Issuance of stock dividends	—	—	—	—	—	—
Balance at the end of the year	2,249,975,411	2,249,975,411	2,249,975,411	22,499,754	22,499,754	22,499,754

With the approvals by the PSE of the Parent Company's application for listing and by the SEC for the Registration Statement both on March 14, 2012, a total of 245,316,200 common shares, with ₱10.00 par value per share, representing 21.70% of outstanding capital stock, were offered and subscribed through an initial public offering at ₱18.50 per share on April 20 to 26, 2012. The common shares comprise of (a) 141,056,800 new shares issued by the Parent Company by way of a primary offer, and (b) 104,259,400 existing shares offered by FDC, the selling shareholder, pursuant to a secondary offer. Subsequently, on September 5, 2012, 36,715,300 shares under the over-allotment option were exercised at a price of ₱18.50 per share that brought the subscriptions to 25.00% of the outstanding capital stock. The Parent Company's common shares were listed and commenced trading in the PSE on May 7, 2012.

The preferred shares are perpetual non-voting and non-convertible to common shares. The dividends of the preferred shares shall be non-cumulative and to be fixed by the BOD at an annual dividend rate prior to the date of issue.

The total proceeds raised by the Parent Company from the sale of primary offer shares amounted to ₱2.61 billion while the net proceeds (after deduction of direct costs related to equity issuance) amounted to ₱2.39 billion.



On February 1, 2019, the BSP approved the following amendments to the Parent Company's Articles of Incorporation, which were approved and confirmed by the Parent Company's BOD at its special meeting on July 13, 2017, to provide flexibility for future capital requirements:

- a. Increase of the Parent Company's authorized capital stock from ₱20.00 billion to ₱50.00 billion consisting of 4.50 billion common shares with par value of ₱10.00 per share or a total par value of ₱45.00 billion and ₱0.50 billion preferred shares with par value of ₱10.00 per share or a total par value of ₱5.00 billion.
- b. Declaration of 50.00% stock dividends equivalent to ₱7.50 billion from the Parent Company's unrestricted retained earnings as of December 31, 2016 to meet the required subscribed and paid amount of capital stock per Corporation Code after the increase in the authorized capital of the Parent Company. The increase in the Parent Company's authorized capital stock and stock dividend declaration were subsequently approved by BSP on September 29, 2017 and by SEC on February 28, 2019.

On April 16, 2018, a total of 749,991,801 common shares were listed at the PSE.

The portion of the Parent Company's retained earnings pertaining to the accumulated earnings of the subsidiaries amounting to ₱7.09 billion and ₱7.21 billion as of December 31, 2024 and December 31, 2023, respectively, are not available for dividend declaration until declared as dividends by subsidiaries.

In 2019, upon the full adoption of PFRS 9, the BSP through BSP Circular No. 1011 has required the appropriation for the difference of the 1.00% general loan loss provision over the computed ECL related to Stage 1 accounts. As of December 31, 2023 and 2022, the computed ECL related to Stage 1 accounts is sufficient to cover the 1.00% general loan loss provision required by BSP on Stage 1 accounts.

Cash Dividend

On April 19, 2024, BOD approved the declaration of cash dividend amounting to ₱1.2 billion equivalent to ₱0.54 per share and paid on May 31, 2024 to all stockholders of record as of May 17, 2024.

Eastwest Bank declared on April 24, 2023 cash dividends amounting to ₱922.5 million. This was equivalent to ₱0.41 per share and paid last May 31, 2023 to all stockholders of record as of May 12, 2023.

As approved by the EWRB's Board of Directors in its meeting on March 13, 2024, ₱40.00 per share dividend was declared to stockholders on record and paid on the same date.

In 2024, total cash dividends declared and paid was ₱2.00 billion. There were no dividends declared during 2023 and there was no issuance of capital stocks in 2024 and 2023.



22. Income and Expenses

Service charges, fees and commissions

Service charges include late payment charges, pre-termination fees on loans and service charges on deposit taking-related transactions. Fees and commissions include credit card membership fees, bancassurance fees, interchange fees, merchant discounts and other commissions.

For the periods ended December 31, 2024, 2023 and 2022, this account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Credit cards	₱2,295,920	₱1,821,920	₱1,429,505	₱2,295,920	₱1,821,920	₱1,429,505
Loans	1,436,085	1,223,241	820,990	993,217	844,503	463,357
Deposits	919,107	752,839	764,775	902,917	740,342	756,199
Remittances	209,666	197,757	142,908	185,348	158,982	136,860
Bancassurance fees	73,289	67,220	73,477	73,289	67,220	73,477
Others	916,060	706,461	549,150	558,940	406,822	282,105
	₱5,850,127	₱4,769,438	₱3,780,805	₱5,009,631	₱4,039,789	₱3,141,503

Others consist of income from securities brokering and certificate fees.

Miscellaneous income

For the periods ended December 31, 2024, 2023 and 2022, this account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Recoveries on written off assets	₱1,031,633	₱504,817	₱469,030	₱950,062	₱453,823	₱443,279
Rental income	53,710	48,446	47,075	53,710	48,446	47,075
Dividend income	631	2,629	736	631	2,629	736
Others	195,406	192,675	228,855	186,835	182,587	217,716
	₱1,281,380	₱748,567	₱745,696	₱1,191,238	₱687,485	₱708,806

Others include referral income earned on insurance premiums charged through credit cards and revenue from credit card loyalty rewards.

Miscellaneous expense

For the periods ended December 31, 2024, 2023 and 2022, this account consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Service charges, fees and commissions	₱1,330,961	₱941,749	₱622,911	₱1,330,961	₱941,749	₱622,911
Technological fees	1,155,325	1,109,621	834,096	1,091,588	1,108,301	832,543
Brokerage fees	1,094,594	932,117	1,070,788	1,230,409	1,015,769	1,051,613
Advertising	970,460	919,956	430,733	937,866	883,510	399,996
Insurance	863,353	777,671	756,892	806,404	729,833	713,043
Security, messengerial and janitorial services	772,791	752,578	666,636	692,168	682,009	604,485
Postage, telephone, cables and telegram	568,288	474,085	439,073	506,995	405,469	385,531
Repairs and maintenance	360,611	328,441	282,614	324,424	294,512	244,851
Power, light and water	246,191	249,126	229,368	214,902	217,508	197,525
Management and other professional fees	232,135	278,012	133,589	197,332	263,260	127,380
Transportation and travel	218,170	199,544	181,645	169,782	153,362	136,111
Stationery and supplies	161,581	218,344	150,749	125,351	109,646	98,123
Litigation expenses	145,025	115,902	76,450	145,025	115,902	76,450
Supervision fees	135,393	141,009	129,760	127,042	133,649	123,052
Entertainment, amusement and recreation	51,108	46,377	43,863	44,235	37,181	34,598
Fines, penalties and other charges	6,812	191,456	292,689	457	161,902	266,959
Others	767,698	567,943	390,405	754,066	556,037	378,472
	₱9,080,496	₱8,243,931	₱6,732,261	₱8,699,007	₱7,809,599	₱6,293,643

Others include payments for subscriptions, membership fees, trainings, donations and contributions, delivery and freight expenses, and clearing fees.



23. Income and Other Taxes

Under Philippine tax laws, the Parent Company and its subsidiaries are subject to percentage and other taxes (presented as ‘Taxes and licenses’ in the statements of income) as well as income taxes. Percentage and other taxes paid consist principally of gross receipts tax and documentary stamp taxes. Income taxes include corporate income tax, as discussed below, and final taxes paid which represents final withholding tax on gross interest income from government securities and other deposit substitutes and income from FCDU transactions. These income taxes, as well as the deferred tax benefits and provisions, are presented as ‘Provision for income tax’ in the statements of income.

Current tax regulations also provide for the ceiling on the amount of entertainment, amusement and recreation (EAR) expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense is limited to the actual EAR paid or incurred but not to exceed 1.00% of the Parent Company’s net revenue.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is generally subject to 10.00% gross income tax. RA No. 9294, which became effective in May 2004, provides that the income derived by the FCDU from foreign currency transactions with non-residents, Offshore Banking Units (OBUs), local commercial banks including branches of foreign banks is tax-exempt while interest income on foreign currency loans from residents other than OBUs or other depository banks under the expanded system is subject to 10.00% income tax.

The following are the key changes to the Philippine tax law pursuant to the CREATE Bill (which was signed into law on March 26, 2021) which have an impact on the Bank.

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with assets not exceeding Php100 million (excluding land on which the business entity’s office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- The allowable deduction for interest expense was reduced 20% (previously 33%) of the interest income subjected to final tax.
- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.
- Imposition of improper accumulated earnings tax (IAET) is repealed.

Effective for the period July 1, 2020 until June 30, 2023, a Minimum corporate income tax (MCIT) of 1.00% (as amended by CREATE Bill) of modified gross income is computed and compared with the RCIT. However, effective July 1, 2023, the MCIT rate reverted to its previous rate of two percent (2%) based on the gross income computed and compared with the RCIT. Any excess of MCIT over the RCIT is deferred and can be used as a tax credit against future RCIT for the next three years. For NOLCO, the same is allowed as a deduction from taxable income in the next three years from the period of incurrence. However, for the taxable years 2020 and 2021, the NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulations No. 25-2021.



Revenue Regulations No. 4-2011

On May 10, 2022, the SC released its decision promulgated on 01 December 2021 on the petition for certiorari of the Department of Finance (DOF) and Bureau of Internal Revenue (BIR) seeking for annulment of an order of the Regional Trial Court (RTC) Branch 57 in Makati City that declared Revenue Regulations No. 4-2011 null and void. Consequently, the SC ruled that common expenses should be deductible in full against its income subject to regular tax. Additionally, all expenses are deducted directly and in full without any allocation or attribution between the different income streams. In fine, the SC concluded that there is no distinction for common expenses among income streams, as these are, after all, common expenses. Thus, there can be no allocation of expenses between different income in the same trade or business unit.

Provision for income tax consists of:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Current:						
RCIT /MCIT	₱1,487,967	₱1,347,689	₱751,946	₱798,304	₱811,618	₱182,440
Final tax	401,818	368,195	460,538	383,206	354,412	447,995
	1,889,785	1,715,884	1,212,484	1,181,510	1,166,030	630,435
Deferred	18,566	(272,114)	220,796	47,357	(210,585)	174,541
	₱1,908,351	₱1,443,770	₱1,433,280	₱1,228,867	₱955,445	₱804,976

The components of the Group's and the Parent Company's net deferred tax assets as of December 31, 2024 and 2023 follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Deferred tax asset on:				
Allowance for impairment and credit losses	₱2,933,871	₱3,025,555	₱2,862,098	₱2,952,177
Effect of modification loss, net of accretion/amortization	41,091	84,899	41,091	84,115
Accrued expenses and other deferred income	859,125	630,052	593,446	399,491
Accumulated depreciation of assets foreclosed or dacioned	202,487	182,187	202,485	182,185
Net retirement obligation	158,305	146,928	150,203	141,022
Net effect of lease liabilities and ROU assets	204,108	172,015	196,454	162,830
Unrealized trading loss	51,195	—	16,957	—
Gain on asset foreclosure and dacion transactions	94	122,993	-	123,085
Pass service costs (excess over normal costs)	25,659	20,904	25,661	20,904
	4,475,935	4,385,533	4,088,395	4,065,809
Deferred tax liability on:				
Branch licenses acquired from business combination	156,350	156,350	156,350	156,350
Remeasurement of investment in a joint venture	83,958	83,958	83,958	83,958
Unrealized foreign exchange gains	117,496	2,385	117,496	2,385
Unrealized trading gains	—	14,178	—	58,805
Loss on asset foreclosure and dacion transactions	4,013	—	4,013	—
Excess of Fair FV from Business Combination and others	28,683	29,782	28,497	28,496
	390,500	286,653	390,314	329,994
	₱4,085,435	4,098,880	₱3,698,081	₱3,735,365

Group deferred tax asset charged directly to OCI during the year amounted to ₱10.9 million and (₱78.61) million in 2024 and 2023, respectively. Parent Company's deferred tax asset charged directly to OCI during the year amounted to ₱9.6 million and ₱9.2 million in 2024 and 2023, respectively.



The Parent Company has excess MCIT for 2024 coming from its FCDU amounting to ₱2.9M, and remaining FCDU NOLCO for the years 2023 and 2022 amounting to ₱163M and ₱176M, respectively, as follows:

	Parent Company 2024
NOLCO	₱340,582,885
Excess MCIT over RCIT	2,915,609
	₱343,498,494

NOLCO:

Inception Year	Amount	Used Amount	Balance	Expiry Year
2022	₱240,892,991	₱64,178,097	₱176,714,894	2025
2023	163,867,991	–	163,867,991	2026
	₱404,760,982	₱64,178,097	₱340,582,885	

Excess MCIT:

Inception Year	Amount	Used Amount	Balance	Expiry Year
2024	₱2,915,609	₱–	₱2,915,609	2027

Provision for deferred income tax charged directly to OCI during the year:

	Consolidated 2024	Parent Company 2024
Remeasurements on retirement plan	₱10,856	₱9,630
	₱10,856	₱9,630

The Parent Bank did not recognize deferred tax on NOLCO and MCIT from its FCDU books

The reconciliation of statutory income tax at statutory tax rate to the effective income tax follows:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Statutory income tax	₱2,888,036	₱2,242,799	₱1,981,146	₱2,211,764	₱1,759,685	₱1,357,575
Tax effects of:						
Noneductible expenses	765,223	575,884	1,509,218	757,684	566,886	1,509,213
FCDU income	(1,001,355)	(744,264)	(882,788)	(1,001,355)	(744,264)	(882,788)
Non-taxable and tax-exempt income	(670,565)	(313,391)	(570,946)	(670,519)	(313,391)	(570,946)
Interest income subjected to final tax net of tax paid	(81,997)	(69,751)	(88,065)	(79,716)	(63,585)	(88,138)
Change in recognized deferred tax assets and others	9,009	(247,507)	(515,285)	11,009	(249,886)	(519,940)
Effective income tax	₱1,908,351	₱1,443,770	₱1,433,280	₱1,228,867	₱955,445	₱804,976



24. Retirement Plan

The existing regulatory framework, RA No. 7641, the *Retirement Pay Law* requires companies with at least ten (10) employees to pay retirement benefits to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Parent Company

The Parent Company has a funded, non-contributory defined benefit retirement plan (the Plan) covering substantially all of its officers and regular employees. Under the Plan, all covered officers and employees are entitled to cash benefits (equivalent to a certain percentage of final salary for every year of service depending on the tenure of the employee) certain age and service requirements. The Parent Company's retirement plan is in the form of a trust administered by the Parent Company's Trust Division under the supervision of the Retirement Committee.

EWRB

The Bank provided a noncontributory defined benefit plan covering substantially all regular and full-time employees, provided he is not more than age sixty (60) at the time of appointment. The retirement plan provides retirement benefits equal to 100.00% of the final monthly salary for every year of service.

In 2018, changes in the terms on how the benefits will be valued were implemented. The Bank introduced a defined benefit plan which provides a lump sum benefit based on final salary and years of service, subject to certain eligibility conditions. For normal retirement and late retirement, eligibility starts at the age of 60 and 65 with benefits amounting to a 100.00% and 150.00% of final monthly salary per year of continuous service, for less than 10 years and 10 years above, respectively. However, for early retirement, eligibility starts at the age of 50 but with at least 10 years of continuous service or more, subject to Bank's approval.

QMIS

QMIS does not have a formal retirement plan. As such, QMIS's retirement liability is based on the requirement of RA No. 7641. For purposes of calculating the retirement liability under RA No. 7641, QMIS obtained an actuarial valuation.

The amounts of net retirement obligation presented under "Other liabilities" in the statements of financial position are presented below:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Present value of the defined benefit obligation	₱2,111,993	₱1,867,091	₱2,005,853	₱1,780,669
Less: Fair value of plan assets	1,482,317	1,284,161	1,405,042	1,218,379
Net retirement obligation (Note 19)	₱629,676	₱582,930	₱600,811	₱562,290



Changes in the present value of the defined benefit obligation as of December 31, 2024 and 2023 recognized in the statements of financial position follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balance at beginning of year	₱1,867,091	₱1,644,794	₱1,780,669	₱1,584,236
Current service cost	212,235	166,923	200,232	158,099
Interest cost	113,000	115,069	107,730	110,738
Remeasurement (gains) losses:				
Actuarial losses arising from deviations of experience from assumptions	91,935	(53,999)	86,935	(58,528)
Actuarial losses (gains) arising from changes in financial assumptions	(10,542)	128,976	(10,451)	117,996
Benefits paid	(161,726)	(134,672)	(159,262)	(131,872)
Balance at end of year	₱2,111,993	₱1,867,091	₱2,005,853	₱1,780,669

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

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balance at beginning of year	₱1,284,161	₱1,118,935	₱1,218,379	₱1,059,019
Contributions	245,999	202,319	234,251	194,812
Interest income	77,712	78,309	73,712	74,025
Remeasurements	36,171	19,271	37,962	22,395
Benefits paid	(161,726)	(134,673)	(159,262)	(131,872)
Balance at end of year	₱1,482,317	₱1,284,161	₱1,405,042	₱1,218,379

The fair value of plan assets by class are as follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Cash and cash equivalents	₱516,487	₱450,059	₱515,776	₱449,102
Equity instruments:				
Financial services	872,536	726,168	795,972	661,343
Real estate	5,001	5,001	5,001	5,001
Debt instruments:				
Government securities	55,920	71,524	55,920	71,524
Private securities	30,447	29,947	30,447	29,947
Others	1,926	1,462	1,926	1,462
Fair value of plan assets	₱1,482,317	₱1,284,161	₱1,405,042	₱1,218,379

The Parent Company's plan assets are carried at fair value. The fair value of investments in equity and debt securities are based on quoted price in the active market. The fair value of other assets and liabilities, which include deposits in banks, accrued interest and other receivables, and trust fee payables, approximate their carrying amounts due to the short-term nature of these accounts.

The plan assets are diversified investments and are not exposed to concentration risk.

Each year, an Asset-Liability Matching Study (ALMS) is performed with the result being analyzed in terms of risk-and-return profiles. As of December 31, 2024 and 2023, the Parent Company's investment strategy consists of 54.00% of equity instruments, 6.00% of debt instruments and 39.00% cash and 54.00% of equity instruments, 8.00% of debt instruments, and 37.00% cash, respectively.

In 2025, the Group and the Parent Company expect to contribute to the plan amounting to ₱276.00 million and ₱260.3 million, respectively.



The cost of defined benefit retirement plans as well as the present value of the benefit obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used are shown below:

	Parent Company		EWRB		QMIS		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate								
At January 1	6.05%	6.99%	6.08%	7.15%	6.36%	7.17%	6.05%-6.36%	6.99%-7.17%
At December 31	6.12%	6.05%	6.11%	6.08%	6.10%	6.36%	6.10%-6.12%	6.05%-6.36%
Future salary increase rate	5.00%	5.00%	4.00%	4.00%	5.00%	5.00%	4%-5%	4%-5%
Average remaining working life (in years)	17	16	18	20	22	18	17-22	12-20

The sensitivity analysis below on the defined benefit obligation as of December 31, 2024 and 2023 has been determined based on reasonably possible changes of each significant assumption, assuming all other assumptions were held constant.

	Parent Company		EWRB		QMIS		Group	
Increase (Decrease)	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate								
1.00%	(139,707)	(P125,064)	(11,678)	(P9,700)	(1,050)	(P807)	(152,435)	(P135,571)
(1.00%)	159,002	142,693	14,015	11,659	1,273	980	174,290	155,333
Turnover rate								
1.00%	37,926	(P35,177)	2,789	(P2,495)	256	(P183)	40,971	(P37,855)
(1.00%)	(37,926)	35,177	(2,789)	2,495	(256)	183	(40,971)	37,855
Future salary increase rate								
1.00%	159,398	P142,831	14,220	P11,841	1,275	P984	174,893	P155,656
(1.00%)	(145,733)	(129,934)	(12,119)	(10,097)	(1,076)	(824)	(158,929)	(140,855)

Shown below is the maturity analysis of the undiscounted benefit payments for 2024 and 2023 follow:

	Parent Company		EWRB		QMIS		Group	
	2024	2023	2024	2023	2024	2023	2024	2023
Less than one year	P236,741	P259,521	P6,547	P4,638	P80	P-	P243,368	P264,159
One to less than five years	1,037,667	823,819	23,287	20,060	748	265	1,061,702	844,144
Five to less than 10 years	1,777,615	1,587,462	44,831	41,840	4,423	1,675	1,826,869	1,630,978
10 to less than 15 years	1,579,705	1,421,839	125,800	104,746	13,515	10,772	1,719,020	1,537,358
15 to less than 20 years	1,567,832	1,155,746	170,575	109,044	23,279	17,351	1,761,686	1,282,142
20 years and above	2,288,179	2,140,328	536,730	468,958	75,633	65,561	2,900,542	2,674,847

The amounts included in 'Compensation and fringe benefits' in the statements of income are as follows:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Current service cost	P212,236	P166,923	P154,199	P200,232	P158,099	P143,801
Net interest expense	35,289	36,760	10,805	34,019	36,713	10,416
	P247,525	P203,683	P165,004	P234,251	P194,812	P154,217

25. Leases

Group as a Lessee

The Group leases several premises occupied by its head office and branches. Some leases are subject to annual escalation of 5.00% to 10.00% and for periods ranging from 5 to 15 years, renewable upon mutual agreement of both parties.



Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2024 and 2023:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Within one year	₱1,154,826	₱1,048,194	₱1,113,443	₱1,021,197
After one year but not more than five years	4,133,536	3,835,219	3,935,717	3,643,375
More than five years	4,860,827	4,728,992	4,855,632	4,720,873
	₱10,149,189	₱9,612,405	₱ 9,904,792	₱ 9,385,445

As of December 31, 2024 and 2023, the carrying amount of lease liabilities are as follows:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Balance at beginning of the year	₱6,073,341	₱4,378,945	₱5,845,165	₱4,107,058
Additions	903,611	2,422,969	703,757	2,365,221
Payments and terminations	(1,281,382)	(1,066,269)	(1,080,504)	(948,236)
Accretion of interest	380,600	337,695	363,423	321,123
	₱6,076,170	₱6,073,340	₱5,831,841	₱5,845,166

In 2024, 2023 and 2022, the interest expense on lease liabilities of the Group (included in 'Interest expense' in the statements of income) amounted to ₱380.60 million, ₱337.70 million, ₱240.35 million, respectively. Rent expense from short-term leases and leases of low-value assets of the Group amounted to ₱418.46 million, ₱368.42 million, ₱258.41 million in 2024, 2023 and 2022, respectively.

In 2024, 2023 and 2022, the interest expense on lease liabilities of the Parent Company (included in 'Interest expense' in the statements of income) amounted to ₱363.42 million, ₱321.12 million, ₱220.36 million, respectively. Rent expense from short-term leases and leases of low-value assets of the Parent Company amounted to ₱411.48 million, ₱361.69 million, ₱256.43 million in 2023, 2022, and 2021 respectively.

Group as a Lessor

The Group property leases consist of the Group's available office space and lease agreements of machinery and equipment which are non-cancelable with lease terms between 5 to 10 years.

Future minimum rentals receivable under non-cancellable operating leases of the Group and the Parent Company follow:

	2024	2023
Within one year	₱50,173	₱42,120
After one year but not more than five years	140,442	117,676
	₱190,615	₱159,796

In 2024, 2023 and 2022, the Group and Parent Company rental income amounted to ₱48.45 million, ₱48.45 million, ₱47.08 million, respectively. As of December 31, 2024, and 2022, the Group and Parent Company has no contingent rental income.



26. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Group's related parties include:

- key management personnel, close family members of key management personnel, and entities which are controlled, significantly influenced by or for which significant voting power is held by key management personnel or their close family members;
- subsidiaries, joint ventures and associates and their respective subsidiaries; and
- post-employment benefit plans for the benefit of the Group's employees.

The Group has several business relationships with related parties. Transactions with such parties are made in the ordinary course of business.

The amounts and the balances arising from significant related party transactions of the Group and of the Parent Company are as follows:

Category	2024		
	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Significant investors:			
Loans receivable	P=	P 4,842,800	Loans granted with a term of five years, interest of 4.75%, secured with deposit holdout, current and not impaired
Releases	—	—	
Collection	—	—	
Deposit liabilities		3,535,466	Earns interest at the respective bank deposit rates
Deposits	50,989,309	—	
Withdrawals	50,755,039	—	
Accrued interest receivable	—	68,065	Interest income accrued on outstanding loans receivable
Accrued expenses	—	57,978	
Guarantees and commitments		4,842,800	Unused credit line (omnibus facility) with term of 10 months
Interest income	230,663	—	Interest income on loans receivable
Interest expense	1,797	—	Interest expense on deposit liabilities
Key management personnel:			
Loans receivable			Loans granted with a term of five years, interest of 9.82%, secured with chattel mortgage, current and not impaired
Releases		—	
Collection	2,380	—	
Deposit liabilities	—	401,280	Earns interest at the respective bank deposit rates
Deposits	1,123,906	—	
Withdrawals	1,087,822	—	
Interest income	74	—	Interest income on loans receivable
Interest expense	1,259	—	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	P=	P7,379,102	Loans granted with terms ranging from four days to thirteen and a half years, interest ranging from 5.01% to 17.07%, secured by real estate mortgage, chattel mortgage & deposit hold-out, current, and not impaired
Releases	8,544,540	—	
Collection	8,596,825	—	
Receivables purchased (booked under 'Loans Receivable')	—	138,734	Receivables purchased by the Parent Company from FLI (Note 9), current and not impaired
Releases	138,734	—	
Collections	—	—	
Accounts receivable	—	17,913	Receivables from EW Ageas Life which represent expenses shouldered by the Parent Company
Deposit liabilities	—	14,443,424	Earns interest at the respective bank deposit rates
Deposits	215,600,560	—	
Withdrawals	215,196,014	—	

(Forward)



2024			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Accounts payable	₱—	₱7,240,361	Collection of loan insurance on behalf of EW Ageas Life that remained unremitted
Guarantees and commitments	—	—	Unused credit lines
Accrued interest receivable	—	76,694	Interest income accrued on outstanding loans receivable
Interest income	419,582	—	Interest income on loans receivable
Interest expense	187,859	—	Interest expense on deposit liabilities
Commission fees	—	—	Commission fees received from EW Ageas Life
Rent expense	235,870	—	Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation,
2023			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Significant investors:			
Loans receivable	₱—	₱4,842,800	Loans granted with a term of five years, interest of 4.75%, secured with deposit holdout, current and not impaired
Releases	—	—	
Collection	—	—	
Deposit liabilities	—	3,301,196	Earns interest at the respective bank deposit rates
Deposits	26,414,689	—	
Withdrawals	25,459,540	—	
Accrued interest receivable	—	64,283	Interest income accrued on outstanding loans receivable
Accrued expenses	—	50,376	Payable for management and professional fees paid by FDC (reimbursement for expenses)
Guarantees and commitments	—	4,842,800	Unused credit line (omnibus facility) with term of 10 months
Interest income	230,033	—	Interest income on loans receivable
Interest expense	14,628	—	Interest expense on deposit liabilities
Key management personnel:			
Loans receivable	₱—	₱2,381	Loans granted with a term of five years, interest of 9.82%, secured with chattel mortgage, current and not impaired
Releases	2,807	—	
Collection	426	—	
Deposit liabilities	—	365,196	Earns interest at the respective bank deposit rates
Deposits	935,194	—	
Withdrawals	903,639	—	
Interest income	255	—	Interest income on loans receivable
Interest expense	1,943	—	Interest expense on deposit liabilities
Other related parties:			
Loans receivable	₱—	₱7,431,386	Loans granted with terms ranging from four days to thirteen and a half years, interest ranging from 5.01% to 17.07%, secured by real estate mortgage, chattel mortgage & deposit hold-out, current, and not impaired
Releases	1,740,872	—	
Collection	2,948,289	—	
Receivables purchased (booked under 'Loans Receivable')	—	107,598	Receivables purchased by the Parent Company from FLI (Note 9), current and not impaired
Releases	107,598	—	
Collections	501,041	—	
Accounts receivable	—	38,376	Receivables from EW Ageas Life which represent expenses shouldered by the Parent Company
Deposit liabilities	—	14,038,878	Earns interest at the respective bank deposit rates
Deposits	206,580,187	—	
Withdrawals	208,323,109	—	
Guarantees and commitments	—	7,323,712	Collection of loan insurance on behalf of EW Ageas Life
Accrued interest receivable	—	67,366	Unused credit lines
Interest income	413,048	—	Interest income accrued on outstanding loans receivable
Interest expense	206,496	—	Interest income on loans receivable
Commission fees	—	—	Interest expense on deposit liabilities
Rent expense	122,537	—	Commission fees received from EW Ageas Life
			Rent expenses paid for lease transactions with other related parties such as Filinvest Asia Corporation,



The Group's significant investors pertain to FDC, the immediate Parent Company of the Group, and FDC Forex Corporation (a company under common control of FDC).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The Group considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*. The Group provides banking services to its key management personnel.

Other related parties pertain to the Group's affiliates (subsidiaries of FDC).

The Group and the Parent Company had no outright purchases and outright sale of debt securities with significant shareholders and key management personnel in 2024, 2023 and 2022.

The Parent Company's subsidiaries have no transactions with related parties outside of the Group. The transactions disclosed above are the same for the Group and the Parent Company.

Parent Company Related Party Transactions

Transactions between the Parent Company and its subsidiaries meet the definition of related party transactions. Details of the Parent Company's subsidiaries are disclosed in Note 10.

In addition to the transactions discussed above, the following are the transactions between the Parent Company and its subsidiaries that are recognized in the Parent Company's statements of financial position and statements of income and eliminated in the consolidated financial statements:

Category	2024		
	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries:			
Receivables purchased	₱—	₱5,777,709	Receivables purchased by the Parent Company from EWRB (Note 9)
Acquisitions	51,666,828	—	
Collections	45,889,119	—	
Receivable sold	—	333,366	Employee loans sold by the Parent Company to EWRB (Note 9)
Accounts receivable	—	385,132	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Accounts receivable	—	160,323	Receivables from subsidiaries which represent expenses shouldered by Parent Company
Deposit liabilities	—	876,105	Earns interest at the respective bank deposit rates
Deposits	174,660,720	—	
Withdrawals	174,332,049	—	
Accounts payable	—	96,210	Cash reloading transactions between EWRB and the Parent Company
Interest expense	726	—	Interest expense on deposits of EWRB and EWIB
Interest income	—	—	Interest income on loans receivable
Service fee expense	181,698	—	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (Note 9) and for collection of credit card payments
Service fee income	1,145	—	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (Note 9)
Commission expense	—	—	Commission expense paid by the Parent Company to QMIS
Rent income	47,483	—	Rent of office space leased to subsidiaries



2023			
Category	Amount/ Volume	Outstanding Balance	Terms and Conditions/Nature
Subsidiaries:			
Receivables purchased	P=	P6,279,326	Receivables purchased by the Parent Company from EWRB (Note 9)
Acquisitions	44,246,601	—	
Collections	37,967,275	—	
Receivable sold	—	284,054	Employee loans sold by the Parent Company to EWRB (Note 9)
Accounts receivable	—	718,412	Amount collected by EWRB from borrowers on behalf of the Parent Company that remained unremitted and other related expenses shouldered by the Parent Company on behalf of the Subsidiaries
Accounts receivable	—	150,679	Receivables from subsidiaries which represent expenses shouldered by Parent Company
Deposit liabilities	—	547,434	Earns interest at the respective bank deposit rates
Deposits	131,428,220	—	
Withdrawals	131,322,036	—	
Accounts payable	—	77,591	Cash reloading transactions between EWRB and the Parent Company
Interest expense	726	—	Interest expense on deposits of EWRB and EWIB
Interest income	115	—	Interest income on loans receivable
Service fee expense	150,530	—	Service fees paid to EWRB for account servicing equivalent to 0.37% of loan amounts collected by EWRB on behalf of the Parent Company for the receivables purchased (Note 9) and for collection of credit card payments
Service fee income	1,031	—	Service fees paid by EWRB for account servicing equivalent to 0.37% of loan amounts collected by the Parent Company on behalf of EWRB for the receivables sold (Note 9)
Commission expense	—	—	Commission expense paid by the Parent Company to QMIS
Rent income	42,212	—	Rent of office space leased to subsidiaries

Transactions with Retirement Plans

Under PFRS Accounting Standards, certain post-employment benefit plans are considered as related party transactions. The Parent Company's retirement plan is in the form of a trust administered by the Parent Company's Trust Division under the supervision of the Retirement Committee.

The values of the assets of the fund are as follows:

	2024	2023
Cash and cash equivalents	P516,487	P450,032
Equity instruments	877,537	731,196
Debt instruments	86,367	101,471
Others	1,926	1,462
	P1,482,317	P1,284,161

The following are the amounts recognized by the retirement plan arising from its transactions with the Parent Company for the years ended December 31, 2024, 2023 and 2022.

	2024	2023	2022
Trust fees	P4,673	P3,524	P3,490
Interest income on deposit liabilities	17,371	2,746	1,213
Interest income on debt securities	4,611	6,162	6,825
Gain (loss) on investments in equity shares	69,675	87,315	(104,368)



Remunerations of Directors and other Key Management Personnel

Total remunerations of key management personnel are as follows:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Short-term employee benefits	₱429,528	₱334,404	₱280,924	₱401,358	₱303,943	₱221,361
Post-employment benefits	9,251	16,321	59,120	9,251	16,321	59,120
	₱438,779	₱350,725	₱340,044	₱410,609	₱320,264	₱280,481

Remunerations given to directors which were approved by the Rewards and Talent Management Committee amounted to ₱23.34 million in 2024, ₱25.32 million in 2023, ₱21.94 million in 2022 for the Group and the Parent Company.

27. Trust Operations

Securities and other properties held by the Parent Company in fiduciary or agency capacity for clients and beneficiaries are not included in the accompanying statements of financial position since these are not assets of the Parent Company. The combined trust and managed funds of the Trust Department of the Parent Company amounted to ₱69.98 billion and ₱61.53 billion as of December 31, 2024 and 2023, respectively.

Government securities with total face value of ₱765.00 million and ₱610.00 million as of December 31, 2024 and 2023, respectively, are deposited with the BSP in compliance with current banking regulations related to the Parent Company's trust functions. These government securities are recorded as part of investment securities at FVPL and at amortized cost as of December 31, 2024 and 2023, respectively.

In accordance with BSP regulations, 10.00% of the profits realized by the Parent Company from its trust operations are appropriated to surplus reserves. The yearly appropriation is required until the surplus reserves for trust operations amounts to 20.00% of the Parent Company's authorized capital stock.

The Parent Company's income from its trust operations amounted to ₱137.17 million, ₱126.73 million, ₱121.23 million in 2024, 2023 and 2022, respectively. For the years ended December 31, 2024, 2023 and 2022, the Parent Company appropriated ₱13.71 million, ₱12.67 million, ₱12.12 million, respectively.

28. Commitments and Contingent Liabilities

In the normal course of the Group's operations, there are various outstanding commitments and contingent liabilities which are not reflected in the accompanying financial statements. The Group does not anticipate material unreserved losses as a result of these transactions.

The Group has several loan related suits, assessments or notices, and claims that remain unsettled. It is not practicable to estimate the potential financial impact of these contingencies. However, in the opinion of management, the suits and claims, if decided adversely, will not involve sums having a material effect on the Group's financial statements.



Commitments and Contingencies

The following is a summary of commitments and contingencies of the Parent Company at their peso-equivalent contractual amounts arising from off-balance sheet items:

	2024	2023
Unused credit lines	₱233,044,768	₱190,658,891
Trust department accounts (Note 27)	69,980,975	61,529,662
Broker customer securities	44,896,595	40,840,802
Forward exchange sold	12,468,110	7,640,848
Spot exchange bought	5,009,551	3,978,326
Spot exchange sold	4,446,192	11,191,023
Inward bills for collection	689,585	512,802
Interest rate swap	200,000	—
Outstanding guarantees	181,527	496,103
Treasurer/cashier/manager's checks	77,605	461,311
Outward bills for collection	5,604	4,398
Late deposit/payments received	3,173	8,103
Items held for safekeeping	773	934
Others	187	167

29. Financial Performance

Earnings per share amounts were computed as follows:

	2024	2023	2022
a. Net income attributable to equity holders of the Parent Company	₱7,601,566	₱6,083,296	₱4,625,325
b. Weighted average number of outstanding common shares by the Parent Company	2,249,975	2,249,975	2,249,975
c. Basic and diluted EPS (a/b)	3.38	2.70	2.06

The Group's basic and diluted earnings per share are equal as there are no potential dilutive shares outstanding.

30. Offsetting of Financial Assets and Liabilities

PFRS 7 requires the Group to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments subject to enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding tables.



Financial assets

31-Dec-24						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial Instruments	Fair value of financial collateral	
	[a]	[b]	[c]		[d]	[e]
SPURA (Note 7)	P-	P-	P-	P-	P-	P-
Derivative assets (Note 5)	83,133	-	83,133	-	P-	83,133
Total	P83,133	P-	P83,133	P-	P-	P83,133

31-Dec-23						
Financial assets recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial Instruments	Fair value of financial collateral	
	[a]	[b]	[c]		[d]	[e]
SPURA (Note 7)	P15,976,310	P-	P15,976,310	P-	P15,976,310	P-
Derivative assets (Note 5)	21,812	-	21,812	(1)	-	21,811
Total	P15,998,122	P-	P15,998,122	(P1)	P15,976,310	P21,811

Financial liabilities

31-Dec-24						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position [a-b]	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial Instruments	Fair value of financial collateral	
	[a]	[b]	[c]		[d]	[e]
Derivative liabilities (Note 5)	P59,230	P-	P59,230	P-	P-	P59,230
SSURA (Note 17)	38,215,086	-	38,215,086	-	-	38,215,086
Total	P38,274,316	P-	P38,274,316	P-	P-	P38,274,316

31-Dec-23						
Financial liabilities recognized at end of reporting period by type	Gross carrying amounts (before offsetting)	Gross amounts offset in accordance with the offsetting criteria	Net amount presented in statements of financial position	Effect of remaining rights of set-off (including rights to set off financial collateral) that do not meet PAS 32 offsetting criteria		Net exposure [c-d]
				Financial Instruments	Fair value of financial collateral	
	[a]	[b]	[c]		[d]	[e]
Derivative liabilities (Note 5)	P103,083	P-	P103,083	P-	P-	P103,083
SSURA (Note 17)	14,663,678	-	14,663,678	-	17,202,332	-
Total	P14,766,761	P-	P14,766,761	P-	P17,202,332	P103,083

The amounts disclosed in column (d) include those rights to set-off amounts that are only enforceable and exercisable in the event of default, insolvency or bankruptcy. These include amounts related to financial collateral both received and pledged, whether cash or non-cash collateral, excluding the extent of over-collateralization.



31. Notes to Statement of Cash Flows

Transfers from loans and receivables to investment properties as a result of foreclosures amounted to ₱273.92 million, ₱274.52 million, ₱101.44 million in 2024, 2023 and 2022 respectively, for the Group and the Parent Company. Transfers from loans and receivables to other repossessed assets as a result of foreclosures amounted to ₱6.33 billion, to ₱3.99 billion, ₱4.61 billion in 2024, 2023 and 2022 respectively, for the Group and the Parent Company. Amounts mentioned are inclusive of loss on asset foreclosure and dacion transactions amounting to ₱1.19 billion, ₱614.53 million, ₱9.45 million in 2024, 2023 and 2022, respectively, for the Group and the Parent Company.

The table below provides for the changes in liabilities arising from financing activities:

Consolidated				
	Bills and acceptances payable (Note 17)	Lease Liability (Note 25)	Bonds Payable	Total liabilities from financing activities
Balances at January 1, 2024	₱15,403,706	₱6,073,341	₱—	₱21,477,047
Cash flows	24,713,474	380,600	—	25,094,074
Additional leases	—	903,611	—	903,611
Amortization of discount/accretion of interest	—	(1,281,382)	—	(1,281,382)
Balances at December 31, 2024	₱40,117,180	₱6,076,170	₱—	₱46,193,350

Consolidated				
	Bills and acceptances payable (Note 17)	Lease Liability (Note 25)	Bonds Payable	Total liabilities from financing activities
Balances at January 1, 2023	₱6,761,456	₱4,378,945	₱3,698,439	₱14,838,840
Cash flows	8,642,250.00	(1,066,269)	(3,698,439)	3,877,542.00
Additional leases	—	2,422,969.00	—	2,422,969.00
Amortization of discount/accretion of interest	—	337,696.00	—	337,696.00
Balances at December 31, 2023	₱15,403,706	₱6,073,341	₱—	₱21,477,047

Parent Company				
	Bills and acceptances payable (Note 17)	Lease Liability (Note 25)	Bonds Payable	Total liabilities from financing activities
Balances at January 1, 2024	₱15,403,706	₱6,073,341	₱—	₱21,477,047
Cash flows	24,713,474	135,247	—	24,848,721
Additional leases	—	703,757	—	703,757
Amortization of discount/accretion of interest	—	(1,080,504)	—	(1,080,504)
Balances at December 31, 2024	₱40,117,180	₱5,831,841	₱—	₱45,949,021

Parent Company				
	Bills and acceptances payable (Note 17)	Lease Liability (Note 25)	Bonds Payable	Total liabilities from financing activities
Balances at January 1, 2023	₱6,761,456	₱4,107,058	₱3,698,439	₱14,566,953
Cash flows	8,642,250.00	(948,236.00)	(3,698,439)	3,995,575.00
Additional leases	—	2,365,221.00	—	2,365,221.00
Amortization of discount/accretion of interest	—	321,122.00	—	321,122.00
Balances at December 31, 2023	₱15,403,706	₱5,845,165	₱—	₱21,248,871

32. Events Subsequent to the Reporting Period

There have been no events subsequent to December 31, 2024 that the Group and the Parent Company need to report.



33. Approval of the Financial Statements

The accompanying financial statements of the Group and of the Parent Company were reviewed by the Audit Committee on March 14, 2025 and were approved and authorized for issue by the Parent Company's BOD on March 17, 2025.

34. Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB)

Financial Performance Indicators

The following basic ratios measure the financial performance of the Group and the Parent Company:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Return on average equity	10.85%	9.49%	7.68%	10.85%	9.49%	7.68%
Return on average assets	1.54%	1.37%	1.12%	1.63%	1.44%	1.18%
Net interest margin on average earning assets	7.81%	7.62%	7.13%	7.48%	7.26%	6.51%

Capital Instruments

There are no capital instruments issued by the Group and Parent Company in 2024 and 2023.

Capital Stock

Capital stock consists of (amounts in thousands, except for par value and number of shares):

	Shares			Amount		
	2024	2023	2022	2024	2023	2022
Authorized:						
Common stock - 10.00 par value	4,500,000,000	4,500,000,000	4,500,000,000			
Preferred stock - 10.00 par value	500,000,000	500,000,000	500,000,000			
Common stock issued and outstanding:						
Balance at the beginning of the year	2,249,975,411	2,249,975,411	2,249,975,411	22,499,754	22,499,754	22,499,754
Issuance of stock dividends	—	—	—	—	—	—
Balance at the end of the year	2,249,975,411	2,249,975,411	2,249,975,411	22,499,754	22,499,754	22,499,754

Unsecured subordinated debt

Lower Tier 2 unsecured subordinated notes due 2027

On February 20, 2017, EWRB issued 5.50% coupon rate Lower Tier 2 unsecured subordinated note (the 2027 Notes) with par value of ₱1.25 billion, maturing on August 20, 2027 but callable on August 20, 2022.

Unless the 2027 Notes are previously redeemed, the 2027 Notes are repayable to the Noteholders at 100.00% of their face value or at par on the maturity date of August 20, 2027.

From and including the issue date to, but excluding the optional redemption date of August 20, 2022, the 2027 Notes bear interest at the rate of 5.50% per annum and shall be payable quarterly in arrears on February 20, May 20, August 20, and November 20 of each year, which commenced on February 20, 2017. Unless the 2027 Notes are previously redeemed, the interest rate will be reset at the equivalent of the prevailing 5-year BVAL at reset date plus initial



spread (i.e., the difference between the initial interest rate and the prevailing 5-year BVAL at the pricing date of the initial tranche), commencing on August 20, 2022.

The 2027 Notes are redeemable at the option of EWRB, in whole but not in part, on the call option date at 100.00% of the face value plus accrued but unpaid interest, subject to the following conditions:

- a) EWRB has obtained prior written approval and complied with the requirements of the BSP prior to redemption of the 2027 Notes;
- b) the 2027 Notes are replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of EWRB, or EWRB demonstrates that its capital position is above the minimum capital requirements after redemption is exercised;
- c) EWRB is not in breach of (and would not, following such redemption, be in breach) of applicable regulatory capital requirements (including regulatory capital buffers);
- d) EWRB is solvent at the time of redemption of the 2027 Notes and immediately thereafter.

Furthermore, upon the occurrence of a Tax Redemption Event or a Regulatory Redemption Event, the EWRB may, subject to compliance with BSP rules and BSP approval, and upon prior approval of the BSP and with prior written notice to the Noteholders on record, redeem all and not less than all of the outstanding 2027 Notes prior to the stated maturity by paying the Noteholder the Redemption Option Amount which, (a) in the case of a Tax Redemption Event is an amount equal to 100.00% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current interest period up to but excluding the date of such redemption, and (b) in the case of a Regulatory Redemption Event is an amount equal to 100.00% of the face value of the 2027 Notes plus accrued interest at the interest rate relating to the then current Interest Period up to but excluding the date of such redemption (the “Redemption Option Date”). The 2027 Notes have a loss absorption feature which means that the 2027 Notes are subject to a Non-Viability Write-Down in case of a Non-Viability Event. Non-viability is defined as a deviation from a certain level of Common Equity Tier 1 (CET1) Ratio or inability of the EWRB to continue business (closure) or any other event as determined by the BSP, whichever comes earlier. A Non-Viability Event is deemed to have occurred when EWRB is considered non-viable as determined by the BSP. Upon the occurrence of a Non-Viability Event, EWRB shall write-down the principal amount of the 2025 Notes to the extent required by the BSP, which could go to as low as zero. Additional Tier 1 (AT1) capital instruments shall be utilized first before Tier 2 capital instruments are written down, until the viability of the Issuer is re-established. In the event EWRB does not have AT1 capital instruments, then the write-down shall automatically apply to Tier 2 capital.

Loss absorption feature is subject to the following conditions: the principal amount of all series of Tier 1 Loss Absorbing Instruments outstanding having been Written-Down to zero or converted into common equity of EWRB (where possible) irrevocably, in accordance with, and to the extent possible pursuant to, their terms (the “Tier 1 Write-Down”);

- a) the Tier 1 Write-Down having been insufficient to cure the Non-Viability Event;
- b) EWRB giving the relevant Non-Viability Notice to the Public Trustee and the Registrar and Paying Agent.



Each Noteholder irrevocably agrees and acknowledges that it may not exercise or claim any right of set-off in respect of any amount owed to it by EWRB arising under or in connection with the 2027 Notes and it shall, to the fullest extent permitted by applicable law, waive and be deemed to have waived all such rights of set-off.

On June 24, 2022, the EWRB's Board of Directors unanimously approved under Resolution No. 002-007 EWRB 2022 the exercise of the Call Option for TIER2 on August 22, 2022. Issued principal is 1.25 Billion at 5.5% coupon rate with 385 noteholders. On August 1, 2022, BSP approved the exercise of the call option. Redemption date was on August 20, 2022 and was settled on August 22, 2022.

Significant credit exposures as to industry/economic sector

As of December 31, 2024, and 2023, information on the loan concentration as to industry (after unearned discounts and unamortized modification losses, but before allowance for credit losses) follows:

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Gross Amount	%	Gross Amount	%	Gross Amount	%	Gross Amount	%
Activities of households as employers and undifferentiated goods-and-services-producing activities of households for own use	₱245,981,909	70.71	₱212,499,312	68.87	₱224,764,058	71.29	₱193,641,808	69.23
Wholesale and retail trade, repair of motor vehicles	24,349,576	7.00	22,786,921	7.39	24,341,165	7.72	22,778,412	8.14
Real estate, renting and business activity	24,158,158	6.94	24,703,996	8.01	24,145,601	7.66	24,673,321	8.82
Education	11,354,519	3.26	9,803,173	3.18	109,066	0.03	146,845	0.05
Financial intermediaries	11,078,341	3.18	10,022,249	3.25	11,114,534	3.53	9,931,261	3.55
Manufacturing	7,498,635	2.16	7,449,135	2.41	7,490,205	2.38	7,440,705	2.66
Electricity, gas, steam and air-conditioning supply	6,685,576	1.92	7,128,870	2.31	6,684,960	2.12	7,128,254	2.55
Other service activities	5,714,031	1.64	3,736,544	1.21	5,631,849	1.79	3,683,352	1.32
Accommodation and food service activities	2,354,096	0.68	2,466,181	0.8	2,352,494	0.75	2,464,580	0.88
Government and foreign sovereign	1,876,518	0.54	1,535,700	0.5	1,807,956	0.57	1,483,752	0.54
Construction	1,846,242	0.53	1,509,341	0.49	1,841,631	0.58	1,504,852	0.53
Transportation and storage	1,802,273	0.52	2,136,776	0.69	1,802,273	0.57	2,136,776	0.76
Agriculture, fisheries and forestry	1,007,156	0.29	829,046	0.27	991,952	0.31	813,386	0.29
Administrative and support service activities	694,475	0.20	550,605	0.18	694,475	0.22	550,605	0.2
Holding	75,432	0.02	72,204	0.02	75,432	0.02	72,204	0.03
Others****	1,414,438	0.41	1,309,134	0.42	1,413,055	0.46	1,272,739	0.45
	₱347,891,375	100	₱308,539,187	100	₱315,260,706	100	₱279,722,852	100

*Includes Arts and recreation activities, mining and quarrying, human health and social activities, and information and communication

Breakdown of total loans as to security and status

The following table shows the breakdown of receivable from customers (after unearned discounts and unamortized modification losses, but before allowance for credit losses) as to secured and unsecured and the breakdown of secured receivables from customers as to the type of security as of December 31, 2024 and 2023:

	Consolidated				Parent Company			
	2024		2023		2024		2023	
	Gross Amount	%	Gross Amount	%	Gross Amount	%	Gross Amount	%
Loans secured by:								
Chattel	₱87,345,635	26.13	₱81,558,366	27.47	₱87,051,019	28.83	₱81,289,791	30.28
Real estate	23,483,527	7.02	22,569,967	7.60	23,415,891	7.75	22,496,871	8.38
Others*	15,337,228	4.59	15,516,687	5.23	15,335,303	5.08	15,515,193	5.78
	126,166,390	37.74	119,645,020	40.3	125,802,213	41.66	119,301,855	44.44
Unsecured	208,139,142	62.26	177,232,351	59.7	176,173,650	58.34	149,155,380	55.56
	₱334,305,532	100.00	₱296,877,371	100.00	₱301,975,863	100.00	₱268,457,235	100.00

*Consists of government securities, corporate bonds, shares of stock, hold-out on deposits, assignment of receivables etc.



Breakdown of total loans as to status

BSP Circular No. 351 allows banks to exclude from non-performing classification receivables classified as 'Loss' in the latest examination of the BSP which are fully covered by allowance for credit losses, provided that interest on said receivables shall not be accrued and that such receivables shall be deducted from the total receivable portfolio for purposes of computing NPLs. Subsequently, the BSP issued BSP Circular No. 772, which requires banks to compute their net NPLs by deducting the specific allowance for credit losses on the total loan portfolio from the gross NPLs. The specific allowance for credit losses shall not be deducted from the total loan portfolio in computing the NPL ratio.

As of December 31, 2024, and 2023, NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Gross NPLs	₱15,065,652	₱16,362,581	₱13,344,734	₱19,196,208
Less NPLs fully covered by allowance for credit losses	(5,656,272)	(6,021,421)	(5,222,790)	(7,381,276)
	₱9,409,380	₱10,341,160	₱8,121,944	₱11,814,932

As of December 31, 2024, and 2023, secured and unsecured NPLs of the Group and of the Parent Company as reported to the BSP follow:

	Consolidated		Parent Company	
	2024	2023	2024	2023
Secured	₱7,176,376	₱8,363,742	₱7,127,553	₱8,307,621
Unsecured	7,889,276	7,998,839	6,217,181	6,314,290
	₱15,065,652	₱16,362,581	₱13,344,734	₱14,621,911

Information on Related Party Loans

As required by BSP, the Group discloses loan transactions with investees and with certain directors, officers, stockholders and related interests (DOSRI). Existing banking regulations limit the amount of individual loans to DOSRI, 70.00% of which must be secured, to the total of their respective deposits and book value of their respective investments in the lending company within the Group. In the aggregate, loans to DOSRI generally should not exceed total equity or 15.00% of total loan portfolio, whichever is lower.

BSP Circular No. 423 dated March 15, 2004 amended the definition of DOSRI accounts. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to said Circular, and new DOSRI loans, other credit accommodations granted under said circular:

	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Total outstanding DOSRI loans	₱12,243,994	₱12,299,080	₱13,510,710	₱12,243,994	₱12,299,080	₱13,510,710
Percent of DOSRI loans to total loans	3.66%	4.14%	5.23%	4.05%	4.58%	5.66%
Percent of unsecured DOSRI loans to total DOSRI loans	0.11%	0.04%	0.04%	0.11%	0.04%	0.04%
Percent of past due DOSRI loans to total DOSRI loans	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%
Percent of nonperforming DOSRI loans to total DOSRI loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



	Consolidated			Parent Company		
	2024	2023	2022	2024	2023	2022
Total outstanding Related Party loans (inclusive of DOSRI loans)	₱12,384,993	₱12,440,264	₱14,137,783	₱12,384,993	₱12,440,264	₱14,137,783
Percent of Related Party loans to total loans	3.70%	4.19%	5.47%	4.09%	4.63%	5.92%
Percent of unsecured Related Party loans to total Related Party Loans	0.72%	0.65%	0.48%	0.72%	0.65%	0.48%
Percent of past due Related Party Loans to total Related Party Loans	0.01%	0.00%	0.00%	0.01%	0.00%	0.00%
Percent of nonperforming Related Party Loans to total Related Party Loans	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

The amounts of loans disclosed for related parties above differ with the amounts disclosed for key management personnel since the composition of DOSRI is more expansive than that of key management personnel.

BSP Circular No. 560 provides that the total outstanding loans, other credit accommodation and guarantees to each of the Parent Company's/quasi-Parent Company's subsidiaries and affiliates shall not exceed 10.00% of the net worth of the lending bank/quasi-bank, provided that the unsecured portion of which shall not exceed 5.00% of such net worth. Further, the total outstanding loans, credit accommodations and guarantees to all subsidiaries and affiliates shall not exceed 20.00% of the net worth of the lending bank/quasi-bank; and the subsidiaries and affiliates of the lending bank/quasi-bank are not related interest of any director, officer and/or stockholder of the lending institution, except where such director, officer or stockholder sits in the BOD or is appointed officer of such corporation as representative of the bank/quasi-bank. On May 12, 2009, BSP issued Circular No. 654 allowing a separate individual limit of twenty-five (25.00%) of the net worth of the lending bank/quasi-bank to loans of banks/quasi-banks to their subsidiaries and affiliates engaged in energy and power generation. Aggregate amount of secured liabilities and assets pledged as security. As of December 31, 2024, SSURA amounting to ₱38.22 billion are secured by a pledge investment security at amortized cost and FVOCI with face value of ₱43.90 billion and fair value of ₱40.22 billion.

As of December 31, 2023, SSURA amounting to ₱14.66 billion are secured by a pledge investment securities at amortized cost with face value of ₱19.53 billion and fair value of ₱17.20 billion.

Commitments and Contingencies

The following is a summary of commitments and contingencies of the Parent Company at their peso-equivalent contractual amounts arising from off-balance sheet items:

	2024	2023
Unused credit lines	₱233,044,768	₱190,658,891
Trust department accounts (Note 27)	69,980,975	61,529,662
Broker customer securities	44,896,595	40,840,802
Forward exchange sold	12,468,110	7,640,848
Spot exchange bought	5,009,551	3,978,326
Spot exchange sold	4,446,192	11,191,023
Inward bills for collection	689,585	512,802
Interest rate swap	200,000	—
Outstanding guarantees	181,527	496,103
Treasurer/cashier/manager's checks	77,605	461,311
Outward bills for collection	5,604	4,398
Late deposit/payments received	3,173	8,103
Items held for safekeeping	773	934
Others	187	167



35. Supplementary Information Required Under Revenue Regulations No. 15-2010

On November 25, 2010, the BIR issued Revenue Regulations No. 15-2010, requiring the inclusion of information on various taxes paid and accrued during the taxable year in the notes to the financial statements.

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

Gross Receipts Tax

The Parent Company is subject to gross receipt tax on its gross income from Philippine sources. Gross receipt tax is imposed on interest, commissions, and discounts from lending activities at 5.00% or 1.00%, depending on the remaining maturities of instruments from which such receipts are derived, and at 7.00% on non-lending fees and commissions, net trading and foreign exchange gains and other items constituting gross income.

In FCDU, income classified under 'All Other', which is subject to corporate income tax is also subject gross receipt tax at 7.00%.

Details of the Parent Company's income and gross receipt tax accounts in 2024 are as follows:

	Gross Receipts	Gross Receipts Tax
Income derived from lending activities	₱36,487,908	₱1,677,750
Other income	5,339,200	237,805
	₱41,827,108	₱1,915,555

Other Taxes and Licenses

This includes all other taxes, local and national, incurred in 2024 and presented under in the statement of income, as follows:

Documentary stamps taxes	₱448,002
Local taxes, permits and fees	87,319
Fringe benefit taxes	35,585
Others	21,901
	₱592,807

Withholding Taxes

Details of withholding taxes remitted and balances as of December 31, 2024 for RBU, follow:

	Total Remittances	Balance
Withholding taxes on compensation and benefits	₱920,087	₱42,320
Expanded withholding taxes	300,153	43,933
Final withholding taxes	1,050,694	73,912
	₱2,270,934	₱160,165



Details of withholding taxes remitted and balances as of December 31, 2024, for FCDU, follow:

	Total Remittances	Balance
Final withholding taxes	₱181,865	₱15,224

The Parent Company has no outstanding assessments from the BIR as of December 31, 2024.

Tax Assessments and Cases

As of December 31, 2024, the Parent Company has no deficiency tax assessment and has no tax cases, litigation and/or prosecution in courts or bodies outside the BIR.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of East West Banking Corporation (the Parent Company) and Subsidiaries (the Group) as at December 31, 2024 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 17, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta
Partner

CPA Certificate No. 115260

Tax Identification No. 210-320-399

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026

PTR No. 10465333, January 2, 2025, Makati City

March 17, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
East West Banking Corporation
East West Corporate Center
The Beaufort, 5th Avenue corner 23rd Street
Fort Bonifacio Global City
Taguig City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of East West Banking Corporation (the Parent Company) as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated March 17, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Bank's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Bank's financial statements as at December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Juan Carlo B. Maminta
Partner

CPA Certificate No. 115260

Tax Identification No. 210-320-399

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

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March 17, 2025



EAST WEST BANKING CORPORATION

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Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ANNEX I

EAST WEST BANKING CORPORATION

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

(Amounts are presented in thousands of Philippine Pesos)

AS OF DECEMBER 31, 2024

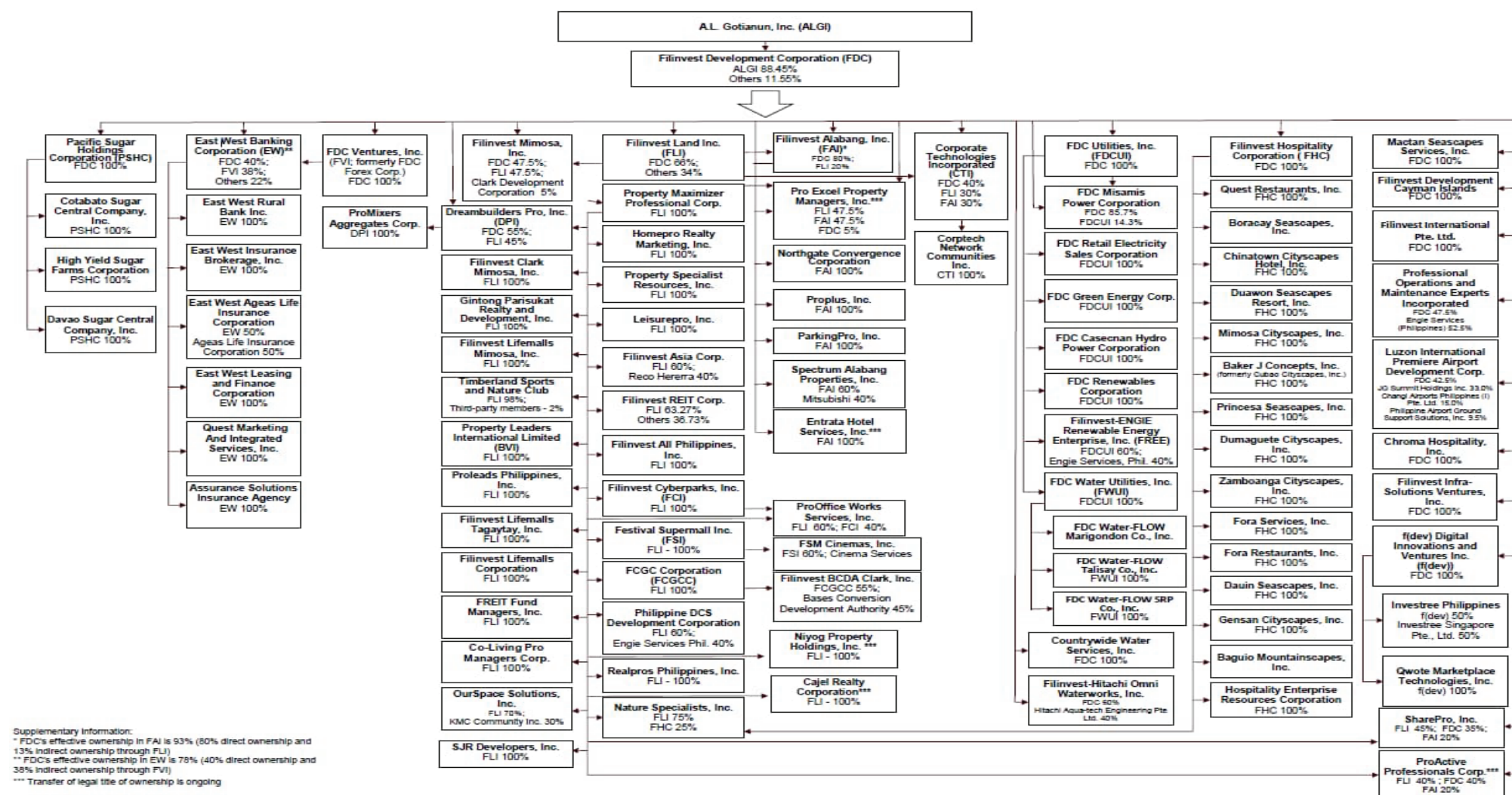
Unappropriated Retained Earnings, beginning of the reporting period		₱36,769,310
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	₱1,214,986	
Retained earnings appropriated during the reporting period	13,717	1,228,703
Unappropriated Retained Earnings, as adjusted		35,540,607
Add/Less: Net Income (loss) for the current year		7,607,566
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	112,745	
Unrealized foreign exchange gains (losses), except those attributable to cash and cash equivalents	301,842	
Unrealized fair value gain of investment property	80,485	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	812,978	
Subtotal		1,308,050
Add: Category C.3: Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	87,387	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	187,070	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	388,774	
Reversal of previously recorded fair value gain of Investment Property	72,125	
Subtotal		735,356
Adjusted Net Income/Loss		7,034,872
Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution		
Net movement of deferred tax asset not considered in the reconciling items under previous categories	317,454	
Net movement in deferred tax asset and deferred tax liabilities related to the setup of right of use of asset and lease liability	33,624	
Subtotal		351,078
Total Retained Earnings, end of the reporting period available for dividend		₱42,224,401



EAST WEST BANKING CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP
AS OF DECEMBER 31, 2024

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and affiliate as of December 31, 2024:



ANNEX III

EAST WEST BANKING CORPORATION AND SUBSIDIARIES SUPPLEMENTARY SCHEDULES REQUIRED UNDER SRC RULE 68, AS AMENDED

(Amounts are presented in thousands)

AS OF DECEMBER 31, 2024

Below are the additional information and schedules required by SRC Rule 68, as amended that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

Below is the detailed schedule of the Group's financial assets as of December 31, 2024:

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Financial assets at Fair Value through Profit or Loss				
Debt securities				
Fixed Rate Treasury Notes (FXTN)	5,017,567	₱5,202,662	₱5,202,662	₱342,929
Petroleos Mexicanos (PEMEX)	578,450	434,503	434,503	50,712
Republic of the Philippines (ROP)	3,470,700	3,326,805	3,326,805	120,476
Retail Treasury Bond (RTB)	201,387	199,993	199,993	12,784
Treasury Bills (TBILL)	—	—	—	—
Perusahaan Listrik Negara (PLINJ)	—	—	—	—
Bureau of Treasury (ODTH)	—	—	—	—
Republic of Indonesia (INDON)	—	—	—	—
Saudi Arabian Bonds (KSA)	—	—	—	—
US Treasury Notes (UST)	—	—	—	—
Aboitiz Equity Ventures	—	—	—	—
South African Bond	—	—	—	—
SM Prime Holdings	—	—	—	—
Rizal Commercial Banking Corp (RCBC)	—	—	—	—
Retail Dollar Bond (RDB)	—	—	—	—
Filinvest Land Inc	—	—	—	—
ROP warrants	—	—	—	—
Citibank Mla	73	—	—	—
Equity Securities				
Victorias Milling Corporation	100	100	100	—
LGU Guarantee Corporation	10,213	10,213	10,213	—
	9,278,490	₱9,174,276	₱9,174,276	₱526,901

Investment Securities at Amortized Cost

Debt Securities				
Fixed Rate Treasury Notes (FXTN)	23,894,639	₱23,514,502	₱22,369,159	₱1,215,294
Pertamina Persero (PERTIJ)	—	—	—	—
Petroleos Mexicanos (PEMEX)	601,588	579,508	145,993	24,401
Republic of the Philippines (ROP)	47,374,419	45,630,669	41,166,170	1,905,171
Retail Treasury Bond (RTB)	245,654	255,824	241,367	14,865
SM Investment Corp (SMINVE)	—	—	—	37,677
Brazilian Government International Bond (BRAZIL)	—	—	—	—
Energy Development Corporation (EDCPM)	—	—	—	—
Mexican Global bonds (MEX)	—	—	—	—
Perusahaan Listrik Negara (PLINJ)	1,981,191	1,785,732	1,814,434	114,580
Qatar Bonds (QATAR)	—	—	—	—
Republic of Indonesia (INDON)	9,026,712	9,857,911	9,150,776	488,426

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Republic of the Philippines Global Peso Noted (RP GPN)	331,671	309,740	398,081	16,783
Saudi Arabian Bonds (KSA)	—	—	—	—
	83,455,874	₱81,933,886	₱75,285,982	₱3,817,197

Name of issuing entity and association of each issue	Number of shares/principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of year	Income received and accrued
Financial Assets at Fair Value through Other Comprehensive Income				
Debt Securities				
Fixed Rate Treasury Notes (FXTN)	3,773,726	₱3,661,223	₱3,661,223	₱148,603
Petroleos Mexicanos (PEMEX)	462,760	347,602	347,602	42,103
Republic of Indonesia (INDON)	—	—	—	7,594
Republic of the Philippines (ROP)	16,657,680	16,464,498	16,464,498	524,898
Retail Treasury Bond (RTB)	550,000	547,659	547,659	30,939
Rizal Commercial Banking Corp (RCBC)	535,066	533,157	533,157	33,089
Treasury Bills (TBILL)	—	—	—	—
BSP	—	—	—	249
Ayala Corp	1,671,547	1,395,388	1,395,388	72,571
First Pacific	1,156,900	1,124,981	1,124,981	37,125
International Container Terminal Services, Inc	264,467	262,550	262,550	9,942
JG Summit	1,156,900	1,093,687	1,093,687	38,578
Manila Water	926,677	884,930	884,930	34,306
Jollibee Food Corp	577,872	561,633	561,633	24,667
Aboitiz Equity Ventures	1,446,125	1,370,854	1,370,854	52,706
Mexican Global Bonds (MEX)	289,225	260,826	260,826	24,565
Retail Dollar Bond (RDB)	515,474	480,850	480,850	7,018
Equity Securities				
Caliraya Golf Shares	18,401	15,491	15,491	—
Empire East Land Holdings	—	(423)	(423)	—
	30,002,820	29,004,906	29,004,906	1,088,953
	122,737,185	₱120,113,068	₱113,233,786	₱5,433,052

Schedule B. Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)

As of December 31, 2024, amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) amounted to ₱12.23 billion.

Schedule C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements

Below is the schedule of receivables from related parties which are eliminated in the consolidated financial statements as of December 31, 2024:

	Balance at beginning of year	Additions	Collections	Balance at end of year
East West Rural Bank, Inc.	₱99,452	₱110,996,732	₱110,970,899	₱125,285
East West Insurance Brokerage, Inc.	6,554	36,692	40,440	2,805
East West Leasing and Finance Corporation	1,420	127	—	1,547
Assurance Solutions Insurance Agency, Inc.	1,388	66	—	1,454
Quest Marketing and Integrated Services, Inc.	41,864	18,269	30,903	29,231
	₱150,678	₱111,051,887	₱111,042,242	₱160,323

Schedule D. Intangible Assets

As of December 31, 2024, the goodwill and intangible assets in the Group's consolidated statements of financial position follow:

	Balance at beginning of year	Additions	Charged to cost and expenses	Balance at end of year
Goodwill	₱3,877,241	₱—	₱—	₱3,877,241
Branch licenses	2,167,600	—	—	2,167,600
Capitalized software	792,196	398,610	248,170	942,636
Customer relationship	87,575	—	3,651	83,294
Core deposits	18,872	—	6,469	12,403
	₱6,943,484	₱398,610	₱258,290	₱7,083,804

Schedule E. Long-term Debt

The Group has no outstanding long-term debt as of December 31, 2024.

Schedule F. Indebtedness to Related Parties (long term loan obligations to related parties)

The Group has no outstanding long term loan obligations to its related parties as of December 31, 2024.

Schedule G. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2024.

Schedule H. Capital Stock

Below is the schedule of the Group's issued and outstanding capital stock as of December 31, 2024
(amounts and number of shares in thousands):

Title of issue	Authorized	Issued and outstanding as shown under related statement of financial position	Reserved for options, warrants, conversion and other rights	Number of Shares		
				Related parties	Held by Directors, Officers and Employees	Others
East West Banking Corporation - common shares	4,500,000	2,249,975	—	1,751,653	46,622	430,799
East West Banking Corporation – preferred shares	500,000	—	—	—	—	—

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION

December 31, 2024

	2024	2023
Total Audit Fees	₱9,079,400	₱8,254,000
Non-audit services fees:		
Other assurance services	—	—
Tax services	273,165	874,980
All other services	—	600,000
Total Non-audit Fees	273,165	1,474,980
Total Audit and Non-audit Fees	₱9,352,565	₱9,728,980

EAST WEST BANKING CORPORATION AND SUBSIDIARIES
SCHEDULE OF FINANCIAL RATIOS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

Below are the financial ratios that are relevant to the Group for the year ended December 31, 2024 and 2023:

	2024	2023
Current ratio ⁽¹⁾	49.94%	59.70%
Solvency ratio ⁽²⁾	116.18%	116.92%
Debt-to-equity ⁽³⁾	6.18	5.91
Asset-to-equity ⁽⁴⁾	7.18	6.91
Interest rate coverage ratio ⁽⁵⁾	107.62%	118.79%
Profitability ratio		
Return on asset ⁽⁶⁾	1.54%	1.37%
Return on equity ⁽⁷⁾	10.85%	9.49%
Net profit margin ⁽⁸⁾	7.81%	7.62%
Gross profit margin ⁽⁹⁾	79.11%	81.67%

1 Current assets divided by current liabilities

2 Total assets divided by total liabilities

3 Total liabilities divided by total equity

4 Total assets divided by total equity

5 Income before interest and taxes divided by interest expense

6 Net income divided by average total assets. Average total assets is based on average monthly balances

7 Net income attributable to equity holders of the Parent Company divided by average total equity attributable to equity holders of the Parent Company. Average total equity is based on average monthly balances

8 Income before income tax over total interest income

9 Net interest income over total interest income