

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)									

Leah M. Zamora

(Contact Person)

8885-8208

(Company Telephone Number)

DEFINITIVE

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Month Day
(Fiscal Year)

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(Form Type)

2025

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2	4
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Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

Markets and Securities
Regulation Department

Dept. Requiring this Doc.

Amended Articles Number/Section

1,429

Total No. of Stockholders as of February 28, 2025

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

PHILIPPINE SAVINGS BANK

(COMPANY'S NAME)

PSBANK CENTER

777 Paseo de Roxas cor. Sedeño St. Makati City

(COMPANY'S ADDRESS)

8885-82-08

(TELEPHONE NUMBER)

DECEMBER 31

(FISCAL YEAR ENDING MONTH & DAY)

SEC Form 20-IS

(FORM TYPE)

March 24, 2025

(PERIOD ENDED DATE)

Government Securities Eligible Dealer

(SECONDARY LICENSE TYPE AND FILE NUMBER)

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20- IS**

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

- | | | |
|-----|--|--|
| 1. | Type of Statement | <input type="checkbox"/> Preliminary Information Statement
<input checked="" type="checkbox"/> Definitive Information Statement |
| 2. | Name of Registrant as specified in its character | PHILIPPINE SAVINGS BANK |
| 3. | Province, country or other jurisdiction or incorporation or organization | Manila, Philippines |
| 4. | SEC Identification No. | 15552 |
| 5. | BIR Tax Identification No. | 000-663-983-000 |
| 6. | Address of principal office & Postal Code | PSBank Center, 777 Paseo de Roxas
corner Sedeño Sts., Makati City
1226 |
| 7. | Registrant's Telephone No. including area code | (632) 8885- 8208 |
| 8. | Date, time, and mode of conduct of meeting of security holder | April 24, 2025 at 3:00 PM
Virtual meeting via secure online meeting
platform (CISCO WEBEX) |
| 9. | Approximate date on which the Information Statement is first to be sent or given to security holders | April 2, 2025 |
| 10. | In case of Proxy Solicitations
Name of Person Filing the Statement
Address and Telephone Number | Not Applicable
Not Applicable |
| 11. | Securities registered pursuant to Section 4 and 8 of RSA (information on number of shares and amount is applicable only to corporate registrant) | Common Shares
426,859,416 outstanding
as of December 31, 2024 |
| 12. | Are any or all of registrant's Securities listed on the Philippine Stock Exchange | Yes |



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the annual meeting of stockholders of the Philippine Savings Bank (PSBank) will be held on **April 24, 2025, Thursday, at 3:00 P.M.** The meeting will be conducted virtually via secure online meeting platform (**CISCO WEBEX**) to pass upon the following matters:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on April 25, 2024
4. Presentation of the President's Report and the PSBank's 2024 Audited Financial Statements
5. Confirmation of All Acts of the Board of Directors, Management and All Committees
6. Election of the Members of the Board of Directors
7. Appointment of the External Auditor
8. Other Matters
9. Adjournment

Stockholders of record as of February 28, 2025 shall be entitled to vote at the Meeting.

 **Leah M. Zamora**
Corporate Secretary

Stockholders who intend to participate or be represented in the virtual meeting shall first submit the following via email to psbasm@psbank.com.ph not later than April 7, 2025, subject to validation procedures, to gain access to the secure online meeting link:

- Letter of Intent (LOI) to participate by remote communication and vote in absentia
- Duly accomplished proxy instrument for a representative to the virtual meeting, as applicable
- Copy of proof of identity, ownership and other certification/information for validation purposes

Once validated, a confirmation along with access credentials to the secure online meeting link shall be sent to the stockholder's email as provided. For reference and other details, please go to <https://www.psbank.com.ph/annual-stockholders-meeting-2025/>.

The Information Statement (IS) containing the attendance/voting (via remote communication) and nomination/election procedures, along with the Notice and Agenda, Proxy and other ASM-related information can be accessed through any of the following options:

1. Go to the PSBank website via this ASM link:
<https://www.psbank.com.ph/annual-stockholders-meeting-2025/>
2. Go to the PSE EDGE portal via <https://edge.pse.com.ph>
3. Request for a copy by sending an email to psbasm@psbank.com.ph

Philippine Savings Bank Head Office: 777 Paseo de Roxas corner Sedeño St., 1226 Makati City

The meeting proceedings shall be recorded in audio and video format and shall be made available in a secured manner to stockholders upon request by sending an email to psbasm@psbank.com.ph. For ASM-related matters, please go to <https://www.psbank.com.ph/annual-stockholders-meeting-2025/>. For ASM-related queries, please send an email to psbasm@psbank.com.ph or contact the Office of the Corporate Secretary at 8885-8208 local 8180/8535. For account updating/validation concerns, please get in touch with PSBank's Stock Transfer Agent, Metrobank Trust Banking Group, through 8857-5688; 8857-5694; 8857-5695 or via email to stocktransfer@metrobank.com.ph.

EXPLANATION AND RATIONALE OF AGENDA ITEMS

1. Call to Order

The Chairman will welcome stockholders and guests to formally begin the PSBank's 2025 Annual Stockholders' Meeting.

2. Certification on Notice and Quorum

The Corporate Secretary will certify that the Notice of Meeting has been duly sent and circulated via appropriate disclosures and publications pursuant to the regulations of the Securities and Exchange Commission (SEC) for the purpose of informing the stockholders of record. The Corporate Secretary will further announce whether or not a quorum is present constituting two-thirds of the outstanding capital stock.

3. Approval of the Minutes of the Annual Stockholders' Meeting held on April 25, 2024

The stockholders will be requested to approve the minutes of the Annual Stockholders' Meeting held on April 25, 2024, which contain, among others, the (a) Annual Report to Stockholders, (b) Confirmation of all acts of the Board of Directors, Management and all Committees, (c) Election of the members of the Board of Directors and (d) Appointment of the External Auditor.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution approving the minutes of the April 25, 2024 Annual Stockholders' Meeting.

4. Presentation of the President's Report and the PSBank's Audited Financial Statements (AFS) as of December 31, 2024

The President will render his Annual Report on the Bank's activities, business and financial performance in 2024. It includes the summary of the AFS which is incorporated in the Definitive Information Statement for dissemination to stockholders of record within prescribed period and in a manner pursuant to the SEC rules. Due to logistical limitations of the meeting conducted virtually, voting and open forum/discussion will not be possible during the virtual meeting. However, a stockholder, once validated/registered, will be given an opportunity to raise any relevant questions or express an appropriate comment limited to the agenda items by sending an email to psbasm@psbank.com.ph not later than April 16, 2025 in order to be noted and addressed accordingly.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution noting and approving the President's Annual Report for 2024 and the Bank's Audited Financial Statements as of December 31, 2024.

5. Confirmation of all Acts of the Board of Directors, Management and All Committees in 2024

The stockholders will be requested to confirm all acts, transactions and resolutions of the Board of Directors, including transactions with the Bank's DOSRI and other related parties, Management and all Committees during the year 2024.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution confirming the acts of the Board of Directors and all Committees during the year 2024.

6. Election of the Members of the Board of Directors

The Corporate Governance Committee will present nominees for election as members of the Board of Directors, including independent directors. This is in compliance with regulatory requirements of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission on the nomination of directors, and upon review and evaluation by the Corporate Governance Committee of the qualifications of all persons nominated to the Board.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution for the election of the members of the Board of Directors, including independent directors, for 2025-2026.

7. Appointment of the External Auditor

The stockholders will be requested to ratify the appointment of the selected External Auditor for the year 2025 as endorsed by the Audit Committee and with the approval of the Board of Directors.

Resolution to be Adopted: Stockholders will vote for the adoption of a resolution for the appointment of said auditing firm as independent external auditor of the Bank for 2025.

8. Other Matters

Other relevant matters or issues may be taken up during the meeting. Any relevant questions or comments received by the Office of the Corporate Secretary via email within the prescribed period given to registered stockholders shall be acknowledged, noted and addressed accordingly.

9. Adjournment

Upon determination that there are no other matters to be considered, the Chairman shall declare the meeting adjourned. The meeting proceedings shall be recorded in audio and video format to be safekept by the Office of the Corporate Secretary and shall be made available in a secured manner to stockholders upon request by sending an email to psbasn@psbank.com.ph.

PROXY

I, _____ do hereby nominate, constitute and appoint _____ as my proxy and representative at the Annual Meeting of Stockholders of Philippine Savings Bank (PSBank) to be held on **April 24, 2025**, with authority to participate in the deliberations thereof, and to vote in my behalf all the shares standing in my name for the election of directors and/or approval of transactions included in the Agenda or any related matter or any adjournment thereof.

In witness whereof, I have signed on _____ (date) at _____ (place).

Name of Stockholder : _____

Signature : _____

This form is being provided for your convenience. Stockholders who wish to do so may adopt the above proxy form.

In case you cannot attend the virtual meeting and you wish to be represented, you may designate your authorized representative by submitting a proxy instrument on or before April 7, 2025 via email to psbasm@psbank.com.ph. If so preferred or if no name is indicated, the Chairman of the Meeting shall act as the proxy.

THIS PROXY FORM NEED NOT BE NOTARIZED.

PART I. INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting of Security Holders

Date : April 24, 2025, Thursday
Time : 3:00 PM
Platform : Virtual meeting via secure online meeting platform (CISCO WEBEX)

Mailing address of the principal office:
PSBank Center
777 Paseo de Roxas cor. Sedeño St., Makati City 1226

Approximate date on which copies of the Information Statement are first to be given to security holders:
April 2, 2025

<p>WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.</p>

Item 2. Dissenters' Right of Appraisal

There is no matter or proposed action in the Agenda which may give rise to the exercise by the security holders of their right of appraisal. Generally, however, the right of appraisal should be exercised in instances and in accordance with the procedures mentioned in the Sec. 80-82 and other applicable sections of the Revised Corporation Code of the Philippines.

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation for the payment of the fair value of shares held within thirty (30) days from the date on which the vote was taken: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented, the corporation shall pay the stockholder, upon surrender of the certificate or certificates of stock representing the stockholder's shares, the fair value thereof as of the day before the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If, within sixty (60) days from the approval of the corporate action by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, That no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment: Provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation.

Item 3. Interests of Certain Persons in or Opposition to Matters to be Acted Upon

Other than election to office, there is no matter to be acted upon in which any director, executive officer, or nominee for election as director (or any associates of the foregoing), is involved or has a direct, indirect or substantial interest. There is also no incumbent director who has informed the Bank in writing that he intends to oppose any action to be taken at the Annual Stockholders' Meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a) No. of Shares outstanding as of February 28, 2025 : 426,859,416 Common Shares
No. of votes to which each share is entitled : one (1) vote per share

- b) Record date to determine stockholders entitled to Notice and to vote at the regular meeting : **February 28, 2025**

- c) Election of Directors:

Majority vote is required for the election of directors. Security holders shall have the right to cumulative voting. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in the name of that security holder in the books of the Bank as of the record date multiplied by the whole number of directors to be elected. There is no condition precedent to the exercise of the right to cumulative voting.

- d) Arthur V. Ty is the person authorized to vote the MBTC shares in PSBank.

- e) Security Ownership of Certain Record and Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

As of February 28, 2025, the following stockholder owns more than 5% of the common voting securities:

Title of Class	Name, address of Record Owner and relationship with issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common Stock	Metropolitan Bank and Trust Company GT Tower International, 6813 Ayala Ave., corner H.V. Dela Costa St., Brgy. Bel-Air, 1227, Makati City (Parent Company of PSBank)	Arthur V. Ty, Chairman of Metrobank	Filipino	377,279,068	88.38%
Common Stock	Ma. Soledad D.S. De Leon 310 Country Club Drive, Ayala Alabang Village, Alabang, Muntinlupa City	Ma. Soledad D.S. De Leon	Filipino	26,982,249	6.32%

There is no person who holds more than 5% of the Bank's securities lodged with PCD Nominee Corporation.

(2) Security Ownership of Directors and Management

As of February 28, 2025, the following directors and management** as a group held a total of 962 common voting securities, broken down as follows:

Title of Class	Name of Stockholder	Position	Citizenship	Beneficial Ownership		% of Ownership
				No. of Shares	Nature	
Common stock	Vicente R. Cuna, Jr.	Chairman	Filipino	111	Direct	0.000026%
Common stock	Arthur V. Ty*	Vice Chairman	Filipino	129	Direct	0.000030%
Common stock	Jose Vicente L. Alde	Director/President	Filipino	111	Direct	0.000026%
Common stock	Eduardo A. Sahagun	Independent Director	Filipino	111	Direct	0.000026%
Common stock	Rufino Luis T. Manotok	Independent Director	Filipino	100	Direct	0.000023%
Common stock	Ronald Luis S. Goseco	Independent Director	Filipino	100	Direct	0.000023%
Common stock	Cecilia C. Borromeo	Independent Director	Filipino	100	Direct	0.000023%
Common stock	Ferlou I. Evangelista	Director	Filipino	100	Direct	0.000023%
Common stock	Frances Gail E. Male	Director	Filipino	100	Direct	0.000023%
Aggregate Shareholdings of Directors and Management** as a Group				962		0.000225%

* Includes 18 shares lodged with PCD Nominee Corp.

** Except for the above-mentioned list which included Mr. Jose Vicente L. Alde as Director and President, there are no other officers holding PSBank shares.

3) Voting Trust Holders of 5% or more

There is no person who holds more than 5% of the Bank's securities under a voting trust or similar agreement.

(4) Changes in Control

There is no arrangement that may result in a change in control of the registrant. There is no change in control that has occurred since the beginning of the last fiscal year.

Item 5. Directors and Executive Officers

a. Directors

The following are the Directors for 2024 – 2025:

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
Vicente R. Cuna, Jr. Chairman	63	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Chairman, since 2023 / Director since 2013, Philippine Savings Bank* Director, Metropolitan Bank and Trust Company* since 2014 Senior Executive Vice President/Head, Enterprise Services Sector – Metropolitan Bank and Trust Corporation* since 2018 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> Vice Chairman, Philippine Savings Bank* from 2018 to 2023 Chairman, ORIX Metro Leasing & Finance Corporation from 2016 to 2022 Chairman, ORIX Auto Leasing Philippines Corporation from 2016 to 2022 Chairman, ORIX Rental Corporation from 2016 to 2022 Chairman, OMLF International Trading Development Corp. from 2016 to 2022 Chairman, OMLF Insurance Agency, Inc. from 2016 to 2022 President, Philippine Savings Bank* from 2013 to 2018 Senior Executive Vice President/Head, Metrobank* – Institutional Banking Sector from 2012 to 2013 Executive Vice President/Head, Metrobank* – Corporate Banking Group from 2006 to 2012 Adviser, Metropolitan Bank and Trust Company* from 2007 to 2009 Director, FMIC from 2011 to 2015 Chairman, Metro Remittance Center, Inc. (California) from 2010 to 2013 Vice Chairman, Metro Remittance Center Inc. (U.S.A) from 2010 to 2013 Chairman, Metro Remittance Inc. (Canada) from 2010 to 2013 Vice Chairman, MB Remittance Center Ltd. (Hawaii) from 2010 to 2013 Vice Chairman, PSBank* from 2009 to 2011 Director, Asia Pacific Top Mgt., Int'l., Resources Corp. from 2008 to 2013 Adviser, FMIIC-HK from 2006 to 2008 Director, SMBC Metro Investment Corp. from 2006 to 2009 Vice - President, Citibank Manila from 1995 to 2006 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> Pursued further studies (MBA) at the Ateneo de Manila Graduate School of Business AB Economics, De La Salle University Manila 	None
Arthur V. Ty Vice Chairman	58	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Vice Chairman, Philippine Savings Bank* since 2001 Chairman, Metropolitan Bank & Trust Company* since 2012 Chairman/President since 2024 / Director since 1997, 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<p>Horizon Royale Holdings, Inc.</p> <ul style="list-style-type: none"> Chairman since 2019 / Trustee since 2006, Metrobank Foundation, Inc. Chairman since 2008 / Director since 2007, Grand Titan Capital Holdings, Inc. Director, GT Capital Holdings*, Inc. since 2007 Chairman / President, Nove Ferum Holdings, Inc. since 2009 Chairman / President, Jam Holdings Inc. since 2022 Chairman, Metropolitan Bank (China) Ltd. since 2009 Chairman / Director, Ferum Cee Inc. since 2011 Chairman since 2019 / Trustee since 2009, GT Foundation Inc. Chairman / President, Milgen Holdings Inc. since 2016 Chairman / President, Philippine Securities Corporation since 2024 Trustee, Metrobanker Foundation Inc. since 2007 Trustee, Norberto & Tytana Ty Foundation Inc. since 1994 Adviser, Philippine AXA Life Insurance Corporation since 2023 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> President, Philippine Savings Bank* from 2000 to 2001 President, Metropolitan Bank & Trust Company* from 2006 to 2012 Chairman from 2006 to 2023 / Director from 2006 to 2024, Great Mark Resources Corporation Vice Chairman, Metrobank Foundation, Inc. since 2006 to 2018 Chairman, Manila Medical Services, Inc. from 2017 to 2019 Vice Chairman / Director, First Metro Investment Corporation since 2012 to 2020 Chairman, Global Treasure Holdings Inc. since 2006 to 2019 Chairman, GT Capital Holdings Inc.* from 2016 to 2022 Vice Chairman from 2017 to 2023 / Director from 2016 to 2023, Philippine AXA Life Insurance President, Philippine Securities Corp. from 2003 to 2023 Senior Adviser, First Metro Investment Corporation from 2020 to 2024 Director, Federal Land, Inc. from 2006 to 2024 President/Director, Horizon Royale Holdings Inc. from 1997 to 2024 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> MBA, Columbia University BS Economics, University of California (Los Angeles) 	
Jose Vicente L. Alde Director/President	58	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> President since April 2018 / Director since 2016, Philippine Savings Bank* Chairman / Director, Sumisho Motor Finance Corporation since 2016 Director, Metropolitan Bank and Trust Corporation* since 2022 Director, First Metro Insurance and Reinsurance Brokers, Inc. (FMIRBI) since 2024 Trustee, Chamber of Thrift Banks since 2020 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<u>Past Experiences/ Positions Held</u> <ul style="list-style-type: none"> • Trustee/ Trustee-in-Charge from 2020 to 2021, ELECOM Member from 2018 to 2021, Chamber of Thrift Banks • Executive Vice President from July 2010-April 2018 / Senior Vice President from 2007 – June 2010, Philippine Savings Bank* • Director, Metrobank Card Corporation from 2015 to 2016 • Vice President from 1999 to 2007 / Assistant Vice President from 1995 to 1999, ABN AMRO BANK <u>Academic Qualifications</u> <ul style="list-style-type: none"> • Master in Business Management, Asian Institute of Management • Bachelor of Computer Science, University of the Philippines, Diliman, Quezon City 	
Eduardo A. Sahagun Independent Director	67	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> • Independent Director, Philippine Savings Bank* since 2017 • Chairman, Edcommerce Corporation since 2017 • President & CEO since 2017 / Director since 2010, Union Galvasteel Corporation since 2017 • President & CEO, Phinma Solar Energy Corporation since 2017 • President & CEO, Philcement Corporation since 2017 • President & CEO, Union Insulated Panel Corporation since 2022 • President & CEO, Philcement Mindanao Corporation since 2024 • Member, Board of Trustees, Phinma Foundation Inc. since 2019 • Director, Phinma Property Holdings Corporation since 2016 • Director, T-O Insurance Brokers, Inc. since 2019 • Director, Phinma Corporation* since 2021 • Director, Song Lam Cement Joint Stock Company since 2021 • Director, Cagayan De Oro College, Inc. since 2021 • Director, First Batangas Hotel Corporation since 2021 <u>Past Experiences/ Positions Held</u> <ul style="list-style-type: none"> • President from 2013 to 2017 / Director from 2010 to 2017, Holcim Philippines, Inc. • Chief Executive Officer, Holcim Philippines Inc. from 2013 to 2016 • Senior Vice President –Sales, Marketing, Technical Services & Commercial, Holcim Philippines, Inc. from 2007 - 2012 • Chief Financial Officer, Holcim Philippines, Inc. from 2002 - 2007 • Chairman, Holcim Mining and Development Corporation from 2013 to 2017 • Director, Holcim Philippines Manufacturing Corporation from 2013 to 2017 • Member, Board of Trustees, Cement Manufacturers Association of the Philippines from 2013 to 2016 • Member, Board of Trustees, Philippine Business for the Environment, Inc. from 2014 to 2016 <u>Academic Qualifications</u> <ul style="list-style-type: none"> • Masters in Management Science, Arthur D. Little 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			Management Education Institute, (now Hult International Business School) Boston, USA <ul style="list-style-type: none"> • Masters in Business Administration, Ateneo Graduate School of Business • BS Commerce, Major in Accounting, Holy Angel University • Senior Management Program, Senior Leadership Program, Managing Change Program, IMD, Switzerland 	
Rufino Luis T. Manotok Independent Director	74	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> • Independent Director, Philippine Savings Bank* since 2023 • Independent Director, Manila Medical Services, Inc. since 2019 • Independent Director, Cebu Landmasters, Inc. since 2017 • Chairman, Manarsa Holdings Corporation since 2016 • Director, Manotok Bros., Inc. since 1997 <u>Past Experiences/ Positions Held</u> <ul style="list-style-type: none"> • Independent Director, First Metro Investment Corporation from 2014 to 2023 • Chairman, Ayala Automotive Holdings Corporation from 2009 to 2012 • Chairman, Ayala Aviation Corporation from 1998 to 2008 • Chairman and President, Honda Cars Makati, Inc. from 1994 to 2012 • Chairman and President, Isuzu Automotive Dealership from 1996 to 2012 • Director, Family Savings Bank from 2002 to 2012 • Chief Finance Officer / Head of Strategic Planning, Ayala Corporation from 1987 to 2010 <u>Academic Qualifications</u> <ul style="list-style-type: none"> • AB Economics, Ateneo De Manila University • Master of Business Management, Asian Institute of Management • Advanced Management Program, Harvard Business School 	None
Ronald Luis S. Goseco, Jr. Independent Director	69	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> • Independent Director, Philippine Savings Bank* since 2023 • Director, Automated Fare Payment Inc. since 2022 • Chairman, Guagua National Colleges since 2019 • President, South Luzon Thermal Energy, Inc. since 2022 • President, ETM Philippines Holdings Inc. since 2022 • Trustee, Finex Research and Development Foundation, Inc. since 2023 • Treasurer, Finex Academy since 2018 <u>Past Experiences/ Positions Held</u> <ul style="list-style-type: none"> • Independent Director, Philippine Dealing System Holdings from 2019 to 2020 • Director, Northwind Power Devt. Corporation, Ace Mariveles GP Corporation, Ace Dinginin GP Corporation and Kauswagan Power Holdings Inc. from 2013 to 2016 • Director, Northern Luzon Renewable Energy from 2013 to 2015 • COO, Iconic Dealership, Inc. from 2016 to 2018 • Treasurer, Philnewriver Corporation and Quadriver from 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<p>2011 to 2016</p> <ul style="list-style-type: none"> Treasurer, Monte Solar from 2015 to 2016 Treasurer, Ilocos Wind Energy Corporation from 2013 to 2016 Treasurer, Viage Corporation from 2012 to 2016 CFO, AC Infra from 2014 to 2016 CFO, AC Energy Holdings, Inc, from 2011 to 2016 CFO, South Luzon Thermal Energy Corporation from 2011 to 2012 Division Head, Globe Telecom from 2003 to 2011 <p><u>Past experiences/ Positions held in Government Service</u></p> <ul style="list-style-type: none"> Military Pilot, Armed Forces of the Philippines from 1977 to 1985 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> Bachelor of Science, Philippine Military Academy Masters in Business Administration, Major in International Finance, University of Southern California Fellow in Finance, Netherlands Institute of Management – MAASTRICHT 	
Ferlou I. Evangelista Director	64	Filipino	<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Director, Philippine Savings Bank* since 2024 Consultant/Lecturer, Metropolitan Bank and Trust Company* since 2024 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> Senior Vice President / Head, Commercial Banking Group , Metropolitan Bank and Trust Company* from 2017 to 2023 First Vice President, Metro Manila Center Head under Commercial Banking Group, Metropolitan Bank and Trust Company* from 2014 to 2017 Vice President, Division Head under Metro Manila Center - Commercial Banking Group, Metropolitan Bank and Trust Company* from 2011 to 2014 Assistant Vice President, Senior Assistant Vice President and Vice President, Security Bank Corporation* from 2000 to 2011 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> Certified Public Accountant (CPA) MBA (Undergraduate), Ateneo de Manila University Bachelor of Science in Commerce Major in Accounting, San Beda University 	
Frances Gail E. Male Director	49		<p><u>Present Involvements</u></p> <ul style="list-style-type: none"> Director, Philippine Savings Bank* since 2024 Senior Vice President / Head of Credit Cards, Personal Loans and Retail Digital Channels Group under Consumer Business Sector, Metropolitan Bank and Trust Company* since 2022 <p><u>Past Experiences/ Positions Held</u></p> <ul style="list-style-type: none"> Senior Vice President / Head of Digital Strategies, Lending and Insurance Division, Metropolitan Bank and Trust Company* from 2020 to 2022 Senior Vice President for Digital Acquisition and Partnerships, Citibank PH from 2010 to 2020 Marketing Manager, Globe Telecom, Inc.* from 2004 to 2010 	

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			<u>Academic Qualifications</u> <ul style="list-style-type: none"> Masters in Business Management, Asian Institute of Management Business Management, University of the Philippines, Cebu 	

*Company listed at The Philippine Stock Exchange, Inc.

b) Executive Officers

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4 th Civil degree
Jose Vicente L. Alde President/Director	58	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> President since April 2018 Chairman, Sumisho Motor Finance Corporation since 2016 Trustee, Chamber of Thrift Banks since 2020 Director, MBTC since 2022 <u>Past Experiences/ Positions Held</u> <ul style="list-style-type: none"> Director since 2016/ Executive Vice President from July 2010-April 2018, Senior Vice President from 2007 – June 2010 Philippine Savings Bank* Director, Metrobank Card Corporation from 2015 to 2016 Vice President, ABN AMRO BANK from 1999 to 2007 Assistant Vice President, ABN AMRO BANK from 1995 to 1999 Business Development Manager, Household Development from 1993 to 1994 Key Account Manager, Johnson and Johnson from 1992 to 1993 Computer Programmer, World Health Organization from 1988 to 1990 <u>Academic Qualifications</u> <ul style="list-style-type: none"> Bachelor of Computer Science (Cum Laude), University of the Philippines, Diliman – 1984 to 1988 Master in Business Management, Asian Institute of Management – 1990 to 1992 	None
Noli S. Gomez** Executive Vice President	59	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> EVP and Head at PSBank's* Office of the Executive Vice President since March 1, 2018 Director, Sumisho Motor Finance Corporation since June 2018 <u>Past Involvements</u> <ul style="list-style-type: none"> SVP and Head of PSBank's* Operations Group from January 2006 – September 2019 Chief Finance Officer at PSBank* from October 2001 to December 2005 Head of Systems and Methods and Chief Risk Officer SAVP and VP at DBS Bank Phils., Inc. from September 1998 to October 2001 SAVP at Southeast Asia from February 1997 to August 1998 System Management Officer of the AVP at Bank of the Philippine Islands* from August 1996 to January 1997 Citytrust Banking Corporation from November 1992 to July 1996 	None

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4 th Civil degree
			<u>Academic Qualifications</u> <ul style="list-style-type: none"> BS Civil Engineering, Mapua Institute of the Philippines – 1981 to 1986 	
Neil C. Estrellado Senior Vice President	53	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> SVP since 2015 and Head of PSBank's* IT Group since 2002 <u>Past Involvements</u> <ul style="list-style-type: none"> Held various positions in the following Banks: <ul style="list-style-type: none"> Project Leader, Overseas Chinese Banking Corporation (OCBC), Singapore from 2001 - 2002 Lead IT Analyst, Development Bank of Singapore from 2000 – 2001 Manager, DBS Philippines Inc. (formerly Bank of Southeast Asia) from 1997 - 2000 Assistant Manager, BPI* (formerly Citytrust Banking Corporation) from 1992 - 1996 Systems Analyst, Bank of the Philippine Islands <u>Academic Qualifications</u> <ul style="list-style-type: none"> BS Mathematics, Ateneo De Manila University – 1988 to 1992 	None
Francis C. Llanera Senior Vice President	53	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> SVP since October 2016 and Head of Branch Banking and Operations Group since January 2025 <u>Past Involvements</u> <ul style="list-style-type: none"> SVP and Head of Branch Banking Group from October 2012 to December 2024 FVP and Head of PSBank Loans Operations Group from January 2011 to October 2012 Remedial Management Division Head from December 2007 to December 2010 Held various positions in the following Banks: <ul style="list-style-type: none"> Senior Manager and Credit Card Collections Head at Union Bank from May 2001 – November 2007 Assistant Manager, Credit Risk at AIG from May 2000 – April 2001 Assistant Cashier, Credit Card Department at Far East Bank & Trust Co from July 1993 – April 2000 <u>Academic Qualifications</u> <ul style="list-style-type: none"> BSC-Commerce, University of Sto. Tomas – 1993 to 2003 MBA, Ateneo Graduate School of Business, 2016 to 2019 	None
Mary Jane M. Valero Senior Vice President	55	Filipino	<u>Present Involvement</u> <ul style="list-style-type: none"> SVP since December 2020 and Head PSBank-Customer Experience and Human Resources Group <u>Past Involvements</u> <ul style="list-style-type: none"> FVP and Group Head of PSBank- Customer Experience and Human Resources Group from September 2019 to Nov 2020 FVP and Group Head of PSBank- Customer Experience and People Development Group from January 2019 to September 2019 FVP and Group Head of PSBank- Customer Experience Group from July 2017 to January 2019 VP and Division Head of Customer Experience Division from November 2014 to July 2017 	None

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> VP and Division Head of Customer Service Division from February 2008 to November 2014 VP and Division Head of Service Quality Division from August 2004 to January 2008 AVP and Division Head of Service Quality Division from August 2002 to July 2004 Part-Time Professor of Enderun Colleges from June 2013 to June 2014 Front Office Manager of Mandarin Oriental Manila from January 1999 to August 2002 Duty Manager of Westin Philippine Plaza from January 1992 to January 1999. <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> BS Psychology, St. Scholasticas College – 1986 to 1990 AB Guidance and Counseling, St. Scholastica's College – 1986 to 1990 Masters in Industrial Psychology, University of Sto. Tomas – 2010 to 2013 PHD in Clinical Psychology, University of Sto. Tomas – 2014 to 2019 	
Leah M. Zamora Senior Vice President	51	Filipino	<p><u>Present Involvement</u></p> <ul style="list-style-type: none"> Corporate Secretary since January 2024 SVP since December 2020 and Controller and Finance Group Head of PSBank <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> FVP and Controller and Finance Group Head of PSBank from January 2017 to November 2020 FVP and Division Head of Business Information Management Services Division from April 2010 to December 2016 Held various positions in the following Banks: <ul style="list-style-type: none"> - VP, FP&A Manager of GE Money Bank from May 2006 to April 2010 - Senior Manager of Banco de Oro Universal Bank from March 2000 to May 2006 - Administrative Officer of Equitable Banking Corporation from June 1993 to June 1998 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> Bachelor of Science in Accountancy, De La Salle University – 1989 to 1992 Academic Units for Masters in Business Administration, De La Salle University – 1995 to 1998 	None
Dan Jose D. Duplito Senior Vice President	50	Filipino	<p><u>Present Involvement</u></p> <ul style="list-style-type: none"> SVP since September 1, 2022 and Chief Information Security Officer of Information Security Division <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> FVP and Chief Information Security Officer of ISD from July 1, 2017 to August 31, 2022 VP and Chief Information Security Officer of ISD from March 20, 2017 to June 30, 2017 VP and Information Security Division Head from May 8, 2013 to March 19, 2017 VP and Information Security Department Head from March 1, 2011 to May 7, 2013 AVP and Information Security Department Head from May 1, 2007 to February 28, 2011 Senior Manager and Information Security Department Head from March 7, 2005 to April 30, 2007 	None

Name/ Position	Age	Citizenship	<u>Experience</u>	Relatives up to 4 th Civil degree
			<ul style="list-style-type: none"> Held various positions in the following Private Institutions: - Security Analyst Consultant of Total Information Management from October 1, 2003 to December 1, 2004 - Security Tester Consultant of Isentry Security Services from December 1, 2002 to March 1, 2003 - Webmaster and Linux Network Admin of Powerhomes Inc. from October 1, 2000 to October 1, 2003 - Lead Web Developer Consultant of Writer's Edge Inc. from October 1, 2003 to December 1, 2005 - Production Shift Supervisor of Steel Asia Mfg. Corp. from September 1, 1997 to July 1, 2000 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> BS Mechanical Engineering, University of the Philippines Diliman – 1991 to 1996 	
Edeza A. Que Senior Vice President	52	Filipino	<p><u>Present Involvement</u></p> <ul style="list-style-type: none"> SVP since September 1, 2022 and Chief Risk and Sustainability Officer of Risk Management Office <p><u>Past Involvements</u></p> <ul style="list-style-type: none"> FVP and Chief Risk and Sustainability Officer from April 7, 2021 to August 31, 2022 FVP and Chief Risk Officer from March 1, 2016 to April 6, 2021 FVP and Chief Risk Manager from May 1, 2014 to February 9, 2016 VP and Credit Risk Manager from October 17, 2005 to April 30, 2014 Director, Bankers Institute of the Philippines from July 1, 2019 to June 30, 2024 <p><u>Academic Qualifications</u></p> <ul style="list-style-type: none"> BS Statistics, University of the Philippines – 1990 to 1993 MS Statistics, University of the Philippines – 1993 to 1996 	None

**Company listed at The Philippine Stock Exchange, Inc.*

***Resigned effective December 31, 2024*

None of the Bank's directors and officers works with the government. All of the above-mentioned officers have been involved in the banking industry for more than five years.

c. Significant Employees

Except for the above-mentioned executives, there are no other significant employees as contemplated under the Securities Regulations Code.

Nomination Procedures

1. A stockholder may submit nominations for directorial positions to the Corporate Governance Committee.
2. The nominating stockholder shall submit his proposed nomination in writing to the Corporate Governance Committee together with the biodata, acceptance and conformity by the would-be nominee. In case of a nominee for the position of an independent director, the would-be nominee is also required to submit a Certification that he/she has all the qualifications and none of the disqualifications to become an independent auditor.
3. The Corporate Governance Committee shall screen the nomination of directors prior to the submission of the Definitive Information Statement and come up with the Final List of Candidates.

4. Only nominees whose names appear in the Final List of Candidates shall be eligible for election as director.
5. The nomination process of the Bank is incorporated in the company's amended Code of By-Laws duly approved by the Securities and Exchange Commission as early as September 27, 2006 and also in the Bank's annually updated and Board-approved Corporate Governance Manual.

The following are the members of the Bank's Corporate Governance Committee:

Name	Position
Cecilia C. Borromeo, Independent Director	Chairperson
Eduardo A. Sahagun, Independent Director	Member
Rufino Luis T. Manotok, Independent Director	Member
Gilbert L. Nunag, Chief Compliance Officer	Secretary

Nominee Directors

The following are all incumbent directors and have been duly nominated for re-election as members of the Bank's 2025-2026 Board of Directors:

Incumbent Directors:*

Vicente R. Cuna, Jr.
 Arthur V. Ty
 Jose Vicente L. Alde
 Eduardo A. Sahagun
 Rufino Luis T. Manotok
 Ronald Luis S. Goseco, Jr.
 Cecilia C. Borromeo
 Ferlou I. Evangelista
 Frances Gail E. Male

*Please refer to Item 5.a Directors for brief professional background. Included in the above list is Ms. Cecilia C. Borromeo who was duly elected as independent director on January 16, 2025 in compliance with the regulatory requirements of the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC):

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
Cecilia C. Borromeo Independent Director	65	Filipino	<u>Present Involvements</u> <ul style="list-style-type: none"> Independent Director, Philippine Savings Bank* since January 2025 Director and Chairperson, Upgrade Energy and Philippines, Inc. since February 2025 Independent Director, Atlantic Gulf & Pacific Company of Manila since 2024 Independent Director, Philippine Life Financial Assurance Corporation since 2024 Independent Director, Cosco Capital, Inc.* since 2023 <u>Past experiences/ Positions held in Government Service</u> <ul style="list-style-type: none"> President & CEO, Land Bank of the Philippines from 2019 to 2023 President & CEO, Development Bank of the Philippines from 2017 to 2019 Held various positions from Project Assistant to Executive Vice President from 1989 to 2016 <u>Academic Qualifications</u> <ul style="list-style-type: none"> BS Agribusiness, University of the Philippines Pursued further studies (MBA units) at the De La Salle Business School Pacific Rim Bankers Program, University of 	None

Name/ Position	Age	Citizenship	Business Experience and Present and Past Directorship with Other Companies for the last five (5) years	Relatives up to 4 th Civil degree
			Washington Executive Education Foster School of Business <ul style="list-style-type: none"> International Study on Rural Banking and Finance, Massey University Advance Bank Management Program, Asian Institute of Management 	

**Company listed at The Philippine Stock Exchange, Inc.*

All nominations were submitted, evaluated and approved by the Bank's Corporate Governance Committee. As such, all nominees possess the qualifications and none of the disqualifications to become directors of the Bank for 2025-2026.

Of the above-named nominees, Mr. Eduardo A. Sahagun, Mr. Rufino Luis T. Manotok, Mr. Ronald Luis S. Goseco, Jr. and Ms. Cecilia C. Borromeo have been nominated as Independent Directors by Ms. Jeanne Frances T. Chua, Mr. Samson C. Lim, Mr. Joaquin Aligguy and Ms. Dulce D. Arcebal, respectively, with whom they are not related. Based on the Bank's Manual of Corporate Governance and as required by existing laws and regulations, the stockholders must elect at least three (3) members of the Board or such number as may constitute one-third (1/3) of the members of the Board, whichever is higher, as Independent Directors.

Mr. Sahagun, Mr. Manotok, Mr. Goseco and Ms. Borromeo possess the qualifications and none of the disqualifications to become independent directors. The certificates of qualifications from the nominated independent directors are attached as Annex D.

Legal Proceedings

To the knowledge and information of the Bank, none of its directors and executive officers are involved or have been involved for the past five (5) years in any legal proceeding which will have material or substantial effect to the Bank, its operation, reputation, or financial condition.

To the knowledge and information of the Bank, none of its directors and executive officers have been involved or subject of the following legal proceedings during the past five (5) years up to latest date that are material to an evaluation of their ability or integrity:

- (a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) Any conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign;
- (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; and
- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

As required under existing BSP rules and regulations, the Bank discloses loans and other credit accommodations granted to its DOSRI. These loans and other credit accommodations were made substantially on the same terms as with other individuals and businesses of comparable risks and were subject of prior BOD approval and entailing BSP reportorial requirements.

Existing banking regulations also limit the total amount of credit exposure to each of the Bank's DOSRIs, at least 70.00% of which must be secured, to the total of their respective deposits and book value of their respective unencumbered deposits and, if any, book value of their respective paid-in capital contribution in the Bank. In the aggregate, the Bank's total credit exposure to all its DOSRIs should not exceed its net worth or

15.00% of its total loan portfolio, whichever is lower, with any unsecured portion thereof not exceeding the lower between 30.00% of the aggregate limit or of the total actual exposure. However, loans and other credit accommodations to DOSRIs that are secured by assets considered by the BSP as non-risk are exempt from these ceilings. As of December 31, 2024 and 2023, the Bank's credit exposures to DOSRI are within the said regulatory limits.

BSP Circular No. 423 dated March 15, 2004, as amended by BSP Circular No. 914 dated June 23, 2016, provide the rules and regulations governing credit exposures to DOSRI. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to BSP Circular No. 423 and new DOSRI loans and other credit accommodations granted under said circular as of December 31, 2024 and 2023 (in thousands):

	2024		2023	
	DOSRI Loans	Related Party Loans	DOSRI Loans	Related Party Loans
Total outstanding loans	₱186,375	₱1,121,375	₱191,082	₱1,146,082
Percent of DOSRI/Related Party loans to total loan portfolio	0.13%	0.78%	0.17%	1.03%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	98.57%	99.76%	98.35%	99.73%
Percent of past-due DOSRI /Related Party loans to total DOSRI/Related Party loans	0.00%	0.00%	0.00%	0.00%
Percent of non-performing DOSRI/Related Party loans to total DOSRI /Related Party loans	0.00%	0.00%	0.00%	0.00%

Total interest income from DOSRI loans amounted to ₱11.2 million in 2024, ₱3.9 million in 2023 and ₱4.6 million in 2022.

All of the Bank's directors do not have any self-dealing/related party transactions with PSBank directly by themselves in 2024.

Further discussion on transactions with related parties are found in Note 36 of the Audited Financial Statements.

Others

No director has resigned or declined to stand for re-election because of any disagreement with the Bank on any matter relating to the Bank's operations, policies or practices.

No director has informed the Bank in writing that he intends to oppose any action to be taken by the Bank at the Annual Stockholders' Meeting.

Item 6. Compensation of Directors and Executive Officers

Name and Principal Position	2025 (Estimates)		
	Salary	Bonus	*Others (Per Diem)
Jose Vicente L. Alde – President			
Neil C. Estrellado - Senior Vice President			
Dan Jose D. Duplito - Senior Vice President			
Leah M. Zamora - Senior Vice President			
Mary Jane M. Valero - Senior Vice President			
TOTAL*	₱75.07 million	₱32.64 million	
ALL OFFICERS (AVP UP)*	₱183.91 million	₱89.31 million	
Vicente R. Cuna Jr. - Chairman			
Arthur Ty - Vice Chairman			
Jose Vicente L. Alde - Director / President			
Eduardo A. Sahagun - Independent Director			
Rufino Luis T. Manotok - Independent Director			
Ronald Luis S. Goseco - Independent Director			
Ferlou I. Evangelista – Director			
Frances Gail E. Male – Director			
Cecilia C. Borromeo – Independent Director			
ALL DIRECTORS			₱17.31 million

* Estimated (Increased 2025 figures by 6% except directors' fee

Name and Principal Position	2024		
	Salary	Bonus	*Others (Per Diem)
Jose Vicente L. Alde – President			
Noli S. Gomez – Executive Vice President*			
Neil C. Estrellado - Senior Vice President			
Dan Jose D. Duplito - Senior Vice President			
Leah M. Zamora - Senior Vice President			
TOTAL	₱71.11 million	₱30.79 million	
ALL OFFICERS (AVP UP)	₱184.07 million	₱91.16 million	
Vicente R. Cuna Jr. - Chairman			
Arthur Ty - Vice Chairman			
Jose Vicente L. Alde - Director / President			
Eduardo A. Sahagun - Independent Director			
Francisco S. Magsajo - Independent Director**			
Rufino Luis T. Manotok - Independent Director			
Ronald Luis S. Goseco - Independent Director			
Ferlou I. Evangelista – Director			
Frances Gail E. Male – Director			
Rosanna F. De Vera – Director***			
ALL DIRECTORS			₱17.31 million

* Resigned as of December 31, 2024

** Term ended on September 17, 2024 (deceased)

*** Resigned as of April 2024

Name and Principal Position	2023		
	Salary	Bonus	*Others (Per Diem)
Jose Vicente L. Alde – President			
Noli S. Gomez – Executive Vice President*			
Jose Jesus B. Custodio – Senior Vice President**			
Perfecto Ramon Z. Dimayuga, Jr. – Senior Vice President***			
Emmanuel A. Tuazon – Senior Vice President* **			
TOTAL	₱63.07 million	₱28.72 million	
ALL OFFICERS (AVP UP)	₱192.71 million	₱94.65 million	
Jose T. Pardo - Chairman / Independent Director			
Arthur Ty - Vice Chairman			
Vicente R. Cuna Jr. - Vice Chairman			
Jose Vicente L. Alde - Director / President			
Samson C. Lim - Independent Director			
Francisco S. Magsajo - Independent Director			
Eduardo A. Sahagun - Independent Director			
Ma. Soledad D.S. De Leon – Director			
Rosanna F. De Vera – Director			
ALL DIRECTORS			₱19.06 million

* Resigned as of December 31, 2024

**Retired effective April 1, 2024

***Retired effective January 1, 2024

*Each director receives a monthly professional fee for attending Board and committee meetings. The total per diem paid to the directors of the Bank are as follows (in millions):

	2024	2023
Board Meetings	₱16.06	₱17.58
Board Committee Meetings	1.25	1.48
	₱17.31	₱19.06

The directors receive per diem, bonuses and allowances that are already included in the amounts stated above. Aside from said amounts, they have no other compensation plan or arrangement with the bank. The Directors receive a per diem of ₱150,000 for attending Board meetings and ₱27,000 for Committee meetings. The executive officers receive salaries, bonuses and other usual bank benefits that are also included in the amounts stated above. Aside from these, they have no other compensation plan or arrangement with the bank.

For the protection and security of its directors and officers, the Bank is unable to provide their individual compensation.

There are no warrants or options held by the Bank's officers and directors.

Item 7. Independent Public Accountants

SGV & Co. has acted as the Bank's external auditors since 1979. Mr. Bryan Chrisnel Baes has succeeded Ms. Veronica Mae A. Arce as the new certifying partner at SGV and Co., in compliance with the 7-year rotation requirement.

The Bank has no disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period.

The Bank intends to retain SGV as its external auditors for the year 2025 and is submitting the same to the stockholders for ratification as endorsed by the Audit Committee with the approval of the Board of Directors.

Representatives of SGV are expected to be present at the Annual Stockholders' Meeting and will have the opportunity to make a statement if they desire to do so and will be available to answer appropriate questions.

Item 8. Financial and Other Information

The Audited Financial Statements of PSBank is attached as **Annex "A"**.

C. OTHER MATTERS

Item 9. Proposed Actions with Respect to Reports

- a. Approval of the Minutes of the Annual Stockholders' Meeting held virtually on April 25, 2024 at 3:00 p.m. via CISCO WEBEX Livestreaming.

Stockholders in Attendance via Remote Communication

NAMES	No. of Shares Held	Percentage of Equity
Metropolitan Bank & Trust Company (parent company) represented by Arthur Ty	377,279,068	88.38485%
Chairman Vicente R. Cuna Jr.	111	0.00003%
Vice Chairman Arthur Ty	129	0.00003%
Director Eduardo A. Sahagun	111	0.00003%
Director Francisco S. Magsajo, Jr.	100	0.00002%
Director Rufino Luis T. Manotok	100	0.00002%
Director Ronald Luis S. Goseco	100	0.00002%
Director Jose Vicente L. Alde	111	0.00003%
Other PSBank Stockholder(s)	11	0.00000%
TOTAL	377,279,841	88.3850%

1. CALL TO ORDER

The Chairman of the Board, Mr. Vicente R. Cuna, Jr., presided over the meeting which he called to order. The Corporate Secretary, Ms. Leah M. Zamora, recorded the minutes of the meeting. Likewise, the audio/video recordings of the meeting were secured by the Office of the Corporate Secretary.

2. CERTIFICATION OF NOTICE AND QUORUM

The Bank conducted its Annual Stockholders' Meeting (ASM) on April 25, 2024 at 3:00 P.M. via remote communication using a secure online meeting platform, Cisco Webex, pursuant to applicable Securities and Exchange Commission (SEC) regulations.

The Corporate Secretary, Ms. Leah M. Zamora, certified that the Notice of Meeting was duly sent and circulated via appropriate disclosures and publications pursuant to the regulations of the Securities and Exchange Commission (SEC) for the purpose of informing the stockholders of record. The said notice also contained the necessary information and links to the Bank's corporate website pertaining to relevant ASM-related matters/documents.

Stockholders of record who notified within prescribed period their intention and participated in the Meeting via remote communication, including those who voted in absentia and by proxy, were considered in the determination of quorum. The Corporate Secretary further certified that the required quorum was met, as signified by the presence of its stockholders with a total of 377,279,841 common shares representing more than two-thirds (2/3) of the outstanding capital stock or 88% of the 426,859,416 common shares outstanding. There was 100% attendance by all nine (9) members of the Board of Directors who had been nominated and elected to their respective positions (see item 6 for the list of directors). The list of stockholders in attendance was provided herewith as Annex A. Also in attendance were representatives from the Bank's top management, as well as representatives from SGV & CO. as the Bank's external auditor, and other distinguished guests/stakeholders of the Bank. Chairman Cuna acknowledged that, there being a quorum, the virtual meeting was duly constituted for the transactions of the business in the agenda.

Verified stockholders casted their votes for each of the agenda items through the secure voting link and within prescribed deadline. The Office of the Corporate Secretary tabulated the votes, assisted by the Bank's stock transfer agent, Metrobank Trust Banking Group, and with validation by the SGV & Co. It was also noted that relevant questions or comments in relation to the agenda items, if any, by verified stockholders that will be received by the Office of the Corporate Secretary via email within the prescribed period shall be properly acknowledged, noted and addressed accordingly. Information regarding participation and voting requirements and procedures in connection with the conduct of meeting via remote communication were provided accordingly under items 10-11 of the approved Definitive Information Statement which was also posted in the Bank's corporate website.

3. APPROVAL OF MINUTES FOR THE ANNUAL STOCKHOLDERS MEETING HELD ON 27 APRIL 2023

Chairman Cuna proceeded to the next item in the agenda which was the approval of the Minutes of the Annual Stockholders' Meeting held on April 27, 2023, copies of which were included in the Information Statement disseminated accordingly and posted in the corporate website pursuant to applicable SEC regulations.

The Corporate Secretary stated that, upon tabulation of votes cast, both in absentia and through proxy, a total of 377,279,841 common shares representing 88% of the 426,859,416 common shares outstanding had participated and all voted in favor of the approval of the Minutes of the Annual Stockholders' Meeting held on April 27, 2023, of which the following resolution was passed and adopted:

RESOLUTION NO. PSB-ASM-2024-01

“RESOLVED, that the Minutes of the Annual Stockholders' Meeting of the Philippine Savings Bank held on April 27, 2023 are hereby approved as recorded.”

4. PRESENTATION AND APPROVAL OF THE PRESIDENT'S REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR 2023

Chairman Cuna turned over the floor to the President, Mr. Jose Vicente L. Alde, who rendered to the stockholders his annual report, including the audited financial statements for the year 2023.

The Corporate Secretary then mentioned that, upon tabulation of votes cast, both in absentia and through proxy, a total of 377,279,841 common shares representing 88% of the 426,859,416 common shares outstanding participated and voted accordingly and all were in favor of the notation and approval of the President's Annual Report and the 2023 Audited Financial Statements, as per resolution below:

RESOLUTION NO. PSB-ASM-2024-02

“RESOLVED, that the President’s Annual Report and the 2023 Audited Financial Statements of the Philippine Savings Bank are hereby noted and approved.”

5. CONFIRMATION OF ALL CORPORATE ACTS OF THE BOARD OF DIRECTORS, MANAGEMENT AND ALL COMMITTEES IN 2023

Chairman Cuna moved on with the next item in the agenda which was the confirmation of all corporate acts, transactions and resolutions of the Board of Directors, Management and all Committees during the year 2023, including material transactions with the Bank’s DOSRI and other related parties (RPTs) as summarized in the 2023 Annual Report and in the Material RPTs Report.

The Corporate Secretary reported that, upon tabulation of votes cast, both in absentia and through proxy, 88% or 377,279,841 common shares out of the 426,859,416 common shares outstanding voted and all were in favor of the confirmation of all corporate acts, transactions and resolutions of the Board of Directors, Management and all Committees during the year 2023, including significant/material transactions with the Bank’s DOSRI and other related parties as summarized in the 2023 Annual Report and in the Material Related Party Transactions Report, of which the following resolution was passed and adopted:

RESOLUTION NO. PSB-ASM-2024-03

“RESOLVED, that all corporate acts, transactions and resolutions of the Philippine Savings Bank’s Board of Directors, Management and all Committees during the year 2023, including significant transactions with the Bank’s DOSRI and other related parties as summarized in the 2023 Annual Report and in the Material Related Party Transactions Report, as well as approval of loans/credit transactions, investments, bank products and services, among others, are hereby confirmed.”

6. ELECTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The next item in the agenda was the election of the members of the Board of Directors to serve for the year 2024-2025.

In compliance with the regulatory requirements of the Bangko Sentral ng Pilipinas (BSP) and the Securities and Exchange Commission (SEC) on the nomination of directors, Mr. Francisco S. Magsajo, Jr., an Independent Director and the Chairman of the Bank’s Corporate Governance (CG) Committee, conveyed that the CG Committee reviewed and evaluated the qualifications of all persons nominated to the Board, and certified that, based on the records, the following nine (9) nominees, four (4) of whom were nominated as Independent Directors, possess all the qualifications and none of the disqualifications prescribed by law and the regulations, namely:

1. Mr. Vicente R. Cuna, Jr.
2. Mr. Arthur V. Ty
3. Mr. Jose Vicente L. Alde
4. Mr. Ferlou I. Evangelista
5. Mr. Ronald Luis S. Goseco (Independent Director)
6. Mr. Francisco S. Magsajo, Jr. (Independent Director)
7. Ms. Frances Gail E. Male
8. Mr. Rufino Luis T. Manotok (Independent Director)
9. Mr. Eduardo A. Sahagun (Independent Director)

Considering that there were only nine (9) persons nominated to, and qualified for, the nine (9) seats in the Board of Directors for the year 2024-2025, the Corporate Secretary announced that, upon tabulation of votes cast, both in absentia and through proxy, at least 377,279,741 common shares equivalent to 88% of the 426,859,416 common shares outstanding had voted for each of the nine (9) aforementioned nominees for directors. Hence, the following resolution on the election of the nine (9) aforementioned nominees was passed and adopted accordingly:

RESOLUTION NO. PSB-ASM-2024-04

“RESOLVED, that the following are hereby elected as Directors of the Philippine Savings Bank for the year 2024-2025 and until their successors are duly elected and qualified:

1. Mr. Vicente R. Cuna, Jr.
2. Mr. Arthur V. Ty
3. Mr. Jose Vicente L. Alde
4. Mr. Ferlou I. Evangelista
5. Mr. Ronald Luis S. Goseco (Independent Director)
6. Mr. Francisco S. Magsajo, Jr. (Independent Director)
7. Ms. Frances Gail E. Male
8. Mr. Rufino Luis T. Manotok (Independent Director)
9. Mr. Eduardo A. Sahagun (Independent Director)

7. APPOINTMENT OF THE EXTERNAL AUDITOR FOR THE YEAR 2024

Chairman Cuna continued on with the next item in the agenda which was the appointment of the Bank’s external auditor for the year 2024.

The Chairman announced that Sycip Gorres Velayo & Co. (or “SGV & Co.”) had been recommended by the Audit Committee and the Board of Directors for re-appointment as the Bank’s external auditor for the year 2024.

Upon recommendation and tabulation of votes cast, both in absentia and through proxy, the Corporate Secretary reported that 88% or a total of 377,279,841 common shares out of the 426,859,416 common shares outstanding had participated and voted accordingly and all were in favor of the re-appointment of Sycip Gorres Velayo & Co. (or “SGV & Co.”) as the Bank’s external auditor for the year 2024, of which the following resolution was passed and adopted:

RESOLUTION NO. PSB-ASM-2024-05

“RESOLVED that, as recommended by the Audit Committee and approved by the Board of Directors, Sycip Gorres Velayo & Co. (or “SGV & Co.”) is, hereby, re-appointed as the Philippine Savings Bank’s External Auditors for the year 2024.”

8. OTHER MATTERS

The Corporate Secretary mentioned that no relevant questions or comments were received from the stockholders within the prescribed period in accordance with the Bank’s procedures on the conduct of meeting via remote communication. As such, there were no other items to be discussed aside from the aforementioned agenda matters taken up.

9. ADJOURNMENT

Chairman Cuna acknowledged that, there being no other business to transact, the meeting was adjourned. On behalf of the Board of Directors, the Chairman expressed gratitude for the continued support and trust from the Bank’s stakeholders.

- b. Presentation and Approval of the President’s Annual Report and the Bank’s Audited Financial Statements as of December 31, 2024.

The President’s Annual Report on the Bank’s activities, business and financial performance for year-end 2024, including the Bank’s Audited Financial Statements as of December 31, 2024, will be presented for notation and approval of the stockholders. Please refer to Item 8. “Financial and Other Information”.

- c. Confirmation of All Acts of the Board of Directors, Management and All Committees

All acts, transactions and resolutions of the Board of Directors, Management and all Committees done in the ordinary course of business during the year 2024 including, among others, the approval of loans/credit

transactions, investments, Bank products and services, and transactions with the Bank's DOSRI and other related parties, will be presented for confirmation of the stockholders.

d. Election of the Members of the Board of Directors

The Members of the Board of Directors of the Bank for the year 2025-2026 are to be elected to hold office until the next succeeding annual meeting, and/or until their respective successors have been duly elected and qualified. Please refer to the list of nominees under Item 5. "Directors and Executive Officers - Nominee Directors" for details.

e. Appointment of the External Auditor

The re-appointment of SGV & Co. as independent external auditor of the Bank for the year 2025 will be presented for ratification of the stockholders. Please refer to Item 7. "Independent Public Accountants" for details.

Item 10. Voting Procedures

a. Majority vote is required for the following:

- i. Approval of the Minutes of the Annual Meeting of Stockholders
- ii. Confirmation of all corporate acts of the Board of Directors, the Management and all committees including significant transactions with the Bank's Directors, Officers, Stockholders & their Related Interests (DOSRI) and other related parties
- iii. Appointment of External Auditors

b. Majority vote is required for the election of members of the Board of Directors. Nominees receiving the highest number of votes shall be declared elected following the provisions of the Corporation Code.

c. Every stockholder entitled to vote on the particular question or matter involved shall be entitled to one (1) vote for each share of stock in his name. Cumulative voting is allowed provided that the total votes cast by a stockholder shall not exceed the number of shares registered in his name in the books of the bank as of the record date multiplied by the whole number of directors to be elected. Matters submitted to stockholders for ratification shall be decided by the required vote of stockholders present, in person or by proxy.

d. A stockholder can exercise his vote at the meeting or remotely (in absentia or through proxy), as applicable.

Pursuant to applicable regulations of the Revised Corporation Code which allow voting in absentia by the stockholders, an online link may be accessed by the verified stockholders to register and/or vote in absentia on the matters for resolution at the meeting. A stockholder who votes in absentia shall be deemed present for purposes of quorum. Please refer to Item 11 - Participation of Shareholders by Remote Communication for the applicable instructions for voting in absentia or through proxy.

e. All votes will be counted by the Office of the Corporate Secretary, to be assisted by the Bank's stock transfer agent, Metrobank Trust Banking Group, and with validation by the SGV & Co.

Item 11. Participation of Shareholders by Remote Communication

To comply with applicable regulations and to ensure the safety and welfare of our stockholders, the Bank shall allow attendance by remote communication, voting in absentia and through proxy. The following are the corresponding requirements and procedures for participation by remote communication:

PARTICIPATION BY REMOTE COMMUNICATION, VOTING IN ABSENTIA AND THROUGH PROXY

A. Attendance by Remote Communication and Voting in Absentia and through Proxy

1. Stockholders intending to participate by remote communication and/or voting in absentia should notify the Office of the Corporate Secretary through a Letter of Intent (LOI) to be sent via e-mail

to psbasm@psbank.com.ph on or before April 7, 2025, complete with the following requirements for validation purposes:

1.1 Indicate the following required information:

- 1.1.1 Complete Registered Name
- 1.1.2 Complete Registered Residential/Mailing Address
- 1.1.3 Active e-Mail Address
- 1.1.4 Active Mobile #
- 1.1.5 Active Landline #

1.2 Attach the following documents (e- copy/scanned copy):

- 1.2.1 Valid government-issued ID with photo and signature (scanned front and back)
- 1.2.2 Proof of Ownership, such as, but not limited to, the following:
 - a) Stockholder's certificate (for certificated shares); or
 - b) Broker's certification (for scripless or uncertificated shares); or
 - c) Secretary's certificate for authorized representative (for corporate)
- 1.2.3 Other supporting document, as applicable

2. In case a stockholder cannot attend the virtual meeting and wishes to be represented, said stockholder shall designate an authorized representative ("Proxy") by submitting the following additional documents, aside from the requirements as enumerated under items 1.1 and 1.2 above, on or before April 7, 2025 via email to psbasm@psbank.com.ph, for validation purposes:

- 2.1 Duly-accomplished proxy form/instrument (if so preferred or if no name is indicated, the Chairman of the Meeting shall act as the proxy.)
- 2.2 Valid government-issued ID with photo and signature of the designated Proxy (scanned front and back)

3. The Office of the Corporate Secretary shall forward the email containing the LOI and its attachments to the Bank's stock transfer agent, Metrobank Trust Banking Group. The validation process will be completed by the stock transfer agent no later than three (3) business days from its receipt of the LOI. The Bank's stock transfer agent reserves the right to request for additional information and documents, as needed/necessary. Moreover, for general welfare and in the interest of time, electronic signature for the required documents shall be allowed while notarization requirement shall not be compulsory and may be considered once practicable.

4. Once validated/verified, a stockholder shall be provided a confirmation correspondence with secure links for virtual meeting registration and voting in absentia. For security purposes, the confirmation correspondence which include access credentials, links and instructions for participation through remote communication and voting in absentia shall only be sent to the stockholder's email address, and if necessary, notification shall be sent to the stockholder's mobile number as provided per item 1.1 above. It is the duty of the stockholder to securely provide the information on access credentials and instructions to his/her Proxy, as needed/applicable.

4.1 A verified stockholder or his/her Proxy shall have to access the corresponding link in order to be able to join the virtual meeting on the ASM day.

4.2 A verified stockholder or his/her Proxy may cast his/her vote for each of the agenda items through the secure voting link provided in the confirmation correspondence. Deadline to vote in absentia through its corresponding link is on April 21, 2025. Beyond this date, stockholders may no longer avail of the option to vote in absentia. The Office of the Corporate Secretary shall then tabulate all votes, to be assisted by the Bank's stock transfer agent, Metrobank Trust Banking Group, and with validation by the SGV & Co. The Corporate Secretary shall report the results of voting during the meeting. For information on counting and tabulation of votes, please refer to "Item 10. Voting Procedures" of this Information Statement.

B. Participation and Determination of Quorum and Votes

1. Only those stockholders who have notified the Company of their intention to participate in the Meeting via remote communication, including those who voted in absentia and by proxy, will be considered in the determination of quorum at the meeting. By participating remotely, a stockholder shall be deemed present for purposes of quorum.
 2. Due to logistical limitations of the meeting conducted virtually, voting and open forum/discussion will not be possible during the virtual meeting. However, a stockholder (or through his/her Proxy), once verified, will be given an opportunity to raise any relevant questions or express an appropriate comment in relation to the agenda items by sending an email to psbasm@psbank.com.ph not later than April 16, 2025. Any relevant questions or comments received by the Office of the Corporate Secretary via email within the prescribed period given to verified stockholders shall be properly acknowledged, noted and addressed accordingly.
 3. The Office of the Corporate Secretary shall take down minutes of the meeting accordingly and shall note all comments and other relevant matters discussed covering the agenda of the meeting. The meeting proceedings shall be recorded in audio and video format to be safekept by the Office of the Corporate Secretary and shall be made available in a secured manner to stockholders upon request by sending an email to psbasm@psbank.com.ph.
 4. The Office of the Corporate Secretary shall ensure confidentiality of all votes for tabulation, including those cast in absentia and by proxy, with assistance from the Bank's stock transfer agent, Metrobank Trust Banking Group, and for validation by the SGV & Co. The Corporate Secretary shall report the results of voting during the meeting. For information on counting and tabulation of votes, please refer to "Item 10. Voting Procedures" of this Information Statement.
- ** All participants are requested to adhere to the Bank's Confidentiality and Data Privacy guidelines for the meeting which shall be posted in the ASM-related page of the corporate website.

For ASM-related matters, please go to <https://www.psbank.com.ph/annual-stockholders-meeting-2025/>. For ASM-related queries, please send an email to psbasm@psbank.com.ph or contact the Office of the Corporate Secretary at 8885-8208 local 8180/8535. For account updating/validation concerns, please get in touch with PSBank's Stock Transfer Agent, Metrobank Trust Banking Group, through 8857-5688; 8857-5694; 8857-5695 or via email to stocktransfer@metrobank.com.ph.

* * *

THE BANK SHALL PROVIDE EACH STOCKHOLDER WITHOUT CHARGE A
COPY OF SEC FORM 17-A (ANNUAL REPORT) UPON WRITTEN REQUEST
ADDRESSED TO:

MS. LEAH M. ZAMORA
Corporate Secretary
9th Floor, PSBank Center,
777 Paseo de Roxas cor. Sedeño St., Makati City 1226

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information
set forth in this report is true, complete and correct.

PHILIPPINE SAVINGS BANK

Leah M. Zamora
Corporate Secretary

Date: March 21, 2025

REPUBLIC OF THE PHILIPPINES
CITY OF MAKATI) S.S.

SUBSCRIBED AND SWORN TO before me this MAR 21 2025 affiant exhibiting to me his identification as
follows:

Name	UMID no.	Date of Issuance	Place of Issuance
Leah M. Zamora			

Doc no. 74
Page no. 16
Book no. xvii
Series of 2025



MYRA SJ SAN BUENAVENTURA
Notary Public for Makati until 12.31.2026 (M-28)
Roll No. 58202
PTR 1046553-1/02-2025/Makati
IBP 510060/11.19.2024/For 2025/Cam. Sur
403B, MG Bldg., 150 Amorsolo St., Legaspi Vill., Makati
Tel. Nos. +639228365212/8871-4417
MCLE Compliance No. VII-0001111 v/e 04 14 2025

PART II. MANAGEMENT REPORT

Brief Description and General Nature and Scope of Business of Registrant

Philippine Savings Bank (the Bank) was incorporated in the Philippines primarily to engage in savings and mortgage banking. The Bank's shares are listed in the Philippine Stock Exchange (PSE). The Bank offers a wide range of products and services such as deposit products, loans, treasury and trust functions that mainly serve the retail and consumer markets. On September 6, 1991, the Bank was authorized to perform trust functions.

As of December 31, 2024 and 2023, the Bank had 250 branches. In 2024, the Bank had 272 Automated Teller Machines (ATMs) in the branches (on-site) and 256 in other locations (off-site) bringing its total number of ATMs to 528 as of December 31, 2024 and 556 as of December 31, 2023.

The Bank's original Certificate of Incorporation was issued by the Securities and Exchange Commission (SEC) on June 30, 1959. On March 28, 2006, the Board of Directors (BOD) of the Bank approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate term of the Bank, which expired on June 30, 2009, for another 50 years or up to June 30, 2059. This was subsequently approved by stockholders representing at least two-thirds of the outstanding capital stock of the Bank on April 25, 2006. The Amended Articles of Incorporation was approved by the SEC on September 27, 2006.

On April 27, 2010, by majority vote of the BOD and by stockholders representing two-thirds of the outstanding capital stock, the amendment of Article VI of its Amended Articles of Incorporation reducing the number of directors from a maximum of eleven (11) to a maximum of nine (9) has been approved. This was approved by the SEC on August 26, 2010.

On March 24, 2014, the BOD approved Article III of Articles of Incorporation to specify its principal address from Makati City to PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City 1226. The Amended Articles of Incorporation was approved by the SEC on December 22, 2014.

As of December 31, 2024 and 2023, Metropolitan Bank & Trust Company (MBTC), the Bank's ultimate parent, owned 88.38% of the Bank.

Market Price Information

PSBank common shares were listed in the Philippine Stock Exchange (PSE) in 1994. The shares are traded under the symbol "PSB".

The high and low sales prices of the Shares as reported in the PSE for each quarter in the years ending December 31, 2024 and 2023 and subsequent interim periods were as follows:

	Highest	Lowest
2025:		
January 31	₱60.80	₱57.20
February 28	59.20	56.00
2024:		
First quarter	56.00	52.00
Second quarter	57.00	51.50
Third quarter	61.70	53.15
Fourth quarter	61.50	57.70
2023:		
First quarter	57.50	55.00
Second quarter	56.95	55.00
Third quarter	58.00	54.15
Fourth quarter	56.00	50.20

Closing price as of March 12, 2025 was at ₱58.50 per share.

Dividends and Dividend Policy

Dividends to be paid in cash are subject to the approval by a majority of the Board of Directors. Dividends to be paid in the form of stocks require the approval of a majority of the Board and the approval of shareholders

representing no less than two-thirds of the Bank's outstanding capital stock. The Dividend Policy of the Bank is presented in Part II. Management Report on Compliance with Leading Practices on Corporate Governance.

Dividends Paid and Proposed

Details of the Bank's dividend distributions as approved by the Bank's BOD and the BSP follow:

Cash Dividends				
Date of declaration	Per share	Total amount	Record date	Payment date
January 17, 2022	P0.75	P320,144,562	February 2, 2022	February 16, 2022
April 25, 2022	0.75	320,144,562	May 11, 2022	May 21, 2022
July 21, 2022	0.75	320,144,562	August 5, 2022	August 22, 2022
October 20, 2022	0.75	320,144,562	November 7, 2022	November 21, 2022
January 26, 2023	0.75	320,144,562	February 10, 2023	February 27, 2023
April 27, 2023	0.75	320,144,562	May 15, 2023	May 29, 2023
July 20, 2023	0.75	320,144,562	August 4, 2023	August 22, 2023
October 19, 2023	0.75	320,144,562	November 8, 2023	November 20, 2023
January 18, 2024	0.75	320,144,562	February 2, 2024	February 19, 2024
April 25, 2024	0.75	320,144,562	May 13, 2024	May 27, 2024
July 25, 2024	0.75	320,144,562	August 9, 2024	August 27, 2024
October 17, 2024	0.75	320,144,562	November 4, 2024	November 18, 2024

Stock Dividends				
Date of declaration	Per share	Total amount	Record date	Payment date
March 12, 2019	11.42%	P=	January 31, 2020	February 21, 2020

No unregistered securities were sold or offered for sale by the Bank for the year 2024.

Cash Dividend Declaration

On January 16, 2025, the BOD of the Bank approved the declaration of a 7.50% regular cash dividend for the fourth quarter of 2024 for stockholders on record as of February 3, 2025 amounting to P320.1 million or P0.75 per share, to be paid on February 17, 2025.

Holders

As of February 28, 2025, the Bank has 1,429 stockholders.

Top 20 Stockholders as of February 28, 2025

	Name of Stockholders	No. of Shares	% to Total
1	METROPOLITAN BANK & TRUST COMPANY ¹	377,279,068	88.3849%
2	DE LEON, MARIA SOLEDAD S.	26,982,249	6.3211%
3	PCD NOMINEE CORPORATION (FILIPINO) ²	5,372,963	1.2587%
4	DE LEON, GIAN CARLO SERRANO	3,054,440	0.7156%
5	DE LEON, LEONARD FREDERICK SERRANO	2,895,061	0.6782%
6	DE LEON, ALVIN BENJAMIN SERRANO	2,716,290	0.6363%
7	DE LEON, KEVIN ANTHONY SERRANO	2,682,950	0.6285%
8	PCD NOMINEE CORPORATION (NON-FILIPINO)	2,605,955	0.6105%
9	GO, JAMES	334,723	0.0784%
10	GRAND ASIA REALTY INVESTMENT CORPORATION	325,958	0.0764%
11	QUE, LIONG H.	75,834	0.0178%
12	CHOA, JOHNNY K.	72,247	0.0169%
13	CHOA, VICTORIA K.	68,940	0.0162%
14	TY, ALEJANDRO	63,893	0.0150%
15	CHENG, BERCK Y. OR ALVIN Y. CHENG OR DIANA Y. CHENG OR CHERYL Y. CHENG	50,138	0.0117%
16	SY, VICTOR GAN	45,654	0.0107%
17	PEREZ, MA. GEORGINA V.	44,418	0.0104%
18	DY BUNCIO, ANJANETTE TY	42,710	0.0100%
19	PEOPLE'S GENERAL INSURANCE CORPORATION	41,776	0.0098%
20	ROSARIO, ROLAND R.	41,762	0.0098%

¹ Includes 206,331,982 shares lodged with PCD Nominee Corp.

² Net of 206,331,982 shares owned by Metropolitan Bank & Trust Company and 18 shares owned by Arthur Ty

Note: List of Stockholders as of February 28, 2025 (record date) is provided under Annex E.

As of February 28, 2025, public ownership of the Bank was at 11.61%. Of the total shares issued, 2,630,584 shares or 0.62% represents foreign ownership.

COMPLIANCE WITH LEADING PRACTICES ON CORPORATE GOVERNANCE

Corporate governance ensures that we stay accountable and transparent — even when no one is looking.

This is why well-governed organizations are comprised of people driven by a common purpose: to continually build the trust and confidence of stakeholders, going beyond mere compliance with applicable laws, rules, and regulations.

At PSBank, people and culture are at the heart of good corporate governance. These determine how we run our business in a prudent and sound manner, remain fair and transparent in all our dealings, and provide reliable and better service amidst the ever-growing expectations of our customers while at the same time working with integrity and accountability.

CORE GOVERNANCE POLICIES

Our annually updated Corporate Governance Manual contains the policies and guidelines that we follow. The Manual is posted on our website, www.psbank.com.ph, and on our intranet site, InfoChannel (now iCentral), for the guidance of all our stakeholders. The policies and guidelines primarily revolve around three basic values that we observe:

Fairness

We see to it that we conduct fair dealings with counterparties and other stakeholders. We ensure that such dealings, especially with our related parties, are made in the regular course of our business, and upon mutually favorable terms. Our Board-level Related Party Transactions Committee (RPTC), entirely composed of Non-Executive Directors, and Management-level Related Party Transactions Management Committee (RPTMC), help ensure that our transactions with related parties are conducted at arm's length terms and conditions, and that our resources are not misappropriated.

These are in accordance with our Board-approved Related Party Transactions (RPT) policy and its specific guidelines and handling procedures vis-à-vis set transaction materiality thresholds and exposure limits. Our RPT policy is regularly reviewed and updated on an annual basis. It was last updated in November 2024 to include the relatives up to the 2nd degree by consanguinity and affinity of the Bank's officers from asset sales units as part of "Other Related-Individuals" as they may pose potential conflict of interest, re-align with parent-Metrobank's updated RPT Policy and articulate on some other items for clarity, among other updates/changes.

Our transaction materiality thresholds for RPTs were set on a per transaction type basis, taking into account the high end of their historical ticket sizes, their nature, and our risk appetite. These thresholds are applied on a per single transaction basis for one-time or non-recurring transactions, or the aggregate amount of multiple transactions expected in a year for some arrangements with recurring/continuing transactions. Except for loan transactions to Directors, Officers, Stockholders, and their Related Interests (DOSRI), as well as to subsidiaries and affiliates requiring prior approval of the Board of Directors under existing Bangko Sentral ng Pilipinas (BSP) rules regardless of their amounts, RPTs with amounts within these thresholds are subject to the review and approval of the Management-level RPTMC and endorsement of the Board-level RPTC for the Board of Directors' confirmation. On the other hand, those beyond such thresholds are considered "material" and shall pass through the Board-level RPTC for review and endorsement for Board approval prior to their consummation and for stockholders' confirmation in the Annual Stockholders' Meeting.

In 2024, the following material RPTs were entered into between the Bank and its related parties (*see material RPTs table on the next page and Note 29 of the Audited Financial Statements*).

Related Parties	Relationship	Nature of Transaction	Terms & Conditions	Original Amount	Dec. 31, 2024 Balance
LOANS AND OTHER CREDIT ACCOMMODATIONS					
First Metro Investment Corporation (FMIC)	Affiliate	Renewal of Existing Php1.0 Billion Clean/Unsecured Credit Line	Clean/unsecured Credit Line available via PNs of up to 30 days for additional working capital purposes and to gap intraday funding requirements with interest rate upon drawdown based on current BSP's Overnight	1,000	N/A

Related Parties	Relationship	Nature of Transaction	Terms & Conditions	Original Amount	Dec. 31, 2024 Balance
			Lending Facility (OLF) rate plus 50-75 basis points (bps) spread		
PSBank Trust Division	Trust Division	Renewal of Existing Php1.0 Billion Domestic Bills Purchase (DBP) Clean Line for PSBank-Trust Division's Clients	Renewal of Domestic Bills Purchase Line under the same terms & conditions for the purchase of local and regional checks issued by PSBank Trust Division's clients payable to PSBank Trust Division for outright crediting of their investments.	1,000	N/A
Toyota Mobility Solutions Philippines, Inc. (TMSPI)	Affiliate	Set-up of New Php200 Million Unsecured Credit Line	One (1)-year unsecured Credit Line to gap working capital requirements, subject to annual renewal. Interest rate is subject to quarterly re-pricing and payable monthly while principal is payable at maturity. Deviations granted were duly justified which were also granted to other unrelated borrowers under the same circumstances.	200	N/A
Savvice Corporation	Other Related Party - Entity	New Php160 Million Unsecured Term Loan and Set-up of Php40 Million Unsecured Credit Line	Unsecured Php160.0 Million Term Loan to fund purchase of various capital assets and/or for general corporate purposes and unsecured Php40.0 Million Credit Line for working capital purposes. Interest rate based on BVAL ref. rate for 5-year tenor plus 50-90 BPs spread on the date of drawdown subject to annual and quarterly re-pricing, respectively. Deviations granted were duly justified which were also granted to other unrelated borrowers under the same circumstances.	200	N/A
INTERCOMPANY COUNTERPARTY LINES					
Metropolitan Bank & Trust Company (MBTC)	Parent-Bank	Annual Renewal of Related Intercompany Counterparty Lines of Treasury Group	Clean/unsecured Line is for Interbank Call Loans (IBCL) only; Secured Line is collateralized by non-risk assets i.e. Government securities (GS); and Pre-Settlement Risk Line is for Peso and US Dollar trading of Fixed Income Securities, FX trading transactions and Peso and US Dollar Repo transactions.	Clean – 7,000; Secured - 25,000; Settlement -750 (same/no changes)	N/A
First Metro Investment Corporation (FMIC)	Affiliate	Renewal of Existing Php85.0 Million Pre-Settlement Risk (PSR) Line	Counterparty line to cover risks for fixed income securities (i.e., corporate bonds, government securities) and FX spot transactions for maximum of T+3 for FMIC's securities trading.	Pre-Settlement – 85 (same/no changes)	N/A
Metropolitan Bank & Trust Company (MBTC)	Parent-Bank	Annual Renewal of Related Intercompany Lines of Trust Division	Counterparty line for investments in Time Deposit transactions of Trust Accounts (TAs), earmarking of settlement amount of fixed income/equity transactions, settlement of fixed income/equity transactions and investments in Time Deposit transactions of Investment Management Accounts (IMAs)	Clean – 1,000; Pre-Settlement – 5; Settlement – 50 & IMA – 100 (same/no changes)	N/A
First Metro Investment Corporation (FMIC)	Affiliate		Counterparty line for earmarking of settlement amount of fixed income/equity transactions and settlement of fixed income/equity transactions	Pre-Settlement – 500 & Settlement – 500 (same/no changes)	N/A
First Metro Securities Brokerage Corp. (FMSBC)	Affiliate		Counterparty line for earmarking of settlement amount of fixed income/equity transactions and settlement of fixed income/equity	Pre-Settlement – 500 & Settlement – 500 (same/no changes)	N/A

Related Parties	Relationship	Nature of Transaction	Terms & Conditions	Original Amount	Dec. 31, 2024 Balance
			transactions	<i>changes)</i>	
PSBank	Bank Proper		Counterparty line for investments in Time Deposit transactions of Trust Accounts (TAs), earmarking of settlement amount of fixed income/equity transactions, settlement of fixed income/equity transactions and investments in Time Deposit transactions of Investment Management Accounts (IMAs)	Clean – 1,000 Pre-Settlement – No Limit Settlement – No Limit IMA – 4,000 <i>(same/no changes)</i>	N/A
INSURANCE					
AXA Philippines (AXA)	Affiliate	Annual Renewal of Bank's Money, Securities, Payroll & Robbery Insurance Coverage	Total sum insured is at Php2.479 Billion with gross annual premium rate of 0.2150% which is cheaper than those offered by other unrelated insurance providers	5.329	N/A
OTHERS					
Metropolitan Bank and Trust Company (MBTC)	Parent-Bank	Increase in Service Fee rate for Cash Pick-up and Delivery Services Outsourced to MBTC under Intra-group Outsourcing	In view of the upsurge in MBTC's cost for armored car unit leasing, insurance premiums, fuel and other related operational expenses which rate increase is still much cheaper than for the Bank to perform said activities itself	46.460 <i>(increased from the previous annual service fee of Php31.103 Million)</i>	N/A
Metropolitan Bank and Trust Company (MBTC)	Parent-Bank	Renewal of Existing Lease Agreement for MBTC's Paseo de Roxas Branch	Renewal of existing lease contract for MBTC's Paseo de Roxas Branch at the G/F of PSBank Center for which rental rate is generally acceptable per latest market survey conducted within the vicinity	9.710	N/A
PSBank Trust Division	Trust Division	PhilPaSSplus Sponsorship Agreement to Enable PSBank-Trust Division to Access the BSP Securities Facility Primary Market	To allow PSBank-Trust Division (as sponsored institution) to participate/access the BSP-Securities Facility (SF) primary market using the existing BSP Demand Deposit Account (DDA) of the PSBank Proper (as sponsoring institution) as settlement account for the former's own BSP-SF transaction	N/A <i>(depends on the amount of BSP- SF transaction settlement)</i>	N/A
JBA Philippines (JBAP)	Affiliate	One (1)-Year Extension of the Existing Tie-up Between PSBank Pre-Owned Automart and Affiliate-JBA Philippines (JBAP) for the Latter's Assistance in Selling the Bank's Repossessed Cars by Auction	Tie-up with JBA Philippines, Inc. has proven to be a successful partnership resulting to a higher conversion/selling rate	17.280 <i>(estimated annual commission fee due to JBAP)</i>	N/A

Our RPT policy likewise requires our Directors and officers with personal interest in our transaction (e.g., they themselves or any of their close family members act as our counterparty) to inhibit or abstain from the discussion, approval, and management of such a transaction, except to provide material information to the RPTC or Board about the transaction. Provisions against conflict of interest situations are also stipulated in our Board approved "Code of Conduct" such as the prohibition of self-dealing transactions. Pursuant to Memorandum Circular No. 10 s2019 of the Securities and Exchange Commission (SEC), or the "Rules on Material Related Party Transactions for Publicly-Listed Companies," the Bank also adopted since August 2019 a Board-approved Material Related Party Transactions (MRPT) policy that exclusively applies to related party transaction(s) amounting to at least 10% of its Total Assets based on its latest Audited Financial Statement (AFS), either individually or in aggregate over a 12-month period with the same related party. Save for a few differences in terms of scope, approval, reportorial and disclosure requirements, this separate policy espouses the same key principles in handling related party transactions and is likewise posted in our corporate website and intranet site.

We also ensure that our stockholders are treated equally and without discrimination by preserving stockholders' rights and protecting our minority stockholders' interests, including the latter's right to nominate candidates to our Board of Directors.

Integrity and Accountability

We uphold at all times the value of honesty as the best policy. We believe that our reputation precedes us in the business of trust and confidence. We continue to enhance a working culture of integrity, guided by a Code of Conduct that defines the standards that we must follow in our business dealings and relationships.

Code of Conduct

The Code of Conduct is our guide in defining the norms, rules, and responsibilities of each and every PSBanker. It includes provisions on:

- Disciplinary process;
- General policies to establish a professional working environment and secure a favorable reputation for the Bank;
- Corrective measures for unacceptable behavior or failure to comply with our rules, such as on Financial Consumer Protection, Anti-Money Laundering/Terrorism Financing, and Data Privacy, and our other policies and procedures;
- Schedule of penalties for attendance and punctuality, required corporate attire, conduct and behavior, dishonesty, health, safety, and security, reporting of violations, information security, and data privacy, among others; and,
- Provisions on management of personal finances, conflict of interest, anti-bribery and corruption, anti-sexual harassment, non-disclosure of information, and insider information.

Insider Trading

Under our Policy Against Insider Trading, reporting insiders are required to disclose their and their associates' initial beneficial ownership in PSBank shares and any changes thereof on the next trading day after their election/appointment and from the date of changes thereof, respectively. They are likewise prohibited from selling or buying PSBank shares during "blackout periods," i.e., upon obtaining material non-public information up to two trading days after such information is disclosed.

The Bank did not have any trading transactions with reporting insiders and/or their associates in 2024. Incumbent Directors' level of share ownership and movements throughout 2024 are summarized in the table below:

Name of Director	Position	Rollforward of Common Shares					
		Beginning		Movements		End	
		12/31/2023	%	Additions	Deductions	12/31/2024	%
Vicente R. Cuna, Jr.	Chairman & Non-Executive Director	111	0.000026	-	-	111	0.000026
Arthur V. Ty	Vice Chairman & Non-Executive Director	129	0.000030	-	-	129	0.000030
Rufino Luis T. Manotok	Independent Director	100	0.000023	-	-	100	0.000023
Ronald Luis S. Goseco	Independent Director	100	0.000023	-	-	100	0.000023
Eduardo A. Sahagun	Independent Director	111	0.000026	-	-	111	0.000026
Jose Vicente L. Alde	Executive Director/President	111	0.000026	-	-	111	0.000026
Ferlou I. Evangelista*	Non-Executive Director			100	-	100	0.000023
Frances Gail E. Male**	Non-Executive Director			100	-	100	0.000023

* Mr. Evangelista was elected as Non-Executive Director in April 2024 and replaced former Non-Executive Director Ms. Soledad D.S. De Leon who resigned in January 2024.

** Ms. Male was elected as Non-Executive Director in April 2024 and replaced former Non-Executive Director Ms. Rosanna F. De Vera whose term ended in April 2024.

*** With 1 vacant Board seat as of end-December 2024 due to the demise of former Independent Director Mr. Francisco S. Magsajo Jr. in September 2024 which was filled up with the election of Independent Director Ms. Cecilia C. Borromeo in January 2025.

Whistleblowing

PSBank's whistleblowing policy requires our employees to report immediately any impropriety or malpractice committed by co-employee/s or third party/ies to their group heads or directly to the Group Head of Internal Audit, Fraud Management, or Human Resources, for evaluation if it would warrant an investigation. Under the Code of Conduct, concealment or non-reporting is considered an impropriety or malpractice in itself. The

whistleblower is protected from any form of harassment as a result of any disclosure which was made in good faith believing the disclosure to be true and was not made maliciously or for personal gain. The policy considers any attempt to determine the whistleblower's identity as a breach of confidentiality which is subject to disciplinary sanctions.

The Bank has whistleblowing hotlines such as iag-expose@psbank.com.ph and fire@psbank.com.ph which can only be accessed by the Internal Audit Group Head and by the Fraud Management Group Head, respectively.

Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT)

PSBank subscribes to and adopts the State's policy to protect the integrity and confidentiality of accounts and to ensure that it shall not be used as a money laundering/terrorism financing/proliferation financing site and/or conduit for the proceeds of unlawful activities; and life, liberty and property from acts of terrorism by condemning such acts and those who support and finance it as a crime against the Filipino people, against humanity and against the law of nations.

We ensure that we execute transactions with our customers in accordance with the AML/CFT policy guidelines, procedures, tools, and controls set forth in our regularly updated Money Laundering & Terrorism Financing Prevention Program (MTPP).

Our MTPP, as posted in our intranet site for the guidance of all our implementing personnel, primarily revolves around the following basic AML/CFT controls required under existing AML/CFT laws, rules and regulations:

1. Know Your Customer (KYC)/Customer Due Diligence (CDD) and Know Your Employee (KYE);
2. Ongoing Monitoring of Customers and their Transactions;
3. Covered and Suspicious Transactions Reporting;
4. Records Keeping and Retention;
5. Employee Training and Continuing Education; and
6. Compliance with Freeze Orders, KYC Requests, Bank Inquiries, Targeted Financial Sanctions and other AML/CFT rules and regulations of the Anti-Money Laundering Council (AMLC) and the Bangko Sentral ng Pilipinas (BSP).

Our MTPP was last updated in October 2024 to include the recent ML/TF-related regulatory issuances such as the AMLC's Advisory to Covered Persons on SEC's Suspended, Revoked and Delinquent List of Corporations and BSP Circular No. 1193 re: Guidelines and Criteria for Reporting Significant ML/TF/PF Risk Events to the BSP, incorporate the relevant CO AML advisories recently issued and effect other amendments including documentation and articulation of existing practices. Compliance with the requirements of this MTPP is continuously monitored by our Board-designated AML Compliance Officer (AMLCO) as lead implementer under the Compliance Office.

Transparency and Open Communication

As a publicly listed company and a responsible financial institution, we abide by the various disclosure requirements of the BSP, the SEC, and the Philippine Stock Exchange (PSE). We ensure that we are transparent to our stakeholders by posting the latest public disclosures on the Investor Relations section of our website and in our press releases. In compliance with SEC Memorandum Circular No. 11 s2014, we regularly update our website to include all required disclosures in accordance with the SEC-prescribed web template for our stakeholders to readily check our corporate governance practices.

We also maintain an open communication line and use feedback from our stakeholders to develop better policies, products, and services. We likewise accommodate requests for information on the management of our Bank, stockholders rights, or any other Bank-related matters, while remaining mindful of disclosure limitations under existing laws on the secrecy of bank deposits and data privacy.

Our Corporate Governance Manual (CGM) serves as a valuable guide and reference in our implementation of corporate governance rules and regulations, and standards of both the BSP and the SEC. Our CGM is reviewed on an annual basis and was last updated in September 2024 to incorporate the role and function of the Bank's Lead Independent Director (LID) as duly appointed by the Board of Directors in its Resolution No. 2024-059 dated 23 May 2024 pursuant to the SEC's Code of Corporate Governance for Publicly-Listed Companies in line with the standards of good practices under the ASEAN Corporate Governance Scorecard (ACGS) and the BSP's Manual of Regulations for Banks (MORB), include in the Board of Directors' duties and responsibilities its oversight function of ensuring the full disclosure of all minimum information required in the Bank's quarterly Balance Sheet (BS) and Annual Report (AR) pursuant to BSP Circular No. 1186 dated 21 December 2023 re:

Amendments to the Guidelines on Disclosures to the Public and include the SEC-required uploading in the Bank's corporate website of the Minutes of the Annual Stockholders' Meeting (ASM) and, if any, Special Stockholder's Meeting (SSM) including their drafts within the prescribed deadline pursuant to SEC Memorandum Circular No. 11 s2024 re: Minutes of the Meeting of Stockholders.

Financial Consumer Protection

With customers at the forefront of our priorities and in compliance with BSP Circular No. 857, as amended by BSP Circular No. 1048 and BSP Circular No. 1160 re: "Regulations on Financial Consumer Protection to Implement Republic Act No. 11765, otherwise known as the Financial Products and Services Consumer Protection Act (FCPA)", our corporate governance system and culture includes a Financial Consumer Protection (FCP) Framework to ensure that financial consumers' rights are protected at all times and that consumer protection laws, rules and regulations, standards and practices are duly observed and embedded in our business operations.

This framework comprises FCP Policies and Procedures, FCP Code of Conduct, Consumer Assistance Management System, FCP Training Program, FCP Risk Management System, FCP Compliance Program, FCP Audit Program, and Financial Consumer Education and Awareness Program. The framework revolves around the core principles of consumer protection, namely:

1. Disclosure and transparency;
2. Protection of client information;
3. Fair treatment;
4. Effective recourse;
5. Protection of consumer assets against fraud and misuse; and
6. Financial education and awareness.

This FCP Compliance Program was updated in November 2024 to incorporate BSP Memorandum No. M-2024-029 dated 19 September 2024 re: Reiteration of Guidelines on Risk Management Systems and Controls to Protect Financial Accounts in relation to Section 6 of R.A. No. 12010 otherwise known as the "Anti-Financial Account Scamming Act (AFASA)" which took effect on 13 August 2024 and BSP Memorandum No. M-2024-030 dated 24 September 2024 re: Reiteration of Protection of Consumer Assets and Misuse Provisions of BSP Circular No. 1160 in relation to Section 7 of R.A. No. 12010 otherwise known as the "Anti-Financial Account Scamming Act (AFASA)" which took effect on 13 August 2024, subject to the BSP's promulgation of its detailed implementing rules & regulations (IRRs).

The Board of Directors, jointly with the Senior Management, is ultimately responsible in establishing an effective oversight over our consumer protection programs as well as in ensuring that consumer protection practices are embedded in our business operations.

As part of our corporate-wide risk management system spearheaded by our Risk Management Office (RMO), an FCP Risk Management System (FCPRMS) is instituted to identify, measure, monitor, and control consumer protection risks (both risks to the financial consumers and the Bank) inherent in our operations.

PSBank aims to differentiate itself from other banks by providing excellent customer experience. Being attentive and proactive to all customer feedback is one of the effective means of doing so. While positive feedback is welcome, we are more vigilant about negative feedback or complaints as they cover areas for improvement. For data analytics purposes, complaints received from clients are lodged in an automated tracking system to manage our defined turnaround time in resolving them and to serve as a database of all customer complaints, including the record of actions taken. This process is implemented in four steps, namely:

- (1) Acknowledgement
- (2) Decision/Disposition by designated senior officers
- (3) Investigation and communication of feedback to the customer concerned
- (4) Resolution of complaint

While all personnel are given access to the system for the reporting of customer complaints and feedback, the investigation and resolution are handled by the following:

- **Service Recovery Team (SRT):** consists of the Consumer Assistance Management Department. The team is responsible for investigation, resolution, and documentation of all customer complaints and feedback received across all channels. The SRT also works with other departments, divisions, or groups in the implementation of

interim and long-term resolution (e.g., process improvement efforts, policy revision, system enhancement, personnel training).

- **Designated Senior Officers:** consists of senior officers or group heads tasked to provide decision/disposition to the customer complaint.

- **Emergency Recovery Team (ERT):** All complaints/feedback that are qualified under fraud or those that may be classified as high risk are immediately escalated to the ERT which consists of the executive vice President (EVP), the customer experience and human resource group (CXHRG) head, information technology group (ITG) head, branch banking group (BBG) head, and marketing group (MG) head. Issues requiring PR solutions or those with media impact are also submitted to the PR and corporate communications head.

- **Process Owner Representative:** respondents to the complaint. They can also be subject matter experts who may provide valuable inputs in the immediate resolution of the complaint.

- **FCPA Roundtable:** a top-level advisory and action group led by a Senior Officer who acts as a coach. The FCPA roundtable's primary objective is to create a venue for discussion of customer issues, develop and recommend actions that will lead to continuous structural improvements.

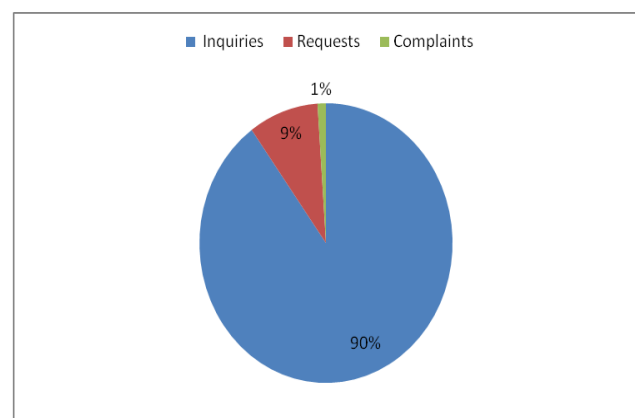
At the end of each day, all customer issues received are reported to a pool of senior officers, including the President and the executive vice President. The consolidated report is likewise submitted to the RMO on a monthly basis as part of the Key Risk Indicator (KRI) reports.

Each valid complaint arising from a service/process lapse shall have a corresponding one demerit point against the responsible personnel's performance rating.

CUSTOMER INTERACTION: Aside from the branches, we offer other channels for customer interaction. The Customer Experience Operations Division handles loan and deposit inquiries, requests, and complaints coursed through Direct Banking, Call Banking, email, LiveChat, SMS, website, PSBank Online, PSBank Mobile and social media. All these channels are managed 24/7, except for Direct Banking which caters to walk-in clients.

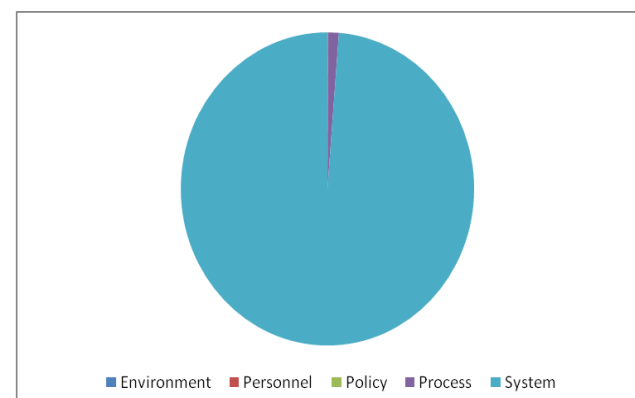
Utilization/engagement per Channel:

Nature of Txn	TOTAL	%
Inquiries	568,766	90%
Requests	56,336	9%
Complaints	5,287	1%
	630,389	100%



Complaints:

NATURE OF COMPLAINT	TOTAL	%
Environment	0	0.00%
Personnel	2	0.04%
Policy	1	0.02%
Process	63	1.19%
System	5,221	98.75%
	5,287	100%



Data Privacy

PSBank respects and values data privacy rights and makes sure that all personal data collected from its data subjects (i.e. employees, clients & customers, suppliers, etc.) are processed in adherence to the principles of transparency, legitimate purpose, proportionality, quality and security in compliance with Republic Act No. 10173 otherwise known as “The Data Privacy Act of 2012”, its Implementing Rules and Regulations and the related issuances of the National Privacy Commission (NPC). Our Board-approved Data Privacy Policy encapsulates the privacy and data protection protocols/security measures that need to be observed and carried out within the Bank for specific circumstances (i.e. from collection to destruction) directed towards the fulfilment and realization of the rights of our data subjects and protection of personal data against natural dangers such as accidental loss or destruction, and human dangers such as unlawful access, fraudulent misuse, unlawful destruction, alteration and contamination. It was updated in September 2024 to articulate on the criteria when establishing and using legitimate interest as the lawful basis of processing personal without requiring the data subject’s consent pursuant to NPC Circular No. 2023-07 dated 13 December 2023 re: “Guidelines on Legitimate Interest” and NPC Advisory No. 2024-02 dated 12 August 2024 re: “Basis for Relying on Section 13(f) of the Data Privacy Act (DPA) in Processing Personal Data Instead of the Data Subject’s Consent”; incorporate the general data privacy guidelines in the Bank’s processing of personal data using CCTV cameras pursuant to NPC Circular No. 2024-02 dated 09 August 2024 re: Closed Circuit Television (CCTV) Systems; articulate Privacy-by-Design and Privacy-by-Default approach in the development, review and/or revision of policies, guidelines, projects and/or programs/systems of the Bank; include under the Bank’s physical security measures the prohibition of using of facsimile technology (fax machine) for transmitting documents containing personal per NPC Circular 2023-06 dated 01 December 2023 data; and articulate on the National Privacy Commission’s web-based/online registration platform Registration System (NPCRS) and its entailing requirements. .

BOARD OVERSIGHT

The Board of Directors sets the corporate governance tone in our organization by ensuring adherence to principles and standards. It is accountable to our stakeholders in running our Bank in a prudent and sound manner to ensure long-term sustainability and success. It is primarily responsible for developing, reviewing, and approving our strategic objectives annually and thereafter monitoring and overseeing the effective implementation with due consideration of our risk strategies, corporate governance and corporate values. It monitors management’s performance against set targets and makes sure that appropriate controls and systems of checks and balances are in place and operating effectively.

For the most part until September 2024 when one of our Independent Directors passed away, there were nine Directors in our Board, four of whom are Independent Directors, four are Non-Executive Directors, and one is an executive Director who is also the President of the Bank. They are all qualified business professionals with the required expertise and experience in directing our strategic path. Their selection was based on their qualifications (i.e., integrity/probity, physical/mental fitness, competence, relevant education/financial literacy/training, diligence and knowledge/experience) without discrimination against gender, age, and ethnic, political, religious, or cultural backgrounds, and therefore achieving diversity in the Board.

In accordance with our By-Laws, Directors are elected by the vote of the holders of common stock of the Bank in accordance with Section 23 of the Revised Corporation Code of the Philippines and other pertinent applicable laws. Any stockholder may submit nominations for Directorial positions to the Corporate Governance Committee. The Committee then screens the qualifications of the nominees in accordance with screening policies and procedures, and parameters, including alignment with our strategic directions by attaining an optimal mix of skills and talents and balanced Board membership.

In identifying potential candidates, the Bank may consult whatever resources it deems appropriate, including but not limited to, referrals from existing Directors and officers, recommendations from a third-party search firm or suggestions from stockholders or by checking on the external databases of the Institute of Corporate Directors (ICD) or other professional search firms. Only nominees whose names appear in the final list of candidates are considered for election as Directors at the annual meeting of the stockholders.

We have consistently maintained Independent Directors who provide independent judgment, outside experience, and objectivity. In our nine-seat Board, we have four Independent Directors. This is more than the required minimum number of Independent Directors. We do not have any Non-Executive Director holding a total of more than five Board seats in publicly listed companies.

Non-Executive Directors, including Independent Directors, meet regularly on an annual basis, other than in meetings of the Audit, Risk Oversight, Corporate Governance and other Board-level committees in the absence

of any executive Director and Senior Management, with the external auditor and the heads of internal audit, compliance and risk management functions to scrutinize management's performance particularly in meeting our goals and objectives and to determine the integrity of our internal controls and effectiveness of risk management systems. Further, the Board also meets annually with the Audit Committee without the presence of the President/Chief Executive Officer (CEO) and any other management team members to discuss and resolve any significant issues.

Our Chairman provides active leadership by ensuring that our Board and its various committees function effectively, including maintaining a relationship of trust among Board members. Our Chairman also ensures that our Board follows a sound decision making process.

Individual Directors are tasked to observe the fit-and-proper rule. They are expected to conduct fair business dealings, avoid conflict of interest, and observe confidentiality. They must act honestly, judiciously and in good faith, and uphold the best interest of our Bank and its stakeholders. They must also devote time and attention to their duties and responsibilities and contribute to our Board's decision-making process. They must exercise independent judgment and have a working knowledge of laws, rules and regulations applicable to our Bank.

All new members of the Board of Directors are furnished with a copy of their duties and responsibilities and are provided with a comprehensive training on corporate governance, as part of the BSP's requirements in confirming elected bank Directors. Together with our principal officers, our Directors attended in July 2024 an annual refresher program on Corporate Governance via Zoom webinar pursuant to SEC Memorandum Circular No. 20 s2013 and as conducted by the Center for Global Best Practices (CGBP), a SEC-accredited training provider. Topics covered in said webinar are Best Leadership Practices for Fast and Effective Change Management, Executive Briefing on Governance Framework on Data Protection and Cyber-security, Updates on Anti-Money Laundering Act (AMLA) and The Next Level in ESG & Sustainability-Going Beyond Compliance and Reporting.

Our Board has access to our Corporate Secretary who manages the flow of information to the Board prior to the meetings. The Office of the Corporate Secretary plays a significant role in supporting the Board in discharging its responsibilities as it administers, attends, and prepares the agenda and minutes of Board meetings, and ensures that notices required under the By-Laws and/or applicable rules are given to all Directors and stockholders. Regular Board meetings are also scheduled in advance which are normally set every third Thursday of the month. Directors typically attend Board meetings in person or face-to-face and are given the access/option also to attend virtually whenever necessary or as applicable. This is to provide flexibility and convenience to the members of the Board.

Our Board also reviews and approves all policy manuals to ensure that regulatory changes and best practices are included. They have access to a permanent compilation of documents related to past Board activities. They can readily seek clarification from Senior Management should they have concerns about our Bank or any item submitted for their consideration.

Board Committees

A number of Board-level committees were created to aid our Board in its various tasks to ensure efficiency and provide greater focus. Four of these committees are in charge of governance oversight functions, as follows:

The **Corporate Governance Committee (CGC)** is tasked to assist our Board in fulfilling its duties and responsibilities and monitoring our adherence to the corporate governance principles and guidelines set forth in our Corporate Governance Manual, including the functions formerly assigned to the Nomination Committee and Compensation and Remuneration Committee which were both dissolved and integrated into this committee since 2017. It also oversees the development and effective implementation of our compliance system. The Committee is composed of three Directors, all of whom are Independent Directors, including the committee Chairperson. The Committee meets monthly and is supported by our Compliance Office (CO).

The **Risk Oversight Committee (ROC)** is responsible for the development and oversight of our risk management program. The Committee is composed of three members of the Board of Directors. Two or majority of its voting members are Independent Directors, including its Chairperson, who is neither the Chairman of the Board nor of any other Board-level committee. The ROC members possess a range of expertise and adequate knowledge of our risk exposures, which is needed to develop appropriate strategies for preventing or minimizing losses. The Committee meets monthly and is supported by our Risk Management Office (RMO).

The **AML Oversight Committee (AMLOC)** is tasked to assist our Board in fulfilling its oversight responsibility over our AML compliance management. It ensures that we comply with the provisions of the Anti-Money Laundering Act (AMLA), as amended, its Revised Implementing Rules and Regulations (RIRRs), the provisions of the Anti-Terrorism Act (ATA), the Anti-Financing of Terrorism Act (AFTA), the Strategic Trade Management Act (STMA) and their Implementing Rules and Regulations (IRRs); the regulatory issuances and orders of the Anti-Money Laundering Council (AMLC) and BSP AML/CFT regulations to the end that the Bank shall not be used as a vehicle to legitimize the proceeds of unlawful activity or to facilitate or finance terrorism. The Committee is composed of three Directors, of whom two are Non-Executive Directors, including the Chairperson and an Independent Director. The Committee meets monthly and is supported by our Compliance Office (CO).

The **Audit Committee (AuditCom)** is designated to provide independent oversight for our financial reporting process, system of internal control and risk management, internal and external audits, as well as fraud management functions, and monitoring of compliance with Bank policies, applicable laws, rules, regulations, and Code of Conduct. It is composed of three Non-Executive Directors, all of whom are independent, including the committee Chairperson, who is not the Chairman of the Board of Directors or of any other Board-level committee. The committee members have accounting, auditing, or related financial management expertise or experience commensurate with the size, complexity of operations and risk profile of the Bank. The Committee meets monthly and as needed, and is supported by our Internal Audit Group (IAG) and the Fraud Management Group (FMG).

Other Board-level committees are as follows:

The **Executive Committee (ExCom)** is tasked, among others, to regularly review and approve credit proposals within its limits. It recommends additional conditions and requirements on loan applications. The Committee is composed of four Directors which includes the President, and our Credit & Collections Group Head as the Bank's representative.

The **Related Party Transactions Committee (RPTC)** is tasked to assist the Board in ensuring that transactions with related parties are reviewed, appropriate restrictions are followed, and corporate resources are judiciously used. The Committee is composed of three Non-Executive Directors, two or majority of whom are Independent Directors, including the committee Chairperson. It meets monthly and is supported by our Compliance Office (CO).

The **Trust Committee (TrustCom)** is a special committee tasked to be primarily responsible for overseeing the fiduciary activities of the Bank. It is composed of five members, namely: the President, the Trust Officer, a non-executive director, an independent director who is the committee chairperson, and an independent professional. It meets quarterly, and is supported by our Trust Division.

The attendance records in 2024 for these committees were logged as follows:

Corporate Governance Committee (CGC)

Members	Position	Attendance	%
Francisco S. Magsajo, Jr.* <i>Independent Director</i>	Chairperson	6/8	75%
Eduardo A. Sahagun <i>Independent Director</i>	Member	11/12	92%
Rufino Luis T. Manotok <i>Independent Director</i>	Member	12/12	100%
Gilbert L. Nunag <i>Chief Compliance & Data Protection Officer</i>	Secretary	12/12	100%

*Term ended on September 17, 2024 (deceased).

Risk Oversight Committee (ROC)

Members	Position	Attendance	%
Ronald Luis S. Goseco <i>Independent Director</i>	Chairperson	12/12	100%
Jose Vicente L. Alde <i>Executive Director/President</i>	Member	12/12	100%

Members	Position	Attendance	%
Eduardo A. Sahagun <i>Independent Director</i>	Member	12/12	100%
Edeza A. Que <i>Chief Risk & Sustainability Officer</i>	Secretary	12/12	100%

AML Oversight Committee (AMLOC)

Members	Position	Attendance	%
Ferlou I. Evangelista* <i>Non-Executive Director</i>	Chairperson	8/8	100%
Vicente R. Cuna, Jr.** <i>Non-Executive Director</i>	Member	12/12	100%
Francisco S. Magsajo, Jr.*** <i>Independent Director</i>	Member	6/8	75%
Rosanna F. De Vera**** <i>Non-Executive Director</i>	Member	3/4	75%

*Elected as Non-Executive Director in April 2024 and replaced Mr. Cuna Jr. as AMLOC Chairperson starting May 2024.

**Served as AMLOC Chairperson until April 2024.

*** Term ended on September 17, 2024 (deceased).

****Served as AMLOC member until April 2024.

Audit Committee (AuditCom)

Members	Position	Attendance	%
EDUARDO A. SAHAGUN <i>Independent Director</i>	Chairperson	13/14	93%
RUFINO LUIS T. MANOTOK <i>Independent Director</i>	Member	14/14	100%
RONALD LUIS S. GOSECO <i>Independent Director</i>	Member	14/14	100%
SHERWIN U. LEE <i>Chief Audit Executive</i>	Secretary	14/14	100%

Executive Committee (ExCom)

Members	Position	Attendance	%
Vicente R. Cuna, Jr. <i>Non-Executive Director</i>	Chairman	12/12	100
Arthur V. Ty <i>Non-Executive Director</i>	Member	10/12	83
Jose Vicente L. Alde <i>Executive Director/President</i>	Member	12/12	100
Rosanna F. De Vera* <i>Non-Executive Director</i>	Member	4/4	100
Ferlou I. Evangelista** <i>Non-Executive Director</i>	Member	8/8	100
Mary Myleen M. Masanque <i>PSBank Representative</i>	Member	12/12	100
Jose M. Manuel, Jr. <i>Legal Services Division Head</i>	Secretary	12/12	100
Arlyn S. Montebon <i>Legal Documentation Department Head</i>	Alternate Secretary		

*Term ended in April 2024.

**Elected as Non-Executive Director in April 2024 and replaced former Non-Executive Director Ms. De Vera as ExCom Member starting May 2024.

Related Party Transactions Committee (RPTC)

Members	Position	Attendance	%
Ma. Soledad D.S. De Leon * <i>Non-Executive Director</i>	Member	1/1	100%
Rufino Luis T. Manotok <i>Independent Director</i>	Chairperson	12/12	100%
Ronald Luis S. Goseco <i>Independent Director</i>	Member	12/12	100%
Frances Gail. E. Male ** <i>Non-Executive Director</i>	Member	8/8	100%

Members	Position	Attendance	%
Gilbert L. Nunag <i>Chief Compliance & Data Protection Officer</i>	Secretary	12/12	100%

* Resigned effective January 31, 2024.

**Elected as Non-Executive Director in April 2024 and replaced former Non-Executive Director Ms. De Leon as RPTC Member starting May 2024.

Trust Committee (TrustCom)

Members	Position	Attendance	%
Francisco S. Magsajo Jr.* <i>Independent Director</i>	Chairperson	2/4	50%
Rommel Enrico C. Dionisio <i>Independent Professional</i>	Member	4/4	100%
Jose Vicente L. Alde <i>Executive Director/President</i>	Member	4/4	100%
Ma. Soledad D.S. De Leon** <i>Non-Executive Director</i>	Member	1/1	100%
Reuel R. Javier <i>Trust Officer</i>	Member	4/4	100%
Frances Gail E. Male** <i>Non-Executive Director</i>	Member	3/3	100%

* Term ended on September 17, 2024 (deceased) and was replaced by newly elected Independent Director Ms. Cecilia C. Borrromeo as TrustCom Chair in January 2025.

**Ms. De Leon resigned effective January 31, 2024 and was succeeded by Non-Executive Director Ms. Frances Gail E. Male as TrustCom member in April 2024.

Board Meetings. In 2024, our Board had 14 meetings, in addition to the annual stockholders' meeting (ASM) and organizational meeting. Directors logged a 94% attendance rate. Attendance records to Board meetings in 2024 are summarized below.

MEMBERS	ATTENDANCE	%	ASM
Vicente R. Cuna, Jr. <i>Chairman and Non-Executive Director</i>	14/14	100	YES
Arthur V. Ty <i>Vice Chairman and Non-Executive Director</i>	13/14	93	YES
Rufino Luis T. Manotok <i>Independent Director</i>	14/14	100	YES
Ronald Luis S. Goseco <i>Independent Director</i>	14/14	100	YES
Eduardo A. Sahagun <i>Independent Director</i>	12/14	86	YES
Jose Vicente L. Alde <i>President and Executive Director</i>	14/14	100	YES
Ma. Soledad D.S. De Leon* <i>Non-Executive Director</i>	1/1	100	N/A
Rosanna F. De Vera** <i>Non-Executive Director</i>	4/4	100	N/A
Ferlou I. Evangelista* <i>Non-Executive Director</i>	10/10	100	YES
Frances Gail E. Male** <i>Non-Executive Director</i>	10/10	100	YES
Francisco S. Magsajo, Jr.*** <i>Independent Director</i>	5/9	56	YES

* Mr. Evangelista was elected as Director in April 2024, replacing Ms. De Leon who resigned in January 2024.

** Ms. Male was elected as a Non-Executive Director and replaced former Non-Executive Director Ms. De Vera in April 2024.

*** Term ended on September 17, 2024 (deceased).

SENIOR MANAGEMENT OVERSIGHT

Senior Management. Our Senior Management team, headed by our President as the Chief Executive Officer (CEO), consists of a core group of senior officers who manage our day-to-day operations and business affairs. They exercise good governance by ensuring that line managers under their respective areas of responsibility

execute their activities in a manner consistent with Board-approved policies and strategic directions. These should be aligned with applicable laws, rules and regulations, as well as standards of good practice.

Management Committees. To achieve efficiency and provide greater focus for our Senior Management in overseeing key areas of banking operations, we have various Management-level committees tasked as follows:

- The **Assets and Liabilities Committee (ALCO)** manages our assets and liabilities consistent with our liquidity, capital adequacy, growth, risk tolerance and appetite, and profitability goals.
- The **Credit Committee (CRECOM)** regularly reviews and approves credit proposals within the authority and limits set by our Board.
- The **Anti-Money Laundering Compliance Committee (AMLCC)** is designated by the Board to receive, evaluate, and decide whether or not a Suspicious Transaction Report (STR) shall be filed with the Anti-Money Laundering Council Secretariat (AMLC) for cases or incidents reported or elevated by various business or operating units of the Bank. It also provides support to our Compliance Office in terms of AML policy review/development, and in addressing AML deficiencies/adverse findings.
- The **Outsourcing Oversight Committee (OOC)** oversees the accreditation of service providers, performance monitoring, post-implementation reviews including materiality, environment and social risk assessment and contract renewals in accordance with our Board-approved risk-based Outsourcing Policy Guidelines pursuant to existing BSP rules and regulations on outsourcing.
- The **IT Steering Committee (ITSC)** monitors IT performance and institutes appropriate actions to ensure achievement of desired results. It is accountable for designing and implementing our Board-approved Information Technology Risk Management System (ITRMS).
- The **Emergency Committee (EMCOM)** manages and monitors the effective implementation of our Business Continuity Plan (BCP). It aims to provide our Bank with the capability to continue its critical functions and processes by identifying, assessing and managing emergency scenarios and other business interruptions.
- The **Policy Committee (POLCOM)** resolves policy-related issues that require escalation or cross-functional discussion.
- The **Personnel Committee (PERCOM)** assists our Senior Management in evaluating the performance and career advancement of our employees, deciding on employee offenses/administrative cases, and in maintaining personnel policies and procedures, including our Code of Conduct.
- The **Retirement Committee (RETCOM)** exclusively administers our Gratuity and Retirement Benefit Plan.
- The **Related Party Transactions Management Committee (RPTMC)** assists the Board-level RPTC and the Board of Directors in ensuring that transactions with related parties, with respect to those considered as “non-material” (i.e., within the set transaction materiality thresholds) are conducted at arm’s length/fair terms and conditions.
- The **Investment Committee (INCOM)** establishes investment guidelines and oversees the investment activities of the Bank. It monitors and reports the overall investment results and reviews compliance with investment objectives and guidelines.
- The **Occupational Safety and Health Committee (OSHC)** serves as the official planning and policy-making group of the Bank in all matters pertaining to safety and health pursuant to Rule 1040 of the DOLE’s Occupational Safety and Health (OSH) Standards.

OUR GOVERNANCE VANGUARDS

Our compliance, risk management, and internal audit functions are the forerunners in our relentless drive to promote and uphold the noblest tenets and highest standards of good corporate governance across all our business operations.

Compliance

Ensuring our compliance with applicable laws, rules and regulations, as a minimum requirement, is our collective duty and team effort. It begins with our Board and Senior Management at the top and down the line to our various business and operating units in accordance with our Board-approved compliance system. The design and implementation of this program is administered and annually updated by our Compliance Office, led by our Chief Compliance Officer (CCO) who directly reports to our Corporate Governance Committee and to our Board.

Our annually updated Bank Compliance Program has a three-pronged, risk-based approach to effectively manage our compliance risks by ensuring compliance with pertinent banking laws, rules and regulations, codes of conduct, policies and standards of good practice. Its priority, focus and compliance testing frequency depends on the pre-assessed level of risk the business/operating units are inherently exposed relative to the number and magnitude or severity of pertinent requirements applicable to them. It was updated in October 2024 to enhance certain compliance processes, update Compliance Office's organizational structure and document certain existing compliance practices.

This three-pronged strategy is structured to be operated by three key players, namely:

1. The line units are the first line of defense being the risk owners and managers.
2. The Compliance Office (CO) is the second line of defense and the compliance risk overseers.
3. The Internal Audit Group (IAG) is the third line of defense as the independent assurance provider.

Aside from monitoring and controlling compliance risk, our Chief Compliance Officer (CCO) also tracks our Bank's adherence to our Corporate Governance Manual, which is aligned with the SEC's Revised Code of Corporate Governance for Publicly-Listed Companies, and embodies all CG-related rules and regulations of the BSP. Cases of non-compliance are required to be reported to our Board Chairman who ensures due process and determines appropriate sanctions. The Bank fully and continually complies with the material requirements of the SEC's Revised Code of Corporate Governance for Publicly-Listed Companies as embodied in its Board-approved Corporate Governance Manual.

Our Compliance Office continually strives to maintain our strong compliance culture in the midst of an ever-dynamic banking regulatory landscape. It proactively identifies and monitors, assesses, and addresses emerging compliance issues, vigorously promotes continuing education through formal/informal trainings, compliance awareness testing, compliance checking, and advisory service through a clear and open communication line; and fosters good corporate governance culture by benchmarking against industry best practices and standards.

Internal Audit

The Internal Audit Group (IAG) is established by the Board of Directors. Its responsibilities are defined by the Audit Committee (AuditCom) as part of its oversight function. The purpose of the internal audit function is to strengthen the Bank's ability to create, protect and sustain value by providing the Board and Management with independent, risk-based and objective assurance, advice, insight, and foresight.

IAG adheres to the Institute of Internal Auditors' Global Internal Audit Standards. IAG is headed by the Chief Audit Executive (CAE) who reports functionally to the Board through the AuditCom and administratively to the President. The CAE annually confirms to the Board the organizational independence of the internal audit activity and its conformance with the Standards.

IAG, with strict accountability for confidentiality and safeguarding records and information, is authorized to:

1. Have full, free, and unrestricted access to all Bank functions, records, properties, and personnel pertinent to carrying out any engagement;
2. Have direct and unrestricted access to Senior Management and the Board through the AuditCom;
3. Allocate resources, set frequencies, select subjects, determine scopes of work, apply the required procedures and techniques, and issue communications to accomplish the internal audit function's objectives; and
4. Obtain assistance from the necessary Bank personnel and other specialized services from within or outside the Bank to complete internal audit services.

To maintain independence and objectivity, IAG remains free from interference by any element in the organization, including audit selection, scope, procedures, frequency, timing, or report content.

OUR REMUNERATION POLICY

Our Directors and officers are provided with an industry competitive compensation package to attract, motivate, and retain highly qualified people. The salary scales of our officers, including that of our President or Chief Executive Officer (our sole executive Director), are generally based on the nature of their jobs, positions, and ranks. These are reviewed annually vis-à-vis annual performance scorecards so structured to achieve business objectives and adjusted as needed, based on performance.

Our compensation package for non-officers/rank-and-file employees is in accordance with labor law requirements and is linked to both performance and our contractual obligation under a collective bargaining agreement which include loyalty bonuses for long-term employees.

We also grant fixed bonuses, including a 13th-month pay in accordance with the law, and a performance bonus (non-guaranteed) based on our overall performance, individual performance, and market conditions.

Our Board sees to it that this remuneration strategy is regularly reviewed to ensure that the policy is commensurate with corporate and individual performance, aligned with our long-term interests, compliant with labor laws and regulations, and benchmarked against our industry peers and other market considerations, while also maintaining internal equity.

Except for the President/Chief Executive Officer, each Director receives a monthly professional fee for attending Board and committee meetings. This is also in consideration of their valuable contributions in the formulation of the Bank's overall strategy.

The total per diem and transportation allowance paid to Directors for their attendance in Board meetings for the period January to December 2024 was Php17.3 Million. Our remuneration policy for Directors indicates that the Chairman, Vice Chairpersons, and each of the Directors receive reasonable per diems for attendance at any Board meeting. There is nothing in the By-Laws that prevents any Director from serving any other capacity and receiving compensation.

We have been consistent in preaching the philosophy of meritocracy, such that our total rewards programs are geared towards providing incentives to employees who have contributed to the success of the Bank.

- **Merit Increase.** Annual increases are given to employees based on their relative performance within the organization. The Bank has adopted an increase matrix that rewards high performers without neglecting those rated as standard performers, or those who were able to perform as expected. Rewarding the most productive encourages others to perform better. This procedure on merit increase comes immediately after the performance appraisal exercise for the employees to relish the fruits of their hard work and contributions to the growth of the Bank.
- **Other Performance Incentives.** Based on the overall company performance, i.e., attainment by the Bank of a stipulated income, we grant a return on equity (ROE) bonus to rank-and-file employees.
- **HEIGHTS: Reaching the Peak of Topnotch Performance.** This productivity-based award is given quarterly and annually to an individual or team for achieving exceptional performance. In 2024, top-performing PSBankers from Branch Banking Group, Credit and Collections Group, and Indirect Sales Channel Group were recognized for achieving 100% or higher of their target productivity.
- **Job Evaluation.** We regularly conduct job evaluation to measure and benchmark Bank positions vis-à-vis the banking industry and for certain niche roles, with other industries too.
- **Salary Structure Program.** We conduct salary restructuring to ensure that the salaries of the employees are equitable to what the industry offers. The Bank recognizes the need to attract and retain top talent, thus it reviews the existing scale periodically to ensure competitiveness.

SENIOR MANAGEMENT SELECTION PROCESS

The Bank has pre-defined job descriptions for its Senior Management positions (i.e., those to be held by officers from assistant vice President and up). It evaluates the qualifications of internal and/or external candidates for the available positions.

Every candidate undergoes a series of interviews by the line head, Customer Experience and Human Resources Group, and the President. Any hiring or appointment to the role is subject to the approval of the President and the Board of Directors.

OUR RETIREMENT AND SUCCESSION POLICY

As a matter of policy, the compulsory retirement age for our regular employees (officers and staff) is at 55 years old. This has been established in our Retirement and Gratuity Plan, duly approved by the Bureau of Internal Revenue. To aid in workforce planning, we review the roster of employees reaching the compulsory retirement age before the end of the applicable year.

Appropriate notification is arranged, and deferential treatment is accorded to retired employees, ensuring that they receive the compensation for their loyal service within 30 days after their effective date of retirement.

In 2024, succession was again among our focus areas for Talent Management. The Bank continued with its comprehensive Succession Planning Program which consists of five stages: (1) identification of the successor, (2) assessment of the gap, (3) addressing the gap, (4) evaluation, and (5) implementation. This instituted program helps ensure the continuity and viability of the business. Positions that are critical to the business have identified “Ready Now” and “Ready Later – Ready in 1-3 Years or Ready in 3-5 Years” replacements, which are reviewed periodically. Potential successors are subjected to Individual Development Plans, which are a combination of classroom trainings, cross-postings, immersions, and/or development assignments. Strategic workforce planning is also implemented annually to ensure that critical positions are filled up and that Talent Acquisition is ready to provide external talents if deemed necessary.

Except for certain persons such as Filipino citizens with recognized stature, influence, and reputation in the banking and business community, and whose business practices stand as testimonies to good corporate governance, we have adopted an age limit of 75 years old as a general rule for Directors, patterned after that of our parent bank. Upon the recommendation of the Corporate Governance Committee, this age limit for Directors may be waived by the Board if such a waiver is deemed to the best interest of the Bank. Our Independent Directors may only serve as such for a maximum cumulative term of nine years, after which the Independent Director shall be perpetually barred from re-election, but may continue to qualify for nomination and election as a non-independent or regular Director. Succession or filling up any vacancies in the Board of Directors shall be made by the vote of at least a majority of the remaining Directors, if still constituting a quorum. Vacancies occurring by reason of removal by the stockholders, by expiration of term, or by an increase in the number of Directors, however, shall be filled by the stockholders in a regular or special meeting called for this purpose.

OUR DIVIDEND POLICY

Dividends to be paid in cash are subject to the approval by a majority of the Board of Directors. Dividends to be paid in the form of stocks require the approval of a majority of the Board and the approval of shareholders representing no less than two-thirds of our outstanding capital stock.

Consistent with SEC rules, cash dividends declared by the Bank must have a record date of not less than 10 but not more than 30 business days from the date the cash dividends are declared/approved by the Board. With respect to stock dividends, the record date should not be less than 10 but not more than 30 business days from the date of the stockholders’ approval; provided, however, that the set record date should not be less than 10 business days after the PSE has received the notice of declaration of stock dividend. BSP regulations have since allowed banks to fix the record date and payment date on the date of dividend declaration, and pay such dividends without prior BSP approval, with the exception of banks with major supervisory concerns. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the SEC.

Unless approved by a majority vote of the Board at a different rate depending on our earnings/results of operations, cash flow, financial condition and other factors or otherwise restricted/prohibited from declaring/paying dividends, the Bank regularly declares out of its unrestricted retained earnings and pays cash dividends at a payout ratio of Php3.00 per share per annum or Php0.75 per share per quarter, provided that these comply with the regulatory requirements of the SEC and the BSP. Circumstances which could restrict the payment of cash dividends include, but are not limited to, when the Bank undertakes major projects and developments requiring substantial cash expenditures or when it is restricted from paying cash dividends by its loan covenants. Provided likewise that the Bank is not restricted/prohibited from declaring/paying dividends and that all such regulatory requirements are complied with, the Bank may also declare out of its unrestricted retained earnings and pay out special cash dividends (on top of its regular quarterly cash dividends) at such rate as may also be approved via majority vote of the Board of Directors.

The aggregate amount of quarterly cash dividends declared by the Bank in 2024 stood at Php1.28 Billion. Details are shown under Note 21 of the Audited Financial Statements section.

OUR GOVERNANCE EVALUATION

Every first quarter of each year, our Board, individual Directors, their respective oversight committees, and all other Board-level committees, as well as the President and all Management-level committees, conduct annual self-rating exercises on their performance during the immediately preceding calendar year.

Using scorecards, this exercise aims to gauge their effectiveness and determines the areas of improvement vis-à-vis set performance standards that are consistent with our strategic objectives and business plans designed to continuously create value to all our stakeholders. Items subject to rating are the pertinent standards, as well as their duties and responsibilities, under a 3-point rating scale, to wit: “3”-Meets Standards (MS), “2”-Needs Improvement (NI), and “1”-Not Observed (NO), with an enjoinder to provide suggestions on how to address the deficiencies/improve performance on items rated either “1” or “2”.

Our Corporate Governance Committee reviews the scorecard results, which are reported to our Board of Directors and, thereafter, regularly tracked in terms of the status of addressing the areas needing improvement. This annual performance rating exercises also include that of the Chairman of the Board, the Chief Risk Officer, the Chief Audit Executive, the Chief Compliance Officer, Directors/officers with multiple/interlocking positions and of the entire Bank.

Trainings

In 2024, the PSBank Business Campus (PBC) continued to offer a mix of in-person and virtual trainings for PSBankers all year-round. These hybrid setups helped ensure that employees get the Learning and Development programs they need – whether they are joining through virtual platforms or attending the learning sessions face-to-face.

Among the teams which received customized and targeted programs is Information Technology Group (ITG), one of the biggest employee groups in the Bank. With the goal of making the Bank’s IT workforce adept with Industrial Revolution 4.0 skills, they were included again in the priority learners for 2024.

The IT trainings with the most number of attendees were the following:

IT Training Programs (Technical and Developmental)	Number of Participants
Workplace Wellness: Towards A Healthier You	73
Introduction to Agile Project Management	36
Essentials of Strategic Management	33
Basic SQL	27
React and Node.js	27
Systems Analysis and Design	26
Project Management Fundamentals	22
Windows Operating System Installation and Administration	22
C# Fundamentals	21
Linux Operating System and Administration	20
Leadership for Beginners	19
U-BIX Troubleshooting	17
Internal Controls and Audit	14
Effective Time Management	14
Basic Scripting Linux	14
Leading with Emotional Intelligence	14
ITIL Problem Management and Its Practical Application to PSBank	13
Effective Presentation	13
ITIL Event Management and Its Practical Application to PSBank	10
Basics of Project Management	10
Experiential Change Management and Simulation Game	10

Aside from tailor-fit technical and developmental trainings, PBC also continued to produce a pool of IT Leaders through the IT Officership Program (ITOP). Eighteen (18) additional participants of ITOP concluded their trainings and are currently assigned as Systems Analysts (15), Network Specialist (1), and Systems Engineers (2) — ready to assume various fields of specializations in IT. As advocates of continuous learning, the ITG personnel also looked for external trainings, short courses, and training sessions – some of which were free – which they could enroll in, based on the program’s applicability to their respective functions. A total of 1,064 IT trainings were delivered in 2024 – 82 of these were internal and 982 were online, self-paced external sessions.

HR-Learning & Development (L&D) continued its collaboration with ITG in 2024 to enhance the Bank’s Cloud-based Learning Management System, MOODLE (Modular Object-Oriented Dynamic Learning Environment). This initiative strengthened our commitment to delivering innovative and accessible training solutions, keeping PSBankers #AlwaysForward in their learning journey.

PHILIPPINE SAVINGS BANK
STATEMENTS OF CONDITION

	December 31				Amount	%	Amount	%	Amount	%
	2024	2023	2022	2021	2024 vs 2023		2023 vs 2022		2022 vs 2021	
ASSETS										
Cash and Other Cash Items	₱1,781,441,158	₱1,653,554,961	₱1,930,720,274	₱2,801,335,279	₱127,886,197	7.73%	(₱277,165,313)	-14.36%	(₱870,615,005)	-31.08%
Due from Bangko Sentral ng Pilipinas	1,183,357,292	9,745,633,911	37,553,243,574	52,427,713,760	(8,562,276,619)	-87.86%	(27,807,609,663)	-74.05%	(14,874,470,186)	-28.37%
Due from Other Banks	1,815,099,522	1,764,229,676	2,910,493,038	1,366,924,524	50,869,846	2.88%	(1,146,263,362)	-39.38%	1,543,568,514	112.92%
Interbank Loans Receivable and Securities Purchased										
Under Resale Agreements	400,000,000	6,989,635,680	2,669,609,031	4,532,877,908	(6,589,635,680)	-94.28%	4,320,026,649	161.82%	(1,863,268,877)	-41.11%
Fair Value Through Profit or Loss (FVTPL) Investments	300,599,156	414,298,313	35,875	44,701	(113,699,157)	-27.44%	414,262,438	1154738.50%	(8,826)	-19.74%
Financial Assets at Fair Value Through Other										
Comprehensive Income (FVOCI)	25,892,190,851	54,359,693,631	69,660,715,882	60,266,504,348	(28,467,502,780)	-52.37%	(15,301,022,251)	-21.97%	9,394,211,534	15.59%
Investment Securities at Amortized Cost	30,096,321,212	29,893,168,043	30,422,284,704	20,962,346,722	203,153,169	0.68%	(529,116,661)	-1.74%	9,459,937,982	45.13%
Loans and Receivables	143,823,452,568	122,764,412,226	109,697,304,552	110,111,505,826	21,059,040,341	17.15%	13,067,107,675	11.91%	(414,201,274)	-0.38%
Investment in a Joint Venture	892,036,809	870,178,530	816,284,853	762,926,364	21,858,279	2.51%	53,893,677	6.60%	53,358,489	6.99%
Property and Equipment	3,193,122,788	3,141,957,377	3,126,723,127	2,938,455,849	51,165,411	1.63%	15,234,250	0.49%	188,267,278	6.41%
Investment Properties	3,640,816,902	3,934,950,184	4,031,471,065	3,508,598,106	(294,133,282)	-7.47%	(96,520,881)	-2.39%	522,872,959	14.90%
Deferred Tax Assets	1,318,508,161	1,257,607,610	280,113,544	576,786,519	60,900,552	4.84%	977,494,066	348.96%	(296,672,975)	-51.44%
Goodwill and Intangible Assets	460,788,987	298,197,196	333,890,899	361,193,084	162,591,791	54.52%	(35,693,703)	-10.69%	(27,302,185)	-7.56%
Other Assets	1,559,037,180	1,345,778,616	988,118,816	1,188,896,822	213,258,564	15.85%	357,659,800	36.20%	(200,778,006)	-16.89%
	216,356,772,586	238,433,295,954	264,421,009,233	261,806,109,812	(22,076,523,368)	-9.26%	(25,987,713,279)	-9.83%	2,614,899,421	1.00%
LIABILITIES AND EQUITY										
Liabilities										
Deposit Liabilities										
Demand	₱25,535,370,093	₱25,325,912,039	₱26,602,133,863	₱26,939,262,124	₱209,458,054	0.83%	(₱1,276,221,824)	-4.80%	(₱337,128,261)	-1.25%
Savings	47,745,087,366	46,463,448,245	46,933,474,339	45,319,797,393	1,281,639,121	2.76%	(470,026,094)	-1.00%	1,613,676,946	3.56%
Time	91,272,571,647	112,749,125,906	135,158,982,248	136,095,038,765	(21,476,554,259)	-19.05%	(22,409,856,342)	-16.58%	(936,056,517)	-0.69%
Long-term Negotiable Certificates of Deposits	-	5,084,217,598	5,077,602,528	8,441,451,603	(5,084,217,598)	-100.00%	6,615,070	0.13%	(3,363,849,075)	-39.85%
	164,553,029,106	189,622,703,788	213,772,192,978	216,795,549,885	(25,069,674,682)	-13.22%	(24,149,489,190)	-11.30%	(3,023,356,907)	-1.39%
Bills Payable	-	271,896,461	1,185,944,975	-	(271,896,461)	-100.00%	(914,048,514)	-77.07%	1,185,944,975	0.00%
Bonds Payable	-	-	4,648,449,939	4,633,613,322	-	0.00%	(4,648,449,939)	-100.00%	14,836,617	0.32%
Treasurer's, Cashier's and Manager's Checks	1,615,438,412	1,514,065,655	1,014,225,796	593,630,994	101,372,757	6.70%	499,839,859	49.28%	420,594,802	70.85%
Accrued Taxes, Interest and Other Expenses	2,246,446,273	2,663,537,503	2,506,216,736	1,684,762,235	(417,091,230)	-15.66%	157,320,767	6.28%	821,454,501	48.76%
Income Tax Payable	-	-	-	80,547	-	0.00%	-	0.00%	(80,547)	-100.00%
Other Liabilities	3,835,930,737	4,206,934,631	4,154,367,586	3,204,395,695	(371,003,894)	-8.82%	52,567,045	1.27%	949,971,891	29.65%
	172,250,844,528	198,279,138,038	227,281,398,010	226,912,032,678	(26,028,293,510)	-13.13%	(29,002,259,972)	-12.76%	369,365,332	0.16%

(Forward)

	December 31				Amount		%	Amount		%	Amount		%
	2024	2023	2022	2021	2024 vs 2023			2023 vs 2022			2022 vs 2021		
EQUITY													
Common Stock	₱4,268,594,160	₱4,268,594,160	₱4,268,594,160	₱4,268,594,160	-	0.00%		-	0.00%		-	0.00%	
Capital Paid in Excess of Par Value	11,418,563,257	11,418,563,257	11,418,563,257	11,418,563,257	-	0.00%		-	0.00%		-	0.00%	
Surplus Reserves	1,049,164,351	1,046,398,969	1,043,979,211	1,041,471,464	2,765,382	0.26%		2,419,758	0.23%		2,507,747	0.24%	
Surplus	28,380,653,358	24,455,554,572	21,207,490,714	18,812,148,450	3,925,098,785	16.05%		3,248,063,858	15.32%		2,395,342,264	12.73%	
Fair Value Reserves on Financial Assets at FVOCI	16,969,885	70,794,457	(48,782,635)	2,409,890	(53,824,572)	76.03%		119,577,092	-245.12%		(51,192,525)	-2124.27%	
Remeasurement Losses on Retirement Plan	(1,038,514,167)	(1,129,174,728)	(748,523,773)	(632,885,484)	90,660,561	8.03%		(380,650,955)	50.85%		(115,638,289)	18.27%	
Equity in Remeasurement Gains on Retirement Plan of a Joint Venture	2,421,056	6,178,352	2,877,392	2,877,392	(3,757,296)	-60.81%		3,300,960	114.72%		(0)	0.00%	
Equity in Hedge Reserves of a Joint Venture	-	9,707,213	(12,144,581)	(12,144,581)	(9,707,213)	100.00%		21,851,794	-179.93%		(0)	0.00%	
Cumulative Translation Adjustment	8,076,158	7,541,664	7,557,479	(6,957,414)	534,494	7.09%		(15,815)	0.21%		14,514,893	-208.62%	
	44,105,928,058	40,154,157,916	37,139,611,224	34,894,077,134	3,951,770,142	9.84%		3,014,546,692	8.12%		2,245,534,090	6.44%	
	₱216,356,772,586	₱238,433,295,954	₱264,421,009,234	₱261,806,109,812	(₱22,076,523,368)	-9.26%		(₱25,987,713,280)	-9.83%		₱2,614,899,422	1.00%	

PHILIPPINE SAVINGS BANK

STATEMENTS OF INCOME

	Years Ended December 31				Amount	%	Amount	%	Amount	%
	2024	2023	2022	2021	2024 vs 2023		2023 vs 2022		2022 vs 2021	
INTEREST INCOME										
Loans and receivables	₱12,853,958,647	₱11,479,459,384	₱10,159,518,037	₱12,148,774,170	₱1,374,499,263	11.97%	₱1,319,941,347	12.99%	(₱1,989,256,133)	-16.37%
Financial assets at FVOCI and investment securities at amortized cost	3,272,624,033	4,307,661,938	2,574,256,913	1,486,019,162	(1,035,037,905)	-24.03%	1,733,405,025	67.34%	1,088,237,751	73.23%
Due from Bangko Sentral ng Pilipinas	345,049,668	1,397,792,663	1,254,216,130	648,063,197	(1,052,742,995)	-75.31%	143,576,533	11.45%	606,152,933	93.53%
Interbank loans receivable and securities purchased under resale agreements	347,567,262	419,381,106	195,778,577	70,592,184	(71,813,844)	-17.12%	223,602,529	114.21%	125,186,393	177.34%
Due from other banks	9,906,500	16,474,592	4,101,643	47,132	(6,568,092)	-39.87%	12,372,949	301.66%	4,054,511	8602.46%
FVTPL investments	44,019,337	3,495,728	2,152	11,272,985	40,523,609	1159.23%	3,493,576	162340.89%	(11,270,833)	-99.98%
	16,873,125,447	17,624,265,411	14,187,873,452	14,364,768,830	(751,139,964)	-4.26%	3,436,391,959	24.22%	(176,895,378)	-1.23%
INTEREST EXPENSE										
Deposit liabilities	4,475,126,221	5,663,176,485	2,811,393,495	1,637,233,919	(1,188,050,264)	-20.98%	2,851,782,990	101.44%	1,174,159,576	71.72%
Lease Liabilities	80,201,164	78,902,394	79,873,386	85,201,992	1,298,770	1.65%	(970,992)	-1.22%	(5,328,606)	-6.25%
Bills payable	20,257,951	35,278,313	21,919,260	41,972	(15,020,362)	-42.58%	13,359,053	60.95%	21,877,288	52123.53%
Bonds payable	-	20,731,311	224,036,617	437,530,261	(20,731,311)	-100.00%	(203,305,306)	-90.75%	(213,493,644)	-48.80%
	4,575,585,336	5,798,088,503	3,137,222,758	2,160,008,144	(1,222,503,167)	-21.08%	2,660,865,745	84.82%	977,214,614	45.24%
NET INTEREST INCOME	12,297,540,111	11,826,176,908	11,050,650,694	12,204,760,686	471,363,203	3.99%	775,526,214	7.02%	(1,154,109,992)	-9.46%
Service fees and commission income	1,905,435,829	1,792,742,915	1,732,841,894	1,581,126,848	112,692,914	6.29%	59,901,021	3.46%	151,715,046	9.60%
Service fees and commission expense	89,857,094	65,583,938	51,309,070	47,816,732	24,273,156	37.01%	14,274,868	27.82%	3,492,338	7.30%
NET SERVICE FEES AND COMMISSION INCOME	1,815,578,735	1,727,158,977	1,681,532,824	1,533,310,116	88,419,758	5.12%	45,626,153	2.71%	148,222,708	9.67%
OTHER OPERATING INCOME (CHARGES)										
Gain on foreclosure and sale of chattel mortgage properties - net	210,233,861	619,971,252	700,214,707	142,185,112	(409,737,391)	-66.09%	(80,243,455)	-11.46%	558,029,595	392.47%
Gain on foreclosure and sale of investment properties - net	420,709,766	361,931,299	801,738,724	571,276,769	58,778,467	16.24%	(439,807,425)	-54.86%	230,461,955	40.34%
Foreign exchange gain - net	8,280,983	17,627,813	(6,075,489)	(8,168,185)	(9,346,830)	53.02%	23,703,302	390.15%	2,092,696	-25.62%
Gain on disposal of investment securities at amortized cost	-	-	-	11,711,129	-	0.00%	-	0.00%	(11,711,129)	-100.00%
Trading and securities gains (losses) - net	14,291,108	5,293,898	2,455,186	2,733,476	8,997,210	169.95%	2,838,712	115.62%	(278,290)	-10.18%
Gain on sale of property and equipment	3,864,437	3,895,058	12,079,779	2,042,084	(30,621)	-0.79%	(8,184,721)	-67.76%	10,037,695	491.54%
Miscellaneous	547,977,595	582,860,969	777,775,337	700,430,805	(34,883,374)	-5.98%	(194,914,368)	-25.06%	77,344,532	11.04%
	1,205,357,750	1,591,580,289	2,288,188,244	1,422,211,190	(386,222,539)	-24.27%	(696,607,955)	-30.44%	865,977,054	60.89%
TOTAL OPERATING INCOME	₱15,318,476,596	₱15,144,916,174	₱15,020,371,762	₱15,160,281,992	₱173,560,422	1.15%	₱124,544,412	0.83%	(₱139,910,230)	-0.92%

(Forward)

	Years Ended December 31				Amount	%	Amount	%	Amount	%
	2024	2023	2022	2021	2024 vs 2023		2023 vs 2022		2022 vs 2021	
OTHER EXPENSES										
Compensation and fringe benefits	₱4,088,667,958	₱3,811,715,458	₱3,640,553,887	₱3,545,335,550	₱276,952,500	7.27%	₱171,161,571	4.70%	₱95,218,337	2.69%
Taxes and licenses	1,520,977,423	1,672,526,981	1,612,926,317	1,586,134,257	(151,549,558)	-9.06%	59,600,664	3.70%	26,792,060	1.69%
Provision for credit and impairment losses	214,439,037	1,451,089,796	1,306,242,436	3,070,678,224	(1,236,650,759)	-85.22%	144,847,360	11.09%	(1,764,435,788)	-57.46%
Depreciation	951,779,982	840,135,760	755,952,721	836,327,579	111,644,222	13.29%	84,183,039	11.14%	(80,374,858)	-9.61%
Security, messengerial and janitorial services	564,124,597	431,238,658	413,011,422	349,532,682	132,885,939	30.81%	18,227,236	4.41%	63,478,740	18.16%
Occupancy and equipment-related costs	355,258,322	338,465,479	344,568,484	352,588,645	16,792,843	4.96%	(6,103,005)	-1.77%	(8,020,161)	-2.27%
Amortization of intangible assets	111,357,953	106,212,859	102,850,715	113,649,164	5,145,094	4.84%	3,362,144	3.27%	(10,798,449)	-9.50%
Miscellaneous	1,642,264,312	1,690,846,708	2,130,720,607	2,082,202,992	(48,582,395)	-2.87%	(439,873,899)	-20.64%	48,517,615	2.33%
	9,448,869,584	10,342,231,699	10,306,826,589	11,936,449,093	(893,362,114)	-8.64%	35,405,110	0.34%	(1,629,622,505)	-13.65%
INCOME BEFORE SHARE IN NET INCOME OF										
A JOINT VENTURE AND INCOME TAX	5,869,607,011	4,802,684,475	4,713,545,173	3,223,832,900	1,066,922,536	22.22%	89,139,302	1.89%	1,489,712,273	46.21%
VENTURE	68,022,771	86,340,894	83,418,474	41,914,529	(18,318,123)	-21.22%	2,922,420	3.50%	41,503,945	99.02%
INCOME BEFORE INCOME TAX	5,937,629,782	4,889,025,369	4,796,963,647	3,265,747,428	1,048,604,413	21.45%	92,061,722	1.92%	1,531,216,219	46.89%
PROVISION FOR (BENEFIT FROM) INCOME TAX										
Current	820,308,105	1,208,573,920	783,316,316	312,183,551	(388,265,815)	-32.13%	425,257,604	54.29%	471,132,765	150.92%
Deferred	(91,120,738)	(850,610,415)	335,219,072	1,414,071,157	759,489,677	-89.29%	(1,185,829,487)	-353.75%	(1,078,852,085)	-76.29%
	729,187,367	357,963,505	1,118,535,388	1,726,254,708	371,223,862	103.70%	(760,571,883)	-68.00%	(607,719,320)	-35.20%
NET INCOME	₱5,208,442,415	₱4,531,061,864	₱3,678,428,259	₱1,539,492,720	₱677,380,551	14.95%	₱852,633,605	23.18%	₱2,138,935,539	138.94%
Basic/Diluted Earnings Per Share	₱12.20	₱10.61	₱8.62	₱3.61						

Part III. Management Discussion and Analysis

A. Analysis of Statements of Condition

As of December 31, 2024 and 2023

In 2024, the Bank recorded Total Assets at ₱216.36 billion, ₱22.08 billion lower as compared to the December 2023 level of ₱238.43 billion. The decrease was primarily due to the reduction in the Bank's investment portfolio, including placements in the Bangko Sentral ng Pilipinas (BSP).

Loans and Receivables, net of allowance and unearned interest and discounts, representing 66.48% of total assets were posted at ₱143.82 billion, higher by ₱21.06 billion from December 2023 level of ₱122.76 billion. Auto Loans and Mortgage Loans grew by 20.48% and 6.25%, respectively.

Interbank Loans Receivable and Securities Purchased under Resale Agreements decreased by 94.28% from ₱6.99 billion in 2023 to ₱0.40 billion in December 2024.

As of December 31, 2024 and 2023, Investment securities represented 26.02% and 35.51% of the total assets, respectively. These were composed of Financial Assets at Fair Value through Other Comprehensive Income (FVOCI), which decreased by ₱28.47 billion or 52.37% to ₱25.89 billion from ₱54.36 billion in December 2023. Investment securities at amortized cost amounted to ₱30.10 billion in December 2024, ₱203.15 million or 0.68% higher compared to December 2023 level of ₱29.89 billion. Fair Value through Profit or Loss Investments (FVTPL) amounted to ₱300.60 million and ₱414.30 million in December 2024 and 2023, respectively.

Due from Other Banks was recorded at ₱1.82 billion, ₱50.87 million or 2.88% higher than the December 2023 level of ₱1.76 billion. Cash and Other Cash Items increased to ₱1.78 billion versus ₱1.65 billion in December 2023. Further, Due from Bangko Sentral ng Pilipinas was lower by ₱8.56 billion or 87.86% to ₱1.18 billion from ₱9.75 billion year on year.

Investment in a joint venture went up by ₱21.86 million or 2.51% to ₱892.04 million from ₱870.18 million in December 2023 due to the recognition of PSBank's share in the net earnings of Sumisho Motor Finance Corporation (SMFC), a joint venture between PSBank and Sumitomo Corporation. The increase from the recognition of share in net earnings was partially reduced by the dividend received by the Bank from SMFC. As of December 31, 2024 and 2023, the Bank's ownership interest in SMFC is 30.00%.

Investment Properties decreased by ₱294.13 million or 7.47% to ₱3.64 billion as of December 31, 2024 from ₱3.93 billion as of December 31, 2023 due to sale of foreclosed investment properties. Property and Equipment increased by ₱51.17 million or 1.63% to ₱3.19 billion as of December 31, 2024 from ₱3.14 billion in 2023.

Deferred Tax Asset was higher at ₱1.32 billion in December 2024 from ₱1.26 billion in December 2023. Goodwill and Intangible Assets increased to ₱460.79 million in December 2024 from ₱298.20 million in December 2023. Other Assets rose to ₱1.56 billion from ₱1.35 billion as of December 31, 2023.

The Bank's deposit level comprising of 95.53% of total liabilities reached ₱164.55 billion as of December 31, 2024, 13.22% lower than the ₱189.62 billion posted last year.

Treasurer's, Cashier's and Manager's Checks went up by ₱101.37 million or 6.70% to ₱1.62 billion from ₱1.51 billion last December 31, 2023. Accrued Taxes, Interest and Other Expenses decreased by ₱417.09 million or 15.66% to ₱2.25 billion in December 2024 from ₱2.66 billion as of December 31, 2023. Income Tax Payable was nil as of December 31, 2024 and 2023. Other Liabilities went down to ₱3.84 billion, ₱371.00 million or 8.82% lower than ₱4.21 billion posted last year.

Total Capital remained strong at ₱44.11 billion, ₱3.95 billion or 9.84% higher from the ₱40.15 billion posted as of December 31, 2023. The Bank reflected a ₱16.97 million Fair Value Reserves on Financial Assets at FVOCI, ₱53.83 million lower than the ₱70.79 million in December 2023.

Return on Average Equity (ROAE) increased to 12.36% in December 2024 versus 11.72% in December 2023. Return on Average Assets (ROAA) was higher at 2.29% in 2024 from 1.80% in 2023.

As of December 31, 2023 and 2022

In 2023, the Bank recorded Total Assets at ₱238.43 billion, ₱25.99 billion lower as compared to the December 2022 level of ₱264.42 billion. The decrease was primarily due to the reduction in the Bank's investment portfolio, including placements in the Bangko Sentral ng Pilipinas (BSP).

Loans and Receivables, net of allowance and unearned interest and discounts, representing 51.49% of total assets were posted at ₱122.76 billion, higher by ₱13.07 billion from December 2022 level of ₱109.70 billion. Auto Loans grew by 23.70%, while Mortgage Loans decreased by 2.18%.

Interbank Loans Receivable and Securities Purchased under Resale Agreements increased by 161.82% from ₱2.67 billion in 2022 to ₱6.99 billion in December 2023.

As of December 31, 2023 and 2022, Investment securities represented 35.51% and 37.85% of the total assets, respectively. These were composed of Financial Assets at Fair Value through Other Comprehensive Income (FVOCI), which decreased by ₱15.30 billion or 21.97% to ₱54.36 billion from ₱69.66 billion in December 2022. Investment securities at amortized cost amounted to ₱29.89 billion in December 2023, ₱529.12 million or 1.74% lower compared to December 2022 level of ₱30.42 billion. Fair Value through Profit or Loss Investments (FVTPL) amounted to ₱414.30 million and ₱0.04 million in December 2023 and 2022, respectively.

Due from Other Banks was recorded at ₱1.76 billion, ₱1.15 billion or 39.38% lower than the December 2022 level of ₱2.91 billion. Cash and Other Cash Items decreased to ₱1.65 billion versus ₱1.93 billion in December 2022. Further, Due from Bangko Sentral ng Pilipinas decreased by ₱27.81 billion or 74.05% to ₱9.75 billion from ₱37.55 billion year on year.

Investment in a joint venture went up by ₱53.89 million or 6.60% to ₱870.18 million from ₱816.28 million in December 2022 due to the recognition of PSBank's share in the net earnings of Sumisho Motor Finance Corporation (SMFC), a joint venture between PSBank and Sumitomo Corporation. The increase from the recognition of share in net earnings was partially reduced by the dividend received by the Bank from SMFC. As of December 31, 2023 and 2022, the Bank's ownership interest in SMFC is 30.00%.

Investment Properties decreased by ₱96.52 million or 2.39% to ₱3.93 billion as of December 31, 2023 from ₱4.03 billion as of December 31, 2022 due to sale of investment properties. Property and Equipment increased by ₱15.23 million or 0.49% to ₱3.14 billion as of December 31, 2023 from ₱3.13 billion in 2022.

Deferred Tax Asset was higher at ₱1.26 billion in December 2023 from ₱280.11 million in December 2022. Goodwill and Intangible Assets decreased to ₱298.20 million in December 2023 from ₱333.89 million in December 2022. Other Assets jumped to ₱1.35 billion from ₱0.99 billion as of December 31, 2022.

The Bank's deposit level comprising of 95.63% of total liabilities reached ₱189.62 billion as of December 31, 2023, 11.30% lower than the ₱213.77 billion posted last year.

Treasurer's, Cashier's and Manager's Checks increased by ₱499.84 million or 49.28% to ₱1.51 billion from ₱1.01 billion last December 31, 2022. Likewise, Accrued Taxes, Interest and Other Expenses increased by ₱157.32 million or 6.28% to ₱2.66 billion in December 2023 from ₱2.51 billion as of December 31, 2022. Income Tax Payable was nil as of December 31, 2022 and 2023. Other Liabilities went up to ₱4.21 billion, ₱52.57 million or 1.27% higher than ₱4.15 billion posted last year.

Total Capital remained strong at ₱40.15 billion, ₱3.01 billion or 8.12% higher from the ₱37.14 billion posted as of December 31, 2022. The Bank reflected a ₱70.79 million Fair Value Reserves on Financial Assets at FVOCI, ₱119.58 million higher than the negative ₱48.78 million in December 2022.

Return on Average Equity (ROAE) increased to 11.72% in December 2023 versus 10.21% in December 2022. Return on Average Assets (ROAA) was higher at 1.80% in 2023 from 1.40% in 2022.

As of December 31, 2022 and 2021

In 2022, the Bank recorded Total Assets at ₱264.42 billion, ₱2.61 billion higher as compared to the December 2021 level of ₱261.81 billion. The growth was primarily due to increases in investment portfolio.

Loans and Receivables, net of allowance and unearned interest and discounts, representing 41.49% of total assets were posted at ₱109.70 billion, lower by ₱414.20 million from December 2021 level of ₱110.11 billion. Auto Loans increased by 4.70%, while Mortgage Loans decreased by 7.09%.

Interbank Loans Receivable and Securities Purchased under Resale Agreements decreased by 41.11% from ₱4.53 billion in 2021 to ₱2.67 billion in December 2022.

Investments securities represent 37.85% and 31.03% of total assets as of December 31, 2022 and 2021, respectively. Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) increased to ₱69.66 billion in December 2022, or ₱9.39 billion higher than the December 2021 level of ₱60.27 billion. Meanwhile, Investment securities at amortized cost amounted to ₱30.42 billion, 45.13% higher compared to December 2021 level of ₱20.96 billion. Fair Value through Profit or Loss Investments (FVTPL) amounted to ₱0.04 million in December 2022.

Due from Other Banks was registered at ₱2.91 billion, 112.92% or ₱1.54 billion higher than the December 2021 level of ₱1.37 billion. Cash and Other Cash Items decreased to ₱1.93 billion versus ₱2.80 billion in December 2021. Further, Due from Bangko Sentral ng Pilipinas also decreased by ₱14.87 billion to ₱37.55 billion versus ₱52.43 billion in December 2021.

Investment in a joint venture went up by ₱53.36 million to ₱816.28 million from ₱762.93 million in December 2021 due to the recognition of PSBank's share in the net earnings of Sumisho Motor Finance Corporation (SMFC), a joint venture between PSBank and Sumitomo Corporation. The increase from the recognition of share in net earnings was partially reduced by the dividend received by the Bank from SMFC amounting to ₱30.06 million. As of December 31, 2022 and 2021, the Bank's ownership interest in SMFC is 30.00%.

Investment Properties increased by 14.90% or 522.87 million to ₱4.03 billion as of December 31, 2022 from ₱3.51 billion as of December 31, 2021 due to foreclosure of investment properties. Property and Equipment also increased by ₱188.27 million to ₱3.13 billion as of December 31, 2022.

Deferred Tax Asset was lower at ₱280.11 million from ₱576.79 million. Likewise, Goodwill and Intangible Assets decreased to ₱333.89 million in December 2022 from ₱361.19 million in December 2021. Other Assets went down to ₱988.12 million from ₱1.19 billion as of December 31, 2021.

The Bank's deposit level comprising of 94.06% of total liabilities reached ₱213.77 billion as of December 31, 2022, 1.39% lower than the ₱216.80 billion posted last year.

Treasurer's, Cashier's and Manager's Checks increased to ₱1.01 billion from ₱593.63 million last December 31, 2021. Likewise, Accrued Taxes, Interest and Other Expenses increased by ₱821.45 million to ₱2.51 billion in December 2022 from ₱1.68 billion as of December 31, 2021. Income Tax Payable was nil as of December 31, 2022 compared to ₱0.08 million recorded in December 2021. Other Liabilities went up to ₱4.15 billion, 29.65% higher than ₱3.20 billion posted last year.

Total Capital remained strong at ₱37.14 billion, ₱2.25 billion higher from the ₱34.89 billion posted as of December 31, 2021. The Bank reflected a negative ₱48.78 million Fair Value Reserves on Financial Assets at FVOCI, ₱51.19 million lower than ₱2.41 million in December 2021.

Return on Average Equity (ROAE) stood at 10.21% in December 2022 versus 4.44% in December 2021. Return on Average Assets (ROAA) was better at 1.40% in 2022 from 0.64% in 2021.

B. Discussion of Results of Operations

For the years ended December 31, 2024 and 2023

The Bank posted an all-time high net income of ₱5.21 billion for the year 2024, up by 15% from ₱4.53 billion in 2023. The robust double-digit growth in loans, coupled with significant improvements in asset quality, fueled the Bank's outstanding financial performance.

Total Interest Income was recorded at ₱16.87 billion, lower by 4.26% than ₱17.62 billion recorded last year. Total Interest Expense went down to ₱4.58 billion from ₱5.80 billion in 2023. Net Interest Income increased by 3.99% or ₱0.47 billion to ₱12.30 billion from the ₱11.83 billion posted last year.

Interest income on Loans and Receivables was recorded at ₱12.85 billion, 11.97% higher than the ₱11.48 billion recorded last year. Interest income on Financial Assets at FVOCI and Investment Securities at Amortized cost was lower by 24.03% or ₱1.04 billion to ₱3.27 billion from ₱4.31 billion in 2023. Interest Income on FVTPL Investments rose to ₱44.02 million from ₱3.50 million in 2023. Interest earned from deposits with BSP went down by ₱1.05 billion to ₱0.35 billion from ₱1.40 billion in 2023. Interest earned from Interbank Loans Receivable and SPURA was recorded at ₱347.57 million, 17.12% lower than the ₱419.38 million in 2023. Interest income from deposits with other banks slid to ₱9.91 million from ₱16.47 million last year.

Interest Expense on the Bank's deposit liabilities decreased by 20.98% to ₱4.48 billion from ₱5.66 billion year on year. The Bank recorded nil and ₱20.73 million in Interest Expense on Bonds Payable for the year 2024 and 2023, respectively. This is due to the maturity of the Peso Fixed Rate Bonds on February 4, 2023. Meanwhile, Interest Expense on Bills Payable was recorded at ₱20.26 million in 2024, 42.58% lower than the ₱35.28 million recorded in 2023.

The Bank recognized interest expense on lease liabilities amounting to ₱80.20 million and ₱78.90 million in 2024 and 2023, respectively. Prior to adoption of PFRS 16, rentals charged against profit or loss under these lease contracts is included in Occupancy and Equipment – related cost account.

Net Service Fees and Commission Income increased by 5.12% to ₱1.82 billion in 2024 versus ₱1.73 billion in 2023.

The Bank's Net Interest Income went up by 3.99% or ₱471.36 million versus last year. This was primarily due to the increase in Interest Income on Loans and Receivables and decrease in cost of funds.

The Bank's Other Operating Income of ₱3.02 billion was lower year-on-year by 8.97% primarily due to lower gain on foreclosure and sale of chattel mortgage recorded in 2024.

For the year ended December 31, 2024, the Bank posted a net gain on the foreclosure and sale of investment properties amounting to ₱420.71 million, 16.24% higher compared with the ₱361.93 million gains last year. However, gain on foreclosure and sale of chattel mortgage properties slid to ₱210.23 million from ₱619.97 million in 2023. Miscellaneous Income was lower by ₱34.88 million or 5.98% to ₱547.98 million versus ₱582.86 million in 2023 mostly from reduced bancassurance income in 2023. Meanwhile, Foreign Exchange Gain was posted at ₱8.28 million for the year ended December 31, 2024.

Other Operating Expenses, excluding provision for impairment and credit losses increased by 3.86% to ₱9.23 billion from ₱8.89 billion in 2023. Taxes and Licenses went down by ₱151.55 million or 9.06% to ₱1.52 billion from ₱1.67 billion posted last year. Compensation and Fringe Benefits amounted to ₱4.09 billion while Occupancy and equipment-related cost amounted to ₱355.26 million in 2024. Depreciation and amortization of Bank's properties and leasehold improvements went up to ₱951.78 million in 2024 from ₱840.14 million in 2023. Security, messengerial and janitorial services was posted at ₱564.12 million in 2024. Meanwhile, amortization of software was recorded at ₱111.36 million in 2024. Miscellaneous Expenses was lower by 2.87% to ₱1.64 billion in 2024 from ₱1.69 billion in 2023.

For the year ended December 31, 2024, the Bank set aside ₱214.44 million in provision for impairment and credit losses versus ₱1.45 billion in 2023.

The Bank also reported share in net income from its investment in Sumisho Motor Finance Corporation (SMFC) amounting to ₱68.02 million and ₱86.34 million for the years ended December 31, 2024 and 2023, respectively.

For the years ended December 31, 2023 and 2022

The Bank ended 2023 with a net income of ₱4.53 billion, a growth of 23.18% or ₱852.63 million compared to ₱3.68 billion in 2022. The Bank's strong financial performance came from the double-digit growth in loans, higher investment revenues and muted costs brought by operational efficiencies.

Total Interest Income was recorded at ₱17.62 billion, higher by 24.22% than ₱14.19 billion recorded last year. Total Interest Expense went up to ₱5.80 billion from ₱3.14 billion in 2022. Net Interest Income increased by 7.02% or ₱0.78 billion to ₱11.83 billion from the ₱11.05 billion posted last year.

Interest income on Loans and Receivables was recorded at ₱11.48 billion, 12.99% higher than the ₱10.16 billion recorded last year. Interest income on Financial Assets at FVOCI and Investment Securities at Amortized cost was better by 67.34% or ₱1.73 billion to ₱4.31 billion from ₱2.57 billion in 2022. Interest Income on FVTPL Investments rose to ₱3.50 million from ₱0.002 million in 2022. Further, Interest earned from deposits with BSP increased by ₱143.58 million to ₱1.40 billion from ₱1.25 billion in 2022. Interest earned from Interbank Loans Receivable and SPURA was recorded at ₱419.38 million, 114.21% higher than the ₱195.78 million in 2022. Interest income from deposits with other banks jumped to ₱16.47 million from ₱4.10 million last year.

Interest Expense on the Bank's deposit liabilities increased by 101.44% to ₱5.66 billion from ₱2.81 billion year on year. The Bank recorded ₱20.73 million in Interest Expense on Bonds Payable for the year 2023, ₱203.31 million or 90.75% lower than the ₱224.04 million in 2022 due to the maturity of the Peso Fixed Rate Bonds on February 4, 2023. Meanwhile, Interest Expense on Bills Payable was recorded at ₱35.28 million in 2023, 60.95% higher than the ₱21.92 million recorded in 2022.

The Bank recognized interest expense on lease liabilities amounting to ₱78.90 million and ₱79.87 million in 2023 and 2022, respectively. Prior to adoption of PFRS 16, rentals charged against profit or loss under these lease contracts is included in Occupancy and Equipment – related cost account.

Net Service Fees and Commission Income increased by 2.71% to ₱1.73 billion versus ₱1.68 billion in 2022.

The Bank's Net Interest Income went up by 7.02% versus last year. This was primarily due to the increase in Interest Income on Loans and Receivables and Financial asset at FVOCI/Investment securities at amortized cost amounting to ₱11.48 billion and ₱4.31 billion, respectively.

The Bank's Other Operating Income of ₱3.32 billion was lower year-on-year by 16.40% despite Net Service Fees and Commission Income increasing by ₱45.63 million to ₱1.73 billion this year from higher loan bookings.

For the year ended December 31, 2023, the Bank posted a net gain on the foreclosure and sale of investment properties amounting to ₱361.93 million, 54.86% lower compared with the ₱801.74 million gains last year. Also, gain on foreclosure and sale of chattel mortgage properties slid to ₱619.97 million from ₱700.21 million in 2022. Miscellaneous Income was lower by ₱194.91 million or 25.06% to ₱582.86 million versus ₱777.78 million in 2022 mostly from reduced bancassurance income in 2023. Meanwhile, Foreign Exchange Gain was posted at ₱17.63 million for the year ended December 31, 2023.

Other Operating Expenses, excluding provision for impairment and credit losses decreased by 1.22% to ₱8.89 billion from ₱9.00 billion in 2022. Taxes and Licenses went up by ₱59.60 million or 3.70% to ₱1.67 billion from ₱1.61 billion posted last year. Compensation and Fringe Benefits amounted to ₱3.81 billion while Occupancy and equipment-related cost amounted to ₱338.47 million in 2023. Depreciation and amortization of Bank's properties and leasehold improvements went up from ₱755.95 million to ₱840.14 million in 2023. Security, messengerial and janitorial services was posted at ₱431.24 million in 2023. Meanwhile, amortization of software was recorded at ₱106.21 million in 2023. Miscellaneous Expenses was lower by 20.64% to ₱1.69 billion in 2023 from ₱2.13 billion in 2022.

For the year ended December 31, 2023, the Bank set aside ₱1.45 billion in provision for impairment and credit losses. This was higher than ₱1.31 billion the previous year.

The Bank also reported share in net income from its investment in Sumisho Motor Finance Corporation (SMFC) amounting to ₱86.34 million and ₱83.42 million for the years ended December 31, 2023 and 2022, respectively.

For the years ended December 31, 2022 and 2021

The Bank achieved a record-high net income of ₱3.68 billion in 2022, a growth of 138.94% or more than double compared to ₱1.54 billion in 2021. The Bank's remarkable performance was attributed to higher loan demand, better asset quality, increase in non-interest revenues and prudent expense management.

Total revenues reached ₱15.02 billion with combined fees, commissions, and other income amounting to ₱3.97 billion, higher by 34% year on year. Total Interest Income was reflected at ₱14.19 billion, slightly lower by 1.23% than ₱14.36 billion recorded last year. Total Interest Expense went up to ₱3.14 billion from ₱2.16 billion in 2022. Net Interest Income declined by 9.46% or ₱1.15 billion to ₱11.05 billion from the ₱12.20 billion posted last year.

Interest income on Loans and Receivables was recorded at ₱10.16 billion, 16.37% lower than the ₱12.15 billion recorded last year. Interest income on Financial Assets at FVOCI and Investment Securities at Amortized cost was higher by 73.23% or ₱1.09 billion to ₱2.57 billion from ₱1.49 billion in 2021. Interest Income on FVTPL Investments slid to ₱0.002 million from ₱11.27 million in 2021. On the other hand, Interest earned from deposits with BSP increased by ₱606.15 million to ₱1.25 billion from ₱648.06 million due to higher placements in 2022. Interest earned from Interbank Loans Receivable and SPURA was recorded at ₱195.78 million, 177.34% higher than the ₱70.59 million in 2021. Interest income from deposits with other banks jumped to ₱4.10 million from ₱0.05 million last year.

Interest Expense on the Bank's deposit liabilities increased by 71.72% to ₱2.81 billion from ₱1.64 billion. The Bank recorded ₱224.04 million in Interest Expense on Bonds Payable for the year 2022, ₱213.49 million or 48.80% lower than the ₱437.53 million in 2021. Meanwhile, Interest Expense on Bills Payable was recorded at ₱21.92 million for the year ended December 31, 2022.

On February 04, 2020, the Bank issued fixed rate bonds amounting to ₱4.65 billion with a tenor of three (3) years and due on February 4, 2023 with interest rate of 4.5% per annum payable quarterly. On July 24, 2019, the Bank issued fixed rate bonds amounting to ₱6.30 billion with a tenor of two (2) years and due on July 24, 2021 with interest rate of 5.6% per annum payable quarterly. The minimum investment size for the bonds payable is ₱0.5 million with increments of ₱0.1 million thereafter. On July 24, 2021, the Bank paid its outstanding bonds.

The Bank recognized interest expense on lease liabilities amounting to ₱79.87 million and ₱85.20 million in 2022 and 2021, respectively. Prior to adoption of PFRS 16, rentals charged against profit or loss under these lease contracts is included in Occupancy and Equipment – related cost account.

Net Service Fees and Commission Income increased by 9.67% to ₱1.68 billion versus ₱1.53 billion in 2021.

The Bank's Net Interest Income went down 9.46% versus last year. This was primarily due to the drop in Interest Income on Loans and Receivables to ₱10.16 billion resulting from the slow demand for consumer loans during the pandemic.

Meanwhile, Other Operating Income increased by 60.89% or ₱865.98 million to ₱2.29 billion due to higher gain on foreclosure and sale of both investment properties and chattel mortgage recorded during 2022. The Bank registered ₱2.46 million trading gains for the year 2022, ₱11.99 million lower than the ₱14.44 million trading gains in 2021.

For the year ended December 31, 2022, the Bank posted a net gain on the foreclosure and sale of investment properties amounting to ₱801.74 million, 40.34% higher compared with the ₱571.28 million gains last year. Also, gain on foreclosure and sale of chattel mortgage properties rose to ₱700.21 million from ₱142.19 million in 2021. Miscellaneous Income was higher by ₱77.34 million to ₱777.78 million mainly due to recoveries from

loan accounts previously written-off and amortization of debt modification. Meanwhile, Foreign Exchange Loss was posted at ₱6.08 million for the year ended December 31, 2022.

Other Operating Expenses, excluding provision for impairment and credit losses, increased by only 1.52% to ₱9.00 billion from ₱8.87 billion in 2021 due to the Bank's sustained efforts in productivity, process efficiency and automation has kept operating expenses under control. Taxes and Licenses went up by ₱26.79 million or 1.69% to ₱1.61 billion from ₱1.59 billion posted last year. Compensation and Fringe Benefits amounted to ₱3.64 billion while Occupancy and equipment-related cost amounted to ₱344.57 million. Depreciation and amortization of Bank's properties and leasehold improvements went down from ₱836.33 million to ₱755.95 million in 2022. Security, messengerial and janitorial services was posted at ₱413.01 million. Meanwhile, amortization of software was recorded at ₱102.85 million. Miscellaneous Expenses was higher by 2.33% to ₱2.13 billion in 2022 from ₱2.08 billion in 2021.

For the year ended December 31, 2022, the Bank set aside ₱1.31 billion in provision for impairment and credit losses. There was a significant drop in credit provisions by 57.46% versus the same period last year due to improved asset quality complemented by efficient collection and recovery efforts.

The Bank also reported share in net income from its investment in Sumisho Motor Finance Corporation (SMFC) amounting to ₱83.42 million and ₱41.94 million for the years ended December 31, 2022 and 2021, respectively.

B. Analysis of Key Performance Indicators

		2024	2023	2022
Return on Average Assets	ROAA	2.29%	1.80%	1.40%
Return on Average Equity	ROAE	12.36%	11.72%	10.21%
Net Interest Margin on Average Earning Assets	NIM	6.00%	5.18%	4.66%
Debt-Equity Ratio	DER	3.91:1	4.94:1	6.11:1
Asset-to-Equity Ratio	AER	4.91:1	5.94:1	7.11:1
Interest Rate Coverage Ratio	IRCR	2.30:1	1.84:1	2.52:1
Liquidity/Current Ratio	LR	20.09%	48.89%	62.41%
Capital-to-Risk Assets Ratio	CAR	23.56%	24.46%	24.85%
Earnings per share	EPS	₱12.20	₱10.61	₱8.62

2024 vs. 2023 Comparative highlights on key performance indicators

1. Return on Average Assets (ROAA) increased to 2.29% in 2024 from 1.80% in 2023. ROAA is calculated by dividing the net income by the year-on-year average of the outstanding total assets.
2. Return on Average Equity (ROAE) increased to 12.36% in 2024 from 11.72% in 2023. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the net income by the year-on-year average of the outstanding shareholders' equity.
3. Net Interest Margin on Average Earning Assets (NIM) went up from 5.18% in 2023 to 6.00% in 2024. NIM is calculated by dividing the net interest income by the average earning assets.
4. Debt-to-Equity Ratio (DER) decreased to 3.91:1 as of December 31, 2024 versus 4.94:1 as of December 31, 2023. DER measures the Bank's financial leverage. This is computed by dividing total liabilities by total stockholder's equity.
5. Asset-to-Equity Ratio (AER) went down to 4.91:1 in 2024 versus 5.94:1 in 2023. AER is computed by dividing the total assets by total shareholder's equity.
6. Interest Rate Coverage Ratio (IRCR) increased to 2.30:1 as of December 31, 2024 and 1.84:1 as of December 31, 2023. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.

7. Liquidity Ratio (LR) decreased in 2024 at 20.09% compared to 48.89% in 2023. LR measures the Bank's ability to meet its short-term liabilities. It is derived from dividing the current assets by current liabilities.
8. Capital-to-Risk Assets Ratio (CAR) was lower at 23.56% in 2024 versus 24.46% in 2023. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).
9. Earnings per Share (EPS) improved to ₱12.20 in 2024 from ₱10.61 in 2023. EPS is the net profit the Bank has generated per common share. It is computed by dividing the net income by the weighted average number of outstanding common shares.

2023 vs. 2022 Comparative highlights on key performance indicators

1. Return on Average Assets (ROAA) increased to 1.80% in 2023 from 1.40% in 2022. ROAA is calculated by dividing the net income by the year-on-year average of the outstanding total assets.
2. Return on Average Equity (ROAE) increased to 11.72% in 2023 from 10.21% in 2022. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the net income by the year-on-year average of the outstanding shareholders' equity.
3. Net Interest Margin on Average Earning Assets (NIM) went up from 4.66% in 2022 to 5.18% in 2023. NIM is calculated by dividing the net interest income by the average earning assets.
4. Debt-to-Equity Ratio (DER) went down to 4.94:1 as of December 31, 2023 versus 6.11:1 as of December 31, 2022. DER measures the Bank's financial leverage. This is computed by dividing total liabilities by total stockholder's equity.
5. Asset-to-Equity Ratio (AER) was lower at 5.94:1 in 2023 versus 7.11:1 in 2022. AER is computed by dividing the total assets by total shareholder's equity.
6. Interest Rate Coverage Ratio (IRCR) was lower at 1.84:1 as of December 31, 2023 and 2.52:1 as of December 31, 2022. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.
7. Liquidity Ratio (LR) decreased in 2023 at 48.89% compared to 62.41% in 2022. LR measures the Bank's ability to meet its short-term liabilities. It is derived from dividing the current assets by current liabilities.
8. Capital-to-Risk Assets Ratio (CAR) was lower at 24.46% in 2023 versus 24.85% in 2022. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).
9. Earnings per Share (EPS) improved to ₱10.61 in 2023 from ₱8.62 in 2022. EPS is the net profit the Bank has generated per common share. It is computed by dividing the net income by the weighted average number of outstanding common shares.

2022 vs. 2021 Comparative highlights on key performance indicators

1. Return on Average Assets (ROAA) increased to 1.40% in 2022 from 0.64% in 2021. ROAA is calculated by dividing the net income by the year-on-year average of the outstanding total assets.
2. Return on Average Equity (ROAE) rose to 10.21% in 2022 from 4.44% in 2021. ROAE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing the net income by the year-on-year average of the outstanding shareholders' equity.
3. Net Interest Margin on Average Earning Assets (NIM) went down from 5.81% in 2021 to 4.66% in 2022. NIM is calculated by dividing the net interest income by the average earning assets.

4. Debt-to-Equity Ratio (DER) went down to 6.11:1 as of December 31, 2022 versus 6.50:1 as of December 31, 2021. DER measures the Bank's financial leverage. This is computed by dividing total liabilities by total stockholder's equity.
5. Asset-to-Equity Ratio (AER) was lower at 7.11:1 in 2022 versus 7.50:1 in 2021. AER is computed by dividing the total assets by total shareholder's equity.
6. Interest Rate Coverage Ratio (IRCR) was lower at 2.52:1 as of December 31, 2022 and 2.51:1 as of December 31, 2021. IRCR is a measure of the Bank's ability to meet its interest payments on outstanding debt. It is calculated by dividing the total earnings before interest and taxes over interest expense.
7. Liquidity Ratio (LR) increased in 2022 was lower at 62.41% in 2022 compared to 65.57% in 2021. LR measures the Bank's ability to meet its short-term liabilities. It is derived from dividing the current assets by current liabilities.
8. Capital-to-Risk Assets Ratio (CAR) was better at 24.85% in 2022 versus 24.29% in 2021. CAR is the measure of the Bank's capital strength. It is calculated by dividing the qualified capital by risk-weighted assets as defined by the Bangko Sentral ng Pilipinas (BSP).
9. Earnings per Share (EPS) improved to ₱8.62 in 2022 from ₱3.61 in 2021. EPS is the net profit the Bank has generated per common share. It is computed by dividing the net income by the weighted average number of outstanding common shares.

C. Key Variables and Other Qualitative and Quantitative Factors

Liquidity

PSBank manages its liquidity position to ensure that it has more than adequate funds to meet its obligations at any given time. The Bank monitors its daily liquidity and reserve position by determining inflows and outflows, short-term and long-term obligations, holdings and repayments. Short-term liquidity management identifies obligations and repayments in the next 12-months, aids in the determination of the securities trading strategy, and influences the Bank's pricing mechanism. On the other hand, long-term liquidity management covers maturing obligations and repayments of loans and investments beyond the next 12-months.

The level of liquid assets remained strong, exhibiting healthy growth in both placements with BSP/other banks and investments.

With the Bank's high capitalization, current liquidity position, strong deposit growth trend, continuing development of retail and corporate accounts, and prudent liquidity management, PSBank does not anticipate encountering any cash flow or liquidity problems in the next 12 months. It remains confident of its ability to meet its obligations and is committed to providing the necessary funding to support the projected loan growth, investment activities and expenditures for 2024.

The Bank also performs liquidity stress testing under various stress scenarios to ensure its ability to meet its funding obligations. The Bank has a Liquidity Contingency Funding Plan to anticipate and manage any funding crisis that may occur.

Events that will Trigger Direct or Contingent Financial Obligation

In the normal course of the Bank's operations, there are various outstanding commitments and contingent liabilities such as guarantees and commitments to extend credit, which are part of its lending and related businesses but due to their nature, may not be reflected in the accompanying financial statements. The Bank, however, does not anticipate significant losses as a result of these transactions.

Also, several suit and claims, in behalf or against the Bank in relation to its operations, including labor-related cases are pending before the courts and quasi-judicial bodies. In the opinion of management, these suits and claims, if decided adversely, will not involve an amount having a material effect on the financial statements.

Material Off-Balance Sheet Transactions, Arrangements and Obligations

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	2024	2023	2022
Trust department accounts	₱10,249,018,666	₱9,295,113,015	₱8,825,860,829
Stand-by credit lines	79,885,313	41,100,000	122,000,000
Spot foreign exchange and contracts sale	28,922,500	27,685,000	27,877,500
Items held for safekeeping	258,875	215,511	240,348
Late deposits/payments received	-	290,311	3,288,413
Others	49,957	57,244	60,626

None of these off-balance sheet transactions, arising in the ordinary course, either individually or in the aggregate, are expected to have a material adverse effect on the Bank's financial condition.

Material Commitments for Capital Expenditures

The Bank's capital expenditures in 2024 includes expenses for IT-related activities on systems and licenses, and upgrade of bank premises including infrastructure, furniture, fixtures and equipment. Capital expenditures were sourced from the Bank's capital.

Causes for Any Material Changes from Period to Period of Financial Statements

See previous discussion on Analysis of Statement of Condition and Discussion of Results of Operations.

Known Trends, Events or Uncertainties or Seasonal Aspects

The financial statements of the Bank have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted by the Bank are consistent with those of the previous financial year, except that it has adopted new accounting pronouncements starting January 1, 2024. These new and revised accounting standards are presented in Note 2 of the Audited Financial Statements. Please refer to Annex A.

Unless otherwise indicated, these new and revised accounting standards have no impact to the Bank.

Information on Independent Accountant and Other Related Matters

SyCip Gorres Velayo & Co. (SGV & Co.), independent certified public accountants, audited the Bank's financial statements without qualification and in accordance with Philippine Standards on Auditing and has expressed its opinion on the fairness of presentation upon completion of its examination, in its report to the stockholders and Board of Directors.

The following table sets out the aggregate fees billed for each of the years ended December 31, 2024 and 2023 for professional services rendered by SGV & Co for the audit of the Bank's annual financial statements.

	2024	2023
Audit and Audit-Related Fees:	₱3,004,365*	₱2,861,300*
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements		

*Exclusive of 10% out-of-pocket expenses and (OPEs) and 12% value added tax (VAT).

Tax and All Other Fees for Services of External Auditor

The Bank has engaged the services of external auditor for compliance, advice, planning and any other form of services during the last three (3) years. The collective fees for each year ended December 31, 2024, and 2023 amounted to P44,000. Refer to Supplementary Schedule of External Auditor Fee-Related Information (Annex B).

In 2024, non-audit fees paid by the Bank to its external auditors did not outweigh its audit-related fees. These non-audit fees pertain to professional services rendered for PSBank Annual Stockholders Meeting while audit-related fees pertain to regular year-end financial statement audit. Nonetheless, to ensure that the existing arrangements do not compromise our external auditor's independence, separate engagement agreements and teams handled the said services.

Fees for Services of other Tax Consultant

The Bank also engaged the services of Du-Baladad and Associates for tax consultancy. From 2021 to 2024, the collective fees amounted to P266,112.

Audit Committee's Approval Policies and Procedures for Above Services

As Metrobank subsidiary, the Bank adopted the Parent's policies and procedures on audit engagement contract for external auditors. The same was discussed and approved by the Audit Committee.

Included in the duties and responsibilities of the Audit Committee as provided for in the Audit Committee Charter are to recommend to the Board for approval the appointment, re-appointment, dismissal, and fees of external auditors; to assess and monitor the integrity, independence, and objectivity of external auditor; and to discuss and agree the terms of the engagement letter provided by the external auditor as to the nature, audit approach, fees, and scope of work prior to the approval of the engagement.

The following are the members of Bank's Audit Committee:

Audit Committee (AuditCom)

Members	Position	Attendance	%
Eduardo A. Sahagun <i>Independent Director</i>	Chairperson	13/14	93%
Rufino Luis T. Manotok <i>Independent Director</i>	Member	14/14	100%
Ronald Luis S. Goseco <i>Independent Director</i>	Member	14/14	100%
Sherwin U. Lee <i>Chief Audit Executive</i>	Secretary	14/14	100%

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City, 1209

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **Philippine Savings Bank** is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

VICENTE R. CUNA, JR.
Chairman of the Board

JOSE VICENTE L. ALDE
President

LEAH M. ZAMORA
Controller

Signed this day of FEB 21 2025.

REPUBLIC OF THE PHILIPPINES

CITY OF MAKATI

) S.S.

FEB 21 2025

SUBSCRIBED AND SWORN TO before me this _____ affiants exhibiting to me their government-issued identification cards as follows:

Name	Passport/SSS	Date of Issue	Place of Issue
Vicente R. Cuna, Jr.			
Jose Vicente L. Alde			
Leah M. Zamora			

Doc. No.

Page No.

Book No.

Series of 2025.

MYRA S. SAN BUENAVENTURA

Notary Public for Makati until 12.31.2026 (M-28)

Roll No. 51202

PTR 1046539/1.02.2025/Makati

IBP 510060/1.19.2024/For 2025/Cam. Sur

403B, MG Bldg., 190 Amorsolo St., Legaspi Vill., Makati

Tel. Nos. +639228365212/8871-4417

MCLE Compliance No. VIII-0001111 v/u 04.14.2028

COVER SHEETfor
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

1	5	5	5	2					
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COMPANY NAME

P	H	I	L	I	P	P	I	N	E		S	A	V	I	N	G	S		B	A	N	K						

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

P	S	B	a	n	k		C	e	n	t	e	r	,		7	7	7		P	a	s	e	o		d	e		R	o
x	a	s		c	o	r	n	e	r		S	e	d	e	ñ	o		S	t	r	e	e	t	,		M	a	k	a
t	i			C	i	t	y																						

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
	8885-8208	
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,432	04/24	12/31

CONTACT PERSON INFORMATIONThe designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Leah M. Zamora	LMZamora@psbank.com.ph	(632) 8845-8816	

CONTACT PERSON'S ADDRESS

777 Paseo de Roxas corner Sedeño St., Makati City, Philippines
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NOTE 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2: All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Philippine Savings Bank
PSBank Center
777 Paseo de Roxas corner Sedeño Street
Makati City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Philippine Savings Bank (“the Bank”), which comprise the statements of condition as at December 31, 2024 and 2023 and the statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2024, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2024 and 2023, and its financial performance and its 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 Bank 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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.

Adequacy of allowance for credit losses on loans and receivables

The Bank'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 Bank'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 and expected recoveries from defaulted accounts, and impact of any financial support and credit enhancements extended by any party; and incorporating forward-looking information (called overlays) in calculating ECL.

Allowance for credit losses on loans and receivables as of December 31, 2024 amounted to ₱4.0 billion. Provision for credit losses of the Bank in 2024 amounted to ₱199.7 million.

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 ECL methodologies and models used for the Bank'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 Bank'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 Bank'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 Bank'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) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Bank's lending portfolios and broader industry knowledge; and (h) tested the effective interest rate used in discounting the expected loss.



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 also assessed the assumptions used where there are missing or insufficient data.

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 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 the Bank'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.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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 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 Bank'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 Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 36 and Revenue Regulations No. 15-2010 in Note 37 to the financial statements is presented for purposes of filing with the Bangko Sentral ng Pilipinas (BSP) and Bureau of Internal Revenue (BIR), respectively, and is not a required part of the basic financial statements. Such information is the responsibility of the management of Philippine Savings Bank. 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 Veronica Mae A. Arce.

SYCIP GORRES VELAYO & CO.


Veronica Mae A. Arce

Partner

CPA Certificate No. 0117208

Tax Identification No. 234-282-413

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

BIR Accreditation No. 08-001998-153-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10465265, January 2, 2025, Makati City

February 20, 2025



PHILIPPINE SAVINGS BANK
STATEMENTS OF CONDITION

	December 31	
	2024	2023
ASSETS		
Cash and Other Cash Items	₱1,781,441,158	₱1,653,554,961
Due from Bangko Sentral ng Pilipinas (Notes 7 and 16)	1,183,357,292	9,745,633,911
Due from Other Banks (Note 29)	1,815,099,522	1,764,229,676
Interbank Call Loans Receivable and Securities Purchased		
Under Resale Agreements (Note 7)	400,000,000	6,989,635,680
Fair Value Through Profit or Loss (FVTPL) Investments (Note 8)	300,599,156	414,298,313
Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI) (Note 8)	25,892,190,851	54,359,693,631
Investment Securities at Amortized Cost (Note 8)	30,096,321,212	29,893,168,043
Loans and Receivables (Note 9)	143,823,452,568	122,764,412,226
Investment in a Joint Venture (Notes 10 and 29)	892,036,809	870,178,530
Property and Equipment (Note 11)	3,193,122,788	3,141,957,377
Investment Properties (Note 12)	3,640,816,902	3,934,950,184
Deferred Tax Assets (Note 27)	1,318,508,161	1,257,607,610
Intangible Assets and Goodwill (Note 13)	460,788,987	298,197,196
Other Assets (Note 14)	1,559,037,180	1,345,778,616
	₱216,356,772,586	₱238,433,295,954
LIABILITIES AND EQUITY		
Liabilities		
Deposit Liabilities (Note 16)		
Demand	₱25,535,370,093	₱25,325,912,039
Savings	47,745,087,366	46,463,448,245
Time	91,272,571,647	112,749,125,906
Long-term Negotiable Certificates of Deposits (LTNCD)	—	5,084,217,598
	164,553,029,106	189,622,703,788
Bills Payable (Note 17)	—	271,896,461
Treasurer's, Cashier's and Manager's Checks	1,615,438,412	1,514,065,655
Accrued Taxes, Interest and Other Expenses (Note 18)	2,246,446,273	2,663,537,503
Other Liabilities (Note 19)	3,835,930,737	4,206,934,631
	172,250,844,528	198,279,138,038
Equity		
Common Stock (Note 21)	4,268,594,160	4,268,594,160
Capital Paid in Excess of Par Value (Note 21)	11,418,563,257	11,418,563,257
Surplus Reserves (Note 30)	1,049,164,351	1,046,398,969
Surplus (Note 21)	28,380,653,358	24,455,554,572
Fair Value Reserves on Financial Assets at FVOCI (Note 8)	16,969,885	70,794,457
Remeasurement Losses on Retirement Plan (Note 24)	(1,038,514,167)	(1,129,174,728)
Equity in Remeasurement Gains on Retirement Plan of a Joint Venture (Note 10)	2,421,056	6,178,352
Equity in Hedge Reserves of a Joint Venture (Note 10)	—	9,707,213
Cumulative Translation Adjustment	8,076,158	7,541,664
	44,105,928,058	40,154,157,916
	₱216,356,772,586	₱238,433,295,954

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK

STATEMENTS OF INCOME

	Years Ended December 31		
	2024	2023	2022
INTEREST INCOME			
Loans and receivables (Note 9)	₱12,853,958,647	₱11,479,459,384	₱10,159,518,037
Financial assets at FVOCI and investment securities at amortized cost (Note 8)	3,272,624,033	4,307,661,938	2,574,256,913
Interbank call loans receivable and securities purchased under resale agreements (Note 7)	347,567,262	419,381,106	195,778,577
Due from Bangko Sentral ng Pilipinas (Note 7)	345,049,668	1,397,792,663	1,254,216,130
FVTPL investments (Note 8)	44,019,337	3,495,728	2,152
Due from other banks	9,906,500	16,474,592	4,101,643
	16,873,125,447	17,624,265,411	14,187,873,452
INTEREST EXPENSE			
Deposit liabilities (Note 16)	4,475,126,221	5,663,176,485	2,811,393,495
Lease liabilities (Note 25)	80,201,164	78,902,394	79,873,386
Bills payable (Note 17)	20,257,951	35,278,313	21,919,260
Bonds payable (Note 17)	–	20,731,311	224,036,617
	4,575,585,336	5,798,088,503	3,137,222,758
NET INTEREST INCOME	12,297,540,111	11,826,176,908	11,050,650,694
Service fees and commission income (Note 22)	1,905,435,829	1,792,742,915	1,732,841,894
Service fees and commission expense (Note 22)	89,857,094	65,583,938	51,309,070
NET SERVICE FEES AND COMMISSION INCOME	1,815,578,735	1,727,158,977	1,681,532,824
OTHER OPERATING INCOME (CHARGES)			
Gain on foreclosure and sale of investment properties - net (Note 12)	420,709,766	361,931,299	801,738,724
Gain on foreclosure and sale of chattel mortgage properties - net (Note 14)	210,233,861	619,971,252	700,214,707
Trading and securities gains - net (Note 8)	14,291,108	5,293,898	2,455,186
Foreign exchange gain (loss) - net	8,280,983	17,627,813	(6,075,489)
Gain on sale of property and equipment (Note 11)	3,864,437	3,895,058	12,079,779
Miscellaneous (Notes 12, 23 and 25)	547,977,595	582,860,969	777,775,337
	1,205,357,750	1,591,580,289	2,288,188,244
TOTAL OPERATING INCOME	15,318,476,596	15,144,916,174	15,020,371,762
OTHER EXPENSES			
Compensation and fringe benefits (Notes 24 and 29)	4,088,667,958	3,811,715,458	3,640,553,887
Taxes and licenses	1,520,977,423	1,672,526,981	1,612,926,317
Depreciation (Note 11)	951,779,982	840,135,760	755,952,721
Security, messengerial and janitorial services	564,124,597	431,238,658	413,011,422
Occupancy and equipment-related costs (Note 25)	355,258,322	338,465,479	344,568,484
Provision for credit and impairment losses (Note 15)	214,439,037	1,451,089,796	1,306,242,436
Amortization of intangible assets (Note 13)	111,357,953	106,212,859	102,850,715
Miscellaneous (Notes 12 and 26)	1,642,264,312	1,690,846,708	2,130,720,607
	9,448,869,584	10,342,231,699	10,306,826,589

(Forward)



	Years Ended December 31		
	2024	2023	2022
INCOME BEFORE SHARE IN NET INCOME OF A JOINT VENTURE AND INCOME TAX	₱5,869,607,012	₱4,802,684,475	₱4,713,545,173
SHARE IN NET INCOME OF A JOINT VENTURE (Notes 10 and 29)	68,022,770	86,340,894	83,418,474
INCOME BEFORE INCOME TAX	5,937,629,782	4,889,025,369	4,796,963,647
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)			
Current	820,308,105	1,208,573,920	783,316,316
Deferred	(91,120,738)	(850,610,415)	335,219,072
	729,187,367	357,963,505	1,118,535,388
NET INCOME	₱5,208,442,415	₱4,531,061,864	₱3,678,428,259
Basic/Diluted Earnings Per Share (Note 28)	₱12.20	₱10.61	₱8.62

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK
STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2024	2023	2022
NET INCOME	₱5,208,442,415	₱4,531,061,864	₱3,678,428,259
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items that recycle to profit or loss in subsequent periods:</i>			
Equity in hedge reserves of a joint venture (Note 10)	(9,707,213)	21,851,794	—
Fair value reserves on debt securities at FVOCI (Note 8)	(60,771,043)	112,803,154	(58,258,709)
Cumulative translation adjustment	534,494	(15,815)	14,514,893
	(69,943,762)	134,639,133	(43,743,816)
<i>Items that do not recycle to profit or loss in subsequent periods:</i>			
Remeasurement gains (losses) on retirement plan (Note 24)	120,880,748	(507,534,607)	(154,184,385)
Equity in remeasurement gains (losses) on retirement plan of a joint venture (Note 10)	(3,757,296)	3,300,960	—
Fair value reserves on equity securities at FVOCI (Note 8)	6,946,472	6,773,938	7,066,184
Income tax effect (Note 27)	(30,220,187)	126,883,652	38,546,096
	93,849,737	(370,576,057)	(108,572,105)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	23,905,975	(235,936,924)	(152,315,921)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	₱5,232,348,390	₱4,295,124,940	₱3,526,112,338

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK

STATEMENTS OF CHANGES IN EQUITY

	Common Stock (Note 21)	Capital Paid in Excess of Par Value (Note 21)	Surplus Reserves (Note 30)	Surplus (Note 21)	Fair Value Reserves on Financial Assets at FVOCI (Note 8)	Remeasurement Losses on Retirement Plan (Note 24)	Equity in Remeasurement Gains on Retirement Plan of a Joint Venture (Note 10)	Equity in Hedge Reserves of a Joint Venture (Note 10)	Cumulative Translation Adjustment	Total
Balance at January 1, 2024	₱4,268,594,160	₱11,418,563,257	₱1,046,398,969	₱24,455,554,572	₱70,794,457	(₱1,129,174,728)	₱6,178,352	₱9,707,213	₱7,541,664	₱40,154,157,916
Total comprehensive income (loss) for the year	—	—	—	5,208,442,415	(53,824,572)	90,660,561	(3,757,296)	(9,707,213)	534,494	5,232,348,390
Cash dividends (Note 21)	—	—	—	(1,280,578,248)	—	—	—	—	—	(1,280,578,248)
Appropriation of surplus to trust business (Note 30)	—	—	2,765,382	(2,765,382)	—	—	—	—	—	—
Balance at December 31, 2024	₱4,268,594,160	₱11,418,563,257	₱1,049,164,351	₱28,380,653,358	₱16,969,885	(₱1,038,514,167)	₱2,421,056	₱—	₱8,076,158	₱44,105,928,058
Balance at January 1, 2023	₱4,268,594,160	₱11,418,563,257	₱1,043,979,211	₱21,207,490,714	(₱48,782,635)	(₱748,523,773)	₱2,877,392	(₱12,144,581)	₱7,557,479	₱37,139,611,224
Total comprehensive income (loss) for the year	—	—	—	4,531,061,864	119,577,092	(380,650,955)	3,300,960	21,851,794	(15,815)	4,295,124,940
Cash dividends (Note 21)	—	—	—	(1,280,578,248)	—	—	—	—	—	(1,280,578,248)
Appropriation of surplus to trust business (Note 30)	—	—	2,419,758	(2,419,758)	—	—	—	—	—	—
Balance at December 31, 2023	₱4,268,594,160	₱11,418,563,257	₱1,046,398,969	₱24,455,554,572	₱70,794,457	(₱1,129,174,728)	₱6,178,352	₱9,707,213	₱7,541,664	₱40,154,157,916
Balance at January 1, 2022	₱4,268,594,160	₱11,418,563,257	₱1,041,471,464	₱18,812,148,450	₱2,409,890	(₱632,885,484)	₱2,877,392	(₱12,144,581)	(₱6,957,414)	₱34,894,077,134
Total comprehensive income (loss) for the year	—	—	—	3,678,428,259	(51,192,525)	(115,638,289)	—	—	14,514,893	3,526,112,338
Cash dividends (Note 21)	—	—	—	(1,280,578,248)	—	—	—	—	—	(1,280,578,248)
Appropriation of surplus to trust business (Note 30)	—	—	2,507,747	(2,507,747)	—	—	—	—	—	—
Balance at December 31, 2022	₱4,268,594,160	₱11,418,563,257	₱1,043,979,211	₱21,207,490,714	(₱48,782,635)	(₱748,523,773)	₱2,877,392	(₱12,144,581)	₱7,557,479	₱37,139,611,224

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK

STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱5,937,629,782	₱4,889,025,369	₱4,796,963,647
Adjustments to reconcile income before income tax to net cash provided by operations:			
Provision for credit and impairment losses (Note 15)	214,439,037	1,451,089,796	1,306,242,436
Amortization of premium (discount) on financial assets at fair value through other comprehensive income and investment securities at amortized cost	(1,523,050,996)	(2,448,385,863)	(2,414,610,975)
Depreciation (Note 11)	951,779,982	840,135,760	755,952,721
Loss (gain) on foreclosure and sale of:			
Investment properties (Note 12)	(420,709,766)	(361,931,299)	(801,738,724)
Chattel mortgage properties (Note 14)	(210,233,861)	(619,971,252)	(700,214,707)
Accretion of modified loans (Notes 9 and 23)	(40,054,727)	(70,125,024)	(107,007,086)
Amortization of:			
Intangible assets (Note 13)	111,357,953	106,212,859	102,850,715
Debt issuance costs (Note 17)	–	1,550,061	14,836,617
Accretion of lease liabilities (Note 25)	80,201,164	78,902,394	79,873,386
Share in net income of a joint venture (Note 10)	(68,022,770)	(86,340,894)	(83,418,474)
Realized loss (gain) on sale of financial assets at fair value through other comprehensive income (FVOCI) and amortized cost (Note 8)	(24,247,623)	(677,047)	2,499,021
Gain on sale of property and equipment (Note 11)	(3,864,437)	(3,895,058)	(12,079,779)
Fair value loss (gain) on fair value through profit or loss investments (Note 8)	4,980,604	(1,763,136)	8,826
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Fair value through profit or loss investments	108,718,553	(412,499,302)	–
Loans and receivables	(24,882,732,846)	(16,690,866,036)	(2,904,935,501)
Other assets	(25,746,297)	(25,085,315)	127,575,882
Increase (decrease) in:			
Deposit liabilities	(25,069,407,062)	(24,149,496,905)	(3,016,581,657)
Treasurer's, cashier's and manager's checks	101,372,757	499,839,859	420,594,802
Accrued taxes, interest and other expenses	(417,090,487)	157,320,735	821,474,754
Other liabilities	(259,449,880)	(313,236,832)	751,987,887
Cash used in operations	(45,434,130,920)	(37,160,197,130)	(859,726,209)
Income taxes paid	(820,308,105)	(1,208,573,920)	(783,396,863)
Dividends received from joint venture investment (Note 10)	32,699,984	57,599,971	30,059,985
Net cash used in operating activities	(46,221,739,041)	(38,311,171,079)	(1,613,063,087)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
Financial assets at FVOCI	(228,142,099,166)	(522,049,795,033)	(596,433,148,029)
Investment securities at amortized cost	(1,927,310,139)	(890,227,702)	(8,626,650,004)
Property and equipment (Notes 11 and 32)	(319,208,849)	(388,426,720)	(332,839,077)
Other intangible assets (Note 13)	(273,949,744)	(70,519,156)	(75,548,530)
Proceeds from sale/maturities of:			
Financial assets at FVOCI (Note 8)	257,872,403,928	540,298,330,000	588,538,027,651
Chattel mortgage properties (Note 14)	3,243,570,913	2,006,025,248	2,073,485,973
Investment securities at amortized cost	1,955,737,250	1,027,002,760	47,454,850
Investment properties (Note 12)	877,066,090	780,498,824	923,283,316
Property and equipment (Note 11)	37,246,262	51,992,160	99,482,403
Net cash provided by (used in) investing activities	33,323,456,545	20,764,880,381	(13,786,451,447)
CASH FLOWS FROM FINANCING ACTIVITIES			
Settlement of bonds payable	–	(4,650,000,000)	–
Dividends paid (Note 21)	(1,280,578,248)	(1,280,578,248)	(1,280,578,248)
Payment of lease liabilities (Notes 25 and 32)	(522,142,339)	(533,555,296)	(558,996,040)
Settlement of bills payable (Note 32)	(2,447,207,380)	(5,981,745,057)	(8,664,527,168)
Availments of bills payable (Note 32)	2,175,310,919	5,067,696,543	9,850,472,143
Net cash used in financing activities	(2,074,617,048)	(7,378,182,058)	(653,629,313)
Effect of exchange rate differences	12,638	(399)	756,081

(Forward)



	Years Ended December 31		
	2024	2023	2022
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(₱14,972,886,906)	(₱24,924,473,155)	(₱16,052,387,766)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Cash and other cash items	1,653,554,961	1,930,720,274	2,801,335,279
Due from Bangko Sentral ng Pilipinas - gross (Notes 7 and 16)	9,745,633,911	37,553,243,574	52,428,888,060
Due from other banks - gross	1,765,438,984	2,925,163,812	1,368,023,210
Interbank call loans receivable and securities purchased under resale agreements (Note 7)	6,989,635,680	2,669,609,031	4,532,877,908
	20,154,263,536	45,078,736,691	61,131,124,457
CASH AND CASH EQUIVALENTS AT END OF YEAR			
Cash and other cash items	1,781,441,158	1,653,554,961	1,930,720,274
Due from Bangko Sentral ng Pilipinas - gross (Notes 7 and 16)	1,183,357,292	9,745,633,911	37,553,243,574
Due from other banks - gross	1,816,578,180	1,765,438,984	2,925,163,812
Interbank call loans receivable and securities purchased under resale agreements (Note 7)	400,000,000	6,989,635,680	2,669,609,031
	₱5,181,376,630	₱20,154,263,536	₱45,078,736,691
OPERATIONAL CASH FLOWS FROM INTEREST			
Interest paid	₱4,770,082,953	₱5,786,661,627	₱2,820,995,599
Interest received	15,383,148,818	15,417,117,332	12,782,470,531

See accompanying Notes to Financial Statements.



PHILIPPINE SAVINGS BANK

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

Philippine Savings Bank (the Bank) was incorporated in the Philippines primarily to engage in savings and mortgage banking. The Bank's shares are listed in the Philippine Stock Exchange (PSE). The Bank offers a wide range of products and services such as deposit products, loans, treasury and trust functions that mainly serve the retail and consumer markets. On September 6, 1991, the Bank was authorized to perform trust functions.

As of December 31, 2024 and 2023, the Bank had 250 branches. In 2024, the Bank had 272 Automated Teller Machines (ATMs) in the branches (on-site) and 256 in other locations (off-site) bringing its total number of ATMs to 528 as of December 31, 2024 and 556 as of December 31, 2023.

The Bank's original Certificate of Incorporation was issued by the Securities and Exchange Commission (SEC) on June 30, 1959. On March 28, 2006, the Board of Directors (BOD) of the Bank approved the amendment of Article IV of its Amended Articles of Incorporation to extend the corporate term of the Bank, which expired on June 30, 2009, for another 50 years or up to June 30, 2059. This was subsequently approved by stockholders representing at least two-thirds of the outstanding capital stock of the Bank on April 25, 2006. The Amended Articles of Incorporation was approved by the SEC on September 27, 2006.

On April 27, 2010, by majority vote of the BOD and by stockholders representing two-thirds of the outstanding capital stock, the amendment of Article VI of its Amended Articles of Incorporation reducing the number of directors from a maximum of eleven (11) to a maximum of nine (9) has been approved. This was approved by the SEC on August 26, 2010.

On March 24, 2014, the BOD approved Article III of Articles of Incorporation to specify its principal address from Makati City to PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City 1226. The Amended Articles of Incorporation was approved by the SEC on December 22, 2014.

As of December 31, 2024 and 2023, Metropolitan Bank & Trust Company (MBTC), the Bank's ultimate parent, owned 88.38% of the Bank.

2. Material Accounting Policy Information

Basis of Preparation

The accompanying financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) that have been measured at fair value. All values are rounded to the nearest peso unless otherwise stated.

The financial statements of the Bank include the accounts maintained in the Regular Banking Unit (RBU) and Foreign Currency Deposit Unit (FCDU). The functional currency of RBU and FCDU is Philippine Peso (PHP) 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 (see accounting policy on Foreign Currency Translation). The financial statements of these units are combined after eliminating inter-unit accounts.



The financial statements provide comparative information in respect of the previous period. In addition, the Bank presents an additional statement of condition at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

Statement of Compliance

The financial statements of the Bank have been prepared in accordance with PFRS Accounting Standards as adopted by the Financial and Sustainability Reporting Standards Council (FSRSC).

Presentation of Financial Statements

The Bank presents its statements of condition in order of liquidity. An analysis regarding recovery of assets or settlement of liabilities within twelve (12) months after the statement of condition date (current) and more than 12 months after the statement of condition date (non-current) is presented in Note 20.

Financial assets and financial liabilities are offset and the net amount is reported in the statements of condition only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. The Bank 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 solvency or bankruptcy of the Bank and all of the counterparties.

Income and expenses are not offset in the statements of income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

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 as at January 1, 2024. The Bank 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 financial statements of the Bank.

- 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.

Summary of Material Accounting Policies

Foreign Currency Translation

The financial statements are presented in PHP, which is the Bank's functional and presentation currency.

The books of accounts of the RBU are maintained in PHP, while those of the FCDU are maintained in USD.

RBU

As at reporting date, foreign currency monetary assets and liabilities of the RBU are translated in PHP based on the Bankers Association of the Philippines (BAP) closing rate prevailing at the statement of condition date, and foreign currency-denominated income and expenses, at the exchange rates as at the dates of the transactions. Foreign exchange differences arising from restatements of foreign currency-denominated assets and liabilities in the RBU are credited to or charged against profit or loss in the year in which the rates change. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

FCDU

As at reporting date, the assets and liabilities of the FCDU are translated to the Bank's presentation currency (PHP) at the BAP closing rate prevailing at the statement of condition date, and its income and expenses are translated using the exchange rates as at the dates of the transactions. Exchange differences arising on translation to the presentation currency are taken to the statements of comprehensive income under 'Cumulative translation adjustment'. Upon disposal of the FCDU or upon actual remittance of FCDU profits to RBU, the deferred cumulative amount recognized in the statements of comprehensive income is recognized in the statements of income.

Fair Value Measurement

The Bank measures financial instruments, such as FVTPL investments, financial assets at FVOCI and derivative financial instruments, at fair value at each statement of condition date. Also, fair values of financial instruments measured at amortized cost and non-financial assets such as investment properties are disclosed in Note 4.

Fair value is the estimated 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 most advantageous market must be accessible to the Bank.



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

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

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

The Bank 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 Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash and other cash items, due from BSP and other banks, interbank call loans receivable and securities purchased under resale agreements (SPURA) that are convertible to known amounts of cash which have original maturities of three months or less from date of placements and that are subject to an insignificant risk of changes in value. Due from BSP includes the statutory reserves required by the BSP which the Bank considers as cash equivalents as withdrawals can be made to meet the Bank's cash requirements as allowed by the BSP.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of recognition

Purchases or sales of financial assets, except for derivatives, that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date. Derivative financial instruments are recognized on a trade date basis. Deposits, amounts due to banks and loans and receivables are recognized when cash is received by the Bank or advanced to the borrowers.



Initial recognition of financial instruments

All financial instruments are initially measured at fair value. Except for financial assets and financial liabilities at FVTPL, the initial measurement of financial instruments includes transaction costs.

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 Bank 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 Bank determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Instruments – Classification and Subsequent Measurement

Financial assets are measured at FVTPL unless these are measured at FVOCI or at amortized cost. Financial liabilities are classified as either financial liabilities at FVTPL 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 (SPPI test).

Investments at FVTPL

Financial assets or financial liabilities at FVTPL

Financial assets and financial liabilities at FVTPL include financial assets and financial liabilities held for trading purposes and derivative instruments.

Financial instruments held-for-trading

Financial assets or financial liabilities held for trading (HFT) are recorded in the statements of condition at fair value. Included in this classification are debt securities which have been acquired principally for the purpose of selling in the near term. Changes in fair value relating to the HFT positions are recognized in 'Trading and securities gains (losses) - net'. Interest earned or incurred is recorded as interest income or expense, respectively, while dividend income is recorded in other operating income under 'Miscellaneous' when the right to receive payment has been established.

Derivatives recorded at FVTPL

Derivative financial instruments are initially recorded at fair value on the date at which the derivative contract is entered into and are subsequently re-measured at fair value. Any gains or losses arising from changes in fair values of derivatives (except those accounted for as cash flow hedges) are taken directly to the statements of income and are included in 'Foreign exchange gain - net'. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. As of December 31, 2024 and 2023, derivatives consist of Republic of the Philippines (ROP) paired warrants acquired to manage the Bank's foreign currency risk, lower the risk-weighted assets and improve the capital adequacy ratio of the Bank.



Financial assets at FVOCI

Financial assets at FVOCI include debt and equity securities. After initial measurement, investment securities at FVOCI are subsequently measured at fair value. The unrealized gains and losses arising from the fair valuation of financial assets at FVOCI are excluded, net of tax as applicable, from the reported earnings and are included in the statements of comprehensive income as 'Fair value reserves on financial assets at FVOCI'.

Debt securities at FVOCI are those that meet both of the following conditions: (i) the asset is held within a business model whose objective is to hold the financial assets in order to both collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. The effective yield component of debt securities at FVOCI, as well as the impact of restatements on foreign currency-denominated debt securities at FVOCI, is reported in the statements of income. Interest earned on holding debt securities at FVOCI are reported as 'Interest income' using the effective interest method. When the debt securities at FVOCI are disposed of, the cumulative gain or loss previously recognized in the statements of comprehensive income is recognized as 'Trading and securities gain (loss) - net' in the statements of income. The ECL arising from impairment of such investments are recognized in other comprehensive income (OCI) with a corresponding charge to 'Provision for credit and impairment losses' in the statements of income.

Equity securities designated at FVOCI are those that the Bank 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 statements of income as 'Dividends' when the right to receive payment has been established, except when the Bank benefits from such proceeds as a recovery of 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 statements 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.

Financial assets at amortized cost

Financial assets at amortized cost are debt financial assets that meet both of the following conditions: (i) these are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and (ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the outstanding principal amount. This accounting policy relates to the statements of condition captions 'Due from BSP', 'Due from other banks', 'Interbank call loans receivable and SPURA', 'Investment securities at amortized cost' and 'Loans and receivables'.

After initial measurement, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included in 'Interest income' in the statements of income. Gains and losses are recognized in statements of income when these investments are derecognized or impaired, as well as through the amortization process. The ECL are recognized in the statements of income under 'Provision for credit and impairment losses'. The effects of revaluation on foreign currency denominated investments are recognized in the statements of income.

Other financial liabilities carried at amortized cost

This category represents issued financial instruments or their components, which are not designated at FVTPL and comprises deposit liabilities, bills payable, subordinated notes, treasurer's, cashier's and manager's checks, accrued interest payable, accrued other expenses payable, accounts payable, bills purchased-contra, other credits, dividends payable, deposits for keys-safety deposit boxes (SDB), and



overages, where the substance of the contractual arrangement results in the Bank 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.

After initial measurement, financial liabilities not qualified and not designated as FVTPL 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 issue and fees that are an integral part of the EIR.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on quoted market prices for similar debt instruments). The residual amount determined after deducting the fair value of the debt component is assigned to the equity component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

Financial Guarantees and Undrawn Loan Commitments

The Bank issues financial guarantees and loan commitments. Financial guarantees are those issued by the Bank to creditors as allowed under existing rules and regulations whereby it guarantees third party obligations by signing as guarantor in the contract/agreement. Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. The nominal contractual value of financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. These contracts are in the scope of the ECL requirements where the Bank 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 loan commitments is recognized in 'Miscellaneous liabilities' under 'Other liabilities'.

Derecognition of Financial Assets and Liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Bank 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;
- the Bank has transferred its rights to receive cash flows from the asset and either:
 - a. the Bank has transferred substantially all the risks and rewards of the asset or
 - b. the Bank has neither transferred nor retained the risks and rewards of the asset but has transferred control over the asset.

Where the Bank 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 is transferred control over the asset, the asset recognized to the extent of the Bank's continuing involvement in the asset. In this case, the Bank also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.



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 Bank could be required to repay.

Financial assets are written off either partially or in their entirety only when the Bank 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

The Bank 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 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.

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).

Financial liabilities

A financial liability (or a part of 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 or a part of it are substantially modified, such an exchange or modification is treated as a derecognition of the original financial liability and the recognition of a new financial liability, and the difference in the respective carrying amounts is recognized in the statement of income.



Repurchase and Reverse Repurchase Agreements

Securities sold under agreements to repurchase (SSURA) at a specified future date ('repos') are not derecognized from the statements of condition as the Bank retains substantially all the risks and rewards of ownership. The corresponding cash received, including accrued interest, is recognized in the statements of condition as a loan to the Bank under 'Bills payable', reflecting the economic substance of such transaction.

Conversely, SPURA at a specified future date ('reverse repos') are not recognized in the statements of condition. The consideration paid, including accrued interest, is recognized in the statements of condition as SPURA, and is considered a loan to the counterparty. 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 effective interest amortization method.

Reclassification of Financial Assets

The Bank reclassifies its financial assets when there is a change in its business model for managing financial assets. A change in business model occurs when the Bank either begins or ceases to perform an activity that is significant to its operations. The Bank applies the reclassification prospectively from the reclassification date and does not restate any previously recognized gains, losses or interest.

Impairment of Financial Assets

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

Expected credit loss methodology

ECL represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The objective 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 now 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 12 months after the reporting date. Lifetime ECL are credit losses that result from all possible default events over the expected life of a financial instrument. In comparison, the previous incurred loss model recognizes lifetime credit losses only when there is objective evidence of impairment.

In select circumstances, accounts are individually assessed to ensure that provisions are appropriate and adequate. Manual loan classification reviews additional qualitative factors and prescribes much higher provisions that is based on portfolio historical experience.

Staging assessment

For non-credit-impaired financial instruments:

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. The Bank recognizes a 12-month ECL for Stage 1 financial instruments.
- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. The Bank 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 a loan or a portfolio of loans. The ECL model requires that lifetime ECL be recognized for impaired financial instruments.

Definition of “default” and “cure”

As a part of a qualitative assessment of whether a customer is in default, the Bank considers a variety of instances that may indicate unlikelihood to pay. The Bank’s definition of default is aligned with the non-performing loan criteria as prescribed in BSP Circular No. 941. Defaults refer to loans, investments, receivables, or any financial asset, even without any missed contractual payments, that satisfy any of the following conditions (1) impaired under existing accounting standards, (2) classified as doubtful or loss, (3) in litigation, (4) and/or there is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any. All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained. Defaults are characterized by financial assets that have objective evidence of impairment at the reporting date and as such classified under Stage 3 ECL treatment.

An instrument is considered to be no longer in default, i.e., to have cured, when it no longer meets any of the default criteria above and there is sufficient evidence to support full collection thru payments received for at least 6 months. Cured accounts are classified under Stage 1 ECL treatment.

Significant increase in credit risk (SICR)

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in probabilities of default and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank’s quantitative models, the borrower or counterparty’s credit rating has deteriorated by at least 2 notches. On the other hand, if based on the Bank’s internal credit assessment, the borrower or counterparty is determined to require close monitoring or with well-defined credit weaknesses, then credit risk may have significantly increased as well. Moreover, if contractual payments are more than 30 days past due threshold, the credit risk is deemed to have increased significantly since initial recognition. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which amortized payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, the Bank shall revert to recognizing a 12-month ECL.

ECL parameters and methodologies

ECL is a function of the probability of default (PD), exposure at default (EAD) and loss given default (LGD) with each of the parameter independently modelled.

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 lifetime horizon for Stage 2. The PD for each individual instrument is modelled based on historical data and is estimated based on current market conditions and reasonable and supportable information about future economic conditions. The Bank 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 characteristic of the portfolio, behavior of the accounts and materiality of the segment 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, EAD includes an estimate of any further amounts to be drawn at the time of default. LGD is the amount that may not be recovered in the event of default and is modelled based on historical cash flow recovery and reasonable and supportable information about future economic conditions, where appropriate. LGD takes into consideration the amount and quality of any collateral held.

Economic overlays and multiple economic scenarios

The Bank incorporates economic overlays into the measurement of ECL to add a forward-looking risk measure parallel to multiple future macroeconomic atmosphere expectations. A broad range of economic indicators were considered for the economic inputs, such as GDP, GIR change, CPI change, PSE indices, foreign exchange rates and other BSP statistical indicators. 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 address this, quantitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Bank's loans and receivables consist of different portfolios, such as consumption, real estate, commercial and personal loans, as well as other receivables (e.g., sales contract receivables). In compliance with PFRS 9, the Bank developed ECL parameters and methodologies for each portfolio, using historical data as well as forward-looking inputs and assumptions.

Restructured loans

In certain circumstances, the Bank modifies the original terms and conditions of a credit exposure to form 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, changes in maturity date, principal amount from capitalization of accrued interest, terms and conditions from conversion/consolidation or interest rates/repricing cycle that results in an extension in the loan maturity. Distressed restructuring with indications of unlikeliness to pay are categorized as impaired accounts and are initially moved to Stage 3.

The Bank implements a curing policy for restructured accounts compliant with BSP Circular No. 1011. Restructured accounts that have exhibited improvements in creditworthiness may be moved from Stage 3 after a total of one-year probation period. These accounts are transferred to Stage 2 after six months of full payments and consequently transferred to Stage 1 after making the next six months of full payments.

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 if the original loan has a fixed interest rate and the current repriced rate if the original loan is repriceable. The difference between the recorded value of the original loan and the present value of the restructured cash flows, discounted at the applicable interest rate, is recognized in 'Provision for credit and impairment losses' in the statements of income.

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 Bank's investment in its 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 Bank's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The statement of income reflects the Bank's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Bank's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Bank recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Bank and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Bank's share of profit or loss of a joint venture is shown on the face of the statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

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

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

Upon loss of joint control over the joint venture, the Bank 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 fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Property and Equipment

Land is stated at cost less any impairment in value, while depreciable properties, including building, furniture, fixtures and equipment, and leasehold improvements, are stated at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the assets have been put into operation, such as repairs and maintenance, are normally charged against profit or loss 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 property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.



Depreciation is calculated using the straight-line method to write down the cost of the property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

Buildings	25-50 years
Furniture, fixtures and equipment	3-5 years, depending on the type of assets
Leasehold improvements	5 years or the term of the related lease, whichever is shorter

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year-end to ensure that these are consistent with the expected pattern of economic benefits from the 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 on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of income in the year the asset is derecognized.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the asset is written down to its recoverable amount.

Leases

Bank as lessee

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

i. Right-of-use assets

The Bank recognizes right-of-use assets (included in 'Property and Equipment') 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, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets as follows:

Office space and warehouses	1 to 20 years
ATM space	1 to 3 years

ii. Lease liabilities

At the commencement date of the lease, the Bank 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 Bank and payments of penalties for terminating a lease, if the lease term reflects the Bank exercising the option to terminate. Variable lease



payments that do not depend on an index or a rate are recognized as expense (unless they are incurred to produce inventories) in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Bank 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.

The Bank recognizes right-of-use assets and lease liabilities, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Determining the lease term of contracts with renewal options

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that are within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Bank's lease liabilities are included in 'Other Liabilities'.

iii. Short-term leases and leases of low-value assets

The Bank applies the short-term lease recognition exemption to its short-term leases of office equipment (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 ATMs and office equipment that are considered of low value (i.e., ₱250,000 and below). 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.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. An investment property acquired through an exchange transaction is measured at the fair value of the asset acquired unless the fair value of such asset cannot be measured, in which case the investment property acquired is measured at the carrying amount of the asset given up. The difference between the fair value of the asset received and the carrying amount of the asset given up is recorded as 'Gain on foreclosure of real assets and other properties acquired' under 'Gain on foreclosure and sale of investment properties'. Foreclosed properties are classified under investment properties from foreclosure date. Expenditures incurred after the investment properties are recognized, such as repairs and maintenance costs, are normally charged to income in the period in which the costs are incurred.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment in value, except for land which is stated at cost less impairment in value.



Depreciation is calculated using the straight-line method over the remaining useful lives from the time of acquisition of the investment properties. The estimated useful life of building and condominium units ranges from 10 to 40 years.

Investment properties are derecognized when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of income in 'Gain on foreclosure and sale of investment properties - net' in the year of retirement or disposal.

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.

Chattel Mortgage Properties

Chattel mortgage properties comprise of repossessed vehicles. Chattel mortgage properties are stated at cost less accumulated depreciation and impairment in value. Chattel mortgage properties acquired are initially recognized at fair value. Depreciation is calculated using the straight-line method over the remaining useful lives from the time of acquisition of the vehicles. The useful lives of chattel mortgage properties are estimated to be five years.

Chattel mortgage properties are derecognized when they have either been disposed of or when the chattel mortgage property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses on disposal of chattel mortgage properties are recognized in the statements of income under 'Gain (loss) on foreclosure and sale of chattel mortgage properties- net' in the year of disposal.

Intangible Assets

The Bank's intangible assets include branch licenses and computer software. An intangible asset is recognized only when the cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

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 as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statements of income in the year in which the expenditure is incurred.

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 financial year-end. 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 they are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statements of income under 'Amortization of intangible assets'.



Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit (CGU) level. Such intangibles are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite 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.

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.

Branch licenses

Branch licenses arise from the acquisition of branches from local banks and licenses to operate new branches from the BSP. Branch licenses have indefinite useful lives and are tested for impairment on an annual basis.

Software costs

Software costs are carried at cost less accumulated amortization and any impairment in value. Given the history of rapid changes in technology, computer software are susceptible to technological obsolescence. Therefore, it is likely that their useful life is short. Software costs are amortized on a straight-line basis over five years but maybe shorter depending on the period over which the Bank expects to use the asset.

Impairment of Non-financial Assets

Property and equipment, investment properties and chattel mortgage properties

At each statement of condition date, the Bank assesses whether there is any indication that its non-financial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Bank makes a formal estimate of the recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators.

An impairment loss is charged to operations in the year in which it arises.

An assessment is made at each statement of condition date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been previously recognized. Such reversal is recognized in the statement of income. After such reversal, the depreciation expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.



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 CGU) to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGU) is less than the carrying amount of the CGU (or group of CGU) to which goodwill has been allocated, an impairment loss is recognized immediately in the statements of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Bank performs its annual impairment test of goodwill as at December 31 of each year.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 of each year, either individually or at the CGU level, as appropriate.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Investment in a joint venture

After application of the equity method, the Bank determines whether it is necessary to recognize an impairment loss on the Bank's investment in a joint venture. The Bank determines at each statement of condition date whether there is any objective evidence that the investment a joint venture is impaired. If this is the case, the Bank calculates the amount of impairment as being the difference between the fair value of the investment in the joint venture and the carrying amount and recognizes such amount in the statements of income.

Common Stock

Common stocks are recorded at par. Proceeds in excess of par value are recognized under equity as 'Capital paid in excess of par value' in the statements of condition. Incremental costs incurred which are directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Revenue Recognition

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

The Bank assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Bank concluded that it is acting as a principal in all of its revenue arrangements.

Service fees and commission income

Fees or components of fees that are linked to a certain performance are recognized after fulfilling the corresponding criteria. These fees include remittance fees, commissions, deposit-related and other credit-related fees.

Income from sale of property and equipment, investment property and chattel mortgage properties

Income from sale of property and equipment, investment property and chattel mortgage properties is included in the profit or loss when the property is derecognized. The gain or loss arising from the derecognition of the property is determined as the difference between the net disposal proceeds and its carrying amount on the date of the transaction.



Revenue outside the scope of PFRS 15

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial instruments classified as financial assets at FVOCI investments, interest income is recorded at the EIR, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options), including any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Interest income'.

Under PFRS 9, when a financial asset becomes credit-impaired and is, therefore, regarded as Stage 3 (as discussed in "Impairment of Financial Assets" above), the Bank calculates interest income by applying the EIR to the net amortized cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

Recovery on charged-off assets

Income arising from collections on accounts or recoveries from impairment of items previously written off are recognized in the year of recovery.

Trading and securities gains (losses) - net

Trading and securities gain (loss) represents results arising from trading activities, including all gains and losses from changes in the fair values of FVTPL investments. It also includes gains and losses realized from sale of debt securities at FVOCI.

Realized gains and losses on disposals of FVTPL investments are calculated using weighted average method. It represents the difference between an instrument's initial carrying amount and disposal amount.

Gain on disposal of investments securities at amortized cost

Gain on disposal of investment securities at amortized cost represents gain realized from sale of peso-denominated debt securities measured at amortized cost.

Rental income

Rental income arising from leased properties is accounted for on a straight-line basis over the lease terms of ongoing leases and is recorded in the statements of income under 'Miscellaneous' in other operating income.

Expense Recognition

Expenses are recognized when it is probable that a decrease in future economic benefit related to a decrease in an asset or an increase in liability has occurred and the decrease in economic benefits can be measured reliably. Revenues and expenses that relate to the same transaction or other event are recognized simultaneously.

Interest expense

Interest expense for all interest-bearing financial liabilities are recognized in 'Interest expense' in the statements of income using the EIR of the financial liabilities to which they relate.



Other expense

Expenses encompass losses as well as those expenses that arise in the ordinary course of business of the Bank. Expenses are recognized when incurred.

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the acquisition cost over the share in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities. The Bank's goodwill arose from past purchases of branch business/offices from the Parent Company. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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 statement of condition date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The present value of the defined benefit obligation is calculated annually by an independent actuary. 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 plan is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- a. service cost;
- b. net interest on the net defined benefit liability or asset; and
- c. 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 profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 Philippine 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 profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements 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 Bank, nor can they be paid directly to the Bank. The 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). If the fair value of the plan assets is higher than the present value of the



defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Bank'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 benefits

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 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 entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Provisions

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

Contingent Liabilities and Contingent Assets

Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the 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 are included in the measurement basis of the underlying debt instruments and are amortized as an adjustment to the interest on the underlying debt instruments using the effective interest method.



Income Taxes

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is determined in accordance with Philippine tax law. Income tax is recognized in the statement of income, except to the extent that it relates to OCI items recognized directly in the statements of comprehensive income.

Current tax

Current income tax is the expected tax payable on the taxable income for the period, using the tax rates enacted at the statement of condition date, together with adjustments to tax payable in respect to prior years.

Deferred tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the statement of condition 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, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT), to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses and MCIT can be utilized.

The carrying amount of deferred tax assets is reviewed at each statement of condition date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each statement of condition date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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 condition date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and deferred taxes related to the same taxable entity and the same taxation authority.

Current income tax and deferred income tax relating to items recognized directly in OCI is also recognized in OCI and not in the statements of income.

Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income for the year by the weighted average number of common shares issued and outstanding during the year, after giving retroactive effect to stock dividends declared, stock rights exercised and stock splits, if any, declared during the year.

Dividends on Common Shares

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Bank. Dividends for the year that are approved after the statements of condition date are dealt with as subsequent events.



Segment Reporting

The Bank's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6. The Bank's assets generating revenues are all located in the Philippines (i.e., one geographical location). Therefore, geographical segment information is no longer presented.

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 Bank acts in a fiduciary capacity such as nominee, trustee or agent.

Subsequent Events

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

Standards Issued but Not Yet Effective

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

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards - Volume 11

Effective beginning on or after January 1, 2027

- PFRS 18, *Presentation and Disclosure in Financial Statements*
- PFRS 19, *Subsidiaries without Public Accountability*

Deferred effectivity

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

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in accordance with PFRS Accounting Standards requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent assets and contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods. The effects of any change in judgments, estimates and assumptions are reflected in the financial statements as they become reasonably determinable.



Judgments, estimates and assumptions 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.

Judgments

In the process of applying the Bank's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

(a) Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of condition or disclosed in the notes to financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility for longer-dated derivatives and discount rates, prepayments and default rates assumptions. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair values of the Bank's financial instruments are disclosed in Note 4.

(b) Classification of financial assets

The Bank classifies its financial assets depending on the business model for managing those financial assets and whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

The Bank performs the business model assessment based on observable factors such as:

- Performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel
- 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
- Compensation of business units whether based on the fair value of the assets managed or on the contractual cash flows collected
- Expected frequency, value and timing of sales

In performing the SPPI test, the Bank applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, the period for which the interest rate is set, contingent events that would change the amount and timing of cash flows, leverage features, prepayment and extension terms and other features that may modify the consideration for the time value of money.

(c) Leases

Bank as lessor

The Bank has entered into commercial property leases on its investment properties portfolio and over various items of furniture, fixtures and equipment. The Bank has determined, based on an evaluation of the terms and conditions of the arrangements (i.e., the lease does not transfer ownership of the asset to the lessee by the end of the lease term, the lessee has no option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option is exercisable and the lease term is not for the major part of the asset's economic life),



that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Bank as lessee

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Extension and termination options

The Bank has several lease contracts that include extension and termination options. The Bank applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors such as leasehold improvements and location that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Bank reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Estimating the IBR for lease liabilities

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR for lease liabilities is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimates the IBR for lease liabilities using observable inputs (by reference to prevailing risk-free rates) adjusted to take into account the entity's credit risk (i.e., credit spread).

The carrying values of the Bank's right-of-use assets and lease liabilities are disclosed in Notes 11, 19 and 25, respectively.

(d) Evaluation of business model in managing financial assets

The Bank manages its financial assets based on business models that maintain adequate level of financial assets to match its expected cash outflows, largely arising from customers' withdrawals and continuing loan disbursements to borrowers, while maintaining a strategic portfolio of financial assets for investment and trading activities consistent with its risk appetite.

In determining the classification of a financial instrument under PFRS 9, the Bank developed business models which reflect how it manages its portfolio of financial instruments. The Bank's business models need not be assessed at entity level or as a whole but applied at the level of a portfolio of financial instruments (i.e., group of financial instruments that are managed together by the Bank) and not on an instrument-by-instrument basis (i.e., not based on intention or specific characteristics of individual financial instrument). The Bank evaluates in which business model a financial instrument or a portfolio of financial instruments belong to taking into consideration the objectives of each business model established by the Bank.

In addition, PFRS 9 emphasizes that if more than an infrequent and more than an insignificant sale is made out of a portfolio of financial assets carried at amortized cost, an entity should assess whether and how such sales are consistent with the objective of collecting contractual cash flows. In making this judgment, the Bank considers certain circumstances documented in its business model manual 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 (HTC) business model if the Bank can explain the reasons for those sales and why those sales do not reflect a change in the Bank's objective for the business model.



Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of condition date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

(a) Credit losses on financial assets

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Significant factors affecting the estimates on the ECL model include:

- Segmentation of the portfolio, where the appropriate model or ECL approach is used
- The criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment. The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs. In 2024, the Bank enhanced its ECL models to align with current economic conditions and improve capital efficiency. Pandemic-era overlay models for consumer loans were updated to enhance stability and reliability. Additionally, the Bank refined its Probability of Default (PD) and Loss Given Default (LGD) models improved risk assessment and provisioning accuracy.
- Determination of associations between macroeconomic scenarios and economic inputs and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

The ECL model performance is reviewed periodically, and appropriate measures are taken to ensure provisions for credit losses are adequate.

The gross carrying amounts of financial assets subject to ECL as of December 31, 2024 and the related allowance for credit losses are disclosed in Notes 5 and 15, respectively.

(b) Impairment of investment properties and chattel mortgage properties

The Bank assesses impairment on its non-financial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Bank considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected 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 Bank recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is computed using the fair value less costs to sell for property and equipment, investment properties and chattel mortgage properties. Recoverable



amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The carrying values of the Bank's investment properties and chattel mortgage properties are disclosed in Notes 12 and 14, respectively.

(c) Present value of retirement obligation

The cost of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each statement of condition date.

In determining the appropriate discount rate, management considers the interest rates of Philippine government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The details of assumptions used in the actuarial valuation and carrying value of the net pension liability are disclosed in Note 24.

(d) Recognition of deferred tax assets

Deferred tax assets are recognized for all unused tax and deductible temporary differences to the extent that it is probable that taxable profit 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. The estimates of future taxable income indicate that certain temporary differences will be realized in the future. The recognized net deferred assets and unrecognized deferred tax assets for the Bank are disclosed in Note 27.

(e) Contingent liabilities

The Bank is a defendant in legal actions arising from its normal business activities. Management believes that the ultimate liability, if any, resulting from these cases will not have a material effect on the Bank's financial statements are disclosed in Note 31.

4. Fair Value Measurement

Financial Instruments

The following describes the methodologies and assumptions used to determine the fair values of financial instruments:

Cash and other cash items, due from BSP, due from other banks, interbank call loans receivable and SPURA, accounts receivable, accrued interest receivable, bills purchased, returned checks and other cash items (RCOCI), shortages, petty cash fund, and liquidity requirement for e-money - Carrying amounts approximate fair values due to the relatively short-term maturities of these assets.

Debt investments - Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the



discounted cash flow methodology, using rates currently available for debt on similar terms, credit risk and remaining maturities.

Equity investments - Fair values are based on quoted prices published in markets.

Receivable from customers, sales contract receivables and security deposits - Fair values are estimated using the discounted cash flow methodology, using the Bank's current lending rates for similar types of loans. The discount rates used range from 3.00% to 36.22% and 3.00% to 41.52% in 2024 and 2023, respectively.

Demand deposits, savings deposits, treasurer's, cashier's and manager's checks, accrued interest payable, accounts payable, bills purchased-contra, other credits, deposits for keys-SDB, payment orders payable and overages - Carrying amounts approximate fair values due to either the demand nature or the relatively short-term maturities of these liabilities.

Bonds payable and time deposits - Fair values are estimated using the discounted cash flow methodology using the Bank's borrowing rates for similar borrowings with maturities consistent with those remaining for the liability being valued. The discount rates used are the following:

	Discount Rates	
	2024	2023
Bonds payable	—	4.50%
Time deposits	0.35% to 4.95%	0.25% to 6.25%

The inputs used in the fair value measurement based on Level 2 are as follows:

Government securities - interpolated rates based on market rates of benchmark securities as of statement of condition date.

The inputs used in estimating fair values of financial instruments carried at amortized cost and categorized under Level 3 include risk-free rates and applicable risk premium.

Non-financial Assets

Investment properties - Fair values of the investment properties have been determined based on valuations performed by independent external and in-house appraisers using valuation technique with significant inputs that are not based on observable market data (Level 3). The valuation of investment properties was based on the Sales Comparison Approach and considered recent sales of similar or substitute properties in the same areas where the investment properties are located, taking into account the economic conditions prevailing at the time of the valuation. Other factors considered were the location and shape of the properties, environmental issues, development controls such as the height restriction, building coverage and floor area ratio restrictions among others. Other significant unobservable inputs include shape, location, time element, discount and corner influence. The fair value of investment properties is based on its highest and best use, which is its current use.



The following tables summarize the carrying amount and fair values of the Bank's financial instruments and investment properties, analyzed based on the hierarchy described in Note 2 (in thousands):

December 31, 2024					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
FVTPL investments					
HFT - government securities	₱300,599	₱300,599	₱–	₱–	₱300,599
Financial assets at FVOCI					
Government debt securities	25,518,904	9,294,431	16,224,473	–	25,518,904
Private debt securities	338,923	242,082	96,841	–	338,923
Equity securities	34,364	34,364	–	–	34,364
	₱26,192,790	₱9,871,476	₱16,321,314	₱–	₱26,192,790
Assets for which fair values are disclosed:					
Financial Assets					
Investment securities at amortized cost					
Government	₱29,020,885	₱18,000,375	₱9,759,936	₱–	₱27,760,311
Private	1,075,436	1,069,001	–	–	1,069,001
Loans and receivables					
Receivables from customers					
Consumption loans	87,967,008	–	–	99,812,680	99,812,680
Real estate loans	43,347,882	–	–	66,616,422	66,616,422
Commercial loans	7,435,282	–	–	7,567,451	7,567,451
Personal loans	1,731,395	–	–	2,140,463	2,140,463
Sales contract receivable	3,861	–	–	4,055	4,055
Security Deposits	209,110	–	–	283,964	283,964
Non-Financial Assets					
Investment properties	3,640,817	–	–	6,547,753	6,547,753
	₱174,431,676	₱19,069,376	₱9,759,936	₱182,972,788	₱211,802,100
Liabilities for which fair values are disclosed:					
Deposit liabilities - time	₱91,272,572	₱–	₱–	₱93,931,631	₱93,931,631
Deposit liabilities - LTNCD	–	–	–	–	–
Bills payable	–	–	–	–	–
	₱91,272,572	₱–	₱–	₱93,931,631	₱93,931,631

December 31, 2023					
	Carrying Value	Level 1	Level 2	Level 3	Total Fair Value
Assets measured at fair value:					
Financial Assets					
FVTPL investments					
HFT - government securities	₱414,298	₱414,298	₱–	₱–	₱414,298
Financial assets at FVOCI					
Government debt securities	52,699,129	50,889,402	1,809,727	–	52,699,129
Private debt securities	1,633,147	1,633,147	–	–	1,633,147
Equity securities	27,418	21,199	6,219	–	27,418
	₱54,773,992	₱52,958,046	₱1,815,946	₱–	₱54,773,992
Assets for which fair values are disclosed:					
Financial Assets					
Investment securities at amortized cost					
Government	₱27,875,963	₱18,767,093	₱8,088,712	₱–	₱26,855,805
Private	2,017,205	1,984,906	–	–	1,984,906
Loans and receivables					
Receivables from customers					
Consumption loans	71,139,977	–	–	81,231,497	81,231,497
Real estate loans	40,214,290	–	–	61,703,987	61,703,987
Commercial loans	6,521,064	–	–	6,529,641	6,529,641
Personal loans	1,629,939	–	–	2,247,444	2,247,444
Sales contract receivable	6,380	–	–	6,764	6,764
Security Deposits	198,884	–	–	285,800	285,800
Non-Financial Assets					
Investment properties	3,934,950	–	–	6,617,966	6,617,966
	₱153,538,652	₱20,751,999	₱8,088,712	₱158,623,099	₱187,463,810
Liabilities for which fair values are disclosed:					
Deposit liabilities - time	₱112,749,126	₱–	₱–	₱116,153,413	₱116,153,413
Deposit liabilities - LTNCD	5,084,218	–	–	5,111,755	5,111,755
Bills payable	271,896	–	–	310,561	310,561
	₱118,105,240	₱–	₱–	₱121,575,729	₱121,575,729



When fair values of listed equity and debt securities, as well as publicly traded derivatives at the reporting date are based on quoted market prices or binding dealer price quotations, without any adjustments for transaction costs, the instruments are included within Level 1 of the hierarchy.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist and other revaluation models. Instruments included in Level 3 include those for which there is currently no active market.

As of December 31, 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 measurement.

As of December 31, 2024 and 2023, the Bank determined the market value of its warrants to be zero due to the absence of an active market for the Bank's ROP warrants, as evidenced by the unavailability of quoted market prices.

5. Financial Risk Management Policies and Objectives

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

Organization risk management structure continues to be a top-down organization, with the BOD at the helm of all major initiatives.

Discussed below are the relevant sections on roles and responsibilities from the Risk Oversight Committee (ROC) Charter:

Board of Directors (BOD)

The corporate powers of the Bank are vested in and are exercised by the BOD, who conducts its business and controls its property. The BOD approves broad risk management strategies and policies and ensures that risk management initiatives and activities are consistent with the Bank's overall objectives. The BOD appoints the members of the ROC.

Risk Oversight Committee (ROC)

The ROC is composed of at least three members of the Board, the majority of whom are independent directors including its Chairperson. The ROC Chairperson is not the Chairperson of the Board or of any other committee. Members of the ROC possess a range of expertise and adequate knowledge of the Bank's risk exposures to be able to develop appropriate strategies for preventing losses and minimizing the impact of losses when they occur.

The BOD may also appoint non-directors to the ROC as part of the Metrobank Group risk oversight measures. However, only Bank directors shall be considered as voting members of the ROC. Non-voting members are appointed in an advisory capacity.

The ROC oversees the system of limits to discretionary authority that the BOD delegates to the management and ensures that the system remains effective, the limits are observed, and that immediate corrective actions are taken whenever limits are breached.



The ROC meets on a monthly basis and is supported by the Risk Management Office (RMO). In the absence of the ROC Chairman, another Independent Director shall preside. ROC resolutions, which require the concurrence of the majority of its voting members, are presented to the BOD for confirmation.

Risk Management Office (RMO)

The RMO, headed by the Chief Risk and Sustainability Officer, is a function that is independent from executive functions and business line responsibilities, operations and revenue-generating functions. It reports directly to the BOD, through the ROC. The RMO assists the ROC in carrying out its responsibilities by:

- analyzing, communicating, implementing, and maintaining the risk management policies approved by the ROC and the BOD;
- spearheading the regular review of the Bank's risk management policy manual and making or elevating recommendations that enhance the risk management process to the ROC and the BOD, for their approval; and
- ensuring that the risks arising from the Bank's activities are identified, measured, analyzed, reported to and understood by risk takers, management, and the board. The RMO analyzes limit exceptions and recommends enhancements to the limits structure.

The RMO does not assume risk-taking accountability nor does it have approving authority. The RMO's role is to act as liaison and to provide support to the BOD, ROC, the President, management committees, risk takers and other support and control functions on risk-related matters.

The Risk Management Function is responsible for:

- identifying the key risk exposures and assessing and measuring the extent of risk exposures of the Bank and its trust operations;
- monitoring the risk exposures and determining the corresponding capital requirement in accordance with the Basel capital adequacy framework and based on the Bank's internal capital adequacy assessment on an on-going basis;
- monitoring and assessing decisions to accept particular risks whether these are consistent with BOD-approved policies on risk tolerance and the effectiveness of the corresponding risk mitigation measures; and
- reporting on a regular basis to Senior Management and the BOD the results of assessment and monitoring.

President

The President is the Chief Executive Officer of the Bank and has the primary responsibility of carrying out the policies and objectives of the BOD. The President exercises the authorities delegated to him by the BOD and may recommend such policies and objectives he deems necessary for the continuing progress of the Bank.

Risk management

The risk management framework aims to maintain a balance between the nature of the Bank's businesses and the risk appetite of the BOD. Accordingly, policies and procedures are reviewed regularly and revised as the organization grows and as financial markets evolve. New policies or proposed changes in current policies are presented to the ROC and the BOD for approval.



a. Credit risk and concentration of assets and liabilities and off-balance sheet items

Credit risk is the risk that a counterparty will not settle its obligations in accordance with the agreed terms.

The Bank's lending business follows credit policy guidelines set by the BOD, ROC and RMO. These policies serve as minimum standards for extending credit. The people engaged in the credit process are required to understand and adhere to these policies.

Product manuals are in place for all loans and deposit products that actually or potentially expose the Bank to all types of risks that may result in financial or reputational losses. They define the product and the risks associated with the product plus the corresponding risk-mitigating controls. They embody the business plans and define the business parameters within which the product or activity is to be performed.

The system of checks around extension of credit includes approval by at least two credit approvers through the Credit Committee (CreCom), Executive Committee (ExCom) or BOD. The ROC reviews the business strategies and ensures that revenue-generating activities are consistent with the risk tolerance and standards of the Bank. The Internal Audit Group conducts regular audit across all functional units. The BOD, through the ExCom, CreCom and ROC, ensure that sound credit policies and practices are followed through all the business segments.

Credit Approval

Credit approval is the documented acceptance of credit risk in the credit proposal or application.

The Bank's credit decision-making for consumer loans utilizes the recommendation of the credit scoring and is performed at the CreCom level appropriate to the size and risk of each transaction, in conformity with corporate policies and procedures in regulating credit risk activities. The Bank's ExCom may approve deviations or exceptions, while the BOD approves material exceptions such as large exposures, loans to directors, officers, stockholders and other related interests (DOSRI) and related party transactions, and loan restructuring.

Credit delegation limits are identified, tracked and reviewed at least annually by the Bank's Head of Credit and Collections together with the Credit Risk Manager.

Borrower Eligibility

The Bank's credit processing commences when a customer expresses his intention to borrow through a credit application. The Bank gathers data on the customer; ensures they are accurate, up-to-date and adequate to meet the minimum regulatory requirements and to render credit decision. These data are used for the intended purpose only and are managed in adherence to the customer information secrecy law.

The customer's credit worthiness, repayment ability and cash flow are established before credit is extended. The Bank independently verifies critical data from the customer, ensuring compliance with Know Your Customer requirements under the anti-money laundering laws. The Bank requires that customer income be derived from legitimate sources and supported with government-accepted statements of income, assets and liabilities.

The Bank ascertains whether the customer is legally capable of entering a credit contract and of providing a charge over any asset presented as collateral for a loan. Guarantors or sureties may be accepted, provided they are a relative, partner, and have financial interest in the transaction, and they pass all credit acceptance criteria applied to the borrower.



Loan Structure

The Bank structures loans for its customers based on the customer's capability to pay, the purpose of the loan, and for a collateralized loan, the collateral's economic life and liquidation value over time.

The Bank establishes debt burden guidelines and minimum income requirements to assess the customer's capacity to pay.

The Bank utilizes credit bureau data, both external and internal, to obtain information on a customer's current commitments and credit history.

The Bank takes into account environmental and social issues when reviewing credit proposals of small businesses and commercial mortgage customers. The Bank ensures that all qualified securities pass through the BOD for approval. Assignments of securities are confirmed and insurance are properly secured.

The Bank uses credit scoring models and decision systems for consumer loans as approved by the BOD. Borrower risk rating model and facility risk rating model, on the other hand, are available for SME loans, and supported with qualitative evaluation. Regular monitoring of all these tools and their performance is carried out to ensure that they remain effective.

Initial loan limits are recommended by the CreCom and ExCom and approved by the BOD. The Bank ensures that secured loans are within ceilings set by local regulators. Succeeding loan availments are based on account performance and customer's credit worthiness.

Credit Management

The Bank maintains credit records and documents on all borrowings and captures transaction details in its loan systems. The credit risk policies and system infrastructure ensure that loans are monitored and managed at all times.

The Bank's Management Information System provides statistics that its business units need to identify opportunities for improving rewards without necessarily sacrificing risk. Statistical data on product, productivity, portfolio, profitability, performance and projection are made available regularly.

The Bank conducts regular loan review through the ROC, with the support of the RMO. The Bank examines its exposures, credit risk ratios, provisions and customer segments. The Bank's unique customer identification and unique group identification methodology enables it to aggregate credit exposures by customer or group of borrowers. Aggregate exposures of at least ₱100.0 million are put on a special monitoring.

The ROC assesses the adequacy of provisions for credit losses regularly. The Bank's automated loan grading system enables the Bank to set up provision per account. The Bank also performs impairment analyses on loans and receivables, whether on an individual or collective basis, in accordance with PFRS 9.

The Bank carries out stress testing analyses using Board-approved statistical models relating the default trends to macroeconomic indicators.

In 2023, the Philippine economy exhibited resilience and growth despite global challenges. Steady expansion in GDP was observed but inflation and external uncertainties persisted necessitating government's careful economic management. The Bank reviewed and recalibrated its expected credit



loss models to ensure the sufficiency of its calculated provisions and appropriateness of the models in light of the changing economic landscape.

In 2024, the Bank enhanced its credit models for both scoring and provisioning to strengthen risk management and improve decision-making. Pandemic-era overlay models for consumer loans were updated to improve stability and reliability, while Application and Behavioral scoring models were recalibrated to enhance risk assessment. The Bank also refined its Probability of Default (PD) and Loss Given Default (LGD) models to better reflect current economic conditions and optimize capital use. Separately, the Bank continues to enhance its integration of bureau and alternative data sources, further improving borrower evaluation and lending decisions. As part of its ongoing efforts to maintain portfolio quality, the Bank actively manages the credit risk of its incoming portfolio through data analytics. Regular monitoring enables timely adjustments, such as underwriting refinements and stricter credit parameters, when certain segments show elevated risk. These measures ensure that risk-taking activities remain well-controlled and aligned with the Bank's prudent credit risk management framework. These efforts reinforce the Bank's commitment to a forward-looking, data-driven approach to credit risk management.

Maximum Exposure to Credit Risk

The tables below show the analysis of the maximum exposure to credit risk of the Bank's financial instruments, excluding those where the carrying values as reflected in the statement of condition and related notes already represent the financial instrument's maximum exposure to credit risk, after taking into account collateral held or other credit enhancements (in thousands):

2024				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Due from other banks	₱1,815,100	₱3,290,311	₱515,841	₱1,299,259
Receivables from customers				
Consumption loans	87,967,008	97,643,010	1,088,271	86,878,737
Real estate loans	43,347,882	73,153,677	10,202,405	33,145,477
Commercial loans	7,435,282	13,444,223	3,617,334	3,817,948
Other receivables				
Accrued interest receivable	2,319,968	941,576	1,378,391	941,577
Sales contract receivable	3,861	8,075	-	3,861
Total credit exposure	₱142,889,101	₱188,480,872	₱16,802,242	₱126,086,859

2023				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Due from other banks	₱1,764,230	₱3,258,145	₱469,833	₱1,294,397
Receivables from customers				
Consumption loans	71,139,977	83,233,369	1,339,115	69,800,862
Real estate loans	40,214,290	65,152,648	9,945,343	30,268,947
Commercial loans	6,521,064	10,749,329	3,482,338	3,038,726
Other receivables				
Accrued interest receivable	2,326,463	1,022,105	1,304,460	1,022,003
Sales contract receivable	6,380	20,340	180	6,200
Total credit exposure	₱121,972,404	₱163,435,936	₱16,541,269	₱105,431,135



An analysis of the maximum credit risk exposure relating to financial assets under Stage 3 as of December 31, 2024 and 2023 is shown below:

2024				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Receivables from customers				
Consumption loans	₱1,491,677	₱2,006,167	₱36,580	₱1,455,097
Real estate loans	886,020	1,382,206	272,997	613,023
Commercial loans	32,429	251,421	5,141	27,288
Other receivables				
Accrued interest receivable	65,480	42,043	23,437	42,043
Sales contract receivable	3,842	6,567	–	3,842
Total credit exposure	₱2,479,448	₱3,688,404	₱338,155	₱2,141,293
2023				
	Carrying Amount	Fair Value of Collateral	Maximum Exposure to Credit Risk	Financial Effect of Collateral or Credit Enhancement
Receivables from customers				
Consumption loans	₱1,298,961	₱1,972,796	₱73,741	₱1,225,220
Real estate loans	1,106,037	1,693,222	349,437	756,600
Commercial loans	119,247	546,727	10,226	109,021
Other receivables				
Accrued interest receivable	99,606	63,094	36,512	63,094
Sales contract receivable	5,756	12,243	–	5,756
Total credit exposure	₱2,629,607	₱4,288,082	₱469,916	₱2,159,691

Collateral and Other Credit Enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding acceptability of types of collateral and valuation parameters.

The main types of collaterals obtained are as follows:

- For Due from other banks: investment securities
- For SPURA: investment securities
- For commercial lending: mortgages over real estate properties, deposit accounts and securities
- For consumer lending: mortgages over real estate and chattel

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for credit and impairment losses.

It is the Bank's policy to dispose of repossessed properties in an orderly fashion and proceeds are used to repay or reduce the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The Bank holds collateral against loans and receivables in the form of real estate and chattel mortgages, guarantees, and other registered securities over assets. Estimates of fair value are based on the value of the collateral assessed at the time of borrowing and generally are updated every two years and when a loan is assessed to be impaired, whenever applicable. The Bank is not allowed to sell or re-pledge collateral held under SPURA in the absence of default by the counterparty. Collateral is usually not held against holdings in investment securities, and no such collateral was held as of December 31, 2024 and 2023.



Concentration of risk is managed by borrower, by group of borrowers, by geographical region and by industry sector. As of December 31, 2024 and 2023, the maximum credit exposure to any borrower, before taking into account any collateral or other credit enhancement amounted to ₱1.0 billion.

The distribution of the Bank's financial assets before taking into account any collateral held or other credit enhancements can be analyzed by the following geographical regions (in thousands):

2024					
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Luzon	₱121,533,652	₱3,399,935	₱56,300,349	₱306,138	₱181,540,074
Visayas	13,811,209	—	—	—	13,811,209
Mindanao	12,457,470	—	—	—	12,457,470
	147,802,331	3,399,935	56,300,349	306,138	207,808,753
Less allowance for credit losses	3,978,878	1,479	11,238	—	3,991,595
Total	₱143,823,453	₱3,398,456	₱56,289,111	₱306,138	₱203,817,158

* Composed of due from BSP and due from other banks, interbank call loans receivable and SPURA

** Composed of FVTPL investments, financial assets at FVOCI (excluding equity securities not exposed to credit risk) and investment securities at amortized cost

*** Composed of financial assets classified under other assets (such as RCOCI, security deposits, other investments, and shortages) and stand-by credit lines amounting to ₱79.9 million

2023					
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Luzon	₱107,777,116	₱18,500,708	₱84,681,046	₱254,841	₱211,213,711
Visayas	10,675,617	—	—	—	10,675,617
Mindanao	10,475,215	—	—	—	10,475,215
	128,927,948	18,500,708	84,681,046	254,841	232,364,543
Less allowance for credit losses	6,163,536	1,209	13,886	—	6,178,631
Total	₱122,764,412	₱18,499,499	₱84,667,160	₱254,841	₱226,185,912

* Composed of due from BSP and due from other banks, interbank call loans receivable and SPURA

** Composed of FVTPL investments, financial assets at FVOCI (excluding equity securities not exposed to credit risk) and investment securities at amortized cost

*** Composed of financial assets classified under other assets (such as RCOCI, security deposits, other investments, and shortages) and stand-by credit lines amounting to ₱41.1 million

Additionally, the tables below show the distribution of the Bank's financial assets and off-balance sheet items before taking into account any collateral or other credit enhancements analyzed by industry sector as of December 31, 2024, and 2023 (in thousands):

2024					
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Activities of private households as employers and undifferentiated goods and services and producing activities of households for own use	₱92,786,160	₱—	₱—	₱—	₱92,786,160
Financial and insurance activities	2,036,559	3,399,935	56,300,349	226,253	61,963,096
Real estate activities	39,208,698	—	—	—	39,208,698
Wholesale and retail trade; repair of motor vehicles and motorcycles	3,132,435	—	—	—	3,132,435
Transportation and storage	993,717	—	—	—	993,717
Electricity, gas, steam and air-conditioning supply	941,191	—	—	—	941,191
Construction	739,949	—	—	79,885	819,834
Manufacturing	703,363	—	—	—	703,363
Accommodation and food service activities	293,915	—	—	—	293,915
Administrative and support service activities	290,909	—	—	—	290,909
Agricultural, forestry and fishing	187,331	—	—	—	187,331
Education	184,153	—	—	—	184,153
Professional, scientific and technical services	141,580	—	—	—	141,580
Information and communication	89,275	—	—	—	89,275
Human health and social work activities	86,864	—	—	—	86,864
Arts, entertainment and recreation	80,570	—	—	—	80,570
Water supply, sewage, waste management and remediation activities	63,316	—	—	—	63,316
Mining and quarrying	5,018	—	—	—	5,018
Other service activities	5,837,328	—	—	—	5,837,328
	147,802,331	3,399,935	56,300,349	306,138	207,808,753
Less allowance for credit losses	3,978,878	1,479	11,238	—	3,991,595
Total	₱143,823,453	₱3,398,456	₱56,289,111	₱306,138	₱203,817,158

* Composed of due from BSP and due from other banks, interbank call loans receivable and SPURA

** Composed of FVTPL investments, financial assets at FVOCI (excluding equity securities not exposed to credit risk) and investment securities at amortized cost

*** Composed of financial assets classified under other assets (such as RCOCI, security deposits and shortages) and stand-by credit lines amounting to ₱79.9 million



	2023				
	Loans and Receivables	Loans and Advances to Banks*	Investment Securities**	Others***	Total
Financial and insurance activities	₱2,037,250	₱18,500,708	₱84,681,046	₱213,741	₱105,432,745
Activities of private households as employers and undifferentiated goods and services and producing activities of households for own use	77,672,482	—	—	—	77,672,482
Real estate activities	37,060,347	—	—	—	37,060,347
Wholesale and retail trade; repair of motor vehicles and motorcycles	2,364,545	—	—	—	2,364,545
Electricity, gas, steam and air-conditioning supply	1,034,433	—	—	—	1,034,433
Transportation and storage	918,610	—	—	—	918,610
Construction	611,870	—	—	41,100	652,970
Manufacturing	569,671	—	—	—	569,671
Administrative and support service activities	316,974	—	—	—	316,974
Accommodation and food service activities	196,318	—	—	—	196,318
Professional, scientific and technical services	151,628	—	—	—	151,628
Education	131,299	—	—	—	131,299
Human health and social work activities	93,008	—	—	—	93,008
Information and communication	96,509	—	—	—	96,509
Arts, entertainment and recreation	79,617	—	—	—	79,617
Agricultural, forestry and fishing	76,654	—	—	—	76,654
Water supply, sewage, waste management and remediation activities	66,064	—	—	—	66,064
Mining and quarrying	5,725	—	—	—	5,725
Other service activities	5,444,944	—	—	—	5,444,944
	128,927,948	18,500,708	84,681,046	254,841	232,364,543
Less allowance for credit losses	6,163,536	1,209	13,886	—	6,178,631
Total	₱122,764,412	₱18,499,499	₱84,667,160	₱254,841	₱226,185,912

* Composed of due from BSP and due from other banks, interbank call loans receivable and SPURA

** Composed of FVTPL investments, financial assets at FVOCI (excluding equity securities not exposed to credit risk) and investment securities at amortized cost

*** Composed of financial assets classified under other assets (such as RCOCI, security deposits and shortages) and stand-by credit lines amounting to ₱41.1 million

Credit Quality

The Bank uses the standard below in defining credit quality.

High Grade exposures show low levels of expected loss. For loans, these accounts should neither be past due nor impaired. The Bank classifies those accounts under current or 1 to 30 days past due status and are not impaired (Stage 1 & 2).

Standard Grade exposures show moderate levels of expected loss. For loans, these accounts should neither be past due nor impaired.

Sub Standard Grade requires a special degree of attention given the increased risk of default. For loans, these accounts should neither be past due nor impaired.

Past Due but Not Credit Impaired are applicable to loan accounts which are classified as delinquent (31-90 days past due) but are not subject to impairment (Stage 2) as of statement of condition date.

Past Due and Credit Impaired. These include loan accounts considered to be delinquent (91+ days past due), non-performing as defined by BSP Circular No. 941.

Description of the internal credit rating system for loans, receivables and stand-by credit lines:

Internal Credit Rating System (ICRS)

The Bank rates accounts on a scale of 1 to 10, with 1 being the best, based on the Board-approved credit ratings which utilize the expected credit loss and qualitative assessments. ICRS rating assessment considers both borrower and facility features.

High Grade (ICRS Rating 1 - 4)

1 - Excellent

An excellent rating is given to a borrower with a very low probability of going into default and/or low loss given default. The Bank's internal rating system has given an outstanding rating to the borrower,



indicative of excellent ability to meet credit obligation in full and consistently meet payment commitments. Accounts with excellent rating may have collateral, further diminishing any losses in case of a default.

2 - Strong

This rating is given to borrowers with low probability of going into default in the coming year with low to moderate loss given default. The Bank's internal rating system has given a high rating to the borrower. The borrower has the ability to meet credit obligation in full, except that the borrower may have a history of missing a payment.

3 - Good

This rating is given to borrowers with low to moderate probability of going into default in the coming year with moderate loss given default. These are largely characterized by borrowers with good rating and have historically missed several payments.

4 - Satisfactory

A 'satisfactory' rating is given to a borrower where clear risk elements exist and probability of default is somewhat greater with moderate to high loss given default. These are characterized by borrowers with good rating with a history of default.

Standard Grade (ICRS Rating 5)

5 - Acceptable

An 'acceptable' rating is given to a borrower whose risk elements are sufficiently pronounced although borrower should still be expected to meet their credit obligations in full. These are characterized by borrowers with moderate rating.

Substandard Grade (ICRS Rating 6-8)

6 or 7 - Loan Especially Mentioned

An account assessed to have potential weaknesses which when left uncorrected, may affect the repayment of the account and thus increase credit risk to the Bank, will be assigned this rating.

8 - Substandard

These accounts or portion thereof involves a substantial and an unreasonable degree of risk to the Bank because of unfavorable record or unsatisfactory characteristics. These accounts show possibility of future loss to the Bank unless given closer supervision and well-defined weaknesses that jeopardize the account liquidation.

Past Due but Not Credit Impaired

Otherwise known as under-performing loans, these accounts are characterized as showing signs of deterioration. These include loans that are delinquent by 31-90 days and are not subject to impairment (Stage 2) regardless of ICRS rating.

Past Due and Credit Impaired

Otherwise known as non-performing loans, these accounts are already impaired. These include accounts under Stage 3 ECL, delinquent by 91+ days and considered non-performing as defined by BSP Circular No. 941 regardless of ICRS rating. The following credit ratings will always be classified as credit impaired:

9 - Doubtful

Given to an account assessed to have characteristics where collection and liquidation in full is highly improbable and in which substantial loss is probable.



10 - Loss

Given to an account assessed to loans or portions thereof are considered uncollectible or worthless and of such little value that their continuance as bankable assets are not warranted.

The credit quality of receivables from customers, gross of allowance for credit losses, as of December 31, 2024 and 2023 follows (in thousands):

	2024						
	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	POCI	Total
Consumption Loans:							
High Grade	P–	₱71,766,544	P–	P–	P–	P–	₱71,766,544
Standard Grade	–	9,004,975	–	–	–	–	9,004,975
Sub-standard Grade	–	–	–	3,755,240	–	–	3,755,240
Past Due but Not Impaired	–	–	–	3,625,060	–	–	3,625,060
Non-performing Individually Impaired	–	–	–	–	2,306,915	–	2,306,915
	–	80,771,519	–	7,380,300	2,306,915	–	90,458,734
Real Estate Loans:							
High Grade	–	37,963,620	–	–	–	–	37,963,620
Standard Grade	–	–	–	–	–	–	–
Sub-standard Grade	–	–	–	3,563,113	–	–	3,563,113
Past Due but Not Impaired	–	–	–	1,187,181	–	–	1,187,181
Non-performing Individually Impaired	–	–	–	–	1,057,327	–	1,057,327
	–	37,963,620	–	4,750,294	1,057,327	–	43,771,241
Commercial Loans:							
High Grade	–	7,181,206	–	–	–	–	7,181,206
Standard Grade	–	50,610	–	–	–	–	50,610
Sub-standard Grade	–	–	–	191,959	–	–	191,959
Past Due but Not Impaired	–	–	–	27,773	–	–	27,773
Non-performing Individually Impaired	–	–	–	–	217,624	–	217,624
	–	7,231,816	–	219,732	217,624	–	7,669,172
Personal Loans:							
High Grade	–	453,682	–	–	–	–	453,682
Standard Grade	–	135,883	–	–	–	–	135,883
Sub-standard Grade	–	–	–	1,229,425	–	–	1,229,425
Past Due but Not Impaired	–	–	–	23,961	–	–	23,961
Non-performing Individually Impaired	–	–	–	–	151,875	–	151,875
	–	589,565	–	1,253,386	151,875	–	1,994,826
Total Receivables from Customer:							
High Grade	–	117,365,052	–	–	–	–	117,365,052
Standard Grade	–	9,191,467	–	–	–	–	9,191,467
Sub-standard Grade	–	–	–	8,739,737	–	–	8,739,737
Past Due but Not Impaired	–	–	–	4,863,976	–	–	4,863,976
Non-performing Individually Impaired	–	–	–	–	3,733,741	–	3,733,741
	P–	₱126,556,519	P–	₱13,603,713	₱3,733,741	P–	₱143,893,973

	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans:							
High Grade	P—	P64,577,623	P—	P—	P—	P—	P64,577,623
Standard Grade	—	2,288,492	—	—	—	—	2,288,492
Sub-standard Grade	—	—	—	2,220,334	—	—	2,220,334
Past Due but Not Impaired	—	—	—	3,382,343	—	—	3,382,343
Non-performing Individually Impaired	—	—	—	—	2,588,654	—	2,588,654
	—	66,866,115	—	5,602,677	2,588,654	—	75,057,446
Real Estate Loans:							
High Grade	—	21,175,066	—	13,471,061	—	—	34,646,127
Standard Grade	—	—	—	—	—	—	—
Sub-standard Grade	—	—	—	3,961,224	—	—	3,961,224
Past Due but Not Impaired	—	—	—	1,268,311	—	—	1,268,311
Non-performing Individually Impaired	—	—	—	—	1,301,558	—	1,301,558
	—	21,175,066	—	18,700,596	1,301,558	—	41,177,220
Commercial Loans:							
High Grade	—	6,097,560	—	—	—	—	6,097,560
Standard Grade	—	151,542	—	—	—	—	151,542

(Forward)



	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Sub-standard Grade	P-	P-	P-	P58,169	P-	P-	P58,169
Past Due but Not Impaired	-	-	-	137,882	-	-	137,882
Non-performing Individually Impaired	-	-	-	-	304,086	-	304,086
	-	6,249,102	-	196,051	304,086	-	6,749,239
Personal Loans:							
High Grade	-	937,607	-	-	-	-	937,607
Standard Grade	-	-	-	-	-	-	-
Sub-standard Grade	-	-	-	790,383	-	-	790,383
Past Due but Not Impaired	-	-	-	176,386	-	-	176,386
Non-performing Individually Impaired	-	-	-	-	198,723	-	198,723
	-	937,607	-	966,769	198,723	-	2,103,099
Total Receivables from Customer:							
High Grade	-	92,787,856	-	13,471,061	-	-	106,258,917
Standard Grade	-	2,440,034	-	-	-	-	2,440,034
Sub-standard Grade	-	-	-	7,030,110	-	-	7,030,110
Past Due but Not Impaired	-	-	-	4,964,922	-	-	4,964,922
Non-performing Individually Impaired	-	-	-	-	4,393,021	-	4,393,021
	P-	P95,227,890	P-	P25,466,093	P4,393,021	P-	P125,087,004

The credit quality of other receivables, gross of allowance for credit losses, as of December 31, 2024 and 2023 follows (in thousands):

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable:							
High Grade	P-	P1,921,600	P-	P-	P-	P-	P1,921,600
Standard Grade	-	82,467	-	-	-	-	82,467
Sub-standard Grade	-	58	-	148,943	-	-	149,001
Past Due but Not Impaired	-	-	-	123,719	-	-	123,719
Non-performing Individually Impaired	-	-	-	-	90,895	-	90,895
	-	2,004,125	-	272,662	90,895	-	2,367,682
Accounts Receivable:							
High Grade	-	1,016,552	-	-	-	-	1,016,552
Standard Grade	-	19	-	-	-	-	19
Sub-standard Grade	-	-	-	23,314	-	-	23,314
Past Due but Not Impaired	-	-	-	11,391	-	-	11,391
Non-performing Individually Impaired	-	-	-	-	485,175	-	485,175
	-	1,016,571	-	34,705	485,175	-	1,536,451
Sales Contract Receivable:							
High Grade	-	18	-	-	-	-	18
Standard Grade	-	-	-	-	-	-	-
Sub-standard Grade	-	-	-	-	-	-	-
Past Due but Not Impaired	-	-	-	-	-	-	-
Non-performing Individually Impaired	-	-	-	-	4,207	-	4,207
	-	18	-	-	4,207	-	4,225
Total Other Receivables:							
High Grade	-	2,938,170	-	-	-	-	2,938,170
Standard Grade	-	82,486	-	-	-	-	82,486
Sub-standard Grade	-	58	-	172,257	-	-	172,315
Past Due but Not Impaired	-	-	-	135,110	-	-	135,110
Non-performing Individually Impaired	-	-	-	-	580,277	-	580,277
	P-	P3,020,714	P-	P307,367	P580,277	P-	P3,908,358

	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable:							
High Grade	P-	P1,722,201	P-	P179,891	P-	P-	P1,902,092
Standard Grade	-	26,351	-	-	-	-	26,351
Sub-standard Grade	-	577	-	225,240	-	-	225,817
Past Due but Not Impaired	-	-	-	106,696	-	-	106,696
Non-performing Individually Impaired	-	-	-	-	137,734	-	137,734
	-	1,749,129	-	511,827	137,734	-	2,398,690

(Forward)



	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Accounts Receivable:							
High Grade	P=	P875,732	P=	P2,139	P=	P=	P877,871
Standard Grade	—	542	—	—	—	—	542
Sub-standard Grade	—	40	—	7,548	—	—	7,588
Past Due but Not Impaired	—	—	—	21,402	—	—	21,402
Non-performing Individually Impaired	—	—	—	—	485,657	—	485,657
	—	876,314	—	31,089	485,657	—	1,393,060
Sales Contract Receivable:							
High Grade	—	421	—	—	—	—	421
Standard Grade	—	—	—	—	—	—	—
Sub-standard Grade	—	—	—	—	—	—	—
Past Due but Not Impaired	—	—	—	228	—	—	228
Non-performing Individually Impaired	—	—	—	—	6,302	—	6302
	—	421	—	228	6302	—	6,951
Total Other Receivables:							
High Grade	—	2,598,354	—	182,030	—	—	2,780,384
Standard Grade	—	26,893	—	—	—	—	26,893
Sub-standard Grade	—	617	—	232,788	—	—	233,405
Past Due but Not Impaired	—	—	—	128,326	—	—	128,326
Non-performing Individually Impaired	—	—	—	—	629,693	—	629,693
	P=	P2,625,864	P=	P543,144	P629,693	P=	P3,798,701

The credit quality of other financial assets which include RCOCI, security deposits, other investments, shortages and liquidity requirement for electronic money products, gross of allowance for credit losses amounting as of December 31, 2024 and 2023 follows (in thousands):

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Other Financial Assets							
High Grade	P=	P=	P=	P=	P=	P=	P=
Standard Grade	—	382,376	—	—	—	—	382,376
Sub-standard Grade	—	—	—	—	—	—	—
Past Due but Not Impaired	—	—	—	—	—	—	—
Non-performing Individually Impaired	—	—	—	—	—	—	—
Total	P=	P382,376	P=	P=	P=	P=	P382,376

	2023						
	Stage 1		Stage 2		Stage 3	Individual	Collective
	Individual	Collective	Individual	Collective			
Other Financial Assets							
High Grade	P=	P=	P=	P=	P=	P=	P=
Standard Grade	—	401,014	—	—	—	—	401,014
Sub-standard Grade	—	—	—	—	—	—	—
Past Due but Not Impaired	—	—	—	—	—	—	—
Non-performing Individually Impaired	—	—	—	—	—	—	—
Total	P=	P401,014	P=	P=	P=	P=	P401,014

Movements of receivables from customers as of December 31, 2024 and 2023 follow (in thousands):

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance as of January 1, 2024	P=	P66,866,116	P=	P5,602,677	P2,588,653	P=	P75,057,446
New assets originated	—	38,208,861	—	1,372,461	661,533	—	40,242,855
Assets derecognized or repaid	—	(18,216,916)	—	(4,012,839)	(1,524,993)	—	(23,754,748)
Amounts written off	—	—	—	(113,217)	(973,602)	—	(1,086,819)
Transfers to Stage 1	—	1,138,674	—	(1,067,396)	(71,278)	—	—
Transfers to Stage 2	—	(6,026,831)	—	6,123,848	(97,017)	—	—
Transfers to Stage 3	—	(1,198,385)	—	(525,234)	1,723,619	—	—
Balance at December 31, 2024	—	80,771,519	—	7,380,300	2,306,915	—	90,458,734

(Forward)



	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Real Estate Loans							
Balance as of January 1, 2024	₱–	₱21,175,066	₱–	₱18,700,596	₱1,301,558	₱–	₱41,177,220
New assets originated	–	8,943,325	–	74,970	47,063	–	9,065,358
Assets derecognized or repaid	–	(3,862,639)	–	(2,283,661)	(325,037)	–	(6,471,337)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	12,742,296	–	(12,650,949)	(91,347)	–	–
Transfers to Stage 2	–	(926,250)	–	1,251,227	(324,977)	–	–
Transfers to Stage 3	–	(108,178)	–	(341,890)	450,068	–	–
Balance at December 31, 2024	–	37,963,620	–	4,750,293	1,057,328	–	43,771,241
Commercial Loans							
Balance as of January 1, 2024	–	6,249,102	–	196,051	304,086	–	6,749,239
New assets originated	–	3,056,702	–	18,230	–	–	3,074,932
Assets derecognized or repaid	–	(2,009,561)	–	(56,545)	(88,893)	–	(2,154,999)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	20,211	–	(17,463)	(2,748)	–	–
Transfers to Stage 2	–	(79,282)	–	81,597	(2,315)	–	–
Transfers to Stage 3	–	(5,356)	–	(2,138)	7,494	–	–
Balance at December 31, 2024	–	7,231,816	–	219,732	217,624	–	7,669,172
Personal Loans							
Balance as of January 1, 2024	–	937,606	–	966,769	198,724	–	2,103,099
New assets originated	–	489,283	–	362,115	14,197	–	865,595
Assets derecognized or repaid	–	(584,308)	–	(230,263)	(45,578)	–	(860,149)
Amounts written off	–	–	–	(33,359)	(80,360)	–	(113,719)
Transfers to Stage 1	–	75,291	–	(75,215)	(76)	–	–
Transfers to Stage 2	–	(314,403)	–	314,501	(98)	–	–
Transfers to Stage 3	–	(13,904)	–	(51,163)	65,067	–	–
Balance at December 31, 2024	–	589,565	–	1,253,385	151,876	–	1,994,826
Total Receivable from Customer							
Balance at January 1, 2024	–	95,227,890	–	25,466,093	4,393,021	–	125,087,004
New assets originated	–	50,698,171	–	1,827,776	722,793	–	53,248,740
Assets derecognized or repaid	–	(24,673,424)	–	(6,583,308)	(1,984,501)	–	(33,241,233)
Amounts written off	–	–	–	(146,576)	(1,053,962)	–	(1,200,538)
Transfers to Stage 1	–	13,976,472	–	(13,811,023)	(165,449)	–	–
Transfers to Stage 2	–	(7,346,766)	–	7,771,173	(424,407)	–	–
Transfers to Stage 3	–	(1,325,823)	–	(920,425)	2,246,248	–	–
Balance at December 31, 2024	₱–	₱126,556,520	₱–	₱13,603,710	₱3,733,743	₱–	₱143,893,973

	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance as of January 1, 2023	₱-	₱53,117,195	₱-	₱5,591,582	₱1,911,795	₱-	₱60,620,572
New assets originated	-	34,955,414	-	953,344	583,117	-	36,491,875
Assets derecognized or repaid	-	(16,062,677)	-	(4,635,542)	(1,211,126)	-	(21,909,345)
Amounts written off	-	-	-	-	(145,656)	-	(145,656)
Transfers to Stage 1	-	973,758	-	(910,822)	(62,936)	-	-
Transfers to Stage 2	-	(5,152,053)	-	5,262,979	(110,926)	-	-
Transfers to Stage 3	-	(965,522)	-	(658,864)	1,624,386	-	-
Balance at December 31, 2023	-	66,866,115	-	5,602,677	2,588,654	-	75,057,446
Real Estate Loans							
Balance as of January 1, 2023	-	22,511,455	-	18,041,774	1,527,166	-	42,080,395
New assets originated	-	5,668,433	-	7,817	7,207	-	5,683,457
Assets derecognized or repaid	-	(2,147,692)	-	(4,087,457)	(351,483)	-	(6,586,632)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	2,173,204	-	(2,138,138)	(35,066)	-	-
Transfers to Stage 2	-	(6,888,088)	-	7,310,114	(422,026)	-	-
Transfers to Stage 3	-	(142,246)	-	(433,514)	575,760	-	-
Balance at December 31, 2023	-	21,175,066	-	18,700,596	1,301,558	-	41,177,220
Commercial Loans							
Balance as of January 1, 2023	-	5,677,497	-	449,143	352,471	-	6,479,111
New assets originated	-	2,086,517	-	3,249	-	-	2,089,766
Assets derecognized or repaid	-	(1,611,342)	-	(142,344)	(65,952)	-	(1,819,638)
Amounts written off	-	-	-	-	-	-	-
Transfers to Stage 1	-	155,309	-	(154,641)	(668)	-	-
Transfers to Stage 2	-	(50,226)	-	52,035	(1,809)	-	-
Transfers to Stage 3	-	(8,653)	-	(11,391)	20,044	-	-
Balance at December 31, 2023	-	6,249,102	-	196,051	304,086	-	6,749,239
Personal Loans							
Balance as of January 1, 2023	-	954,478	-	1,022,648	246,014	-	2,223,140
New assets originated	-	708,013	-	219,526	3,478	-	931,017
Assets derecognized or repaid	-	(808,151)	-	(105,493)	(25,131)	-	(938,775)
Amounts written off	-	-	-	-	(112,283)	-	(112,283)
Transfers to Stage 1	-	161,624	-	(161,494)	(130)	-	-

(Forward)



	2023						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Transfers to Stage 2	P=	(P63,460)	P=	P63,807	(P347)	P=	P=
Transfers to Stage 3	—	(14,897)	—	(72,225)	87,122	—	—
Balance at December 31, 2023	—	937,607	—	966,769	198,723	—	2,103,099
Total Receivable from Customer							
Balance at January 1, 2023	—	82,260,625	—	25,105,147	4,037,446	—	111,403,218
New assets originated	—	43,418,377	—	1,183,936	593,802	—	45,196,115
Assets derecognized or repaid	—	(20,629,862)	—	(8,970,836)	(1,653,692)	—	(31,254,390)
Amounts written off	—	—	—	—	(257,939)	—	(257,939)
Transfers to Stage 1	—	3,463,895	—	(3,365,095)	(98,800)	—	—
Transfers to Stage 2	—	(12,153,827)	—	12,688,935	(535,108)	—	—
Transfers to Stage 3	—	(1,131,318)	—	(1,175,994)	2,307,312	—	—
Balance at December 31, 2023	P=	P95,227,890	P=	P25,466,093	P4,393,021	P=	P125,087,004

Movements of other receivables as of December 31, 2024 and 2023 follow (in thousands):

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable							
Balance as of January 1, 2024	₱—	₱1,749,129	₱—	₱511,827	₱137,734	₱—	₱2,398,690
New assets originated	—	396,042	—	43,885	25,385	—	465,312
Assets derecognized or repaid	—	(218,176)	—	(164,604)	(113,540)	—	(496,320)
Amounts written off	—	—	—	—	—	—	—
Transfers to Stage 1	—	189,903	—	(186,936)	(2,967)	—	—
Transfers to Stage 2	—	(91,877)	—	98,603	(6,726)	—	—
Transfers to Stage 3	—	(20,896)	—	(30,113)	51,009	—	—
Balance at December 31, 2024	—	2,004,125	—	272,662	90,895	—	2,367,682
Sales Contract Receivable							
Balance at January 1, 2024	—	421	—	228	6,302	—	6,951
New assets originated	—	—	—	—	—	—	—
Assets derecognized or repaid	—	(564)	—	(67)	(2,095)	—	(2,726)
Amounts written off	—	—	—	—	—	—	—
Transfers to Stage 1	—	161	—	(161)	—	—	—
Transfers to Stage 2	—	—	—	—	—	—	—
Transfers to Stage 3	—	—	—	—	—	—	—
Balance at December 31, 2024	—	18	—	—	4,207	—	4,225
Total Other Receivables							
Balance at January 1, 2023	—	1,749,550	—	512,055	144,036	—	2,405,641
New assets originated	—	396,042	—	43,885	25,385	—	465,312
Assets derecognized or repaid	—	(218,740)	—	(164,671)	(115,635)	—	(499,046)
Amounts written off	—	—	—	—	—	—	—
Transfers to Stage 1	—	190,064	—	(187,097)	(2,967)	—	—
Transfers to Stage 2	—	(91,877)	—	98,603	(6,726)	—	—
Transfers to Stage 3	—	(20,896)	—	(30,113)	51,009	—	—
Balance at December 31, 2024	₱—	₱2,004,143	₱—	₱272,662	₱95,102	₱—	₱2,371,907

	2023						
	Stage 1		Stage 2				
	Individual	Collective	Individual	Collective	Stage 3	POCI	Total
Accrued Interest Receivable							
Balance as of January 1, 2023	₪—	₪1,918,545	₪—	₪579,008	₪113,402	₪—	₪2,610,955
New assets originated	—	319,435	—	30,057	39,590	—	389,082
Assets derecognized or repaid	—	(341,725)	—	(191,930)	(67,692)	—	(601,347)
Amounts written off	—	—	—	—	—	—	—
Transfers to Stage 1	—	70,955	—	(67,631)	(3,324)	—	—
Transfers to Stage 2	—	(196,578)	—	206,878	(10,300)	—	—
Transfers to Stage 3	—	(21,503)	—	(44,555)	66,058	—	—
Balance at December 31, 2023	—	1,749,129	—	511,827	137,734	—	2,398,690
Sales Contract Receivable							
Balance at January 1, 2023	—	2,077	—	600	8,252	—	10,929
New assets originated	—	—	—	—	—	—	—
Assets derecognized or repaid	—	(1,664)	—	(513)	(1,801)	—	(3,978)
Amounts written off	—	—	—	—	—	—	—
Transfers to Stage 1	—	299	—	(299)	—	—	—
Transfers to Stage 2	—	(291)	—	440	(149)	—	—
Transfers to Stage 3	—	—	—	—	—	—	—
Balance at December 31, 2023	—	421	—	228	6,302	—	6,951
Total Other Receivables							
Balance at January 1, 2023	—	1,920,622	—	579,608	121,654	—	2,621,884
New assets originated	—	319,435	—	30,057	39,590	—	389,082
Assets derecognized or repaid	—	(343,389)	—	(192,443)	(69,493)	—	(605,325)
Amounts written off	—	—	—	—	—	—	—

(Forward)



	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Transfers to Stage 1	P=	P71,254	P=	(P67,930)	(P3,324)	P=	P=
Transfers to Stage 2	–	(196,869)	–	207,318	(10,449)	–	–
Transfers to Stage 3	–	(21,503)	–	(44,555)	66,058	–	–
Balance at December 31, 2023	P=	P1,749,550	P=	P512,055	P144,036	P=	P2,405,641

External Ratings

For investment securities, in ensuring quality investment portfolio, the Bank uses the credit risk rating from published data providers like Moody's, Standard & Poor's (S&P) or other reputable rating agencies.

Presented here is Moody's rating – equivalent S&P rating and other rating agencies applies:

Credit Quality					External Rating					
High grade	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3
Standard grade	Ba1	Ba2	Ba3	B1	B2	B3				
Substandard grade	Caa1	Caa2	Caa3	Ca	C					

High grade - represents those investments which fall under any of the following grade:

Aaa - fixed income obligations are judged to be of the highest quality, with the smallest degree of risk.

Aa1, Aa2, Aa3 - fixed income are judged to be of high quality and are subject to very low credit risk, but their susceptibility to long-term risks appears somewhat greater.

A1, A2, A3 - fixed income obligations are considered upper-medium grade and are subject to low credit risk, but have elements present that suggest a susceptibility to impairment over the long term.

Baa1, Baa2, Baa3 - fixed income obligations are subject to moderate credit risk. They are considered medium grade and as such protective elements may be lacking or may be characteristically unreliable.

Standard grade - represents those investments which fall under any of the following grade:

Ba1, Ba2, Ba3 - obligations are judged to have speculative elements and are subject to substantial credit risk.

B1, B2, B3 - obligations are considered speculative and are subject to high credit risk.

Substandard grade - represents those investments which fall under any of the following grade:

Caa1, Caa2, Caa3 - are judged to be of poor standing and are subject to very high credit risk.

Ca - are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C - are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.



As of December 31, 2024 and 2023 the following tables show the credit quality of loans and advances to banks (in thousands).

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Due from BSP High Grade	₱1,183,357	₱–	₱–	₱–	₱–	₱–	₱1,183,357
Due from other banks High Grade	1,816,578	–	–	–	–	–	1,816,578
Total Loans and Advances to Banks High Grade	₱2,999,935	₱–	₱–	₱–	₱–	₱–	₱2,999,935
	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Due from BSP High Grade	₱9,745,634	₱–	₱–	₱–	₱–	₱–	₱9,745,634
Due from other banks High Grade	1,765,439	–	–	–	–	–	1,765,439
Total Loans and Advances to Banks High Grade	₱11,511,073	₱–	₱–	₱–	₱–	₱–	₱11,511,073

As of December 31, 2024 and 2023, the following table shows the credit quality of the Bank's investment securities (in thousands):

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
FVTPL - Government Debt Securities							
High Grade	₱300,599	₱–	₱–	₱–	₱–	₱–	₱300,599
	300,599	–	–	–	–	–	300,599
FVOCI - Government Debt Securities							
High Grade	25,518,904	–	–	–	–	–	25,518,904
	25,518,904	–	–	–	–	–	25,518,904
FVOCI - Private Debt Securities							
Standard Grade	338,923	–	–	–	–	–	338,923
	338,923	–	–	–	–	–	338,923
Investment Securities at Amortized Cost - Government Debt Securities							
High Grade	29,031,234	–	–	–	–	–	29,031,234
	29,031,234	–	–	–	–	–	29,031,234
Investment Securities at Amortized Cost - Private Debt Securities							
Standard Grade	1,076,325	–	–	–	–	–	1,076,325
	1,076,325	–	–	–	–	–	1,076,325
Total Investment Securities							
High Grade	54,850,737	–	–	–	–	–	54,850,737
Standard Grade	1,415,248	–	–	–	–	–	1,415,248
	₱56,265,985	₱–	₱–	₱–	₱–	₱–	₱56,265,985
							</



	2023						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Investment Securities at Amortized Cost - Government Debt Securities							
High Grade	₱27,886,190	₱–	₱–	₱–	₱–	₱–	₱27,886,190
	27,886,190	–	–	–	–	–	27,886,190
Investment Securities at Amortized Cost Private Debt Securities							
Standard Grade	2,020,864	–	–	–	–	–	2,020,864
	2,020,864	–	–	–	–	–	2,020,864
Total Investment Securities							
High Grade	80,999,617	–	–	–	–	–	80,999,617
Standard Grade	3,654,011	–	–	–	–	–	3,654,011
	₱84,653,628	₱–	₱–	₱–	₱–	₱–	₱84,653,628

All of the Bank's loan commitments and financial guarantees amounting to ₱79.8 million and ₱41.1 million as of December 31, 2024 and 2023, respectively, are classified as high grade under Stage 1.

ECL Methodology Overview

Two modelling approaches are employed to build a consistent framework for the development of all ECL models of the Bank. Both modeling approaches consider past events, current conditions and forecast of economic conditions in assessing impairment.

The complex model approach is used for portfolios with a significant number of historical defaults. This approach is applied to the consumer loan portfolios. These quantitative models are built by applying statistical, economic, financial or mathematical theories, techniques and assumptions to calculate provisions. Where historical data are insufficient to develop statistical models, such as for Business Loans, Account Receivables, Sales Contract Receivables, etc. the simplified ECL approach is employed. The Bank observes the historical PD and LGD of the portfolio and applies forward looking economic data on PD to calculate the ECL.

Classification of Individual/Collective Impairment

The Bank calculates provisions either in a collective or individual basis.

Collective impairment calculates risk provisions by grouping exposures into smaller homogeneous portfolios based on a combination of borrower and account characteristics. Accounts with similar risk attributes (i.e. facility, security, credit rating, months-on-books, utilization and collateral type, etc.) are pooled together for calculating provisions based on the expected credit loss models. All Stage 1 accounts of the Bank are categorized under collective impairment.

Individual impairment is applicable for all accounts under Stage 3 or accounts deemed as significant exposures and show objective evidence of impairment. The indicators may be default in payment, restructuring, litigation or probable foreclosure.



As of December 31, 2024 and 2023, an analysis by past due status of receivables from customers wherein the SICR is based only on the past due information is as follows:

	2024					
	Number of days past due					
	Up to 30 days	31-60 days	61-90 days	91-180 days	180 days	Total
Receivables from customers						
Consumption loans	₱106,279	₱2,641,709	₱1,061,729	₱1,137,327	₱1,002,401	₱5,949,445
Real estate loans	573,541	1,040,297	263,701	177,224	538,867	2,593,630
Commercial loans	20,632	17,781	9,992	363	204,518	253,286
Personal loans	57,409	16,250	9,403	24,231	80,481	187,774
Total	₱757,861	₱3,716,037	₱1,344,825	₱1,339,145	₱1,826,267	₱8,984,135

	2023					
	Number of days past due					
	Up to 30 days	31-60 days	61-90 days	91-180 days	180 days	Total
Receivables from customers						
Consumption loans	₱98,570	₱1,860,619	₱839,132	₱995,710	₱1,419,009	₱5,213,040
Real estate loans	669,901	890,094	321,886	237,291	573,539	2,692,711
Commercial loans	149,507	14,562	3,826	5,421	210,706	384,022
Personal loans	72,723	16,700	14,043	24,394	114,622	242,482
Total	₱990,701	₱2,781,975	₱1,178,887	₱1,262,816	₱2,317,876	₱8,532,255

b. Market risk

Market risk management covers the areas of trading and interest rate risks. The Bank utilizes various measurement and monitoring tools to ensure that risk-taking activities are managed within instituted market risk parameters. The Bank revalues its trading portfolios on a daily basis and checks the revenue or loss generated by each portfolio in relation to their level of market risk.

The Bank's risk policies and implementing guidelines are regularly reviewed by the Assets and Liabilities Committee (ALCO), ROC and BOD to ensure that these are up-to-date and in line with changes in the economy, environment and regulations. The ROC and the BOD set the comprehensive market risk limit structure and define the parameters of market activities that the Bank can engage in.

Market risk is the risk to earnings and capital arising from changes in the value of traded portfolios of financial instruments (trading market risk) and from movements in interest rates (interest rate risk). The Bank's market risk originates primarily from holding peso and dollar-denominated debt securities. The Bank utilizes Value-at-Risk (VaR) to measure and manage market risk exposure. VaR estimates the potential decline in the value of a portfolio, under normal market conditions, for a given confidence level over a specified holding period.

Trading activities

The Bank's trading portfolios consist of peso- and dollar-denominated debt securities that are marked-to-market daily. We use BSP-approved Type 3 Derivative License for plain vanilla FX forwards to manage our FX risk against adverse exchange rate movements.

VaR is a statistical measure that calculates the maximum potential loss from a portfolio over a holding period, within a given confidence level. The Bank's current VaR model is based on a historical simulation methodology with a one-day holding period and a 99% confidence level. The Bank establishes limits for trading portfolios and VaR, and comply with regulatory standards. VaR reports are prepared to closely monitor potential losses against approved VaR limit. In addition, actual daily profit and loss levels are monitored against loss triggers. If there is a breach in the VaR limit or loss triggers, Treasury Group is expected to close or reduce their position and bring it down within the limit. Breaches in the limit requires approval of ALCO, President, or ROC/Board, as appropriate.



The Bank performs back testing to validate the VaR model. Results are reported to the ROC and BOD on a monthly basis. Stress testing is also conducted based on historical maximum percentage daily movement and on various ad-hoc rate shock scenarios to estimate potential losses in a crisis situation.

Responsibility for managing the Bank's trading market risk remains with the ROC. With the support of RMO, the ROC recommends to the BOD changes in market risk limits, approving authorities and other activities that need special consideration.

Discussed below are the limitations and assumptions applied by the Bank on its VaR methodology:

- a. VaR is a statistical estimate and thus, does not give the precise amount of loss;
- b. VaR is not designed to give the probability of bank failure, but only attempts to quantify losses that may arise from a bank's exposure to market risk;
- c. Historical simulation does not involve any distributional assumptions, scenarios that are used in computing VaR are limited to those that occurred in the historical sample; and
- d. VaR systems are backward-looking. It attempts to forecast likely future losses using past data. As such, this assumes that past relationships will continue to hold in the future. Major shifts therefore (i.e., an unexpected collapse of the market) are not captured and may inflict losses much bigger than anything the VaR model may have calculated.

The Bank's interest rate VaR follows (in thousands):

	December 31, 2024		December 31, 2023	
	Peso	USD	Peso	USD
Year-end	1	–	1	–
Average	2	–	0	–
High	7	–	2	–
Low	0	–	0	–

Non-trading activities

The Bank follows a prudent policy on managing its assets and liabilities to ensure that fluctuations in interest rates are kept within acceptable limits.

One method by which the Bank measures the sensitivity of its assets and liabilities to interest rate fluctuations is by way of "gap" analysis. This analysis provides the Bank with a static view of the maturity and repricing characteristics of the positions in its statement of condition. An interest rate gap report is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated repricing dates, whichever is earlier. Items lacking definitive repricing schedule (e.g., current and savings accounts) are assigned to repricing tenor buckets based on analysis of deposit behavioral patterns, past experience and/or expert judgment. The difference in the amount of assets and liabilities maturing or being repriced in any time period category would then give the Bank an indication of the extent to which it is exposed to the risk of potential changes in net interest income.

The interest rate sensitivity gap report measures interest rate risk by identifying gaps between the repricing dates of assets and liabilities. The Bank's sensitivity gap model calculates the effect of possible rate movements on its interest rate profile.



EaR measures the possible decline in the Bank's net interest income as a result of adverse interest rate movements, given the current repricing profile. It is a tool used to evaluate the sensitivity of the accrual portfolio to changes in interest rates in the adverse direction over the next twelve (12) months. The Bank's EaR limits are based on a percentage of the Bank's projected earnings for the year or capital whichever is lower. The Bank also performs stress-testing to measure the impact of various scenarios based on interest rate volatility and shift in the yield curve. The EaR and stress testing reports are prepared on a monthly basis.

The ALCO is responsible for managing the Bank's structural interest rate exposure. The ALCO's goal is to achieve a desired overall interest rate profile while remaining flexible to interest rate movements and changes in economic conditions. The RMO and ROC review and oversee the Bank's interest rate risks.

The table below demonstrates the sensitivity of equity. Equity sensitivity was computed by calculating mark-to-market changes of debt securities at FVOCI, assuming a parallel shift in the yield curve.

	2024		2023	
	Change in basis points	Sensitivity of equity	Change in basis points	Sensitivity of equity
Currency				
PHP	+10	(P63,063,125)	+10	(P10,854,916)
USD	+10	(112,495)	+10	—
Currency				
PHP	-10	63,359,147	-10	10,934,344
USD	-10	113,580	-10	—

The table below demonstrates the sensitivity of net interest income using the EAR model. Net interest income sensitivity was computed by calculating the changes in the banking book gaps assuming a parallel shift in the yield curve.

	2024		2023	
	Change in basis points	Sensitivity of NII	Change in basis points	Sensitivity of NII
Currency				
PHP	+10	(P31,359,106)	+10	(P2,497,311)
USD	+10	(8,945,289)	+10	(9,197,978)
Currency				
PHP	-10	31,359,106	-10	2,497,311
USD	-10	8,945,289	-10	9,197,978

The Bank employs the Delta EVE model to measure the overall change in the economic value of the bank at one point. It reflects the changes in the net present value of its banking book at different interest rate shocks and stress scenarios. ΔEVE is calculated by slotting the notional repricing cash flows arising from rate-sensitive assets and liabilities into pre-defined tenor buckets. The present value of the net repricing cash flows is then calculated using various interest rate scenarios prescribed by Basel, as well as scenarios internally developed by the Bank.

Foreign Currency Risk

Foreign currency risk is the risk of an investment's value changing due to an adverse movement in currency exchange rates. It arises due to a mismatch in the Bank's foreign currency assets and liabilities. The Bank uses BSP-approved Type 3 Derivative License for plain vanilla FX forwards to manage our FX risk against adverse exchange rate movements.



The Bank's policy is to maintain foreign currency exposure within the approved position, stop loss, loss trigger, VaR limits and to remain within existing regulatory guidelines. To compute for VaR, the Bank uses historical simulation model for USD/PHP FX position, with confidence level at 99.00% and a 1 day holding period. The Bank's VaR for its foreign exchange position for trading and non-trading activities are as follows (in thousands):

	2024 ¹	2023 ¹
As of year-end	₱59	₱1,212
Average	785	1,356
High	1,676	2,319
Low	59	671

¹Using METRISK Historical Simulation VaR

As of December 31, 2024 and 2023, the Bank is not exposed to significant foreign currency risk.

c. Liquidity risk

The Bank's policy on liquidity management emphasizes on three elements of liquidity, namely, cashflow management, ability to borrow in the interbank market, and maintenance of a stock of high-quality liquid assets. These three approaches complement one another with greater weight being given to a particular approach, depending upon the circumstances. The Bank's objective in liquidity management is to ensure that the Bank has sufficient liquidity to meet obligations under normal and adverse circumstances and is able to take advantage of lending and investment opportunities as they arise.

The main tool that the Bank uses for monitoring its liquidity is the Maximum Cumulative Outflow (MCO) reports, which is also called liquidity gap or maturity matching gap reports. The MCO is a useful tool in measuring and analyzing the Bank's cash flow projections and monitoring liquidity risks.

The MCO is generated by distributing the cash flows of the Bank's assets, liabilities and off-balance sheet items to time bands based on cash flow expectations such as contractual maturity, nature of the account, behavioral patterns and projections on business strategies. The incorporation of behavioral cash flow assumptions and business projections or targets results in a dynamic gap report that realistically captures the behavior of the products and creates a forward-looking cash flow projection.

Cash flows from assets are considered as cash inflows, while cash flows from liabilities are considered cash outflows. The net cash flows are determined for each given time period. If the inflows exceed the outflows, the Bank is said to have a positive liquidity gap or has excess funds for the given time bucket. Conversely, if the outflows exceed the inflows, the Bank is said to have a negative liquidity gap or has funding needs for the given time bucket.

The Bank's Liquidity Contingency Funding Plan (LCFP) projects the Bank's funding position during stress to help evaluate the Bank's funding needs and strategies under various stress conditions.

The Bank discourages dependence on Large Funds Providers (LFPs) and monitors the deposit funding concentrations so that it will not be vulnerable to a substantial drop in deposit level should there be an outflow of large deposits and there are enough high-quality liquid assets to fund LFP withdrawals. ALCO is responsible for managing the liquidity of the Bank while RMO and ROC review and oversee the Bank's overall liquidity risk management.



To mitigate potential liquidity problems caused by unexpected withdrawals of significant deposits, the Bank takes steps to cultivate good business relationships with clients and financial institutions, maintains high level of high-quality liquid assets, monitors the deposit funding concentrations and regularly updates the Liquidity Contingency Funding Plan. The Bank's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are managed on a daily basis to ensure compliance with the required regulatory ratios.

Financial assets

Analysis of equity and debt securities at FVTPL and financial assets at FVOCI into maturity groupings is based on the expected date on which these assets will be realized. For other assets, the analysis into maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date or if earlier, the expected date the assets will be realized.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date and does not consider the behavioral pattern of the creditors. When the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Bank can be required to pay.

Analysis of Financial Assets and Liabilities by Remaining Maturities

The tables below show the maturity profile of the Bank's financial assets and liabilities based on contractual undiscounted repayment obligations (in millions):

	2024							
	On demand	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Total within 1 year	Beyond 1 year	Total
Financial Assets								
Financial assets at FVTPL	P301	P-	P-	P-	P-	P301	P-	P301
Financial assets at FVOCI	-	-	-	-	-	-	-	-
Government securities	-	8,469	-	49	180	8,698	16,821	25,519
Private securities	-	-	-	-	-	-	339	339
Quoted equity securities	34	-	-	-	-	34	-	34
Investment securities at amortized cost	-	-	-	-	-	-	-	-
Government bonds	-	578	-	-	1,728	2,306	26,724	29,030
Private securities	-	-	229	72	775	1,076	-	1,076
Loans and receivables	-	-	-	-	-	-	-	-
Loans and advances to banks	-	-	-	-	-	-	-	-
Due from BSP	1,183	-	-	-	-	1,183	-	1,183
Due from other banks	1,817	-	-	-	-	1,817	-	1,817
Interbank call loans receivable and SPURA	400	-	-	-	-	400	-	400
Receivables from customers	-	-	-	-	-	-	-	-
Consumption loans	86	50	224	512	1,259	2,131	88,330	90,461
Real estate loans	151	129	374	494	1,105	2,253	41,592	43,845
Commercial loans	213	641	807	691	899	3,251	4,417	7,668
Personal loans	131	63	167	216	726	1,303	692	1,995
Other receivables	-	-	-	-	-	-	-	-
Accrued interest receivable	531	963	108	-	12	1,614	753	2,367
Accounts receivable	1,026	27	6	6	9	1,074	463	1,537
Sales contract receivable	4	-	-	-	-	4	-	4
Other assets	-	-	-	-	-	-	-	-
Security deposits	-	1	1	2	15	19	190	209
RCOCI	17	-	-	-	-	17	-	17
	P5,894	P10,921	P1,916	P2,042	P6,708	P27,481	P180,321	P207,802
Financial Liabilities								
Deposit liabilities								
Demand	P25,535	P-	P-	P-	P-	P25,535	P-	P25,535
Savings	47,745	-	-	-	-	47,745	-	47,745
Time	420	50,916	19,529	2,175	895	73,935	19,997	93,932
LTNCD	-	-	-	-	-	-	-	-
	73,700	50,916	19,529	2,175	895	147,215	19,997	167,212
Treasurer's, cashier's and manager's checks	1,615	-	-	-	-	1,615	-	1,615
Bills payable	-	-	-	-	-	-	-	-
Accrued interest payable	321	-	-	-	-	321	-	321
Accrued other expenses payable	191	-	1,734	-	-	1,925	-	1,925
Other liabilities	-	-	-	-	-	-	-	-
Accounts payable	2,072	-	-	-	-	2,072	-	2,072
Lease liabilities	-	35	70	106	199	410	782	1,192
Other credits	222	-	-	-	-	222	-	222
Deposit for keys	1	-	-	-	-	1	-	1
	P78,122	P50,951	P21,333	P2,281	P1,094	P153,781	P20,779	P174,560



	2023							Total
	On demand	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 12 months	Total within 1 year	Beyond 1 year	
Financial Assets								
Financial assets at FVTPL	P--	P--	P405	P--	P--	P405	P--	P405
Financial assets at FVOCI								
Government securities	--	49,400	1,489	178	67	51,134	1,565	52,699
Private securities	--	--	1,396	--	--	1,396	237	1,633
Quoted equity securities	--	--	--	--	--	--	--	--
Investment securities at amortized cost								
Government bonds	--	--	700	--	291	991	26,885	27,876
Private securities	--	--	254	300	--	554	1,463	2,017
Loans and receivables								
Loans and advances to banks								
Due from BSP	3,599	6,149	--	--	--	9,748	--	9,748
Due from other banks	1,765	--	--	--	--	1,765	--	1,765
Interbank call loans receivable and SPURA	--	6,991	--	--	--	6,991	--	6,991
Receivables from customers								
Consumption loans	278	1,071	2,271	3,731	8,830	16,181	103,026	119,207
Real estate loans	198	420	970	1,384	2,919	5,891	72,393	78,284
Commercial loans	534	363	762	487	735	2,881	5,560	8,441
Personal loans	269	111	251	319	865	1,815	951	2,766
Other receivables								
Accrued interest receivable	2,315	10	15	2	57	2,399	--	2,399
Accounts receivable	911	14	2	3	1	931	462	1,393
Sales contract receivable	4	--	--	2	--	6	1	7
Other assets								
Security deposits	--	1	3	5	16	25	173	198
RCOCI	14	--	--	--	--	14	--	14
	P9,887	P64,530	P8,518	P6,411	P13,781	P103,127	P12,716	P315,843
Financial Liabilities								
Deposit liabilities								
Demand	P25,326	P--	P--	P--	P--	P25,326	P--	P25,326
Savings	46,463	--	--	--	--	46,463	--	46,463
Time	259	75,892	17,558	2,259	2,214	98,182	17,143	115,325
LTNCD	--	--	5,112	--	--	5,112	--	5,112
	72,048	75,892	22,670	2,259	2,214	175,083	17,143	192,226
Treasurer's, cashier's and manager's checks	1,514	--	--	--	--	1,514	--	1,514
Bills payable	--	272	--	--	--	272	--	272
Accrued interest payable	464	--	52	--	--	516	--	516
Accrued other expenses payable	--	--	2,148	--	--	2,148	--	2,148
Other liabilities								
Accounts payable	1,998	--	--	--	--	1,998	--	1,998
Lease liabilities	--	38	76	109	196	419	928	1,347
Other credits	170	--	--	--	--	170	--	170
Deposit for keys	1	--	--	--	--	1	--	1
	P76,195	P76,202	P24,946	P2,368	P2,410	P182,121	P18,071	P200,192

6. Segment Information

The Bank's operating segments are organized and managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit that offers different products and serves different markets. The Bank's reportable segments are as follows:

- Consumer Banking - principally provides consumer-type loans generated by the Home Office;
- Corporate Banking - principally handles loans and other credit facilities for small and medium enterprises, corporate and institutional customers acquired in the Home Office;
- Branch Banking - serves as the Bank's main customer touch point which offers consumer and corporate banking products; and
- Treasury - principally handles institutional deposit accounts, providing money market, trading and treasury services, as well as managing the Bank's funding operations by use of government securities and placements and acceptances with other banks.

These segments are the bases on which the Bank reports its primary segment information. The Bank evaluates performance on the basis of information about the components of the Bank that senior management uses to make decisions about operating matters. There are no other operating segments than those identified by the Bank as reportable segments. There were no inter-segment revenues and expenses included in the financial information. The Bank has no single customer with revenues from which is 10.00% or more of the Bank's total revenue.



The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Primary segment information (by business segment) for the years ended December 31, 2024, 2023 and 2022 follows (in thousands):

	2024				
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	Total
Operating income					
Interest income	P4,498,367	P228,609	P8,126,983	P4,019,166	P16,873,125
Service fees and commission	686,995	17,365	1,201,076	—	1,905,436
Other operating income	459,255	8,126	715,405	22,572	1,205,358
Total operating income	5,644,617	254,100	10,043,464	4,041,738	19,983,919
Non-cash expenses					
Provision for credit and impairment losses	73,939	22,986	119,968	(2,454)	214,439
Depreciation	291,761	3,276	656,306	437	951,780
Amortization of intangible assets	50,255	857	55,922	4,324	111,358
Total non-cash expenses	415,955	27,119	832,196	2,307	1,277,577
Interest expense	—	—	2,494,013	2,081,572	4,575,585
Service fees and commission expense	32,398	819	56,640	—	89,857
Subtotal	32,398	819	2,550,653	2,081,572	4,665,442
Compensation and fringe benefits	1,098,412	67,928	2,890,106	32,222	4,088,668
Taxes and licenses	454,804	9,773	550,830	505,570	1,520,977
Occupancy and equipment-related costs	103,817	556	250,795	90	355,258
Security, messengerial and janitorial services	202,418	2,701	358,746	260	564,125
Miscellaneous	504,893	10,278	1,039,274	87,820	1,642,265
Subtotal	2,364,344	91,236	5,089,751	625,962	8,171,293
Income before share in net income of a joint venture and income tax	2,831,920	134,926	1,570,864	1,331,897	P5,869,607
Share in net income of a joint venture					68,023
Income before income tax					5,937,630
Provision for income tax					729,188
Net income					5,208,442
Segment assets	P111,122,145	P3,085,367	P50,235,843	P49,702,873	214,146,228
Investment in a joint venture					892,037
Deferred tax assets					1,318,508
Total assets					P216,356,773
Segment liabilities	P1,875,800	P146,764	P116,459,188	P53,769,093	P172,250,845

	2023				
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	Total
Operating income					
Interest income	P3,818,782	P593,849	P7,918,866	P5,292,768	P17,624,265
Service fees and commission	586,757	12,506	1,193,480	—	1,792,743
Other operating income	953,163	7,814	607,681	22,922	1,591,580
Total operating income	5,358,702	614,169	9,720,027	5,315,690	21,008,588
Non-cash expenses					
Provision for credit and impairment losses	1,267,662	50,112	138,210	(4,894)	1,451,090
Depreciation	209,247	2,932	626,693	1,264	840,136
Amortization of intangible assets	37,485	944	67,087	697	106,213
Total non-cash expenses	1,514,394	53,988	831,990	(2,933)	2,397,439
Interest expense	—	—	2,514,801	3,283,288	5,798,089
Service fees and commission expense	21,465	458	43,661	—	65,584
Subtotal	21,465	458	2,558,462	3,283,288	5,863,673
Compensation and fringe benefits	981,002	59,622	2,736,065	35,026	3,811,715
Taxes and licenses	409,260	11,358	513,802	738,107	1,672,527
Occupancy and equipment-related costs	89,823	571	247,741	330	338,465
Security, messengerial and janitorial services	134,936	2,006	293,958	339	431,239
Miscellaneous	476,514	9,635	1,065,178	139,519	1,690,846
Subtotal	2,091,535	83,192	4,856,744	913,321	7,944,792
Income before share in net income of a joint venture and income tax	P1,731,308	P476,531	P1,472,831	P1,122,014	P4,802,684
Share in net income of a joint venture					86,341
Income before income tax					4,889,025
Provision for income tax					357,963
Net income					P4,531,062
Segment assets	P96,310,679	P2,287,007	P46,653,000	P91,054,823	P236,305,509
Investment in a joint venture					870,179
Deferred tax assets					1,257,608
Total assets					P238,433,296
Segment liabilities	P1,401,753	P94,864	P138,894,328	P57,888,193	P198,279,138



	2022				
	Consumer Banking	Corporate Banking	Branch Banking	Treasury	Total
Operating income					
Interest income	₱3,205,313	₱652,627	₱7,566,916	₱2,763,017	₱14,187,873
Service fees and commission	528,784	19,267	1,184,791	—	1,732,842
Other operating income	1,366,039	19,538	906,231	(3,620)	2,288,188
Total operating income	5,100,136	691,432	9,657,938	2,759,397	18,208,903
Non-cash expenses					
Provision for credit and impairment losses	1,042,765	137,470	144,753	(18,746)	1,306,242
Depreciation	164,989	2,605	587,289	1,070	755,953
Amortization of intangible assets	34,423	1,039	66,598	791	102,851
Total non-cash expenses	1,242,177	141,114	798,640	(16,885)	2,165,046
Interest expense	—	—	2,238,266	898,957	3,137,223
Service fees and commission expense	15,657	570	35,082	—	51,309
Subtotal	15,657	570	2,273,348	898,957	3,188,532
Compensation and fringe benefits	889,555	69,526	2,645,630	35,843	3,640,554
Taxes and licenses	337,659	17,170	571,952	686,145	1,612,926
Occupancy and equipment-related costs	99,112	801	244,215	440	344,568
Security, messengerial and janitorial services	117,030	2,305	293,133	543	413,011
Miscellaneous	637,139	19,885	1,302,183	171,514	2,130,721
Subtotal	2,080,495	109,687	5,057,113	894,485	8,141,780
Income before share in net income of a joint venture and income tax	1,761,807	440,061	1,528,837	982,840	₱4,713,545
Share in net income of a joint venture					83,418
Income before income tax					4,796,963
Benefit from income tax					1,118,535
Net income					₱3,678,428
Segment assets	₱78,301,306	₱3,047,772	₱46,435,918	₱135,539,614	₱263,324,610
Investment in a joint venture					816,285
Deferred tax assets					280,114
Total assets					₱264,421,009
Segment liabilities	₱1,102,197	₱112,602	₱140,290,782	₱85,775,817	₱227,281,398

7. Due from Bangko Sentral ng Pilipinas, Interbank Call Loans Receivable and Securities Purchased Under Resale Agreements

Due from Bangko Sentral ng Pilipinas

This account consists of the following:

	2024	2023
Demand deposit (Note 16)	₱1,183,357,292	₱3,598,633,911
Term deposit facility	—	3,000,000,000
Overnight deposit facility	—	3,147,000,000
	₱1,183,357,292	₱9,745,633,911

Due from BSP- Overnight deposit facility (ODF) bears annual interest rates ranging from 5.25% to 6.00% in 2024 and from 5.00% to 6.00% in 2023. On the other hand, due from BSP- Term Deposit (TD) bears annual interest rates ranging from 6.06% to 6.67% in 2024 and from 6.28% to 6.71% in 2023.

Interbank Call Loans Receivable and Securities Purchased Under Resale Agreements (SPURA)

This account consists of the following:

	2024	2023
Interbank call loans receivable	₱400,000,000	₱—
SPURA	—	6,989,635,680
	₱400,000,000	₱6,989,635,680

Interbank call loans (IBCL) represent short-term lending with counterparty banks and other financial institutions. These are highly liquid instruments which mature within one to five days.



SPURA are lending to counterparties collateralized by government securities ranging from one to six days.

As of December 31, 2024 and 2023, the fair values of government securities held as collateral amounted to nil and ₱7.0 billion, respectively. The Bank is not permitted to sell or repledge the related collateral in the absence of default by the counterparty.

Foreign currency-denominated IBCLs bear annual interest ranging from 5.00% to 5.51% in 2024, from 4.00% to 4.50% in 2023 and from 0.32% to 3.25% in 2022, while peso-denominated IBCL of the Bank bear annual interest rate ranging from 5.91% to 6.59% in 2024, from 6.19% to 6.41% in 2023 and from 1.87% to 4.25% in 2022. SPURA of the Bank bears annual interest rates ranging from 5.95% to 6.58% in 2024, 5.50% to 6.40% in 2023 and 2.00% to 5.50% in 2022.

Interest income on due from BSP, interbank call loans receivable and SPURA are as follows:

	2024	2023	2022
Due from BSP	₱345,049,668	₱1,397,792,663	₱1,254,216,130
IBCL and SPURA			
IBCL (Note 29)	109,478,588	24,751,029	7,862,763
SPURA	238,088,674	394,630,077	187,915,814
	347,567,262	419,381,106	195,778,577
	₱692,616,930	₱1,817,173,769	₱1,449,994,707

8. Investment Securities

Fair Value Through Profit or Loss (FVTPL) Investments

FVTPL investments consist of the following:

	2024	2023
Government debt securities	₱300,599,156	₱414,298,313

The unrealized portion of the trading securities gains/(losses) on FVTPL investments amounted to (₱4.98 million) in 2024, ₱1.76 million in 2023 and (₱0.01 million) in 2022.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets at FVOCI consist of the following:

	2024	2023
Debt securities		
Government	₱25,518,903,960	₱52,699,128,847
Private	338,922,873	1,633,147,238
Equity securities		
Quoted	34,364,018	27,417,546
	₱25,892,190,851	₱54,359,693,631

As of December 31, 2024 and 2023, the Bank deposited financial assets at FVOCI with total carrying value of ₱119.5 million and ₱123.9 million, respectively, in the form of government bonds with BSP, in compliance with trust regulations (Note 30).



As of December 31, 2024, and 2023, the ECL on financial assets at FVOCI (included in 'Fair value reserves on financial assets at FVOCI') amounted to ₱0.7 million (Note 15). Movements in the fair value reserves on financial assets at FVOCI follow:

	2024	2023
Balance at beginning of year	₱70,794,457	(₱48,782,635)
Loss (gain) from sale of financial assets at FVOCI		
realized in profit or loss	(24,247,623)	677,047
Changes in allowance for ECL (Note 15)	(74,924)	(207,485)
Fair value gain (loss) recognized in OCI	(29,502,025)	119,107,530
Balance at end of year	₱16,969,885	₱70,794,457

Investment Securities at Amortized Cost

Investment securities at amortized cost consist of the following:

	2024	2023
Debt securities		
Government	₱29,031,233,731	₱27,886,190,462
Private	1,076,325,394	2,020,863,838
	30,107,559,125	29,907,054,300
Less allowance for credit losses (Note 15)	11,237,913	13,886,257
	₱30,096,321,212	₱29,893,168,043

In 2024 and 2023, investment securities at amortized cost include Bureau of Treasury bonds pledged by the Bank to MBTC to secure its payroll account, with total carrying value of ₱63.2 million and ₱60.0 million, respectively.

Interest income on investment securities consists of:

	2024	2023	2022
Interest income recognized using EIR			
Financial assets at FVOCI	₱1,962,062,126	₱2,948,166,683	₱1,590,417,662
Investment securities at amortized cost	1,310,561,907	1,359,495,255	983,839,251
	3,272,624,033	4,307,661,938	2,574,256,913
Interest income recognized using nominal interest rates			
FVTPL investments	44,019,337	3,495,728	2,152
	₱3,316,643,370	₱4,311,157,666	₱2,574,259,065

EIR on peso-denominated financial assets at FVOCI investments as of December 31, 2024, 2023, and 2022, range from 5.98% to 6.73%, from 6.34% to 6.74%, and from 1.97% to 6.04%, respectively. EIR on foreign currency-denominated financial assets at FVOCI investments as of December 31, 2024 range from 4.44% to 4.98%.

On the other hand, EIR on peso-denominated investment securities at amortized cost range from 5.02% to 5.39% in 2024, from 4.99% to 5.55% in 2023 and from 3.86% to 5.02% in 2022, while EIR on foreign currency-denominated investment securities at amortized cost range from 3.27% to 3.49% in 2024 from 3.28% to 3.65% in 2023 and 3.31% to 3.66% in 2022.



Trading and securities gains (losses) - net on investment securities consist of:

	2024	2023	2022
Financial assets at FVOCI	₱24,247,623	(₱677,047)	₱2,499,021
FVTPL investments (Note 29)	(9,956,515)	5,970,945	(43,835)
	₱14,291,108	₱5,293,898	₱2,455,186

9. Loans and Receivables

This account consists of:

	2024	2023
Receivables from customers		
Consumption loans	₱90,460,340,931	₱75,082,900,240
Real estate loans	43,844,550,817	41,266,767,900
Commercial loans	7,669,171,911	6,749,239,198
Personal loans (Note 29)	1,994,825,782	2,103,099,117
	143,968,889,441	125,202,006,455
Less unearned discounts and capitalized interest	74,916,465	115,002,708
	143,893,972,976	125,087,003,747
Other receivables		
Accrued interest receivable	2,367,681,595	2,398,689,550
Accounts receivable (Note 29)	1,536,451,201	1,393,060,263
Sales contract receivables	4,224,875	6,951,309
Bills purchased (Note 19)	—	42,243,033
	147,802,330,647	128,927,947,902
Less allowance for credit losses (Note 15)	3,978,878,079	6,163,535,676
	₱143,823,452,568	₱122,764,412,226

Personal loans comprise deposit collateral loans, employee salary and consumer loan products such as money card, multi-purpose loan and flexi-loan.

As of December 31, 2024, 2023 and 2022, 33.73%, 35.65%, and 40.09%, respectively, of the total receivables from customers are subject to periodic interest repricing with average EIR of 8.45%, 8.50%, and 8.14% in 2024, 2023 and 2022, respectively. Remaining receivables earn average annual fixed interest rates of 16.96%, 16.43%, and 15.95%, in 2024, 2023 and 2022, respectively.

Interest income on loans and receivables consists of:

	2024	2023	2022
Receivables from customers			
Consumption loans	₱8,235,230,464	₱6,871,709,159	₱5,666,303,484
Real estate loans	3,598,209,707	3,504,027,484	3,462,009,203
Personal loans (Note 29)	515,338,079	627,081,379	585,515,967
Commercial loans	505,100,429	476,440,498	445,022,995
Other receivables			
Sales contract receivables	79,968	200,864	666,388
	₱12,853,958,647	₱11,479,459,384	₱10,159,518,037

Interest income from restructured loans amounted to ₱7.1 million, ₱10.7 million, and ₱5.9 million in 2024, 2023, and 2022, respectively.



On March 25, 2020, Republic Act (RA) No. 11469, otherwise known as the Bayanihan to Heal as One Act (“Bayanihan 1 Act”) was enacted. Bayanihan 1 Act provides that all covered institutions shall implement a 30-day grace period for all loans with principal and/or interest and lease amortization falling due within the Enhanced Community Quarantine (ECQ) Period without incurring interest on interest, penalties, fees and other charges. Subsequently, on September 11, 2020, RA No. 11494, otherwise known as the Bayanihan to Recover as One Act (“Bayanihan 2 Act”), was enacted. Under Bayanihan 2 Act, a one-time sixty (60)-day grace period is granted for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020, without incurring interest on interests, penalties, fees, or other charges and thereby extending the maturity of the said loans. Furthermore, a minimum 30-day grace period shall also be granted by covered institutions to all payments due within the period of community quarantine on rent and utility-related expenditures without incurring penalties, interest, and other charges.

Accretion of modified loans amounted to ₱40.1 million, ₱70.1 million and ₱107.0 million in 2024, 2023 and 2022, respectively (Note 23).

10. Investment in a Joint Venture

The Bank’s investment in a joint venture represents its 30.00% interest in Sumisho Motor Finance Corporation (SMFC) as of December 31, 2024 and 2023.

SMFC was incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on November 26, 2009. It started commercial operations in March 2010. Its principal office is located at 12th Floor, PSBank Center, 777 Paseo de Roxas corner Sedeño Street, Makati City.

SMFC is engaged in the business of lending or leasing to retail customers for their purchase of motorcycles.

Management has assessed that the Bank continues to have joint control over SMFC together with GT Capital, Sumitomo Japan, and Sumitomo Corporation of the Philippines (Sumitomo Group), as all investors are bound by all terms and conditions of the original Joint Venture Agreement between the Bank and Sumitomo Group, where unanimous consent is required from all the parties for SMFC’s relevant activities.

The investment is measured using the equity method. As of December 31, 2024, and 2023, the Bank’s investment in a joint venture amounted to ₱892.0 million and ₱870.2 million, respectively. Movement in this account follows (in thousands):

	2024	2023
Balance at beginning of year	₱870,179	₱816,285
Share in net income (Note 29)	68,023	86,341
Share in remeasurement gains on retirement plan (Note 29)	(3,757)	3,301
Share in hedge reserves (Note 29)	(9,707)	21,852
Dividends received	(32,701)	(57,600)
Balance at end of year	₱892,037	₱870,179



The following table illustrates the summarized financial information of SMFC (in thousands):

	2024	2023
Current assets	₱5,932,004	₱7,251,886
Non-current assets	443,238	452,478
Current liabilities	(3,322,004)	(3,279,135)
Non-current liabilities	(79,782)	(1,524,632)
Net assets	₱2,973,456	₱2,900,597

	2024	2023
Cash and cash equivalents	₱473,387	₱687,758
Current financial liabilities	(3,307,846)	(3,299,346)
Non-current financial liabilities	(42,169)	(1,417,664)

	2024	2023	2022
Revenues	₱1,720,970	₱1,803,734	₱1,548,564
Less: Costs and expenses	1,419,524	1,539,695	1,159,711
	301,446	264,039	388,853
Less: Provision for (benefit from) income tax	74,703	(23,764)	110,792
Net income	226,743	287,803	278,061
Add: Other comprehensive income	(44,882)	(32,357)	33,212
Total comprehensive income	₱181,861	₱255,446	₱311,273

	2024	2023	2022
Interest income	₱1,768,569	₱1,715,112	₱1,459,009
Interest expense	259,724	240,397	164,828
Depreciation and amortization	116,796	96,437	91,584
Income tax expense or income	74,703	62,536	110,792

Cost of the investment as of December 31, 2024 and 2023 amounted to ₱600.0 million.

On June 28, 2024, SMFC declared dividends of ₱5.45 per share amounting to a total of ₱109.0 million. The same was paid to shareholders on July 23, 2024.

On June 23, 2023, SMFC declared dividends of ₱9.60 per share amounting to a total of ₱192.0 million. The same was paid to shareholders on July 19, 2023.

SMFC is a private company and there is no quoted market price available for its shares. The net assets of SMFC consist mainly of financial assets and financial liabilities.

The Bank has no share in any contingent liabilities or capital commitments of SMFC as of December 31, 2024 and 2023. There are also no agreements entered into by SMFC that may restrict dividends and other capital contributions to be paid, loans and advances to be made or repaid to or from the Bank as of the said dates.



11. Property and Equipment

The composition of and movements in this account follow:

2024						
	Land	Building	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets: Building	Total
Cost						
Balance at beginning of the period	₹976,443,676	₹1,164,846,258	₹3,415,338,919	₹1,131,384,796	₹1,963,591,638	₹8,651,605,287
Acquisitions/Additions	—	5,819,383	290,698,956	22,690,510	451,270,041	770,478,890
Disposals/Retirement	—	—	(76,054,885)	—	(440,073,893)	(516,128,778)
Balance at end of the period	976,443,676	1,170,665,641	3,629,982,990	1,154,075,306	1,974,787,786	8,905,955,399
Accumulated Depreciation						
Balance at beginning of the period	—	634,324,894	2,835,102,506	1,070,267,248	969,953,262	5,509,647,910
Depreciation	—	35,717,687	192,372,030	26,638,505	430,815,928	685,544,150
Disposals/Retirement	—	—	(42,673,058)	—	(440,073,893)	(482,746,951)
Others	—	387,502	—	—	—	387,502
Balance at end of the period	—	670,430,083	2,984,801,478	1,096,905,753	960,695,297	5,712,832,611
Net Book Value	₹976,443,676	₹500,235,558	₹645,181,512	₹57,169,553	₹1,014,092,489	₹3,193,122,788

2023						
	Land	Building	Furniture, Fixtures and Equipment	Leasehold Improvements	Right-of-use Assets: Building	Total
Cost						
Balance at beginning of the period	₹976,443,676	₹1,155,304,612	₹3,135,342,532	₹1,101,893,510	₹2,001,043,368	₹8,370,027,698
Acquisitions/Additions	—	9,541,646	349,393,788	29,491,286	312,921,930	701,348,650
Disposals/Retirement	—	—	(69,397,401)	—	(350,373,660)	(419,771,061)
Balance at end of the period	976,443,676	1,164,846,258	3,415,338,919	1,131,384,796	1,963,591,638	8,651,605,287
Accumulated Depreciation						
Balance at beginning of the period	—	598,513,254	2,715,701,056	1,041,927,841	887,162,420	5,243,304,571
Depreciation	—	35,811,640	156,665,664	28,339,407	417,200,588	638,017,299
Disposals/Retirement	—	—	(37,264,214)	—	(334,409,746)	(371,673,960)
Balance at end of the period	—	634,324,894	2,835,102,506	1,070,267,248	969,953,262	5,509,647,910
Net Book Value	₹976,443,676	₹530,521,364	₹580,236,413	₹61,117,548	₹993,638,376	₹3,141,957,377

Gain on sale of property and equipment amounted to ₹3.9 million in 2024 and 2023 and ₹12.1 million in 2022.

The details of depreciation under the statements of income follow:

	2024	2023	2022
Property and equipment	₹685,544,150	₹638,017,299	₹580,537,882
Chattel mortgage properties (Note 14)	177,285,886	109,360,006	83,084,760
Investment properties (Note 12)	88,949,946	92,758,455	92,330,079
	₹951,779,982	₹840,135,760	₹755,952,721

As of December 31, 2024 and 2023, property and equipment of the Bank with gross carrying amounts of ₹2.4 billion are fully depreciated but are still being used.



12. Investment Properties

The composition of and movements in this account follow:

	2024		
	Land	Building Improvements	Total
Cost			
Balance at beginning of year	₱1,404,474,771	₱3,221,547,911	₱4,626,022,682
Additions (Note 32)	112,105,951	360,751,014	472,856,965
Disposals	(186,962,754)	(580,680,865)	(767,643,619)
Balance at end of year	1,329,617,968	3,001,618,060	4,331,236,028
Accumulated Depreciation			
Balance at beginning of year	—	486,395,513	486,395,513
Depreciation (Note 11)	—	88,949,946	88,949,946
Disposals	—	(69,316,572)	(69,316,572)
Balance at end of year	—	506,028,887	506,028,887
Allowance for Impairment Losses			
Balance at beginning of year	56,127,134	148,549,851	204,676,985
Provisions for the year (Note 15)	4,325,980	12,233,573	16,559,553
Disposals	(691,199)	(36,155,100)	(36,846,299)
Balance at end of year	59,761,915	124,628,324	184,390,239
Net Book Value	₱1,269,856,053	₱2,370,960,849	₱3,640,816,902

	2023		
	Land	Building Improvements	Total
Cost			
Balance at beginning of year	₱1,372,656,512	₱3,345,050,833	₱4,717,707,345
Additions (Note 32)	196,132,372	464,387,687	660,520,059
Disposals	(164,314,113)	(587,890,609)	(752,204,722)
Balance at end of year	1,404,474,771	3,221,547,911	4,626,022,682
Accumulated Depreciation			
Balance at beginning of year	—	459,729,368	459,729,368
Depreciation (Note 11)	—	92,758,455	92,758,455
Disposals	—	(66,092,310)	(66,092,310)
Balance at end of year	—	486,395,513	486,395,513
Allowance for Impairment Losses			
Balance at beginning of year	57,557,773	168,949,139	226,506,912
Provisions (reversals) for the year (Note 15)	415,646	11,769,290	12,184,936
Disposals	(1,846,285)	(32,168,578)	(34,014,863)
Balance at end of year	56,127,134	148,549,851	204,676,985
Net Book Value	₱1,348,347,637	₱2,586,602,547	₱3,934,950,184

The details of the net book value of investment properties follow:

	2024	2023
Real estate properties acquired in settlement of loans and receivables	₱3,569,659,560	₱3,859,953,928
Bank premises leased to third parties and held for capital appreciation	71,157,342	74,996,256
	₱3,640,816,902	₱3,934,950,184

As of December 31, 2024 and 2023, the aggregate fair value of investment properties amounted to ₱6.5 billion and ₱6.6 billion, respectively. Fair value of the properties was determined using sales comparison approach. Fair values are based on valuations performed by accredited external and in-house appraisers.



Gain on foreclosure of investment properties amounted to ₱205.1 million, ₱233.5 million, and ₱597.4 million in 2024, 2023 and 2022, respectively. Gain on sale of investment properties amounted to ₱215.6 million, ₱128.4 million, and ₱204.3 million in 2024, 2023 and 2022, respectively. Rental income on investment properties included in 'Miscellaneous income' amounted to ₱59.1 million, ₱47.2 million, and ₱44.1 million in 2024, 2023 and 2022, respectively (Notes 23 and 25).

Operating expenses incurred in maintaining investment properties (included under miscellaneous expense - 'Repairs and maintenance') amounted to ₱9.3 million, ₱10.2 million, and ₱11.1 million in 2024, 2023 and 2022, respectively (Note 26).

13. Intangible Assets and Goodwill

This account consists of:

	2024	2023
Goodwill	₱53,558,338	₱53,558,338
Intangible assets		
Software costs	370,106,912	207,515,121
Branch licenses	37,123,737	37,123,737
	407,230,649	244,638,858
	₱460,788,987	₱298,197,196

Movements in intangible assets follow:

	2024		
	Software Costs	Branch Licenses	Total
Balance at beginning of year	₱207,515,121	₱37,123,737	₱244,638,858
Additions	273,949,744	—	273,949,744
Amortization	(111,357,953)	—	(111,357,953)
Balance at end of year	₱370,106,912	₱37,123,737	₱407,230,649

	2023		
	Software Costs	Branch Licenses	Total
Balance at beginning of year	₱243,208,824	₱37,123,737	₱280,332,561
Additions	70,519,156	—	70,519,156
Amortization	(106,212,859)	—	(106,212,859)
Balance at end of year	₱207,515,121	₱37,123,737	₱244,638,858



14. Other Assets

This account consists of:

	2024	2023
Financial assets		
Security deposits (Note 29)	₱209,109,716	₱198,883,979
Liquidity requirement for electronic money products	156,123,260	187,273,039
RCOCI	16,695,847	14,419,807
Others*	447,040	436,826
	382,375,863	401,013,651
Non-financial assets		
Chattel mortgage properties - net	855,404,298	667,892,031
Prepayments (Note 29)	165,991,028	164,561,700
Net retirement assets (Note 24)	63,522,505	—
Stationeries and supplies on hand	38,662,995	44,329,293
Documentary stamps on hand	28,949,779	22,890,982
Creditable withholding tax	24,116,778	45,044,403
Others**	13,934	46,556
	1,176,661,317	944,764,965
	₱1,559,037,180	₱1,345,778,616

* Others under financial assets comprise petty cash fund, shortages, and other investments

** Others under non-financial assets comprise inter-office float items, sundry debits, deferred charges, postages stamps

Liquidity requirement for electronic money products represents the amount set up to be held in trust for the specific purpose of liquidation of balances of electronic money (e-money) products of the Bank in compliance with BSP Circular No. 1166, *Amendments to the Regulations on Electronic Money (e-money) and the Operations of Electronic Money Issuers (EMI) in the Philippines* which was released by BSP on February 7, 2023. The BSP requires Bangko Sentral-Supervised Financial Institutions (BSFIs) to have sufficient liquid assets to always meet e-money redemptions by its customers. Such amount held in the trust account shall not fall below the required minimum balance of at least 50% of the outstanding e-money balances.

Prepayments represent prepaid insurance, rent, taxes, and other prepaid expenses.

Creditable withholding tax (CWT) pertains to the excess credits after applying CWT against income tax payable.

Movements in chattel mortgage properties - net follow:

	2024	2023
Cost		
Balance at beginning of year	₱736,797,092	₱417,400,112
Additions (Note 32)	3,922,282,431	2,320,586,633
Disposals	(3,729,965,320)	(2,001,189,653)
Balance at the end of year	929,114,203	736,797,092
Accumulated Depreciation		
Balance at beginning of year	68,762,517	82,062,955
Depreciation (Note 11)	177,285,886	109,360,006
Disposals	(172,438,895)	(122,660,444)
Balance at the end of year	73,609,508	68,762,517

(Forward)



	2024	2023
Allowance for Impairment Losses		
Balance at beginning of year	₱142,544	₱19,614
Provisions (Note 15)	606,596	674,171
Disposals	(648,744)	(551,241)
Balance at end of year	100,396	142,544
Net Book Value	₱855,404,299	₱667,892,031

Gain on foreclosure of chattel mortgage properties amounted to ₱523.5 million, ₱491.9 million and ₱595.4 million in 2024, 2023 and 2022, respectively.

Gain (loss) on sale of chattel mortgage properties amounted to (₱313.3) million, ₱128.1 million and ₱104.8 million in 2024, 2023 and 2022, respectively.

15. Allowance for Credit and Impairment Losses

An analysis of changes in the ECL allowances for loans and advances to banks as of December 31, 2024 and 2023 follows (in thousands):

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Due from BSP							
Balance as of January 1, 2024	₱-	₱-	₱-	₱-	₱-	₱-	₱-
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	-	-	-	-	-	-	-
Balance at December 31, 2024	-	-	-	-	-	-	-
Due from other banks							
Balance at January 1, 2024	1,209	-	-	-	-	-	1,209
New assets originated or purchased	269	-	-	-	-	-	269
Assets derecognized or repaid	-	-	-	-	-	-	-
Balance at December 31, 2024	1,478	-	-	-	-	-	1,478
Total loans and advances to banks							
Balance at January 1, 2024	1,209	-	-	-	-	-	1,209
New assets originated or purchased	269	-	-	-	-	-	269
Assets derecognized or repaid	-	-	-	-	-	-	-
Balance at December 31, 2024	₱1,478	₱-	₱-	₱-	₱-	₱-	₱1,478

	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Due from BSP							
Balance as of January 1, 2023	₱-	₱-	₱-	₱-	₱-	₱-	₱-
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	-	-	-	-	-	-	-
Balance at December 31, 2023	-	-	-	-	-	-	-
Due from other banks							
Balance at January 1, 2023	14,671	-	-	-	-	-	14,671
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	(13,462)	-	-	-	-	-	(13,462)
Balance at December 31, 2023	1,209	-	-	-	-	-	1,209
Total loans and advances to banks							
Balance at January 1, 2023	14,671	-	-	-	-	-	14,671
New assets originated or purchased	-	-	-	-	-	-	-
Assets derecognized or repaid	(13,462)	-	-	-	-	-	(13,462)
Balance at December 31, 2023	₱1,209	₱-	₱-	₱-	₱-	₱-	₱1,209



An analysis of changes in the ECL allowances for investment securities as of December 31, 2024 and 2023 follows (in thousands):

	2024						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Financial assets at FVOCI							
Balance at January 1, 2024	₱746	₱–	₱–	₱–	₱–	₱–	₱746
New assets originated or purchased	–	–	–	–	–	–	–
Assets derecognized or repaid	(75)	–	–	–	–	–	(75)
Balance at December 31, 2024	₱671	–	–	–	–	–	₱671
Investment at amortized cost							
Balance at January 1, 2024	13,886	–	–	–	–	–	13,886
New assets originated or purchased	–	–	–	–	–	–	–
Assets derecognized or repaid	(2,648)	–	–	–	–	–	(2,648)
Balance at December 31, 2024	11,238	–	–	–	–	–	11,238
Total investment securities							
Balance at January 1, 2024	14,632	–	–	–	–	–	14,632
New assets originated or purchased	–	–	–	–	–	–	–
Assets derecognized or repaid	(2,723)	–	–	–	–	–	(2,723)
Balance at December 31, 2024	₱11,909	₱–	₱–	₱–	₱–	₱–	₱11,909
	2023						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Financial assets at FVOCI							
Balance at January 1, 2023	₱954	₱–	₱–	₱–	₱–	₱–	₱954
New assets originated or purchased	–	–	–	–	–	–	–
Assets derecognized or repaid	(208)	–	–	–	–	–	(208)
Balance at December 31, 2023	746	–	–	–	–	–	746
Investment at amortized cost							
Balance at January 1, 2023	18,573	–	–	–	–	–	18,573
New assets originated or purchased	–	–	–	–	–	–	–
Assets derecognized or repaid	(4,687)	–	–	–	–	–	(4,687)
Balance at December 31, 2023	13,886	–	–	–	–	–	13,886
Total investment securities							
Balance at January 1, 2023	19,527	–	–	–	–	–	19,527
New assets originated or purchased	–	–	–	–	–	–	–
Assets derecognized or repaid	(4,895)	–	–	–	–	–	(4,895)
Balance at December 31, 2023	₱14,632	₱–	₱–	₱–	₱–	₱–	₱14,632

An analysis of changes in the ECL allowances for receivables from customers as of December 31, 2024 and 2023 follows (in thousands):

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance at January 1, 2024	₱–	₱2,017,898	₱–	₱609,879	₱1,289,692	₱–	₱3,917,469
New assets originated or purchased	–	548,317	–	131,756	218,429	–	898,502
Assets derecognized or repaid	–	(168,720)	–	(134,311)	(165,630)	–	(468,661)
Amounts written off	–	–	–	(113,217)	(973,602)	–	(1,086,819)
Transfers to Stage 1	–	116,573	–	(95,879)	(20,694)	–	–
Transfers to Stage 2	–	(220,163)	–	248,315	(28,152)	–	–
Transfers to Stage 3	–	(53,564)	–	(67,668)	121,232	–	–
Impact on change in assumptions	–	(1,323,320)	–	180,593	373,963	–	(768,764)
Balance at December 31, 2024	–	917,021	–	759,468	815,238	–	2,491,727
Real Estate Loans							
Balance at January 1, 2024	–	194,310	–	573,099	195,520	–	962,929
New assets originated or purchased	–	41,333	–	2,697	4,274	–	48,304
Assets derecognized or repaid	–	(8,314)	–	(46,662)	(31,703)	–	(86,679)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	332,614	–	(324,461)	(8,153)	–	–
Transfers to Stage 2	–	(8,648)	–	39,612	(30,964)	–	–
Transfers to Stage 3	–	(1,090)	–	(17,764)	18,854	–	–
Impact on change in assumptions	–	(468,623)	–	(56,052)	23,479	–	(501,196)
Balance at December 31, 2024	–	81,582	–	170,469	171,307	–	423,358

(Forward)



	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Commercial Loans							
Balance at January 1, 2024	₱–	₱28,414	₱–	₱14,923	₱184,839	₱–	₱228,176
New assets originated or purchased	–	5,404	–	1,106	–	–	6,510
Assets derecognized or repaid	–	(10,434)	–	(512)	(6,638)	–	(17,584)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	2,001	–	(574)	(1,427)	–	–
Transfers to Stage 2	–	(131)	–	418	(287)	–	–
Transfers to Stage 3	–	(17)	–	(214)	231	–	–
Impact on change in assumptions	–	7,149	–	1,160	8,478	–	16,787
Balance at December 31, 2024	–	32,386	–	16,307	185,196	–	233,889
Personal Loans							
Balance at January 1, 2024	–	70,708	–	217,699	184,753	–	473,160
New assets originated or purchased	–	44,926	–	19,128	10,805	–	74,859
Assets derecognized or repaid	–	(19,358)	–	(2,798)	(19,483)	–	(41,639)
Amounts written off	–	–	–	(33,359)	(80,360)	–	(113,719)
Transfers to Stage 1	–	18,435	–	(18,398)	(37)	–	–
Transfers to Stage 2	–	(41,423)	–	41,500	(77)	–	–
Transfers to Stage 3	–	(1,638)	–	(14,261)	15,899	–	–
Impact on change in assumptions	–	(24,006)	–	(137,248)	32,025	–	(129,229)
Balance at December 31, 2024	–	47,644	–	72,263	143,525	–	263,432
Total Receivables from Customers							
Balance at January 1, 2024	–	2,311,330	–	1,415,600	1,854,804	–	5,581,734
New assets originated or purchased	–	639,980	–	154,687	233,508	–	1,028,175
Assets derecognized or repaid	–	(206,826)	–	(184,283)	(223,454)	–	(614,563)
Amounts written off	–	–	–	(146,576)	(1,053,962)	–	(1,200,538)
Transfers to Stage 1	–	469,623	–	(439,312)	(30,311)	–	–
Transfers to Stage 2	–	(270,365)	–	329,845	(59,480)	–	–
Transfers to Stage 3	–	(56,309)	–	(99,907)	156,216	–	–
Impact on change in assumptions	–	(1,808,800)	–	(11,547)	437,945	–	(1,382,402)
Balance at December 31, 2024	₱–	₱1,078,633	₱–	₱1,018,507	₱1,315,266	₱–	₱3,412,406

	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Consumption Loans							
Balance at January 1, 2023	₱–	₱1,706,746	₱–	₱569,605	₱938,875	₱–	₱3,215,226
New assets originated or purchased	–	1,514,645	–	116,684	185,796	–	1,817,125
Assets derecognized or repaid	–	(132,064)	–	(182,992)	(348,783)	–	(663,839)
Amounts written off	–	–	–	–	(145,656)	–	(145,656)
Transfers to Stage 1	–	104,699	–	(87,647)	(17,052)	–	–
Transfers to Stage 2	–	(165,555)	–	196,066	(30,511)	–	–
Transfers to Stage 3	–	(46,230)	–	(79,764)	125,994	–	–
Impact on change in assumptions	–	(964,343)	–	77,927	581,029	–	(305,387)
Balance at December 31, 2023	–	2,017,898	–	609,879	1,289,692	–	3,917,469
Real Estate Loans							
Balance at January 1, 2023	–	246,988	–	547,520	311,961	–	1,106,469
New assets originated or purchased	–	42,543	–	4,412	4,610	–	51,565
Assets derecognized or repaid	–	(10,694)	–	(45,306)	(42,410)	–	(98,410)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	67,007	–	(63,962)	(3,045)	–	–
Transfers to Stage 2	–	(77,394)	–	114,111	(36,717)	–	–
Transfers to Stage 3	–	(1,822)	–	(19,200)	21,022	–	–
Impact on change in assumptions	–	(72,318)	–	35,523	(59,900)	–	(96,695)
Balance at December 31, 2023	–	194,310	–	573,098	195,521	–	962,929
Commercial Loans							
Balance at January 1, 2023	–	55,871	–	35,208	176,753	–	267,832
New assets originated or purchased	–	6,824	–	38	5,317	–	12,179
Assets derecognized or repaid	–	(28,497)	–	(18,003)	(15,764)	–	(62,264)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	9,333	–	(9,303)	(30)	–	–
Transfers to Stage 2	–	(774)	–	854	(80)	–	–
Transfers to Stage 3	–	(75)	–	(331)	406	–	–
Impact on change in assumptions	–	(14,268)	–	6,460	18,237	–	10,429
Balance at December 31, 2023	–	28,414	–	14,923	184,839	–	228,176

(Forward)



	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Personal Loans							
Balance at January 1, 2023	P=	P107,081	P=	P256,563	P214,182	P=	P577,826
New assets originated or purchased	—	38,158	—	62,300	12,539	—	112,997
Assets derecognized or repaid	—	(29,839)	—	-37,020	(1,025)	—	(67,884)
Amounts written off	—	—	—	—	(112,283)	—	(112,283)
Transfers to Stage 1	—	41,548	—	(41,461)	(87)	—	—
Transfers to Stage 2	—	(12,285)	—	12,527	(242)	—	—
Transfers to Stage 3	—	(2,900)	—	-20,676	23,576	—	—
Impact on change in assumptions	—	(71,053)	—	-14,536	48,093	—	(37,496)
Balance at December 31, 2023	—	70,710	—	217,697	184,753	—	473,160
Total Receivables from Customers							
Balance at January 1, 2023	—	2,116,686	—	1,408,896	1,641,771	—	5,167,353
New assets originated or purchased	—	1,602,170	—	183,434	208,262	—	1,993,866
Assets derecognized or repaid	—	(201,094)	—	(283,321)	(407,983)	—	(892,398)
Amounts written off	—	—	—	—	(257,939)	—	(257,939)
Transfers to Stage 1	—	222,587	—	(202,373)	(20,214)	—	—
Transfers to Stage 2	—	(256,008)	—	323,558	(67,550)	—	—
Transfers to Stage 3	—	(51,027)	—	(119,971)	170,998	—	—
Impact on change in assumptions	—	(1,121,982)	—	105,374	587,459	—	(429,149)
Balance at December 31, 2023	P=	P2,311,332	P=	P1,415,597	P1,854,804	P=	P5,581,733

An analysis of changes in the ECL allowances for other receivables as of December 31, 2024 and 2023 follows (in thousands):

	2024						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable							
Balance as of January 1, 2024	₱—	₱19,026	₱—	₱15,088	₱38,113	₱—	₱72,227
New assets originated or purchased	—	5,652	—	1,666	6,928	—	14,246
Assets derecognized or repaid	—	(2,052)	—	(4,398)	(32,563)	—	(39,013)
Amounts written off	—	—	—	—	—	—	—
Transfers to Stage 1	—	2,559	—	(2,297)	(262)	—	—
Transfers to Stage 2	—	(2,785)	—	3,185	(400)	—	—
Transfers to Stage 3	—	(584)	—	(1,433)	2,017	—	—
Impact on change in assumptions	—	(12,262)	—	933	11,590	—	261
Balance at December 31, 2024	—	9,554	—	12,744	25,423	—	47,721
Sales Contract Receivable							
Balance as of January 1, 2024	—	6	—	20	546	—	572
New assets originated or purchased	—	—	—	—	—	—	—
Assets derecognized or repaid	—	(6)	—	(6)	(176)	—	(188)
Amounts written off	—	—	—	—	—	—	—
Transfers to Stage 1	—	14	—	(14)	—	—	—
Transfers to Stage 2	—	—	—	—	—	—	—
Transfers to Stage 3	—	(14)	—	—	(6)	—	(20)
Impact on change in assumptions	—	—	—	—	—	—	—
Balance at December 31, 2024	—	—	—	—	364	—	364
Total Other Receivables							
Balance as of January 1, 2024	—	19,032	—	15,108	38,659	—	72,799
New assets originated or purchased	—	5,652	—	1,666	6,928	—	14,246
Assets derecognized or repaid	—	(2,058)	—	(4,404)	(32,739)	—	(39,201)
Amounts written off	—	—	—	—	—	—	—
Transfers to Stage 1	—	2,573	—	(2,311)	(262)	—	—
Transfers to Stage 2	—	(2,785)	—	3,185	(400)	—	—
Transfers to Stage 3	—	(598)	—	(1,433)	2,011	—	(20)
Impact on change in assumptions	—	(12,262)	—	933	11,590	—	261
Balance at December 31, 2024	₱—	₱9,554	₱—	₱12,744	₱25,787	₱—	₱48,085

	2023						Total
	Stage 1		Stage 2		Stage 3	POCI	
	Individual	Collective	Individual	Collective			
Accrued Interest Receivable							
Balance as of January 1, 2023	P–	£18,183	P–	£18,826	£25,734	P–	£62,743
New assets originated or purchased	–	13,079	–	2,345	9,193	–	24,617
Assets derecognized or repaid	–	(1,855)	–	(4,094)	(15,174)	–	(21,123)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	2,621	–	(2,459)	(162)	–	–
Transfers to Stage 2	–	(2,267)	–	2,657	(390)	–	–
Transfers to Stage 3	–	(568)	–	(2,317)	2,885	–	–
Impact on change in assumptions	–	(10,167)	–	130	16,027	–	5,990
Balance at December 31, 2023	–	19,026	–	15,088	38,113	–	72,227

(Forward)



	2023						
	Stage 1		Stage 2		Stage 3	POCI	Total
	Individual	Collective	Individual	Collective			
Sales Contract Receivable							
Balance as of January 1, 2023	P–	P1	P–	P11	P172	P–	P184
New assets originated or purchased	–	–	–	–	–	–	–
Assets derecognized or repaid	–	–	–	(6)	(37)	–	(43)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	6	–	(6)	–	–	–
Transfers to Stage 2	–	–	–	3	(3)	–	–
Transfers to Stage 3	–	–	–	–	–	–	–
Impact on change in assumptions	–	(1)	–	17	414	–	430
Balance at December 31, 2023	–	6	–	19	546	–	571
Total Other Receivables							
Balance as of January 1, 2023	–	18,184	–	18,837	25,906	–	62,927
New assets originated or purchased	–	13,079	–	2,345	9,193	–	24,617
Assets derecognized or repaid	–	(1,855)	–	(4,100)	(15,211)	–	(21,166)
Amounts written off	–	–	–	–	–	–	–
Transfers to Stage 1	–	2,627	–	(2,465)	(162)	–	–
Transfers to Stage 2	–	(2,267)	–	2,660	(393)	–	–
Transfers to Stage 3	–	(568)	–	(2,317)	2,885	–	–
Impact on change in assumptions	–	(10,168)	–	147	16,441	–	6,420
Balance at December 31, 2023	P–	P19,032	P–	P15,107	P38,659	P–	P72,798

The ECL allowance on accounts receivables of the Bank based on their aging as of December 31, 2024 and 2023 follows:

Age of accounts receivables	2024	2023
Up to 1 month	₱23,990,829	₱5,566,498
> 1 to 2 months	1,105,543	1,710,417
> 2 to 3 months	1,259,561	1,103,576
More than 3 months	492,031,135	500,601,795
	₱518,387,068	₱508,982,286

As of December 31, 2024 and 2023, the Bank's undrawn portion of committed credit lines amounted to ₱4.2 billion and ₱4.0 billion, respectively. As of December 31, 2024 and 2023, provision on undrawn portion of committed credit lines amounted to ₱38.9 million and ₱132.8 million, respectively (Note 19).

The details of provisions (reversals) under the statements of income follow:

	2024	2023
Loans and receivables (Note 9)	₱199,726,806	₱1,456,586,418
Investment properties (Note 12)	16,559,553	12,184,936
Investment securities	(2,723,268)	(4,894,264)
Due from other banks	269,350	(13,461,465)
Chattel mortgage (Note 14)	606,596	674,171
	₱214,439,037	₱1,451,089,796

The reduction in the Bank's provisions in 2024 reflects a combination of strategic initiatives aimed at strengthening portfolio quality and optimizing risk management. Proactive credit management, a secured loan portfolio, and effective recovery strategies played a significant role in mitigating risk and supporting portfolio stability. Enhancements to ECL model components, particularly overlay models, allowed provisions to align more closely with improved economic conditions, moving away from the assumptions embedded in pandemic-era models. Additionally, refinements in Probability of Default (PD) and Loss Given Default (LGD) models enabled more precise risk assessments and provisioning. Collectively, these efforts have contributed to lower provisions, even as the loan portfolio continued to expand.



16. Deposit Liabilities

Interest expense on deposit liabilities consists of:

	2024	2023	2022
Time (Note 29)	₱4,367,299,538	₱5,307,552,802	₱2,416,715,820
Demand (Note 29)	50,131,705	50,405,931	54,394,093
Savings	44,979,521	44,377,682	44,392,032
LTNCD	12,715,457	260,840,070	295,891,550
	₱4,475,126,221	₱5,663,176,485	₱2,811,393,495

Peso-denominated deposit liabilities earn annual fixed interest rates ranging from 0.10% to 6.28% in 2024, from 0.10% to 6.25% in 2023 and 0.10% to 6.00% in 2022, while foreign currency-denominated deposit liabilities earn annual fixed interest rates ranging from 0.05% to 4.95% in 2024, 0.05% to 6.25% in 2023 and from 0.05% to 0.25% in 2022. Effective interest rates on deposit liabilities range from 0.05% to 5.15% in 2024, from 0.10% to 5.30% in 2023, and from 0.10% to 3.94% in 2022.

In 2024, the Bangko Sentral ng Pilipinas issued BSP Circular No. 1201 reducing the reserve requirements against deposits to 1.00% from 2.00% for thrift banks. The required reserves can be kept in the form of deposit maintained in the demand deposit accounts with the BSP and any government securities used as compliance until they mature. Further, BSP Circular No. 1100 issued in 2020 and amended by BSP Circular No. 1155 issued in 2022 allowing banks to use peso denominated loans that are granted after March 15, 2020 to (1) micro-small-and-medium-enterprises (MSMEs) and (2) large enterprise excluding banks and non-bank financial institutions with quasi-banking functions that met the definition of MSMEs/large enterprise as alternative compliances with the reserve requirements. The use of MSMEs loans/loans to large enterprises as allowable alternative compliance with reserve requirements was available until June 30, 2023 only. In the case of TBs, RBs, and Coop banks, the outstanding MSME loans of these banks that are utilized as alternative compliance with the reserve requirement as of June 30, 2023 shall remain eligible for such purpose until said loans are fully paid but not later than December 31, 2025. As of December 31, 2024 and 2023, Due from BSP amounting to ₱1.2 billion and ₱3.3 billion, respectively, and MSME loans amounting to ₱0.5 billion and ₱0.9 billion, respectively, were set aside as reserves for deposit liabilities. As reported to the BSP, the Bank is in compliance with such regulations as of December 31, 2024 and 2023.

On December 8, 2016, the BSP authorized the Bank to issue LTNCDs up to ₱10.0 billion through one or multiple tranches over a period of one year. On January 30, 2017, the Bank issued the first tranche of LTNCDs amounting to ₱3.4 billion with a tenor of five (5) years and three (3) months and due on April 30, 2022 with interest rate of 3.50% per annum payable quarterly. The minimum investment size for the LTNCDs is ₱50,000 with increments of ₱50,000 thereafter. Subject to BSP Rules, the Bank has the option to pre-terminate the LTNCDs as a whole but not in part, prior to maturity and on any interest payment date at face value plus accrued interest covering the accrued and unpaid interest.

On July 13, 2018, the BSP authorized the Bank to issue LTNCDs up to ₱15.0 billion through one or multiple tranches over a period of one year. On August 9, 2018, the Bank issued the first tranche of LTNCDs amounting to ₱5.1 billion with a tenor of five (5) years and six (6) months and due on February 9, 2024 with interest rate of 5.00% per annum payable quarterly. The minimum investment size for the LTNCDs is ₱50,000 with increments of ₱50,000 thereafter. Subject to BSP Rules, the Bank has the option to pre-terminate the LTNCDs as a whole but not in part, prior to maturity and on any interest payment date at face value plus accrued interest covering the accrued and unpaid interest.



As of December 31, 2024 and 2023, deferred financing cost on LTNCDs amounted to nil and ₱0.3 million, respectively. Amortization of deferred financing cost amounted to ₱0.3 million and ₱6.6 million in 2024 and 2023, respectively.

17. Bills Payable and Bonds Payable

Bills Payable

As of December 31, 2024 and 2023, Bills Payable amounted to nil and ₱271.9 million, respectively.

Annual interest rate on dollar-denominated securities under resale agreement (SSURA) ranges from 5.09% to 5.91%, 4.79% to 5.91%, 5.05% to 5.09%, in 2024, 2023 and 2022, respectively.

Interest expense on bills payable in 2024, 2023, and 2022 amounted to ₱20.3 million, ₱35.3 million, and ₱21.9 thousand, respectively (Note 29).

Bonds Payable

On February 4, 2020, the Bank issued fixed rate bonds amounting to ₱4.7 billion with a tenor of three (3) years and with interest rate of 4.5% per annum payable quarterly already matured on February 4, 2023. The minimum investment size for the bonds payable is ₱0.5 million with increments of ₱0.1 million thereafter. Debt issuance cost related to the issuance amounted to ₱42.7 million. There were no transactions in 2024.

Interest expense incurred on bonds due in 2024 is nil, ₱20.7 million in 2023 and ₱224.0 million in 2022. Amortization of debt issuance costs is nil in 2024, ₱1.6 million in 2023 and ₱14.8 million in 2022.

18. Accrued Taxes, Interest and Other Expenses

This account consists of:

	2024	2023
Accrued interest payable	₱321,208,714	₱515,706,331
Accrued other taxes and licenses payable	320,636,725	304,180,386
Accrued other expenses payable (Note 29)	1,604,600,834	1,843,650,786
	₱2,246,446,273	₱2,663,537,503

Accrued other expenses payable consists of:

	2024	2023
Compensation and fringe benefits	₱741,950,774	₱597,067,561
Litigation	357,433,281	627,167,507
Insurance (Note 29)	166,683,439	189,856,417
Information technology (Note 29)	130,879,980	148,708,322
Repairs and maintenance	41,582,060	50,282,060
Rental - ATM Offsites	37,989,751	37,989,751
Security, messengerial and janitorial	36,204,686	39,070,448

(Forward)



	2024	2023
ATM maintenance	₱20,400,132	₱24,040,826
Donations	14,517,956	23,369,956
Advertising	10,510,397	34,173,067
Membership, fees and dues	3,773,951	3,773,951
Miscellaneous	42,674,427	68,150,920
	₱1,604,600,834	₱1,843,650,786

Compensation and fringe benefits include bonuses, as well as medical, dental and hospitalization benefits.

Miscellaneous include accruals for utilities and maintenance and other expenses.

19. Other Liabilities

This account consists of:

	2024	2023
Financial liabilities		
Accounts payable (Note 29)	₱2,071,731,704	₱1,998,393,906
Lease liabilities (Note 25)	1,190,529,789	1,181,200,923
Other credits	221,609,042	169,937,805
Overages	4,895,091	4,108,652
Deposit for keys – SDB	734,395	741,645
Bills purchased – contra (Note 9)	–	42,243,033
	3,489,500,021	3,396,625,964
Non-financial liabilities		
Sundry credits	91,964,895	222,364,272
Withholding taxes payable	89,391,301	116,772,129
Due to the Treasurer of the Philippines	40,721,456	36,437,950
Provision on undrawn portion of committed credit lines (Note 15)	38,893,036	132,829,383
SSS, Medicare, ECP and HDMF premium payable	22,387,898	20,016,801
Net retirement liability (Note 24)	–	241,017,602
Miscellaneous (Note 29)	63,072,130	40,870,530
	346,430,716	810,308,667
Total	₱3,835,930,737	₱4,206,934,631

Accounts payable includes payable to suppliers and service providers, and loan payments and other charges received from customers in advance.

Other credits represent long-outstanding unclaimed cashier's checks.

Sundry credits represent various items or transactions which cannot be classified immediately under any credit account and subsequently classified to proper credit accounts the following month.



20. Maturity Analysis of Assets and Liabilities

The following table shows 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 condition dates (in thousands):

	December 31			December 31		
	2024	2024	2024	2023	2023	2023
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Assets						
Cash and other cash items	P1,781,441	P-	P1,781,441	P1,653,555	P-	P1,653,555
Due from BSP - gross	1,183,357	-	1,183,357	9,745,634	-	9,745,634
Due from other banks - gross	1,816,578	-	1,816,578	1,765,439	-	1,765,439
Interbank call loans receivable and SPURA - gross (Note 7)	400,000	-	400,000	6,989,636	-	6,989,636
FVTPL investments (Note 8)	300,599	-	300,599	414,298	-	414,298
Financial assets at FVOCI (Note 8)	8,732,721	17,159,470	25,892,191	52,558,045	1,801,649	54,359,694
Investment securities at amortized cost - gross (Note 8)	3,383,179	26,724,380	30,107,559	1,545,720	28,361,334	29,907,054
Loans and receivables - gross (Note 9)	12,844,071	135,033,176	147,877,247	13,806,138	115,236,813	129,042,951
Other assets* (Note 14)	192,173	190,203	382,376	236,741	164,273	401,014
	30,634,119	179,107,229	209,741,348	88,715,206	145,564,069	234,279,275
Nonfinancial Assets						
Investment in a joint venture (Note 10)	-	892,037	892,037	-	870,179	870,179
Property and equipment - gross (Note 11)	-	8,905,955	8,905,955	-	8,651,605	8,651,605
Investment properties - gross (Note 12)	-	4,331,236	4,331,236	-	4,626,023	4,626,023
Deferred tax assets (Note 27)	-	1,318,508	1,318,508	-	1,257,608	1,257,608
Intangible assets and goodwill - gross	-	572,147	572,147	-	404,410	404,410
Other assets - gross** (Note 14)	257,734	992,637	1,250,371	276,873	736,797	1,013,670
	257,734	17,012,520	17,270,254	276,873	16,546,622	16,823,495
Less: Allowance for credit and impairment losses (Note 15)			4,176,085			6,383,451
Accumulated depreciation and amortization (Notes 11, 12, 13 and 14)			6,403,829			6,171,020
Unearned discounts and capitalized interest (Note 9)			74,916			115,003
			10,654,830			12,669,474
			P216,356,772			P238,433,296

* Other assets under financial assets comprise security deposits, liquidity requirement for electronic money products, RCOCI, petty cash fund, shortages and other investments

** Other assets under nonfinancial assets comprise chattel mortgage properties, net retirement assets, prepayments, documentary stamps on hand, stationeries and supplies on hand, creditable withholding tax, inter-office float items, sundry debits, deferred charges, postages stamps.

	December 31			December 31		
	2024	2024	2024	2023	2023	2023
	Within One Year	Beyond One Year	Total	Within One Year	Beyond One Year	Total
Financial Liabilities						
Deposit liabilities (Note 16)	P146,990,994	P17,562,035	P164,553,029	P174,454,708	P15,167,996	P189,622,704
Bills payable	-	-	-	271,896	-	271,896
Bonds payable (Note 17)	-	-	-	-	-	-
Treasurer's, cashier's and manager's checks	1,615,438	-	1,615,438	1,514,066	-	1,514,066
Accrued other expenses payable (Note 18)	1,604,601	-	1,604,601	1,843,651	-	1,843,651
Accrued interest payable (Note 18)	321,209	-	321,209	515,706	-	515,706
Other liabilities* (Note 19)	2,707,917	781,583	3,489,500	2,574,961	821,665	3,396,626
	153,240,159	18,343,618	171,583,777	181,174,988	15,989,661	197,164,649
Nonfinancial Liabilities						
Accrued other taxes and licenses payable (Note 18)	320,637	-	320,637	304,180	-	304,180
Other liabilities** (Note 19)	213,744	132,687	346,431	551,507	258,802	810,309
	534,381	132,687	667,068	855,687	258,802	1,114,489
	P153,774,540	P18,476,305	P172,250,845	P182,030,675	P16,248,463	P198,279,138

* Other liabilities under financial liabilities comprise accounts payable, lease liabilities, bills purchased contra, other credits, overages, and deposit for safety deposit box.

** Other liabilities under nonfinancial liabilities comprise provision on undrawn portion of committed credit lines, withholding taxes payable, sundry credits, due to the treasurer of the Philippines, SSS, Medicare, ECP & HDMF premium payable, and miscellaneous liabilities.

21. Equity

Issued Capital

As of December 31, 2024 and 2023, the Bank's capital stock consists of:

	2024		2023	
	Shares	Amount	Shares	Amount
Authorized common stock - P10.0 par value	600,000,000	P6,000,000,000	600,000,000	P6,000,000,000
Issued and outstanding				
Beginning balance	426,859,416	4,268,594,160	426,859,416	4,268,594,160
Ending balance	426,859,416	P4,268,594,160	426,859,416	P4,268,594,160



The Bank became listed in the Philippine Stock Exchange (PSE) on October 10, 1994. Subsequently, the SEC approved the increase in the capital stock of the Bank. The summarized information on the Bank's registration of securities under the Securities Regulation Code follows:

Date of SEC Approval	Type	Authorized Shares	Par Value
August 16, 1995	Common	300,000,000	₱10
October 8, 1997	Common	425,000,000	10

As of December 31, 2024 and 2023, the total number of stockholders is 1,432 and 1,438 with share price closed at ₱58.2 and ₱53.0, respectively.

On November 28, 2018, the PSE approved the application of the Bank for the listing of additional 142,856,925 common shares to cover the Bank's 1:1.68177 stock rights offering at an offer price of 56.0 per share or additional capital of ₱8.0 billion. The Bank successfully completed 8.0 billion stock rights offer and shares were listed on January 18, 2019 in the PSE. Capital paid in excess of par related to the offering amounted to ₱6.5 billion, net of transactions costs of ₱101.5 million.

On March 12, 2019, the BOD approved (a) the amendment of the AOI to increase the authorized capital stock from ₱4.3 billion to ₱6.0 billion and (b) the declaration of a 11.42% stock dividend equivalent to 43,750,000 shares amounting to ₱2.6 billion representing the minimum 11.42% subscription and paid-up capital for the increase in the authorized capital stock of the Bank which were ratified by the stockholders representing at least 2/3 of the outstanding capital stock on April 15, 2019. These were approved by BSP on August 8, 2019 and by the SEC on November 20, 2019. Following this, the authorized capital stock of the Bank increased from ₱4.3 billion to ₱6.0 billion consisting of 600.0 million common shares with par value of ₱10.00 per share.

On January 16, 2020, the Bank received the SEC order fixing the record date of the 11.42% stock dividend on January 31, 2020. The 11.42% stock dividend was issued on February 21, 2020 with record date on January 31, 2020. On February 17, 2020, the PSE approved the listing of such stock dividend. Capital paid in excess of par related to the issuance of stock dividend amounted to ₱2.1 billion.

Dividends Paid and Proposed

Details of the Bank's dividend distributions as approved by the Bank's BOD and the BSP follow:

Cash Dividends				
Date of declaration	Per share	Total amount	Record date	Payment date
January 17, 2022	₱0.75	₱320,144,562	February 2, 2022	February 16, 2022
April 25, 2022	0.75	320,144,562	May 11, 2022	May 21, 2022
July 21, 2022	0.75	320,144,562	August 5, 2022	August 22, 2022
October 20, 2022	0.75	320,144,562	November 7, 2022	November 21, 2022
January 26, 2023	0.75	320,144,562	February 10, 2023	February 27, 2023
April 27, 2023	0.75	320,144,562	May 15, 2023	May 29, 2023
July 20, 2023	0.75	320,144,562	August 4, 2023	August 22, 2023
October 19, 2023	0.75	320,144,562	November 8, 2023	November 20, 2023
January 18, 2024	0.75	320,144,562	February 2, 2024	February 19, 2024
April 25, 2024	0.75	320,144,562	May 13, 2024	May 27, 2024
July 25, 2024	0.75	320,144,562	August 9, 2024	August 27, 2024
October 17, 2024	0.75	320,144,562	November 4, 2024	November 18, 2024
Stock Dividends				
Date of declaration	Per share	Total amount	Record date	Payment date
March 12, 2019	11.42%	₱-	January 31, 2020	February 21, 2020

On October 9, 2015, the BSP issued Circular No. 888, Amendments to Regulations on Dividend Declaration and Interest Payments on Tier 1 Capital Instruments, which liberalized said rules in the sense that prior BSP verification and approval is no longer required except for banks with major



supervisory concerns. However, banks are bound to comply with the provisions of Section X136 of the Manual of Regulations for Banks (MORB) and its subsections, including the submission of documentary requirements under Subsection X136.4 of the MORB. Otherwise, banks, subsequently found to have violated the provisions on dividend declaration or have falsely certified/submitted misleading statements shall be reverted to the prior BSP verification wherein the bank can only make an announcement or communication on the declaration of the dividends or payment of dividends thereon upon receipt of BSP advice thereof. The Bank is compliant with the said circular.

The computation of surplus available for dividend declaration in accordance with SEC Memorandum Circular No. 11 issued in December 2008 differs to a certain extent from the computation following BSP guidelines.

In compliance with BSP regulations, 10.00% of the Bank's profit from trust business is appropriated to surplus reserves. This annual appropriation is required until the surplus reserves for trust business equals 20.00% of the Bank's authorized capital stock.

A portion of the surplus corresponding to the accumulated net earnings of a joint venture is not available for dividend declaration until receipt of cash dividends from the investee.

Capital Management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements, as mandated by the BSP, and that the Bank maintains healthy capital ratios in order to support its business and maximize returns for its shareholders. The Bank considers its paid in capital and surplus as its capital.

The Bank manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payments to shareholders or issue capital securities. The major activities in this area include the following:

- The Bank issued additional common shares for its qualified stockholders in 2008 and 2006 through stock rights offerings that raised ₱2.0 billion and ₱750.0 million in capital, respectively.
- On October 21, 2016, the BOD approved the Bank's updated Dividend Policy which provides, among others, the declaration and payment of cash dividends at a rate of ₱0.75 per share on a quarterly basis unless approved by a majority vote of the BOD at a different rate or otherwise restricted/prohibited from declaring/paying dividends.

Regulatory Qualifying Capital

Under existing BSP regulations, the determination of the Bank's compliance with regulatory requirements and ratios is based on the amount of the Bank's unimpaired capital (regulatory capital) as reported to the BSP. This is determined on the basis of regulatory accounting policies which differ from PFRS Accounting Standards in some respects.

In addition, the risk-based capital ratio 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 and consolidated basis. Qualifying capital and risk-weighted assets are computed based on BSP regulations.

Risk-weighted assets consist of total assets less cash on hand, due from BSP, loans covered by hold-out on or assignment of deposits, loans or acceptances under letters of credit to the extent covered by margin deposits and other non-risk items determined by the Monetary Board of the BSP.



On January 15, 2013, the BSP issued Circular No. 781, Basel III Implementing Guidelines on Minimum Capital Requirements which states 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 took effect on January 1, 2014.

On March 29, 2022, the BSP issued Circular No. 1142, Amendments to the Guidelines on the Computation of Minimum Required Capital and Risk-Based Capital Adequacy Ratio, which provides amended guidelines on the computation of the minimum required capital and the risk-based capital adequacy ratio.

The Bank considered BSP regulations, which set out a minimum CET1 ratio of 6.00% and Tier 1 capital ratio of 7.50%, and require 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.

The CAR of the Bank as of December 31, as reported to the BSP, based on BSP Circular No. 781 and BSP Circular No. 538, respectively, are shown in the table below (amounts in millions).

	2024	2023
Tier 1 capital	₱41,887	₱38,876
CET1 capital	41,887	38,876
Less: Required deductions	3,412	2,998
Total Tier 1 Capital	38,475	35,878
Total Tier 2 capital	1,767	1,368
Total qualifying capital	40,242	37,246
Risk weighted assets	₱170,838	₱152,250
Tier 1 ratio	22.52%	23.56%
CET1 ratio	22.52%	23.56%
Capital adequacy ratio	23.56%	24.46%

Regulatory qualifying capital consists of Tier 1 (going concern) capital, which comprises capital stock, surplus, surplus reserves, net unrealized gains on FVOCI securities, cumulative foreign currency translation and remeasurements of net defined benefit asset. Certain adjustments are made to PFRS-based results and reserves, as prescribed by the BSP. The other component of regulatory capital is Tier 2 (gone-concern) capital, which is comprised of the Bank's general loan loss provision. Certain items are deducted from the regulatory Gross Qualifying Capital, such as but not limited to, outstanding unsecured credit accommodations, both direct and indirect, to DOSRI, and unsecured loans, other credit accommodations, and guarantees granted to subsidiaries and affiliates (net of specific provisions), deferred tax assets, goodwill, other intangible assets and significant minority investments in a joint venture.

Risk-weighted assets are determined by assigning defined risk weights to amounts of on-balance sheet exposures and to the credit equivalent amounts of off-balance sheet exposures.

As of December 31, 2024 and 2023, the Bank has complied with the requirements of BSP Circular No. 781 and BSP Circular No. 538.

On October 29, 2014, the BSP issued Circular No. 856 which covers the implementing guidelines on the framework for dealing with domestic systemically important banks (DSIBs) in accordance with the Basel III standards. Banks identified as DSIBs shall be required to have higher loss absorbency,



on top of the minimum CET1 capital and capital conservation buffer. Compliance with this requirement was phased-in starting January 1, 2017, with full compliance on January 1, 2019. On September 27, 2019, the BSP issued Circular No. 1051 which covers the enhancements in the assessment methodology of D-SIBs. The Bank has complied with this requirement.

The issuance of BSP Circular No. 639 covering the Internal Capital Adequacy Assessment Process (ICAAP) in 2009 supplements the BSP's risk-based capital adequacy framework under BSP Circular No. 538. In compliance with this new circular, the Metrobank Group has adopted and developed its ICAAP framework to ensure that appropriate level and quality of capital are maintained by the Group. Under this framework, the assessment of risks extends beyond the Pillar 1 set of credit, market and operational risks and onto other risks deemed material by the Group. The level and structure of capital are assessed and determined in light of the Group's business environment, plans, performance, risks and budget, as well as regulatory directives. The Bank follows the Group's ICAAP framework and submits the result of its assessment to the Parent Company. Per BSP Circular No. 869, effective January 31, 2015, submission of an ICAAP document is required by BSP every March 31 of each year. The Bank has complied with this requirement.

The Bank 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.

BASEL III Leverage Ratio (BLR)

On June 9, 2015, the BSP issued Circular No. 881 covering the implementing guidelines on the Basel III Leverage Ratio Framework which is designed to act as a supplementary measure to the risk-based capital requirements and shall not be less than 5.0 percent. The monitoring period has been set every quarter starting December 31, 2014 and extended until June 30, 2018 under BSP Circular No. 990 issued on January 22, 2018. Effective July 1, 2018, the monitoring of the leverage ratio was implemented as a Pillar I minimum requirement.

The Basel III Leverage Ratio is designed to act as a supplementary measure to the risk-based capital requirements. The Basel III Leverage Ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as percentage. Capital measure is the Tier 1 capital. Exposure measure is the sum of on-balance sheet exposures, derivative exposures, security financing exposures and off-balance sheet items. The leverage ratio shall not be less than 5.0 percent computed on both solo (head office plus branches) and consolidated bases (including subsidiary financial allied undertakings but excluding insurance companies).

As of December 31, 2024 and 2023, the Bank maintains these ratios above minimum requirements as shown in the table below (in millions):

	December 31, 2024	December 31, 2023
A. Capital Measure	₱38,475	₱35,878
B. Exposure Measure	212,648	236,514
C. Basel III Leverage Ratio (A/B)	18.09%	15.17%

Liquidity Coverage Ratio (LCR)

On March 10, 2016 and February 8, 2018, the BSP issued Circular Nos. 905 and 996, respectively, which include guidelines on LCR, and LCR disclosure standards that are consistent with the Basel III framework. The LCR is the ratio of high-quality liquid assets (HQLAs) to total net cash outflows. To promote the short-term resilience of the liquidity risk profile of the Bank, it shall maintain an adequate stock of unencumbered HQLAs that consists of cash or assets that can be converted into cash at little or no loss of value in private markets, to meet its liquidity needs under stressed



conditions. The stock of liquid assets should enable the Bank to withstand significant liquidity shocks for at least thirty (30) calendar days, which would give time for corrective actions to be taken by the Bank's management and/or the BSP.

On March 15, 2019, the BSP issued Circular No. 1035 which approved the: (1) extension of the observation period of the minimum Basel III LCR requirement to December 31, 2019 for subsidiary banks and quasi-banks (QBs) of universal and commercial banks (U/KBs), (2) adoption of a seventy percent (70.00%) LCR floor for subsidiary banks and QBs during the observation period, (3) minimum requirement of one hundred (100.00%) starting January 1, 2020. As of December 31, 2024 and 2023, the LCR in single currency as reported to the BSP, is 181.64% and 167.91%, respectively.

Net Stable Funding Ratio (NSFR)

On June 6, 2018, the BSP issued Circular No. 1007, covering the implementing guidelines on the adoption of the Basel III Framework on Liquidity Standards - NSFR. The NSFR limits overreliance on short-term wholesale funding and promotes enhanced assessment of funding risk across all on- and off-balance sheet accounts. The NSFR complements the LCR, which promotes short term resilience of the Bank's liquidity profile. The covered bank shall maintain an NSFR of at least 100.0 percent at all times. Compliance with this requirement was phased-in effective July 1, 2018, with full implementation of the minimum NSFR on January 1, 2019.

On March 15, 2019, the BSP issued Circular No. 1034 which approved the extension of the observation period for the Basel III Framework on Liquidity Standards - NSFR for subsidiary banks/quasi-banks.

The implementation of the minimum NSFR shall be phased in to help ensure that the covered banks/QBs can meet the standard through reasonable measures without disrupting credit extension and financial market activities. In order to facilitate compliance, covered banks/QBs shall undergo an observation period before the NSFR becomes a minimum requirement. Subsidiary banks/QBs of U/KBs shall be subject to an NSFR floor of seventy percent (70.00%) during the observation period. Starting January 1, 2020, the minimum NSFR for subsidiary banks/quasi-banks of universal and commercial banks (UBs/KBs) shall be 100.00%. As of December 31, 2024 and 2023, the NSFR as reported to the BSP is at 125.98% and 139.01%, respectively.

Basel III Countercyclical Capital Buffer

On December 6, 2018, the BSP issued Circular No. 1024 covering the Philippine adoption of the Basel III Countercyclical Capital Buffer (CCyB) which imposed the following capital buffers:

- Capital Conservation buffer (CCB) of two and a half percent (2.50%); and
- Countercyclical capital buffer (CCyB) of zero percent (0.00%) subject to upward adjustment to a rate determined by the Monetary Board of the BSP when systemic conditions warrant but not to exceed two and a half percent (2.50%). Any increase in the CCyB rate shall be effective 12 months after its announcements. Decreases shall be effective immediately.

The prescribed ratios shall be maintained at all times.



22. Net Service Fees and Commission Income

This account consists of:

	2024	2023	2022
Service Fees and Commission Income			
Credit-related fees and commissions	₱1,306,628,705	₱1,140,696,592	₱1,114,725,360
Deposit-related and other fees received (Note 29)	548,708,615	605,852,203	571,145,496
Trust fees	50,098,509	46,194,120	46,971,038
	1,905,435,829	1,792,742,915	1,732,841,894
Service Fees and Commission Expense			
Commissions	83,856,797	59,629,263	45,200,420
Brokerage	6,000,297	5,954,675	6,108,650
	89,857,094	65,583,938	51,309,070
Net Service Fees and Commission Income	₱1,815,578,735	₱1,727,158,977	₱1,681,532,824

23. Miscellaneous Income

This account consists of:

	2024	2023	2022
Recovery of charged-off assets	₱295,591,196	₱311,361,694	₱339,337,767
Insurance commission income	72,774,013	85,545,555	202,199,914
Rental income (Notes 12, 25 and 29)	60,258,207	48,255,017	45,235,373
Others (Notes 9 and 29)	119,354,179	137,698,703	191,002,283
	₱547,977,595	₱582,860,969	₱777,775,337

Rental income arises from the lease of investment properties and safety deposit boxes of the Bank. Rent income on investment properties amounted to ₱59.1 million, ₱47.2 million, and ₱44.1 million in 2024, 2023 and 2022, respectively. Rent income on safety deposit boxes amounted to ₱1.1 million in 2024 and 2023 and ₱1.2 million in 2022.

Other miscellaneous income includes renewal fees, checkbook charges, break funding cost and other miscellaneous income. Accretion of modified loans amounted to ₱40.1 million, ₱70.1 million and ₱107.0 million in 2024, 2023 and 2022, respectively (Note 9).



24. Retirement Benefits

The Bank has a funded, noncontributory defined benefit plan covering substantially all of its employees. The benefits are based on years of service and final compensation.

The plan administered by the Retirement Committee is composed of five (5) members appointed by the BOD of the Bank. The Retirement Committee has all the powers necessary or useful in the discharge of its duties of administration including, but not limited to determining the rights of Members under the Plan. The Retirement Committee may adopt such rules and regulations as it deems necessary and desirable, including those governing the establishment of procedures, the use of necessary forms, and the setting up of minimum periods where notice is required. The Retirement Committee may seek advice of counsel, and may appoint an independent accountant to audit the Plan and actuary to value the plan periodically, whose professional fees and expenses may be charged to the Fund.

Under the existing regulatory framework, RA No. 7641, *Retirement Pay Law*, requires a provision for retirement pay 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.

The date of the latest actuarial valuation is December 31, 2024.

The amounts of pension expense included in 'Compensation and fringe benefits' in the statements of income follow:

	2024	2023
Current service cost	₱267,677,595	₱226,594,870
Net interest cost (income)	4,486,598	(25,701,492)
	₱272,164,193	₱200,893,378



The net retirement liability/retirement asset shown under ‘Other liabilities’/‘Other assets’ recognized in the Bank’s statements of condition follows (in thousands):

2024											
Remeasurements in other comprehensive income											
	Net benefit cost			Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	December 31, 2024
	January 1, 2024	Current service cost	Net Interest								
Present value of defined benefit obligation	₱3,851,397	₱267,678	₱222,572	₱490,250	(₱269,373)	₱–	₱31,359	₱–	(₱167,186)	₱–	₱3,936,447
Fair value of plan assets	(3,610,379)	–	(218,085)	(218,085)	269,373	14,946	–	–	14,946	(455,825)	(3,999,970)
Net retirement asset (Note 14)	₱241,018	₱267,678	₱4,487	₱272,165	₱–	₱ 14,946	₱31,359	₱–	(₱167,186)	(₱455,825)	(₱63,523)

2023											
Remeasurements in other comprehensive income											
	Net benefit cost			Benefits paid	Return on plan assets (excluding amount included in net interest)	Actuarial changes arising from experience adjustments	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Subtotal	Contribution by employer	December 31, 2023
	January 1, 2023	Current service cost	Net Interest								
Present value of defined benefit obligation	₱3,184,063	₱226,595	₱215,671	₱442,266	(₱243,768)	₱–	₱48,880	₱–	₱419,956	₱–	₱3,851,397
Fair value of plan assets	(3,387,473)	–	(241,373)	(241,373)	243,768	38,699	–	–	38,699	(264,000)	(3,610,379)
Net retirement liability (Note 19)	(₱203,410)	₱226,595	(₱25,702)	₱200,893	₱–	₱38,699	₱48,880	₱–	₱419,956	(₱264,000)	₱241,018

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The Bank expects to contribute ₱264.9 million to its noncontributory defined benefit plan in 2025.



The fair values of plan assets by each class as at the statements of condition date are as follows:

	2024	2023
Investment in debt securities		
Government	₱2,690,915,727	₱2,451,193,421
Private	700,006,391	920,955,224
Special deposit account	446,377,610	85,080,009
Unit Investment Trust Fund (UITF)	40,245,085	44,473,708
Investment in equity securities	99,316,495	88,278,813
Other assets	26,555,952	23,509,325
	4,003,417,260	3,613,490,500
Other liabilities	3,447,387	3,111,617
	₱3,999,969,873	₱3,610,378,883

The person exercising voting right for the foregoing equity instruments is currently a senior officer of the Bank.

The principal actuarial assumptions used in determining retirement liability as of December 31, 2024 and 2023 are shown below:

	2024	2023
Discount rate	6.12%	6.06%
Turnover rate	3.63%, 10.23%	3.63%, 10.23%
Future salary increases	5.50%	6.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming all other assumptions were held constant:

	December 31, 2024		December 31, 2023	
	Possible Fluctuations	Increase (decrease)	Possible Fluctuations	Increase (decrease)
Discount rate	+1.00%	(₱255,515,760)	+1.00%	(₱273,484,652)
	-1.00%	286,976,419	-1.00%	309,243,597
Turnover rate	+1.00%	(28,772,009)	+1.00%	(41,410,835)
	-1.00%	31,952,822	-1.00%	46,374,122
Future salary increase rate	+1.00%	304,782,425	+1.00%	325,011,656
	-1.00%	(275,809,790)	-1.00%	(292,242,782)

The Retirement Committee ensures that there will be sufficient assets to pay pension benefits as they fall due and maintains the plan on an actuarially sound basis considering the benefits to members.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2024	2023
Less than one year	₱352,484,510	₱331,506,031
One to less than five years	1,887,979,250	1,611,315,196
Five to less than 10 years	2,500,669,586	2,435,184,665
10 to less than 15 years	2,997,019,022	3,182,649,515
15 to less than 20 years	1,925,401,359	2,463,811,385
20 years and above	1,713,674,949	1,993,633,106



The average duration of the expected benefit payments at the statement of condition date is 8.79 years.

25. Leases

The Bank leases the premises occupied by its branches for periods ranging from 1 to 30 years renewable under certain terms and conditions. Various lease contracts include escalation clauses, most of which bear an annual rent increase of 10.00%.

As of December 31, 2024 and 2023, the carrying amounts of lease liabilities (included in 'Other Liabilities' in Note 19) are as follows:

	2024	2023
Balance at beginning of year	₱1,181,200,923	₱1,322,931,895
Additions	451,270,041	312,921,930
Accretion of interest	80,201,164	78,902,394
Payments	(522,142,339)	(533,555,296)
	₱1,190,529,789	₱1,181,200,923

The Bank recognized interest expense on lease liabilities (included in 'Interest expense' in the statements of income) amounting to ₱80.2 million, ₱78.9 million and ₱79.9 million in 2024, 2023 and 2022, respectively, rent expense from short-term leases and leases of low-value assets amounting (included in 'Occupancy and equipment-related costs' in the statements of income) to ₱127.8 million in 2024, ₱111.9 million in 2023 and ₱116.2 million in 2022.

Future minimum rentals payable under non-cancelable operating leases are as follows:

	2024	2023
Within one year	₱481,051,172	₱428,533,488
After one year but not more than five years	797,059,051	822,505,612
More than five years	77,561,045	110,940,089
	₱1,355,671,268	₱1,361,979,189

The Bank has also entered into commercial property leases on its surplus office space. These non-cancelable leases have remaining non-cancelable lease terms between 1 and 5 years. As of December 31, 2024 and 2023, there is no contingent rental income. Rental income of the Bank related to these property leases amounting to ₱59.1 million, ₱47.2 million, and ₱44.1 million in 2024, 2023 and 2022, respectively are shown under 'Miscellaneous income' in the statements of income (Notes 12 and 23).

Future minimum rentals receivable under non-cancelable operating leases are as follows:

	2024	2023
Within one year	₱56,510,721	₱17,577,256
After one year but not more than five years	114,302,499	20,901,344
	₱170,813,220	₱38,478,600



26. Miscellaneous Expenses

This account consists of:

	2024	2023	2022
Information technology (Note 29)	₱479,504,386	₱424,653,503	₱407,689,037
Insurance (Note 29)	344,301,873	388,308,751	453,534,299
Litigation	273,379,634	242,115,429	429,974,439
Repairs and maintenance (Note 12)	123,423,586	116,111,217	171,424,078
Communications	121,314,009	134,362,180	147,148,701
Transportation and traveling	63,572,316	57,354,683	52,967,086
Advertising	52,213,710	52,841,936	22,092,410
Supervision and examination fees	50,165,101	73,281,388	75,405,438
Stationery and supplies	49,749,544	41,097,311	82,824,439
Training and seminars	19,465,802	14,607,368	26,880,748
Management and professional fees	18,174,426	25,393,062	25,473,105
Banking activities expenses	12,800,975	12,585,850	9,360,794
Donations and charitable contributions	11,528,000	11,148,601	7,122,605
Fines, penalties and other charges	5,545,657	86,521,098	206,509,947
Membership fees and dues	4,373,086	2,937,377	2,699,211
Others	12,752,207	7,526,954	9,614,270
	₱1,642,264,312	₱1,690,846,708	₱2,130,720,607

Insurance expense includes premiums paid to the Philippine Deposit Insurance Corporation (PDIC) amounting to ₱344.3 million, ₱388.3 million, and ₱429.2 million in 2024, 2023 and 2022, respectively.

Other expenses include entertainment, amusement and recreation (EAR), rewards and incentives, meeting allowance, sponsorship expenses, home free loan expenses, appraisal fees and notarial fees. These also include payments to union members amounting to ₱10.0 million, ₱9.5 million and ₱9.4 million in 2024, 2023 and 2022, respectively, for the successful completion of the collective bargaining agreement.

27. Income and Other Taxes

Under Philippine tax laws, the Bank is 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 (GRT) and documentary stamp tax (DST). Income taxes include corporate income tax, further discussed below, and final taxes paid at the rate of 20.00%, which is a final withholding tax on gross interest income from government securities and other deposit substitutes.

On March 26, 2021, RA No. 11534, otherwise known as Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law. CREATE reduced the RCIT rate from 30.00% to 25.00% effective July 1, 2020. With the implementation of this Act, the allowable deduction for interest expense was reduced from 33% to 20.00% of the interest income subject to final tax.

The regulations also provide for MCIT of 2.00% (prior to CREATE) and 1.00% from (July 1, 2020 to June 30, 2023 before reverting to 2.00%) on modified gross income and allow a NOLCO. The MCIT and NOLCO may be applied against the Bank’s income tax liability and taxable income, respectively, over a three-year period from the year of inception. For the taxable years 2020, 2021 and 2022, the



NOLCO incurred can be carried over as a deduction for the next five (5) consecutive taxable years, pursuant to Revenue Regulation (RR) No. 25-2020.

Starting July 1, 2008, the Optional Standard Deduction (OSD) equivalent to 40.00% of gross income may be claimed as an alternative deduction in computing for the RCIT. The Bank elected to claim itemized expense deductions instead of the OSD in computing for the RCIT in 2024 and 2023.

Current tax regulations also provide for the ceiling on the amount of EAR expense that can be claimed as a deduction against taxable income. Under the regulations, EAR expense allowed as a deductible expense for a service company is limited to the actual EAR paid or incurred but not to exceed 1.00% of net revenue.

FCDU offshore income (income from non-residents) is tax-exempt while gross onshore income (income from residents) is subject to 10.00% income tax. In addition, interest income on deposit placements with other FCDUs and OBUs is taxed at 15.00% in 2024 and 2023. Under current tax regulations, the income derived by the FCDU from foreign currency transactions with non-residents, 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.

Provision for income tax consists of:

	2024	2023	2022
Current:			
Final tax	₱695,239,876	₱1,131,814,810	₱709,425,111
Current income tax	125,068,229	76,759,110	73,891,205
	820,308,105	1,208,573,920	783,316,316
Deferred	(91,120,738)	(850,610,415)	335,219,072
	₱729,187,367	₱357,963,505	₱1,118,535,388

Net deferred tax assets consist of the following tax effects:

	2024	2023
Deferred tax assets on:		
Allowance for credit and impairment losses	₱1,053,726,274	₱952,022,697
Retirement benefit obligation	346,171,389	376,391,576
Unamortized pension cost contribution	140,308,708	149,120,044
Accumulated depreciation of assets foreclosed or dacioned	107,421,228	103,472,613
Net effect of lease liabilities and ROU assets	45,863,734	48,590,683
Loan modification	18,670,332	21,513,010
Net unrealized gain on fair value of FVOCI	6,073,967	3,867,981
	1,718,235,632	1,654,978,604
Deferred tax liabilities on:		
Unrealized foreign exchange gains	(1,237,234)	334,414
Net unrealized gain on investment properties	(398,490,237)	(397,705,408)
	(399,727,471)	(397,370,994)
	₱1,318,508,161	₱1,257,607,610



As of December 31, 2024 and 2023, the Bank did not recognize deferred tax assets on allowance for credit and impairment losses amounting to ₱0.74 million and ₱2,709 million, respectively. Income tax effect credited (debited) in OCI amounted to (₱30.2 million), ₱126.9 million, and ₱38.5 million in 2024, 2023, and 2022, respectively.

The Bank believes that it is not reasonably probable that the tax benefits of these temporary differences will be realized in the future.

Details of the excess MCIT over RCIT credits of the Bank follow:

	Amount	Used/Expired	Balance	Expiry Year
2021	₱34,998,663	₱34,998,663	₱—	2024
2022	35,228,014	35,228,014	—	2025
2024	23,706,870	—	23,706,870	2027
	₱93,933,547	₱70,226,677	₱23,706,870	—

The reconciliation between the statutory income tax and effective income tax follows (in thousands):

	2024	2023	2022
Statutory income tax	₱1,484,407	₱1,222,256	₱1,199,241
Tax effects of:			
Change in deferred tax assets and others	(748,115)	(851,611)	6,407
Non-taxable, tax-paid and tax-exempt income	(199,081)	(307,780)	(245,782)
Nondeductible expenses	177,000	306,566	233,564
FCDU income	14,976	(11,467)	(74,895)
Effective income tax	₱729,187	₱357,964	₱1,118,535

28. Earnings Per Share

The following table presents information used to calculate basic EPS:

	2024	2023	2022
a. Net income	₱5,208,442,415	₱4,531,061,864	₱3,678,428,259
b. Weighted average number of common shares for basic earnings per share	426,859,416	426,859,416	426,859,416
c. Basic/Diluted EPS (a/b)	12.20	10.61	8.62

As of December 31, 2024, 2023 and 2022, there were no potential common shares with dilutive effect on the basic EPS of the Bank.



29. 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 Bank's related parties are as follows:

- Bank's Directors, Officers, Stockholders and their Related Interests (DOSRI) as defined per BSP's existing DOSRI rules and regulations;
- Close Family Members (i.e., second degree relatives) of the Bank's Directors, Officers with rank of SVP and up, and Individual Substantial Stockholders;
- Bank's Subsidiaries and Affiliates as defined per BSP's existing rules and regulations on lending to subsidiaries and affiliates;
- Any party that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank;
- Subsidiaries, Affiliates and Special Purpose Entities (SPEs) of any party that the Bank exerts direct or indirect control over or that exerts direct or indirect control over the Bank;
- Corresponding Persons in Affiliated Companies as defined in the Bank's Related Party Transaction (RPT) Policy; and
- Any natural person or juridical entity whose interest may pose potential conflict with the Bank's interest.

The Bank has several business relationships with related parties. The terms of the transactions with such parties are listed below on substantially the same terms, including interest and collateral, as those prevailing at the time for comparable transactions with other parties, and are usually settled in cash. These transactions also did not involve more than the nominal risk of collectability or present other unfavorable conditions.

Transactions with the Retirement Plan

On December 20, 2012, the SEC issued Memorandum Circular No. 12 providing for guidelines on the disclosure of transactions with retirement benefit funds. Under said circular, a reporting entity shall disclose information about any transaction with a related party (retirement fund, in this case) and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements.

Under PFRS Accounting Standards, certain post-employment benefit plans are considered as related parties. The Bank has business relationships with its retirement plan pursuant to which it provides trust and management services to the said plan. The retirement plan of the employees of the Bank is being managed and maintained by the Trust Division of the Bank. The total fair value of the retirement fund as of December 31, 2024 and 2023 amounted to ₱4.0 billion and ₱3.6 billion, respectively. The details of the assets of the fund as of December 31, 2024 and 2023 are disclosed in Note 24.

The following table shows the amount of outstanding balances of related party transactions of the Bank with the retirement plan of the employees of the Bank as of December 31, 2024 and 2023:

Related Party	Nature of Transaction	2024	
		Statement of Condition	Statement of Income
Philippine Savings Bank	Savings Deposit	₱17,827,917	₱-
	Investment in Money Market Fund*	40,245,085	-
	Income from UITF**	-	1,775,901
	Interest income	-	17,250
First Metro ETF	Equity investment***	23,417,750	-

*Includes fair value gains of ₱2.4 million

**Includes fair value gains of ₱0.5 million

***Includes fair value loss of ₱0.9 million



Related Party	Nature of Transaction	2023	
		Statement of Condition	Statement of Income
Philippine Savings Bank	Savings Deposit	₱5,081,077	₱—
	Investment in Money Market Fund*	44,473,708	—
	Income from UITF**	—	1,913,824
	Interest income	—	15,523
First Metro ETF	Equity investment***	25,255,881	—
*Includes fair value gains of ₱2.0 million			
**Includes fair value loss of ₱1.5 million			
***Includes fair value loss of ₱1.7 million			

Transactions relating to the Bank's retirement plan are approved by its Retirement Committee. The voting right over the investments in the Bank's capital stocks is exercised by a member of the Retirement Committee as approved by all members of the Retirement Committee, whom are senior officers of the Bank.

Remunerations of Directors and Other Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The Bank considers the members of the Management Committee to constitute key management personnel for purposes of PAS 24, *Related Party Disclosures*.

Total remunerations of key management personnel (covering assistant vice presidents and up) included under 'Compensation and fringe benefits' in the statements of income are as follows:

	2024	2023
Short-term employee benefits	₱392,774,784	₱399,163,834
Post-employment pension benefits	7,185,126	2,694,653
	₱399,959,910	₱401,858,487

Short-term employee benefits include salaries and other non-monetary benefits.

Remunerations given to directors, as approved by the Board Remuneration Committee, amounted to ₱17.3 million, ₱19.1 million, and ₱21.5 million in 2024, 2023, and 2022, respectively.

The Bank also provides banking services to directors and other key management personnel and persons connected to them.

Other Related Party Transactions

Other related party transactions of the Bank by category of related party are presented below. The following tables show the amount and outstanding balances included in the financial statements (in thousands):

Category	December 31, 2024		
	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due from other banks	₱165,388	₱1,294,442	Short term peso and foreign-currency denominated deposits with fixed rates ranging from 0.05% to 5.00%
Financial assets at amortized cost	—	60,000	Pledged for security of payroll account with MBTC
Interbank call loans receivable	—	—	Peso denominated lending with fixed interest rate ranging from 5.94% to 6.59% maturities ranging from 1 to 5 days, secured
Placements	—	—	Php 0.00
Maturities	—	—	
Accounts receivable	(444)	2,980	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Miscellaneous assets	856	1,713	Security deposits on lease contracts
Miscellaneous liabilities	8,695	12,253	Advance payments of security deposits from various tenants

(Forward)



December 31, 2024			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Deposit liabilities	₱—	₱53,698	Short term peso and foreign-currency denominated deposits
Accrued other expense payable	16,182	41,485	Outstanding information technology expense payable
Interest income	94,208	—	Income on deposits and interbank call loans receivables
Rental income	23,183	—	Income from leasing agreements with various lease terms ranging from 1 to 5 years
Rent expense	2,338	—	Payment of rent
Information technology expense	165,206	—	Payment of information technology transactions
Interest expense	6,938	—	Interest from bills payable
Securities transactions			
Outright purchases	24,187,700	—	Outright purchase of FVOCI investments
Joint Venture			
Investment in a joint venture	48,188	892,037	Outstanding balance of capital investment in SMFC
Dividends from joint venture	32,701	—	Dividends from SMFC
Accounts receivable	779	1,064	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	(158,225)	230,826	Demand and short-term peso time deposits with annual fixed rates of 0.25% to 5.75%
Accrued interest payable	818	818	Interest payable on deposit liabilities
Miscellaneous liabilities	2,679	10,540	Advance payment of security deposits
Rental income	18,855	—	Income from leasing agreements
Interest expense	22,830	—	Interest on deposit liabilities
Other Related Parties (DOSRI/Indirect)			
Receivable from customers		1,120,495	Peso denominated lending which earn 5.04% to 6.00% with maturity terms from 1 to 15 years (excluding key personnel); mostly unsecured, with ECL
Placements	—	—	
Maturities	(20,587)	—	
Miscellaneous assets	(1,430)	2,708	Security deposits
Accounts receivable	1,711	2,756	Outstanding ATM service fees, rental and utility receivables, non interest bearing
Prepaid insurance	667	4,893	Payment of various motor car vehicles, fire, money, security, payroll and robbery insurance
Deposit liabilities	(1,773,070)	1,994,042	Demand, savings and short-term peso and foreign currency time deposits with fixed rates ranging from 0.00% to 5.88%
Accrued other expense payable	—	446	Outstanding group life insurance
Accrued interest payable	5,462	5,462	Interest payable on deposit liabilities
Accounts payable	661	206	Various personal and car insurance payable
Miscellaneous liabilities	2,101	6,878	Advance payment of security deposits
Rental income	11,745	—	Income from leasing agreements with various lease terms
Miscellaneous income	21,851	—	Miscellaneous income from insurance
Insurance expense	53,370	—	Payment of insurance premium
Interest expense	313,314	—	Interest on deposit liabilities
Rent expense	222	—	Payment of rent expense to various lessors
Securities transactions			
Outright purchases	3,160,000	—	Outright purchase of Financial Assets at amortized cost
Key Personnel			
Receivables from customers		14,151	Unsecured, no impairment, with annual fixed interest rates of 3.00% to 6.00%
Availments	3,067	—	
Maturities	2,830	—	and maturities ranging from 1 to 15 years
Interest income	1,193	—	Interest income from loans

December 31, 2023			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due from other banks	(₱462,999)	₱1,129,054	Short term peso and foreign-currency denominated deposits with fixed rates ranging from 0.00% to 5.00%
Financial assets at amortized cost	—	60,000	Pledged for security of payroll account with MBTC
Interbank call loans receivable		—	Peso denominated lending with fixed interest rate ranging from 6.19% to 6.41% maturities ranging from 1 to 5 days, secured - Php 0.00
Placements	27,000,000		
Maturities	(27,000,000)		
Accounts receivable	2,118	3,424	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Miscellaneous assets	857	857	Security deposits on lease contracts
Miscellaneous liabilities	1,189	3,558	Advance payments of security deposits from various tenants
Deposit liabilities	—	36,782	Short term peso and foreign-currency denominated deposits
Accrued other expense payable	(128,137)	25,303	Outstanding information technology expense payable
Interest income	9,717	—	Income on deposits and interbank call loans receivables
Rental income	9,039	—	Income from leasing agreements with various lease terms ranging from 1 to 5 years
Rent expense	122	—	Payment of rent
Information technology expense	112,411	—	Payment of information technology transactions
Securities transactions			

(Forward)



December 31, 2023			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Joint Venture			
Investment in a joint venture	₱27,564	₱843,849	Outstanding balance of capital investment in SMFC
Dividends from joint venture	57,600	–	Dividends from SMFC
Accounts receivable	(716)	285	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	313,170	389,051	Short term peso time-deposits deposits with annual fixed rates ranging from 5.50% to 5.75%
Miscellaneous liabilities	–	7,861	Advance payment of security deposits
Rental income	12,204	–	Income from leasing agreements
Interest expense	20	–	Interest on deposit liabilities
Other Related Parties (DOSRI/Indirect)			
Receivable from customers		1,141,082	Peso denominated lending with interest rates ranging from 3.00% to 4.83% with maturity terms of 14 days to 5 years (excluding key personnel); mostly unsecured, with ECL
Placements	950,000	–	
Maturities	(951,433)	–	
Miscellaneous assets	4,138	4,138	Security deposits
Accounts receivable	372	1,045	Outstanding ATM service fees, rental and utility receivables, non-interest bearing
Prepaid insurance	(2,220)	4,226	Payment of various motor car vehicles, fire, money, security, payroll and robbery insurance
Deposit liabilities	225,907	3,767,112	Demand, savings and short-term peso and foreign currency time deposits with fixed rates ranging from 0.00% to 2.00%
Accrued other expense payable	(705)	446	Outstanding group life insurance
Accounts payable	(8,304)	(455)	Various personal and car insurance payable
Miscellaneous liabilities	2,905	4,777	Advance payment of security deposits
Rental income	42,771	–	Income from leasing agreements with various lease terms
Insurance expense	29,846	–	Payment of insurance premium
Interest expense	244	–	Interest on deposit liabilities
Rent expense	165	–	Payment of rent expense to various lessors
Securities transactions			
Outright purchases	236,792	–	Outright purchase of Financial Assets at amortized cost
Key Personnel			
Receivables from customers		13,914	Unsecured, no impairment, with annual fixed interest rates of 6.00%
Availments	2,975	–	
Maturities	(557)	–	and maturities ranging from 2 to 10 years
Interest income	1,038	–	Interest income from loans

December 31, 2022			
Category	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Parent Company			
Due from other banks	₱485,169	₱1,592,053	Short term peso and foreign-currency denominated deposits with fixed rates ranging from 0.00% to 5.00%
Financial assets at amortized cost	60,000	60,000	Pledge for security of payroll account with MBTC in 2022
Financial assets at FVOCI	(59,718)	–	Pledge for security of payroll account with MBTC in 2021
Accounts receivable (payable)	(4,483)	1,306	Outstanding ATM service fees, rental and utility receivables, non-interest bearing; no impairment
Miscellaneous assets	(1,948)	–	Security deposits on lease contracts
Miscellaneous liabilities	(3,550)	2,369	Advance payments of security deposits from various tenants
Accrued other expense payable	63,037	153,440	Outstanding information technology expense payable, charges on current and savings accounts processing
Rental income	13,056	–	Income from leasing agreements with various lease terms ranging from 2 to 5 years
Information technology expense	121,493	–	Payment of information technology transactions
Trading and security loss	4	–	Loss from securities transactions
Securities transactions			
Outright purchases	5,576,850	–	Outright purchase of FVTPL, AC and FVOCI investments
Outright sales	(104,000)	–	Outright sale of FVTPL and FVOCI investments
Joint Venture			
Investment in a joint venture	53,359	816,285	Outstanding balance of capital investment in SMFC
Dividends from joint venture	30,059	–	Dividends from SMFC
Accounts receivable	96	1,001	Outstanding rental and utility receivables, non-interest bearing
Deposit liabilities	61,881	75,881	Demand and short-term peso time-deposits deposits with annual fixed rates of 1.25%
Miscellaneous liabilities	–	7,861	Advance payment of security deposits
Rental income	17,876	–	Income from leasing agreements
Interest expense	28	–	Interest on deposit liabilities

(Forward)



Category	December 31, 2022		
	Amount/ Volume	Outstanding Balance	Nature, Terms and Conditions
Other Related Parties (DOSRI/Indirect)			
Receivable from customers	₱-	₱1,142,515	Peso denominated lending which earns 3.00% to 7.50% fixed daily interest rate with maturity terms ranging from 14 days to 10 years
Placements	955,000	-	(excluding key personnel); mostly unsecured, with ECL
Maturities	967,797	-	3 months advance security deposits
Miscellaneous assets	(2,949)	-	Outstanding ATM service fees, rental and utility receivables, non-interest bearing
Accounts receivable	(1,112)	673	Payment of various motor car vehicles, fire, money, security, payroll and robbery insurance
Prepaid expense	(5,782)	6,446	Demand, savings and short-term peso and foreign currency time deposits with fixed rates ranging from 0.00% to 2.00%
Deposit liabilities	(4,418,680)	3,541,205	Outstanding group life insurance
Accrued other expense payable	-	1,151	Various personal and car insurance payable
Accounts payable	7,480	7,849	Advance payment of security deposits from various tenants
Miscellaneous liabilities	-	1,872	Income on receivables from customers and interbank call loans receivables
Interest income	47,171	-	Gain from securities transactions
Trading and securities loss	43	-	Income from leasing agreements with various lease terms
Rental income	8,100	-	Commission income on ATM service fees
Bank commission	437	-	Service income received from insourcing agreements
Miscellaneous income	937	-	Payment of insurance premium
Insurance expense	52,758	-	Interest on deposit liabilities
Interest expense	541	-	Payment of rent expense to various lessors
Rent expense	(65)	-	Outright purchase of FVTPL and FVOCI investments
Securities transactions	-	-	Outright sale of FVTPL and FVOCI investments
Outright purchases	2,000,000	-	
Outright sales	(150,000)	-	
Key Personnel			
Receivables from customers	-	11,496	Unsecured, no impairment, with annual fixed interest rates
Availments	2,864	-	6.00% and maturities ranging from 2 to 10 years
Maturities	(2,436)	-	
Interest income	1,032	-	Interest income from loans

30. Trust Operations

Securities and other resources held by the Bank in fiduciary or agency capacity for its customers are not included in the accompanying statements of condition since these are not assets of the Bank.

As of December 31, 2024 and 2023, the Bank deposited government securities with carrying value of ₱119.5 million and ₱123.9 million, respectively, in compliance with trust regulations (Note 8).

In compliance with existing banking regulations, the Bank transferred from surplus to surplus reserve the amount of ₱2.8 million and ₱2.4 million, which corresponds to 10.00% of the net income realized from the Bank's Trust Department in 2024 and 2023, respectively.

31. Commitments and Contingent Liabilities

In the normal course of the Bank's operations, there are various outstanding commitments and contingent liabilities such as guarantees and commitments to extend credit, which are not reflected in the accompanying financial statements. The Bank, however, does not anticipate significant losses as a result of these transactions.



Commitments and Contingencies

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	2024	2023
Trust department accounts (Note 30)	₱10,249,018,666	₱9,295,113,015
Stand-by credit lines	79,885,313	41,100,000
Spot foreign exchange and contracts sale	28,922,500	27,685,000
Late deposits/payments received	—	290,311
Items held for safekeeping	258,875	215,511
Others	49,957	57,244

Also, several suits and claims, on behalf of or against the Bank in relation to its banking operations and labor-related cases are pending before the courts and quasi-judicial bodies. The Bank and its legal counsel believe that any losses arising from suits and claims which are not specifically provided for will not have a material adverse effect on the financial statements.

32. Notes to Statements of Cash Flows

The following is a summary of principal non-cash activities that relate to the analysis of the statements of cash flows:

	2024	2023	2022
Additions to chattel mortgage in settlement of loans (Note 14)	₱3,922,282,431	₱2,320,586,633	₱1,978,930,122
Additions to investment properties in settlement of loans (Note 12)	472,856,965	660,520,059	1,438,182,517
Recognition of right-of-use assets (Note 11) and lease liabilities (Note 25)	451,270,041	312,921,930	523,368,707
Fair value changes in financial assets at FVOCI (Note 8)	(29,502,025)	119,107,530	(38,369,287)
Cumulative translation adjustment	12,638	399	(756,081)

The table below provides for the changes in liabilities arising from financing activities in 2024 and 2023 (in millions):

	Bills Payable	Bonds Payable	Lease Liabilities	Total Liabilities from Financing Activities
January 1, 2024	₱272	₱—	₱1,181	₱1,453
Cash flows from availments	2,175	—	—	2,175
Cash flows from settlement	(2,447)	—	(522)	(2,969)
Others	—	—	532	532
December 31, 2024	₱—	₱—	₱1,191	₱1,191



	Bills Payable	Bonds Payable	Lease Liabilities	Total Liabilities from Financing Activities
January 1, 2023	₱1,186	₱4,648	₱1,323	₱7,157
Cash flows from availments	5,068	—	—	5,068
Cash flows from settlement	(5,982)	(4,650)	(534)	(11,166)
Others	—	2	392	394
December 31, 2023	₱272	₱—	₱1,181	₱1,453

Others include amortization of bills payable and bonds payable, additions to lease liabilities, and accretion and termination of lease liabilities.

As of December 31, 2024 and 2023, the Bank recognized allowance for credit losses from 'Due from other banks' amounting to ₱1.5 million and ₱1.2 million, respectively.

33. Offsetting of Financial Assets and Liabilities

PFRS 7 requires the Bank to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreements or similar arrangements. The effects of these arrangements are disclosed in the succeeding table.

Financial assets

As of December 31, 2024 and 2023, there were no derivative assets.

December 31, 2024						
Financial assets recognized at the end of reporting period by type	Gross carrying amounts (before offsetting) [a]	Gross amounts offset in accordance with the offsetting criteria [b]	Net amount presented in statement of condition [a-b] [c]	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] [e]
				Financial instruments [d]	Fair value of financial collateral	
SPURA (Note 7)	₱—	₱—	₱—	₱—	₱—	₱—

December 31, 2023						
Financial assets recognized at the end of reporting period by type	Gross carrying amounts (before offsetting) [a]	Gross amounts offset in accordance with the offsetting criteria [b]	Net amount presented in statement of condition [a-b] [c]	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] [e]
				Financial instruments [d]	Fair value of financial collateral	
SPURA (Note 7)	₱6,989,635,680	₱—	₱6,989,635,680	₱—	₱6,989,635,680	₱—

Financial liabilities

As of December 31, 2024 and 2023, there were no outstanding foreign currency swaps and forwards.

December 31, 2024						
Financial assets recognized at the end of reporting period by type	Gross carrying amounts (before offsetting) [a]	Gross amounts offset in accordance with the offsetting criteria [b]	Net amount presented in statement of condition [a-b] [c]	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] [e]
				Financial instruments [d]	Fair value of financial collateral	
SSURA (Note 17)	₱—	₱—	₱—	₱—	₱—	₱—



December 31, 2023						
Financial assets recognized at the end of reporting period by type	Gross carrying amounts (before offsetting) [a]	Gross amounts offset in accordance with the offsetting criteria [b]	Net amount presented in statement of condition [a-b] [c]	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] [e]
				Financial instruments [d]	Fair value of financial collateral	
SSURA (Note 17)	₱271,896,461	₱-	₱271,896,461	₱-	₱271,896,461	₱-

34. Subsequent Events

Cash Dividend Declaration

On January 16, 2025, the BOD of the Bank approved the declaration of a 7.50% regular cash dividend for the fourth quarter of 2024 for stockholders on record as of February 3, 2025 amounting to ₱320.1 million or ₱0.75 per share, to be paid on February 17, 2025.

35. Approval for the Release of the Financial Statements

The accompanying comparative financial statements by the Bank were authorized for issue by the BOD on February 20, 2025.

36. Supplementary Information Required Under Section 174 of the Manual of Regulations for Banks (MORB)

Financial Performance

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

	2024	2023	2022
Return on average equity	12.36%	11.72%	10.21%
Return on average assets	2.29%	1.80%	1.40%
Net interest margin on average earning assets	6.00%	5.18%	4.66%
Current ratio	20.09%	48.89%	62.41%
Debt-to-equity ratio	3.91:1	4.94:1	6.11:1
Asset-to-equity ratio	4.91:1	5.94:1	7.11:1
Interest rate coverage ratio	2.30:1	1.84:1	2.52:1

Capital Instruments Issued

The Bank considers common stock as capital instruments eligible as Tier 1 and Tier 2 capital as of December 31, 2024 and 2023.



Significant Credit Exposures as to Industry/Economic Sector

Loan concentration as to economic activity follows (gross of unearned discounts, modification loss and allowance for credit losses):

	2024	%	2023	%
Activities of households as employers and undifferentiated goods-and-services producing activities of households for own use	₱92,786,857,517	64.45%	₱77,667,226,340	62.03%
Real estate activities	38,835,820,396	26.98%	36,589,283,371	29.22%
Wholesale and retail trade, repair of motor vehicles and motorcycles	3,110,538,171	2.16%	2,345,575,404	1.88%
Financial and insurance	1,239,899,254	0.86%	1,435,041,015	1.16%
Transportation and storage	982,491,678	0.68%	1,014,270,488	0.81%
Electricity, gas, steam and air-conditioning supply	920,106,743	0.64%	894,812,501	0.71%
Construction	735,228,153	0.51%	607,830,158	0.49%
Manufacturing	697,689,888	0.48%	564,461,629	0.45%
Accommodation and food service activities	291,754,290	0.20%	194,468,882	0.16%
Administrative and support service activities	288,086,340	0.20%	313,279,519	0.25%
Agriculture, forestry and fishing	186,258,606	0.13%	75,789,773	0.06%
Education	182,850,945	0.13%	130,242,629	0.10%
Professional, scientific and technical activities	140,749,477	0.10%	150,632,271	0.12%
Information and communication	88,713,932	0.06%	95,851,435	0.08%
Human health and social work activities	84,219,024	0.06%	90,240,508	0.07%
Arts, entertainment and recreation	79,791,327	0.06%	78,518,459	0.06%
Water supply, sewerage, waste management and remediation activities	62,903,638	0.04%	65,529,418	0.05%
Mining and quarrying	4,981,931	0.00%	5,659,929	0.00%
Others	3,249,948,131	2.26%	2,883,292,726	2.30%
	₱143,968,889,441	100.00%	₱125,202,006,455	100.00%

Others relate to other service activities including the activities of membership organizations, repair of computers, personal and household goods and a variety of personal service activities not covered elsewhere in the classification above.

Breakdowns of Total Loans as to Security

The breakdown of loans and receivables from customers (gross of unearned discounts, modification loss and allowance for credit losses) as to secured and unsecured and as to type of security follows:

	2024	%	2023	%
Secured by:				
Chattel	₱68,038,515,264	47.26%	₱59,765,850,197	47.74%
Real estate	33,098,088,594	22.99%	30,985,023,151	24.75%
Deposit hold-out	500,495,894	0.35%	597,581,973	0.48%
	101,637,099,752	70.60%	91,348,455,321	72.96%
Unsecured	42,331,789,689	29.40%	33,853,551,134	27.04%
	₱143,968,889,441	100.00%	₱125,202,006,455	100.00%

Breakdown of Total Loans as to Status

Details of non-performing loans (NPL) follow:

	2024	2023
Secured	₱2,595,185,248	₱3,240,010,197
Unsecured	1,140,410,717	1,157,125,833
	₱3,735,595,965	₱4,397,136,030



Generally, NPLs refer to loans, investments, receivables, or any financial asset, even without any missed contractual payments, that satisfy any of the following conditions:

1. Impaired under existing accounting standards;
2. Classified as doubtful or loss;
3. In litigation, and/or;
4. There is evidence that full repayment of principal and interest is unlikely without foreclosure of collateral, if any.

All other loans, even if not considered impaired, shall be considered non-performing if any principal and/or interest are:

1. Unpaid for more than ninety (90) days from contractual due date, or accrued interests for more than ninety (90) days have been capitalized, refinanced, or delayed by agreement.
2. Microfinance and other small loans with similar credit characteristics shall be considered non-performing after contractual due date or after it has become past due.
3. Restructured loans shall be considered non-performing. However, if prior to restructuring, the loans were categorized as performing, such classification shall be retained.

The NPLs of the Bank not fully covered by allowance for credit losses follow:

	2024	2023
Total NPLs	₱3,735,595,965	₱4,397,136,030
Less NPLs fully covered by allowance for credit losses	435,552,212	1,040,506,478
	₱3,300,043,753	₱3,356,629,552

Restructured loans as of December 31, 2024 and 2023 amounted to ₱63.1 million and ₱155.2 million, respectively. The Bank's loan portfolio includes non-risk loans as defined under BSP regulations totaling ₱0.5 billion and ₱0.6 billion as of December 31, 2024 and 2023, respectively.

Information on Related Party Loans

As required under existing BSP rules and regulations, the Bank discloses loans and other credit accommodations granted to its DOSRI. These loans and other credit accommodations were made substantially on the same terms as with other individuals and businesses of comparable risks and were subject of prior BOD approval and entailing BSP reportorial requirements.

Existing banking regulations also limit the total amount of credit exposure to each of the Bank's DOSRIs, at least 70.00% of which must be secured, to the total of their respective deposits and book value of their respective unencumbered deposits and, if any, book value of their respective paid-in capital contribution in the Bank. In the aggregate, the Bank's total credit exposure to all its DOSRIs should not exceed its net worth or 15.00% of its total loan portfolio, whichever is lower, with any unsecured portion thereof not exceeding the lower between 30.00% of the aggregate limit or of the total actual exposure. However, loans and other credit accommodations to DOSRIs that are secured by assets considered by the BSP as non-risk are exempt from these ceilings. As of December 31, 2024 and 2023, the Bank's credit exposures to DOSRI are within the said regulatory limits.



BSP Circular No. 423 dated March 15, 2004, as amended by BSP Circular No. 914 dated June 23, 2016, provide the rules and regulations governing credit exposures to DOSRI. The following table shows information relating to the loans, other credit accommodations and guarantees classified as DOSRI accounts under regulations existing prior to BSP Circular No. 423 and new DOSRI loans and other credit accommodations granted under said circular as of December 31, 2024 and 2023 (in thousands):

	2024		2023	
	DOSRI Loans	Related Party Loans	DOSRI Loans	Related Party Loans
Total outstanding loans	₱186,375	₱1,121,375	₱191,082	₱1,146,082
Percent of DOSRI/Related Party loans to total loan portfolio	0.13%	0.78%	0.17%	1.03%
Percent of unsecured DOSRI/Related Party loans to total DOSRI/Related Party loans	98.57%	99.76%	98.35%	99.73%
Percent of past-due DOSRI /Related Party loans to total DOSRI/Related Party loans	0.00%	0.00%	0.00%	0.00%
Percent of non-performing DOSRI/Related Party loans to total DOSRI/Related Party loans	0.00%	0.00%	0.00%	0.00%

Total interest income from DOSRI loans amounted to ₱11.2 million in 2024, ₱3.9 million in 2023 and ₱4.6 million 2022.

Aggregate Amount of Secured Liabilities and Assets Pledged as Security

As of December 31, 2024 and 2023, investment securities at amortized cost include Bureau of Treasury bonds pledged by the Bank to MBTC to secure its payroll account with the Bank, with total carrying value of ₱63.2 million and ₱60.0 million, respectively.

Commitments and Contingencies

The following is a summary of the Bank's commitments and contingent liabilities at their equivalent peso contractual amounts:

	2024	2023
Trust department accounts (Note 30)	₱10,249,018,666	₱9,295,113,015
Stand-by credit lines	79,885,313	41,100,000
Spot foreign exchange and contracts sale	28,922,500	27,685,000
Late deposits/payments received	—	290,311
Items held for safekeeping	258,875	215,511
Others	49,957	57,244

37. Report on the Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

On November 25, 2010, the BIR issued RR No. 15-2010 to amend certain provisions of RR No. 21-2002. The regulations provide that starting 2010, the notes to financial statements shall include information on taxes, duties and license fees paid or accrued during the taxable year.



The Bank reported and/or paid the following types of taxes for the year:

Taxes and Licenses

For the taxable year ended December 31, 2024, taxes and licenses of the Bank consist of:

Gross receipts tax	₱909,564,947
Documentary stamps tax	519,580,940
Local taxes	84,232,538
Fringe benefit tax	7,598,998
	<u>₱1,520,977,423</u>

Withholding Taxes

As of December 31, 2024, total remittances and balance of withholding taxes are as follows:

	Total	
	Remittances	Balance
Withholding taxes on compensation and benefits	₱457,223,405	₱22,939,051
Final withholding taxes	728,150,874	57,077,143
Expanded withholding taxes	102,742,079	9,375,107
	<u>₱1,288,116,358</u>	<u>₱89,391,301</u>

Tax Assessment

The Bank has no ongoing tax assessment as of December 31, 2024.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Philippine Savings Bank
PSBank Center
777 Paseo de Roxas corner Sedeño Street
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Philippine Savings Bank (the Bank) 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 February 20, 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 the Supplementary Schedules are the responsibility of the Bank'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.


Veronica Mae A. Arce

Partner

CPA Certificate No. 0117208

Tax Identification No. 234-282-413

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

BIR Accreditation No. 08-001998-153-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10465265, January 2, 2025, Makati City

February 20, 2025



PHILIPPINE SAVINGS BANK
INDEX TO THE FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES

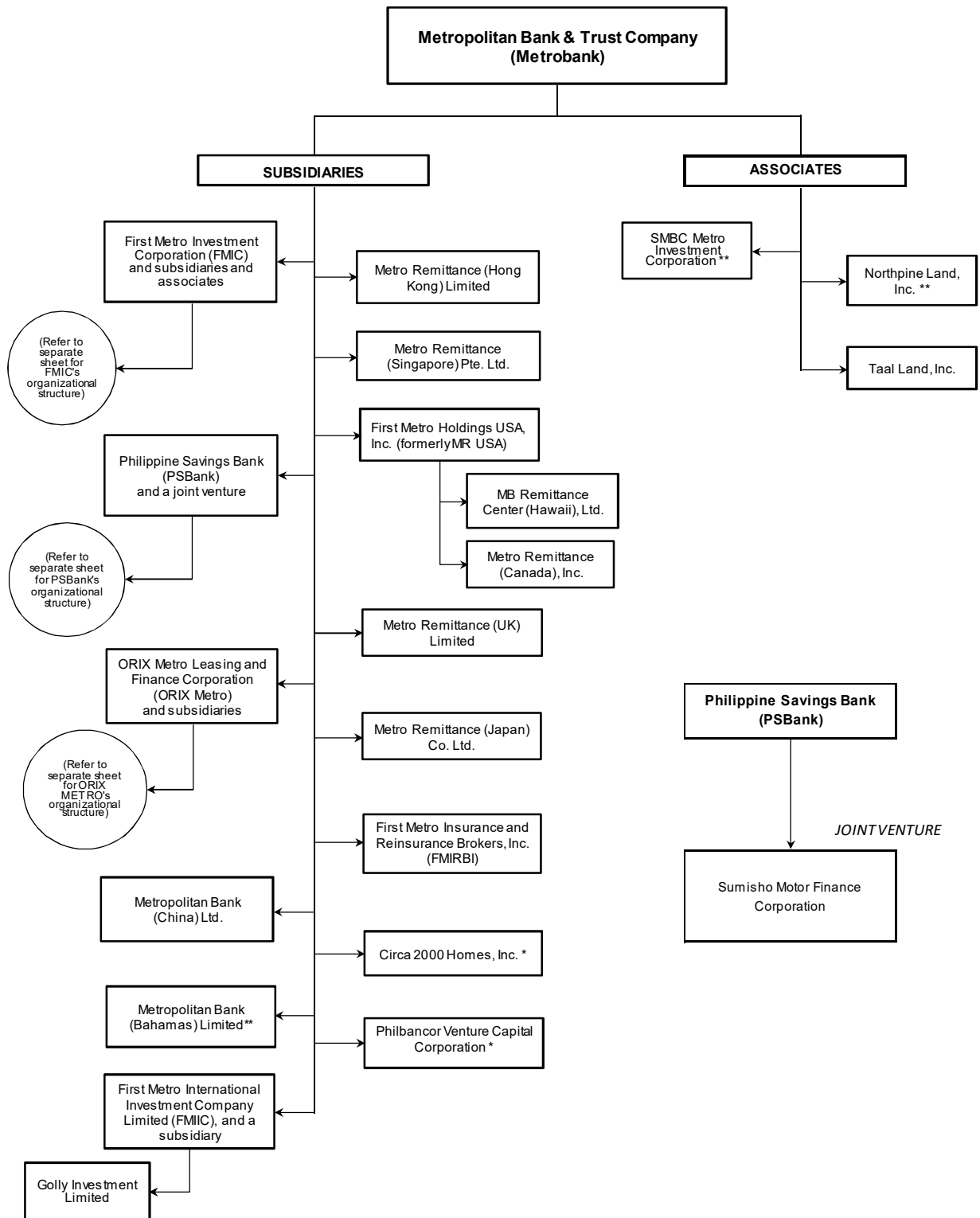
- I. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)
- II. Map of the Relationships of the Companies within the Group
- III. Supplementary Schedules Required by Annex 68-J
 - A. Financial Assets
 - B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
 - C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
 - D. Long-term Debt
 - E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
 - F. Guarantees of Securities of Other Issuers
 - G. Capital Stock

PHILIPPINE SAVINGS BANK**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND
DECLARATION (ANNEX 68-D)
AS OF DECEMBER 31, 2024**

Unappropriated Retained Earnings, beginning, 12/31/2023	₱21,729,241,448
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(₱1,280,578,248)
Retained Earnings appropriated during the reporting period	(2,765,382) (1,283,343,630)
Unappropriated Retained Earnings, as adjusted	20,445,897,818
Add/Less: Net Income (loss) for the current year	5,208,442,415
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	35,322,786
Unrealized foreign exchange gains, except those attributable to cash and cash equivalents	3,711,703
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	—
Unrealized fair value gain of Investment Property	1,195,470,712
Sub-total	1,234,505,201
Add: Category C.3: Unrealized income recognized in profit or loss in prior 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	(1,003,240)
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	1,322,352
Reversal of previously recorded fair value gain of Investment Property	1,193,116,225
Sub-total	1,193,435,337
Adjusted Net Income/Loss	5,167,372,551
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 the previous categories	(88,764,262)
Total Retained Earnings, end of the reporting period available for dividend	₱25,524,506,107

PHILIPPINE SAVINGS BANK

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP AS OF DECEMBER 31, 2024



* In process of dissolution

** In process of liquidation

PHILIPPINE SAVINGS BANK
SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J
SCHEDULE A – FINANCIAL ASSETS
AS OF DECEMBER 31, 2024

Name of Issuing Entity and Association of Each Issue (i)	Number of Shares or Principal Amount of Bonds and Notes	Amount shown in the Statement of Condition (ii)	Valued based on Market Quotation at End of Reporting Period (iii)	Interest Income Accrued as at End of Reporting Period
Fair Value through Profit or Loss (FVTPL) Investments				
Government Bonds	₱300,046,521	₱300,599,156	₱300,599,156	₱4,038,864
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)				
Debt Securities				
Government Bonds				
Peso-denominated	₱8,500,000,000	₱8,469,115,684	₱8,469,115,684	₱ –
Dollar-denominated	867,675,000	825,315,107	825,315,107	13,280,248
Treasury Notes				
Peso-denominated	16,070,706,467	16,224,473,169	16,224,473,169	272,532,054
Private Corporation				
Peso-denominated	350,000,000	338,922,873	338,922,873	2,713,846
	25,788,381,467	25,857,826,833	25,857,826,833	288,526,148
Equity Securities	6,594,720	34,364,018	34,364,018	–
	₱25,794,976,187	₱25,892,190,851	₱25,892,190,851	₱288,526,148
Investment Securities at Amortized Cost				
Government Bonds				
Dollar-denominated	₱9,285,973,540	₱11,312,662,333	₱10,229,589,694	₱286,878,910
Treasury Notes				
Peso-denominated	17,741,057,000	17,708,223,005	17,530,721,747	191,024,648
Private Corporation				
Peso-denominated	552,050,000	551,317,774	544,842,582	3,594,311
Dollar-denominated	520,605,000	524,118,100	524,158,129	8,835,823
	₱28,099,685,540	₱30,096,321,212	₱28,829,312,152	₱490,333,692
	₱54,194,708,248	₱56,289,111,219	₱55,022,102,159	₱782,898,704

- (i) Each issue shall be stated separately, except that reasonable grouping, without enumeration may be made of (a) securities issued or guaranteed by the Philippine Government or its agencies and (b) securities issued by others for which the amounts in the aggregate are not more than two per cent of total assets.
- (ii) State the basis of determining the amounts shown in the column. This column shall be totaled to correspond to the respective Statements of Condition caption or captions.
- (iii) This column may be omitted if all amounts that would be shown are the same as in the immediate preceding column.

PHILIPPINE SAVINGS BANK**SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J****SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)****AS OF DECEMBER 31, 2024**

Name and Designation of Debtor (i)	Balance at Beginning of the Period	Additions	Amounts Collected (ii)	Amounts Written-off (iii)	Current	Not Current	Balance at End of Period
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NONE TO REPORT**Note: Transactions to these parties are made in the ordinary course of business.**

- (i) Show separately accounts receivables and note receivable. In case of notes receivable, indicate pertinent information such as the due date, interest rate, terms or repayment and collateral, if any.
- (ii) If collection was other than in cash, explain.
- (iii) Give reasons for write-off.

PHILIPPINE SAVINGS BANK**SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J****SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE
ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2024**

Name and Designation of debtors	Balance at Beginning of Period	Additions	Amounts Collected (i)	Amounts Written Off (ii)	Current	Not Current	Balance at End of Period
--	---	------------------	--------------------------------------	---	----------------	------------------------	---

NOT APPLICABLE

- (i) If collection was other than in cash, explain.
(ii) Give reasons for write off.

PHILIPPINE SAVINGS BANK**SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J****SCHEDULE D – LONG-TERM DEBT****AS OF DECEMBER 31, 2024**

Title of Issue and Type of Obligation (i)	Amount Authorized by Indenture	Amount shown under Caption “Current Portion of Long-Term Debt” in related Statement of Condition (ii)	Amount shown under Caption “Long-Term Debt” in related Statement of Condition (iii)	Interest Rate	Maturity Date
--	---	--	--	--------------------------	----------------------

NOT APPLICABLE

- (i) Include in this column each type of obligation authorized.
- (ii) This column is to be totaled to correspond to the related Statements of Condition caption.
- (iii) Include in this column details as to interest rates, amounts or number of periodic installments, and maturity dates.

PHILIPPINE SAVINGS BANK

SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

AS OF DECEMBER 31, 2024

Name of Related Party (i)	Balance at Beginning of Period	Balance at the End of Period (ii)
--------------------------------------	---	--

NONE TO REPORT

- (i) The related parties named shall be grouped as in Schedule C. The information called for shall be stated separately for any persons whose investments were shown separately in such related schedule.
- (ii) For each affiliate named in the first column, explain in a note hereto the nature and purpose of any material increase during the period that is in excess of ten per cent (10%) of the related balance at either the beginning or end of the period.

PHILIPPINE SAVINGS BANK**SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J****SCHEDULE F – GUARANTEES OF SECURITIES OF OTHER ISSUERS****AS OF DECEMBER 31, 2024**

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is filed	Title of Issue of each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding (i)	Amount Owned by Person for which Statement is Filed	Nature of Guarantee (ii)
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NONE TO REPORT

- (i) Indicate in a note any significant changes since the date of the last Statements of Condition filed. If this schedule is filed in support of Consolidated Financial Statements, there shall be set forth guarantees by any person included in the consolidation except such guarantees of securities which are included in the Consolidated Statements of Condition.
- (ii) There must be a brief statement of the nature of the guarantee, such as “Guarantee of principal and interest”, “Guarantee of interest”, or “Guarantee of dividends”. If the guarantee is of interest, dividends, or both, state the annual aggregate amount of interest or dividends so guaranteed.

PHILIPPINE SAVINGS BANK**SUPPLEMENTARY SCHEDULES REQUIRED BY ANNEX 68-J****SCHEDULE G – CAPITAL STOCK****AS OF DECEMBER 31, 2024**

Title of Issue (i)	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under related Statement of Condition Caption	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by Related Parties (ii)	Directors, Officers, and Employees	Others (iii)
Common Stock - ₱10 par value	600,000,000	426,859,416	—	377,279,068	862	49,579,486

(i) Include in this column each type of issue authorized.

(ii) Related Parties referred to include persons for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.

(iii) Indicate in a note any significant changes since the date of the last Statements of Condition filed.

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Philippine Savings Bank
PSBank Center
777 Paseo de Roxas corner Sedeño Street
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Philippine Savings Bank (the Bank) 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 February 20, 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 (PFRS) Accounting Standards 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 PFRS Accounting Standards. 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.


Veronica Mae A. Arce

Partner

CPA Certificate No. 0117208

Tax Identification No. 234-282-413

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

BIR Accreditation No. 08-001998-153-2024, October 2, 2024, valid until October 1, 2027

PTR No. 10465265, January 2, 2025, Makati City

February 20, 2025



PHILIPPINE SAVINGS BANK**SUPPLEMENTARY SCHEDULE ON FINANCIAL SOUNDNESS INDICATOR****(ANNEX 68-E)****FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	December 31, 2024	December 31, 2023
PROFITABILITY RATIOS		
Return on Assets		
<u>Net Income</u>	2.29%	1.80%
Average Total Resources		
Return on Equity		
<u>Net Income</u>	12.36%	11.72%
Average Stockholders' Equity		
Net Interest Margin		
<u>Net Interest Income</u>	6.00%	5.18%
Average Earning Assets		
Cost to Income Ratio		
Operating Expenses Excluding Provision for Impairment and Credit Losses and Income Taxes	60.51%	58.89%
Net Interest Income + Operating Income		
SOLVENCY RATIOS		
Debt to Equity Ratio		
<u>Total Liabilities</u>	3.91:1	4.94:1
Total Stockholders' Equity		
Asset-to-Equity Ratio		
<u>Total Assets</u>	4.91:1	5.94:1
Total Stockholders' Equity		
Interest Rate Coverage Ratio		
<u>Earnings Before Interest and Taxes</u>	2.30:1	1.84:1
Interest Expense		
LIQUIDITY RATIOS		
Liquidity/Current Ratio		
<u>Current Assets</u>	20.09%	48.89%
Current Liabilities		
Loans to Deposit Ratio		
<u>Gross Loans*</u>	87.45%	65.97%
Total Deposits		
Capital Adequacy Ratio		
<u>Total Qualifying Capital</u>	23.56%	24.46%
Total Risk-Weighted Assets		

**Loans and receivables, net of unearned discounts and capitalized interest (before allowance for credit losses)*

PHILIPPINE SAVINGS BANK
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR
FEE-RELATED INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Total Audit Fees ¹ (including Trust and Retirement Fund)	₱3,004,365	₱2,861,300
Non-audit services fee:		
Other assurance services	—	—
Tax services	—	—
All other services	44,000	44,000
Total Non-audit Fees ²	44,000	44,000
Total Audit and Non-audit Fees	₱3,048,365	₱2,905,300

Notes:

- ^{1.} *Disclose agreed fees (excluding out of pocket expenses and VAT) with the external auditor/audit firm and its network firms (as applicable) for the audit of the covered company's stand-alone financial statements on which the external auditor/audit firm expresses an opinion. These do not include fees for special purpose audit or review of financial statements.*
- ^{2.} *Section 2.1 b: Disclose charged or billed fees (excluding out of pocket expenses and VAT) by the external auditor/audit firm or a network firm (as applicable) for non-audit services to the covered company on which the external auditor/audit firm expresses an opinion. These include other assurance services such as special purpose audit or review of financial statements.*

PHILIPPINE SAVINGS BANK
EVENTS REPORTED UNDER FORM 17-C
(Reports filed during the year 2024)

No.	Particulars	Date Reported
1	PSBank reported the following information as of December 31, 2023: 1. Top 20 Stockholders 2. Top 100 Stockholders 3. Statement of Beneficial Ownership 4. Summary Report on Distribution of Stockholdings by Nationality 5. List of Major PSBank Stockholders Owning 5% or more 6. List of Stockholders and their Stockholdings 7. Changes in Stockholdings of Stockholders	January 17, 2024
2	PSBank reported that the Board of Directors, in its meeting held on 18 January 2024, passed a resolution declaring a 7.5% Regular Cash Dividend for the fourth quarter of 2023 amounting to Php 320.14 million equivalent to Php 0.75 per share. This will be payable to all common stockholders as of the Record Date of 02 February 2024 and will be paid no later than the Payment Date of 19 February 2024.	January 19, 2024
3	PSBank reported that the Board of Directors, in its meeting held on 18 January 2024, passed a resolution on the following: 1) Scheduling of the Annual Stockholders Meeting on April 25, 2024 at Three o'clock in the afternoon (3:00 PM). Final mode of conduct of the meeting shall be determined at a later date and shall be pursuant to all applicable SEC regulations; 2) Setting March 1, 2024 as the Record Date for determining stockholders entitled to notice and to vote in the Meeting; and 3) Grant of authority to Mr. Jose Vicente L. Alde, PSBank President, to change the date, time, place and/or mode of conduct of the Meeting as well as the record date and to decide on such other related matters as may be required by the regulators and other exigencies; and to sign, execute and deliver any and all documents and to do and perform any and all acts as may be necessary to carry into effect the intents and purposes of the foregoing.	January 19, 2024
4	PSBank reported the attendance of the Board of Directors with a corresponding certification issued by our Corporate Secretary, Ms. Leah M. Zamora and also the attendance of the Principal / Key Officers of Philippine Savings Bank in the Corporate Governance Seminars / Webinars in 2023.	January 31, 2024
5	PSBank reported that the Board of Directors, in its special meeting held on January 31, 2024, accepted the resignation of Director Ma. Soledad D.S. De Leon as a member of the Board of Directors and as a member of the Trust Committee and the Related Party Transactions Committee. The said resignation is due to personal reasons and effective immediately.	January 31, 2024
6	PSBank reported the SEC Form 18-A (Report by Stockholder with More Than 5% Ownership) for Director Ma. Soledad D.S. De Leon in compliance with SEC regulation and in relation to PSBank.	February 8, 2024
7	PSBank reported its financial results for year-end 2023.	February 26, 2024
8	In compliance with the SEC Notice (Feb-2024) on the alternative mode for distributing and providing copies of the Notice of Meeting, Information Statement, and other documents in connection with the holding of Annual Stockholders' Meeting ("ASM") for 2024, PSBank informed the Commission that the Philippine Savings Bank's 2024 Notice of Annual Stockholders' Meeting was published in two (2) newspapers of general circulation (print and online) on March 26 and 27, 2024. Accordingly, the same had been disclosed to the Philippine Stock Exchange (PSE) pursuant to applicable PSE regulations.	April 1, 2024
10	PSBank reported the retirement of Senior Vice President and Indirect Sales Channel Group (ISCG) Head Jose Jesus B. Custodio effective April 1, 2024.	April 1, 2024
11	PSBank reported the following information as of March 31, 2024: 1. Top 20 Stockholders 2. Top 100 Stockholders 3. Statement of Beneficial Ownership 4. Summary Report on Distribution of Stockholdings by Nationality 5. List of Major PSBank Stockholders Owning 5% or more 6. List of Stockholders and their Stockholdings 7. Changes in Stockholdings of Stockholders	April 18, 2024

9	PSBank reported that the Board of Directors, in its meeting held on 25 April 2024, passed a resolution declaring a 7.5% Regular Cash Dividend for the first quarter of 2024 amounting to Php 320.14 million equivalent to Php 0.75 per share. This will be payable to all common stockholders as of the Record Date of 13 May 2024 and will be paid no later than the Payment Date of 27 May 2024.	April 29, 2024
12	PSBank reported the results of its Annual Stockholders' Meeting held on 25 April 2024.	April 29, 2024
13	PSBank reported the results of its Organizational Meeting held on 25 April 2024.	April 29, 2024
14	PSBank reported the SEC Form 23-A of the newly-elected Directors, Mr. Ferlou I. Evangelista and Ms. France Gail E. Male, who are covered by the Bank's policy on Insider Trading.	April 29, 2024
15	PSBank reported its financial results for first quarter of 2024.	May 6, 2024
16	PSBank reported the SEC Form 18-A (Report by Stockholder with More Than 5% Ownership) for Director Ma. Soledad D.S. De Leon in compliance with SEC regulation and in relation to PSBank. This is in relation to the transfer of remaining shares.	June 10, 2024
17	PSBank reported the following information as of June 30, 2024: 1. Top 20 Stockholders 2. Top 100 Stockholders 3. Statement of Beneficial Ownership 4. Summary Report on Distribution of Stockholdings by Nationality 5. List of Major PSBank Stockholders Owning 5% or more 6. List of Stockholders and their Stockholdings 7. Changes in Stockholdings of Stockholders	July 16, 2024
18	PSBank reported that the Board of Directors, in its meeting held on 25 July 2024, passed a resolution declaring a 7.5% Regular Cash Dividend for the second quarter of 2024 amounting to Php 320.14 million equivalent to Php 0.75 per share. This will be payable to all common stockholders as of the Record Date of 09 August 2024 and will be paid no later than the Payment Date of 27 August 2024.	July 26, 2024
19	PSBank reported its financial results for first half of 2024.	August 5, 2024
20	PSBank reported the passing of Independent Director Francisco S. Magsajo, Jr. and the request for a reasonable extension within which to fill up the vacant Board seat vis-à-vis the 45-dayrule per Section 28 of the Revised Corporation Code before such period expires.	September 18, 2024
21	PSBank reported the following information as of September 30, 2024: 1. Top 20 Stockholders 2. Top 100 Stockholders 3. Statement of Beneficial Ownership 4. Summary Report on Distribution of Stockholdings by Nationality 5. List of Major PSBank Stockholders Owning 5% or more 6. List of Stockholders and their Stockholdings 7. Changes in Stockholdings of Stockholders	October 16, 2024
22	PSBank reported that the Board of Directors, in its meeting held on 17 October 2024, passed a resolution declaring a 7.5% Regular Cash Dividend for the third quarter of 2024 amounting to Php 320.14 million equivalent to Php 0.75 per share. This will be payable to all common stockholders as of the Record Date of 04 November 2024 and will be paid no later than the Payment Date of 18 November 2024.	October 21, 2024
23	PSBank reported its financial results for third quarter of 2024.	November 5, 2024
24	PSBank reported the resignation of Mr. Noli S. Gomez, Executive Vice President, Head of Operations, effective December 31, 2024.	December 2, 2024

REPUBLIC OF THE PHILIPPINES)
 MAKATI CITY) S.S

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **EDUARDO A. SAHAGUN**, Filipino, of legal age and a resident of _____ after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Savings Bank** and have been its independent director since April 2017.
2. I am affiliated with the following companies or organizations (including Government – Owned and Controlled Corporations) :

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
UNION GALVASTEEL CORPORATION	MEMBER, BOARD OF DIRECTORS	2010 to present
UNION GALVASTEEL CORPORATION	PRESIDENT & CEO	2017 to present
PHINMA PROPERTY HOLDINGS CORPORATION	MEMBER, BOARD OF DIRECTORS	2016 to present
EDCOMMERCE CORPORATION	CHAIRMAN	2017 to present
PHINMA SOLAR ENERGY CORPORATION	PRESIDENT & CEO	2017 to present
PHILCEMENT CORPORATION	PRESIDENT & CEO	2017 to present
PHINMA FOUNDATION INC.	MEMBER, BOARD OF TRUSTEES	2019 to present
T-O INSURANCE BROKERS, INC.	MEMBER, BOARD OF DIRECTORS	2019 to present
PHINMA CORPORATION	MEMBER, BOARD OF DIRECTORS	2021 to present
SONG LAM CEMENT JOINT STOCK COMPANY	MEMBER, BOARD OF DIRECTORS	2021 to present
CAGAYAN DE ORO COLLEGE, INC.	MEMBER, BOARD OF DIRECTORS	2021 to present
FIRST BATANGAS HOTEL CORPORATION	MEMBER, BOARD OF DIRECTORS	2021 to present
UNION INSULATED PANEL CORPORATION	PRESIDENT & CEO	2022 to present
PHILCEMENT MINDANAO CORPORATION	PRESIDENT & CEO	2024 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Savings Bank, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/ officer/ substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable):

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Philippine Savings Bank of any changes in the abovementioned information within five days from its occurrence.

Done, this **FEB 24 2025** day of **MAKATI CITY**

Eduardo A. Sahagun

Affiant

FEB 24 2025

SUBSCRIBED AND SWORN TO before me this _____ day of _____, at **MAKATI CITY**, affiant exhibiting to me his Passport No. _____ issued on _____ at _____

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Series of 2025.

NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-011 UNTIL DECEMBER 31, 2025
MCLE COMPLIANCE NO. VIII-0012723 APRIL 14, 2023
IBP LIFETIME NO. 018863. 01/03/2018 MAKATI CITY
PTR NO. 10465509. 01/02/2023 MAKATI CITY
MOZANINE FLR. PSBANK CENTER NO. 777 PASO DE ROXAS
COR. SEDENO ST. MAKATI CITY
TEL NO. (02)8511-8042

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RUFINO LUIS T. MANOTOK**, Filipino, of legal age and a resident of _____, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Savings Bank** and have been its independent director since April 2023.
2. I am affiliated with the following companies or organizations (including Government – Owned and Controlled Corporations) :

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
MANOTOK BROS., INC.	DIRECTOR	1997 to present
MANARSA HOLDINGS CORPORATION	CHAIRMAN OF THE BOARD	2016 to present
CEBU LANDMASTERS, INC.	INDEPENDENT DIRECTOR	2017 to present
MANILA MEDICAL SERVICES, INC.	INDEPENDENT DIRECTOR	2019 to present

1. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine Savings Bank, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

2. I am related to the following director/ officer/ substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable):

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

3. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

4. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of the Philippine Savings Bank of any changes in the abovementioned information within five days from its occurrence.

Done, this FEB 24 2025 day of MAKATI CITY.

Rufino Luis T. Manotok
Affiant

SUBSCRIBED AND SWORN TO before me this FEB 24 2025 day of MAKATI CITY, at MAKATI CITY, affiant exhibiting to me his Passport No. _____ issued on _____ at _____.

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ATTY. ROMEO S. MASANGYA, JR.
ROLL NO. 45164
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-011 UNTIL DECEMBER 31, 2023
MCLE COMPLIANCE NO. VIII-0012723 APRIL 14, 2023
IBP LIFETIME NO. 018663. 01/03/2018 MAKATI CITY
PTR NO. 10465509. 01/02/2025 MAKATI CITY
MEZZANINE FLR. PSBANK CENTER NO. 777 PAGEO DE ROXAS
COR. SEDENO ST. MAKATI CITY
TEL NO. (02)8511-8042

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RONALD LUIS S. GOSECO**, Filipino, of legal age and a resident of _____, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Savings Bank** and have been its independent director since September 2023.

2. I am affiliated with the following companies or organizations (including Government – Owned and Controlled Corporations) :

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
FINEX ACADEMY	TREASURER	2018 to present
GUAGUA NATIONAL COLLEGES	CHAIRMAN	2019 to present
AUTOMATED FARE PAYMENT INC.	DIRECTOR	2022 to present
SOUTH LUZON THERMAL ENERGY, INC.	PRESIDENT	2022 to present
ETM PHILIPPINES HOLDINGS INC.	PRESIDENT	2022 to present
FINEX RESEARCH AND DEVELOPMENT FOUNDATION, INC.	TRUSTEE	2023 to present

1. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Philippine Savings Bank, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

2. I am related to the following director/ officer/ substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable):

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

3. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

4. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the Corporate Secretary of Philippine Savings Bank of any changes in the abovementioned information within five days from its occurrence.

Done, this FEB 24 2025 day of MAKATI CITY.

Ronald Luis S. Goseco
Affiant

SUBSCRIBED AND SWORN TO before me this FEB 24 2025 day of MAKATI CITY, at MAKATI CITY, affiant exhibiting to me his Unified Multi Purpose ID with CRN

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Book No. 05
Series of 2025.

ATTY. ~~ROMEO S. MASANGYA, JR.~~
ROLL NO. 45164
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-011 UNTIL DECEMBER 31, 2026
MCLE COMPLIANCE NO. VIII-0012723 APRIL 14, 2023
IBP LIFETIME NO. 018663. 01/03/2018 MAKATI CITY
PTR NO. 10465509. 01/02/2025 MAKATI CITY
MEZZANINE FLR. PSBANK CENTER NO. 777 PASEO DE ROXAS
COR. SEDENO ST. MAKATI CITY
TEL NO. (02)8511-8042

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CECILIA C. BORROMELO**, Filipino, of legal age and a resident of _____, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **Philippine Savings Bank** and have been its independent director since January 2025.

2. I am affiliated with the following companies or organizations (including Government – Owned and Controlled Corporations) :

COMPANY/ ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
COSCO CAPITAL, INC. (COSCO)	INDEPENDENT DIRECTOR	2023 to present
ATLANTIC GULF & PACIFIC COMPANY OF MANILA, INC. (AG&P PHILIPPINES)	INDEPENDENT DIRECTOR	2024 to present
PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION (PHILLIFE)	INDEPENDENT DIRECTOR	2024 to present
UPGRADE ENERGY PHILIPPINES, INC.	DIRECTOR AND CHAIRPERSON	February 5, 2025 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Philippine Savings Bank, as provided for in Section 38 of the Securities Regulation Code, its implementing Rules and Regulations and other SEC issuances.

4. I am related to the following director/ officer/ substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code. (where applicable):

NAME OF DIRECTOR/ OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/ administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/ INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
N/A	N/A	N/A

6. (For those in government service/ affiliated with a government agency or GOCC) I have the required written permission or consent from the N/A to be an independent director in N/A, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. I shall inform the Corporate Secretary of the Philippine Savings Bank of any changes in the abovementioned information within five days from its occurrence.

Done, this FEB 24 2025 day of MAKATI CITY.

Cecilia C. Borromeo
Affiant

SUBSCRIBED AND SWORN TO before me this FEB 24 2025 day of MAKATI CITY, at MAKATI CITY, affiant exhibiting to me her Passport No. _____ issued on _____ at _____.

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Book No. 05
Series of 2025.

ATTY. ROMEO S. MASANGYA, JR.
ROLL NO. 45164
NOTARY PUBLIC FOR MAKATI CITY
APPOINTMENT NO. M-011 UNTIL DECEMBER 31, 2026
MCLE COMPLIANCE NO. VIII-0012723 APRIL 14, 2023
IBP LIFETIME NO. 018683, 01/03/2018 MAKATI CITY
PTR NO. 10465509, 01/02/2025 MAKATI CITY
MEZZANINE FLR. PSBANK CENTER NO. 777 PASEO DE ROXAS
COR. SEDENO ST. MAKATI CITY
TEL NO. (02)8511-8042